

FINANCE (No. 2) BILL, 2018

MEMORANDUM

This Bill will amend the Finance Act [*Chapter 23:04*], and the Income Tax Act [*Chapter 23:06*], to give effect to the new rate of intermediated money transfer tax provisionally enacted (subject to endorsement by the Parliament) by Statutory Instrument 205 of 2018 pursuant to section 3(2) of the Finance Act [*Chapter 23:04*]. In more detail, the individual clauses of the Bill provide as follows:

*Clause 1*

This clause sets out the Bill's short title.

*Clauses 2 and 3*

The Finance Act, 2002, introduced a tax on transfers of money between persons mediated by financial institutions otherwise than by cheque.

These clauses will increase the rate of intermediated money transfer tax (transfers of money between persons mediated by financial institutions otherwise than by cheque), while also defining the scope of exemptions from the tax.

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# BILL

To amend the Finance Act [*Chapter 23:04*] and the Income Tax Act [*Chapter 23:06*], and to provide for matters connected therewith or incidental thereto.

5 ENACTED by the Parliament and the President of Zimbabwe.

## PART I

### PRELIMINARY

#### 1 Short title

This Act may be cited as the Finance (No. 2) Act, 2018.

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## PART II

### AMENDMENTS TO CHAPTER I OF FINANCE ACT [*CHAPTER 23:04*]

#### 2 New section substituted for section 22G Cap. 23:04

With effect from the 13th October, 2018, section 22G of the Finance Act [*Chapter 23:04*] is repealed and the following is substituted—

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#### “22G Intermediated Money Transfer Tax

The intermediated money transfer tax chargeable in terms of section 36G of the Taxes Act shall be calculated at the rate of zero comma zero two United States dollars on every dollar transacted for each transaction on which the tax is payable:

H.B. 9, 2018.]

Provided that if a single transaction on which the tax is payable is equivalent to or exceeds five hundred thousand United States dollars, a flat intermediated money transfer tax of ten thousand United States dollars shall be chargeable on such transaction.”

## PART III

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## AMENDMENTS TO INCOME TAX ACT [CHAPTER 23:06]

**3 Amendment of Thirtieth Schedule to Cap. 23:06**

With effect from the 13th October, 2018, the Thirtieth Schedule (“Intermediated Money Transfer Tax”) to the Income Tax Act [Chapter 23:06] is amended in paragraph 1 (“Interpretation”) (1) by the insertion of the following definitions—

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““company” means a company or private business corporation registered or incorporated under the enactment providing for the registration or incorporation of such entities;

“marketable security” has the meaning given to it by section 2 of the Capital Gains Tax Act [Chapter 23:01];

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“money market instrument” means any—

(a) Treasury Bill, Treasury Bond, Reserve Bank of Zimbabwe Bill or Reserve Bank of Zimbabwe Bond;

(b) corporate bill or bond, that is, any bill or bond issued in the name of a company;

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(c) negotiable certificate of deposit or fixed deposit instrument;

“nostro foreign currency account” means any account designated in terms of Exchange Control Directive RT/120 of 2018, held with a financial institution in Zimbabwe, in which money in the form of foreign currency is deposited from offshore or domestic sources;

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“pension fund” means—

(a) the National Social Security Authority established by the National Social Security Authority Act [Chapter 17:04];

(b) any pension fund registered as such in terms of the Pension and Provident Funds Act [Chapter 24:09];

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“specified trust account” means any trust account required to be opened and operated in terms of the Legal Practitioners Act [Chapter 27:07], the Estate Agents Act [Chapter 27:17] (No. 6 of 1999) or the Estate Administrators Act [Chapter 27:20] (No. 16 of 1998);

“remuneration” has the meaning given to it by paragraph 1(1) of the Thirteenth Schedule of the Act (whether or not such remuneration is subject to employees’ tax);

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“transaction on which the tax is payable” does not include any of the following transactions—

(a) the transfer of money for the purchase or sale of marketable securities;

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(b) the transfer of money for the purchase or redemption of money market instruments;

(c) the transfer of money on payment of remuneration;

(d) the transfer of money to or from the Zimbabwe Revenue Authority for the payment or refund of any tax, duty or other charges;

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(e) the intra-corporate transfer of money, that is to say, transfer of money between the treasury account and any trading account held in the name of the same company;

- (f) the transfer of money from (but not into) specified trust accounts;
- (g) the transfer of money into and from nostro foreign currency accounts;
- 5 (h) the transfer of money by Government from the Consolidated Revenue Fund or from funds established in terms of section 18 of the Public Finance Management Act;
- (i) the transfer of money to any pension fund or to beneficiaries of such a fund;
- 10 (j) the transfer of money for the procurement, production or sale (wholesale or retail) of a petroleum product by a petroleum company licensed in terms of Part VI of the Petroleum Act [*Chapter 13:22*];
- 15 (k) the transfer of money involving a transaction other than one mentioned in the foregoing paragraphs, if the value of transaction is ten United States dollars or below.”.