



Incubation Hub

CENTRE FOR CIVIC ENGAGEMENT

LEGAL CLINIC NOTES - PVO/NGO TAX AND PENSION COMPLIANCE

An NGO, whether established as a common law organisation, trust, or private voluntary organisation, has to comply with tax and pension regulations.

ZIMBABWE
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ZIMRA

Pay As You Earn (PAYE)

PAYE is Income Tax on remuneration. The employer is mandated to deduct tax from salary or pension earnings before paying out the net salary or pension.

The Income Tax Act [Chapter 23:06] specifies what elements of an employee's remuneration or earnings are subject to tax and at what rate of tax. Start with the assumption that everything you earn - be it in cash, benefits, or an item of value given instead of cash - is subject to some form of tax.

The official tax table operates on a progressive rate of taxation system, (i.e. the higher your earnings, the greater percentage tax you pay on each bracket of earnings). When your earnings reach a certain amount, the percentage stops increasing and a flat rate of tax becomes applicable for any earnings above this level - that is Marginal Tax Rate (MTR).

Currently, a monthly salary of USD100 or the equivalent in ZiG is tax-free. The highest tax rate is 40% which applies to anyone earning above USD3000 per month. The due date for the submission of PAYE returns and payment is the 10th of the following month.

The method for calculating tax is provided on the [ZIMRA website](#)
Registration for PAYE is done on [TARMS Self-Service Portal](#)

Income Tax

PVOs/NGOs are exempt from Income Tax. However, if these organisations start projects that generate an income, then they will no longer be exempt from income tax and will be taxed.

Aids Levy

To fund the activities of the National AIDS Council, the Government of Zimbabwe introduced the AIDS Levy which is a 3% deduction on every worker's taxable income (PAYE) as provided for in the National AIDS Council Act [Chapter 15:14]. The levy is collected monthly by ZIMRA from all employees and deposited into an account of the National AIDS Council for independent administration by the Zimbabwe National AIDS Trust Fund.

Duty Exemption

The law, the Customs and Excise (General) Regulations Statutory Instrument 154 of 2001, exempts certain goods imported by NGOs from duty and VAT. One can check with ZIMRA which goods are exempted and not exempted. For an organisation to qualify, it must be registered under the Private Voluntary Organisations Act [Chapter 17:05]. It must have its registration certificate with its registration number. To obtain the exemption, the organisation should apply to ZIMRA prior to importation. Information required include:

- the objectives of the organisation,
- full description of the goods,
- the use to which the goods are to be put,
- evidence of the donation, evidence of the purchase of goods by a foreign organisation which is donating the goods,
- a declaration to the effect that the goods are being imported solely for the purpose of furthering the objectives of the organisation,
- an undertaking that the goods will not be sold or disposed of in Zimbabwe without the prior written permission of the Commissioner and the payment of such duty as may be due.

The application should be accompanied by the PVO certificate of registration. When satisfied with the application, the Commissioner issues a rebate letter. When being imported the goods should be cleared through the normal process by a ZIMRA registered clearing agent and all the documents required should be attached. Goods entered under this rebate should not be disposed of within ten (10) years from the date of their entry under such rebate except with the written permission of the Commissioner and payment of the duty due. Any contravention of the requirements may result in the seizure of the goods and the organisation may be disqualified from enjoying the rebate of duty on future importations for a period of five (5) years.

NSSA

Pension Contribution - Employer Registration

All employees must be registered with NSSA. To do the employer registration:

- follow [the link](#) or go on the website – [NSSA self-service portal](#)
- login and create an account on the employer side.
- Complete all sections and those marked with red stars are mandatory.

The documents required for an organisation will include the constitution or deed, certificate of registration, copies of director's IDs, proof of residence or bank statement. The portal may refer to company documents, but an organisation should submit the equivalent documents.

You then download the provided Excel sheet and key in employee details and attach it. The commencement date is the date which your organisation started employing labour. Furthermore, the organisations are obliged to make contributions to their employee pensions. All employed Zimbabweans aged 16 to 65, whether in permanent, seasonal, contract, or temporary positions, are required by Statutory Instrument 393 of 1993 to participate in the Pension and Other Benefits Scheme.

The Pension and Other Benefits Scheme is financed from equal monthly contributions by both employers and employees. It is the employer's obligation to ensure that contributions are deducted and paid to NSSA. The contribution rate is as follows:

- 4.5% of the insurable earnings (employee)
- 4.5% from the employer
- The total of 9% is to be paid to the nearest NSSA office before the 1st of each month.

There is a ceiling on the insurable earnings. The insurable earnings ceiling is subject to change in line with amendments to the relevant legislation. An employer must also complete and submit monthly the remittance advice (P4A) - to ensure that money contributed is correctly credited - and the monthly returns form (P4) - to provide a breakdown of the employee's contribution (made up of employer and employee's contribution). These forms are available online [self-service portal](#). New employees should be added through the [self-service portal](#). Employees who cease employment must be removed by completing Form P4C available online [EMPLOYEE MODIFICATIONS](#). An employer who engages an employee who is employed elsewhere must still contribute NSSA for that employee.

Accident Prevention Workers Compensation Scheme

This is strictly for employees who are still actively employed. Its mandate is to:

- provide financial relief to employees and their families when an employee is injured or killed in a work-related accident or suffers from a work-related disease or dies thereof.
- Create an awareness of and promote health and safety at all places of work.
- Encourage the adoption of health and safety legislation through factory and machinery inspection.
- Providing rehabilitation services to disabled employees to reduce their disablement and return them to their former employment or otherwise prepare them for a useful and meaningful place in society.

The Scheme is employer-funded. Employees do not contribute. Currently all employers, except the Government, employers of domestic employees and informal sector employers, are required by law to contribute to the Scheme.

When an employer commences business, he/she is required to go to his/her nearest NSSA office to complete registration forms indicating the estimated earnings of his/her employees. The minimum insurance premium the employer is required to pay will be calculated using a risk factor depending on the type of industry the company is involved in. The insurance year runs from January 1 – December 31st.

ZIMDEF

PVOs are exempt from paying levy to ZIMDEF as per section 7(c) of the Manpower Planning and Development (Levy) Notice of 1999, Statutory Instrument 74 of 1999. 4 This section states that levy shall not be payable in respect of undertakings specified in the Second Schedule. These include welfare institutions.