



**ZIMBABWE**

**RESPONSES BY THE MINISTER OF FINANCE, ECONOMIC  
DEVELOPMENT AND INVESTMENT PROMOTION**

**HON. PROF. MTHULI NCUBE,**

**DURING THE 2025 PRE-BUDGET SEMINAR,**

**ZITF GROUNDS**

**BULAWAYO**

**NOVEMBER 2024**

## **SALUTATIONS**

Hon. Speaker of Parliament, Adv. Jacob Mudenda

Madame President of the Senate, M. Chinomona

Hon. Deputy Speaker of Parliament, Madam Gezi

Deputy President of the Senate, Rtd Lt General M. Nyambuya

Hon. Ministers

Hon. Members of Parliament and Senators

Child Parliament President

Clerk of Parliament

Permanent Secretaries

Senior Government Officials

Ladies and Gentlemen

Members of the Media

## **Introduction**

1. Mr Speaker Sir and Madam President, let me begin by expressing my appreciation to you, Mr Speaker Sir in ensuring that the Constitutional provisions are adhered to in terms of promoting public participation in public policy formulation and implementation through the Legislative arm of Government.
2. Let me also congratulate the Hon. Members of Parliament for a successful 2025 Pre-budget Seminar. I believe the Honourable Members have correctly represented the interests of the citizens through the various Committee reports and as Treasury, we have carefully listened to the various policy recommendations and suggestions. We do value all inputs and they will be given due consideration.
3. Mr Speaker Sir, your opening remarks were so comprehensive and effectively encapsulated the 2025 National Budget. You clearly spelt out all the critical elements of the budget to make it a people-centric budget.
4. I am delighted that Hon Members and yourself, Mr Speaker Sir, have an appreciation of our challenge at Treasury of limited fiscal space and I am glad you have proffered a number of recommendations to broaden the tax base.

5. Furthermore, you have once again highlighted the potential of harnessing insurance and pension funds to support infrastructure development in the country.
6. Once again, I want to extend my appreciation of the various revenue raising proposal proffered here. I, therefore, count on your support when I bring revenue raising measures before the August House.
7. I take note of the recommendation for the need to ensure that the 2025 National Budget responds to the need to alleviate poverty and for an equitable budget that strikes a balance between the needs of different segments of society like those who live in rural and urban development, women and youth as well as responsive to needs of people with disabilities in line with the Government thrust of *"leaving no one and no place behind"*.
8. In your remarks, Mr Speaker Sir, you underscored the importance of policymaking that guarantees local communities also benefits from resources within their regions as well as the need to beneficiate our mineral resources. You gave an example of the granite mining in Mashonaland East, these are real issues that deserve urgent attention for sustainable development, including NRZ recapitalisation.
9. The issues articulated by the Hon Speaker of Parliament resonates well with our national vision of an *"Empowered and Prosperous Upper-Middle*

*Income Society by 2030” at the same time dovetails the famous mantra of the President, His Excellency Cde. E.D Mnangagwa, “Nyika Inovakwa Nevene Vayo /Ilizwe Lakhiwa Ngabanikazi Balo”.*

### **Portfolio Committee on Budget, Finance and Investment Promotion**

10. Mr Speaker Sir, I want to extend my appreciation to the Portfolio Committee on Budget, Finance and Investment Promotion, chaired by Hon. Chiduwa, who came up with a comprehensive report from stakeholders, which was well packaged under 30 headings covering all the cross-cutting issues within Ministries Departments and Agencies. The presentation was a representative summary of all other presentations by various Sub-Committees.
  
11. With your indulgence, let me recap some of the issues raised in the presentation beginning with overall Committee’s summarised observations and recommendations:

### **Committee Observations**

12. The Committee has identified key areas for improvement, including addressing water supply issues, enhancing healthcare services, investing in road infrastructure, supporting social protection programs like BEAM, advancing the welfare of Veterans, and promoting the inclusion of individuals with disabilities in economic activities and social benefits.

13. These recommendations aim to foster sustainable and inclusive development across various sectors of society.

### **Committee Recommendations**

14. Based on the observations made by the Committee, they have compiled some recommendations into the 2025 National Budget:

- Prioritize support for irrigation farming by utilising the existing water bodies and extensive borehole drilling in all villages.
- Focus on road infrastructure rehabilitation.
- Allocate sufficient funds to the health sector to provide adequate medicines and medical supplies, nurses, and doctors as well as health infrastructure.
- Ensure free access to health services for the disabled and war veterans and collaborators.
- Ensure that 3% of the Health Budget is allocated to sexual and reproductive health rights.
- Establish at least two Vocational Training Centres in each district.
- Address the plight of war veterans and war collaborators through the National Budget.
- Allocate 5% of revenue from hunting trophies to the communities.
- Apply a sliding scale royalty for all minerals.

15. Mr Speaker Sir, let me briefly highlight some of the issues presented by the committee as inputs from the stakeholder engagements;
- I. Currency Reforms and Exchange Rate Management – I am glad that the public is happy with the introduction of the Zimbabwe Gold Currency.
  - II. Complementarity of Fiscal and Monetary Policy – we do understand the public’s concern about currency instability. I want to assure the Hon. Members that Treasury and RBZ are working together to ensure the stability of the ZiG.
  - III. Agriculture - The public is recommending allocation of substantial resources to the agricultural sector by prioritising irrigation rehabilitation and development. Mr Speaker Sir, this recommendation is in line with Government thrust of building economic resilience.
  - IV. Manufacturing and Value Addition - The public is calling for revival of the manufacturing sector, including mineral value addition and beneficiation within Zimbabwe, to create decent employment opportunities with particular emphasis on reviving the industry in Bulawayo. This is consistent with Government thrust of transforming the economy from being primary producer to secondary and tertiary production level.
  - V. Education – I take note of the demand to priotitise allocations to the education sector for construction of schools, staff and student

accommodation, purchase of teaching and learning materials, digitalisation and decent remuneration for teachers and lecturers.

- VI. Health and Wellbeing – I take heed of the call made to increase allocations to the sectors with a target to meet the Abuja Declaration of 15% of Budget to enhance health service delivery. Mr Speaker Sir, while efforts will be made to increase the allocations but more effort will be on improving the utilisation of the allocated resources by working together with the line ministry.
- VII. Water and Sanitation - I take note of the call to prioritise investment in both rural and urban water and sanitation emphasising on dam construction and borehole drilling, upgrading of water treatments plants including water purification and sewer reticulation.
- VIII. Energy and Power Development - The public recommended that Government should alleviate power shortages, which are affecting structural transformation and industrialization. Mr Speaker Sir, let me assure the House that Government is promoting IPPs, while also mobilising resources to invest in new power stations.
- IX. Mining – Mr Speaker Sir, I take note of the stakeholders call for Government to invest in exploration and to review the mining laws to ensure locals benefit from mining activities. The responsible Ministry is



already working on amending mining regulations, I hope all the concern will be taken on board.

- X. Road Infrastructure – I have taken heed of the call for the need to continue with the rehabilitation of major roads which link towns, rural markets, growth points, schools, and health facilities in rural areas, as well as the need to attract private sector to invest in the sector.
- XI. Devolution – the public has called for Treasury to increase the allocations and disbursements of the budgeted devolutions funds. The recommendation is well noted.
- XII. Environment and Climate – I am glad that the public is conscious about climate change and they are calling for streamlining climate change with mitigation and adaptation strategies.
- XIII. Corruption – Mr Speaker Sir, I have taken note of the call to capacitate key agencies which combat corruption to effectively reduce the corruption scourge. This will be given due consideration and support.
- XIV. Public Service – the public is calling for improvements in the working conditions of civil servants through salary reviews and other non-monetary benefits. Government is having continuous negotiations with workers through National Joint Negotiation Council (NJNC) to improve the conditions of service.

- XV. Welfare of War Veterans and War Collaborators – Mr Speaker Sir, I have heard the call for the need to improve welfare of war veterans and collaborators. This will be given due consideration.
- XVI. Peace and Security - The public is concerned with the rise in crime, especially armed robbery, hence they are calling for capacitation of the security organisations.
- XVII. Social Protection – there is huge cry for the need to strengthen social safety nets by increasing funding for programs which support vulnerable families.
- XVIII. Sport and Recreation – the public wants Government to increase funding towards sports to upgrade sporting facilities in both rural and urban areas.
- XIX. Constituency Development Fund (CDF) – I take note of the need to review the budgetary allocations for CDF taking into account differentiation between rural and urban constituencies.
16. Mr Speaker, I can assure you that the 2025 National Budget will take into account the observations and the recommendations raised by the Committee, as well as the valuable insights provided by other portfolio Committees during the four-day seminar.

## **Specific Issues**

17. Let me now briefly turn to other specific issues raised by various Committees and individual Hon. Members of the Parliament:

### ***Allocations and Disbursements***

18. Almost all Committees and Ministries have bemoaned the low levels of disbursements which has become a perennial challenge. Mr Speaker Sir, this is a tough cash situation we find ourselves in due to revenue and expenditure misalignment, however, this can be ameliorated through close collaboration between Treasury and line ministries, whenever budgets are released and payment runs are developed.

### ***Budget Ceilings***

19. Mr Speaker Sir, the total bids for the 2025 National Budget are over **ZiG\$700 billion** against budget envelope shared through the second budget call circular with a ceiling of **ZiG140 billion**. That is 5 times the ceiling of 18% of GDP.
20. Mr Speaker Sir, let me inform the House that the 2<sup>nd</sup> Budget Call Circular was issued before depreciation of the domestic currency. Therefore, we

are updating the fiscal framework to take into account the new changes which will allow an upward review of ceilings.

### ***Currency ZiG***

21. In response to the request made by Honorable Members regarding the expanded use of ZiG for purchasing essential goods and services such as fuel and other Government services, I would like to reaffirm our commitment to the de-dollarisation plan and confirm that we are making steady progress towards achieving full currency sovereignty in future.
22. The plan includes increase in actual notes and coins in circulations.

### ***Doing Business Environment***

23. Mr. Speaker, I would like to emphasize the significance of fostering an environment that promotes ease of doing business, as highlighted by our esteemed Members. The concerns raised regarding the unfavourable licensing fees being charged for televisions in hotel rooms within the tourism industry exemplify the need for a more conducive business climate.
24. This includes the domestication of value chains and duty free on raw materials that do not compete with local products

25. I acknowledge the merit of these suggestions and their potential impact on stimulating economic growth and promoting investment in our productive sectors.

### ***Rural Industrialisation***

26. Hon. Members emphasised the need to promote rural industrial development, in order to create job opportunities, improve rural livelihoods, and stem the tide of urban migration driven by economic factors.

27. Mr Speaker Sir, I encourage Hon. Members to leverage on devolution funds and promote small-scale manufacturing plants such as agro-processing, and skill-development programs. These targeted investments can empower rural communities, promote inclusive growth, and reduce the disparities that often fuel large-scale migration to urban centres.

### ***Agriculture***

28. Mr Speaker Sir, to enhance our agricultural output and mitigate food imports, Hon. Members stressed the need to allocate additional resources towards agricultural production, as well as conducting thorough audits of land usage in areas where individuals have been granted access to productive land to ensure effective utilisation of agricultural land.

29. Honourable Speaker, I take note of the overwhelming call for investment in **irrigation** development and rehabilitation to ensure food security of the country. Investment in irrigation infrastructure will facilitate year-round crop production, mitigate the impacts of climate variability, and create opportunities for local communities to enhance their livelihoods.
30. I also appreciate the valuable input from our esteemed Members, emphasizing the urgent need to expedite the completion of the Gwayi-Shangani Dam. This important infrastructure project will provide essential water resources for Bulawayo and other agricultural areas in Matabeleland, ensuring adequate supply for irrigation and domestic purposes.
31. Hon. Members reiterated that it is crucial to harness the potential of existing dams by establishing irrigation schemes in regions with significant water reservoirs, such as the Tugwi Mukosi Dam. This strategic approach will ensure food security nationwide and reduce our reliance on food imports, thus building resilience.

### ***Informalisation***

32. Mr. Speaker, we acknowledge and appreciate your valuable insights on the prevalence of the informal economy and the importance of boosting tax revenue by implementing innovative digital platforms to effectively tax the informal sector.

33. In this regard, ZIMRA will work closely with local authorities who licence the informal players to explore ways of collecting taxes from this sector.

### ***Sporting Facilities***

34. Hon C. Chiwanza, Chairperson for the Portfolio Committee on Sport, Recreation, Arts and Culture called for the upgrading of the existing sporting facilities especially the National Sports Stadium as well as construction of a new stadium in Mt Hampden, is well noted and supported.
35. Treasury will work closely with all the relevant stakeholders to ensure that all the outstanding works at the national sports stadium are completed which include water reticulation, perimeter fencing, turnstiles installation and bucket seats installation, among others.

### ***Water and Sanitation for Bulawayo***

36. Government availed an equivalent of US\$1 million to the City of Bulawayo aimed at addressing water challenges affecting the city, specifically targeted at improving the water pumping capacity at Umzingwane and Inyakuni pumpstations.

37. This support has seen the installation of 2 new pumps and refurbishment of 2 others at Umzingwane pump station whilst 2 new pumps were also installed at Inyakuni and other refurbishment works which are currently ongoing and expected to be complete by end of November 2024.
38. An additional US\$1.5 million has been availed to the City of Bulawayo targeting the renewal of water mains, replacement of valves and meters to reduce the non-revenue water and increase water supply to residents.

### ***Mineral Beneficiation***

39. Mr Speaker Sir, Hon Members have bemoaned the need to expedite the process of beneficiating our minerals domestically to create employment, revive the manufacturing industry and improve the country's resilience to economic shocks.
40. Government is equally concerned with continued export of raw minerals and is in the process of encouraging beneficiation of most minerals before export.
41. Let me take an opportunity to update the House on what we have been doing as Treasury to promote beneficiation, particularly for Platinum Group of Metals (PGMs) and Lithium.



42. Honourable Members would be aware that it is the responsibility of mining houses to finance acquisition of necessary beneficiation equipment and infrastructure, whilst Government provides the necessary environment.

*Beneficiation of PGMs*

43. Government has already introduced 5% beneficiation tax on the export of un-beneficiated platinum, which a view to compel mining houses to invest in the requisite plants. In addition, Government removed customs duty on the importation of the equipment required in the setting up of beneficiation plants, coupled with VAT deferment on the import tax payable.
44. I note the significant milestones that have already been achieved in the PGMs, with significant amount of investment in beneficiation plants on course to commission a Base Metal Refinery.
45. Whereas the tax has been deferred for the past years, I am pleased to advise that, with effect from 1 January 2025, Government will not grant any further reprieve from the tax, in order to compel mining houses to expedite completion of beneficiation plants.

*Lithium*

46. Mr Speaker Sir, the success story for PGMs should, thus, be replicated to lithium beneficiation, within a time frame of not more than two years, in order to yield revenue to the Fiscus.
47. The Value Added Tax legislation is already prescriptive on what constitutes beneficiation of lithium. Specifically, legislation defines “un-beneficiated lithium” as lithium exported for use in automotive or other batteries manufactured outside Zimbabwe, or for the manufacture of lithium carbonate, or for any beneficiation whatsoever outside Zimbabwe.
48. I have already tasked Treasury officials to ensure that the provisions of the VAT Act are synchronized with the definition of lithium beneficiation in the Mines and Minerals Regulations, with the superior beneficiation levels contained in the VAT Act taking precedence, with a view to ensure optimal benefits to Government.
49. As already announced in the 2024 National Budget, lithium producing companies were expected to submit their beneficiation plans during the 1st Quarter of 2024. Within the same context, Government has already taken a deliberate stance to ensure that no mining licences shall be granted to a prospective lithium company without approval of a feasible and reasonable beneficiation plan.
50. In view of the foregoing, I wish to advise that any lithium value addition process that does not result in the production of lithium carbonate will not

be regarded as substantial beneficiation, hence, 5% beneficiation tax applies.

### ***Special Interest Groups***

51. I have listened carefully to the three presentations from the special interest groups representing women, children and persons with disabilities. I want to thank the Parliament for providing an opportunity for the special interest groups a platform to express themselves in terms of their challenges and priorities.
52. The needs of such groups are reasons why Government exists to provide social goods through redistribution of wealth from the haves to the have nots.
53. In this regard, as we allocate the resources, there is need to streamline the needs of the people with special interests to ensure inclusivity and leaving no one behind.

### ***Capitalisation of Women Microfinance Bank***

54. Hon. Mbowe raised the issue of high interest rates charged by the Women's Bank which is as high as 10% per month being charged. We take note of the concern and we will engage the responsible Ministry and management to see if they can review the terms.

55. On our part, Treasury has so far disbursed an equivalent of US\$1.9 million during the year towards the recapitalization of the bank.
56. In addition, Treasury will also expedite the processing of Government guarantees and prescribed asset status for the bank.

### *Children Services*

57. The call by Mr. Nleya, the Child President for all children to acquire inclusive education is well noted and supported. Government will do its best to provide the necessary capacitation required for our schools which includes the following provisions: -
- Teaching and learning materials.
  - ICT equipment critical in bridging the gap between rural and urban learners; and
  - equipping school laboratories.
58. Hon. Khupe reiterated the need for the Government to prioritize the provision of sanitary facilities in all schools, including the elimination of import duties on sanitary pads to safeguard the well-being and educational opportunities of the girl child.
59. The proposal made by Honorable Kangausavi and Hon. Ngwangwa, advocating for the establishment of technical and tertiary colleges in rural

areas and offering scholarships to underprivileged students is well noted and supported.

### *Beam*

60. Mr Speaker Sir, the issue of BEAM has been raised by a number of Hon Members. The Committee Chair for Public Service, Labour and Social Welfare, Hon. D. Mashonganyika bemoaned the late disbursements of BEAM funds to schools.
61. I acknowledge the challenge and Treasury commits to clear the outstanding arrears in the near future. So far, we have prioritised the clearance of ZiG57 million arrears which was owed to special schools.
62. Let me take this opportunity to inform the House that of the 4.5 million primary and secondary students in the country, 30% are under BEAM. In line with a number of recommendations, perhaps there is need to relook at the BEAM programme to improve its modus operandi to ensure that intended beneficiaries benefit from the programme.

### *Drug and Substance Abuse*

63. Mr Speaker Sir, Government is concerned with the level of drug and substance abuse and an Interministerial National Committee on the

Elimination of Drugs and Substance Abuse has been established chaired by the Minister of Defense.

64. The Committee has come up with several strategies to fight the menace including surveillance activities, decentralisation of the Drug and Narcotics Department under the ZRP and conducting Anti-Drug Abuse Campaigns nationwide.
65. Work is underway to rehabilitate the existing rehabilitation centres with a view to construct additional centres and equip them with the necessary equipment.

#### *Persons with Disability*

66. I acknowledge the valuable contribution made by Hon. Shiri, who underscored the importance of fostering local production of assistive devices and establishing an Assistive Devices Fund. These initiatives would not only enhance the availability of essential resources for persons with disabilities but also create new economic opportunities within our domestic manufacturing sector.
67. I applaud the insightful recommendations made by the Honorable Members during the plenary session by highlighting the need to have comprehensive support institutions for individuals with disabilities, akin to the Jairos Jiri Association and the Kapota school for the blind which can

provide the necessary essential services that address the diverse needs of people living with disabilities

68. Mr. Speaker Sir, the proposal for Government to increase financial support and introduction of incentives for the acquisition of assistive devices for the physically disadvantaged is noted.

69. I am pleased to advise that products used by the physically challenged are zero rated for customs duty regime, coupled with VAT exemption thereof. Thus, no duty or VAT applies to such products.

70. I would be glad to assist if there remains any product predominantly used by such persons which still attracts taxes.

### *Cancer Treatment*

71. I have noted the recommendation to consider taking a share of the AIDS levy towards cancer diagnosis and treatment.

72. Hon members as you are aware, Government introduced Special Surtax on Selected Beverages “sugar content tax” through the 2024 National Budget meant to procure essential cancer equipment as part of the measures to improve the provision of health and its access across the country.

73. I am pleased to advise that all resources mobilized from the tax are ring-fenced towards therapy and procurement of cancer equipment for diagnosis. For the period January to September 2024, Government has mobilised US\$24 million from the tax.
74. The Ministry of Health and Care is currently concluding the procurement process for the cancer machines and medicines.

### ***Revenue Retentions by Government Ministries and Departments***

75. Mr Speaker Sir, I note the recommendations for Treasury to consider extending revenue retention by Government Departments such as CVR and VID.
76. Section 302 of the Constitution of Zimbabwe provides that all fees, taxes and other revenues of the Government, whatever their source, should be deposited into the Consolidated Revenue Fund (CRF) unless an Act of Parliament requires or permits such revenues to be paid into some other fund established for a specific purpose.
77. I also note the delays in the disbursement of funds to support operational activities of Government Ministries and Departments (MDAs), which Treasury is currently seized with.



78. Mr Speaker Sir, whereas it is important for such MDAs to retain a portion of revenue at sources, Treasury notes the lack of transparency in accounting for retained revenues during the previous years, hence, the policy decision to uphold the principle provided in the Constitution, which is important in promoting transparency and accountability in the utilization of public resources.
79. In view of the foregoing, I wish to advise that Treasury will endeavour to expedite disbursement of operational funds for all MDAs, cognizant of the need to ensure uninterrupted service provision and revenue collection, particular attention being on revenue mobilization institutions.

### ***Support for Motor Vehicle Assembly***

80. I take note of the proposal put forth by Honorable Musanhi, which calls attention to Government to remove the anomaly where incentives are provided towards the importation of finished buses and other vehicles over the inputs required for local production.
81. I am pleased to advise that legislation will accordingly be amended to incentivise the importation of inputs into the assembly of buses and motor vehicles, as opposed to providing incentives on buses, in support of the value addition and import substitution objectives.

### ***Duty on Inputs into Production***

82. Mr Speaker Sir, I note the proposal for Government to remove customs duty on imported raw materials.

83. I am pleased to advise that the current duty regime is characterised by a 0% duty regime of imported raw materials, capital equipment and any input into production which is not available in Zimbabwe at competitive prices.

84. Treasury, therefore, remains ready to remove duty on any remaining inputs into production, provided there are no *Directly Competitive and Substitutable Products*.

### ***Intermediated Money Transfer Tax***

85. Mr Speaker Sir, the proposal to reduce Intermediated Money Transfer Tax (IMTT) is noted and will be carefully analysed.

### ***Personal Income Tax***

86. Mr Speaker Sir, I take note of the proposal for Government to consider allowing taxpayers to pay a portion of Personal Income Tax in local currency.

87. Honourable Members would be aware that Finance Act 2 of 2024 provides for Corporate Income Tax on a 50:50 basis, that is in both foreign and local currency.
88. There is, thus, a need to carefully analyze the current policy on CIT, before extending the policy on Personal Income Tax.

### ***Excise Duty on Fuel***

89. Mr Speaker Sir, the proposal to reduce excise duty on diesel considering that the product is a substitute for electricity, is noted, as well as the proposal that fuel should be sold in local currency.
90. I wish to advise that the proposals are noted and will be analyzed accordingly.

### ***Mineral Royalties***

91. Mr Speaker Sir, I note the proposal for Government to consider increasing the royalty rate for the Artisanal and Small-Scale Gold Mining and ring-fence the increment thereof for environmental rehabilitation. It is also proposed to formulate a mechanism for royalty revenue sharing between the Central Government, Local Authorities and communities.

92. I also appreciate the proposal that royalties on Platinum Group of Metals, Lithium, Diamond and Gold be levied based on a *Variable Royalty Regime*, cognizant of the volatility of mineral prices.

93. I am pleased to advise that the Finance Bill for the 2025 Budget will provide a proposal for a *Variable Royalty Regime* for consideration by parliament. The regime will, however, be designed with a view to ensure that mining houses contribute fairly and reasonably to the Fiscus, particularly considering that such operators are exploiting exhaustible resources.

### ***Special Capital Gains Tax on Transfer of Mining Rights***

94. Mr Speaker Sir, I note the proposal for Government to consider revising the application of the Special Capital Gains Tax on the transfer of mining rights, in view of the retrospective nature of the tax.

95. I am pleased to advise that the proposal will accordingly be considered.

### ***Automation of Payment of Taxes***

96. The Proposal for Government to automate tax payments to reduce incidences of corruption, underreporting and under-declarations, is noted. The noble proposal is also applicable to the payment of user fees, levies and charges by Government Agencies, Parastatals and Local Authorities.

97. I am pleased to advise that taxpayers already have the opportunity to pay taxes through banks and digital platforms, which have already been integrated and interfaced with the Tax Revenue Management System (TARMS).
98. There is, however, an opportunity to promote the use of mobile money platforms and ensure that all such platforms are available to all taxpayers.

### ***Customs Duty***

99. Mr Speaker Sir, I note that various stakeholders have linked smuggling to the general level of customs duty, where it is argued that relatively high rates of duty are punitive and motivate smuggling. The proposal is, thus, to review the customs duty regime for basic goods such as clothing, shoes and washing powder to an average of 10%.
100. Whereas the proposal is noted, reduction of duty on products such as washing powder should be considered bearing in mind the existence of a local producer of a *Directly Competitive and Substitutable Product*.

### ***Remittance Carbon Tax and Tobacco Levy***

101. Mr Speaker Sir, I note the non-remittance of Carbon Tax to the Environmental Management Agency as well as the intermittent remittance of tobacco levy towards re-forestation commitments.

102. I acknowledge the commitment to ring-fence the revenue generated towards reforestation and I have tasked Treasury officials to deal with the challenges on remittance.

### ***VAT Zero Rating of Tourism Services***

103. Mr Speaker Sir, I take note of the proposal by the Ministry of Tourism and Hospitality Industry to promote domestic tourism through initiatives such as VAT zero rating of domestic accommodation.

104. In addition, the Ministry recommends streamlining of user fees, charges and services, as well as downward review of taxes applicable to the tourism including aviation.

105. Honourable Members would be aware that Government recently streamlined VAT tax expenditures, with a view to ensure optimal contribution of the tax along the value chain. Tax exemptions and zero ratings present a huge cost to the Fiscus.

106. With regards to user fees, levies and charges by several Agencies, I concur with the earlier recommendation for Government to constitute a

Committee whose mandate would be to endeavour to streamline the fees and levies thereof.

### ***Tax Incentives for Donations to Educational Institutions***

107. Mr Speaker Sir, I note the proposal by the Portfolio Committee on Higher and Tertiary Education, Innovation, Science and Technology Development for Government to provide incentives to individuals and corporations that donate to educational institutions.

108. Whereas the proposal is noted, corporates and individuals are encouraged to utilize existing incentives already provided in the Income Tax Act. Specifically, the current tax legislation provide corporates with the opportunity to deduct, against taxable income, any contribution or donation towards the operations of educational institutions, including expenditure on bursaries and/or scholarships.

109. It is also important to maintain tax expenditures at the best minimum level, thus, ensuring optimal mobilization of revenues commensurate with economic activities.

### ***Parliamentary Youth Caucus Tax Incentives***

110. Mr Speaker Sir, I note the submission by the Parliamentary Youth Caucus for Government to introduce tax subsidies for youth-led tourism business ventures.

111. In addition, it was proposed that Government introduces an *Alcohol Tax*, whose revenue will be utilised through a *Drug Fund*.

112. It was also proposed that Government reviews the *Youth Employment Tax Initiative*, in line with current developments.

### ***Tourism Tax Subsidies***

113. Mr Speaker Sir, I wish to advise that Government already provides sector specific incentives, including tourism. Specifically, companies operating in the tourism sector are entitled to suspension of duty on buses, motor vehicles used for safari activities, as well as capital equipment used specifically in the tourism sector.

114. I would, thus, encourage the youth to take advantage of these incentives and ensure that their companies are properly registered in order to benefit from current concessions.

### ***Alcohol Tax***

115. Mr Speaker Sir, I wish to advise that alcoholic beverages currently attract customs and excise duty, as well as beverages sugar content tax, hence, introduction of an additional tax may undermine production activities.



116. Specifically, alcoholic beverages, wines and spirits attract customs duty ranging from 25% to 100%, coupled with excise duty of a minimum of US\$0.25 per litre.

117. There is, thus, need for a cautious approach in advocating for the introduction of additional taxes, cognizant of the need to maintain production levels.

### ***Youth Employment Tax Incentive***

118. Mr Speaker Sir, current legislation provides for a credit of US\$50 per employee against income tax payable by a qualifying taxpayer who employs any additional youth employee in any year of assessment.

119. Government has already pegged the tax incentive in foreign currency, in order to ensure that beneficiary companies realise real value of the incentive, notwithstanding any macroeconomic developments.

### ***Taxes on Sanitary Pads***

120. I also note the proposal for Treasury to ring-fence revenue generated from taxation of sanitary pads.

121. Mr Speaker Sir, in response to the recommendations of Parliament, Government has already removed duty and VAT on sanitary pads, hence, no revenue is collected therefrom.

## **Conclusion**

122. Mr Speaker Sir, I want to conclude my comments by expressing my appreciation to Hon. Members for their valuable input in the formulation of the 2025 National Budget.

123. As representatives of the citizens, we take your recommendations and comments seriously and we commit to incorporate them into the Budget as much as possible.

**I THANK YOU**