THE TAX MAN'S CORNER

ZIMRA

VIC-D16505140-TF26

Tax concession for the elderly

PERSONS aged 55 years or above are considered as elderly persons for Income Tax purposes and they are eligible to a number of tax concessions.

Tax concessions for the elderly provide relief either by reducing the tax payable or removing the tax altogether.

Such concessions are in the form of exemptions or credits and are provided for in the Income Tax Act (Chapter 23:06), the Finance Act (Chapter 23:04) and the Capital Gains Tax Act (Chapter 23:01).

The following tax concessions are applicable to elderly persons:

- Rental income

The rental income accruing to an elderly person who is over fifty-five years in the year of assessment, up to a maximum amount of $120 000 per annum, is exempt from Income Tax.

The amount remaining after the exempt portion will be taxed at the rate of 24 % since its income from trade and Investments.

- Interest earned from Financial Institutions

The first $240 000 of interest accruing to an elderly person who is over fifty-five years in the year of assessment from any deposit with a financial institution in the year of assessment is exempt from Income Tax.

The amount remaining shall be taxed at the normal rates.

- Pension received

A pension paid from a pension fund or the Consolidated Revenue Fund to an elderly person who attained 55 years before the year of assessment is exempt from income tax.

Benefit resulting from motor vehicle disposed to elderly person by employer

A pension paid from a pension fund to an elderly person who attained 55 years before the year of assessment is exempt from income tax

Where a motor vehicle is sold or disposed of to an elderly person, being an employee, during or on termination of employment at below market value, the benefit accruing from that disposal is exempt from Income Tax.

The elderly person receiving the motor vehicle shall not pay any tax on the benefit provided he/she is fifty-five years or over on the date of sale or disposal.

Elderly person's credit

Elderly person who has attained the age of fifty-five years before the year of assessment shall be entitled to an elderly persons' credit of $72 000 per annum. A credit reduces the tax payable by the taxpayer.

Disposal of property

Where an elderly person disposes of a principal private residence (PPR) (that is his/her main residence), the whole amount received on sale of such property is exempt from capital gains tax provided the taxpayer is of or over fifty-five years on the date of the sale.

This means that no Capital Gains Tax is payable on the whole amount realised from the sale of the property by an elderly person.

Exemption on disposal of marketable securities

The first $140 000 that accrues to an elderly person on the sale of any marketable security is exempt from Capital Gains Tax provided the taxpayer is of or over fifty-five years on the date of sale of the marketable securities.

Marketable security means any bond, debenture, share or stock that can be sold in a share market.

My Taxes, My Duties: Building my Zimbabwe!!

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