

Zimbabwe Revenue Authority



REVENUE PERFORMANCE REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022



Ms Regina Chinamasa
ZIMRA Acting Commissioner General

1. Introduction

The general economic environment weakened marginally in the first quarter of 2022 with year-on-year inflation increasing by 11.96 percentage points from 60.74% as at the end of December 2021 to close at 72.7% by end of March 2022. The local currency further weakened against the US dollar during the quarter from **ZWL\$108.67** at the end of December 2021 to **ZWL \$142.42** at the end of March 2022. However, the first quarter of 2022 ended on a positive note in terms of revenue collections with the Authority surpassing both the gross and net revenue targets.

ZIMRA continued to support the Government's National Development Strategy 1 (NDS-1) through implementation of various revenue collection and trade facilitation strategies. This report gives a summary of the 2022 first quarter (Q1 2022) revenue collections.

2. Q1 2022 Revenue Performance

2.1 Q1 2022 Gross and Net Revenue Performance against Targets

Gross revenue collections for the quarter amounted to **ZWL \$178.77 billion** against a target of **ZWL\$ 165.41 billion (8.08% above target)**. The Authority paid out refunds amounting to **ZWL \$4.84 billion** during the quarter under review. Table 1 below shows that the net revenue collections for the quarter were **ZWL \$173.93 billion (5.15% above Target)**

Table 1: Q1 2022 Net Revenue Collections

Q1 2022 Actual Net Revenue Collected against Target	
Net Revenue Collected (ZWL\$)	173,928,373,584.98
Target (ZWL\$)	165,407,298,729.00
Variance	5.15%

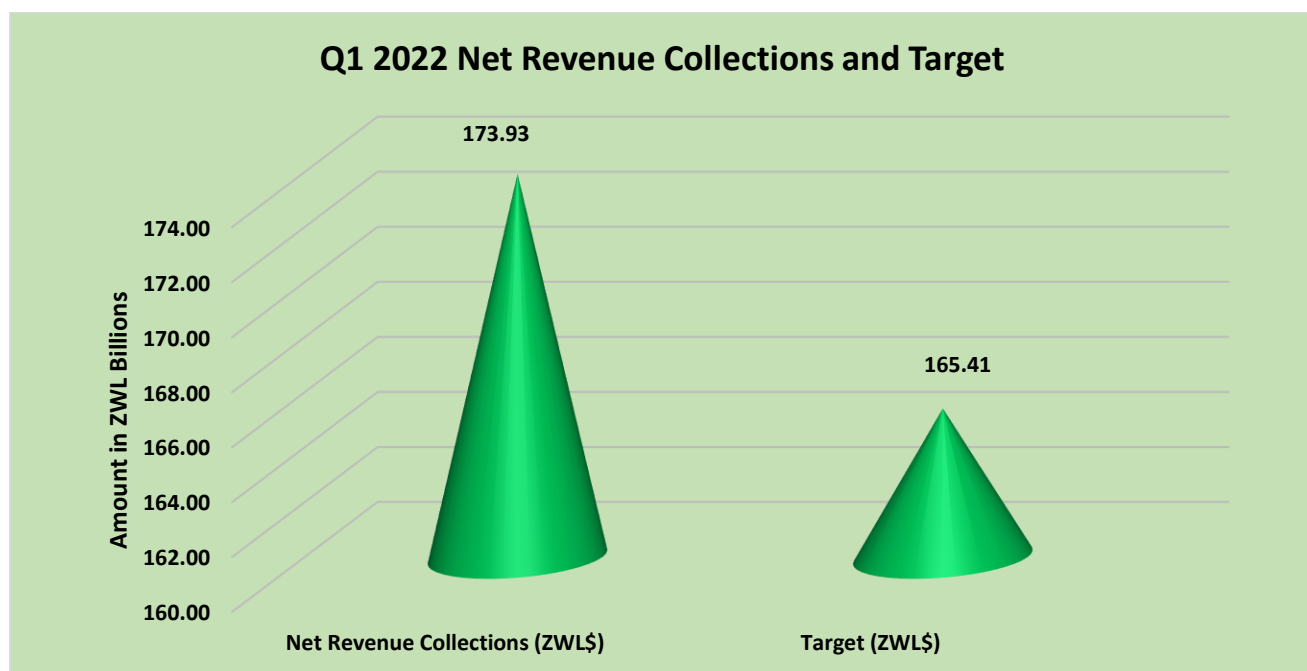


Figure 1: Q1 2022 Net Revenue Collections

2.2 Comparison of Q1 2022 Revenue Collections to Q1 2021

Q1 2022 net revenue collections grew by **97.05%** in nominal terms and grew by **18.35%** in real terms (after adjustment for inflation) when compared to revenue collected during the first quarter of 2021.

Table 2 below summarises the revenue performance for the quarter by revenue head. It also shows the nominal and real revenue growth from same period in 2021.

Table 2: 2022/2021 First Quarter Revenue Performance Comparison

TAX HEAD	2022 TARGET \$	2022 ACTUAL \$	% VARIANCE	2021 ACTUAL \$	% Nominal Growth	% Real Growth
Individuals	29,440,488,107.00	31,182,561,937.53	5.92%	15,790,363,783.76	97.48%	18.61%
Companies	42,667,107,348.00	26,671,141,362.36	-37.49%	17,638,137,682.08	51.21%	-9.18%
Gross VAT L/Sales	24,433,849,067.00	33,200,762,772.48	35.88%	14,228,627,901.44	133.34%	40.14%
<i>Less VAT Refunds</i>		<i>4,779,501,556.03</i>		<i>2,331,225,356.52</i>	105.02%	
Net VAT L/Sales	24,433,849,067.00	28,421,261,216.45	16.32%	11,897,402,544.92	138.89%	43.48%
VAT on Imports	13,422,495,630.00	17,219,497,411.28	28.29%	8,616,561,517.84	99.84%	20.03%
Gross Customs Duty	10,481,055,847.00	10,657,227,921.54	1.68%	6,255,187,004.73	70.37%	2.33%
<i>Less Customs Refunds</i>		<i>41,447,128.32</i>		<i>19,196,641.15</i>		
Net Customs Duty	10,481,055,847.00	10,615,780,793.21	1.29%	6,235,990,363.59	70.23%	2.24%
Excise Duty	15,877,447,105.00	20,036,973,772.30	26.20%	11,045,853,183.07	81.40%	8.95%
Mining Royalties	5,612,658,541.00	4,368,261,185.63	-22.17%	3,358,086,987.96	30.08%	-21.87%
WHT on Contracts	3,217,606,086.00	2,980,048,559.95	-7.38%	2,150,642,007.69	38.57%	-16.78%

Intermediated Money Transfer Tax	15,140,347,408.00	17,854,494,249.89	17.93%	7,207,128,801.66	147.73%	48.79%
Other Taxes	914,170,131.00	1,563,065,584.21	70.98%	659,282,849.67	137.09%	42.39%
CGT & CGT Withholding	476,028,048.00	1,045,642,933.32	119.66%	351,059,775.51	197.85%	78.89%
Other Indirect Taxes	438,142,083.00	511,270,650.89	16.69%	302,455,256.84	69.04%	1.53%
Tobacco Levy		6,152,000.00		5,767,817.32		
Carbon Tax	1,553,926,865.00	1,763,809,942.00	13.51%	1,160,302,234.72	52.01%	-8.70%
DFIR	1,011,205,222.00	3,664,206,347.63	262.36%	610,873,744.93	499.83%	260.26%
Gross Non Tax	1,634,941,372.000	7,604,321,323.43		1,895,164,663.65	301.25%	140.99%
<i>Less Other Refunds</i>		<i>17,050,100.90</i>		<i>1,592,430.76</i>		
Net Non-Tax	1,634,941,372.000	7,587,271,222.53		1,893,572,232.89	300.69%	140.65%
Total Net Revenue	165,407,298,729.00	173,928,373,584.98	5.15%	88,264,197,934.77	97.05%	18.35%
Total Gross Revenue	165,407,298,729.00	178,766,372,370.24	8.08%	90,616,212,363.20	97.28%	18.49%

The following graph shows a comparison of net revenue collections for Q1 2022 and Q1 2021 as well as the 2022 targets for each revenue head.

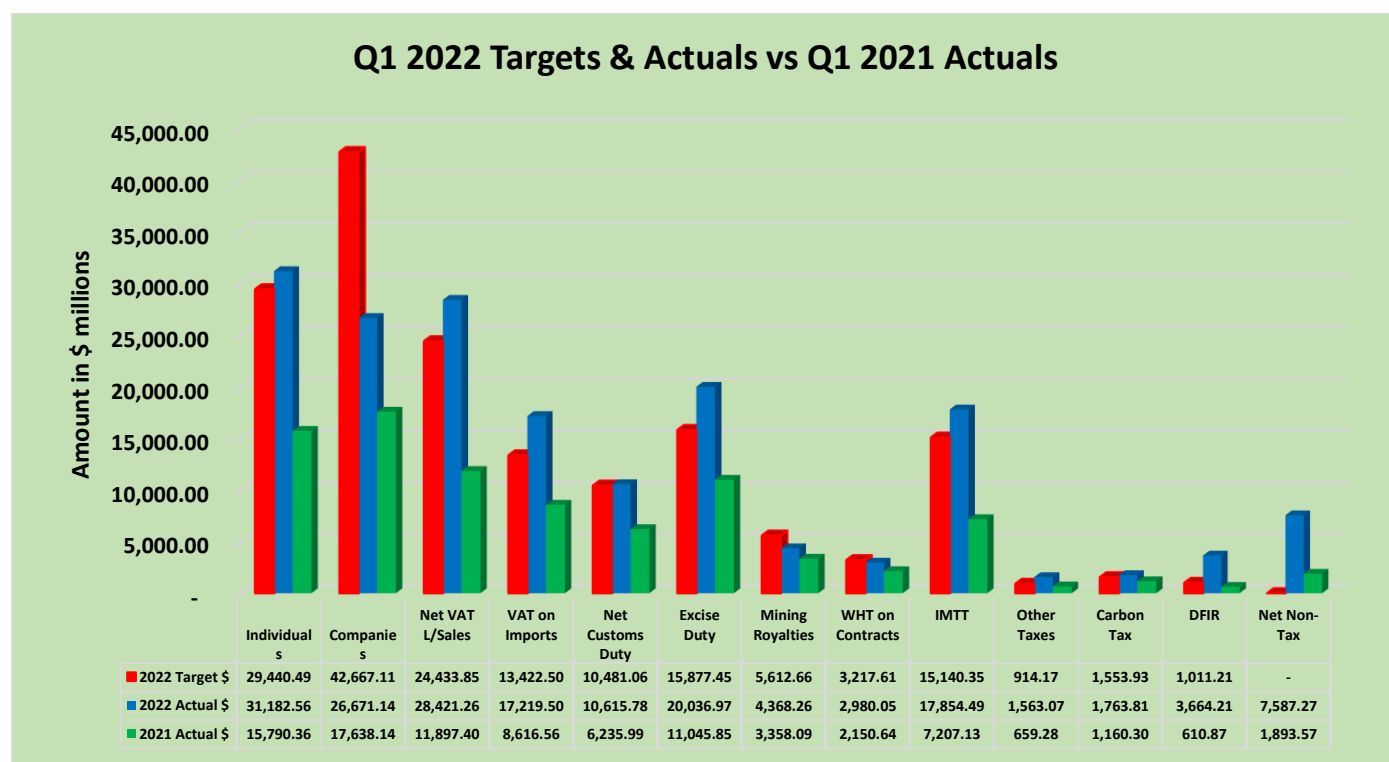


Figure 3: 2021/2020 First Quarter Revenue Comparison by Tax Head

All revenue heads grew positively in Q1 2022 when compared to the same period last year, though some revenue heads missed their current year targets. The growth in revenue has been mostly attributed to inflationary pressures affecting pricing models of goods and services in the economy.

2.3 2022 Monthly Net Revenue Performance vs. 2021 Monthly Revenue Performance

Figure 4 below shows monthly comparison of revenue collected in Q1 2022 against that of Q1 2021. Monthly revenue collections depicted a positive trajectory and recorded significant nominal growth from 2021 which is mostly a reflection of inflation. However, the overall net collections grew by 18.35% in real terms (after adjustment for inflation) which is an indication of increased economic activity.

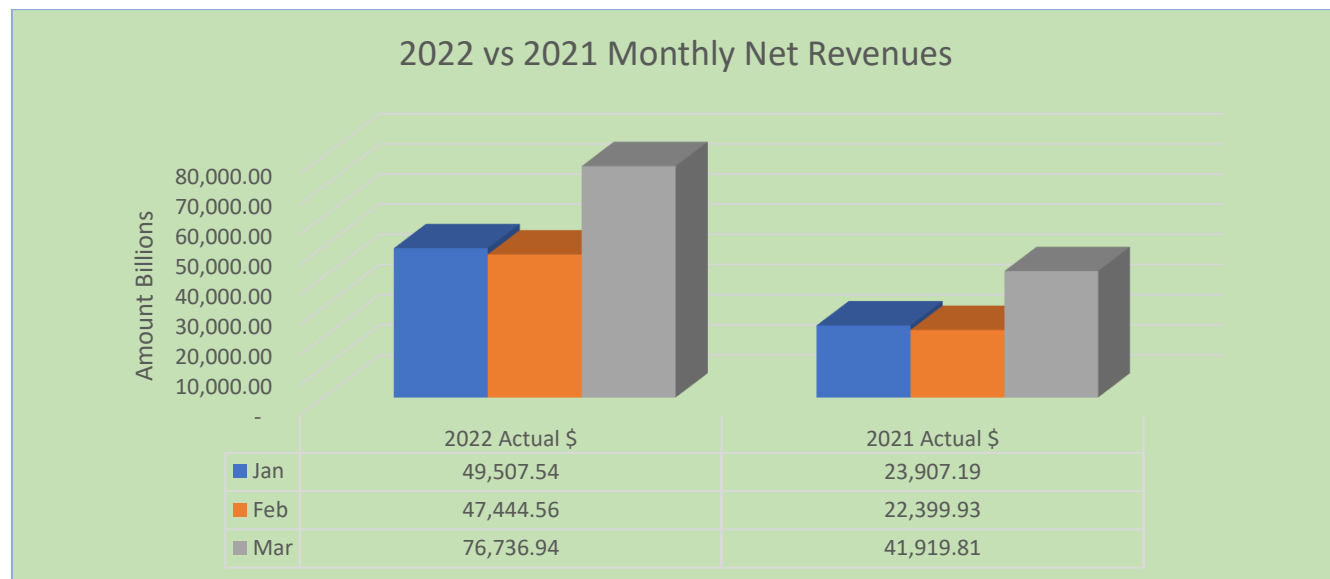


Figure 4: Comparison of monthly net revenue collections, 2022 vs 2021

2.4 Distribution of net revenue by tax type

The pie-chart below shows the contribution of each revenue head to total net collections during the first quarter of 2022. The top five revenue earners for the quarter under review were Individuals (17.93%), VAT on Local Sales (16.34%), Companies (15.33%), Excise Duty (11.52%) and Intermediated Money Transfer Tax (IMTT – 10.27%). The top three revenue heads namely Companies, Individuals and VAT on Local Sales contributed **49.6%** of total net revenue.

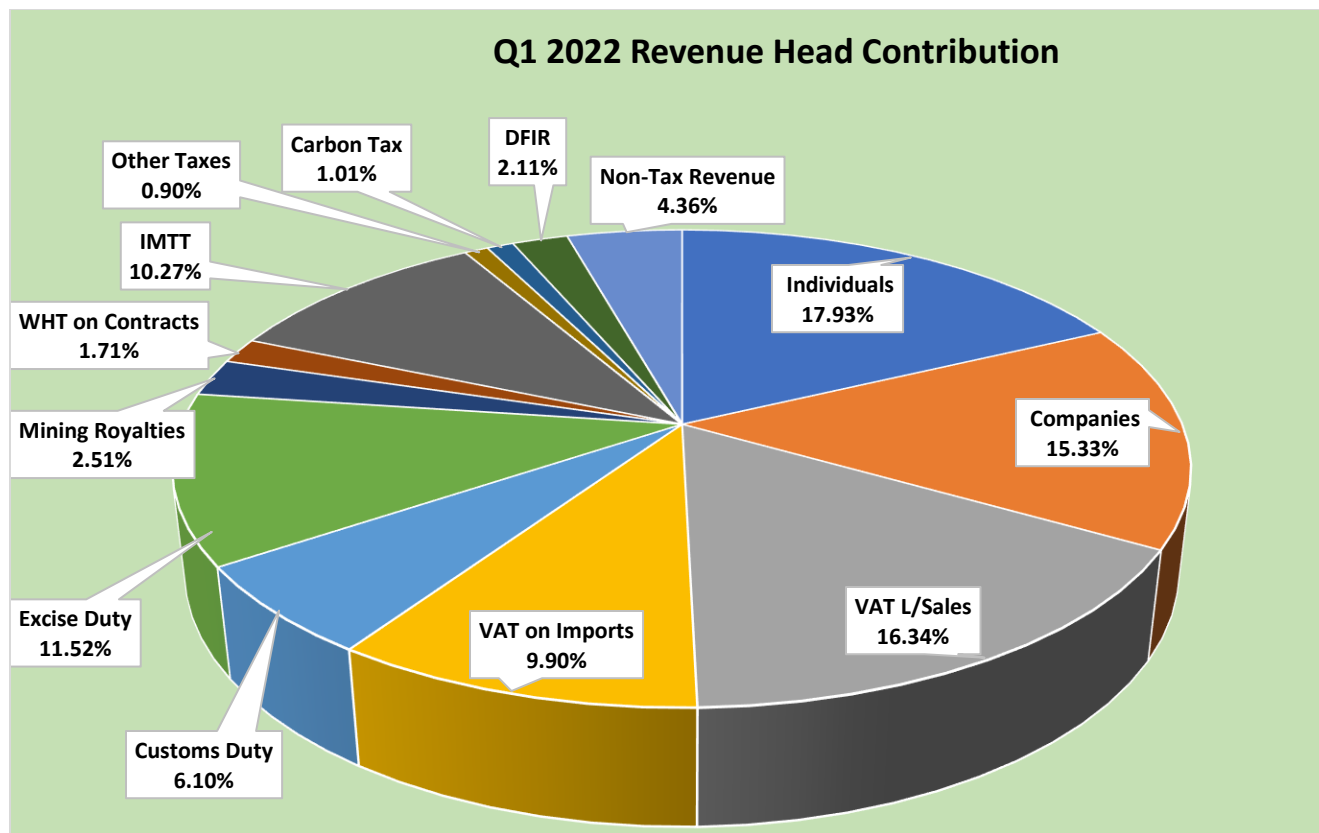


Figure 2: 2022 Q1 Revenue Contributions by Tax Head

- **Companies:** Availability of foreign currency on the foreign currency auction system was a key lifeline for businesses as they were able to access cheap foreign currency and resulted in an improved outlook for 2022. ZIMRA continued to promote voluntary compliance and audits to enforce compliance.
- **Individuals:** Tax collected from Individuals grew nominally by 97.48% in Q1 2022 as compared to the same period in 2021. This is largely a reflection of general wage increases made in different sectors in order to cushion employees against the rising cost of living.
- **VAT on Local Sales:** Performance of the revenue head is attributed to increased consumption as a result of rising disposable income from salary increments. On the other hand, fiscalisation assisted in maintaining high compliance levels.
- **VAT on Imports:** Imports have been increasing as businesses continue to complement their operations with imported goods and services. The partial liberalisation of the exchange rate is

expected to assist most businesses to import as forex availability is going to improve for those who require it thereby enhancing revenue collections.

- **Customs Duty and Excise Duty:** These two revenue heads performed below the set targets because of the effects of previous and current lockdown regulations introduced to contain the spread of COVID-19. The closure of the ports of entry to the public with the exception of trucks bringing in essential commodities affected revenue collections significantly. The consumption of beer and wines increased despite revenue collected from petroleum products declining and negatively affecting the performance of Excise Duty.
- **IMTT:** Revenue collections have maintained a positive trajectory as most consumers are becoming more dependent on electronic and mobile payments. Looking into the future increased revenues will be expected as more transactions will be processed through the digital systems.

3. Summary of Revenue Enhancement Strategies Implemented During the Quarter

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

- **Taxpayer education workshops:** Various changes were introduced in legislation and it was prudent to inform tax payers of the changes so as to improve voluntary tax compliance.
- **Stakeholder engagements:** The Authority as a pivotal organisation within the economy continue creating relations with strategic partners to increase dissemination of tax information, hence increasing tax knowledge and alignment of focus with stakeholders
- **Publicity of pertinent tax information:** ZIMRA has been circulating information of new online services and tax due dates to the tax paying public as well as digital advertisements.
- **Effective debt management:** Further engagements were done on outstanding tax remittances, returns and payment plans.
- **Risk based audits:** The selection of audit cases was done using specified risk criteria, which target clients posing high revenue exposure in various tax aspects.
- **Customs Post Clearance Compliance Enforcement:** After a long period of economic lockdowns, the Authority had to embark on post clearance audits to conduct document checks on declarations.
- **Pre-clearance checks:** The pre-clearance of goods was introduced to expedite the clearance of goods on ports of entry in support of ease of doing business initiative.

4. Outlook

The second quarter net revenue collection target stands at **ZWL\$193.65 billion**. The Authority will continue to intensify the implementation of various compliance strategies to ensure timely and accurate tax remittances from different taxpayer segments. Revenue collections are expected to remain positive in light of the opportunities that await the Authority through various revenue enhancement initiatives and prospects to expand the tax base by taxing the digital economy.

5. Gratitude

I wish to express my gratitude to the ZIMRA Board, the Minister of Finance and Economic Development, Honourable Professor M. Ncube and the MOFED team for providing the much needed support and guidance. Furthermore, my appreciation goes to the ZIMRA management and staff for remaining resolute in implementation of the Authority's strategy which is aiding to the attainment of the 'Consolidation of Macro-Economic Stability Pillar' of the National Development Strategy 1.

To our valued and highly esteemed tax payers, a big thank you to you for your patience and continued support through settling your tax obligations on time and in full.

I thank you.



R. Chinamasa

ZIMRA Acting Commissioner General