DEPARTMENTAL DRAFT

ARRANGEMENT OF SECTIONS

PART I

PRELIMINARY

Section

1. Short title.

PART II

INCOME TAX

Amendments to Chapter I of Finance Act [Chapter 23:04]

2. Amendment of section 14 of Cap. 23:04.
3. New section inserted after section 14 of Cap. 23:04
4. Amendment of Schedule to Chapter I of Cap. 23:04.
5. Amendment of section 22G of Cap. 23:04.

Amendments to Income Tax Act [Chapter 23:06]

6. Amendment of section 8 of Cap. 23:06.

PART III

VALUE ADDED TAX

7. Amendment of section 2 of Cap. 23:12.
8. Amendment of section 10 of Cap. 23:12.
9. Amendment of section 12A of Cap. 23:12.
10. Amendment of section 12D of Cap. 23:12.

PART IV

CAPITAL GAINS TAX

11. New section inserted in Cap. 23:01

Amendments to Chapter VIII of Finance Act [Chapter 23:04]

18. Amendment of section 39 of Cap. 23:04

Amendments to Capital Gains Tax [Chapter 23:01]

19. Amendment of section 2 of Cap. 23:01
20. New section substituted for section 30A of Cap. 23:04.

BILL

To amend the Finance Act [*Chapter 23:04*] and the Income Tax Act [*Chapter 23:06*], and to provide for matters connected therewith or incidental thereto.

ENACTED by the Parliament and President of Zimbabwe.

PART I

PRELIMINARY

1 Short title

This Act may be cited as the Finance Act, 2026.

PART II

INCOME TAX

Amendments to Chapter I of Finance Act [Chapter 23:04]

2 Amendment of section 14 of Cap. 23:04

Section 14 ("Income tax for periods of assessment after 1.4.88") (2) of the Finance Act [*Chapter 23:04*] is amended by the repeal of paragraph (b) and the *proviso* thereto beginning with the words "Provided that where a person earns any part of his or her taxable income from employment in foreign currency,".

3 New section inserted after section 14 of Cap. 23:04

(1) The Finance Act [*Chapter 23:04*] is amended by the insertion of the following section after section 14—

"14A Income tax for periods of assessment after 1.2.2009 in respect of income from employment payable in foreign currency

(1) Subject to section 14 of this Act, and section 50 of the Taxes Act, the income tax with which a person who earns any part of his or her taxable income from

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employment in foreign currency is chargeable in respect of the year of assessment beginning on the 1st January, 2027, or any subsequent year of assessment, shall be calculated in the case of a person other than a company, a trust or a pension fund, at the specified percentage of each United States dollar of each of the following parts of his or her taxable income from employment—

(a) so much as does not exceed one thousand eight hundred United States dollars;

(b) so much as exceeds one thousand eight hundred United States dollars but does not exceed three thousand six hundred United States dollars;

(c) so much as exceeds three thousand six hundred United States dollars but does not exceed eight thousand four hundred United States dollars;

(d) so much as exceeds eight thousand four hundred United States dollars but does not exceed fourteen thousand two hundred United States dollars;

(e) so much as exceeds fourteen thousand two hundred United States dollars but does not exceed thirty-six thousand United States dollars;

(f) so much as exceeds thirty-six thousand United States dollars;

(2) If such income is denominated in a foreign currency other than the United States dollar, the equivalent amount in United States dollars shall be calculated, being an amount obtained by applying the international cross rate of exchange of that currency for the United States dollar prevailing on the day the income is received or accrued.".

(2) With effect from the year assessment beginning on the 1st January, 2027, the brackets for employment income specified in section 14(2)(a) are suspended and the brackets as specified in section 14A as inserted by this section shall apply and the appropriate rate of income tax calculated by converting any employment income earned in local currency to the equivalent in United States dollars at the appropriate rate of exchange on the date when the income accrued to the taxpayer.

4 Amendment of Schedule to Chapter I of Cap. 23:04

The Schedule ("Credits and Rates of Income Tax") to Chapter I of the Finance Act [*Chapter 23:04*] is amended with effect from the year of assessment beginning on the 1st January, 2027, in Part II by the deletion of the items relating to the level of taxable income in United States dollars earned from employment, and the substitution of the following—

Taxable income from employment in foreign currency

"Section	*Level of taxable income*	*Specified percentage %*
14(2)(a)	Up to US$ 1800	0
14(2)(b)	US$ 1801 to US$ 3 600	20
14(2)(c)	US$ 3 601 to US$ 8 400	25
14(2)(d)	US$ 8 401 to US$ 14 200	30
14(2)(e)	US$ 14 001 to US$ 36 000	35
14(2)(f)	US$ 36 001 and more	40".

5 Amendment of section 22G of Cap. 23:04

With effect from the 1st January, 2027, the Finance Act [*Chapter 23:04*] is amended in section 22G ("Intermediated Money Transfer Tax")(1) by the repeal of paragraphs (a) and (b) and the substitution of—

"(a) section 36G(2) of the Taxes Act shall be calculated at the rate of one comma two five per centum (1,25%) on every unit of local currency or part thereof transacted for each transaction on which the tax is payable:

Provided that if a single transaction on which the tax is payable is equivalent to or exceeds the equivalent in local currency of five hundred thousand United States dollars (at the prevailing interbank rate) a flat intermediated money transfer tax of the equivalent in local currency of ten thousand one hundred and fifty United States (at the prevailing interbank rate) shall be chargeable on such transaction; or".

(b) section 36G(1) of the Taxes Act shall be calculated at the rate of one comma zero seven five per centum (1,75%) on every United States dollar or part thereof for each transaction on which the tax is payable:

Provided that if a single transaction on which the tax is payable is equivalent to or exceeds five hundred thousand United States dollars a flat intermediated money transfer tax of ten thousand one hundred and fifty United States shall be chargeable on such transaction; or".

Amendments to Income Tax Act [Chapter 23:06]

6 Amendment of section 8 of Cap. 23:06

With effect from the 1st January, 2027, section 8 ("Interpretation of terms relating to income tax")(1) of the Income Tax Act [*Chapter 23:06*] is amended in the definition of "gross income", in paragraph (f) II (2)(b)(i), by the repeal of paragraph (h) and the substitution of—

"(h) during the year of assessment beginning on the 1st January, 2021,and every subsequent year of assessment, is less than the SOFR rate plus three comma five per centum, where the amount of the loan exceed one hundred United States dollars, or less than fifteen per centum where the amount of the loan exceeds the local currency equivalent to one hundred United States dollars;";

Amendment of Value Added Tax Act [Chapter 23:12]

7 Amendment of section 2 of Cap. 23:12

Section 2 ("Interpretation")(1) of the Value Added Tax Act [*Chapter 23:12*] is amended in the definition of "financial services" by the insertion after paragraph (g) of the following paragraph—

"(h) the services of a virtual asset service provider registered or licensed as such under the Securities and Exchange Act [*Chapter 24:25*];".

8 Amendment of section 10 in Cap. 23:12

With effect from the 1st January, 2027, the Value Added Tax Act [*Chapter 23:12*] is amended in section 10 ("Zero rating") in subsection (1) by the repeal of paragraph (e) and the substitution of the following paragraphs—

(e) the supply is to a registered operator of a trade or of a part of a trade which is capable of separate operation, where the supplier and the recipient have agreed in writing that such trade or part, as the case may be, is disposed of as a going concern:

Provided that—

(i) such trade or part of a trade, as the case may be, shall not be disposed of as a going concern unless—

A. such supplier and such recipient have, at the time of the conclusion of the agreement for the disposal of the trade or part of a trade, as the case may be, agreed in writing that such trade or part of a trade, as the case may be, will be an income-earning activity on the date of transfer thereof; and

B. the assets which are necessary for carrying on such trade or part of a trade, as the case may be, are disposed of by such supplier to such recipient;

(ii) where the trade or part of a trade, as the case may be, disposed of as a going concern has been carried on in, on or in relation to goods or services applied mainly for purposes of such trade or part of a trade, as the case may be, and partly for other purposes, such goods or services shall, where disposed of to such recipient, for the purposes of this paragraph and section18 be deemed to form part of such trade or part of a trade, as the case may be, notwithstanding paragraph (e) of the proviso to the definition of "trade" in section 2; or"

(iii) twelve months before the date of the supply of the trade, the supplier and recipient are both fully compliant in every respect with this Act with respect to registration and payment of all tax due to the date of the supply;"

9 Amendment of section 12A of Cap. 23:12

With effect from the 1st January, 2027, the Value Added Tax Act [*Chapter 23:12*] is amended in section 12A ("Deferment of collection of tax on capital goods") (4) in the definition of "goods of a capital nature", by the insertion of the following paragraph after paragraph (e)—

"(f) such telecommunications equipment as the Minister may, in consultation with the Minister responsible for telecommunications, prescribe, which is or will be used exclusively for the telecommunications industry (including spare parts required for the purpose of maintaining or refurbishing telecommunications infrastructure, plant, equipment or machinery) other than motor vehicles intended or adapted for use on roads or capable of being so used.".

10 Amendment of section 12D in Cap. 23:12

With effect from the 1st January, 2027, the Value Added Tax Act [*Chapter 23:12*] is amended in section 12D ("Collection of tax on exportation of unbeneficiated platinum,

determination of value thereof") by the repeal of subsection (1) and (2) are repealed and substituted by —

(1) In this section, "unbeneficiated platinum" means platinum ore and which has not been subjected to the following processes—

(a) crushing, milling and washing to remove waste material; and

(b) the separation of iridium and other metal of the platinum group from the resulting platinum concentrate from any other platinum group metal; and

(c) the smelting of the resulting platinum and other platinum group metal concentrate into pellet or ingot form.

(2) Notwithstanding section 10(1), tax at the rate specified in the table below on the value of platinum and platinum group metals shall be levied on a supplier of such platinum for export from Zimbabwe—

(a) tax at the rate of ten per centum on the value of unbeneficiated platinum and any associated platinum group metal exported as washed ore;

(b) tax at the rate of five per centum on the value of unbeneficiated platinum and any associated platinum group metal exported as concentrate;

(c) tax at the rate of two comma five per centum on the value of unbeneficiated platinum and any associated platinum group metal exported as matte.".

PART IV

CAPITAL GAINS TAX

11 New section inserted in of Cap. 23:01

With effect from the 1st January, 2027, the Capital Gains Tax Act [*Chapter 23:01*] is amended by the inserting the following section after section 29—

"29A Payment of capital gains tax where specified assets are transferred to or subject to trusts

(1) To avoid doubt, liability for capital gains tax attaches to any trustee or trustees in respect of transactions for which the founder, creator or settlor of the trust in question would have been liable if the specified asset in question had not been transferred to, vested in or otherwise subjected to the trust.

(2) Against all property of any kind vested in or under the control or management of any agent or trustee the Commissioner shall have the same remedies and in as full and ample a manner as he has against the property of any other person who is liable to pay tax.

(3) If at any time a trust fails or becomes ineffective because of any vacancy among the trustees, the founder, creator or settlor of the trust in question shall be deemed not to have transferred any specified asset to or vested it in the trust in respect of which capital gains tax is payable, and shall be liable for its payment accordingly.

(4) In any proceedings for the recovery of capital gains tax in the High Court by the Commissioner against a trust in respect of which—

(a) the founder, creator or settlor is deceased or cannot after diligent inquiry be found; and

(b) the trusteeship is vacant or the trustee or all of the trustees are resident outside Zimbabwe at the time of the proceedings;

the Commissioner shall, together with the principal action or application, lodge with the registrar of the High Court an application (hereinafter called a "substituted trustee application") under cover of an affidavit deposing to the following facts, namely that the Commissioner –

(i) having made or caused to be made diligent inquiries at the Office of the Master and the Registry of Deeds to identify the founder, creator or settlor of the trust, as well as any trustee of the trust, who are subject to be cited as the defendant or defendants of the principal action or application, and has found that the founder, creator or settlor of the trust is deceased or cannot be located, and that the trusteeship is vacant, or that the trustee or all of them (as the case may be) cannot after diligent inquiry, be located within the jurisdiction of Zimbabwe; and

(ii) has caused notice (the published *Gazette* copy of which must be annexed to the affidavit) of his or her intention to lodge the substituted trustee application to be advertised at least once in the Gazette and in the newspaper circulating in the district in which the property subject to the trust is situated.

(5) The substituted trustee application shall indicate the name of any person to be appointed by the court as substitute trustee, or request the Master, or the court, to make such appointment as it deems fit and just in the circumstances, and shall have attached to it an authenticated copy of the trust deed or trust instrument in question, and such other annexures as the registrar may require, for the registrar's consideration, and for the report by the registrar as to the suitability of any person, whether suggested by the Commissioner or not, for appointment by the court, and as to the terms, if any of the remuneration of such substituted trustee (for which the purpose the substituted trustee shall be entitled to be remunerated from the trust assets, notwithstanding anything to the contrary in the trust deed or trust instrument).

(6) The office of the substituted trustee shall become vacant at the conclusion of the action in respect of which he or she was appointed, unless, in the interests of justice or of the trust and its beneficiaries, or for any other reason, the court (on its motion or on the motion of the Commissioner or substituted trustee), extends the term of the substituted trustee for a definite or indefinite period.".