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Our ref RT05

14 March 2018

Mr. Stanlake Hove
The Registrar
Estate Agents Council of Zimbabwe
24 Mon Repos Building, 2nd Floor South Wing
Newlands Shopping Centre
HARARE

Dear Mr. Hove

RE: EXCHANGE CONTROL POLICY POSITION ON SETTLEMENT OF PURCHASE PRICE FOR IMMOVABLE PROPERTY & OTHER RELATED TRANSACTIONS

Reference is made to the January 2018 Monetary Policy Statement announced by the Governor on the 7th of February 2018, as well as Exchange Control Directive RT02 dated 13 February 2018 wherein Exchange Control policy on the offshore settlement of property sale proceeds was highlighted.

Settlement of Purchase Price

In line with this policy enunciation, we advise that all sales of immovable properties in Zimbabwe must be settled within Zimbabwe and not offshore as has been observed in some instances. Such a development of settling price offshore is not consistent with the current Exchange Control regulatory framework which requires that proceeds from sale of assets, goods and services be repatriated into the country, unless otherwise authorised by Exchange Control to keep such proceeds outside Zimbabwe. Where such purchase prices originate from an external source, they must be remitted into the country and declared through normal banking channels and the funds shall be available to the beneficiary or seller of the property for use to meet both domestic and foreign obligations.

Exchange Control shall, however, on a case by case basis, consider requests for variation of this policy for the retention of sale proceeds offshore. Such requests will be considered upon provision of the following information through the client's Authorised Dealers (banks);

- i. Seller's justification to retain the sale proceeds offshore;
- ii. Indication on how statutory obligations due to Zimbabwe Revenue Authority (ZIMRA) shall be settled together with other related costs.
- iii. Copy of the draft sale agreement.

- iv. Documentary evidence in the form telegraphic transfers confirming receipt of initial purchase price in the country in cases where the seller initially used external funds to acquire the property.

Registration of Properties Acquired Using External Funds

All property purchases made using external financial resources must be registered (ex-post) with Exchange Control through Authorised Dealers, in order to facilitate future remittance of disinvestment proceeds by the buyer(s). The following information must be furnished;

- i. A copy of the sale agreement.
- ii. Proof of payment of Capital Gains Tax due to Zimbabwe Revenue Authority (ZIMRA).
- iii. Documentary evidence confirming receipt of initial purchase price in the country.

Once the property has been registered, the owner should upon sale of property be able to freely remit the sale proceeds to their nominated destination.

Remittance of Rentals

In terms of existing Exchange Control policy, rentals emanating from residential property can be remitted offshore in cases where the property owner is residing outside the country. Such transactions are handled by the banks. Similarly, rentals from properties owned by residents outside the country, should be repatriated to Zimbabwe.

Treatment of Properties for Emigrants

In cases where a person is selling a property and intends to remit the property sale proceeds on emigration, in terms of existing Exchange Control policy, the individual is required to complete Form 'A' Emigration which is obtained from any bank wherein the amount to be remitted should be indicated. The application to Exchange Control which should be submitted through an Authorised Dealer (Bank) should be accompanied by a copy of the sale agreement and a copy of the Capital Gains Tax clearance certificate. Once the emigration application is considered, the individual emigrating is permitted to remit property sale proceeds offshore where the person is taking up permanent residence.

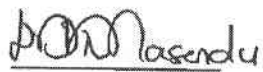
Treatment of Earnings Realised from Offshore

Where a local real estate agent has provided services to an external foreign client, the real estate agent is required to declare the foreign currency earnings which are considered by Exchange Control as export receipts, on General Service Declaration (GSD) Form, which can be accessed from the real estate agent's bank. Once the foreign currency has been received into the country, the funds shall become available for use

by the real estate agent in line with the current Exchange Control policy on foreign currency utilisation.

Please be guided accordingly.

Yours sincerely



F. Masendu

Director

EXCHANGE CONTROL

Cc: Ms. F. Mazani, Commissioner General, Zimbabwe Revenue Authority