

Fact Sheet: Zimbabwe



In this fact sheet, we have summarised answers to frequently asked questions about this country in one document for you. This information is not economic data, but rather statements on a wide range of practical topics that influence business activities within the country. In this publication, you will find basic information on:

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General

Zimbabwe is a country with great potential, especially in mining, agriculture, tourism, and in manufacturing. The level of education is still very high however, a brain drain has occurred. Many highly qualified people have moved abroad due to the economic situation and the trend continues.

Since the change of government in November 2017, expectations of a rapid economic recovery have unfortunately not been fulfilled. The country continues to suffer from a severe shortage of foreign currency, a lack of foreign investment, high national debt and unemployment. Basically, Zimbabweans are good, competent and uncomplicated business partners. However, the general conditions are still very difficult. Above all, there are still many bureaucratic obstacles. This is also reflected in the “Ease of Doing Business Index”, where Zimbabwe ranks number 140 out of 190 countries.

Infrastructure

Due to the economic decline since 2000, the infrastructure has also been affected and is partially in a dilapidated state. The **electricity supply** has been limited for quite some time, either due to load shedding (planned power cuts to relieve the grid) or technical failures, often caused by vandalism. Due to limited financial resources, the state-owned energy supplier ZESA (Zimbabwe Electricity Supply Authority) has significant problems maintaining the network. A solution to the problem does not seem possible in the short term. The increased use of generators and the installation of solar systems can help.

The **water supply** is also inadequate. The distribution network in the cities is in many cases in very poor condition and not functional. Private households and businesses often rely on private wells. Due to climate change, extended dry periods are occurring more frequently, leading to significant water supply shortages.

The **state railway company** NRZ (National Railways of Zimbabwe) is in an extreme economic crisis. The rail network and other infrastructure are also in an unsatisfactory state, partly due to vandalism. Therefore, the transport of people and goods via the railway network is severely restricted and most transport is carried out via the road network.

The **highway network** is generally satisfactory. The rehabilitation of the Harare-Beitbridge (South African border) route will be completed in the near future. The Harare-Chirundu (Zambian border) connection is scheduled to be started in 2024. In the cities, the roads are sometimes littered with potholes.

The **Telecommunications** service is satisfactory. There is a landline provider and 3 mobile operators who provide relatively good coverage with data services. The internet service is also reasonably good. There are a variety of internet providers. There are extensive fiber optic networks in cities. The operation of “Starlink” (a satellite-based internet service programme from the company SpaceX) has now been approved by the government.

Trade

The “Ministry for Industry and Commerce” is responsible for regulating trade. The website can be accessed via the government portal www.zim.gov.zw. The ministry is also responsible for issuing import and export licenses.

An important and efficient contact is “ZimTrade” (www.tradezimbabwe.com) a government-private sector partnership. ZimTrade is primarily active in export promotion and hosts the Zimbabwe – EU Business Information Center (ZIM-EBIC). ZIM-EBIC is an information hotspot for market and trade information for doing business with the EU.

The Zimbabwe Revenue Authority (ZIMRA) is responsible for all customs matters (www.zimra.co.zw). ZIMRA uses the ASYCUDA system. This means that import documents can be requested electronically. ZIMRA also works according to the HS (Harmonized System Codes) system.

Imports

Most of Zimbabwe's imports are imported through an Open General Import License (OGIL) and do not require any other special import licenses or permits. For products that do require import licenses, the Ministry of Industry and Trade manages the licensing process. For the importation of goods, the government requires the following documents:

- A bill of lading and relevant invoices
- Shipping documents such as a waybill, freight bills and certificates of origin, especially for products imported from SADC member states and the Preferential Trade Area (PTA) of East and Southern Africa
- If necessary, an inspection certificate

The licensed goods subject to this regulation are constantly changing and the current list should be requested from the Ministry or ZimTrade if necessary.

Certain import licenses are issued by specialized ministries and other government departments. These are in detail:

Responsible Government Agency	Products
Ministry of Agriculture, Mechanization and Irrigation Development	Plants, agricultural and horticultural products. An authority in the exporting country must issue a certificate confirming that the goods comply with Zimbabwe import regulations.
Department of Veterinary Services	Pets and their products
Zimbabwe Parks and Wildlife Management Authority	Wild animals or their products and trophies

National Museums and Monuments of Zimbabwe (NMMZ)	Relics and monuments
Environmental Management Agency (EMA)	Hazardous substances (e.g. chemicals, oils, fuels) and fertilizers
Registrar of Firearms	Firearms
Medicines Control Authority	Pharmaceutical Products

Current details on the required documents should always be requested from the responsible shipping company or clearing agent.

Export

In general, goods from Zimbabwe can be freely exported under the Open General Export License (OGEL) without the need for an export license. However, certain goods are subject to restrictions and require an “Export Permit” which must be applied for at the Ministry of Industry and Commerce. Since the type of products that require a corresponding license is constantly changing, the current list should be requested from the ministry or ZimTrade.

In certain cases, licenses must be applied for from specialist ministries or other government bodies like:

- Ministry of Agriculture, Mechanization and Irrigation Development;
- Ministry of Industry and Commerce;
- Ministry of Energy and Power Development;
- Minerals Marketing Corporation of Zimbabwe;
- Ministry of Environment, Water and Climate;
- Forestry Commission of Zimbabwe;
- Parks and Wildlife Authority;
- Reserve Bank of Zimbabwe;
- Agricultural Marketing Authority;
- Environmental Management Agency.

In some cases, the licenses must be renewed at regular intervals, which requires considerable administrative effort and is unfortunately often subject to time delays.

The following documents must be submitted by the local shipping company to the tax authority ZIMRA:

- Copy of CD1 form
- Certificates of Origin (if required)
- Commercial Invoice
- Suppliers invoice
- Original export permits/licenses (if required)
- CITES permit (if required)

ZIMRA then creates a Bill of Entry Form 21, which is the authorization to export. Here too, the current requirements should be checked with the shipping company or clearing agent.

Trade agreements

There are bilateral trade agreements with: Botswana, Malawi, Mozambique and Namibia.

The agreements essentially contain mutual tariff exemptions, with a few exceptions and provisions regarding locally produced shares.

Regional trade agreements exist with the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA) Free Trade Area. They serve to liberalize and implement advantageous trade agreements between member countries.

The African Continental Free Trade Area (AfCFTA) is slowly taking shape and is intended to create a unified continental market for goods and services in Africa. In addition, trade problems such as different regulations from one African country to another should be reduced. 54 member states of the African Union (AU) have signed the African Continental Free Trade Area (AfCFTA) agreement (only Eritrea has not) and 48 have ratified it. (As of September 2024)

Preferential trade relations with the EU

There is an interim agreement granting reciprocal preferences between the states of Eastern and Southern Africa (ESA) and the European Union. The EU-ESA interim EPA was signed by the EU and Mauritius, Seychelles, Madagascar and Zimbabwe as iEPA (Interim Economic Partnership Agreement).

The interim agreement contains provisions on rules of origin, development cooperation,

fisheries, trade defense instruments and dispute settlement. This agreement is the first step towards a more comprehensive agreement. The interim EPA consolidates the duty-free, quota-free market access that the EU offers to all exports from the four ESA countries. The participating ESA countries will gradually open their markets to EU exports over 15 years.

Find a sales representative/distributor

There are a large number of competent companies and individuals in Zimbabwe who are suited as sales representatives and distributors. The AHK is happy to support you in finding potential partners. Another point of contact here is ZimTrade, which has a comprehensive company directory and can also provide information on suitability. If necessary, information can also be obtained from business associations such as the Confederation of Zimbabwe Industries (CZI) or Zimbabwe National Chamber of Commerce (ZNCC). A healthy degree of caution when choosing a partner is always recommended.

Visa requirements and immigration

The **Department of Immigration** www.zimimmigration.gov.zw, which reports to the Ministry of the Interior, is responsible for visas and immigration.

Business travelers with EU passports and various other countries can obtain their visa at the airport or border crossing for a fee of US\$30. The visa is valid for 30 days and generally cannot be extended. Exceptions, e.g. for 2 weeks, are possible, but are at the discretion of the official responsible. Double entry visas cost US\$45 and multiple entry visas cost US\$55. In the latter case, however, a company letter with the appropriate justification is required.

A **Temporary Employment Permit (TEP)** requires the submission of extensive documents translated into English, including notarization. The cost is US\$500.

Permanent residency can be applied for after 5 years for a fee of US\$500 and approved upon submission of additional documents.

Investors can apply for a so-called **Investors Residence Permit**; also, against payment of US\$500.

The documents to be provided for the above-mentioned approvals can be found on the website.

In any case, it is advisable to contact the immigration authorities personally and clarify the requirements before applying for longer residence permits.

You can also seek the help of agencies such as:

International visas: info@international-visas.net

Labor laws

The “Ministry of Labor and Social Welfare” www.mpslsw.gov.zw is responsible for labor laws and the relationship between employers and employees.

Zimbabwe has a well-regulated workforce. The main statutory provisions are the Labor Act [Chapter 28:01] (“**the Labor Act**”) amended on 26 August 2015 and the associated Labor (National Employment Code of Conduct) Regulations, 2006 (“the NEC Regulations”). The Labor Act also regulates sector-specific labor standards through so-called “Collective Bargaining Agreements (“CBAs”). The associated provisions are negotiated by trade unions and other employee associations, such as minimum salaries, minimum and maximum working hours, overtime regulations, regulations regarding the termination of the employment relationship, etc.

Foreign workers may be employed under the Immigration Act [Chapter 4:02].

Disputes can be referred to the Ministry of Labor for arbitration. If no agreement is reached, an appeal can be made to the Labor Court. If employees and employers belong to a “National Employment Council (“NRC”), mediation can also take place via this body.

Taxes and Duties

New companies must be submitted to the **Zimbabwe Revenue Authority ZIMRA** www@zimra.co.zw within 30 days of registration. All companies are obliged to appoint a so-called “public officer” within one month who is available for all contacts in tax matters. However, it is advisable to involve a local tax consulting firm, as dealing with the tax authorities is often complex.

There are direct and indirect taxes. The tax system is source-based.

There is a double taxation agreement between Germany and Zimbabwe.

www.bundesfinanzministerium.de

Direct Taxes

Pay As You Earn (PAYE): Every employer is obliged to register employees with the tax authority within 14 days. There are tax allowances and progression. However, there are frequent changes here due to the inflationary environment.

Capital income and capital gains are taxable (**Capital Gains Tax**; currently 20%). This also applies to income from rentals and leasing.

Since January 1, 2020, corporate income has been taxed as a **corporate tax** at 25% on company profits. Quarterly advance payments must be made on the expected profit.

Indirect taxes

The **value added tax (VAT)** is currently 15%. It is applied to the sale of goods and services within Zimbabwe and to imported goods. It is a multi-phase tax in which the end consumer ultimately pays the tax.

Goods and services sent abroad are not subject to VAT.

Companies with a turnover of less than US\$25,000 are exempt from VAT.

The **Intermediate Money Transfer Tax (IMTT)** is a special feature in Zimbabwe. Here, 2% is paid to the tax authority for every electronic transaction (bank transfer, mobile payment, etc.). This is to reduce the government deficit and tax the informal sector.

Business Establishment and Investment Incentives

The **Zimbabwe Companies Act [Chapter 24:03]** governs the constitution, incorporation, registration, administration and liquidation of companies in Zimbabwe. There are the following types of companies:

Private & Public Companies

These companies are the most common form of business in Zimbabwe

“Private companies” are similar to PTY LTD and therefore have the suffix “Limited”. The companies can have between 2 and 50 shareholders.

“Public companies” are stock corporations with at least two and an unlimited number of shareholders.

Partnerships

This is a less regulated form of company, which contains a written agreement between the partners with corresponding regulations on operational activities. Legally, this form is subject to general legislation.

Foreign companies

Companies registered outside Zimbabwe can open a permanent establishment in Zimbabwe, either as a branch or office. To do this, you must first submit an application to the “Ministry of Justice”. Once approved, the permanent establishment can be registered with the “Registrar of Companies”. It is advisable to hire a competent local law firm.

Special Purpose Vehicles

This is the preferred corporate form for investors involved in Private Public Partnerships (“PPPs”). This form of organization is often used as a private company with the government as a shareholder.

Investments

The “Zimbabwe Investment and Development Agency” ZIDA is the contact point for domestic and foreign investors www.zidainvest.com. ZIDA was founded in 2020 through the merger of ZIA (Zimbabwe Investment Authority) and the SEZ Authority.

ZIDA’s mission is to facilitate local and foreign direct investment in Zimbabwe. For this purpose, potential investors are advised on investment opportunities, legal requirements, business processes and associated costs.

There are basically three types of investments:

1. General investment: This includes setting up a private company whereby as a foreign company you can own up to 100% share.
2. Public-private partnership: This applies to a collaboration with the government, a local authority or a state-owned company.
3. Special Economic Zone: ZIDA names and regulates special economic zones (SEZ). One can apply to develop a special economic zone, operate a special economic zone or run a business in a special economic zone.

ZIDA also maintains a so-called **“One Stop Shop Investment Center”** (OSSIC), which provides information about all processes for setting up the permanent establishment such as company registration, registration with the tax authority, work permits, investment incentives, etc., as well as information about the possible participation of specialist ministries and other government departments.

There are certain areas that are only accessible to local investors, such as public transport (buses, taxis, etc.), retail, hairdressers, bakeries, etc. Details can be requested from ZIDA.

There are tax investment incentives that generally provide for exemption from corporate tax for the first 5 years. The tax treatment thereafter is sector-specific and negotiable. For example, the taxation of the manufacturing sector depends on the share of exports. Duty exemption for equipment is also possible in most cases.

Further details can be found on the ZIDA website: <https://zidainvest.com/>

Banking and Forex

Zimbabwe has a well-developed banking system which essentially corresponds to the British system. The **Reserve Bank of Zimbabwe (RBZ)** is the central bank responsible for monetary policy. The banking system consists mainly of commercial banks, building societies, financial development institutions and microfinance institutions.

The banking sector is governed by “the Banking Act” [Chapter 24:20] and “the Microfinance Act” with the Reserve Bank as the relevant supervisory authority.

The leading banks in Zimbabwe are: CBZ Bank, ZB Bank, BankABC, Steward Bank and Agricultural Development Bank of Zimbabwe (Agribank). Foreign banks are Nedbank, Ecobank, Stanbic Bank, Standard Chartered and Barclays Bank (now First Capital Bank).

Due to the lack of liquidity in the country, the credit business is severely restricted and with it the banks’ profit margins. This is compensated for by high fees. In addition, there is the IMMT (Intermediate Money Transfer Tax) of 2%, which makes transactions more expensive. Due to strict regulations, banks work in a very bureaucratic manner and with corresponding time delays.

There are foreign exchange controls which are regulated under the

- Exchange Control Act [Chapter 22:05] (“the Exchange Control Act”)
- Foreign Exchange Guidelines
- External Loans and Exchange Control Review Committee Guidelines and
- Reserve Bank Directives.

The executive body is the Exchange Control Review Committee (ELECRC), which regulates applications for inflows and outflows of foreign currency.

The regulations are partly liberal. For example, the transfer of dividends to foreign shareholders is not subject to approval requirements. However, due to the extreme shortage of foreign currency, long waiting times are possible here.

The **currency situation** in Zimbabwe is extremely complex and not always immediately understandable to an outsider. In the 2000s, extreme hyperinflation led to the abandonment of the Zimbabwe dollar and the use of foreign currencies such as the US dollar. In 2019, the Zimbabwe dollar was reintroduced, and the gold-backed currency Zimbabwe Gold (ZIG) was introduced in March 2024. The intention of the government and the central bank is to establish the ZIG as the only valid currency in the medium and long term. However, currently around 80% of all transactions are still carried out in US dollars, which also includes cash in circulation. Due to the negative experiences from the times of inflation, there is still no trust among the population in the ZIG as a store of value.

The current currency situation (September 2024) in Zimbabwe following the introduction of the Zimbabwe Gold (ZIG) remains complex and characterized by many uncertainties. The introduction of the gold-backed currency shows the government's commitment to finding innovative solutions to the ongoing economic problems. But the success of these measures will depend on their implementation and the population's trust in the new systems.

Contact Details

The information contained in this document was compiled by the AHK's Honorary Representative for Southern Africa in Harare, Zimbabwe. For further assistance and questions, please contact:

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