



Corporate Tax Changes in 2021

This article provides a summary of the tax and related measures that were introduced in the 2021 Budget and promulgated into law on 31 December 2020 as Finance (No. 2) Act, 2020.

Payment of Taxes in Foreign Currency

With effect from 1 January 2021, businesses must pay corporate income tax in foreign currency, based on gross foreign currency receipts remaining after deducting the prescribed retention or liquidation thresholds.

Rate of Tax

The rate of corporate tax and income earned by individuals from trade and investment remains at 24%. The AIDS levy remains at 3%.

The rate of tax for mining companies has been reduced retrospectively from 25% to 24% with effect from 1 January 2020.

Payment of Income Tax on E-Commerce Transactions

Satellite broadcasting and electronic commerce services provided from outside Zimbabwe by non-resident persons are subject to Income tax at a flat rate of 5% on turnover.

Foreign providers of electronic services are required to register for VAT. In addition, foreign radio and TV broadcasting services are required to register for VAT.

Legislation will be put in place for a compliance framework covering submission of returns, payment of tax and the due date for such payments, among other compliance requirements.

Real Estate Investment Trust (REITs)

REITs have been exempted from corporate income tax with effect from 1 January 2021, subject to certain conditions, including:

- In the case of investors other than pension funds, income must accrue from new real estate projects.
- At least 80% of gross income must be received from real estate.
- A minimum of 80% of taxable income must be distributed in the form of shareholder dividends each year, and there must be a minimum of 100 shareholders after its first year of existence.
- Have no more than 50% of the shares can be held by five or fewer individuals during a taxable year. This condition does not apply to REITs sponsored by pension funds; and
- The REIT must be listed on an exchange registered under the Securities and Exchange Act.

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