International Bar Association's Human Rights Institute's response to the United Nations Special Rapporteur on extreme poverty and human rights Consultation:

The human rights impact of fiscal and tax policy

Jurisdiction Focus of response: Zimbabwe

The Human Rights Impact of Fiscal and Tax Policy

Taxation

1. **Is your government's tax policy compatible with the obligation to use maximum available resources to realize economic and social rights? If not, why? Do obstacles of a national or international nature impinge on your government's ability to mobilize the maximum available resources through taxation?**

The Constitution of Zimbabwe guarantees the fundamental rights of every citizen[1] and in regards to economic and social rights the constitution guarantees access to shelter[2], food[3] and social welfare.[4] It provides that all state institutions "must take all practical measure, within the limits of the resources available to it, to provide social security and social care to those who are in need."[5]

The Constitutional framework mandates the Ministry of Finance which is responsible for formulating the countries fiscal policy and allocation of public resources to ensure the tax policy is compatible with the Constitutional objectives to realize economic and social rights.

Under its international treaty obligations, Zimbabwe ratified the Maputo Declaration under the auspices of the African Union to commit at least 10% of its budget to agriculture and food security but has failed to meet these obligations. In its 2013 budget proposal only 4% of its budget was allocated to agriculture.[6] However Zimbabwe exceeded the requirements of the Dakar Declaration benchmark of allocating 20% of its budget to the education sector, by allocating 27%.[7]

In the 2013 budget, in accordance to the Wage Bill, the then Minister of Finance Tendai Biti announced a pay rise for civil servants and raised the tax-free bonus threshold to USD 1,000. Although this was a positive step and welcomed by civil servants because it provided relief to the workers and improved their welfare, it accounts for 68.4% of the budget earmarked for salaries and wages.[8] Analysts are concerned the budget will not meet social services delivery.[9]

Crisis in Zimbabwe Coalition, a civil society organisation commenting on the 2013 budget stated that it is a "good statement of intent" pointing out that, "government intends to increase disposable income by increasing threshold on bank charges to

[1] Constitution of Zimbabwe Ch 2, 11
[2] Ibid, Ch 2, 15
[3] Ibid, Ch 2, 28
[4] Ibid, Ch 2, 30
[5] Ibid, Ch 2, Art 30
[6] 2013 Budget, Zimbabwe Treasury , available at http://www.zimtreasury.gov.zw/budget-policy-statements pg 115-6
[7] Ibid pg 124
[8] Ibid, pg 214
[9] 2013 Budget - Disbursements the Real Test, The Independent, available at http://allafrica.com/stories/201211231395.html

USD 800, and also leaves teachers with USD 1000 non-taxable income. The budget also increases allocation for education and health and shows commitment to support constituency development through the provision for the Constituency Development Fund (CDF). It is also a response to the ailing health sector."[10] However, if previous years provide any indication, there are always disparities between the theoretical allocations and disbursement. The table in Appendix 1 demonstrates the distribution and disbursement of the 2011 budget.[11] The disbursement figures are relatively low.

2. **In general, would you say that the tax regime is regressive or progressive? Why? Please provide examples (for instance: proportions of wealth, income, and consumption taxes in total revenue; distributional impacts of tax schemes between and within households, including deduction and exemptions for women, people living in poverty, single household heads, or based on marital status). What are the shares of tax revenue paid by different groups and the rate of taxation on different social groups?**

For the most part, Zimbabwe has a progressive tax regime. According to the Income Tax Act, individual tax is deducted through the Pay As You Earn (PAYE) and Value Added Tax (VAT).[12]

PAYE is redistributive and is deducted directly by the employer on gross earnings by tax brackets.[13] The income tax rate is at 46.40%.[14] This is implemented on an escalating scale and the highest bracket is at a monthly salary of USD 10.001 and above.[15] The tax-free threshold was raised from a monthly wage bracket of USD 150 to 250 in 2012.[16] However, this is still significantly beneath the Poverty Datum Line (PDL) set by the National Statistical Agency (NSA). The average two income household of a family of six is currently at USD 570 per month. Many people are forced to rely on informal sector trading for survival. The Zimbabwe Chamber of Informal Economy Association estimates that the sector is made up of 70% females.[17]

The VAT system of taxation was introduced in 2004 and levied on goods and services by Registered Operators. It is not redistributive because it is applicable to everybody. The rationale is that if everyone pays the same tax rate, those with a higher income

[10] Biti strikes pro-poor tone in 2013 National Budget, Crisis in Zimbabwe Coalition, http://www.crisiszimbabwe.org/component/content/article/43-news/688-biti-strikes-pro-poor-tone-in-2013-national-budget-1602.html
[11] See Appendix 1 for the disbursement of the government capital budget in 2011
[12] Income Tax Act CHAPTER 23:06
[13] See Appendix 2 for 2013 Tax table
[14] Zimbabwe GDP, Trading Economics, available at http://www.tradingeconomics.com/zimbabwe/gdp
[15] 2013 Income tax table, Zimbabwe Revenue Authority
[16] Employees Tax - Pay As You Earn (PAYE) System, http://www.zimra.co.zw/index.php?option=com_content&view=article&id=26&Itemid=69
[17] Giving Women in Zimbabwe's Informal Sector Rights, Inter Press Service, available at http://www.ipsnews.net/2013/05/giving-women-in-zimbabwes-informal-sector-rights/

will make more of a contribution to the tax revenue. The standard VAT rate on goods and services is 15%. The VAT Act exemptions are listed in Section 8: donated goods and services, exported goods and services, financial transactions, public transport on stage carriers, domestic water, electricity, health services and transportation of passengers and their goods.[18]

In 2011, the PAYE contributed 31% of the tax revenue in Zimbabwe; while the VAT contributed to 20% of the tax revenue.[19]

Pursuant to the Income Tax Act, the Finance Act, and the Capital Gains Tax Act only the following groups of people are entitled to tax exemptions and credits, the disabled and elderly (persons aged 55 or above).

Other taxes levied include Capital Gains Tax which covers immovable property and marketable securities charged at 20%.[20]

As a response to declining donor support, in 1999 Zimbabwe innovatively introduced an added 3% tax on income specifically for funding the campaign on fighting HIV/AIDS. The Declaration of Commitment to HIV/AIDS adopted by the UN General Assembly in 2010[21], stated that the fund was non-existed in 2007-2008 during the country's economic downturn; however the National Aids Council Board reported in 2010 that the revenue collected at the end of 2010 amounted to USD 20.5 million and 25 million in 2011.[22] This demonstrates that, if implemented correctly, targeted tax levy can significantly contribute to funding specific sectors for example health, housing etc.

3. **What is the tax/GDP ratio of your country? Would you say that the tax regime allows the State to: a) raise adequate resources to ensure the realization of human rights, including sustainable financing of social protection systems; b) mitigate poverty and inequalities; and c) ensure that rights of disadvantaged and marginalized individuals and groups are not disproportionately affected? Please explain. If the answer was negative, why are different rates or other types of taxes not in place?**

According to an African Development Bank report the economic growth in Zimbabwe decelerated from 10.6% in 2011 to 4.4% in 2012, though there was an initial projected rise to 5.0% in 2013 at the beginning, the mid-year national budget

[18] VAT Act, Ch 3 (11)
[19] 2012 National Budget Statement, 65
[20] Zimbabwe Fiscal Guide 2012/13, KMPG, http://www.kpmg.com/Africa/en/KPMG-in-Africa/Documents/MC9197_Fiscal%20Guide_Zimbabwe.pdf
[21] Declaration of Commitment on HIV/AIDS, UNGA- A/RES/S-26/2 http://www.un.org/ga/aids/docs/aress262.pdf
[22] Improved AIDS levy collections fill part of funding gap, IRIN, available at http://www.irinnews.org/report/94786/zimbabwe-improved-aids-levy-collections-fill-part-of-funding-gap

statement indicated a downward slip to 3.4%.[23] The rate of inflation rate remains at 5%.

The Budget Strategy Paper proposal for the 2013-2015 budgetary framework projects that the tax and no-tax revenues in 2013 based on a 30% ratio will be USD 3.8 billion.[24]

The Zimbabwe Revenue Authority (ZIMRA), the statutory body responsible for collecting and accounting for revenue of the state, is doing excellent collection work.

However, Zimbabwe is not adequately doing all it can to raise resources to ensure the realization of socio- economic rights. Revenue collection in Zimbabwe is undermined by high unemployment rates, informal economies, a skewed income and wealth disparities, and a tax regime that is littered with tax incentives and tax holidays.[25] Furthermore, ZIMRA does not collect all revenue and other collectors are not doing as well as ZIMRA.

In 2009, the Inclusive Government was formed; they introduced a multi-currency regime, adopted strong tax policies and administration which greatly boosted the economy. In that year revenue collection increased from less that 4% of GDP to 19%.[26]

4. **How does the government guarantee that the design and implementation of taxation measures, as well as monitoring of their impacts, are carried out in accordance with principles of public participation, transparency, non-discrimination and accountability? Are there special mechanisms to protect these guarantees, in particular for marginalized and vulnerable groups?**

ZIMRA collects most fees, taxes and public revenue which are then deposited into the Consolidated Revenue Fund.[27] Tax rates are set by parliament. Accountability and transparency are provided through the Audit and Exchequer Act, which requires that a Comptroller and Auditor-General are to be appointed to examine and audit public accounts.

In 1999, the Public Finance Management System was introduced, to allow government ministries to carry out their accounting and financial transactions through

[23] Zimbabwe Monthly Economic Review, AFDB, http://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Zimbabwe%20-%20Monthly%20Economic%20Review%20-%20September%202013.pdf
[24] Pre-Budget Strategy Paper (2012), Treasury, available at http://sirnigelsjourney.files.wordpress.com/2012/11/2013budgetstrategypaper.pdf
[25] Zhou Gideon and Madhikeni Alouis, 'Systems and Challenges of Public Revenue Collection in Zimbabwe' (2013) 3 American Journal of Contemporary Research 49, 50
[26] Zhou Gideon and Madhikeni Alouis, 'Systems and Challenges of Public Revenue Collection in Zimbabwe' (2013) 3 American Journal of Contemporary Research 49, 57
[27] Zimbabwe Constitution, Sec 101 and 102

a computer based network that enables the treasury to monitor management of public funds. This was a welcomed departure from the previous Central Payments Office system that was not transparent and marred with delay.[28] The following Public Finance Management Act adopted in 2010 further strengthened the management system.

In 2010, the government introduced a new process for budgetary planning that included public participation, and transparency. Prior to the budget a pre-budgetary Strategy Paper is drawn up and a consultation phase is undertaken by stakeholders. This has been continued annually to assist the stake holders such as legislators, general public, business labour, and civil society in the formulation of the micro-economic and budget.

The current Ministry of Finance has been commended for extensively consulting a wider range of private sector stakeholders. The consultation process for the 2014 budget has included input from the commerce industry, mining, agriculture and financial.[29]

5. **If the government has recently introduced tax cuts, which sectors of society have benefited most? How has your government justified any reduction in revenue, which may result from these tax cuts? What is your country's corporate tax rate?**

The tax cuts in Zimbabwe were due to the economic crisis between 2000 and 2008, during this period revenue collection declined. During this despondent period the country witnessed unprecedented levels of hyper-inflation, negative GDP, currency devaluation, job loss, food shortages, increased poverty levels. The Government instituted austerity measures under the Economic Structural Adjustment Programme also played a role in the decline of revenue collection. Ever since 2009, with the formation on the inclusive government (IG), the government has been on a mission to recover the economy. The Short Term Emergency Recovery Programme (STERP) stabilised the macro-micro economy, which included progressively developing the collapsed sectors such as social, health and education. In 2011, the Medium Term Plan (MTP) five year agenda was introduced to advance the mission of STERP and to further empower Zimbabweans economically and socially.

In 2011, the government placed certain food items on the import duty list. The Poverty Reduction Forum Trust reported this measure disproportionately benefitted

[28] Fiscal Management In Zimbabwe, International Journal of Economics and Business Modeling, available at http://bioinfopublication.org/files/articles/3_1_2_IJEBM.pdf
[29] More Tax Changes Critical in Zimbabwe, Zimbabwe Independent, available at http://www.theindependent.co.zw/2013/11/15/tax-changes-critical-zimbabwe/

the manufacturing industry that as a result increased the prices and triggered a rise in the of food inflation index.[30]

According to the Finance Act, in 2012 the corporate tax rate was set to 25.75%.[31] It is also 25% for the companies in the mining sector. However, for manufacturing companies with 50% exporting output, corporate tax is 20%. Dividends of foreign companies incorporated outside Zimbabwe are also taxed at a rate of 20%.[32] Table in Appendix 4 provides a breakdown of corporate tax rates.

6. **What is the fiscal pressure on the financial sector? Would you characterize the financial sector as paying a fair share of taxes? On what basis?**

The Zimbabwe economy is still struggling and weak amidst high political risk perception. This has contracted the sector and created fiscal pressure on the banking and financial sector in Zimbabwe.

The Finance sector like any other is taxed at a rate of 25.75%. However the Reserve Bank, as a national bank, is exempt from tax.

7. **Are there any particular industries that receive tax subsidies (for example, agriculture, housing)? Are these subsidies related to government's commitments to specific human rights (for example, right to adequate housing or food), or do they follow other human rights-based rationale?**

8. **Has your government proposed or supported increased intergovernmental tax cooperation? What is its official position on tax havens? What is its official position on illicit flows of capital, e.g. measures to stop transfer pricing, proposals on country-by-country reporting, automatic exchange of information, disclosure of beneficiary ownership?**

Zimbabwe cooperates with African Tax Administrators' Forum to address these matters.

[30] Casting an Eye on the Social and Economic Impacts of Tariff Measures, Poverty Reduction Forum Trust (2012)
[31] Zimbabwe GDP, Trading Economics, available at http://www.tradingeconomics.com/zimbabwe/gdp
[32] 2012 Tax Rates, ZIMRA, available at http://www.zimra.co.zw/index.php?option=com_content&view=article&id=1611&Itemid=70

9. **Has your government proposed or supported international tax policies such as a financial transactions tax? If so, please specify in which form. If not, please explain the nature of its objection. Do revenues from such taxes (if in place) go into general revenue or are they earmarked for specific sectors or programmes? If the latter, which programmes?**

10. **Is your government party to international investment or trade agreements that curtail your country's capacity to levy taxes, or the capacity of your partner country/ies to levy taxes? Is your government party to investment contracts or concessions that restrict your government's ability to levy taxes on certain companies or sectors? What measures (if any) were taken to mitigate impacts of these limitations on your country's (or other countries') ability to raise adequate resources in order to fulfil human rights obligations?**

Zimbabwe is party to the following international agreements: it is a member of the World Trade Organisation (WTO) and the Cotonou Agreement between Africa, the Caribbean and the Pacific and European Union. As a result of violation of Article 9 of the Contonou agreement regarding the maintenance of rule of law, observation of human rights and good governance, Zimbabwe has been under sanctions for the last decade which has negatively affected the agriculture sector, the largest source of export earnings contributing to 40-45% of total exports in most years.[33]

Regionally, it is a signatory to Common Market for Eastern and Southern Africa COMESA and SADC Trade protocol which promote free trade within the southern African States. This trade protocols do not affect the excise of duty, VAT and other taxes. Zimbabwe is also party to a series of bilateral agreements between COMESA states to eliminate double taxation. This limits taxation to Zimbabwean-sourced income.[34] Table in Appendix 5 includes the list of countries that are exempt from non-resident tax in Zimbawe if tax is levied in the contracting state.

Although the loss of revenue is supposed to be compensated by the increase in trade and economy growth, Zimbabwe has trade deficits with COMESA countries which means that Zimbabwe is not benefitting from the trade protocols.[35]

[33] Zimbabwe , FAO, available at http://www.fao.org/docrep/005/y4632e/y4632e0y.htm
[34] Zimbabwe Fiscal Guide 2012/13, KMPG, http://www.kpmg.com/Africa/en/KPMG-in-Africa/Documents/MC9197_Fiscal%20Guide_Zimbabwe.pdf
[35] What has Tax got to do with Development, AFRODAD, pg22

Spending

1. **Are gender equality and economic and social rights criteria considered in budget planning and execution? If so, how are they integrated and monitored? Since when? Have you or your government been able to track the effect of these criteria? If so, what results have you obtained by applying these criteria?**

   The Government of Zimbabwe has a whole gender ministry dedicated to dealing with these matters, among other related issues.

   In 2008, the government signed a memorandum of understanding with the Zimbabwe Women's Resource Centre, committing itself to adopting a results-based budgeting approach framework with an inclusive budgeting process. This framework adopts a gendered approach to budgeting by ensuring that gender is mainstreamed in all the chapters.[36] This agreement introduced the Gender Budgeting Initiative to institute gender responsive budgeting.

   The Global Call against Poverty (GCAP) also plays a major role in informing the budgetary process and creating spaces for debate on topical issues such as gender and poverty.

2. **Has your government engaged, or is it planning to engage, in fiscal austerity measures, such as cutting spending on social services? If so, what safeguards did, or will, it put in place to ensure that such measures are consistent with human rights obligations? Are the cuts temporary or permanent? Are they necessary in the sense that their absence would have meant greater harm to economic and social rights of the population? Has the government identified the minimum content of rights that should not be affected? Have the cuts been accompanied by mitigating measures to ensure that vulnerable and marginalized populations are not disproportionately affected? If yes, please provide examples of some of those measures.**

   The major problem is that there is no money. The national debt is huge and so are arrears. There is widespread corporation failures due to lack of capital. There is 80% unemployment.

   Funding from capital expenditure to local authorities has been low and uncertain due to political instability, poor policy and inadequate primary infrastructure. This has had a massive impact on the ability of local authorities' service delivery although they partly fund their operations through local taxes, water tariffs and fines, it is hardly enough to meet the needs of the people.

[36] Gender Budgeting: Case Study of the Zimbabwe Experience, Open Society Initiative for Southern Africa

The lack of services has driven the local residents to refuse to pay their water tariffs. The Harare Council reported in 2013 that it is owed USD 350 million in unpaid dues, while the Bulawayo City Council reports USD 42 million. [37] The lack of transparency in the pricing of services and the dollarized economy are compounding factors which makes the levy unaffordable and discourages residents from paying their dues.[38]

3. **What measures were put in place to ensure public participation, transparency, non-discrimination and accountability in the design and implementation of spending cuts and in the monitoring of their impacts? To what extent do these rely on disaggregated data by sex, age, income and place and up-to-date information on poverty?**

   All budgets require Parliamentary approval.

4. **What is the distribution of expenditure between different social groups (e.g. women-men, rural-urban, different age groups)? What percentages of the national budget does your government allocate and spend on health services, public education, and social welfare compared to military expenditure?**

   This has tended to differ from year to year.

5. **What percentage of the national budget goes to service debt? Is that level of payments consistent with the spending needed to comply with your government's human rights obligations?**

   The external debt as of the end of 2012 were estimated at USD 6.975 billion, which was an increase from 2011, when it was at USD 6.43 billion.[39] The increasing debt is unsustainable and becoming a serious developmental constraint on the economy.[40] The government introduced a relief package under the Accelerated Arrears Clearance, Debt and Development Strategy that aimed at reducing Zimbabwe's external debt stock. One of the strategies is through engagement with donors to institute debt relief,

[37] Mujuru Backs Chombo on Debt Relief, New Zimbabwe, available at http://www.newzimbabwe.com/news/printVersion.aspx?newsID=11817
[38] What has Tax got to do with Development, AFRODAD, pg27
[39] Zimbabwe External Debt, Index Mundi, http://www.indexmundi.com/zimbabwe/debt_external.html
[40] Commentary on the Zimbabwe Accelerated Arrears Clearance, Debt and Development, Reserve Bank Of Zimbabwe, http://www.rbz.co.zw/pdfs/speeches/Governors%20Paper%20on%20ZAADDS%20May%202012.pdf

this would potentially create new inflows that would be able to address priority sectors and uplift standards of living. [41]

6. **What is your assessment of the Government's capacity in terms of tax collection, treasury management, budget execution, accounting and auditing?**

The capacity of ZIMRA to collect and follow up on business operations is very good. It lacks adequate resources and therefore enforcement and monitoring is poor.[42] A bill was recently passed by Parliament which is intended to change the tax system. It awaits signature by the President. There are many instances of tax evasions among small business owners.

[41] Commentary on the Zimbabwe Accelerated Arrears Clearance, Debt and Development, Reserve Bank Of Zimbabwe, http://www.rbz.co.zw/pdfs/speeches/Governors%20Paper%20on%20ZAADDS%20May%202012.pdf

[42] What has Tax got to do with Development, AFRODAD, pg24

Appendix 1

Disbursements and Utilisation for Capital Budget: 2011

SECTOR	2011 BUDGET ALLOCATION US$	DISBURSEMENTS TO DATE US$	UTILISATION US$	% UTILISATION
ENERGY	65,000,000	26,000,000	26,000,000	100%
WATER & SANITATION	71,845,000	28,185,000	27,385,000	97%
TRANSPORT & COMMUNICATION	93,654,000	20,635,800	19,467,627	94%
ICT	9,825,000	3,485,000	3,052,468	88%
HOUSING	88,062,800	36,989,347	27,534,260	74%
HEALTH	46,825,000	14,562,889	13,160,375	90%
EDUCATION	51,842,400	17,404,238	14,199,842	82%
IRRIGATION DEVELOPMENT	11,763,500	4,300,000	4,033,935	94%
Total	**438,817,700**	**151,562,274**	**134,833,507**	**89%**

Appendix 2

ZIMBABWE REVENUE AUTHORITY

PAY AS YOU EARN (PAYE) TABLES FOR JANUARY TO DECEMBER 2013

DAILY TABLE									Example
				Rates					If an employee earns
from	-	to	8.22	multiply by	0%	Deduct	-		***$10 per*** day, the tax will be
from	8.23	to	32.88	multiply by	20%	Deduct	1.64		calculated thus:
from	32.89	to	65.75	multiply by	25%	Deduct	3.29		
from	65.76	to	164.38	multiply by	30%	Deduct	6.58		$10 x 20% -$1.64 = $0.36 per day
from	164.39	to	246.58	multiply by	35%	Deduct	14.79		
from	246.59	to	328.77	multiply by	40%	Deduct	27.12		
from	328.78	and above		multiply by	45%	Deduct	43.56		

WEEKLY TABLE									Example
				Rates					If an employee earns
from	-	to	57.69	multiply by	0%	Deduct	-		***$300 per week***, the tax will be
from	57.70	to	230.77	multiply by	20%	Deduct	11.54		calculated thus:
from	230.78	to	461.54	multiply by	25%	Deduct	23.08		
from	461.55	to	1,153.85	multiply by	30%	Deduct	46.15		$300 x 25% -$23.08 =
from	1,153.86	to	1,730.77	multiply by	35%	Deduct	103.85		$51.92 per week
from	1,730.78	to	2,307.69	multiply by	40%	Deduct	190.38		
from	2,307.70	and above		multiply by	45%	Deduct	305.77		

FORTNIGHTLY TABLE									Example
				Rates					If an employee earns
from	-	to	115.38	multiply by	0%	Deduct	-		***$1 000 per fortnight***, the tax will be
from	115.39	to	461.54	multiply by	20%	Deduct	23.08		calculated thus:
from	461.55	to	923.08	multiply by	25%	Deduct	46.15		
from	923.09	to	2,307.69	multiply by	30%	Deduct	92.31		$1 000 x 30% -$92.31 =
from	2,307.70	to	3,461.54	multiply by	35%	Deduct	207.69		$207.69 per fortnight
from	3,461.55	to	4,615.38	multiply by	40%	Deduct	380.77		
from	4,615.39	and above		multiply by	45%	Deduct	611.54		

MONTHLY TABLE									Example
				Rates					If an employee earns
from	-	to	250	multiply by	0%		-		***$6 000 per month***, the tax will be
from	250.01	to	1,000	multiply by	20%	Deduct	50.00		calculated thus:
from	1,000.01	to	2,000	multiply by	25%	Deduct	100.00		
from	2,000.01	to	5,000	multiply by	30%	Deduct	200.00		$6 000 x 35% -$450 =
from	5,000.01	to	7,500	multiply by	35%	Deduct	450.00		$1 650 per month
from	7,500.01	to	10,000	multiply by	40%	Deduct	825.00		
from	10,000.01	and above		multiply by	45%	Deduct	1,325.00		

YEARLY TABLE									Example
				Rates					If an employee earns
from	0	to	3,000	multiply by	0%	Deduct	-		***$150 000 per year***, the tax will be
from	3,001	to	12,000	multiply by	20%	Deduct	600		calculated thus:
from	12,001	to	24,000	multiply by	25%	Deduct	1,200		
from	24,001	to	60,000	multiply by	30%	Deduct	2,400		$150 000 x 45% -$15 900 =
from	60,001	to	90,000	multiply by	35%	Deduct	5,400		$51 600
from	90,001	to	120,000	multiply by	40%	Deduct	9,900		
from	120,001	and above		multiply by	45%	Deduct	15,900		

NB: The earnings in the tables above are "taxable income" after exemptions have been excluded and deductions have been allowed.
Aids Levy is 3% of the Individuals' Tax payable and it is mandatory.

Appendix 3[43]

Proposed Allocation for Social & Pro-Poor Services

Intervention	Allocation (Us$)
Education	
Teaching and learning materials	13,600,000
Students support	15,300,000
Support to tertiary institutions	11,300,000
School supervision and quality assurance	2,300,000
Rehabilitation and upgrading of primary and secondary schools	17,200,000
Upgrading of tertiary education infrastructure	35,590,000
Sub total	**95,290,000**
Health	
Medicare services	32,700,000
Martenal health and child care services	6,000,000
Preventive health programmes	4,700,000
Medical supplies - ARV and TB drugs	2,300,000
Revitalisation of district hospitals	15,600,000
Feasibility study for construction of Harare & Bulawayo district hospitals	2,000,000
Rehabilitation of other health institutions	15,100,000
Procurement of health equipment	96,900,000
Sub total	**175,300,000**
Water and sanitation	
Water & sewer infrastructure for local authorities	22,725,000
Water supply infrastructure for small towns & growth points	3,200,000
Rehabilitation and drilling of boreholes	6,300,000
Dam construction	65,000,000
Sub total	**97,225,000**
Empowerment & employment creation	
Women's Development Fund	2,500,000
Youth Development Fund	2,000,000
National Indeginisation and Economic Empowerment Fund	2,200,000
Mining Industry Loand Fund	1,000,000
SMEs onlending and infrastructure services	5,800,000
Sub total	**13,500,000**
Social protection	
Basic Education Assistance Module (BEAM)	15,000,000
Support to vulnerable groups	10,700,000
Sub total	**25,700,000**
Total	**407,015,000**

Appendix 4

Tax Table[44]

Rates of tax

Resident companies	
Corporation tax:	
– general rate	25% + 3% AIDS levy
– mining companies	25%
– special mining lease	15%
– manufacturing companies which export at least 50% of output	20%
– Licenced investor (after 5th year of operations)	25%
Capital gains	20%
Dividends distributed by local company:	15%*
– To resident companies	Exempt
– To other beneficiaries including individuals	10% listed shares15% unlisted shares
Foreign dividends	15%
Royalties	Taxed as ordinary income

Resident individuals	
Individual tax	0% – 45%**
AIDS levy on individual income tax	3% of tax
Capital gains	20%
Dividends	10%* or 15%*
Interest from financial institution	20%*
Royalties and fees	Taxed as ordinary income
Directors' fees (non-executive directors)	25% but initially subject to 20% WHT
Commissions	20%*

Non-residents	
Corporation tax	As for residents
Individual income tax	As for residents
Surcharge on individual income tax	As for residents
Capital Gains Tax	As for residents
Dividends	10%* or 15%*
Royalties	15%*
Fees (whether remitted or not)	15%*
Remittances of allocable expenditure	15%*

* Tax withheld at source

** Individual's Income Tax: Range of rates - (w.e.f. 1.01.2012)

[44] Zimbabwe Fiscal Guide 2012/13, KMPG, http://www.kpmg.com/Africa/en/KPMG-in-Africa/Documents/MC9197_Fiscal%20Guide_Zimbabwe.pdf

Appendix 5[45]

Double tax treaties and reduced rates

Country	Dividends (%) Qualifying companies	Royalties, etc (%)	Technical Fees
Bulgaria	10%	10%	10%
Canada	10%	10%	10%
France	10%	10%	10%
Germany	10%	7.5%	7.5%
Mauritius	10%	15%	n/a
The Netherlands	10%	10%	n/a
Norway	15%	10%	10%
Poland	15%	10%	10%
South Africa	n/a	(1)	n/a
Sweden	15%	10%	10%
United Kingdom	5%	10%	10%

1 Exempt from tax in Zimbabwe if taxable in the contracting state.
n/a No specific withholding provisions; standard rate therefore applies.
Non residents' tax on interest repealed with effect from 1 August 2009

[45] Zimbabwe Fiscal Guide 2012/13, KMPG, http://www.kpmg.com/Africa/en/KPMG-in-Africa/Documents/MC9197_Fiscal%20Guide_Zimbabwe.pdf