

Zimbabwe Revenue Authority



REVENUE PERFORMANCE REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022



Ms Regina Chinamasa
ZIMRA Commissioner General

1. Introduction

The Government continues to implement measures to stabilise the economy through Monetary and Fiscal Policies. Year-on-year inflation gained **88.84** percentage points from **191.56%** at the close of the second quarter to **280.40%** at the end of the third quarter of 2022. On the other hand, the local currency continued to weaken against the US\$. The exchange rate opened the third quarter at **366.27** and closed the third quarter at **621.89** against the US\$ (**69.79%** depreciation). Despite the depreciation of the local currency and high inflation, fuel prices have been decreasing, providing relief to consumers. The Russia-Ukraine conflict remains a challenge as its negative impact continues to manifest in the form of constrained supplies of food, fertilizer and gas.

The Ministry of Finance and Economic Development revised the annual tax revenue target upwards in line with the prevailing operating environment from **ZWL809.4 billion** to **ZWL1.60 trillion**. The Authority surpassed the new quarterly revised target of **ZWL500.25 billion** by **37.16%** in gross terms and **28.17%** in net terms as a result of revenue enhancement strategies it continued implementing.

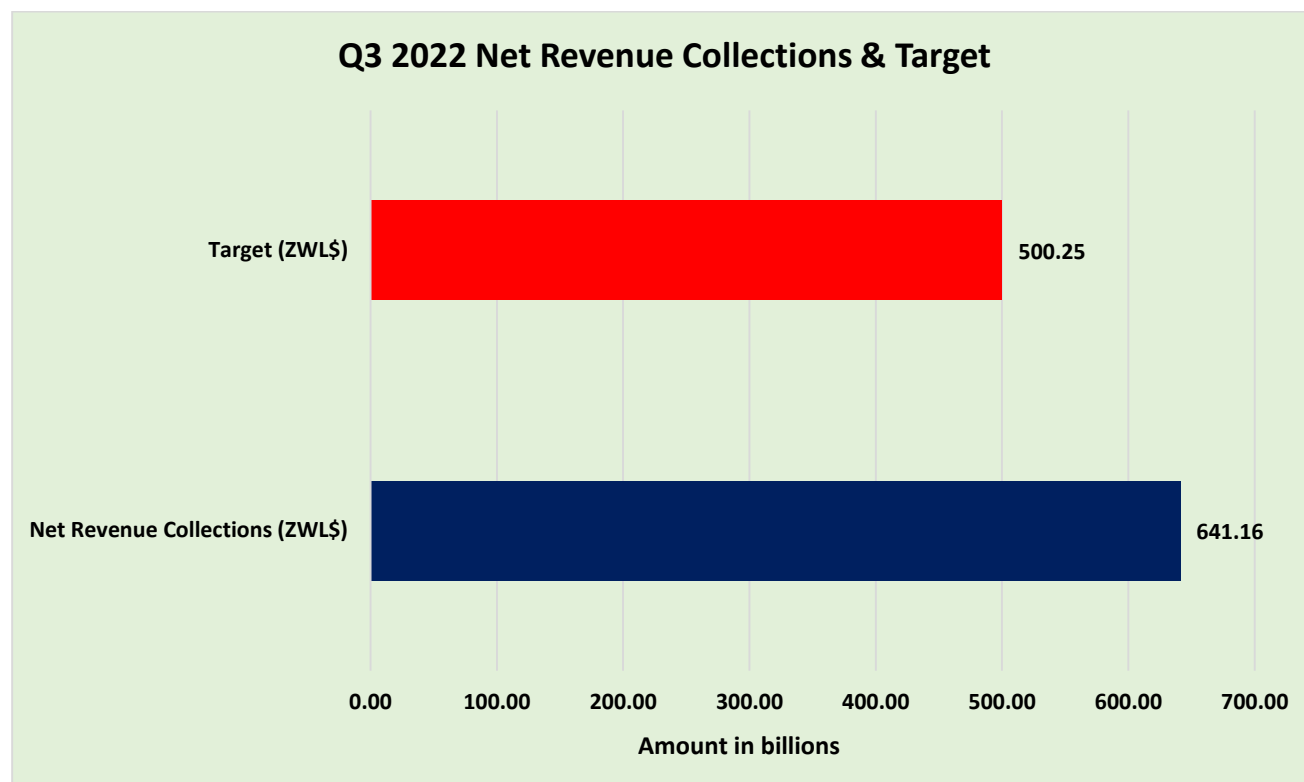
Restoration of Fiscal Balance

Gross revenue collections for the quarter amounted to **ZWL686.13 billion** against the revised target of **ZWL500.25 billion** (**37.16%** above target). Net collections were **ZWL641.16 billion** (**28.17%** above target). Refunds paid during the quarter amounted to **ZWL44.96 billion**.

Table 1: Q3 2022 Net Revenue Collections

Q3 2022 Actual Net Revenue Collected against Target	
Actual Net Revenue Collected (ZWL\$)	641,163,170,210.11
MoFED Target (ZWL\$)	500,247,308,201.00
Variance	28.17%

Figure 1: Q3 2022 Net Revenue Collections



Ease of doing business

The Authority rolled out self-service kiosks in Harare to enhance efficiency in tax remittance particularly targeting Small and Medium Enterprises (SMEs). The self service caters for clients who have challenges accessing the internet. The project is expected to expand to other parts of the country and reduce SMEs' compliance costs.

Some of the completed works under the ongoing border modernization and upgrade project at Beitbridge Border Post were commissioned during the quarter to improve efficiency in trade facilitation.

Plugging of revenue leakages

The Authority collaborates with other law enforcement agencies to curb corruption and plug revenue leakages. The #IamForZero Anti-Corruption campaign is ongoing to create awareness among staff and stakeholders on identifying, reporting, and stopping corruption. Plans are underway to take these anti-corruption campaigns to the grassroots through roadshows.

2. Domestic Revenue Mobilization (DRM)

2.1 Revenue Performance for Q3 2022

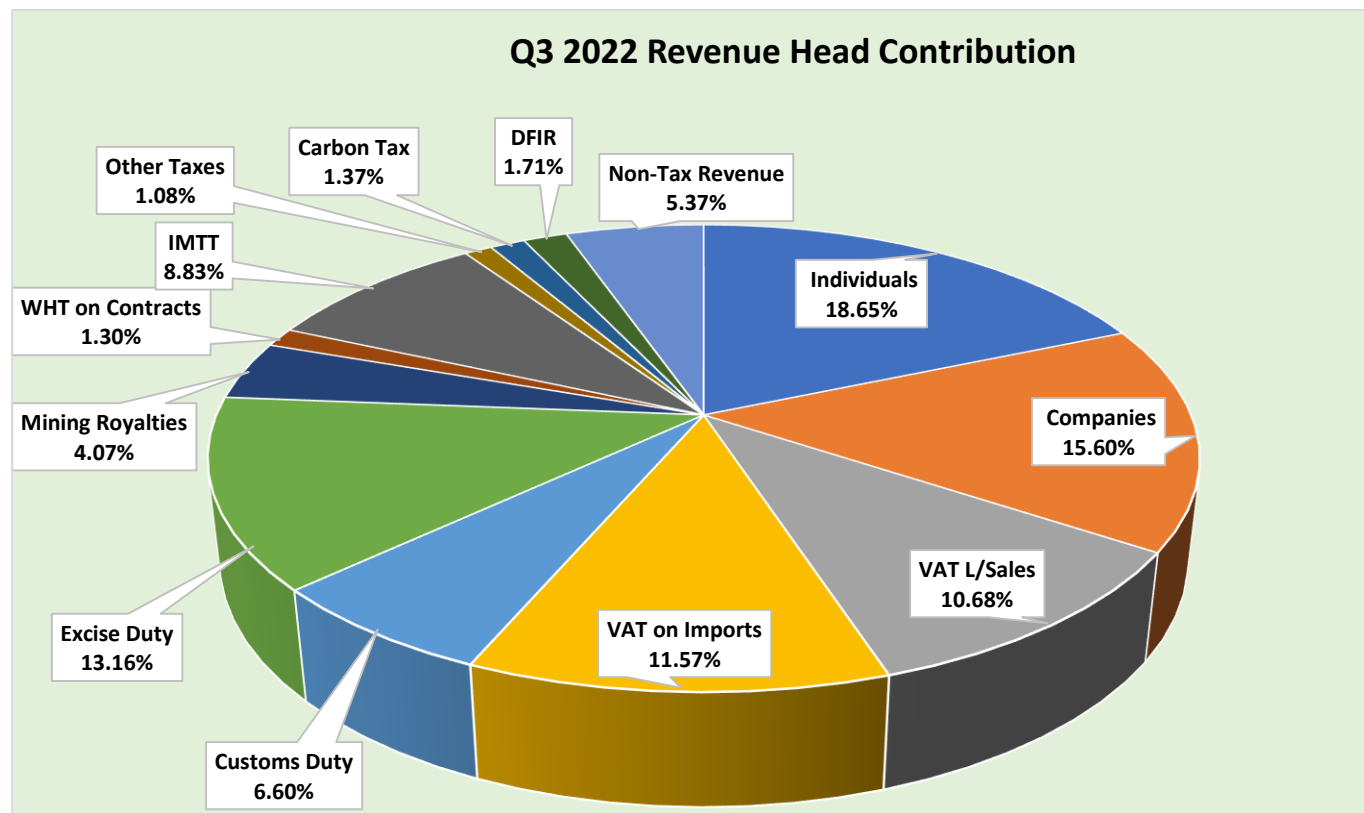
Net revenue collections for the third quarter of 2022 amounted to **ZWL641.16 billion (28.17% above the Quarterly Target of ZWL500.25 billion)**. Net revenue grew by **452.88%** and **47.78%** in nominal and real terms, respectively, compared to the same period in 2021. All revenue heads registered growth in both nominal and real terms except for net VAT on Local Sales which declined by 4.21% and **2.18%** in nominal and real terms respectively on account of a huge refund bill amounting to ZWL 44.67 billion.

Table 3 below summarises the revenue performance for the quarter by revenue head:

Table 3: 2022/2021 Third Quarter Revenue Performance Comparison

TAX HEAD	2022 MOF TARGET \$	2022 ACTUAL \$	VARIANCE	% VARIANCE	2021 ACTUAL \$	% Nominal Growth	% Real Growth
Individuals	88,529,969,916.00	119,570,478,876.39	31,040,508,960.39	35.06%	20,270,052,825.74	489.89%	57.67%
Companies	74,772,212,747.00	100,024,900,504.56	25,252,687,757.56	33.77%	19,924,195,181.46	402.03%	34.19%
Gross VAT L/Sales	71,480,486,468.00	113,145,898,040.26	41,665,411,572.26	58.29%	19,866,330,930.89	469.54%	52.23%
<i>Less VAT Refunds</i>		<i>44,674,894,467.10</i>			<i>1,157,158,334.63</i>	3760.74%	
Net VAT L/Sales	71,480,486,468.00	68,471,003,573.16	-3,009,482,894.84	-4.21%	18,709,172,596.26	265.98%	-2.18%
VAT on Imports	56,340,826,325.00	74,175,904,668.82	17,835,078,343.82	31.66%	11,480,118,425.72	546.12%	72.71%
Gross Customs Duty	37,087,907,178.00	42,568,542,315.36	5,480,635,137.36	14.78%	6,928,061,908.13	514.44%	64.24%
<i>Less Customs Refunds</i>		<i>236,049,567.23</i>			<i>22,003,822.78</i>		
Net Customs Duty	37,087,907,178.00	42,332,492,748.13	5,244,585,570.13	14.14%	6,906,058,085.35	512.98%	63.84%
Excise Duty	65,504,231,150.00	84,386,070,661.04	18,881,839,511.04	28.83%	13,824,461,561.39	510.41%	63.16%
Mining Royalties	20,050,000,000.00	26,079,000,141.73	6,029,000,141.73	30.07%	2,083,713,418.76	1151.56%	234.54%
WHT on Contracts	5,700,000,000.00	8,362,294,761.48	2,662,294,761.48	46.71%	1,455,783,000.71	474.42%	53.54%
Intermediated Money Transfer Tax	49,820,000,000.00	56,635,239,196.36	6,815,239,196.36	13.68%	12,188,256,959.12	364.67%	24.20%
Other Taxes	6,726,185,665.00	6,953,726,148.97	227,540,483.97	3.38%	1,051,902,377.51	561.06%	76.70%
CGT & CGT Withholding	2,675,000,000.00	3,382,191,712.38	707,191,712.38	26.44%	500,288,778.37	576.05%	80.70%
Other Indirect Taxes	1,963,185,665.00	2,317,503,926.49	354,318,261.49	18.05%	367,048,140.58	531.39%	68.77%
Tobacco Levy	2,088,000,000.00	1,254,030,510.10	-833,969,489.90	-39.94%	184,565,458.56	579.45%	81.61%
Carbon Tax	6,550,000,000.00	8,781,717,780.19	2,231,717,780.19	34.07%	1,261,102,188.75		86.13%
DFIR	7,507,488,752.00	10,936,526,662.32	3,429,037,910.32	45.67%	1,172,716,586.81	832.58%	149.27%
Gross Non Tax	10,178,000,000.00	34,506,159,637.53	24,328,159,637.53		5,657,914,000.29	509.87%	63.02%
<i>Less Other Refunds</i>		<i>52,345,150.57</i>			<i>17,124,977.26</i>		0.00%
Net Non-Tax	10,178,000,000.00	34,453,814,486.96	24,275,814,486.96		5,640,789,023.03	510.80%	63.26%
Total Net Revenue	500,247,308,201.00	641,163,170,210.11	140,915,862,009.11	28.17%	115,968,322,230.61	452.88%	47.78%
Total Gross Revenue	500,247,308,201.00	686,126,459,395.01	185,879,151,194.01	37.16%	117,164,609,365.28	485.61%	56.53%

Figure 2: Q3 2022 Revenue Contributions by Revenue Head



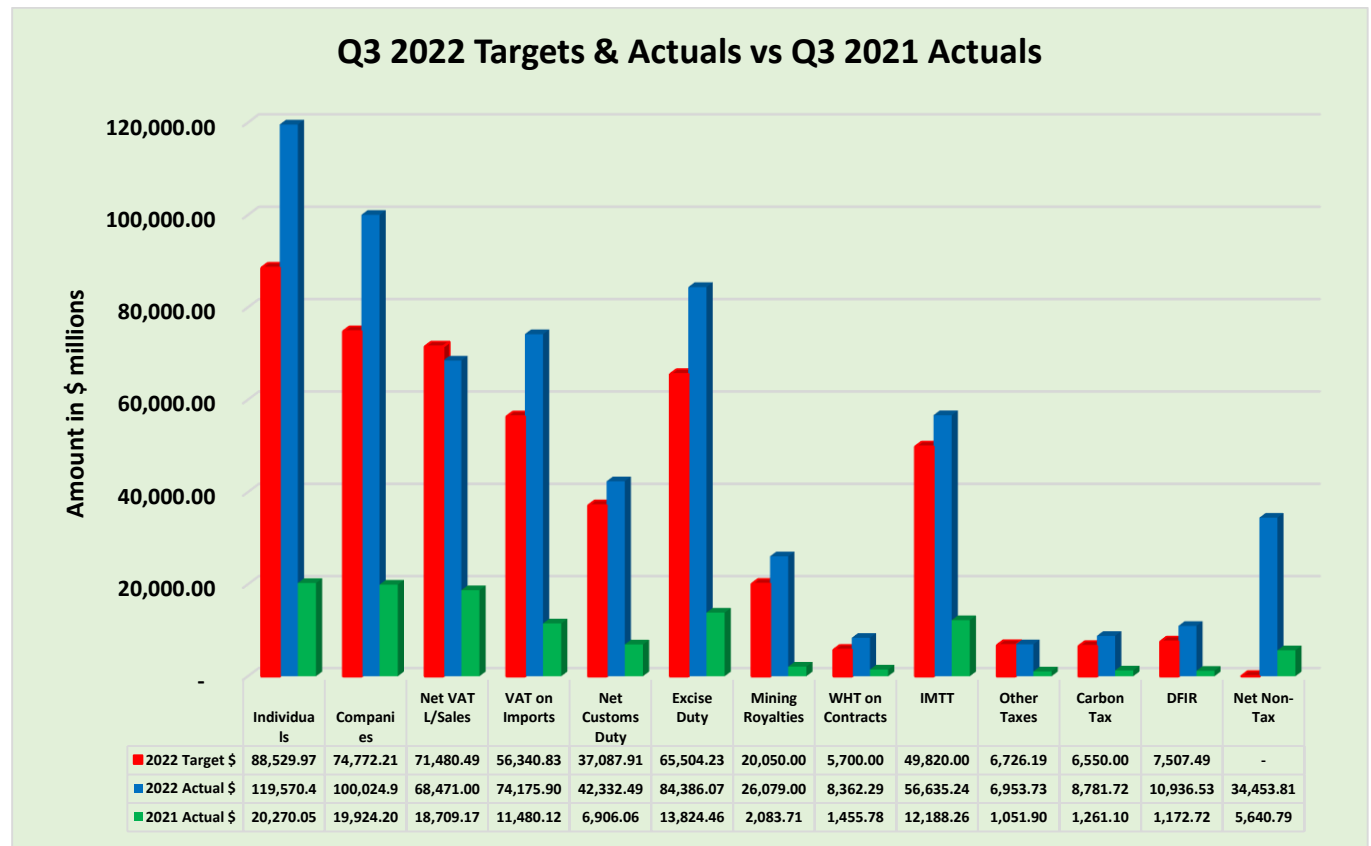
Major contributors to net revenue collections for the third quarter were Individuals (18.65%), Companies (15.60%), Excise Duty (13.16%), VAT on Imports (11.57%) and VAT on Local Sales (10.68%).

- **Individuals:** Salary adjustments and part payment of salaries in foreign currency are likely causes of the positive performance of the individuals tax head which contributed the most.
- **Companies:** Companies recorded a positive performance during the quarter, surpassing the set target by 33.77%.
- **VAT on Local sales:** The tax head performed below expectations, missing the target by 4.21% in net terms while gross collections were 58.29% above the target.
- **VAT on Imports:** The tax head performed positively, surpassing the target by 31.66%
- **Customs and Excise Duties:** The tax heads surpassed their targets by 14.14% and 28.83%, respectively.
- **Intermediated Money Transfer Tax: (IMTT):** The tax head performed above the set target by 13.68%.

2.2 Q3 2022 Net Revenue Collections in Comparison to Q3 2021

The following graph shows a comparison of revenue collections for Q3 2022 and Q3 2021, as well as the Q3 2022 targets for each revenue head.

Figure 3: 2022/2021 Third Quarter Revenue Comparison by Tax Head

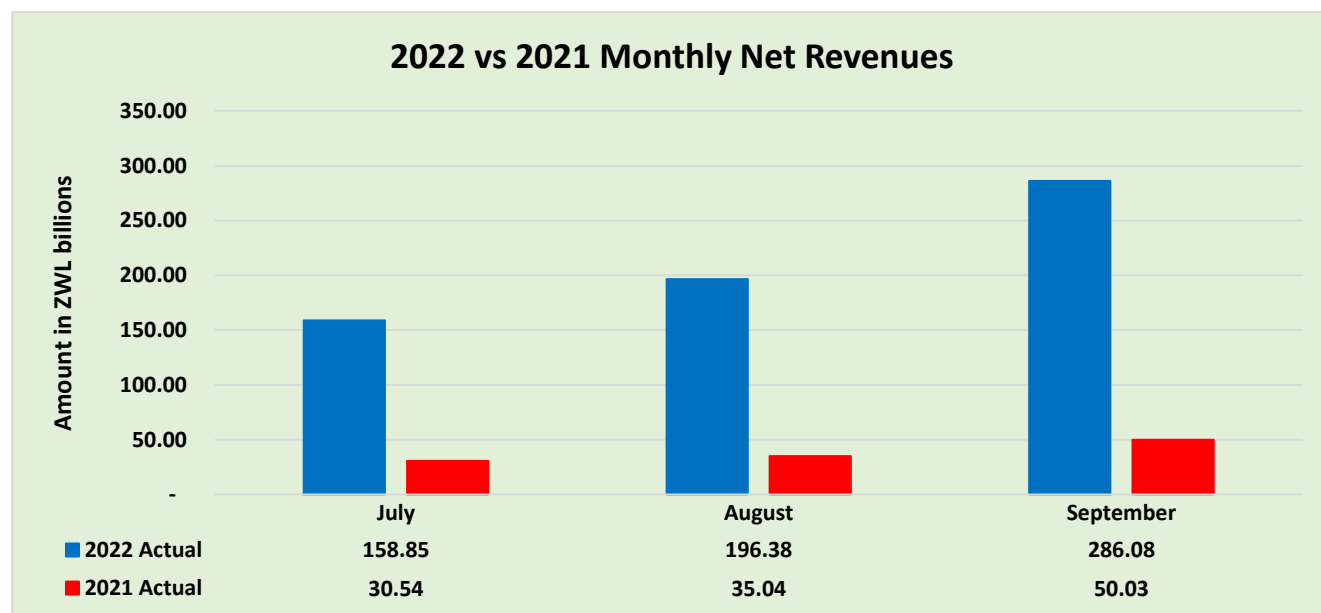


All revenue heads surpassed the set targets in Q3 2022 except net VAT on Local Sales, which performed below target by **4.21%**. On the other hand, all revenue heads performed above Q3 2021 levels.

2022 monthly net revenue performance vs. 2021 monthly revenue performance

Figure 4 shows a comparison of 2022 and 2021 monthly performances for the third quarter.

Figure 4: Comparison of Monthly Net Revenue Collections, 2022 vs 2021



Monthly revenue collections recorded significant growth from what was realized in 2021.

3. Revenue Strategies

Revenue enhancement strategies implemented during the third quarter of 2022 are as follows;

- **Intensified risk-based audits:** Risk-based sector tax projects were implemented during the quarter in response to the market behaviours.
- **Taxpayer education and awareness:** To encourage and support voluntary compliance, the Authority continued with its taxpayer education and awareness campaigns on various platforms that include electronic and print media, and in some instances physical workshops.
- **Effective debt management:** Strategies implemented included forthwith collections, negotiated payment plans and placement of garnishees.
- **Intensified anti-smuggling and post-clearance compliance enforcement:** In line with the central government's call to plug revenue leakages, the Authority has intensified its customs surveillance, post-clearance audits and enforcement activities.
- **Leveraging on technology:** To plug revenue leakages and expand the tax base, the Authority is continuing with the automation and system improvement of its processes.
- **Increased data analytics techniques:** The Authority is utilizing available taxpayer data to enhance case selection.

4. Outlook

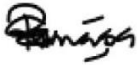
ZIMRA is confident that the revised 2022 annual revenue target of **ZWL1.60 trillion** will be met as the Authority continues to implement revenue enhancement strategies.

5. Gratitude

My sincere gratitude goes to the Minister of Finance and Economic Development, Honourable Professor M. Ncube and the Permanent Secretary, Mr. G. Guvamatanga, for their unwavering support and provision of resources which enabled ZIMRA to carry out its mandate. A special thank you to the ZIMRA Board for giving strategy oversight and guidance to the operations of ZIMRA.

I would also like to express my appreciation to our valuable clients and taxpayers who honoured their tax obligations on time and in full despite the challenging operating environment. Lastly, I would like to thank the entire ZIMRA management and staff for their hard work and commitment to ensuring that the mandate was executed in support of the National Development Strategy 1 (NDS 1).

I thank you.



R. Chinamasa

ZIMRA Commissioner General