2024

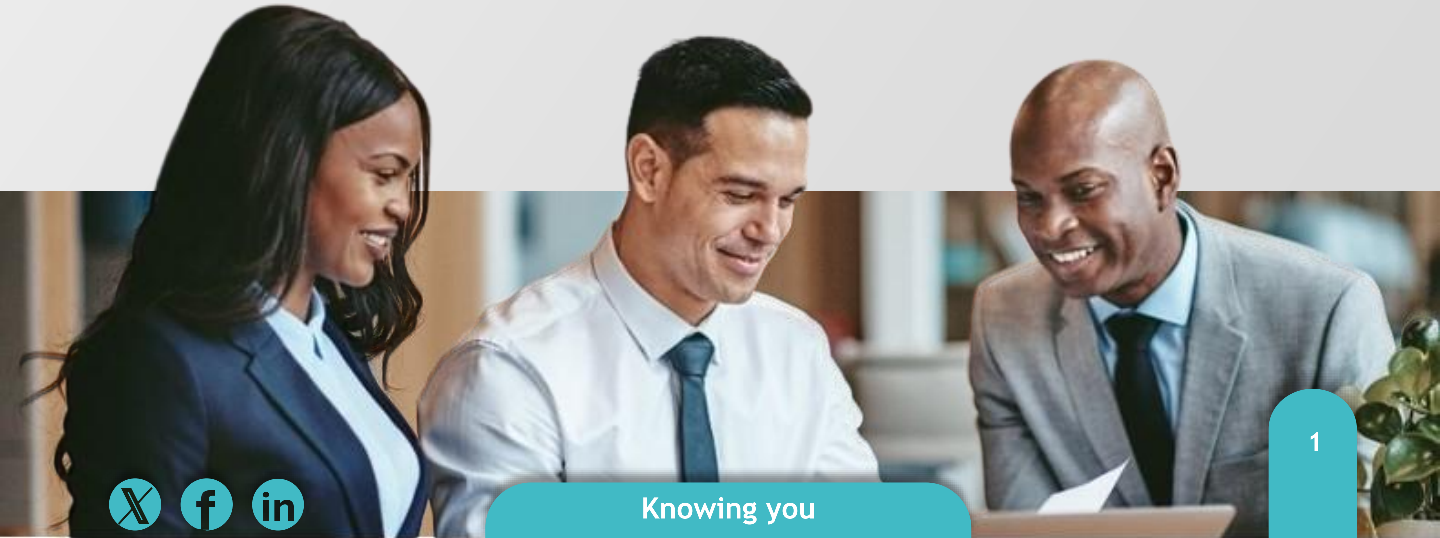
KRESTON ZIMBABWE

NEWSLETTER

December

KRESTON ZIMBABWE

IN THIS ISSUE



Dear Valued Clients,

Company Re-registration

We are pleased to announce that the re-registration of companies has commenced, and we are available to assist with the re-registration process. According to the Companies and Other Business Entities Act [Chapter 24:31], all companies that were registered before March 2024 are supposed to re-register on the CIPZ portal.

The initial step to re-register, is to ensure that all annual returns are up-to-date.

Fourth Quarterly Provisional Income Tax Returns (ITF128) and Payment was due on the 20th of December 2024

The Fourth and final quarterly provisional tax payment of 35% of estimated annual tax payable for the year ending 31 December 2024 was due on the 20th of December 2024. (See public notice here)

Payment is only applicable if you are expecting to generate a tax profit for the year ending 31 December 2024. Where a loss is anticipated for the tax year or where the entity is dormant but still registered with ZIMRA, you are still required to file the provisional tax returns.

Interest Charges on Underpayment or Late Payments of QPDs

4th QPD payments were expected to have been remitted by the 20th of December 2024. Any late or underpayment will be subject to interest charges.

In addition, the legislation provides for interest to be levied if the taxpayer has understated the amount of an instalment of provisional tax payable by more than 10%. The 10% is the stipulated acceptable margin or error.

The interest rates currently legislated per annum are 10% on foreign currency balances and for local currency the interest rate has not yet been gazetted after the transition from ZWL to ZWG.

Payments of Quarterly Payments Due (QPDs)

Income Tax Payments (QPDs) estimates, for taxpayers with revenue 50% or more in foreign currency income tax, shall be paid in the following manner:

- 50% of the foreign currency portion must be remitted in USD and;
- The remaining 50% of the local currency portion must be remitted in local currency at the official closing rate on the day of payment.

For taxpayers with 50% or more income in local currency, they must account for income tax proportionately in the currency of trade.

Requirement For Tax Clearance For Professional Registration and Licensing

In accordance with a recent amendment to the Income Tax Act [Chapter 23:06], ZIMRA has issued an important public notice regarding new requirements for tax clearance certificates when registering or renewing professional licenses and certifications. (See public notice here)

Effective immediately, all individuals seeking certification, registration or licensing with their respective professional bodies must present a valid tax clearance certificate dated no more than 30 days prior;

- Architects
- Engineers and technicians
- Land surveyors
- Legal practitioners
- Auditors and accountants
- Health practitioners
- Veterinary surgeons
- Real estate agents
- Quantity surveyors

This new requirement was recently added to Section 80A of the Income Tax Act [Chapter 23:06]. ZIMRA is encouraging all affected professionals to ensure they are in compliance to avoid any disruptions to their practice.

Notice To All Churches

This notice serves to inform all churches of an upcoming Stakeholder Engagement focused on addressing tax compliance across all relevant categories, with the date and venue to be announced soon. (See public notice here)

It also provides important guidance to churches regarding their tax compliance obligations. It outlines the types of income that are exempt from income tax, such as;

- Donations, tithes, offerings and other contributions from members or benefactors of the church or its institutions
- Non-trading receipts that do not arise from trade or investment activities conducted by or on behalf of the church or its institutions

However, any income the church derives from trading or investment activities is considered taxable. Examples include but not limited to;

- Proceeds from selling church literature, books, music
- Proceeds from selling church-branded merchandise like apparel, oils, artifacts etc.
- Income from sale of meals, clothing, or similar items

Additionally, such sales may attract Value Added Tax (VAT) depending on the sales thresholds.

Fast Foods Tax

Following the recent 2025 Budget Statement presented by the Minister of Finance, Economic Development and Investment on the 28th of November 2024, a Fast Foods Tax of 0.5% shall be implemented across Zimbabwe starting 1 January 2025. The tax will apply to the sale value of specific food items sold by Fast Food Retail Outlets and Restaurants, including;

- Pizza
- Burger and Hotdog
- Shawarma
- Chicken
- French fries
- Doughnuts and similar products
- Tacos

All operators in the fast foods sector will be required to take necessary steps to ensure compliance with this new tax regulation by the effective. This includes;

- Registering for the Fast Foods Tax;
- Updating prices to include the 0.5% tax on applicable menu items;
- Updating accounting systems to accurately track and report sales subject to this tax

ZIMRA is encouraging all fast food businesses to prepare adequately and be ready for the implementation for this new tax requirement by 1 January 2025. (See public notice here)

Construction, Iron and Steel Industry Stakeholders

The ZIMRA wishes to inform all its valued stakeholders in the Construction, Iron and Steel industries about the upcoming visits. The goal of these site visits is to assess tax compliance across all applicable tax categories (See public notice here). This is part of the ZIMRA's ongoing efforts to promote transparency and support your compliance efforts.

The stakeholders that will be covered include;

Contractors	Suppliers
Construction companies	Hardware
Building contractors	Brick molding companies including cement products
Surveyors	Cement manufacturing companies
Civil Engineers	Iron and Steel manufacturing companies
Electrical Engineers	Timber production and retailers
Architectures	Electrical manufacturers
Land developers	Quarry product producers
Carpenters, plumbers, painters	Machine shops/ Metal workshops/ Fabricators
Iron & Steel Foundries / Formers	Iron & Steel merchants/ Agents/ Distributors
Metal related products consultancy / Services	Other construction related services

Virtual Fiscalisation Compliance

The ZIMRA reminds all VAT-registered operators who have complied with Fiscalisation Data Management System (FDMS) requirements through virtual fiscalisation that they are personally and fully responsible for the process. (See public notice here)

The personal responsibilities of these taxpayers includes, but is not limited to;

- Providing accurate and complete transaction data.
- Complying with all applicable laws and regulations.
- Ensuring all taxable transactions and properly fiscalised and transmitted to FDMS.
- All points of sale are connected to ZIMRA FDMS.
- Maintaining accurate records of all fiscalised transactions.
- Ensuring the system is always connected with backup power to avoid disconnections.

Virtual fiscalisation refers to the use of FDMS compatible softwares devices, APIs, or POS systems to record, transmit transaction data or interfacing with ZIMRA Server. Any registered medium-to-large or smaller operator is eligible for virtual fiscalisation depending on taxpayer needs and ability to develop APIs for interacting with the ZIMRA FDMS.

Consequences of non-compliance with FDMS;

- Failure to issue fiscal tax invoices or receipts - USD$1,000
- Failure to demand fiscal invoice/receipt - Goods reliable for seizure, may be released if fiscal invoice or receipt is produced within 24 hours of such seizure
- Failure to comply with interface requirements - US$25 per POS per day up to a maximum of 90 days
- Failure to acquire and use an electronic fiscal device - US$1,000 and a civil penalty of US$25 per POS per day for maximum 90 days
- Tampering with electronic fiscal devices - USD$1,000 per POS or 3 times the amount of tax involved whichever is higher

Contact Us

Should you have any questions or require further information and cost for our services, please do not hesitate to contact us.

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