

TAX ALERT:

MINISTER'S ECONOMIC MEASURES
- 29 MAY 2023



Introduction

Fiscal and Monetary Changes - 29 May 2023

On the 29th of May 2023, the Minister of Finance made a Press Statement, in which several fiscal and monetary policy measures were introduced. These measures are effective 01 June 2023. These measures are aimed at stabilising and growing the Zimbabwean economy. As the time of this publication, the relevant statutory instruments gazetted these measures into law had not yet been released.

Key Measures

- Introduction of 1% tax (IMTT) on all foreign payments.
- USD cash withdrawal tax maintained at 2%.
- Reduction of IMTT on foreign currency denominated local payments from 2% to 1%.
- IMTT on local currency transactions remains at 2%.
- Reduction of IMTT on foreign currency denominated point of sale transactions from 2% to 1%.
- All export proceeds unutilised after 90 days to be liquidated at interbank rate.
- All manufacturers exporting general goods (e.g. cement, milk, soft drinks etc) required to charge 15% VAT on the export sale. The VAT will be refunded to the manufacturer by ZIMRA after production of proof of export of the goods.

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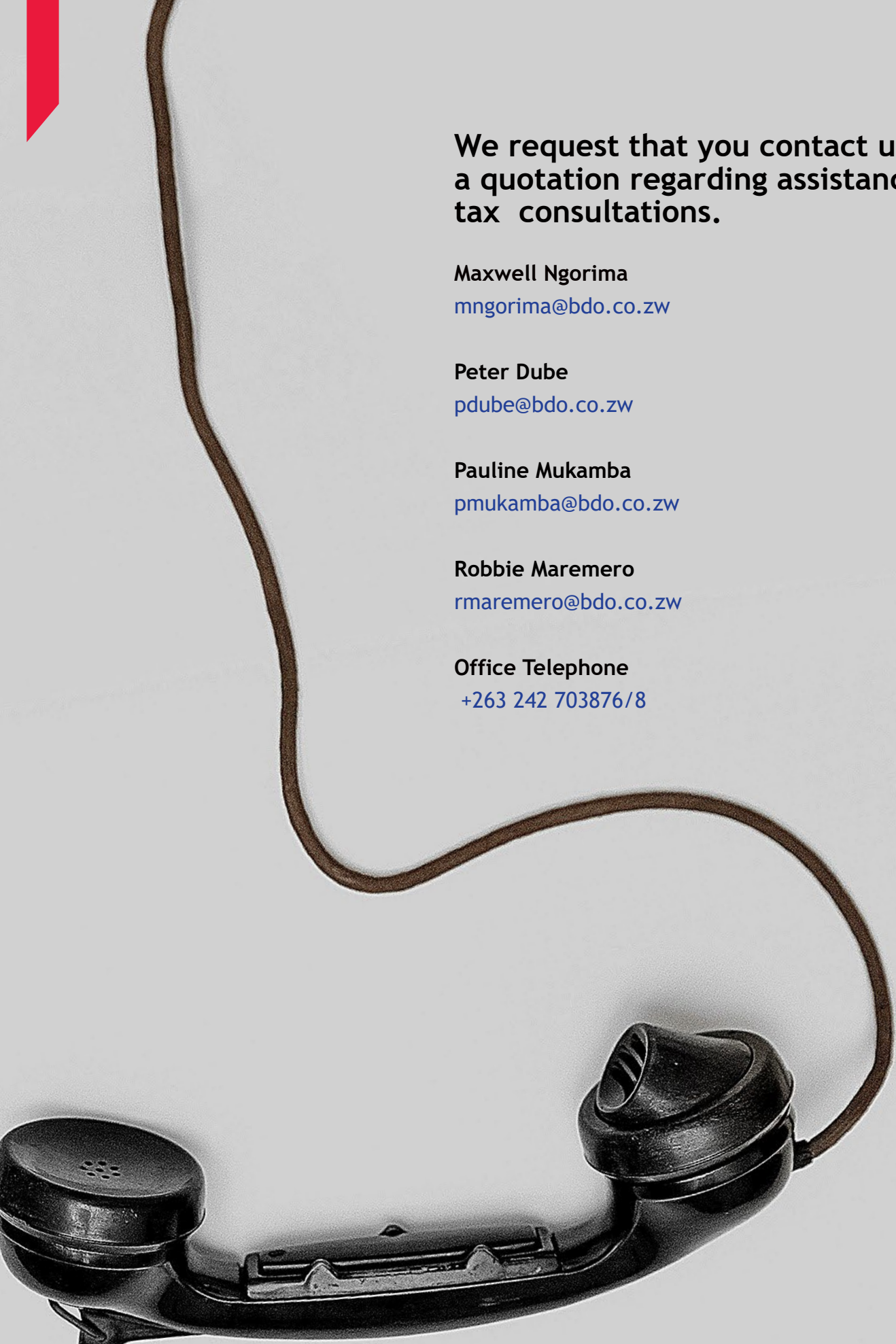
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- Excise duty on fuel to be payable in foreign currency.
 - Increased monitoring and surveillance of the financial system to combat externalisation and transfer pricing. More collaboration to be implemented between financial institutions and ZIMRA for information sharing.
 - The 25% surrendered by exporters will be funded by Treasury. The foreign currency obtained by Treasury will be used to settle foreign debts. Banks can no longer withhold foreign currency surrendered by exporters.
 - Assumption of foreign currency debts by the Treasury from the Reserve Bank of Zimbabwe.
 - New levies and other measures to be introduced to service foreign debts.
 - Promotion of the use of the local currency through:
 - All government agencies and parastatals to charge their fees in local currency.
 - Payments to ZESA for electricity by non-exporters to be made in local currency.
 - All customs duty to be payable in local currency, except for designated or luxury goods. Importers still have the option of paying in foreign currency.
 - Fidelity Printers to introduce a system to manage the movements of gold from its origin.

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