

A Guide to Zimbabwe's Special Economic Zone Incentives for Solar Module Manufacturers

Investment Framework, Fiscal Incentives & Strategic Considerations

Content Partner: J. v. G. technology GmbH

Turnkey solar module production lines — since 1997

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Technical Overview: Zimbabwe's SEZ Incentives for Solar Manufacturers



Created as part of the PVKnowHow Knowledge Network



Prepared by J.v.G. Technology GmbH



European specialists in turnkey solar module production lines

Key Project Data

5 yr

Corporate Tax Exemption

Full tax holiday for SEZ operators; 15% flat rate thereafter

0%

Import Duty on Machinery

Duty-free import of capital equipment and qualifying raw materials

100%

Foreign Ownership

100% foreign ownership permitted in SEZ-licensed manufacturing

Multi-M

Investment Scope

Multi-million USD industrial project — solar module facility

📄 Factory type: Solar module manufacturing facility · Region: Zimbabwe SEZ · Source: PVKnowHow / J.v.G. Technology GmbH

Zimbabwe's SEZ Framework: Overview

Legal & Institutional Basis

- SEZ status governed by the ZIDA Act [Chapter 14:27]
- ZIDA — Zimbabwe Investment and Development Agency — administers all SEZ licensing
- Established in 2020 as a one-stop investment services centre
- Houses ZIMRA, EMA, RBZ, ZERA and other agencies under one roof

Zone Types Available

- State-owned (public) SEZs
- Privately-owned SEZs
- Premise-based SEZ (individual business under SEZ regime)
- Industrial areas designated as SEZs
- Approximately 15 SEZs currently at varying stages of operation

Fiscal Incentives for SEZ Investors

Corporate Tax Holiday

- Full exemption from corporate income tax for the first 5 years of operation
- Flat rate of 15% applicable thereafter — below standard rate
- Applies equally to domestic and foreign investors

Capital Equipment Allowance

- Special initial allowance: 50% of equipment cost in year one
- 25% allowance in each of the two subsequent years
- Accelerates cost recovery on capital-intensive machinery

Expatriate Staff Rate

- Flat 15% tax on income of specialized expatriate personnel
- Exemption from non-residents tax on royalties and dividends
- Facilitates recruitment of technical specialists for manufacturing ramp-up

Duty-Free Import Regime

| Import Category | SEZ Treatment | Conditions |
|---------------------------------------|----------------------------------------|--------------------------------------------------------------------|
| Capital equipment & machinery | Duty-free (rebate under SI 59 of 2017) | Approved by ZIMRA Commissioner; once per 5-year period per item |
| Raw materials & intermediate products | Duty-free import permitted | Exemption does not apply to materials produced locally in Zimbabwe |
| Solar equipment (panels, batteries) | Import duty waived nationally | Renewable energy policy — applies outside SEZ as well |
| Standard imports (non-SEZ) | Standard customs tariffs apply | Governed by Customs and Excise Act [Chapter 23:02] |

Renewable Energy as a Strategic Priority

National Energy Context

- Zimbabwe faces chronic power shortages with heavy reliance on energy imports
- Government designates solar, hydro, wind, and biomass as priority investment sectors
- Profound structural demand for domestic energy production and manufacturing capacity

Renewable Energy Incentives

- Tax exemptions specifically applicable to renewable energy projects
- Duty-free imports of renewable energy equipment — nationally applicable
- Guaranteed Power Purchase Agreements (PPAs) available for qualifying projects
- Enhanced fiscal incentives to stimulate rapid deployment of capital

Manufacturing Opportunity

- Local solar module production addresses both energy scarcity and industrial policy goals
- An experienced European turnkey provider can transfer production technology without requiring prior manufacturing experience
- SEZ status amplifies incentives beyond standard renewable energy policy

Ownership, Licensing & Foreign Investment Rules

Ownership Structure

- SEZ investors are exempt from Indigenisation Act requirements under the SEZ Act
- 100% foreign ownership is legally permissible for SEZ-licensed manufacturers
- Zimbabwe removed mandatory majority local ownership in 2020 to attract technology transfer and FDI
- Revenue incentives apply equally to domestic and foreign investors

Investment Registration

- Registration with ZIDA provides access to tax breaks and currency control dispensations
- ZIDA DIY Investor Portal launched 2024 — online submission of applications
- Business registration: standard 27 days; 2-day processing if routed through ZIDA
- ZIDA-licensed SEZ status provides formal investment protection under SI 226 of 2023

ZIDA Application Process

- 1 — Pre-Application Assessment**
 - Identify suitable SEZ type: state-owned, private, premise-based, or designated industrial area
 - Confirm land ownership or lease of not less than 25 years
- 2 — Fee Submission**
 - Non-refundable designation application fee: US\$1,000
 - Developer's and operator's permit application fees: US\$1,000 each — payable to ZIDA
- 3 — ZIDA One-Stop Review**
 - ZIDA coordinates with ZIMRA, EMA, RBZ, ZERA, and relevant line ministries
 - Investor licensing and SEZ designation are two separate, parallel processes
- 4 — SEZ Designation & Operator Permit**
 - Upon approval: once-off payment of US\$50,000 required
 - Designation carries no annual fees and no tenure expiry under current regulations
- 5 — Operational Setup & Incentive Activation**
 - Duty-free import rebates activated via ZIMRA Commissioner approval
 - Corporate tax holiday commences from first year of SEZ operation

Manufacturing Competitiveness: SEZ vs. Standard Investment

| Factor | Standard Investment | SEZ-Licensed Investment |
|---------------------------|---------------------------------------|-----------------------------------------|
| Corporate tax (years 1-5) | Standard rate applies | Full exemption – 0% |
| Corporate tax (year 6+) | Standard rate applies | Flat 15% rate |
| Import duty on machinery | Standard tariffs apply | Duty-free rebate (ZIMRA-approved) |
| Raw material imports | Standard tariffs apply | Duty-free (non-locally produced inputs) |
| Foreign ownership ceiling | Indigenisation Act constraints | 100% foreign ownership permitted |
| Regulatory coordination | Multiple agencies, separate processes | ZIDA one-stop-shop consolidation |

Turnkey Manufacturing Concept: Strategic Rationale

1

Technology Transfer

A proven European turnkey manufacturing concept delivers complete production lines — no prior factory experience required by the investor

2

Fiscal Stack

SEZ corporate tax holiday + duty-free capex imports + accelerated capital allowances combine to materially reduce the effective cost of the investment period

3

Market Position

Domestic production addresses Zimbabwe's energy gap while positioning for regional export — aligned with government industrial and renewable energy policy priorities

□ A proven turnkey manufacturing concept integrates production know-how into a complete factory delivery — reducing the operational learning curve for investors entering solar manufacturing for the first time.

Risks & Strategic Considerations

Regulatory & Policy Risk

- Policy inconsistency and administrative delays have historically frustrated investors
- Weak institutional enforcement of contracts and property rights remains a documented concern
- Corruption cited as a material risk in multiple international investment climate reviews

Currency & Financial Risk

- Zimbabwe operates a multi-currency system; Zimbabwe Gold (ZiG) introduced in 2024
- Capital-intensive machinery imports transacted almost exclusively in USD
- Local operating costs (salaries, utilities) may involve a mix of ZiG and USD
- Foreign exchange reserves remain constrained — repatriation planning is essential

Geopolitical Context

- US sanctions programme terminated March 2024; targeted GloMag designations remain in effect for specific individuals
- Investors should conduct independent legal due diligence on counterparty exposure
- Early engagement with ZIDA and local legal counsel is recommended to mitigate risk

About the Content Partner

J. v. G. technology GmbH – The DESERT Company

Founded in 1997 in Bavaria, Germany. Family-owned engineering company specializing in turnkey solar module production lines.

More than 90 factory projects delivered worldwide.

On-site team training included – no prior manufacturing experience required.

Key areas:

Turnkey PV manufacturing lines | DESERT Technology® |
TÜV-certified module designs | Factory planning to production

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