

GLOBAL
EMPLOYER
GUIDE

ZIMBABWE





Basic Country Facts

Full name

- Republic of Zimbabwe

Capital

- Harare

Main Languages

- Shona
- Ndebele
- English

Population

- 14.44 million

Monetary unit

- United States Dollar
- RTGS dollar

Internet domain

- .ZW

International dialing code

- +263

Currency

- United States Dollar
- RTGS dollar



STATUTORY LABOR REQUIREMENTS

Probation Period

- Labor Act, 1985 specifies maximum probationary period (single, non-renewable probationary period) as:
 - One day in the case of casual work or seasonal work; or
 - Three months in any other case

Annual Leave

- The Labor Act provides paid annual leave on completion of one year of service with an employer.
- An employee is entitled to vacation leave at the rate of one twelfth (30 calendar days; 22 working days) of his qualifying service in each year of employment, unless more favorable provisions are provided in employment contract or collective agreement.

Public Holidays

- New Year's Day (1st January)
- Robert Gabriel Mugabe National Youth Day (21st February)
- Good Friday (10th April)
- Holy Saturday (11th April)
- Easter Sunday (12th April)
- Easter Monday (13th April)
- Independence Day of Zimbabwe (18th April)
- International Workers' Day (1st May)
- Africa Day (25th May)
- Heroes' Day (in Zimbabwe) (10th August)
- Zimbabwe Defense Forces Day (11th August)
- National Unity Day of Zimbabwe (22nd December)
- Christmas Day (25th December)
- Boxing Day (26th December)

Maternity Leave

- Female employees are granted maternity leave for a period of 98 days on full pay.
- A female employee may proceed on maternity leave not earlier than the forty-fifth day and not later than the twenty-first day prior to the expected date of delivery.
- Paid maternity leave is granted only once during any period of twenty-four months calculated from the day any previous maternity leave granted.
- Law also limits the number of times (to three only) when maternity leave can be availed by a worker while working with a specific employer.

Paternity Leave

- There is no paternity leave

Sick Leave

- Sick leave is only granted by a duly registered medical practitioner.
- An employee may enjoy 90 days of sick leave in a year on full pay (before the employer can consider medical termination)



Work Hours

- The model Collective Bargaining Agreement recommends a minimum of eight hours per day, subject to the nature of the work, and 40 hours per week.

Overtime

- For breakdown, continuous work, emergency and for every hour or part thereof worked by an employee in excess of his/her ordinary hours of work, the employer shall pay the employee not less than one and a half times his/her ordinary rate.
- For every hour or part thereof worked by an employee between midnight on Saturday and midnight on Sunday, or midnight of the day before their day off, the employer shall pay the employee not less than twice their ordinary rate.
- An employee can only be required to work a maximum of 10 hours per day.

Notice Period

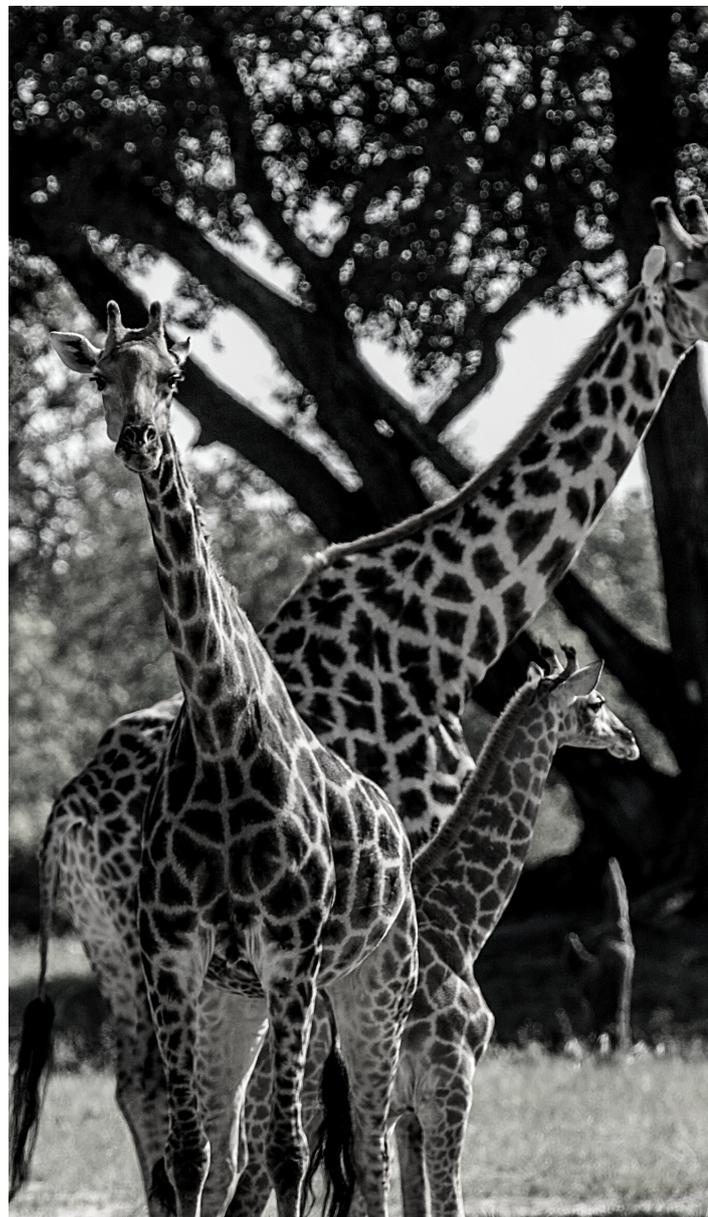
- Notice of termination of the contract of employment to be given by either party shall be:
 - Three months in the case of a contract without limit of time or a contract for a period of two years or more
 - Two months in the case of a contract for a period of one year or more but less than two years
 - One month in the case of a contract for a period of six months or more but less than one year
 - Two weeks in the case of a contract for a period of three months or more but less than six months
 - One day in the case of a contract for a period of less than three months or in the case of casual work or seasonal work

Severance

- In accordance with the Labor Act, severance pay is available only for collective dismissals for economic reasons, i.e., retrenchment.
- Although Retrenchment Board fixed the severance pay differently depending on the ability of the organization to pay, the most usual is 03 months' pay for one year of service.

13th Month

- 13th month pay is not mandatory



Income Tax

- The Zimbabwean tax system is currently based on source and not on residency.
- Income derived or deemed to be derived from sources within Zimbabwe is subject to tax.
- It has been indicated that Zimbabwe is considering moving to a residence-based system during the current tax reform exercise.
- Source is the place where income originates or is earned, not the place of payment.
- If goods are sold pursuant to a contract entered into within Zimbabwe, the source of income is deemed to arise in Zimbabwe, regardless of the place of delivery or transfer of title.
- The source of services is the place in which the services are rendered.
- Certain types of income arising outside Zimbabwe may, in the hands of a Zimbabwean tax resident, be deemed to arise in Zimbabwe and be taxed as such.
- Examples are interest, dividends, and certain copyright royalties arising outside Zimbabwe.
- Non-residents who do not have a place of business in Zimbabwe may be subject to WHT.



Annual taxable income (USD)	Tax rate
0 to 4,200	0%
4,201 to 18,000	0 + 20% for each USD above 4,201
18,001 to 60,000	2,760 + 25% for each USD above 18,001
60,001 to 120,000	17,660 + 30% for each USD above 60,001
120,001 to 180,000	35,760 + 35% for each USD above 120,001
180,001 to 240,000	56,760 + 40% for each USD above 180,001
240,001 and over	80,760 + 45% for each USD above 240,001



Social Security

- Zimbabwe has a limited social security system.
- The National Social Security Scheme (NSSS) is compulsory for all resident employees.
- NSSS contributions are payable at the same rate of 3.5% of basic salary by the employer and employee, with a salary cap set at USD 700 per month.

Contribution	Employer	Employee
National Social Security Scheme (NSSS)	3.5%	3.5%



Deductible Expenses

Employment Expenses

- An employee may deduct contributions of up to USD 3,600 per annum to an approved pension, retirement annuity, and NSSS fund registered in Zimbabwe.
- Travel, entertainment, and motor vehicle expenses are potentially deductible, but the onus is on the employee to prove they were incurred in the production of taxable income.
- Where allowances are provided by the employer, this onus is more readily discharged, but the deduction cannot normally exceed the allowance.

Personal Deductions

- Personal and domestic expenses are not generally deductible.
- There are minor deductions available for donations to registered welfare and educational institutions.
- Domestic mortgage interest is not deductible in Zimbabwe.

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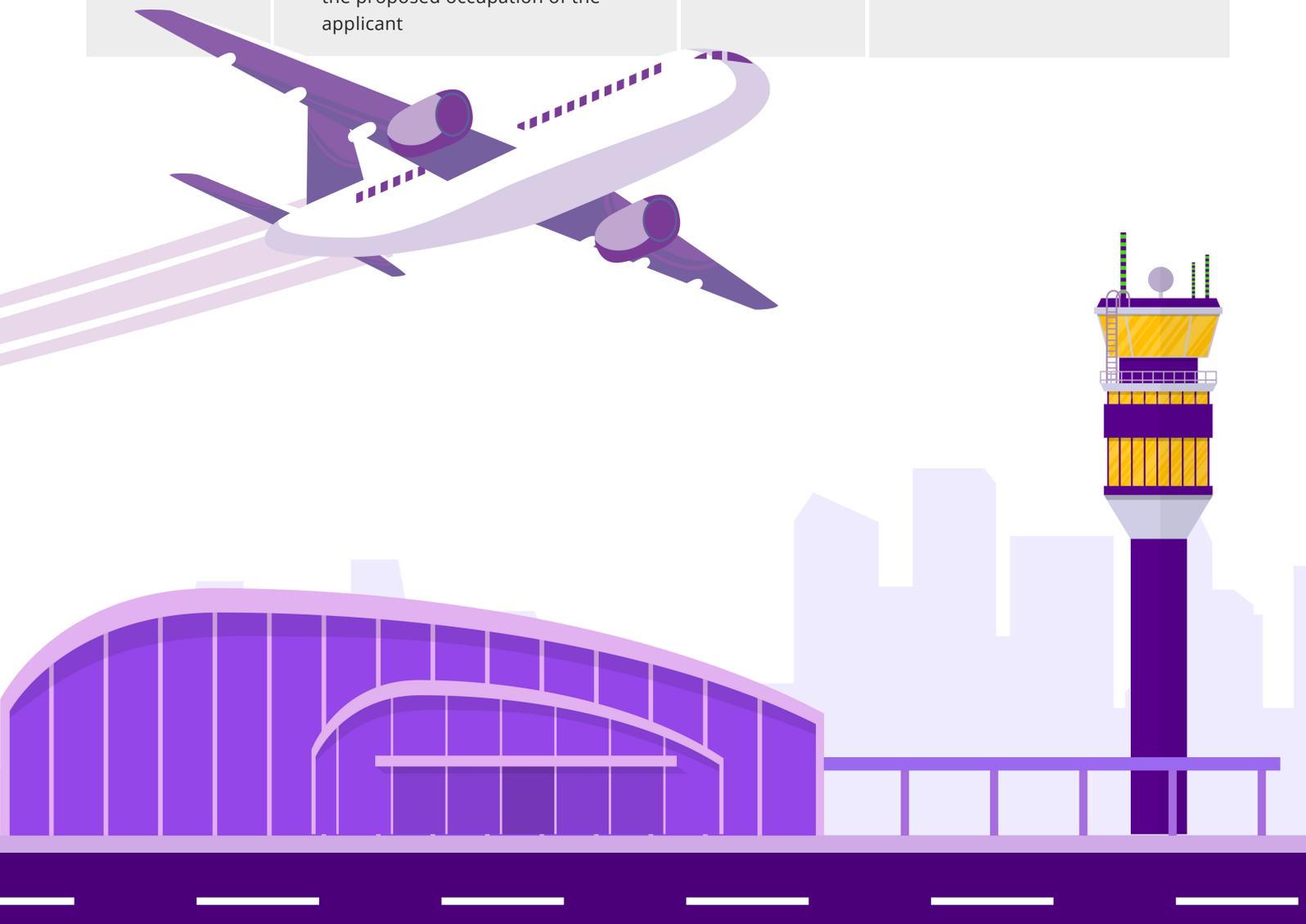
Immigration

- The assistance of expatriate experts for a relatively short period is welcome if their skills are not available locally and if the employer trains a local substitute.
- Any person who wishes to engage in an occupation (including work for gain or in the interests of any business undertaking) in Zimbabwe must obtain a valid temporary employment permit (TEP).
- TEP holders must train Zimbabweans to develop the skills for which the foreign nationals were admitted.
- Applications for temporary residence permits must be submitted in conjunction with TEP applications.
- A TEP may be issued for a maximum period of three years and may be extended for a maximum period of five years if approved by the Chief Immigration Officer.
- A TEP is subject to the following conditions:
 - The permit holder may not engage in any occupation other than the occupation specified.
 - If the permit is issued on application by a particular employer, the holder may not take up employment with any other employer.
 - The holder and all the persons authorized to enter with him or her must leave Zimbabwe on or before the expiration of the period stated in the permit.
 - The permit must be surrendered to an immigration officer before leaving Zimbabwe.
- To recruit staff from outside the country, an employer in Zimbabwe must comply with the following procedures:
 - Obtain TEP application forms and temporary residence permit application forms from the Department of Immigration Control.
 - Submit the completed TEP application to the Chief Immigration Officer together with an offer of employment to the prospective employee. This offer should indicate the salary and conditions of service.
 - Submit an application for a temporary residence permit completed by the prospective employee.
 - It is government policy to give Zimbabweans precedence over foreign workers; therefore, the employer must justify the employment of an expatriate rather than a Zimbabwean by submitting copies of the following documents:
 - Press advertisements of the position in question
 - Letters from employment agencies indicating that no suitable Zimbabwean is available to fill the position
 - Application letters and résumés received
 - List of all applicants
 - A cover letter from the employer indicating why none of the Zimbabwean applicants is suitable for the position

- All applicants for TEPs are referred by the Department of Immigration to the Ministry of Public Service, Labor and Social Welfare for approval.
- On approval of the permit, the prospective employee is sent a letter confirming the application for a TEP, which must be presented to the appropriate offices of the Department of Immigration Control at least 14 days after entering the country to obtain the permit.
- The employee must present the following documents with the letter:
 - Passport
 - Valid radiological certificate of freedom from active pulmonary tuberculosis
- All TEP applicants must submit the following items together with the permit application:
 - Two full-face photographs of the applicant, the spouse and each child younger than 18 years of age, if the spouse and children are accompanying the applicant or joining him or her later
 - A certified copy of the birth certificate of the applicant and, if applicable, of the spouse and children
 - One certified copy of the marriage certificate, if married
 - Documentary evidence, in English, of qualifications and experience in the proposed occupation of the applicant



Type of Visa/ Permits	Documentation	Validity	Eligibility
Temporary Employment Permit (TEP)	<ul style="list-style-type: none"> • Passport • Valid radiological certificate of freedom from active pulmonary tuberculosis • Two full-face photographs of the applicant, the spouse and each child younger than 18 years of age, if the spouse and children are accompanying the applicant or joining him or her later • A certified copy of the birth certificate of the applicant and, if applicable, of the spouse and children • One certified copy of the marriage certificate, if married • Documentary evidence, in English, of qualifications and experience in the proposed occupation of the applicant 	3 years (can be extended for a maximum of 5 years)	<ul style="list-style-type: none"> • Any person who wishes to engage in an occupation (including work for gain or in the interests of any business undertaking) in Zimbabwe must obtain a valid temporary employment permit (TEP). • TEP holders must train Zimbabweans to develop the skills for which the foreign nationals were admitted.



Value Added Tax (VAT)

- VAT is a transaction tax, and the implications will vary for different transactions.
- Some transactions are taxed at a rate of 15% or 0% while other transactions are exempt from VAT.

VAT	
Standard Rate	15%
Zero Rate	0%



Withholding Tax

- Income from royalties, dividends, interest, and similar income are subject to withholding taxes at source.
- Non-residents are subject to withholding tax on dividends, royalties, fees and remittances.
- Zimbabwean resident individuals are subject to withholding tax at source on dividends and bank interest.
- Zimbabwean resident companies are not subject to dividend withholding tax on dividends paid by local companies but their bank interest is subject to withholding tax.
- The rate of withholding tax is 15% in all cases except for dividends from securities listed on the Zimbabwe Stock Exchange for which the rate is 10%.

WHT	
Dividends	10%/15%
Interest	15%
Royalties	15%
Fees for Technical Services	15%



Termination

- According to the Code of Conduct, a contract of employment can be terminated if the employer and employee mutually agree to it in writing.
- This is also the case if an employee is engaged in a fixed-term contract or for performance of a specific task and the contract has expired after the mandated period or the task is completed.
- Employers CAN terminate contracts on the following grounds:
 - If an employee:
 - Is guilty of theft or fraud
 - Willfully destroys employer's property
 - Is absent for a period of five days or more working days without giving a reasonable excuse
 - Lacks a skill that he or she implicitly said they was capable of
 - Is substantially negligent in his or her duties
 - Is drunk to the extent that it makes him/her fail to perform their duties

Statutory Benefits

- These are mandatory benefits as postulated by law
- These include probationary period, annual leave, public holidays, sick leave, maternity leave, overtime pay, notice period, and severance pay
- Statutory benefits also include social security benefits

Statutory Benefits

Probationary Period

Annual Leave

Public Holidays

Maternity Leave

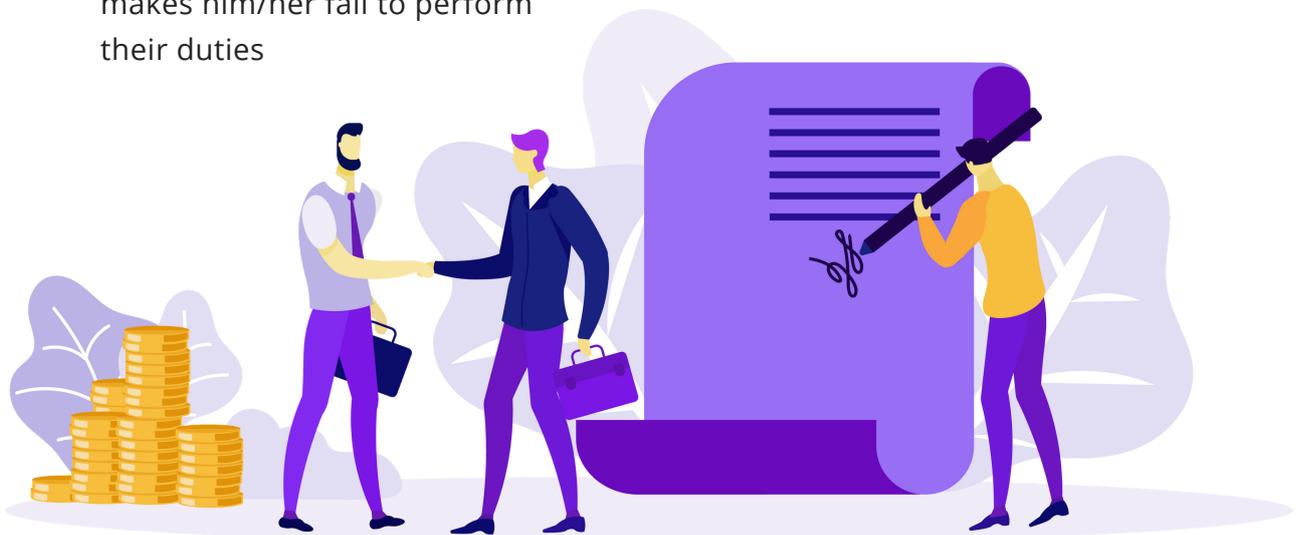
Sick Leave

Overtime Pay

Notice Period

Severance Pay

Social Security Benefits



Payments and Invoicing

- Employers withhold tax under the PAYE system.
- Individuals employed by a single employer for a full fiscal year are taxed under the Final Deduction System and are not required to file returns unless they receive taxable income from another source.
- The tax year in Zimbabwe is the calendar year.
- Tax returns are issued in March and must be filed within one month after the date of issuance.
- Late returns may incur penalties.
- All taxpayers are required to complete and file annual self-assessment returns before 30 April.
- Late returns may incur penalties. Nonresidents are generally subject to the same filing requirements as those applicable to residents, but are usually allowed 90 days to file returns.
- Tax must be paid within one month after assessment.
- The following are the cumulative quarterly provisional tax payments that must be made during the tax year and the percentages of the estimated annual tax payable:
 - 10% by 25 March
 - 35% by 25 June
 - 65% by 25 September
 - 100% by 20 December
- Married persons are taxed separately on all types of income.

Ease of Doing Business

- The ease of doing business index is an index created by Simeon Djankov, an economist at the Central and Eastern Europe sector of the World Bank Group.
- Higher rankings (a low numerical value) indicate better, usually simpler, regulations for businesses and stronger protections of property rights.
- According to the World Bank Zimbabwe ranked 140th in the World in 2019 in terms of ease of doing business.



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