



**ZIMBABWE
REVENUE AUTHORITY**

**2022
ANNUAL REPORT**

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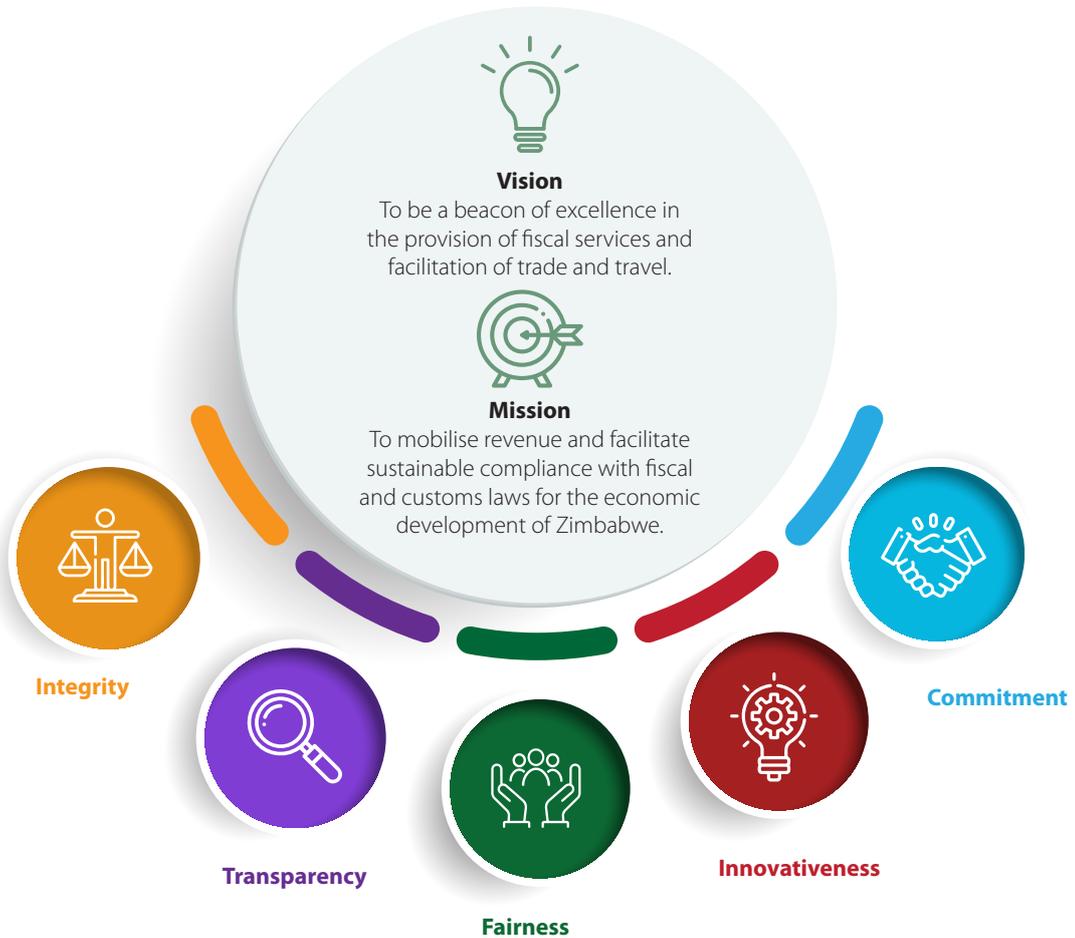


We are here to serve...

MANDATE, VISION, MISSION AND VALUES



Advise Government on Fiscal and Economic Matters



LIST OF ACRONYMS

AEO	Authorised Economic Operator	OPC	Office of the President and Cabinet
AfDB	African Development Bank	OSBP	One-Stop Border Post
AGM	Annual General Meeting	PAYE	Pay As You Earn
ASYCUDA	Automated Systems for Customs Data	PECOGO Act	Public Entities Corporate Governance Act
ATAF	African Tax Administration Forum	PCA	Post Clearance Audit
CBN	Collective Bargaining Negotiations	PMU	Procurement Management Unit
CCTV	Closed Circuit Television	PPPs	Public-Private Partnerships
CGT	Capital Gains Tax	PRAZ	Procurement Regulatory Authority of Zimbabwe
CGWT	Capital Gains Withholding Tax	RBZ	Reserve Bank of Zimbabwe
CID	Criminal Investigations Department	RIB	Removal In Bond
COVID-19	Coronavirus Disease - 19	RTGS	Real Time Gross Settlement
CVR	Central Vehicle Registry	SADC	Southern African Development Community
DFIR	Dividends, Fees, Interest and Remittances	SAP	Systems Application and Product
ERM	Enterprise Risk Management	SI	Statutory Instrument
EU	European Union	TaRMS	Tax and Revenue Management System
GDP	Gross Domestic Product	TIP	Temporary Import Permit
IAS	International Accounting Standards	UNCTAD	United Nations Conference on Trade and Development
ICT	Information Communication Technology	VAT	Value Added Tax
IFRS	International Financial Reporting Standards	WBWS	Willing-Buyer Willing-Seller
IMF	International Monetary Fund	WTO	World Trade Organisation
IPSAS	International Public Sector Accounting Standards	ZACC	Zimbabwe Anti-Corruption Commission
IRBM	Integrated Results Based Management	ZDF	Zimbabwe Defence Forces
KPI	Key Performance Indicator	ZIMRA	Zimbabwe Revenue Authority
MoFED	Ministry of Finance and Economic Development	ZIMSTAT	Zimbabwe National Statistics Agency
MOU	Memorandum of Understanding	ZINARA	Zimbabwe National Roads Administration
NDS	National Development Strategy	ZNA	Zimbabwe National Army
NPA	National Prosecuting Authority	ZRP	Zimbabwe Republic Police
OECD	Organisation for Economic Co-operation and Development		

CONTENTS

MANDATE, VISION, MISSION AND VALUES	Inside Cover
LIST OF ACRONYMS	1
BOARD CHAIRMAN'S FOREWORD	3
BOARD OF DIRECTORS	4
COMMISSIONER GENERAL'S STATEMENT	5
THE 2022 OPERATING ENVIRONMENT	7
ZIMRA BOARD MANDATE	8
ZIMRA CORPORATE GOVERNANCE	9
2022 STRATEGY PERFORMANCE	15
STRATEGIC OUTCOME 1: MAXIMISE REVENUE COLLECTION	16
STRATEGIC OUTCOME 2 – INCREASE VOLUNTARY COMPLIANCE	20
STRATEGIC OUTCOME 3 – ENHANCE TRADE FACILITATION AND PROTECTION OF CIVIL SOCIETY SOCIETY	21
STRATEGIC OUTCOME 4 – STRENGTHENIG INSTITUTIONAL IMAGE	26
COMMUNICATION AND PARTNERSHIPS	29
REPORT OF THE AUDITOR-GENERAL IN RESPECT OF THE FINANCIAL STATEMENTS	39
STATEMENT OF FINANCIAL POSITION	43
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	44
STATEMENT OF CHANGES IN RESERVES	45
STATEMENT OF CASH FLOWS	46
NOTES TO THE FINANCIAL STATEMENTS	47
REPORT OF THE AUDITOR-GENERAL IN RESPECT OF THE REVENUE RETURN	66
REVENUE RETURN	69
NOTES TO THE REVENUE RETURN	71
REPORT OF THE AUDITOR-GENERAL IN RESPECT OF THE RECEIPTS AND DISBURSEMENTS RETURN	72
ACCOUNTING POLICIES AND NOTES TO THE RECEIPTS AND DISBURSEMENTS RETURN	75
REPORT OF THE AUDITOR-GENERAL IN RESPECT OF THE TAX RESERVE CERTIFICATES RETURN	78
NOTES TO THE TAX RESERVE CERTIFICATES RETURN	81
REPORT OF THE AUDITOR-GENERAL IN RESPECT OF THE OUTSTANDING REVENUE RETURN	82
OUTSTANDING REVENUE RETURN	85
NOTES OF THE OUTSTANDING REVENUE RETURN	86

BOARD CHAIRMAN'S FOREWORD



Mr. Anthony S. Mandiwanza
Board Chairman

"...the nominal and real revenue grew by 324.59% and 49.46% respectively, therefore the Authority contributed significantly towards Domestic Resource Mobilisation..."

It is my pleasure to present ZIMRA's Annual Report and Audited Financial Statements for the year ending 31 December 2022.

The global economic growth for 2022 slowed down to 3.2% from 6% in 2021 as the rising cost-of-living, tightening financial conditions in most regions, the Russia - Ukraine conflict and the lingering COVID-19 pandemic all weighed heavily on the global growth projections.

Following further relaxation of COVID-19 related restrictions, domestic economic activity improved in 2022 on the back of improved performance in various sectors led by a boom in Agricultural production. The improvement was supported by tight monetary and fiscal policy measures, which helped stabilise the domestic economy. The stability improved the generation of taxable income from companies, employment and trading of goods and services among others.

The Zimbabwe Revenue Authority, hereafter referred to as the Authority, managed to surpass the 2022 Annual target by 24.14%. Between 2021 and 2022, the nominal and real revenue grew by 324.59% and 49.46% respectively, therefore the Authority contributed significantly towards Domestic Resource Mobilisation which is necessary for the implementation of Government's National Development Strategy (NDS 1) and the National Vision 2030 - "Towards a Prosperous and Empowered Upper Middle Income Society by 2030". This was achieved through directing management on strategic areas aimed at increasing revenue collection, reducing cost of collection, deepening and widening the tax base, embracing digitalisation, innovation and improving service delivery.

Further, ZIMRA, implemented some transformative strategic projects to improve the Authority's ability to deliver on its mandate and support. These include new Commercial and Passenger terminals that were commissioned under the Beitbridge Modernisation project. In addition, heavy-duty scanners and long-range drones were procured to mitigate revenue leakages. ZIMRA also played a critical role in the Facilitation of Trade and Travel, to improve the country's Ease of Doing Business index.

In 2023, the Authority will continue implementing the transformative projects that are underway and will be pursuing revenue enhancing measures targeted at increasing the tax base and ensuring high compliance levels with taxation laws. To this effect, the revenue is expected to grow to levels above 19% of GDP.

Governance

There were key changes within the governance structures of the Authority in 2022. These included the appointment of new board members and substantive appointment to executive roles, the details of which will be covered in the main report. A new Commissioner General, Ms. Regina Chinamasa was appointed with effect from 1 September 2022. I once again extend my heartfelt congratulations to her and commit the Board's support as she directs the day-to-day operations of the Authority.

Acknowledgement

My appreciation goes to the ZIMRA Board, Management and staff for their dedicated commitment that allowed ZIMRA to fulfil its mandate.

I also express my gratitude to the Minister of Finance and Economic Development, Honourable Professor Mthuli Ncube, the Permanent Secretary, Mr George Guvamatanga, and the entire Ministry for providing timely and adequate policy support during the year. I am truly grateful for the requisite support rendered.

Finally, I would like to thank our valued compliant taxpayers for paying their dues in full and on time.

I thank you.

Mr. Anthony S. Mandiwanza
Board Chairman

BOARD OF DIRECTORS



Mr. Anthony S. Mandiwanza
Board Chairman



Mrs. Josephine Matambo
Vice Board Chairperson



Dr. Grace Muradzikwa
Finance and Admin
Committee Chair



Mr. George T. Guvamatanga
Permanent Secretary for Finance
and Economic Development



Mrs. Ruth Ncube
Risk Committee Chair



Mr. Isaac Kwesu
Audit Committee Chair



Mr. Memory Nguwi
Human Resources Committee
Chair



Ms. Mutsa Remba
Operations Committee Chair



Mr. Bongani Khumalo
Board Member



Dr. Paradza Paradza
ICT Committee Chair



Ms. Regina S. Chinamsa
Commissioner General



Mr. Johnesai Dewah
Board Member

COMMISSIONER GENERAL'S STATEMENT



Regina S. Chinamasa (Ms)
ZIMRA Commissioner General

"The primary KPI which is revenue collection performed excellently. Net collections amounted to ZWL1,992 billion excluding refunds payments worth ZWL109.06 billion."

Commissioner General's Executive Summary

I feel honoured to present the executive summary of ZIMRA's performance for the year ended 31 December 2022. The year 2022 marked the second year of implementation of the 2021 – 2025 ZIMRA Strategic goals which are split into Results Perspective (ZIMRA's Strategic Outcomes); Internal Processes and Systems Perspective; and People and Resources Perspective. The Key Strategic Outcomes are to Maximise revenue collection, Increase voluntary compliance, Enhance trade facilitation, Protection of civil society and Strengthen institutional image.

In a bid to align with the Government, ZIMRA is implementing the 2021 to 2025 Strategy using the Integrated Results Based Management System (IRBM) which focuses on results. The use of IRBM for personnel appraisal started with Phase 1, which focussed on Executive Managers in January 2020, followed by Phase 2, effected from 1 January 2021, which included Senior Managers. The rest of the managers were put on IRBM appraisal in Q2 of 2021. In 2022, the Authority moved to full implementation by including all non-managerial staff.

The Authority had 47 Key Performance Indicators that it was monitoring through IRBM in 2022. Quarterly and annual strategy performance evaluations were carried out to assess organisational capabilities and align the Strategy to the volatile socio - economic environment. This helped to navigate strategic challenges and achieve high value improvements in results. Hence, 78.7 % of the targets were either exceeded or performance was within acceptable tolerance levels (within acceptable variance).

The primary KPI which is revenue collection performed excellently. Net collections amounted to ZWL1,992 billion excluding refunds payments worth ZWL109.06 billion. This is 24.14% in excess of the ZWL1.60 trillion target set for the Authority by the Government.

Highest performing revenue heads for the year were Value Added Tax (VAT), Individuals, Companies, Excise Duty and IMTT. Individual income tax surpassed the target by 39.14%, contributing 19% to total revenue grew by 1.88% from 17.12% collected from the tax head in 2021. The performance was driven by periodical salary adjustments by some employers in line with the cost of living. Corporate Income Tax was 5.09% below target and contributed 15% to total revenue down from 20.42% in 2021.

VAT, Customs Duty and Excise duties exceeded targets by 28%, 42% and 39% respectively. There was no notable change in the proportion of VAT, Customs Duty and Excise Duties to total revenue indicating results of effort put by the Authority to sustain revenue collection. Revenue Heads, which performed the least include Mining Royalties which contributed 3% to total revenue for 2022.

With a view to improve processes and enhance service delivery, ZIMRA's transformational strategic objectives for 2022 were supported by digitalisation hence the majority of projects implemented focused on digitalisation. Digitalisation initiatives concentrated on five main pillars namely; (i) Digital Infrastructure, (ii) Digital Business Solutions (iii) Cyber Security and Governance, (iv) Systems Integration and (v) Data Analytics. To this effect, the following project milestones were achieved in 2022:

- **Beitbridge Modernisation Project** – The new Commercial and Passenger terminals that were commissioned resulted in huge improvements in facilitation of trade and travel.
- **Scanners Project** – The Authority acquired new heavy-duty state of art the Scanners to improve turnaround times and efficiency in border inspections.
- **ASYCUDA Upgrade** – The Authority continued upgrading and automating Customs clearance processes under the Automated System for Customs Data (ASYCUDA).
- **Drones** – Four Drones were acquired for Beitbridge Border Post and additional drones will be acquired and deployed to other border posts to detect and deter smuggling.
- **E-Taxes** – A new E-Taxes System for Small to Medium Clients was launched to ease off Tax Clearance challenges.
- **Systems Integration** – ZIMRA systems were integrated with selected stakeholders. The Authority's payment platform was successfully integrated with ZIMSWITCH. Key integrations with Civil Registry and the Registrar of Companies, Deeds and International Properties are underway and will be completed in 2023.
- **Self Service Kiosks** – The Authority opened Self-Service Kiosks at Kurima House (Harare), ZIMRA Mhlahlandlela Office (Bulawayo) and Masvingo ZIMRA Regional Office.

COMMISSIONER GENERAL'S STATEMENT (CONTINUED)

Through regional and international partnership engagements, a total of 425 staff members were capacitated in different technical and other contemporary areas like leadership and management development support areas that will contribute to a highly productive staff, enhance speed of service delivery and enhanced succession planning.

In addition, ZIMRA launched a Women in Taxation Forum in March 2023, with a two-pronged approach that looks at addressing issues that affect women in taxation whilst empowering those in business with compliance information to help them conduct legitimate operations.

The ZIMRA Integrity Committee (ZICO) has become the benchmark and point of reference for the establishment of Integrity Committees in other parastatals. ZICO in collaboration with the Zimbabwe Anti-Corruption Commission (ZACC) assisted four parastatals to set up their own Integrity Committees.

The Authority engaged an additional 282 staff members but lost 156 due to different reasons. Resignations account for the greatest burden to staff loss in ZIMRA. 198 out of the 282 appointments were Graduate Trainees and this was a strategy to add to the organisation's talent pipeline.

The Authority continued to experience harmonious Employee-Employer relations across its entire network. Staff remuneration was reviewed in line with market trends. The Authority continued to improve the welfare and wellbeing of employees through human resource strategies aimed at improving employee satisfaction, productivity, organisational culture and corporate image.

An annual budget of ZWL75.7 billion inclusive of foreign currency amounting to USD50.8 million was availed during the year. Government grants, interests earned from short-term investments, donations, funds from unallocated reserves and other incomes such as rental incomes and commissions from third party agencies funded operational, staff and capital expenses for the year. The forex component was mainly used to pay forex obligations and COVID allowances for staff.

Grant expenditure for the year was made up of operational costs ZWL61.3 bn against a budget of ZWL61.9 bn resulting in a budget utilisation of 99.14%.

My gratitude goes to the Ministry of Finance and Economic Development led by Honourable Professor Mthuli Ncube, the Permanent Secretary, Mr George Guvamatanga, and their team deserve special mention for always providing the necessary support to ZIMRA.

My gratitude also goes to our Board for providing the necessary guidance and leadership during the period under review. Their contribution to ensuring good governance and an enabling operating environment is evident in the positive performance results.

I would like to thank the ZIMRA staff, executive, and management; a team of dedicated men and women who strive daily against the odds to post impressive collection figures in fulfilment of our mandate of civil protection, facilitating trade, and collecting revenue.

I also take this opportunity to thank our compliant taxpayers who have partnered and demonstrated good tax citizenry making our revenue collection easier; their contribution is at the heart of our year-on-year target surpassing performances.



Regina S. Chinamasa (Ms)
ZIMRA Commissioner General

THE 2022 OPERATING ENVIRONMENT

Global Economic Developments

Global growth slowed to 3.2% according to the Organisation for Economic Co-operation and Development (OECD). Inflationary pressures, tightening global financial conditions, geopolitical tensions and the associated cost-of-living crisis in many countries, weighed down the 2022 global economic activity. The continued spread of COVID-19 and the resultant lockdowns, as well as worsened property market crisis also dampened economic growth. According to the International Monetary Fund, global inflation was 8.8% which was still above pre-pandemic (2017–19) levels of about 3.5%. The high levels were mainly driven by high food and energy prices. Commodity prices increased since the emergence of the Russia - Ukraine conflict due to the resultant high energy prices.

Trade volume growth was slower than expected at 2.7% following a fourth quarter slump, but still stronger than worst case scenarios considered at the start of the conflict in Ukraine (The World Trade Organisation). The value of world merchandise trade rose 12% to USD25.3 trillion whilst the value of world commercial services traded increased by 15% in 2022 to USD6.8 trillion.

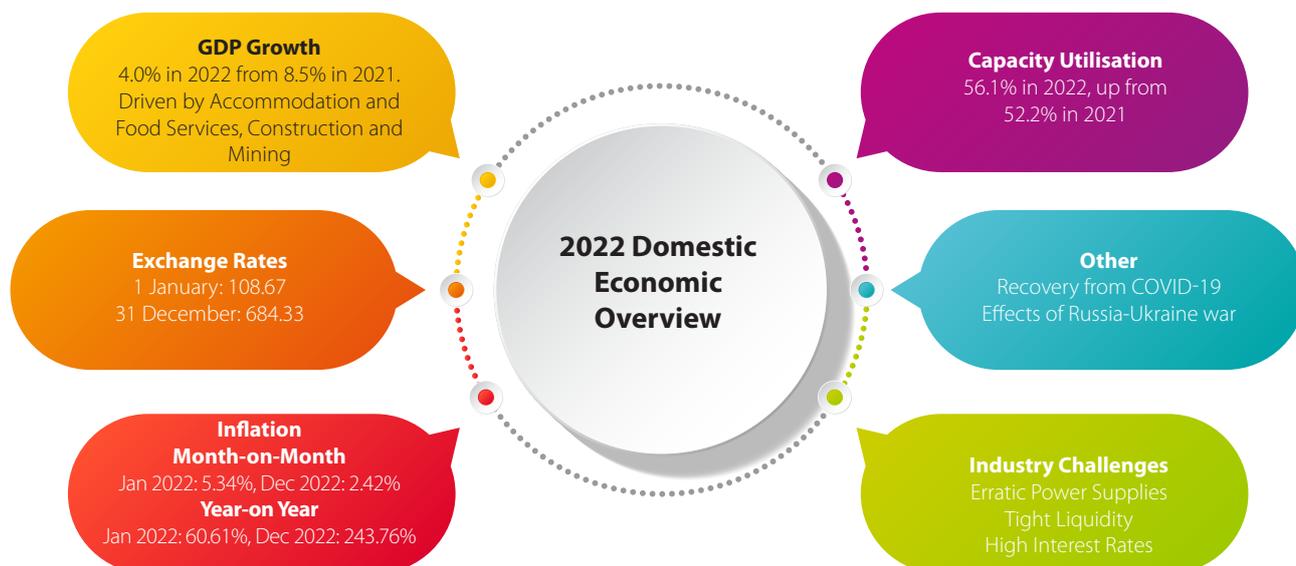
Regional Developments

Sub-Saharan Africa was projected to record a decline in economic growth to 3.6%, down from 4.7% in 2021. This is higher than the 2022 projected global economic growth of 3.2%. Similarly, according to the 2023 National Budget Statement, the SADC region GDP growth was anticipated to decelerate to 2.5% in 2022 from 4.2% in 2021. The economic downturn in Sub-Saharan Africa is attributed to subdued investments, inflationary pressures, external debt vulnerabilities, worsening Balance of Payments as well as spill-over effects of the Russia-Ukraine war which resulted in supply chain disruptions. Fiscal deficit in the Sub-Saharan region was also projected to widen from 4.8% of GDP in 2021 to 5.2% of GDP in 2022. Inflation was driven by high fuel and food prices as well as the weakening of currencies in some African countries.

Domestic Economic Overview

The impact of the global crises imposed multiple challenges and undermined stability on the domestic market resulting in year on year inflation increasing sharply in the second and third quarters of the year from 72.7% in March to a high of 285% in August 2022. The exchange rate also depreciated sharply from the second to the third quarter from Zwl\$619 per US dollar to zwl\$670 per US\$ at the end of the third quarter. Nevertheless, Government efforts managed to contain macro-economic conditions and brought in some significant stability at the end of the year, starting in the beginning of the fourth quarter.

Figure 1: 2022 Domestic Economy



ZIMRA BOARD MANDATE

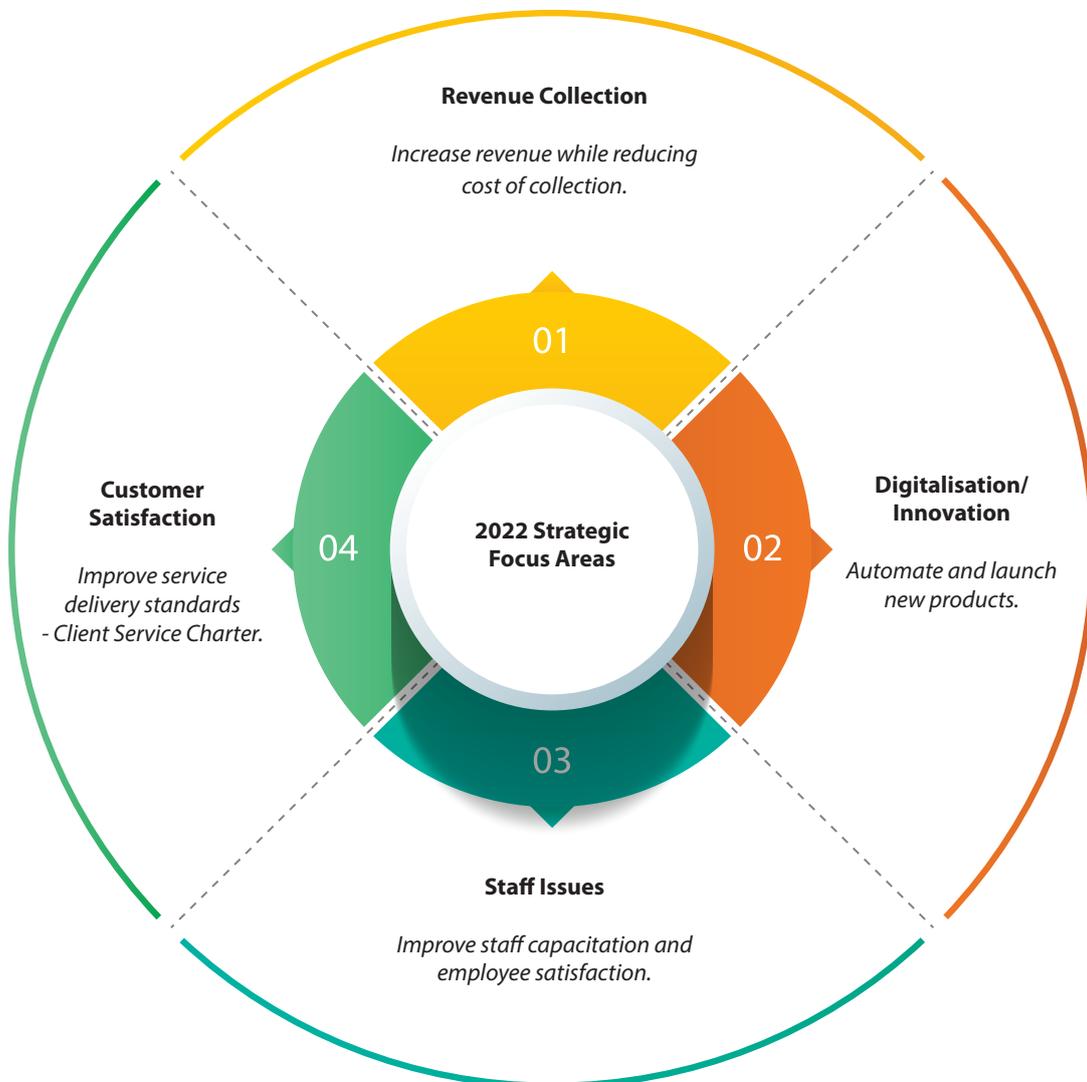
The Zimbabwe Revenue Authority Board derives its mandate from the Revenue Authority Act [Chapter 23:11] and other subsidiary legislation with an obligation to:

- Maximise Revenue collection.
- Facilitate trade and travel.
- Advise Government on fiscal and economic matters.
- Protect civil society.

Strategic Focus Area

The Board's Strategic focus areas for 2022 were:

Figure 2: 2022 Strategic Focus Areas



ZIMRA CORPORATE GOVERNANCE

Governance and Risk

The ZIMRA Board conducted its affairs in accordance with applicable laws, the Board Charter and Code of Ethics approved by the Minister. The said governance instruments set forth how the Board should discharge its duties and the standards of conduct to which Board Members are accountable.

Board Composition

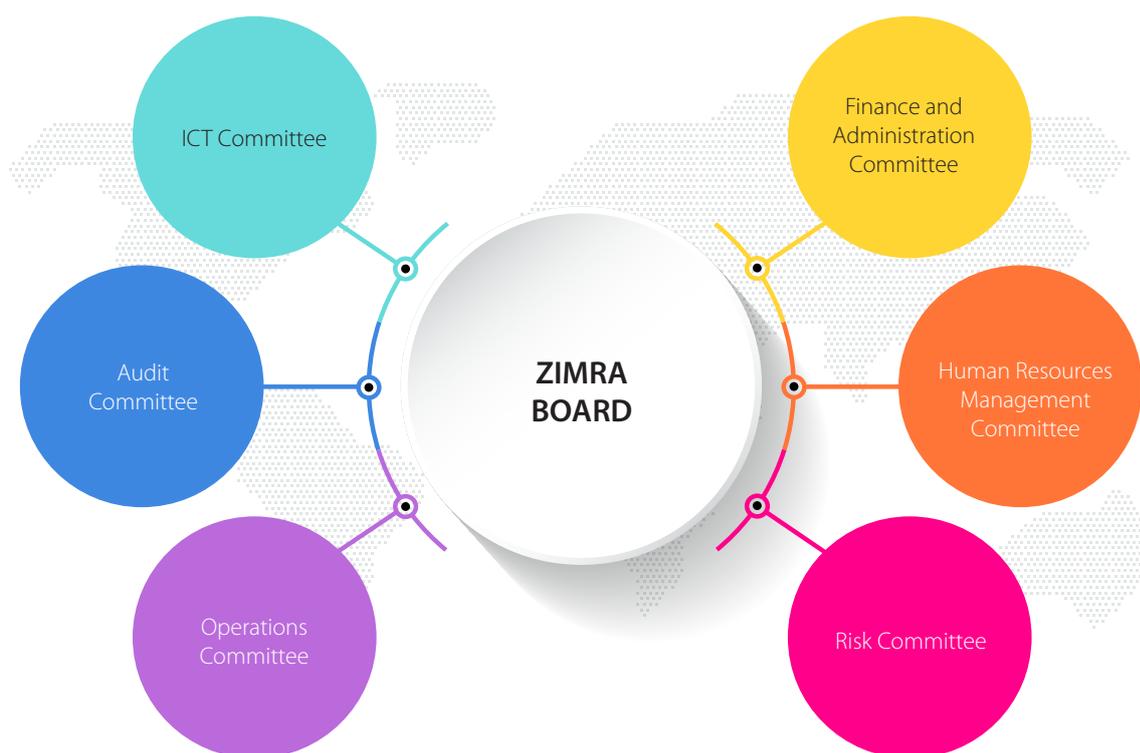
The Authority operated with a Board appointed in terms of Section 5 of the Revenue Authority Act [Chapter 23:11] as read with Section 11 of the Public Entities Corporate Governance Act [Chapter 10:31]. The Board was composed of male (7) and female (5) members with skills and experience spanning across accounting, ICT, law, business management, risk management, economics and human resources management. The following new Board Members were appointed to the Board on 30 March 2022:

- Mr. Antony Mandiwanza – Board Chairman
- Dr. Paradza Paradza
- Mr. Johnsai Dewah
- Mr. Bongani Khumalo

Board Committees

The Board operated with the following Committees established in terms of the Revenue Authority Act as read with Part V of the Public Entities Corporate Governance (General) Regulations, 2018:

Figure 3: ZIMRA BOARD



The Board Committees guided by approved Terms of Reference continued to play a crucial role of assisting the Board in the discharge of its mandate. While the Board established the Committees as reported, it did not abrogate its overall oversight responsibility over the affairs of the Authority. All Committees are chaired by non-Executive Directors. The Committees met quarterly, and reported the matters dealt with to the Board on a quarterly basis.

Meetings of the Board

The Board and its Committees held meetings during the year in accordance with Section 33 of the Public Entities and Corporate Governance Act [Chapter 10:31]. The meetings included, quarterly scheduled meetings, special meetings, a statutory meeting with the Minister and the Annual General Meeting. Most of the special meetings were held by the Human Resources Committee to deal with recruitments to fill Executive Management vacancies that arose during the course of the year.

Table 1 below indicates the attendance by Board Members to the Board and Committee meetings:

Table 1: 2022 Board Attendance Statistics

Board Member Name	Ad Hoc Meetings		Board Meetings		Human Resources Committee		Audit Committee		Risk Committee		Finance and Administration		ICT Committee		Operations Committee		% Attendance Per Individual Board Member
	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	
Anthony Mandiwanza (Chairman)	1	*	11	8**	11	9**	6	*	4	*	5	*	4	*	5	*	100%
Josephine Matambo (Vice Chairman)	1	1	11	11	11	2***	6	4****	4	*	5	*	4	4	5	*	96.87%
Memory Nguwi	1	*	11	11	11	11	6	*	4	*	5	4****	4	*	5	*	100%
Isaac Kwesu	1	*	11	9	11	*	6	6	4	3****	5	*	4	*	5	*	90.47%
Paradza Paradza	1	1	11	8****	11	*	6	*	4	3****	5	*	4	4	5	4****	100%
Ruth B. Ncube	1	1	11	11	11	*	6	*	4	4	5	5	4	*	5	4****	100%
Mutsa M. J. Remba	1	1	11	11	11	11	6	*	4	*	5	*	4	*	5	5	100%
Grace Muradzikwa	1	1	11	10	11	7	6	*	4	4	5	5	4	*	5	*	87.5%
George Guvamatanga	1	*	11	4	11	*	6	3	4	*	5	*	4	*	5	1	36.36%
Johnsal Dewah	1	*	11	8****	11	*	6	5****	4	*	5	*	4	4	5	*	100%
Bongani Khumalo	1	*	11	3****	11	*	6	*	4	*	5	2****	4	1****	5	*	100%
Regina Chinamasa	1	*	11	11	11	11	6	*	4	4	5	5	4	4	5	5	100%

* Not a member;

**Appointed to the Board on 30 March 2022;

***Represented the Board Chairperson;

****Became a member during the course of the year- did not attend and an apology was noted.

Annual Board Evaluation

The performance and effectiveness of the Board as a whole, its Committees, Board Chairperson, and individual Board Members is supposed to be periodically evaluated to inform areas of improvement and development. To this end a board evaluation exercise was undertaken coordinated by an External Consultant. Areas of strengths and improvement identified from the exercise were used to inform training and development programmes for the Board.

Remuneration and Allowances for the Board

Board fees and allowances were paid in accordance with the remuneration framework set by the Office of the President and Cabinet, Corporate Governance Unit.

Executive Appointments

The following executive appointments were made during the year:

- Ms. Regina Chinamasa - appointed Commissioner General with effect from 1 September 2022.
- Mr. Misheck Govha - appointed Commissioner Domestic Taxes with effect from 1 September 2022.
- Mr. Batsirai Chadzingwa - appointed Commissioner Customs and Excise with effect from 1 April 2022.
- Mrs. Ethel Chitanda - appointed Director Finance and Administration with effect from 1 September 2022.
- Mr. Ernest Masvavike - appointed Corporate Risk and Compliance Executive with effect from 1 July 2022.

Management Committees

The ZIMRA Executive Management led by the Commissioner General is charged with the responsibility of managing the day-to-day operations of the Authority and execution of the Authority's strategy. For the better discharge of this responsibility, Management has put in place the following Management Committees to ensure focused attention to matters:

■ Executive Committee

The Executive Committee is tasked with the responsibility of managing the operational affairs of the Authority. It reviews significant functions of the Authority and makes appropriate recommendations to the Board. The Committee ensures that there are adequate internal control systems to safeguard the Authority's assets and resources.

■ Executive Sub-Committees

These are Sub-Committees mirroring Board Committees to enable proper cascading and implementation of board decisions as well as proffering recommendations on matters requiring the attention of the Board.

Disclosure and Transparency

The Authority is committed to the governance principles and values of transparency and disclosure. Accordingly, ZIMRA's performance was published quarterly through revenue performance reports which were published in the press, and posted on the ZIMRA website. The following key governance documents were made available on the Authority's website:

- i) 2021 to 2025 Strategic Plan
- ii) 2021 Annual Report and Audited Financial Statements
- iii) Board Charter
- iv) Code of Ethics
- v) Governing Legislation
- vi) Client Charter

Board members and senior staff members declared their assets and business interests to the Office of the President and Cabinet Corporate, Governance Unit as is required by the law. At the beginning of each meeting, Board members declared their interests for purposes of managing conflict of interest.

Resolutions made by the Board were submitted to the Minister and to the Office of the President and Cabinet, Corporate Governance Unit as required by the law.

Audit Assurance

The Authority has an independent Internal Audit Unit, which reports functionally to the Audit Committee. The functions of the Internal Audit Division are governed by the Internal Audit Charter and are executed in conformance with globally accepted Internal Audit Standards, chief among them, the Institute of Internal Auditors' International Standards for The Professional Practice of Internal Auditing. As part of the third line of defence, it plays a critical role in improving the internal controls and the control environment when management implements the value-adding audit recommendations.

Audit assurance was attained through the execution of an approved Risk Based Audit Plan which was a result of widespread engagements with various stakeholders; among them the Authority's external auditors (the Auditor General of Zimbabwe) to ensure the attainment of corporate strategic goals.

The control environment remained generally sound except for control weaknesses that were highlighted in the audit reports done during the year. The Audit Committee received and considered quarterly reports from the Internal Audit Unit.

The 2022 financial statements of the Authority and statutory returns were audited by the Auditor General in accordance with the applicable laws and standards. The audited financial statements and the report of the auditors were submitted to the Ministry of Finance and Economic Development as is required by the law.

Enterprise-Wide Risk Management

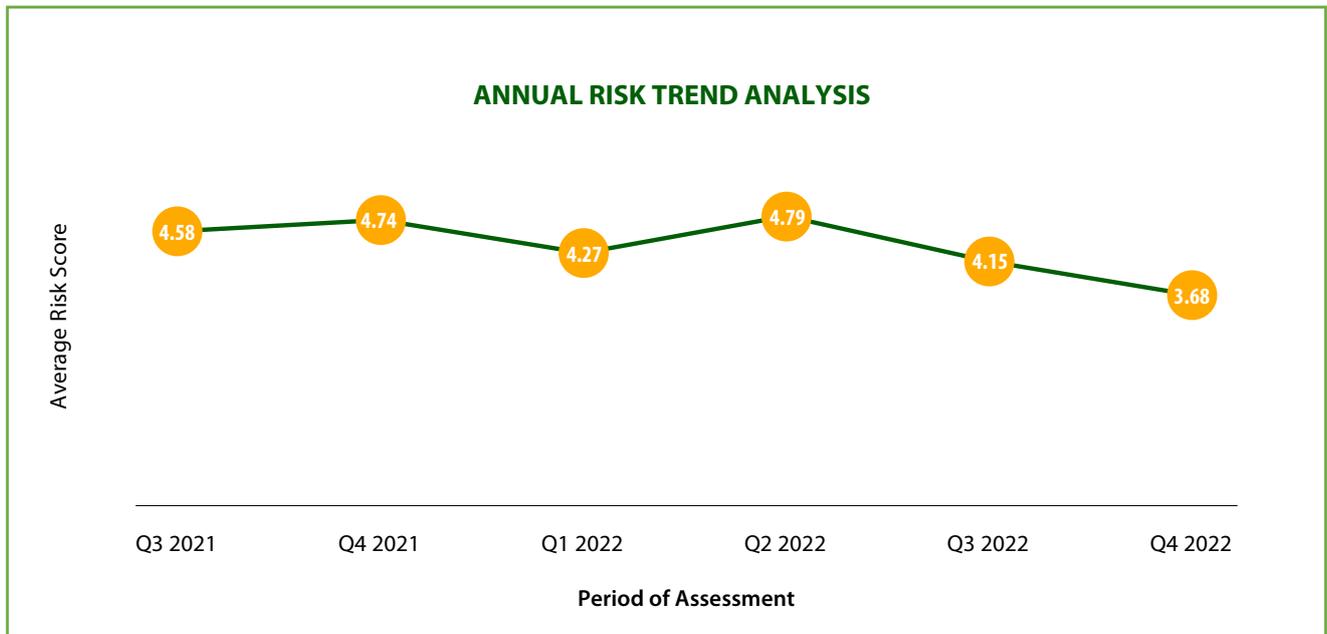
The Enterprise Risk Management (ERM) function embarked on a journey to implement a new risk approach, consolidating risk capabilities in the Authority and bringing to the fore embedding of risk management in all processes. This resulted in the Corporate Risk and Compliance Management function being separated from Internal Audit in line with best practice. The ERM function is part of the second line of defence enhancing risk management.

The Enterprise-wide risk management is guided by the Corporate Risk Management Policy. The Policy encompasses the oversight by the Zimbabwe Revenue Authority of its risk management function, including the implementation of internal controls and risk management tools commensurate to the Authority's size, complexity and scope of activities. The Policy is intended to foster sound risk management practices, recognising that the business of the Authority involves the maximisation of value and minimisation of risks. Well informed, prudent judgment is required for each risk management decision, and this policy does not contravene that need.

ZIMRA monitored risks inherent to its business in line with its Corporate Risk Policy, to ensure the attainment of its objectives. This entailed effective management of risks through identification,

assessment, treatment, monitoring and reporting risks to ensure that they are kept within tolerance levels as per the Risk Appetite Statement of the Authority. The Authority's risks were classified and analysed under five broad headings namely; Strategic, Reputational, Cyber Security, Operational and Compliance. The risk score for the year 2022 was 3.68 down from 4.74 in 2021, thus remaining in the medium risk category. This meant that there was no serious negative impact to the Authority's attainment of its objectives.

Figure 4: The graph below shows the risk trend from Q3–2021 to Q4-2022.



Annual Risk Trend Analysis

The high risks that were monitored were as presented in the Table 2 below and are not put in any particular order of ranking.

Risk Description	Risk Category	Risk Control Strategies
Failure to curb corruption	Reputational Risk	<ul style="list-style-type: none"> Continued implementing zero-tolerance to corruption strategies with special focus on monitoring information leakages, investigation of corruption related cases, automation and seamless integration of systems, life style audits, anti-corruption campaigns, corruption risk assessments and conducting systems integrity checks and; Carried out joint uncorruption operations with other stakeholders.
Project deviation from timelines and Budgets	Operational Risk	<ul style="list-style-type: none"> Timeously tracked conclusion of contracts undergoing drafting; Revised projects completion dates; Ensured completion of projects in line with revised target dates; Efficient procurement of outstanding materials; Engagement with stakeholders; Revaluation of price variations and resumption of projects as targeted.
Inability/Failure to attract competent staff	Operational Risk	Recruitment was in progress to fill in vacant positions that arose following the adoption of the new structure.
Interest liability due to delayed payments of VAT Refunds	Compliance Risk	Expedited processing of refunds while ensuring effective risk profiling and auditing to ensure no undue refunds were paid to taxpayers.
Failure to meet New Taxpayer Registrations target	Compliance Risk	Databases from the Registrar of Companies was collected on a monthly basis to aid in new registrations.
Funding Risk	Strategic Risk	Continued engaging the Ministry of Finance and Economic Development (MOFED) for adequate funding.

Legislative Reforms

Proposals were made to review various pieces of legislation administered by ZIMRA for a number of reasons; chief of which were to plug identified revenue leakages, harmonise provisions in the law, and align with changes in business practices. Proposed reforms were forwarded to the Ministry for consideration during the mid term and annual national budget processes. A total of 42 proposals were submitted for consideration as detailed in the table below:

Table 3:

Period	No. of Proposals	Accepted	Not Accepted	Percentage Accepted
Mid Term 2022	30	18	12	60%
Budget 2023	12	6	6	50%
TOTAL	42	24	18	57.14%

Tax Treaties and MOUs

ZIMRA concluded a number of strategic agreements in pursuit of its mandate. The agreements were in respect of various relationships as detailed below:

- Negotiations for a Double Tax Agreement (DTA) between Zimbabwe and Switzerland were concluded and submitted for ratification. The ratification process is expected to be concluded in 2023.
- Engagements for a Customs Mutual Assistance Agreement (CMAA) with Zambia Revenue Authority commenced and will be concluded in 2023. The engagements were facilitated by the World Customs Organisation (WCO).
- Engagements for Customs cooperation with the Islamic Republic of Iran continued as part of the bilateral trade engagements. A Memorandum of Understanding (MOU) for the exchange of Customs information between ZIMRA and Iran Customs Authority was undertaken and will be concluded in 2023.

Summary of ZIMRA Strategy (2021 – 2025)

In a bid to align with the Whole of Government, ZIMRA's Strategy continued to complement Government's National Development Strategy (NDS 1) and the National Vision 2030 - "Towards a Prosperous and Empowered Upper Middle Income Society by 2030". The Authority contributed to NDS 1 National Priority of Economic Growth and Stability through Domestic Resource Mobilisation. It also played a critical role in the Facilitation of Trade and Travel, to improve the country's Easy of Doing Business index. 2022 marked the second year of implementation of the 2021 – 2025 ZIMRA Strategy.

The Authority's Strategic Goals are split into the following broad categories:

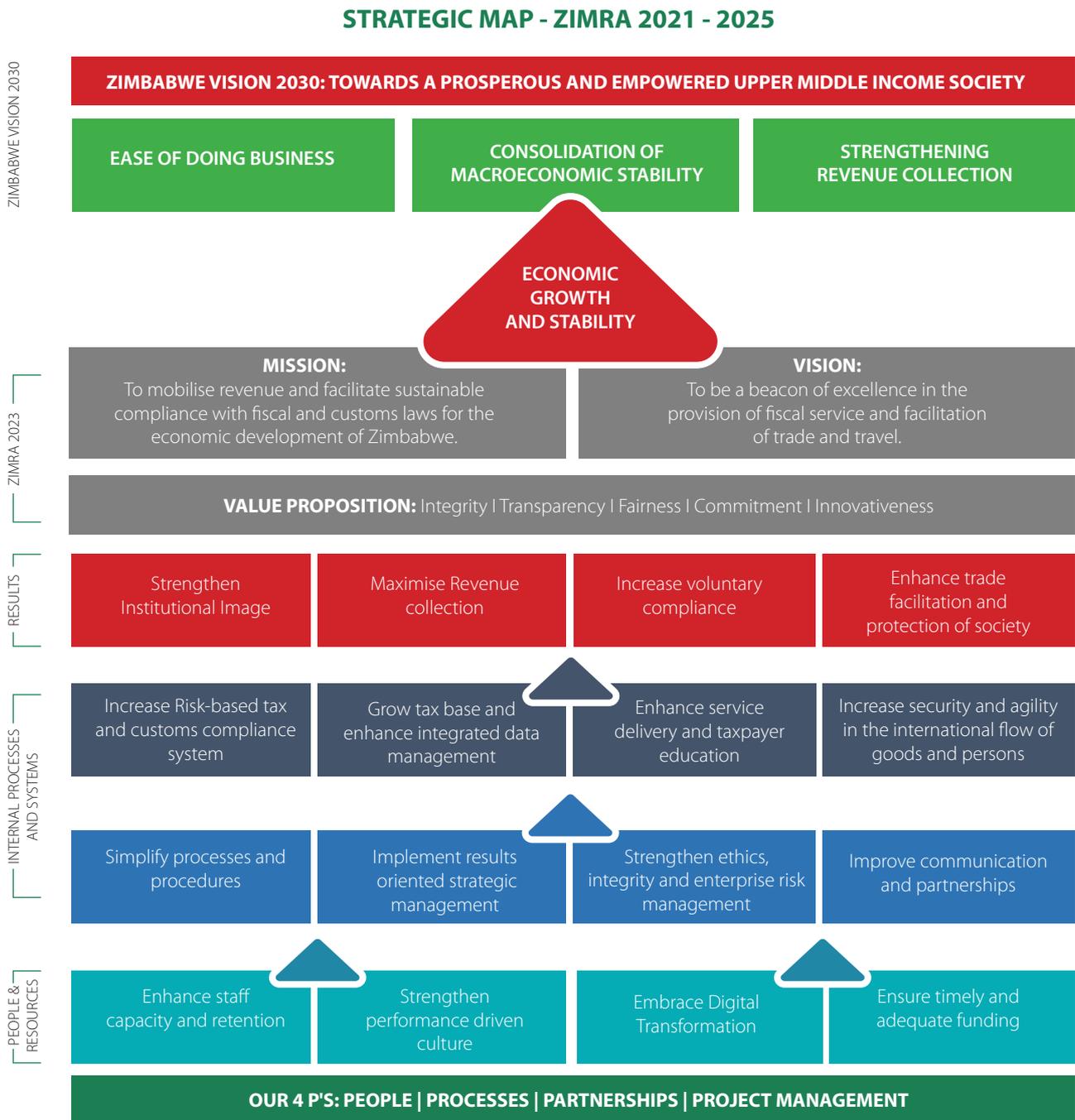
- Results Perspective (ZIMRA's Strategic Outcomes).
- Internal Processes and Systems Perspective.
- People and Resources Perspective.

ZIMRA's Key Strategic Outcomes for the period 2021 – 2025 are to:

- Maximise Revenue collection.
- Increase voluntary compliance.
- Enhance trade facilitation and protection of civil society.
- Strengthen institutional image.

The Strategy Map below traces the critical path linking ZIMRA Strategic Goals and how they are connected to the Governments NDS-1

Figure 5: Strategic Map - Zimra 2021 - 2025



2022 Strategy Performance

Use of IRBM for personnel appraisal started with Phase 1, which focussed on Executive Managers in January 2020, followed by Phase 2, effected from 1 January 2021, was for Senior Managers. The rest of the managers were put on adopted IRBM appraisal in Q2 of 2021. In 2022, the Authority moved to full implementation by including all non-managerial staff.

The Authority had 47 Key Performance Indicators that it was monitoring in 2022. Quarterly and annual strategy performance evaluations were carried out to assess organisational capabilities and align the strategy to the volatile socio-economic environment. This helped to navigate strategic challenges and achieve high value improvements in results. Hence, 78.7% of the targets were either exceeded or performance was within acceptable tolerance levels (within acceptable variance) as depicted below.

Table 4: Strategy Performance

Colour Code	Performance	No.	Age %	Overall Success Rate
Green	Performance met or was above target	24	51.1	78.7%
Amber	Performance below target but within acceptable variance	13	27.7	
Red	Performance below target and outside acceptable variance	10	21.3	
Dark Blue	Not rated during the period under review	0	0.0	
Total number of Key Performance Indicators (KPIs)		47	100.0	

New Strategies were crafted for implementation in 2023 to address Key Performance Indicators (KPIs) which performed below target.



STRATEGIC OUTCOME 1: MAXIMISE REVENUE COLLECTION

Revenue Performance

2022 Actual Net Revenue Collected Against Target

Net collections amounted to ZWL1,992.19 billion, with gross receipts of ZWL2,101.25 billion, offset by refund payments worth ZWL109.06 billion. This is an achievement of 24.14% in excess of MOF target (ZWL1,604.86 billion). The Refunds for the year were 5.19% of gross collections and 5.47% of net collections.

Table 5: 2022 Actual Net Revenue Collected vs Target

	2022 Actual (ZWL)	MOF Target (ZWL)	% Variance
TOTAL	1,992,191,950,286.56	1,604,856,000,249.41	24.14%

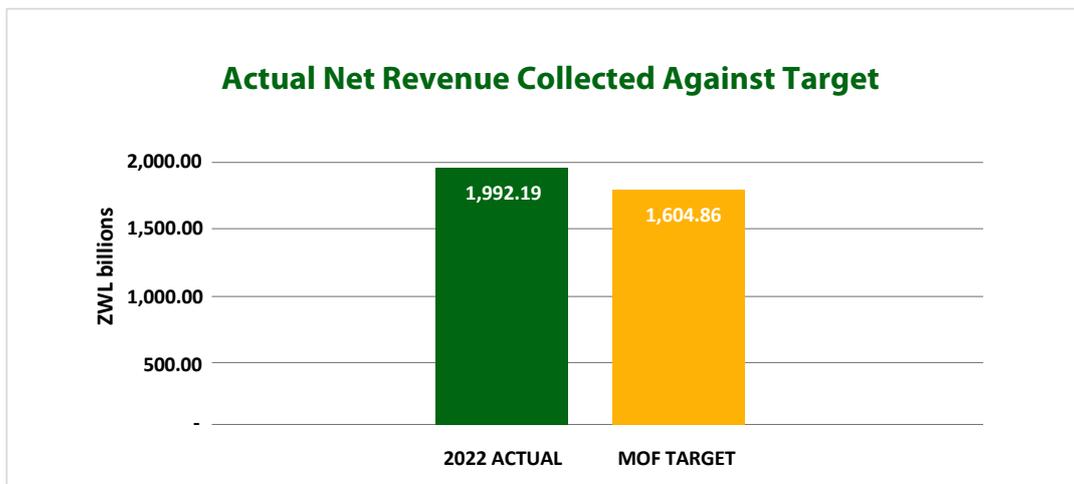


Figure 6: 2022 Actual Net Revenue Collected Vs. Target

Net Revenue Collected by Revenue Head

Revenue performance is presented in order of contribution in the table below.

Table 6: Annual Net Revenue Collected by Revenue Head

Revenue Head	2022 Annual Target (ZWL Billion)	2022 Annual Actual (ZWL Billion)	Variance %	Contribution %	Real Growth from 2021
VAT	393.90	505.63	28.37%	25.38%	55.47%
Individuals	269.84	384.38	42.45%	18.85%	62.77%
Companies	313.78	297.82	(5.09%)	15.40%	13.27%
Excise Duty	194.76	271.39	39.34%	13.62%	67.46%
IMTT	147.77	185.65	25.64%	9.32%	44.29%
Customs Duty	111.35	161.37	44.92%	8.10%	92.21%
Other Taxes	112.34	124.13	10.49%	6.23%	22.50%
Mining Royalties	61.11	61.82	1.15%	3.11%	61.54%
Total Net Revenue	1,604.86	1,992.19	24.14%	100.00%	49.46%

The percentage contribution of key revenue heads to total revenue is depicted in figure 7.

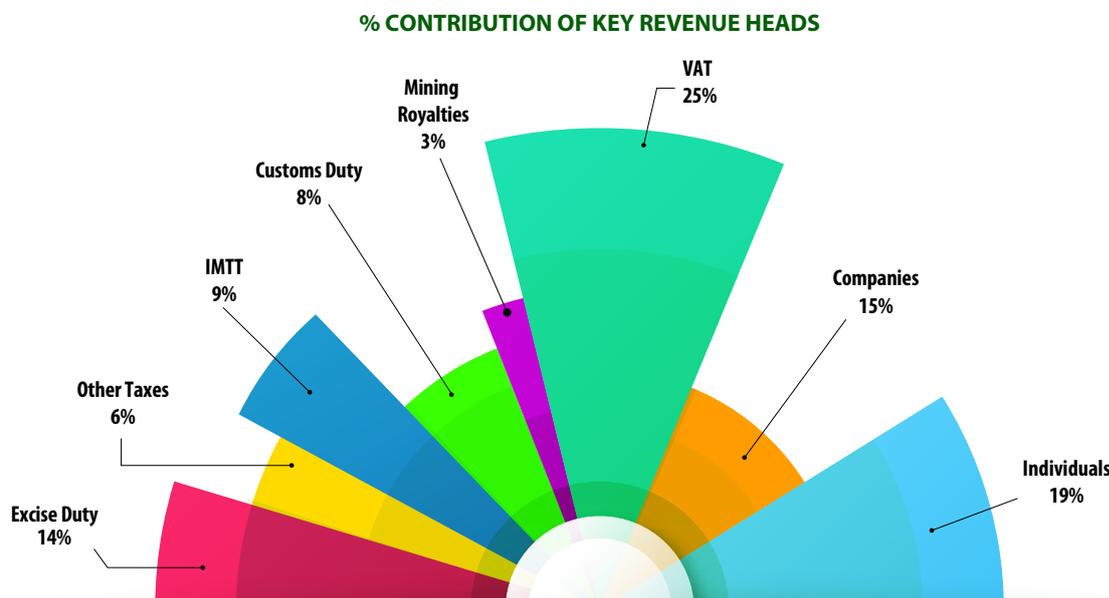


Figure 7: Annual Net Revenue Collected by Revenue Head

2022 Annual Net Revenue Collected by Revenue Head

Individuals

Revenue head surpassed the target by 42.45%, contributing 19% to total revenue up from 17% in 2021. Performance was driven by periodical salary adjustments by some employers in line with cost of living.

Corporate Income Tax

Collections from Corporate Income Tax were 5.09% below target and contributed 15% to total revenue down from 20.42% in 2021. The revenue head failed to meet its target despite the Authority intensifying various revenue enhancing activities such as sector based audits and door-to-door visits to harness revenue from various sectors.

Value Added Tax

Value Added Tax beat the target by 28.37% and contributed 25% to annual revenue. In 2021 VAT contributed the same proportion to total revenue. Performance of VAT was positively impacted by:

- Enforcement activities;
- The use of Fiscal devices and;
- Increased value of consumed Vatable products and meticulous verification of VAT refunds before payment.

Customs Duty

The 2022 annual contribution to total revenue for Customs Duty was 8% and this was an increase from 7% in 2021. Net collections under the revenue head were 44.92% above the target. Key contributing commodities to Customs revenue in 2022 were motor vehicles, parts of machinery, liquefied butanes and tyres. Enforcement activities such as risk based post clearance audits and anti-smuggling initiatives impacted positively to the revenue head's performance.

Excise Duty

Excise duties exceeded the target by 39.34%. Most of the revenue was realised from fuel imports, which contributed 72.48% of the revenue under Excise Duties. The revenue head contributed 14% of total revenue during the year compared to 12.29% in 2021. The performance also benefitted from the anti-smuggling initiatives pursued by the Authority to prevent fuel smuggling.

Mining Royalties

The revenue head surpassed the target by 1.15%. Mining Royalties accounted for 3% of total revenue in 2022 and there was no much change from its contribution in 2021. Collections were negatively affected by poor international commodity prices.

Intermediated Money Transfer Tax (IMTT)

The revenue head surpassed the target by 25.64% during the year and collections were 9% of total revenue down from 9.64% in 2021. IMTT's performance is a reflection of the increase in number and value of transactions conducted electronically. IMTT audits conducted during the year, also yielded significant amounts of revenue.

Other Taxes

Other Taxes comprises of revenue heads shown in the table below. Other Taxes contributed 6% to total revenue having surpassed its target by 10.49%.

Breakdown of net revenue collected from 'Other Taxes'

Annual net revenue collections from Other Taxes amounted to ZWL124.13 billion against target of ZWL112.34 billion (10.49% above target). The 'Other Revenue Heads' contributed 6% of the total net revenue collections. Table 6 below shows annual net revenue collected from 'Other Tax Heads'.

Table 7: Other Taxes

TAX HEAD	2022 Annual Target (ZWL Billion)	2022 Annual Actual (ZWL Billion)	Variance %	Contribution %
Domestic Div. and Int.	23.12	34.67	49.97%	27.93%
CGT	8.33	14.94	79.42%	12.04%
Tobacco Levy	4.48	4.41	(1.63%)	3.55%
Carbon Tax	19.24	27.59	43.38%	22.23%
Withholding Tax on Contracts	22.40	28.05	25.20%	22.60%
Other indirect taxes	5.61	6.76	20.50%	5.45%
Non Tax Revenue	29.16	7.70	(73.35%)	6.20%
Total	112.34	124.13	10.49%	100.00%

Revenue Analysis from 2020 to 2022

Nominal and Real Net Revenue Collected from 2020 - 2022

Annual net revenue collected grew in nominal terms from ZWL463.57 billion collected in 2021 to ZWL1,992.19 billion collected in 2022. When adjusted for inflation, collections grew from ZWL469.21 billion in 2021 to ZWL701.28 billion in 2022. Table 8 and Figure 5 below, shows nominal and real net revenue trends from 2020 to 2022:

Table 8: Nominal and Real Net Revenue Collections

Year	Nominal Target	Nominal Collections	Real Collections
2020 (billion)	156.57	182.59	75.06
2021 (billion)	387.4	469.21	190.56
2022 (billion)	1,604.86	1,992.19	701.28

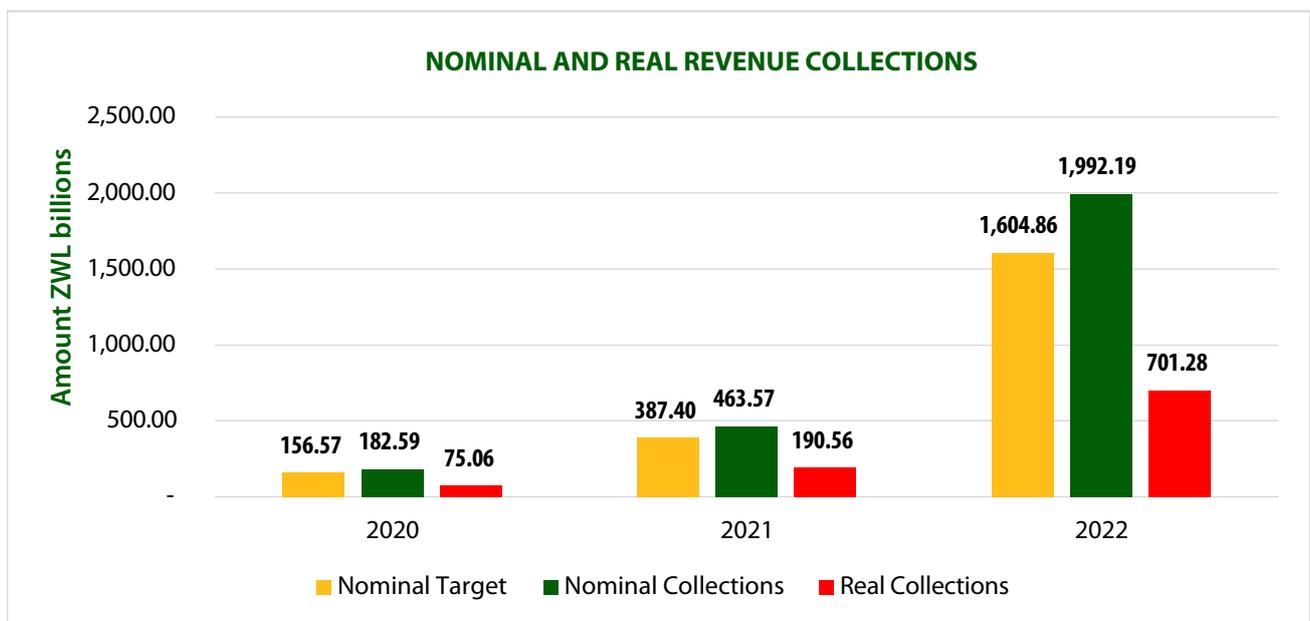


Figure 8: Annual Net Revenue Collected (2020-2022)

Plugging Revenue Leakages

In an effort to improve revenue collection and plug revenue leakages, the impact of the cases investigated / audited in the year is shown in the table that follows:

Table 9: Audits on Domestic Taxes

Region		LCO	MCO	SCO	Region 2	Region 3	Total
Total Revenue Raised from Audits	ZWL	5,851,812,168.26	1,218,736,717.17	2,906,764,923.19	1,926,554,586.68	517,238,918.98	12,421,107,314.28
	USD	57,669,160.88	2,016,278.56	6,326,628.59	6,904,366.02	22,582,322.89	95,498,756.94
	ZAR	0.00	0.00	0.00	54,400.00	0.00	54,400.00

Table 10: Total Revenue Collected from Audits

Region		LCO	MCO	SCO	Region 2	Region 3	Total
Total Revenue Collected from Audits	ZWL	3,431,428,226.20	1,028,683,413.70	1,858,084,897.23	1,995,215,883.85	614,425,252.21	8,927,837,673.19
	USD	34,453,882.69	1,877,385.50	5,896,613.25	6,581,504.98	3,575,078.75	52,384,465.17
	ZAR	1,310,113.52	0.00	1,148,702.00	116,750.00	0.00	2,575,565.52

There were fifteen (15) prosecutions submitted to court and four (4) where concluded by end of year.

Revenue Foregone

The total revenue foregone in 2022 stood at ZWL1.6 trillion compared to ZWL388.38 billion in 2021. The revenue foregone was from exempt supplies, zero rated supplies, rebates, suspensions and trade agreements.

Table 11: Revenue Forgone

Type	Amount
Zero Rated	6,077,517,412,893.42
Exempt Supplies	1,729,334,443,883.47
Trade Agreements	128,480,414,33.51
Total	7,806,851,856,776.89

Debt Position

Debt increased on all revenue heads except for Customs. This was partially driven by economic challenges where capacity utilisation for 2022 was at 56.1% coupled with liquidity challenges and inflationary pressures.

Table 12: Debt movement from 2021 to 2022

Revenue/Head	31-Dec-21	31-Dec-22	Increase/Decrease \$	% Increase/ Decrease
VAT	4,024,828,976.75	20,777,738,209.39	16,752,909,232.64	416.24%
Individuals	5,623,414,723.05	35,773,894,812.46	30,150,480,089.41	536.16%
Companies	4,338,437,353.59	10,110,576,026.83	5,772,138,673.24	133.05%
WHT/CGT/PTAX/ Other	2,281,214,690.56	6,532,206,667.15	4,250,991,976.59	186.35%
Customs	16,990,167,728.38	13,283,131,393.02	-3,707,036,335.37	-21.82%
Total	33,258,063,472.34	86,477,547,108.84	53,219,483,636.50	160.02%
Debt to Revenue Ratio	7.17%	4.34%		

Strategies implemented to recover debt included constant follow-up of debtors, debt prioritisation, negotiated payment plans, garnish orders and set-off arrangements.

STRATEGIC OUTCOME 2 – INCREASE VOLUNTARY COMPLIANCE

Filing/Returns Compliance

Total returns received were 394,008 against a target of 791,859 giving a submission rate of 49.8%. However, of the total returns received, 75,806 were filed on time resulting in a compliance rate of 9.57% as compared to 16.61% in 2021. The Authority is implementing a fit-for-purpose Tax and Revenue Management System (TaRMS) to minimise the existing filing challenges.

Payment/Remittance Compliance

Remittance Rate is a measure of the percentage of taxpayers who successfully make their tax payments. Remittances received were 585,452 against expected remittances of 997,716 giving a remittance rate of 58.68% in 2022 from 41.07% in 2021.

Table 13:

Intervention	Measure	Number of Interventions	Revenues Raised from Interventions
Debt Enforcement	No. of major Enforcement initiatives	11	ZWL58,723,084,888.52
Tax Base Expansion (including MSMEs)	No of clients registered	30,565	ZWL41,139,072,972.54
Audit and Investigation of taxpayers	No of cases finalised	4,343	ZWL26,442,315,692.08 USD626,912,447.00

Tax Disputes Resolution

Legislation provides that where any taxpayer is aggrieved by any decision of the Commissioner General made in terms of the various Specified Acts, the taxpayer is entitled to appeal to the Special Court for Income Tax Appeals (Special Court) or the Fiscal Appeal Court (Fiscal Court). The table below shows movement in Tax Disputes at the courts in 2022:

Table 14: Tax dispute resolution statistics

	Objections	Appeals at Fiscal Court and Special Court	Advance Tax Rulings
Opening Balances 01/01/2022	8	34	-
Add: New Cases	5,105	12	2
Less: Finalized	5,037	9	2
Less: Withdrawn	14	4	-
Closing balances 31/12/2022	62	33	-

Micro, Small to Medium Enterprises

The Micro, Small to Medium Enterprises (MSMEs) office was introduced in 2021 to increase the tax base. This contributed to an increase of 30,565 in the number of new registrants. The Authority managed to collect ZWL4.73 billion and USD\$11.05 million from MSMEs in 2022. To achieve this, several taxpayer education workshops were conducted. Efforts to increase the tax base and develop a simplified tax regime for this sector are under way.

Table 15: Taxpayer engagement workshops

Enforcement and compliance initiative	Measure	Number
Prosecutions	No. of prosecutions	47
Tax Payer Education Workshops	No. of workshops	366
Stakeholder Engagements	No. of meetings	226
Taxpayer Education Articles	No. of Taxman's Articles	52

Some of the benefits of the above initiatives include:

- Coordinated approach with other law enforcement agencies in dealing with criminal taxation cases.
- Improved communication, faster dissemination and exchange of information, and improved rapport among stakeholders.
- Harmonised ways in dealing with challenges being mutually faced by ZIMRA and its stakeholders.

STRATEGIC OUTCOME 3 – ENHANCE TRADE FACILITATION AND PROTECTION OF CIVIL SOCIETY

Trade Facilitation and Protection of Civil Society

ZIMRA has continued to play its part in facilitating trade and protecting civil society as it endeavours to ensure swift movement of goods across Zimbabwe’s Borders without compromising the safety and security of civil society. The Authority focused on Customs reform and modernisation initiatives that simplify, harmonise and standardise customs formalities for national competitiveness and improvement of the investment climate.

Trade and Merchandise Statistics

Import Value and Export Value

The Imports for the year 2022 were ZWL3.5 trillion and exports were ZWL2.9 trillion representing a trade deficit of ZWL614 billion. In 2021, imports had a value of ZWL770.7 billion and exports were ZWL578 billion representing a trade deficit of ZWL192 billion as depicted below:

Import Value and Export Value 2022 vs 2021

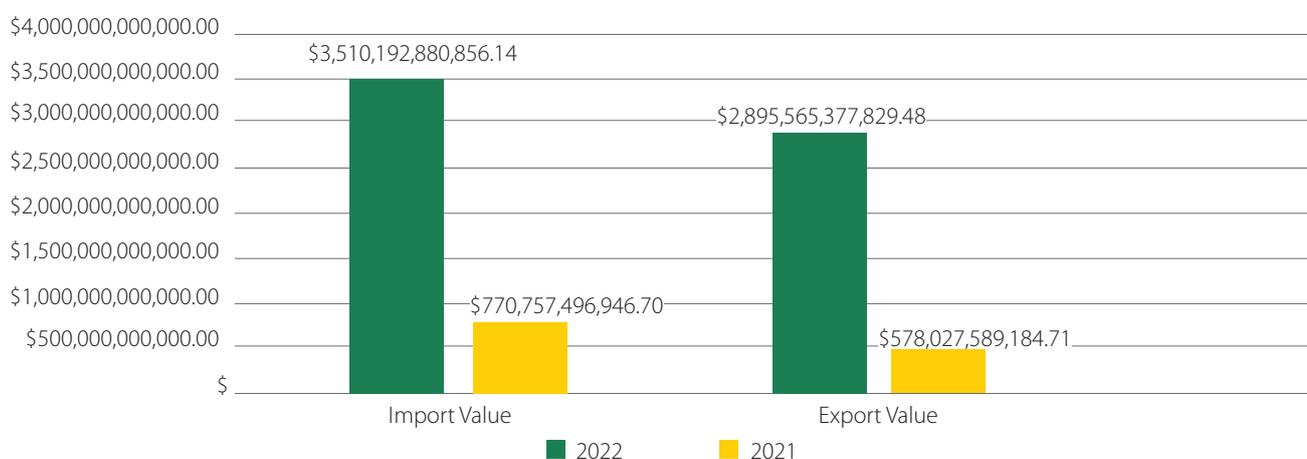


Figure 9: Terms of Trade: Years 2022 and 2021

Trading Partners

The main trading partner South Africa has maintained its dominance in terms of total value of imports and exports compared with Zimbabwe’s trade with the rest of the World. Imports from South Africa were 43.84% and the exports were 39.17%. When other countries are included, the top 20 trading partners’ imports were 91.79% while exports were 97.31% of the gross exports.

Imports per Trade Agreement

Imports under trade agreements were ZWL585.7 billion in 2022 as compared to ZWL126.3 billion for the year 2021. This increase of 364% was mostly attributed to exchange rate fluctuations. Most imports under trade agreements were imported under the SADC (South Africa) trade agreement. RSA accounted for the least imports in both 2022 and 2021.

Contribution by Trade Agreement 2022 vs 2021

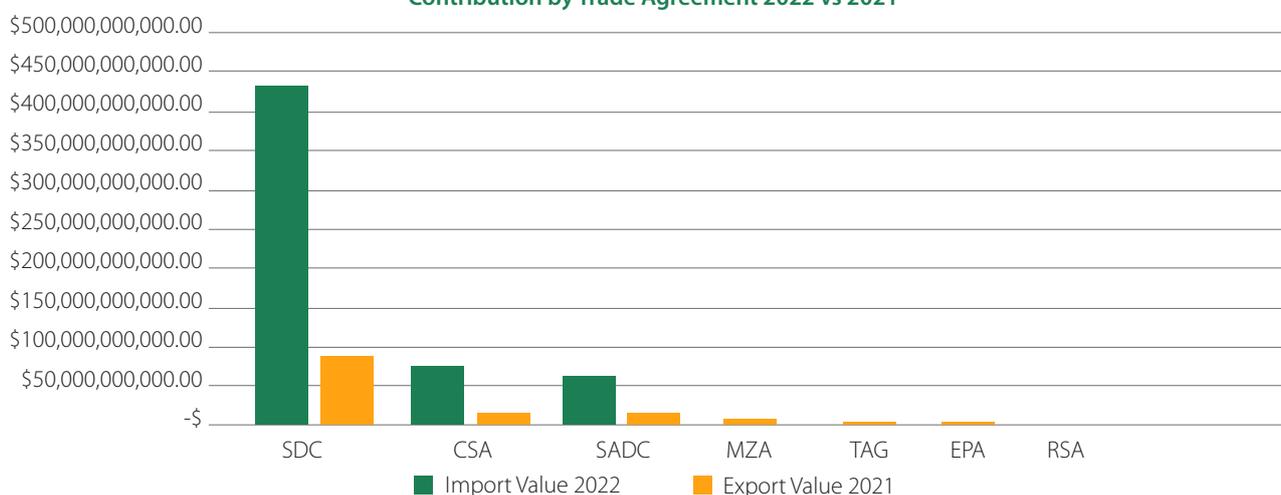


Figure 10: Imports Per Trade Agreement: Year 2022 vs. Year 2021

Total revenue assessed was ZWL321.6 billion. The top 20 products contributed ZWL78.4 billion which was 26% of the total revenue assessed. Products topping the list were diesel, motor vehicles for the transport of goods of payload >800KG not exceeding 1400KG (1.4t) petrol.

The top 20 products in 2022 contributed 38% of the total import value whilst in 2021 they contributed 42%. The highest imported products by value included bank notes and diesel.

Table 16: 20 Highest Imported Products by CIF Value

TARIFF	COMMODITY DESCRIPTION	CIF VALUE(ZWL)
49070010	Bank notes which are legal tender in the country of issue or in any other country	584,498,964,027.27
15071000	Crude oil, whether or not degummed	114,915,686,143.23
27160000	Electrical energy	93,581,254,061.46
10064010	Broken rice in Bulk >= 25kg	56,364,472,905.60
10011900	Other durum wheat	45,168,102,844.20
31054000	Ammonium dihydrogenorthophosphate (monoammonium phosphate)	41,385,831,309.86
71189000	Coin of legal tender	37,289,094,687.17
27101929	Diesel	33,331,721,773.41
30049090	Medicaments of mixed or unmixed...in measured doses for retail sale	30,656,120,719.24
84741000	Sorting, screening, separating or washing machines for earth, stone...	29,895,045,578.35
87042290	Goods vehicles, with diesel/semi-diesel engines, gvw 5-20t, nes	29,536,676,643.43
27111300	Butanes, liquefied	28,086,250,697.74
27101911	Kerosene type jet fuel, density at 20°C <0,8962 andflash-point <66°C	27,883,578,296.58
84295900	Self-propelled bulldozers, excavators..., nes	26,958,127,927.22
87012000	Road tractors for semi-trailers	26,081,914,029.29
31024000	Mixtures of ammonium nitrate with inorganic non-fertilizing substances	25,985,949,831.69
27101991	Lubricating oils andblending stocks for lubricating oil in packings < 210 litres	22,223,095,050.21
87019300	Exceeding 37KW but not exceeding 75KW	22,054,886,066.67
84248200	Agricultural or Horticultural	21,897,035,005.61
31042000	Potassium chloride	21,445,440,997.81
Total		1,319,239,248,596.04

Trade Facilitation Agreements

Imports under trade agreements by value

Imports under trade agreements (SADC, COMESA, EPA) in 2022 were ZWL585.7 billion as compared to ZWL126.3 billion for the year 2021. There was an increase of 364% in 2022. Most imports under trade agreements were imported under the SADC (South Africa) trade agreement. Significant imports were from South Africa with 74.24% followed by Zambia and Eswatini with 11.50% and 2.51% respectively.

Table 17: Imports under all Trade Agreements per country by value

COUNTRY	TOTAL IMPORTS UNDER AGREEMENTS (ZWL)	% CONTRIBUTION
ZA	434,826,358,480.08	74.24
ZM	67,329,722,564.52	11.50
SZ	14,727,367,407.68	2.51
MZ	16,480,231,924.07	2.81
EG	17,294,493,542.92	2.95
MW	9,485,138,578.46	1.62
BW	6,290,813,697.15	1.07
KE	5,629,579,606.47	0.96
TZ	3,890,795,208.16	0.66
NA	3,804,762,871.74	0.65
MU	1,529,057,790.84	0.26
FI	1,194,508,717.60	0.20
FR	1,159,550,755.52	0.20
IT	611,820,708.58	0.10
NL	382,813,402.36	0.07
DE	167,244,899.12	0.03
LS	120,957,669.03	0.02
PL	76,252,993.68	0.01
ES	104,321,981.42	0.02
CY	26,886,842.68	0.00
Total	585,132,679,642.08	99.90

Trade Facilitation and Modernisation Initiatives

The following trade facilitation and modernisation initiatives were implemented.

Electronic Single Window

The Single Window facility allows parties involved in trade and transport to lodge standardized information and documents electronically with a single-entry point to fulfil all import, export, and transit related regulatory requirements. ZIMRA launched the Single Window project together with the implementation partner UNCTAD in June. The project launch was followed by two benchmarking visits to Uganda and Jamaica.

In the initial stage of the project, ZIMRA worked with two of the nine identified stakeholders in implementing permit mark off and development of the Port Health Module in the Pilot Phase to be finalised in 2023. Implementation of the Certificate of Origin was also initiated for completion in 2023.



Insert 1: Single window Team 2022 Uganda visit

The Single Window Project team conducted a benchmarking visit to Uganda Customs in 2022 to gain an appreciation of the Ugandan Electronic Single Window for Trade (JSWIFT) system.

■ Electronic Boom Gates

Electronic boom gates were installed at Forbes and Plumtree Border Posts. Nyamapanda boom gates will be installed in 2023 followed by commissioning.

Enforcement Activities

■ Scanners

Received and deployed one Scanner to Beitbridge Border Post and it is expected that additional scanners will be received in 2023.



Insert 2: Scanner at Beitbridge Border Post



Insert 3: Drone displayed

■ **Drones**

Interventions to strengthen enforcement activities resulted in the acquisition of drones for border surveillance. The Authority received the first batch of ten drones in September and the project was successfully launched at Beitbridge Border Post.



■ **K9 UNIT**

Intensified use of the K9 unit to curb smuggling at the ports of entry resulted in a total of 99 detections worth USD361,420.00 being recorded from searches, patrols and roadblocks conducted. The major seizures by product are highlighted below:

Table 18: Contraband Statistics

Contraband	Value (USD)
Copper and Copper scrap metal	97,400
Cannabis	37,000
Skin Lightening Creams	26,522
Broncleer Cough Syrup	17,400
Fish	10,500

Dry Port (Makuti)

- ▶ A topographical survey on the additional 50 hectares of land allocated was conducted and the survey report was produced.
- ▶ The year ended with shortlisting of Quantity Surveyors, approval of Electrical and Mechanical engineers by PRAZ and drafting of request for proposal (RFP).
- ▶ Engagement of Environmental Impact Assessment (EIA), Geo-technical and Town Planning Sub-consultants.

STRATEGIC OUTCOME 4 – STRENGTHENING INSTITUTIONAL IMAGE

ZIMRA values its corporate image, reputation and identity hence a holistic approach was adopted under Institutional Image focusing on Infrastructure and ICT Systems; Communication and Partnerships; Integrity Promotion; Staff Capacity and Retention; and Resources and Funding.

Infrastructure and ICT Systems

The digitalisation of strategic initiatives for 2022 supported ZIMRA's transformational strategic objectives. Digitalisation initiatives focused on five main pillars; (i) Digital infrastructure, (ii) Digital Business Solutions (iii) Cyber Security and Governance, (iv) Systems integration and (v) Data Analytics.

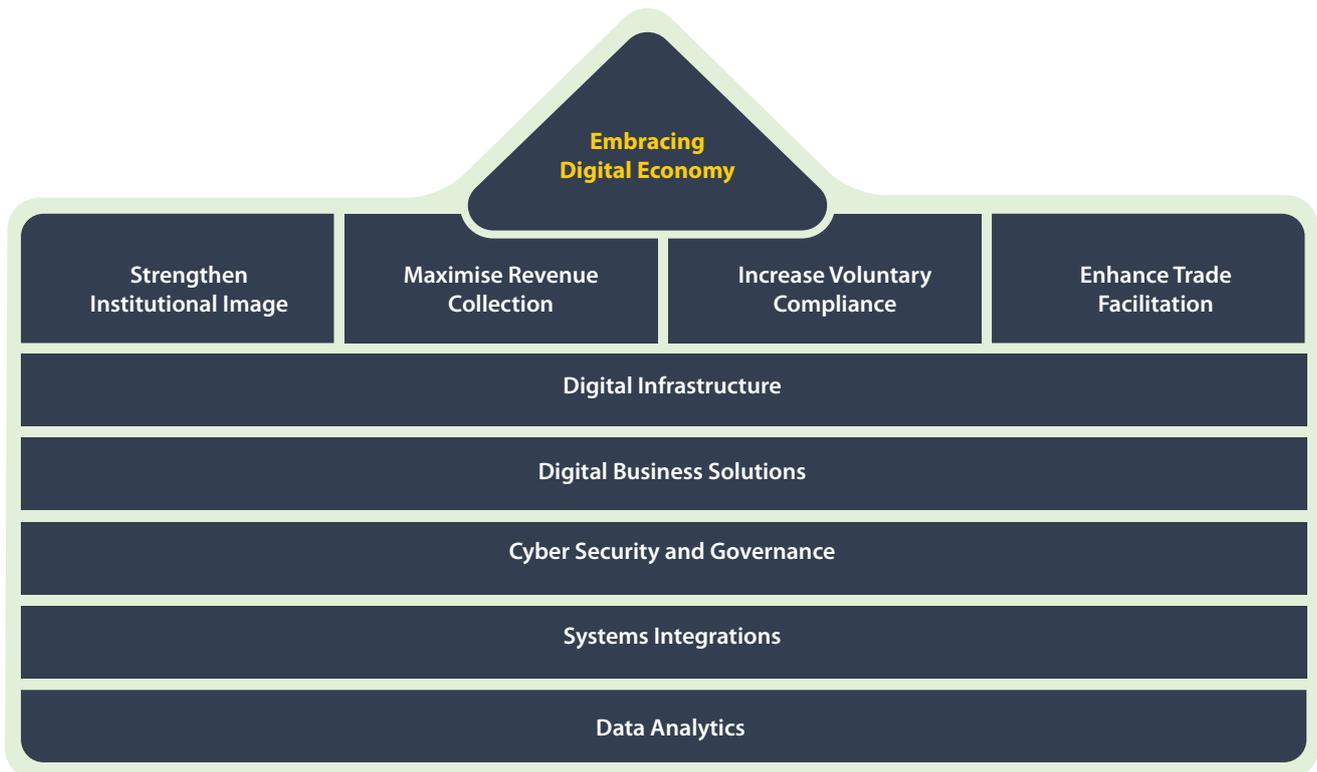


Figure 11: Infrastructure and ICT Systems

Digital Infrastructure

The focus was to maintain a state-of-the-art infrastructure giving 99% uptime for core systems, back-office systems and networks. Further investments will be done in 2023 to upgrade both Primary and Disaster Recovery (DR) for a solid foundation and effective deployment of business solutions.

The following digital infrastructure projects were initiated in 2022:

- **Modernise Digital Infrastructure:** Additional storage servers and high-capacity switches were procured and will be completed in 2023.
- **Data Centres Upgrade:** A solution that ensures high availability, data protection, and disaster recovery for enterprise data was procured and the implementation will be finalised in 2023.
- **Fast Scan X-Ray Cargo Scanner:** ZIMRA procured two new fast scanners for Beitbridge to increase capacity to scan commercial trucks.

Digital Business Solutions

- **Tax and Revenue Management System (TaRMS):** In order to improve the efficiency and quality of Domestic Taxes processes, ZIMRA commenced implementation of the new TaRMS. Phase 1 of the system will deliver 80% of the processes and is expected to be commissioned in Quarter 4 of 2023.
- **Fiscalisation Solution:** ZIMRA invested in the acquisition of a new fiscalisation backend solution that will allow for effective administration and monitoring of fiscal devices. This will provide an end-to-end auditing process, reconciliation and comparison between sales declared by taxpayers against the data received from the fiscalisation solution. This minimises fraudulent Value Added Tax refunds and improves the verification of fiscalised invoices.
- **Beitbridge Border Post Modernisation:** The Beitbridge Border Post Modernisation Project was completed in June 2022.
 - ▶ Bus Terminal was completed and opened to traffic.
 - ▶ Administration Building, Warehouse refurbishments, Pedestrian Terminal, and Staff Village which comprises of staff accommodation were completed.
 - ▶ Automation of the traffic control system was finalised and improved operational efficiency through processes automation.



Insert 4: Newly finished Beitbridge Border post aerial view - 2022

- **Contact Centre:** The contact centre system was procured and delivered with the commissioning expected to take place in early 2023.

System Integrations

Systems integrations enable efficiencies and involves integrating with key stakeholders to enhance sharing of information and maximise revenue collection. The 2022 initiatives targeted Banks, selected key Government Agencies and neighbouring Revenue Administrations.

- **Registrar of Companies, Deeds and Intellectual Property:** The engagement was done and integration requirements were concluded. Development of the integration interface is expected to be completed in 2023.
- **Civil Registry:** Engagements were done and integration requirements were concluded. Development of the integration interface is targeted for completion in 2023.
- **Banks:** Engagements were done and integration requirements were concluded. Development of the integration interface will be finalised in 2023.
- **Zambia Revenue Authority (ZRA):** The development of an integration interface with ZRA was initiated and is at bill of entry synchronisation stage.
- **Automation of Whistle Blower Facility for Customer Management System:** A portal was developed for automatic logging of Whistle Blower cases.

Cyber Security and Governance

ZIMRA adopted the NIST Cyber Security Framework that ensures the organisation is capable of identifying, protecting, detecting, responding and recovering from cyber security threats. The capability and maturity of the organisation to combat cyber security threats increased from 20% to close at 71%.

Data Analytics

- **Data Analytics:** Data analytics unlock data potential and focuses on improving the use of data, information and insights. The following initiatives were achieved:
 - ▶ Developed Domestic Taxes Data Models and Data Marts.
 - ▶ Initiated the development of Executive Dashboards.

Other Strategic Projects

Table 19:

Project	Project Description	Progress made in 2022
Surveillance and Monitoring Centre	Installation of a centralised Surveillance and Monitoring Centre in Harare	The project achieved 60% implementation which comprised of the installation of CCTV camera, network cabling and CCTV monitors. The project is expected to be completed in 2023.
Dry Ports	Construction of inland Dry Ports to decongest the borders (Makuti, Mutare, Bulawayo and Masvingo).	Makuti Dry Port ► The project is expected to decongest border posts
	Construction of Staff Accommodation at border posts and office accommodation including construction of ZIMRA Head Office in Harare.	Chirundu staff cottages - Phase 2 is at final stage and three cottages were handed over for occupation. Construction of the 4 th Cottage is underway and will be completed in 2023.
Staff Housing and Office Accommodation	Construction of Staff Accommodation at border posts and office accommodation including construction of ZIMRA Head Office in Harare.	Chirundu staff cottages - Phase 2 is at final stage and three cottages were handed over for occupation. Construction of the 4 th Cottage is underway and will be completed in 2023.
		
	Insert 5:	Kazungula Staff cottages - construction reached 100% completion, cottages have been handed over and are now occupied.
		Beitbridge Staff Accommodation - Building reached 98% completion at end of 2022 and final works and occupancy targeted to be finalised in 2023.
		Beitbridge Staff Accommodation - Building reached 98% completion at end of 2022 and final works and occupancy targeted to be finalised in 2023.
	Insert 6:	

COMMUNICATION AND PARTNERSHIPS

International Partnerships

Through regional and international partnership engagements, a total of 425 staff members were capacitated in different technical support areas, including: Customs Valuation, Coordinated Border Management, Data Analytics, Revenue Forecasting and Analysis, Money Laundering, Tax Expenditure Model, Property Intellectual Rights, Excise Management, Digital Taxation, AfCFTA Rules of Origin, Leadership and Management Development.

The diagram below shows some of the key capacity development partners.

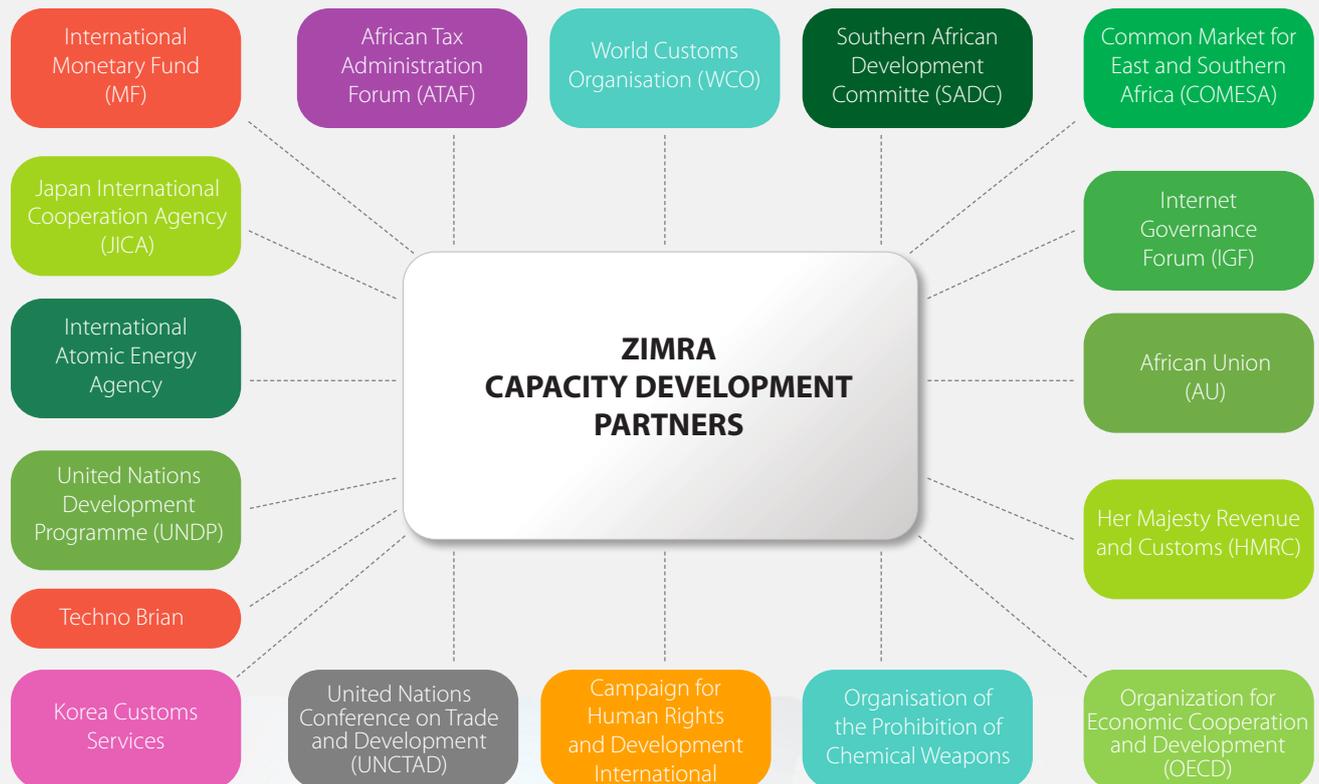


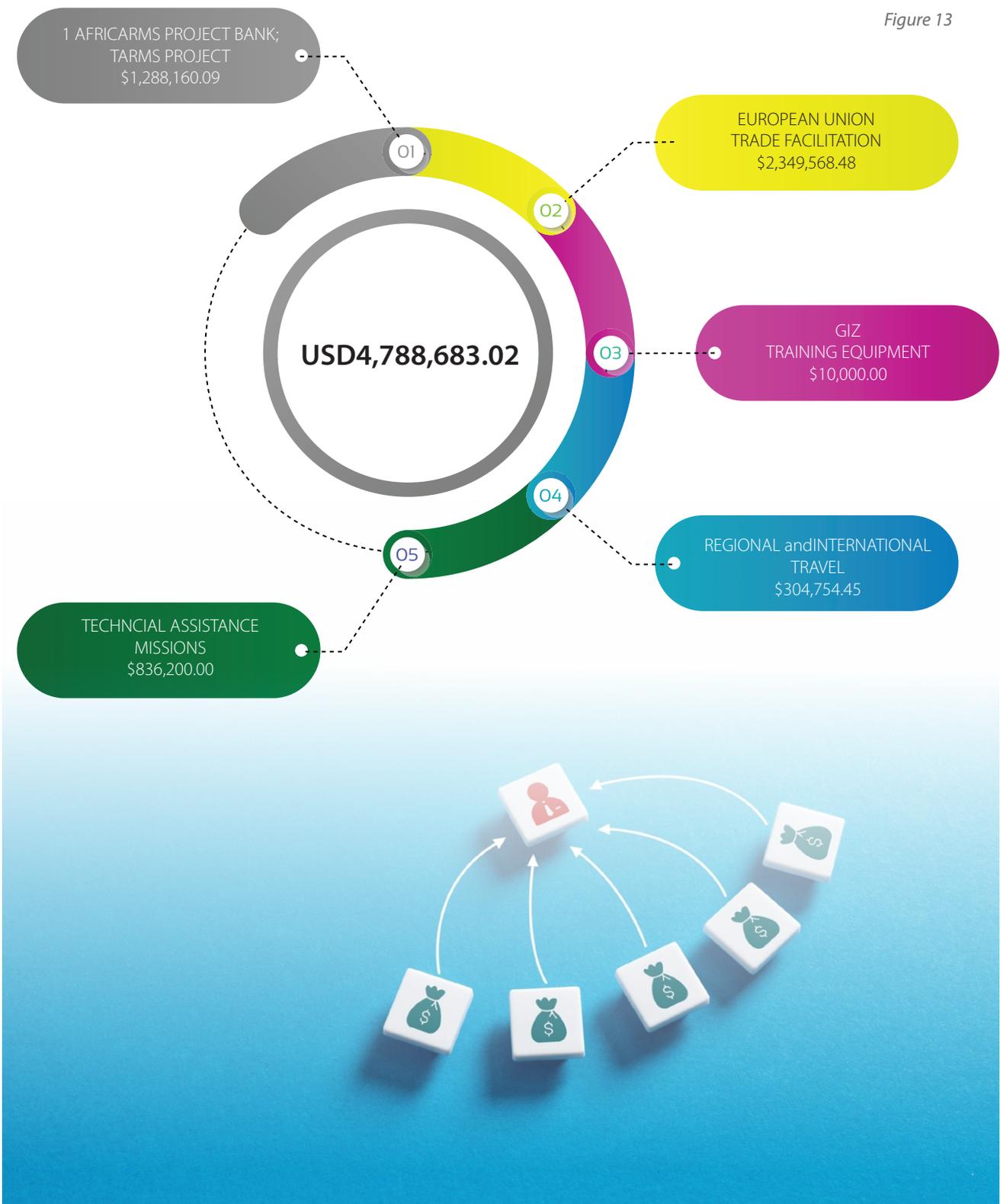
Figure 12



Donor Funding

Development partners allocated a total of USD4,788,683.02 in the projects highlighted explained below:

Figure 13



Gender Mainstreaming

ZIMRA launched a Women in Taxation Forum in March, with a two-pronged approach - addressing issues that affect women in taxation whilst empowering those in business with compliance information and processes to help them conduct legitimate operations. During the launch, an election was held and 12 board committee members were selected to collect and address issues as well as coordinate activities.

The Forum held a Multi-Stakeholder Women in Business workshop in October and discussed compliance issues as a way of supporting women in business.



Insert 7: Women in Taxation representatives

ZIMRA Corporate Social Investment

ZIMRA does not have a stand-alone Corporate Social Responsibility (CSR) budget to support worthy charitable causes, however, the Authority uses its strong ties with the corporate world to raise funds through fundraising activities. In 2022, under the ZIMRA Charity Trust, the Authority was able to raise funds through its Annual Charity Ball, a charity cocktail and other fundraising activities to assist the needy in our communities.

Over the years, ZIMRA has received overwhelming support from the corporate world through the Charity Trust and has been able to support old people's homes, rehabilitation centres, orphanages, and has been paying tuition, accommodation and meals for disadvantaged university students under the ZIMRA scholarship.



Commissioner General Ms Regina Chinamasa hands over groceries to homes in Victoria Falls under the Christmas Cheer banner in December 2022



The Commissioner General, Ms Regina Chinamasa, donated grocery items and goodies worth ZWL10 million dollars to Chinotimba Old People's Home, Rose of Charity Children's Home and Abangane Shamwari Disability Organisation in Victoria Falls.

ZIMRA Integrity Promotion and Anti-Corruption Strategies 2022

Integrity Committee

The ZIMRA Integrity Committee (ZICO) has become the benchmark and point of reference for the establishment of Integrity Committees in other parastatals under the NACS sub-committee. ZICO in collaboration with ZACC assisted four parastatals to set up their own Integrity Committees.

Integrity Awareness Campaigns

#IamForZero

The Authority took advantage of the business expos such as Trade Fairs and Agricultural Shows throughout the country to advance its cause for zero tolerance to corruption.

In its engagements with the Corporate Community, the Authority held breakfast meetings in seven of the country's ten provinces. The aim being to facilitate exchange of information on anti-corruption strategies. Campaigns were also flighted on radio, television, social and print media.



#I'mForZero Campaign '#I'mForZero Campaign continued with exhibitions and stakeholder breakfast meetings

Zimra Whistleblower Facility

The Authority launched the automated whistleblowing facility. This e-reporting platform seeks to make it convenient, simple, safe and quick for citizens partnering ZIMRA in the fight against corruption to file their reports online and from anywhere in the world. The platform will also enhance privacy and confidentiality of whistle-blowers.

How to access the platform

To log on to the system, one has to visit the ZIMRA website www.zimra.co.zw and on this site, there is a link that takes you to the whistleblowing page.

- Read carefully the registration notice.
- When done, click on not registered in order to proceed. An option is also available should one wish to make an anonymous report.
- Complete the Sections A through to C then click register.
- A confirmation message will be sent to the e-mail address that you will have furnished.
- To complete the registration process, log in to your e-mail and activate the account.
- Upon successful registration, one can now log in to register a case.

Section 34B of the Revenue Authority Act Chapter 23:11 was amended effective 01 December 2021 and suspended the rewarding of 10% on revenue recovered from the information supplied.

Lifestyle Audits

Lifestyle audits are a good source of exposing proceeds of crime. The Authority conducted lifestyle audits to determine whether employees were living within their means. Nine (9) of the 14 closed cases were non-adverse. Assets recovered were valued at more than USD500 000.

Asset Recovery and Forfeiture

The Authority successfully recovered and forfeited two houses, a motor vehicle and 2500 shares. ZIMRA also managed to get an unexplained wealth order in which 9 houses and 15 vehicles were to be interdicted.

Corruption Diagnostic Assessment Tool (CDAT)

The CDAT is the first of its kind in Zimbabwe and demonstrates the innovativeness to measure the Authority's effort towards promoting integrity and fighting corruption.

Corruption trend using CDAT is depicted in the figure below:

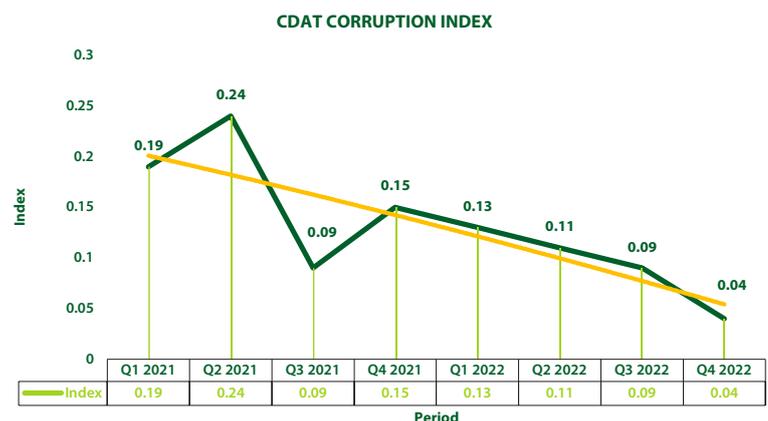


Figure 14: ZIMRA's Corruption Index

Staff Capacity and Retention

The 2022 labour human capital statistics are depicted below:

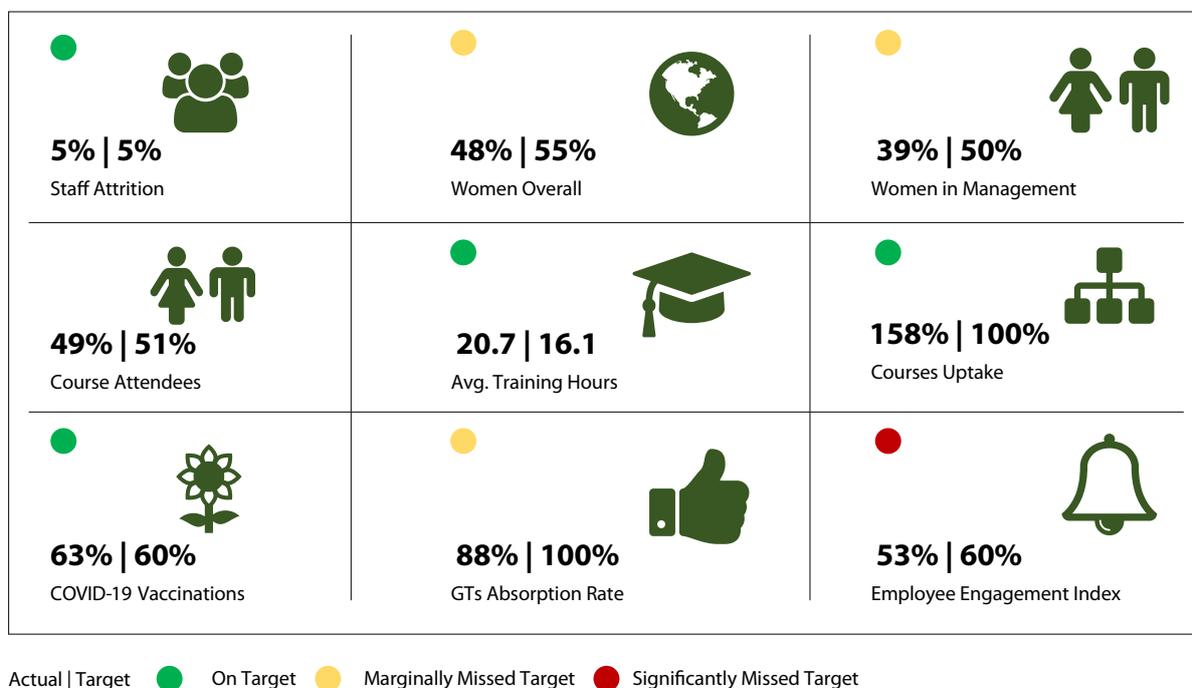


Table 20: Key human capital indicators

Staff numbers by gender

ZIMRA continues to strengthen gender balance by reviewing policies, processes and systems through a gender lens to develop an equitable workplace. There was an increase of female employees from 48% at the beginning of the year to 49% at the end of the year.

Staff Capacitation

Every year, the Authority empowers employees with knowledge and skills vital for ensuring effective execution of the Corporate Strategic Objectives, through the provision and facilitation of attendance to training and development programmes. The Talent Development Plan for 2022 was fully implemented as envisaged. All technical courses, soft skills programmes and workshops were delivered.

Critical employee development initiatives undertaken included the Graduate Development Program for 300 cohorts and ICT Graduate Development (GD) Program for 19 cohorts. The GD Programme aimed at creating a talent pool for the Authority's core functions. ICT Graduate Trainees were placed in the ICT innovation hub as the Authority strives to digitalise most of its operations.

Employee Development Initiatives

A total of 450 course sessions were conducted with a total of 9,892 participants, of these, 128 were technical, while 322 were soft skills courses.

Leadership Development

Organisations today require their leaders to be multi-skilled. Besides possessing the technical expertise, they also expect their leaders to be skilled in leading people effectively, handle big changes, handle clients well, and understand the intricacies of their businesses, industry, and markets. Given below is a list of the major leadership development programmes that were conducted:

- Corporate Governance Outward Bound Captains Suite Leadership Programme.
- CATA Leadership Development Programme sponsored by HMRS.
- WCO Pre- Accreditation in Leadership Management Development Advisory.
- Management Development Programme for Junior Managers.
- WCO Middle Management Development Programme.
- Mid-Career Specialist Programme.

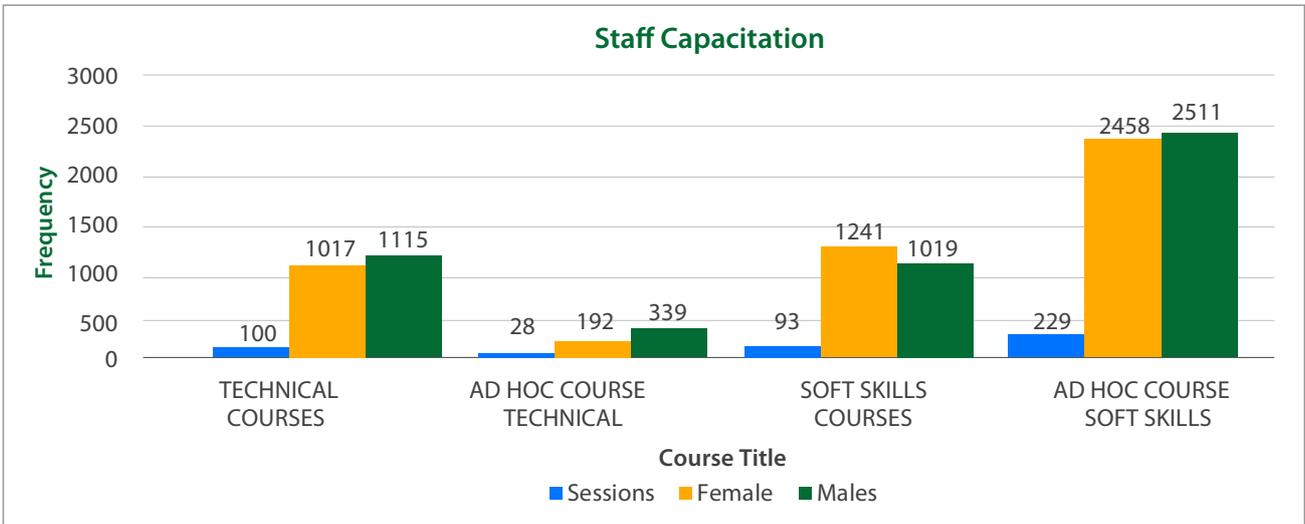


Figure 15: staff capacitation statistics



Insert 8: ZIMRA and NUST

The Human Capital Division plays a key role in ensuring the availability of Human Capital to carry out various functions. The Authority had 3067 employees as of 1st January 2022; engaged 282 but lost 156 due to resignations (66); expiry of contract (65); dismissals (7) Retirement/Medical discharge (11) and 7 deaths. Resignations account for the greatest burden to staff loss in ZIMRA. 198 out of 282 appointments were Graduate Trainees and this was a strategy to add to the organisation's talent pipeline.

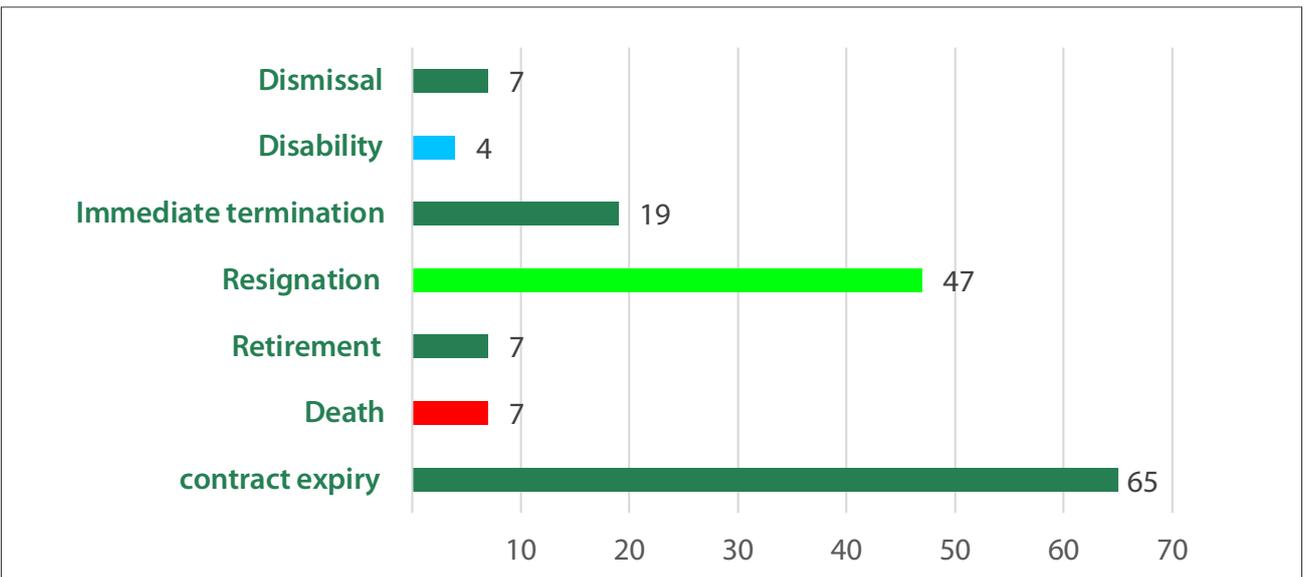


Figure 16: Staff exit statistics

Staff Retention Initiatives

- Staff remuneration was reviewed in line with market trends.
- Results of the Job evaluation exercise were successfully implemented during the year.

Employee Relations

The Authority continued to experience harmonious Employee-Employer relations across its entire network. In the Employee Engagement survey that was conducted, the Top Five Pain Points that were highlighted were Rewards and Incentives, Leadership, Tools, Job Suitability and Recognition and Growth. The Authority is making strides in addressing these issues.

Employee Wellness Programmes

The Authority recognises that healthy employees build a healthy organisation and that a healthy organisation in turn produces excellent business performance results. Consequently, the Authority continued to improve the welfare and wellbeing of employees through human resource strategies aimed at improving employee satisfaction, productivity, organisational culture and corporate image.

The following wellness activities were conducted:

Regional Safety and Health Galas

Sporting events were conducted in the three regions wherein staff participated in various sporting disciplines including netball, soccer, and volleyball among others. Zumba sessions also gave employees an opportunity for a full body work out. Various health and safety service providers were also invited to share health information with staff.

COVID-19 Pandemic

Assistance was offered to staff affected by the COVID-19 virus through provision of groceries and medication. A decline in COVID-19 positive cases was witnessed in 2022, whereas 66 employees tested positive as compared to 834 in 2021.

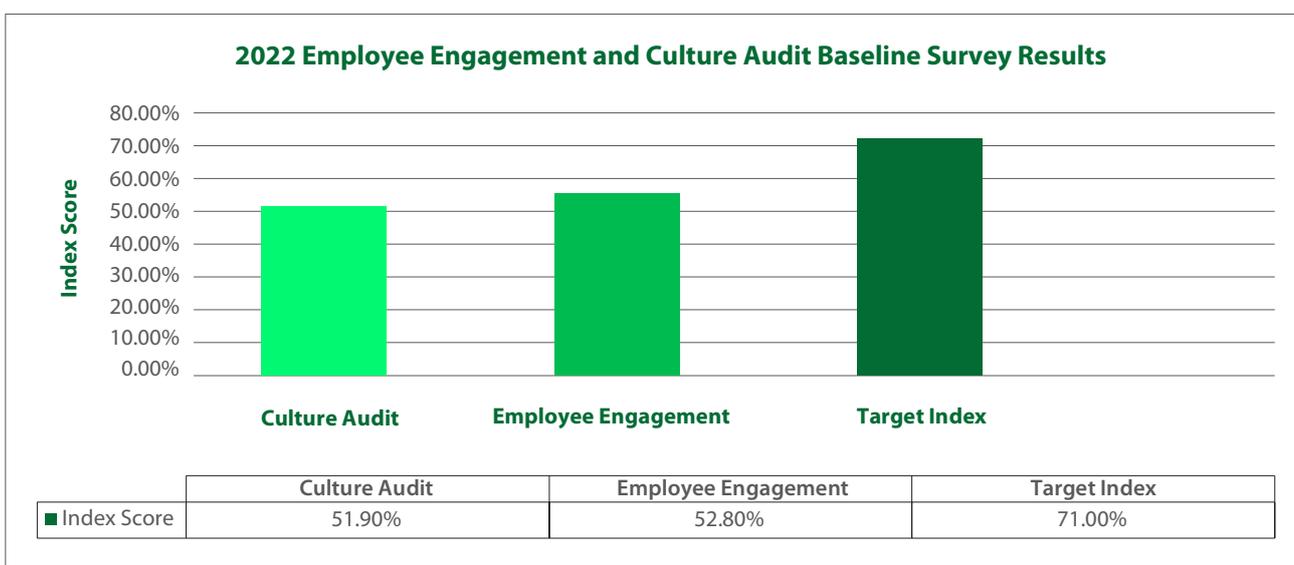
Health screenings and Awareness

Health screenings for blood pressure, blood sugar, dental screening and body mass index were conducted to staff at various stations. Articles on cancer awareness, stress management and monkey pox were also shared with staff.

Change Management

The Authority engaged a consultant to design a Culture Change Programme. Employee Engagement (EES) and Culture Audit Surveys (CAS) were carried out to provide baseline statistics to be used in the Culture Change Programme. The results of the survey were rolled out to all staff and a Change Management Blueprint which includes Business Process Reengineering and Branding will be developed. The results of these surveys were below the target of 71%.

Figure 17: 2022 Employee Engagement and Culture Audit Survey



Baseline Survey Results

The Culture Audit Survey (CAS) revealed deficiencies in the Customer, Performance, Empowerment, Entrepreneurial and Diversity Cultures. It is expected that the Culture Change Management Programme and Collective Bargaining Negotiations earmarked for the year 2023 would address the pain points, and improve the organisational culture climate.



Insert 9: Team Building Workshop, Nyanga

Performance Driven culture

In a bid to improve performance on revenue collection, trade facilitation and institutional image, the Authority adopted the Integrated Results Based Management (IRBM) system in January 2020, in a phased approach. IRBM is a sustainable scientific performance measuring system, which improves accountability and rewards extra-ordinary talent. Phase 1 focussed on Executive Managers in January 2020, while Phase 2, effected from 1 January 2021 was for Senior Managers. All other managers adopted IRBM in Q2 of 2021. In 2022, the Authority realised full implementation by including all non-managerial staff. The baseline CAS conducted in 2022 revealed that the Performance Culture is at 49.2%, which is an indication that improvement is required across the organisation.

Resources and Funding

An annual budget of ZWL75.7 billion inclusive of foreign currency amounting to USD50.8 million was availed during the year. Government grants, interests earned from short-term investments, donations, funds from unallocated reserves and other incomes such as rental incomes and commissions from third party agencies funded operational, staff and capital expenses for the year. The forex component was used to pay foreign obligations as well as general living and COVID-19 allowances for staff.

Table 13: Resources and funding

	Total Proposed Original Budget In ZWL	Proposed Supplementary	Total Original + Supplementary	Approved	Variance	As a %
Staff Costs	30,216,917,875	26,690,595,880	56,907,513,755	40,331,200,900	16,576,312,855.09	29%
Operational Costs	7,398,921,950	25,167,350,000	32,566,271,950	21,585,000,000	10,981,271,950.00	34%
Sub Total	37,615,839,825	51,857,945,880	89,473,785,705	61,916,200,900	27,557,584,805.09	31%
Capital Expenditure	9,282,783,300	14,083,131,025	23,365,914,325	13,748,552,563	9,617,361,762.00	41%
Grand Total	46,898,623,125	65,941,076,905	112,839,700,030	75,664,753,463	37,174,946,567	33%

Donations

The Authority received donations for capacity building missions, foreign travels and capex amounting to USD1,161,531.13 converted to ZWL779.91 million, see table below:

Table 14: Donations

	Q1	Q2	Q3	Q4	TOTAL
Type of Donations	USD	USD	USD	USD	USD
Capacity Building Missions	270,000.00	180,000.00	150,500.00	250,700.00	851,200.00
Foreign Travel	-	85,990.33	126,366.12	92,398.00	304,754.45
International Atomic Energy Agency	-	-	-	5,182.93	5,182.93
Complimentary battery and inverter for seal charger	-	-	-	393.75	393.75
Total	270,000.00	265,990.33	276,866.12	348,674.68	1,161,531.13

Procurement of Goods and Services

ZIMRA procured goods, works and services in accordance with the Public Procurement and Disposal of Public Assets Act (PPDA Act [22:23]). ZIMRA ended the year with a regulatory rating of 98% against Procuring Entity category average of 93%. Notwithstanding the strong performance, the organisation navigated through serious global supply chain challenges.

Expenditure Analysis

- Administration expenditure for the year was made up of operational costs of ZWL21,065,533,132 net of depreciation and non-cash items against a budget of ZWL21,585,000,000 hence a budget under-run of ZWL519,446,868 (2%). Some of the unutilised funds were meant to cater for movement in exchange rates on procurement of uniforms but delivery was not done during the year hence the underutilisation.
- Staff costs amounted to ZWL40,317,331,584 against a budget of ZWL40,331,200,900 resulting in a budget underrun of ZWL13,869,316 (0.03%).

Table 15: Expenditure analysis

Details	2022 Budget	Prior Savings	Total Budget	Gross Expenditure	Non-cash Items	Net Expenditure ZWL	Variance	Budget Utilisation
Administration Expenses	21,585,000,000	-	21,585,000,000	36,883,896,172	15,818,343,040	21,065,553,132	519,446,868	97.59%
Staff Costs	40,331,200,900	-	40,331,200,900	40,824,045,801	506,714,217	40,317,331,584	13,869,316	99.97%
Subtotal	61,916,200,900	-	61,916,200,900	77,707,941,973	16,325,057,257	61,382,884,716	533,316,184	99.14%
Capex	13,748,552,738	4,141,511,366.32	17,890,064,104	5,152,120,908	-	5,152,120,908	12,737,943,196	28.80%
Total	75,664,753,638	4,141,511,366.32	79,806,265,004	82,860,062,881	16,325,057,257	66,535,005,624	13,271,259,380	83.37%

Table 16: The table below illustrates annual budget utilisation excluding non-cash items

2022 OTHER OPERATIONAL EXPENDITURE ANALYSIS

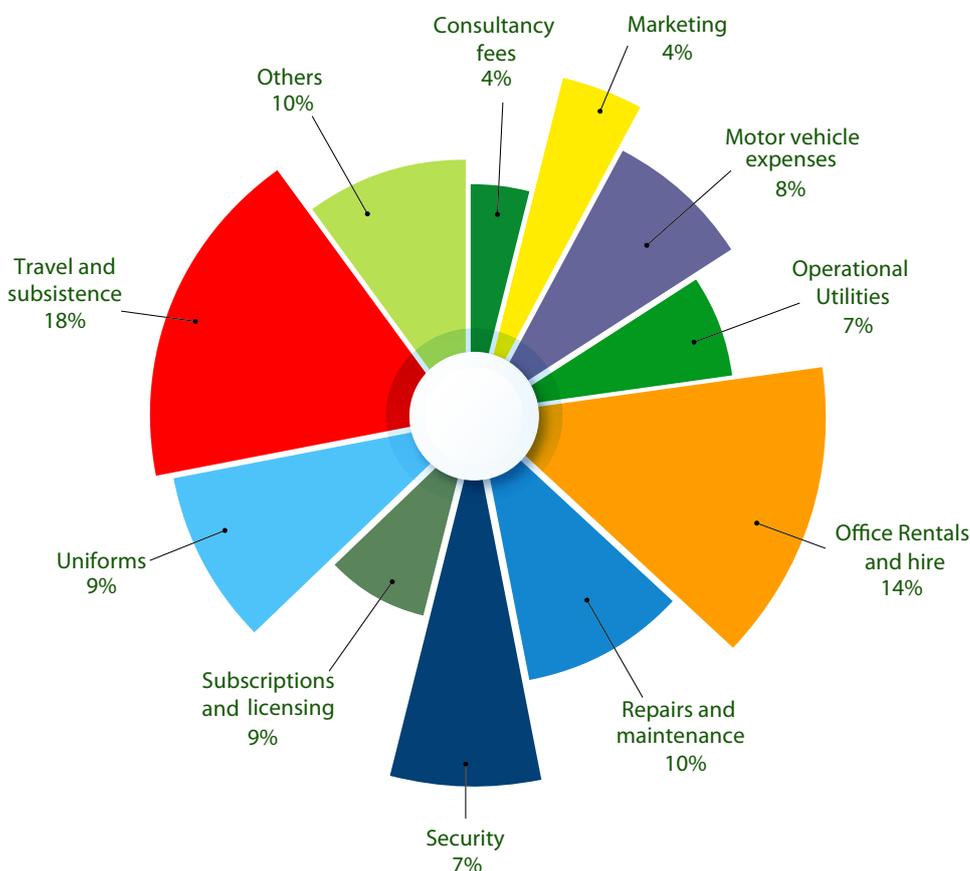


Figure 18

Major cost drivers for the year were:

- Travel and Subsistence Allowances 18%.
- Office Rentals and Hire 14%.
- Building Repairs and Maintenance 10%
- Uniforms 9%
- Subscriptions and licensing 9%.

To reduce costs, the Authority embraced Value for Money (VFM) concept in the last quarter of the year. Fundamentally, ZIMRA carried out value for money due diligence on all running contracts in compliance with the MOFED directive of 29 November 2022.

In addition, the Authority is constructing staff accommodation and offices in most parts of the country where it is renting out staff and office accommodation.

The Cost of Collection

Table 17: Cost of collection

Budgeted Admin and Staff Costs	Actual Admin and Staff costs	Gross Revenue	MOFED Target	Target Cost of Collection	Cost of Collection %
61,916,200,900	61,382,884,716	2,134,788,664,727.61	1,604,856,000,249.41	3%	2.88%

2023 Outlook

In 2023, the Authority expects to continue growing revenue buttressed by game changing strategic projects and robust revenue enhancement measures. The Tax and Revenue Management System (TARMS) that is coming on board in the middle of the year is expected to significantly improve revenue collection as it simplifies tax collections and removes some cumbersome processes that were in the tax collection systems. A new contact center will improve customer experience. As such, real (inflation adjusted) revenue is expected to grow by more than 15% and the tax to GDP ratio is expected to exceed 19%.

AUDITED FINANCIAL STATEMENTS

For the year ended December 31, 2022

All communication should be addressed to:

The Auditor-General
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OFFICE OF THE AUDITOR-GENERAL

5th Floor, Burroughs House,
48 George Silundika Avenue,
Harare

REPORT OF THE AUDITOR-GENERAL

TO

THE MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT

AND

THE BOARD OF DIRECTORS

IN RESPECT OF THE FINANCIAL STATEMENTS OF

ZIMBABWE REVENUE AUTHORITY

For the year ended December 31, 2022

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of Zimbabwe Revenue Authority as set out on pages 43 to 64, which comprise the statement of financial position as at December 31, 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Zimbabwe Revenue Authority as at December 31, 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of Qualified Opinion

i. Non-compliance with International Accounting Standard (IAS) 21 - "The Effect of Changes in Foreign Exchange Rates."

Foreign currency denominated leases

The Authority disclosed right of use assets of ZWL1.5 billion and lease liability of ZWL1.96 billion. Included in these amounts are foreign currency denominated leases which were recorded as ZWL285 million for both the right of use and lease liability. The lease liability was not correctly amortised. These foreign denominated leases were translated using the closing interbank rate instead of the prevailing rate at the time of payment (the spot rates,) as prescribed in IAS 21- "The Effects of Changes in Foreign Exchange Rates". As a result, foreign exchange gains and losses on these leases were not recognized in line with the requirements of IAS 21- "The Effects of Changes in Foreign Exchange Rates". Had the Authority applied the requirements of IAS 21- "The Effects of Changes in Foreign Exchange Rates", the right of use assets, lease liability and exchange gains and losses would have been materially impacted. I was therefore not able to determine the extent of misstatement and any adjustments that could have been necessary.

AUDIT REPORT IN RESPECT OF THE FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

ii. Leases

The terms of the lease (lease payments and lease period) were revised during the year ended December 31, 2022. This constituted a lease modification in terms of IFRS 16- leases. However, the Authority did not account for the modification as required by IFRS 16- leases. The effects of this departure to the financial statements have not been determined.

I conducted my audit in accordance with International Standards on Audit (ISAs) and International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the financial statements section of my report. I am independent of the Authority in accordance with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key Audit Matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the Zimbabwe Revenue Authority for the year ended December 31, 2022. These matters were addressed in the context of my audit of the Zimbabwe Revenue Authority's financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key Audit Matter	How my audit addressed the Key Audit Matter
<p>Valuation of Property, plant and equipment, refer to Note 2.7, 2.8, 3.1 and Note 4 to the financial statements.</p> <p>The Authority recognised property, plant and equipment with revalued carrying amount of ZWL85 039 566 810 as at December 31, 2022 after adjusting for revaluation surplus of ZWL20 0 18 77 4 698 and depreciation of ZWL3 211 245 879. The assets were revalued in accordance with IAS 16.</p> <p>A property valuation expert was engaged to conduct revaluation of the Authority's assets.</p> <p>Valuation techniques adopted takes into account valuer's assumptions, unobservable inputs and therefore requires significant judgement in determining the fair value of the assets.</p> <p>The useful life and residual values are also reviewed annually by management with reference to current, forecast and relevant technical factors. This involves a significant degree of management judgement and assumptions. As a result, valuation of property, plant and equipment were considered to be a key audit matter.</p>	<p>The audit procedures that I performed to address the risk of material misstatement relating to the valuation of property, plant and equipment included:</p> <ul style="list-style-type: none"> Analysing and testing management's assumptions used to determining the recoverable amounts in testing for impairment, Evaluating management's estimates regarding useful lives and residual values of these assets in relation to the Authority's historical experience, industry practice and future operating plans. Evaluating the competence of the property valuation expert including consideration quality and magnitude of previous work performed, years of experience and reputation. Reviewing the assumptions and methods used by the property valuation experts and evaluated their appropriateness comparing them with industry norms. Inspecting documentary evidence of the state of property, plant and equipment. <p>Based on evidence gathered, I found the management's assumptions in relation to useful lives and the revalued carrying amounts of property, plant and equipment reasonable.</p>
<p>Accounting in a Hyper Inflation Economy</p> <p>The PAAB, in the 2019 issued pronouncement highlighting that effective July 1, 2019, the Zimbabwean under Hyper Inflation. This requires the application of the complex IAS 29, when reporting for the period ended December 31, 2022. Review of the conditions giving rise to hyper inflationary during 2022 has not changed.</p> <p>Incorrect indices may be applied when determining the hyper inflated figures. Monetary assets and liabilities may incorrectly be restated and inappropriate disclosures may be made by the Authority.</p> <p>As a result, accounting in a hyperinflationary economy was considered to be a key audit matter.</p>	<p>My procedures to address the risk of material misstatement with regard to accounting in a hyperinflationary economy;</p> <ul style="list-style-type: none"> Reviewed the appropriateness of the Authority's internal guidance on the steps to be taken in applying IAS 29. Tested the accuracy of indices applied, considering information from official government pronouncements as well as PAAB guidance Assessed the appropriateness of judgements applied in segregation between monetary and non-monetary items. Reviewed the financial statements to confirm the appropriateness of disclosures made by the Authority, taking into consideration requirements of IAS 29, IFRIC 7 and local law. <p>Based on the work performed, I found the accounting in hyperinflationary economies to be in line with IAS29.</p>

AUDIT REPORT IN RESPECT OF THE FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

Other matter

A Special Assurance audit was conducted into the Value Added Tax Refunds of Zimbabwe Revenue Authority at the request of Zimbabwe Revenue Authority Board and Ministry Finance and Economic Development for the period March 2020 to March 2021. At the time of concluding the 2022 final audit, the special assurance audit had not been finalized as internal investigations are still ongoing. The outcome of investigations and hearings on the VAT refunds special assurance audit findings could have a material impact on the audited financial statements. The effect of this matter could not be determined at the conclusion of the audit.

Other Information in the Annual Report

Those Charged with Governance are responsible for the Other Information. The Other Information comprises all the information in the Authority's 2022 annual report other than the financial statements and my auditor's report thereon ("the Other Information").

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the Authority's financial statements, my responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the Authority's financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Authority's management and those charged with governance are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Zimbabwe Revenue Authority (Chapter 23:11) and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless there are intentions to cease operations of the Authority by Government or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but it's not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of my audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date the Auditors' report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

AUDIT REPORT IN RESPECT OF THE FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

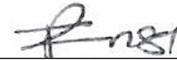
From the matters communicated with directors, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In my opinion, the financial statements of the Zimbabwe Revenue Authority have, in all material respects, been prepared in compliance with the disclosure requirements of the Public Finance Management Act [Chapter 22:19] and other relevant Statutory Instruments.

17 June

2023.



R. KUJINGA,
ACTING AUDITOR - GENERAL.

STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

Note	Inflation adjusted		Historical cost		
	31-Dec-22 ZWL	31-Dec-21 ZWL	31-Dec-22 ZWL	31-Dec-21 ZWL	
ASSETS					
Non current assets					
	100 819 135 487	84 019 322 975	95 683 295 836	18 965 987 128	
Property, plant and equipment	4	85 039 566 810	76 828 571 756	84 262 740 241	17 342 792 721
Intangible assets	5	4 767 035 593	3 235 299 940	3 888 384 338	730 316 014
Biological assets	6	1 505 535	3 349 079	1 505 535	756 000
Investment Property	7	3 376 150 000	2 990 758 644	3 376 150 000	675 114 818
Right of use asset	8.1	2 755 886 529	673 400 368	1 517 475 100	152 009 112
Financial Assets	10	4 878 991 019	287 943 189	2 637 040 622	64 998 462
Current assets					
	31 135 816 111	40 455 582 813	30 471 210 254	9 132 185 737	
Inventory	11	975 918 476	397 087 981	539 118 963	89 636 113
Accounts receivables	13	3 487 240 682	2 059 493 406	3 487 240 682	464 896 931
Assets held for sale	14	2 915 360	4 573 891	2 915 360	1 032 481
Prepayments	15	517 138 917	976 233 911	289 332 573	220 368 829
Cash and cash equivalents	16	26 152 602 676	37 018 193 623	26 152 602 676	8 356 251 382
Total assets					
	131 954 951 598	124 474 905 789	126 154 506 090	28 098 172 864	
RESERVES AND LIABILITIES					
Reserves					
	71 625 653 971	83 072 130 810	92 284 458 364	18 752 173 998	
Non distributable reserve		402 458 266	402 458 266	90 848 367	90 848 367
Accumulated fund		(30 107 125 611)	3 702 282 540	7 896 229 747	835 729 693
Revaluation reserve		101 330 321 316	78 967 390 004	84 297 380 249	17 825 595 938
Deferred income	17	47 665 352 547	25 227 373 581	21 206 102 646	5 694 666 723
Non current liabilities					
	12 663 945 079	16 175 401 397	12 663 945 080	3 651 332 144	
Lease liability	8.2	1 321 100 421	817 324 844	1 321 100 421	184 497 708
Current liabilities					
	11 342 844 659	15 358 076 553	11 342 844 659	3 466 834 436	
Lease liability	8.2	637 019 622	34 203 560	637 019 622	7 720 894
Provisions	18	1 779 879 076	4 708 504 038	1 779 879 076	1 062 867 729
Payables	19	8 925 945 961	10 615 368 955	8 925 945 961	2 396 245 814
Total reserves and liabilities					
	131 954 951 598	124 474 905 789	126 154 506 090	28 098 172 864	



E. R. CHITANDA, (CA)
(Director Finance and Administration)

13 June, 2023.



R. S. CHINAMASA,
(Commissioner General)

13 June, 2023.



A. S. MANDIWANZA,
(Board Chairman)

14 June, 2023.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2022

	Note	Inflation adjusted		Historical cost	
		31-Dec-22 ZWL	31-Dec-21 ZWL	31-Dec-22 ZWL	31-Dec-21 ZWL
Income		114 905 485 032	69 947 137 227	85 368 134 379	15 789 421 497
		97 263 011 007	68 246 829 609	68 835 030 516	15 405 604 879
Government grant		87 475 560 953	62 252 904 822	61 916 200 900	14 052 574 452
Amortised capital grant	20	3 787 818 845	3 514 682 748	2 092 717 594	793 382 110
Interest earned		5 892 527 913	2 407 792 590	4 750 089 550	543 519 772
Rental income		107 103 296	71 449 449	76 022 472	16 128 544
Other income	21	17 642 474 025	1 700 307 617	16 533 103 864	383 816 618
Less operating expenses		(101 618 641 226)	(66 464 085 445)	(77 707 941 973)	(15 003 179 558)
Employment cost	22	(57 579 177 885)	(45 412 590 055)	(40 824 045 801)	(10 251 148 997)
Administrative costs	23	(44 039 463 341)	(21 051 495 390)	(36 883 896 172)	(4 752 030 562)
Operating surplus		13 286 843 806	3 483 051 782	7 660 192 406	786 241 939
Finance costs	8.3	(599 692 352)	(278 705 454)	(599 692 352)	(62 913 195)
Surplus (deficit) for the year		12 687 151 454	3 204 346 328	7 060 500 054	723 328 745
Other comprehensive income					
Net monetary gain / (loss)		(46 370 203 092)	-	-	-
Surplus before revaluation		(33 683 051 638)	320 434 638	706 050 054	72 332 875
Revaluation surplus		66 483 459 685	41 446 442 593	66 483 459 685	9 355 856 116
Total comprehensive income for the year		32 800 408 047	44 650 788 921	73 543 959 739	10 079 184 860

STATEMENT OF CHANGES IN RESERVES

For the year ended December 31, 2022

	Accumulated Fund ZWL	Revaluation reserve ZWL	Non distributable reserve ZWL	Total ZWL
Inflation adjusted				
Balance at January 1, 2021	371 579 698	40 029 082 319	402 458 266	40 803 120 283
Revaluation surplus	-	41 446 442 593	-	41 446 442 593
Revaluation reversed through impairment	-	(2 381 778 398)	-	(2 381 778 398)
Surplus for the year	3 204 346 328	-	-	3 204 346 328
Balance at December 31, 2021	3 575 926 027	79 093 746 513	402 458 266	83 072 130 806
Balance at January 1, 2022	357 5926 027	79 093 746 513	402 458 266	83 072 130 806
Revaluation surplus	-	22 236 574 803	-	22 236 574 803
Surplus for the year	(33 683 051 638)	-	-	(33 683 051 638)
Balance at December 31, 2022	(30 107 125 611)	101 330 321 316	402 458 266	71 625 653 972
Historical cost				
Balance at January 1, 2021	112 400 948	9 007 387 316	90 848 367	9 210 636 631
Revaluation surplus / (deficit)	-	9 355 856 116	-	9 355 856 116
Revaluation reversed through impairment	-	(537 647 494)	-	(537 647 494)
Surplus for the year	723 328 745	-	-	723 328 745
Balance at December 31, 2021	835 729 693	17 825 595 938	90 848 367	18 752 173 998
Balance at January 1, 2022	835 729 693	17 825 595 938	90 848 367	18 752 173 998
Revaluation surplus	-	66 483 459 685	-	66 483 459 685
Revaluation reversed through impairment	-	(11 675 373)	-	(11 675 373)
Surplus for the year	7 060 500 054	-	-	7 060 500 054
Balance at December 31, 2022	7 896 229 747	84 297 380 249	90 848 367	92 284 458 364

STATEMENT OF CASH FLOWS

For the year ended December 31, 2022

Note	Inflation adjusted		Historical cost	
	31-Dec-22 ZWL	31-Dec-21 ZWL	31-Dec-22 ZWL	31-Dec-21 ZWL
CASH FLOWS FROM OPERATING ACTIVITIES				
Net cash generated /(utilised) by operating activities				
	(42 207 004 420)	9 374 511 817	506 1913 758	2 116 142 620
Operating profit or loss before working capital changes				
	(43 508 264 160)	7 882 847 693	2074 886 834	1 779 423 856
Operating profit for the year				
	12 687 151 454	3 204 346 328	7 060 500 054	723 328 745
Adjustments to reconcile profit to net cash flows:				
	(56 195 415 614)	467 8501 364	(4 985 613 220)	1 056 095 110
Fair Value Gain - Biological Assets	(2 702 288 716)	(3 276 410)	(2 702 288 716)	(739 596)
Profit on disposal	-	(26 724 859)	-	(6 032 700)
Loss on disposal	889 386 450	197 436 297	867 224 788	44 568 013
Depreciation of property, plant and equipment	4 3 211 245 879	2 652 033 313	1 774 168 994	598 653 118
Amortisation of intangible assets	5 576 572 966	862 649 436	318 548 600	194 728 992
Depreciation right of use assets	20 528 712 759	255 624 081	292 107 132	57 702 953
Finance cost	8.3 599 692 352	278 705 454	599 692 352	62 913 195
Write down of consumables to net realisable value	23 5 532 460	1 369 729	4 660 377	309 194
Amortised grant	20 (3 787 818 845)	(3 514 682 748)	(2 092 717 594)	(793 382 110)
Unrealised exchange gain	21 (12 762 831 864)	(1 380 127 581)	(12 762 831 864)	(311 541 215)
Increase/decrease in provisions	18 (2 928 624 962)	414 0772 135	2 177 190 280	934 711 543
Net monetary (loss) /gain	(46 370 203 092)	-	-	-
Allowance for credit loss	13 1 955 569	7 662 268	1 955 569	1 729 626
Exchange loss	23 12 432 016 411	3 612 469 167	11 283 442 340	815 455 794
Gain on price differences	21 3 764 932	2 380 467	3 324 073	537 351
Obsolete stock written off	23 -	3 206	-	724
Interest earned	(5 892 527 913)	(2 407 792 590)	(4 750 089 550)	(543 519 772)
Working capital adjustments				
	130 1259 739	149 1664 125	298 7026 924	336 718 765
Increase in accountsreceivables	(1 427 747 276)	(1 781 155 831)	(3 022 343 751)	(402 066 779)
Increase in prepayments	459 094 994	(158 049 934)	(68 963 744)	(35 677 186)
Increase assets held for sale	1 658 531	(4 531 806)	(1 882 879)	(1 022 981)
Increase in consumables	578 830 495	(146 616 556)	(449 482 850)	(33 096 288)
Decrease/(increase) in payables	168 9422 994	358 2018 251	6 529 700 147	808 581 998
CASH FLOWS FROM INVESTING ACTIVITIES				
	(5 216 378 968)	(3 405 078 670)	(2 225 342 048)	(768 640 783)
Interest received	5 892 527 913	2 407 792 590	3 911 528 173	543 519 772
Proceeds from sale of property, plant and equipment	709 000	12 130 326	709 000	2 738 223
Purchase of financial investments	(4 520 739 075)	(121 217 208)	(2 497 645 898)	(27 362 801)
Proceeds from financial investments	737 643	126 451 302	737 643	28 544 312
Purchase of intangible assets	(36 948 402)	(865 684 392)	(20 413 482)	(195 414 084)
Purchase of property, plant and equipment	(6 552 666 046)	(4 964 551 288)	(3 620 257 484)	(1 120 666 205)
CASH FLOWS FROM FINANCING ACTIVITIES				
	36 557 792 440	20 741 369 258	14 959 779 585	4 682 024 664
Government capital grant	35 510 365 384	19 375 893 023	14 672 482 061	4 373 790 750
Clearance fees (Commission)	2 096 088 044	1 786 586 450	866 668 235	403 292 652
Principal portion of lease liability	8.2 3 6782 170	(142 404 760)	20 321 641	(32 145 544)
Interest portion of lease liability	8.2 (1 085 443 157)	(278 705 454)	(599 692 352)	(62 913 195)
Netincrease in cash and cash equivalents				
	(10 865 590 947)	26 710 802 405	17 796 351 294	6 029 526 502
Cash and cash equivalents at beginning of the year				
	37 018 193 624	10 307 391 218	8 356 251 382	2 326 724 880
Cash and cash equivalents at year end				
16	26 152 602 676	37 018 193 624	26 152 602 676	8 356 251 382

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

1. NATURE OF BUSINESS

The Zimbabwe Revenue Authority (ZIMRA) started operations on September 1, 2001 and is constituted in terms of the Zimbabwe Revenue Authority Act [Chapter 23:11] of 1999. Its core business is the collection of revenue for the Government of Zimbabwe, administration of tax laws and the facilitation of trade and economic development in the region and beyond. ZIMRA is funded by the Government of Zimbabwe through grants.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements for the year ended December 31, 2022 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB).

The Authority complies with the Public Finance Management Act [Chapter 22:19], an act which ensures transparency, accountability and sound management of revenue, expenditure, asset and liabilities of the country's public entity.

Operations of the Authority were also guided by the Revenue Authority Act [Chapter 23:11] and related statutes.

2.2 Basis of measurement

The financial statements are prepared under the historical cost convention except for

- i. Biological assets, which are initially measured cost and subsequently at fair value,
- ii. property, plant and equipment which is measured using the revaluation method,
- iii. intangible assets which is measured using the revaluation method and
- iv. Investment properties, which is initially measured at cost and subsequently at fair value.

The 2022 financial statements have been adjusted for the effects of inflation as required by IAS 29.

2.3 Going concern

The Authority is satisfied that it is operating on a going concern basis given the sound financial position and has adequate resources to continue in operational existence for the foreseeable future.

2.4 Functional and presentation currency

These financial statements are presented in the Zimbabwe Dollars (ZWL) currency. Most of the Authority's transactions are in this currency and the same is used for financial reporting. Foreign currencies transactions are translated into Zimbabwe Dollars using the RBZ exchange rate.

2.5 Inflation accounting

The Public Accountants and Auditors Board (PAAB) pronounced Zimbabwe as a hyperinflationary economy effective for reporting periods ended on or after 1 July 2019, thus the requirements of IAS 29 – Financial Reporting in Hyperinflationary Economies have been applied to the financial statements for the year ended 31 December 2022

The Authority used the Current Purchasing Power approach to adjust its financial statements for inflation. Monetary and non-monetary items were separated. Monetary items are assets and liabilities to be received or paid in a fixed or determinable number of units of currency. Non-monetary items (those that do not carry a fixed value) are updated into current figures with an inflation conversion factor equivalent to the consumer price index (CPI) at the end of the period divided by CPI at the date of transaction. While monetary items are not adjusted for inflation, prior year items are adjusted to account for the inflation movement in 2022. The accounting adjustment for non-monetary items and prior year monetary items is subject to the recording of a net gain or loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

The conversion factors have been computed from the consumer price index (CPI) data as provided by Reserve Bank of Zimbabwe (RBZ) on their website.

Month	Index	Conversion Factor
Dec-21	3,977.46	3.44
Jan-22	4,189.97	3.26
Feb-22	4,483.06	3.05
Mar-22	4,766.10	2.87
Apr-22	5,507.11	2.48
May-22	6,662.17	2.05
Jun-22	8,707.35	1.57
Jul-22	10,932.83	1.25
Aug-22	12,286.26	1.11
Sep-22	12,713.12	1.08
Oct-22	13,113.95	1.04
Nov-22	13,349.42	1.02
Dec-22	13,672.91	1.00

2.6 Critical accounting judgments, assumptions and estimates

In preparing the financial statements, management is required to make judgements, estimates and assumptions that affect the amounts presented in the financial statements and related disclosures. Use of available information and the application of judgment are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Significant judgments include the following:

2.7 Impairment and provisioning policies

At each statement of financial position date, the Authority reviews the carrying amount of its assets to determine whether there is an indication that those assets suffered any impairment. If any such indication exists, the recoverable amount of the assets is estimated to determine the extent of the impairment (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment is treated as a revaluation decrease.

In the event that, in the subsequent period, an asset that has been subject to an impairment loss is no longer considered to be impaired, the value is restored and the gain is recognised in the statement of comprehensive income. The restoration is limited to the value which would have been recorded had the impairment adjustment not taken place.

2.8 Useful lives and residual values of property, plant and equipment

The Authority assesses useful lives and residual values of property, plant and equipment each year taking into account past experience and technology changes. The depreciation rates are set out in note 3.2 and changes to useful lives have been considered necessary during the year. Management has set residual values for all classes of property, plant and equipment at zero.

2.8.1 Uncollectable accounts receivable

The Authority estimates the allowance for uncollectible accounts based on management's assessment of collection indicators to determine the rate applied.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

2.9 Fair value measurement

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset
or
- In the absence of a principal market, in the most advantageous market for the asset.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

2.10 New and revised standards and interpretations

2.10.1 Amended standards – effective January 1, 2022

- a) IAS 16 'Property, plant and equipment (PPE) – proceeds before intended use'
IAS 16 requires that the cost of an asset includes any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. One of those costs is testing whether the asset is functioning properly.

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such samples, together with the costs of producing them, are now recognised in profit or loss. An entity will use IAS 2, 'Inventories', to measure the cost of those items. Cost will not include depreciation of the asset being tested because it is not ready for its intended use. This amendment does not have an impact to the Authority.

- b) IAS 37, 'Provisions, contingent liabilities and contingent assets - Onerous contracts – cost of fulfilling a contract'
IAS 37 defines an onerous contract as one in which the unavoidable costs of meeting the entity's obligations exceed the economic benefits to be received under that contract. Unavoidable costs are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'.

The amendment explains that the direct cost of fulfilling a contract comprises:

- The incremental costs of fulfilling that contract (for example, direct labour and materials); and
- An allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of PP&E used to fulfil the contract).

The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract. This amendment does not have an impact to the Authority.

- c) Amendments to IFRS 9, IAS 39 and IFRS 7 Interest rate benchmark reform
Amendments to IFRS 9, IAS 39 and IFRS 7 have now been issued to address uncertainties related to the ongoing reform of interbank offered rates (IBOR). The amendments provide targeted relief for financial instruments qualifying for hedge accounting in the lead up to IBOR reform. The amendments address issues affecting financial reporting in the period leading up to IBOR reform, are mandatory and apply to all hedging relationships directly affected by uncertainties related to IBOR reform. This amendment does not have an impact to the Authority.

2.10.2 New and amended standards and interpretations for implementation after January 2023

- a) IAS 1 Presentation of financial statements
The International Accounting Standards Board issued two amendments to the standard the application of which shall be on 1 January 2023 although early adoption is permitted. The two amendments are as follows:
- Classification of Liabilities as Current or Non-current,
 - Disclosure of Accounting Policies,
 - IFRS Practice Statement 2 Making Materiality Judgements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

The Authority has not yet adopted the amendments and wishes to do so on the effective date of the amendment.

b) IAS 8 Accounting policies, changes in accounting estimates and errors

The International Accounting Standards Board issued a new amendment to the standard the application of which shall be on 1 January 2023 although early adoption is permitted. The amendment is as follows:

- Definition of Accounting Estimates issued in February 2021. An entity shall apply the amendments to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the first annual reporting period in which it applies the amendments.

The Authority has not yet adopted the amendment and wishes to do so on the effective date of the amendment.

3. ACCOUNTING POLICIES

The accounting policies applied in the preparation of these financial statements are consistent with those applied in the financial statements for the year ended December 31, 2021. The only major change is the reporting which now recognises hyperinflation in the economy hence financial statements have been adjusted for inflation.

3.1 Property, plant and equipment

Recognition and Measurement

Property, plant and equipment is initially recognised at cost. Property, plant and equipment are measured at fair value less accumulated depreciation and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate major components of property, plant and equipment. A revaluation surplus is recorded in other comprehensive income (OCI) and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being disposed is transferred to retained earnings. An item of property, plant and equipment is derecognised upon disposal or loss when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit and loss section of the statement of profit or loss and other comprehensive income in the year the asset is derecognised.

3.2 Depreciation

Provision for depreciation is based on straight line basis over the asset's expected useful life. Land and work in progress are not depreciated. The depreciation rates are set out below. A review of useful lives for assets across the classes were carried out during the year. This had the effect of extending useful lives for specific assets after a fair assessment of their usefulness to the Authority going forward. The reviews had the effect of extending lives and the rates of depreciation remained as set out below. The annual rates used for this purpose are:

Fixtures and fittings	10%
Furniture and equipment	10%
Plant and machinery	10%
Motor vehicles	20%
Buildings	2%
Computer equipment	33.33%
Living Resources	12.5%

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

3.3 Assets held for sale

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less cost to sale. Impairment losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in the profit or loss. Once classified as held for sale, the non-current assets are no longer depreciated.

3.4 Government grants

Government grants are assistance by Government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. Grants related to assets are Government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long term assets.

Grants relating to income are Government grants other than those related to assets. Government grants, including non-monetary grants at fair value shall not be recognised until there is a reasonable assurance that;

- The entity will comply with the conditions attaching to them; and
- The grants will be received.

The Authority receives these two forms of grants.

3.4.1 Capital grants and donations

Capital grant is recorded as deferred income in the statement of financial position when it becomes receivable and is then recognised as income on a systematic basis over the period necessary to match the grant with the related costs which they are intended to compensate. Grant amortised is credited to the income statement over the expected useful lives of the respective assets, on a straight line basis. Donations in kind are recorded as assets and also other income when received.

3.4.2 Revenue grants and donations

Revenue grants are recognised as income in the profit or loss section of the statement of profit or loss and other comprehensive income in the same period as the period during which the related expenses qualifying for the grant have been incurred. Donations are recorded as other income when received.

The periods over which an entity recognises the costs or expenses related to a Government grant are readily ascertainable. The grants in recognition of specific expenses are recognised in profit or loss in the same period as the relevant expense. The funding disbursements are authorised quarterly by the Ministry of Finance upon the Authority's submission of a quarterly cash flow which will cover both capital and income grant.

3.5 Employee benefits

- i. Short term employee benefits
Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Authority has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.
- ii. Defined contribution plan
Obligations for contribution plans are expensed as the related service provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.
- iii. Termination benefits
Termination benefits are expensed at the earlier of when the Authority can no longer withdraw the offer of those benefits and when the Authority recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

3.6 Inventory

Inventory is valued lower of cost or net realizable value. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

3.7 IFRS 9 Financial Instruments

The Authority has fully complied with the IFRS 9. From a classification and measurement perspective the standard requires that all financial instruments' assessment be based on the Authority's business model of managing the financial instruments and the cash flow characteristics of the same, except for derivatives and equity instruments.

3.7.1 Business model assessment

The Authority determines its business model at the level that best reflects how it manages its financial assets to achieve its business objectives. The Authority's model is assessed on an instrument by instrument basis, based on the following factors;

- The risks that affect the performance of the business model and how the risk is managed within each financial asset.
- The level of amounts held within each financial instrument.
- The security available on securing each asset.

3.7.2 Measurement

The Authority classified all its financial assets based on the business model for managing the assets and the asset's contractual terms measured at either:

- Amortised cost.
- Fair value through other comprehensive income (FVOIC).
- Fair value through Profit and Loss (FVPL).

The Authority measures loans and advances to staff, money market investments and mortgage investments at amortised cost if both of the following conditions are met;

- The financial asset is held within a business model with the objective to hold financial assets in order collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI).

3.7.3 Impairment of financial assets

The expected credit loss model applies to debt instruments recorded at amortised cost or at fair value through other comprehensive income. An impairment test involves comparing an asset's carrying amount in the balance sheet with its recoverable amount is done annually. Recoverable amount is the higher of fair value less costs of disposal and value in use. Where the recoverable amount using both methods is higher than the asset carrying amount, there is no impairment unless it is the reverse.

Expected credit losses is calculating the impairment allowance. After initial recognition, the impairment allowance is adjusted, up or down, through profit or loss at each balance sheet date as the probabilities of collection and recoveries change.

3.7.4 Classification of financial assets and liabilities

The Authority classifies its financial assets and liabilities as follow:

- Financial assets held at amortised cost

These include loans and advances to staff and trade advance payments.

- **Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and bank balances and investments with up to 90days maturity.

- **Financial Liabilities**

All loans and borrowings which are measured at initial recognition at fair value less directly attributable transactional costs. After initial recognition interest bearing loans are measured at amortised costs.

3.7.5 De-recognition of financial assets

A financial asset is derecognised when the rights to receive cash flows from the financial asset have expired.

3.7.6 De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

3.8 Risk management

3.8.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the unforeseen changes in interest rates. The Authority's exposure to the risk of change in market interest rates relates primarily to the held to maturity investments. Exposure to interest rate risk is managed at management level on a proactive basis. Management mitigates interest rate risks by investing in shorter maturity securities.

3.8.2 Credit risk

The Authority's debtors are largely internal, that is, staff members issued with loans, advance salaries and travelling and subsistence allowance. The exposures are subject to ongoing monitoring and the monitoring of exposures involves the employee employment status, duration of employment and position.

3.8.3 Market risk

The Authority takes on exposure to market risk which is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate currency which is exposed to the general market movements and changes in the level of volatility of the market rates or prices such as interest rates and foreign exchanges.

3.8.4 Foreign currency transaction and balances

While the Authority records are maintained in Zimbabwe Dollars (ZWL), some of its transactions are conducted in other major foreign currencies which include the United States Dollar, South African Rand, Botswana Pula, British Pound and Euros. Transactions in foreign currencies are translated to the Zimbabwe Dollar at rates of exchange ruling at the time of the transactions. Transaction and translation gains and losses arising on conversion or settlement are dealt with in the statement of comprehensive income in determination of the operating income.

3.9 Taxation

The Authority's receipts and payments are exempt from income tax in terms of the third schedule to the Income Tax Act [Chapter 23:04].

3.10 Development costs

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically feasible, future economic benefits are probable and the Authority intends to and has sufficient resources to complete development and to use the asset. Otherwise expenditure is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the profit or loss as incurred. Any expenditure capitalised is normally amortised over three years.

3.11 Leases

3.11.1 The Authority as a lessee

The Authority has lease contracts for several properties which are leased for office and staff accommodation. Terms and conditions of the leases are negotiated by management. Where lease terms exceed 12 months and values of the underlying assets exceed USD5000.00, the leases are recognised as "Right of Use" assets and the related obligations are recognised as liabilities.

3.11.2 Short-term and low value assets leases

The Authority recognised leases that were less than 12 months old at the reporting date and related to leasing of small items which have a value of less than USD5 000. Obligations incurred under these leases were charged to the statement of comprehensive income in equal instalments over the period of the lease, except when the alternative method is more representative of the time pattern from which benefits are derived.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

3.11.3 The Authority as a lessor

The Authority leases out additional space at its premises to third parties. The leases are recognised as operating leases where rental income from the leases is credited to the Statement of profit or loss and other comprehensive income.

3.12 Intangible assets

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Authority. Software acquired separately is measured on initial recognition at cost. Following initial recognition, it is carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as finite. Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset is reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern or consumption of amortisation period or method as appropriate and are treated as changes in accounting estimates. The amortisation expense is recognised in the statement of comprehensive income. Amortisation is recognised in the statement of comprehensive income on straight line basis over the useful life of the software. Amortisation methods, useful lives and residual lives are reviewed at each financial year end and adjusted if appropriate.

The estimated economic useful life applied is as follows:

SAP operating software	3 years
Other software	3 years

3.13 Biological assets

Biological assets are measured at fair value less cost to dispose, with any change therein recognised in profit or loss.

3.14 IFRS 15 Revenue from contracts with customers

Applying IFRS 15, the Authority recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or service. The Authority receives commissions from other state agencies for services which is being rendered. To recognise revenue under IFRS 15, the Authority applies the following five steps:

- i. Identify the contract(s) with a customer.
- ii. Identify the performance obligations in the contract.
- iii. Determine the transaction price.
- iv. Allocate the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract.
- v. Recognise revenue when a performance obligation is satisfied by transferring a promised good or service to a customer.

3.15 Investment property

Investment property is recognised at fair value according to the fair value model, which reflects market conditions at end of the reporting period. Gains or losses resulting from a change in the fair value of investment property are recognised in the income statement in the year they arise.

4.16 Living resources

The Authority has working dogs that are used for sniffing at ports of entry. The dogs are considered as Property, Plant and Equipment and are therefore accounted for using International Accounting Standard 16 (IAS) 16-“Property, Plant and Equipment.”

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

	4. PROPERTY, PLANT AND EQUIPMENT - INFLATION ADJUSTED											
	Buildings ZWL	Living Resources ZWL	Land ZWL	Plant and Machinery ZWL	Office Equipment ZWL	Fixtures, Furniture, Fittings and Equipment ZWL	Computer Equipment ZWL	Motor Vehicles ZWL	Network Equipment ZWL	Construction Work In Progress ZWL	31-Dec-21 ZWL	
Opening carrying amount	34 671 116 719	-	7 239 414 529	5 421 861 056	751 125 526	1 323 986 108	5 553 687 935	3 762 127 263	1 053 568 112	2 204 714 688	61 981 601 938	158 017 429 090
Gross carrying amount	34 671 116 719	-	7 239 414 529	5 421 861 056	751 125 526	1 323 986 108	5 553 687 935	3 762 127 263	1 053 568 112	2 204 714 688	61 981 601 938	158 017 429 090
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Additions: at cost	-	-	1 620 109	1 527 573 221	33 767 090	85 380 716	912 715 180	211 224 428	302 762 588	3 477 622 714	6 552 666 046	14 114 319 628
Donations / reclassification	(462 597 576)	11,250,960	(759 360 245)	106 787 237	-	-	-	-	-	1 390 987 713	287 068 090	529 228 428
Disposal - carrying amount	(1 493 175 208)	-	(16 401 581)	(32 791 446)	(2 620 760)	(5 508 322)	(768 374)	(20 095 595)	-	-	(1 571 361 286)	(932 629 625)
Disposal at cost/deemed cost	(1 522 133 980)	-	(16 401 581)	(43 151 629)	(3 079 361)	(8 501 782)	(1 288 543)	(25 955 400)	-	-	(1 620 512 276)	(1 064 429 902)
Depreciation on disposals	28 958 772	-	-	10 360 183	458 601	2 993 460	520 169	5 859 805	-	-	49,150,990	13 180 277
Impairment	-	-	-	(7 178 308)	(2 074 003)	(2 047 008)	(9 080 203)	(358 782)	(394 121)	-	(21 132 425)	(4 392 096 069)
Accumulated depreciation write back	468 456 061	1 406 370	-	610 601 261	30 242 069	1 484 556	970 412 047	911 283 323	198 574 344	-	3 191 053 662	745 0713 854
Depreciation charge for the year	(468 456 061)	(1 406 370)	-	(620 961 444)	(30 700 671)	(4 478 016)	(970 932 216)	(917 143 127)	(198 574 344)	-	(3211 245 879)	(7 533 850 628)
Revaluation surplus	10 141 528 991	10 018 016	2 646 029 183	3 363 423 238	(398 505 744)	1 933 726 109	(1258 754 400)	3 194 923 515	386 385 789	(2 208 050 249)	20 018 774 698	(105 271 512 740)
Closing carrying amount	42 856 872 926	21 268 976	9 111 301 995	10 379 674 998	381 692 108	3 335 537 604	5 197 800 138	7 147 820 830	1 742 322 368	4 865 274 866	85 039 566 810	61 981 601 938
Revalued amount / Gross carrying amount	42 856 872 926	21 268 976	9 111 301 995	10 379 674 998	381 692 108	3 335 537 604	5 197 800 138	7 147 820 830	1 742 322 368	4 865 274 866	85 039 566 810	61 981 601 938
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

4. PROPERTY, PLANT AND EQUIPMENT-HISTORICAL COST

	Fixtures,											Construction Work In Progress ZWL	31-Dec-22 ZWL	31-Dec-21 ZWL
	Buildings ZWL	Living Resources ZWL	Land ZWL	Plant and Machinery ZWL	Office Equipment ZWL	Furniture, Fittings and Equipment ZWL	Computer Equipment ZWL	Motor Vehicles ZWL	Network Equipment ZWL					
Opening carrying amount	10 078 813 000	-	2 104 480 968	1 576 122 400	218 350 444	384 879 683	1 614 444 167	1 093 641 646	306 269 800	640 905 432	18 017 907 539	7 919 879 163		
Gross carrying amount	10 078 813 000	-	2 104 480 968	1 576 122 400	218 350 444	384 879 683	1 614 444 167	1 093 641 646	306 269 800	640 905 432	18 017 907 539	7 919 879 163		
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-		
Additions at cost	-	-	895 088	843 963 106	18 655 851	47 171 667	504 262 530	116 698 579	167 272 148	1 921 338 516	3 620 257 484	1 120 666 205		
Donations/reclassification	(255 578 771)	6 216 000	(419 536 047)	58 998 474	-	-	-	-	-	768 501 499	158 601 155	42 935 846		
Disposal - carrying amount	(824 958 679)	-	(9 061 647)	(18 116 821)	(1 447 934)	(3 043 272)	(424 516)	(11 102 539)	-	-	(868 155 407)	(46 743 667)		
Disposal at cost/deemed cost	(840 958 000)	-	(9 061 647)	(23 840 679)	(1 701 304)	(4 697 117)	(711 902)	(14 340 000)	-	-	(895 310 650)	(53 349 534)		
Depreciation on disposals	15 999 321	-	-	5 723 858	253 371	1 653 845	287 386	3 237 461	-	-	27 155 243	6 605 867		
Impairment	-	-	-	(3 965 916)	(1 145 858)	(1 130 943)	(5 016 687)	(198 222)	(217 746)	-	(11 675 373)	(220 133 123)		
Accumulated depreciation reversal	258 815 504	777 000	-	337 348 763	16 708 326	820 197	536 139 253	503 471 449	109 709 582	-	1 763 013 073	592 047 250		
Depreciation charge for the year	(258 815 504)	(777 000)	-	(343 072 621)	(16 961 697)	(2 474 042)	(536 426 639)	(506 708 910)	(109 709 582)	-	(1 774 168 994)	(598 653 118)		
Revaluation surplus	33 858 597 376	15 052 976	8 193 883 878	7 925 886 148	149 353 610	2 909 707 477	3 074 790 935	5 949 140 153	1 269 392 287	-	63 345 804 842	9 201 303 114		
Closing carrying amount	42 856 872 926	21 268 976	9 870 662 240	10 382 887 390	383 766 112	3 337 584 611	5 188 056 430	7 148 179 618	1 742 716 489	3 330 745 448	84 262 740 241	18 017 907 539		
Revalued amount/														
Gross carrying amount	42 856 872 926	21 268 976	9 870 662 240	10 382 887 390	383 766 112	3 337 584 611	5 188 056 430	7 148 179 618	1 742 716 489	3 330 745 448	84 262 740 241	18 017 907 539		
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-		

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

	Inflation adjusted		Historical cost	
	31-Dec-22 ZWL	31-Dec-21 ZWL	31-Dec-22 ZWL	31-Dec-21 ZWL
5 INTANGIBLE ASSETS				
SAP software and development cost				
Opening carrying amount	2 512 287 086	2 858 361 994	730 316 014	645 228 441
Gross carrying amount	2 512 287 086	2 858 361 994	730 316 014	645 228 441
Accumulated amortisation	-	-	-	-
Additions at cost	36 948 402	865 684 392	20 413 482	195 414 084
Revaluation gain	2 217 800 105	684 669 799	3 137 654 843	154 553 002
Work in progress	-	227 631 652	-	51 384 120
Impairment	-	(1 401 047 896)	-	(316 263 633)
Depreciation write back	576 572 966	862 649 436	318 548 600	194 728 992
Amortisation charge for the year	(576 572 966)	(862 649 436)	(318 548 600)	(194 728 992)
Closing carrying amount	4 767 035 593	3 235 299 940	3 888 384 338	730 316 014
Gross carrying amount	4 767 035 593	3 235 299 940	3 888 384 338	730 316 014
Accumulated amortisation	-	-	-	-
6 BIOLOGICAL ASSETS				
Opening balance	2 600 639	77 099	756 000	17 404
Fair value	1 253 535	3 276 410	1 253 535	739 596
Transfers	(504 000)	(4 430)	(504 000)	(1 000)
	3 350 174	3 349 079	1 505 535	756 000

7 INVESTMENT PROPERTY

The Authority converted some of its properties from own use to investment properties from which it expects to generate rental income at commercial rates. The properties were recognised as buildings in 2021 but were transferred to Investment Properties in 2022. Below is the reconciliation of the transfer.

	Inflation adjusted		Historical cost	
	31-Dec-22 ZWL	31-Dec-21 ZWL	31-Dec-22 ZWL	31-Dec-21 ZWL
Opening balance (Reclassification from Propoerty, Plant and Equipment)	675 114 818	1 392 747 405	675 114 818	314 389 933
Fair Value Gain	2 701 035 182	1 598 011 239	2 701 035 182	360 724 885
Fair Value as at 31 December 2022	3 376 150 000	2 990 758 644	3 376 150 000	675 114 818

8 LEASES

The Authority entered into lease agreements with various property owners for office accommodation and staff accommodation especially at border posts. The Authority is obligated to provide accommodation to its staff members stationed at Border Posts in terms of its Human Capital Policy. The lease terms range from less than a year to 5 years.

Most of the leases are amenable to renewal upon expiry of the lease agreements. However, leases with terms that are less than a year are treated as short term leases and are expensed in terms of the standard.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

	Inflation adjusted		Historical cost	
	31-Dec-22 ZWL	31-Dec-21 ZWL	31-Dec-22 ZWL	31-Dec-21 ZWL
8.1 Right of Use				
Right of use assets recognised				
Building and land				
Opening balance	276 063 748	316 363 924	152 009 112	91 966 257
Additions	3 170 147 477	509 290 407	1 745 579 801	148 049 537
Opening accumulated depreciation	(159 828 935)	(104 244 827)	(88 006 682)	(30 303 729)
Less depreciation charge for the year	(530 495 762)	(198 498 157)	(292 107 132)	(57 702 953)
	2 755 886 529	522 911 347	1 517 475 100	152 009 112
8.2 Lease Liability				
Opening Balance	192 218 601	366 630 023	192 218 601	106 578 495
Additions	1 745 579 801	405 182 636	1 745 579 801	117 785 650
Interest	599 692 352	216 421 389	599 692 352	62 913 195
Payments	(579 370 711)	(327 002 061)	(579 370 711)	(95 058 739)
Principal portion	20 321 641	(110 580 671)	20 321 641	(32 145 544)
Interest portion	(599 692 352)	(216 421 389)	(599 692 352)	(62 913 195)
Closing Balance	1 958 120 043	334 229 927	1 958 120 043	192 218 601
Current portion of lease liability	637 019 622	26 559 875	637 019 622	7 720 894
Non current of lease liability	1 321 100 421	634 672 114	1 321 100 421	184 497 708
Total	1 958 120 043	661 231 989	1 958 120 043	192 218 601

8.3 Finance cost

Finance costs refer to the interest incurred by the Authority for the right to use other entities' assets, particularly land and buildings.

	Inflation adjusted		Historical cost	
	31-Dec-22 ZWL	31-Dec-21 ZWL	31-Dec-22 ZWL	31-Dec-21 ZWL
Interest-Lease	(599 692 352)	(278 705 454)	(599 692 352)	(62 913 195)

8.4 Lease Payments Maturity Analysis

Year	Lease Payment	Interest	Decrease in Liability
0 - 1 Year	628 973 500	609 638 645	19 334 855
2 to 3 years	2 409 167 705	1 106 621 093	1 302 546 612
4 to 5 years	637 814 065	325 871 963	311 942 102

8.5 Rental Income from Operating Leases

The Authority leases out additional space at its premises, especially at border posts and office buildings. These are essentially operating leases where the Authority retains all risks and rewards associated with the underlying assets. The Authority manages the risks associated with the underlying properties by ensuring that they have full insurance cover. In 2022, an amount of ZWL76,022,472 was realised from the operating leases.

Year	Rental income
1 - 2 Year	271 258 148
3 - 4 years	41 270 823
5 years	1 386 468

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

	Inflation adjusted		Historical cost	
	31-Dec-22 ZWL	31-Dec-21 ZWL	31-Dec-22 ZWL	31-Dec-21 ZWL
9 INVENTORY				
Fiscalisation devices	460 284	849 608	191 785	191 785
Operating supplies	975 458 192	396 238 373	538 927 178	89 444 328
	975 918 476	397 087 981	539 118 963	89 636 113

10 FINANCIAL ASSETS**Non-current****10.1 Mortgage support investment**

Mortgage support is an investment vehicle in support of the ZIMRA Staff Mortgage loan scheme. The investment is seed money to enable the banks to give out loans to staff at concessionary rates. The loan is recognised at the consideration amount, unless if there are significant financial components changes when it will be recognised at fair value. The carrying amount is considered to be the same as the fair value.

	Inflation adjusted		Historical cost	
	31-Dec-22 ZWL	31-Dec-21 ZWL	31-Dec-22 ZWL	31-Dec-21 ZWL
Opening balance	5 977 493	10 654 959	1 737 643	2 405 183
Investment for 2022	1 086 000 000	-	600 000 000	-
Interest earned	-	322 333	-	72 762
Maturities	(1 335 134)	(3 279 533)	(737 643)	(740 301)
Closing balance	1 090 642 358	7 697 760	601 000 000	1 737 643
10.2 Motor vehicle support investment				
Opening balance	217 617 218	276 617 949	63 260 819	62 441 975
Investment for 2022	3 434 739 075	-	1 897 645 898	-
Interest earned	135 992 367	3 627 480	75 133 904	818 844
Closing balance	3 788 348 661	280 245 429	2 036 040 622	63 260 819

11 INVENTORY

Fiscalisation devices	460 284	849 608	191 785	191 785
Operating supplies	975 458 192	396 238 373	538 927 178	89 444 328
	975 918 476	397 087 981	539 118 963	89 636 113

13 ACCOUNTS RECEIVABLES

Security deposit	1 581 806 545	18 338 943	1 581 806 545	5 331 088
Rent receivable	5 652 186	15 245 421	5 652 186	4 431 808
Commission receivable	266 912 104	114 607 986	266 912 104	33 316 275
Staff debtors	761 241 332	1 137 302 570	761 241 332	330 611 212
Travelling and subsistence advances	36 919 746	73 547 526	36 919 746	21 380 095
Accrued interest	838 561 377	246 728 814	838 561 377	71 723 492
Loss allowance (expected credit loss)	(3 852 608)	(6 525 814)	(3 852 608)	(1 897 039)
	3 487 240 682	1 599 245 444	3 487 240 682	464 896 931

Expected Credit Loss (Simplified Approach)

The Authority's debtors are largely internal, that is, staff members issued with loans, advance salaries and travelling and subsistence allowances.

The probability of default remains minimal even after the staff members leave the organisation as there is always room for recovery from terminal benefits.

Management has used past experience to come up with a predictive model for default risk. Past experience has shown that only about 1% gets irrecoverable. Debtors are aged, from below 120 days to over 360 days and the default rate is apportioned to each age category.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

Refer to the table below for the computations of the 2022 ECL.

Probability of default				0.01
Scale	Loans/other Ageing	T&S Ageing	Total	Contribution
0<120	401 634 049	32 328 660	433 962 709	54.02%
121<180	(43 250 487)	1 384 243	(41 866 244)	(5.21%)
181<240	(25 043 288)	1 463 866	(23 579 422)	(2.94%)
241<300	17 487 966	612 207	18 100 173	2.25%
301<360	81 618 792	803 355	82 422 147	10.26%
361 and above	333 920 472	327 414	334 247 886	41.61%
Total	766 367 504	36 919 746	803 287 251	

Loans and Other Debtors is constituted by the following:

Personal loans	760 715 318
Rental Customers	5 652 186
	766 367 504

The following Accounts Receivables were considered risk free, hence no credit loss allowance was provided.

Commissions Receivable	266 912 104
Security Deposit (including LC)	1 579 449 870
Accrued Interest	838 561 377
	2 684 923 350

	Inflation adjusted		Historical cost	
	31-Dec-22 ZWL	31-Dec-21 ZWL	31-Dec-22 ZWL	31-Dec-21 ZWL
14 ASSETS HELD FOR SALE				
In 2022, the Authority had assets held for sale				
Carrying amount on date of transfer	2 915 360	4 573 891	2 915 360	1 032 481
Fair Value	3 293 000	14 688 551	3 293 000	3 315 700
Gain	377 640	10 114 660	377 640	2 283 219
15 PREPAYMENTS				
ICT	-	43 738 462	-	9 873 242
Repairs	17 921 147	-	9 901 186	-
Projects	5 054 079	134 844 193	2 792 309	30 438 870
Others	-	32 146 286	3 620 464	7 256 498
Rentals	51 534 876	69 908 877	28 472 307	15 780 785
Uniforms	52 869 007	657 037 503	29 209 396	148 315 463
Teas and beverages	-	17 545 076	-	3 960 514
Assets	379 482 629	-	209 658 911	-
Fuel	-	-	-	-
Hotel accommodation	10 277 180	21 013 515	5 678 000	4 743 457
	517 138 917	976 233 911	289 332 573	220 368 829
16 CASH AND CASH EQUIVALENTS				
Bank balances	670 046 968	12 162 655 924	670 046 968	2 745 520 525
Cash in hand petty cash	925 743	1 260 164	925 743	284 461
Funds on call and deposits	25 481 629 964	24 854 277 536	25 481 629 964	5 610 446 396
	26 152 602 676	37 018 193 623	26 152 602 676	8 356 251 382

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

	Inflation adjusted		Historical cost	
	31-Dec-22 ZWL	31-Dec-21 ZWL	31-Dec-22 ZWL	31-Dec-21 ZWL
17 DEFERRED INCOME				
Opening balance	19 589 653 526	4 064 894 109	5 694 666 723	917 583 320
Capital grant	26 557 192 531	19 375 893 023	14 672 482 061	4 373 790 750
Clearance fees	1 568 669 506	1 466 426 947	866 668 235	331 021 884
Sealing fees	-	320 159 502	-	72 270 768
Amortised during the year	(50 163 015)	-	(27 714 373)	-
	47 665 352 547	25 227 373 581	21 206 102 646	5 694 666 723
18 PROVISIONS				
Performance award	532 883 222	664 750 691	532 883 222	193 241 480
Gratuity	419 033 989	42 004 103	419 033 989	12 210 495
Provisions for pending labour disputes	87 680 229	126 478 439	87 680 229	36 766 988
Leave pay provision	740 281 637	2 823 031 754	740 281 637	820 648 766
	1 779 879 076	3 656 264 987	1 779 879 076	1 062 867 729
19 PAYABLES				
Fuels and oils	-	130 671 124	-	37 985 792
Bandwidth	502 210 878	44 250 258	502 210 878	12 863 447
Electricity and rates	129 181 323	15 918 036	129 181 323	4 627 336
Cellphone charges	22 762 902	56 648 695	22 762 902	16 467 644
Hotel accommodation	62 352 206	10 998 929	62 352 206	3 197 363
Consultancy	439 056 853	6 613 225	439 056 853	1 922 449
Insurance excess	1 620 000	29 240 516	1 620 000	8 500 150
Hire of conference facilities	160 000	-	160 000	-
Re-measurement of foreign obligations	2 986 187 503	1421 024 051	2 986 187 503	413 088 387
Hardship allowances	-	1 105 595	-	321 394
Recruitment fees	-	161 228 173	-	46 868 655
Overtime	69 600 226	5 453 119	69 600 226	1 585 209
Cash in lieu of leave	-	36 595 006	-	10 638 083
Acting allowance	18 319 433	34 400 000	18 319 433	10 000 000
Funeral benefit	23 094 605	13 630 198	23 094 605	3 962 267
Salary	91 597 166	1 800 076	91 597 166	523 278
Staff welfare	32 133 172	14 318 656	32 133 172	4 162 400
Benefit allowance	-	1 590 205 022	-	462 268 902
Repairs and maintenance motor vehicles	64 962 175	69 853 225	64 962 175	20 306 170
Cleaning	9 892 324	59 798 662	9 892 324	17 383 332
Security	10 920 372	300 552 384	10 920 372	87 369 879
Training	2 280 480	-	2 280 480	-
Legal Fees	2 000 000	-	2 000 000	-
Night allowance	4 884 702	-	4 884 702	-
Protective clothing	745 000	-	745 000	-
Operational utilities	2 773 205	5 638 876	2 773 205	1 639 208
Licencing and subscriptions	200 419 421	241 706 230	200 419 421	70 263 439
Repairs and maintenance	1 236 537 492	26 588 589	1 236 537 492	7 729 241
Marketing and publicity	63 122 339	17 189 680	63 122 339	4 997 000
Books and courier services	685 000	6 805 263	685 000	1 978 274
Printing and Stationery	4 651 300	25 761 699	4 651 300	7 488 866
Rentals	49 992 351	31 548 732	49 992 351	9 171 143
Telephone charges	4 691 222	6 001 252	4 691 222	1 744 550
Travelling and Subsistence	38 199 491	35 945 128	38 199 491	10 449 165
Hire - motor vehicles	4 758 500	46 291 148	4 758 500	13 456 729
Board Fees and Allowances	-	1 040 510	-	302 400
Uniforms	842 445 195	1275 633 229	842 445 195	370 823 613
Computer stationery	2 520 000	3 243 449	2 520 000	942 863
Stock creditors	426 585 756	34 334 958	426 585 756	9 981 092
Trade creditors	1 445 912 475	2 398 336 585	1 445 912 475	658 756 242
Invoice management system	3 836 758	13 198 448	3 836 758	3 836 758
Retention for default liability on projects	5 230 585	1 638 216	5 230 585	476 225
Withholding tax obligations	119 623 551	200 094 027	119 623 551	58 166 868
	8 925 945 961	8 375 300 966	8 925 945 961	2 396 245 814

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

	Inflation adjusted		Historical cost	
	31-Dec-22 ZWL	31-Dec-21 ZWL	31-Dec-22 ZWL	31-Dec-21 ZWL
20 DEPRECIATION FOR THE YEAR				
Depreciation on Property, Plant and Equipment	3 211 245 879	2 652 033 313	1 774 168 994	598 653 118
Amortisation on intangible assets	576 571 712	862 649 436	318 548 600	194 728 992
Depreciation on right of use assets recognised	528 712 759	255 624 081	292 107 132	57 702 953
	4 316 530 350	3 770 306 829	2 384 824 726	851 085 063
21 OTHER INCOME				
Profit on disposal of assets	-	26 724 859	-	6 032 700
Insurance	326 232 659	220 925 843	264 931 995	49 870 393
Clearing of vehicles (Central vehicle registration)	9 530 255	26 486 729	5 086 125	5 978 946
Exchange gain	13 802 089 537	1380 127 581	12 762 831 864	311 541 215
Gain from price difference	3 764 932	2 380 467	3 324 073	537 351
Fair value income	2 702 288 716	3 276 410	2702 288 716	739 596
Auction income	2 033 968	-	709 000	-
Tender documents sales	821	168 870	400	38 120
Donations	779 906 128	-	779 906 128	-
Other commissions	14 429 084	2 838 121	12 154 097	640 659
Fiscal device income	-	14 962 679	-	3 377 580
Commission on Kariba dam toll fees	322 888	185 314	261 894	41 832
Miscellaneous	1 875 037	22 230 744	1 609 572	5 018 227
	17 642 474 025	1 700 307 617	16 533 103 864	383 816 618
22 EMPLOYMENT COST				
Cash in lieu of leave	18 445 432	2 147 924 574	123 730 291	484 858 820
Overtime	1 382 496 395	1 649 757 672	909 681 373	372 405 795
National employment council	189 852 594	204 085 401	110 619 680	46 068 939
Medical expenses	2 620 495 491	1 384 785 774	1 932 969 370	312 592 725
Pension contributions	2 274 242 008	2 358 254 131	1 393 267 822	532 337 276
Social security contributions	492 271 401	295 428 593	329 050 756	66 688 170
Salaries and benefits	49 926 832 858	36 788 248 497	35 579 770 472	8304 345 033
Zimbabwe manpower development and standard levy	674 541 706	584 105 414	444 956 039	131 852 238
	57 579 177 885	45 412 590 055	40 824 045 801	10 251 148 997

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

	Inflation adjusted		Historical cost	
	31-Dec-22 ZWL	31-Dec-21 ZWL	31-Dec-22 ZWL	31-Dec-21 ZWL
23 ADMINISTRATION COSTS				
Allowance for credit loss	1 955 569	7 662 243	1 955 569	1 729 626
Loss on disposal	889 386 450	197 436 297	867 224 788	44 568 013
Board fees and allowances	187 184 632	16 731 773	150 359 406	3 776 924
Cleaning	512 561 043	411 652 886	364 405 595	92 923 902
Consultancy and legal fees	957 114 744	473 805 233	843 789 080	106 953 777
Depreciation and amortisation(note 20.1)	4 316 523 367	3 770 306 829	2 384 824 726	851 085 063
Obsolete stock written off	-	3 206	-	724
Write down of consumables to net realisable value	5 532 460	1 369 729	4,660,377.35	309 194
Marketing and publicity	853 891 836	549 053 558	724 245 147	123 939 855
Motor vehicle expenses	1 968 598 942	1 772 042 046	1 855 052 975	400 009 491
Office accommodation	921 024 530	392 706 021	585 719 401	88 646 957
Office and operational utilities	1 788 515 681	1 097 985 651	1 770 265 160	247 852 291
Printing and stationery	266 334 539	240 341 889	203 613 264	54 253 248
Protective clothing	70 966 959	123 767 821	44 541 960	27 938 560
Recruitment fees	91 075 260	54 810 393	70 683 778	12 372 549
Rentals and hire	3 621 747 683	1 612 499 824	3 085 605 380	363 995 446
Repairs and maintenance	3 282 339 960	1 190 703 389	2 952 054 865	268 781 803
Security	1 724 768 436	1 062 827 873	1 446 442 270	239 915 998
Staff welfare	119 093 214	138 653 473	89 106 430	31 298 752
Subscriptions and licensing	2 153 376 232	1 262 374 731	1 717 246 050	284 960 436
Telephone and postages	393 783 114	469 623 761	278 696 616	106 009 878
Training costs	684 658 977	82 927 842	666 381 241	18 719 603
Uniforms	2 091 203 849	1 666 053 451	1 852 635 074	376 084 300
Fiscalisation devices	1 997 142	2 711 209	612 011	612 011
Audit fees	53 167 564	41 738 535	30 649 020	9 421 791
Travel and subsistence	4 596 383 493	2 088 762 616	3 567 046 737	471 503 977
Bank charges	46 307 546	27 127 561	34 683 205	6 123 603
Written off discontinued projects	7 953 708	12 346 380	7 953 708	2 786 993
Exchange loss	12 432 016 411	2 283 469 169	11 283 442 340	515 455 794
	44 039 463 341	21 051 495 390	36 883 896 172	4 752 030 562
23.1 Depreciation for the year				
Depreciation on				
Property Plant Equipment	3 211 245 879	2 652 033 313	1 774 168 994	598 653 118
Amortisation on Intangible assets	576 571 712	862 649 436	318 548 600	194 728 992
Depreciation on right of use assets recognised	528 712 759	255 624 081	292 107 132	57 702 953
	4 316 530 350	3 770 306 829	2 384 824 726	851 085 063

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

24 RELATED PARTY TRANSACTIONS

24.1 Board of Directors

The board of directors consisted of eleven non-executive directors and one executive member. Gross sitting allowances and fees for the non-executive directors for the year ended December 31, 2022 were as follows:

	Inflation adjusted		Historical cost	
	31-Dec-22 ZWL	31-Dec-21 ZWL	31-Dec-22 ZWL	31-Dec-21 ZWL
Board fees	40 000 558	8 975 534	22 025 526	2 026 080
Board chairperson	4 533 351	1 339 632	2 496 201	302 400
Vice Board chairperson	4 145 067	1 071 706	2 282 400	241 920
Other board members	31 322 140	6 564 197	17 246 925	1 481 760
	39 336 856	7 756 239	21 667 600	1 750 844
Sitting allowances				
Board chairperson	4 056 753	-	2 241 300	-
Vice Board chairperson	3 777 270	1 037 209	2 079 880	234 133
Other board members	31 502 833	6 719 030	17 346 420	1 516 711
	79 337 414	16 731 773	43 693 126	3 776 924

24.2 Key management compensation

The Authority's executive management consists of seventeen members. Remuneration of executive members of the Authority comprise of an annual base salary, annual bonus, social security contributions, pension contributions, medical aid contributions and other benefits. The bonus is based on actual performance (including individual and entity performance).

	Inflation adjusted		Historical cost	
	31-Dec-22 ZWL	31-Dec-21 ZWL	31-Dec-22 ZWL	31-Dec-21 ZWL
24.3 Short term employee benefits	881 985 688	741 258 887	485 648 196	167 327 063
Basic salary	162 796 851	211 206 168	89 640 907	47 676 336
Benefit allowance	475 636 212	264 562 914	261 899 792	59 720 748
General living allowance	75 846 420	84 482 466	41 763 350	19 070 534
Performance Award	21 430 747	24 521 802	11 800 423	5 535 395
Fuel allowance	87 891 973	52 003 507	48 395 999	11 738 941
Medical aid	17 391 895	11 390 278	9 576 507	2 571 169
Acting allowance	3 773 815	4 385 171	2 077 977	989 880
Cost of Living Allowance	37 217 775	88 706 582	20 493 241	20 024 059
	36 697 775	11 576 878	20 206 913	8 150 655
Post employment benefits				
Pension	31 959 129	7 151 751	17 597 670	7 151 755
NSSA	1 954 820	813 342	1 076 383	183 599
Group life assurance	2 458 233	3 189 213	1 353 578	719 913
Funeral fund	325 593	422 572	179 282	95 389
	918 683 463	752 835 765	505 855 109	175 477 718
Total	918 683 463	752 835 765	505 855 109	175 477 718
Cost per employee	23 947 206	15,900,767	13 186 061	3 589 338
Employment cost	74 140 549 580	45 412 590 055	40 824 045 801	10 251 148 997
Number of employees*	3 096	2 856	3 096	2 856
Tax revenue collected	3 876 989 694 012	2 078 590 625 795	2 134 788 664 728	469 207 816 207
Revenue per employee	1 252 257 653	727 797 838	689 531 222	164 288 451

* Staff numbers based on active head of 3096 as at December 31, 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2022

25 PENSION ARRANGEMENTS

25.1 Pension Scheme

The Authority operates a Defined Contributory Scheme plan administered by Old Mutual. The retirement benefits for the Fund administered by Old Mutual are determined by reference to the employees contributions plus employers contribution and interest earned on the Fund and contributions by the employer. Currently 15% of pensionable income is charged to the statement of profit or loss. During the year under review pension fund contributions amounted to ZWL1 393 267 822 (2021: ZWL532 337 276)

25.2 National Social Security Authority (NSSA)

The National Social Security Authority was introduced on October 1, 1994 and with effect from that date all employees are members of the scheme to which both the Authority and its employees contribute as follows:

Employees: 4.5% of the monthly basic salary

Authority: 4.5% of the monthly basic salary

Amount charged through the statement of profit or loss during the year under review amounted to ZWL329 050 756 (2021: ZWL66 688 170).

AUDITED FINANCIAL STATEMENTS

For the year ended December 31, 2022

All communication should be addressed to:

The Auditor-General
P. O. Box CY 143, Causeway, Harare
Telephone: +263-242-793611/3/4
Telegrams: AUDITOR
E-mail: oag@auditgen.gov.zw
Website: www.@auditorgeneral.gov.zw



OFFICE OF THE AUDITOR-GENERAL
5th Floor, Burroughs House,
48 George Silundika Avenue,
Harare

REPORT OF THE AUDITOR-GENERAL

TO

THE MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT

AND

THE BOARD OF DIRECTORS

IN RESPECT OF THE REVENUE RETURN

OF ZIMBABWE REVENUE AUTHORITY

For the year ended December 31, 2022

Report on the Audit of the Revenue Return

Qualified Opinion

I have audited the Revenue Return of the Zimbabwe Revenue Authority set out on pages 69 to 71 for the year ended December 31, 2022. The return reflects assessed revenue collected during the fiscal period ended December 31, 2022.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion of my report, the accompanying Revenue Return presents fairly in all material respects, the revenue collected during the year ended December 31, 2022.

Basis for Qualified Opinion

Unclassified deposits

Included in this return are deposits amounting to ZWL1,098 billion that had not been appropriately classified. The tax heads in this return had not been adjusted to reflect these payments made due to insufficient deposit details. I could not establish the extent of the misstatement per tax head.

I conducted my audit in accordance with International Standards on Audit (ISAs) and International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Revenue Return section of my report. I am independent of the Authority in accordance with the ethical requirements that are relevant to my audit of the Revenue Return, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the Revenue Return for the year ended December 31, 2022. These matters were addressed in the context of my audit of the Revenue Return as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

AUDIT REPORT IN RESPECT OF THE REVENUE RETURN (continued)

For the year ended December 31, 2022

Key Audit Matter	How my audit addressed the Key Audit Matter
<p>Value Added Tax refunds. (Refer to Note 4.1)</p> <p>There is presumed risk of VAT refunds to incorrect input tax claims by clients. During the period under review, VAT refunds amounting to ZWL\$108.4 billion were processed by the Authority and this amount was significant to this return.</p> <p>Therefore, I considered this to be a key audit matter.</p>	<p>My audit procedures to address the risk of material misstatement relating to receipts and disbursements, which was considered to be a significant risk, included:</p> <ul style="list-style-type: none"> • Tested of controls over the Authority's information technology VAT refunds system assisted by my information technology specialist. • Tested and evaluated of the Authority's authorisation and processing procedures. • Evaluated and scrutinised tax audits performed by the Authority. <p>From the detailed analysis of the refunds processed during the year, I obtained satisfactory evidence over the controls that management put in place to prevent fraudulent claims.</p>

Other Information

The directors are responsible for the Other Information. The Other Information comprises all the information in the Zimbabwe Revenue Authority's 2022 annual report other than the revenue return and my auditor's report thereon ("the Other Information").

My opinion on the Authority's revenue return does not cover the Other Information and I do not express any form of assurance or conclusion thereon.

In connection with my audit of the Authority's revenue return, my responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the Authority's revenue return or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Revenue Return

The Authority's Management are responsible for the preparation of this Return in a manner required by the Revenue Authority Act [Chapter 23:11] and the Public Finance Management Act [Chapter 22:19]. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Revenue Return that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's Responsibilities for the Audit of the Revenue Return

The objectives of my audit are to obtain reasonable assurance about whether the Revenue Return as a whole is free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but it's not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this return.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. I also:

- Identify and assess the risks of material misstatement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Evaluate the overall presentation, structure and content of the Revenue Return, including the disclosures, and whether the Revenue Return represent the underlying transactions and events in a manner that achieves fair presentation
- I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

AUDIT REPORT IN RESPECT OF THE REVENUE RETURN (continued)

For the year ended December 31, 2022

I communicate with directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit. I also provide directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with directors, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In my opinion, the Revenue Return has, in all material respects, been prepared in compliance with the disclosure requirements of the Public Finance Management Act [Chapter 22:19], Zimbabwe Revenue Authority Act [Chapter 23:11] and other relevant Statutory Instruments.

16 June 2023.



R. KUJINGA,
ACTING AUDITOR - GENERAL.

REVENUE RETURN

for the fiscal period ending December 31, 2022

DESCRIPTION	ACTUAL 31-Dec-22 ZWL	BUDGET 31-Dec-22 ZWL	ACTUAL 31-Dec-21 ZWL	BUDGET 31-Dec-21 ZWL
TOTAL REVENUE	1,992,191,950,287	1,604,856,000,249	463,570,205,824	387,396,199,416
1 TAXES ON INCOME AND PROFITS	731,807,336,679	615,063,659,080	181,402,250,033	160,249,561,108
1.1 Income Tax				
Individuals	395,906,915,961	269,836,574,235	84,596,805,484	72,236,865,065
Companies	306,757,828,597	313,783,700,215	94,670,601,225	73,553,926,443
Aids Levy	(20,465,963,434)	-	(5,221,379,192)	-
	682,198,781,124	583,620,274,451	174,046,027,517	145,790,791,508
1.2 Capital Gains				
Capital Gains tax	3,269,574,466	7,079,340,320	127,162,094	1,909,944,441
Companies	10,090,903,988	-	1,545,402,303	-
Withholding	1,582,513,060	1,248,972,516	375,923,567	310,921,188
	14,942,991,513	8,328,312,837	2,048,487,964	2,220,865,629
1.3 Domestic dividends and interest				
Non executive directors fees	1,332,783,057	19,552,246,111	398,644,559	677,443,437
Non resident tax on fees	6,876,280,467	1,198,140,627	1,663,679,235	6,707,919,821
Non resident tax on royalties	1,162,941,453	112,287,503	157,829,167	1,475,330,732
Non resident tax on remittance	579,911,167	141,751,076	196,558,147	804,757,341
Non resident tax on interest	3,806,552	56,683,301	4,967,498	24,379,371
Non resident shareholders' tax	21,104,291,945	1,727,738,112	2,337,344,750	1,433,859,016
Resident shareholders' tax	2,595,846,110	245,274,048	425,520,169	911,928,625
Resident tax on interest	998,978,966	80,951,014	120,601,309	202,285,627
Non Executive Directors Fees	10,724,323	-	2,589,718	-
	34,665,564,041	23,115,071,793	5,307,734,552	12,237,903,971
2 TAX ON GOODS AND SERVICES	938,397,521,558	700,013,973,711	205,811,286,731	178,309,999,313
2.1 Customs Duties				
Prime and surtax	139,696,079,456	111,352,111,762	29,270,184,529	27,314,519,702
Less Duty refunds	(620,572,347)	-	(110,487,667)	-
Prepayment Account	22,296,038,874	-	2,989,110,056	-
	161,371,545,983	111,352,111,762	32,148,806,918	27,314,519,702
2.2 Excise Duties				
Beer	27,885,673,909	19,445,670,002	5,455,243,222	4,350,855,436
Tobacco	8,387,389,578	3,398,183,120	757,615,853	526,819,593
Wine and spirits	7,349,176,475	4,816,976,276	1,687,219,457	448,092,622
Second hand motor vehicles	933,999,405	440,169,971	165,240,992	19,611,841
Fuel	196,694,564,527	140,841,499,595	39,647,882,621	35,707,007,535
Electric lamb	82,298	-	446,090	-
Airtime	30,141,246,452	25,822,043,090	9,251,429,140	9,415,147,574
	271,392,132,644	194,764,542,054	56,965,077,375	50,467,534,601
2.3 Value Added Tax				
On local sales	379,362,783,277	233,106,461,467	89,108,708,786	63,679,616,380
levied on imports	234,642,414,652	160,790,858,427	37,203,754,305	36,848,328,630
Less Refunds	(108,371,354,998)	-	(9,615,060,653)	-
	505,633,842,931	393,897,319,894	116,697,402,438	100,527,945,010

REVENUE RETURN (continued)
for the fiscal period ending December 31, 2022

DESCRIPTION	ACTUAL	BUDGET	ACTUAL	BUDGET
	31-Dec-22 ZWL	31-Dec-22 ZWL	31-Dec-21 ZWL	31-Dec-21 ZWL
3 OTHER TAXES				
Tobacco levy	4,409,061,170	4,482,151,315	801,542,509	472,738,371
Clearance fees				
Presumptive tax (Informal traders tax)	1,890,765,837	1,819,428,256	525,418,441	49,870,000
Withholding tax on contracts	28,050,908,762	22,404,424,348	7,144,256,916	4,635,218,181
Intermediate Money Transfer	185,650,939,791	147,765,030,191	44,678,854,381	29,069,803,940
Stamp duties and fees	3,683,261,745	3,188,517,493	815,658,443	242,905,000
Mining royalties	61,872,297,621	61,113,191,755	13,759,203,511	11,511,425,317
Less Refunds	(54,332,078)			
Carbon tax	27,593,355,171	19,244,671,029	5,688,094,572	2,655,378,186
Automated Teller Machines Levy	498,711,126	130,722,345	15,303,816	39,360,000
Miscellaneous	12,912,091	474,504,428	18,345,615	-
Levy on Dairy Products	609,260,964	-	-	-
Accounting fees	138,901,582	-	44,708,763	-
Fines	3,370,442,109	-	583,895,853	-
Interest	123,437,832	-	21,945,450	-
Cancellation fees	50,203,397	-	7,106,746	-
Rummage sales	1,698,229,531	-	325,102,245	-
Less rummage sale expenses	(68,955,048)	-	(9,639,440)	-
Business licences	71,906,594	5,770,507,580	64,362,426	159,940,000
State warehouse rent	634,108,553	-	124,145,215	-
Estreated Deposits	114,960,435	-	22,543,933	-
Surplus Cash	43,808,816	-	5,473,006	-
Unreceipted funds	1,098,091,055	-	1,614,867,103	-
Sealing Fee	379,199,292	-	104,920,784	-
Sealing Diversion Fine	95,521,079	-	335,754	-
Electronic Cargo Tracking				
System Tempering Fine	20,094,621	-	223,018	-
Strategic Reserve Levy	-	23,385,218,719	-	-
Tax reserve certificate	-	-	-	-
	321,987,092,049	289,778,367,459	76,356,669,060	48,836,638,995



E. R. CHITANDA, (CA)
(Director Finance and Administration)

13 June, 2023.



R. S. CHINAMASA,
(Commissioner General)

13 June, 2023.



A.S. MANDIWANZA,
(Board Chairman)

14 June, 2023.

NOTES TO THE REVENUE RETURN

for the fiscal period ending December 31, 2022

1. MANDATE OF ZIMBABWE REVENUE AUTHORITY

The Zimbabwe Revenue Authority (ZIMRA) commenced operations on September 1, 2001 after the merging of the former Departments of Taxes and Customs and Excise. The Authority is constituted in terms of the Revenue Authority Act [Chapter 23:11] of 1999. Its core business is the collection of revenue for the Government of Zimbabwe, administration of tax laws and the facilitation of trade and travel.

2. BASIS OF PREPARATION

1.1 Statement of compliance

The Revenue Return for the year ended December 31, 2022, has been prepared in accordance with the Revenue Authority Act [Chapter 23:11] and Public Finance Management Act [Chapter 22:19].

2.2. Basis of measurement

The Revenue Return is prepared based on the statutory records that are maintained under the historical cost basis.

2.3. Reporting currency

This return is presented in the Zimbabwe Dollar (ZWL) which is the reporting currency. All the financial information presented has been rounded to the nearest dollar. Foreign currency collections were converted to Zimbabwe Dollars as at transaction date, using the applicable Reserve Bank of Zimbabwe Auction rate.

3. ACCOUNTING POLICIES

The Revenue Return is prepared based upon accounting policies which have been consistently applied from the preceding years.

3.1. Taxes revenue

All cash tax revenue collected by the Zimbabwe Revenue Authority is paid direct into the Exchequer account except otherwise stated. Physical tax revenue (mining royalties) are delivered to designated custodians and are excluded from this return.

3.2. Revenue Return

All cash collections by way of taxes, duties, royalties, fees less of refunds are reflected in the Revenue Return.

4. NOTES TO THE REVENUE RETURN

4.1 Refunds

	31/12/2022 ZWL	31/12/2021 ZWL
VAT	108 371 354 998	9 615 060 653
Duty	605 949 376	110 487 667
Total	108 977 304 374	9 725 548 320

4.2 Rummage sale collections

Rummage Sale	1 698 229 531	325 102 245
Less Rummage Sale related Expenses	68 955 048	(9 639 440)
Net Rummage Sale Collections¹	629 274 483	315 462 805

All communication should be addressed to:

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Website: www.@auditorgeneral.gov.zw

OFFICE OF THE AUDITOR-GENERAL

5th Floor, Burroughs House,
48 George Silundika Avenue,
Harare



REPORT OF THE AUDITOR-GENERAL

TO

THE MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT

AND

THE BOARD OF DIRECTORS

IN RESPECT OF THE RECEIPTS AND DISBURSEMENTS RETURN

OF ZIMBABWE REVENUE AUTHORITY

For the year ended December 31, 2022

Report on the Audit of the Receipts and Disbursements Return

Opinion

I have audited the Receipts and Disbursements Return of the Zimbabwe Revenue Authority set out on pages 75 to 77 for the year ended December 31, 2022. The return reflects receipts and disbursements made during the year ended December 31, 2022.

In my opinion, the Receipts and Disbursements Return presents fairly, in all material respects, the receipts and disbursements made during the year ended December 31, 2022.

Basis of Opinion

I conducted my audit in accordance with International Standards on Audit (ISAs) and International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Receipts and Disbursements Return section of my report. I am independent of the Authority in accordance with the ethical requirements that are relevant to my audit of the Receipts and Disbursements Return, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the Zimbabwe Revenue Authority's Receipts and Disbursements Return for the year ended December 31, 2022. These matters were addressed in the context of my audit of the Receipts and Disbursement Return as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

AUDIT REPORT IN RESPECT OF THE RECEIPTS AND DISBURSEMENTS RETURN (continued)

For the year ended December 31, 2022

Key Audit Matter	How my audit addressed the Key Audit Matter
<p>Value Added Tax refunds (Refer to note 4.5)</p> <p>There is presumed risk of VAT refunds to incorrect input tax claims by clients. During the period under review, VAT refunds amounting to ZWL\$108.4 billion were processed by the Authority and this amount was significant to this return.</p> <p>Therefore, I considered this to be a key audit matter.</p>	<p>My audit procedures to address the risk of material misstatement relating to receipts and disbursements, which was considered to be a significant risk, included:</p> <ul style="list-style-type: none"> • Tested of controls over the Authority's information technology VAT refunds system assisted by my information technology specialist. • Tested and evaluated of the Authority's authorisation and processing procedures. • Evaluated and scrutinised tax audits performed by the Authority. <p>From the detailed analysis of the refunds processed, I obtained satisfactory evidence over the controls in place to prevent fraudulent claims.</p>

Other Information

The directors are responsible for the Other Information. The other Information comprises all the information in the Zimbabwe Revenue Authority's 2022 annual report other than the Receipts and Disbursements return and my auditor's report thereon ("the Other Information").

My opinion on the Authority's Receipts and Disbursements does not cover the Other Information and I do not express any form of assurance or conclusion thereon.

In connection with my audit of the Authority's Receipts and Disbursements Return, my responsibility is to read the Other Information and, in doing so, consider whether the other Information is materially inconsistent with the Authority's Receipts and Disbursements Return or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Receipts and Disbursements Return

Management are responsible for the preparation of this Return in a manner required by the Revenue Authority Act [Chapter 23:11] and the Public Finance Management Act [Chapter 22:19]. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Receipts and Disbursements Return that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's Responsibilities for the Audit of the Receipts and Disbursements Return

The objectives of my audit is to obtain reasonable assurance about whether the Receipts and Disbursements return as a whole is free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but it's not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this return.

As part of an audit in accordance with ISAs, I am required to exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. I also:

- Identify and assess the risks of material misstatement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the Receipts and Disbursements Return, including the disclosures, and whether the Receipts and Disbursements Return represent the underlying transactions and events in a manner that achieves fair presentation.

AUDIT REPORT IN RESPECT OF THE RECEIPTS AND DISBURSEMENTS RETURN (continued)

For the year ended December 31, 2022

I communicate with directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

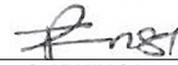
I provide directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with directors, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In my opinion, the Receipts and Disbursements Return has, in all material respects, been prepared in compliance with the disclosure requirements of the Revenue Authority Act [Chapter 23:11], Public Finance Management Act [Chapter 22:19], and other Relevant Statutory Instruments.

16 June, 2023.



R. KUJINGA,
ACTING AUDITOR - GENERAL.

ACCOUNTING POLICIES AND NOTES TO THE RECEIPTS AND DISBURSEMENTS RETURN

For the year ended December 31, 2022

Description	Historical Cost			
	2022		2021	
	Dr ZWL	Cr ZWL	Dr ZWL	Cr ZWL
Opening balance as at January 1, 2022	6 168 721 063	-	672 220 181	-
Additions during the year	2 185 462 072 442	-	494 143 728 326	-
Less Disbursements in respect of:				
Clearance Fees	-	710,859,925	-	339 478 538
Refunds	-	109 115 214 471	-	9 735 187 761
Exchequer account	-	1 739 887 208 562	-	402 981 955 427
Intermediate money transfer tax (IMTT)	-	178 046 975 816	-	43 731 349 288
Retention grant	-	74 112 544 448	-	18 698 798 182
Bank charges	-	16 936	-	1 753 086
Aids levy	-	17 571 799 280	-	4 674 351 711
Sealing Fines and Fees	-	-	-	99 387 918
NOCZIM levy	-	385 871	-	1 241 219 555
Commissions	-	240 792 842	-	55 190 473
Motor insurance	-	1 897 342 765	-	441 149 851
Toll fees	-	1 932 444	-	326 156
Strategic Reserve Levy	-	2 156 968 865	-	1 640 743 952
Petroleum levy	-	477 951	-	50 059 518
Transit fees	-	-	-	2 085
Road access fees	-	623 781 381	-	3 858 760
Veterinary inspection fees	-	36 360 335	-	4 394 079
Presumptive tax levy	-	1 578 220 263	-	499 521 380
Health fund-airtime levy	-	12 874 501 143	-	4 366 720 898
Health inspection fees	-	323 820 061	-	56 975 595
Plant Quarantine Services	-	87 030 853	-	24 803 232
National Biotechnology Authority	-	151 721 574	-	-
Environmental Management Agency	-	476 143 129	-	-
Radiation Protection Authority	-	1 412 586	-	-
Forestry Commission	-	6 323 624	-	-
Main account bank balance As at December 31, 2022	-	51 728 958 378	-	6 168 721 063
TOTAL	2 191 630 793 505	2 191 630 793 505	494 815 948 507	494 815 948 507



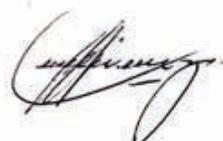
E. R. CHITANDA, (CA)
(Director Finance and Administration)

13 June, 2023.



R. S. CHINAMASA,
(Commissioner General)

13 June, 2023.



A.S. MANDIWANZA,
(Board Chairman)

14 June, 2023.

ACCOUNTING POLICIES AND NOTES TO THE RECEIPTS AND DISBURSEMENTS RETURN (continued)

For the year ended December 31, 2022

1. MANDATE OF ZIMBABWE REVENUE AUTHORITY

The Zimbabwe Revenue Authority (ZIMRA) commenced operations on September 1, 2001 after the merging of the former Departments of Taxes and Customs and Excise. The Authority is constituted in terms of the Revenue Authority Act [Chapter 23:11] of 1999. Its core business is the collection of revenue for the Government of Zimbabwe, administration of tax laws and the facilitation of trade and travel.

2. BASIS OF PREPARATION

1.1 Statement of compliance

The Receipts and Disbursements Return for the year ended December 31, 2022, has been prepared in accordance with the Revenue Authority Act [Chapter 23:11] and Public Finance Management Act [Chapter 22:19].

2.2. Basis of measurement

The Receipts and Disbursements Return was prepared based on the statutory records that are maintained under the historical cost basis.

2.3. Reporting currency

This return is presented in the Zimbabwe Dollar (ZWL) which is the reporting currency. All the financial information presented has been rounded to the nearest dollar. Foreign currency collections were converted to Zimbabwe Dollars as at transaction date, using the applicable interbank rate.

3. ACCOUNTING POLICIES

The Receipts and Disbursements Return was prepared based upon accounting policies which have been consistently applied from the preceding years.

3.1. Taxes revenue

All tax revenue collected by the Zimbabwe Revenue Authority is paid direct into the Exchequer account except otherwise stated.

3.2. Receipts

Collections from clients for various statutory obligations are accounted for as receipts.

3.3 Disbursements

Payments to Exchequer, Treasury, third parties and retention are accounted for as disbursements.

4. NOTES TO THE RECEIPTS AND DISBURSMENTS RETURN

4.1 Motor Insurance

The Authority entered into an agreement with the Motor Insurance Pool to sell third party insurance cover to foreign registered vehicles entering Zimbabwe at all border posts.

In accordance with the existing agreement, the Pool shall pay ZIMRA an issuing and collection fee of ten percent (10%) of the total collections from issued policies.

4.2 Investments

There were no investments for the fiscal year ended December 31, 2022.

4.3 Exchange gains

Included in the transfers to Exchequer accounts are exchange gains relating to duties, taxes and fees paid in another currency, which results in a gain when the amount is converted to ZWL.

4.4 Retention

The retention relates to taxes that the Authority retains from collections for use in their operations. During 2022, The Authority retained Grant and Clearance Fees.

ACCOUNTING POLICIES AND NOTES TO THE RECEIPTS AND DISBURSEMENTS RETURN (continued)

For the year ended December 31, 2022

4.5 Commissions

The commission relates to amounts the Authority retains from acting as an agent of other entities.

4.6 Refunds

	31/12/2022 ZWL	31/12/2021 ZWL
VAT	108 371 354 998	9 615 060 653
Duty	674 904 424	110 487 667
Mining Royalties	-	-
Rummage Sale	68 955 048	9 639 441
Total	109 115 214 470	9 735 187 761

All communication should be addressed to:

The Auditor-General
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OFFICE OF THE AUDITOR-GENERAL
5th Floor, Burroughs House,
48 George Silundika Avenue,
Harare



REPORT OF THE AUDITOR-GENERAL

TO

THE MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT

AND

THE BOARD OF DIRECTORS

IN RESPECT OF THE TAX RESERVE CERTIFICATES RETURN

OF ZIMBABWE REVENUE AUTHORITY

For the year ended December 31, 2022

Report on the Audit of the Tax Reserve Certificate Return

Opinion

I have audited the Tax Reserve Certificates Return of the Zimbabwe Revenue Authority set out on pages 80 to 81 for the year ended December 31, 2022. The return reflects tax reserves for the year ended December 31, 2022.

In my opinion, the Tax Reserve Certificates Return presents fairly, in all material respects, the tax reserves for the year ended December 31, 2022.

Basis of Opinion

I conducted my audit in accordance with International Standards on Audit (ISAs) and International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Tax Reserve Certificates Return section of my report. I am independent of the Authority in accordance with the ethical requirements that are relevant to my audit of the Tax Reserve Certificates Return, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the Zimbabwe Revenue Authority's Tax Reserve Certificates Return for the year ended December 31, 2022. I have determined that there are no key audit matters to communicate in my report.

Other Information

The directors are responsible for the Other Information. The Other Information comprises all the information in the Zimbabwe Revenue Authority's 2022 annual report other than the revenue returns and my auditor's report thereon ("the Other Information").

My opinion on the Authority's Tax Reserve Certificates Return does not cover the Other Information and I do not express any form of assurance conclusion thereon.

AUDIT REPORT IN RESPECT OF THE TAX RESERVE CERTIFICATES RETURN (continued)

For the year ended December 31, 2022

In connection with my audit of the Authority's Tax Reserve Certificates Return, my responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the Authority's Tax Reserve Certificates Return or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Tax Reserve Certificates Return

The Authority's Management are responsible for the preparation of this Return in a manner required by the Revenue Authority Act [Chapter 23:11] and the Public Finance Management Act (Chapter 22:19). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Tax Reserve Certificates Return that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's Responsibilities for the Audit of the Tax Reserve Certificates Return

The objectives of my audit are to obtain reasonable assurance about whether the tax reserve certificates return as a whole is free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but it's not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this return.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. I also:

- Identify and assess the risks of material misstatement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the Tax Reserve Certificates Return, including the disclosures, and whether the Tax Reserve Certificates Return represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during my audit. I also provide directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with directors, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In my opinion, the Tax Reserve Certificates Return has, in all material respects, been properly prepared in compliance with the disclosure requirements of Public Finance Management Act [Chapter 22:19], Tax Reserve Certificate Act [Chapter 23:10] and other relevant Statutory Instruments.

16 June, 2023.



R. KUJINGA,
ACTING AUDITOR - GENERAL.

TAX RESERVE CERTIFICATES RETURN

As at December 31, 2022

REVENUE HEAD

Value of certificates not converted
 Add sales from January to December
 Less conversions from January to December
 Balance at year end
Total

TAX RESERVES

31/12/2022 ZWL	31/12/2021 ZWL
-	-
-	-
-	-
-	-



E. R. CHITANDA, (CA)
 (Director Finance and Administration)

13 June, 2023.



R. S. CHINAMASA,
 (Commissioner General)

13 June, 2023.



A. S. MANDIWANZA,
 (Board Chairman)

14 June, 2023.

NOTES TO THE TAX RESERVE CERTIFICATES RETURN

As at December 31, 2022

1. MANDATE OF ZIMBABWE REVENUE AUTHORITY

The Zimbabwe Revenue Authority (ZIMRA) commenced operations on September 1, 2001 after the merging of the former Departments of Taxes and Customs and Excise. The Authority is constituted in terms of the Revenue Authority Act [Chapter 23:11] of 1999. Its core business is the collection of revenue for the Government of Zimbabwe, administration of tax laws and the facilitation of trade and travel.

2. BASIS OF PREPARATION

1.1 Statement of compliance

The Tax Reserve Certificate Return for the year ended December 31, 2022, has been prepared in accordance with the Revenue Authority Act [Chapter 23:11] and the Public Finance Management Act [Chapter 22:19].

2.2. Basis of measurement

The Tax Reserve Certificate Return was prepared based on statutory records that are maintained under the historical cost.

2.3. Reporting currency

This return is presented in the Zimbabwe Dollars (ZWL) which is the reporting currency. Foreign currency collections are converted to the Zimbabwe Dollars at the transaction date, using the applicable Reserve Bank of Zimbabwe Auction rate.

3. ACCOUNTING POLICIES

The Tax Reserve Certificate Return was prepared based upon accounting policies which have been consistently applied from the preceding years.

3.1. Taxes revenue

All tax revenue collected by the Zimbabwe Revenue Authority is accounted for on cash basis as receipted.

3.2. Tax Reserves

Tax Reserves are amounts which have been prepaid by clients in relation to tax reserves granted by the Commissioner General and are paid into the Consolidated Revenue Fund.

All communication should be addressed to:

The Auditor-General
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Telephone: +263-242-793611/3/4
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Website: www.@auditorgeneral.gov.zw



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Harare

REPORT OF THE AUDITOR-GENERAL

TO

THE MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT

AND

THE BOARD OF DIRECTORS

IN RESPECT OF THE OUTSTANDING REVENUE RETURN

OF ZIMBABWE REVENUE AUTHORITY

For the year ended December 31, 2022

Report on the Audit of the Outstanding Revenue Return

Qualified Opinion

I have audited the Outstanding Revenue Return of the Zimbabwe Revenue Authority set out on pages 85 to 87 for the year ended December 31, 2022. The return reflects assessed outstanding revenue as at December 31, 2022.

In my opinion, except for the effects of matters described in the basis of Qualified Opinion section of my report, the accompanying Outstanding Revenue Return presents fairly, in all material respects, the outstanding revenue as at December 31, 2022.

Basis of Qualified Opinion

i. Unclassified Deposits

The Authority received a total of ZWL 1,098 billion in deposits from clients. These amounts were not receipted and allocated to any tax head as at December 31, 2022 due to insufficient payment details. As a result, some clients continued to accumulate penalties and interest for outstanding amounts. The outstanding revenue return have not been adjusted for these deposits.

ii. E-Service Platform

The E-service platform was not performing as expected since 2016. It was not able to handle voluminous transactions during peak periods of returns submission. Although the Authority had put alternative means of submitting returns through emails and then capture them manually into the system, it was not able to clear all submitted returns leading to some clients' accounts remaining in credit as at December 31, 2022. As a result, some business partners with outstanding returns were not charged civil penalties on outstanding returns. I could not establish the extent of the misstatement.

iii. Temporary Import Permits

There were 26 487 expired electronic Temporary Import Permits that were issued and had and not been acquitted as at December 31, 2022. In addition, the Authority issued 43 385 manual Temporary Import Permits during the year, however I could not establish the number of manual TIPs that had expired due to weaknesses in the internal controls. As a result, I could not verify the total number of expired TIPs that were not acquitted. I was therefore not able to establish any potential duty in relation to expired TIPs that were not acquitted.

AUDIT REPORT IN RESPECT OF THE OUTSTANDING REVENUE RETURN (continued)

For the year ended December 31, 2022

iv. VAT Refunds

There were VAT refunds which were fraudulently processed during the year ended December 31, 2020. The process to quantify the extent of fraud was yet to be finalised as internal investigations had not been concluded hence the outstanding revenue return was not yet adjusted.

v. Private imports debt

Included in customs debt were entries made in advance (pre-clearance) by clients. However, not all clients proceeded with the importation, resulting in lodged entries remaining open indefinitely. As a result, the customs debt had private import entries that back dated to 2015. In addition, the ASYCUDA system was not configured to flag out multiple entries for the same consignment by private importers. This shortfall permitted duplicates that misstate the customs debt. My audit revealed that there were instances of multiple entries made by a single declarant, which could not be traced to the goods. The records of the Authority showed a total of ZWL3.56 billion in private imports debt as at December 31, 2022. Although an exercise to manually identify duplicates was on going, I was not able to ascertain whether all duplicates were identified and adjusted for.

I conducted my audit in accordance with International Standards on Audit (ISAs) and International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Outstanding Revenue Return section of my report. I am independent of the Authority in accordance with the ethical requirements that are relevant to my audit of the Outstanding Revenue Return, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the Zimbabwe Revenue Authority's Outstanding Revenue Return. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

The directors are responsible for the Other Information. The Other Information comprises all the information in the Zimbabwe Revenue Authority's 2022 annual report other than the Outstanding Revenue Return and my auditor's report thereon ("the Other Information").

My opinion on the Authority's Outstanding Revenue Return does not cover the Other Information and I do not express any form of assurance or conclusion thereon.

In connection with my audit of the Authority's Outstanding Revenue Return, my responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the Authority's Outstanding Revenue Return or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Outstanding Revenue Return

The Authority's Management are responsible for the preparation of this Return in a manner required by the Revenue Authority Act [Chapter 23:11] and the Public Finance Management Act [Chapter 22:19]. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Outstanding Revenue Return that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's Responsibilities for the Audit of the Outstanding Revenue Return

The objectives of my audit is to obtain reasonable assurance about whether the Outstanding Revenue return as a whole is free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but it's not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this return.

As part of an audit in accordance with ISAs, I am required to exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. I also:

- Identify and assess the risks of material misstatement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

AUDIT REPORT IN RESPECT OF THE OUTSTANDING REVENUE RETURN (continued)

For the year ended December 31, 2022

- Evaluate the overall presentation, structure and content of the Outstanding Revenue Return, including the disclosures, and whether the Outstanding Revenue Return represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

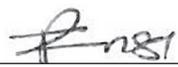
I provide directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with directors, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In my opinion, the Outstanding Revenue Return has, in all material respects, been prepared in compliance with the disclosure requirements of the Revenue Authority Act [Chapter 23:11], Public Finance Management Act [Chapter 22:19], and other Relevant Statutory Instruments.

16 June, 2023.



R. KUJINGA,
ACTING AUDITOR - GENERAL.

OUTSTANDING REVENUE RETURN

As at December 31, 2022

REVENUE HEAD

OUTSTANDING AMOUNT

	Note	OUTSTANDING AMOUNT	
		31/12/2022 ZWL	31/12/2021 ZWL
Automated Teller Machines Levy		26 219	268 029
Capital gains tax (CGT)		1 698 940 569	262 462 173
Capital gains withholding tax		49 639 164	8 897 449
Carbon tax		779 194 574	-
Customs duty		4 726 216 429	12 817 583 540
Excise duty		837 129 988	1 658 192 444
Non - executive directors fees		20 885 489	24 553 740
Non - residence shareholder tax		154 804 787	45 945 064
Non - residence tax on fees		368 942 216	484 154 349
Non - resident tax on Interest		355 840	638 785
Non - resident tax on remittance		95 973 174	81 606 642
Non - resident tax on royalties		325 446 921	10 559 275
Special excise		426 764 685	54 333.00
Resident shareholders tax		98 449 316	62 435 124
Resident tax on interest		27 891 541	21 976 982
Income tax companies		10 110 576 027	4 338 437 354
Intermediate money transfer tax		9 163 623	49 247 931
Noczim levy		-	-
Clearance fees		-	4 020
Other		723 917 540	20 579 368
Demutualisation levy		-	0
Pay as you earn (PAYE)		35 773 894 812	5 623 414 723
Penalty		616 548 997	1 691 509 062
Presumptive tax		271 548 605	42 619 111
Royalties on minerals		74 723 835	58 918 815
Stamp duties		77 042 298	5 588 242
State warehouse rent		719 673 390	13 465 065
Surtax		927 873 071	207 975 809
Pension directives		3 266 773	3 805 682
Tobacco levy		1 052 953	170 067 008
Fines		300 358 650	-
Value Added Tax		20 777 738 209	4 024 828 977
Value Added Tax withholding tax		1 822 598	29 111 478
Value Added Tax on imports services		48 385 837	6 825 153
Value Added Tax on imports		3 009 803 088	741 410 608
Withholding tax on tenders		3 419 301 156	750 531 471
Withholding tax non resident Tax		194 732	395 668.32
TOTAL	4.3	86 477 547 109	33 258 063 473



E. R. CHITANDA, (CA)
(Director Finance and Administration)

13 June, 2023.



R. S. CHINAMASA,
(Commissioner General)

13 June, 2023.



A. S. MANDIWANZA,
(Board Chairman)

14 June, 2023.

NOTES OF THE OUTSTANDING REVENUE RETURN

For the year ended December 31, 2022

1. MANDATE OF ZIMBABWE REVENUE AUTHORITY

The Zimbabwe Revenue Authority (ZIMRA) started to operate as an Authority on September 1, 2001 from the former Department of Taxes and is constituted in terms of the Revenue Authority Act [Chapter 23:11] of 1999. Its core business is the collection of revenue for the Government of Zimbabwe, administration of tax laws and the facilitation of trade and economic development in the region and beyond.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The Outstanding Revenue Return for the year ended December 31, 2022, has been prepared in accordance with the Revenue Authority Act [Chapter 23:11] and the Public Finance Management Act [Chapter 22:19].

2.2. Basis of measurement

The Outstanding Revenue Return was prepared based on historical records of assessed tax and audit of tax returns.

2.3. Reporting currency

This return is presented in the RTGS Dollar (ZWL) that is the reporting currency. All the financial information presented has been rounded to the nearest dollar. Foreign currency collections were converted to Zimbabwe dollars as at transaction date, using the applicable interbank rate.

3. ACCOUNTING POLICIES

The Outstanding Revenue Return was prepared based upon accounting policies which have been consistently applied and which are supported by the reasonable judgments of estimates.

3.1. Taxes revenue

All tax revenue collected by the Zimbabwe Revenue Authority is paid direct into the Exchequer account except otherwise stated. Physical tax revenue outstanding (mining royalties) that are delivered to designated custodians are excluded from this return.

3.2. Domestic taxes outstanding revenue

Domestic taxes outstanding revenue is calculated based on the due dates for the various tax heads. This outstanding revenue excludes revenue that may subsequently be established through tax audit assessments.

3.3. Customs and excise outstanding revenue

Customs and excise outstanding revenue is calculated based on customs duty on cleared bills of entry and excludes bills of entry for Removal in Transit (RITs) and any duty from Temporary Import Permits (TIPs) which may have been liable for duty.

NOTES OF THE OUTSTANDING REVENUE RETURN (continued)

For the year ended December 31, 2022

4. RECONCILIATION OF OUTSTANDING REVENUE

	31/12,/2022 ZWL	31/12/2021 ZWL
4.1 Domestic Taxes outstanding revenue		
Opening debt balance at January 01	16 267 895 745	7 962 398 679
Less Adjustment of transposition	185 314 281	-
Less: Receipts for amounts owing (collections)	(516 678 500)	(2 933 821 761)
Subtotal old debt as at December 31	15 565 902 963	5 028 576 918
Add: Assessments for current year	57 628 512 753	11 054 004 545
Less: Receipts for assessments raised in current year	-	-
Closing debt balance at December 31	73 194 415 716	16 082 581 463
4.2 Customs and Excise outstanding revenue		
Opening debt balance at January 01	16 990 167 728	560 727 524
Add: Adjustment of transposition	185 314 281	-
Less: Receipts for amounts owing (collections)	(14 862 516)	(419 302 848)
Subtotal old debt as at December 31	2 312 965 597	141 424 676
Add: Assessments for current year	45 787 096 854	16 848 743 052
Less: Receipts for assessments raised in current year	(34 816 931 059)	-
Closing debt balance at December 31	13 283 131 393	16 990 167 728
4.3 Debt Grand Total		
Domestic tax debt (note 4,1)	73 194 415 716	16 267 895 745
Customs debt (note 4.2)	13 283 131 393	16 990 167 728
Grand total	86 477 547 109	33 258 063 473
4.4 Removal in Transit (RIT) not yet acquitted		
Total Removal in Transit (RITs) not acquitted	752 153 218	121 304 801
4.5 Other Debtors		
Opening balance	20 579 368	9 315 125
Additions Debtors	-	11 264 243
Closing balance	20 579 368	20 579 368
4.6 Amounts held by entities under liquidation and judicial management		ZWL
INTERFIN		1 709 391
METBANK		4 899 050
TETRAD		1 849 796
GRAND TOTAL		8 458 237

All communication should be addressed to:

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OFFICE OF THE AUDITOR-GENERAL

5th Floor, Burroughs House,
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Harare

REPORT OF THE AUDITOR-GENERAL

TO

THE MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT

AND

THE BOARD OF DIRECTORS

IN RESPECT OF THE REVENUE WRITTEN OFF RETURN

OF ZIMBABWE REVENUE AUTHORITY

For the year ended December 31, 2022

Report on the Audit of the Revenue Written Off Return

Opinion

I have audited the Revenue Written Off Return of the Zimbabwe Revenue Authority set out on pages 90 for the year ended December 31, 2022. The return reflects revenue written off during the year ended December 31, 2022.

In my opinion, the Revenue Written Off Return presents fairly, in all material respects, the revenue written off during the year ended December 31, 2022.

Basis of Opinion

I conducted my audit in accordance with International Standards on Audit (ISAs) and International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Revenue Written Off Return section of my report. I am independent of the Authority in accordance with the ethical requirements that are relevant to my audit of the Revenue Written Off Return, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the Zimbabwe Revenue Authority's Revenue Written Off Return for the year ended December 31, 2022. I have determined that there are no key audit matters to communicate in my report.

Other Information

The directors are responsible for the Other Information. The Other Information comprises all the information in the Zimbabwe Revenue Authority's 2022 annual report other than the revenue returns and my auditor's report thereon ("the Other Information").

My opinion on the Authority's Revenue Written Off Return does not cover the Other Information and I do not express any form of assurance conclusion thereon.

AUDIT REPORT IN RESPECT OF THE REVENUE WRITTEN OFF RETURN (continued)

For the year ended December 31, 2022

In connection with my audit of the Authority's Revenue Written Off Return, my responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the Authority's Revenue Written Off Return or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Revenue Written Off Return

The Authority's Management are responsible for the preparation of this Return in a manner required by the Revenue Authority Act [Chapter 23:11] and the Public Finance Management Act [Chapter 22:19]. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Revenue Written Off Return that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's Responsibilities for the Audit of the Revenue Written Off Return

The objectives of my audit are to obtain reasonable assurance about whether the Revenue Written Off Return as a whole is free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but it's not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this return.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. I also:

- Identify and assess the risks of material misstatement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the Revenue Written Off Return, including the disclosures, and whether the Revenue Written Off Return represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during my audit.

I also provide directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with directors, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In my opinion, the Revenue Written Off Return has, in all material respects, been prepared in compliance with the disclosure requirements of Public Finance Management Act [Chapter 22:19], Revenue Authority Act [Chapter 23:11] and other relevant Statutory Instruments.

16 June 2023.


R. KUJINGA,
ACTING AUDITOR - GENERAL.

REVENUE WRITTEN OFF RETURN

As at December 31, 2022

REVENUE HEAD

Irrecoverable Amounts approved for write off
 Domestic Taxes Revenue heads
 Customs and Excise Revenue heads
 Other Revenue related write offs
Total

31/12/2022 ZWL	31/12/2021 ZWL
6 662 219	-
-	-
-	-
6 662 219	-



E. R. CHITANDA, (CA)
 (Director Finance and Administration)

13 June, 2023.



R. S. CHINAMASA,
 (Commissioner General)

13 June, 2023.



A. S. MANDIWANZA,
 (Board Chairman)

14 June, 2023.

NOTES TO THE REVENUE WRITTEN OFF RETURN

As at December 31, 2022

1. MANDATE OF ZIMBABWE REVENUE AUTHORITY

The Zimbabwe Revenue Authority (ZIMRA) commenced operations on September 1, 2001 after the merging of the former Departments of Taxes and Customs and Excise. The Authority is constituted in terms of the Revenue Authority Act [Chapter 23:11] of 1999. Its core business is the collection of revenue for the Government of Zimbabwe, administration of tax laws and the facilitation of trade and travel.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The Revenue Written Off Return for the year ended December 31, 2022, has been prepared in accordance with the Revenue Authority Act [Chapter 23:11] and the Public Finance Management Act [Chapter 22:19].

2.2. Basis of measurement

The Revenue Written off Return was prepared based on historical records of assessed tax and audit of tax returns.

2.3. Reporting currency

This return is presented in the Zimbabwe Dollar (ZWL) which is the reporting currency. All the financial information presented has been rounded off to the nearest dollar. Foreign currency transactions were converted to Zimbabwe Dollars as at the transaction date, using the applicable RBZ Auction rate.

3. ACCOUNTING POLICIES

The revenue written off Return was prepared based on accounting policies which have been consistently applied and which are supported by the reasonable judgements and estimates.

3.1. Taxes revenue

All tax revenue collected by the Zimbabwe Revenue Authority is paid direct into the Exchequer account except otherwise stated.

3.2. Revenue written off

Domestic taxes outstanding revenue is calculated based on the due dates for the various tax heads. This outstanding revenue excludes revenue that may subsequently be established through tax audit assessments. The outstanding revenue which could not be collected is written off after exhausting all collection means and authority to write off is granted by the Ministry of Finance and Economic Development.

VALUES AND OBLIGATIONS TO CLIENTS

Integrity	<ul style="list-style-type: none"> • We strive to maintain the highest standards of personal and professional integrity. • We can be trusted with confidential and sensitive information. • We endeavour to have a workplace that is free of prejudice and has equal opportunities for all. • We take responsibility for honouring our commitments and obligations.
Transparency	<ul style="list-style-type: none"> • We respect each other; are open, trust one another and build on our differences. • We strive to communicate effectively, transparently and accurately at all times.
Fairness	<ul style="list-style-type: none"> • Our aim is to be consistent, fair, honest and ethical in our dealings with our stakeholders. • We apply the agreed policies in our organization equally to all without prejudice.
Commitment	<ul style="list-style-type: none"> • Our dedication to quality and timely service to clients. • We are focused on adding value to clients. • Team work and identity with Organisational goals and objectives.
Innovativeness	<ul style="list-style-type: none"> • We are a learning organization that embraces change and modern technology. • We continuously seek new ways of improvement. • We engage in and support new ideas, novelty, experimentation and creative processes

Service Delivery

- We commit ourselves to meeting the following minimum standards in our service delivery. We answer the telephone promptly and courteously.
- Acknowledge all correspondence within 48 hours and respond in 14 working days.
- All objections will be determined and the decision communicated to clients within 60 days from the date of receipt of the letter of objection.
- All members of the public who call at our inland offices will be attended to within 15 minutes of arrival.
- Upon meeting requirements for VAT or PAYE, clients will be registered within one working day.
- Upon meeting requirements for Customs, commercial consignments will be cleared within three working hours from the submission of correct and complete documentation unless selected for physical examination.
- Income Tax assessments will be issued within three months from the date the correct return is submitted.
- All passengers on a flight will be cleared within two hours.
- A busload with bona-fide travelers will be cleared within an hour.
- Physical examination of road, air and containerised cargo will be done within 48 hours.

ZIMRA's Obligations to Clients

- We are accountable to the nation of Zimbabwe.
- We shall conduct our business within the confines of the Law.
- We do not tolerate smuggling, tax evasion, corruption, favouritism and discrimination.
- We are here to serve you and we are open to your suggestions, criticisms and advice.
- We shall carry out our duties professionally, diligently and courteously.
- We shall clearly explain the procedure and your rights should you be required to undergo a physical search.
- We promise to handle your information with strict confidence and to maintain your privacy.



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Integrity | Transparency | Fairness | Innovativeness | Commitment