

Zimbabwe Revenue Authority

REVENUE PERFORMANCE REPORT FOR SECOND HALF 2024 ENDED 31 DECEMBER 2024

Executive summary

The year 2024 has seen significant achievements and forward momentum for the Zimbabwe Revenue Authority (ZIMRA), marked by impressive strides in revenue generation, compliance promotion, and the integration of innovative technologies. The Authority not only met but surpassed its set targets, establishing a solid foundation for future growth despite facing various economic challenges. The success in the second half of the year, as well as throughout the entire 2024, is a testament to the collective efforts of all stakeholders involved. The introduction of the Zimbabwe Gold (ZWG) played a key role in stabilising the exchange rate. Although an exchange rate shock was encountered in September 2024, revenue performance continued to follow a positive trajectory. As a result, the revenue target for the second half of the year was superbly exceeded by 7.15%, reflecting the tangible efforts applied by the Authority.



Mr. Antony S. Mandiwanza
ZIMRA Board Chairperson

ZIMRA also made significant strides in systems development with the successful launch of the electronic tariff, TaRMS, ASYCUDA upgrade and fiscalisation projects, which have provided secure and effective systems for managing domestic revenue. In its quest to enhance the standardisation of processes and procedures, the Authority has embarked on the ISO 9001:2015 certification journey, aiming to improve the quality of service to all stakeholders. Furthermore, the construction of staff accommodation at various stations like Chirundu and Maitengwe has gained momentum, with the expectation that these projects will be completed by 2025.

1. INTRODUCTION

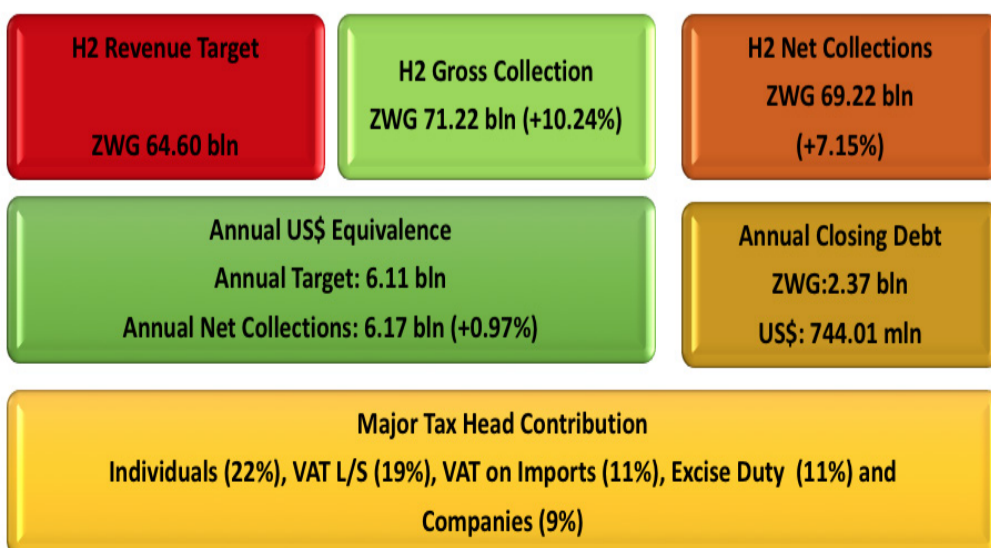
This report presents an in-depth analysis of revenue performance, emphasizing the key initiatives undertaken to improve revenue collection. It provides a thorough examination of overall revenue performance, evaluates outcomes across different revenue categories and analyzes refunds by tax type. Furthermore, the report assesses efforts in trade facilitation and offers a comprehensive review of internal processes, showcasing the effectiveness of our strategies in fostering sustainable revenue growth.

2. ANNUAL PERFORMANCE

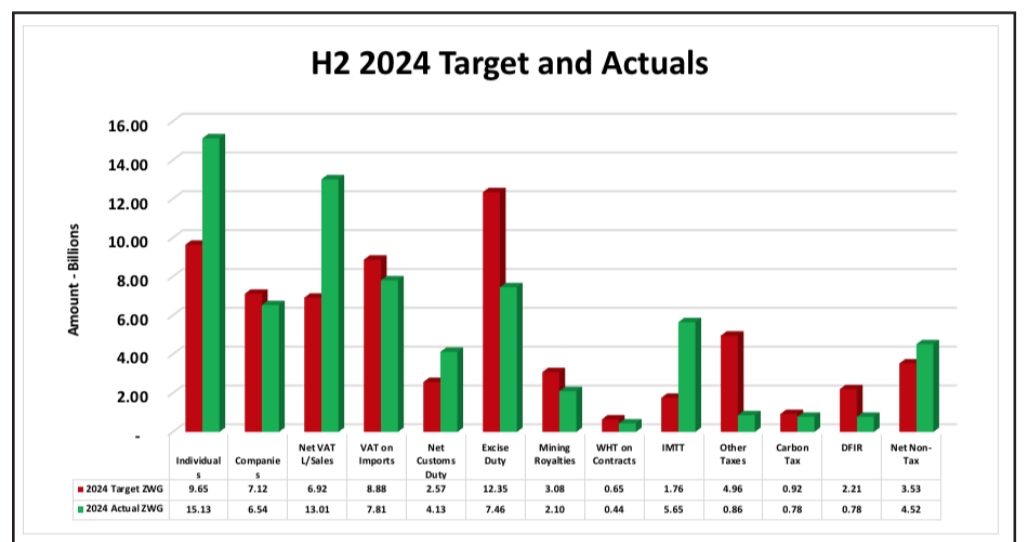
The gross annual tax revenue for the period amounted to ZWG 110.50 billion, surpassing the set target of ZWG 105.73 billion by 4.51%. This positive variance reflects strong performance across key revenue streams, indicating an effective tax collection strategy and improved compliance. After accounting for refunds totaling ZWG 3.38 billion, net collections stood at ZWG 107.12 billion, which is 1.31% above the target. The robust performance in net collections underscores the continued resilience of the tax system, despite external challenges. This achievement not only demonstrates the effectiveness of fiscal measures but also highlights the administrative efforts applied by the Revenue Authority to meet revenue expectations amidst fluctuating economic conditions. Overall, the results indicate a solid foundation for sustained revenue generation moving forward.

Fourth Quarter Performance

3. SECOND HALF (H2) PERFORMANCE



Revenue Performance Analysis



The total net revenue for H2 2024 reached an impressive ZWG69.22 billion, surpassing the target of ZWG64.60 billion by a positive variance of 7.15%. This performance reflects the effectiveness of ZIMRA's revenue generation strategies, supported by the stabilization of the exchange rate, which created a more predictable economic environment. This stability provided businesses with the confidence to plan for the short to medium term. A new policy streamlining exemptions and zero-rated goods also boosted VAT on local sales, surpassing its target by 88%. This was further complemented by onboarding of VAT tax payers to the newly introduced Fiscalisation Data Management System (FDMS) which enhance real time data sharing with tax payers. The growth of digital money transfer platforms further enhanced revenue, with Intermediated Money Transfer Tax (IMTT) showing remarkable performance in the second half of the year.

Efforts to combat transit fraud were also successful in restoring order and improving compliance with regulations. While Excise Duty revenue fell short of expectations, the introduction of fiscalisation for fuel stations, as outlined in the 2024 Mid-Term Budget Statement, is expected to drive future improvements in compliance and revenue collection. These initiatives, combined with the Authority's ongoing focus on innovation and process enhancement, position ZIMRA for continued success and sustainable revenue growth in the years ahead.

H2 2024 Revenue collections Target vs Actual Collections

TAX HEAD	2024 MOF TARGET ZWG	2024 ACTUAL ZWG	VARIANCE	% VARIANCE
Individuals	9,645,005,480.01	15,127,300,756.96	5,482,295,276.95	56.84%
Companies	7,122,493,460.09	6,537,922,781.28	-584,570,678.81	-8.21%
Gross VAT L/Sales	6,918,989,534.22	14,988,776,415.45	8,069,786,881.23	116.63%
Less VAT Refunds		1,973,895,576.24		
Net VAT L/Sales	6,918,989,534.22	13,014,880,839.21	6,095,891,304.99	88.10%
VAT on Imports	8,876,407,717.21	7,810,951,191.45	-1,065,456,525.76	-12.00%
Gross Customs Duty	2,572,741,841.48	4,150,525,020.30	1,577,783,178.82	61.33%
Less Customs Refunds		23,868,117.92		
Net Customs Duty	2,572,741,841.48	4,126,656,902.38	1,553,915,060.90	60.40%
Excise Duty	12,352,474,414.06	7,458,913,354.69	-4,893,561,059.38	-39.62%
Mining Royalties	3,082,406,282.40	2,104,422,725.46	-977,983,556.94	-31.73%
WHT on Contracts	648,454,864.25	440,829,434.40	-207,625,429.85	-32.02%
Intermediated Money Transfer Tax	1,762,200,829.71	5,653,982,204.02	3,891,781,374.31	220.85%
Other Taxes	4,962,496,639.52	862,394,412.47	-4,100,102,227.04	-82.62%
CGT & CGT Withholding	395,682,056.42	538,023,163.76	142,341,107.34	35.97%
Other Indirect Taxes	4,564,850,900.69	261,504,132.49	-4,303,346,768.20	-94.27%
Tobacco Levy	1,963,682.41	62,867,116.22	60,903,433.81	3101.49%
Carbon Tax	924,998,914.97	781,127,359.34	-143,871,555.63	-15.55%
DFIR	2,205,129,618.03	781,789,668.51	-1,423,339,949.52	-64.55%
Gross Non Tax	3,528,122,084.48	4,520,786,771.69	992,664,687.21	28.14%
Less Other Refunds		656,115.52		
Net Non-Tax	3,528,122,084.48	4,520,130,656.17	992,008,571.69	28.12%
Total Net Revenue	64,601,921,680.44	69,221,302,286.34	4,619,380,605.90	7.15%
Total Gross Revenue	64,601,921,680.44	71,219,722,096.02	6,617,800,415.58	10.24%

Figure 1 below depicts the revenue contributions by tax type:

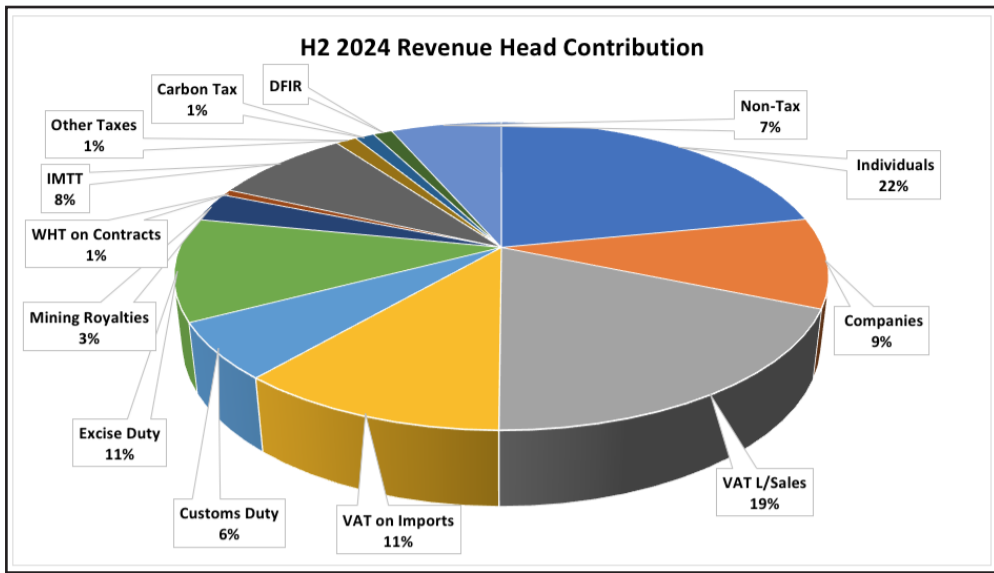
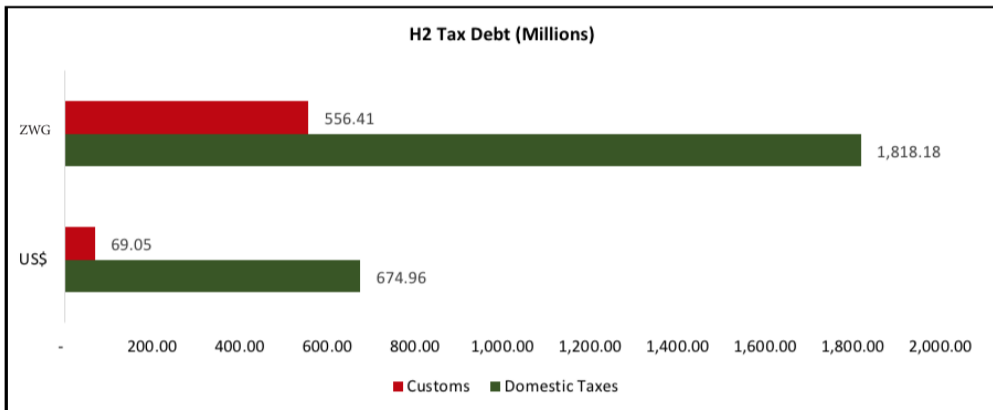


Figure 1: H2 2024 Net Revenue Contributions by Revenue Head

Most of the revenue was contributed through Excise Duty (11%), Individuals (22%) and VAT (30%) for VAT on Local Sales (19%) and VAT on Imports (11%). The rest of the revenue contributions are shown in figure 4 above.

Tax Debt (Millions)



The Authority is owed by both private companies and public institutions, including state enterprises and parastatals. Notably, 80% of the outstanding debt stems from new assessments resulting from thorough audits and investigations, reflecting the Authority's proactive approach to identifying and addressing potential discrepancies. The remaining 20% represents uncollected current obligations not honoured, and the Authority is actively implementing a range of strategies to ensure the timely collection of taxes owed by clients. These efforts are helping to support the Authority's ongoing mission of enhancing fiscal responsibility.

Refunds for H2 2024

Refunds amounting to ZWG1.99 billion were paid during H2 of 2024 (2.81% of Gross Collections).

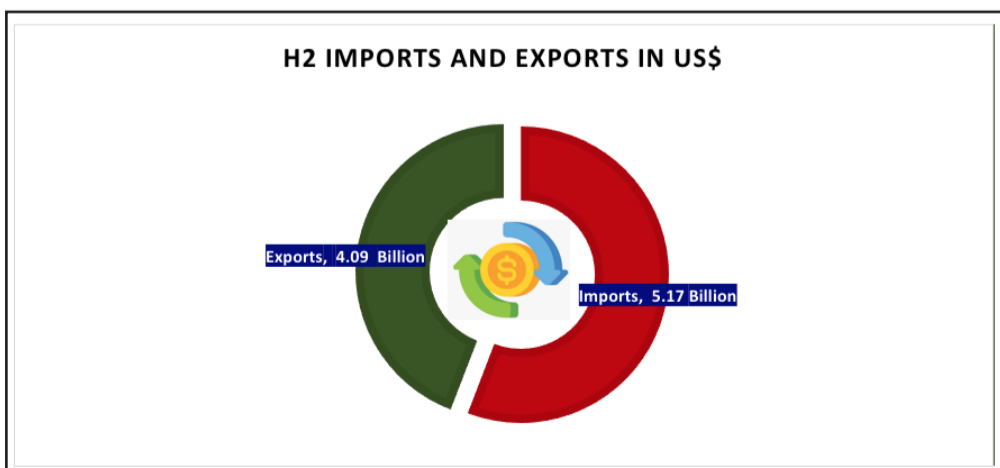
Table 2 below shows the refund amounts by Tax Type.

Tax Head	H2 2024 Refunds (ZWG)
VAT	1,973,895,576.24
Rummage	225,898.52
Customs Duty	23,868,117.92
Other Refunds	430,217.00
Total Refunds	1,998,419,809.68
Gross Revenue Collections (ZWG)	71,219,722,096.02
Refunds as a % of Gross Revenue	2.81%

The proportion of refunds decreased from 3.69% in the first half of 2024 to 2.81% in the second half, due to policy measures that shifted most products from zero-rated status to either standard VAT rates or exemptions.

4. TRADE FACILITATION

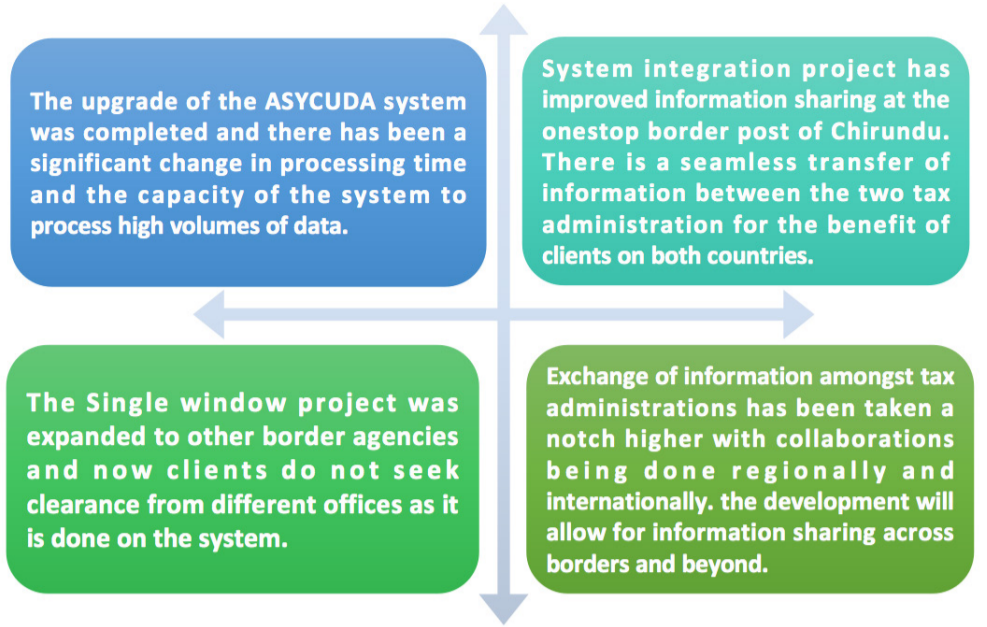
During H2 2024, imports worth US\$5.17 billion and exports amounting to US\$4.09 billion were processed. Figure 4 below shows Imports and Exports statistics for H2 2024. Table 4: Import and Export Statistics



Source: ZIMSTAT

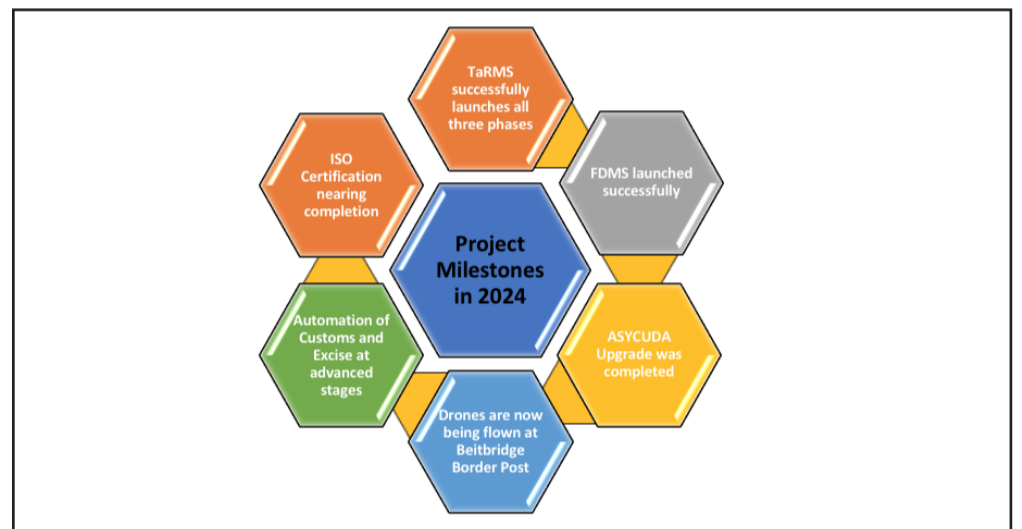
Ongoing improvements in border management have significantly enhanced trade facilitation, with system upgrades designed to expedite processing times and enhance seamless integration for efficient information sharing and verifications. The expansion of the Single Window project has played a key role in streamlining the operations of

agents at border points, contributing to smoother trade flows. Additionally, the increased use of drone surveillance has further strengthened border monitoring, ensuring greater security and efficiency in the movement of goods. These initiatives reflect the Authority's commitment to modernizing operations and fostering a more effective and efficient trade environment.



5. INTERNAL PROCESSES

The digitalization drive implemented by ZIMRA has delivered remarkable results, ushering in six transformative projects that have significantly elevated the tax administration process to new heights. These projects have not only streamlined internal operations but also enhanced the overall efficiency and effectiveness of tax collection, positioning ZIMRA as a leader in modernizing tax administration.



Moreover, the taxpayer experience has greatly improved, with a substantial portion of services now automated, providing clients with faster, more convenient access to services and reducing processing times. This shift towards automation has also enhanced transparency and compliance, fostering a more user-friendly environment. In parallel, ZIMRA has prioritized capacity building, investing in both in-house and external training programs. This includes regional and international collaborations aimed at strengthening the skill set of staff and fostering knowledge exchange. As a result, ZIMRA's workforce is more equipped to manage complex challenges, ensuring that the Authority continues to drive progress and innovation in tax administration. The Authority consulted Tax payers in its Strategic Planning session in preparation for year 2025 and also successfully launched tax payer appreciation awards to foster partnership and engagement with tax payers.

6. OUTLOOK

In the second half of 2024, the Authority successfully exceeded both its quarterly and annual revenue targets, a direct result of the improvements brought about by digitalization. The positive impact of these initiatives is expected to ensure sustainable benefits well into the future.

The outlook for Zimbabwe's revenue collection in 2025 is positive, with a target of US\$7.155 billion, representing a 17% increase from 2024 target. This ambitious goal is supported by various revenue-enhancement measures, including improved tax compliance, expanded digital platforms, and enhanced administrative efficiencies within the Zimbabwe Revenue Authority (ZIMRA). Key to achieving this target will be the successful implementation of policy interventions aimed at broadening the tax base and reducing evasion. While external factors like global economic conditions and commodity price fluctuations pose challenges, the combination of strategic reforms, technological advancements, and ongoing institutional improvements provides a strong foundation for meeting the revenue target and fostering economic growth.

7. GRATITUDE

I would like to express my deepest gratitude to the Honourable Minister of Finance, Economic Development, and Investment Promotion Honourable Professor Mthuli Ncube, the Deputy Minister Hon. Kudakwashe D. Mnangagwa, the Permanent Secretary Mr George T. Gumatanga and the entire Ministry management and staff for their unwavering leadership, vision and support that were crucial in transforming our tax system and ensuring continued success. My heartfelt thanks also go to the ZIMRA Board of Directors and Executive Management team for their invaluable guidance in aligning our policies with the nation's economic goals. I am profoundly grateful to the Authority's dedicated staff, whose hard work, professionalism, and commitment to excellence form the foundation of our achievements. I would also like to extend my sincere appreciation to our esteemed compliant clients for consistently meeting their obligations promptly and fully. To those facing challenges, I encourage you to contact the Revenue Authority through the various platforms provided or visiting the nearest ZIMRA office so as to get assistance in complying with your taxation responsibilities in order to contribute to the collective growth and prosperity of our nation.

I thank you.

(Signature)
 Mr. A.S. Mandiwanza
 ZIMRA Board Chairman