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# Transfer Pricing Digest

*Insights on Southern African and Global Tax Developments*

Q1 Issue 2026

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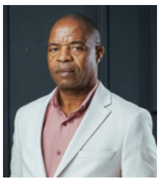
# 1. Introduction

The Zimbabwe Transfer Pricing Digest is a quarterly practitioner-led publication offering practical insights on transfer pricing. Tailored for ]Zimbabwean taxpayers, CFOs, finance directors and senior management engaged with ZIMRA, it delivers clear, actionable guidance that connects global and Southern African developments with Zimbabwe's regulatory landscape.

## Our Key Personnel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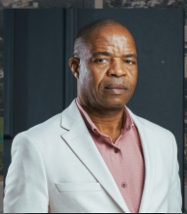
# Executive Tax Summit Africa

*"Driving Value Through Strategic Tax Decisions"*

**15 - 18 April 2026** | **Southern Sun, Cape Sun Hotel, Capetown**

- Strategic Tax Value Insights
- Global Tax Transparency
- Tax Risk Management & Planning
- Tax Technology Transformation
- Executive-Level Networking

## Speakers



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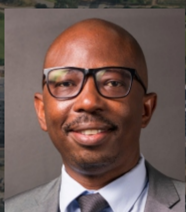

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Co-founder & Principal
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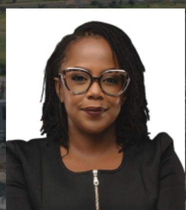

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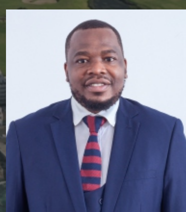
International Tax & Transfer Pricing
Expert Partner, GSFGI
Kenya



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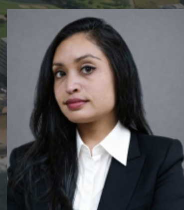

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Head of Global Strategy
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## Conference Fees Per Person (USD)

| Options | Full Package | Own Transport | Conference Only | Deadline |
|---|---|---|---|---|
| Early Bird | 1,990 | 1,780 | 1,620 | 28/02/26 |
| Standard | 2,510 | 2,150 | 1,920 | 31/03/26 |
| Late | 2,750 | 2,350 | 2,025 | 14/04/26 |

*Full Package includes conference fee, travel costs, accommodation, meals and activities


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## 2: Global Transfer Pricing and International Tax Trends

### 2.1. Beyond Pillar Two

The OECD's Pillar Two framework and the emergence of Domestic Minimum Top Up Taxes (DMTTs) have become central to global tax discourse. Pillar Two, introduced under the OECD/G20 Base Erosion and Profit Shifting (BEPS) Project, seeks to ensure that large multinational enterprise (MNE) groups with consolidated revenues exceeding €750 million are subject to a minimum effective tax rate of 15% in every jurisdiction in which they operate.

The introduction of a global minimum tax is aimed at curbing profit shifting to low tax jurisdictions and limiting harmful tax competition that erodes national tax bases. Greater emphasis is now being placed on substance over form in intercompany arrangements and consistency between contractual terms and actual conduct.

Against this backdrop, it is increasingly important for entities operating in Southern Africa to understand how Pillar Two is being implemented across the region as the pace and depth of adoption differ significantly from country to country.

#### Zimbabwe – Domestic Minimum Top Up Tax (DMTT)

Zimbabwe has taken a notable step by introducing a form of domestic minimum taxation through its Finance Act, positioning itself as an early mover in the region despite not being a formal member of the OECD Inclusive Framework. Zimbabwe's Domestic Minimum Top Up Tax (DMTT) is designed to ensure that profits arising in Zimbabwe are subject to an effective tax rate of at least 15%, particularly where multinational groups benefit from incentives, exemptions or foreign headquarter structures that reduce the effective tax burden.

Unlike the full OECD Global Anti Base Erosion (GloBE) rules, Zimbabwe's approach is primarily domestic in nature and focused on protecting the local tax base. From a transfer pricing perspective, the DMTT increases scrutiny on whether profits allocated to Zimbabwe accurately reflect the economic substance of local activities. Taxpayers should expect closer examination of margins, cost allocations, management fees and incentive regimes, especially where effective tax rates fall below the global minimum threshold.

#### South Africa – Comprehensive Pillar Two Adoption

South Africa is the most advanced Pillar Two implementer in Southern Africa. It has enacted comprehensive legislation aligned with the OECD GloBE Model Rules including both an Income Inclusion Rule (IIR) and a Domestic Minimum Top Up Tax. The regime applies to MNE groups meeting the €750 million revenue threshold and is effective for financial years beginning on or after 1 January 2024.

From a regional perspective, South Africa's adoption means that low taxed income earned elsewhere in Southern Africa may ultimately be taxed at group level in South Africa, even if local jurisdictions have not yet implemented Pillar Two themselves.

#### Zambia – Monitoring Without Formal Implementation

Zambia has not yet enacted formal Pillar Two or DMTT legislation. While discussions around international tax reform and base erosion exist, there is currently no publicly enacted framework aligned with the OECD GloBE rules. Zambia's corporate tax regime therefore remains grounded in traditional income tax rules, sector specific incentives, and transfer pricing enforcement.

For multinational groups, this creates a dual exposure: while Zambia itself may not impose a top up tax, low effective taxation in Zambia could still trigger top up taxation under an IIR in another jurisdiction where the group is headquartered.

#### Mozambique – Early Stage Engagement

Mozambique appears to be in an early or observational stage with respect to Pillar Two implementation. There is no confirmed domestic legislation introducing a DMTT or GloBE aligned rules. Policy attention remains focused on investment attraction, extractive industries and traditional tax administration reforms.

#### Botswana – Traditional Corporate Tax Focus

Botswana has not formally adopted Pillar Two measures and continues to rely on its existing corporate income tax framework. While Botswana maintains a relatively competitive tax environment, the absence of a DMTT means that any effective tax rate below 15% may be subject to top up taxation elsewhere in the group structure.

#### The Broader Southern African Region – A Fragmented Landscape

Looking across Zimbabwe's immediate neighbours and the wider Southern African Development Community (SADC) region including South Africa, Zambia, Mozambique, Botswana, Namibia, Malawi, Eswatini and Lesotho, implementation of Pillar Two remains uneven.

South Africa stands out as the only jurisdiction with a fully enacted and operational Pillar Two framework. Zimbabwe has adopted a domestically focused minimum tax approach, while most other countries in the region remain in monitoring or preparatory phases. Capacity constraints, competing fiscal priorities and concerns about investment competitiveness continue to influence the pace of adoption.

This fragmented landscape creates complexity for multinational groups operating across borders. Even where local Pillar Two rules are absent, group level obligations may still arise, increasing the importance of consistent transfer pricing policies, defensible profit allocation and strong documentation across all Southern African operations.

### What This Means for Zimbabwean Subsidiaries of Foreign MNEs

For Zimbabwean subsidiaries that form part of foreign multinational groups, Pillar Two introduces indirect but significant exposure, even where the group's headquarters are located outside Zimbabwe. Where profits earned in Zimbabwe are subject to an effective tax rate below 15%, those profits may be topped up either through Zimbabwe's Domestic Minimum Top-Up Tax or under an Income Inclusion Rule applied in the parent company's jurisdiction.

This increases the likelihood of heightened scrutiny on transfer pricing outcomes in Zimbabwe, particularly around service and management fees, royalties, financing arrangements and the allocation of risks. Zimbabwean entities will be expected to demonstrate that their reported margins align with their actual functional profile and economic substance, as any perceived underpricing of local profits may result in additional tax either locally or at group level.

From a practical perspective, Zimbabwean subsidiaries should ensure that transfer pricing documentation is not only compliant but also defensible under audit.

### 2.1. Global Transfer Pricing Audit Focus Areas

Revenue authorities globally are narrowing their transfer pricing audit focus to areas that present the highest base erosion risk. In practice, this has translated into heightened scrutiny of management and service fees charged to operating entities, commodity pricing within mining and natural resource groups, and the recognition of post year end transfer pricing adjustments.

Across African markets, enforcement activity has intensified as tax authorities seek to safeguard domestic tax bases. Audits are increasingly driven by a substance-over form mindset, with authorities demanding clear alignment between reported results and the underlying economic reality of intercompany arrangements. For taxpayers, early and critical review of transfer pricing positions is no longer optional but key to facilitating efficient audits and mitigating prolonged disputes.

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# International Tax Rules-Advanced

**Conventional: 02 November – 21 December 2026**

**Self-Paced: 09 May – 28 May 2026**

**Course Duration: 7 Weeks**

## Course Delivery

This course provides practical training on cross-border taxation and international tax principles relevant to Zimbabwean and multinational operations. It equips participants with the skills required to manage international tax exposure, apply Double Taxation Agreements (DTAs), and comply with cross-border tax obligations. The course focuses on common international tax risk areas that attract audits and disputes. Participants also gain confidence in structuring and defending cross-border transactions.

## Course Content

- Fundamentals of international taxation
- Source versus residence principles
- Permanent establishment rules
- Double Taxation Agreements (DTAs)
- Withholding taxes on cross-border payments
- Taxation of cross-border services
- Foreign tax credits and reliefs
- Exchange control and tax interaction
- BEPS and global tax developments
- Managing international tax audits
- Common cross-border tax risks

## Entry Requirements

Open to individuals with prior experience in taxation, finance, or cross-border business operations who seek to develop strategic competence in managing international tax exposure, cross-border structuring, and regulatory risk.

## Training Options & Fees Per Delegate

Physical Session (Venue: WTS Tax Matrix Academy) - USD$550

Virtual Session (Microsoft Teams) - US$490

## For Registration & Enquiries


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# Business Tax Strategy–Advanced

**Conventional: 11 September – 30 October 2026**

**Self-Paced: 18 February - 08 April 2026**

**Course Duration: 7 Weeks**

## Course Delivery

This course focuses on integrating tax into overall business strategy and enterprise-wide decision-making. It equips Business Executives and Practitioners with strategic skills required to enhance profitability, manage risk, and improve cash-flow outcomes. The course moves beyond compliance and examines how tax affects pricing, contracts, and operational decisions. Participants gain strategic insight into managing tax uncertainty in the Zimbabwean dynamic fiscal environment.

## Course Content

- Tax as a strategic business variable
- Corporate income tax planning
- Effective tax rate management
- Tax strategy and cash-flow optimisation
- Tax considerations in pricing decisions
- Tax implications in contracts and agreements
- Managing tax risks and uncertainty
- Industry-specific tax strategies
- Tax governance and board oversight
- Measuring and reporting tax performance
- Responding to tax law and policy changes

## Entry Requirements

Open to individuals with prior experience in taxation, finance, or business decision-making seeking to strengthen strategic tax planning, business decision-making, and tax risk management capability.

## Training Options & Fees Per Delegate

Physical Session (Venue: WTS Tax Matrix Academy) - USD$550
Virtual Session (Microsoft Teams) - US$490

## For Registration & Enquiries

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## 3: Zimbabwe Focus – SI 109 of 2019 in Practice

### 3.1. Documentation Expectations

Zimbabwe's transfer pricing framework, established under SI 109 of 2019 and reinforced by ZIMRA practice notes, places strong emphasis on contemporaneous documentation to demonstrate compliance with the arm's length principle.

In practice, ZIMRA audit frequently centres on the benefit test. Taxpayers are expected to demonstrate not only that intragroup services were contractually agreed, but that they were actually rendered and delivered measurable commercial value to the receiving entity. ZIMRA also place weight on the commercial rationale for transactions, requiring taxpayers to explain why services were required and how they support the entity's business objectives.

Robust supporting evidence including intercompany agreements, service deliverables, invoices and cost breakdowns plays a critical defensive role during audits. In the absence of such evidence, taxpayers face increased risk of transfer pricing adjustments and penalties, as unsupported arm's length claims are unlikely to withstand scrutiny.

### 3.2. Common Practical Challenges

- Insufficient evidence of services rendered - Agreements exist, but there is little or no contemporaneous proof showing that services were actually performed and benefited the local entity.
- Failure to meet the benefit test - Taxpayers struggle to demonstrate how intragroup services provided commercial or economic value to the receiving entity.
- Inclusion of shareholder or stewardship costs
- Generic or inappropriate benchmarking studies
- Misalignment between contracts and actual conduct
- Duplication of intragroup services
- Unsupported cost bases and allocation keys
- Year end transfer pricing adjustments without policy support
- Late or non contemporaneous documentation

### 3.3. Penalties and Risk Exposure

When ZIMRA adjusts a taxpayer's income due to non arm's length pricing or documentation issues, penalties are imposed on the resulting tax shortfall, in addition to the tax adjustment itself as follows:

- 10% penalty - If contemporaneous transfer pricing documentation exists and meets the regulatory requirements, but ZIMRA still finds the intercompany pricing not at arm's length, a 10% penalty of the tax shortfall applies.
- 30% penalty - Where documentation is missing, incomplete or does not comply with the Transfer Pricing Documentation Regulations, ZIMRA can impose a 30% penalty of the tax shortfall.
- 100% penalty - If the shortfall arises from fraud, tax evasion or a deliberately engineered scheme to avoid tax, the penalty can be up to 100% of the tax shortfall.

These penalties are in addition to the transfer pricing adjustment and related interest on unpaid tax

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# Transfer Pricing Rules – Advanced

Conventional: 02 November – 21 December 2026

Self-Paced: 09 May – 28 May 2026

Course Duration: 7 Weeks

## Course Delivery

This course provides advanced technical training on the application of transfer pricing rules to inter-company transactions. It equips participants with the skills required to apply the arm's length principle, prepare defensible transfer pricing documentation, and manage transfer pricing risk. The course enables participants gain practical competence to support compliance, advisory work, and dispute resolution.

## Course Content

- Meaning & objectives of transfer pricing
- Arm's length principle & international standards
- OECD Transfer Pricing Guidelines
- Zimbabwe transfers pricing framework & compliance requirements
- Identification & analysis of related-party transactions
- Functional, asset, and risk (FAR) analysis
- Transfer pricing methods & selection criteria
- Pricing of management services & intra-group services
- Financing, loans, & treasury transactions
- Intangible assets & intellectual property transactions
- Preparation of transfer pricing documentation & policies
- Transfer pricing audits, adjustments, & dispute management

## Entry Requirements

Open to individuals with previous exposure to corporate taxation, international transactions, or group finance structures, who seek to build advanced capability in transfer pricing policy design, documentation, and audit defence.

## Training Options & Fees Per Delegate

Physical Session (Venue: WTS Tax Matrix Academy) - USD$550
Virtual Session (Microsoft Teams) - US$490

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# Corporate Tax Structuring-Advanced

**Conventional: 11 September – 30 October 2026**

**Self-Paced: 18 February - 08 April 2026**

**Course Duration: 7 Weeks**

## Course Delivery

This course equips Business Executives with practical skills to design, evaluate, and defend tax-efficient corporate structures within Zimbabwean tax legislation. It focuses on lawful tax planning techniques that preserve value while minimising tax risk. Business Practitioners gain hands-on insights into structuring business forms, group arrangements, and financing decisions. The course also prepares business executives to confidently manage and defend tax-efficient positions and minimize ZIMRA audits risks.

## Course Content

- Principles of corporate tax planning
- Tax implications of different business structures
- Selection of Tax-efficient investment vehicles: Companies, partnerships, and trusts
- Group structures and intra-group transactions
- Capital structuring: debt vs equity
- Tax treatment of reorganisations and restructurings
- Mergers and acquisitions tax considerations
- Taxes in cross-border operations
- Anti-avoidance provisions and substance-over-form
- Ethical boundaries and tax planning

## Entry Requirements

Open to individuals and business professionals with prior experience in taxation, finance, or corporate structuring seeking to strengthen advanced corporate structuring, tax risk management, and value-preserving tax strategies.

## Training Options & Fees Per Delegate

Physical Session (Venue: WTS Tax Matrix Academy) - USD$550

Virtual Session (Microsoft Teams) - US$490

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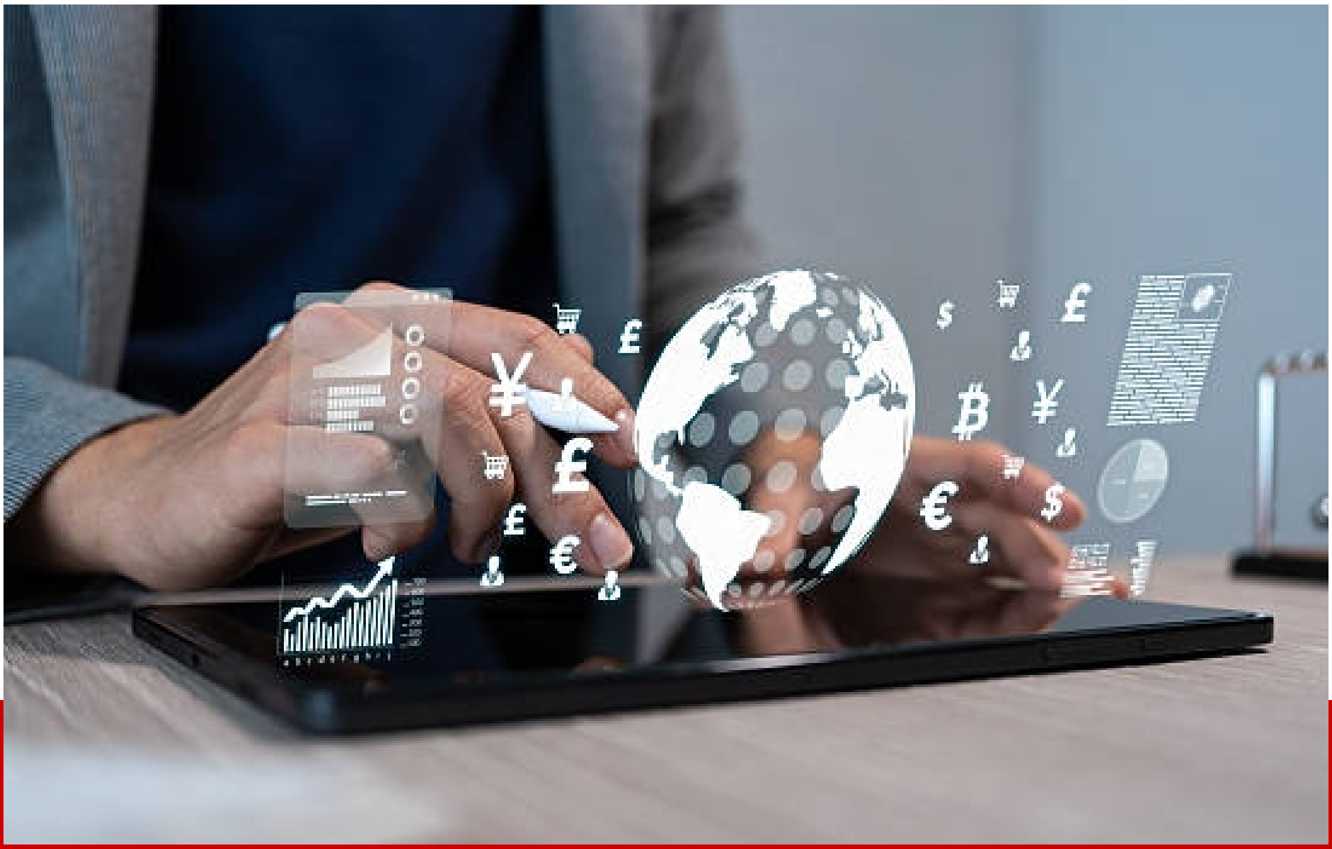
## 4: Practical Toolkit

### 4.1 Transfer Pricing Documentation Checklist

- List of all related party transactions
- Signed contracts detailing scope, pricing, and terms.
- Clear summary of who does what, assets used and risks borne.
- Proof of services rendered.
- Transparent costs breakdown and justified allocation keys linked to benefits.
- Benchmarking Support.
- Transfer pricing figures reconciled to financial statements and tax returns.
- Invoices and payment schedules.
- Year end adjustments

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