

Key Tax Changes in the 2026 Zimbabwe National Budget

by Zvino Mapetere

1. MEASURES TO BROADEN REVENUE BASE

1.1. MINING

- ° To use **Quoted Price Method** – Transfer pricing for minerals [01 Jan.26]
- ° **Tiered royalties regime** for mining activities [01 Jan.26]
- ° Limitation of **losses carried forward** from mining operations to 30% per annum [01 Jan.26]
- ° **Deductibility of Capital Redemption Allowance** to align with life of mining asset. [01 Jan.26]
- Tiered **Export Tax on Lithium** [01 Jan.26]
- ° **10% Export Tax on Antimony, -Chromium 5% of value of Ferro-chrome** – [01 Jan.26]
- ° All export taxes to be **paid in foreign currency**...
- ° New **2% CSR levy** on coal [01 Jan.26]

1.2. TAXATION OF FOREIGNERS

- ° Reduced the **permanent establishment threshold** from 183 days to 90 days. [01 Jan.26]
- ° In the case of construction, **Permanent Establishment deemed to commence** from the first day of operations [01 Jan.26]
- ° Reinstatement of a **15% withholding tax on interest (NRTI)** income paid to non-residents, whilst maintaining exemptions on Central Government loans. [01 Jan.26]

1.3. BANKING

Dividends declared by commercial banks are subject to **Withholding Tax** in the same manner **as dividends distributions by building societies**, with effect from 1 January 2026.

1.4. BETTING

- ° Extend the **Bookmakers Tax** to all licensed bookmakers, lotteries and casino operators. Review the **Bookmakers Tax from 3% to 20% of** gross revenues, which will be treated as a final tax. Thus, the operators will not be subject to Corporate Income Tax. [01 Jan.26]
- ° Upward review of tax applicable on **winnings by Punters** from **10% to 25%**. [01 Jan.26]

1.5. CAPITAL GAINS TAX

- ° **Special Capital Gains Tax: Offshore Disposal of Specified Assets** i.e. shares whose underlying value is derived from immovable property as with offshore transfer of mineral rights. [01 Jan.26]

1.6. CASH

- ° Upward **review of cash withdrawal levy** on a progressive basis, as follows:

Monthly Withdrawal Threshold	Proposed Tax Rate (%)
US\$1 to US\$500: Individuals	0
US\$1 to US\$5 000: Corporates	0
US\$501 to US\$1 000: Individuals	2
US\$5 001 to US\$10 000: Corporates	2
Above US\$1 001: Individuals	3
Above US\$10 001: Corporates	3

(Does not apply to local currency)

1.7. PRESUMPTIVE TAXES

- ° Strengthening of **administrative processes** of collecting presumptive taxes through partnering local authorities and other agencies e.g. ZINARA and directly from emerging businesses.

° **Rental Income Tax** from property owners and withhold **10% of rental income** by taxpayers

- **Mandatory registrations**

- **Quarterly submissions** of - registers, occupancy lists and rental schedules by property owners.

- **Penalties to property owners** shall be equivalent to the *rental income Tax* and the *presumptive tax*.

- ZIMRA shall have **power to close premises** use for rentals until compliant. [01 Jan.26]

° **Migration from Presumptive Tax to Self-Assessment** for:

- Public Service Bus operators and operators of Commuter Omnibuses with seating capacity above 25 passengers;

- Operators of goods carrying vehicles (haulage trucks); and

- Operators of Commercial Water Vessels.



2. MEASURES TO SUPPORT PRODUCTIVE SECTORS AND PROMOTE INCLUSIVE ECONOMIC GROWTH.

2.1. VAT

° **Standard rate** goods and services produced from a combination of mixed supplies. [01 Jan.26]

° VAT on imported services shall be **declared and paid in the currency of trade**.

° **Penalties and interest** for failure to account for taxes in the currency of trade, effective 01 Jan.26.

° Migrate sales between registered operators undertaken on **a going concern arrangement from zero rating to standard rating**, with the exception of sales to a Government owned entity;

° **Standard rate** the supply of

i. **Financial services** to corporates,

ii. **Land and improvements**, including leasehold land,

- iii. Services on a **subscription basis**,
 - iv. **Local authority services** to corporates,
 - v. As well as selected vegetables and fruits which are not predominantly consumed by economically vulnerable persons
 - vi. Services supplied by an operator of a facility designated as a **tourist facility**, whatsoever classified, including hunting and safari; and
- ° Exempt all inputs, whether imported or locally produced, **used in the manufacture of cooking oil**, including sunflower seeds, in line with the exemption already provided on cotton seed and soya beans.

2.2. TAXATION OF ELECTRONIC COMMERCE

- ° Introduce a **Digital Services Withholding Tax** at a rate of 15%, in lieu of VAT on imported services, for payments made to offshore digital platforms, including
- **e-hailing fees**,
 - **online content charges** and
 - **satellite-based internet access** fees.
- ° Remove the qualifying threshold on which the **Electronic Commerce Operators' Tax** of 5% will apply.

2.3. CUSTOMS DUTY

- ° Removed **customs duty on capital equipment** required for the setting up of **Beneficiation Plants**, coupled with longer **Value Added Tax deferment periods** with a view to manage project cashflows.
- ° Allow mining companies investing a minimum of US\$100 million towards such initiatives to **automatically be allowed to register for Value Added Tax**, during plant set up subject to approval by the Minister responsible for Finance. [01 June 2025]
- ° Align the **customs duty rate on selected polyester staple fibres** with dyed woven fabrics of cotton at a rate of 40% + US\$2.50 per kg.
- ° Introduce a structured and time-bound **suspension of import duties on critical production inputs for eligible industries** targeting the following sectors, among others, with significant backward and forward linkages:
- Iron and steel production, particularly inputs used in smelting, rolling, and fabrication; and
 - Agro-processing, including edible oils and food processing additives.

- ° Remove **surtax on critical inputs** into production which include selected bars and iron rods not produced in Zimbabwe.
- ° **Removal of duty on imported raw materials** used in the Manufacture of Gas Cylinders.
- ° Extended the **suspension of duty on specified motor vehicles** imported by **Safari and Tour Operators** by a further 2 years, beginning 1 January 2026.

2.4. TAX RELIEF MEASURES

- ° **IMTT** - reduced the IMTT rate on ZiG-denominated transactions from **2% to 1.5%**. IMTT on foreign currency transactions will be maintained at **2%**.
- ° Designated IMTT as a **tax-deductible expense** for purposes of Corporate Income Tax computation; and
- ° Expand the definition of Financial Institution for the purpose of IMTT to include **Microfinance Institutions**.
- ° **VAT** - **increase the Value Added Tax** rate by **0.5 % from 15% to 15.5%**, effective 1 January 2026.
- ° **Income Tax** - interest expenses payable on deposits made with financial institutions be **allowed as a tax-deductible expense**, subject to appropriate safeguards to prevent abuse, including transfer pricing rules, thin capitalisation and anti-base erosion measures.
- ° **Income Tax - Fund Managers to register REITS** on behalf of the *Pooled Pension Funds* so as to benefit from REITs tax exemptions.

2.5. SUPPORT FOR BUSINESS AND KNOWLEDGE PROCESS OUTSOURCING

- ° **Duty - Suspension of Duty on BKPO Production Equipment** - Suspension of customs duty on the importation of equipment by qualifying *Business and Knowledge Process Outsourcing* operators.
- ° **Corporate Income Tax**
 - A flat **15% tax rate** will apply in line with the **Domestic Minimum Top Up tax** provisions subject to meeting the prescribed conditions;
 - **Capital allowance** deduction **of 100%** in the first year of use;
 - **Exemption from Non-Residents Tax on Dividends**; and
 - A **tax credit of US\$1,500 per employee** per annum as prescribed under the Youth Employment Tax Incentive (YETI) framework.
- ° **Personal Income Tax**

Tax on skilled essential expatriate staff will be pegged at a **flat rate of 15%**.

2.6. PUBLIC TRANSPORT RELIEFS

- ° Partially **suspended customs duty to 10%** on the importation of conventional Public Service Buses by registered and tax compliant operators.
- ° **Suspended customs duty on electric Public Service Buses from 25% to 0%.**
- ° Suspended duty on Semi Knocked Down Kits used in the assembly of passenger motor vehicles imported by approved operators.

2.7. DEVELOPMENT OF SPORTING INFRASTRUCTURE

- ° An **accelerated capital allowance of 150%, spread over two years**, on expenditure incurred on sporting infrastructure.
- ° **Suspension of customs duty** on the importation of approved sporting facility items.
- ° A **tax credit of US\$10 000** on assessed income, for corporates that fund rural sports academies, or youth sports development programmes registered under the SRC. The credit will be conditional upon submission of verifiable expenditure on sporting facilities and training equipment for community-level sport.

2.8. TAX ADMIN

- ° Increased **Inter-agency collaboration** for checking compliance. Automatic reporting of tenders, Mandatory inclusion of TINs in tender details
- ° Regulations in the **shipping, clearing and forwarding industry**. These include, **qualification of agents** (min Diploma level), registration of agents and **unique identifiers**. Also reviewed the **insurance guarantee bond** from **US\$15 000 to US\$25 000**, effective from 1 January 2026.
- ° **Automatic Linking of New Business Accounts to ZIMRA** - Extend the requirement for a TIN to all corporate bank accounts and merchant wallets on Mobile Network Operators' platforms and the details of transactions on these accounts should be automatically transmitted to ZIMRA.



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