



# 2026 National Budget Highlights

Enhancing Drivers of Economic Growth and Transformation Towards Vision 2030

November 2025

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KPMG Zimbabwe



# Overview



The Honorable Professor Mthuli Ncube, Minister of Finance, Economic Development and Investment Promotion, presented his 2026 National Budget Statement under the theme **“Enhancing Drivers of Economic Growth and Transformation Towards Vision 2030”**, on 27 November 2025. In summary the proposals focused on offering targeted incentives to support productive sectors.

Please note, the 2026 National Budget Statement and draft Finance Bill proposals are yet to be promulgated into law and are therefore subject to changes.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

**Vinay Ramabhai**  
**Tax Partner**



# Key Proposed changes



# Key Proposed Changes in Bill

## **Presumptive Taxpayer rental tax**

Presumptive taxpayer rental tax on any rental income received by a registrable proprietor from a tenant who is liable for presumptive tax is subject to a 10% withholding tax. The tax is calculated on each dollar of rental income and must be withheld and remitted to ZIMRA. Presumptive taxpayer rental tax means the tax payable by registrable proprietors.

## **Permanent Establishment**

Permanent Establishment (PE) definition amended to include a fixed place of business which consists of a building site or construction site where a company wholly or partly carried on business for a period of 90 days in 12 months of a calendar year. The PE will be established from the date of commencement of project or construction of site.

## **Domestic Minimum top up tax**

Domestic Minimum top up tax now includes the definition of a high-earning foreign entity being a multinational / international corporation whose consolidated turnover in the previous year of assessment is 750 Million Euro (760 Million Euro per draft bill but 750 Million Euro in the budget statement). The high earning multinational will be liable to tax at a rate of 15% not withstanding tax already paid.

## **Cap introduced on carrying forward of assessed loss for mining entities**

Deduction of carried forward assessed losses is to be limited to 30% of the assessed loss at the end of tax period, this is applicable to both general miners and special mining lease holders.

## **Treatment of Capital redemption allowance in mining**

Alignment of claiming of capital allowances with the life of a mine. An election to use the new mine method will no longer be available, the balance of unredeemed capital expenditure will be divided by estimated life of mine.

## **Corporate Social Responsibility levy**

Introduction of a Corporate Social Responsibility Levy of 2% on gross value of coal.

## **Tax clearances**

Tax clearances not required for new registrants joining certain professions.

## **Transfer Pricing Method**

Inclusion of the quoted price method for transfer pricing for minerals exported that makes reference to the London Bullion Market, the London Metals Exchange or the Shanghai Metals Market to determine arms length price of a controlled transaction.

## **Non resident tax on interest**

Reintroduction on 15% withholding tax on non-resident tax on interest, payable in USD.

## **Dividends on Building Society**

Dividends declared by Building Societies will no longer be classified as interest, and will be treated as dividends, consistent with commercial banks.

## **Mutapa Incentives**

Mutapa Investment Fund income tax incentives backdated to 01 Jan 2025 and Capital gains tax exemptions apply from 01 January 2026.

# Key Proposed Changes in Bill

## Value Added Tax

- Where there is a mixed supply of goods or services as part of entertainment the supply will be deemed to be standard rated.
- VAT on imported services to be paid in foreign currency.
- Penalties to be introduced for failure to pay VAT on imported services.

## Rates and payment on unbeneficiated lithium

- 10% of the fair market value of lithium ore.
- 5% of the fair market value of lithium concentrate.
- 0% of the fair market value of lithium sulphate.

Payment of export taxes for unbeneficiated products to be paid in United States Dollars.

## Special Capital Gains Tax

Special CGT on the transfer of shares or interests in land- holding companies to be levied at 20% of the value of the transaction.

## Definition of Authorized dealer

The list of authorized dealers for gold has been expanded to include financial institutions.

# Key Proposed Changes in Budget Statement not in Bill



- Introduction of a Digital Services WHT and the removal of qualifying threshold on e-commerce operators which will be collected and administered by paying agents e.g. financial institutions.
- Reduction of IMTT on ZWG transactions from 2% to 1,5%.
- Under IMTT legislation the definition of financial institution is to be amended to include microfinance institutions for purposes of collecting IMTT.
- IMTT to be an allowable deduction in determination of taxable income.
- Review of the Bookmakers Tax from 3% to 20% of gross revenues in line with international best practices. This will be a final tax.
- Review of the tax applicable on winnings by Punters from 10% to 25%.
- Increase of the VAT rate to 15,5% from 15% effective 1 January 2026.
- Deductibility of interest payable on deposits made by financial institutions to be allowable subject to appropriate safeguards such as transfer pricing rules, thin capitalization and anti-base erosion provisions.
- Targeted tax incentives for manufacturing companies with incremental production during extended operational hours.
- 10% export tax on antimony and related products.
- Suspension of duty on critical inputs for production of gas cylinders.
- Alignment of customs duty rate on polyester.
- Business and Knowledge process outsourcing operators tax incentives.
- Review of monthly US\$ cash withdrawal levy:

Corporates	Levy (%)	Individuals	Levy (%)
1 to 5 000	0	1 to 500	0
5 001 to 10 000	2	501 to 1 000	2
10 001 & above	3	1 001 & above	3



# Corporate Income Tax Provisions



# Corporate Income Tax Provisions

## Presumptive Taxpayer rental tax

With effect from 1 January 2026, any rental income received by a landlord from a tenant who is liable for presumptive tax is subject to a 10% withholding tax. The tax is calculated on each dollar of rental income and must be withheld and remitted to ZIMRA. Presumptive taxpayer rental tax means the tax payable by registrable proprietors. Registrable Proprietor means the owner or manager of land or premises occupied by a tenant liable for presumptive tax, to whom the tenant pays any consideration by way of rental directly or indirectly, to the owner, lessee or sub-lessee. A tenant liable for presumptive tax refers to a tenant of a registrable proprietor who pays any consideration by way of rental directly or indirectly to the registrable proprietor for the conduct of the tenant's trade, business, or occupation on or in the rented land or premises.

The Minister may issue a statutory instrument requiring all registrable proprietors to register with ZIMRA. Landlords must register within 30 days of the notice or within 30 days of becoming registrable. Landlords are also required to notify ZIMRA of any change of address or if they cease to be registrable proprietors within 14 days. Non-resident landlords are required to appoint a resident representative responsible for all obligations under these provisions. Where the landlord fails to do so, the Commissioner may appoint a resident representative and/or may request cancellation of work permits held by the registrable proprietor or any director or employee of the registrable operator upon written request by the Commissioner to the Chief Immigration Officer. Failure to register does not relieve any person of their tax obligations.

## Permanent Establishment Definition

With effect from 1 January 2026, a company has a permanent establishment in Zimbabwe if it has a fixed place of business through which its business is wholly or partly conducted for 90 days or more in any 12-month period commencing or ending in the calendar year. Provided that, where the establishment is a building site, construction project, or installation project, it is deemed to be a permanent establishment from the date the site is established, or the project begins.

## Domestic Minimum Top-Up Tax

With effect from 1 January 2026, under the DMTT provisions the definition of a high-earning foreign entity has been added. This refers to multinational corporations operating in one or more country or territory whose consolidated turnover meets or exceeds €760 million (or the equivalent, using the cross rate of exchange) in the previous year of assessment.

Under the new rules, where the foreign country taxes income earned in Zimbabwe as though it were earned in that country, the entity must pay:

- a) The domestic minimum top-up tax calculated as 15% minus the percentage rate of corporate tax paid in the entity country of residence, or
- b) The amount of tax due under the provisions that relate to relief from double taxation where no double taxation agreement exist, whichever amount is greater. Provided that if the top-up tax payable falls below 15% after applying paragraph a or b, the entity shall pay the domestic top-up tax at the rate of 15% on its taxable income earned in Zimbabwe during the year of assessment.

High-earning foreign entities are required to submit documentation of their latest available annual minimum consolidated turnover together with their self-assessment returns.

## Assessed Loss on Mining Entities

With effect from 1 January 2026, any person engaged in mining operations who has assessed loss as at 31 December 2025, and in any subsequent year, may only carry forward up to 30% of such losses. This applies equally to entities operating under special mining leases.

## Further Provisions in regard to Capital Redemption Allowances

The provisions that previously allowed mining taxpayers to elect different methods of claiming capital redemption allowances have been repealed. As a result, capital redemption allowances will now be claimed using the life of mine method or what the Commissioner deems to be fair and reasonable for non-mine owners.



# Corporate Income Tax Provisions

## CSR Levy on Gross Value of coal

With effect from 1 January 2026, Coal has been added to the list of minerals subject to a levy on its gross value. Previously, the levy applied to lithium, black granite, quarry stones, and uncut and cut dimensional stone.

## Valid Tax Clearance Certificates (TCC) on certain trades

With effect from 1 January 2026, new registrants joining the following professions, are not required to produce a tax clearance certificate on first registration:

- architects registered or required to be registered under the Architects Act [Chapter 27:01];
- engineers or technicians registered or required to be registered under the Engineering Council [Chapter 27:22];
- land surveyors registered or required to be registered under the Land Surveyors Registration Act [Chapter 27:06];
- legal practitioners registered or required to be registered under the Legal Practitioners Act [Chapter 27:07];
- auditors, accountants or other professionals registered or required to be registered the Public Accountants and Auditors Act [Chapter 27:12] or the Chartered Accountants Act [Chapter 27:02];
- health practitioners registered or required to be registered under the Health Professions Act [Chapter 27:19];
- a veterinary surgeon registered or required to be registered in terms of the Veterinary Surgeons Act [Chapter 27:16];
- real estate agents registered or required to be registered under the Estate Agents Act [Chapter 27:17];

## Valid Tax Clearance certificates on certain trades

- quantity surveyors or required to be registered under of the Quantity Surveyors Act [Chapter 27:13].

Where a professional in the listed professions is in dispute with ZIMRA and has filed an appeal under the Act, ZIMRA must issue a temporary TCC valid for 3 months, renewable once for an additional 3 months if the appeal remains unresolved to enable the person to practice their profession pending the determination of the appeal. Employees cannot be denied practicing certificates or registration due to their employer's non-compliance with obligations such as Pay As You Earn.

## Addition to Transfer Pricing methodology

With effect from 1 January 2026, in respect of the pricing of minerals exported from Zimbabwe, there will be the use of the Quoted Price Method (QPM) for determining arm's-length prices. Under this method, the price of a controlled transaction involving mineral exports is determined by referencing:

- the London Bullion Market Association (LBMA),
- the London Metals Exchange (LME), and
- the Shanghai Metals Market.

# Corporate Income Tax Provisions

## Withholding Tax on Interest

Non-residents tax on interest are re-introduced with effect from 1 January 2026. This is calculated at 15% of gross amount of interest.

With effect from 1 January 2026, the Income Tax Act [Chapter 23:06] is amended by inserting section 29 , providing that a non-residents' tax on interest shall be charged, levied, and collected throughout Zimbabwe for the benefit of the Consolidated Revenue Fund, in accordance with the Sixteenth Schedule at the rate fixed from time to time in the charging Act.

- **Exemptions:**

- Certain government or statutory corporation payments
- Interest from the Government Settlement Term Annuity 1981/88
- Annuity payments
- Interest from certain statutory corporations (as exempted by the Minister)
- Interest paid to persons generally exempt under the Third Schedule
- Interest from licensed investors in Special Economic Zones

- **Responsibility:** The payer or agent must withhold tax and send it to ZIMRA within 30 days and provide a certificate to the non-resident. If tax is not withheld, the non-resident must pay it.

- **Penalties:** Late payment incurs a 15% penalty, but ZIMRA may reduce or waive it if there was no intent to avoid tax.

- **Refunds:** Any overpaid tax can be claimed within three years.

The definition of interest, which was defined as a dividend distributed by a building society, has been repealed from the Income Tax Act, with effect from 1 January 2026, meaning dividends declared by building societies will no longer be classified as interest, with effect from 1 January 2026 .

## Mutapa Investment Fund

With effect from 1 January 2025, the Mutapa Investment Fund, Zimbabwe's sovereign wealth fund, is officially exempt from income tax. Additionally, the definition of dividend under the Resident Shareholder's tax is expanded to include any distribution made by the Mutapa Investment Fund to the Government of Zimbabwe. In relation to Non-Residents' Tax on Fees, the definition of fees is amended from 1 January 2025 to include services rendered to the Mutapa Investment Fund as a sovereign wealth fund.

Furthermore, transfers of funds from the Mutapa Investment Fund to the Government, its subsidiaries, or entities listed in the Fourth Schedule (Vesting of Shares of Certain Companies in the Mutapa Investment Fund) are excluded from the Intermediated Money Transfer Tax.

# Value Added Tax and Other Provisions





# Value Added Tax Provisions

## Entertainment

With effect from 1 January 2026, any entertainment package that includes items normally zero-rated or exempt will now be treated as a single vatable supply.

## Lithium

With effect from 1 January 2026,

- Raw lithium ore exports will be subject to 10% VAT, calculated on the value of the lithium sulphate that can be produced from it.
- Lithium concentrate exports will be subject to 5% VAT, based on its potential lithium sulphate output.
- Lithium sulphate exports will be zero-rated for VAT.

## Unbeneficiated Chrome

With effect from 1 January 2026,

- A 5% VAT will apply on exports of raw or lightly processed chrome, based on the value of ferro-chrome that can be produced
- Unbeneficiated chrome” includes chrome ore, fines, crushed / milled / washed ore, and chrome concentrate.
- The tax will be calculated using the higher of the market price or the value on export documents.

All export taxes on unbeneficiated lithium, unbeneficiated hides, unbeneficiated platinum, uncut and cut dimensional stone, medicinal cannabis, and unbeneficiated chrome must be paid in US dollars or an equivalent foreign currency at the prevailing international exchange rate.

## VAT on Imported Services

With effect from 1 January 2026,

- VAT on imported services must now be paid in US dollars or an equivalent foreign currency at the prevailing international exchange rate.
- This applies to all imported services where VAT is chargeable under the standard rules.

## Penalty & Interest

With effect from 1 January 2026,

Penalties and interest for late payment of VAT now apply to tax due under both:

- Imported services
- Special returns on goods sold.

# Other Provisions

## Capital Gains Tax on Mutapa Investment Fund

With effect from 1 January 2026, The Capital Gains Tax Act is amended to exempt receipts and accruals of the Mutapa Investment Fund, a sovereign wealth fund.

## Special Capital Gains Tax on Landholding Entities

A 20% capital gains tax applies from 1 January 2026 on transfers of shares or stakes in entities owning land in Zimbabwe. Taxpayers must pay within 30 days in USD (or equivalent) and provide an affidavit detailing the transaction, parties, and any beneficial owners or controllers. Transfers disputed in court are not recognized until the tax is paid.

## Amendment to the Customs and Excise Act – Goods in Transit

With effect from 1 January 2026, subsection 2a of Section 234 is repealed. The repeal removes the previous requirement for owners of fuel in transit to make provisional payment of duty and levies at the port of entry, simplifying the process for transporting fuel.

## Interim Suspension and Debarment (Public Procurement Act):

- Suppliers or contractors who repeatedly fail to meet government contract obligations can be suspended for 90 days.
- Suspension blocks them from new government contracts and is publicly announced.
- PRAZ reviews the case and can debar the supplier if persistent non-performance or misconduct is confirmed.
- Suspension ends after 90 days or is lifted if debarment is not imposed

## Gold Royalties:

The Schedule fixing royalties under the Mines and Minerals Act has been updated to ensure the mining sector contributes a fair share of revenue to the Fiscus during periods of commodity price booms, and to eliminate arbitrage between categories of miners. According to the Minister, “these measures apply to both artisanal and large-scale miners.”

- If gold sells for US\$1,200 or less per ounce, the royalty is 3%.
- If gold sells for between US\$1,201 and US\$2,499 per ounce, the royalty is 5%.
- If gold sells for US\$2,500 or more per ounce, the royalty is 10%.

## Gold Trade Act – New Definitions:

Authorised gold bar: Gold bars of 99.5% purity produced by the National Gold Refinery, in specified weights and dimensions, bearing its hallmark

Authorised dealer- means—(a) the Reserve Bank of Zimbabwe; or (b) any commercial bank or accepting house or any class thereof, which the Reserve Bank, by order, declares to be an authorised dealer for the purposes of this Act; or(c) any person licensed by the Reserve Bank for the purposes of undertaking or facilitating foreign exchange transactions;

## Gold Trade – Dealing and Possession:

Only licensed or permitted holders, holders / tributors, authorised dealers, the national gold refinery, employees or agents acting on their behalf, and anyone holding authorised gold bars from these sources may lawfully deal in or possess gold.

## Tampering with Authorised Gold Bars:

It is illegal to alter, deface, change, fabricate, or smelt authorised gold bars. Offenders may face fines (up to level 14), imprisonment (up to 15 years), or both, and any gold involved may be seized and forfeited.



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