

# COMMISSIONER GENERAL'S SUMMARY PRESENTATION

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ANNUAL GENERAL MEETING

20 JULY 2022

# OUTLINE

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1. 2021 Economic overview highlights
2. Summary ZIMRA Strategy (2019-2020) and link to National Development Strategy-I (NDS-I)
3. Strategic Results
4. Summary Progress on ZIMRA's Strategic Projects
5. Corporate Social Responsibility
6. Summary Financials (From ZIMRA's 2021 Audited Financial Statements)
7. 2022 Revenue Outlook

# ECONOMIC SUMMARY HIGHLIGHTS

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## ECONOMIC FACTOR

- GDP Growth estimated to be **7.8%** in 2021 up from a contraction of **6.2%** in 2020.
- Government efforts to stabilise inflation yielded positive results.
- Inflation reduced from a peak of 838% in July 2020 through to 362.63% in January 2021 and finally closing the year 2021 at 60.7%.

## IMPACT TO ZIMRA

- Revenue collected grows in line with GDP Growth
- Net Revenue collected grows in **REAL** Terms if inflation reduces

# ECONOMIC SUMMARY HIGHLIGHTS

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## ECONOMIC FACTOR

- Foreign currency shortages persisted in the market
- Demand for Foreign Currency on the formal Auction Market exceeded supply
- Gap between formal foreign currency auction rate and parallel market widened

## IMPACT TO ZIMRA

- Some delinquent retailers priced goods in Foreign Currency whilst issuing receipts in local currency
- Revenue leakage
- ZIMRA implemented a Foreign Currency Revenue collection Project targeting these delinquent Retailers

## ZIMRA'S STRATEGY (2021 – 2025)



ZIMRA's Strategy (2021-2025) is linked to the Government's National Development Strategy (NDS-I)

The Authority directly supports NDS-I National Priority Pillar of ***“Economic Growth and Stability”***

# STRATEGIC MAP – ZIMRA 2021 - 2025

ZIMBABWE 2030

**ZIMBABWE VISION 2030: TOWARDS A PROSPEROUS & EMPOWERED UPPER MIDDLE INCOME SOCIETY**

**EASE OF DOING BUSINESS**

**CONSOLIDATION OF MACROECONOMIC STABILITY**

**STRENGTHENING REVENUE COLLECTION**

**ECONOMIC GROWTH AND STABILITY**

ZIMRA 2025

**MISSION: To mobilise revenue and facilitate sustainable compliance with fiscal and customs laws for the economic development of Zimbabwe.**

**VISION: To be a beacon of excellence in the provision of fiscal services and facilitation of trade and travel**

**VALUE PROPOSITION: Integrity | Transparency | Fairness | Commitment | Innovativeness**

RESULTS

**Strengthen Institutional Image**

**Maximize Revenue collection**

**Increase voluntary compliance**

**Enhance trade facilitation and protection of society**

INTERNAL PROCESSES & SYSTEMS

**Increase Risk-based tax and customs compliance system**

**Grow taxbase and enhance integrated data management**

**Enhance service delivery and taxpayer education**

**Increase security and agility in the international flow of goods and persons**

**Simplify processes and procedures**

**Implement results oriented strategic management**

**Strengthen ethics, integrity and enterprise risk management**

**Improve communication and partnerships**

PEOPLE & RESOURCES

**Enhance staff capacity and retention**

**Strengthen performance driven culture**

**Embrace Digital Transformation**

**Ensure timely and adequate funding**

**OUR 4 P'S: PEOPLE | PROCESSES | PARTNERSHIPS | PROJECT MANAGEMENT**

# 2021 PERFORMANCE RESULTS ON ZIMRA'S 4 STRATEGIC OUTCOMES

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# 2021 OVERALL SUMMARY STRATEGY PERFORMANCE

The strategy implementation success rate improved from 60.6% recorded in 2020 to 72.3% in 2021.

Colour Code	Strategic Performance Interpretation	No.	%age	%above target or within acceptable variance
Green	Performance met OR was above target	23	48.9%	<b>72.3%</b>
Amber	Performance below target BUT within acceptable variance	11	23.4%	
Red	Performance below target and outside acceptable variance	13	27.7%	
Dark blue	Not rated during the period under review	0	0.0%	
<b>Total number of Key Performance Indicators (KPIs)</b>		<b>47</b>	<b>100.0%</b>	

# STRATEGY OUTCOME I – MAXIMISE REVENUE COLLECTION



## REVENUE COLLECTED BY ZIMRA IN 2021

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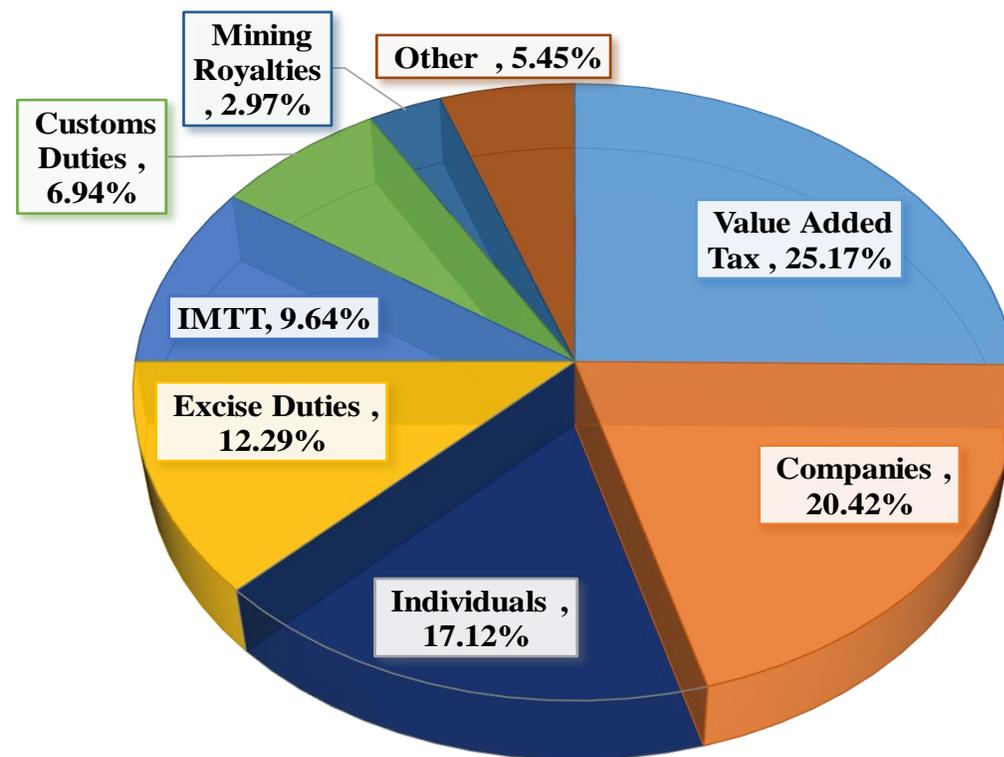
- Collected net revenue amounting to **ZWL\$463.57 billion** (154.77% Nominal growth and 4.73% **REAL** growth from 2020)
- **19.66%** above the Annual Net Revenue target of **ZWL\$387.40 billion**.

<b>2021 Actual Net Revenue Collected against Target</b>	
Actual Annual Net Revenue Collected (ZWL\$)	463,570,205,824.01
Annual Net Revenue Target (ZWL\$)	387,396,199,416.00
Variance (%)	19.66%

# 2021 NET REVENUE BY TAX HEAD

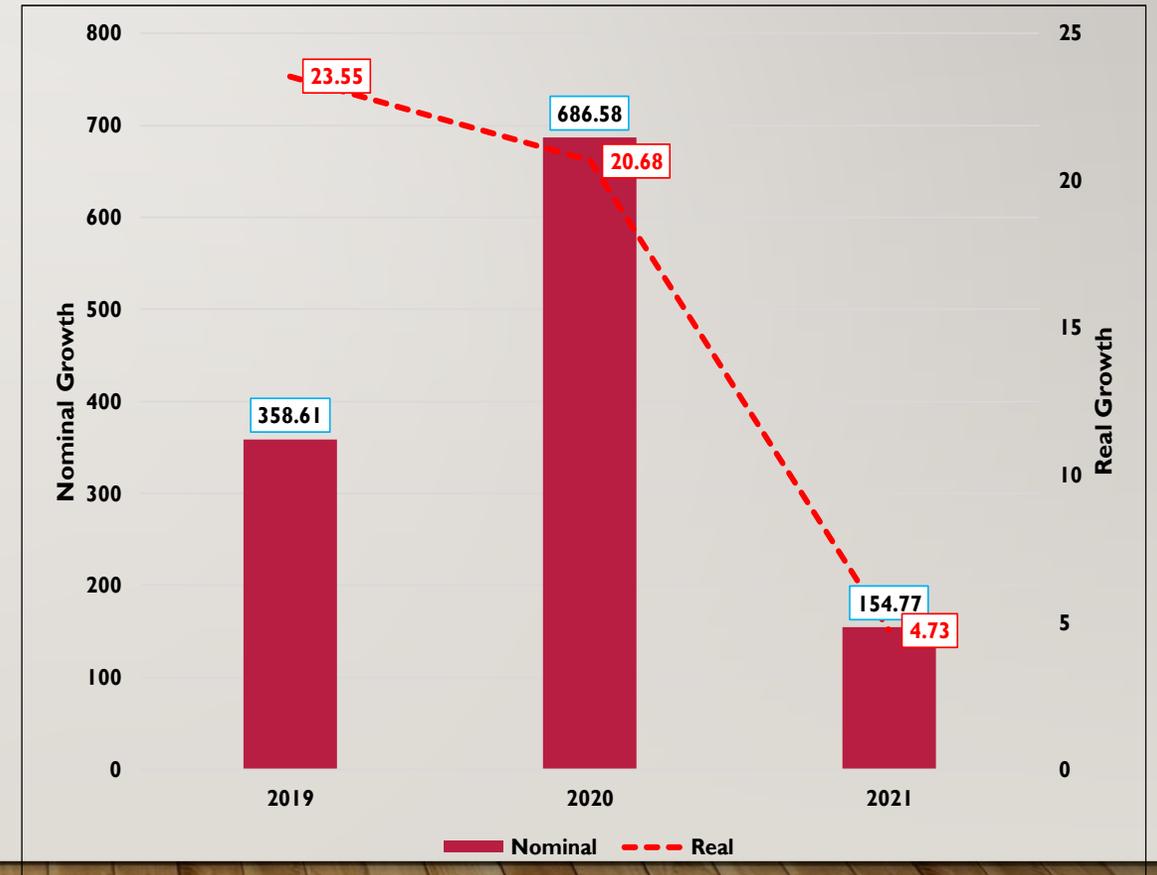
## Top 5 Revenue earners

1. Value Added Tax – 25.17%
2. Companies – 20.42%
3. Individuals – 17.12%
4. Excise Duty – 12.29%
5. Intermediated Money Transfer Tax (IMTT) – 9.64%



# NOMINAL AND REAL REVENUE GROWTH

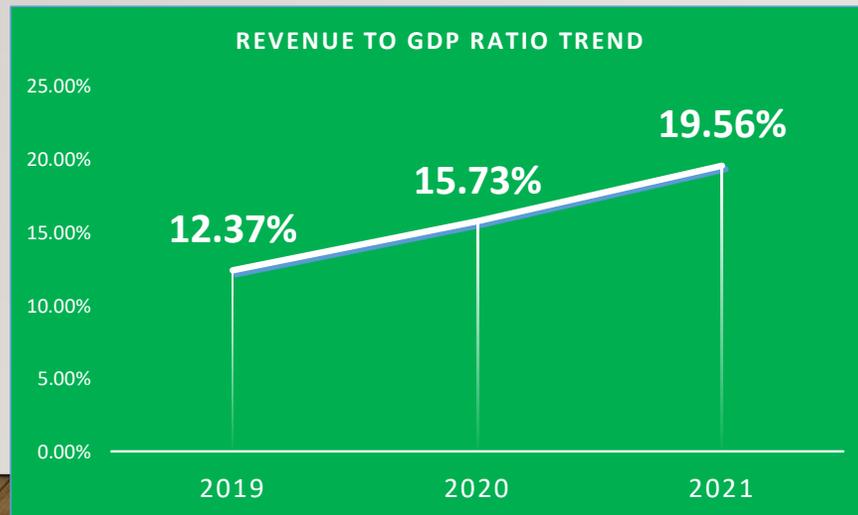
- Revenue grew by **154.77 %** in nominal terms in 2021 from 2020
- Revenue grew by **4.73%** in REAL Terms (after adjustment for inflation) in 2021 from 2020
- The Authority has consistently recorded positive REAL growth from 2019 to 2021



# NET REVENUE TO GDP RATIO

Net Revenue to GDP Ratio grew from 12.37% in 2019 up to 19.56% in 2021

Year	Revenue to GDP Ratio (%)
2019	12.37
2020	15.73
2021	19.56



## Regional Comparisons

**SADC Average in 2020 was 18.3%**

Country/ Region	Tax to GDP
Seychelles	30.40%
South Africa	26.30%
Lesotho	23.30%
Namibia	22.20%
Mozambique	20.10%
ATO Average	14.80%
SADC Average	18.30%
ECOWAS Average	11.30%
EAC Average	13.60%
ECCAS Average	11.60%

# DEBT MANAGEMENT

- Debt to Revenue Ratio increased from 4.76% as at 31 Dec 2020 to 7.17% as at 31 Dec 2021
- Reflection of Taxpayers struggling to settle tax debts
- The Authority continues to implement various Debt Collection and Enforcement strategies in order to reduce debt

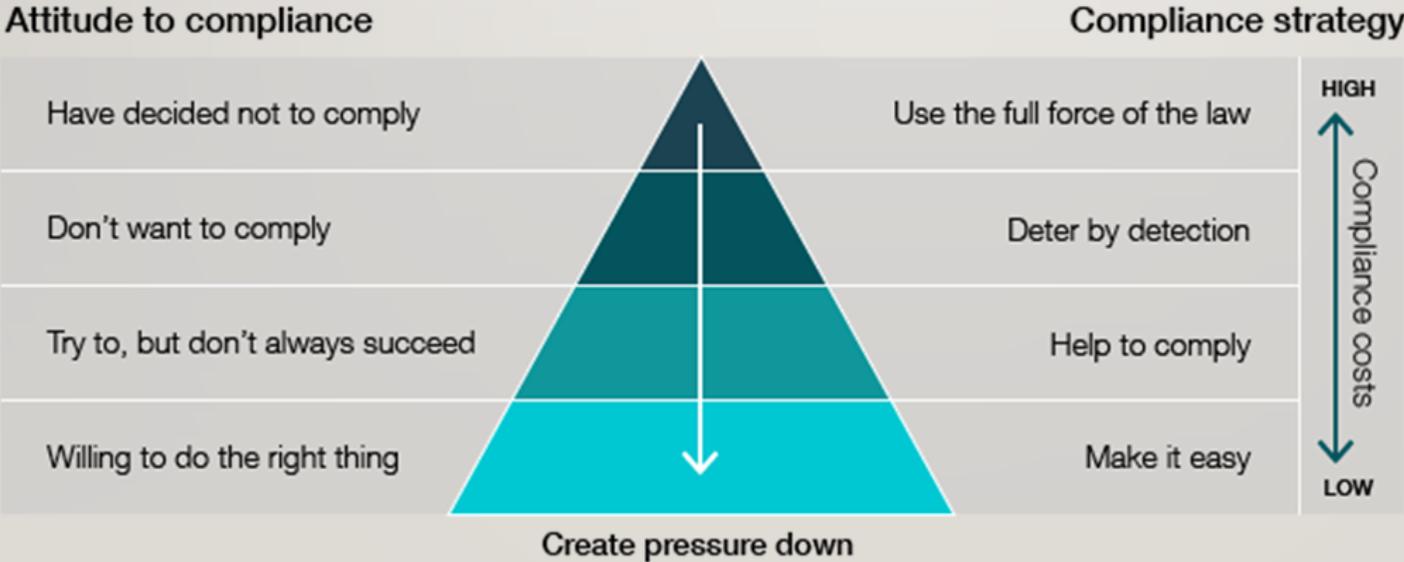
Tax Head	31-Dec-20	31-Dec-21	% Increase/Decrease
VAT	2,710,427,360.95	4,024,828,976.75	48.49%
Individuals	2,554,159,963.77	5,623,414,723.05	120.17%
Companies	1,610,495,728.75	4,338,437,353.59	169.39%
WHT/CGT/PTAX/ Other	1,272,629,907.93	2,279,214,691.66	79.09%
Customs *	521,128,475.81	16,992,167,728.28	3160.65%
<b>Total</b>	<b>8,668,841,437.21</b>	<b>33,258,063,473.34</b>	<b>283.65%</b>
<b>Debt to Revenue Ratio</b>	<b>4.76%</b>	<b>7.17%</b>	

STRATEGY OUTCOME 2 – INCREASE VOLUNTARY COMPLIANCE



# VOLUNTARY COMPLIANCE

- The Authority uses a Voluntary Compliance Model which requires different Compliance and Enforcement Strategies for different taxpayer segments
- Taxpayers segmented according to their **“willingness to comply”**



## GENERAL STRATEGIES IMPLEMENTED TO IMPROVE VOLUNTARY COMPLIANCE

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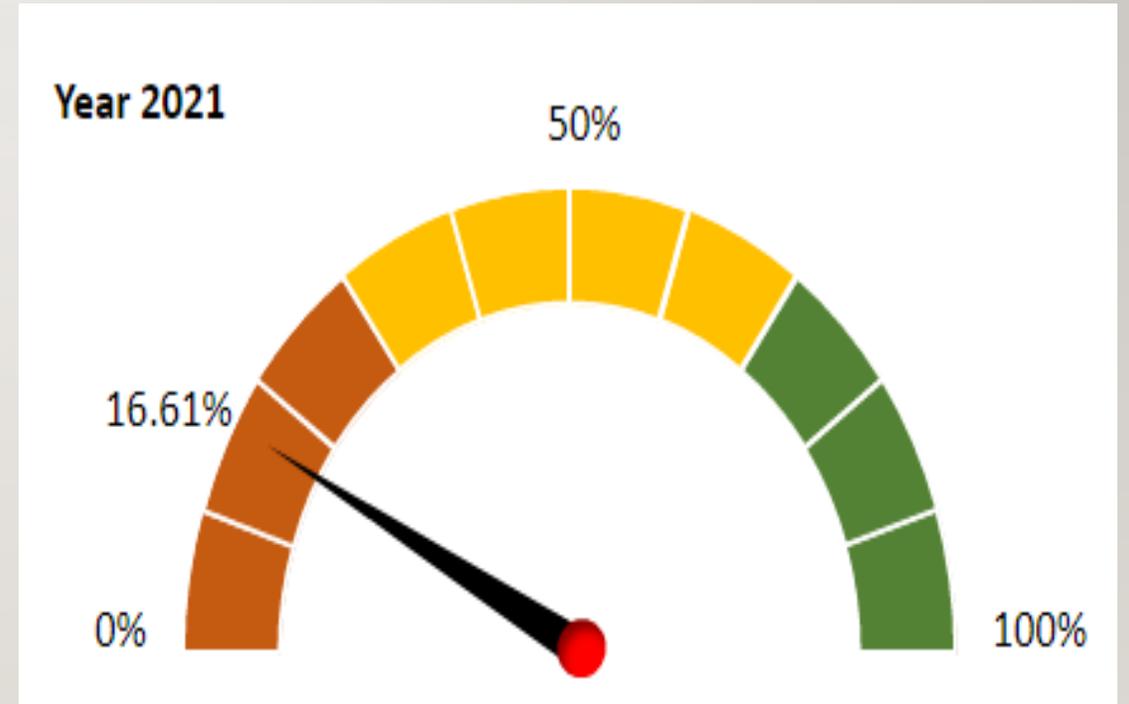
- Strengthened Taxpayer Segmentation
- Voluntary Disclosure Programmes
- Increased Compliance Monitoring
- Integration with External Databases
- Taxpayer Education and Awareness Programmes



# ON-TIME FILING RATE

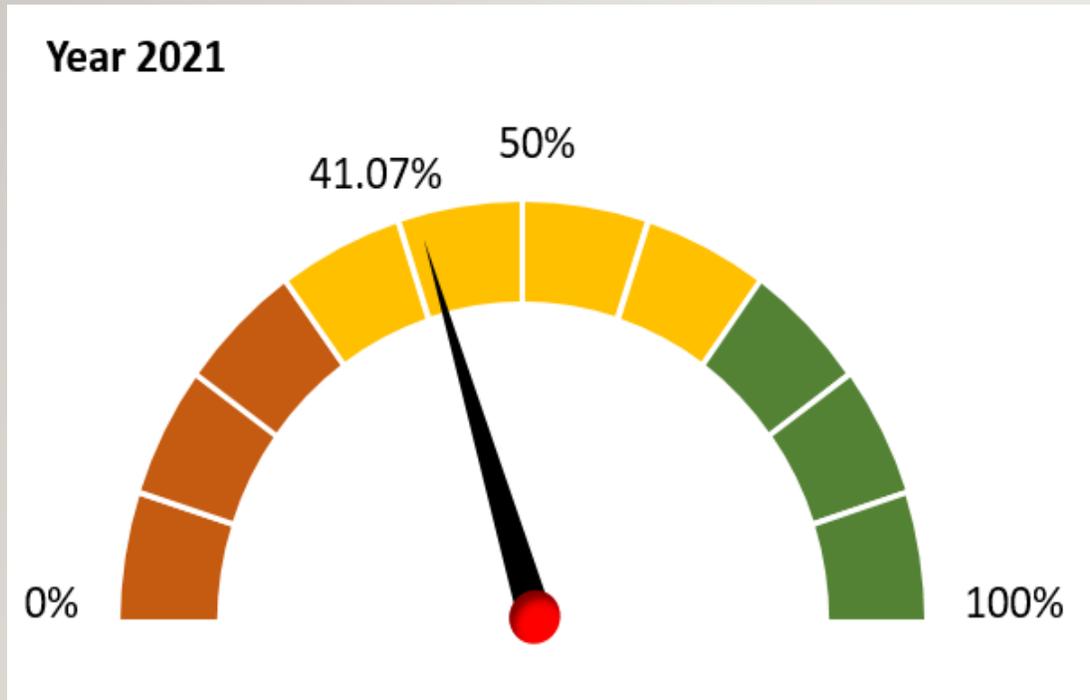
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- On-time Filing Rate (%) is a measure of the percentage of taxpayers who successfully file their returns on or before the due date.
- The On-time Filing Rate for 2021 stood at 16.61% down from 29.46% in 2020.



# ON TIME REMITTANCE

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- On-time Remittance Rate (%) is a measure of the percentage of taxpayers who successfully make their tax payments on or before the due date.
- The On-time Remittance rate improved to **41.07%** in 2021 from **30.37%** in 2020.

# STRATEGY OUTCOME 3 – ENHANCE TRADE FACILITATION AND PROTECTION OF CIVIL SOCIETY

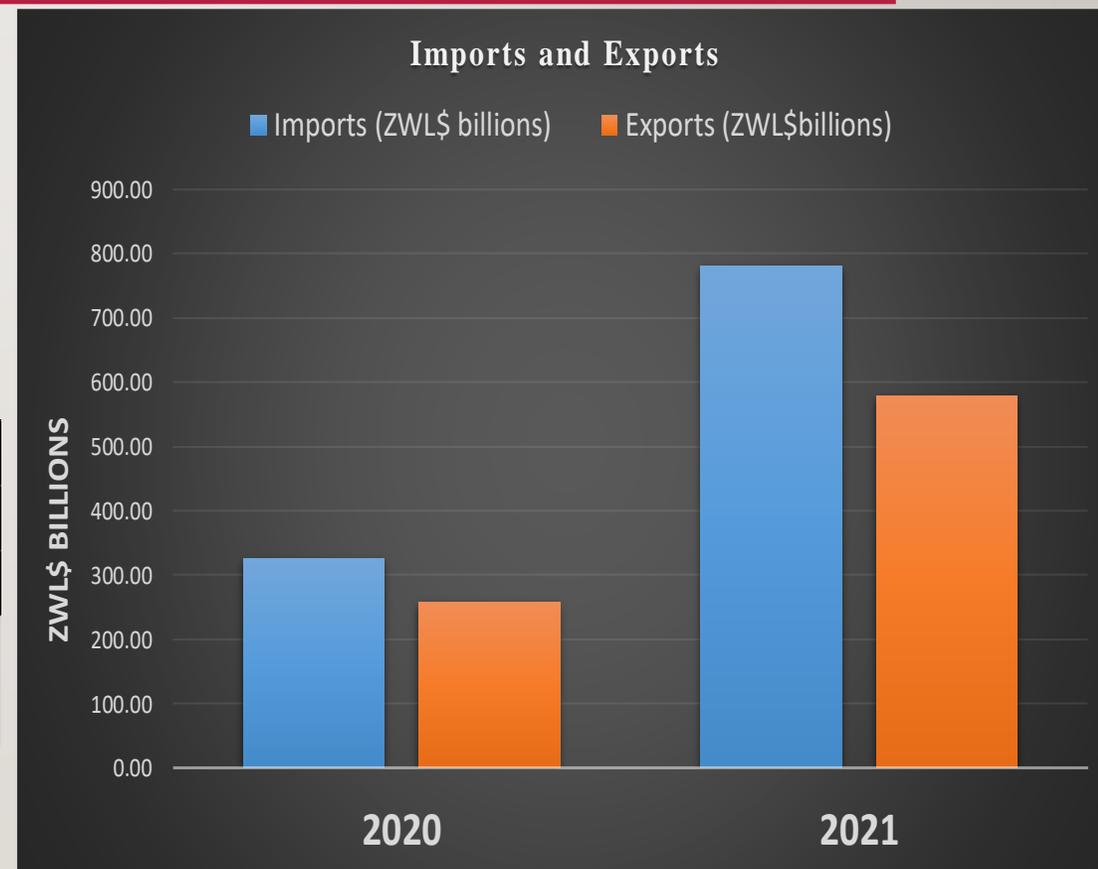


## ENHANCE TRADE FACILITATION AND PROTECTION OF CIVIL SOCIETY

The Authority processed:

- Imports amounting to **ZWL\$779.76 billion** and
- Exports amounting to **ZWL\$578.03 billion**  
(Trade deficit).

Trade	2020	2021	%age Movement
Imports (ZWL\$)	324,639,852,038.59	779,757,496,946.70	140.19%
Exports (ZWL\$)	256,990,712,002.83	578,027,589,184.71	124.92%
Trade Balance (ZWL\$)	-67,649,140,035.76	-201,729,907,761.99	
Trade Balance (% of Exports)	-26.32%	-34.90%	



# TRADE FACILITATION – TRANSIT CARGO STATISTICS

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- Transit cargo increased by 17% from **169,248** in 2020 to **197,408** in 2021.
- The opening of the Kazungula border has not diverted as much transit cargo as anticipated.

# TRADE FACILITATION INITIATIVES - 2021

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- **Authorised Economic Operators (AEO):** The Authority continued to implement the AEO Facility
- **Pre-Clearance Facility:** promoted the use of the mandatory pre-clearance facility
- **Single Window:** Development of the Single Window facility was initiated with the Authority's implementation partner, UNCTAD. The initial implementation stage will be done in 2022 with nine identified stakeholders.
- **System Integration:** The Authority rolled out the integration of ICZ and ASYCUDA World systems to all Ports of Entry.

# TRADE FACILITATION – DECONGESTION OF BORDERS

**Beitbridge Border Post  
Modernisation – Phase I  
New Commercial Terminal  
commissioned**



# TRADE FACILITATION – DECONGESTION OF BORDERS

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- **Dry Ports:** The design for the pilot project at Makuti was done. Construction works will commence in the second half of 2022.

# TRADE FACILITATION - ENFORCEMENT

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- **Drones:** Drones Project initiated. The project is expected to be implemented at Beitbridge by the end of 2022.



# ENFORCEMENT ELECTRONIC CARGO TRACKING SYSTEM

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- The Table below shows that 93% of High Risk Cargo identified was sealed:

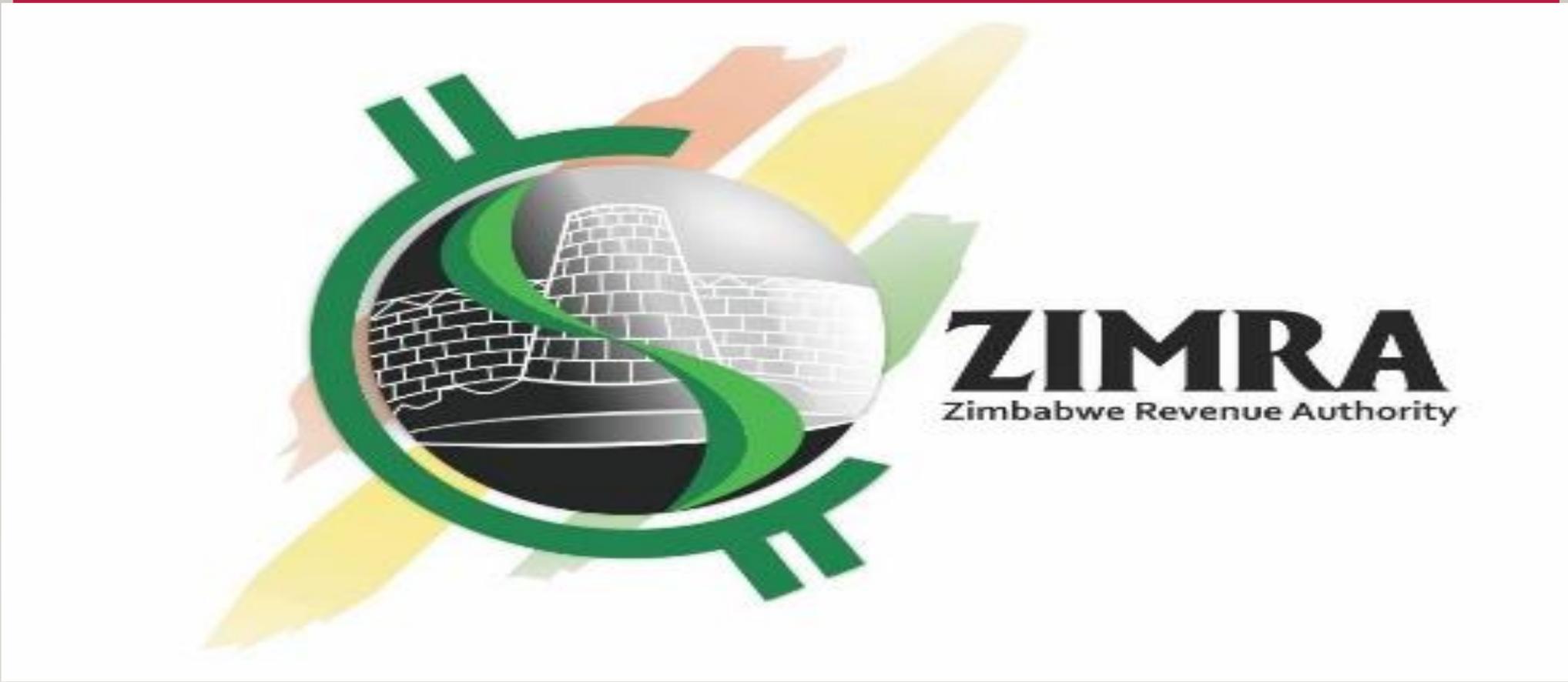
Status	Number
Total high risk cargo identified	45 876
Sealed trucks	42 523
Percentage of High Risk Cargo Sealed	93%
Percentage of High Risk Cargo waived from sealing	7%

# TRADE FACILITATION - ENFORCEMENT

- ZIMRA Canine Unit played a pivotal role in detection of banned substances at the Points of Entry and Exit



STRATEGY OUTCOME 4 – STRENGTHEN INSTITUTIONAL IMAGE



## STRENGTHEN INSTITUTIONAL IMAGE

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The Authority continues to work towards Strengthening Institutional Image through:

- Customer services strategies (to improve service quality)
- Anti-corruption and anti-smuggling and tax evasion strategies
- Corporate Social Responsibility

# ZIMRA TURNED 20 YEARS IN 2021

- ZIMRA@20
- ZIMRA was formed in September 2001
- The Authority celebrated its 20<sup>th</sup> anniversary in September of 2021.
- 618 founding members are still serving the Authority (From inception to date)



**ZIMRA**  
Zimbabwe Revenue Authority

Striving  
Towards  
Excellence



**COMMITMENT**

We are committed to providing service to our tax payers.

We are committed to facilitating trade and travel to the nation.



ZIMRA@20

 ZIMRA.ZW  @Zimra\_11  ZIMRA TV

[www.zimra.co.zw](http://www.zimra.co.zw)

# CLIENT SATISFACTION INDEX

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- The Authority carries out Customer Satisfaction Surveys once every Quarter.
- Client Satisfaction Index increased from 59% in Q1 2021 to 64.5% in Q4 2021.
- Client Satisfaction Index still remain below the target of 80%.
- The Authority is implementing a Change Management Project to improve service quality.



# E-SERVICES CHALLENGE

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- Taxpayers faced challenges in getting Tax Clearance (ITF 263) in time mainly due to System Congestion.
- The Authority implemented manual work arounds.
- Tax Clearance issuance now staggered in order to avoid congestion.
- ZIMRA now implementing a new Tax and Revenue Management System (TaRMS) which is the ultimate medium term solution.

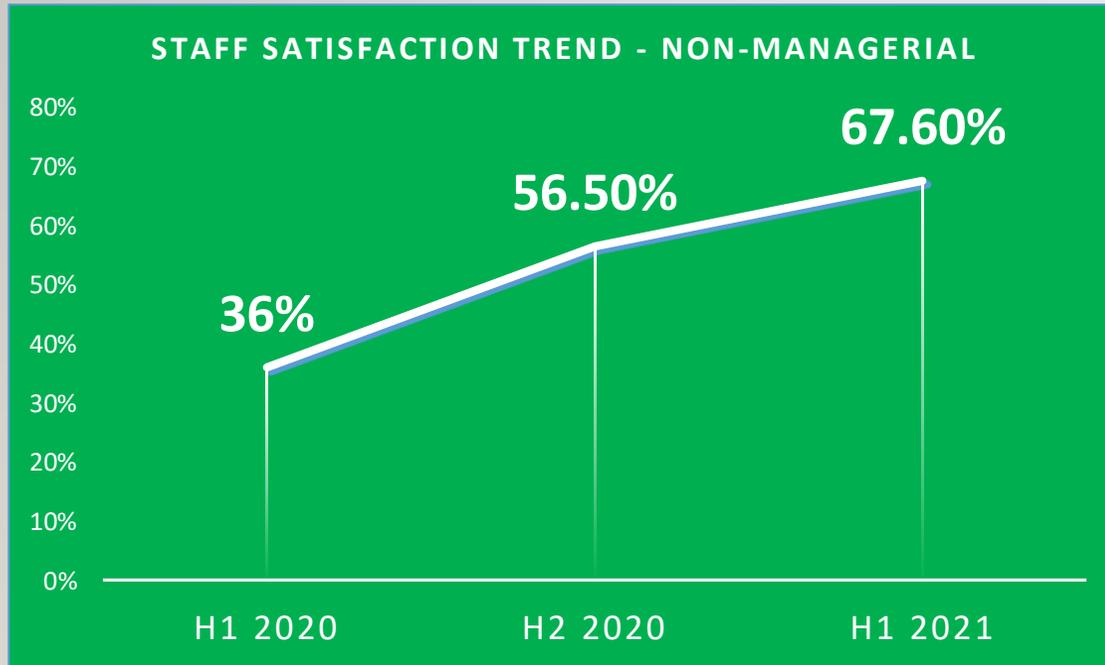


Zimbabwe Revenue Authority

**Tax Clearance Certificate (ITF263)**

Tax Year Ending 31 December 2021

# STAFF SATISFACTION INDEX



- The Authority carries Staff Satisfaction Surveys at least once per year.
- Staff Satisfaction Index increased from 36% in H1 2020 to 67.6% in H1 2021.
- Staff Satisfaction Index still remain below the target of 80%.
- The Authority is implementing a Change Management Project to create a new service oriented culture and to improve staff satisfaction.

## PLUGGING REVENUE LEAKAGES COLLABORATIONS IN THE FIGHT AGAINST CORRUPTION

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The Authority is a member of the National Anti-Corruption Strategy Steering Committee and actively participates in five of the six National Sub-Committees.

ZIMRA collaborated with other Law Enforcement Agencies such as ZRP, FIU, NPA, VID, ZACC in conducting Special Anti-Corruption Operations.

Investment in technology and system integration to combat corruption.

# PLUGGING REVENUE LEAKAGES



Implemented inward and outward measures to PLUG Revenues leakages. These include:

- ✓ Integrity Management
  - ✓ Anti-corruption crusade
  - ✓ Whistle-blower Facility
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- The Authority is aggressively using the **Money Laundering and Proceeds of Crime Act** to seize and attach properties acquired through fraudulent means.
  - Revenue identified for recovery from intelligence and risk driven investigated cases, lifestyle audits and hotline cases increased by 268% from **ZW\$258.9 million** in 2020 to **ZW\$694.8 million** in 2021

# SUMMARY UPDATE ON OTHER KEY STRATEGIC PROJECTS

<b>Strategic Project</b>	<b>Progress made in 2021</b>
Tax and Revenue Management System	<ul style="list-style-type: none"><li>▪ Tender awarded in 2021</li></ul>
Surveillance and Monitoring Centre	<ul style="list-style-type: none"><li>▪ Tender awarded in 2021</li></ul>
Infrastructure Projects	<ul style="list-style-type: none"><li>▪ Chirundu Staff Cottages completed</li><li>▪ Kazungula Staff Cottages Phase 2 (97% complete)</li><li>▪ Beitbridge Modernisation (Phase I commissioned)</li><li>▪ Beitbridge Staff Flats (70% Complete)</li></ul>

# CORPORATE SOCIAL RESPONSIBILITY

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The ZIMRA Charity Trust:

- Awarded scholarships to nine students at University.
- Handed over goods to Tariro House of Hope Children's Home in Epworth and Hupenyu Hutsva Children's Home.



# 2021 SUMMARY AUDITED FINANCIALS

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# 2021 AUDITED FINANCIAL STATEMENTS - HIGHLIGHTS

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- ZIMRA Income statement had a surplus of \$723.3m compared to \$187.2m in 2020.
- A surplus on revaluation amounting to \$9.355bn was realized due to revaluation of assets
- **Clean audit opinion on:**
  - ✓ ZIMRA Financial statements
  - ✓ Receipts & Disbursements Return
  - ✓ Tax Reserve Certificates Return
  - ✓ Revenue Written Off Return
- **Modified Qualified audit opinion on:**
  - ✓ Revenue Return
  - ✓ Outstanding Revenue Return

## 2021 AUDITED FINANCIAL STATEMENTS - HIGHLIGHTS

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- Capital expenditure for the year was \$1.3bn against a budget of \$5.5bn.
- Recurrent expenditure increased by 262% from \$5.733bn in 2020 to \$15.003bn in 2021.
- The cost of collection was 2.93% (against the International Benchmark of 3%)
- Non-cash expenditure for the year was \$1.411bn compared to \$1.703bn in 2020

# 2022 GENERAL OUTLOOK

- Global economy still reeling from the after shocks of the COVID-19 Pandemic
  - Russia/Ukraine war and geo-political tensions have serious negative impact to the Global economy mainly affecting prices of the 3 Fs (**Food, Fuel and Fertiliser**).
  - Prices of base and precious minerals reducing
  - Increased Global supply chain risks
  - Energy price shocks can reduce global output by about 0.5 percent in 2022 and cumulatively by about 0.8 percent by 2023 [Source :World Bank]
- Zimbabwe not spared and experiencing imported inflation.
  - Inflation increased from **60.7%** in December 2021 to **191%** in June 2022.
  - Government interventions including the introduction of Gold coins expected to tame the rising inflation
  - Zimbabwe economy still expected to grow but at a slower pace due to Global developments (**Estimated Growth is 3.7% for 2022**)

# ZIMRA'S STRATEGIC DIRECTION 2022

## *“CULTURE OF EXECUTION”*

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Strategy anchored on Digitalisation and People :

- Systems Automation and Systems Integration
- New Domestic Taxes ICT System (TaRMS)
- Automation of Customs Clearance Processes (ASYCUDA Upgrade)
- Dry Ports to decongest borders and Drones for stronger border surveillance.
- New state of the art Scanners for increased enforcement
- ZIMRA Contact Centre for improved customer services
- Change Management Program to transform Service Culture, Create effective and efficient internal processes and improve the ZIMRA Brand Equity

# 2022 REVENUE OUTLOOK

The Authority started the year 2022 on a positive note.

- First half (H1: 01 January to 30 June 2022) cumulative net revenue collections of **ZWL\$491.49 billion** against a target of **ZWL\$359.16 billion** (36.84% above target).
- The 2022 Annual revenue target of **ZWL\$809.40 billion** is likely to be reviewed upwards in the second half of 2022.



# THANK YOU

- To all our compliant Taxpayers
- ALL external stakeholders for cooperation and collaboration
- Our Parent Ministry (MoFED) for guidance and provision of resources
- Board Members for the continuous guidance and support
- ZIMRA Management and Staff Members for their commitment to serve.

