

The Minister of Finance announced the Zimbabwe 2022 National Budget on the 25th of November 2021 and proposed changes to Special Excise Duty and Insurance on Second-hand Motor Vehicles. This article seeks to summarise the changes made and to discuss the implications of the changes.

What has changed?

Insertion of additional subsections to Section 172BB of the Customs and Excise Duty Act [Chapter23:02]

- Requirement for buyer of a second-hand motor vehicle to present documentation to the ZIMRA Commissioner relating to sale of the vehicle no later than 14 days from police clearance.
- Requirement for buyer of a second-hand motor vehicle to remit the resulting Special Excise duty within 30 days from Commissioner assessment.
- 30% of assessment value penalty for non-compliance and 25% interest on outstanding ZWL amounts and 10% interest on outstanding USD amounts

Repeal of section 172C of the Customs and Excise Duty Act [Chapter23:02]

- The substituted section places responsibility on the buyer of a second-hand motor vehicle to ensure that the special excise Duty has been paid as opposed to the seller.

Insertion of Section 23B to section of the Roads Traffic Act [Chapter 13:11] on Temporary validity of statutory policies of insurance in certain cases.

- Limit of two terms to the possibility of a vehicle owner to take out insurance on a vehicle that has not changed title.
- Insurers allowed not to honour obligations for vehicles that are not registered in the name of the insurance policy.
- The policy holder or owner of vehicle shall be personally liable for costs associated with the death or bodily injury or bodily injury to, any person caused by or arising out of the use of the motor vehicle or trailer concerned on a road.

Implications of the Changes?

- **Timeframes** – establishes timeframes for buyers of second-hand motor vehicle to initiate process change of ownership i.e. within 2weeks of the transaction and complete it within 6 weeks.
- **Compliance** – compels buyers of second-hand motor vehicles to actually effect change of ownership with the relevant Registrar as non-compliance results in personal liability to the owner of the vehicle in the event of an accident.



This article was authored by Zvino Mapetere CA(Z) who is the Head of CAA Business School (CBS). The information provided in this paper does not, and is not intended to, constitute legal advice; instead, all information, content, and materials available in this paper are for general informational purposes only.