

Tax Credits Applicable to Individuals

Did you know that any individual earning income from employment, trade or investments which is taxable can claim tax credits which may reduce their chargeable tax?

What is the purpose of tax credits?

Credits are meant to reduce the tax payable and therefore increase disposable income for the taxpayer. Credits are designed for specific categories of taxpayer to address special social welfare needs such as expenses towards improvement or maintenance of health and/or the control of permanent physical, mental and visual disability.

Categories of Credits

Mentally or Physically Disabled Persons' Credit

- The credit for this category is US\$900.00 per annum spread over 12 months
- To qualify, the person claiming the credit must have medical proof supplied by a specialist medical practitioner, of permanent substantial disability (which excludes blindness, for which a separate credit is available). Temporary disability such as is caused by injury due to an accident or illness for which rehabilitation or cure can reverse the condition does not qualify as disability for purposes of the credit.
- Mentally disabled persons who cannot personally attend to the requirements stated above can be assisted by a representative and in the case of applications by their employer.
- Any portion of the deductible credit which is not applied to reduce the chargeable tax for a married person can also be allowed as a deduction from the chargeable tax which his or her spouse is chargeable. This means that spouses can benefit from each other's concessions.
- In that case, both spouses should complete and submit separate returns for the relevant tax year so that the transfer of the credit can be facilitated, each person claiming the portion not claimed by the other.

To claim the disability credit, the taxpayer must have been ordinarily resident in Zimbabwe in the period of assessment.

Elderly Person`s Credit

- The credit for this category is US\$900.00 per annum spread over 12 months
- To qualify, the person claiming the credit must be aged 55 years or above prior to the commencement of the period of assessment. Where the assessment period is less than 12 months, the amount (credit) shall be reduced proportionately.
- The tax return should be accompanied by proof of the taxpayer's age in the form of a birth certificate or national identification card showing the date of birth.

Blind Person`s Credit

- The credit for this category is US\$900.00 per annum spread over 12 months.
- To qualify, the person claiming the credit must have medical proof supplied by a specialist medical practitioner, specifying the degree of his blindness.
- The taxpayer or his/her employer should then apply for a directive at the nearest ZIMRA

office for consideration.

- Any portion of the deductible credit which is not applied to reduce the chargeable tax for a married person can also be allowed as a deduction from the chargeable tax which his or her spouse is chargeable. This means that spouses can benefit from each other's concessions.

In that case, both spouses should complete and submit separate returns for the relevant tax year so that the transfer of the credit can be facilitated, each person claiming the portion not claimed by the other.

Credit for the Cost of Purchasing Invalid Appliances

The credit for this category is 50% of the total cost of the appliance used by the taxpayer, his/her spouse or any of his/her children including legally adopted children in respect of any of the following appliances:

- a wheelchair ,
- any artificial limb, leg callipers or crutch ; or
- any special fitting for the modification or adaptation of a motor vehicle, bed, bathroom or toilet to enable its use by a person suffering from a physical defect or disability; or
- spectacles or contact lenses

The taxpayer should complete a return and attach evidence of such purchase and proof of the cost thereof. Please note that this credit is open to residents of Zimbabwe only.

Medical Expenses Credit

The credit for this category is a total of 50% for "medical expenses" paid for.

These should be expenses incurred by the taxpayer and paid by him for services rendered to him/her, his/her spouse and minor children, including legally adopted minor children and cannot be extended to anyone else. A credit will not be allowed to the extent that the taxpayer is entitled to a refund or payment from any source whatsoever in connection with the expense (for example a credit is not allowed where a refund is awarded by a medical aid society).

These medical expenses include expenses paid for the following:

- Services rendered by a medical or dental practitioner
- Drugs and medicines supplied on the prescription of a medical or dental practitioner
- Accommodation on admission, maintenance, nursing and treatment, including blood transfusions, X-ray and laboratory examinations and medical tests in a hospital, maternity-home, nursing-home, sanatorium, surgery, clinic or similar institution
- Transportation by ambulance, including an air ambulance
- Medical aid contributions to a medical aid society in respect of the taxpayer or his/her spouse or any minor children.

In submitting a tax return, the taxpayer should attach evidence of the expenses claimed in their original forms.

To claim the medical expenses credit, the taxpayer must have been ordinarily resident in Zimbabwe in the period of assessment.

Example of Tax Credits application

Below is an example of the computation covering some credits; Note that taxpayers may claim a combination of applicable credits where they qualify, for example, one may be blind (blind person's credit) and suffer a physical disability (disability credit), necessitating the use of an orthopaedic appliance the cost of which may also be claimable as a credit.

Hypothetically, let us take the case of a qualifying elderly person (over 55 years) whose income is US\$3000 per month and who contributes US\$120 to NSSA and US\$200 to a medical aid society. Injured in a road accident, he incurs medical expenses amounting to US\$350 and purchases an artificial limb for \$150 during the period of assessment to replace an amputated leg.

His chargeable tax, accommodating the applicable credits, will be calculated as follows:

| Calculation of Tax Due | | |
|-----------------------------------------------------|--------|--------------|
| Earnings | | 3,000 |
| less: Allowable deductions- NSSA | | 120 |
| Taxable Income | | 2,880 |
| | | |
| Tax There on (per tax tables) | | 720 |
| Less Credits: Med Aid Contributions @ 50% of \$ 200 | 100.00 | |
| Medical Expenses @ 50% of \$350 | 175.00 | |
| Purchase of artificial limb@ 50% of \$150.00 | 75.00 | |
| Physical Disability Credit (900/12) | 75.00 | |
| Elderly Person's Credit (900/12) | 75.00 | 425 |
| Tax after credits | | 295 |
| Add: Aids Levy @ 3% | | 8.85 |
| Total payable | | 303 |

Please note that false claims will not only be disqualified, but constitute offences for which the taxpayer concerned may be penalised and/or prosecuted.

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