

# Sage in Zimbabwe

## Payroll Taxes 2020

---

### 1. General Information

#### Official currency

The Zimbabwean Dollar is the official currency. However, the US Dollar is still in use.

Currency code is ZWL / RTGS. Sometimes referred to as ZW\$.

#### Tax year

January to December

#### Revenue service

Zimbabwe Revenue Authority - ZIMRA  
[www.zimra.co.zw](http://www.zimra.co.zw)

### 2. Tax Rates

#### ZWL annual tax table – 01 January 2020 to 31 July 2020

ANNUAL TABLE							
					Rate		
from	0	to	24 000,00	multiply by	0%	Deduct	-
from	24 001	to	90 000,00	multiply by	20%	Deduct	4 800
from	90 001	to	180 000,00	multiply by	25%	Deduct	9 300
from	180 001	to	360 000,00	multiply by	30%	Deduct	18 300
from	360 001	to	600 000,00	multiply by	35%	Deduct	36 300
from	600 001	and above		multiply by	40%	Deduct	66 300

Aids Levy is 3% of the Individuals' Tax payable

## ZWL annual tax table – Effective 01 August 2020

12 months tax table. Not pro-rated.

ANNUAL TABLE							
					Rate		
from	0	to	60 000,00	multiply by	0%	Deduct	-
from	60 001	to	180 000,00	multiply by	20%	Deduct	12 000
from	180 001	to	360 000,00	multiply by	25%	Deduct	21 000
from	360 001	to	720 000,00	multiply by	30%	Deduct	39 000
from	720 001	to	1 200 000,00	multiply by	35%	Deduct	75 000
from	1 200 001	and above		multiply by	40%	Deduct	135 000

Aids Levy is 3% of the Individuals' Tax payable

## USD annual tax Table - 01 January 2020 – 31 December 2020

ANNUAL TABLE							
					Rate		
from	0	to	840,00	multiply by	0%	Deduct	-
from	841	to	3 600,00	multiply by	20%	Deduct	168
from	3 601	to	12 000,00	multiply by	25%	Deduct	348
from	12 001	to	24 000,00	multiply by	30%	Deduct	948
from	24 001	to	36 000,00	multiply by	35%	Deduct	2 148
from	36 001	and above		multiply by	40%	Deduct	3 948

Aids Levy is 3% of the Individuals' Tax payable

## 3. Taxable Income

Taxable income includes:

- Salary, gratuity, cash in lieu of leave, retrenchment package, commutation of pension, pension refund, bonus, wages, overtime pay, fees, stipend, retirement allowance and grant, commission and annuity.
- Deemed benefits/advantages such as housing, soft loan, education, passage, telephone, grocery, furniture, entertainment allowance, electricity, water, clothing, transport, holiday allowances and security services.
- Deemed motoring/vehicle use benefits.

## 4. Fringe Benefits

## Use of employer's motor vehicle

The value of motoring benefit should be determined based on "cost to the employer". The cost to the employer in this case is determined based on a deemed cost which is provided for in the Finance Act.

Engine Capacity	Deemed Value ZW\$	Deemed Value US\$
Up to 1 500 cc	54,000	3,600
1 501 to 2 000 cc	72,000	4,800
2 001 to 3000 cc	108,000	7,200
3001 and above	144,000	9,600

## Loans

Low or Nil interest Loans attract Tax. The deemed benefit is the difference between the Interest charged by the company and the Interest % published by ZIMRA.

The prescribed interest rates are based on the London Inter-Bank Offered Rates (LIBOR). The LIBOR rates for other periods can be obtained from the ZIMRA website.

## Accommodation

A benefit arises when:

- Employer rent holiday homes or own a holiday home and the employee can use such accommodation.
- Housing is provided to executives free of rent or at very low rent
- Housing costs, e.g. gardener, maid, water and electricity are paid by the company

The taxable value in the above scenarios is the cost to the employer.

In cases where the Employer buys a house in another area for their staff member, then the taxable benefit should be:

- Within the Municipal area:
  - The open market rental value
- Outside municipal area:
  - The greater of 12.5% of the employee's salary or 7% of the cost of the house.

## Furniture

8% of the cost of the furniture is the taxable benefit.

## Passage Benefit

The benefit covers the cost borne by an employer on travels by an employee, spouse or children, which are not for the purposes of the employer's business. This includes the cost on taking up of employment or termination of employment where such costs have been previously offered to the employee.

### **Share option Scheme**

In scenarios where employees can buy shares at a discount price, the employee should be taxed on the difference between the purchase price and the market value.

### **School fees benefit**

Where the employer pays school fees for the employee's children, the cost of the fees payable becomes taxable in the hands of the employee. Any school fees discounts or reductions granted because of the employer-employee relationship become taxable benefits in the hands of the employee.

## **5. Exempt Income**

### **Refunds/Reimbursements**

Any amount of reimburse nature is exempt from tax, if proof of such an expense is provided.

### **Director's fees**

Director's fee paid to a non-working director is not subject to P.A.Y.E.

### **Income to civil servants**

Benefits and allowances paid to civil servants.

### **Bonus**

Exempt bonus or performance-related award is ZWL5 000 (USD320).

### **Retrenchment Package**

The exempt portion is the greater of ZWL50 000 (USD3 200) or one third of up to ZWL240 000 (USD15 000) of the amount of any severance pay, gratuity or similar benefit received on cessation of employment due to retrenchment.

### **Relocation Allowance / Passage Benefit**

Relocation allowance (Passage benefit) is exempt if it is paid in connection with either:

- Taking up of employment with an employer
- Termination of such employment with that employer.

## 6. Tax deductions

### **Pension, NSSA and Retirement Annuities Combined.**

The contribution paid by the employee via the payroll is tax deductible up to a maximum of ZWL54 000 per annum

### **Arrears Pension**

Tax deduction for arrears pension contributions is ZWL18 000 per year.

### **Subscription contributions, Trade Unions and NEC Levy**

Amounts paid to approved associations by employees registered with such an association are tax deductible.

(Subscriptions to sporting or recreation clubs is not tax deductible)

### **Tradesman Tools**

The full amount of the tools purchased is tax deductible. The employer should keep the receipts for at least 6 years.

### **Donations**

Donations made by an employee to:

- the National scholarship fund;
- the National bursary fund;
- charitable trusts responsible for Social Welfare or Health; or
- the state, for use in purchasing of medical equipment, drugs or hospital construction or maintenance should be treated as tax deductible.

## 7. Tax Credits

### **Elderly Person's Credit**

Employees over 55yrs – ZWL9 000 (USD900) per year.

### **Blind Person's Credit**

The credit for this category is ZWL9 000 (USD900) per annum spread over 12 months.

### **Mentally or physically disabled person's credit**

The credit for this category is ZWL9 000 (USD900) per annum spread over 12 months

### **Credit for Cost of Purchasing Invalid Appliances (Residents Only)**

The credit for this category is 50% of the total cost of the appliance used by the taxpayer, his/her spouse or any of his/her children including legally adopted children.

### **Medical Aid Expenses (Residents Only)**

50% of medical aid expenses paid by the employee can be deducted from income tax.  
All contribution or payments made should have been in respect of the taxpayer, his spouse and children.

## **8. National Social Security – NSSA**

### **Contributions**

- The employee contribution rate will be 3.5% of the basic salary in the month up to the maximum limit of \$700 per month.
- The employer contribution rate will be 3.5% of employee's basic salary up to a maximum of \$700 per month.
- The maximum employer and employee contribution is \$24.50 per month.

### **Effective 1 June 2020**

The total NSSA(NPS) contribution new rate is 9%, split equally between the employee and employer.

The maximum pensionable salary is ZWL5 000.

According to NSSA, the effective date is 1 June 2020. Not 1 January 2020, as mentioned in the legislation.

### **Accident, Prevention and Workers Compensation Scheme (WCIF)**

The scheme is fully funded by Employers, no employee contributes towards the scheme.

The minimum insurance premium the employer is required to pay will be calculated using a risk factor related to the line of business the company is involved in.  
The premium is calculated as a percentage of the actual basic salary earned by the employees.  
The percentage may vary from year to year.

[www.nssa.org.zw/](http://www.nssa.org.zw/)

## **9. National Aids Trust Fund – AIDS Levy**

AIDS Levy is 3% of the PAYE amount after deducting the applicable credits.  
Paid by the employee.

[www.nac.org.zw/](http://www.nac.org.zw/)

## **10. ZIMDEF – Manpower Development Fund**

ZIMDEF Levy is calculated as 1 % of the total gross wage bill.  
Paid by the employer.

[www.zimdef.org.zw/](http://www.zimdef.org.zw/)

## **11. Standards Development Levy**

The levy is 0.5% of the total remuneration payable by the employer to his employees.  
Only the employer contributes towards this fund.

[www.miit.gov.zw/](http://www.miit.gov.zw/)

### **DISCLAIMER**

Although care has been taken with the preparation of this document, Sage makes no warranties or representations as to the suitability of quality of the documentation or its fitness for any purpose and the client uses this information entirely at own risk.