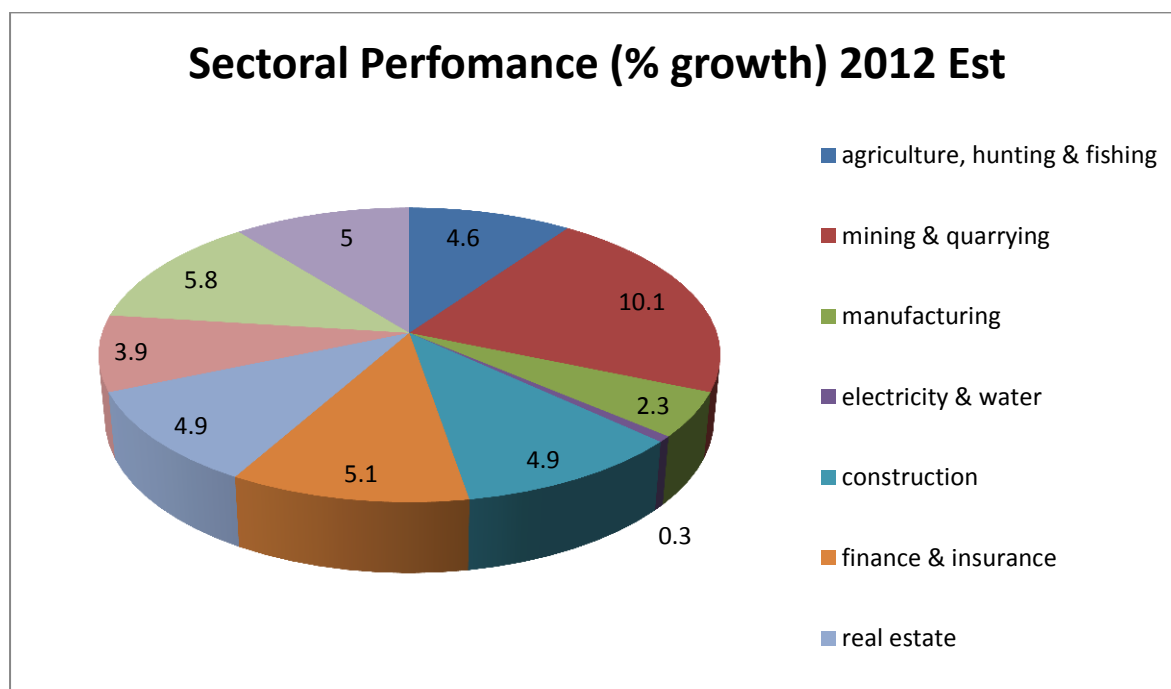


MACRO ECONOMIC INDICATORS

	2011	2012 Est.
Inflation (%)	3.5	5
Nominal GDP (US\$ Billion)	9.433	11.427
Real GDP Growth (%)	9.4	4.4
Exports (US\$ Billion)	4.496	5.090
Imports (US\$ Billion)	7.562	8.215

Source: Ministry of Finance



Source: Ministry of Finance

FISCAL INCENTIVES

INCOME TAX

Build Own Operate and Transfer (BOOT) and BOT Arrangements

- Enjoys tax holiday for first 5 years
- Taxed at 15% for the second five years

Manufacturing Companies

Taxable income from manufacturing or processing company which exports 50% or more of its output taxed at a special rate of 20%

Mining Companies

- All capital expenditure on exploration, development, and operating incurred wholly and exclusively for mining operations is allowed in full.
- There is no restriction on carryover of tax losses; these can be carried forward for an indefinite period.
- Taxable income of a holder of special mining lease is taxed at a special rate of 15%.

Special Initial Allowance (SIA)

- This is a capital allowance which ranks as a deduction
- Allowed on expenditure incurred on construction of new industrial buildings, farm improvements, railway lines, staff housing and tobacco barns. Also allowed on additions or alterations to existing items as already mentioned
- SIA is also allowed on articles, implements, machinery and utensils purchased for purposes of trade
- Allowance is optional and once claimed this replaces wear and tear
- Allowed at the rate of 25% of cost from year one

Double Taxation Agreements

- Zimbabwe has signed several Double Taxation Agreements
- These are meant to avoid or mitigate double taxation of the same income in the two countries to the agreement, that is, where a business entity operates in the two territories
- The agreements restrict some withholding taxes to the amounts specified
- The DTAs offer reduced rates of withholding taxes on dividends, interest, royalties and technical fees.
- As an example, almost all the DTA's signed limit the rate of tax on Technical Fees to 10% or less

For more information on taxation and related issues please refer to www.zimra.co.zw

Manufacturing

The key thrust is on value addition of local raw materials

Textiles:

Cotton ginning, spinning, weaving, finishing textiles and knitting products

Chemicals:

Fertilizers, insecticides, pesticides, paints, varnishes, soaps, detergents, pharmaceuticals, industrial chemicals, petroleum products, rubber & plastic products

Clothing & Footwear:

Wearing apparels and footwear

Wood & Furniture:

Saw milling, wooden products, furniture and fixtures

Metals & Metal

products: Machinery and equipment, radio and communication equipment