

IMMIGRANTS REBATE EXPLAINED AFTER 2022 BUDGET PRONOUNCEMENTS

Returning residents and other persons coming to settle permanently in Zimbabwe are entitled to duty and VAT free importation of household and personal effects that include motor vehicles. The Minister of Finance in his 2022 budget speech indicated his intention to close the loopholes where luxury motor vehicles were being imported by individuals and in the process abuse the rebate for returning residents. The Minister then gazetted on 17 January 2022 Statutory Instruments 9 and 10 giving effect to the following proposals to close the loopholes in the application of this rebate:-

1. Motor vehicles imported by returning residents were all along not being charged Customs duty and VAT under the immigrant's rebate. First, a rebate of duty provides for the automatic removal of Customs duty and VAT and secondly a suspension of duty provides for removal of the Customs duty but VAT remains payable unless the VAT is specifically exempted by regulations.
2. The Minister of Finance made amendments to this facility so that only the duty component is free yet VAT remains payable. The Minister switched from the rebate facility where Customs duty and VAT are not payable to a suspension facility that removes Customs duty only and VAT remains payable.
3. VAT is only payable if it is not exempted. The list of imported goods exempted from paying VAT is found in the VAT regulations published in Statutory Instrument 273 of 2003. ZIMRA is currently collecting VAT on the returning residents' vehicles. It is our opinion that the VAT regulations were not amended to remove the exemption of VAT on returning residents vehicles and therefore is not payable.
4. A new requirement is that qualifying vehicles should have been owned by a returning resident only if such motor vehicle were in physical existence and fully paid for by the returning resident at least six months before the time of his or her arrival.
5. The import value of the vehicle should not be in excess of forty thousand United States Dollars (USD 40,000). Importers should note that this value is the Customs value which includes transport and other charges incurred to bring the vehicle to point of importation.

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6. A returning resident can only enjoy the suspension of duty once in a period of four years.
 7. Full duty is payable should one want to dispose the vehicle within one year of importation after enjoying a suspension of duty.
 8. It is also now a requirement that anyone who enjoyed a duty suspension inform the Commissioner General of change of address within fourteen days
 9. The beneficiary must report to the nearest Customs Office once every year.

The requirement to notify change of address and make a yearly report to Zimra is designed to flush out those returning residents who would return temporarily to Zimbabwe and go back after claiming suspension. ZIMRA will be able to notice that the returning resident is spending more time outside Zimbabwe than in Zimbabwe. It will also be easier for ZIMRA to do spot checks on those residents who enjoyed the suspension.



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