

# Zimbabwe Tax Amnesty 2018 Factsheet

## Introduction

The Zimbabwe Finance Act No 1 of 2018, promulgated on 14 March 2018, brought into force the Tax Amnesty legislation. According to the Act, a tax amnesty will be granted on outstanding taxes which accrued prior to 1 December 2017.

The Tax Amnesty provides an opportunity for certain taxpayers to apply for immunity against penalties and interest in respect of any unpaid tax, or tax irregularities in respect of the Covered Taxes **(see below)**.

The Tax Amnesty period is from 1 January 2018 to 30 June 2018.

## The income covered under the Tax Amnesty (Covered Taxes)

The Tax Amnesty relates to unpaid taxes or duties already known by the Zimbabwe Revenue Authority (ZIMRA) and recorded in its system, or not declared to ZIMRA but should have been paid by 01 December 2017, or paid from income sourced or deemed to be sourced in Zimbabwe. It will cover all taxes administered by ZIMRA namely:

- Income tax (Corporate taxes & Employment Taxes);
- Withholding Taxes;
- Customs and Excise;
- Value Added Tax;
- Capital Gains Tax;
- Stamp duty, and
- Presumptive tax.

## General features of the Tax Amnesty

The Tax Amnesty will result in the taxpayer making the appropriate disclosure, being absolved from penalties, interest and prosecution upon the successful application in the form prescribed by the Minister.

The principal tax amount remains due and payable on or before the end of the Tax Amnesty period.

The Tax Amnesty shall preclude ZIMRA and the National Prosecuting Authority from prosecuting offenders or imposing administrative penalties for;

- False declarations or evasion of Covered Taxes;
- Non payment of Covered Taxes or non submission of returns of Covered Taxes in due time ;
- Fraud, negligence or willful default with respect to Covered Taxes;
- Undervaluation of imported goods;
- Non payment of duty on imported goods
- Incorrect declaration of Customs ;
- Excise information which results in less duty being paid and
- Failure to adhere to conditions of the operation of a bonded warehouse or private siding.

## Eligibility for the Tax Amnesty

A taxpayer may make an application under the Tax Amnesty by voluntarily declaring their taxes or duty due on the prescribed form TA01 by 30 June 2018.

A Tax Amnesty application will be considered invalid if it is in respect of any action resulting in the seizure, or forfeiture, of any property or goods, for which action commenced before 1 December 2017.

Failure to pay the principal amount within the stipulated time will result in the unpaid portion, falling outside the scope of the amnesty. Hence, that portion will not be absolved from penalties.

The Tax Amnesty is available to all persons including individuals, corporates, trusts and registered not-for-profit organizations.

The scope of the Tax Amnesty will include taxpayers who did not comply with their tax obligations and who may want to regularize their taxes in respect of:

- Incorrect or under declarations of taxes;
- Late payment and submission of returns;
- Non-declarations and non-submission of returns; or
- Misrepresentation, fraud, negligence and wilful default of taxes due.

### **How do taxpayers participate in the Tax Amnesty?**

A Tax Amnesty application will only be considered if it is lodged with ZIMRA by 30 June 2018.

The application shall be in writing on a completed application form TA01 (**attached**).

The Tax Amnesty will only be granted upon the applicant having made a full disclosure in conformity with conditions that may be prescribed and upon having provided the required supporting documentation.

A payment plan should be proposed at the time of submission of an application. Payments must be made towards the principal while applications are being submitted and processed before an approval has been granted by ZIMRA.

The approval process is at the discretion of the Commissioner, or of persons to whom the power to approve is delegated to by the Commissioner.

The Commissioner will provide a response to the application within 10 days from receiving a Tax Amnesty application.

### **Implications for taxpayers**

Given that the legislation is now in place, taxpayers intending to avail themselves of the Tax Amnesty should start preparing their amnesty applications.

As the Tax Amnesty period commences 1 January 2018, such taxpayers have less than 3 months to apply for the Tax Amnesty.

### **Important Notice**

*The information in this document has been prepared by an external consultant and is for general guidance only. The information may not be complete nor suited to your specific circumstances and therefore should not be relied upon. Each tax payer should evaluate their facts and circumstances to determine whether the Tax Amnesty is appropriate for them. Further, given the complexity of the Tax Amnesty as well as the various conditions and implications thereof, we highly recommend that taxpayers engage the assistance of an independent legal or tax counsel.*

*This document should not be construed as tax advice. Customers are reminded that they are responsible for their own tax affairs.*