



# **GOVERNMENT OF ZIMBABWE**

## **ZIMBABWE BUSINESS AND KNOWLEDGE PROCESS OUTSOURCING SPECIAL ECONOMIC ZONES OPERATIONAL FRAMEWORK**

# BUSINESS AND KNOWLEDGE PROCESS OUTSOURCING (BKPO) SPECIAL ECONOMIC ZONE (SEZ) OPERATIONAL FRAMEWORK

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*(Drafted in terms of Section 3(4) of the Zimbabwe Investment & Development Agency (Special Economic Zones) Regulations (SI 226 of 2023), the Zimbabwe Investment & Development Agency Act [Chapter 14:38], Finance Act No. 7 of 2025, and the 2026 National Budget Statement)*

## Preamble

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This Framework is developed pursuant to the enabling provisions of the Zimbabwe Investment and Development Agency (Special Economic Zones) Regulations, 2023 (Statutory Instrument 226 of 2023), which empower the Agency to designate additional categories of Special Economic Zones and to prescribe the qualifying criteria and conditions applicable thereto.

It does not replace, amend or derogate from the provisions of SI 226 of 2023 or the Zimbabwe Investment and Development Agency Act [Chapter 14:38]. Rather, it provides sector-specific administrative and operational guidance for the establishment, licensing and regulation of Business Knowledge Process Outsourcing (BKPO) activities as a services-based SEZ model. In instances where this Framework is silent, unclear, or requires statutory interpretation, reference shall be made to the provisions of SI 226 of 2023 and the ZIDA Act, which shall prevail.

# Interpretation

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In this Framework, unless the context otherwise requires—

- “Agency” or “ZIDA”** means the Zimbabwe Investment and Development Agency, established in terms of the Zimbabwe Investment and Development Agency Act [Chapter 14:38].
- “Act”** means the Zimbabwe Investment and Development Agency Act [Chapter 14:38], as amended from time to time.
- “BKPO”** means Business Process Outsourcing and Knowledge Process Outsourcing services as defined under the Finance Act No. 7 of 2025 and as further operationalised under this Framework.
- “BKPO SEZ”** means a Special Economic Zone designated for the purposes of facilitating BKPO activities in accordance with SI 226 of 2023 and this Framework.
- “BKPO SEZ Facility”** means a physical building or premises designated by ZIDA as a Special Economic Zone for BKPO operations.
- “Building Owner”** means the person or entity holding legal title to, or lawful control over, a building proposed for designation as a BKPO SEZ facility.
- “Developer”** means a person or entity licensed by ZIDA to undertake the upgrading, refurbishment, reconfiguration, or preparation of a designated building for BKPO operations.

# Interpretation (cont'd)

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<b>“Finance Act”</b>	means Finance Act No. 7 of 2025 and any subsequent amendments thereto.
<b>“Investor” or “SEZ Investor”</b>	means a person or entity licensed by ZIDA to conduct qualifying BKPO activities within a designated BKPO SEZ facility.
<b>“Licence”</b>	means any designation, permit, or authorisation issued by ZIDA under the ZIDA Act, SI 226 of 2023, or this Framework.
<b>“Operator” or “SEZ Operator”</b>	means a person or entity licensed by ZIDA to manage and administer a designated BKPO SEZ facility.
<b>“Regulations”</b>	means SI 226 of 2023 Zimbabwe Investment and Development Agency (Special Economic Zones) Regulations, 2023.
<b>“Service Export”</b>	means a BKPO service supplied to an offshore person or entity in consideration for foreign currency or internationally tradable value, in accordance with applicable fiscal legislation.
<b>“Zone Designation”</b>	means the formal declaration by ZIDA of a building or premises as a Special Economic Zone for BKPO purposes.

Words importing the singular shall include the plural and vice versa, and words importing one gender shall include all genders.

Any term not expressly defined in this Framework shall bear the meaning assigned to it under the ZIDA Act or Regulations, and in the event of inconsistency, the Act and the Regulations shall prevail.

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## 1. Purpose

This Operational Framework establishes the institutional, licensing, regulatory, and compliance structure for the designation, development, management, and administration of Business Process Outsourcing (BPO) and Knowledge Process Outsourcing (BKPO) facilities under the Special Economic Zones (SEZ) regime.

It gives effect to, and operationalises, the policy direction set out in the SEZ BPO/BKPO Framework and is anchored on the following legal and policy instruments:

- The Zimbabwe Investment & Development Agency Act [Chapter 14:38]
- The Zimbabwe Investment & Development Agency (Special Economic Zones) Regulations (SI 226 of 2023)
- Finance Act No. 7 of 2025
- The 2026 National Budget Statement

The Framework introduces a facility-based SEZ model tailored to service exports and digital economy investments, and shall guide the implementation, licensing, and oversight of BKPO SEZ facilities.

## 2. Policy Objective

The BKPO SEZ model is intended to advance national economic and investment objectives, including, but not limited to, the following:

- Promoting Zimbabwe as a competitive regional destination for outsourcing services;
- Facilitating large-scale employment creation, particularly for youth;
- Enhancing foreign currency generation through the export of services;
- Attracting global and regional digital service providers and knowledge-based enterprises; and
- Stimulating private sector investment in modern, ICT-ready office infrastructure.

This model constitutes a strategic expansion of the SEZ framework from a predominantly manufacturing-based orientation to a service export-driven SEZ ecosystem, without limiting the continued application of manufacturing SEZs under existing law and policy.

## 3. BKPO SEZ Development Model (Facility-Based Approach)

Zimbabwe shall adopt a facility-based SEZ designation model for BKPO operations, under which specific buildings may be designated as BKPO SEZ facilities in accordance with applicable laws and regulations.

Under this model:

- Designation shall attach to the physical building and not to activities conducted outside such premises;
- Investors shall be required to be physically located and operational within the designated building;

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- Incentives shall apply only to licensed entities operating from that designated facility; and
  - Virtual, remote, or dispersed occupation across non-designated premises shall not qualify for SEZ benefits.

This model is intended to strengthen regulatory oversight, promote efficient utilisation of infrastructure, minimise the risk of incentive leakage, and support the development of identifiable BKPO service hubs.

#### **Location-Based Qualification Rule**

Eligibility for SEZ incentives shall be strictly location-based. Only licensed operators and investors physically operating within a designated BKPO facility shall qualify for applicable incentives. Entities operating outside the designated premises, notwithstanding any corporate affiliation, contractual relationship, or operational linkage with licensed firms, shall not qualify for SEZ benefits.

#### **4. Definition and Scope**

A Business or Knowledge Processing Outsourcing Service (BKPO Service) shall carry the same definition as established by Finance Act No. 7 of 2025, which is: both or either of the following, namely a service in Zimbabwe (“onshore person or entity”) that—

- (a) carries out routine or operational business tasks on behalf of any offshore person or entity that has outsourced such tasks to the onshore person or entity;
- (b) provides higher value or knowledge intensive tasks that require specialised expertise on behalf of any offshore person or entity that has outsourced such tasks to the onshore person or entity.

BKPO activities shall include export-oriented, knowledge-intensive services, including but not limited to:

- Financial analytics, accounting, and related support services;
- Medical transcription and health information processing;
- Software development, ICT services, and digital platform support;
- Data analytics, artificial intelligence annotation, and data management services;
- Engineering design and technical drafting services;
- Research, innovation, and technical support services; and
- Back-office administrative and operational support services for international firms.

Such activities shall, for regulatory and incentive eligibility purposes, be recognised as service exports to the extent that they generate foreign currency inflows, contribute to skills development, and support employment creation within designated SEZ facilities.

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## 5. **Four-Tier Licensing Structure (Aligned to the standard SEZ Model)**

The BKPO SEZ facility model shall be implemented through a four-tier licensing structure consistent with the standard framework applicable to export-oriented manufacturing SEZs, as adapted to a building-based operational environment.

This approach ensures regulatory consistency, institutional clarity, and alignment with existing ZIDA procedures and compliance architecture.

The four tiers shall comprise:

1. Zone Designation (Building)
2. SEZ Developer Permit (Zone Owner or appointed Developer)
3. SEZ Operator Licence (Zone Manager)
4. SEZ Investor Licence (Tenant Operators)

### **Tier 1: Zone Designation – Building Owner**

The process shall commence with an application by the building owner or a long-term leaseholder to ZIDA for the designation of the premises as a BKPO SEZ facility.

The applicant shall be required to:

- Submit an application for SEZ designation of the premises;
- Demonstrate the suitability of the facility for BKPO operations; and
- Undertake to ensure that the premises meet prescribed SEZ infrastructure and operational standards.

ZIDA shall:

- Appraise the building for suitability, including but not limited to infrastructure readiness, accessibility, and strategic relevance; and
- Grant SEZ designation to qualifying facilities in accordance with applicable laws and regulations.

The granting of designation shall confer SEZ status on the physical facility and shall not, of itself, extend to tenants or operators occupying such premises.

ZIDA may, notwithstanding the foregoing, facilitate engagement with local authorities and relevant infrastructure agencies to support the operational readiness of designated buildings. Such facilitation shall not constitute a statutory incentive and shall remain subject to inter-agency coordination.

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## **Tier 2: SEZ Developer Permit**

Following designation, the building owner may elect to act as the Developer or appoint a separate Developer to undertake upgrades, refurbishments, and reconfiguration works necessary to make the facility suitable for BKPO operations.

The Developer shall be responsible for work, including, but not limited to:

- Upgrading ICT infrastructure;
- Reconfiguring office layouts and workspaces;
- Installing backup power systems; and
- Ensuring compliance with applicable SEZ infrastructure standards.

Any entity undertaking such development works shall be required to obtain a Developer Permit issued by ZIDA prior to commencement of operations. This stage shall ensure that the facility attains the required level of BKPO readiness before tenant occupancy.

## **Tier 3: SEZ Operator Licence (Zone Manager)**

Upon completion of development or refurbishment, the building owner may either operate the facility directly or appoint a professional service provider to manage the premises.

Such entity shall be required to obtain an SEZ Operator Licence issued by ZIDA.

The SEZ Operator shall be responsible for the day-to-day management and administration of the BKPO facility, including, but not limited to:

- Coordinating tenant onboarding and space allocation;
- Maintaining agreed service levels, including power reliability, internet connectivity, security, and facility maintenance;
- Monitoring occupancy levels and operational compliance; and
- Acting as the primary interface between tenants and ZIDA on regulatory and compliance matters.

ZIDA shall work in close coordination with the SEZ Operator in respect of compliance oversight and regulatory supervision.

## **Tier 4: SEZ Investor Licensees (BKPO Tenants)**

SEZ Investor Licensees shall comprise firms occupying space within the designated BKPO facility and delivering qualifying outsourcing and knowledge-based services.

To qualify for licensing, such entities shall:

- Apply for and obtain a ZIDA SEZ Investor Licence;
- Operate physically from the designated facility; and
- Conduct qualifying BKPO activities as defined under this Framework.

Only licensed investors operating within the designated building shall be eligible to access applicable SEZ incentives, subject to compliance with statutory and regulatory requirements.

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## **5. Four-Tier Licensing Structure (Aligned to the standard SEZ Model)**

### **5.1 Integrated Licensing Process**

To promote administrative efficiency and coordinated implementation, the four licensing stages shall be processed in a structured and flexible manner. Applications for the following may be submitted concurrently where they form part of a single facility development initiative:

- Zone Designation (Building Owner);
- Developer Permit (Owner or Appointed Developer);
- SEZ Operator Licence (Zone Manager); and
- SEZ Investor Licences (Tenant Operators).

ZIDA may appraise and process such applications concurrently, notwithstanding that final approvals may be issued in a phased sequence aligned to project readiness.

Where investor tenants have not yet been identified at the time of designation:

- ZIDA may proceed with the designation of the building and licensing of the SEZ Operator;
- Investor tenants may subsequently apply for SEZ Investor Licences as separate submissions; and
- Such applications may be facilitated through the SEZ Operator once tenants have been secured and occupancy arrangements concluded.

## **6. Institutional Roles and Coordination**

### **6.1 Ministry Responsible for Finance**

The Ministry responsible for Finance shall retain overall policy oversight of fiscal measures applicable to BKPO SEZs and remain the final authority for statutory fiscal incentives, in accordance with the Finance Act and related legislation.

For administrative efficiency, ZIDA is authorised to certify and issue Incentive Certificates to eligible BKPO investors, which ZIMRA shall implement on behalf of Treasury. Such certification by ZIDA shall be procedural and shall not be construed as transferring the Ministry's ultimate fiscal approval authority.

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## 6. Institutional Roles and Coordination

### 6.2 Zimbabwe Investment and Development Agency (ZIDA)

ZIDA shall serve as the central coordinating, licensing, and regulatory authority for the implementation of BKPO SEZs in accordance with the Zimbabwe Investment and Development Agency Act [Chapter 14:38] and SI 226 of 2023.

In this regard, ZIDA shall be responsible for, inter alia:

- The designation of BKPO SEZ facilities;
- The licensing of developers, operators, and investors;
- Investor facilitation and coordination with relevant public institutions;
- Vetting and certification of eligibility for access to applicable incentives, subject to governing fiscal legislation; and
- Monitoring and enforcement of compliance across all four licensing tiers.

Without limiting the generality of the foregoing, ZIDA shall:

- Evaluate and determine applications for zone designation;
- Issue Developer Permits to qualifying entities;
- Issue SEZ Operator Licences to qualifying zone management entities;
- Issue SEZ Investor Licences to qualifying BKPO tenant operators; and
- Exercise ongoing regulatory oversight in collaboration with licensed SEZ Operators.

For the avoidance of doubt, ZIDA shall not:

- Develop or finance BKPO facilities;
- Own designated SEZ buildings; or
- Undertake day-to-day management of SEZ facilities.

Development, ownership, and operational management shall remain the responsibility of private sector participants, subject to regulatory oversight by ZIDA.

### 6.3 Zimbabwe Revenue Authority (ZIMRA)

ZIMRA shall be responsible for the implementation, administration, and acquittal of approved fiscal incentives in accordance with applicable tax legislation.

Such implementation shall be subject to the presentation of valid licences and any required certification issued by ZIDA, as well as compliance with statutory tax administration procedures.

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## 7. Institutional Vetting and Incentive Processing Framework

To ensure policy control, fiscal integrity, and administrative efficiency, the following process shall guide access to BKPO incentives:

- The investor applies for a SEZ licence through ZIDA.
- ZIDA conducts technical, financial, and compliance vetting of the application.
- ZIDA certifies the investor's eligibility for applicable incentives and issues an Incentive Certificate.
- The investor presents the Incentive Certificate to ZIMRA, which implements the incentives on behalf of Treasury.

## 8. Qualifying Criteria for BKPO SEZ Participation

### 8.1 Building Requirements

For a facility to qualify for designation as a BKPO SEZ, the applicant shall demonstrate, to the satisfaction of ZIDA, that the premises meet the minimum infrastructure and operational readiness standards, including but not limited to the following:

- Availability of reliable electricity supply supported by adequate backup systems;
- Provision of high-speed and redundant internet connectivity;
- A secure, accessible, and professionally managed office environment;
- ICT-ready infrastructure suitable for knowledge-based service operations;
- Compliance with applicable data security and information protection requirements; and
- Adequate capacity to accommodate multiple BKPO tenants, including providing shared spaces for small to medium-sized BKPO investors within the designated facility.

ZIDA may prescribe additional technical or operational requirements from time to time as may be necessary to ensure suitability for BKPO operations.

### 8.2 BKPO SEZ Developer (Facility Developer / Building Owner)

To qualify for permit or licensing as a BKPO SEZ Developer, the applicant shall demonstrate, to the satisfaction of ZIDA, its capacity to develop, upgrade, retrofit, or prepare a facility for BKPO operations, including but not limited to the following:

#### a. Legal Interest in the Property

The applicant shall demonstrate:

- Ownership of the building or lawful rights to develop, upgrade, or manage the premises; or
- A valid development, lease, joint venture, or concession arrangement with the building owner permitting facility upgrade for BKPO purposes.

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## 8. Qualifying Criteria for BKPO SEZ Participation

### b. Development Capacity

The applicant shall demonstrate:

- Technical and financial capacity to upgrade, retrofit, or develop the premises to meet BKPO infrastructure standards; and
- Where such capacity is not directly available, the ability to subcontract or appoint qualified contractors, developers, or service providers with proven experience in commercial building renovation, ICT infrastructure installation, or facility development.

### c. Compliance and Readiness Commitment

The applicant shall undertake to:

- Deliver a facility compliant with the infrastructure requirements prescribed under Section 8.1;
- Support installation of ICT-ready infrastructure, power backup systems, and connectivity solutions; and
- Maintain the structural and operational suitability of the premises for BKPO activities throughout the designation period.

### d. Supporting Documentation

ZIDA may require submission of supporting documentation, including:

- Proof of property ownership or development rights;
- Development or refurbishment plans;
- Contractor agreements or technical partner profiles (where subcontracting applies);
- Evidence of funding or financing arrangements for facility upgrade; and
- Implementation timelines demonstrating readiness for BKPO occupation.

The granting of a Developer Permit as a BKPO SEZ Developer shall not, of itself, confer entitlement to fiscal incentives, which shall remain conditional upon fulfilment of prescribed infrastructure development and operational readiness requirements.

## 8.3 BKPO SEZ Operator

To qualify for licensing as a SEZ Operator, the applicant shall demonstrate, to the satisfaction of ZIDA, the capacity to manage and administer a BKPO facility, including but not limited to:

- Proven experience in property or facility management or a related field;
- Established systems for tenant coordination, lease administration, and service delivery management; and
- Institutional capacity to support compliance monitoring and reporting obligations as may be required by ZIDA.

ZIDA may require submission of supporting documentation and performance records to verify operational capability.

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## 8. Qualifying Criteria for BKPO SEZ Participation

### 8.4 BKPO SEZ Investor

To qualify for licensing as a BKPO SEZ Investor, an applicant shall be required to:

- Operate physically from the designated BKPO facility;
- Obtain and maintain a valid SEZ Investor Licence issued by ZIDA;
- Undertake qualifying BKPO activities consisting of export-oriented or internationally tradable services; and
- Demonstrate capacity for employment creation and operational sustainability.

In the evaluation of applications, priority consideration may be given, notwithstanding other qualifying criteria, to investors with strong employment creation potential, particularly those advancing youth-focused employment models.

#### 8.4.1 Eligibility Criteria for Incentives

In addition to licensing requirements, and for purposes of certification for access to applicable fiscal incentives under the BKPO SEZ framework, an investor shall be required to demonstrate performance-based thresholds, including but not limited to the following indicative criteria:

- A minimum capital investment of Five Hundred Thousand United States Dollars (US\$500,000) over a period of five (5) years; or
- Creation of at least two hundred (200) jobs within a period of five (5) years from commencement of operations; or
- The capacity to generate foreign currency revenues at indicative levels as follows:
  - o Years 1–2: Minimum of US\$500,000 per annum;
  - o Years 3–5: Minimum of US\$1,000,000 per annum;
  - o After Year 5: Minimum of US\$1,500,000 per annum.

For the avoidance of doubt, these criteria are **indicative performance thresholds** intended to anchor access to incentives to measurable outcomes. Licensed BKPO investors who demonstrate partial compliance with one or more of the thresholds may still be considered for fiscal incentives on a **case-by-case basis**, subject to ZIDA verification and compliance with applicable fiscal legislation.

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## 8. Qualifying Criteria for BKPO SEZ Participation

### 8.4 BKPO SEZ Investor

#### 8.4.1 Eligibility Criteria for Incentives

To avoid ambiguity and ensure consistent understanding by investors and regulators, the table below clarifies key terms used above, including capital investment, job creation, commencement of operations, and foreign currency revenue:

<b>Criterion</b>	<b>Definition / Clarification</b>	<b>Measurement / Verification</b>
<b>Capital Investment</b>	Fixed capital expenditure required to establish and operate the BKPO facility (ICT infrastructure, office fit-out, equipment, long-term assets). Excludes working capital and operational costs.	Verified via audited financial statements or independent valuation reports submitted to ZIDA.
<b>Job Creation</b>	Direct <b>full-time equivalent (FTE)</b> employees within the designated facility. Minimum 80% must be local staff.	Measured cumulatively over 5 years from the commencement of operations. Employment levels are expected to be sustained by Year 5. Verified via payroll records and HR reports.
<b>Commencement of Operations</b>	The date the investor <b>begins providing BKPO services from the designated facility</b> to local or offshore clients. Not the licence issuance date.	Evidenced by first invoice for services, operational records, or other verifiable proof of service delivery.
<b>Foreign Currency Revenue</b>	Revenue generated from qualifying BKPO services <b>supplied to offshore clients</b> , received through the formal banking system. Excludes domestic/local revenue.	Verified via bank statements, audited accounts, or other documentation demonstrating foreign currency inflows.

These thresholds are intended to anchor access to incentives to measurable performance outcomes. Notwithstanding the foregoing, the application and enforcement of such criteria shall remain subject to applicable fiscal legislation and approvals by the Ministry responsible for Finance. Compliance with the above thresholds shall be monitored and verified in accordance with the Compliance and Monitoring Framework set out in Section 10 of this Operational Framework.

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## 9. Statutory Fiscal Incentives (Finance Act No. 7 of 2025)

### 9.1 BKPO Investors (Tenant Operators)

Subject to the provisions of the Finance Act No. 7 of 2025 and the 2026 fiscal framework, licensed BKPO investors operating from designated SEZ facilities shall, upon meeting prescribed conditions, qualify for the following statutory incentives:

- i. Suspension of customs duty on the importation of specified BKPO equipment and related capital goods, in accordance with applicable customs legislation and administrative procedures.
- ii. A flat Corporate Income Tax rate of fifteen percent (15%), subject to compliance with applicable conditions and tax regulations.
- iii. One hundred percent (100%) capital allowance deduction in the first year of use in respect of qualifying capital expenditure.
- iv. Exemption from Non-Residents Tax on Dividends, as provided for under the applicable fiscal framework.
- v. A tax credit of United States Dollars One Thousand Five Hundred (US\$1,500) per employee per annum under the Youth Employment Tax Incentive framework, subject to prescribed eligibility conditions.
- vi. A flat tax rate of fifteen percent (15%) applicable to specialised expatriate staff, in accordance with prevailing tax provisions.

For the avoidance of doubt, Annexure 1 to this Framework provides an indicative list of BKPO-related equipment that may qualify for customs duty suspension. The Annexure is intended for guidance purposes only and is neither exhaustive nor legally binding. The definitive list of qualifying goods shall be as determined and issued by the Ministry responsible for Finance and administered by ZIMRA in terms of the applicable customs legislation and may be amended from time to time.

Access to the above incentives shall be conditional upon the investor:

- Obtaining and maintaining a valid ZIDA SEZ Investor Licence;
- Operating physically from a duly designated BKPO SEZ facility; and
- Complying with all applicable tax, regulatory, and reporting requirements as may be prescribed under relevant legislation.

Nothing in this Framework shall be construed as conferring automatic entitlement to incentives, which shall remain subject to verification, certification, and implementation in accordance with the Finance Act and related statutory instruments.

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## 9. Statutory Fiscal Incentives (Finance Act No. 7 of 2025)

### 9.2 BKPO Facility Developers

BKPO Facility Developers permitted / licenced under this Framework shall, upon meeting prescribed conditions, qualify for the following incentives:

- i. Suspension of Customs Duty on Infrastructure and Capital Equipment**  
Suspension of customs duty on the importation of approved infrastructure equipment, technical installations, and capital goods required for the development and operation of BKPO-designated facilities, in accordance with applicable customs legislation and administrative procedures administered by the Zimbabwe Revenue Authority.
- ii. Preferential Corporate Income Tax Rate**  
A flat Corporate Income Tax rate of fifteen percent (15%) on income derived from the development, leasing, and provision of approved BKPO infrastructure and facility-related services, subject to compliance with applicable tax laws.
- iii. Accelerated Capital Allowances**  
One hundred percent (100%) capital allowance deduction in the first year of use in respect of qualifying capital expenditure incurred in the construction, development, and equipping of BKPO facilities.
- iv. Dividend Tax Relief**  
Exemption from Non-Residents Tax on Dividends in respect of distributions made to foreign shareholders, in accordance with the applicable fiscal framework.

For the avoidance of doubt, the following operational and administrative clarifications shall apply:

- i. Incentives granted under this Framework to licensed BKPO Facility Developers shall remain applicable for the duration of the licence, subject to continued compliance with applicable laws and regulations.
- ii. Approved infrastructure and capital equipment qualifying for customs duty suspension shall be pre-certified by the Zimbabwe Investment and Development Agency prior to importation and recognised by the Zimbabwe Revenue Authority for purposes of administering the incentive.
- iii. Income derived from the development, leasing, and provision of BKPO-designated infrastructure shall be recognised as a qualifying SEZ activity for purposes of applying the preferential corporate tax rate.
- iv. Capital expenditure incurred in the expansion or upgrading of approved BKPO facilities shall also qualify for accelerated capital allowances, subject to compliance with applicable tax laws.

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## 10. Compliance and Monitoring Framework

Compliance and monitoring of BKPO SEZ operations shall be undertaken through a coordinated oversight model involving both the SEZ Operator and ZIDA.

The SEZ Operator shall serve as the first line of oversight within the designated facility and shall be responsible for routine operational monitoring, including tenant coordination and reporting. ZIDA shall exercise regulatory supervision and enforcement authority in accordance with the ZIDA Act [Chapter 14:38] and applicable regulations.

Monitoring mechanisms shall include, but not be limited to:

- Verification of physical occupancy by licensed investors within the designated facility;
- Periodic inspections by ZIDA and, where necessary, in conjunction with other relevant authorities;
- Validation of tenant activities to ensure alignment with approved BKPO operations;
- Submission and review of employment and operational reports; and
- Performance assessments against approved investment and operational commitments.

In the event of non-compliance, ZIDA may take appropriate enforcement measures in accordance with applicable laws and licensing conditions, including but not limited to:

- Withdrawal or suspension of access to applicable incentives;
- Issuance of compliance directives or corrective action requirements;
- Suspension of licences; or
- Cancellation or revocation of licences in cases of material or persistent breach.

### 10.1 Performance Reporting and Verification

To enhance transparency and ensure continued eligibility for incentives, licensed investors shall be required to submit periodic reports and supporting documentation to facilitate verification of investment, employment, and revenue performance.

This shall include, but not be limited to:

#### a) Annual Reporting

- Submission of annual audited financial statements for verification of revenue performance, including foreign currency earnings.
- Annual confirmation of capital investment deployed within the designated facility.

#### b) Quarterly Reporting

- Quarterly employment returns indicating the total number of employees, supported by payroll records where necessary.
- Operational updates outlining business activity levels and service delivery status.

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**c) Capital Investment Verification**

Capital investment commitments may be verified using documentary evidence such as:

- Customs clearance documentation (e.g., Bills of Entry) for imported equipment and capital goods;
- Contractor invoices and payment certificates for construction, fit-out, and infrastructure works;
- Asset registers reflecting installed equipment and long-term capital assets; and
- Supplier invoices and proof of payment for qualifying capital expenditures.

**d) Revenue Verification**

Foreign currency revenue performance may be validated through:

- Audited financial statements;
- Bank statements evidencing foreign currency inflows through the formal banking system; and
- Supporting documentation confirming the provision of services to offshore clients where necessary.

**10.2 Enforcement Measures**

In the event of non-compliance, ZIDA may take appropriate enforcement measures in accordance with applicable laws and licensing conditions, including but not limited to:

- Withdrawal or suspension of access to applicable incentives;
- Issuance of compliance directives or corrective action requirements;
- Suspension of licences; or
- Cancellation or revocation of licences in cases of material or persistent breach.

Such actions shall be undertaken in line with due process and applicable regulatory provisions.

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### **10.3 Compliance Tools and Standardised Reporting Templates**

To ensure uniform implementation of this Compliance and Monitoring Framework, ZIDA shall develop and issue standardised compliance and reporting templates for use by SEZ Operators and licensed BKPO investors.

Such templates shall form part of the operational governance instruments applicable to designated BKPO SEZ facilities and shall include, but not be limited to, the following:

- Quarterly employment return forms;
- Capital investment tracking schedules;
- Annual performance reporting templates;
- Foreign currency revenue declaration forms;
- Operator compliance monitoring checklists;
- Investor self-assessment compliance declarations.

SEZ Operators and licensed investors shall be required to utilise the prescribed templates for purposes of periodic reporting, verification, and performance assessment under this Framework. All reporting shall be submitted through the Zimbabwe Investment and Development Agency digital platform accessible via the ZIDA website.

Failure to submit reports in the prescribed format or within stipulated timelines shall constitute non-compliance for purposes of enforcement under this Section.

# ANNEXURE I: INDICATIVE LIST OF BKPO QUALIFYING EQUIPMENT & CAPITAL GOODS

*(For guidance only; actual qualifying list to be issued by the Ministry of Finance/ZIMRA under applicable customs legislation)*

Category	Item Description	Purpose/Justification
<b>ICT Systems &amp; Hardware</b>	Desktop computers	Primary computing devices for staff
	Laptop computers	Mobile computing for management and remote support
	Servers (rack/tower)	Centralised data processing and hosting
	Network switches & routers	Internal and external network connectivity
	Firewalls, network security appliances	Network protection and secure access
	VoIP phones & professional headsets	Voice communication for contact centre operations
	Data storage arrays / SAN/NAS	Data storage and redundancy solutions
	Enterprise Network Switches (Layer 3)	Network connectivity
	Patch panels / structured cabling	Internal network backbone
	Load balancers/network security appliances	Advanced network management & protection
<b>Connectivity &amp; Telecoms</b>	Fibre termination units	High speed data connectivity
	Wireless access points	Internal wireless connectivity
<b>Power &amp; Electrical Support</b>	Uninterruptible Power Supply (UPS) units	Backup power support for critical systems
	Backup diesel generators	Primary backup power during outages
	Inverter systems & battery banks	Power conditioning and redundancy
	Solar Panels	Energy independence & uptime
	Lithium Battery Storage Units	Energy storage
	Generator spares & transformers	Backup & reliability
	Electrical switchgear & panels	Power distribution & control
<b>Security, Access &amp; Data Protection</b>	Biometric access systems	Secure physical entry control
	CCTV surveillance systems	Facility security and monitoring
	NVR/DVR Recording Systems	Security monitoring
	Hardware Security Modules (HSM)	Encryption & data protection
	Disaster Recovery Hardware	Business continuity
	Server room racks & cabinets	Secure housing for data centre equipment
	Fire suppression systems (server rooms / critical areas)	Safety & compliance

Category	Item Description	Purpose/Justification
<b>Facility &amp; Infrastructure Support</b>	Raised flooring for server rooms	Cable management and cooling facilitation
	HVAC / Precision cooling equipment (server areas)	Environmental control for equipment longevity
	Elevators/escalators	Facility vertical transport
	Modular partitions/office fit-out boards	Office layout & privacy
	Acoustic/soundproofing panels	Noise control for call centres
<b>Office Support &amp; Collaboration Hardware</b>	High volume printers/scanners	Document management support
	Video conferencing systems	Remote collaboration and client engagement
	Smart Boards / Projectors	Training & collaboration
	Large-scale monitoring panels/video walls	Operational oversight/training
	Time & Attendance Systems	HR compliance
	Air conditioners	Climate control for staff
<b>Licensed Software &amp; Platform Solutions</b> <i>(Capitalised where applicable)</i>	Enterprise Resource Planning (ERP) licenses	Corporate systems management
	Customer Relationship Management (CRM) licenses	Customer service and sales operations
	Virtual Desktop Infrastructure (VDI) licenses	Centralised desktop deployment
	Security suite licenses	Endpoint and network protection
<b>Specialised Outsourcing Tools</b>	Workforce Management (WFM) software	Call centre staffing optimisation
	Analytics & Business Intelligence tools	Data reporting and insight generation
<b>Vehicles (Operational Use Only)</b>	14–18-Seater Staff Shuttle Bus	Staff transport (night shifts)
	Panel Van (Equipment Transport)	Equipment movement
<b>Furniture &amp; Fittings</b>	Workstations / Cubicles	Operational seating infrastructure
	Ergonomic Chairs	Employee productivity & compliance
	Reverse Osmosis machines, water purifiers, and filtration systems	Safe drinking water for staff
	Noise cancellation ceiling trays	Quiet work environments

Other infrastructure, equipment, and capital goods required for the development and operation of BKPO facilities may be considered on a case-by-case basis by ZIDA and recognised by ZIMRA for customs duty suspension.

# ANNEXURE II: YOUTH EMPLOYMENT TAX INCENTIVE (YETI) IMPLEMENTATION FRAMEWORK FOR BKPO OPERATORS

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## 1. Purpose of the Annexure

This Annexure provides guidance on the application and operationalisation of the Youth Employment Tax Incentive (YETI) within Business Process Outsourcing and Knowledge Process Outsourcing (BKPO) operations designated under this Operational Framework.

The Annexure seeks to:

- a) Facilitate employment creation for youth within BKPO operations;
- b) Clarify eligibility requirements for BKPO operators seeking to benefit from YETI;
- c) Provide procedural guidance on claiming the tax credit; and
- d) Ensure compliance with applicable fiscal legislation.

## 2. Legal Basis

The Youth Employment Tax Incentive was introduced in the **2020 National Budget** as a fiscal measure aimed at reducing the cost of hiring young employees through a Government cost-sharing mechanism.

The incentive is legally operationalised through **section 13A (Youth Employment Credit)** inserted by the:

- **Finance Act No. 3 of 2019**

This provision enables qualifying taxpayers to claim an income tax credit for employing additional youth employees.

## 3. Scope of Application within BKPO Operations

This Annexure applies to:

- a) BKPO developers, operators, and enterprises operating within designated BKPO zones;
- b) BKPO firms employing youth in service delivery roles, including customer support, IT services, back-office processing, analytics, knowledge services, and related functions; and
- c) Eligible subcontracted service providers operating within the BKPO ecosystem.

## 4. Definition of Key Terms

For purposes of this Annexure:

**“Additional employee”** A youth employee engaged over and above the employer’s existing workforce baseline.

**“Youth employee”** An employee aged 30 years or below, consistent with section 13A.

**“Qualifying taxpayer”** A company, trust, or individual engaged in trade or investment and registered for tax purposes.

**“BKPO operator”** A licensed zone manager or enterprise conducting BKPO activities within a designated BKPO facility or Special Economic Zone.

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## 5. Eligibility Requirements for BKPO Operators

To access YETI benefits, a BKPO operator must:

- a) Be a registered taxpayer with the Zimbabwe Revenue Authority;
- b) Be tax compliant in the preceding year of assessment;
- c) Employ additional youth employees aged 30 years or below;
- d) Maintain employees for a minimum continuous period of twelve months;
- e) Pay employees wages not less than the statutory minimum threshold prescribed under section 13A; and
- f) Have an annual turnover below the threshold prescribed in the Finance Act.

## 6. Nature of the Incentive

In accordance with section 13A:

- a) BKPO operators may deduct a monthly tax credit per qualifying youth employee from income tax payable;
- b) The credit is capped at the statutory annual aggregate maximum;
- c) The credit is non-refundable where it exceeds tax payable; and
- d) Where the operator records an assessed loss, the credit may be carried forward as permitted by law.

## 7. Access and Claim Procedure for BKPO Operators

BKPO operators shall access YETI through the following process:

### Step 1: Workforce Baseline Establishment

The operator must maintain records demonstrating that recruited youth constitute additional employment.

### Step 2: Employee Qualification Verification

The operator shall maintain documentation confirming the age, employment status, and remuneration of youth employees.

### Step 3: Compliance Confirmation

The operator must maintain tax clearance and statutory compliance records.

### Step 4: Claim Submission

Claims shall be submitted to ZIMRA through the prescribed tax return processes.

### Step 5: Record Keeping

Operators shall maintain employment and payroll records for audit and verification purposes.

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## **8. Institutional Coordination**

Implementation of YETI within BKPO operations shall involve coordination among:

- a) Ministry of Finance and Economic Development
- b) ZIMRA
- c) Ministry responsible for Labour
- d) Ministry responsible for Youth
- e) Relevant BKPO regulatory authorities
- f) Employer representative bodies

## **9. Compliance and Monitoring**

BKPO operators benefiting from YETI shall:

- a) Maintain accurate employment records;
- b) Allow verification by regulatory authorities;
- c) Ensure that youth employment positions are genuine and sustained;
- d) Avoid misuse of the incentive through workforce substitution; and
- e) Non-compliance may result in the withdrawal of the incentive and the recovery of improperly claimed credits.

## **10. Alignment with BKPO Incentive Framework**

YETI shall operate as a complementary fiscal measure alongside BKPO incentives provided under this Operational Framework and applicable SEZ legislation, to enhance competitiveness, reduce labour costs, and promote inclusive employment growth.

## **11. Interpretation**

Where conflict arises between this Annexure and the primary legislation, the provisions of the Finance Act shall prevail.



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