

TAX CLEARANCE LEGAL REQUIREMENTS IN ZIMBABWE

A Tax Clearance Certificate (ITF263) is an official document issued by the Zimbabwe Revenue Authority (ZIMRA) to certify that a taxpayer's tax affairs are up to date. Businesses and individuals need it to engage in formal commercial activities, especially with government or large institutions.

Legal Basis:

According to Section 80 and 80A of the Income Tax Act [Chapter 23:06]:

- Section 80(2) prohibits any contracts with the State or statutory bodies unless the contractor provides a valid tax clearance certificate.
- Section 80A requires licensing authorities to request a valid tax clearance before issuing licenses or renewals for trades, including mining, transport, tourism, and new company registrations.

Where It Applies:

- Government tenders and contracts
- Licensing under Road Motor Transportation Act, Mines and Minerals Act, Shop Licences Act, and Tourism Act
- Company registration (Companies and Private Business Corporations Acts)
- General supply contracts valued at USD 1,000 or more

Consequences of Non-Compliance:

- 30% withholding tax must be deducted from payments to businesses without a valid tax clearance
- Penalties and interest may apply to payers who fail to withhold and remit this amount
- Loss of business opportunities and disqualification from tenders

Tax Treatment:

- The withheld 30% is treated as a credit against the taxpayer's income tax liability
- If the amount withheld exceeds tax due, it is refundable

Application Process:

- Tax clearance certificates are applied for via the ZIMRA TARMS Portal:
<https://mytaxselfservice.zimra.co.zw>
- Applicants must be tax-registered, submit all returns, and clear outstanding liabilities or have payment plans in place
- Certificates are valid until December 31st of each year

Compliance with tax clearance obligations protects your business from financial loss and preserves your eligibility to operate within formal markets.