SIMPPLIFIED GUIDE TO TAXES FOR ENTREPRENEURS

Your complete guide to Zimbabwe taxes for small businesses, covering personal tax, business and corporate taxes, VAT, tax registration procedure, how to pay taxes, how to get tax clearance, how to save on taxes etc.

http://smebusinesslink.com
Contents
Introduction ........................................................................................................................................... 3
1. Why pay taxes? ................................................................................................................................ 4
2. Introduction to the Zimbabwean tax system .................................................................................. 6
3. Income or Corporate Tax .............................................................................................................. 7
4. Value Added Tax (VAT) .................................................................................................................. 9
Mechanics of VAT .............................................................................................................................. 9
   VAT Formula .................................................................................................................................. 10
   How VAT Works ............................................................................................................................ 10
VAT Registration ................................................................................................................................ 10
5. Customs Duty .................................................................................................................................. 18
6. Fiscal Incentives Made Available For Investors ........................................................................ 19
7. 2012 Tax Rates .................................................................................................................................. 25
8. Allowable deductions ..................................................................................................................... 26
9. Notes for Completing Self Assessment Return .......................................................................... 28
9. Employees Tax - Pay As You Earn ......................................................................................... 32
10. Capital Gains Tax ......................................................................................................................... 34
11. Presumptive Tax ............................................................................................................................ 37
12. How to register with Zimra .......................................................................................................... 41
6. Know your due dates to avoid unnecessary penalties and interest ............................................. 43
10. Other publications available from SME BusinessLink ............................................................ 44

Produced and published
Admiral Business Systems (Pvt) Ltd
111 Seke Road, Hatfield
Harare
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Introduction

One of the best ways of ensuring success and continuity in any business is to ensure that all statutory obligations are met in time. This book seeks to alert entrepreneurs who are about to start new business ventures and those already in business on some of the basic requirements relating to tax and customs legislation in Zimbabwe.

The handbook has been prepared to help entrepreneurs and small to medium sized business owners find their way through tax matters. It covers all the common taxes that affect SMEs, as well as personal taxes.

The handbook has been simplified to assist those entrepreneurs who are not experts in accounting or finance to have an understanding of how taxes work and how they can comply with tax laws.

While the handbook has been compiled from the latest information obtainable from Zimra, it is not an exhaustive authority of all tax issues. Readers are advised to consult their professional accountants or advisors when dealing with complex tax issues, or when unsure what action to take on specific transactions.
1. Why pay taxes?

“The only difference between a tax man and a taxidermist is that the taxidermist leaves the skin.” -Mark Twain

No one enjoys paying taxes. However, we do not have a choice, as one writer said; “The only things certain in life are death and taxes”. The Bible says “Give unto Caesar what is due unto Caesar”.

The law in Zimbabwe empowers the revenue authority to collect taxes on behalf of the government. Section 6 of the Income Tax Act Chapter 23:06 is extracted below:

<table>
<thead>
<tr>
<th>6. Levy of income tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>There shall be charged, levied and collected throughout Zimbabwe for the benefit of the Consolidated Revenue Fund an income tax ..........</td>
</tr>
</tbody>
</table>

Changes to tax laws, tax rates and any new taxes are announced with the national budget of each year. This guide takes into account provisions announced in the 2012 National Budget.

The law empowers the Zimbabwe Revenue Authority to penalize businesses who fail to meet the deadlines for tax remittances. The law gives Zimra even more powers. Section 33D of the Revenue Authority Act gives the Commissioner General authority to “serve upon a taxpayer a provisional attachment order authorizing the attachment of any moveable property of the taxpayer in satisfaction of the tax so estimated.” Your goods may effectively be attached and auctioned to recover estimated taxes.

Apart from peace of mind, tax compliance will benefit you in the following two areas:

**Tax clearance for tenders and general business**

Most tenders and contracts with both government departments and private companies require production of a Tax Clearance Certificate, ITF 263. Without the clearance, it will be difficult for you to do business.
Further, suppliers are required by law to withhold 10% of all payments they make to you, if you do not have tax clearance, and submit the amount to Zimra.

**Financial savings**
Businesses that are tax compliant make huge savings on the taxes they pay to Zimra. As pointed above, presumptive taxes are deliberately set at punitive levels in order to encourage all businesses to register with Zimra. When Zimra officers come to check if you are paying tax, they will use rough estimates to calculate your tax liability; which estimates are usually on the upper side. Besides, you will be penalized with a penalty plus interest for non-compliance.
2. Introduction to the Zimbabwean tax system

The common taxes in Zimbabwe are those levied, charged and collected by law are enacted in the Income Tax Act Chapter 23:06. Specific provisions and rates of taxes are enacted each year in the Finance Act, which encompasses the National Budget.

The Zimbabwe Revenue Authority is the body assigned by government to collect taxes.

There are three main taxes that a small business owner has to pay in the normal course of business:

1. Value added tax for those businesses transacting $60,000 or more in revenue per year.
2. Income tax (or Corporate tax) on company profits
3. Personal income tax (his own as well as collecting and paying on behalf of his employees)

Other taxes that may be payable are customs duties on imported goods and capital gains tax when selling property or shares.

Although many small firms struggle to comply with tax laws, the process is quite simple if one knows exactly what’s required and maintains an orderly record keeping system. This is essential because too much time is spent sorting out receipts and invoices if one is disorganized, rather than on the actual tax computation and payment.

Many SMEs avoid paying taxes, thinking that they expensive for their businesses. This is a mistake. If one gets caught on the wrong side of the law, the penalties and fines are a hell of a lot more than what one could have paid in the normal course of business.

The tax laws encourage compliance by setting presumptive taxes at punitive rates. So those who are not tax compliant actually suffer way more taxes than compliant taxpayers.

Further, if one is not tax compliant, he finds it difficult to do business with big companies, government departments and other tax payers. So, it is to your advantage to be tax compliant.
3. Income or Corporate Tax

Everyone, individuals, companies, partnerships and cooperatives who want to venture into any business venture are required to register with ZIMRA and comply with all obligations as stipulated in the legislation. To register, you are required to have a bank account among other requirements.

• Once you have a bank account, you can then approach ZIMRA for registration. You will be required to complete registration forms depending on the nature of your business operations. All clients will be required to complete the REV 1 form, which can be obtained from ZIMRA offices or can be downloaded from their website. Once registered, you will be issued with a Business Partner Number (BP) which acts as the business’ identification number and is used for all transactions with ZIMRA, including remittances of tax.
• After commencing operations, you are required to keep records of all your business operations and pay Provisional Tax on the stipulated dates (as shown below). The dates are referred to as Quarterly Payment Dates (QPDs). The Provisional Tax payable is based on the respective percentage of estimated annual tax due. The annual estimated tax due should be revised to update the estimate every quarter.
• The form ITF 12B, which is a return for provisional tax payments, has to be completed in respect of these payments.
• The payment dates and the percentage of tax due for each tax year are listed below:

<table>
<thead>
<tr>
<th>QPD</th>
<th>Due Date (on or before)</th>
<th>Installment Due (as a % of the annual tax payable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st QPD</td>
<td>25th March</td>
<td>10%</td>
</tr>
<tr>
<td>2nd QPD</td>
<td>25th June</td>
<td>25%</td>
</tr>
<tr>
<td>3rd QPD</td>
<td>25th September</td>
<td>30%</td>
</tr>
<tr>
<td>4th QPD</td>
<td>20th December</td>
<td>35%</td>
</tr>
</tbody>
</table>
2012 Simplified Guide to Taxes for Entrepreneurs

• For some businesses, operators are required to pay Presumptive Taxes and this includes operators of omnibuses, taxi-cabs, driving schools, goods vehicles, hairdressing salons, informal traders, operators of restaurants or bottle stores, small scale miners and cottage industry operators.
• A tax return is required after the end of each tax year. The tax year runs from 1 January to 31 December of each year. Tax payers who have been specified in terms of Section 37A of the Income Tax Act [Chapter 23:06] as being on Self Assessment are required to furnish Self Assessment Returns in duplicate by 30th April of the following year.
• Operators will also require a Tax Clearance Certificate - form ITF 263 which is issued by ZIMRA once you have met all the stipulated obligations which include submission of tax returns and remittances of tax due. If you do not have this clearance, anyone who pays you any amounts in excess of US$250.00 are required to withhold and remit to ZIMRA 10% of the amounts paid.
• There is need to strictly observe the requirements in Section 80 of the Income Tax Act [Chapter 23:06]. It requires that all registered business taxpayers who enter into any contracts which result in an obligation to pay any amounts whose total or aggregate is US$250.00 or more to withhold 10% of each amount payable to payees who fail to furnish valid tax clearance certificates.
4. Value Added Tax (VAT)

Any person who carries on trade in taxable supplies and whose annual taxable turnover exceeds or is likely to exceed US$60 000.00 must apply to register for VAT on Form VAT1.

Responsibilities upon registration include:

- Keeping accounting records for a period of at least six (6) years after the tax period to which the period relates.
- Completing and submitting VAT returns monthly, even if you do not owe ZIMRA.
- Calculating and remitting the VAT due to the Commissioner on or before the due date.
- Issuing tax invoices for any taxable supply whose value is more than US$10.00.
- Advising ZIMRA of any change in business details, including address, addition of/or change of partner, cessation of trade, etc.
- Allowing ZIMRA officials to enter your business premises and examine goods and all business records.

Mechanics of VAT

With effect from 1 January 2012 the due date for the submission of VAT returns and payment has been extended from the 20th to the 25th of the month following the end of the tax period. The VAT payment for the month of January 2012 shall become due and payable on or before 25th February 2012.

When one registered operator supplies another registered operator with goods or services, the supplier of those goods or services will levy Value Added Tax (VAT). The VAT incurred by a registered operator is known as Input Tax.
When this registered operator in turn supplies goods or services to other persons (or traders), VAT must be included in the price charged for those goods or services. This is known as Output Tax.

The difference between the output tax collected and input tax incurred for making taxable supplies is the amount of VAT payable to the Zimbabwe Revenue Authority or refundable there from.

**VAT Formula**

\[
\text{VAT Due/Refundable} = \text{Output Tax} - \text{Input Tax}
\]

**How VAT Works**

Output Tax on sales ($60000 \times 15\%) = $9000.00

Less Input Tax on purchases ($50000 \times 15\%) = $7500.00

\[
\begin{align*}
\text{VAT liability} &= \$1500.00 \\
\end{align*}
\]

**VAT Registration**

**Who Should Register?**

The Value Added Tax (VAT) legislation requires traders engaged in the business of supplying goods and/or services and whose annual turnover exceeds, or is likely to exceed a set threshold (US$60 000.00 per annum) to apply to the Commissioner General of the Zimbabwe Revenue Authority (ZIMRA) for VAT registration. Only registered operators will be allowed to charge and collect VAT whenever they supply taxable goods or services and remit to the Authority.

Every registered operator will be issued with a certificate of registration and such certificate shall be displayed prominently at a place where it can be easily seen. This will allow for easy identification of traders registered for VAT.
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Who May Be Excluded From Registration?

The following will not be obliged to register for VAT:

- traders who will be solely dealing in exempt supplies
- any person conducting private or recreational pursuit or hobby
- any service provided by an employee to his employer or small traders whose taxable turnover is below US$60000.00 per annum

What are the Responsibilities of a Registered Person?

A registered person is obliged to comply with the following requirements of the VAT Act:

- keep accounting records for at least six years after the tax period to which they relate
- complete and submit VAT returns as per requirement
- calculate and remit the VAT due to the Commissioner General of ZIMRA on or before the due date
- issue tax invoices, debit notes or credit notes
- account for VAT if one sells or retains stock or assets when one ceases to be registered for VAT
- advise the Commissioner General of any changes in business details

Supply of Goods and Services

In terms of the Value Added Tax (VAT) Act [Chapter 23:12], VAT is levied on the supply of goods and services as well as on the importation and exportation of goods and/or services.

Taxable supplies attract VAT at specified rates of 0%, 5%, 15% or any other rate as may be specified by the Minister responsible for Finance.

Standard rated supplies

These are supplies of goods and services that are taxable at the rate of 15%.

Most of the goods are standard rated unless they have a specified rate, are zero rated, or exempt.

With effect from 1 January 2010, some items which were formerly zero rated
were added on to the list of standard rated products. This means that the supply of goods listed below is now VAT chargeable at the rate of 15%.

Butter, almonds, hazelnuts, walnuts, chestnuts, pistachios, macadamia nuts, margarine (excluding liquid margarine), groundnuts (peanut butter), lotions, rubber gloves, plastic gloves, raincoats, fish fillers, yoghurt and cream.

**Zero rated supplies**

Zero rated supplies are taxed at the rate of 0%. Zero rating is a way of ensuring that goods are provided free of VAT. A registered operator who supplies zero rated goods or services is allowed to claim input tax credit in relation to that supply. Such an operator must obtain and retain documentary proof of his entitlement to apply the zero rates.

Zero rated supplies are specified in the VAT Act and include:-

- Basic foodstuffs such as mealie-meal, sugar, milk, meat, salt, bread, etc.
- Agricultural inputs such as fertilizer, seeds, and pesticides, animal feed, animal remedy, plants, tractors, etc.
- Exported goods with the exception of un-beneficiated chrome which is taxed at 15%.
- The supply of day old chicks weighing not more than 185g is now zero-rated with effect from 1st September 2010.

**Exempt supplies**

Exempt supplies are supplies of goods and services on which no VAT is chargeable at all. VAT incurred on goods and services acquired to make exempt supplies shall not be claimed as input tax credit. Traders who exclusively provide exempt supplies are not required to register for VAT purposes. Exempt supplies include the following services and products:

- medical services
- educational services
- rentals from residential properties
- transport of fare-paying passengers
- water for domestic use
- electricity for domestic use
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- fuel

**Tax on exportation of unbeficiiated chrome**

With effect from 1\textsuperscript{st} August 2010, the VAT Act was amended by the insertion of Section 12B. The new section broadens the definition of “unbeneficiated chrome” so as to include chrome ore, chrome fines as well as semi-processed chrome concentrates. Un-beneficiated chrome means chrome ore and fines which have not been subjected to the following processes:--

- crushing, milling and washing to remove the waste material; and
- the smelting of the resulting chrome concentrate into pellet or ingot form.

Where chrome concentrate has undergone a smelting process which results into pellets and ingot, the chrome concentrate shall be considered to have been beneficiated and will not be liable to the 20% export tax. The rate of export tax on ”unbeneficiated chrome” has also been increased from 15% to 20%.

The 20% export tax should be declared on the VAT return as output tax and should not be claimed as input tax.

**Refund of VAT**

Generally Value Added Tax (VAT) refund can arise where the input tax exceeds the output tax. However there are other instances which include the following;

- Where ZIMRA refunds less than the correct amount
- Where a registered operator, in paying an amount of VAT, additional VAT, penalty or interest pays more than the correct amount.

**Conditions to be fulfilled before a refund is processed.**

- The Commissioner is obliged to process the VAT refund upon submission of the registered operator’s return which essentially triggers the claim for the VAT refund.
- VAT refunds must be claimed within six years from the end of the tax year.
Where the total amount refundable is US$60,00 or less, it is carried forward as a credit into the next tax period.

If the registered operator has failed to furnish any return for any period as required by the Act, the Commissioner may withhold the payment of the amount refundable to the registered operator until such time as the return is submitted.

The Commissioner may set off a refund of VAT due to a registered operator against any other amount of VAT, additional VAT, interest or penalty which the registered operator has failed to pay within the stipulated time period.

The Commissioner may also set off a VAT refund due to the registered operator against other revenue heads such as income tax payable by the same operator.

If authorisation of a refund to the registered operator is denied by the Commissioner, a letter of refusal shall be furnished to the registered operator.

Delays in processing VAT Refund.
If the Commissioner fails to process any VAT refunds owing to the registered operator within 40 days from the date on which the Commissioner received the registered operator’s return, interest is payable to the registered operator on the outstanding amount at the prescribed rate of interest. The interest is calculated from the end of the 40 day period to the date the refund is made. However, if the return submitted is incomplete or defective in any material respect, no interest is payable. Furthermore, no such interest is payable by the Commissioner, where the registered operator is in default in respect of his statutory obligations to submit a return for any preceding tax period.

Guidelines on VAT Refund Claims for Diplomats and Diplomatic Missions
Refunds Granted to;
Diplomats, specified persons, diplomatic missions, consular missions and external aid agencies.

Procedure for Granting Missions

- Claimant to be accredited by the Ministry of Foreign Affairs as a diplomat, diplomatic or consular mission.
- To register with Zimbabwe Revenue Authority (ZIMRA).
- Complete the refund claim form (VAT 14 form). Attach original invoices.
- Take the completed forms and the invoices to the Ministry of Foreign Affairs-Protocol Section, for onward submission to ZIMRA.
- Once ZIMRA has finished processing your claim, all the invoices will be returned to you.
- Ministry of Foreign Affairs officials submit the claims to ZIMRA for processing
- ZIMRA deposits any amount refundable into the claimant’s bank account.

NOTE: It is important that claimants keep ZIMRA updated of changes such as bankers’ and contact details.

TAX INVOICES

- Submit original tax invoice
- “Copy invoice” is not acceptable.

Deferment of VAT

VAT is normally payable on importation of goods or removal of goods from Bond. VAT may be deferred in certain instances as follows:
What is deferment of VAT?

- Deferment of VAT is an officially sanctioned temporary postponement of paying VAT on importation of specified goods of a capital nature and medical equipment approved by the Minister in consultation with Minister of Health. The goods should have been imported for own use by the importer and the VAT amount to be deferred should be at least $4,800.
- The deferment is for a period not exceeding 90 days from the date of the deemed importation.
- It is granted on application to the Commissioner.

Who qualifies for deferment?

- Any person who produces proof to the satisfaction of the Commissioner that he or she has imported goods of a capital nature or approved medical equipment for his or her own use.
- This includes companies and partnerships as well.
- The importer’s tax record should be up to date. Non filers will not be entertained.

How does one apply?

- The application should be in writing quoting your business partner number (BP) and should be submitted to your nearest ZIMRA office.
- Specify the goods on which deferment is being applied for and the industry which you operate under.
- For medical equipment Ministry’s approval should be attached.
- Copy of the invoice as proof of goods imported and value of such good should be attached.
- Specify the period for deferment you require which should not be more than three months.
- Declare that the goods are for own use and will not be disposed of even after deferment period without notifying the Commissioner.

Which goods are of a capital nature?

Goods of a capital nature in this context refer to:
i) specific prescribed plant, machinery or equipment used exclusively for:

- Mining purposes on a registered mining location as defined in the Mines and Minerals Act[Chapter 21:05]; or
- Manufacturing or industrial purposes in, on or in connection with a factory (including spare parts required for the purpose of maintaining or refurbishing such plant, equipment or machinery);
- Agricultural purposes (including spare parts required for the purpose of maintaining of refurbishing such plant, equipment or machinery);
- The aviation industry (including spare parts required for the purpose of maintaining or refurbishing aircraft and such plant, equipment or machinery);
- Equipment and / machinery for use in medical sector.
- Note that goods of a capital nature do not cover motor vehicles intended or adapted for use on roads or capable of being so used.
- The goods are prescribed by the Minister of Finance in consultation with the Minister responsible for the particular industry.

ii) Medical equipment prescribed by the Minister of Finance in consultation with the Minister responsible Health.

**What happens if one fails to settle the deferred VAT debt?**

- Deferred debts which are not settled on due date may result in the VAT deferment facility being stopped or withdrawn.
- Deferred VAT debts may also be subject to interest and penalty charges

**What happens if one sells the goods during or after deferment period?**

- Where goods that enjoyed deferment of tax are sold, re-exported or disposed of before or after expiry of the deferment period instead of being used for the declared use, the importer will pay in addition to any tax for which he or she is liable on such disposal the outstanding deferred amount, 100% penalty and interest at prevailing rates.
5. Customs Duty

Customs and Excise

In the event that you intend to import goods, you are still required to have registered with ZIMRA so that you have the BP number that will identify you as an importer. You will need a clearing agent approved and registered with ZIMRA to handle your importations or you may register with ZIMRA to do your own clearances.

- For exports, you will also need an agent to handle the exports or register on your own with ZIMRA.
- You are required to keep reasonable and proper records and books of accounts for all transactions and maintain records of all the bills of entry, bills of lading, rail notes, invoices and all other documents required to be accounted for in terms of the Customs and Excise Act. Retain all records for at least six (6) years.
6. Fiscal Incentives Made Available For Investors

Tax incentives are generally defined as fiscal measures that are used to attract local or foreign investment capital to certain economic activities or particular areas in a country. Generally tax incentives must confer an advantage on the beneficiary while at the same time imposing a cost on the government. The Zimbabwe Revenue Authority administers various tax incentives aimed at promoting investment while the Ministry of Industry and International Trade, the Industrial Development Corporation and the Zimbabwe Investment Authority are the main administrators of non tax incentives. Revenue incentives in Zimbabwe apply equally to both domestic and foreign investors and the major goals of incentives in place are:

- Income generation
- Export promotion
- Employment creation and skills transfer
- Small business development
- Industrial development
- Revenue inflows

Like many other developing countries, Zimbabwe offers a number of tax and customs incentives in the form of tax holidays, reduced tax rates, and accelerated depreciation. The incentives are given by sector, type of activity, form of organisation, and geographical location of investment as follows:

INCOME TAX

Build Own Operate and Transfer (BOOT) and BOT Arrangements

- Contractors may enter into contracts with state or Statutory Corporation under which he undertakes to construct infrastructure for the state or statutory corporation.
- This will be in consideration for the right to operate or control for a
specified period after which the contractor will transfer ownership or control of the item to the state or statutory corporation

- Enjoys tax holiday for first 5 years
- Taxed at 15% for the second five years

**Manufacturing Companies**

Taxable income from manufacturing or processing company which exports 50% or more of its output taxed at a special rate of 20%

**Mining Companies**

- All capital expenditure on exploration, development, and operating incurred wholly and exclusively for mining operations is allowed in full.
- There is no restriction on carryover of tax losses; these can be carried forward for an indefinite period.
- Taxable income of a holder of special mining lease is taxed at a special rate of 15%.

**Special Initial Allowance (SIA)**

- This is a capital allowance which ranks as a deduction
- Allowed on expenditure incurred on construction of new industrial buildings, farm improvements, railway lines, staff housing and tobacco barns. Also allowed on additions or alterations to existing items as already mentioned
- SIA is also allowed on articles, implements, machinery and utensils purchased for purposes of trade
- Allowance is optional and once claimed this replaces wear and tear
- Allowed at the rate of 25% of cost for from year one

**Farmers Special Deductions**

- Farmers are allowed special deductions over and above the normal deductions
- Examples include expenditure on fencing, clearing and stamping land, sinking boreholes and wells and on aerial and geophysical surveys

**Double Taxation Agreements**

- Zimbabwe has signed several Double Taxation Agreements
- These are meant to avoid or mitigate double taxation of the same income in the two parties to the agreement, that is where a business entity operates in the two territories
- The agreements restrict some withholding taxes to the amounts specified
The DTA’s offer reduced rates of withholding taxes on dividends, interest, royalties and technical fees

As an example, almost all the DTA’s signed limit the rate of tax on Technical Fees to 10% or less

**VALUE ADDED TAX**

Services supplied by designated tourist facility operator [Section 10(2)q]
Tourist facility operators conducting business in approved tourism development zones or an operator of a hunting safari is required to charge VAT at 0% for services offered to persons who are not residents of Zimbabwe and who are required under the exchange control Act to pay for such services in foreign currency. Such operators end up in a refund position for goods and services acquired locally.

**Farming inputs and equipment are subject to VAT at 0% [Section 10 a. r. w. 2nd schedule of the Regulations]**
Most farm inputs such as animal feed, animal remedy, fertiliser, plants, seeds and pesticides and equipment or machinery used for agricultural purposes are zero rated.

**Deferment of collection of VAT on the importation of capital goods [Section 12A]**
Value added tax can be deferred on some capital equipment for the exclusive use in mining, manufacturing, agricultural and aviation industries whose investment generally relies on imported capital. The whole amount becomes due within 90 days from the date of deferment.

**CUSTOMS AND EXCISE INCENTIVES**
Most of these incentives come in the form of rebates and suspension of duty and the summary is shown below.

**Rebate of duty on goods for the mining industry**
It is granted on articles when imported or taken out of bond or purchased from the licensed premises of a manufacturer by a person engaged in the mining industry.

**Rebate of duty on goods for the prospecting and research for mineral deposits**
Granted on goods which are imported by a person who has entered into a contract with the Government, which is approved by the Commissioner, for the prospecting and search for mineral deposits

**Rebate of duty on materials to be used in the preparation and packaging of fresh produce for export**
Granted on such materials as the Commissioner may approve when such materials are imported to be used in the preparation and packaging of fresh produce for export by a person or organisation approved by the Commissioner.

**Rebate of duty on goods imported in terms of an agreement entered into pursuant to a special mining lease**

Granted on goods which the Secretary for Mines certifies are eligible for a rebate of duty in terms of an agreement in the special mining lease.

**Rebate of duty on goods imported temporarily for an approved project**

Granted on goods which are temporarily imported by contractors or other persons for completion of approved projects as may have been approved by the Minister

**Rebate of duty on goods for incorporation in the construction of approved projects**

Granted on components or materials for incorporation in the construction of approved projects as may be approved by the Minister

**Suspension of Duty on Goods Imported for Specific Mine Development Operations**

Suspension of custom duty on goods imported for specific mine development operations is granted if the holder;

- Applies in writing for the suspension to the Commissioner General,
- Submits with such application information and documents,
- Obtains and submits with application a certificate from the Secretary that the specific goods are eligible for a suspension
- Provides any other information relating to the specified goods that the Commissioner-General may reasonably request.

**Refund of duty on capital goods imported for use in tourist development zones**

Granted to an operator of a tourist facility in a tourist development zone on capital goods imported for the purposes of or in connection with that tourist facility

**Rebate of duty on imports covered by a Duty Free Certificate issued under the export incentive scheme: General Regulations 144B**

Granted on capital goods and raw materials specified by the Minister to be eligible.

**Rebate of duty on goods imported for Tourist Development Zones**

Granted on such equipment and machinery as the Commissioner may approve, when such goods are imported for use in a tourism development zone

**Bonded warehouse facility:**
• Where one can import e.g. motor vehicles which can only be taken out of bond when you have found a buyer and have raised money for payment of duty General Regulations 74
• An importer can warehouse their goods in any licensed bonded warehouse if the proprietor has space. Maximum period to warehouse goods is 2 years.

Trade agreements so that goods can enter Zimbabwe duty free or at lower rates thus making them cheaper
A certificate of origin signed by the exporter or manufacturer of the goods and authenticated by the relevant authority.

Trade agreements so that goods can enter importing country duty free or at lower rates thus their prices become competitive
• Available trade agreements are: COMESA, SADC, Zimbabwe-Malawi trade agreement, Zimbabwe-Botswana trade agreement, and Zimbabwe-Namibia trade agreement.
• Exporter should be registered under the relevant trade agreement. A certificate of origin signed by the exporter or manufacturer of the goods and authenticated by the relevant authority

Inward processing rebate: S I 59 of 1997
Anyone who wants to import or take out of bond goods for inward processing should first apply and get registered under that facility.

Registered aircraft assembler: S I 18 of 2001
Rebate is granted to a registered assembler on component parts and materials imported or taken out of bond, for use in the assembly of aircraft.

Registered bus assembler: S I 169 of 2004
Rebate is granted to a registered assembler on component parts and materials imported or taken out of bond, for use in the assembly of buses.

Registered electrical manufacturer: S I 378 of 1999
Rebate is granted to a registered manufacturer on component parts and materials imported or taken out of bond, in their completely knocked down state, for use in the manufacture of approved electrical goods.

Registered motor vehicle assembler: S I 13 of 1999
Rebate is granted to a registered motor vehicle assembler on component parts imported or taken out of bond, for use in the assembly of motor vehicles.

Registered tyre manufacturer: S I 265 of 2001
Rebate is granted to a registered manufacturer on materials listed in the 2nd schedule to the S.I. imported or taken out of bond, for use in the manufacturer of
tyres.

Registered pharmaceutical manufacturer: S I 174 of 2005
Rebate is granted to a registered manufacturer on materials imported or taken out of bond, for use in the manufacturer of approved pharmaceutical products.

The 7 day Credit facility for importations S I 74 of 2009
Granted by ZIMRA to approved importer or agent wishing to remove imported goods under the 7 day credit facility upon fulfilment of the prescribed conditions. For more details, reference can be made to Customs and Excise General Regulations which can be purchased from Printflow.
7. 2012 Tax Rates

<table>
<thead>
<tr>
<th>Details</th>
<th>Finance Act</th>
<th>Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income of individual from trade and investments</td>
<td>14(2b)</td>
<td>25%</td>
</tr>
<tr>
<td>Income of company or trust</td>
<td>14(2c)</td>
<td>25%</td>
</tr>
<tr>
<td>Income of pension fund from trade or investment</td>
<td>14(2d)</td>
<td>15%</td>
</tr>
<tr>
<td>Income of licensed investor during first five years of operation</td>
<td>14(2) e</td>
<td>0%</td>
</tr>
<tr>
<td>Income of licensed investor after first five years of operation</td>
<td>14(2) e</td>
<td>25%</td>
</tr>
<tr>
<td>Income of a holder of special mining lease</td>
<td>14(2)(f)</td>
<td>15%</td>
</tr>
<tr>
<td>Income of a company or trust derived from mining operations</td>
<td>14(2) g</td>
<td>25%</td>
</tr>
<tr>
<td>Income of person engaged in approved BOOT or BOT arrangement: First 5 years</td>
<td>14(2) h</td>
<td>0%</td>
</tr>
<tr>
<td>Income f person engaged in approved BOOT or BOT arrangement: Second 5 years</td>
<td>14(2) h</td>
<td>15%</td>
</tr>
<tr>
<td>Income of industrial park developer before 5th year of operations</td>
<td>14(2) i</td>
<td>0%</td>
</tr>
<tr>
<td>Income of industrial park developer after 5th year of operations</td>
<td>14(2) i</td>
<td>25%</td>
</tr>
<tr>
<td>Income of operator of a tourist facility in approved tourist development zone before the fifth year of operation</td>
<td>14(2) j</td>
<td>0%</td>
</tr>
<tr>
<td>Income of operator of a tourist facility in approved tourist development zone after the fifth year of operation</td>
<td>14(2) j</td>
<td>25%</td>
</tr>
<tr>
<td>Income from manufacturing of a company which exports 50% or more of its output</td>
<td>14(3)</td>
<td>20%</td>
</tr>
<tr>
<td>Aids Levy: Rate is based on tax chargeable</td>
<td></td>
<td>3%</td>
</tr>
</tbody>
</table>
8. Allowable deductions

The following are allowed as deduction for income tax purposes. They can be deducted from your gross income and effectively reduce your tax bill.

<table>
<thead>
<tr>
<th>Details</th>
<th>Reference</th>
<th>Maximum amount allowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donations to National Scholarship Fund, National Bursary Fund and charitable trusts</td>
<td>Sect 15(2)(r)</td>
<td>There is no limit.</td>
</tr>
<tr>
<td>Contribution for equipment, construction, extension, maintenance of hospitals and procurement of drugs and equipment.</td>
<td>Sect 15(2)(r1)</td>
<td>The amount is limited to US$100 000 per annum per taxpayer.</td>
</tr>
<tr>
<td>Contributions to a research institution</td>
<td>Sect 15(2)(r2)</td>
<td>The amount is limited to US$100 000 per annum per taxpayer.</td>
</tr>
<tr>
<td>Contribution for equipment, construction/extension, and maintenance of schools and procurement of books</td>
<td>Sect 15(2)(r3)</td>
<td>The amount is limited to US$100 000 per annum per taxpayer.</td>
</tr>
<tr>
<td>Donations to the Public Private Partnership Fund</td>
<td>Sect 15(2)(r4)</td>
<td>The amount is limited to a maximum of US$50,000 without any consideration</td>
</tr>
<tr>
<td>Donations to the Destitute Homeless Persons Rehabilitation Fund</td>
<td>Sect 15(2)(r5)</td>
<td>The amount is limited to a maximum of US$50,000.</td>
</tr>
<tr>
<td>Expenditure on attending Convention or Trade Mission</td>
<td>Sect 15(2)w(i)</td>
<td>Amount incurred for attending not more</td>
</tr>
</tbody>
</table>
### Contribution to the maintenance of buildings, roads, bridges, sanitation works, water works, public parks, or any other utility amenity or item of infrastructure approved by the Min responsible for local government

<table>
<thead>
<tr>
<th>Section</th>
<th>Allowable Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sect 15(2)(kk)</td>
<td>The amount allowable is limited to US$50,000 per annum.</td>
</tr>
</tbody>
</table>

### Capital allowances

<table>
<thead>
<tr>
<th>Capital allowance</th>
<th>4th schedule paragraph</th>
<th>Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger Motor Vehicle</td>
<td>14(1)(m)</td>
<td>The limit was pegged at US$10,000</td>
</tr>
<tr>
<td>Any Staff Housing</td>
<td>1(p)</td>
<td>The limit was pegged at US$25,000</td>
</tr>
<tr>
<td>School, hospital, nursing home or clinic</td>
<td>15(2)</td>
<td>Cost to the employer. No limit</td>
</tr>
<tr>
<td>Staff housing for employees at a school, hospital, nursing home or clinic which qualifies as farm improvements and alteration and additions thereto.</td>
<td>15(3)</td>
<td>Cost to the employer. No limit</td>
</tr>
<tr>
<td>SIA for Small to Medium Enterprises</td>
<td>Para 9(g)</td>
<td>Reduced to 150% SIA on cost of plant and machinery for the 2010 tax year. 100% allowed in first year of use and claim and balance over two years at 25% as accelerated wear and</td>
</tr>
</tbody>
</table>
## 9. Notes for Completing Self Assessment Return

### Notes for completing the Income Tax Self Assessment Return [ITF 12C]

These explanatory notes are meant to give guidance to taxpayers on the completion of the Self Assessment Return (ITF 12C).

### 1. Completion and submission of return

The return should be completed in full (and in duplicate where submitted as hard copy) and submitted by 30 April of each year. The return is for use by both companies and individuals. As proof that you have furnished us with a return, one copy will be stamped and returned to you. The Self Assessment Return is subject to audit.

### 2. Attachments

No financial statements or schedules should be attached to the Self Assessment Return. However the Commissioner may request for financial statements or any supporting documents whenever it is necessary.

#### Item 2 - Turnover (export) exchange rates

All export earnings are converted to United States dollars using the average annual cross rate for that particular year.

#### Item 3 - Other Income may include:-

- **a.** Bad debts recovered
- **b.** Interest received
c. Company dividends

d. Profit on sale of assets

e. Suspense sales allowance granted in the previous year

f. Recoupment of capital allowances previously granted.

**Item 13 - Opening value of assets**

Refers to the value of assets (at cost) brought forward from the previous financial period, being the closing value of assets for the previous financial period.

**Item 14 - Closing value of assets**

Refers to the value of assets (at cost) at the close of the current financial period.

**Item 17 – Non-deductible expenditure or prohibited deductions**

No deduction is allowable in respect of prohibited expenses such as:-

a. Cost incurred in the maintenance of the taxpayer or his family

b. Domestic expenses including travel between home and business place

c. Any loss or expense which is irrecoverable under any contract of insurance

d. Tax levied on income and/or interest charged on overdue tax

e. Restraint of trade

f. Unproductive interest

g. Bond raising and cancellation fees

h. Entertainment expenditure

i. Fines and penalties

j. Provision for doubtful debts
2012 Simplified Guide to Taxes for Entrepreneurs

k. Depreciation as charged in the accounts

Item 19.1 - Capital allowances

Taxpayers are entitled to claim special initial allowance on the construction/addition or alteration of specified immovable assets as well as on the acquisition of movable assets that they own. Where no election is made to claim SIA, taxpayers can claim wear and tear on immovable and movable assets at prescribed rates.

Scraping allowance may also be claimed as capital allowance where the asset qualifies as scrap.

Item 19.2 – Non-taxable income includes:-

a. Company dividends

b. Interest paid on a deposit with a financial institution except interest payable by a financial institution to another financial institution.

c. Proceeds on the sale of assets

Item 23 -Statutory tax rates

The rates of tax chargeable on taxable income for the tax year ended 31 December 2010 depending on the nature of the income.

Item 24.2 – Double Taxation Relief

Companies that suffer double taxation may claim double taxation relief under this item.

Item 28.1 - Withholding tax on amounts payable under a contract for the supply of goods in terms of Section 80 of the Income Tax Act

Taxpayers who fail to produce evidence that they have furnished an Income Tax Return and do not possess a tax clearance certificate, will have 10% Withholding Tax deducted from the invoice value. The Withholding Tax so deducted will be credited on the Self Assessment Return by the payee. The tax clearance
Item 28.2 - Withholding Tax on Director Fees

The claim is only applicable to directors whose fees would have been subjected to a deduction of Withholding Tax.

Item 31 - Shortfall/Overpayment

Proof of payment made against the shortfall should be attached to the Self Assessment Return. Where there is an overpayment, the amount will be refunded to the client after setting off against any other debts that may be due to ZIMRA.
9. Employees Tax - Pay As You Earn

PAYE
Every business person who becomes an employer is required to apply to Zimra for registration within 14 days of becoming an employer. Your obligations as an employer include:

- Calculation and deduction of PAYE in accordance with the tax deduction tables.
- Remittance of PAYE to ZIMRA within 10 days after the end of the month during which the amount was withheld. PAYE must be remitted to Zimra within 10 days after the end of the month during which the amount was withheld.
- Keeping accounting records for a period of at least six (6) years.
- Submission of the ITF 16 return which contains details on annual earnings, deductions, credits and PAYE for each employee within 30 days after the end of the year.

You will note that failure to withhold any amounts which you are required to withhold renders you liable to the amounts due as well as penalties and interest. Observing these basic requirements will assist you in running your business professionally and helps avoid the anxiety and stress associated with non compliance and having to pay arrears, interest, fines and penalties. Current PAYE tables are available on the Zimra website.

(PAYE) system
The Pay As You Earn (PAYE) system is a method of paying Income Tax on remuneration. The employer deducts tax from your salaries or pension earnings before paying you your net salary or pension.
2012 Simplified Guide to Taxes for Entrepreneurs

This section is intended to provide you with a simple and logical introduction to some basic principles of Income Tax as it applies to employees.

The Income Tax Act [Chapter 23:06] specifies what elements of an employee’s remuneration or earnings are subject to tax and at what rate of tax. It also deals with what income is exempt from tax and what deductions are allowed from these earnings, prior to tax being calculated.

Assume then for a moment that everything you earn - be it in cash, benefits, or an item of value you are given instead of cash - is subject to some form of tax. However, the determining of the value and its associated tax liability in respect of any of these forms of payments will differ in some cases.

- The tax-free threshold for individual taxpayers has been raised from US$225.00 to US$250.00 with effect from 1st January 2012
- The due date for the submission of PAYE returns and payment is the 10th of the following month.

PAYE is calculated as follows:

1. Determine gross income for the day/week/month/year.
2. Deduct exempt income, for instance bonus:
   You get => Income
3. Deduct allowable deductions, e.g. pension:
   You get => Taxable Income
4. Use the appropriate PAYE Tables to determine the tax charge as per the following examples.
10. Capital Gains Tax

What is Capital Gains Tax?

Capital Gains Tax (CGT) is a tax levied on the capital gain arising from the disposal of a specified asset. Specified asset means immovable property (e.g. land and buildings) and any marketable security (e.g. debentures, shares, unit trusts, bonds and stock).

Who is liable to remit it?

- Seller; or
- Depositary; or
- Agent

Depositary includes:
A conveyancer, legal practitioner, estate agent, building society, Sheriff or Master of the High Court, stockbroker or financial institution.

Documents required when applying for a CGT Clearance Certificate

- Completed CGT 1 form by the seller.
- Copy of Agreement of sale for the property in question with full description of the property.
- Copy of Agreement of sale for the new property where partial or full roll-over is claimed
- Copy and original of Deed of transfer/title deeds for the specified property and share certificate if sale of shares (N.B Original copy for verification purposes only).
- Receipts as proof of expenditure incurred on additions, alterations and improvements to the specified asset. Approved plan and quotations where
proceeds from the sale of old Principal Private Residence (PPR) are going to be utilized on construction of new PPR.

- Two utility bills from two different service providers with service address i.e. ZESA, TELONE or City of Harare.
- Letter of undertaking to pay withholding tax where client is represented by a depositary.
- Receipt for payment of CGT/Withholding Tax.
- Copy of marriage certificate where the transfer is between spouses.
- Valuation reports three where there is a relationship between the seller and the buyer.
- Certificate of incorporation, CR14, CR6 and minutes of resolution to sale where the seller is a company.
- Where the transfer is between companies under the same control: special board resolution signed by the Company Secretary or Chairman; agreements of the proposed mergers or reconstruction; organogram for the organisation; and share register of the company; and CR 14.
- Where the transfer is from an individual to a company under his control: CR 14 and share register of the company.
- Copy of Court order if it is a divorce case, Death certificate and Final distribution account if it is a deceased estate.

N.B Clients are required to come to ZIMRA Offices and bring their IDs for face to face interview.

What is the rate of tax?
The Capital Gains Tax shall be calculated at a rate of 20% of the capital gain determined in accordance with the CGT Act. Where a specified asset that was acquired prior to 1 February 2009 is disposed of after that date, CGT shall be calculated at a rate of 5% of the selling price. The rate of capital gains withholding tax for unlisted securities was reduced from 10% to 5% with effect from 1/09/2010. In the case of a sale of a listed marketable security (e.g. listed shares), the rate of Capital Gains Withholding Tax shall be 1% of the price at which the security was sold. This is with effect from 1 August 2009.

Provision for sales of principal private residence (PPR)
No Capital Gains Tax is chargeable where one elects for roll-over by spending all the proceeds from the sale of the old principal private residence (PPR) on the purchase/construction of a new PPR. This also applies where a residential stand
which qualifies as a principal private residence is disposed. Where part of the proceeds is expended on the acquisition of the new PPR, CGT is chargeable on the remaining portion.

Instances where CGT is not payable

- Transfers of specified assets between spouses.
- Transfers in a scheme of reconstruction/merger or the like that is approved by the Commissioner General of ZIMRA.
- Transfer of business property used for the purposes of trade by an individual to a company under his control where such company will continue to use the property for the purposes of trade.
- Where a person aged 55 years or above sold his or her PPR.

Deemed Sales

- Donations or disposal other than by way of sales - (deemed at market price).
- Expropriations – (deemed at expropriation/compensation).
- Sold in execution of Court Order – (deemed at selling price).
- Maturity/redemption of specified assets – (deemed at maturity amount/redemption value).
- Transfer under deed of sale - (deemed at market price).

Allowable deductions

These include:

- Cost of acquisition of specified asset which has been sold.
- Cost of additions/alterations/improvements of specified assets
- Inflationary allowance: this is now calculated at 2.5% of the purchase price.
- Selling expenses.
11. Presumptive Tax

Presumptive tax legislation was introduced to broaden the revenue base in view of the increase in informal business activities. Selected sectors of the economy were targeted to ensure the participation of informal businesses in tax payment in line with experiences of other developing countries. Details relating to the current rates and due dates of the various categories are shown below.

1. Transport Operators’ Presumptive Tax

<table>
<thead>
<tr>
<th>Operators of:</th>
<th>Description</th>
<th>Presumptive Tax (USD per quarter for each vehicle) 2009</th>
<th>Presumptive Tax (USD per quarter for each vehicle) 2010 &amp; 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Omnibuses</td>
<td>8 to 14 passengers</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td></td>
<td>15 to 24 passengers</td>
<td>200</td>
<td>175</td>
</tr>
<tr>
<td></td>
<td>25 to 36 passengers</td>
<td>400</td>
<td>300</td>
</tr>
<tr>
<td></td>
<td>From 37 passengers and above</td>
<td>650</td>
<td>450</td>
</tr>
<tr>
<td>Taxi-Cabs</td>
<td>All</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Driving Schools</td>
<td>Class 4 vehicles</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td></td>
<td>Class 1 and 2 vehicles</td>
<td>600</td>
<td>600</td>
</tr>
<tr>
<td>Goods Vehicles</td>
<td>More than 10 tonnes but less than 20 tonnes</td>
<td>1 000</td>
<td>1000</td>
</tr>
<tr>
<td></td>
<td>More than 20 tonnes</td>
<td>2 500</td>
<td>2500</td>
</tr>
<tr>
<td></td>
<td>10 tonnes or less but with</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
combination of truck and trailers of more than 15 but less than 20 tonnes | 2 500 | 2500

### Due Dates for the Transport Sector and also Hairdressing Salons:

<table>
<thead>
<tr>
<th>Period of each year</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1&lt;sup&gt;st&lt;/sup&gt; Quarter (Jan to March)</td>
<td>10&lt;sup&gt;th&lt;/sup&gt; April</td>
</tr>
<tr>
<td>2&lt;sup&gt;nd&lt;/sup&gt; Quarter (April to June)</td>
<td>10&lt;sup&gt;th&lt;/sup&gt; July</td>
</tr>
<tr>
<td>3&lt;sup&gt;rd&lt;/sup&gt; Quarter (July to September)</td>
<td>10&lt;sup&gt;th&lt;/sup&gt; October</td>
</tr>
<tr>
<td>4&lt;sup&gt;th&lt;/sup&gt; Quarter (October to December)</td>
<td>10&lt;sup&gt;th&lt;/sup&gt; January of the following year</td>
</tr>
</tbody>
</table>

Taxicab and omnibus operators are required to carry a tax clearance certificate in the respective vehicle. Failure to carry or produce the tax clearance certificate renders the person in charge of the vehicle liable to a fine of 100% of the amount due or, if in default of payment, imprisonment for a period not exceeding six months. Failure to pay the Presumptive Taxes in time also renders the operators liable to interest charges.

2. **Hairdressing Salon Operators’ Presumptive Tax:**

Every operator of a hair dressing salon is required to pay Presumptive Tax amounting to **US$1 500.00 per quarter**. Amounts not paid by the due date are subject to interest charges. Due dates are shown in the table above.

3. **Informal Traders’ Presumptive Tax:**

All persons in receipt of rental income from an informal trader in respect of residential accommodation, premises or a place on which trade is carried on are required to withhold an additional amount of Presumptive Tax equal to **10% of the rental** and remit to ZIMRA. This includes local authorities.

The amount should be remitted within 30 days from the date the amount is recovered. Failure to recover or remit the Presumptive Tax renders the lessor personally liable for the payment of the Presumptive Tax and a penalty of 100% of the amount due. Failure or refusal on the part of the informal trader to pay the Presumptive Tax constitutes a breach of the lease and allows the
lessor to terminate the lease without notice.

4. **Small-Scale Miners’ Presumptive Tax:**

Every agent who buys any precious metals or precious stones from a small scale miner is required to withhold **2% of the gross amount payable** and remit the amount to the Commissioner General. The only exception is where the small-scale miner holds a valid tax clearance certificate. The amount should be remitted by the 10th of the following month in which payment was made. Failure to recover or remit the Presumptive Tax renders the agent liable for payment of the tax, penalties at 100% and interest charges.

5. **Cross-Border Traders’ Presumptive Tax:**

Cross border traders who import commercial goods into Zimbabwe are required to pay a Presumptive Tax equal to **10% of the value for duty purposes (VDP)** of the commercial goods. The only exception is cases where the trader is registered with ZIMRA for Income Tax purposes and is up to date with submission of tax returns and payment of all taxes due.

6. **Operators of Restaurants or bottle-stores**

Every operator of a restaurant or bottle store is required to pay presumptive tax amounting to US$300 per quarter. The due dates are shown on the table above. Interest is chargeable on all amounts not paid by the due date.

7. **Cottage Industry Operators**

Every person who owns or is in charge of a cottage industry regardless of it being licensed or not is required to pay presumptive tax amounting to US$300 per quarter. Cottage industry operators include those in the furniture-making or upholstery trade, metal fabrication and any other cottage industry that the Minister may, by notice in a statutory instrument prescribe. Interest is chargeable where the amounts due are not paid by the due date.

Collection of Presumptive Tax by Local Authorities

Local Authorities may be appointed as agents for the collection and remittance of the following presumptive taxes:-
1. Informal traders
2. Operators of taxicabs
3. Operators of omnibuses
4. Operators of driving schools
5. Operators of Trucks
6. Operators of hairdressing salon
7. Operators of restaurants or bottle stores
8. Operators of cottage industry

The payment of Presumptive Taxes does not exempt the presumptive taxpayer from the obligation to render Income Tax returns. ZIMRA will be carrying out routine checks to ensure that all operators comply with these requirements.
12. How to register with Zimra

All business operators can register with Zimra regardless of the type of organization they operate. Small businesses can operate as either sole traders or private companies.

**Sole traders need to have the following to register with Zimra:**
- A bank account
- Copy of Identification document
- Must have fixed premises of operation
- Complete a REV 1 form.

**Incorporated companies need the following:**
- A bank account
- Certificate of Incorporation
- Fixed premises of operation
- Proof of residence of Directors
- Complete a REV 1 form

When you submit the REV 1 form, you will be allocated a Business Partner number which you will use in all transactions with Zimra. You will also get reference numbers to use when paying PAYE and Income TAX.

Once you are registered as a tax payer, you have to start keeping proper books of accounts. You have to record all your sales, purchases, expenses, receipts and payments. You must then pay all the taxes as they fall due: income tax on quarterly payment dates and PAYE when you pay your salaries. You must also keep records of all customs duties paid on your imports.

The Tax Act requires that accounts records be kept for six years. *For help in setting up and keeping simplified but sufficient accounting records for a small company or sole trader, see our guide book “How to set up a basic accounting system,” published by Admiral Business Systems (Pvt) Ltd.*
VAT Registration
Businesses that meet the $60 000 per annum VAT threshold must complete the VAT registration forms and take them to Zimra together with the documents applicable above.
6. Know your due dates to avoid unnecessary penalties and interest

Tax legislation provides for the levying of penalties and interest for failure to declare or remit taxes, or failure to submit tax returns within the prescribed time frames.

Penalties are chargeable in most cases up to a maximum of 100% of the tax due and interest is chargeable at 10% per annum.

To assist you to comply with the due dates and avoid incurring penalties, here are the due dates for the various taxes payable by business:

<table>
<thead>
<tr>
<th>Tax due dates</th>
<th>Due date for payment and submission of return</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tax type</strong></td>
<td><strong>Due date for payment and submission of return</strong></td>
</tr>
<tr>
<td>VAT (Value added tax)</td>
<td>25th of the following month (e.g. January 2012 VAT is due on 25th February 2012)</td>
</tr>
<tr>
<td>PAYE (Pay as you earn)</td>
<td>10th of the following month (e.g. January 2012 PAYE is due on 10th February 2012)</td>
</tr>
<tr>
<td>QPD (Quarterly Payment Dates for corporate tax)</td>
<td></td>
</tr>
<tr>
<td>QPD1</td>
<td>25th March</td>
</tr>
<tr>
<td>QPD2</td>
<td>25th June</td>
</tr>
<tr>
<td>QPD3</td>
<td>25th September</td>
</tr>
<tr>
<td>QPD4</td>
<td>20th December</td>
</tr>
<tr>
<td><strong>Presumptive Taxes</strong></td>
<td>(for businesses not formally registered for tax purposes, e.g. bottle stores, commuter omnibus operators, hair salons etc)</td>
</tr>
<tr>
<td>1st Quarter (Jan to March)</td>
<td>10th April 2012</td>
</tr>
<tr>
<td>2nd Quarter (April to June)</td>
<td>10th July 2012</td>
</tr>
<tr>
<td>3rd Quarter (July to September)</td>
<td>10th October 2012</td>
</tr>
<tr>
<td>4th Quarter (October to December)</td>
<td>10th January 2013</td>
</tr>
</tbody>
</table>
10. Other publications available from SME BusinessLink

The following book, CDs and DVDs are available if you want to gain more essential information on running and growing your business:

<table>
<thead>
<tr>
<th>Title</th>
<th>Edition</th>
<th>CD Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Planning Simplified handbook</td>
<td>Print $18</td>
<td>CD $10</td>
</tr>
<tr>
<td>The Entrepreneur’s Guide to Starting a Business in Zimbabwe</td>
<td>Print $6</td>
<td>Part of Business Starter Pack CD ($9)</td>
</tr>
<tr>
<td>High Impact Low Cost Marketing Strategies for SMEs</td>
<td>Print $8</td>
<td>Part of Business Starter Pack CD ($9)</td>
</tr>
<tr>
<td>Developing a Three Step Strategic Plan to Grow Your Business</td>
<td>Print $12</td>
<td>Part of Business Starter Pack CD ($9)</td>
</tr>
<tr>
<td>Accelerate Your Growth in 2012 Seminar (15 Dec 2011)</td>
<td></td>
<td>DVD $15 (Set of two discs)</td>
</tr>
<tr>
<td>Audio books- any three books of your choice per CD. Includes John Maxwell, Brian Tracy, Robert Kiyosaki and Zig Ziglar; see the full list of the books at our website or send us an email request and we will send it to you.</td>
<td></td>
<td>$8 per CD with 3 books</td>
</tr>
</tbody>
</table>

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Christine Mangwanya [marketing@smebusinesslink.com](mailto:marketing@smebusinesslink.com), 0772 854 301
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Don’t miss our monthly business networking events. Visit the website for up to date information.