Zimbabwe National Budget Brief 2014

Towards an Empowered Society and a Growing Economy

19 December 2013

Contents

Foreword

The 2014 budget has been drawn up against the background of the 31 July 2013 harmonised elections with the new ZANU PF Government in place.

The tentative attitude resulted in an intensified liquidity squeeze in the economy, leading to weak aggregate demand. This also had the effect of slowing down economic activity, with 2013 GDP growth now estimated at 3.4%, down from the earlier 5% projection. Growth was 10.6% in 2012.

Confidence building measures still need to put be in place to deal with the challenges at hand as business confidence remains low and Zimbabwe's country risk premium is still high.

It is, however, important to point out that the negative trade balance is not a deficit in its strict sense, but mostly paid for or funded from a number of sources that include Diaspora remittances and revenue from the sale of smuggled gold. Government and the business community should retain a sense of calmness and exhibit confidence in the future.

This budget proposes to introduce various confidence building measures that are necessary to move the economy along the trajectory envisaged under ZIM-ASSET, our new economic blueprint for the next five years. This aims to achieve sustainable development and social equity, propelled by the judicious exploitation of the country's abundant human and natural resource endowment.

The ZIM-ASSET programme seeks to accelerate the re- engagement process with international financial institutions and other creditors on arrears clearance, debt relief and new financing in support of its development projects.

The 2014 National Budget consequently seeks to facilitate the implementation of ZIM-ASSET programmes, paying particular attention to those priorities earmarked for delivery in 2014.

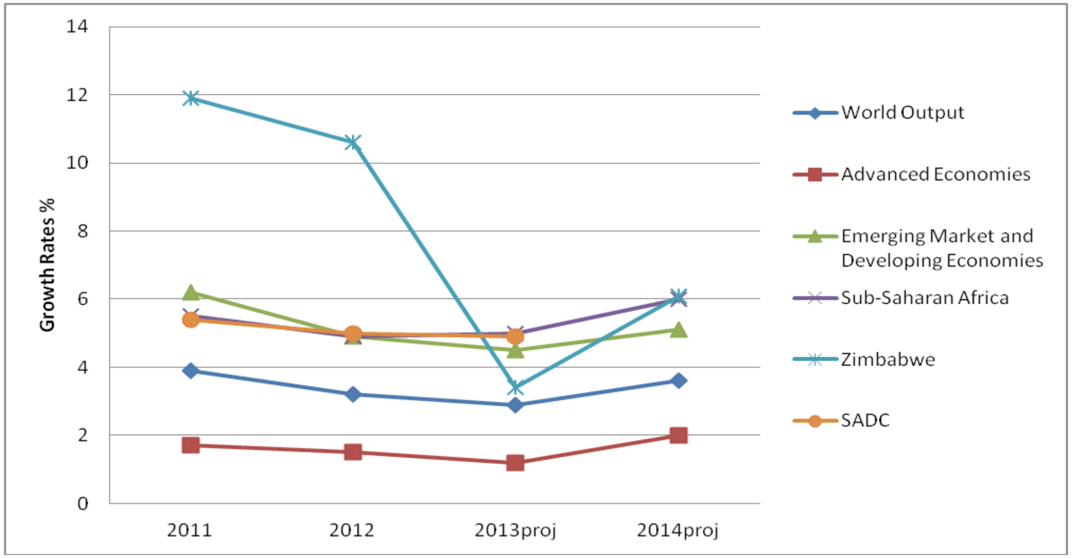
Global economic developments and outlook

- By the end of 2013, the global economy is expected to grow by 2.9%, from the 3.2% recorded in 2012.

Global vulnerability

- Slowdown in global economic activity has the following risks to emerging economies, including Zimbabwe:
- Subdued commodity prices particularly for minerals;
- Reduced capital inflows such as Foreign Direct Investment (FDI), diaspora remittances, export proceeds and official development assistance from both the developed and fast emerging economies

World Economic Growth Outlook

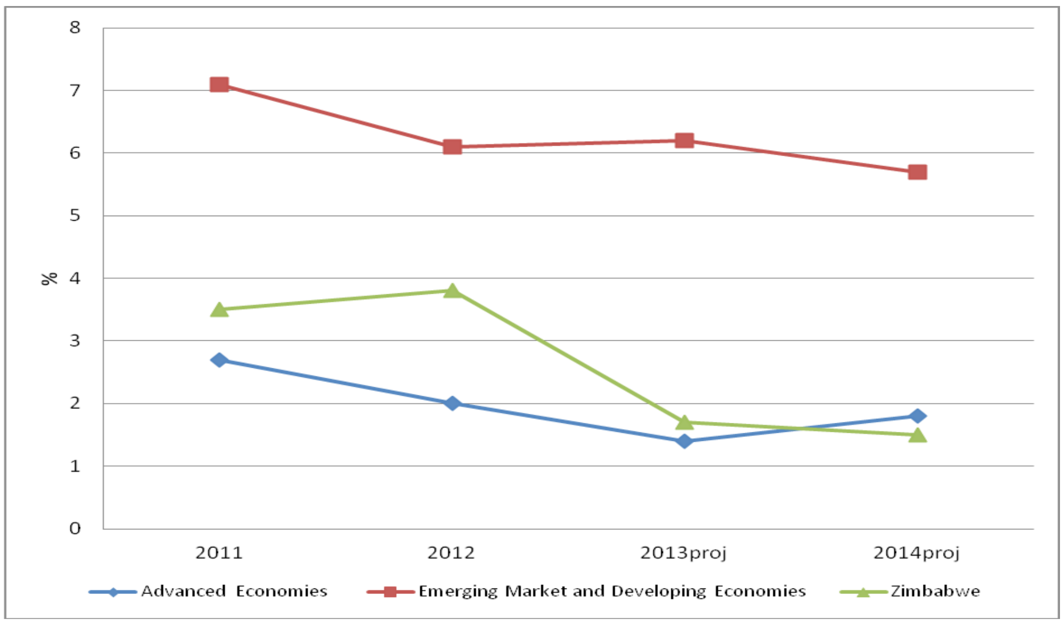


World Economic Growth Outlook….continued

- In the outlook period, global economic growth is projected to strengthen moderately to 3.6% in 2014.
- In emerging markets and developing economies economic growth is projected to expand by about 5% in 2014 against 4.5% in 2013.
- China's economy is expected to grow by 7.3% in 2014 compared to 7.6% in 2013.
- In Sub- Saharan Africa economic growth is projected to expand by 6% in 2014 against 5% in 2013.
- In the SADC region the economic growth is expected to slow down to 4.9% in 2013 from an average of 5% in 2012.
- The fiscal deficit in Sub- Saharan Africa is projected to deteriorate to 1.6% of GDP in 2013 from 0.6% in 2012. Public debt is projected to also increase on average from 41% of GDP in 2012 to 42.2% of GDP in 2013.

Inflation

- Global inflation is projected to be subdued as a result of commodity prices that have fallen amid improved supply and lower demand from key emerging economies notably China and India.
- For the SADC region, average inflation is expected to decelerate from 7.2% in 2012 to 6.4% in 2013.
- The chart below shows the comparative rates of inflations for the different economies.



Inflation….continued

- Global oil prices are projected to decline by 3% in 2014 that way suppressing inflationary pressures.
- Most mineral prices, with the exception of nickel are projected to continue decelerating in the outlook period with a global average price decline of 4.2%.

World Bank Metal and Mineral Price Forecast (nominal US dollars)

Metals	Unit	2013	2014	2015	2016	2017	2018
Gold	US$/toz	1,380	1,360	1,350	1,345	1,340	1,335
Platinum	US$/toz	1,480	1,450	1,400	1,384	1,369	1,353
Copper	US$/ton	7,100	7,050	7,000	6,980	6,960	6,939
Coal	US$/ton	76	73	73	73	73	73
Aluminium	US$/ton	1,800	1,850	1,900	1,928	1,957	1,985
Iron Ore	US$/dton	134	135	137	138	139	139
Nickel	US$/ton	1,400	1,500	1,600	16,190	16,381	16,575

International agricultural commodity prices

- International prices of agricultural commodities are expected to decline as indicated in the table below:

Actual				Projections					
Commodities	Units	2011	2012	2013	2014	2015	2016	2017	2018
Wheat	US$/ton	316.20	313.30	280.20	252.70	260.40	263.30	261.20	259.20
Maize	US$/ton	291.80	298.40	249.00	205.00	209.00	210.00	210.00	210.00
Barley	US$/ton	207.20	238.20	225.10	220.50	197.60	191.10	190.20	189.30
Soybeans	US$/ton	484.20	537.80	527.00	477.40	444.60	464.00	464.00	464.00
Sunflower oil	US$/ton	1,621.80	1,489.50	1,419.80	1,365.50	1,365.50	1,350.70	1,350.70	1,350.70
Ground nuts	US$/ton	1,724.00	1,884.60	2,269.20	2,146.80	2,081.20	2,081.20	2,081.20	2,081.20
Beef	cts/lb	183.20	187.90	181.70	168.90	166.90	161.00	161.00	161.00
Poultry	cts/lb	87.40	94.30	104.30	106.60	106.60	106.60	106.60	106.60
Sugar free market	cts/lb	26.20	21.40	17.20	17.10	17.60	16.40	15.50	14.60
Tea	cts/kg	346.20	348.90	273.10	253.50	238.10	228.20	228.20	228.20
Cotton	cts/lb	154.60	89.20	88.70	82.20	77.30	74.30	69.90	65.90

Domestic economic developments and outlook

- The real economic activity in 2013 is estimated to grow by 3.4%, from an estimate of 10.6% realised in 2012. The major drivers were mining, construction and tourism.
- In 2013, growth in aggregate demand is estimated at 5% compared to 13% in 2012, partly reflecting declining private consumption due to squeezed disposable incomes.
- Of the total demand, final consumption alone is estimated to constitute 110% of GDP. This has compromised meaningful savings and hence investment, which stood at about 14.8% of GDP, levels which remain too low to finance sustained high economic growth rates.
- The recorded investment was in fact primarily financed from external savings, as reflected through a huge current account deficit of about -22.5% of GDP.
- In 2014, the economy is however projected to record growth of 6.1% premised on an active ZIM-ASSET programme policy scenario anchored on strong recovery of agriculture and improved performance of mining and construction sectors.
- The general price level in the economy has been on the downward trend, with year on year inflation opening the year at 2.5% and declining to 0.54% in November 2013.
- The table below shows the projected growth by sector:

Items	2009 Actual	2010 Actual	2011 Actual	2012 Est	2013 Proj	2014 Proj	2015 Proj
Agriculture, hunting and fishing	37.6	7.2	1.4	7.8	-1.3	9.0	5.1
Mining and quarrying	18.9	37.4	24.4	8.0	6.5	11.4	9.2
Manufacturing	17.0	2.0	13.8	5.3	1.5	3.2	6.5
Electricity and water	1.9	19.5	6.4	0.3	4.2	4.5	7.0
Construction	2.1	14.1	65.1	23.5	10.0	11.0	13.5
Finance and incurance	4.5	8.3	8.3	28.0	2.6	6.3	6.2
Real estate	2.0	4.9	48.9	59.0	10.0	11.0	13.5
Distribution, hotels and restuarants	6.5	8.8	4.3	4.3	3.4	5.1	5.0
Transport and communication	2.2	4.7	0.0	6.7	3.4	4.0	5.5
GDP at market prices	5.4	11.4	11.9	10.6	3.4	6.1	6.4

Public finances

- The 2013 National Budget provided for total revenues of USD3.860 billion, of which tax revenue was projected at USD3.646 billion, with non-tax revenue of USD213.6 million.
- Total revenue collections during the year 2013, up to November amounted to USD3.360 billion, against a target of USD3.395 billion, resulting in a negative variance of USD35.0 million (1.0%).

Revenues

- Monthly revenue performance depicted fluctuations, with positive variances recorded in the months of February, March, May, July and August, while revenue declines were recorded in the months of January, April, June, September, October and November.
- Tax revenues performed below the target for most of the period under review. A negative variance of USD154.4 million was realised from tax collections of USD3.049 billion, against a target of USD3.206 billion.
- The pattern of individual revenue heads contribution remained relatively the same with VAT contributing the highest share at 29%, PAYE (20%), excise duty (13%), non-tax revenue (10%).
- Total revenue collections for the whole period are now estimated at about USD3.72 billion, which is below the original budget estimate of USD3.86 billion.

Expenditures

- Cumulative expenditure to November 2013 amounted to USD3.526 billion against a target of USD3.396 billion, resulting in expenditure overrun of USD130 million.
- Employment costs for period ended 30 November amounted to USD2.429 billion accounting for 68.9% of total expenditure, against a target of USD2.284 billion giving an overrun of USD145 million.
- Operations and maintenance amounted to USD744 million, accounting for 21.1% of total expenditures, against a target of USD601 million giving an over- expenditure of USD143 million.

Health

- Complimenting government efforts were various cooperating partners who made commitment of US161.6million which has improved Zimbabwe's ranking to be in the top 10 in Africa with regards to reduction in child mortality.

Education

- The 2013 grade 7 results improved from 47% to 49%, highlighting some improvements in the education sector.
- About 5 668 early childhood development centres were established, against a target of 2 093 which indicates a great achievement in the promotion of early childhood education in the country.

Capital expenditure

- Total disbursements for capital programmes during the period to November 2013 amounted to USD326 million, against a target of USD492 million giving an underperformance of USD166 million. This accounts for 9% of total expenditures, which is below the Public Sector Investment Programme (PSIP) target of 14.6%.

Financial services sector

Deposits

- The year on year growth in money supply stock stood at 3.61% as at 31 October 2013, compared to 24.9% as at 31 October 2012. Accordingly, money supply stock, as at 31 October 2013, stood at USD 3.951 billion.

Loans and advances

- The annual growth in loans and advances to the private sector increased by 9.3% as at 31 October 2013, compared to 29.3% as at 31 October 2012.
- To highlight the serious liquidity crunch obtaining in the economy, a total of USD124.3 million was advanced to the private sector as new borrowings during the first ten months of this year, compared to USD662.3 million during the same period in 2012.

Analysis of bank deposits

- The composition of bank deposits has mostly been from services organisations (24%), financial organisations (17%) and individuals (14%). The deposit taking institutions should devise products that result in financial inclusion of the non-banked public so that their contribution increases from the current 14%.
- Composition of deposits continued to be transitory in nature with demand deposits dominating at 52.7% of total deposits, followed by under 30-day deposits at 33%, while long term deposits continued to lag at 15%. The dominance of demand and short term deposits means that banks cannot lend long term capital, which the productive sectors of the economy desperately need.

Interest rates

- During the period under review, interest rates quoted by commercial and merchant banks ranged from a minimum of 3% per annum, to 24% per annum.

Zimbabwe Stock Exchange

- The industrial index opened the year 2013 at 152.4 points, and gained 60.05 points (39.8%) to close the month of November 2013 at 213.9 points.
- Similarly, the mining index opened the year 2013 at 65.12 points and lost 18.1 points (-27.8%) to close the month of November 2013 at 47.2 points.

Insurance and Pensions Industry

- The industry's assets increased by about 20% from US2.99 billion in December 2012 to USD3.6 billion as at 30 September 2013.
- Realisable resources from the industry are expected to amount to USD220 million in prescribed assets in 2014.

Trade

- Total exports for the period January to October 2013 were USD2.8 billion against USD3.2 billion realised during the same period in 2012.
- Imports for the period January to October 2013 were USD6.6 billion by October 2013 against USD6.1 billion realised during the same period in 2012. Total imports for the year 2013 are expected to reach USD7.682 billion and USD8.321 billion in 2014.

Official Development Assistance

- Official Development Assistance (ODA) inflows for the period January to September 2013 amounted to USD259.1 million against a combined annual projection of USD642.7 million.

Bilateral development assistance

- Bilateral development partners contributed USD144.6 million of the ODA.

Multilateral development assistance

- Multilateral Development Partners contributed USD114.5 million to the economy.

External debt

- The continued accumulation of external debt payment arrears is seriously undermining the country's creditworthiness, and severely compromising the country's ability to secure new financing.
- Government in November 2010 approved the Zimbabwe Accelerated Arrears Clearance Debt and Development Strategy (ZAADDS), in order to pave the way for negotiating the clearance of arrears and debt relief for the country.
- Significant progress has been made in the implementation of ZAADDS, with the Zimbabwe Aid and Debt Management Office (ZADMO) being established in December 2010, in the Ministry of Finance and is now fully operational.
- The validation and reconciliation exercise of the external debt data base which commenced in 2011 has now been completed.

Zimbabwe's External Debt Position

- Total external public and publicly guaranteed debt (excluding Reserve Bank and private sector external debt) as at 31 December 2012, stood at USD6.077 billion, (49% of GDP).
- The stock of accumulated arrears accounted for USD4.72 billion (78% of total debt stock).

Multilateral Debt

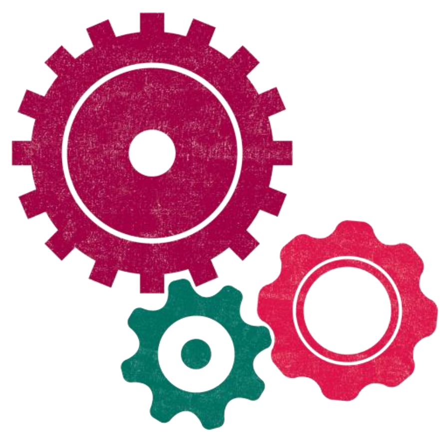
- Total multilateral debt stock as at 31 December 2012, stood at USD2.49 billion (41% of total debt), of which arrears amounted to USD1.96 billion.
- The breakdown of the arrears is as follows:
  - World Bank, USD1.4 billion;
  - African Development Bank, USD632 million;
  - European Investment Bank, USD302 million;
  - International Monetary Fund, USD125 million; and
  - Other multilateral creditors, USD117 million.

Bilateral Debt

- Total external debt to bilateral creditors stood at USD3.59 billion (59% of total debt), of which the stock of arrears amounted to USD2.75 billion or 77%.
- Of the total bilateral debt, as at 31 December 2012, USD3.02 billion was owed to the Bilateral Paris Club creditors, and USD572 million to the Non-Paris Club creditors which include China.
- Of the total external debt amounting to USD6.077 billion, penalty charges accounted for USD1.026 billion (17% of total external debt).

Key economic challenges

- The economic developments highlighted above, reflect that the economy is saddled with severe socio-economic challenges and these could be summarised as follows:
  - High consumption, leading to negative domestic savings and, hence, exposing the country to rely on external savings;
  - Liquidity constraint reflected in declining money supply growth, low financial intermediation and resulting in weak aggregate demand;
  - High debt overhang resulting in limited and highly priced lines of credit;
  - Limited external inflows in the form of Foreign Direct Investment, lines of credit and grants linked to high country risk premium resulting in low of confidence by investors;
  - Food insecurity owing to low productivity, low investment, as well as climate change induced droughts and erratic rainfall distribution pattern;
  - Lack of industry competitiveness due to obsolete equipment and outdated technology as well as dumping and smuggling, imposing unfair playing field with external competitors;
  - Infrastructure deficits, in particular transport, energy and water, resulting in high cost of doing business and, hence, lack of competitiveness;
  - Financial sector vulnerabilities stemming from weak governance, low interbank market activity, high non-performing loans (15.9% on average), low capitalisation and poor asset quality in several banks;
  - Lack of transparency and accountability in the exploitation of our mineral resources;
  - Widening current account deficit due to faster growth of imports than exports leading to haemorrhaging of the economy.
- The economic developments and outlook highlighted above have guided the formulation of the Macro-Economic and Budget Framework for 2014-15, as well as the proposed respective interventions



Macro-economic and budget framework

- The Macro-Economic Framework for 2014-15 is built on an active policy scenario, which projects real GDP growth of about 6.1% in 2014 and 6.4% in 2015.
- Nominal GDP of about USD14.065 billion is expected, up by almost 7% from the 2013 nominal GDP of about USD13.099 billion.
- Single digit average annual inflation of about 1.5% is also expected

The 2014 budget framework

- The 2014 Budget will be anchored on revenues of about USD4.120 billion (29.3% of GDP), up from the expected USD3.722 billion by end of 2013.
- Ministry bids of about USD8.9 billion are expected, excluding employment costs, thus requiring some rationalisation and re-prioritisation of various programmes.
- Tax revenues are anticipated to constitute USD3.824 billion, with the balance of USD296 million being non-tax revenue.
- Of the total non-tax revenue, USD96 million is on account of diamond dividend, with USD115.7 million being revenues from investments and property.
- Of the total budget, current expenditures will account for USD3.628 billion, of which employment costs will require USD3 billion, representing about 73% of the total Budget.
- USD492 million remains available for supporting capital development programmes during 2014.

Reaffirmation of the use of multiple currency system

- The Government has reassured the market that the multi-currency regime is here to stay.

Clarification of Indigenisation and Economic Empowerment (IEE)

- Implementation of our IEE laws and regulations will be undertaken under a sector specific approach that is guided by the following:

Resource based investments

- In the case of resource based investments, the country (Zimbabwe) will contribute the depleting asset in the form of the in-situ value of the mineral which will be the contribution to the 51% of the business.
- The foreign investor who comes with capital, technology and managerial skills to exploit this depleting resource is entitled to 49% of the shareholding.

Other investments

- With respect to the other sectors of the economy, the 51/49% share structure still applies.
- The 51% stake for Zimbabweans is not available for free where the enterprise does not benefit from a natural resource or raw material derived from Zimbabwe.
- Business partners in the investment are free to make their own decisions on how and when, within the gazetted framework, the 51% contribution is to be financed or achieved.

Joint ventures and similar arrangements

- Government proposes to finance certain infrastructural projects of the budget through inviting participation in Joint Venture partnership and similar arrangements.
- Projects which are eligible for such participation are in the following sectors:
  - Energy;
  - Water;
  - Roads;
  - Information Technology;
  - Railways; and
  - Civil Aviation.
- The investors are, therefore, advised to approach the respective line Ministries who superintend the sectors of their interest.

Harnessing diaspora resources

- To harness the diaspora potential, the Government will:
  - Formalise the platform for dialogue with the diaspora through engaging the Zimbabwe Diaspora Home Interface Programme (ZIDHIP) to discuss the several engagement initiatives and policies that Government could implement in order to grow their contribution;
  - Articulate policy to guide diaspora engagement; and
  - Promote investments by the diaspora through tax and import duty incentives for qualifying investments in the manufacturing and other capital intensive industries.

Public service remuneration

- Government will be operating on a Gradual Budget Wage Bill Reduction Strategy in order to eradicate disproportionate share of overall budget expenditures through the ZIM-ASSET programmes.
- The Government will ensure adherence to the Corporate Governance Framework for State Enterprises and Parastatals over principles of affordability and sustainability in terms of remuneration of top management.
- The Office of the President and Cabinet will develop the guiding Remuneration Framework for all entities that make or are likely to make a charge on the Consolidated Revenue Fund.

Public procurement

- Ministries and departments, public enterprises and grant aided institutions and any other that might create a contingent liability for government, will not be allowed to incur obligations for which they have no capacity to pay.
- Accounting Officers will be held responsible for violation of strict alignment of monthly expenditure of all programmes for ministerial and departmental disbursements.
- Ministries are required to intensify the monitoring of projects in line with scheduled completion cycles in order to avoid increased costs resulting from projects remaining incomplete way beyond their normal project life-cycle.
- The Office of the President and Cabinet will review public procurement process in order to eliminate bidders that offer above market prices thereby undermining value-for-money principles.
- The Government will publicise high value tenders through print and electronic media to enhance transparency in public procurement.
- The awarding of the tenders of the supply of the goods (or services) required for bigger projects will be awarded to local companies in order to stimulate local production and employment creation (Buy Zimbabwe Campaign).

Dividend policy

- Public enterprises in which the State has significant shareholding are required to declare a dividend of at least 50% of profit after tax.
- Government will institute measures on boards and management that fail to comply with this requirement.

ZIM-ASSET financing

- Funding for this programme is premised on domestic resource mobilisation, as well as leveraging on the country's productive potential.
- Specific priorities have been identified for key enablers together with their financing options as listed below:
  - Energy;
  - Water;
  - Transport;
  - ICT;
  - Housing;
  - Joint venture targeted projects; and
  - Loan financed projects.
- The indicative outline, which will be funded off budget, is attached as an annexure at the end of this document.

Provision of housing

- The responsible ministry shall be gazetting the necessary instrument to extend the tax exemption on mortgage finance to all financial institutions that are providing mortgage finance.

Provincial allocations

- Not less than 5% of the national revenues raised in any financial year must be allocated to Provinces and Local Authorities as their share in that year to meet their social and economic development needs.
- Based on the projected revenues for 2014, the share for the Provinces and Local Authorities will amount to USD200 million.
- USD2 million has been set aside for institutional strengthening and capacity building measures as well as enhancing the accountability framework.

Capitalisation of banks

- It was proposed that the capitalisation of banks remains at the current levels in order to avoid strain. These capitalisation levels will be announced in the forthcoming monetary policy.

Non-performing loans

- The banking sector's average non-performing loans to total loans ratio increased from 1.8% as at 31 December 2009, to 15.64% as at 30 September 2013. In June 2013, non-performing loans were at 14.51%. Regional best practices are below 3%.

Credit reference bureau

- The Reserve Bank, in conjunction with the Bankers Association of Zimbabwe is spearheading the operationalisation of Credit Reference Bureaux in order to abate the rise in non-performing loans. The necessary legal framework will be put in place accordingly.

Bank charges and interest rates

- A Memorandum of Understanding was signed between banks and the Reserve Bank of Zimbabwe regarding interest rates and bank charges. This MOU has since been cancelled with effect from 1 December 2013 in order to allow for market forces to determine rates.

Introduction of an inter-bank market

- In an effort to build confidence within and amongst the local financial institutions, it is proposed to establish a USD100 million Interbank market supported by an international bank, the African Export-Import Bank (AFREXIM), as a guarantor with effect from 1 April 2014.

Confidence in the Reserve Bank

- The following methods are proposed for building confidence in the Reserve Bank;

Capitalisation of the bank

- The government is going to take up the Reserve Bank of Zimbabwe debt of USD1.35 billion thus cleaning up the bank's balance sheet. Following the clean-up of the balance, treasury will issue debt instruments to institutions previously owed by the Central Bank by 31 March 2014. The issued debt instruments shall be accorded Tier1 Status.

Confidence in the Reserve Bank….continued

Capitalisation of the bank

- The second stage of capitalisation will be to raise USD150–200 million for the Central Bank in order to allow it to be the lender of last resort. It is expected that the funds will be obtained by 31 March 2014.

Banker to the Government

- The Reserve Bank is going to resume its task as banker to the government by 31 March 2014.

Reserve Bank debt

- After assumption of the Reserve Bank debt by the government, the local debt amounting to USD 754 million will be covered by issuance of a 5 year government paper whilst the USD 596 million owing to external parties will be covered under the overall External Debt Resolution Strategy.

Tapping into the unbanked

- The Finscope Survey Report of 2011 revealed that 40% of the population is financially excluded and that only 24% is banked. In addition, only 13% of the population uses savings products. Other indications are that there is in excess of USD2 billion circulating outside the formal banking system.
- The financial services sector has been challenged to come up with innovative ways to tap into the unbanked population.

Deposit protection premiums

- A reduction of the deposit protection levy from 0.3% to 0.2% of total deposits without fixing a cap, has been proposed. This excludes Government deposits and foreign lines of credit. This measure will take effect from 1 January 2014.

ZSE Demutualisation

- The stock exchange is expected to be demutualised by end of the first quarter of 2014.

Automation of the ZSE

- The Zimbabwe Stock Exchange has already put in place a framework for the establishment of an Automated Trading System that will complement the proposed Central Securities Depository. Indications are that the trading platform will be automated in the second quarter of 2014.

SME Exchange

- The Zimbabwe Stock Exchange is in the process of developing an Exchange for Small-to-Medium Enterprises (SMEs). It is Government's expectation that the low tier stock market will broaden participation of SMEs and other indigenous companies in the mainstream economy.

Targeted Infrastructure Bond Issuances

- Government will, through its relevant agencies, be issuing infrastructure bonds to finance some of the targeted ZIM-ASSET priority projects. The bonds will include necessary features to improve infrastructure bond attractiveness and tradability, such as tax exemption, prescribed asset status, liquid asset status, government guarantees among others.

National Social Security Authority Investments

- Government will, be proposing review of aspects of the NSSA Act (Chapter 17:04), stipulating how investments will be undertaken in order to reduce losses of policy holder deposits.

Agriculture productivity

- USD 9.4 million is proposed to be allocated to the rehabilitation of communal irrigation schemes which are not being fully utilised. Over 550 000 ha of land are irrigable but only 33% is under irrigation development.
- The government has established, in partnership with the manufacturers of irrigation equipment, a facility for farmers to access irrigation equipment and support services on Hire Purchase arrangements.
- Joint venture initiatives between ARDA and the private sector will be promoted in order to support the optimal use of ARDA farms.
- Furthermore, the Cabinet policy position on inputs will be to phase out the buying and distribution of inputs to farmers and instead, subsidise the cost of production of the inputs so that farmers will be able to buy them at competitive prices.

Financing of farmers

- For the 2013/14 agriculture season, the government initiated a USD161 million facility, of which USD157.9 million is for inputs and the balance of USD3.1 million will cater for the rehabilitation of DDF tractors and GMB handling costs.
- Farmers in the drier areas of the country have an option to receive a Livestock Support Pack comprising drugs, vaccines and stock feed equivalent to the value of grain input package.
- The Food and Agricultural Organisation (FAO), working in conjunction with other co-operating partners, are complementing Government efforts in mobilising financing for the summer cropping season, and a total of USD19.25 million has been raised to date.

Private sector support to agriculture

- A two pronged approach is being pursued to assist A2 farmers through direct bank credit financing and contract farming.
- The banking sector has arranged a number of facilities in support of agriculture to the tune of USD625 million.
- USD50.2 million will be set aside towards grain procurement for the GMB.

Marketing of produce

- The government has approved the establishment of the Agricultural Commodity Exchange as a critical institution to support the marketing of agricultural commodities.
- USD 4.9 million has been set aside to support broader research and extension services also covering farmers in new resettlement areas.

Livestock

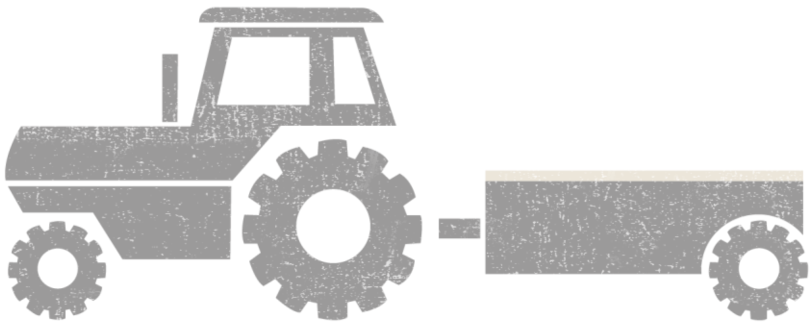
- The on-going livestock development programme remains a priority, targeting to raise the beef and dairy herd from the current 5.4 million and 27 000 to 6 million and 35 000, respectively, by 2015.

A2 farms leasehold title survey

- The issuance of leasehold titles is necessary for building confidence in agriculture, that way, facilitating increased investment by farmers.

Mechanisation

- A total of USD98 million has been mobilised in support of agriculture mechanisation, of which an initial USD 39 million will be disbursed during 2014 for acquisition of agricultural equipment and machinery.



Mining

Beneficiation

- The 2 year window period ending 2014 which was granted to platinum mining companies to set up a platinum refinery plant, after which export of raw platinum will be banned has been maintained.
- Government will introduce some tax disincentives on the export of raw platinum and other raw minerals.
- The ban on export of chrome ore is still being upheld.
- Fidelity Printers and Refineries started refining gold on 17 December 2013.
- Export of unrefined gold is banned with effect from 1 January 2014.
- Fidelity Printers and Refineries will be the sole buyer and exporter of gold with effect from1 January 2014.

Transparency in the diamond sector

- In an effort to improve on transparency in the diamond sector, the following measures have been put in place:
  - Surveillance of the entire production, sorting and transmission of diamonds.
  - Exercising tripartite control by the Ministry of Finance (through ZIMRA), the Ministry of Mines and the mining company over the vault into which raw diamonds are deposited by Dense Media Separator (DMS).
  - Directing the Minerals Marketing Corporation of Zimbabwe (MMCZ) to withhold revenues due to the fiscus.
- A review of the feasibility of consolidating production and marketing of diamonds by the eight diamond mining companies at Chiadzwa diamond fields will be carried out in the medium term.

Financing of small scale miners

- Interest income for financial institutions that advance loans to small scale miners with geologically surveyed claims will be tax free.

Exploration

- An amount of USD1.5 million has been allocated towards extensive exploration country-wide, in both brown and green fields in 2014.

Buy Zimbabwe Strategy

- The Buy Zimbabwe initiative is designed to promote demand for local goods and services.

Lines of credit

- The threshold for declaring offshore loans has been raised from USD 1 million to USD 5 million.

Anti dumping

- Government will enact in 2014, a National Quality Standards Authority Bill to curb the importation of sub-standard goods.

Industrial competitiveness

- The Government will extend the preferred economic operator status and implementation of the duty drawback system in a bid to revitalise export of goods and services.

Cluster value chains

- Government will prioritise the cluster based value addition and beneficiation strategy so as to boost productivity of the economy.

Special Economic Zones

- The establishment of Special Economic Zones where Government is offering special trade incentives will stimulate local and foreign investment within the zone.
- Special Economic Zones will be geographically defined areas where incentives will be put in place, with the objective of stimulating business and job growth. These will be located on sites where there is strong job growth potential, which will be supported by Government through offering of a combination of fiscal and policy incentives.
- The combination of fiscal and policy incentives will be as follows:
  - Concessional interest rates for specified periods for businesses in the Zone;
  - A simplified planning regime;
  - Support for roll-out of super fast broad-band to the Zone;
  - Enhanced capital allowances for businesses making large investments in plant and machinery; and
  - Marketing support.
- Sectorial focus includes: Agro-processing; Diamond beneficiation; Gold value addition; Low carbon manufacturing; Healthcare; Medical technologies; Renewable energy; Waste management and logistics; and Port of entry corridors

Tourism

- Following years of isolation and negative publicity, Zimbabwe's tourism sector has seen signs of recovery with a rise in tourist arrivals in 2013.
- Despite the rise in tourist arrivals, the industry's contribution to the economy has remained depressed.
- The industry has been allocated the requested amount in 2014 in order to carry out various statistical surveys.
- Domestic tourism should be the anchor for the development of tourism.
- SADC is considering introducing the Uni-VISA system to allow free movement of persons across the region. This system is modelled along the lines of the Schengen Visa for European countries. Government will encourage support from other countries for the full implementation of the Uni-VISA project.

Empowerment

- SMEs have become an important force and engine of economic growth and development world-wide.
- In order to help SMEs the following will be done:
  - Government will urge financial institutions to develop products and services that benefit SMEs, in the process building relationships.
  - Complemented Government efforts to promote savings and credit cooperatives as an alternative source of finance for SMEs.
  - Recapitalisation of SEDCO to inject new capital for the benefit of SME programmes.
- SMEs should develop banking relationships, including honouring their tax obligations.
- The removal of bottlenecks for the registration and licencing of SMEs should curb incidences of corrupt activities.
- Government has already set up technology centres for the benefit of SMEs through training and technology transfer.
- Government through the respective Ministry has established a central computerised observation unit, complemented by data capturing centres in all ten Provinces.
- Since the Youth constitute 50% of the population, the 2014 National Budget will support various projects and programs that seek to enhance youth participation in all aspects of the economy.
- The 2014 National Budget has allocated USD2.5 million to support various programmes and policies aimed at advancing and empowering women.

Labour law review

- Government recognises the need to review the country's existing labour laws, which are skewed in favour of employees, without taking due cognisance of productivity and the capacity of companies to pay. This has contributed to numerous company closures and constrained potential investment into the country.
- Government will expedite the finalisation of the on-going review of labour laws.

Demonetisation of the Zimbabwe Dollar

- The Zimbabwe dollar is to be demonetised and Zimbabwe dollar balances, including Zimbabwe dollar Paid-Up Permanent Shares (PUPS) balances converted to US dollars for those accounts in financial institutions' books as at 31 January 2009.
- An indicative amount of USD20 million is required for this purpose.
- This matter should be resolved by 31 March 2014 through the issuance of Treasury Bills to the respective financial institutions for them to further credit bank accounts of their clients in their books as at 31 January 2009.
- These Treasury Bills shall also be granted a Tier One Capital status.

Tariff regime

- Government has been implementing a tariff regime that balances the sustainability of the country's balance of payments and supports the competitiveness of the local industry, mindful of the regional and multilateral trade arrangements that the country is signatory to. To level the playing field between imported and locally produced goods and promote domestic value addition the following was proposed:

Steel and Plastic Manufacturers

- Duty on finished goods steel and plastic was reviewed as follows:

Tariff Code	Product	MFN Rate (%)	SADC Rate (%)	Proposed Rate (MFN/COMESA/SADC)
3920.201	Printed Polymers of propylene	10	0	40/30
3923.21	Plastics bags of polymers	15	20	40/30
3924.1	Plastic basins, buckets, plates & mugs	40	15	40/30
3924.9	Plastic basins, buckets, plates & mugs	40	15	40/30
3917.232	PVC Pipes	15	0	15
3917.239	PVC Pipes	5	0	5
3917.321	HDPE pipes	15	0	15
3917.322	HDPE pipes	15	0	15
3917.329	HDPE fittings	15	0	15
3917.4	PVC fittings	15	0	15
4202.12	Trolley Case/Back Packs	40+$2.50/kg	5	40+$2.50/kg/25 +$2.50/kg
6305.32	Woven polypropylene bulk bags	15	15	40/30
6305.33	Woven polypropylene bags	15	15	40/30
5407.209	Woven polypropylene cloth	10	0	40/30
7321.82	Paraffin Burners	40	0	25/20
7210.41	Galvanised steel sheets	15	20	25/20
7323.929	Cast Iron Pots	40	0	20
7615.19	Aluminium pots, e.t.c	40	0	20
7323.919	Articles of iron, e.t.c.	40	0	20
7210.499	Galvanised steel sheets	15	0	25/20
8716.801	Wheelbarrows	25	15	40/30
8716.9	Wheelbarrow Parts	5	0	40/30

Dairy and processing industry

- Duty on milk was reviewed as follows:

Tariff Code	Product	MFN Rate (%)	SADC Rate	Proposed Rate (MFN/ SADC)
401.2	Milk and Cream	40	10	20
401.5	UHT Fresh Milk	40	10	US$0.25/litre
402.109	Skimmed Milk Powder	0	10	US$2.50/kg
402.219	Full Cream Milk Powder	10	10	US$2.50/kg

- Powdered milk, which is an input into production of fresh milk, yoghurt and cheese, among other products, will be ring-fenced under a rebate of duty.
- It was also proposed to reduce duty on key raw materials, to enhance competitiveness of local dairy processors, as follows:

Tariff Code	Product	MFN Rate (%)	SADC Rate	Proposed Rate (MFN/ SADC)
1806.2	Ice cream coating	40	10	5
7607.191	Aluminium Foil	15	0	5
7607.2	Backed Aluminium Foil	15	0	5
2109.901	Stabiliser	10	10	5
4421.9	Ice Cream Sticks	25	5	5
2008.8	Strawberry Pulp	25	0	5
2008.2	Pineapple Pulp	25	0	5
2008.7	Peach Pulp	25	0	5

Biscuit Manufacturers

- It was proposed to review downwards duty on imported inputs for biscuit making as follows:

Tariff Code	Product	MFN Rate (%)	SADC Rate	Proposed Rate (MFN/ SADC)
910.1200	Ginger Powder	10	0	5
801.1100	Desiccated Coconut	10	0	5

Paint Manufacturers

- Local producers of paint products continue to face unfair competition from the region, whose imports come in under preferential agreements and do not attract customs duty. It was , therefore, proposed to review upwards, duty on finished products as follows:

Tariff Code	Product	MFN Rate (%)	SADC Rate	Proposed Rate (MFN/SADC)
3208.1	Paints Based on Polyester	15	0	20
3208.2	Paints Based on Acrylic	15	0	20
3208.9	Other Paints	15	0	20
3209.1011	Pigmented Water Thinned	15	0	20
3209.1091	Other Pigmented	15	0	20
3209.1099	Other Paints	15	0	20
3209.9011	Pigmented Water Thinned	15	0	20
3209.9019	Other Pigmented Paints	15	0	20
3209.9091	Other Pigmented Paints	15	0	20
3209.9099	Other Paints	15	0	20
3210.0011	Pigmented Water Paints	15	0	20
3210.0019	Non-Pigmented Water Paints	20	0	20
3210.0039	Pigmented distempers	20	0	20
3210.0091	Other Non-pigmented	15	0	20

Metal and Electrical Manufacturers

- In order to level the playing field between locally produced metal and electrical finished products and imported products under preferential arrangements, it was proposed to review duty as follows:

Tariff Code	Product	MFN Rate (%)	SADC Rate (%)	Proposed Rate (SADC/MFN)
7605.21	Aluminium Cables	10	0	20/30
7614.1	Aluminium Cables	20	0	20/30
7614.9	Wire Cables	20	0	20/30
7413	Copper Cables	20	0	20/30
8544.601	Copper wires	10	0	20/30

Rubber industry

- To support the rubber industry, it was proposed to review duty on finished rubber products as follows:

Tariff Code	Product	MFN Rate (%)	SADC Rate (%)	Proposed Rate (SADC/MFN)
4009.11	Mining Hoses	15	10	25
4009.31	Mining Hoses reinforced	15	0	25
4010.11	Conveyer belt with metal	15	0	25
4010.12	Conveyer belt with textile	15	0	25
4012.119	Other Retreaded Tyres	5	0	US$2.50/kg
4016.91	Floor covering	15	0	25

Oil Expressers

- Local oil producers also face unfair competition from products which are eligible for preferential duty. It was therefore, proposed to review duty on raw materials and finished products, in order to support local production, as follows:

Tariff Code	Description	MFN Rate of Duty	SADC Rate of Duty	Proposed MFN/ SADC Rate of Duty
1518.009	Emulsifiers	10	0	5
4811.909	Wrappers for Margarine	10	0	5
3823.19	Palm Fatty Acid	15	0	5
2103.909	Spices	40	0	10
1108.19	Starch	15	0	10

- Cooking oil and laundry bar soap has been removed from travellers' rebate.

Clothing Manufacturer's Rebate

- In order to consolidate the gains realised from the 2013 clothing manufacturer's rebate it is proposed to extend the rebate of duty on imported raw materials for use in the manufacture of clothing by a further period of one year.

Beverages manufacturing industry: aluminium cans

- To enhance competitiveness of local manufacturers of aluminium cans, it is proposed to remove duty on aluminium cans imported from the region.

Wines and Spirit Manufacturers: raw materials for manufacture of cider

- In support of the initiative by a local wine producer to modernise plant and machinery to enable production of ciders, it is proposed to ring-fence importation of fermented apple base, under a manufacturers rebate.

Sugar industry

- It is proposed to review upwards, customs duty on imported sugar from **10% to 10% + USD100 per ton.**
- Government, will, however, ring-fence importation of bottler grade sugar under manufacturers' rebate, if necessary, so that the local manufacturers are not prejudiced.

VAT zero rating of white sugar

- As a result of an error in interpretation of the VAT law at inception, manufacturers and retailers accumulated substantial amounts of VAT to the fiscus back-dated to 2009 and, hence, may have to borrow in order to liquidate outstanding VAT. In order to avail relief to manufacturers and retailers, it is proposed to zero rate white sugar with effect from 1 February 2009.

Blanket manufacturers

- In support of value addition efforts by the blanket manufacturers, it is proposed to review duty on finished products as follows:

Tariff Code	Product	MFN Rate (%)	SADC Rate	Proposed Rate (MFN/SADC)
5603.13	Batting	10	0	40%+US$2.50/kg
6003.34	Knitted Lingerie	10	0	40%+US$2.50/kg
6005.34	Knitted Fabric	10	0	40%+US$2.50/kg
6006.34	Mattress Ticking	5	0	40%+US$2.50/kg
6301.2	Blankets	40%+US$1.50/kg	0	40%+US$2.50/kg

Pharmaceuticals industry

- In recognition of the significance of the pharmaceutical manufacturing industry, Government has already provided for a rebate of duty on essential raw materials imported for manufacture by the industry. It was therefore, proposed to gazette the list of raw materials eligible for importation under the manufacturers rebate scheme.

Baking industry

- Government increased customs duty on wheat flour from 5% to 20% with effect from 1 August 2012. Due to positive developments in the industry it is proposed to review downwards the ring-fenced wheat flour imports by bakeries at a lower duty rate of 5% from 7 500 to 5 000 metric tons per month.

Review of rules of origin on wheat flour

- In order to promote agro-processing, it is proposed that wheat should be wholly produced and milled into flour, in order to qualify under Rules of Origin for purposes of preference.

Export tax on raw hides

- The leather industry currently operates at capacity levels of between 25-40% due to inadequate raw material supply, since leather merchants prefer to export the hides in raw form. It is therefore proposed to levy an export tax of USD0.75 per kg on raw hides, in order to encourage value addition.

VAT zero rating/duty suspension – soya bean crude oil

- Local producers have resorted to importing crude oil in order to fulfil local demand. In order to alleviate the costs associated with importation of crude oil, thereby enhancing local refining of cooking oil, it is proposed to zero rate and suspend customs duty on imported soya bean crude oil.

Lapse of the Zimbabwe-South Africa bilateral trade agreement

- Due to the lapse of the Zimbabwe South Africa Agreement, and the introduction of the SADC Trade Protocol in 2000, it is proposed to suspend customs duty preferences under the 1964 Bilateral Trade Agreement between Zimbabwe and the Republic of South Africa, until such a time when the parties agree to reciprocate this application of the Agreement.

National project status

- The Government put in place a rebate of duty on goods for incorporation in the construction of approved projects, in support of investment in public sector infrastructural projects which have national significance in terms of contribution to economic growth and employment. In order to promote linkages and build synergies between industries, it is proposed to exclude locally produced equipment from rebate of duty under the National Project Status.
- **The above measures take effect from 1 January 2014.**

Support to industry recapitalisation

- In line with its commitment to resuscitate distressed and closed companies, the Government also proposed to zero rate capital equipment while maintaining the 90day VAT deferment facility for the importation of industrial and capital equipment by companies in the mining, agriculture, manufacturing, health and aviation transport sectors.

Mining

Royalty on gold: small scale miners

- In order to incentivise small scale gold producers to sell their produce through the formal channels, thereby enhancing remittances to the fiscus, it is proposed to reduce their royalty levy from **7%** to a lower rate of 3% on small scale gold producers whose output does not exceed 0.5 kg per month, with effect from 1 January 2014. This facility will, however, not apply to primary gold producers.
- Furthermore, Government will de-criminalise activities of small scale gold miners in order to bring them into the mainstream economy.

Unutilised mining claims

- To reinforce the “use it or lose it” principle, it is proposed that un-worked claims be forfeited to Government after a period of three years. This will offer new entrants the opportunity to access unutilised claims. This measure takes effect from 1 January 2014.

Mining fees and charges

- In order to encourage investment in prospecting and exploration activities and also enhance the viability of the mining sector, it is proposed to further review selected mining fees and charges in consultation with the Ministry of Mines and Mining Development.

Incentives for financing small scale miners

- To realise full economic gains from small scale mining, it is proposed to exempt from income tax, interest income earned by financial institutions on loans advanced to small scale miners, with effect from 1 January 2014. The small scale miners will also be compelled to sell their output through Fidelity Printers.

Mining

Export tax on un-beneficiated minerals

- With effect from1 January 2014, Government will, levy an export tax on un-beneficiated platinum and diamonds.

VAT zero rating on local diamond sales

- In recognition of the value addition process that beneficiation firms undertake, and also to reduce the cost of sourcing rough diamonds, it is proposed to VAT zero rate sales of rough diamonds to the local industry, with effect from 1 January 2014.

Tourism

Rebate of duty on capital equipment imported by tourism operators

- It is proposed to re-introduce the rebate of duty on capital goods which expired on 31 August 2013, with effect from 1 January 2014, for a period of 12 months. The terms and conditions that applied to the previous facility will be maintained.

Suspension of customs duty on motor vehicles imported by safari operators

- It is proposed to re-introduce suspension of duty on motor vehicles used by safari operators, for a further period of 12 months with effect from 1 January 2014. The terms and conditions that applied to the previous facility will be maintained.

Financial Services Sector

Mortgage financing

- In recognition of the role played by financial institutions in the provision of mortgage finance it is proposed to extend the exemption from income tax to receipts and accruals on mortgage finance offered by other financial institutions other than building societies, with effect from 1 January 2013.

Insurance and pension housing fund

- In order to address the housing backlog, Government has established an Insurance and Pension Sector Housing Fund (IPHF). The Fund is expected to be funded from proceeds of housing bonds to be issued to companies in the pension and insurance industry. In order to facilitate uptake of the bonds, it is proposed to exempt from income tax, receipts and accruals of the Fund and interest earned on the bond, with effect from 1 January 2014.

Investor protection fund

- It is proposed to exempt from income tax, receipts and accruals of the Investor Protection Fund, thereby facilitating growth in the capital base. This measure takes effect from 1 January 2014.

Transport

Joint venture projects: financing of Plumtree-Mutare road

- In order to raise funds to service the loan from the Development Bank of South Africa for the Plumtree – Mutare road, it is proposed to levy an additional road levy of 2c/litre and 1c/litre on petrol and diesel, respectively, with effect from 1 January 2014.

Urban Roads Rehabilitation Fund

- Measures to mobilise resources for urban road authorities will be implemented in consultation with the Ministry of Transport and Infrastructure Development, Urban Local Authorities and Zimbabwe National Roads Administration. The Fund will be ring-fenced for the specific purpose of road rehabilitation and maintenance.

Energy

VAT exemption on imported electricity

- To supports initiatives to improve electricity supply, whilst also reducing the cost to the consumer, it is proposed to exempt electricity imports from VAT. This measure takes effect from 1 February 2009.

Indigenisation policy

Support to indigenisation

- In support of implementation of the indigenisation policy, it is proposed that the following direct and indirect costs incurred by a company in the process of implementing approved indigenisation plans be deductible:
  - Cash donation to a community share ownership trust; and
  - Loans to an indigenisation partner in the form of vendor financing which are repayable through forgone dividends. The deduction will be spread over the tenure of the loan.
- Capital gains realised on the disposal of shares pursuant to complying with the indigenisation policy shall be exempted from tax, to the extent that the deemed fair market price is higher than the selling price to the indigenisation partner. This measure takes effect from 1 January 2013.

Tax relief measures

Retrenchment/severance packages

- In order to assist retrenchees invest in income generating projects, the tax-free threshold has been increased from USD 5 000 or one third of the retrenchment package up to USD 15 000, to USD 10 000 or one-third of the retrenchment package up to a maximum of USD 60 000 with effect from 1 January 2013.

Rebate of duty

- It is proposed to provide for an appeal process to the responsible Minister where taxpayers are not satisfied with the determination of rebate schemes by the Commissioner General.

Revenue enhancing measures

- A revenue sharing model for Diamond Revenue is proposed as follows:

Nature of Expense	%
Royalty	15
Management fees (Joint Venture Partner)	2.5 - 5
Depletion fees (ZMDC)	2.5 - 5
MMCZ Commission	0.875
Operational costs	38
Total Costs	58.875 - 63.875
Government /Joint Venture Partner Share	18.06 - 20.56

- The revenue will be withheld at source, after conclusion of each sale. Depletion fees which were payable to the Zimbabwe Mining Development Corporation will be withheld at source and paid to the Exchequer, effective 1 January 2014.

Mineral royalty

- It is proposed with effect from 1 January 2014 mining royalties will be disallowed as a deductible expense against taxable income.

Taxation of high earning individuals

- A flat tax of 50% on incomes above USD 20 000 per month was proposed, with effect from 1 January 2014

Mobile transfer services

Intermediated money transfer tax

- It is proposed to introduce an intermediated money transfer tax of USD 0.05 per transaction whenever a transfer of funds occurs between two persons using the mobile platform services. This is effective from 1 January 2014.

Capital gains on disposal of immovable property through cession

- With effect from 1 January 2014, it is proposed to levy Capital Gains Tax on disposal of immovable property through cession.

Rationalisation of zero rated products

- The following goods have been removed from the list of zero-rated products with effect from 1 January, 2014**:**
  - Yoghurt;
  - Cream;
  - Butter; and
  - Plain buns.

Passenger motor vehicle benefit

- It is proposed that with effect from 1 January 2014 the motoring benefits be reviewed as follows:

Engine Capacity(cc)	Current Cost(US$)/ Year	Proposed (US$)/ Year
1 500 cc and below	1 800	3 600
1 501 to 2 000	2 400	4 800
2 001 to 3 000	3 600	7 200
3 000 and above	4 800	9 600

Withholding tax on entertainers/artists

- It is proposed to introduce a 15% withholding tax on gross fees paid to non-resident performing artists.

Excise duty on ethanol

- It is proposed to introduce excise duty of USD 0.05 per litre of ethanol with effect from 1 January 2014.

Efficiency in tax administration

- With effect from 1 January 2014, to enhance efficient operations within ZIMRA the following proposals have been made:
  - Increase the quorum of the ZIMRA Board of Directors from four to six in line with the increase in the number of board members;
  - Extend the provision to expeditiously recover any outstanding tax or duty, including any interest and penalty thereon to include the Customs and Excise Act.
  - Amend the third schedule of the VAT regulations to replace VAT Forms 1 (application for registration), 2 (details of spouse of a sole trader) and 3, with REV 1, which captures details contained in Forms 1, 2 and 3.
  - Replace Zimbabwe dollar fine for failure to register for VAT with a fine not exceeding USD 30 for every day the taxpayer remains unregistered.
  - Limit the time period within which a Bill of Entry can be used to claim input tax to twelve (12) months.
  - Provide a penalty for failure by suppliers to issue prescribed valid VAT invoices.
  - Amend VAT Act in order to allow clients to lodge objections against the assessment or decisions made in respect of fiscal regulations.
  - Replace the Zimbabwe dollar clearance fees with a fee of USD 10 for every Bill of Entry submitted.
  - Provide for a cancellation fee of USD 10 on each Bill of Entry cancelled, in order to discourage lodging of multiple entries.
  - Provide for a fine for contravening any other provisions of the Customs and Excise Act.
- Extend the Border Post operating hours as follows:
  - Chirundu—6 a.m.-10 p.m. for both individuals and commercial traffic;
  - Victoria Falls—6 a.m.-10 p.m. for individuals and 8 a.m.-5 p.m. for commercial traffic; and
  - Kazungula—6 a.m.-10 p.m. for individuals and 8 a.m.-5 p.m. for commercial traffic
- Introduce legislation to facilitate the conduct of Post Clearance Audits.
- Review the prescribed amount on duty remitted on any single consignment of goods from USD 20 to USD 50 on the free on board value, in order to ease the administrative burden of collecting small amounts of duty.
- Compel taxpayers to register with the Zimbabwe Revenue Authority from the date of trading.

Efficiency in tax administration…..continued

- Insert a definition of payment that covers all forms of payment under withholding amounts on contracts.
- Introduce legislation to curb abuse of tax treaties through treaty shopping and paper companies.
- Incorporate transfer pricing provisions from the proposed New Income Tax Act.
- Extend VAT to accommodation services for non-resident tourists.
- Impose penalty for failure to notify ZIMRA on change of place of residence by beneficiaries of immigrants rebate.
- Introduce legislation to curb evasion of payment of capital gains tax on disposal of property through share transfers.

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