

2014 BUDGET: TAX ISSUES

- Export tax of \$0.75 per kg on raw hides introduced
- White sugar is now zero rated with effect from 1/2/2009
- Soya bean crude oil is now zero rated and duty on importation has been suspended
- Lower rate of royalty of 3% has been introduced on small scale gold producers whose output does not exceed 0.5kg per month with effect from 1/1/2014
- Interest income earned by financial institutions on loan advanced to small scale miners is exempt from income tax with effect from 1/1/2014
- Export tax on unbeneficiated platinum and diamonds with effect from 1/1/2014 but no rate has been provided yet
- Rough diamond sales to local industry is zero rated with effect from 1/1/2014
- Suspension of duty on motor vehicles used by Safari Operators for 12 months with effect from 1/1/2014
- Suspension of duty on motor vehicles used by Tourism Operators with effect from 1/1/2014
- Exemption from income tax of receipts and accruals on mortgage finance offered by other financial institutions other than Building Societies with effect from 1/1/2013
- Exemption from income tax of receipts and accruals of the Insurance and Pension Sector Housing Fund (IPHF) and interest earned on Bond with effect from 1/1/2014
- Exemption from income tax of receipts and accruals of the Investor Protection Fund with effect from 1/1/2013

- Road levy of 2cents per litre of petrol and 1cent per litre of diesel with effect from 1/1/2014 to finance the Mutare – Plumtree road
- Exemption of imported electricity from VAT with effect from 1/2/2009
- Cash donation to a Community Share Ownership Trust in pursuance of an approved indigenisation plan is allowable as a deduction when computing income tax
- Loans to an indigenisation partner which are repayable through foregone dividends are also allowable as a deduction and the deduction should be spread over the tenure of the loan
- Interest costs incurred by the indigenisation partner on loans advanced in order to purchase shares are also allowed as a deduction
- Exemption from Capital Gains tax, gains realised on the disposal of shares pursuant to complying with the indigenisation policy to the extent that the deemed fair market price is higher than the selling price to the indigenisation partner with effect from 1/1/2013
- Tax free threshold for retrenchment/severance package is now \$10000 or a third of the retrenchment package up to a maximum of \$60000 with effect from 1/1/2013
- Appeals to the Minister can now be made if one is not satisfied by the Commissioner's decision on any rebate
- Royalties on minerals is now disallowed as a deduction in determining taxable income with effect from 1/1/2014
- Flat tax rate of 50% on income above \$20000 per month with effect from 1/1/2014 for high earning individuals

- Money transfer tax of \$0.05 per transaction whenever a transfer of funds occurs between two persons using the mobile platform service. Mobile service provider to withhold the tax.
- Automated financial transaction tax of \$0.05 on every withdrawal through ATM with effect from 1/1/2014
- Capital gains tax introduced on disposal of immovable property through cession with effect from 1/1/2014
- Yoghurt, Cream, Butter, and Plain buns previously zero rated are now standard rated with effect from 1/1/2014
- Passenger motor vehicle deemed cost to the employer has been increased as below with effect from 1/1/2014:

Engine Capacity(cc)	Current	Proposed/new
Up to 1500	1800	3600
1501 to 2000	2400	4800
2001 to 3000	3600	7200
Above 3000	4800	9600

- 15% withholding tax on gross fees paid to non resident performing artists has been introduced with effect from 1/1/2014
- Excise duty of \$0.05 per litre of Ethanol introduced with effect from 1/1/2014
- Fine of \$30 for everyday a taxpayer who is supposed to have registered for VAT remains unregistered
- Limit of time within which a Bill of Entry can be used to claim input tax to 12months
- Penalties to suppliers for failure to issue a VAT compliant tax invoice

- Extend VAT to accommodation services for non-resident tourists
- Introduce legislation to curb evasion of payment of Capital Gains Tax on disposal of property through share transfer.