

Zimbabwe Revenue Authority



REVENUE PERFORMANCE REPORT FOR THE FIRST HALF ENDED 30 JUNE 2023

1. ECONOMIC OVERVIEW



Mr. Antony Mandiwanza
ZIMRA Board Chairman

The operating environment was depressed for the greater part of the first half of the year, characterized by high inflation and a depreciating local currency. The Zimbabwean dollar continued to weaken against the USD with the exchange rate opening the year at **US\$1: ZWL\$684.33** and closing at **US\$1: ZWL\$5,739.80**. On the other hand, year-on-year inflation worsened by 74.24 percentage points from **101.51%** in January 2023 to **175.75%** at the close of June 2023. This prompted the Government to introduce some monetary and fiscal measures to stabilize the economy, with a cocktail of measures implemented in May and June 2023. The interventions brought some stability towards the end of the period under review.

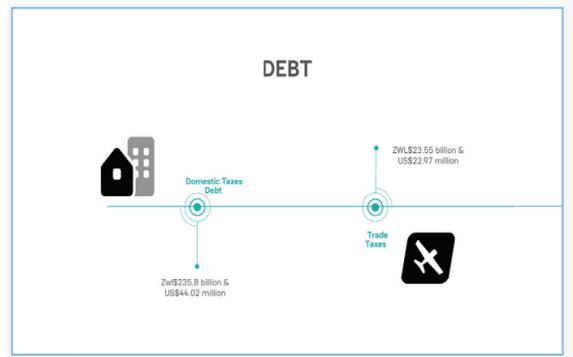
Power supply improved during the first half of the year, impacting positively on production. The tobacco selling season which opened in March 2023 contributed to foreign currency supply in the economy and resulted in less pressure on the local currency. Furthermore, the reduction in interest rates from 200% to 140% is expected to spur production and economic growth.

2. REVENUE COLLECTION SNAPSHOTS

Revenue Performance



Debt



2.1 Revenue Performance for First Half 2023

Nominal net revenue collections for the first half of 2023 were **\$4.43 trillion**, translating to nominal and real growth of **801.58%** and **1.63%** respectively. Foreign currency revenue collections amounted to **US\$1.32 billion** against a target of **US\$1.37 billion**, leading to a negative variance of **3.72%**. Positive growth was registered in all revenue heads in nominal terms. In real terms, revenue heads that recorded positive growth were VAT on Imports, Customs Duty, Excise Duty, Other Indirect Taxes, Tobacco Levy and Carbon Tax. Table 1 below presents 2023 first half revenue performance by revenue head in comparison to the 2022 first half performance:

Table 1: 2023/2022 First Half Revenue Performance Comparison

TAX HEAD	2023 ZIMRA TARGET	2023 ACTUAL \$	% VARIANCE	2022 ACTUAL \$	% Nominal Growth	% Real Growth
Individuals	577,466,766,179.12	804,523,745,652.35	39.32%	91,497,041,645.87	779.29%	-0.89%
Companies	472,245,152,355.34	604,141,854,086.27	27.93%	72,464,596,840.18	733.71%	-6.02%
Gross VAT L/Sales	551,015,995,163.39	610,610,472,758.34	47.11%	87,733,923,492.15	823.94%	4.15%
Less VAT Refunds		211,019,594,697.81		20,066,536,922.75	951.60%	
Net VAT L/Sales	551,015,995,163.39	599,590,878,060.53	8.82%	67,667,384,569.40	786.09%	-0.12%
VAT on Imports	426,980,480,763.37	541,429,812,268.53	26.80%	52,765,554,625.37	926.30%	15.69%
Gross Customs Duty	264,260,624,160.46	299,897,329,606.52	13.49%	33,048,729,647.61	807.44%	2.29%
Less Customs Refunds		1,285,463,418.54		188,560,218.05		
Net Customs Duty	264,260,624,160.46	298,611,866,187.98	13.00%	32,860,169,429.57	808.74%	2.43%
Excise Duty	505,278,433,136.51	612,099,064,612.87	21.14%	61,306,542,815.99	898.42%	12.54%
Mining Royalties	138,201,457,278.63	107,772,231,281.87	-22.02%	13,986,910,420.95	670.52%	-13.15%
WHT on Contracts	46,236,182,659.56	48,690,438,688.38	5.31%	7,891,850,801.20	516.97%	-30.45%
Intermediated Money Transfer Tax	261,417,952,562.33	279,537,861,429.65	6.93%	46,949,290,788.12	495.40%	-32.89%
Other Taxes	78,196,687,919.45	69,237,632,577.54	-11.46%	10,644,302,905.47	550.47%	-26.68%
CGT & CGT Withholding	20,915,127,456.11	28,080,189,713.49	34.26%	6,992,693,395.66	301.56%	-54.74%
Other Indirect Taxes	19,386,217,590.52	16,255,825,042.16	-16.15%	1,482,388,612.89	996.60%	23.61%
Tobacco Levy	37,895,342,872.82	24,901,617,821.89	-34.29%	2,169,220,896.92	1047.95%	29.40%
Carbon Tax	47,100,204,763.18	64,846,762,051.97	37.68%	6,267,484,257.75		16.63%
DFIR	47,199,001,893.00	43,735,643,641.73	-7.34%	11,909,988,799.92	267.22%	-58.61%
Gross Non Tax	77,321,521,074.503	357,207,460,059.21	361.98%	15,331,293,823.31	2229.92%	162.63%
Less Other Refunds		216,189,018.93		40,225,838.48		
Net Non-Tax	77,321,521,074.503	356,991,271,040.28	361.70%	15,291,067,984.83	2234.64%	163.16%
Total Net Revenue	3,492,920,459,908.85	4,431,209,061,579.95	26.86%	491,492,185,884.63	801.58%	1.63%
Total Gross Revenue	3,492,920,459,908.85	4,643,730,308,715.23	32.95%	511,787,510,863.90	807.36%	2.28%

Most revenue heads surpassed their targets except Mining Royalties, Other Indirect Taxes, Tobacco Levy and DFIR. Figure 1 below depicts the Revenue Contributions by Revenue Head:

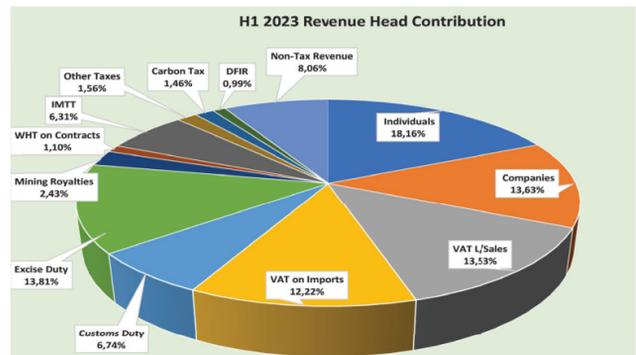


Figure 1: H1 2023 Net Revenue Contributions by Revenue Head

- Individuals:** The revenue head recorded a positive performance, surpassing the target by **39.32%**. In real terms, revenue from Individuals declined by **0.89%** when compared to **H1 2022**. The nominal performance was mainly attributable to the increase of salary payments in line with inflationary pressures that were experienced during the period under review. Furthermore, some employers adjusted salaries and wages in line with prevailing cost of living.
- Companies:** Companies collections were **27.93%** above the target for the first half of 2023. In real terms, revenue collections went down by **6.02%** from H1 2022 collections. Audits that were conducted by the Authority enhanced nominal revenue collections during the period under review.
- VAT on Local Sales:** Net revenue collections for the first half of 2023 recorded a marginal decline of **0.12%** in real terms showing diminishing levels of consumption in the economy.
- Customs and VAT on Imports:** Revenue targets for the two tax heads were surpassed by **13.00%** and **26.80%**,

respectively. Positive performance of the trade related tax heads reflect a significant growth in imports.

- Excise Duty:** The tax head surpassed the target by **21.14%** and real revenue grew by **12.54%**. Most of the revenue was realised from fuel imports and airtime, which contributed **77.81%** and **11.48%** of the revenue under this tax head respectively.
- Intermediated Money Transfer Tax: (IMTT):** Revenue collections from IMTT surpassed the set target by **6.93%**. The revenue head recorded nominal revenue growth of **495.40**. On the other hand, in real terms H1 2023 revenue declined by **32.89%** when compared to collections of H1 2022.

Figure 2 below shows half-yearly contributions of major revenue heads to total revenue from H1 2022 to H1 2023.

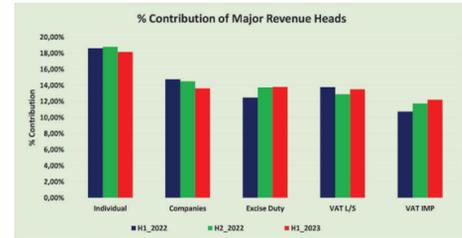


Figure 2: Major Revenue Heads Contributions

2.3 Refunds for H1 2023

Refunds amounting to **ZWL\$212.52 billion** were paid during the first half of 2023 (**4.58%** of Gross Collections). Table 3 below shows the refund amounts by Tax Head.

Table 3: Refunds by Tax Head

Tax Head	H1 2023 Refunds (ZWL)
Value Added Tax	211,019,594,697.81
Customs Duty	1,285,463,418.54
Other	216,189,018.93
TOTAL	212,521,247,135.28
Gross Collections (ZWL\$)	4,643,730,308,715.23
Refunds as a %age of Gross Collections	4.58%

3. TRADE FACILITATION

During the first half of 2023, exports amounting to **ZWL\$5.58 trillion** were processed while imports worth **ZWL\$6.67 trillion** were brought into the country. Table 4 below shows Imports and Export statistics for 2021 to H1 2023.

Table 4: Import and Export Statistics

	2021	2022	2023 H1
Exports	ZWL \$192.56 billion	ZWL\$ 1.28 trillion	ZWL\$5.58 trillion
Imports	ZWL\$ 250.62 million	ZWL\$ 1.52 trillion	ZWL\$6.67 trillion

Major exports during the quarter were minerals and tobacco while imports were dominated by diesel, petrol and motor vehicles. Industry continues to benefit from duty and VAT suppressing instruments on importation, as shown by revenue foregone through trade taxes amounting to **ZWL\$703.04 billion** and **US\$953.04 million** during the first half of 2023.

The Authority has been continuously implementing strategies and projects to improve border management and subsequently enhance trade facilitation. In this regard, the following projects were implemented during the period under review:

- Border Efficiency Management Reforms projects** – the Authority managed to install a queue management system at Nyamapanda Border Post.
- Drones Projects** – the project is nearing completion.



ZIMRA drones

- System integration** – The integration of Zambia and Zimbabwe systems at Chirundu Border Post has been progressing well with technical testing being ongoing on the system in preparation for its launch.

4. INTERNAL PROCESSES

Great strides have been achieved in internal processes involving human capital development and capacity building activities targeted at improving productivity and staff welfare. The Authority continued to receive technical assistance from its strategic partners and this has contributed positively to tax revenue management.

ZIMRA will be rolling out a new Tax and Revenue Management System (TaRMS), a platform designed to streamline and enhance taxpayer experience. This system was developed with taxpayer convenience and efficiency in mind, aiming to simplify the tax processes and provide the taxpayer with a range of benefits that include,

- User Friendly Self Service Portal (SSP).
- Reduced cost of compliance.
- Reduced human intervention due to automation of processes.

This innovative platform will enhance overall taxpayer experience. All taxpayers are urged to embrace the future of Tax Management with TaRMS and experience a seamless and hassle-free way to fulfil tax obligations.



5. OUTLOOK

The Zimbabwe Revenue Authority remains resolute to its mandate to support national development through revenue mobilisation. The Authority will remain flexible enough to quickly adapt to policy changes being introduced to restore normality in the economy. As some of ZIMRA's strategic projects are nearing completion, we are confident that internal processes will be more robust and service provision will improve significantly in the near future, increasing both revenue collection in local currency and the multiple currencies used in the economy. To this effect, it is expected that revenue collection for the third quarter of the year will exceed 6% of GDP.



ZIMRA CONTACT CENTRE

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ZIMRA Contact centre

6. GRATITUDE

Let me acknowledge the contribution of my fellow Board Members who have been working closely with the ZIMRA Executive Management to achieve the good results regardless of the challenges that were encountered. My appreciation also goes to Honourable Professor M. Ncube, Minister of Finance and Economic Development and his team for the invaluable support rendered particularly with respect to policy imperatives. The efforts by ZIMRA Management and staff are well appreciated. To our valued clients who have always paid their dues on time and in full, thank you very much. For those falling behind on their payments, I urge you to fulfil your tax obligations so that we can build our nation in line with the goals of the National Development Strategy1 (NDS1).

I thank you.

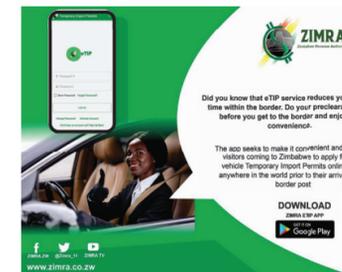
A.S. Mandiwanza
ZIMRA Board Chairman



ZIMRA board chairman, Mr. Antony Mandiwanza, directing proceedings at the ZIMRA AGM



CG wins IODZ Women Director of the Year Award



ZIMRA ZRA signs Customs MOU



Tax education campaigns