

This document will explain how to setup and process the exemptions and reliefs for Zimbabwe with converted exemption limits and tax credits.

The Zimbabwe Revenue Authority (ZIMRA) have not provided local currency limits, therefore, the limits will need to be converted manually on a monthly basis to apply them in the Payroll System.

Description

New lookup tables have been added to allow the user to type in the exemption and tax credit amount for each month. The formulas for the Tax Benefit for the amount over the exemption and for the Disabled and elderly tax credits have been amended to look at these values.

Resolution

You should be in the **2024 tax year** and on **2025 Update 1a** to see the changes below.

Go to Setup...Lookup Tables, two new lookup tables have been added. **TaxD** – NSSA/Pension - Tax Deduction Limit and **TAXC** – Disability and Old Age Tax credits. These lookup tables list the months from 1-12 and this is where the converted amounts will need to be entered by the user.

rows	columns	
1.00		0.00
2.00		0.00
3.00		0.00
4.00		0.00
5.00		0.00
6.00		0.00
7.00		0.00
8.00		0.00
9.00		0.00
10.00		0.00
11.00		0.00
12.00		0.00

rows	columns	
1.00		0.00
2.00		0.00
3.00		0.00
4.00		0.00
5.00		0.00
6.00		0.00
7.00		0.00
8.00		0.00
9.00		0.00
10.00		0.00
11.00		0.00
12.00		0.00

In each month the user will need to do a manual conversion of the USD **monthly** limit value into the local currency.

Example

Tax Deduction Limit	Tax Credits
Tax Deduction Limit - USD 5400 per annum.	Tax Credit – USD 900
Exchange rate – 11.61	Exchange rate – 11.61
5400/12 =450 Per month	900/12 = 75
450*11.61 = 5224.50 in the local currency for this month.	75*11.61 = 870.75 in the local currency for this month.

rows	columns	
1.00		5,224.50
2.00		0.00
3.00		0.00
4.00		0.00
5.00		0.00
6.00		0.00
7.00		0.00
8.00		0.00
9.00		0.00
10.00		0.00
11.00		0.00
12.00		0.00

Row = Formula Result 1
Column = None - (One Column Only)

rows	columns	
1.00		870.75
2.00		0.00
3.00		0.00
4.00		0.00
5.00		0.00
6.00		0.00
7.00		0.00
8.00		0.00
9.00		0.00
10.00		0.00
11.00		0.00
12.00		0.00

Row = Formula Result 1
Column = None - (One Column Only)

Tax Deduction Limit

The tax deduction limit still works the same way as it did before, but instead of applying the limit annually we now apply it **monthly**. When the employees tax deduction amount for the Month exceeds the allowed tax deduction limit in this case 5224.50 then you will get the below exception when you process your employee’s payslip.

Tran Code	Transaction Description	Job Code	Cost Centre	Processing Period	Quantity	Rate	Amount	Override	Balance	MTD Amount	YTD Amount	Reference
5000	Basic Salary						200,000.00	<input type="checkbox"/>		0.00	0.00	
5014	Sick Leave Pay						0.00	<input type="checkbox"/>		0.00	0.00	
7050	Medical Aid Tax Credits						0.00	<input type="checkbox"/>		0.00	0.00	
7700	Blind Person's Tax Credit						0.00	<input type="checkbox"/>		0.00	0.00	
7701	Disabled Person's Tax Cred						0.00	<input type="checkbox"/>		0.00	0.00	
7702	Elderly Person's Tax Credit						0.00	<input type="checkbox"/>		0.00	0.00	
8001	PAYE Tax						0.00	<input type="checkbox"/>		0.00	0.00	
8006	Aids Levy						0.00	<input type="checkbox"/>		0.00	0.00	
8050	NSSA Employee Deduction						9,000.00	<input type="checkbox"/>		0.00	0.00	
9050	NSSA Company Contributi						9,000.00	<input type="checkbox"/>		0.00	0.00	
9100	WCIF						0.00	<input type="checkbox"/>		0.00	0.00	
9110	Standards Levy						1,045.00	<input type="checkbox"/>		0.00	0.00	
9135	Sick Leave YTD						0.00	<input type="checkbox"/>		0.00	0.00	
9150	ZIMDEF Levy						2,090.00	<input type="checkbox"/>		0.00	0.00	

Basic Salary

Total Gross Income: 200,000.00 Total Deductions: 9,000.00 Total Nett Pay: 191,000.00

Employee Code	Name	Transaction Code	Amount	Exception	Details	Status
0001	John Smith				Pension Fund, Retirement Annuity and/or NSSA Total Contributions exceeds the tax deduction limit. Please add benefit transaction 6001.	Processed

----- End of Report -----

To ensure that an employee does not over claim the tax deduction, the user will then need to add transaction 6001 - Tax Ded Limit Reached Benefit which will calculate the difference between the allowed limit and the tax deduction processed and tax the amount over the limit.

Process Payslips

Employee Code 0001 Smith - John (Monthly) Status: New

Income		Deductions		Benefits		Contributions		Leave		Default		
Tran Code	Transaction Description	Job Code	Cost Centre	Processing Period	Quantity	Rate	Amount	Override	Balance	MTD Amount	YTD Amount	Reference
5000	Basic Salary						200,000.00	<input type="checkbox"/>		0.00	0.00	
5014	Sick Leave Pay						0.00	<input type="checkbox"/>		0.00	0.00	
6001	Tax Ded Limit Reached Ben						3,775.50	<input type="checkbox"/>		0.00	0.00	
7050	Medical Aid Tax Credits						0.00	<input type="checkbox"/>		0.00	0.00	
7700	Blind Person's Tax Credit						0.00	<input type="checkbox"/>		0.00	0.00	
7701	Disabled Person's Tax Cred						0.00	<input type="checkbox"/>		0.00	0.00	
7702	Elderly Person's Tax Credit						0.00	<input type="checkbox"/>		0.00	0.00	
8001	PAYE Tax						0.00	<input type="checkbox"/>		0.00	0.00	
8006	Aids Levy						0.00	<input type="checkbox"/>		0.00	0.00	
8050	NSSA Employee Deduction						9,000.00	<input type="checkbox"/>		0.00	0.00	
9050	NSSA Company Contributi						9,000.00	<input type="checkbox"/>		0.00	0.00	
9100	WCIF						0.00	<input type="checkbox"/>		0.00	0.00	
9110	Standards Levy						1,045.00	<input type="checkbox"/>		0.00	0.00	
9135	Sick Leave YTD						0.00	<input type="checkbox"/>		0.00	0.00	
9150	ZIMDEF Levy						2,090.00	<input type="checkbox"/>		0.00	0.00	

Basic Salary

Total Gross Income 200,000.00 Total Deductions 9,000.00 Total Nett Pay 191,000.00

Tax Credits

The tax credits still work the same way as it did before, but instead of the transaction using a set annual amount in the local currency, it will now use the value entered on the lookup table for that **month**.

Process Payslips

Employee Code 0002 Green - Glenda (Monthly) Status: New

Income		Deductions		Benefits		Contributions		Leave		Default		
Tran Code	Transaction Description	Job Code	Cost Centre	Processing Period	Quantity	Rate	Amount	Override	Balance	MTD Amount	YTD Amount	Reference
5000	Basic Salary						100,000.00	<input type="checkbox"/>		0.00	0.00	
5014	Sick Leave Pay						0.00	<input type="checkbox"/>		0.00	0.00	
7050	Medical Aid Tax Credits						0.00	<input type="checkbox"/>		0.00	0.00	
7700	Blind Person's Tax Credit						870.75	<input type="checkbox"/>		0.00	0.00	
7701	Disabled Person's Tax Cred						0.00	<input type="checkbox"/>		0.00	0.00	
7702	Elderly Person's Tax Credit						0.00	<input type="checkbox"/>		0.00	0.00	
8001	PAYE Tax						0.00	<input type="checkbox"/>		0.00	0.00	
8006	Aids Levy						0.00	<input type="checkbox"/>		0.00	0.00	
8050	NSSA Employee Deduction						4,500.00	<input type="checkbox"/>		0.00	0.00	
9050	NSSA Company Contributi						4,500.00	<input type="checkbox"/>		0.00	0.00	
9100	WCIF						0.00	<input type="checkbox"/>		0.00	0.00	
9110	Standards Levy						522.50	<input type="checkbox"/>		0.00	0.00	
9135	Sick Leave YTD						0.00	<input type="checkbox"/>		0.00	0.00	
9150	ZIMDEF Levy						1,045.00	<input type="checkbox"/>		0.00	0.00	

Blind Person's Tax Credit

Total Gross Income 100,000.00 Total Deductions 4,500.00 Total Nett Pay 95,500.00

Bonus Exemption

The Bonus exemption limit still works the same way it did before, but the user will need to type in the converted limit value on Calculation Total 14 – Irregular Income (Bonus Only).

No.	Description	Totals to Update	Constant
10	Actual Income	<input type="radio"/> Update Quantity <input checked="" type="radio"/> Update Amount <input type="radio"/> No Update	0.0000
11	Pensionable Income	<input type="radio"/> Update Quantity <input checked="" type="radio"/> Update Amount <input type="radio"/> No Update	0.0000
12	Non Pensionable Income	<input type="radio"/> Update Quantity <input checked="" type="radio"/> Update Amount <input type="radio"/> No Update	0.0000
13	Regular Taxable Income	<input type="radio"/> Update Quantity <input checked="" type="radio"/> Update Amount <input type="radio"/> No Update	0.0000
14	Irregular Income (Bonus Only)	<input type="radio"/> Update Quantity <input checked="" type="radio"/> Update Amount <input type="radio"/> No Update	0.0000
15	Tax Credits	<input type="radio"/> Update Quantity <input checked="" type="radio"/> Update Amount <input type="radio"/> No Update	0.0000
16	Tax Deductible Amounts	<input type="radio"/> Update Quantity <input checked="" type="radio"/> Update Amount <input type="radio"/> No Update	0.0000
17	Insurable Earnings	<input type="radio"/> Update Quantity <input checked="" type="radio"/> Update Amount <input type="radio"/> No Update	0.0000

Buttons: Delete Line, OK, Cancel

If no Bonus limit amount has been entered on the calculation total but a bonus amount has been entered on an employee's payslip, then you will get the below exception and you will not be able to process your employee as the bonus payment might affect the employees tax value.

Payroll Run Exceptions Report						
Employee Code	Name	Transaction Code	Amount	Exception	Details	Status
0003	Karen Bendman				No Bonus exemption limit has been entered on Calculation Total 14 - Irregular Income (Bonus Only).	Not Processed
----- End of Report -----						

Example

Bonus Limit
Bonus limit - USD 400 per annum.
Exchange rate - 11.61
$400 * 11.61 = 4644$ in the local currency for this month.

Type the converted value in the constant block for Calculation Total 14 – Irregular Income (Bonus Only).

No.	Description	Totals to Update	Constant
11	Pensionable Income	<input type="radio"/> Update Quantity <input checked="" type="radio"/> Update Amount <input type="radio"/> No Update	0.0000
12	Non Pensionable Income	<input type="radio"/> Update Quantity <input checked="" type="radio"/> Update Amount <input type="radio"/> No Update	0.0000
13	Regular Taxable Income	<input type="radio"/> Update Quantity <input checked="" type="radio"/> Update Amount <input type="radio"/> No Update	0.0000
14	Irregular Income (Bonus Only)	<input type="radio"/> Update Quantity <input checked="" type="radio"/> Update Amount <input type="radio"/> No Update	4,644.0000
15	Tax Credits	<input type="radio"/> Update Quantity <input checked="" type="radio"/> Update Amount <input type="radio"/> No Update	0.0000
16	Tax Deductible Amounts	<input type="radio"/> Update Quantity <input checked="" type="radio"/> Update Amount <input type="radio"/> No Update	0.0000
17	Insurable Earnings	<input type="radio"/> Update Quantity <input checked="" type="radio"/> Update Amount <input type="radio"/> No Update	0.0000
18	Pension Deductable	<input type="radio"/> Update Quantity <input checked="" type="radio"/> Update Amount <input type="radio"/> No Update	0.0000

Buttons: Delete Line, OK, Cancel

