



PUBLIC NOTICE

INTERMEDIATED MONEY TRANSFER TAX

Intermediated Money Transfer Tax is a tax collected in terms of Section 36G as read with the Thirtieth Schedule of the Income Tax Act [Chapter 23:06]. This tax has been in place since 2003 and an amendment was made by Statutory Instrument 205 of 2018 on 12 October 2018 and effective from 13 October 2018. The major change is on the rate of tax and exemptions of certain transactions from the tax.

WHO COLLECTS INTERMEDIATED MONEY TRANSFER TAX?

Financial institutions collect Intermediated Money Transfer Tax.

“financial institution” means –

- (a) any banking institution registered or required to be registered in terms of the Banking Act [Chapter 24:20]; or
- (b) any building society registered or required to be registered in terms of the Building Societies Act [Chapter 24:02]; or
- (c) the Reserve Bank of Zimbabwe; or
- (d) the People’s Own Savings Bank of Zimbabwe established in terms of the People’s Own Savings Bank of Zimbabwe Act [Chapter 24:22]; or
- (e) the Zimbabwe Development Bank established in terms of the Zimbabwe Development Bank Act [Chapter 24:14]; or
- (f) the successor company to the Agricultural Finance Corporation formed under the Agricultural Finance Act [Chapter 18:02]; or
- (g) the postal company licensed in terms of section 113 of the Postal and Telecommunications Act [Chapter 12:05];
- (h) any mobile banking service.

WHEN IS INTERMEDIATED MONEY TRANSFER TAX COLLECTED?

- Whenever a **financial institution** mediates the transfer of money not by cheque –
 - between two persons; or
 - from one person to two or more persons; or
 - from two or more persons to one person;
- The financial institution concerned shall pay to the ZIMRA Commissioner General an intermediated money transfer tax on each such transaction.
- Where a financial institution mediates the transfer of money to another financial institution on behalf of any of the persons for whom it acts as intermediary, the other financial institution shall not be liable for intermediated money transfer tax.

WHAT DOES TRANSFER MEAN?

“Transfer” means transfer physically, electronically or by any other means.

Where a customer of a financial institution effects a transfer of money to another person by means of an automated teller machine belonging to or leased by or under the control of the financial institution, the financial institution shall be deemed to have mediated the transfer of that money.

WHICH TRANSACTIONS ARE NOT SUBJECT TO INTERMEDIATED MONEY TRANSFER TAX?

The following transactions are not subject to Intermediated Money Transfer Tax:

- a) The transfer of money for the purchase or sale of marketable securities. Marketable security means any bond capable of being sold in a share market or exchange, any debenture, any share or any stock, right possessed by reason of a person’s participation in any unit trust;
- b) The transfer of money for the purchase or redemption of money market instruments. Money market instrument means:
 - Treasury Bill, Treasury Bond, Reserve Bank of Zimbabwe Bill or Reserve Bank of Zimbabwe Bond;
 - Corporate bill or bond, that is any bill or bond issued in the name of a company;
 - Negotiable certificate of deposit or fixed deposit instrument.
- c) The transfer of money on payment of remuneration. Remuneration is defined in the Thirteenth Schedule of the Income Tax Act [Chapter 23:06] and includes salaries, wages, allowances, benefits etc.
- d) The transfer of money to or from Zimbabwe Revenue Authority for the payment or refund of any tax, duty or other charges;
- 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. Specified trust accounts means any trust account required to be opened and operated in terms of the Legal Practitioners, Estate Agents or the Estate Administrators Act;

- g) The transfer of money into and from nostro foreign currency accounts. This 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.
- h) The transfer of money by Government from 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 the beneficiaries of such Pension Fund. Pension Fund means National Social Security Authority and any pension fund established in terms of the Pension and Provident Funds Act [Chapter 24:09]
- j) The transfer of money for the procurement, production or sale (wholesale or retail) of a petroleum product by a petroleum company licenced in terms of Part VI of the Petroleum Act [Chapter 13:22]
- k) The transfer of money involving a transaction other than one mentioned in the foregoing paragraphs, if the value of the transaction is ten United States Dollars and below.

WHAT ARE THE NEW RATES OF INTERMEDIATED MONEY TRANSFER TAX?

With effect from the day after the promulgation of the regulations in SI 205 of 2018 - that is with effect from 13 October 2018, the intermediated money transfer tax chargeable is:

- Not chargeable if the value of the transaction is ten United States Dollars and below for each transaction;
- Calculated at US\$0.02 (two United States cents) on every dollar transacted for each taxable transaction.
- For a single transaction equal to or exceeding US\$500,000.00 a flat intermediated money transfer tax of US\$10,000.00 shall be chargeable.

NB: All transactions effected before 13 October 2018 are subject to the old rate of tax which is US\$0.05 for each transaction on which tax is payable. The new tax rate is applied on every dollar of the transaction and not per transaction as in the previous law.

WHEN SHOULD THE INTERMEDIATED MONEY TRANSFER TAX BE PAID TO ZIMRA?

Intermediated Money Transfer Tax shall be remitted to ZIMRA by financial institutions not later than the tenth day of the month following the month in which the transaction in respect of which the tax is payable was effected.

Payment of the intermediated money transfer tax shall be accompanied by a tax return, form REV5.

EXAMPLES SHOWING CALCULATION OF INTERMEDIATED MONEY TRANSFER TAX

Example 1

Mary transfers \$2.50 from her phone account provided by a mobile service provider to her mother. There is no tax due sine the amount transferred is less than \$10.00.

Example 2

Mary transfers \$22.50 from her phone account provided by a mobile service provider to her mother. The tax due is \$0.45 which is \$0.02 of \$22.50.

Example 3

Mary transfers \$555,000.00 from her bank account provided by a Commercial Bank to her mother's bank account with another Commercial Bank in Buhera. The tax due is a flat tax of \$10,000.00 and not \$11,100.00 as the transferred amount is above \$500,000.00.

Public Notice No. 41 of 2018

My taxes, My duties - Building my Zimbabwe!

Zimbabwe Revenue Authority
"We are here to serve"



www.zimra.co.zw



@ZIMRA.11



@Zimra_11