



TAX PLANNING

**Streamlining Strategies, Growth & Policies to
achieve Tax Efficiencies**

Tax Management Services Zimbabwe

Adding value from Tax Knowledge

BUSINESS LIFE CYCLE

- ▶ Life Rules
- ▶ Never adopt strategies of an elephant when you are a rabbit
- ▶ Never adopt strategies of the Hunter when you are the hunted.
- ▶ All business decision have tax implications and the main difference is are you doing it in a tax efficient manner

INCEPTION OR BUSINESS DEVELOPMENT

- ▶ What form, structure of business
- ▶ What is the nature of your business? (taxable / exempt supplies)
- ▶ Do you start a new company? Or if operational you start as a branch of existing operation
- ▶ When do you separate them (tax restructuring for efficiency and business risks management)

BUSINESS GROWTH

- ▶ When do you separate or consolidate the business?
- ▶ Why separate or consolidate?
- ▶ Who houses which assets?
- ▶ What type of assets do I buy? PMV and trucks/ bakkies?
- ▶ Do you rent or hire from the related party? At what value?????????

BUSINESS DECLINE

- ▶ When do you consolidate?
- ▶ When do you move assets within the group?
- ▶ When do you sell?
- ▶ What elections do you make?

VAT ISSUES

- ▶ Do you offer exempt and taxable supplies?
- ▶ How do you apportion input tax? Turnover method not always the best
- ▶ Are you in perpetual vat refund situation? When do you submit the VAT returns.
- ▶ Are you in once off tax refund position (Defer claim if you can)
- ▶ Who owns which assets– hiring company or operating company

INCOME TAX

- ▶ Looking beyond today

INCOME TAX (NEW BILL)

- ▶ Who sits on the board of your foreign entity?
- ▶ What is the shareholding in the foreign related entity?
- ▶ Where are the directors based?
- ▶ Where do you have your meetings?

INCOME TAX (NEW BILL)

- ▶ Restructure shareholding
- ▶ Change directors
- ▶ Change fantastic and company profile

INCOME TAX (NEW BILL)

- ▶ Classification critical (marketing or branding or labels as a statutory requirement)
- ▶ Cost of production CIMA and GAAP
- ▶ Statutory expenses such as licensing, insurance classification

CUSTOMS DUTY

- ▶ How often do you import
- ▶ What is your stock turnaround time
- ▶ What is a certificate of origin
- ▶ What is a rebate
- ▶ What is drawback of duty
- ▶ What is a bonded warehouse and what are its benefits

PAYROLL ISSUES

- ▶ Lump and tax everything
- ▶ Charge interest at rate above ZIMRA deemed rate
- ▶ Gross up all earnings

CONTACT INFORMATION



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“ADDING VALUE FROM TAX KNOWLEDGE”

Caveat

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MID TERM POLICY HIGHLIGHTS

▶ TAX AMNESTY

- ▶ Period covered: 1 February 2009 to 30 September 2014
- ▶ disclose their obligations within a period of six months and also pay within a period of six months
- ▶ No penalties will accrue on the tax obligations within the period of amnesty
- ▶ Amnesty takes effect from 1 October 2014
- ▶ Whistle blower has been suspended during the period of the amnesty

CUSTOMS DUTY

Type of Duty	Description of commodity	Previously imposed	Currently Proposed	Effective date
Excise	Fuel: Petrol	30cents/litre	35 cents/litre	15 September 2014
	: Diesel	25cents/litre	30 cents/litre	15 September 2014
	Airtime: Voice & Data		5%	15 September 2014
Customs	Mobile Cell Phone Handsets	0 %	25%	01 October 2014
	Single Cab >800kg ≤ 1400kg	20%	40%	01 November 2014
	Double cab truck	40%	60%	01 November 2014
	Buses 26 passenger seat	0%	40%	01 November 2014
	Passenger motor vehicle < 1500cc	25%	40%	01 November 2014

- ▶ **INCOME TAX**
- ▶ Definition of financial institutions has been amended to include providers of mobile banking services.
- ▶ Tax on interest earned by financial institutions and building society on mortgage finance is now exempt.

- ▶ **PRESUMPTIVE TAX ON SMALL SCALE MINERS**
- ▶ Presumptive tax on small scale gold miners reduced from 2% to 0% with effect from 1 October 2014.

- ▶ **WITHHOLDING TAX ON TENDERS**
- ▶ The amount subject to withholding tax on tenders from 250 per transaction is now aggregated to 250 per year of assessment.

- ▶ **WITHHOLDING TAX ON NON RESIDENT ARTISTE**
- ▶ Penalty is now levied for failure to remit amounts withheld from payment of non resident artiste and entertainers
- ▶ Agents are now compelled to issue certificates showing amounts withheld from non resident artiste