

Zimbabwe Revenue Authority



REVENUE PERFORMANCE REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022



1. ECONOMIC OVERVIEW

The Government continued to implement tight Monetary and Fiscal Policy measures to stabilize the economy during the quarter under review. The Value for Money Principle adopted in public procurement during the quarter had a huge impact on price stability. Year-on-year inflation dropped by 36.64 percentage points from 280.40% at the close of the third quarter to 243.64% at the end of the fourth quarter of 2022. On the other hand, the local currency weakened slightly against the US\$. The exchange rate opened the fourth quarter at 621.89 and closed the fourth quarter at 684.33 against the US\$ (10.04% depreciation). Power outages occasioned by low levels of water in the Kariba Dam affected business operations. Despite the challenging operating environment, the Authority managed to surpass the Q4 2022 target by 34.05% and the 2022 Annual target by 26.47%.

2. REVENUE RESULTS

2.1 Revenue Performance for Q4 2022

Net revenue collected in Q4 2022 grew by 467.56% and 59.50% in nominal and real terms respectively from same period in 2021. All revenue heads registered growth in both nominal and real terms. Table 1 below summarises the revenue performance for the quarter by revenue head:

Table 1: 2022/2021 Fourth Quarter Revenue Performance Comparison

TAX HEAD	Q4 2022 Target (ZWL)	Q4 2022 Actual (ZWL)	% Variance	Q4 2021 Actual (ZWL)	% Nominal Growth	% Real Growth
Individuals	98,527,109,649	168,402,814,084	70.92%	26,784,286,404	528.74%	76.69%
Companies	143,993,439,837	124,219,875,951	-13.73%	31,721,669,442	291.59%	10.65%
Net VAT L/Sales	97,413,484,514	125,848,926,850	29.19%	22,672,137,098	455.08%	55.99%
VAT on Imports	66,973,958,401	107,569,058,900	60.61%	14,720,430,244	630.75%	105.36%
Net Customs Duty	45,705,121,395	63,738,853,117	39.46%	9,150,186,333	596.59%	95.76%
Excise Duty	82,807,290,070	126,289,441,103	52.51%	19,493,121,402	471.69%	82.07%
Mining Royalties	27,052,430,727	21,017,696,202	-22.31%	3,676,402,570	471.69%	60.66%
WHT on Contracts	10,000,842,403	11,938,935,015	19.38%	1,811,154,450	559.19%	85.25%
Intermediated Money Transfer Tax	62,711,861,242	79,208,846,885	26.31%	16,471,387,525	380.89%	35.14%
CGT & CGT Withholding	4,020,000,000	4,436,234,231	10.35%	677,577,876	554.72%	83.99%
Other Indirect Taxes	2,424,969,963	3,283,455,115	35.40%	377,389,381	770.04%	144.50%
Tobacco Levy	6,000,000,000	988,646,566	43.28%	14,297,280	6814.93%	1843.27%
Carbon Tax	893,000,000	12,245,209,004	53.01%	1,973,064,441	74.41%	
DFIR	12,554,226,542	10,989,562,898	-12.46%	2,634,156,688	317.19%	17.24%
Net Non-Tax	2,596,000,000	31,906,921,012	5,001,755,927	537.91%	79.27%	
Total Net Revenue	665,473,734,743	892,084,476,934	34.05%	157,179,017,061	467.56%	59.50%
Total Gross Revenue	665,473,734,743	935,969,102,764	40.65%	161,076,236,264	481.07%	63.30%

Q4 2022 Revenue collections by Tax Head

The Top 5 Revenue contributors in Q4 2022 were:

1. Individuals (18.88%)
2. Excise Duty (14.16%)
3. VAT on Local Sales (14.11%)
4. Companies (13.92%)
5. VAT on Imports (12.06%)

Figure 1 below depicts the Revenue Contributions by Revenue Head:

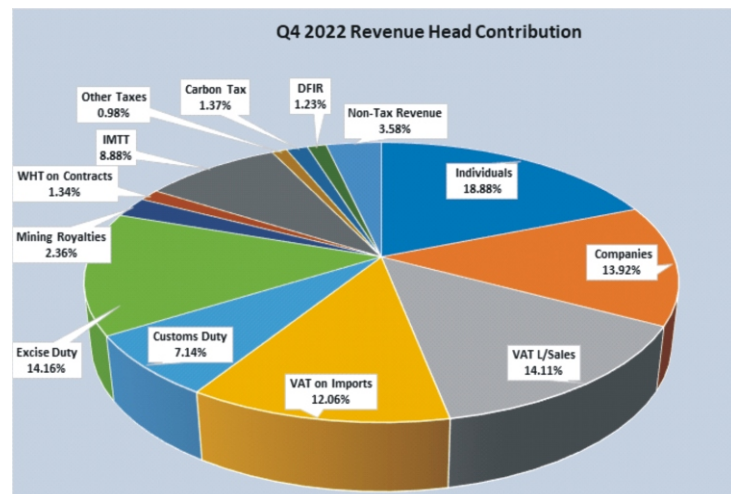


Figure 1: Q4 2022 Net Revenue Contributions by Revenue Head

- **Individuals:** Tax from Individuals exceeded the set target by 70.92% and revenue growth was 76.69% in real terms as compared to Q4 2021. The positive real growth is mainly attributable to salary adjustments, bonus payments, partial payments and full payments of salaries in foreign currency.
- **Companies:** Companies collections grew by 10.05% in real terms as compared to Q4 2021. The authority intensified various revenue enhancing activities like sector based audits and door-to-door visits to harness revenue from various economic sectors. The positive real growth is also attributable to increased Foreign Currency collections.
- **VAT on Local Sales:** Net collections from VAT on Local Sales grew by 59.99% in real terms from Q4 2021. The real growth is mainly attributable to the Authority's fiscalisation enforcement strategies. The positive growth is also a reflection of increased real consumption of goods and services in the 2022 festive season as compared to 2021.
- **Customs and VAT on Imports:** The tax heads surpassed their targets by 39.46% and 52.51%, respectively. Positive performance of the trade related tax heads is attributed to growth in imports, which grew by 508.27% from Q4 2021.

- **Excise Duty:** The tax head exceeded the set target by 52.51% and revenue grew by 82.07% in real terms. Excise of fuel contributed 71.76% of the revenue under this tax head and the real growth reflects increase in fuel consumption in line with economic growth.
- **Intermediated Money Transfer Tax (IMTT):** The transaction-based tax head performed above the set target by 26.31% and real revenue growth was 35.14% from 2021 for the quarter under review. The real growth in IMTT mirrors the growth in Electronic Transactions in the economy.

2.2 Cumulative revenue performance for the year 2022

The Authority collected total net revenue of ZWL\$2 Trillion in 2022 against a target of ZWL\$1.6 trillion (26.4% above target). Net revenue grew from 331.72% in nominal terms from 2021 and after adjusting for inflation net revenue grew by 51.97%. The real growth is the Authority's revenue collection strategies are paying off as revenue collected is growing above inflation. Table 2 below shows the revenue collected in 2022 by Tax Head:

Table 2: 2022 Annual Net Revenue Collections Vs Targets and 2021 Collections

TAX HEAD	2022 Annual Target (ZWL)	Q4 2022 Annual Actual (ZWL)	% Variance	2021 Annual Actual (ZWL)	% Nominal Growth	% Real Growth
Individuals	269,836,574,235	380,094,109,328	40.86%	81,132,951,013	368.48%	64.91%
Companies	313,783,700,215	295,172,841,208	-5.93%	92,554,385,477	218.92%	12.26%
Net VAT L/Sales	233,106,461,467	265,703,543,923	13.98%	69,042,319,235	284.84%	35.47%
VAT on Imports	160,790,858,427	237,205,133,252	45.04%	45,444,289,040	413.17%	80.64%
Net Customs Duty	111,352,111,762	138,614,372,690	24.48%	29,553,082,693	369.04%	65.11%
Excise Duty	191,595,754,120	272,289,095,949	42.12%	57,048,380,193	377.30%	68.01%
Mining Royalties	61,113,191,755	61,071,264,337	-0.07%	13,470,776,638	353.36%	59.59%
WHT on Contracts	22,404,424,348	28,884,745,974	28.92%	7,290,481,703	296.20%	39.47%
Intermediated Money Transfer Tax	147,765,030,194	182,775,260,708	23.69%	45,292,288,567	303.55%	42.05%
Other Taxes	24,194,144,255	25,938,620,133	7.21%	4,165,981,094	522.63%	119.17%
CGT & CGT Withholding	8,328,312,837	14,774,571,591	77.40%	2,003,486,931	637.44%	159.59%
Other Indirect Taxes	11,383,680,101	6,752,410,517	-40.68%	1,361,606,984	395.91%	74.57%
Tobacco Levy	4,482,151,315	4,411,638,025	-1.57%	800,887,179	382.02%	93.90%
Carbon Tax	19,244,671,029	27,493,340,219	42.86%	5,703,729,948	382.02%	69.68%
DFIR	23,115,071,719	33,740,402,831	45.97%	13,400,775,786	560.63%	132.55%
Net Non-Tax	23,385,218,719	80,690,719,710	343.87%	13,400,775,786	560.63%	132.55%
Total Net Revenue	1,601,687,212,315	2,025,673,450,257	26.47%	469,206,724,150	331.72%	51.97%
Total Gross Revenue	1,601,687,212,315	2,134,788,664,728	33.28%	478,941,586,491	345.73%	56.90%

2022 Annual Net Revenue collections by Tax Head

The Top 5 Revenue contributors in 2022 were:

1. Individuals (18.76%)
2. Companies (14.57%)
3. Excise Duty (13.44%)
4. VAT on Local Sales (13.12%)
5. VAT on Imports (11.51%)

Figure 2 below depicts the Annual Net Revenue Contributions by Revenue Head:

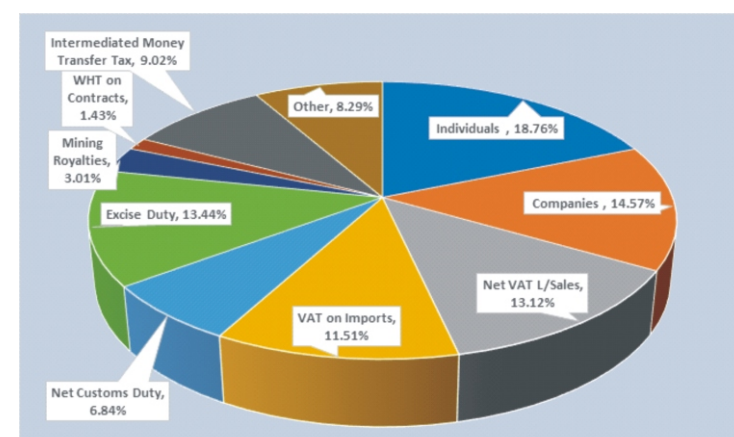


Figure 2: 2022 Annual Net Revenue Contributions by Revenue Head

2.3 Refunds for Q4 2022 cumulative refunds for 2022

The Authority processed refunds amounting to ZWL\$43.88 billion in Q4 2022 (4.69% of Gross Collections). Cumulative refunds for the year amounted to ZWL\$109.12 billion (5.11% of Gross Collections). Table 3 below shows the refund amounts by Tax Head:

Table 3: Refunds by Tax Head

Tax Head	Q4 2022 Refunds (ZWL)	2022 Annual Refunds (ZWL)
Value Added Tax	43,622,071,470.79	108,371,354,998.01
Customs Duty	231,838,222.14	620,572,346.76
Other	30,716,136.78	123,287,125.83
TOTAL	43,884,625,829.71	109,115,214,470.60
Gross Collections (ZWL)	935,969,102,763.91	2,134,788,664,727.61
Refunds as a %age of Gross Collections	4.69%	5.11%

3. TRADE FACILITATION

The Authority cleared Exports amounting to ZWL\$1.28 Trillion in 2022 up from ZWL\$192.56 billion in 2021 (563.07% nominal growth). Table 4 below shows Imports and Export statistics for 2022:

Table 4: Import and Export Statistics

	2021	2022	Growth
Exports	ZWL 192.56 Billion	ZWL 1.28 trillion	563.07%
Imports	ZWL 250.62 Million	ZWL 1.52 trillion	508.27%

The following milestones to improve smooth-flow of goods and persons in and out of Zimbabwe were achieved in 2022:

- **Beitbridge Modernisation Project** - The Beitbridge Border post was modernized and new Commercial and Passenger terminals were commissioned. This has resulted in major improvements in clearance of goods and people as they enter or exit the country. There was a notable improvement in clearance of travelling passengers in and out of Zimbabwe during the 2022 Festive Season.
- **Scanners Project** - The Authority is in the process of acquiring new heavy duty state of the Scanners to improve turnaround times and efficiency in border inspections. A new scanner was delivered to Beitbridge in December 2022 and is now in use.
- **ASYCUDA Upgrade** - The Authority continues to upgrade and automate customs clearance processes under the Customs IT System (ASYCUDA).
- **Drones to fight smuggling** - ZIMRA is in the process of acquiring drones to be deployed to borders to detect and deter smuggling. 4 Drones have been acquired for Beitbridge border post and will be fully operational during the first half of 2023.

4. INTERNAL PROCESSES

The Authority's strategy to turnaround the quality of service is anchored on Digitalisation. The digitalization drive includes automation of manual processes, integration of internal IT Systems and integration of ZIMRA IT systems with external systems. The following key milestones were achieved in 2022 under the digitalization drive:

- **Launch of E-Taxes** - a new E-Taxes System was launched to ease off Tax Clearance challenges and system is working well for Small to Medium Clients.
- **Automation of issuance of Tax Clearances** - The Domestic Taxes systems was successfully enabled to automatically issue Tax Clearances to all compliant Taxpayers.
- **Staggering of issuance of Tax Clearances** - The Authority has implemented a system which staggers the issuance of Tax Clearances. This went a long way in easing off congestion and the perennial problems of Tax Clearance challenges at the end of the year were eliminated.
- **Systems Integration** - ZIMRA Domestic Taxes System was successfully integrated with ZIMSWITCH whilst key integrations with Civil Registry and the Registrar of Companies, Deeds & International Properties are underway and will be completed in 2023.
- **Self-Service Kiosks** - The Authority has opened Self-Service Kiosks (Harare) (Mutema Self Service Kiosks will be opened to the Public in 2023. Taxpayers are welcome to use these Self-Service Kiosks to process tax transactions on-line.

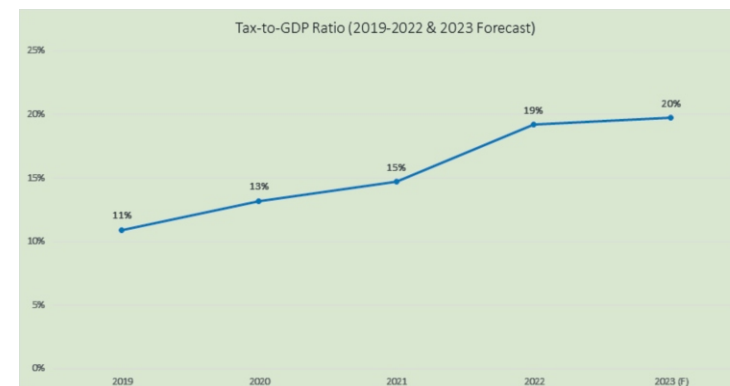
5. OUTLOOK

Going into 2023, the Authority is expecting to grow net revenue in line with the projected economic growth. The Economy projected to grow by 3.8% in 2023 on the back of anticipated favourable international commodity prices, stable power supply, tight monetary and fiscal policies and continued use of the multi-currency regime. Zimbabwe expects to receive normal to above normal rains for the 2022/2023 cropping season. Agricultural output feeds into other industries; this will lead to increased productivity in the economy and boost tax collections.

The Net Revenue Collected to GDP Ratio has been steadily growing over the years and has grown from 11% in 2019 to close 2022 at 19%. Figure 3 below shows the Net Revenue to GDP Ratio Trend from 2019 to 2022 and the 2023 forecast:

Figure 3: Net Revenue Collected to GDP Ratio (2019-2022) and 2023 Forecast

The Authority is expecting to collect at least 20% of GDP in 2023.



6. GRATITUDE

I would like to convey my sincere gratitude to valuable clients and taxpayers who were consistent in paying their dues despite the challenging operating environment. My gratitude goes to the Government of Zimbabwe, particularly the Ministry of Finance and Economic Development for guidance and provision of resources which enabled ZIMRA to execute its mandate. I would also want to express my appreciation to all key Partners and Stakeholders who worked with ZIMRA in 2022. A special thank you to my fellow Board members for giving strategic oversight and guidance to Management. My heartfelt gratitude goes to entire ZIMRA Management and Staff for the commitment and hard work put in which resulted in the attainment of the ZWL\$2 Trillion revenue mark in 2022.

I thank you.

By Order Of The Board
Mr. A Mandiwanza
ZIMRA BOARD CHAIRMAN

Highlights from Q4



ZIMRA CG Ms Regina Chinamasa donates groceries to Chinotimba old people's Home in Victoria Falls



Promoting health and safety with a sporting gala



ZIMRA rolls out self-service kiosks



New scanners at Beitbridge



The fixed wing drone



ZIMRA to roll out drones to tackle smuggling



New Beitbridge terminal