



# THE 2026 ZIMBABWE TAX GUIDE

EVERYTHING YOU NEED TO BE PREPARED FOR  
THE 2026 TAX SEASON



# **The 2026 Zimbabwe Tax Guide**

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# Chapter 1: The Macro-Fiscal Context of the 2026 Budget

## 1.1 Introduction to the 2026 Fiscal Framework

The fiscal year 2026 marks a pivotal juncture in Zimbabwe's economic trajectory. Presented by the Minister of Finance, Economic Development and Investment Promotion on November 27, 2025, the 2026 National Budget is not merely a statement of revenue and expenditure but a strategic instrument designed to navigate the complex interplay between domestic stabilization and global economic headwinds.<sup>1</sup> Anchored under the theme "Enhancing Drivers of Economic Growth and Transformation Towards Vision 2030," the budget seeks to consolidate the gains made under the National Development Strategy 1 (NDS1) while laying the groundwork for the forthcoming NDS2.<sup>3</sup>

For the business community, investors, and taxpayers, the 2026 fiscal regime represents a shift toward a more rigorous, technology-driven, and base-broadening taxation philosophy. The era of informal economic activity remaining outside the tax net is being systematically dismantled through innovative compliance measures such as the Presumptive Taxpayer Rental Tax and the integration of local authorities into the collection ecosystem.<sup>4</sup>

Simultaneously, the government is grappling with the dual imperatives of promoting the local currency—the Zimbabwe Gold (ZiG)—while acknowledging the necessity of hard currency (USD) for critical balance of payments support. This duality is codified in the tax law itself, with specific tax heads now explicitly payable in foreign currency, while others offer preferential rates for local currency settlement.<sup>5</sup>

## **1.2 Global and Domestic Economic Outlook**

The formulation of the 2026 budget occurred against a backdrop of moderating global growth. Treasury projections indicate that global economic expansion will slow to 3.1% in 2026, down from 3.2% in 2025 and 3.3% in 2024.<sup>3</sup> This deceleration is driven by heightened trade uncertainty, geopolitical fragmentation, and the lingering effects of tight monetary policies in advanced economies. For a small, open economy like Zimbabwe, which is heavily reliant on commodity exports—specifically gold, lithium, and platinum—this external environment poses significant risks to export revenues and fiscal stability.

Domestically, however, the outlook remains cautiously optimistic. The economy is projected to grow by approximately 5% in 2026, driven largely by the productive sectors of mining and agriculture.<sup>8</sup> This growth is predicated on the successful implementation of the government's stabilization measures, particularly

the management of the exchange rate and inflation. The external position of the country showed resilience in 2025, with foreign currency inflows estimated at US\$12 billion during the first nine months of the year.<sup>7</sup> This liquidity provides a buffer, but the Treasury remains acutely aware that sustainable growth requires a predictable fiscal environment. Consequently, the 2026 tax measures are designed to maximize domestic resource mobilization (DRM) to fund infrastructure and social services without resorting to unsustainable borrowing.

### **1.3 The "Quid Pro Quo" Fiscal Strategy**

A defining characteristic of the 2026 budget is its "Quid Pro Quo" approach to revenue management. The Minister of Finance explicitly articulated a strategy of balancing tax relief in strategic areas with tax increases in consumption sectors to maintain revenue neutrality.<sup>6</sup>

The most significant manifestation of this strategy is the trade-off between the Intermediated Money Transfer Tax (IMTT) and Value Added Tax (VAT). The IMTT, often criticized by the private sector as a cascading tax that increases the cost of doing business, has been reduced for local currency transactions. To compensate for the revenue foregone from this relief, the standard rate of VAT has been adjusted upward.<sup>6</sup> This structural shift aligns with orthodox economic principles which favor consumption taxes (like VAT) over transaction taxes

(like IMTT), as VAT is less distortionary to the supply chain and allows for input tax credit mechanisms. By pivoting toward VAT, the government is effectively transferring the tax burden from the intermediate stages of production to the final consumer, thereby theoretically enhancing the competitiveness of Zimbabwean goods while securing the revenue base.

## **1.4 The Digital and Informal Economy Focus**

Two critical pillars of the 2026 tax strategy are the aggressive taxation of the digital economy and the formalization of the informal sector.

The digital economy, previously a source of base erosion where non-resident tech giants generated significant revenue from Zimbabwean consumers without a commensurate tax contribution, is now subject to a specific Digital Services Withholding Tax.<sup>9</sup> This moves beyond the prior, difficult-to-enforce VAT on imported services model for these entities, placing the compliance burden on financial intermediaries.

Simultaneously, the informal sector—which accounts for a vast portion of Zimbabwe's economic activity—is being targeted through supply chain and property linkages. The introduction of a withholding tax on rentals paid to landlords by informal tenants creates a "self-policing" mechanism.<sup>5</sup> Landlords, to avoid liability, must either ensure their tenants are tax-compliant or withhold tax themselves. This deputization of private



actors as tax collection agents is a hallmark of the 2026 administrative approach, reflecting a Treasury determined to close the tax gap.

## Chapter 2: Corporate Income Tax (CIT) and International Tax

### 2.1 Corporate Income Tax Rates and Structure

For the tax year commencing January 1, 2026, the standard Corporate Income Tax (CIT) rate remains unchanged at **25%**.<sup>11</sup> This rate applies to the taxable income of all companies, trusts, and other legal entities not subject to specific sectoral regimes. However, the effective tax rate (ETR) for many businesses will be significantly influenced by new base-broadening measures, particularly the introduction of the domestic minimum top-up tax and the restriction on assessed losses.

The 2026 Finance Bill maintains the graduated tax structure for companies with special status. For instance, companies designated as Licensed Investors in Special Economic Zones (SEZs) continue to enjoy a **0%** tax rate for the first five years of operation, followed by a **25%** rate thereafter.<sup>12</sup> Similarly, pension funds engaging in trade or investment are taxed at a concessional rate of **15%**.<sup>12</sup> It is crucial for corporate treasurers to note that while these headline rates appear stable, the interaction with the new global minimum tax rules may effectively nullify these incentives for large

multinational enterprises.

## 2.2 Domestic Minimum Top-Up Tax (DMTT)

Undoubtedly, the most sophisticated addition to the 2026 tax code is the **Domestic Minimum Top-Up Tax (DMTT)**. This legislation aligns Zimbabwe with the global movement against Base Erosion and Profit Shifting (BEPS), specifically Pillar Two of the OECD/G20 Inclusive Framework.

### 2.2.1 Applicability and Thresholds

The DMTT targets high-earning multinational enterprises (MNEs). The tax is applicable to any entity that is part of a multinational group with a consolidated annual turnover exceeding **€750 million** in the previous financial year.<sup>1</sup> While the budget statement referenced this figure, tax practitioners should monitor the gazetted Finance Act to confirm the precise currency conversion and threshold definitions, which generally align with the global standard.

### 2.2.2 The 15% Effective Tax Floor

The objective of the DMTT is to ensure that these large MNEs pay a minimum effective tax rate of **15%** on their profits generated in Zimbabwe.

- **Mechanism:** The calculation involves determining the effective tax rate paid by the Zimbabwean entity after taking into account all applicable tax credits,

holidays, and deductible expenses. If the resultant ETR is below 15%, the DMTT is levied to "top up" the tax liability to the 15% floor.<sup>1</sup>

- **Strategic Implication:** This measure fundamentally alters the value proposition of tax incentives such as the 5-year tax holiday for Licensed Investors. If an MNE operating in a Zimbabwean SEZ pays 0% CIT due to a tax holiday, the DMTT will trigger, requiring them to pay 15% anyway. The rationale is defensive: under the global Pillar Two rules, if Zimbabwe (the source country) does not collect this tax to reach the 15% minimum, the MNE's home jurisdiction (residence country) is entitled to collect it via an Income Inclusion Rule (IIR). Thus, Zimbabwe has strategically chosen to collect this revenue domestically rather than ceding it to foreign treasuries.

### 2.2.3 Compliance Requirements

High-earning foreign entities and local subsidiaries of qualifying MNEs are now required to submit comprehensive documentation regarding their group's consolidated turnover along with their standard self-assessment returns.<sup>1</sup> This reporting requirement necessitates enhanced communication between Zimbabwean subsidiaries and their global head offices to ensure accurate data submission regarding the group's global financial position.

## 2.3 Permanent Establishment (PE) Redefinition

The 2026 budget significantly tightens the tax net for foreign companies operating in Zimbabwe on a project basis. The definition of a Permanent Establishment (PE)—the threshold which determines whether a foreign entity is taxable in Zimbabwe—has been amended.

- **The New 90-Day Rule:** The Finance Bill amends the PE definition to include a fixed place of business consisting of a building site, construction project, or installation project where the company carries on business for a period of **90 days** or more in any 12-month period.<sup>13</sup>
- **Previous Standard:** Historically, Zimbabwe, like many jurisdictions, utilized a 183-day (six-month) threshold for construction PEs in line with the UN and OECD model tax conventions.
- **Sectoral Impact:** This change specifically targets the construction, engineering, and infrastructure sectors. Foreign contractors who previously structured projects to last typically 4 to 5 months to avoid establishing a taxable presence will now fall squarely within the Zimbabwean tax net.
- **Operational Consequence:** Foreign entities triggered by this rule must register for CIT, file returns, and comply with all domestic tax obligations, including PAYE for employees and VAT. This increases the administrative cost of short-term

cross-border projects and requires immediate review of ongoing contracts that cross into 2026.

## 2.4 Assessed Losses in the Mining Sector

The mining sector, a cornerstone of Zimbabwe's economy, faces a significant tightening of tax benefits related to assessed losses. Effective January 1, 2026, a cap is placed on the utilization of historical losses to offset current profits.

- **The 30% Cap:** Any person engaged in mining operations (including holders of Special Mining Leases) who has an assessed loss as of December 31, 2025, or in any subsequent year, is restricted to carrying forward only **30%** of such losses to the next year of assessment.<sup>1</sup>
- **Interpretation:** The drafting of this provision suggests that a mining company cannot wipe out its entire taxable income in a profitable year using past losses. Instead, the utilization of the loss is restricted, or the carry-forward quantum is limited. Based on similar regional limitations, this likely means that in any given year, a mine must pay tax on a portion of its profits, regardless of the size of its accumulated deficit.
- **Cash Flow Impact:** This measure is designed to smooth government revenue. Previously, mines with substantial capital expenditure (Capex) induced losses could go for years without paying CIT. The new rule ensures the Treasury receives a

steady stream of tax revenue from operating mines, improving national cash flow but potentially reducing the Net Present Value (NPV) of mining projects for investors. It creates a "minimum tax" effect for the mining sector.

## 2.5 Business Incentives: Youth Employment and BKPO

While the budget tightens many areas, it also introduces targeted incentives to spur employment and service export growth, as evidenced by amendments to the Finance Act.<sup>14</sup>

- **Youth Employment Credit (Section 13A):** The Finance Bill amends Section 13A to enhance the Youth Employment Credit. This incentive is typically designed to reduce the tax bill for employers who hire workers under a certain age (e.g., 30 years), thereby addressing the critical challenge of youth unemployment.
- **BKPO Service Incentive:** A new section is inserted to provide incentives for "BKPO service" (Business Knowledge Process Outsourcing). This aligns with Zimbabwe's strategy to position itself as a hub for call centers, data processing, and other remote business services, leveraging its high literacy rate. Companies operating in this sector can expect preferential tax treatment, likely in the form of reduced CIT rates or tax credits, to encourage the

export of these services.

## 2.6 Withholding Tax on Interest

The government has reintroduced the **Non-Residents Tax on Interest**, closing a specific avenue of base erosion.<sup>1</sup>

- **Rate: 15%** on the gross amount of interest.
- **Application:** This tax applies to interest accruing to any non-resident person.
- **Context:** Intra-group financing is a common method for MNEs to shift profits from high-tax jurisdictions to low-tax jurisdictions via interest payments. By imposing a flat 15% withholding tax (WHT) on these outflows, Zimbabwe secures revenue at the source. This effectively acts as a floor for the cost of foreign debt capital and compels companies to reconsider their debt-to-equity ratios.

# Chapter 3: Value Added Tax (VAT) Reform

## 3.1 The Standard Rate Increase

In a move with widespread inflationary implications, the standard rate of Value Added Tax (VAT) is set to increase from **15%** to **15.5%** effective January 1, 2026.<sup>1</sup>

- **Economic Rationale:** This increase serves as the funding mechanism for the reduction in the IMTT rate. The Treasury views VAT as a more efficient tax instrument than the cascading IMTT. By raising the VAT rate, the government aims to recover the revenue lost from the transaction tax cut while adhering to the principle of taxing consumption rather than production.
- **Consumer Impact:** The 0.5% increase will likely result in a disproportionate rise in shelf prices. Retailers often round up prices to convenient price points, and the administrative cost of repricing inventory may be passed on to consumers.
- **Systems Compliance:** Registered operators must ensure their fiscal devices, Point of Sale (POS) systems, and ERP software are updated to calculate VAT at 15.5% precisely at midnight on December 31, 2025. ZIMRA compliance audits in 2026 will likely focus on the correct application of this new rate during the transition period.

## 3.2 VAT on Imported Services in Foreign Currency

The 2026 budget introduces a strict currency regime for VAT on imported services.

- **The Mandate:** Effective January 1, 2026, VAT on imported services must be paid in **United States Dollars** (or the equivalent foreign currency) at the prevailing international exchange rate.<sup>1</sup>
- **Scope:** This applies to all imported services where VAT is chargeable under standard rules. This includes management fees, consultancy fees, software licenses, and technical services provided by non-residents.
- **Strategic Intent:** This measure is designed to capture foreign currency liquidity. Many businesses pay their foreign suppliers in USD but historically remitted the VAT component to ZIMRA in local currency (ZiG/ZWL), often utilizing the official exchange rate which might differ from the parallel market rate. This created an arbitrage opportunity. By mandating USD payment for the tax, the Treasury eliminates this arbitrage and strengthens its foreign currency reserves.
- **Penalties:** Specific penalties are introduced for failure to remit this tax in the specified currency, emphasizing the government's seriousness regarding forex collection.<sup>13</sup>

### 3.3 Taxation of Entertainment Packages

A specific anti-avoidance provision targets the tourism and hospitality sector regarding "mixed supplies."

- **The Loophole:** Previously, operators might have split a conference or holiday package into separate components—accommodation (Standard Rated), transport (Exempt), and other services—to minimize the overall VAT liability.
- **The New Rule:** Where a supply of goods or services is made as part of an **entertainment package**, the *entire* supply is deemed to be standard rated.<sup>10</sup>
- **Impact:** This simplifies VAT accounting for hospitality businesses but increases the cost of such packages. Items that were previously zero-rated or exempt within a bundle now attract the full 15.5% VAT, potentially impacting the price competitiveness of Zimbabwe's tourism offerings.

### 3.4 Export Taxes on Unbeneficiated Minerals

The VAT system is also being used as a tool for industrial policy, specifically to enforce the beneficiation of minerals within Zimbabwe.

- **Lithium:** The export of raw lithium ore will now attract a **10%** tax (levied effectively as an export VAT/tax). Lithium concentrate attracts a **5%** tax. Crucially, the export of processed Lithium Sulphate

is **Zero-Rated** (0%).<sup>5</sup>

- **Chrome:** A **5%** tax applies to exports of raw or lightly processed chrome.<sup>1</sup>
- **Currency:** These export taxes are payable strictly in **USD**.
- **Objective:** The tiered rate structure makes it economically punitive to export raw resources. It forces mining companies to invest in domestic processing plants (smelters, concentrators, sulphate plants) to qualify for the zero rating. This aligns with the "Vision 2030" goal of industrialization and value addition.

# Chapter 4: The Digital Economy Strategy

## 4.1 Digital Services Withholding Tax

Recognizing the rapid growth of the digital economy—with internet subscriptions in Zimbabwe doubling to 12.5 million by 2025<sup>9</sup>—the 2026 budget introduces a robust mechanism to tax non-resident digital platforms.

- **The Tax:** A **15% Digital Services Withholding Tax** is imposed on payments made to foreign digital platforms.<sup>9</sup>
- **Scope:** This targets major global platforms including streaming services (Netflix, Spotify, Amazon Prime), satellite internet providers (Starlink), and ride-hailing applications.
- **Collection Mechanism:** Unlike a direct tax on the foreign company, this is a withholding tax collected by local financial intermediaries. Banks and mobile money operators are appointed as agents. When a Zimbabwean user pays for their Netflix subscription via visa card or mobile money, the bank must withhold 15% of that payment and remit it to ZIMRA, transferring only the net amount (or charging the tax on top) to the merchant.<sup>9</sup>
- **Consumer Impact:** It is highly likely that this cost will be passed directly to the Zimbabwean

consumer. Subscribers should expect their monthly subscription fees for these international services to increase by approximately 15% effectively.

- **Comparison:** This replaces the need for these foreign entities to register for VAT on imported services, a compliance obligation that was difficult to enforce. The WHT model is administratively cleaner and ensures immediate revenue capture at the point of payment.

# Chapter 5: Intermediated Money Transfer Tax (IMTT)

## 5.1 The Bifurcated Rate Structure

The Intermediated Money Transfer Tax, commonly known as the "2% Tax," undergoes a significant structural adjustment to promote the use of the Zimbabwe Gold (ZiG) currency.

- **ZiG Transactions:** The IMTT rate for transactions denominated in local currency is reduced from 2% to 1.5%.<sup>6</sup>
- **Foreign Currency Transactions:** The rate for USD and other foreign currency transactions remains at 2%.<sup>15</sup>
- **Cap:** A cap applies to high-value transactions. For single transfers exceeding the equivalent of US\$500,000, a flat tax of \*\*US\$10,150\*\* (payable in local currency equivalent for ZiG transactions) is chargeable.<sup>14</sup>

## 5.2 Deductibility of IMTT

Perhaps the most welcome relief for the formal business sector is the change in the deductibility status of IMTT.

- **The Change:** Proposed legislation allows IMTT to be claimed as an **allowable deduction** in the determination of taxable income for Corporate

Income Tax purposes.<sup>1</sup>

- **Historical Context:** Previously, IMTT was a "final tax" and was added back to accounting profit to arrive at taxable income. This meant businesses paid income tax on money they had already paid to the government as a transaction tax—a classic "tax on tax" scenario.
- **Benefit:** Making IMTT deductible lowers the effective tax burden on corporates. For a company paying significant amounts of IMTT due to high transaction volumes (e.g., retail, distribution), this deduction will materially reduce their final CIT liability.

### 5.3 Expansion to Microfinance

The definition of "financial institution" for IMTT purposes is expanded to include **microfinance institutions**.<sup>1</sup> This closes a gap where transactions routed through micro-lenders potentially escaped the tax, leveling the playing field with commercial banks.

# Chapter 6: Mining Sector Fiscal Regime

## 6.1 Tiered Gold Royalties

The government has refined the royalty structure for the gold sector to ensure the state captures a fair share of "windfall profits" when global prices surge.

- **The Structure:**
  - **Price < US\$1,200/oz:** 3% Royalty.
  - **Price US\$1,201 - US\$2,499/oz:** 5% Royalty.
  - **Price ≥ US\$2,500/oz:** 10% Royalty.<sup>1</sup>
- **Market Context:** With gold prices frequently testing or exceeding the US\$2,500/oz mark in recent trends, this effectively imposes a **10% revenue tax** on gold miners during boom periods. This is a significant cost of production that miners must factor into their mine plans. The royalty is calculated on the gross fair market value, not profit.

## 6.2 CSR Levy on Coal

A new **Corporate Social Responsibility (CSR) Levy** is introduced for the coal sector.

- **Rate:** 2% on the gross value of coal.<sup>1</sup>
- **Nature:** Despite its name, this functions as a statutory levy on gross revenue. It creates an additional cost layer for coal miners (e.g., Hwange Colliery, Makomo Resources).

- **Downstream Effect:** This cost will likely be passed on to the primary consumer of coal—the Zimbabwe Power Company (ZPC)—potentially exerting upward pressure on electricity tariffs or increasing ZPC's operating costs.

### 6.3 Quoted Price Method for Transfer Pricing

To curb transfer pricing abuse in the minerals sector, the budget mandates the use of the **Quoted Price Method**.<sup>4</sup>

- **Rule:** The value of mineral exports for tax purposes must be based on quoted prices from recognized international exchanges such as the London Bullion Market (LBMA), London Metal Exchange (LME), or Shanghai Metals Market.
- **Impact:** This removes the ability of miners to sell to related offshore marketing hubs at discounted prices. ZIMRA will assess royalties and income tax based on the public international price, regardless of the actual contract price, unless the miner can prove the discount is arm's length due to specific quality issues.

# Chapter 7: Real Estate and Property Taxation

## 7.1 Special Capital Gains Tax on Landholding Entities

The 2026 budget closes a major tax planning avenue in the real estate sector regarding the transfer of properties via share sales.

- **The Issue:** Historically, instead of selling a commercial building (which attracts high transfer duties and taxes), property owners would sell the *shares* of the company that owned the building.
- **The Measure:** Effective January 1, 2026, a **Special Capital Gains Tax of 20%** applies to the transfer of shares or stakes in entities where the value is derived principally from land or immovable property.<sup>1</sup>
- **Payment Terms:**
  - The tax must be paid within **30 days** of the transaction.
  - It must be paid in **USD** or the equivalent foreign currency.
  - **"Pay Now, Argue Later":** The law explicitly states that transfers disputed in court are not recognized until this tax is paid. This prevents litigation from being used as a delay tactic for payment.

- **Strategic Impact:** This levels the playing field between asset deals and share deals. It will force a repricing of property transactions held in corporate wrappers.

## 7.2 Presumptive Taxpayer Rental Tax

This measure represents a significant enlistment of landlords into the tax administration machinery.

- **The Requirement:** Landlords (Registrable Proprietors) who receive rental income from tenants liable for **Presumptive Tax** must withhold **10%** of the rent and remit it to ZIMRA.<sup>5</sup>
- **Target Audience:** This affects landlords renting to informal traders, hairdressers, small transport operators, and cottage industries.
- **Implication:** Landlords are now effectively tax agents. If they fail to withhold, they become liable for the tax themselves. This forces landlords to verify the tax status of their tenants. If a tenant cannot produce a valid Tax Clearance Certificate showing they are on standard assessment, the landlord must withhold the 10%. This creates a powerful incentive for tenants to formalize to avoid the withholding, or for landlords to enforce compliance.

# Chapter 8: The Informal Sector and Presumptive Tax

## 8.1 Migration to Self-Assessment

The 2026 budget signals a move away from flat presumptive taxes for larger operators in the "informal" economy, pushing them toward the standard corporate tax regime.

- **Sectors Affected:**
  - Public service bus operators (buses with >25 passenger capacity).
  - Haulage truck operators.
  - Commercial water vessel operators.<sup>4</sup>
- **The Change:** These operators can no longer satisfy their tax obligations by paying a presumptive flat fee per vehicle. They must now register for Income Tax, keep proper books of accounts, file returns (ITF 12C), and pay tax on actual profits.
- **Rationale:** The Treasury argues that these sectors have grown significantly and flat taxes vastly underestimate their true revenue generation. This "graduation" to formal tax status is a key step in broadening the tax base.

## 8.2 Collaboration with Local Authorities

ZIMRA is strengthening its enforcement arm by partnering with Local Authorities (city and town

councils).

- **Mechanism:** Local authorities will assist in collecting presumptive taxes from remaining sectors.<sup>4</sup>
- **Incentive:** Councils will retain **10%** of the funds collected.
- **leverage:** Councils control critical infrastructure like bus terminals, markets, and licensing. By tying the renewal of operating permits or access to terminals to the payment of presumptive tax, the government creates a physical chokepoint for enforcement that ZIMRA alone could not achieve.

# Chapter 9: Individual Taxation (PAYE)

## 9.1 The Dual Currency Tax Tables

With the ZiG currency now firmly established alongside the USD, the 2026 tax tables for Pay As You Earn (PAYE) are split by currency. Employers must separate the income earned in each currency and apply the relevant table.

### A. Zimbabwe Gold (ZiG) Tax Tables (Annual)

The local currency bands are designed to provide relief at the lower end while taxing higher income progressively.

<b>Tax Band (Annual Income in ZWG)</b>	<b>Tax Rate</b>
Up to 33,600	<b>0%</b> (Tax Free)
33,601 – 100,800	<b>20%</b>
100,801 – 336,000	<b>25%</b>
336,001 – 672,000	<b>30%</b>

672,001 – 1,008,000	<b>35%</b>
1,008,001 and above	<b>40%</b>

## B. USD Tax Tables (Annual)

The USD tables remain tight, reflecting the high value of the currency.

<b>Tax Band (Annual Income in USD)</b>	<b>Tax Rate</b>
Up to 1,200 (approx. \$100/mo)	<b>0%</b> (Tax Free)
1,201 – 3,948*	<b>20%</b>
<i>Intermediate bands follow progressive steps</i>	<i>Rising to 35%</i>
36,001 and above (approx. \$3,000/mo)	<b>40%</b>

*Note: The AIDS Levy of 3% applies to the tax payable in both currencies.*

## 9.2 Cash Withdrawal Levy

To discourage the use of physical USD cash and promote electronic banking (which is traceable), the government maintains a tiered Cash Withdrawal Levy.<sup>1</sup>

### For Individuals:

- Withdrawals  $\leq$  US\$500: **0%**
- US\$501 – US\$1,000: **2%**
- US\$1,001: **3%**

### For Corporates:

- Withdrawals  $\leq$  US\$5,000: **0%**
- US\$5,001 – US\$10,000: **2%**
- US\$10,000: **3%**

This structure penalizes large cash withdrawals, effectively acting as a tax on the "cash economy" and incentivizing businesses to pay suppliers electronically.

# Chapter 10: Tax Administration and Compliance

## 10.1 Statutory Instrument 81 of 2025: Returns vs. Payments

A major administrative shift introduced by SI 81 of 2025 separates the deadlines for filing returns and making payments. This separation is designed to give ZIMRA time to analyse declarations before the cash is received.

- **Income Tax Provisional Returns (QPDs):** The returns are now due *before* the payment.
  - *Return Due:* 20th March, 20th June, 20th September, 15th December.
  - *Payment Due:* 25th March, 25th June, 25th September, 20th December.
- **PAYE:** Returns due by the 5th; Payments due by the 10th.
- **VAT:** Returns due by the 10th; Payments due by the 15th (depending on category).

## 10.2 Technology Integration: TaRMS and FDMS

The Tax and Revenue Management System (TaRMS) is now the central nervous system of ZIMRA. For 2026, its integration with the Fiscalisation Data Management System (FDMS) is critical.

- **Automatic Input Tax:** From January 2026, TaRMS will automatically populate a company's VAT Input Tax schedule based on the data received from the supplier's fiscal devices.<sup>22</sup>
- **The Risk:** If your supplier does not have a compliant fiscal device interfaced with FDMS, their invoice will not appear in your TaRMS account, and you will **automatically be denied** the input tax claim. This forces businesses to audit their supply chains and refuse to trade with non-compliant vendors.

### 10.3 Compliance Calendar 2026

A summarized compliance calendar for key tax heads:

Tax Head	Return Due Date	Payment Due Date
PAYE	5th of the following month	10th of the following month
VAT	10th of the following month	15th of the following month
QPD 1	20 Mar	25 Mar 2026

	2026	
<b>QPD 2</b>	20 Jun 2026	25 Jun 2026
<b>QPD 3</b>	20 Sep 2026	25 Sep 2026
<b>QPD 4</b>	15 Dec 2026	20 Dec 2026
<b>Digital Services WHT</b>	10th of the following month	10th of following month

# Chapter 11: Strategic Recommendations for Taxpayers

The 2026 fiscal landscape demands a proactive and technologically integrated approach to tax management. The era of manual workarounds and "flying under the radar" is ending as ZIMRA leverages digital tools and third-party agents (landlords, banks, local authorities) to enforce compliance.

## Strategic Action Points:

1. **System Audits:** Immediately audit accounting systems (ERP) and Point of Sale (POS) devices to ensuring the 15.5% VAT rate is live by Jan 1, 2026. Failure to do so creates an immediate 0.5% revenue leak that ZIMRA will penalize.
2. **Supplier Verification:** Conduct a "Fiscal Device Health Check" on all major suppliers. If they are not transmitting data to FDMS, your Input VAT claims are at risk.
3. **Currency Treasury:** Maintain a robust dual-currency treasury function. You must have sufficient USD liquidity to pay Imported Services VAT, Mining Royalties, and Special Capital Gains Tax. You cannot settle these in ZiG.
4. **Property Portfolio Review:** For entities holding property in corporate structures, evaluate the impact of the 20% Special Capital Gains Tax on exit strategies. It may be prudent to restructure or

reconsider the mode of future disposals.

5. **Informal Tenant Management:** Landlords must implement a system to collect Tax Clearance Certificates from all commercial tenants. If a tenant is not compliant, the landlord must be prepared to administer the 10% withholding tax to avoid personal liability.

By aligning operational strategies with these new fiscal realities, businesses in Zimbabwe can navigate 2026 with resilience, ensuring compliance while optimizing their tax positions within the bounds of the law.



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