

# Zimbabwe Tax Changes

Premier and Sage 200c

November 2019

- **Detail of Change**

As per the Zimbabwe 2020 National Budget Statement, the tax-free bonus amount has increased from ZWL 1 000.00 to ZWL 5 000.00.

The bonus exemption change is only a proposal and has not yet been officially gazetted.

**Note:**

Only install the new tax file if you accept the risk of this change not being enacted. Otherwise, you may wait until you are informed that it has been gazetted.

- **Apply Zimbabwe Bonus Exemption Change**

Copy the contents of the extracted zip file to your payroll directory, or if you have already extracted the files directly to the payroll directory, access your company.

**Note:**

Take note that the tax file is not part of R5.3b, if you are currently still on R5.3a and you update to R5.3b after loading the tax file, you will need to extract the tax file again.

The file must be extracted to the directory in any pay period from November 2019, before doing any payroll processing, printing payslips or reports or making any payments.

- **Important Information**

**Note:**

The Bonus Exemption is an annual limit and the budget proposal indicates that the new limit is effective 1 November 2019.

Due to the tax table change in August this year, the practical application of the new exemption limit is debatable – below is an explanation of the two options on how to apply the bonus exemption limits on the system. You need to make the decision on how to apply the exemption limit.

**Option 01:**

**YTD + Exemption = 5 000.00 (As currently applied in the software)**

The bonus exemption of 5 000.00 applies for the entire year on the YTD+ bonus amount. No actions are required as this is the default system calculation. Also note that the PAYE for bonuses exceeding the previous limit of 1000.00, paid before 1 November 2019 will recalculate.

*Example:*

In January the employee received an annual bonus = 1 500.00

- Taxable Amount = 500.00
- Exempt Amount = 1 000.00

In December, the same employee receives an annual bonus = 5 500.00

- Taxable Amount = 1 500.00
- Exempt Amount = 4 000.00

Therefore, for the entire year, the bonus exempt amount is 5 000.00 and the taxable amount is 2 000.00.

### **Option 02:**

#### **YTD+ Exemption = 6 000.00 (Manual actions required)**

For an annual bonus amount paid to an employee before 1 November 2019, the previous limit of 1 000.00 was applied. For any additional annual bonus amount paid to an employee in November or December 2019, the full 5 000.00 exemption will apply. Therefore, the full YTD+ exemption will equal 6 000.00.

To apply this option on the system, you must close the employee's current tax record in the November processing period with an end date of 31 October 2019 and then create a new tax record with the start date of 1 November 2019. This will ensure that the employee receives the full 5000.00 exemption on the November or December bonus in addition to the 1 000.00-exemption limit on the previous bonus amounts.

#### *Example:*

In January the employee received a bonus = 1 500.00

- Taxable Amount = 500.00
- Exempt Amount = 1 000.00

In December, the same employee receives a bonus = 5 500.00

- Taxable Amount = 500.00
- Exempt Amount = 5 000.00

Therefore, for the entire 2019 tax year, the bonus exempt amount is 6 000.00 and the taxable amount is 1 000.00.