

## SUMMARY OF THE PROVISIONS OF THE DOUBLE TAXATION AGREEMENT BETWEEN ZIMBABWE AND SOUTH AFRICA

Zimbabwe ratified the DTA with South Africa by way of Statutory Instrument 40 of 2016.

South Africa is still to ratify the agreement and until such a time, the DTA is not yet binding.

Taxes Covered by the agreement are:

- Income Tax
- NRST
- NRTF
- NRTR
- CGT
- RTI

### INCOME FROM IMMOVABLE PROPERTY

Income earned by a non resident from immovable property will be taxed in the source state provided that income from immovable property is taxed under the domestic laws of source state. This includes rental income (income tax) and disposal of immovable property (capital gains tax).

### BUSINESS PROFITS

A Zimbabwean resident will only be taxed on South African business profits if it carries business through a South African permanent establishment. This also applies to a South African earning business profits in Zimbabwe. A permanent establishment means a fixed place of business through which the business of an enterprise is wholly or partly carried on. Permanent establishment differs from the industry one is operating in as below:

INDUSTRY	PERIOD
Construction	More than 6months
Consultancy and Other Services	Aggregate of 183days

The DTA also comes with reduced rates for the following incomes where the applicable domestic rates are higher:

INCOME	RATE UNDER DTA
Dividends	5% if shareholder is a Company that owns at least 25% of share capital in the company paying the dividend 10% in all other cases
Interest	5%
Royalties	10%
Technical Fees	5%



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