2026

Mid term budget & economic review

"Enhancing drivers of economic growth and transformation towards vision 2030"

Grant Thornton

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While every effort has been made to ensure accuracy of the information, the summary is not exhaustive and should be read together with 2026 mid term budget & economic review publication.

We will be pleased to discuss with you the contents of the 2026 mid term budget & economic review publication.

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Budget performance

The 2026 National Budget presented in 2025 anchored on projected revenues of ZiG288 billion (16.9% of GDP), against expenditures of ZiG290.9 billion, equivalent to 17.1% of GDP and a budget deficit of ZiG3.2 billion.

During the first half of the year, a total of ZiG137.8 billion was collected, whilst expenditure amounted to ZiG123.6 billion which resulted in net savings of ZiG14.2 billion dollars. The resultant savings were utilized in servicing public debt and arrears to service providers.

Tax revenue sources:

- Value Added Tax (VAT), which remained the largest contributor to total revenue collections, accounting for 28.3% of total revenues.
- Employment Tax (PAYE) at 16.6%.
- Corporate Income Tax (CIT) at 13.8%; and
- Excise Duty at 8.5%.

Note: These top four revenue performers contributed a total of 67.2% of the total tax revenue collected in the first half of the year.

Ease of doing business

The Government reaffirmed its commitment to improve Zimbabwe's business environment through ongoing ease of doing business reforms. These initiatives are aimed at simplifying investment processes, reducing barriers to start and operate businesses, and enhance the country's attractiveness as an investment destination. The reforms are expected to stimulate investment, promote industrial growth, create employment opportunities and support the achievement of vision 2030's objective of attaining upper middle income economy status.

REFORMS EMBARKED ON BY GOVERNMENT TO DATE

Manufacturing

A 50% reduction in local authority factory license approval fees and other related charges.

Financial services

Reduction of cash withdrawal charges for both USD and ZIG transactions.

Tourism

Reduction of hotel lodge and tourism business license fees by 50%.

Health

20-30% reduction of hhealth professions authority licenses fees for hospitals, laboratories and other medical service providers.

Transport

Reduction and capping of vehicle clamping fees at a flat USD $20 inclusive of all applicable charges.

Retail

Consolidation of retail and wholesale licenses into a single license for business conducting both activities.

Energy

A 50% reduction in petroleum import and LPG retail license fees.

Construction

A 50% reduction in inspection fees for residential, commercial and industrial development.

Broadcasting and telecommunications

Reduction of ZBC home television license from USD $100 to USD $20.

REAL ESTATE

Abolision of Environmental Impact Assessment requirements by local authorities.

Global growth estimates and projections (%)

	2025 Est	2026 Init Proj	2026 Rev Proj
World	**3.4**	**3.3**	**3.0**
Advanced economies	1.9	1.8	1.7
USA	2.1	2.2	2.3
Euro-Area	1.4	1.3	0.9
United Kingdom	1.3	1.1	1.0
Emerging markets	4.4	4.1	3.8
China	5	4.5	4.6
India	7.6	6.8	6.4
Sub-Saharan Africa	4.5	4.4	4.3
Nigeria	4	4.2	4.1
South Africa	1.1	1.2	1.1

Domestic economic outlook

The Minister of Finance Economic Development and Investment Promotion presented his mid term budget statement on 30th of July 2026. Below are the key selected key discussion points.

GDP Growth

- The first quarter of 2026 recorded an annualized growth rate of 6.8%.
- GDP growth rate for 2026 was projected at 5.0%.

Inflation

- For the period January –July 2026 average ZIG year on year inflation averaged 4.2%.

GNI Per Capita

- Increased from $1,700 in 2021 to $3,200 in 2025. The country still aims to be an Upper-Middle-Income status by 2030. In order to reach Upper-Middle-Income status by 2030 (target: $4,636–$14,375) per capita, an additional $1,400 per capita is required between 2026 and 2030.

Key sectoral performance

Agriculture sector

- Projected to grow by 6.9% in 2026 (after a massive 27.9% rebound in 2025). Grain output is estimated at 2.4 million metric tonnes.

Mining

- Projected to grow by 5.6% in 2026 (10.4% in 2025).
- Gold output target: 55.6 tonnes (up from 50 tonnes in 2025).
- Lithium exports surged 229.8% to US$782.2 million in first half of 2026 (vs. US$237.2 million for the same period of 2025).

Manufacturing

- Projected growth of 5.2% in 2026. Large-scale enterprise capacity utilization is expected to reach 63.5% (up from 61.2% in 2025).

External sector & foreign direct investment

Foreign direct investment (FDI)

- The foreign direct investment reached US$965 million in 2025 (up from US$597 million in 2024), the highest in decades.

Foreign currency receipts

- Totaled US$10.7 billion in the first half of 2026 which is a 47.8% increase compared to first half of 2025 which recorded $7.3 billion.

Current account

- Swung to a surplus of US$616.3 million in the first quarter of 2026 (from a 22.5million deficit in the first quarter of2025) The surplus is expected to reach US2.6 billion by year-end.

Trade balance (Jan-May 2026)

- Merchandise exports: US$4.5 billion (+41.6%)
- Merchandise Imports: US$4.9 billion (+28.6%).

Usable reserves

- Stood at US$1.6 billion as of June 2026 (~1.6 months of import cover).

Key international & policy milestones

Diplomatic gains

- Elected as a non-permanent member of the UN Security Council (UNSC) in June 2026 and admitted to the New Development Bank in July 2026.

Budget transparency

- Ranked 3rd in Sub-Saharan Africa (behind South Africa and Benin), meeting the global minimum standard score benchmark (61/100).

The 2026 approved budget performance (ZiG billion)

	2026 Jan-Jun	Approved Budget	Perf (%)
Expenditures & Net Lending	123.6	290.9	42.5
Expenses	94.2	249.8	37.7
Use of goods and services	25.7	47.4	54.2
Compensation of Employees	54.8	152.3	36.0
Social Benefits, Subsidies and other Expenses	11.1	41.6	26.7
Interest Payments	2.6	8.5	30.6
Capital Expenditure	29.4	41.1	71.5

SMP structural benchmarks

Item	Proposed Measures	Target Date	Comments
	Monetary, FX and Financial Policies		
1	The RBZ will consolidate progress in restoring FX market equilibrium—assessed by developments in the parallel premium and FX demand pipeline—by publishing reference exchange rate series calculated as a weighted average of all transaction prices.	To be assessed at each programme review.	Met
	Social Programmes		
3	The Ministry of Public Service, Labor and Social Welfare adopts and publishes a finalized user manual covering all operational modules of the Zimbabwe Social Registry (ZISO), including registration, eligibility determination, updating, and data management.	End-June 2026	Met
	Tax Administration		
4	Improve taxpayer register quality by monitoring and quarterly reporting the percentage of new VAT and PAYE registrants who file and pay.	End-March 2026	Met
	Public Financial Management		
7	MoFED&IP develops a Treasury Single Account (TSA) reform strategy, including bank account rationalization plan and a phased roadmap for introducing a core TSA and expanding its coverage.	End-June 2026	Met
	Mutapa Investment Fund		
8	Mutapa Investment Fund and all its subsidiaries will continue refraining from contracting, guaranteeing, or otherwise assuming any borrowing or debt-like obligation without the prior written approval of the Ministry of Finance, Economic Development and Investment Promotion.	Continuous SB 2026	Met

Architecture of the banking sector

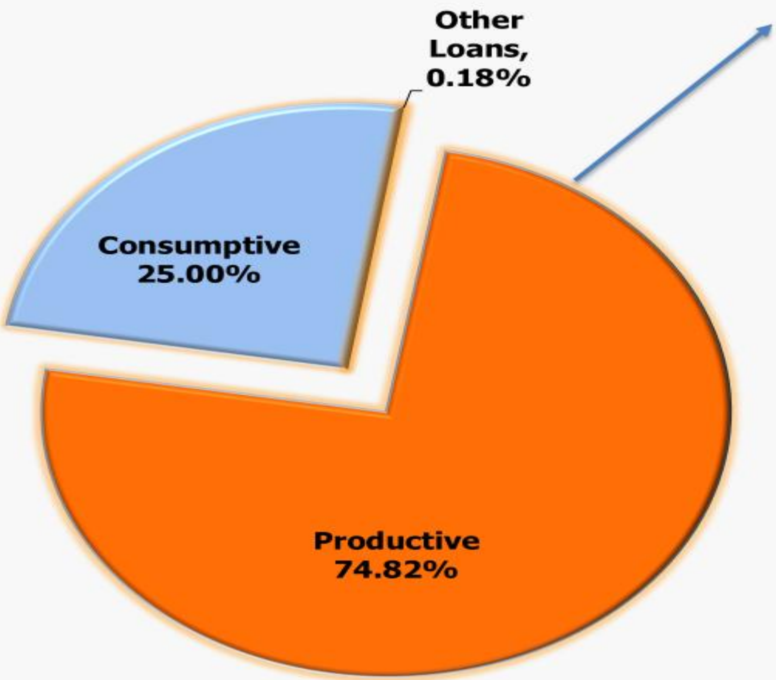
ARCHITECTURE OF THE BANKING AND MICROFINANCE INDUSTRY

TYPE OF INSTITUTION	NUMBER
Commercial Banks	14
Building Societies	2
Savings Bank (POSB)	1
TOTAL BANKING INSTITUTIONS	17

OTHER INSTITUTIONS	NUMBER
Credit-only-MFIs	355
Deposit-taking MFIs	7
Development Financial Institutions (SMEDCO, IDBZ and AFC Land & Development Bank)	3
TOTAL OTHER INSTITUTIONS	365

TOTAL NUMBER OF INSTITUTIONS | 382

Sectoral distribution of loans as at end june 2026



Breakdown of Productive Sector Loans

Agricultural	15%
Manufacturing	11%
Commercial	11%
Distribution	10.67%
Mining	8%
Mortgage	5%
Financial	3%
Construction	2.60%
Transport	2%
Central Government	1.92%
Parastatals	1.77%
Communication	1.08%
Tourism	1%

Grant Thornton: tax training calendar

Training Topic	Venue	Dates	Target Audience	Fees
Allowable deductions	Online	21 Augiust 2026	Taxpayers,Accounting professionals,researchers and academics	Free
Mid term budget review	TBA	TBA	Taxpayers,Accounting professionals,researchers and academics	USD130.00
General deduction formular and prohibited deductions	Online	9 October 2026	Taxpayers,Accounting professionals,researchers and academics	Free
Tax planning strategies and management	TBA	November 2026	Taxpayers,Accounting professionals,researchers and academics	USD130.00

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About Grant Thornton Tax Department

GT has a well-resourced tax department and knowledgeable tax personnel that provides the following services:

- All round tax planning
- Tax computations (all tax heads)
- Tax compliance (all tax heads)
- Representation on tax audits and investigations with ZIMRA
- Tax health checks
- Tax due diligence audits
- Transfer pricing
- International tax
- Tax advisory
- Tax training
- Tax updates (yearly tax magazine and other)
- Tax reviews and coaching
- Contract reviews for tax risk management

Additional services on offer

Audit and Assurance

Financial statement audits

- International companies
- Privately held businesses
- Public companies

Review assignments

Agreed upon procedures

Public Sector Audit

Audit

- agreed upon procedures
- audit readiness
- compliance audits
- financial statement audits
- information system control audits and reviews
- internal control testing

Tax

Compliance and advisory

- tax returns
- transaction planning
- income tax
- VAT, CGT and other transactional tax
- reorganisations, mergers and acquisitions

International tax

- expatriate tax
- international tax advisory
- transfer pricing

Private wealth

- personal and corporate tax
- family wealth planning
- high net worth personal tax

Compensation and benefits

- benefits
- compensation
- employment tax
- expatriate tax services
- human resources

Tax training

Tax health checks

Deceased estates and trusts

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Additional services on offer

Advisory

Information technology
- due diligence
- IT planning and assessment

Forensics, investigation and litigation
- expert witness testimony
- forensic accounting, fraud and investigations
- digital forensics
- litigation and dispute consulting

Governance, risk and compliance
- enterprise risk management
- governance and regulatory compliance
- internal audit

Transaction support
- buy / and sell-side operational due diligence
- corporate finance
- domestic and cross-border mergers and integration
- merger integration
- tax consulting and structuring

Advisory (continued)

Business strategy
- budgeting and forecasting
- organisational assessment and planning
- strategic planning

Valuations
- financial reporting
- business valuation
- litigation and dispute resolution
- transaction support

Recovery, reorganisation and turnaround
- assessment of strategic alternatives
- distressed mergers and acquisitions
- financial forecast review
- organisational and strategic assessment
- performance improvement
- curatorship
- judicial management
- liquidations

Public Sector Advisory

Information technology
- acquisition planning and support
- budget systems
- capital planning and investment control
- governance
- independent verification and validation
- project management
- project oversight
- requirements analysis
- strategy and planning

Project finance
- project finance / capital raising
- public private partnerships

Financial management and accounting
- accounting
- enterprise risk management
- financial statement(s
- internal controls
- policies and procedures manuals

Organisational improvement
- business process re-engineering
- organisational change management
- organisational transformation

Additional services on offer

Human Resources

Consultancy

- recruitments and placements
- payroll management
- employee on-boarding and orientation
- workplace assessments and audits
- performance management
- organisational culture management
- learning and development (training)
- industrial relations
- HR systems design and implementation

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