



商業信託
Commercial Trust



Country Profile: Zimbabwe

The Facts

Location	Southern Africa, between South Africa and Zambia
Languages	Official – English Spoken – Shona, Sindebele (the language of the Ndebele, sometimes called Ndebele), numerous but minor tribal dialects
Nationality	Zimbabwean
Religions	Syncretic – 50% Christian – 25% Indigenous beliefs – 24% Muslim and other – 1%
Government	Parliamentary Democracy
Head of Government	Executive President
Legislature	Bicameral Parliament
Constitutional Document	Constitution of Zimbabwe
Economy	<p>While economic growth in Zimbabwe has been on an upward trend since 2009, it has significantly slowed down and remains fragile. Growth declined from 10.6% in 2011 to 4.4% in 2012. It is estimated to have decelerated to 3.7% in 2013 and is projected to increase slightly to 4.0% in 2014. Real GDP growth is underpinned by developments in key sectors, such as mining and agriculture.</p> <p>Agricultural products: corn, cotton, tobacco, wheat, coffee, sugarcane, peanuts; sheep, goats, pigs</p> <p>Mining products: coal, gold, platinum, copper, nickel, tin, diamonds, clay, numerous metallic and nonmetallic ores</p>
Currency	Various (USD, ZAR...)
GDP (2012)	Total – USD 9.802 billion Per capita – USD 600 Real GDP growth – 4.4%
Population	13,771,700 (approx.)
Percentage of population	African – 98% Mixed and Asian – 1% White – 1%
Area	390,757 km ²
Time zone	CAT (UTC+2)
Public Holidays	14
Climate	Tropical; moderated by altitude; rainy season (November to March)



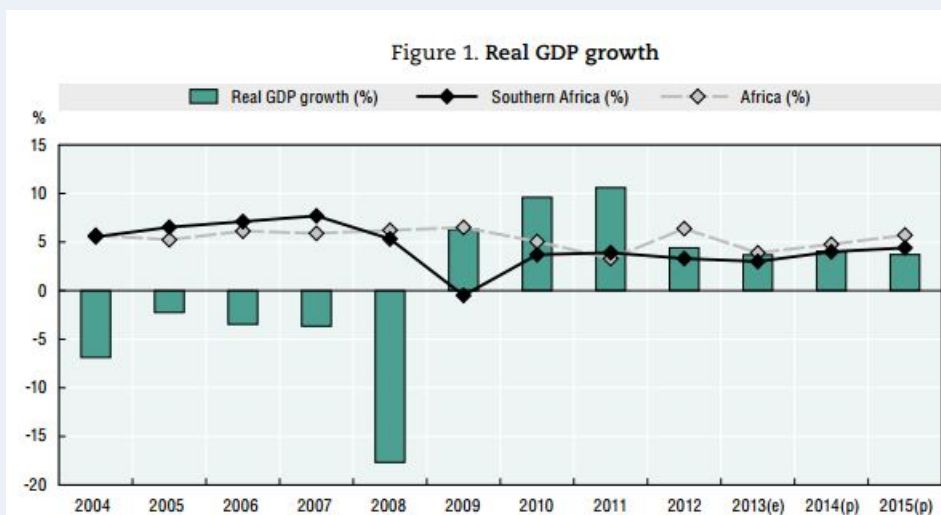
Sources: Central Intelligence Agency, International Monetary Fund, African Economic Outlook

Zimbabwe

Zimbabwe is an independent country in Southern Africa, well-endowed with mineral, agricultural and other resources, which have created opportunities for the growth of resource-based industrial activities. The following are some of the key sectors in the country's economy:

- Agriculture
- Manufacturing
- Mining
- Tourism
- Energy
- Water and Sanitation
- Information and Communication Technology
- Finance and Insurance
- Services

Real GDP growth is estimated to have decelerated to 3.7% in 2013 from an estimated 4.4% in 2012. This reflects a continued slowdown in the economy as a result of limited sources of capital, policy uncertainty and the high cost of doing business. Real GDP growth is projected to marginally improve to 4.0% in 2014, as shown in Table 1 below. In 2013, inflation averaged about 4.1% and is projected to slightly slow down to 4.0% in 2014. Inflation developments will continue to be influenced by the USD/ZAR exchange rate, international oil prices and local utility charges. Persistent liquidity shortages combined with low effective demand and a weak South African rand will dampen inflationary pressures in the economy. The country experienced a decline in money supply in 2013. At the same time, the South African rand depreciated by about 20% in 2013.



Source: AfDB, Statistics Department AEO. Estimates (e); projections (p).

Table 1. Macroeconomic indicators

	2012	2013(e)	2014(p)	2015(p)
Real GDP growth	4.4	3.7	4.0	3.7
Real GDP per capita growth	1.7	0.6	0.9	0.7
CPI inflation	3.7	4.1	4.0	3.6
Budget balance % GDP	-1.3	-1.9	-1.9	-2.2
Current account balance % GDP	-20.1	-18.5	-16.9	-14.4

Source: Data from domestic authorities; estimates (e) and projections (p) based on authors' calculations.



The Zimbabwe Business Climate

The country enjoys a growing economy with great investment opportunities and the following are some of the underlying fundamental factors:

- Low financial exchange risk as the country uses multi-currencies as legal tender. (US Dollar, British Pound, South African Rand and Botswana Pula)
- Low Inflation rate at an average of 4%
- Market forces driven economy
- Access to COMESA and SADC Markets
- A predictable economy based on Medium Term Economic Plan (2011-2015)

Zimbabwe has a number of advantages that make it an attractive destination for investment:

- Highly skilled and literate workers
- Centrally and strategically located in the Southern African Region
- Regional gateway (North-South Corridor)
- Regional logistics hub supported by infrastructure such as railways, roads, power, telecoms
- Natural resources endowment
- Diversified economy – manufacturing, services, agriculture, mining and tourism
- Rejuvenated economy and domestic market
- Use of multiple currencies thus minimizing exchange risks
- Access to major regional markets (SADC and COMESA)
- Political stability

Setting up a Business in Zimbabwe

Below is a detailed summary of the bureaucratic and legal hurdles faced by entrepreneurs wishing to incorporate and register a new firm in Zimbabwe:

- Company Registration
- **ZIA Licensing (5 working days):** All new foreign investment into Zimbabwe requires an investment license issued by ZIA in terms of the ZIA Act.
- Indigenization requirements (sector based)
- Operational Permits (sector specific)
- Residence and Work Permits issued by Immigration.
- Investment into an existing company requires Exchange Control Authority of RBZ's approval

Types of Business Structures in Zimbabwe

The laws governing business entities in Zimbabwe have their origin in Roman-Dutch law, borrowing from English law where necessary. As a result, Zimbabwe law contains much of English mercantile, company and insolvency law. In many cases, legislation has been strengthened by the persuasive authority of English and other judicial precedent. The Principle business entities operating in Zimbabwe fall into five broad categories:

- **Sole proprietorships:** Sole proprietorship refers to a business organization for which an individual has sole and unlimited liability. Any income derived from the business is regard as the owner’s income for tax purposes, since the business is not regarded as a legal entity.
- **Partnerships:** As with sole proprietorship, there is little legislative control on partnerships. The nature of the business may mean that a partnership will fall under specific regulatory statutes as, for example, in the case of consulting engineers and public accountants. Profit-making partnerships are generally restricted to a maximum of 20 partners, except for designated professional associations such as doctors, chartered accountants, lawyers and engineers. Normally, partners are jointly and severally liable for all debts of a partnership, provided they were incurred in the name of and with the authority of the partnership. Presently no legislation exists for the establishment of Limited Liability Partnerships in Zimbabwe. It is expected that such legislation will be introduced in the near future.
- **Co-operatives:** This form of business entity is most appropriate for the small scale farming, mining and fishing sectors. Such entities are formed in terms of the Co-operative Societies Act (Chapter 24:05)
- **Companies (public or private) incorporated under the Companies Act (Chapter 24:03):** This is the most common form of business entity. Companies may either be public or private:
 1. **Public companies:** A Public company has “Limited” (abbreviated Ltd”) as the last word in its name. A public company must file its annual financial report with the Registrar of Companies, where it is open to public scrutiny. Public companies are required to be audited. Public companies may seek a listing on the Zimbabwe Stock Exchange and offer shares to the public. Such an offer must be accompanied by a prospectus which must, prior to making the offer, be lodged with and registered by the Registrar of Companies.
 2. **Private companies:** A private company, denoted by the words (Private) Limited (abbreviated “(Pvt) Ltd”), may not offer shares to the public and is not generally required to file annual financial reports with the Registrar of Companies. Membership of a private company is restricted to a maximum of 50 shareholders, plus employee-shareholders
- **Foreign branches/representative offices or subsidiaries:** A company incorporated outside of Zimbabwe and having established a place of business within Zimbabwe may carry out its activities as a branch of a foreign company without having to form a separate locally registered company. However, setting up such branch operations requires approval from the Ministry of Justice and registration with the Registrar of Companies. An investor wishing to use this form of business is required to submit an application to the Minister of Justice. The following documentation is required:
 1. Completed form CR 18 (a list of documents)
 2. All company registration documents for the parent company to be submitted
 3. Documents to be certified at the Zimbabwe embassy of the parent company’s jurisdiction. The registrar will accept certification at the correspondent company’s office where a jurisdiction has no embassy.
 4. If the documents are in a foreign language, certified translated copies have to be submitted
 5. CR 14 (particulars of directors or principal officer representing the company in Zimbabwe)
 6. CR 6 (the Zimbabwean physical address for the branch)
 7. A fee of USD 520.00

If approved by the Minister of Justice the Registrar of Companies will be notified of authority to issue a Branch Registration Certificate. The branch license is issued by the registrar after approval by the Minister. A foreign company is required to maintain proper accounting records of transactions in Zimbabwe for intervals not exceeding twelve months and must be available within Zimbabwe. Annual financial statements must be lodged with the Registrar of Companies. If the foreign company is a holding company, group accounts prepared in accordance with the requirements of the Companies Act must also be submitted. Registration of a representative office is the same as that of a Foreign Branch. The only significant distinction is that a representative office is not permitted to engage in any activity for profit.



Taxation

The various tax and customs incentives are administered by the Zimbabwe Revenue Authority. The various tax rates applicable in Zimbabwe are as below:

- **Income of individual from trade and investments:** 25%
- **Income of company or trust:** 25%
- **Income of pension fund from trade or investment:** 15%
- **Income of licensed investor during first five years of operation:** 0%
- **Income of licensed investor after first five years of operation:** 25%
- **Income of a holder of special mining lease:** 15%
- **Income of a company or trust derived from mining operations:** 25%
- **Income for a person engaged in approved BOOT or BOT arrangement (first 5 years):** 0%
- **Income for a person engaged in approved BOOT or BOT arrangement (second 5 years):** 15%
- **Income of industrial park developer before 5th year of operations:** 0%
- **Income of industrial park developer after 5th year of operations:** 25%
- **Income of operator of a tourist facility in approved tourist development zone before the fifth year of operation:** 0%
- **Income of operator of a tourist facility in approved tourist development zone after the fifth year of operation:** 25%
- **Income from manufacturing of a company which exports 50% or more of its output:** 20%
- **Aids Levy (rate is based on tax chargeable):** 3%
- **Dividends from company incorporated outside Zimbabwe:** 20%

There are also other taxes charged in Zimbabwe, including:

- **Capital Gains Tax:** Capital Gains Tax (CGT) is a tax levied on the capital gain arising from the disposal of a specified asset. Specified asset means immovable property (e.g. land and buildings) and any marketable security (e.g. debentures, shares, unit trusts, bonds and stock). The rate of tax for capital gains tax is 20%. For more details please refer to Zimra website.
- **Value Added Tax:** In terms of the Value Added Tax (VAT) Act [Chapter 23:12], VAT is levied on the supply of goods and services as well as on the importation and exportation of goods and/or services. Taxable supplies attract VAT at specified rates of 0%, 5%, 15% or any other rate as may be specified by the Minister responsible for Finance. Exempt supplies are supplies of goods and services on which no VAT is chargeable at all. VAT incurred on goods and services acquired to make exempt supplies shall not be claimed as input tax credit. Traders who exclusively provide exempt supplies are not required to register for VAT purposes. Exempt supplies include the following services and products:
 1. medical services
 2. educational services
 3. rentals from residential properties
 4. transport of fare-paying passengers
 5. water for domestic use
 6. electricity for domestic use
 7. fuel
- **Surtax:** Surtax is also payable on goods that attract at least 40% as Customs Duty and where specific or combination rates of duty are applied. This tax is ordinarily charged at a rate of 15% ad valorem. For more details please refer to Zimra website.



Investment Incentives in Zimbabwe

Mining:

- Rebate of duty on goods imported for specific mine development operations and where there is a special mining lease agreement
- 15% tax for holders of special mining lease
- Reduced taxation for companies exporting 50% of output, 20%
- National project status
- Duty exemption on imported capital goods

Agriculture

- Farmers Special Deductions: Farmers are allowed special deductions over and above the normal deductions. Examples include expenditure on fencing, clearing and stamping land, sinking boreholes and wells and on aerial and geophysical surveys.
- Value Added Tax-Farming inputs and equipment are subject to VAT at 0%. Most farm inputs such as animal feed, animal remedy, fertilizer, plants, seeds and pesticides and equipment or machinery used for agricultural purposes are zero rated.

Immigration and Visa Requirements

For residence and work permits, investment not less than US\$1 million in a project approved by ZIA will qualify for permanent residence on application. Invest US\$ 100,000 in a joint venture, approved by the ZIA, with a local or permanent resident of Zimbabwe will qualify for a 3 year residence permit at the end of which permanent residence may be granted. Work Permits granted on a case by case basis depending on justification. Employment of local labor is encouraged where skill are available.

Banking Requirements

In order to open a bank account in Zimbabwe, a person must have an ID card or passport, a reference from their current bank and personal references, a copy of a utility bill which has the current address on it, a completed application form and the minimum deposit required by the bank. The minimum deposit varies from bank to bank, but most will request one.

Reference

African Economic Outlook	www.africaneconomicoutlook.org/fileadmin/uploads/aeo/2014/PDF/CN_Long_EN/Zimbabwe.pdf
Central Intelligence Agency	www.cia.gov/library/publications/the-world-factbook
Zimbabwe Investment Authority	www.investzim.com/index.php?option=com_content&view=article&id=241&Itemid=650
Deloitte	www.deloitte.com/assets/Dcom-India/Local%20Assets/Documents/Africa/Doing_Business_in_Zimbabwe.pdf
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The World Bank	www.doingbusiness.org/data/exploreeconomies/zimbabwe/starting-a-business data.worldbank.org/country/zimbabwe#cp_gep

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