



Revenue Performance Report

For First Half Ended 30 June 2024



Mr. A. Mandiwanza- ZIMRA Board Chairperson

Executive summary

The economic environment continues to improve as the first half of the year 2024 saw the changeover of currency from ZWL to ZIG on the 5th of April. In 2024, the local currency had depreciated by 261.3% within three months, ending March at US\$1 to ZWL22,055.47. The introduction of the ZIG resulted in stabilisation of the exchange rate and waning of inflation to below 5% on a month-on-month basis and this low rate is expected to continue in the short to medium term. Riding on the stability, ZIMRA managed to smoothly transition its systems enabling our clients to continue their businesses unperturbed which led revenue to continue on an upward trajectory. Consequently, the revenue target for the first half was exceeded by 1.88% which represent real effort applied by the Authority under the stable economic conditions. Individuals (PAYE), Excise Duty, VAT on Local Sales, VAT on Imports and Companies constituted the majority of the tax collections respectively. The Authority made significant progress in systems development with the successful launch of the second phase of the Tax Revenue Management System (TaRMS). This system has introduced greater flexibility and simplicity in tax business management for both taxpayers and the tax administrator. Drones were launched successfully to increase surveillance at unauthorized entry points along the Beitbridge borderline. The single window initiative is now operational at Beitbridge border post to expedite trade and travel, leading to improved customs clearance times at the border post. Furthermore, the use of fast scanners for non-intrusive inspections have gone a long way in improving customs clearance turnaround times.

Introduction

The H1 Board Chair's report provides an analysis of the revenue performance and the respective measures taken to enhance revenue collection. It provides an overview of total revenue performance, analyzes performance across revenue categories, examines refunds by tax type, evaluates trade facilitation efforts, and reviews internal processes.

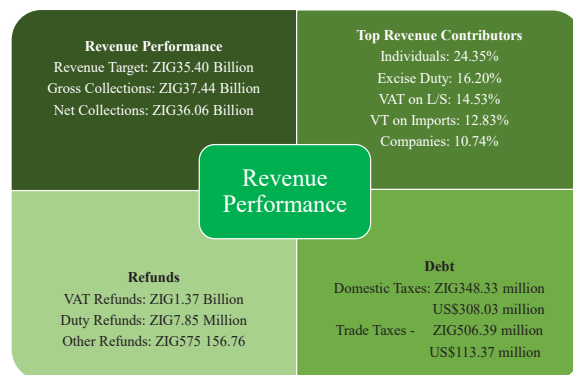


Figure 1: Revenue Performance

Revenue Performance Analysis

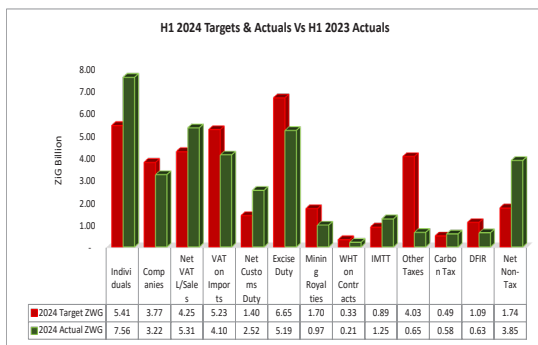


Figure 2: Revenue Performance Analysis

Figure 2 shows the revenue performance at a glance. The total net revenue was ZIG36.06 billion against a target of ZIG35.39 billion resulting in positive variance of 1.88%. The introduction of a new currency ushered in a stable economic environment, prompting businesses to swiftly adapt to ensure their sustainability. New tax revenue targets were implemented in May 2024 to align with the new currency and economic conditions. Fluctuations in commodity prices on the international markets initially impacted mining sector performance, particularly in platinum group minerals, though prices have since shown gradual improvement. Individual Income Tax (Pay as You Earn), VAT on Local Sales, Customs Duty and Intermediated Money Transfer Tax posted positive performance as a result of initiatives introduced to enhance revenue generation during the period under review.

Table 1 shows the performance of revenue heads during the period under review.

Table 1: H1 2024 Revenue Head Performance

TAX HEAD	2024 MOF TARGET ZIG	2024 ACTUAL ZIG	VARIANCE	% VARIANCE
Individuals	5,413,621,421.57	7,564,877,813.65	2,151,256,392.08	39.74%
Companies	3,769,980,099.84	3,224,818,218.32	-545,161,881.52	-14.46%
Gross VAT L/Sales	4,250,299,168.25	6,680,507,772.38	2,430,208,604.14	57.18%
Less VAT Refunds		1,371,965,910.08		
Net VAT L/Sales	4,250,299,168.25	5,308,541,862.31	1,058,242,694.06	24.90%
VAT on Imports	5,228,050,282.87	4,103,381,592.34	-1,124,668,690.53	-21.51%
Gross Customs Duty	1,396,605,677.20	2,530,269,281.20	1,133,663,604.00	81.17%
Less Customs Refunds		7,846,348.88		
Net Customs Duty	1,396,605,677.20	2,522,422,932.33	1,125,817,255.12	80.61%
Excise Duty	6,648,369,382.72	5,191,771,621.88	-1,456,597,760.84	-21.91%
Mining Royalties	1,704,191,913.37	973,290,574.59	-730,901,338.78	-42.89%
WHT on Contracts	326,717,562.46	207,084,056.27	-119,633,506.19	-36.62%
Intermediated Money Transfer Tax	887,867,439.03	1,252,401,048.46	364,533,609.43	41.06%
Other Taxes	4,031,229,469.58	652,247,520.34	-3,378,981,949.24	-83.82%
CGT & CGT Withholding	148,446,966.00	415,503,811.94	267,056,845.94	179.90%
Other Indirect Taxes	2,297,309,652.81	113,390,950.99	-2,183,918,701.82	-95.06%
Tobacco Levy	989,381.94	123,352,757.42	122,363,375.48	12367.66%
Carbon Tax	491,243,549.03	579,228,302.15	87,984,753.12	17.91%
DFIR	1,093,239,919.81	631,876,520.66	-461,363,399.15	-42.20%
Gross Non Tax	1,739,693,942.536	3,851,869,560.47	2,112,175,617.93	121.41%
Less Other Refunds		575,156.76		
Net Non-Tax	1,739,693,942.536	3,851,294,403.71	2,111,600,461.17	121.38%
Total Net Revenue	35,396,626,359.44	36,063,236,467.01	666,610,107.57	1.88%
Total Gross Revenue		37,443,623,882.72	2,046,997,523.28	5.78%

Individual Income Tax (Pay as You Earn), VAT on Local Sales, Customs Duty and Intermediated Money Transfer Tax significantly performed above targets whilst a number of the tax heads missed their targets. We expect that the continuous acceptance of ZIG will continue to improve revenue.

Individuals: The revenue head recorded a positive performance, exceeding the target by 39.74%. The positive performance was aided by June contributions which were much higher than previous months. Furthermore, some companies reviewed remuneration during the period under review.

Companies: The companies' collections missed the target by 14.46% as most of the formal businesses experienced competition from the informal sector.

VAT on Local Sales: Net revenue collections surpassed the set target by 24.90% as consumption patterns improved in line with enhanced disposable incomes.

VAT on Imports: Revenue from VAT on imports fell short of expectations by 21.51% as business reduced trade transactions due to economic instabilities experienced in H1 of 2024.

Intermediated Money Transfer Tax: (IMTT): Revenue collections from IMTT surpassed the target by 41.06% on account of increased electronic-based transactions in the economy.

Figure 3 below shows H1 2024 revenue contributions by revenue head:

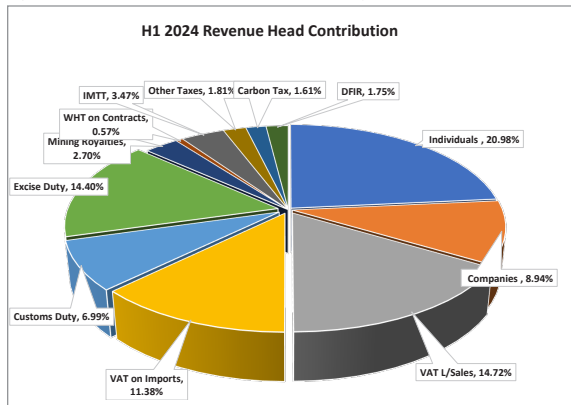


Figure 3: H1 2024 Net Revenue Contributions by Revenue Head

Highest contributors to revenue were Individuals (20.98%), Excise Duty (14.40%) and VAT which in combination contributed 26.10%, split between VAT on Local Sales (14.72%) and VAT on Imports (11.38%). The rest of the revenue contributions are shown in figure 3 above.

Tax Debt

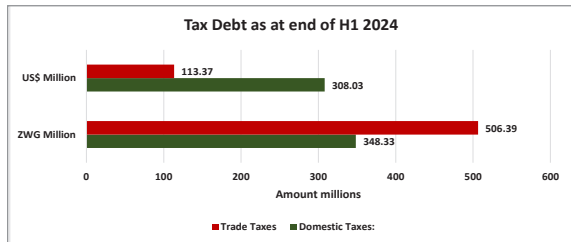


Figure 4: Tax Debt as at end of H1 2024

The Authority is owed by both private companies and public institutions such as state enterprises and parastatals. It is important to note that 80% of the debt is due to new assessments raised from audits and investigations while 20% represents uncollected debt. The Authority is implementing various strategies to collect tax owed by clients.

Refunds for H1 2024

Refunds amounting to ZIG1.38 billion were paid during H1 of 2024 and this translates to 3.69% of gross collections. Table 2 below shows refund amounts by tax head.

Table 2: Refunds by Tax Head

Tax Head	H1 2024 Refunds (ZIG)
Value Added Tax	1,371,965,910.08
Customs Duty	7,846,348.88
Other	575,156.76
Gross Revenue Collections (ZIG)	37,443,623,882.72
	3.69%

The proportion of refunds decreased from 4.58% in H1 2023 to 3.69% in H1 2024 as a result of the policy measures that removed most of the products from zero-rated to either standard rated or exemption on Value Added Tax.

3. TRADE FACILITATION

During H1 2024, imports worth ZIG 3.09 trillion and exports amounting to ZIG 4.20 trillion were processed. Figure 5 below shows Import and Export statistics for H1 2024.



Figure 5: Import and Export Performance

The Authority has been continuously improving border management through the implementation of the drones for surveillance, fast scanners for non-intrusive inspections and the Single Window facility to expedite the customs clearance processes. Mineral exports improved during the period under review as commodity prices firmed on the global market.

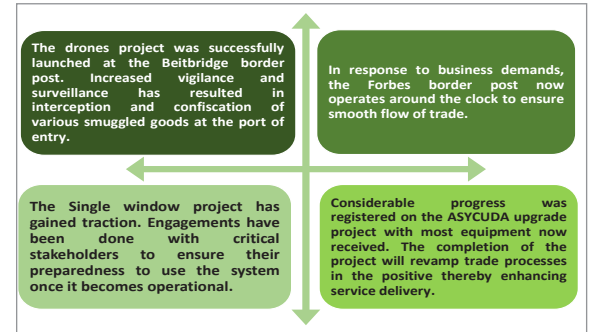


Figure 6: Trade Facilitation

4. INTERNAL PROCESSES

In line with the digitalisation drive, the second release of the TaRMS project was successfully implemented during the first half of 2024. Operationalisation of TaRMS is bearing fruits as evidenced by the expansion of the tax base that has so far added 65 547 new tax payers.

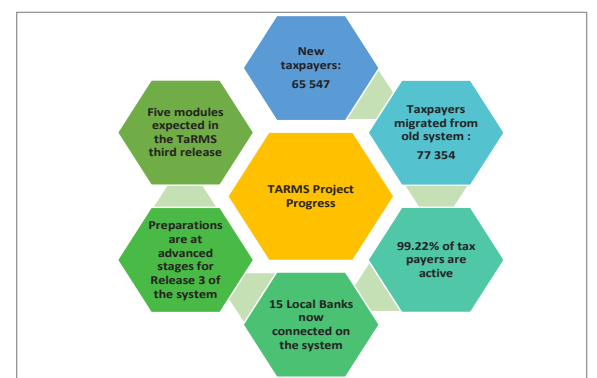


Figure 7: TaRMS Implementation Progress

The TaRMS systems has been well received by tax payers because of its flexibility and automation capabilities. The level of taxpayer experience has improved as the system provides fast and automated services on the Self Service Portal. Queries are being well managed at the ZIMRA Call Centre which can be accessed using various social platforms and traditional forms of communication.

The Authority, has remained resolute with regard to improving its processes through capacity building of its workforce. Training programs have been held in-house and in conjunction with development partners. ZIMRA hosted other Tax Administrations within the SADC region on their benchmarking visits which shows their confidence in ZIMRA systems.

5. OUTLOOK

In the latter part of the year, there will be a strong focus on increasing revenue collection to support national development goals and ensure economic stability. Overall, the tax landscape for the second half of 2024 is expected to be guided by a strategic approach aimed at improving revenue collection, fostering economic resilience, and promoting sustainable resource mobilisation through tightening tax compliance measures and enhancing the efficiency of tax administration. To this effect, ZIMRA expects to collect revenue in excess of ZIG55 billion in the second half of 2024.

6. GRATITUDE

I want to sincerely thank the Ministry of Finance, Economic Development and Investment Promotion as well as ZIMRA's stakeholders. Your diligence, dedication, and pursuit of excellence have played a crucial role in our accomplishments. Despite the challenges we faced, together we have achieved significant milestones. Looking ahead, I am optimistic that we will further achieve more. I deeply appreciate the commitment of our esteemed compliant clients; thank you for consistently meeting your obligations promptly and completely. To those experiencing difficulties, I encourage you to fulfil your tax responsibilities to contribute to our nation's growth collaboratively.

I thank you.

 A.S. Mandiwanza
 ZIMRA Board Chairman