WEEKLY LABOUR BULLETIN

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Part 4



11th November 2026

CFU WEEKLY LABOUR BULLETIN - 11th November 2026

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PAYE ON FARMS

PART 4: BENEFITS IN KIND - WHAT HAPPENS WHEN AN EMPLOYEE IS GIVEN SOMETHING OTHER THAN CASH?

INTRODUCTION

Parts 1–3 explained what counts as wages, allowances, and how farm accommodation is treated. This week, we look at common non-cash benefits on the farm—like vehicles, meals, school fees, loans, airtime, and data.

The Golden Rule: PAYE is not just for cash salaries. Under Section 8(1)(f) of the Income Tax Act, PAYE is not just for cash salaries; certain non-cash benefits provided to employees can also form part of taxable income. To stay compliant, a farmer must ask three simple questions:

1. What did I give the employee?
2. Is it for personal use, or is there a tax exemption?
3. How does ZIMRA require me to calculate its cash value?

MOTOR VEHICLES

If a farm worker is allocated a farm vehicle that they are allowed to use for private travel (including driving home or running personal errands), the benefit is taxable.

- **How it is valued**: You do not track fuel receipts. *ZIMRA sets a fixed, "Deemed Value" based purely on the vehicle's engine capacity (cc)*.
- **Action Item**: Check ZIMRA's current engine capacity tax tables and add that monthly dollar value to the employee's payroll before calculating PAYE. Do not ignore it just because no cash changed hands.

A vehicle used solely for the employer's business and returned to the farm after work is not, merely because the employee drives it, a private-use motor-vehicle benefit.

MEALS ON THE FARM: A CRITICAL DISTINCTION

Meals provided to workers are a major point of confusion. Thanks to the landmark Supreme Court case Zimplats v ZIMRA (SC 16/23), the law is now very clear:

- ***Taxable Meals***: If you provide free daily meals or groceries simply as a perk or part of a worker's salary package for their personal benefit, the cost to the employer is a taxable fringe benefit.
- ***Tax-Free Meals (The Zimplats Rule)***: Meals provided because employees are required to remain at a work location for the employer's operations may fall outside the taxable benefit where they are provided for the purposes of the employer's business. This was confirmed by the Supreme Court in Zimbabwe Platinum Mines (Private) Limited v ZIMRA, SC 16/23.
- ***Action Item***: Keep neat records of why meals are provided. If it is for shift continuity in the fields, document it to justify the tax exemption.

SCHOOL FEES

If a farmer pays school fees for an employee's children, ZIMRA treats the full cost as a taxable benefit.

- ***Note***: There is a tax concession where registered school staff pay tax only on half the fees, but this does not apply to ordinary farm workers.
- ***Action Item***: The full amount of school fees paid must be treated as taxable income on the worker's payslip.

EMPLOYER LOANS

If you give an employee a casual loan, it can trigger a taxable benefit if the interest rate you charge is lower than ZIMRA's prescribed interest rate.

- ***The USD 100 Rule***: If the total loan amount is USD 100 or less, ignore it. It is completely tax-free.
- ***Loans Over USD 100***: If the loan is higher than USD 100, and an employer gives an employee the loan at no interest or at a rate below the prescribed rate, a taxable benefit may arise from the interest difference. For example, if ZIMRA's official prescribed rate expects USD 1,200 in interest per year, but you only charge the worker USD 400, the USD 800 difference is a taxable benefit.
- ***The Big Exemptions***: Regardless of the amount, a loan is 100% tax-free if you can prove it was granted strictly for:
  - Education or technical training of the employee.
  - Medical treatment for the employee, their spouse, or children.

AIRTIME AND DATA

If you provide airtime or bundles that employees use outside of strict working hours or at home, ZIMRA applies a standard split:

- 30% of the cost is automatically deemed a taxable personal benefit.
- 70% of the cost is assumed to be for business.
- ***The Exception:*** If you want it to be 100% tax-free, you must keep adequate business records, such as official farm call logs, to prove that zero personal use occurred.

COMMON FARM PAYROLL MISTAKES

- Calculating PAYE only on basic cash wages.
- Assuming a benefit is tax-free just because the employee didn't get cash.
- Automatically taxing every meal provided on the farm.
- Forgetting that loans proved to have been granted for education, technical training or medical treatment are excluded from the loan-benefit rule.
- Guessing old vehicle values or interest rates instead of checking current ZIMRA rules.

THE FARMER'S CHECKLIST

For every non-cash item provided:

- Identify the item
- Check whether a statutory exclusion or business-purpose rule applies
- Determine ZIMRA's value
- Add to PAYE if personal.

CONCLUSION

Benefits in kind are part of the PAYE system because remuneration is not restricted to cash. The farmer must therefore look at what the employee receives, apply the specific statutory rule, and use the prescribed method for valuing the benefit.

***Coming Next* – Part 5: PAYE and Other Payroll Deductions**—including NSSA, pensions, and Union/NEC deductions, and how they affect your final PAYE calculations.

Disclaimer: This article is issued to serve as a general guide to farmers and does not substitute legal advice that may be required to address a particular situation with peculiar circumstances.

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