

Zimbabwe imposes tax on mobile money services

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Zimbabwe has broadened its revenue collection base by effectively regulating mobile money services, which are fast gaining popularity in the country, with the imposition of a tax of \$0.05 on each such transaction.



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The tax took effect at the start of this year.

It was not immediately clear exactly how much the government would bag from the new tax, as Finance Minister Patrick Chinamasa said this week he was out of the country.

"There is a growing shift in how people make payments and carry out transactions," said economic analyst, Johannes Kwangwari, "and it's going to be an extra revenue stream for the government, which already levies taxes on bank and automated teller machine transactions."

A report released by the GSM Association in July last year said nearly 1-million of the then 2-million subscribers to mobile operator Econet Wireless Zimbabwe's EcoCash mobile money platform were active. The active subscribers, said the report, were transacting about \$200m in total each month using the platform.

Last week, Econet said in a statement sent to EcoCash users - which have now surged to 3-million: "We advise that a transaction tax of 5c will be levied on applicable transactions ... in line with government tax policy."

Mr Chinamasa said in his 2014 budget presentation last month that "the emergence of mobile technology has opened doors to innovative technology, which facilitates transfer of funds through mobile phones".

He argued, however, that mobile money platforms had to "conform to the tax principle of fairness - hence the current tax on

similar products such as automotive teller machines and point of sale should apply".

The Bankers Association of Zimbabwe last year lobbied the government to regulate mobile money platforms. This was after some local banks accused Econet of refusing to open up its EcoCash platform for integration with the bankers' cross-transaction system.

The other two mobile operators in Zimbabwe, Telecel Zimbabwe and the state-owned NetOne, are enhancing their own mobile money payment platforms to compete with Econet's EcoCash.

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