

Public Notice:

Submission of PAYE returns and payments

The Zimbabwe Revenue Authority hereby provides clarification on accounting for Pay As You Earn (PAYE). This clarification is meant to enhance cooperative compliance in line with monetary and fiscal changes in 2018 and 2019.

In terms of Section 4A (1) (a) of the Finance Act [Chapter 23:04] as amended by Act 5 of 2009 and read with the paragraph 3(1)(1b) of the 13th Schedule of the Income Tax Act [Chapter 23:06], employers are required to account for PAYE in foreign currency. In that regard where an employer pays remuneration in foreign currency the tax shall be paid in foreign currency as well.

A: Submission and payment of PAYE for the period 18 November 2018 to 28 February 2019.

Employers are required to calculate PAYE using the relevant tax tables. The remuneration in RTGS/Bond and foreign currency should be added together and then PAYE determined based on that total amount in United States Dollars.

Rate of exchange of the United States Dollar to the RTGS/Bond for this period is 1:1.

One PAYE return [Form P2] shall be completed in United States Dollars.

The employer must attach separate schedules showing number of employees, total remuneration and PAYE for foreign currency and for RTGS/Bond.

Tax payable in RTGS/Bond shall be remitted to the Commissioner General's RTGS Account and the tax payable in foreign currency into the Commissioner General's Nostro FCA.

The employer shall:

Compute tax payable in foreign currency and in RTGS/Bond proportionately as illustrated in the example below.

Example on calculation of PAYE.

Employee X earned a salary of US\$200.00 and RTGS/Bond 1,200.00 earned in January 2019. Pension paid is RTGS\$20.00. The payroll is run on 27 January 2019.

Remuneration in US\$	200.00
Remuneration in RTGS/Bond	1 200.00
Total	1 400.00
Less Pension	20.00
Taxable Remuneration	1 380.00
Tax Due [1380*20%]-70	206.00
Add Aids Levy [206*3%]	6.18
Tax Payable	212.18
PAYE in US\$ [200/1400*212.18]	30.31
PAYE in RTGS/Bond [1200/1400*212.18]	181.87

The employer therefore pays USD\$30.31 to the Commissioner General's Nostro FCA and RTGS/Bond of 181.87 to the Commissioner General's RTGS/Bond Account.

B: Submission and payment of PAYE for the period 1 March 2019 going forward.

Employers are required to calculate PAYE using the relevant tax tables. The remuneration in RTGS\$ and foreign currency should be added then PAYE determined based on that total amount.

One tax PAYE return [Form P2] shall be completed in RTGS Dollars. The employer must attach separate schedules showing number of employees, total remuneration and PAYE in foreign currency and in RTGS Dollars. Tax payable in RTGS Dollars shall be remitted to the Commissioner General's RTGS Account and the tax payable in foreign currency into the Commissioner General's Notre FCA.

The employer shall:

- Convert remuneration earned in foreign currency to RTGS Dollars at the prevailing Interbank rate;
- Add the remuneration determined above, to the remuneration earned in RTGS Dollars to get total remuneration.
- Deduct allowable deductions to obtain the taxable amount. Deductions earned in foreign currency should also be converted to RTGS\$.
- Calculate PAYE in RTGS dollars using the tax tables.
- Subtract the credits to determine the PAYE payable. Any credits earned in foreign currency should be converted to RTGS\$.
- Compute tax payable in foreign currency and in RTGS proportionately.

Example on calculation of PAYE.

Employee Y earned a salary of US\$200.00 and RTGS\$1,200.00 earned in March 2019. Pension paid is RTGS\$20.00. The payroll is run on 27 March 2019.

Remuneration in US\$ (converted to RTGS\$ at 2.9827)	596.54
Remuneration in RTGS\$	1 200.00
Total	1 796.54
Less Pension	20.00

Taxable Remuneration	1 776.54
Tax Due [1776.54*25%]-145	299.14
Add Aids Levy [299.14*3%]	8.97
Tax Payable	308.11
PAYE in US\$ [596.54/1796.54*308.11] = 102.31/2.9827	USD\$34.30
PAYE in RTGS/Bond [1200/1796.54*308.11]	RTGS\$205.80

The employer therefore pays USD\$34.30 to the Commissioner General's Nostro FCA and RTGS\$205.80 to the Commissioner General's RTGS/Bond Account.

For any further clarification, kindly visit your nearest ZIMRA office.

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