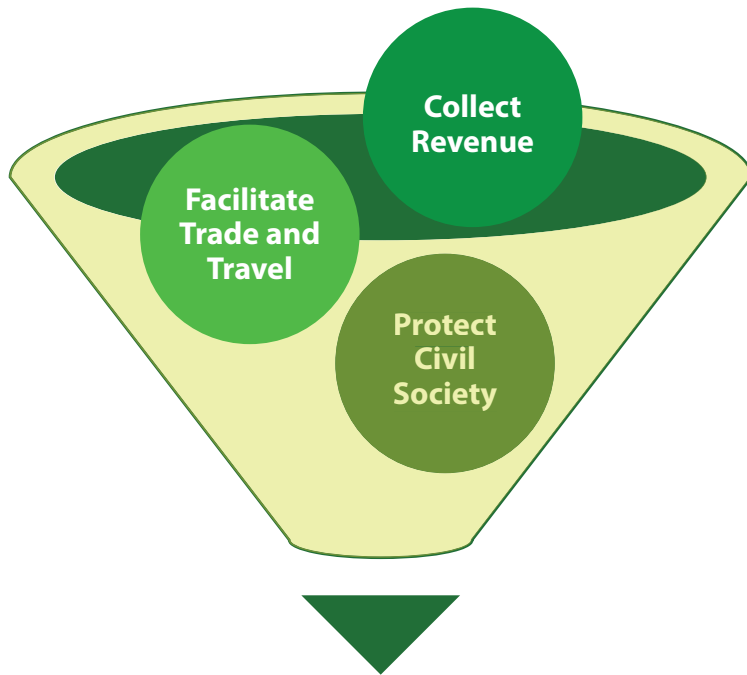


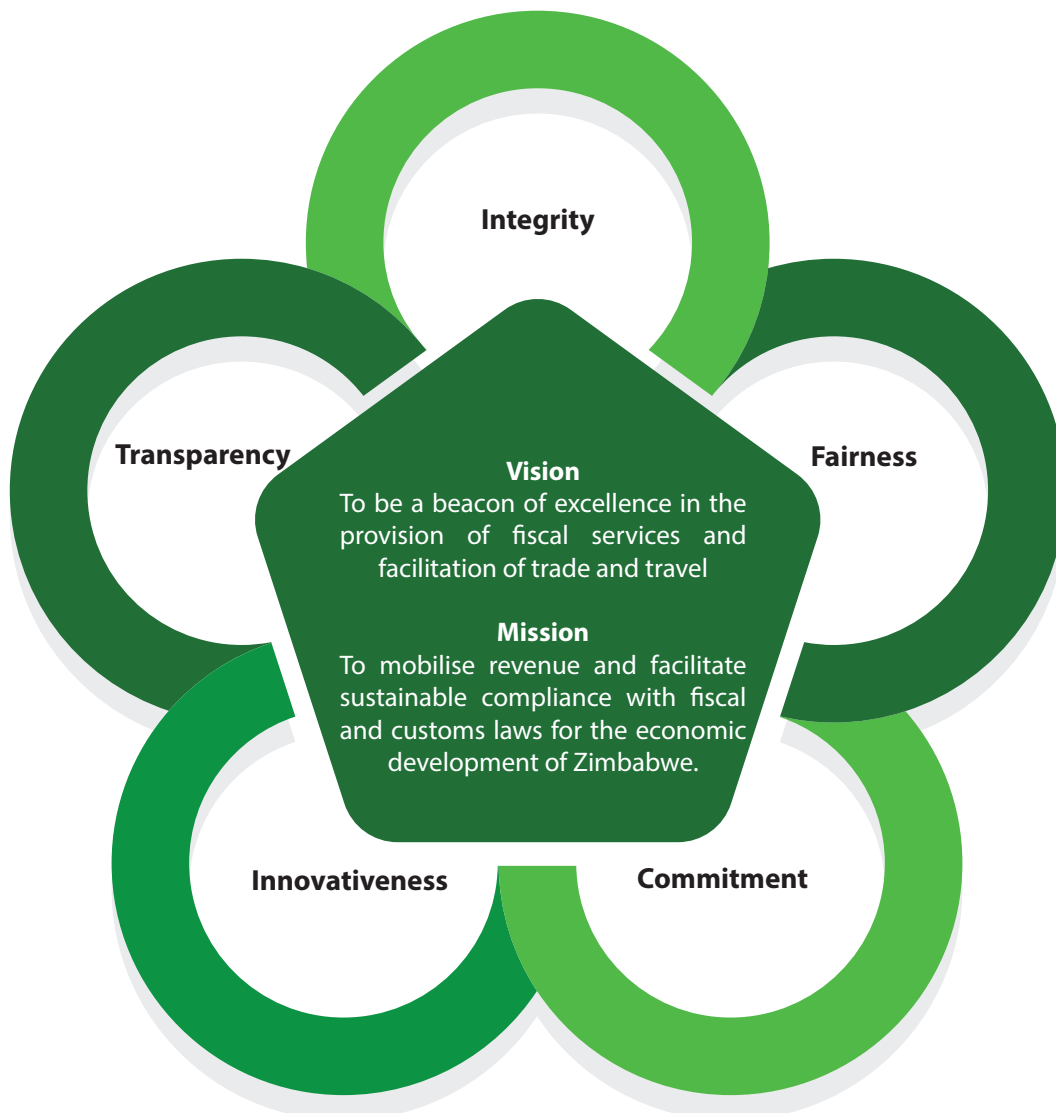


**ZIMBABWE  
REVENUE AUTHORITY  
2021  
ANNUAL REPORT**

*We are here to serve...*



## Advise Government on Fiscal and Economic Matters



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# List of Acronyms

AfCFTA	African Continental Free Trade Area	IFRS	International Financial Reporting Standards
AEO	Authorised Economic Operator	IMF	International Monetary Fund
AfDB	African Development Bank	IMT	Intermediated Money Transfer
AGM	Annual General Meeting	IPSAS	International Public Sector Accounting Standards
AIDS	Acquired Immunodeficiency Syndrome	IRBM	Integrated Results Based Management
ASYCUDA	Automated Systems for Customs Data	KPI	Key Performance Indicator
ATAF	African Tax Administration Forum	MNE	Multi-National Enterprise
ATO	African Tax Organisation	MoFED	Ministry of Finance and Economic Development
CBN	Collective Bargaining Negotiations	MOU	Memorandum of Understanding
CCAZ	Contact Centre Association of Zimbabwe	MTA	Mozambique Trade Agreement
CCTV	Closed Circuit Television	NDS	National Development Strategy
CGT	Capital Gains Tax	NPA	National Prosecuting Authority
CGWT	Capital Gains Withholding Tax	OPC	Office of the President and Cabinet
CID	Criminal Investigations Department	OSBP	One-Stop Border Post
COMESA	Common Market for Eastern and Southern Africa	PAYE	Pay As You Earn
COVID-19	Coronavirus Disease - 19	PECOG	Public Entities Corporate Governance Act
CVR	Central Vehicle Registry	PCA	Post Clearance Audit
DFIR	Dividends, Fees, Interest and Remittances	PMU	Procurement Management Unit
EAC	East African Community	PPPs	Public Private Partnerships
ECCAS	Economic Community of Central African States	PRAZ	Procurement Regulatory Authority of Zimbabwe
ECOWAS	Economic Community of West African States	RBZ	Reserve Bank of Zimbabwe
ESA	Eastern and Southern Africa	RIB	Removal In Bond
EU	European Union	RTGS	Real Time Gross Settlement
GDP	Gross Domestic Product	SADC	Southern African Development Community
HIV	Human Immunodeficiency Virus	SAP	Systems Application and Product
IAS	International Accounting Standards	SARS	South Africa Revenue Services
ICSAZ	Institute of Chartered Secretaries and Administrators in Zimbabwe	SDR	Special Drawing Rights
ICT	Information Communication Technology	SI	Statutory Instrument
ICZ	Insurance Council of Zimbabwe	SIMMCO	Strategy Implementation and Monitoring Committee
IEPA	Interim Economic Partnership Agreement	SMART	Secure, Measurable, Automated, Risk Management Based and Technology driven



## List of Acronyms *(Continued)*

TADAT	Tax Administration Diagnostic Assessment Tool
TaRMS	Tax and Revenue Management System
TIP	Temporary Import Permit
TIWB	Tax Inspectors Without Borders
TSP	Transitional Stabilisation Programme
UNCTAD	United Nations Conference on Trade and Development
VAT	Value Added Tax
WTO	World Trade Organisation
ZACC	Zimbabwe Anti-Corruption Commission
ZDF	Zimbabwe Defence Forces
ZIMRA	Zimbabwe Revenue Authority
ZIMSTAT	Zimbabwe National Statistics Agency
ZINARA	Zimbabwe National Roads Administration
ZNA	Zimbabwe National Army
ZRP	Zimbabwe Republic Police

# 1. Board Chairperson's Foreword



Mr. Antony Mandiwanza

It is my honour and privilege to present the Zimbabwe Revenue Authority's Annual Report and Audited Financial Statements for the year ended 31 December 2021.

## 2021 Operating Environment

Zimbabwe's economy recovered in 2021 mainly anchored on a very good agriculture season and increased industry capacity utilisation. The relaxation of COVID-19 induced business restrictions contributed to the increase in industry capacity utilisation which grew from 47% in 2020 to 56.25% in 2021. The GDP is estimated to have grown by 5.8% in 2021 after contracting by 6.2% in 2020. Government efforts to stabilise inflation yielded positive results with inflation reducing from a peak of 838% in July 2020 through to 362.63% in January 2021 and finally closing the year 2021 at 60.7%. Shortage of Foreign Currency in the market continued to persist during the course of the year with the demand of US dollars on the official Foreign Exchange Auction Market far much exceeding supply. As a result, the gap between the auction and parallel market rates widened with the US dollars getting

to almost twice expensive on the parallel market. The multiple pricing system for goods and services bred a fertile ground for tax revenue leakages as some delinquent retailers resorted to selling goods in Foreign Currency whilst issuing receipts and declaring tax returns in local currency. In June 2021, the Government introduced Statutory Instrument 127 which penalised businesses that priced goods at the parallel market rate. However, the enforcement of S1 127 was constrained due to inadequate enforcement mechanisms and resources. The Authority implemented strategies to harness revenue in line with the GDP growth and strategies to plug revenue leakages posed by market arbitrage loopholes. Other challenges faced by businesses during the year under review include electricity supply bottlenecks, procurement delays due to COVID-19 induced supply risks, increased costs of raw materials (imported inflation), rising production costs and demand for wage increases.

## ZIMRA's Strategy (2021 – 2025)

The Authority's 5-year strategy (2021-2025) is aligned to the Government's National Development Strategy 1 (NDS-1) which also runs for the same period. The Strategy mainly supports the **'Economic Growth and Stability'** National Priority pillar under NDS-1. In direct support of the Government efforts to grow and stabilise the economy, ZIMRA collected net revenue of **ZWL\$463.57 billion** against a target of **ZWL\$387.40 billion** (19.66% above target). Revenue grew by **154.77 %** in nominal terms as compared to 2020. However, revenue grew by **4.73%** in real terms from 2020 (after adjustment for inflation) against and estimated real GDP growth of **5.8%** in 2021. The Net Revenue to GDP Ratio grew from **15.73%** in 2020 to **19.56%** in 2021.

The Authority's overall strategy implementation success rate as measured by the **'Number of Key Performance Indicators which performed above target or within acceptable tolerance levels as a percentage of the Total Key Performance Indicators'** improved from **60.6%** in 2020 to **72.3%** in 2021. Although there was an improvement in strategy success rate, the Authority did not perform well in the following areas:

- **Customer satisfaction index** – The level of customer satisfaction still remains low and the Authority is implementing a Change Management Program whose main goal is to create a service oriented culture supported by effective and efficient systems for delivery of high service quality. One of the major pain points for Taxpayers in 2021 were the delays

in issuance of Tax Clearance Certificates (ITF 263). The Authority implemented short term measures as a work around to improve the turnaround times in issuance of ITF263 whilst the long term solution is the new Domestic Taxes System which is now under implementation.

- **Corruption Index** – ZIMRA continued to grapple with corruption and is now embracing digitalisation as one of the tools to combat this scourge. ICT Systems Automation and Systems Integration which reduce human intervention is expected to reduce corruption. This digitalisation strategy is coupled with implementation of an Integrity Action Plan which makes corruption unattractive to staff members.
- **Voluntary Compliance** – The overall tax compliance levels were mainly weighed down by Micro Small to Medium Clients and ZIMRA is implementing tailor made Compliance Programs to improve compliance in this taxpayer segment.
- **Maximisation of revenue** – although ZIMRA managed to surpass net revenue target, the Net Revenue to GDP ratio (19.56%) remained below the best in Southern Africa (South Africa which was at 26.30% in 2020). The new strategic thrust is to increase net revenue to GDP ratio and edge towards the South Africa benchmark.

### Key Transformation Projects

- **Digitalisation** – The Authority's strategy is anchored on Digitalisation which involves automation to reduce human intervention and ICT systems integration to create seamless end-to-end processes. One of the key projects under ZIMRA's digitalisation strategy is the acquisition of a new ICT System for Domestic Taxes (Tax and Revenue Management System – TaRMS). In 2021, ZIMRA managed to award a tender to the winning bidder and implementation work then commenced in 2022 with the system expected to go live by 01 July 2023. On the Customs side, the ASYCUDA system continues to be upgraded through automation of manual functions. Significant progress was recorded towards the launch of the Zimbabwe Electronic Single Window facility (ZeSW) which is expected to drastically reduce human interface thereby improving efficiencies and reducing corruption.
- **Beitbridge Border Post Modernisation** – The Beitbridge Modernisation Project being spearheaded by ZimBorders (Pvt) Limited is being implemented in phases. Phase 1 involved the construction of a new freight terminal and this became operational on 01 October 2021. This has gone a long way in decongesting the border post at the same time improving the commercial imports and exports clearance times which will contribute to the improvement of Zimbabwe's 'Ease of Doing Business Index'.
- **Dry Ports** – The Authority is implementing inland Dry Ports to decongest the borders in Phases with Phase 1 being the Makuti Dry Port. In 2021, ZIMRA managed to fully acquire the land in Makuti and a Construction tender was awarded. Construction will begin in 2022.
- **Drones** – In order to strengthen the fight against smuggling through the porous border lines, ZIMRA is implementing Drones in Phases starting with the Beitbridge Border Post. A Contract for implementation of the Drones Project was awarded on 17 December 2021 and the first set of Drones will be operational in Beitbridge in 2022.

### Stakeholder engagements and regional cooperation

The Authority partnered with the International Monetary Fund, African Tax Administration Forum/ Organisation of Economic Co-operation and Development (OECD), World Customs Organisation (WCO), Swedish International Development Cooperation Agency (SIDA), Uganda Revenue Authority and Her Majesty Revenue and Customs (HMRC) for capacity development. African Development Bank is playing a pivotal role in collaborating with ZIMRA in digitalisation of the Authority's tax system.

### ZIMRA Staff Issues

ZIMRA carries out Staff Satisfaction Surveys at least once per year. The Staff Satisfaction Index in Mid-2021 stood at 67.2% against a benchmark of 80%. The major pain points raised in the survey were 'Remuneration, Empowerment, Leadership, Job Satisfaction and Organisational Commitment' and the Authority is making strides in addressing these issues.

## Governance

The ZIMRA Board had ten Board members appointed for a term of 3 years in terms of section 5 of the Revenue Authority Act [Chapter 23:11] as read with section 11 of the Public Entities Corporate Governance Act [Chapter 10:31]. The Board provided directional oversight on the affairs of the Authority guided by the applicable corporate governance laws and principles. The Main Board and Board Sub-committees held meetings in compliance with the Public Entities and Corporate Governance Act [Chapter 10: 31] and the details of these meetings are further laid out under Section 10 of this report.

The Authority attained the second highest corporate governance compliance rating of 81% following a Corporate Governance Compliance Assessment Survey conducted by the Corporate Governance Unit in the Office of the President and Cabinet (OPC) in 2020. This was a compliance rating for all State Enterprises and Parastatals in Zimbabwe. The results were communicated in September 2021. The Board's focus is to achieve 100% compliance in 2022.

## Summary Audit opinion on ZIMRA Financial Statements

The ZIMRA 2021 Financial Statements received a clean audit opinion from the external auditors which is an improvement from the 2020 financial year which had a qualified opinion. The Revenue Return and the Outstanding Revenue Return both had modified qualified audit opinion, whilst the rest of the Returns had clean opinion (Receipts and Disbursements Return; Revenue Written off Return and Tax Reserve Certificate Return). Management is implementing strategies to rectify areas which had a qualified opinion and this includes implementation of new systems.

## 2022 Summary revenue outlook

The Authority started the year 2022 on a positive note with first half (H1: 01 January to 30 June 2022) cumulative net revenue collections of ZWL\$491.49 billion against a target of ZWL\$359.16 billion (36.84% above target). Going forward the 2022 Annual revenue target of ZWL\$809.40 billion is likely to be reviewed upwards in the second half of 2022.

## Appreciation

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 2021. A special thank you to my fellow Board members for giving strategy oversight and guidance to Management. My heartfelt appreciation goes to entire ZIMRA Management and Staff for the commitment and hard work put in to deliver uninterrupted service to clients and taxpayers despite the risky COVID-19 environment.

I thank you.



.....  
**A.S. Mandiwanza**

Board Chairman

# The ZIMRA Board



Mr. Anthony S Mandiwanza

Board Chairperson



Mrs. Josephine Matambo

Vice Board Chairperson



Dr. Grace Muradzikwa

Finance and Admin. Committee Chair



Mr. George T Guvamatanga

Permanent Secretary Ministry of Finance and Economic Development



Mrs. Ruth Ncube

Risk Committee Chair



Mr. Isaac Kwesu

Audit Committee Chair



Mr. Memory Nguwi

Human Resources Committee Chair



Ms. Mutsa Remba

Operations Committee Chair



Dr. Paradza Paradza

ICT Committee Chair



Ms. Regina Chinamasa

Acting Commissioner General



Mr. Johnesai Dewah

Board Member



## 2. Commissioner General's Statement



Ms. Regina Chinamasa

I am delighted to present this brief overview of ZIMRA's strategic performance for the year ended 31 December 2021. The year 2021 was the first year of implementation of ZIMRA's five-year strategy which runs from 2021-2025. The strategy is linked to the Government's National Development Strategy National Priority of **'Economic Growth and stability'**.

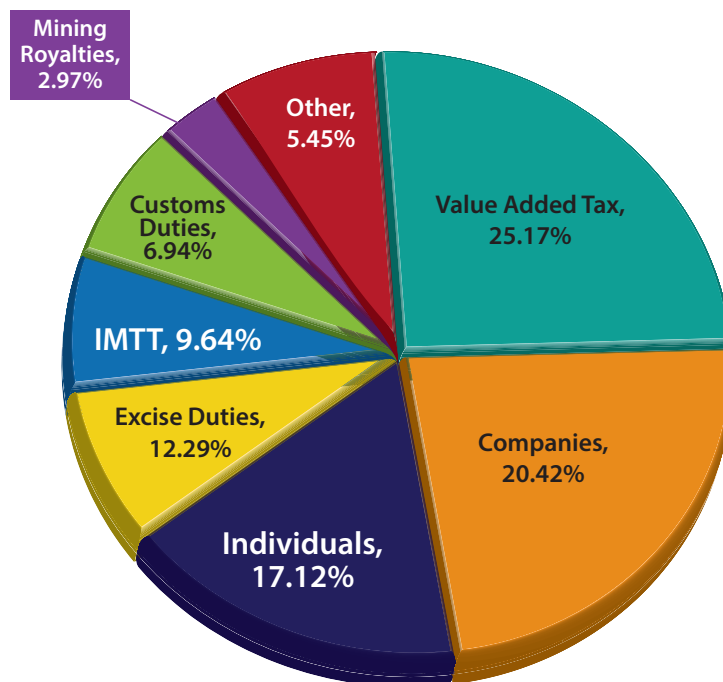
### Summary results of revenue collection

ZIMRA played a key role to the Nation's economic growth and stability through effective Domestic Resource Mobilisation. In 2021, the Authority managed to collect net revenue amounting to **ZWL\$463,570,205,824.01** against a target of **ZWL\$387,396,199,416.00** (19.66% above target). Annual Net Revenue collected grew by 154.77% in nominal terms and by 4.73% in real terms (after adjusting for inflation).

The top five contributors in 2021 by tax type (revenue head) are shown below:

1. Value Added Tax – 25.17%
2. Companies – 20.42%
3. Individuals – 17.12%
4. Intermediated Money Transfer Tax (IMTT) – 9.64%
5. Customs Duty – 6.94%

### Annual Net Revenue Collected by tax type





### Plugging of revenue leakages

In an effort to eradicate corruption, ZIMRA launched an anti-corruption campaign under the #I'mForZero with adverts in the newspapers and on social media platforms. The campaign is part of a broader effort to plug revenue leakages by influencing behaviour and culture. The Revenue Authority also introduced the new corruption measurement methodology, Corruption Diagnostic Assessment Tool (CDAT) which measures corruption within the Authority.

Revenue identified for recovery from intelligence and risk driven investigations, lifestyle audits and hotline cases increased by 268% from **ZWL\$258.95 million** in 2020 to **ZWL\$694.79 million** in 2021.

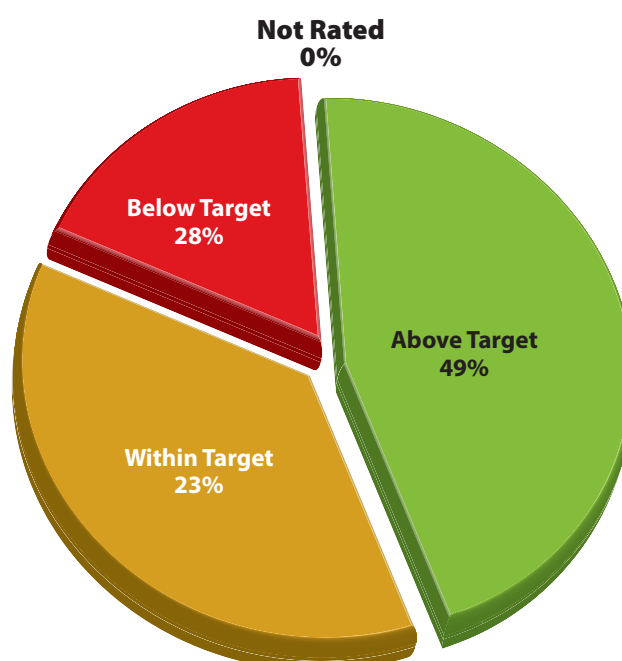
ZIMRA continued to use partnerships with stakeholders like Zimbabwe-Financial Intelligence Unit, Zimbabwe Anti-Corruption Commission, National Prosecuting Authority and Zimbabwe Republic Police in anti-corruption publicity campaigns, asset forfeiture and recovery joint operations.

### Overall strategy performance

The strategy implementation success rate improved from 60.6% recorded in 2020 to 72.3% in 2021. The Table below summarises strategic performance on ZIMRA's Strategic Key Performance Indicators (KPIs):

Colour	Strategic Performance Interpretations	No.	%age	% above target or within acceptable variance
Green	Performance met OR was above target	23	48.9%	72.3%
Amber	Performance below target BUT within acceptable variance	11	23.4%	
Red	Performance below target and outside acceptable variance	13	27.7%	
Dark Blue	Not rated during the period under review	0	0.0%	
<b>Total number of Key Performance Indicators (KPI)</b>		<b>47</b>	<b>100.0%</b>	

### Strategic Performance Evaluation - Annual 2021



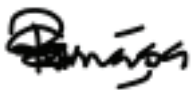
In 2021, the Authority commenced implementation of a Change Management Programme which is made of the following inter-related Projects:

- **Culture Change Management Project** – transform the ZIMRA culture into a service oriented culture.
- **Business Process Re-engineering Project** – create simplified, effective and efficient end-to-end processes which are highly automated.
- **ZIMRA Rebranding Project** – strengthen institutional image and build a strong ZIMRA brand.

ZIMRA's Change Management Programme is expected to result in improved strategy performance and ultimately high stakeholder and client satisfaction.

### **Gratitude**

I extend my heartfelt gratitude to our compliant taxpayers for paying their dues despite the challenging operating environment. A special thank you to the Board for the Leadership and strategy oversight. I would also like to appreciate the Ministry of Finance and Economic Development for providing resources which enabled the Authority to deliver on its mandate. My most sincere gratitude goes to the former Acting Commissioner General, Mr. R Masaire, for ensuring that the Authority fulfilled its mandatory roles during his tenure. Finally, I wish to thank the dedicated ZIMRA Management and Staff for their resilience, commitment and hard work which contributed to the Authority surpassing key targets.



### **R. Chinamasa**

Acting Commissioner-General

## 3. 2021 Economic Overview and Operating Environment

### 3.1 Global economic developments- 2021

The global economy was estimated to have grown by **5.9%** in 2021 despite COVID-19 pandemic related supply chain challenges, global inflation and firming up of energy prices. To support economic recovery and enhance growth, the International Monetary Fund (IMF) paid out Special Drawing Rights (SDRs) totalling **US\$650 billion** to member states to assist in the global economic recovery from the pandemic. Under this facility, Zimbabwe received SDRs equivalent to **US\$958 million**, that helped increase the foreign currency reserves and stimulate domestic economy.

Regarding international taxation, a landmark global taxation agreement: “The Inclusive Framework on Base Erosion and Profit Shifting” was signed under the ambit of the OECD to which more than 140 countries are signatories. The Inclusive Framework aims to reform international taxation rules regarding the taxation of shared corporate profits of the largest and most profitable MNEs in the countries in which they operate. Expectations are that this global taxation agreement, which Zimbabwe has not yet subscribed to, will have a positive impact on the global economy as multinational companies pay fair share of taxes to the countries in which they earn profits.

### 3.2 Regional developments

The Sub-Saharan African economy was projected to grow by **3.7%** in 2021, lower than the estimated global growth rate of **5.9%** as a result of natural shocks such as COVID-19 induced lockdowns, slow vaccination programmes, limited fiscal space and the impact of climate change. As a result, some countries in the region increased borrowing to meet spending requirements pertaining to the COVID-19 pandemic.

### 3.3 Domestic economic overview

The economy grew by 5.8% on the backdrop of a remarkably good agriculture season and slowing inflation. Relaxed COVID-19 pandemic restrictions coupled with improved vaccination levels and higher diaspora remittances boosted domestic demand which supported increased industrial production and exports. Local manufacturing capacity utilisation increased to **56.25%** in 2021 from **47%** in 2020 as a result of these and other factors. Exports grew by **125%** from the previous year. Infrastructure development continued at a fairly high pace thereby stimulating economic development through its enabling effect, stimulation of employment and demand. All these factors contributed to the growth registered in domestic taxes collected by ZIMRA.

The macroeconomic environment was relatively stable compared to the previous year. To this effect, year-on-year inflation dropped from the January 2021 rate of **362.60%** to **60.70%** as at 31 December 2021. The average year on year inflation rate for 2021 was **143.27%** whilst month on month inflation averaged **4.05%**.

On the exchange rate front, the Zimbabwean dollar continued to depreciate against the **USD** from **ZWL\$81.79** at the end of December 2020 to **ZWL\$108.67** in December 2021. However, the exchange rate was relatively stable, supported by foreign currency availability that improved during the year mainly due to the successful introduction of the foreign currency Dutch auction system effected in June 2020. These, together with the legalisation of trading in foreign currency for domestic transactions, Statutory Instrument 185 of 2020, improved the business operating environment.

## 4. ZIMRA Strategy (2021-2025)

ZIMRA's Strategy (2021-2025) is concurrently running with the Government's National Development Strategy 1 (NDS-1). The Authority is directly contributing to the NDS-1 National Priority of **"Economic Growth and Stability"** through Domestic Resources Mobilisation. ZIMRA also plays a key role in the facilitation of trade and travel which contributes to the improvement of the country's **"Ease of doing business"** index. 2021 was the first year of implementation of ZIMRA's new Strategy (2021-2025). The Strategy is summarised in the Strategic Map in Figure 1 below.

This Strategic Map demonstrates the link between ZIMRA's Vision, Mission and Values to NDS-1 and ultimately to the National Vision 2030.

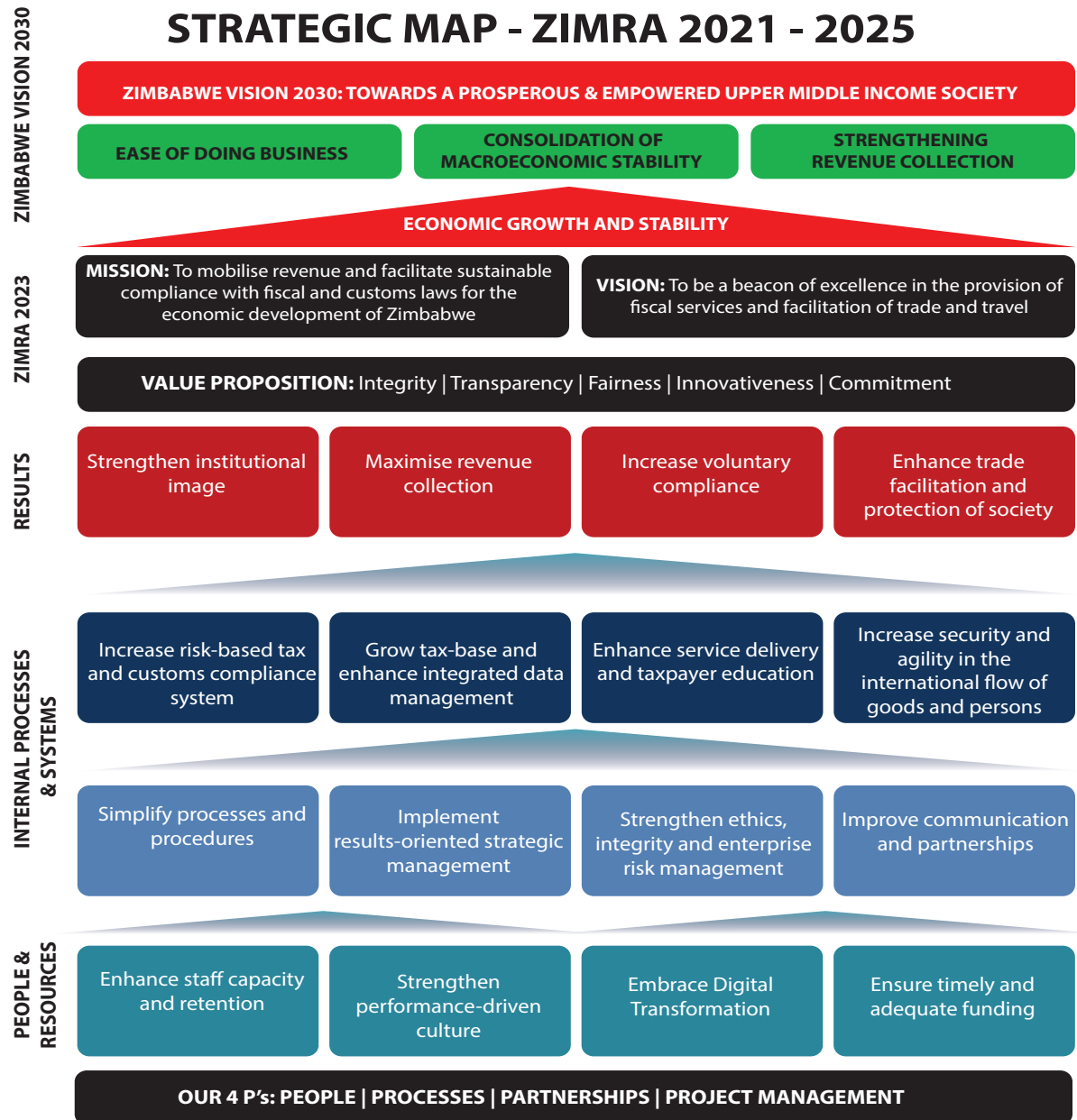
The Authority's Strategic Goals are split into the following broad categories:

- Results Perspective (ZIMRA's Strategic Outcomes)
- Internal Processes and Systems Perspective
- People and Resources Perspective

ZIMRA's Key Strategic Outcomes for the period 2021 to 2025 are to:

- Maximise revenue collection
- Increase voluntary compliance
- Enhance trade facilitation and protection of civil society
- Strengthen institutional image

Figure 1 below is a pictorial representation of ZIMRA's Strategy (2021-2025).



## Figure 1: ZIMRA's Strategy Map (2021-2025)

ZIMRA's Strategy is anchored on a solid foundation made up of what is now known as 'ZIMRA's 4Ps' namely:

- People
- Processes
- Partnerships
- Projects

The Tables below provide a brief description of the Strategic Goals which are depicted in ZIMRA's Strategy Map.

**Table 1: ZIMRA Strategic Goals under Results / Outcomes Perspective**

Results / Outcomes Perspective		
Strategic Goal (SG Ref)	Strategic Goal	Description
SG1	Maximize Revenue Collection	Mobilising and collecting sustainable revenues, in order to adequately fund Government operations.
SG2	Increase Voluntary Compliance	Develop and implement strategies that facilitate complete, accurate and timeous declarations, filing and payment of taxes due. This includes facilitative compliance initiatives such as cooperative compliance.
SG3	Enhance Trade Facilitation and Protection of Society	This entails expediting the movement, enforcement of regulatory controls, clearance and release of goods including goods in transit in compliance with international standards, treaties, protocols and conventions in which the country is a signatory.
SG4	Strengthen Institutional Image	Increase confidence by clients and stakeholders for a better perception of the organisation.

**Table 2: ZIMRA Strategic Goals under Internal Processes and Systems Perspective**

Internal Processes and Systems Perspective		
Strategic Goals (SG Ref)	Strategic Goal	Description
SG5	Increase security and agility in the international flow of goods and persons	To ensure ZIMRA is well positioned to secure the global supply chain in conformance with international standards and best practices on supply chain safety.
SG6	Grow tax base and enhance integrated data management	Bringing all potential and eligible taxpayers into the ZIMRA database through proposal of fiscal reforms, other expansion initiatives and development and utilising of integrated ICT systems with both internal and key external stakeholders.
SG7	Enhance service delivery and taxpayer education	This entails delivery of service in accordance with ZIMRA client charter and good international practise by ensuring timeous information dissemination and awareness to the society on taxation through various channels.



SG8	Increase risk based tax and customs compliance	Develop and implement target oriented core tax audits/ investigations from a centralised data warehouse.
SG9	Implement Results Oriented Strategic Management	This involves adopting strategic management processes that focus on delivering desired outcomes.
SG10	Simplify processes and procedures	Identifying, simplifying, re-engineering and automating all business processes to improve effectiveness and efficiency to meet stakeholder expectations
SG11	Strengthen ethics, integrity and Enterprise risk management	This entails upholding ZIMRA's core values and ethics. It also involves designing a plan-based strategy that identifies potential events that may affect the attainment of the Authority's objectives, managing them and giving assurance that the risks remain within acceptable levels.
SG12	Improve Communication and Partnerships	Leveraging external support to learn best practices and manage internal communication.

**Table 3: ZIMRA Strategic Goals under People and Resources Perspective**

People and Resources Perspective		
Strategic Goal (SG Ref)	Strategic Goal	Description
SG13	Ensure Timely and Adequate Funding	This entails the availing of sufficient resources as and when required to support the organisational projects, business operations and strategy.
SG14	Enhance Staff Capacity and Retention	This entails timeously attracting, developing and retaining talent that is dedicated and motivated to support the attainment of the Authority's mandate.
SG15	Embrace Digital Transformation	Modernisation of ICT systems, data centres and interfacing to external systems in order to achieve mutual synergies, which in turn will maximise revenue collection and operational efficiencies.
SG16	Strengthen Performance Driven Culture	This involves improvement of staff performance and behaviours to meet organisational standards.

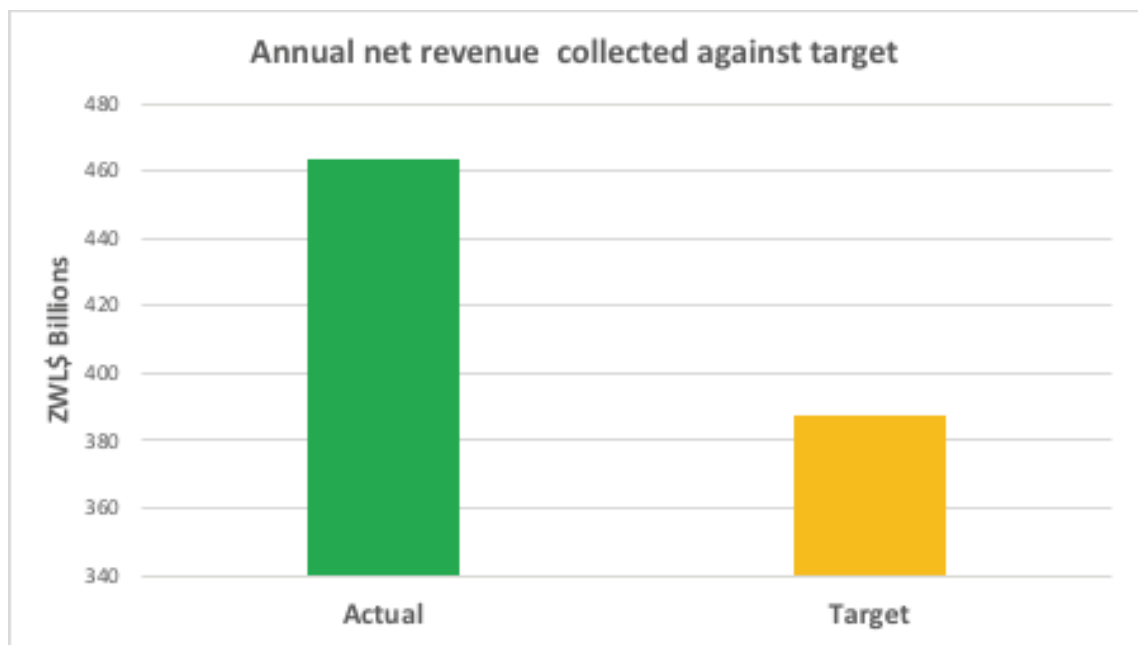
## 5. Strategy Outcome 1 : Maximise Revenue Collection

### 5.1 2021 Actual net revenue collected against target

In 2021, ZIMRA collected total net revenue amounting to **ZWL\$463.57 billion** which is **19.66%** above the Annual Net Revenue target of **ZWL\$387.40 billion**. Table 4 below shows Actual Net Revenue collected against target:

**Table 4 : 2021 Actual net revenue collected vs. target**

2021 Actual Net Revenue collected vs. target	
Actual Annual Net Revenue Collected (ZWL\$)	463,570,205,824.01
Annual Net Revenue Target (ZWL\$)	387,396,199,416.00
Variance (%)	19.66%



**Figure 2: 2021 Actual Net Revenue collected Vs. Target**

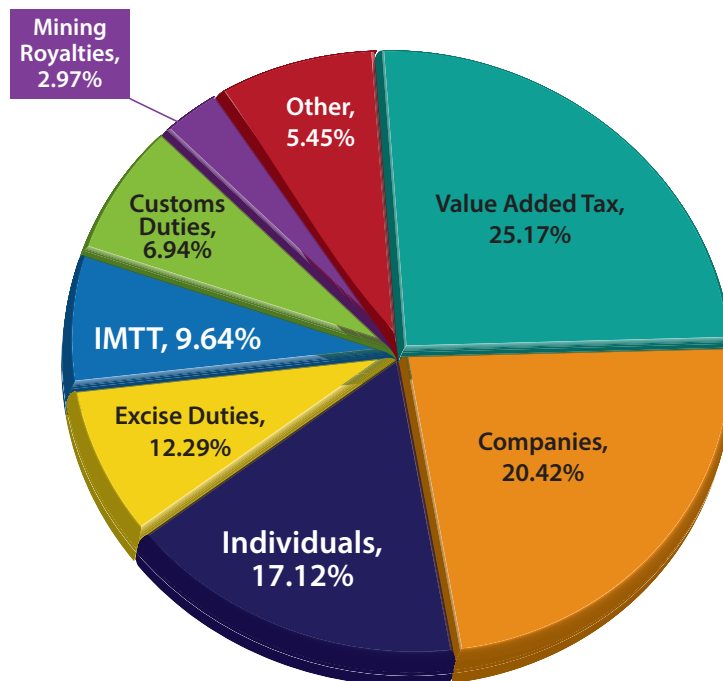
## 5.2 Net revenue collected by tax type

Table 5 below shows that the top 5 revenue earners for 2021 were Value Added Tax (25.17%), Companies (20.42%), Individuals (17.12%), Excise Duty (12.29%) and Intermediated Money Transfer Tax (IMTT 9.64%).

**Table 5: Annual net revenue collected by revenue head**

Tax Head	Traget (ZWL\$ Billions)	Actual (ZWL\$ Billions)	% Variance	% Contribution
Value Added Tax	100.53	116.70	16.08%	25.17%
Companies	73.55	94.67	28.71%	20.42%
Individuals	72.24	79.38	9.88%	17.12%
Excise Duties	50.47	56.97	12.87%	12.29%
IMTT	29.07	44.68	53.70%	9.64%
Customs Duties	27.31	32.15	17.70%	6.94%
Mining Royalties	11.51	13.76	19.53%	2.97%
Other	22.71	25.27	11.27%	5.45%
<b>Total</b>	<b>387.40</b>	<b>463.57</b>	<b>19.66%</b>	<b>100%</b>

### Annual Net Revenue Collected by tax type



**Figure 3: 2021 Annual Net Revenue Collected by Tax Type**

### **Value Added Tax (VAT)**

VAT collections accounted for 25.17% of the total net revenue collections, compared with 24.5% in 2020. The performance of the revenue head was mainly attributed to intensified media campaigns by the Authority to educate taxpayers on fiscalisation, voluntary disclosures, intensified sector-based audits and improved international trade due to relaxation of Covid-19 restrictions.

### **Companies**

Revenue collections were 28.71% above the set target of \$73.55 billion. Collections were mainly driven by increased production capacity in the manufacturing sector, which increased from 47% in 2020 to 56.25% by end of 2021. Corporate Income Tax contributed 20.42% of the total revenue collections. The Authority's risk-based enforcement activities and debt collection strategies also enhanced the revenue head's performance.

### **Individuals**

The 17.12% contribution to total revenue by this revenue head was mainly as a result of salary adjustments in line with cost of living.

### **Excise duties**

Excise duties of \$56.97 billion were 12.87% above the set target of \$50.47 billion. The revenue head accounted for 12.29% of total net revenue collections. The positive performance of the revenue head is largely attributed to intensified enforcement to curb fuel smuggling and fuel transit fraud by the Authority through the Electronic Cargo Tracking System (ECTS). Increased consumption of excisable goods, particularly alcohol and airtime also positively influenced the performance of the revenue head.

### **Intermediated Money Transfer Tax**

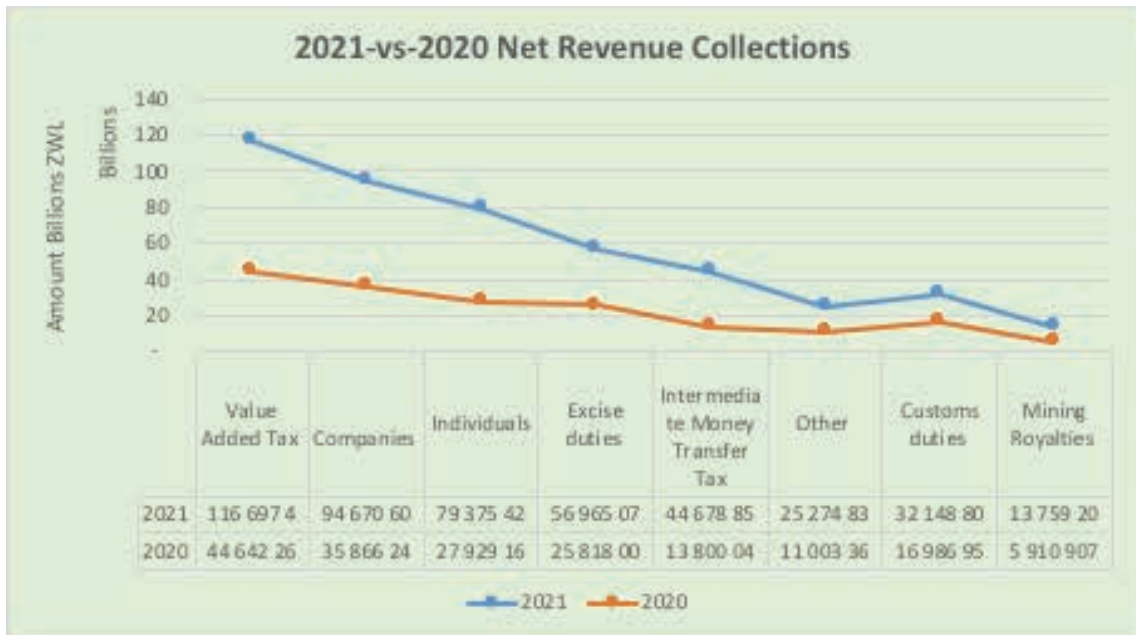
IMTT collections amounted to \$44.68 billion against a set target of \$29.07 billion, which translates to a positive variance of 53.7%. The value of transactions increased by 214.69% from ZWL 2.50 Trillion in 2020 to ZWL 7.88 Trillion in 2021. Low liquidity on the market resulted in increased electronic transactions that boosted the performance of the revenue head. The revenue head contributed 9.64% of the total net revenue collections.

### **Customs duties**

Collections were \$32.15 billion against set target of \$27.31 billion, which translates to a positive variance of 17.7%. Increased imports and easing of COVID-19 restrictions improved the performance of the revenue head. In addition, risk-based post clearance audits and anti-smuggling enforcement activities by the Authority also positively impacted on the performance of the revenue head. Customs duties contributed 6.94% of the total net revenue collections.

### **Mining Royalties**

Mining royalty collections of \$13.76 billion were 19.53% above the set target of \$11.51 billion. Collections were largely influenced by improved international commodity prices, particularly of gold and platinum. The revenue head accounted for 2.97% of the total net revenue collections.



**Figure 4: Comparison of major tax heads between 2020 and 2021**

**Breakdown of net revenue collected from ‘Other Taxes’**

Annual net revenue collections from Other Taxes amounted to **ZWL\$25.27 billion** against target of ZWL \$22.71 billion (11.27% above target). The ‘Other Revenue Heads’ contributed 5.45% of the total net revenue collections. Table 6 below shows annual net revenue collected from ‘Other Tax Heads’:

**Table 6: Other taxes**

Revenue Head	Target (ZWL\$ Billions)	Actual (ZWL\$ Billions)	Variance (%)
Domestic dividends & interest	12.238	5.308	-56.63%
Capital Gains	2.221	2.048	-7.76%
Tobacco levy	0.473	0.802	69.55%
Withholding tax on contracts	4.635	7.144	54.13%
Stamp duties and fees	0.243	0.816	235.79%
Carbon tax	2.655	5,688	114.21%
ATM Levy	0.039	0.015	-61.12%
Business licences	0.160	0.064	-59.76%
Presumptive tax (Informal trades tax)	0.050	0.525	953.58%
Non tax revenue		2.86	
<b>Total</b>	<b>22.71</b>	<b>25.27</b>	<b>11.27%</b>

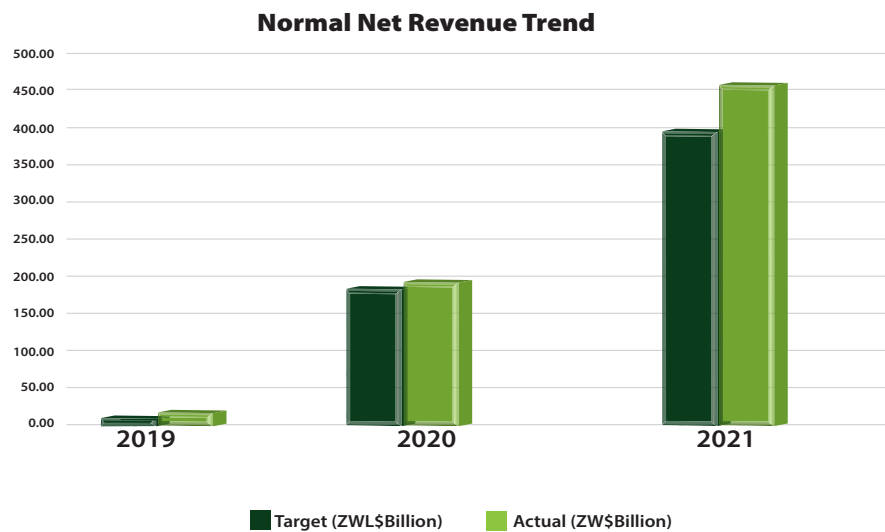
### 5.3 Revenue Trend Analysis from 2019 to 2021

#### 5.3.1 Nominal growth in annual net revenue collected from 2019-2021

Annual net revenue collected grew in nominal terms from **ZWL\$23.19 billion** collected in 2019 to **ZWL\$463.57 billion** collected in 2021. The nominal growth in revenue collected mirrors growth in GDP and inflation. Table 7 and Figure 5 below show nominal net revenue trend from 2019 to 2021:

**Table 7 : Annual net revenue collected (2019-2021)**

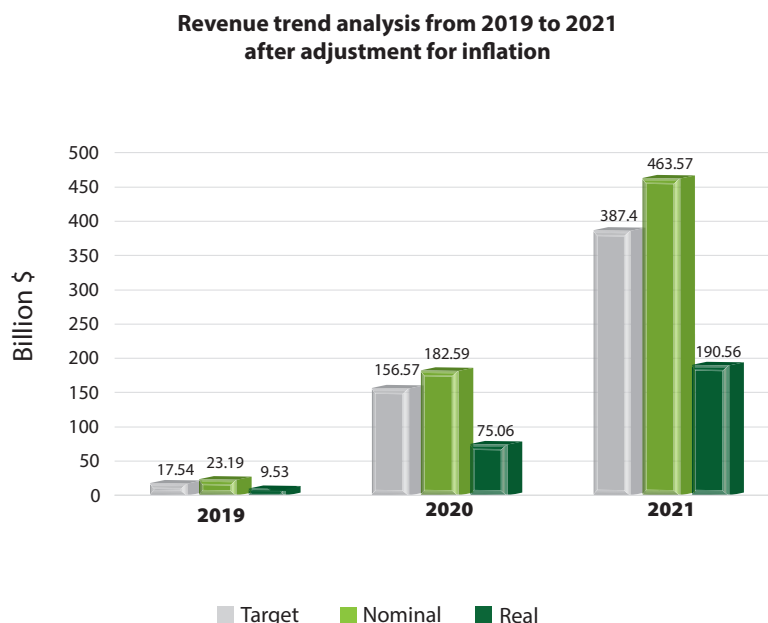
Year	Target (ZWL\$ Billion)	Actual (ZWL\$ Billion)
2019	18.60	23.19
2020	171.90	182.59
2021	387.40	463.57



**Figure 5: Annual net revenue collected (2019-2021)**

#### 5.4 Revenue trend analysis from 2019 to 2021 after adjustment for inflation

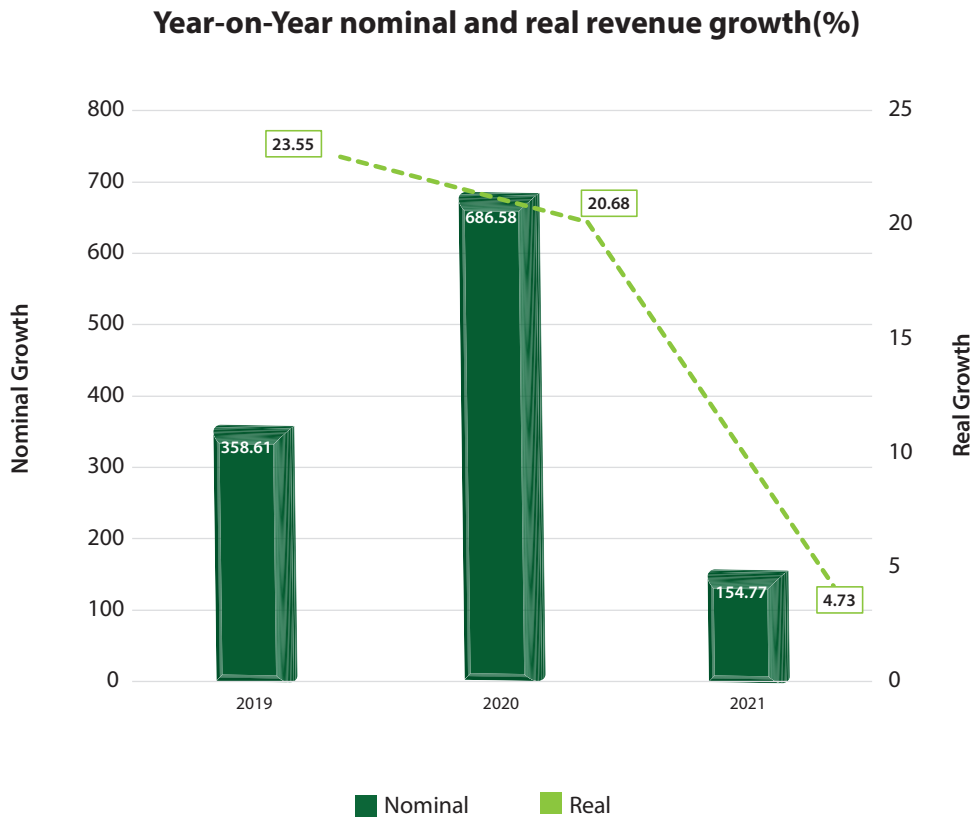
Figure 6 and figure 7 below show that the Authority managed to record positive real growth in revenue (after adjustment for inflation) from 2019 to 2021:





**Figure 6: Nominal and real revenue from 2019-2021**

The Authority has managed to maintain POSITIVE real growth from 2019 to 2021 as depicted in Figure 7 below:



**Figure 7: Year-on-Year nominal and real revenue growth (%)**

**5.5 Revenue to GDP ratio trend from 2019 to 2021**

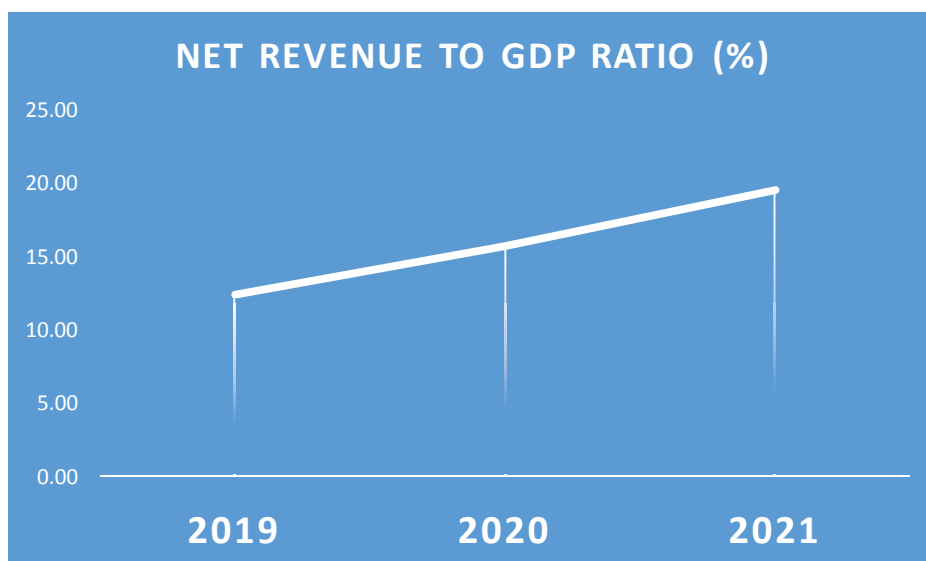
Net Revenue to GDP ratio increased from 12.37% in 2019 to 19.56% in 2021. This upward movement is partially attributable to Government Policy interventions coupled with the Authority’s revenue maximisation strategies.

ZIMRA implemented revenue enhancement measures contained in the 2021 National Budget, which had a positive impact on GDP. These include;

- Introduction of a simplified tax regime for employed professionals.
- Upward review of Tobacco and Alcoholic Beverages
- Alignment of taxes on fuel (Petrol and Diesel)
- Upward review of the presumptive tax to reflect market fundamentals

**Table 8: Revenue to GDP Ratio trend**

Year	Revenue to GDP Ratio (%)
2019	12.37
2020	15.73
2021	19.56



**Figure 8: Revenue to GDP Ratio Trend**

#### Comparison of Zimbabwe Revenue to GDP Ratio with other regional countries

- Average Revenue to GDP Ratio of 36 African Countries was 16.6% in 2019
- Average Revenue to GDP Ratio for SADC Countries for 2020 was 18.30%

The table below shows Revenue to GDP Ratio for other African Countries in 2020:

**Table 9: Regional Revenue to GDP comparisons – 2020**

Country/Region	Tax to GDP
Seychelles	30.40%
South Africa	26.30%
Lesotho	23.30%
Namibia	22.20%
Mozambique	20.10%
ATO Average	14.80%
SADC Average	18.30%
ECOWAS Average	11.30%
EAC Average	13.60%
ECCAS Average	11.60%

#### 5.6 Debt movement from 31 December 2020 to 31 December 2021

Table 10 Below shows debt movement from 31 December 2020 to 31 December 2021:

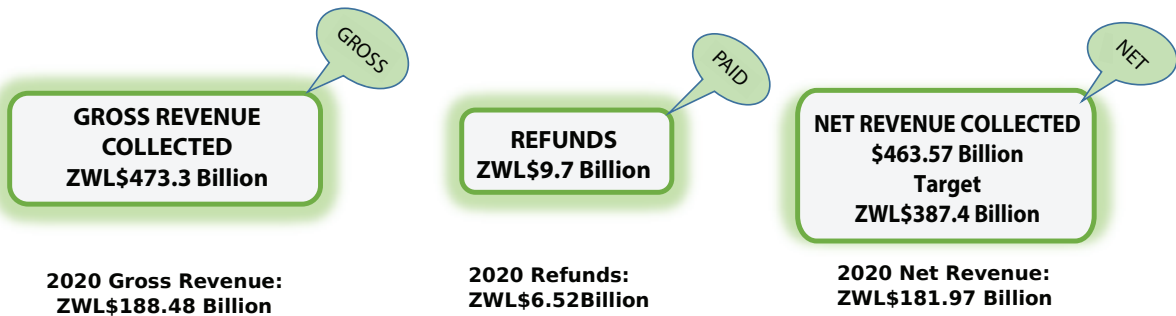
**Table 10: Debt movement from 31 December 2020 to 31 December 2021:**

Tax Head	31-Dec-20	31-Dec-21	Increase/Decrease \$	% Increase/Decrease
VAT	2,710,427,360.95	4,024,828,976.75	1,314,401,615.80	48.49%
Individuals	2,554,159,963.77	5,623,414,723.05	3,069,254,759.28	120.17%
Companies	1,610,495,728.75	4,338,437,353.59	2,727,941,624.84	169.39%
WHT/CGT/PTAX/ Other	1,272,629,907.93	2,279,214,691.66	1,006,584,783.73	79.09%
Customs *	521,128,475.81	16,992,167,728.28	16,471,039,252.47	3160.65%
<b>Total</b>	<b>8,668,841,437.21</b>	<b>33,258,063,473.34</b>	<b>24,589,222,036.13</b>	<b>283.65%</b>
<b>Debt to Revenue Ratio</b>	<b>4.76%</b>	<b>7.17%</b>		

Debt increased on all tax heads. This was partially driven by economic challenges as a result of COVID-19 induced lockdowns and inflationary pressures. However, strategies implemented to recover debt included constant follow-up of debtors, negotiated payment plans, garnish orders and set-off arrangements.

\*The huge Customs Debt movement of 3160.65% is in respect of Excise duty due to the audits into mainly the fuel sector undertaken in 2021. A number of the clients are on a settlement plan. The debt on Customs duty is attributable to outstanding assessments from Notices of Seizures/Receipt for Items Held (RIH).

# Revenue Collected Dashboard



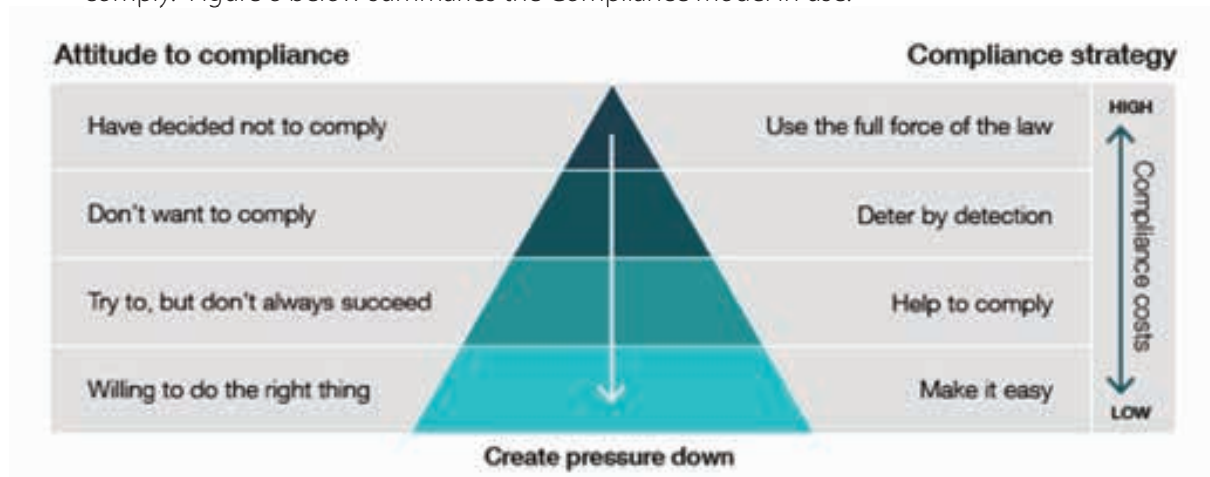
## Breakdown of Revenue Collected



# 6. Strategic Outcome 2 – Increase Voluntary Compliance

## 6.1 Compliance model

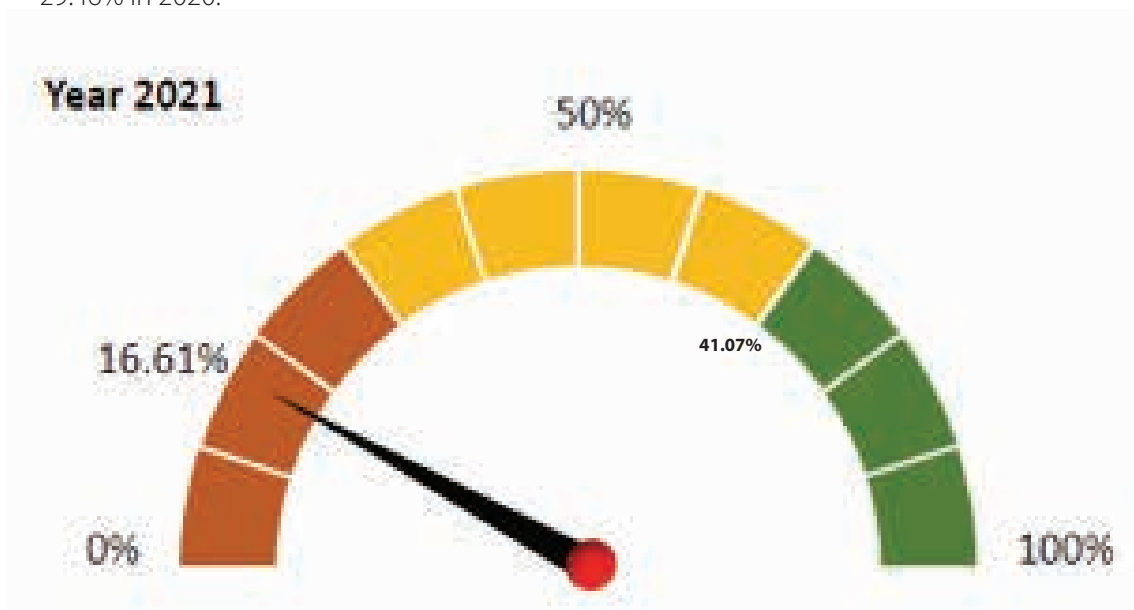
The Authority segments clients according to their 'Willingness to Comply with Tax and Customs' laws and applies tailor-made compliance and enforcement strategies. This involves application of tough enforcement measures to delinquent taxpayers who deliberately choose not to comply whilst enforcing light co-operative compliance strategies to those taxpayers who are willing to comply. Figure 8 below summaries the Compliance Model in use:



**Figure 9: Compliance Model**

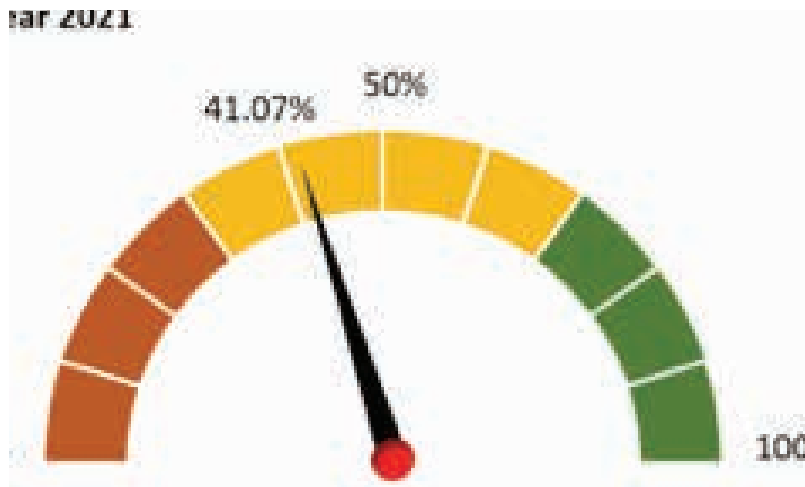
## 6.2 Performance on returns submission - On-time Filing Rate (%)

On-time Filing Rate (%) is a measure of the percentage of taxpayers who successfully file their returns on or before the due date. The On-time Filing Rate for 2021 stood at 16.61% down from 29.46% in 2020.



### 6.3 Performance on tax payments - On-time Remittance Rate (%)

On-time Remittance Rate (%) is a measure of the percentage of taxpayers who successfully make their tax payments on or before the due date. The On-time Remittance rate improved to 41.07% in 2021 from 30.37% in 2020.



### 6.4 Summary compliance enforcement measures implemented in 2021

The Authority implemented various strategies to improve compliance. Table 9 and Table 10 below summarise enforcement and compliance initiatives implemented:

**Table 11: Summary enforcement and compliance initiatives**

Intervention	Measure	Number of Interventions	Revenues Raised from Interventions (ZWL\$)
Debt Enforcement	No. of Enforcement initiatives	12,934	8,903,432,985.35
Tax Base Expansion (including MSMEs)	No of clients registered	22,414	2,051,530,696.74
Audit and Investigation of Taxpayers	No of cases finalised	2,732	9,458,360,679.89

**Table 12: Summary of other enforcement and compliance initiatives**

Enforcement and compliance initiative	Measure	Number
Prosecutions	No. of prosecutions	2,162
Tax Payer Education Workshops	No. of workshops	342
Stakeholder Engagements	No. of meetings	155
Taxpayer Education Articles	No. of Taxman's Articles	39

### 6.5 Establishment of a stand-alone Micro, Small to Medium Enterprises Office

ZIMRA formed a stand-alone Business Unit to focus on harnessing Micro, Small and Medium Enterprises (MSMEs) into the tax net. Engagements were done with the Ministry of Small to Medium Enterprises on how best the MSMEs could be compliant with the tax laws. Several taxpayer education workshops were conducted with MSMEs. Efforts to increase tax base and develop a simplified tax regime for this sector are under discussion. This contributed to the increase of 22,414 in the number of new registrants and revenue collections which amounted to ZWL\$198.3 million.



# 7. Strategy Outcome 3 : Trade Facilitation and Protection of Civil Society

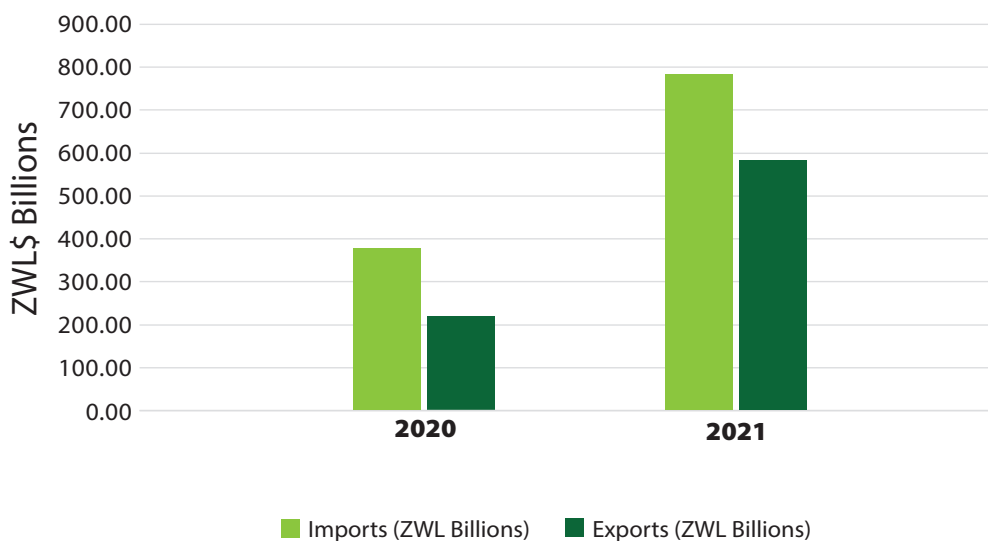
## 7.1 Imports vs Exports: Year 2021

The Authority processed imports amounting to ZWL\$770.76 billion and exports amounting to ZWL\$578.03 billion (Trade deficit). Table 11 shows the actual import and export amounts for 2020 and 2021:

**Table 13: Import and Export statistics for 2020 and 2021**

Trade	2020	2021	%age Movement
Imports (ZWL\$)	324,639,852,038.59	779,757,496,946.70	140.19%
Exports (ZWL\$)	256,990,712,002.83	578,027,589,184.71	124.92%
Trade Balance (ZWL\$)	-67,649,140,035.76	-201,729,907,761.99	
Trade Balance (% of Exports)	-26.32%	-34.90%	

**Imports and Exports for 2020 and 2021**



**Figure 10: Imports and exports for 2020 and 2021**

## 7.2 Trading partners and trade statistics

### 7.2.1 2021 Trading partners

South Africa has maintained its dominance as the main Zimbabwean trading partner in terms of total value of imports and exports compared to Zimbabwe's trade with the rest of the world. Imports from South Africa were **41.79%** and the exports were **43.42%**.

### 7.2.2 Imports per Trade Agreements

Imports under trade agreements were **ZWL\$126.32 billion** compared to **ZWL\$54.70 billion** for the year 2020. Imports under the trade agreements increased by **131%** in 2021. Most imports under trade agreements were under the SADC (South Africa) trade agreement.

**Table 14: Imports Per Trade Agreement: 2021 vs. 2020**

Trade Agreement	Trade Agreement Code	Import Value 2021(ZWL)	Import Value 2020 (ZWL)
SADC(ZA)	SDC	\$95,657,329,639.73	\$252,648,953.35
COMESA	CSA	\$13,803,547,238.86	\$132,739,718.85
SADC (Differential Offer)	SADC	\$13,864,262,873.20	\$49,306,137.76
Mozambique bilateral	MZA	\$774,656,290.77	\$26,376,932.84
Trade Agreement Group	TAG	\$1,747,586,497.55	\$7,510,429.94
Interim Economic Partnership Agreement	EPA	\$477,562,245.53	
	RSA	\$50,405.72	
<b>Grand Total</b>		<b>\$126,324,995,191.37</b>	<b>\$468,582,172.74</b>



**Figure 11: Imports per Trade Agreement: Year 2021 vs. Year 2020**

### 7.2.3 Bills of entry statistics – 2021

**Table 15: Bills of Entry Statistics for 2021**

Bill of Entry Regime	Total Registered	Total Assessed	Processed	
			% Assessed	% Query Lane
<b>Total Imports</b>	208,552	204,278	97.95%	2.05%
<b>Total Transit</b>	191,684	188,496	98.34%	1.66%
<b>Total Exports</b>	69,039	67,737	98.11%	1.89%
<b>Total</b>	469,277	460,512	98.13%	1.87%

- **460,512 Bills** of entry were assessed during the same period they were registered out of a total of **469,277** entries giving a performance rate of **98.13%** against a target of **95%** resulting in a positive variance of **3.13%**.
- The average turnaround time for clean bills of entry for the period was 3hrs 15mins against a target of 1hr 30 minutes giving an underperformance of 1hr 45 minutes. The delays were mainly attributed to Covid-19 lockdown restrictions and system down time.
- On average physical examination entries were done in 14 hours 53 minutes against a target of 36 hours.

### 7.3 Trading facilitation initiatives

- **Authorised Economic Operators (AEO):** The Authority continued to implement the AEO Facility, where accredited operators benefited from expedited customs clearances and waiver of physical examinations in line with the World Trade Organisation's Trade Facilitation Agreement thereby reducing the cost of doing business. The number increased to twelve accredited operators who include importers, a transporter and a clearing agent.
- **Pre-Clearance Facility:** The Authority promoted the mandatory Customs pre-clearance facility in order to improve customs compliance. The facility entails submission of bills of entry in advance, well before the arrival of the consignment at ports of entry. This enables effective risk management and expeditious processing of compliant importers and exporters.
- **Single Window:** Development of the Single Window facility was initiated with the Authority's implementation partner, UNCTAD. The initial implementation stage will be done in 2022 with nine identified stakeholders.
- **System Integration:** The Authority rolled out the integration of ICZ and ASYCUDA World systems to all Ports of Entry.
- **Beitbridge Border Post Modernisation** - The Beitbridge Border Post is being modernised through a project which is being implemented by ZimBorders. Phase 1 of this modernization project was completed and commissioned in October 2021. The modernized border has a new separate commercial traffic lane. This has resulted in increased operational efficiency in clearance of commercial traffic.
- **Drones:** The implementation process for the Drones project progressed well during the year. The project is expected to be implemented at Beitbridge by the end of 2022.
- **Dry Ports:** The design for the pilot project at Makuti was done. Construction works will commence in the second half of 2022.



*Celebrating the "ZIMRA we want"..... the new impressive Beitbridge Border Post*

### 7.4 Electronic Cargo Tracking System (ECTS)

- The Electronic Cargo Tracking System tracks and monitors transit cargo from the point of entry into Zimbabwe to the point of exit using armed electronic seals that are attached to the cargo.

- Transit cargo increased by 17% from **169,248** in 2020 to **197,408** in 2021. The opening of the Kazungula border has not diverted as much transit cargo as anticipated. Geo-fence violation fines in 2021 amounted to **US\$78,437** compared to **US\$132,002** in 2020 indicating a 40.6% increase in compliance that can be attributed to the effectiveness of the ECTS.

**Table 16: Sealing Rate of High Risk Cargo**

Status	Number
Total high risk cargo identified	45 876
Sealed trucks	42 523
Percentage of High Risk Cargo Sealed	93%
Percentage of High Risk Cargo waived from sealing	7%

### 7.5 Initiatives implemented to protect the civil society

ZIMRA continued to implement border and inland initiative to curb smuggling of banned, harmful and illegal goods in order to protect the civil society. Initiatives implemented include border patrols, physical roadblocks, physical inspections and use of the ZIMRA Dog Unit (Canine Unit).

**Table 15: Initiatives implemented to protect the civil society**

HOW DETECTED	NATURE OF GOODS	PLACE DETECTED
Roadblock	Banned narcotics Harmful cosmetics Harmful spirits	Dete
Compliance Exercise	239 cases of 30 x 200ml illegally manufactured Bulls Whisky 400 cases of illegally manufactured spirits	Goromonzi Murehwa Mutoko Mutawatawa
Canine Unit (K9)	7,500 x 100ml Broncleer Syrup	Beitbridge
Physical Inspection	55.6kg of khati 18kg of cannabis	Harare Central Sorting Office



ZIMRA officers posing with K9 search dog



## 8. Strategy Outcome 4 – Strengthen Institutional Image



*The Minister of Finance and Economic Development, Honourable Prof. M. Ncube, receiving a token of appreciation during ZIMRA 20th Anniversary Celebrations*

### 8.1 Institutional image transformation journey

The Authority has embarked on a transformational journey and the main key objective of this transformational journey is to strengthen ZIMRA's institutional image. The transformation journey involves transformation of the following facets to ensure excellent service delivery to clients:

- **Transformation of People** – to have the right client-centric service culture
- **Transformation of Processes & Systems** – having simplified, seamless, end-to-end effective and efficient processes supported by robust IT Systems.
- **Transformation of the Brand** – to create an optimal brand equity. This will come after transformation of People, Processes and Systems.

Key issues to be addressed through the Authority's transformation journey include:

- Poor service quality
- Corruption
- Revenue Leakages
- Staff Satisfaction
- Customer Satisfaction

## 8.2 Information Dissemination

Image building and management is a continuous effort done by ZIMRA and has been enhanced through media engagements and providing critical information to the taxpayer. ZIMRA used its Taxman's Corner newspaper column to provide weekly tax information and updates to clients and the public.

The electronic media platforms continued to be used to communicate tax information and educate clients as initiatives to improve voluntary compliance. These initiatives include fiscalisation, #I'mForZero anti-corruption messages, the "My Tax Works Campaign", tax in Forex, Tax and PAYE due dates and vehicle importation regularisation campaigns.

Website, Intranet, Facebook and Twitter were updated regularly during the year as important tools for information dissemination.

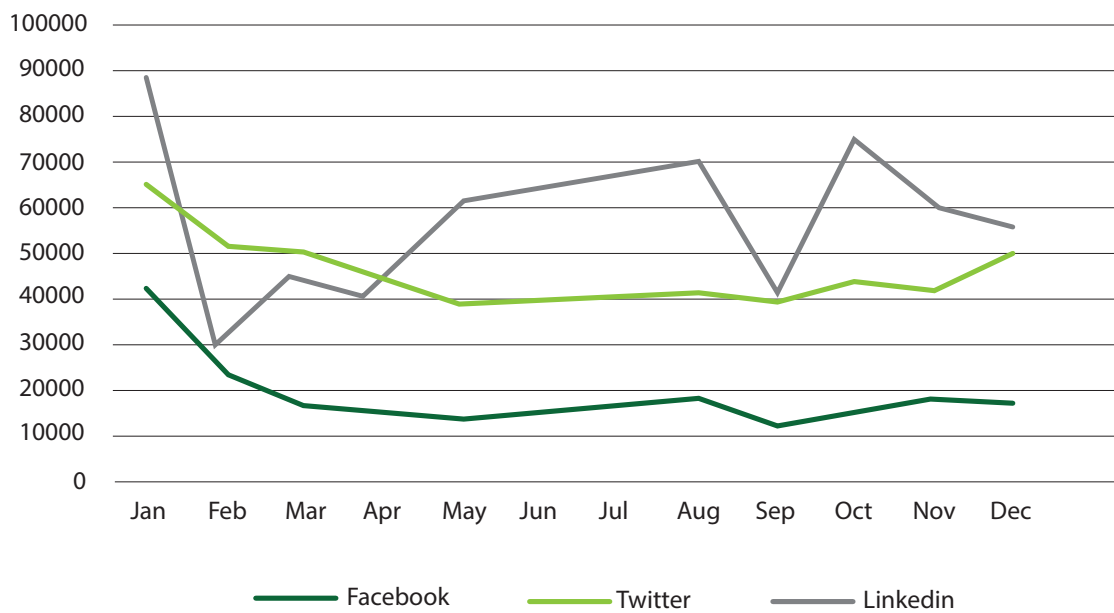
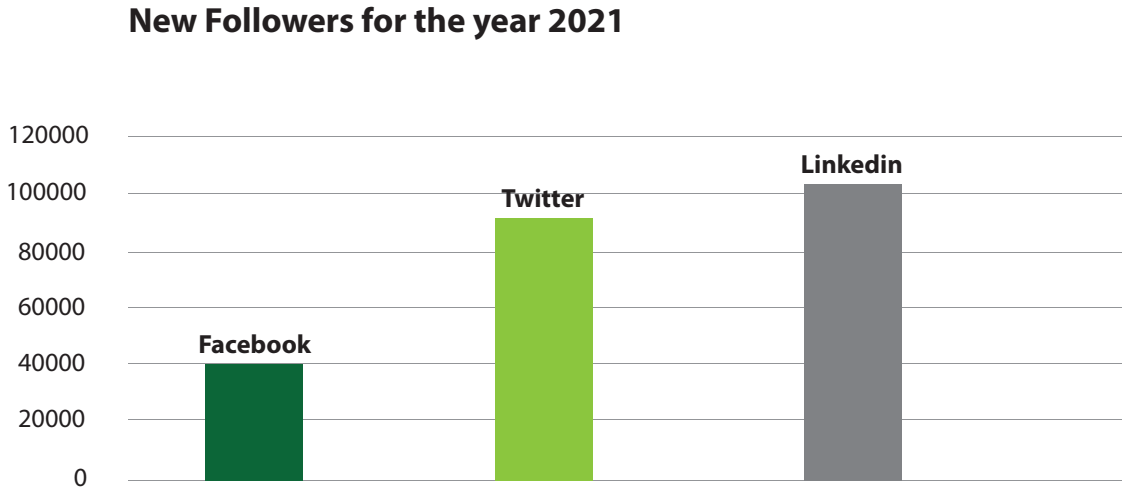


Figure 12: Social media engagement hits

Generally, more engagements were on LinkedIn, with peak engagements being in the early months of the year i.e. January and February due to the demand for Tax clearances.

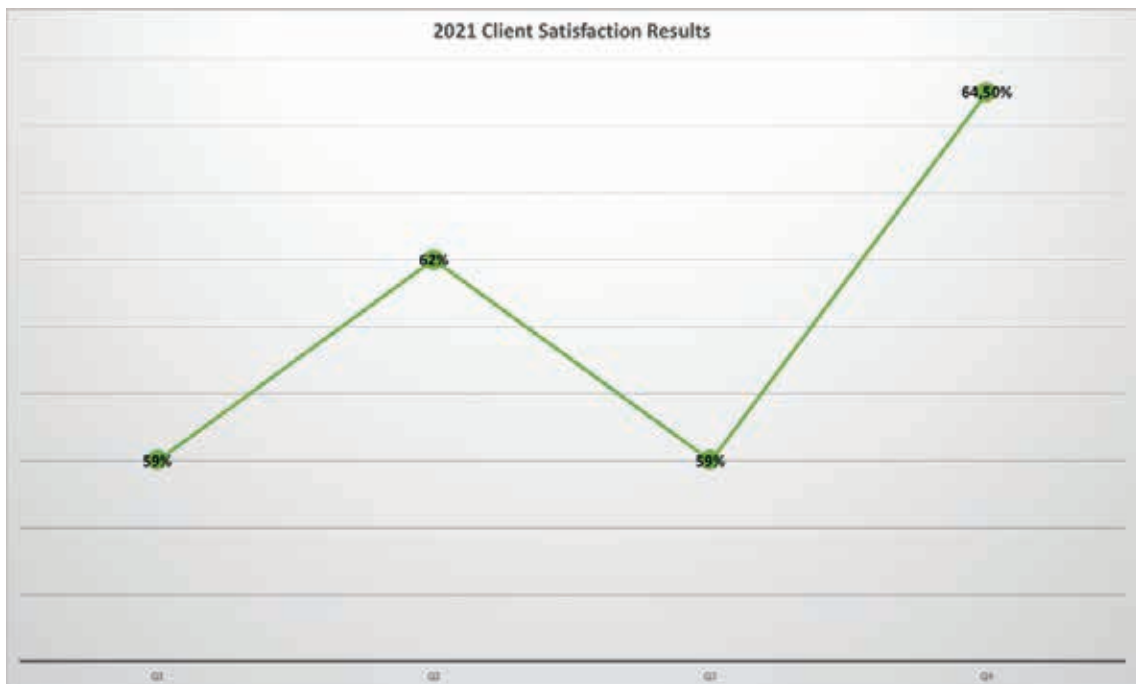
There were new followers on Facebook, Twitter and LinkedIn: as depicted below:



**Figure 13: Social media new followers**

### 8.3 Client satisfaction surveys

Quarterly Client Satisfaction Surveys were carried out to assess taxpayers’ perception of ZIMRA’s quality of service and delivery. The surveys sought to assess customers’ awareness of ZIMRA’s various campaigns in place. This is an ongoing methodical effort to enhance customer satisfaction and to get client feedback. The 2021 results guided the Authority in improving service and satisfaction levels each quarter. The findings from the surveys showed that taxpayers were generally satisfied with ZIMRA’s services. However, clients expressed dissatisfaction with the inefficiency of the e-services platforms which had been going through upgrades.



**Figure 14: Client satisfaction survey index trend**



#### 8.4 Handling of customer complaints

The Authority received a 449 'Complaints, Queries/ Enquiries' raised through Customer Satisfaction survey feedback and 440 (98%) were resolved by 31 December 2021.

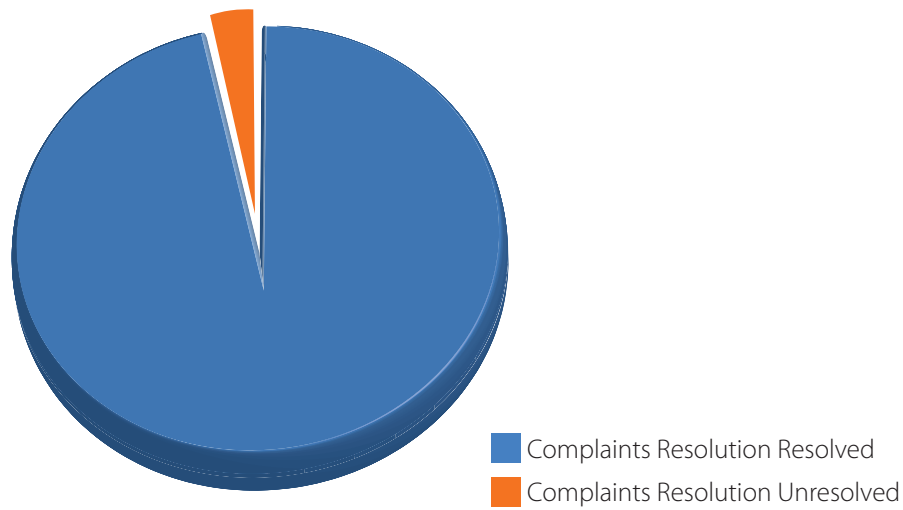
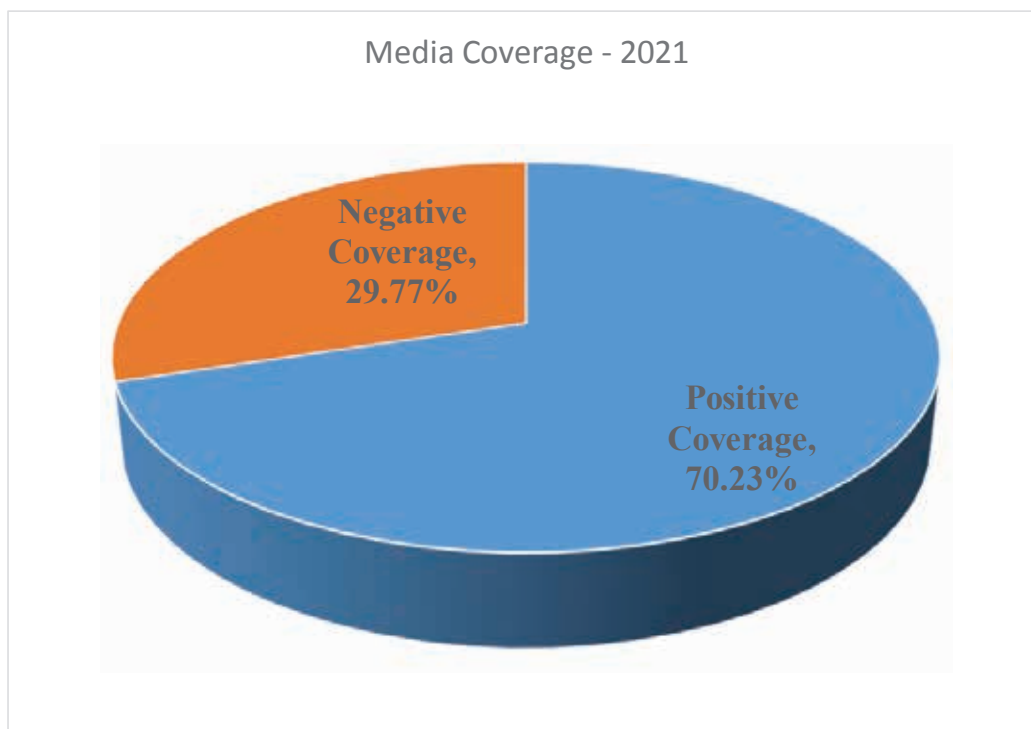


Figure 15: Percentage resolution of feedback from client satisfaction surveys

#### 8.5 Media coverage

A total of 430 media articles were published on ZIMRA in both traditional media channels and online media channels. Of these 430 articles, 302 were positive articles (70.23%) and 128 were negative articles (29.77%) as depicted in the pie chart below:

Figure 16: Rate of positive media coverage for the ZIMRA brand



## 8.6 Exhibitions

ZIMRA participated at the Zimbabwe International Trade Fair, Harare Agricultural Show, Mutare, Gwanda, Chinhoyi, Masvingo and Hwange and was awarded prizes in Hwange, Masvingo and Mutare shows for best exhibitors.

## 8.7 Corporate Social Responsibility

The Authority, through its Charity Trust awarded scholarships to nine students at University. The Trust also handed over goods to Tariro House of Hope Children's Home in Epworth and Hupenyu Hutsva Children's Home.



*Happy smiles---ZIMRA officers handing over goodies to Tariro House of Hope Children's Home*

## 8.8 Tax Disputes Resolution

ZIMRA is committed to resolve objections without proceeding to courts. As provided in the legislation, if any taxpayer is not satisfied with the decision of the Commissioner / Authority, they are entitled to appeal to the Fiscal Appeal Court. Hence, sixty-four (64) cases were referred to the Fiscal Appeal Court by taxpayers, where twenty-four (24) were resolved, six (6) were withdrawn, leaving a balance thirty-four (34). Seven (7) Advance Tax Rulings (ATRs) received were all finalised. The table below shows movement in Tax Disputes in 2021:

**Table 16: Tax dispute resolution statistics**

	OBJECTIONS	APPEALS AT FISCAL COURT	ADVANCE TAX RULINGS
Opening Balances 01/01/2021	5	51	0
Add: New Cases	38	13	7
Less: Finalized	35	24	7
Less: Withdrawn	0	6	0
Closing balances 31/12/2021	8	34	0

**8.9 Corruption Fight - Initiatives implemented to STOP corruption**



- **Anti-corruption campaigns**

ZIMRA launched an anti-corruption campaign dubbed #I'm for Zero with adverts in the newspapers and on social media to combat corruption. The Authority also participated in the United Nations Annual International Anti-Corruption Day through sharing information fliers on social media, newspapers and distributing informational t-shirts that were worn by staff members on the day.

The Revenue Authority introduced the new corruption measurement methodology, Corruption Diagnostic Assessment Tool (CDAT) focused at measuring actual corruption within the organisation. The average Annual Corruption Index using this tool was 0.17.

Revenue identified for recovery from intelligence and risk driven investigated cases, lifestyle audits and hotline cases increased by 268% from ZW\$258,949,331.10 in 2020 to ZW\$694,788,754.85 in 2021.

Three immovable assets and seven movable assets were identified, seized and frozen under the Money Laundering and Proceeds of Crime Act. The Authority also collaborated with other government agencies namely Reserve Bank of Zimbabwe-Financial Intelligence Unit, Zimbabwe Anti-Corruption Commission, National Prosecuting Authority and Zimbabwe Republic Police in anti-corruption awareness campaigns as well as asset forfeiture and recovery joint operations.

The graph below indicates criminal cases that were referred to the courts.

### Cumulative corruption cases referred for prosecution

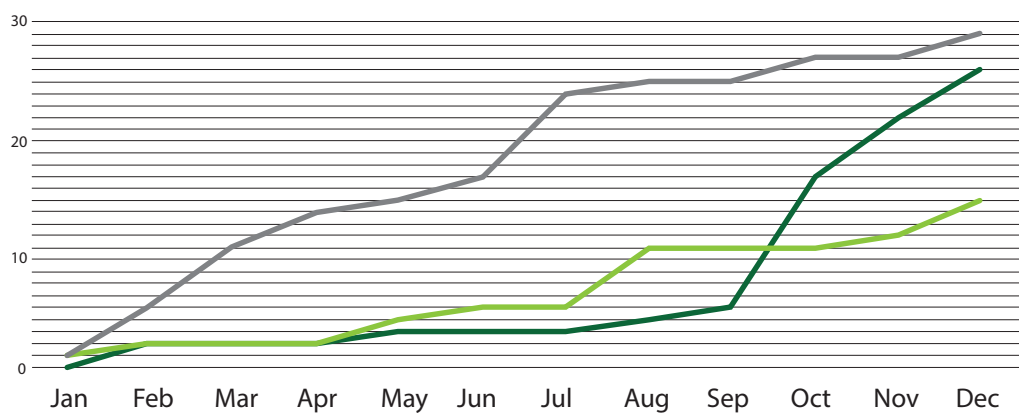


Figure 17: Prosecution statistics

#### Hotline cases

- Eighteen new hotline cases were opened in 2021 while eight were closed in the year under consideration. Eleven hotline cases were carried forward as at 31 December 2021.

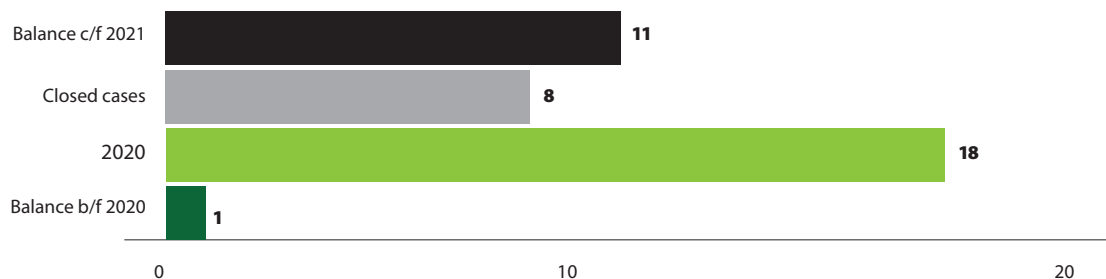
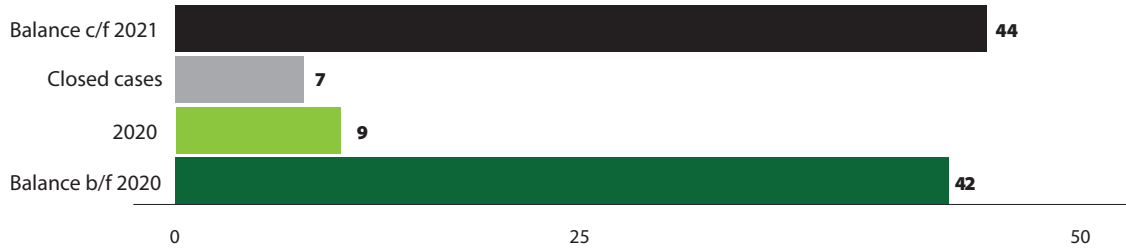


Figure 18: Hotline cases statistics

**Lifestyle audit cases**

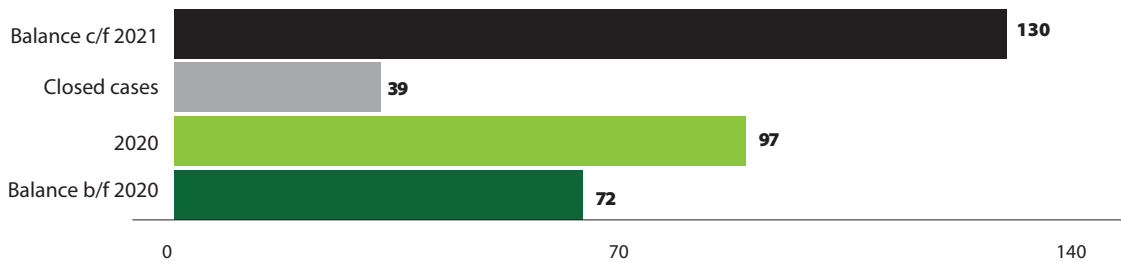
- Forty-two lifestyle audit cases were brought forward from 2020. Nine new lifestyle audit cases were opened in 2021 while seven were closed. A balance of forty-four cases was carried forward as at 31 December 2021.



**Figure 19: Lifestyle Audits statistics**

**Investigated corruption cases**

- Seventy-two cases were brought forward as at 31 December 2020. Ninety-seven new investigations cases were opened in 2021. Thirty-nine investigation cases were completed and closed in 2021. The balance of one hundred and thirty investigation cases was carried forward as at 31 December 2021.



**Figure 20: Investigation cases statistics**

**8.10 Digitalisation**

The Authority continued to implement a robust digitalisation strategy whose main goal is to automate processes /reduce human interface and to modernise ICT equipment. The table below summarises the major projects under ZIMRA’s digitalisation strategy and the progress made in 2021:

**Table 17: Summary progress on ZIMRA Digitalisation Projects**

Digitalisation Project	Project Description	Progress made in 2021
Tax and Revenue Management System (TaRMS)	Acquisition, installation and configuration of a new Tax Revenue Management System for Domestic Taxes	Procurement commenced in 2021. A tender was awarded and draft contracts were done as at 31 December 2021.  99% of planned Key Milestones in 2021 were successfully completed.
ASYCUDA Upgrade	Upgrade of Customs system, ASYCUDA World	All the planned activities were completed as planned. Finalised the engagement of the supplier (UNCTAD). Developed the Web Portal Design which went under review at the end of 2021.
Automation Program	Review of processes and automation of identified processes	There were eleven (11) initiatives/ Sub-projects for automation. Out of 11, one was completed as planned (Whistle Blower) and the other 10 were still in progress. 97% of the planned Milestones for year 2021 were completed.
ICT Integration Program	Integration of different systems within ZIMRA and integration of ZIMRA systems to selected external systems	There were two major initiatives/ sub-projects for Systems integration. 1. ZIMRA – ZIMSWITCH Integration 2. ZIMRA – Zambia Revenue Authority (ZRA) Integration As at 31 December 2021, the projects were still in progress. 94% of the planned milestones were completed.
Data Centre	Acquisition of state of the art modern servers and setting up of a centralized Data Centre with capacity to handle and store big data	There were 19 sub-projects/ initiatives for the Data Centre. Out of 19 sub-projects, 10 were focusing on upgrading Data Centre & ICT Tools of trade. The other 9 were focusing on ICT Security. 88% of the planned milestones were completed in 2021.
Contact Centre	Establishment of a central customer services contact centre that will deal with telephone and social media channels client queries.	Contact Centre Tender was awarded. The winning bidder is now working on delivering the Contact Centre equipment by 31 December 2022.
Surveillance and Monitoring Centre	Development and equipment of a centralized Surveillance and Monitoring Centre in Harare	Expression of interest tender ZIMRA DC 02/2021 was advertised to engage Charlode Electronics and Electricals. Supplier did site visits and presented biometrics to Project Board Tender to engage supply was closed and the tender was awarded in Q1 2022.
Scanners	Procurement of modern state-of-the-art scanners	ZIMRA partnered Nucotech Company Limited to Supply, Deliver, Install and Commission Two Fast Cargo X-Ray Scanning Systems Project ended 2021 at procurement stage.
Drones	Procurement and operationalisation of Drones across national border lines	ZIMRA & Scout Aerial signed the Contract for implementation of the Drones Project on 17 December 2021.

### 8.11 Progress made on other ZIMRA Strategic Projects in 2021

Table below summarises progress made on 2021 on the Authority's other non-ICT related strategic projects:

**Table 18: Summary progress on other strategic Projects**

Strategic Project	Project Description	Progress made in 2021
Dry Ports	Construction of inland Dry Ports to decongest the borders (Makuti, Mutare, Bulawayo & Masvingo)	<p><b>Makuti &amp; Mutare-</b></p> <ul style="list-style-type: none"> <li>Land fully acquired and owned. Makuti has been earmarked as the pilot project.</li> <li>Dry ports Construction contract was awarded to Nyambuya and Associates</li> </ul> <p><b>Masvingo &amp; Bulawayo –</b></p> <ul style="list-style-type: none"> <li>Land for Masvingo has been allocated and acquisition process is work in progress</li> <li>Construction contract awarded to DB Ndlovu Icon</li> </ul>
Staff Housing and Office Accommodation	Construction of Staff Accommodation at the border and office accommodation including construction or purchase of a building for ZIMRA Head Office in Harare	<p><b>Chirundu staff cottages</b>-Phase 1 completed. Phase 2 is at finishing stage, that is 97% which represents practical completion</p> <p><b>Kazungula Staff cottages</b>- Phase 2 is at finishing stage that is 97% which represents practical completion</p> <p><b>Beitbridge Border Post Modernisation Project</b>- Phase 1 completed. Phase 2 is work in progress</p> <p><b>Beit bridge Flat 480</b>-70% complete as at end of 2021</p>
Change Management	Change Management Project to increase Customer and Staff satisfaction through <ul style="list-style-type: none"> <li>Culture Change Management</li> <li>Business Process Re-engineering</li> <li>ZIMRA Re-branding</li> </ul>	A Change Management Procurement firm was procured and is now working with the Authority in implementing the Change starting with Processes, Culture and lastly followed by Branding

### 8.12 People – Staff satisfaction index

The Authority carries out Staff Satisfaction surveys at least once every year. The results of the Staff Satisfaction Index from these surveys have been below the best practice benchmark of 80%. During the first half of 2021, the Staff Satisfaction Index came out as:

- Non- Managerial staff members– 67.2%
- Managerial staff members– 75.7%



Figure 21 below shows the trend in staff satisfaction index from 2017 up to 2021.

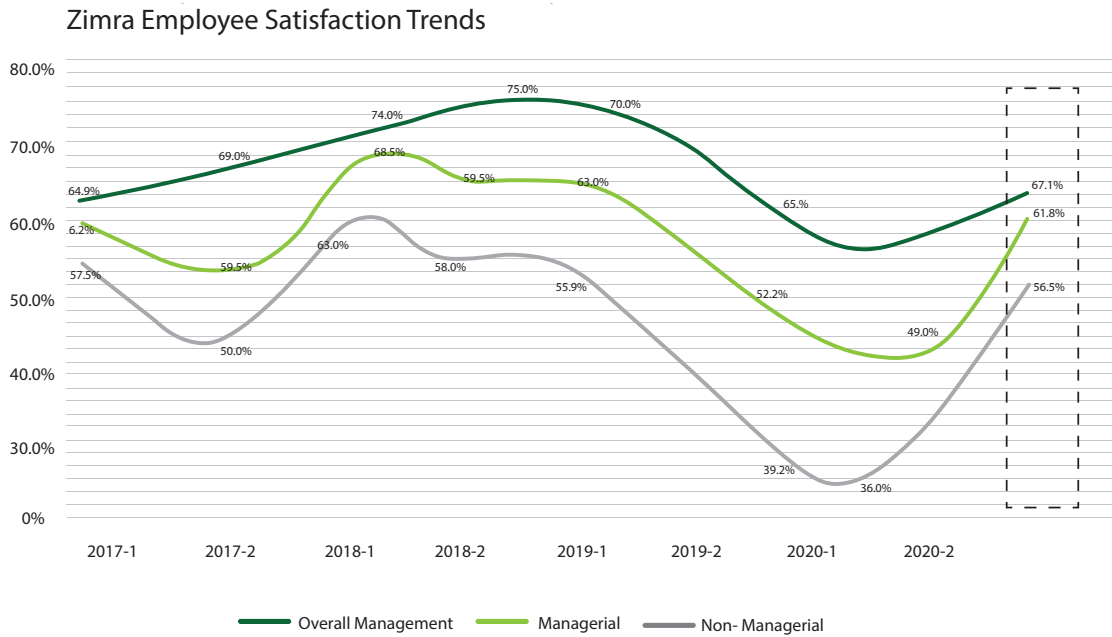


Figure 21: Trend in staff satisfaction index

- The Top Five Pain Points were Pay and Benefits, Empowerment, Leadership, Job Satisfaction and Organisational Commitment and the Authority is making strides in addressing these issues.
- It is expected that Job Evaluation, a Culture Change Management Programme and Collective Bargaining Negotiations earmarked for the year 2022 will address the pain points
- ZIMRA is migrating from Employee Satisfaction Surveys to Employee Engagement Surveys; which assess beyond satisfaction of the employee, by establishing the employees' commitment and willingness to remain with the Authority.

# 9. Partnerships Regional and International Cooperation

## 9.1 Strategic partnerships

ZIMRA is in partnership with International Monetary Fund, African Tax Administration Forum/OECD, World Customs Organisation (WCO), Swedish International Development Cooperation Agency (SIDA), Uganda Revenue Authority and Her Majesty Revenue and Customs for capacity development. The institutions facilitated twenty-three (23) missions of technical assistance and workshops during the year.

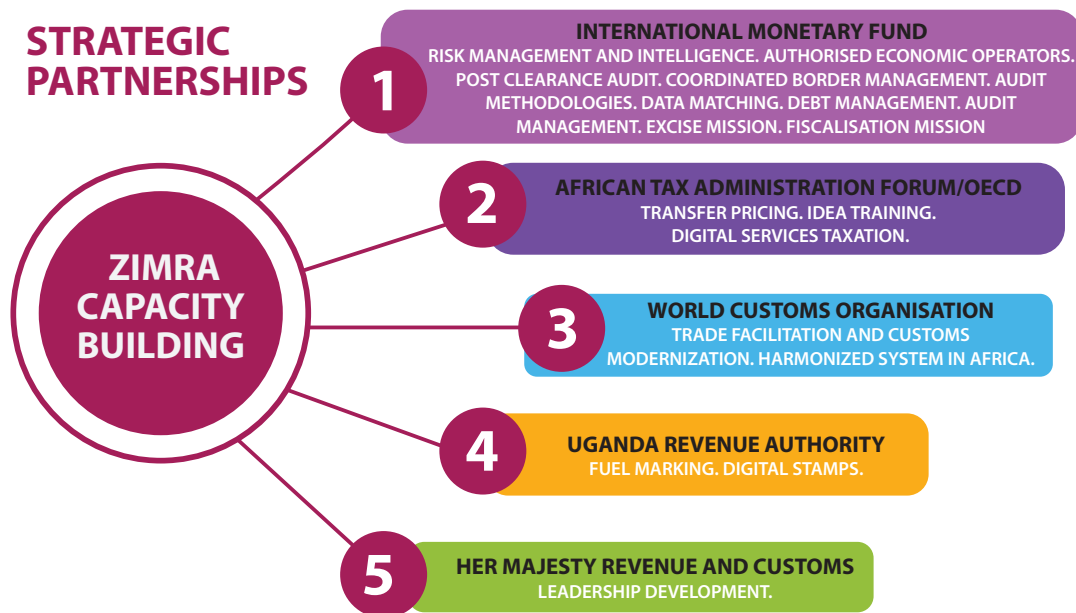


Figure 22: Strategic Partnerships technical assistance

## 9.2 Regional and International Cooperation

The Authority participated in international meetings and conferences to enhance stakeholder relationships, benchmark and improve information exchange. These included:

- Network of Tax Organisation Technical Conference,
- African Development Bank Zimbabwe Country Brief and Private Sector Roadshow,
- ATAF Council Roundtable,
- African Women in Tax Network,
- African Development Bank Institutional Support Public Financial Management, International Taxation in the Mining Sector,
- Cross Border Taxation Technical Committee Meetings,
- International Conference on Tax in Africa,
- World Bank Country Economic Workshop,
- Zambezi Trans-frontier Conservation Area for Safety and Security Working Groups,
- Zimbabwe- Rwanda Trade Conference,
- Re-affirmation of Zimbabwe - Zambia Borderlines and Botswana Borderlines and
- WCO Regional Research Conferences.

ZIMRA also continued to cooperate with the regional and international community and assisted the newly formed Namibia Revenue Agency (NamRA) with varied information including hosting of Taxpayer Appreciation Awards and developing reporting structure. The Authority also provided technical support to Ghana Revenue Authority focusing on Business Restructuring.

### 9.3 Tax Treaties and MOUs



Negotiations for a Double Taxation Agreement (DTA) was done between Zimbabwe and Switzerland. Conclusion of the DTA is expected in 2022.

A Memorandum of Understanding was signed between ZIMRA and Harare Institute of Technology to provide a broad base for co-operation with the intention of mobilising domestic revenue through the use of their respective personnel, facilities, electronics and resources to unearth economic and business activities being conducted within the economy.



*Congratulations ZIMRA.... signing Memorandum of Understanding with Harare Institute of Technology*

# 10. Governance and Risk Management

## 10.1 Governance structure

The Authority operated with a Board appointed in terms of section 5 of the Revenue Authority Act [Chapter 23:11] as read with section 11 of the Public Entities Corporate Governance Act [Chapter 10:31]. The Board was composed of male (6) and female (4) members with skills and experience in the fields of accounting, business management, risk management, economics, human resources management and law.

The Board conducted its affairs in accordance with applicable laws, the Board Charter and Code of Ethics approved by the Minister of Finance and Economic Development. The said governance instruments set forth how board members should discharge their duties and the standards of conduct to which they will be held in their capacity as board members.

## 10.2 Corporate governance compliance assessment

ZIMRA remains committed to implementing corporate governance requirements in the discharge of its mandate. This is attested by the results of the 2020 Corporate Governance Assessment Survey carried out by the Office of the President and Cabinet’s Corporate Governance Unit, where ZIMRA was ranked number 4 among the Highest Compliant State Enterprises and Parastatals in Zimbabwe with a score of 81% on the assessment. The highest score was 82%. The survey report was circulated in 2021. The Authority has been aligning its operations targeting to achieve a score of 100% in the next assessment.

## 10.3 Board Committees

For the better exercise of its functions during the year under review, the Board operated with the following Committees established in terms of the Revenue Authority Act [Chapter 23:11] and Part V of the Public Entities Corporate Governance (General) Regulations, 2018.



The Committees operated with approved Terms of Reference setting forth their oversight scope and responsibilities. All the Committees were chaired by non-executive board members. The Committees reported quarterly to the Board. While the Board established the Committees as reported, it did not abrogate its overall oversight responsibility on the affairs of the Authority.

## 10.4 Meetings of the Board

The Board and its Committees held meetings in accordance with section 33 of the Public Entities and Corporate Governance Act [Chapter 10:31]. The meetings included, quarterly scheduled meetings, special meetings, two statutory meetings with the Minister of Finance and Economic Development and the Annual General Meeting. Most of the special meetings were held by the Human Resources Committee to deal with recruitments to fill Executive and Senior Management vacant posts.

Collective attendance to Board and Board Committee meetings during the year under review was 90.7%, which was reflective of members' commitment to their duties. The Chairman did not attend meetings due to a criminal case he was facing.

Table 19 below indicates the attendance by Board Members to the Board and Committee meetings:

**Table 19: 2021 Board attendance statistics**

Name of Board Member	Board Meetings		Human Resources Committee		Audit Committee ***		Risk Committee ***		Finance & Administration		Technical Committee		% Individual Board Member Attendance
	No. held	No. attended	No. held	No. attended	No. held	No. attended	No. held	No. attended	No. held	No. attended	No. Held	No. attended	
Josephine Matambo (Vice-Chairman)	8	8	16	16	5	*	4	*	5	*	6	*	100
Memory Nguwi	8	8	16	16	5	*	4	4	5	*	6	*	100
Isaac. Kwesu	8	5	16	*	5	5	4	*	5	4	6	*	77.7
Morris B. Mpofu	8	8	16	*	5	4	4	*	5	*	6	6	94.7
Ruth B. Ncube	8	8	16	*	5	*	4	4	5	5	6	*	100
Mutsa M. J. Remba	8	8	16	16	5	5	4	*	5	*	6	6	100
Grace Muradzikwa	8	8	16	15	5	*	4	4	5	5	6	*	96.9
George Guvamatanga	8	6	16	*	5	3	4	*	5	*	6	-	47.4
Rameck Masaire	8	8	16	16	5	*	4	4	5	5	6	6	100

\*Not a member of that committee

- Apology was noted

## 10.5 Annual board evaluation

The performance and effectiveness of the Board as a whole, its Committees, Board Chairperson, and individual Board Members was evaluated through a self-evaluation facilitated by an External Consultant. An evaluation report was produced and the recommendations were utilised to come up with a training and development programme for the Board members.

## 10.6 Remuneration and Allowances for the Board and Committees

Board fees and allowances for the period under review were paid in accordance with the remuneration framework set by the Office of the President and Cabinet Corporate Governance Unit with effect from 1 April 2020.

## 10.7 Management Committees

The ZIMRA Management team, led by the Commissioner General is charged with the responsibility of managing the day-to-day operations of the Authority and execution of the Authority's strategy. For the better discharge of this responsibility, Management has put in place the following Management Committees to ensure focused attention to matters:

**i) Executive Committee**

The Executive Committee has the responsibility to manage the operational affairs of the Authority. The Executive Committee reviews significant functions of the Authority and makes appropriate recommendations to the Board. The Executive Committee is tasked with the responsibility of ensuring that there are adequate systems of internal control to safeguard the Authority's assets and resources.

**ii) Executive Sub-Committees**

These are Sub-Committees mirroring Board Committees to enable proper cascading and implementation of board decisions as well as proffering recommendations on matters requiring the attention of the Board.

**iii) COVID-19 Mitigation Committee**

This Committee was established in 2020 and is chaired by an Executive Manager. The Committee also oversaw COVID-19 preparedness by the Authority including monitoring and implementation of agreed guidelines and programmes.

**10.8 Disclosure and Transparency**

The Authority continues to adhere to the key elements of transparency and disclosure as part of a robust corporate governance framework. Quarterly revenue performance reports for the year under review were published in the press and posted on the ZIMRA website.

The following key governance documents were made available on the Authority's website:

- i) 2021 to 2025 Strategic Plan
- ii) 2020 Annual Report and Audited Financial Statements
- iii) Board Charter
- iv) Code of Ethics
- v) Governing Legislation.

Board members and senior staff members declared their assets and business interests to the Office of the President and Cabinet - Corporate Governance Unit as is required by the law. At the beginning of each meeting, Board members declared their interests for purposes of managing conflict of interest.

Resolutions made by the Board were submitted to the Ministry of Finance and Economic Development and to the Office of the President and Cabinet – Corporate Governance Unit as required by the law.

**10.9 Audit assurance**

The Authority has an independent Internal Audit function which reports functionally to the Audit Committee. The functions of the Internal Audit Division are governed by the Internal Audit Charter and are executed in conformance with globally accepted Internal Audit Standards, chief among them, the Institute of Internal Auditor's International Standards for The Professional Practice of Internal Auditing.

Audit assurance was attained through the execution of the 2021 Risk Based Audit Plan which was a result of widespread engagements with various stakeholders among them the Authority's external auditors (the Auditor General of Zimbabwe) to ensure the attainment of corporate strategic goals.

The control environment within the Authority remained generally sound except for control weaknesses that were highlighted in the audit reports done during the year. The Audit Committee received and considered quarterly reports from Internal Audit.

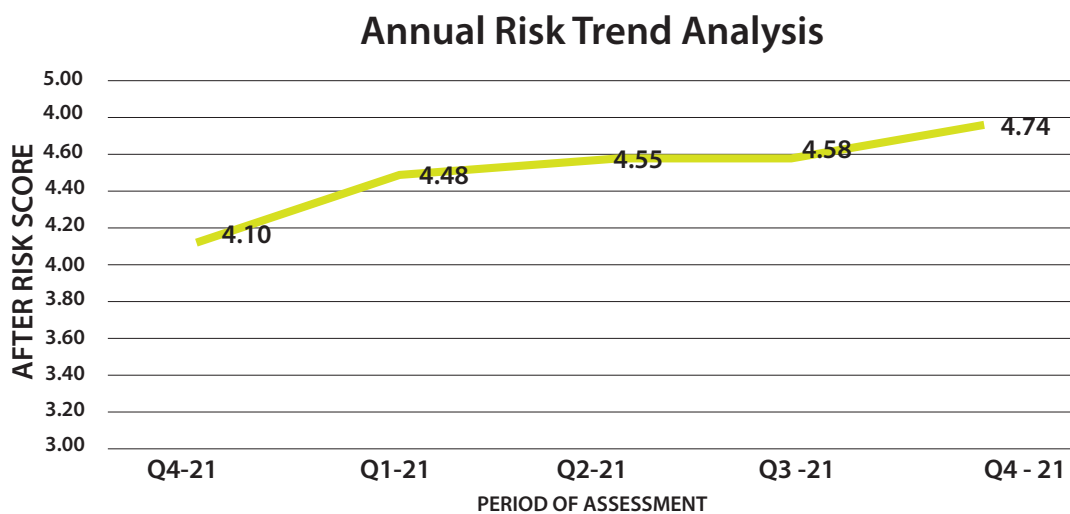
The 2020 financial statements of the Authority and statutory returns were audited by the Auditor

General in accordance with the applicable laws and standards. The audited financial statements and the report of the auditors were submitted to the Ministry of Finance and Economic Development as is required by the law.

### 10.10 Enterprise-wide risk management

ZIMRA monitors risks inherent to its business inline with its Corporate Risk Policy, to ensure the attainment of its objectives. This entails effective management of risks through identification, assessment, treating, monitoring and reporting risks to ensure that they are kept within tolerance levels as per the Risk Appetite Strategy of the Authority.

The Authority’s risks were administered and analysed under five (5) broad headings namely; Strategic, Reputational, Cyber Security, Operational and Compliance. The risk score for the year 2021 was 4.74. This was higher than the 4.13 recorded at the end of 2020. The risk trend for the Authority remained in the medium category. The graph below shows the risk trend from Q4 – 2020.



**Figure 23: Risk analysis trend**

The Authority, like any other organisation globally was not spared by the COVID-19 pandemic. The Business Continuity Plan of the Authority was effectively implemented during the pandemic. Below is a summary of the notable areas of impact of COVID-19 on ZIMRA and their mitigation strategies in the year 2021.



**Table 20: COVID-19 risks and mitigation strategies implemented in 2021**

Areas Impacted	Mitigation Strategies implemented
<ul style="list-style-type: none"><li>•Employee Lives</li><li>•Staff Health</li><li>•Revenue Collections</li><li>•Project Executive</li><li>•Procurement</li><li>•Production</li><li>•Operations</li><li>•Communication</li></ul>	<ul style="list-style-type: none"><li>•Executive COVID-19 Mitigation Committee;</li><li>•Implementation of BCP;</li><li>•Adherence to WHO and Government guidelines;</li><li>•Stakeholder engagements;</li><li>•Provision of PPE;</li><li>•Office disinfection;</li><li>•Health desks and officers;</li><li>•SHE Committees;</li><li>•COVID-19 Testing; and</li><li>•Flexible working arrangements</li></ul>

# 11. 2022 Summary Outlook

The Authority started the year 2022 on a positive note with first half (H1: 01 January to 30 June 2022) cumulative net revenue collections of ZWL\$491.49 billion against a target of ZWL\$359.16 billion (36.84% above target). The 2022 Annual revenue target of ZWL\$809.40 billion is likely to be reviewed upwards in the second half of 2022.

Going forward, the Authority expects to collect net revenue in excess of ZWL\$951 billion, supported by intensified implementation of various compliance strategies to ensure timely and accurate tax remittances from different taxpayer segments. Real revenue growth is anticipated to exceed 10% supported by the improving manufacturing sector capacity utilisation and the anticipated mining sector growth in which the industry is expected to meet the US\$12-billion-dollar target by 2023. Infrastructure developments particularly the completion of part of the Beitbridge- Chirundu highway that links Zimbabwe to the North South corridor is expected to play a huge role. Inflation and exchange rate depreciation will also result in higher nominal revenue growth.

# 12 Audited Financial Statements

All communication should be addressed to:  
The Auditor-General  
P. O. Box CY 143, Causeway, Harare  
Telephone: +263-242-793611/3/4  
Telegrams: AUDITOR  
E-mail: [oag@auditgen.gov.zw](mailto:oag@auditgen.gov.zw)  
Website: [www.auditorgeneral.gov.zw](http://www.auditorgeneral.gov.zw)



OFFICE OF THE AUDITOR-GENERAL  
5th Floor, Burroughs House,  
48 George Silundika Avenue,  
Harare

Ref: SB 2

**REPORT OF THE AUDITOR-GENERAL  
TO  
THE MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT  
AND  
THE BOARD OF DIRECTORS  
IN RESPECT OF THE FINANCIAL STATEMENTS OF  
ZIMBABWE REVENUE AUTHORITY  
FOR THE YEAR ENDED DECEMBER 31, 2021**

## **Report on the Audit of the Financial Statements**

### **Opinion**

I have audited the financial statements of Zimbabwe Revenue Authority as set out on pages 6 to 28, which comprise the statement of financial position as at December 31, 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Zimbabwe Revenue Authority as at December 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### **Basis of Opinion**

I conducted my audit in accordance with International Standards on Audit (ISAs) and International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the financial statements section of



## ZIMBABWE REVENUE AUTHORITY

### AUDIT REPORT IN RESPECT OF THE FINANCIAL STATEMENTS

**For the year ended December 31, 2021**

my report. I am independent of the Authority in accordance with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Key Audit Matters**

Key Audit Matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the Zimbabwe Revenue Authority for the year ended December 31, 2021. These matters were addressed in the context of my audit of the Zimbabwe Revenue Authority's financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key Audit Matter	How my audit addressed the Key Audit Matter
<p><b>Valuation of Property, plant and equipment, refer to Note 2.6.1, 3.1 and Note 4 to the financial statements.</b></p> <p>The Authority recognised property, plant and equipment with revalued carrying amount of ZWL\$18 017 907 539 as at December 31, 2021 after adjusting for revaluation surplus of ZWL\$9 201 303 114 and depreciation of ZWL\$598 653 118. The assets were revalued in accordance with IAS 16.</p> <p>A property valuation expert was engaged to conduct revaluation of the Authority's assets. Valuation techniques adopted took into account valuer's assumptions, unobservable inputs and therefore required significant judgement in determining the fair value of the assets.</p> <p>The useful life and residual values were also reviewed annually by management with reference to current, forecast and relevant technical factors. This involved a significant degree of management judgement and assumptions. As a result, valuation of property, plant and equipment were considered to be a key audit matter.</p>	<p><b>The audit procedures that I performed to address the risk of material misstatement relating to the valuation of property, plant and equipment included:</b></p> <ul style="list-style-type: none"> <li>• Analysing and testing management's assumptions used to determine the recoverable amounts in testing for impairment,</li> <li>• Evaluating management's estimates regarding useful lives and residual values of the assets in relation to the Authority's historical experience, industry practice and future operating plans,</li> <li>• Evaluating the competence of the property valuation expert including consideration of quality and magnitude of previous work performed, years of experience and reputation,</li> <li>• Reviewing the assumptions and methods used by the property valuation experts and evaluating their appropriateness comparing them with industry norms and</li> <li>• Inspecting documentary evidence of the state of property, plant and equipment.</li> </ul> <p>Based on evidence gathered, I found the management's assumptions in relation to useful</p>



## ZIMBABWE REVENUE AUTHORITY

### AUDIT REPORT IN RESPECT OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

Key Audit Matter	How my audit addressed the Key Audit Matter
	lives and the revalued carrying amounts of property, plant and equipment to be appropriate.
<p><b>Accounting in a Hyper Inflation Economy. Refer to note 2.5 to the financial statements.</b></p> <p>In 2019, Public Accountants and Auditors Board (PAAB) issued a pronouncement which stated that from July 1, 2019, the Zimbabwean economy was operating under hyper inflationary environment.</p> <p>The conditions giving rise to conditions giving rise to a hyper inflationary environment had not changed in 2021. This required the application of the complex IAS 29, when reporting for the period ended December 31, 2021.</p> <p>As a result, there was a risk that incorrect indices may be applied when determining the inflation adjusted figures and monetary assets and liabilities may be incorrectly restated and inappropriate disclosures may be made by the Authority. As a result, hyperinflation accounting was considered to be a key audit matter.</p>	<p><b>My procedures to address the risk of material misstatement with regard to accounting in a hyperinflationary economy included;</b></p> <ul style="list-style-type: none"> <li>• Reviewing the appropriateness of the Authority's internal guidance on the steps to be taken in applying IAS 29,</li> <li>• Testing the accuracy of indices applied, considering information from official government pronouncements as well as PAAB guidance,</li> <li>• Assessing the appropriateness of judgements applied in segregation between monetary and non-monetary items and,</li> <li>• Reviewing the financial statements to confirm the appropriateness of disclosures made by the Authority in respect of IAS 29, IFRIC 7 and local laws.</li> </ul> <p>Based on the work performed, I found the Authority's accounting in hyperinflationary economies to be in line with IAS 29.</p>

#### Other matter

A Special Assurance audit was conducted into the Value Added Tax Refunds of Zimbabwe Revenue Authority at the request of Zimbabwe Revenue Authority Board and Ministry Finance and Economic Development for the period March 2020 to March 2021. At the time of concluding the 2021 final audit, the special assurance audit had not yet been finalised. The outcome of investigations and hearings on the VAT refunds special assurance audit findings could have a material impact on the audited financial statements. The effect of this matter could not be determined at the conclusion of the audit.

#### Other Information in the Annual Report

Those Charged with Governance are responsible for the Other Information. The Other Information comprises all the information in the Authority's 2021 annual report other than the financial statements and my auditor's report thereon ("the Other Information").



## ZIMBABWE REVENUE AUTHORITY

### AUDIT REPORT IN RESPECT OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

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My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the Authority's financial statements, my responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the Authority's financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The Authority's management and those charged with governance are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Zimbabwe Revenue Authority [*Chapter 23:11*] and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless there are intentions to cease operations of the Authority by Government or there is no realistic alternative but to do so.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but it's not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of my audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from



## ZIMBABWE REVENUE AUTHORITY

### AUDIT REPORT IN RESPECT OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

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error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date the Auditors' report. However, future events or conditions may cause the Authority to cease to continue as a going concern, Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit. I provide directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with directors, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**ZIMBABWE REVENUE AUTHORITY**

**AUDIT REPORT IN RESPECT OF THE FINANCIAL STATEMENTS**

**For the year ended December 31, 2021**

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**Other Report on Other Legal and Regulatory Requirements**

In my opinion, the financial statements of the Zimbabwe Revenue Authority have, in all material respects, been properly prepared in compliance with the disclosure requirements of the Public Finance Management Act [Chapter 22:19] and other relevant Statutory Instruments.

June 22, 2022.

M Chiri

**M. CHIRI,  
AUDITOR – GENERAL.**

**ZIMBABWE REVENUE AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION**

as at December 31, 2021

	Note	Inflation adjusted		Historical cost	
		31-Dec-21 ZWL	31-Dec-20 ZWL	31-Dec-21 ZWL	31-Dec-20 ZWL
<b>ASSETS</b>					
<b>Non current assets</b>		<b>18 907 345 543</b>	<b>50 225 079 409</b>	<b>18 902 726 308</b>	<b>8 659 496 449</b>
Property, plant and equipment	4	18 017 907 539	45 935 299 154	18 017 907 539	7 919 879 184
Intangible assets	5	730 316 014	3 742 324 959	730 316 014	645 228 441
Biological assets	6	756 000	100 943	756 000	17 404
Right of use asset	7.1	152 009 112	533 404 292	152 009 112	91 966 257
Mortgage support investment	9.1	6 356 878	13 950 061	1 737 643	2 405 183
<b>Current assets</b>		<b>10 211 513 702</b>	<b>15 461 439 065</b>	<b>9 195 446 556</b>	<b>2 664 555 571</b>
Inventory	8	519 889 456	334 947 742	89 636 113	56 539 828
Investments	9.2	403 905 287	195 805 506	403 905 287	33 759 570
Accounts receivables	10	464 896 931	364 414 886	464 896 931	62 830 153
Assets held for sale	11	1 032 481	55 100	1 032 481	9 500
Cash and cash equivalents	12	8 015 606 914	13 495 004 302	8 015 606 914	2 328 724 880
Prepayments	13	806 182 632	1 071 211 529	220 368 829	184 691 643
<b>Total assets</b>		<b>29 118 859 245</b>	<b>65 686 518 475</b>	<b>28 098 172 864</b>	<b>11 324 052 020</b>
<b>RESERVES AND LIABILITIES</b>					
<b>Reserves</b>		<b>2 669 380 396</b>	<b>53 428 709 212</b>	<b>18 752 173 997</b>	<b>9 210 636 631</b>
Non distributable reserve		90 848 367	528 920 529	90 848 367	90 848 367
Accumulated fund		(15 247 063 909)	658 942 251	835 729 693	112 400 948
Revaluation reserve		17 825 595 938	52 242 846 433	17 825 595 938	9 007 387 316
Deferred income	14	22 798 146 705	5 321 983 260	5 694 666 723	917 583 321
<b>Non current liabilities</b>		<b>3 651 332 144</b>	<b>6 935 826 003</b>	<b>3 651 332 144</b>	<b>1 195 832 069</b>
Lease liability	7.2	184 497 708	477 262 410	184 497 708	82 286 622
<b>Current liabilities</b>		<b>3 466 834 436</b>	<b>6 458 563 595</b>	<b>3 466 834 436</b>	<b>1 113 545 447</b>
Lease liability	7.2	7 720 894	140 892 866	7 720 894	24 291 873
Provisions	15	1 475 956 116	3 139 218 520	1 475 956 116	541 244 572
Payables	16	1 983 157 427	3 178 452 209	1 983 157 427	548 009 002
<b>Total reserves and liabilities</b>		<b>29 118 859 245</b>	<b>65 686 518 475</b>	<b>28 098 172 864</b>	<b>11 324 052 020</b>

JUNE 17, 2022.

JUNE 17, 2022.

JUNE 20, 2022.

  
**L. Z. KARONGA, (ACIS)**  
(Acting Director Finance and Administration).

  
**R. S. CHINAMASA,**  
(Acting Commissioner General).

  
**A. S. MANDIWANZA,**  
(Board Chairman).

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended December 31, 2021

	Note	Inflation adjusted		Historical cost	
		31-Dec-21 ZWL	31-Dec-20 ZWL	31-Dec-21 ZWL	31-Dec-20 ZWL
<b>Income</b>		<b>57 761 000 880</b>	<b>44 435 871 013</b>	<b>15 789 421 497</b>	<b>5 943 577 309</b>
		<b>56 358 837 845</b>	<b>38 932 238 876</b>	<b>15 405 604 879</b>	<b>4 997 716 514</b>
Government grant		51 409 001 536	33 986 523 370	14 052 574 452	4 166 183 383
Amortised capital grant	14	2 902 456 220	4 439 542 057	793 382 110	765 438 286
Interest earned		1 988 376 499	472 882 412	543 519 772	61 506 417
Rental income		59 003 589	33 291 037	16 128 544	4 588 428
Other income	17	1402 163 035	5 503 632 138	383 816 618	945 860 795
<b>Less operating expenses</b>		<b>( 52 851 983 300)</b>	<b>( 37 952 480 072)</b>	<b>( 15 003 179 558)</b>	<b>( 5 732 713 158)</b>
Employment cost	18	( 35 472 069 417)	( 20 572 566 190)	( 10 251 148 997)	( 2 753 637 011)
Administration costs	19	( 17 379 913 884)	( 17 379 913 884)	( 4 752 030 562)	( 2 979 076 147)
<b>Operating surplus</b>		<b>4 909 017 580</b>	<b>6 483 390 941</b>	<b>786 241 939</b>	<b>210 864 151</b>
Finance costs	7.3	(62 913 195)	(116 500 152)	(62 913 195)	(23 711 745)
<b>Surplus for the year</b>		<b>4 846 104 385</b>	<b>6 366 890 789</b>	<b>723 328 745</b>	<b>187 152 406</b>
<b>Other comprehensive income</b>					
Net monetary gain / (loss)		( 20 206 779 027)	( 2 874 244 374)	-	-
Revaluation surplus		9 355 856 116	40 874 915 470	9 355 856 116	7 047 399 219
<b>Total comprehensive income for the year</b>		<b>(6 004 818 526)</b>	<b>44 367 561 885</b>	<b>10 079 184 860</b>	<b>7 234 551 625</b>



ZIMBABWE REVENUE AUTHORITY

STATEMENT OF CHANGES IN RESERVES

for the year ended December 31, 2021

Inflation adjusted	Accumulated fund	Revaluation reserve	Non distributable reserve	Total
	ZWL	ZWL	ZWL	ZWL
Balance at January 1, 2020	(69 260 309)	1 988 511 012	90 848 367	2 010 099 070
Revaluation surplus	-	7 047 399 218	-	7 047 399 218
Revaluation reversed relating to assets disposal	28 522 915	(28 522 915)	-	-
Reclassification to deferred income	(14 335 092)	-	-	(14 335 092)
Net monetary gain / (loss)	(514 028 559)	-	-	(514 028 559)
Surplus for the year	682 711 778	-	-	682 711 778
Balance at December 31, 2020	<b>113 610 733</b>	<b>9 007 387 315</b>	<b>90 848 367</b>	<b>9 211 846 415</b>
Balance at January 1, 2021	113 610 733	9 007 387 315	90 848 367	9 211 846 415
Revaluation reversed through impairment	-	(537 647 494)	-	(537 647 494)
Revaluation surplus	-	9 355 856 116	-	9 355 856 116
Net monetary gain / (loss)	( 20 206 779 027)	-	-	-
Surplus for the year	4 846 104 385	-	-	4 846 104 385
Balance at December 31, 2021	<b>( 15 247 063 909)</b>	<b>17 825 595 937</b>	<b>90 848 367</b>	<b>22 876 159 422</b>
<b>Historical cost</b>				
	Accumulated Fund	Revaluation reserve	Non distributable reserve	Total
	ZWL	ZWL	ZWL	ZWL
Balance at January 1, 2020	(88 939 281)	1 988 511 012	90 848 367	1 990 420 098
Revaluation surplus	-	7 047 399 218	-	7 047 399 218
Revaluation reversed relating to assets disposal	28 522 915	(28 522 915)	-	-
Reclassification to deferred income	(14 335 092)	-	-	(14 335 092)
Surplus for the year	187 152 406	-	-	187 152 406
Balance at December 31, 2020	<b>112 400 948</b>	<b>9 007 387 316</b>	<b>90 848 367</b>	<b>9 210 636 631</b>
Balance at January 1, 2021	112 400 948	9 007 387 316	90 848 367	9 210 636 631
Revaluation reversed through impairment	-	(537 647 494)	-	(537 647 494)
Revaluation surplus	-	9 355 856 116	-	9 355 856 116
Surplus for the year	723 328 745	-	-	723 328 745
Balance at December 31, 2021	<b>835 729 693</b>	<b>17 825 595 938</b>	<b>90 848 367</b>	<b>18 752 173 997</b>

## STATEMENT OF CASH FLOWS

for the year ended December 31, 2021

Note	Inflation adjusted		Historical cost	
	31-Dec-21 ZWL	31-Dec-20 ZWL	31-Dec-21 ZWL	31-Dec-20 ZWL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
activities	485 893 282	11 774 166 861	2 116 142 620	1 122 726 777
<b>Operating loss before working capital changes</b>	<b>2 359 527 460</b>	<b>10 141 171 905</b>	<b>1 779 423 855</b>	<b>861 262 155</b>
Operating profit for the year	4 846 104 385	6 366 890 789	723 328 745	187 152 406
<b>Adjustments to reconcile profit to net cash flows:</b>	<b>(2 486 576 926)</b>	<b>3 774 281 116</b>	<b>1 056 095 110</b>	<b>674 109 749</b>
Fair Value Gain - Biological Assets	(739 596)	(160 061)	(739 596)	(27 597)
Profit on disposal	(22 069 626)	-	(6 032 700)	-
Loss on disposal	163 044 647	670 982 426	44 568 013	115 686 625
Depreciation of property, plant and equipment	4 2 190 072 657	3 842 720 214	598 653 118	662 537 968
Amortisation of intangible assets	5 712 383 563	596 821 843	194 728 992	102 900 318
Depreciation right of use assets	7.1 211 096 635	161 113 425	57 702 953	27 778 177
Finance cost	7.2 62 913 195	116 500 152	62 913 195	23 711 745
Write down of consumables to net realisable value	19 1 131 134	403 500	309 194	69 569
Amortised grant	14 (2 902 456 220)	(4 439 542 057)	(793 382 110)	(765 438 286)
Unrealised exchange gain	17 (1 139 721 610)	(5 365 084 753)	(311 541 215)	(925 014 613)
Increase/decrease in provisions	15 (1 663 262 405)	3 385 361 858	934 711 543	583 688 731
Allowance for credit loss	19 1 729 626	970 995	1 729 626	167 413
Exchange loss	19 1 885 709 115	5 276 701 890	815 455 794	909 522 850
Gain on price differences	17 1 965 811	90 579	537 351	(15 617)
Obsolete stock written off	19 2 648	283 516	724	48 882
Interest earned	(1 988 376 499)	(472 882 412)	(543 519 772)	(61 506 417)
<b>Working capital adjustments</b>	<b>(1 873 634 178)</b>	<b>1 632 994 956</b>	<b>336 718 765</b>	<b>261 464 621</b>
Increase in accounts receivables	(100 482 045)	(230 071 630)	(402 066 779)	(39 667 522)
Increase in prepayments	(265 028 898)	(1 043 101 395)	(35 677 186)	(179 845 068)
Increase assets held for sale	(977 381)	-	(1 022 981)	-
Increase in consumables	(184 941 714)	(285 219 037)	(33 096 288)	(49 175 696)
Decrease/(increase) in payables	(1 322 204 139)	3 191 387 018	808 581 998	530 152 908
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(3 164 270 017)</b>	<b>(2 221 823 847)</b>	<b>(1 109 285 250)</b>	<b>(403 098 110)</b>
Interest received	1 988 376 499	472 882 412	543 519 772	61 506 417
Proceeds from sale of property, plant and equipment	2 738 223	-	2 738 223	-
Purchase of financial investments	(368 007 268)	(113 897 312)	(368 007 268)	(19 637 468)
Proceeds from financial investments	30 512 279	(65 503 930)	28 544 312	(11 293 781)
Purchase of intangible assets	(714 889 857)	(175 081 733)	(195 414 084)	(30 186 506)
Purchase of property, plant and equipment	(4 102 999 892)	(2 340 223 283)	(1 120 666 205)	(403 486 773)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>17 405 758 374</b>	<b>5 280 995 389</b>	<b>4 682 024 664</b>	<b>1 342 284 097</b>
Government capital grant	16 000 784 494	5 472 881 760	4 373 790 750	1 378 993 466
Clearance fees (Commission)	1 500 032 619	6 256 669	403 292 652	1 078 736
Principal portion of lease liability	7.2 (32 145 544)	(81 642 888)	(32 145 544)	(14 076 360)
Interest portion of lease liability	7.2 (62 913 195)	(116 500 152)	(62 913 195)	(23 711 745)
<b>Net increase in cash and cash equivalents</b>	<b>14 727 381 638</b>	<b>14 833 338 403</b>	<b>5 688 882 034</b>	<b>2 061 912 764</b>
<b>Net monetary (loss) /gain</b>	<b>(20 206 779 027)</b>	<b>(2 874 244 374)</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at beginning of the year	13 495 004 302	1 535 910 273	2 326 724 880	264 812 116
<b>Cash and cash equivalents at year end</b>	<b>12 8 015 606 914</b>	<b>13 495 004 302</b>	<b>8 015 606 914</b>	<b>2 326 724 880</b>



**ZIMBABWE REVENUE AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended December 31, 2021**

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**1. NATURE OF BUSINESS**

The Zimbabwe Revenue Authority (ZIMRA) started operations on September 1, 2001 and is constituted in terms of the Zimbabwe Revenue Authority Act [Chapter 23:11] of 1999. Its core business is the collection of revenue for the Government of Zimbabwe, administration of tax laws and the facilitation of trade and economic development in the region and beyond. ZIMRA is funded by the Government of Zimbabwe through grants.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

The financial statements for the year ended December 31, 2021 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB).

The Authority endeavoured to comply with the Public Finance Management Act [Chapter 22:19], an act which ensures transparency, accountability and sound management of revenue, expenditure, asset and liabilities of the country's public entity.

Operations of the Authority were also guided by the Revenue Authority Act [Chapter 23:11] and related statutes.

**2.2 Basis of measurement**

The financial statements are prepared under the historical cost convention except for Biological assets which are all measured at fair values and property, plant and equipment, intangible assets, which are shown at revalued amounts. The 2021 financial statements have been adjusted for the effects of inflation as required by IAS 29.

**2.3 Going concern**

The Authority prepares financial statements on a going concern basis when, under the going concern assumption, the entity is viewed as continuing in business for the foreseeable future.

**2.4 Functional and presentation currency**

These financial statements are presented in Zimbabwe Dollars (ZWL) currency. Most of the Authority's transactions are in this currency and the same is used for financial reporting. Foreign currencies transactions are translated into the Zimbabwe Dollars using the RBZ exchange rate.

**2.5 Inflation accounting**

The Public Accountants and Auditors Board (PAAB) pronounced Zimbabwe as a hyperinflationary economy effective for reporting periods ended on or after 1 July 2019, thus the requirements of IAS 29 – Financial Reporting in Hyperinflationary Economies have been applied to the financial statements for the year ended 31 December 2021

The Authority used the Current Purchasing Power approach to adjust its financial statements for inflation. Monetary and non-monetary items were separated. Monetary items are assets and liabilities to be received or paid in a fixed or determinable number of units of currency.



**ZIMBABWE REVENUE AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended December 31, 2021**

Non-monetary items (those that do not carry a fixed value) are updated into current figures with an inflation conversion factor equivalent to the consumer price index (CPI) at the end of the period divided by CPI at the date of transaction. While monetary items are not adjusted for inflation, prior year items are adjusted to account for the inflation movement in 2021. The accounting adjustment for non-monetary items and prior year monetary items is subject to the recording of a net gain or loss.

The conversion factors have been computed from the consumer price index (CPI) data as provided by Zimbabwe Statistical Agency (ZIMSTATS) on their website.

Month	Index	Conversion factor
December 2020	2474.5	4.2
January 2021	2608.8	5.4
February 2021	2698.9	3.5
March 2021	2759.8	2.3
April 2021	2803.6	1.6
May 2021	2874.8	2.5
June 2021	2986.4	3.9
July 2021	3062.9	2.6
August 2021	3191.2	4.2
September 2021	3342.0	4.7
October 2021	3555.9	6.4
November 2021	3760.9	5.8
December 2021	3977.5	1.0000

## 2.6 Critical accounting judgments, assumptions and estimates

In preparing the financial statements, management is required to make judgements, estimates and assumptions that affect the amounts presented in the financial statements and related disclosures. Use of available information and the application of judgment are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Significant judgments include the following:

## 2.7 Impairment and provisioning policies

At each statement of financial position date, the Authority reviews the carrying amount of its assets to determine whether there is an indication that those assets suffered any impairment. If any such indication exists, the recoverable amount of the assets is estimated to determine the extent of the impairment (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment is treated as a revaluation decrease.

In the event that, in the subsequent period, an asset that has been subject to an impairment loss is no longer considered to be impaired, the value is restored and the gain is recognised in the statement of comprehensive income. The restoration is limited to the value which would have been recorded had the impairment adjustment not taken place.



# ZIMBABWE REVENUE AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2021

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### 2.8 Useful lives and residual values of property, plant and equipment

The Authority assesses useful lives and residual values of property, plant and equipment each year taking into account past experience and technology changes. The depreciation rates are set out in note 3.2 and changes to useful lives have been considered necessary during the year. Management has set residual values for all classes of property, plant and equipment at zero.

#### 2.8.1 Uncollectable accounts receivable

The Authority estimates the allowance for uncollectable accounts based on management's assessment of collection indicators to determine the rate applied.

### 2.9 Fair value measurement

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset

Or

- In the absence of a principal market, in the most advantageous market for the asset.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

### 2.10 New and revised standards and interpretations

#### 2.10.1 Standards effective from January 1, 2021

No new standards that affect the Authority were effective on the above dates for this financial year.

#### 2.10.2 Amended Standards – Effective January 1, 2021

##### a) IAS16 'Property, plant and equipment (PPE) – proceeds before intended use'

IAS 16 requires that the cost of an asset includes any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. One of those costs is testing whether the asset is functioning properly.

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such samples, together with the costs of producing them, are now recognised in profit or loss. An entity will use IAS 2, 'Inventories', to measure the cost of those items. Cost will not include depreciation of the asset being tested because it is not ready for its intended use.



# ZIMBABWE REVENUE AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2021

### b) IAS 37, 'Provisions, contingent liabilities and contingent assets - Onerous contracts – cost of fulfilling a contract'

IAS 37 defines an onerous contract as one in which the unavoidable costs of meeting the entity's obligations exceed the economic benefits to be received under that contract. Unavoidable costs are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'.

The amendment explains that the direct cost of fulfilling a contract comprises:

- The incremental costs of fulfilling that contract (for example, direct labour and materials); and
- An allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of PP&E used to fulfil the contract).

The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.

### 2.9.3 New and amended standards and interpretations for implementation in January 2023

#### a) IAS 1 Presentation of financial statements

The International Accounting Standards Board issued two amendments to the standard the application of which shall be on January 1, 2023 although early adoption is permitted. The three amendments are as follows:

- *Classification of Liabilities as Current or Non-current,*
- *Disclosure of Accounting Policies*
- *IFRS Practice Statement 2 Making Materiality Judgements.*

The Authority has not yet adopted the amendments and wishes to do so on the effective date of the amendment.

#### b) IAS 8 Accounting policies, changes in accounting estimates and errors

The International Accounting Standards Board issued a new amendment to the standard the application of which shall be on January 1, 2023 although early adoption is permitted. The amendment is as follows:

- Definition of Accounting Estimates issued in February 2021. An entity shall apply the amendments to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the first annual reporting period in which it applies the amendments.

The Authority has not yet adopted the amendment and wishes to do so on the effective date of the amendment.



**ZIMBABWE REVENUE AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended December 31, 2021**

**3. ACCOUNTING POLICIES**

The accounting policies applied in the preparation of these financial statements are consistent with those applied in the financial statements for the year ended December 31, 2020. The only major change is the reporting which now recognises hyperinflation in the economy hence financial statements have been adjusted for inflation.

**3.1 Property, plant and equipment**

Property, plant and equipment is initially recognised at cost. Property, plant and equipment are measured at fair value less accumulated depreciation and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate major components of property, plant and equipment. A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being disposed is transferred to retained earnings. An item of property, plant and equipment is derecognised upon disposal or loss when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit and loss section of the statement of profit or loss and other comprehensive income in the year the asset is derecognised.

**3.2 Depreciation**

Provision for depreciation is based on straight line basis over the asset's expected useful life. Land and work in progress are not depreciated. The depreciation rates are set out below. A review of useful lives for assets across the classes were carried out during the year. This had the effect of extending useful lives for specific assets after a fair assessment of their usefulness to the Authority going forward. The reviews had the effect of extending lives and the rates of depreciation remained as set out below. The annual rates used for this purpose are:

Fixtures and fittings	10%
Furniture and equipment	10%
Plant and machinery	10%
Motor vehicles	20%
Buildings	2%
Computer equipment	33.33%

**3.3 Assets held for sale**

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than continuing use. Such assets are generally



# ZIMBABWE REVENUE AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2021

measured at the lower of their carrying amount and fair value less cost to sale. Impairment losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in the profit or loss. Once classified as held for sale, the non-current assets are no longer depreciated.

### 3.4 Government grants

Government grants are assistance by Government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. Grants related to assets are Government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long term assets.

Grants relating to income are Government grants other than those related to assets. Government grants, including non-monetary grants at fair value shall not be recognised until there is a reasonable assurance that;

- The entity will comply with the conditions attaching to them; and
- The grants will be received.

The Authority receives these two forms of grants

#### 3.4.1 Capital grants and donations

Capital grant is recorded as deferred income in the statement of financial position when it becomes receivable and is then recognised as income on a systematic basis over the period necessary to match the grant with the related costs which they are intended to compensate. Grant amortised is credited to the income statement over the expected useful lives of the respective assets, on a straight line basis. Donations in kind are recorded as assets and also other income when received

#### 3.4.2 Revenue grants and donations

Revenue grants are recognised as income in the profit or loss section of the statement of profit or loss and other comprehensive income in the same period as the period during which the related expenses qualifying for the grant have been incurred. Donations are recorded as other income when received.

The periods over which an entity recognises the costs or expenses related to a Government grant are readily ascertainable. The grants in recognition of specific expenses are recognised in profit or loss in the same period as the relevant expense. The funding disbursements are authorised quarterly by the Ministry of Finance upon the Authority's submission of a quarterly cash flow which will cover both capital and income grant.

### 3.5 Employee benefits

#### i. Short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Authority has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.



**ZIMBABWE REVENUE AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended December 31, 2021**

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- ii. Defined contribution plan**  
Obligations for contribution plans are expensed as the related service provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.
- iii. Termination benefits**  
Termination benefits are expensed at the earlier of when the Authority can no longer withdraw the offer of those benefits and when the Authority recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

**3.6 Inventory**

Inventory is valued using the moving average method. Inventory values in the system are determined by the average of the existing inventory value and the price of incoming inventory. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

**3.7 IFRS 9 Financial Instruments**

The Authority has fully complied with the IFRS 9. From a classification and measurement perspective the standard requires that all financial instruments' assessment be based on the Authority's business model of managing the financial instruments and the cash flow characteristics of the same, except for derivatives and equity instruments.

**3.7.1 Business model assessment**

The Authority determines its business model at the level that best reflects how it manages its financial assets to achieve its business objectives. The Authority's model is assessed on an instrument by instrument basis, based on the following factors;

- The risks that affect the performance of the business model and how the risk is managed within each financial asset.
- The level of amounts held within each financial instrument.
- The security available on securing each asset.

**3.7.2 Measurement**

The Authority classified all its financial assets based on the business model for managing the assets and the asset's contractual terms measured at either;

- Amortised cost
- Fair value through other comprehensive income (FVOIC)
- Fair value through Profit and Loss (FVPL)

The Authority measures loans and advances to staff, money market investments and mortgage investments at amortised cost if both of the following conditions are met;

- The financial asset is held within a business model with the objective to hold financial assets in order collect contractual cash flows and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI).



**ZIMBABWE REVENUE AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended December 31, 2021**

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**3.7.3 Impairment of financial assets**

The expected credit loss model applies to debt instruments recorded at amortised cost or at fair value through other comprehensive income. An impairment test involves comparing an asset's carrying amount in the balance sheet with its recoverable amount is done annually. Recoverable amount is the higher of fair value less costs of disposal and value in use. Where the recoverable amount using both methods is higher than the asset carrying amount, there is no impairment unless it is the reverse.

Expected credit losses is calculating the impairment allowance. After initial recognition, the impairment allowance is adjusted, up or down, through profit or loss at each balance sheet date as the probabilities of collection and recoveries change.

**3.7.4 Classification of financial assets and liabilities**

The Authority classifies its financial assets and liabilities as follows;

- **Financial assets held at amortised cost**  
These include loans and advances to staff and trade advance payments.
- **Cash and cash equivalents**  
For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and bank balances and investments with up to 90days maturity.
- **Financial Liabilities**  
All loans and borrowings which are measured at initial recognition at fair value less directly attributable transactional costs. After initial recognition interest bearing loans are measured at amortised costs.

**3.7.5 De-recognition of financial assets**

A financial asset is derecognised when the rights to receive cash flows from the financial asset have expired.

**3.7.6 De-recognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

**3.8 Risk management**

**3.8.1 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the unforeseen changes in interest rates. The Authority's exposure to the risk of change in market interest rates relates primarily to the held to maturity investments. Exposure to interest rate risk is managed at management level on a proactive basis. Management mitigates interest rate risks by investing in shorter maturity securities.

**3.8.2 Credit risk**

The Authority's debtors are largely internal, that is, staff members issued with loans, advance salaries and travelling and subsistence allowance. The exposure are subject to ongoing monitoring and the monitoring of exposures involves the employee employment status, duration of employment and position.



**ZIMBABWE REVENUE AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended December 31, 2021**

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**3.8.3 Market risk**

The Authority takes on exposure to market risk which is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate currency which is exposed to the general market movements and changes in the level of volatility of the market rates or prices such as interest rates and foreign exchanges.

**3.8.4 Foreign currency transaction and balances**

While the Authority records are maintained in Zimbabwe Dollars (ZWL), some of its transactions are conducted in other major foreign currencies which include the United States Dollar, South African Rand, Botswana Pula, British Pound and Euros. Transactions in foreign currencies are translated to the Zimbabwe Dollar at rates of exchange ruling at the time of the transactions. Transaction and translation gains and losses arising on conversion or settlement are dealt with in the statement of comprehensive income in determination of the operating income.

**3.9 Taxation**

The Authority's receipts and payments are exempt from income tax in terms of the third schedule to the Income Tax Act [*Chapter 23:06*].

**3.10 Development costs**

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically feasible, future economic benefits are probable and the Authority intends to and has sufficient resources to complete development and to use the asset. Otherwise expenditure is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the profit or loss as incurred. Any expenditure capitalised is normally amortised over three years.

**3.11 Leases**

**3.11.1 The Authority as a Lessee**

The Authority has lease contracts for several properties which are leased for office and staff accommodation. Terms and conditions of the leases are negotiated by management. Where lease terms exceed 12 months and values of the underlying assets exceed USD5000.00, the leases are recognised as "Right of Use" assets and the related obligations are recognised as liabilities.

**3.11.2 Short-term and Low Value assets leases**

The Authority recognised leases that were less than 12 months old at the reporting date and related to leasing of small items which have a value of less than US\$5 000. Obligations incurred under these leases were charged to the statement of comprehensive income in equal instalments over the period of the lease, except when the alternative method is more representative of the time pattern from which benefits are derived.

**3.11.3 The Authority as a Lessor**

The Authority leases out additional space at its premises to third parties. The leases are recognised as operating leases where rental income from the leases is credited to the Statement of Profit or Loss and Other Comprehensive Income.



# ZIMBABWE REVENUE AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2021

### 3.12 Intangible assets

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Authority. Software acquired separately is measured on initial recognition at cost. Following initial recognition, it is carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as finite. Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset is reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern or consumption of amortisation period or method as appropriate and are treated as changes in accounting estimates. The amortisation expense is recognised in the statement of comprehensive income. Amortisation is recognised in the statement of comprehensive income on straight line basis over the useful life of the software. Amortisation methods, useful lives and residual lives are reviewed at each financial year end and adjusted if appropriate.

The estimated economic useful life applied is as follows:

SAP Operating software	3 years
Other software	3 years

### 3.13 Biological assets

Biological assets are measured at fair value less cost to dispose, with any change therein recognised in profit or loss.

### 3.14 IFRS 15 Revenue from Contracts with Customers

Applying IFRS 15, the Authority recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or service. The Authority receives commissions from other state agencies for services which is being rendered. To recognise revenue under IFRS 15, the Authority applies the following five steps:

- i. Identify the contract(s) with a customer.
- ii. Identify the performance obligations in the contract.
- iii. Determine the transaction price.
- iv. Allocate the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract.
- v. Recognise revenue when a performance obligation is satisfied by transferring a promised good or service to a customer.

ZIMBABWE REVENUE AUTHORITY  
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4 Property, plant and equipment - Intention Adjusted	Buildings		Land		Plant and Machinery		Office Equipment		Furniture, Fixtures, Fittings and Equipment		Computer Equipment		Motor Vehicles		Network Equipment		Construction Work in Progress		TOTAL			
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	
Opening carrying amount	20 607 078 238	2 177 627 670	6 668 808 603	205 211 338	1 002 789 601	2 338 632 484	2 391 449 644	705 751 913	587 739 664	10 055 109 253	45 935 299 154	45 935 299 154	10 055 109 253									
Gross carrying amount	29 807 078 238	2 177 627 670	6 668 808 603	295 211 338	1 002 789 601	2 338 632 484	2 391 449 644	705 751 913	587 739 664	10 651 678 664	45 935 299 154	45 935 299 154	10 651 678 664									
Accumulated depreciation										(598 569 411)			(598 569 411)									
Additions		17 659 302	132 002 450	56 604 754	448 510 510	248 111 128	669 004 645	558 110 429	1 673 830 809	2 340 223 283			2 340 223 283									
Donations/reclassifications			249 681				153 594 597						153 594 597									
Disposal - carrying amount	(224 749 484)		(4 519 493)	(7 322 823)	(15 566 539)	(1 383 132)	(17 571 692)						(17 571 692)									
Disposal at Cost/Deemed Cost	(234 569 965)		(4 990 204)	(8 648 206)	(18 843 494)	(3 337 120)	(38 039 300)						(38 039 300)									
Depreciation on disposal	8 819 481		470 711	1 325 283	4 278 955	1 853 897	20 467 698						20 467 698									
Impairment							(59 822 232)						(59 822 232)									
Reclass to Right of Use																						(2 141 678)
Accumulated Depreciation write back	477 640 981		321 855 482	22 429 819	110 526 518	547 029 098	548 369 738	138 024 552					138 024 552									
Depreciation charge for the year	(483 934 561)		(322 152 382)	(23 285 737)	(113 224 195)	(548 261 576)	(581 309 624)	(138 024 552)					(138 024 552)									
Revaluation	(16 467 322 141)	(91 106 064)	(3 903 232 070)	(125 306 804)	(1 049 162 213)	(986 563 943)	(2 030 103 429)	(1 015 602 541)	(1 620 764 631)				(1 620 764 631)									
Closing carrying amount	10 078 815 000	2 104 480 988	1 576 122 690	216 356 444	384 679 883	1 614 444 167	1 053 641 648	306 269 800	640 605 432	16 017 607 542	45 935 299 154	45 935 299 154	16 017 607 542									
Revalued amount/Gross carrying amount	10 078 815 000	2 104 480 988	1 576 122 690	216 356 444	384 679 883	1 614 444 167	1 053 641 648	306 269 800	640 605 432	16 017 607 542	45 935 299 154	45 935 299 154	16 017 607 542									
Accumulated depreciation																						

Included on the additional cost on Plant and Machinery is a donation of a 5000l tank and stand (Forbes border post) amounting to ZWL88 250

**ZIMBABWE REVENUE AUTHORITY**  
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4 Property, plant and equipment - Historical cost	Buildings		Land		Plant and Machinery		Office Equipment		Furniture, Fixtures, Fittings and Equipment		Computer Equipment		Motor Vehicles		Network Equipment		Construction Work in Progress		TOTAL		
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Opening carrying amount	5 139 151 420	375 504 771	1 132 553 207	50 898 506	172 894 759	403 195 258	412 318 904	132 027 916	101 334 423	7 919 879 164	1 733 639 528										
Gross carrying amount	5 139 151 420	375 504 771	1 132 553 207	50 898 506	172 894 759	403 195 258	412 318 904	132 027 916	101 334 423	7 919 879 163	1 836 486 321										
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(102 856 795)
Additions at cost	-	4 827 160	36 099 077	15 472 826	122 874 672	67 820 810	181 988 688	152 011 962	539 571 009	1 120 666 205	403 486 773										
Donations/Reclassification	-	-	68 250	-	-	-	42 867 596	-	-	42 935 846	8 709 179										
Disposal - carrying amount	(38 749 911)	-	(779 222)	(1 262 573)	(2 663 886)	(238 471)	(3 029 602)	-	-	(46 743 667)	(115 686 825)										
Disposal at cost/deemed cost	(40 442 825)	-	(860 380)	(1 491 070)	(3 421 292)	(575 367)	(6 558 500)	-	-	(53 349 534)	(115 686 825)										
Depreciation on disposals	1 693 014	-	81 157	228 487	737 406	336 896	3 528 898	-	-	6 605 867	-										
Impairment	-	-	(209 818 945)	-	-	-	(10 314 178)	-	-	(220 133 123)	-										
Revaluation surplus	4 978 411 491	1 724 149 037	618 000 093	153 241 685	91 794 137	1 143 666 572	469 810 238	22 229 922	-	9 201 303 114	6 562 209 909										
Reclass to right of use asset	-	-	-	-	-	-	-	-	-	-	(369 255)										
Accumulated depreciation write back	130 562 465	-	87 978 720	6 131 158	30 212 260	149 529 594	149 904 256	37 728 807	-	592 047 250	-										
Depreciation charge for the year	(132 255 469)	-	(88 059 877)	(6 359 655)	(30 949 666)	(149 866 490)	(153 433 154)	(37 728 807)	-	(598 653 118)	(662 537 968)										
Closing carrying amount	10 078 813 000	2 104 480 888	1 576 122 400	218 350 444	384 879 683	1 814 444 167	1 093 641 646	306 269 800	640 905 432	18 017 907 539	7 919 879 164										
Revalued amount/Gross carrying amount	10 078 813 000	2 104 480 968	1 576 122 400	218 350 444	384 879 683	1 814 444 167	1 093 641 646	306 269 800	640 905 432	18 017 907 539	7 919 879 164										
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-										

Included on the additional cost on Plant and Machinery is a donation of a 5000l tank and stand (Forbes border post) amounting to ZWL68 250



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	Inflation adjusted		Historical cost	
	31-Dec-21 ZWL	31-Dec-20 ZWL	31-Dec-21 ZWL	31-Dec-20 ZWL
<b>5 Intangible assets</b>				
SAP software and development cost				
Opening carrying amount	845 228 441	1 291 987 068	845 228 441	222 782 843
Gross carrying amount	845 228 441	1 674 518 431	845 228 441	288 710 074
Accumulated amortisation	-	(382 551 383)	-	(65 957 131)
Additions at cost	195 414 084	175 081 733	195 414 084	30 186 506
Revaluation gain	154 553 002	2672 097 899	154 553 002	495 189 310
Work in progress	51 384 120	-	51 384 120	-
Impairment	(318 263 633)	-	(318 263 633)	-
Depreciation write back	194 728 992	-	194 728 992	-
Amortisation charge for the year	(194 728 992)	(586 821 844)	(194 728 992)	(102 900 318)
Closing carrying amount	730 318 014	3742 326 889	730 318 014	648 228 441
Gross carrying amount	730 318 014	4721 898 163	730 318 014	814 085 690
Accumulated amortisation	-	(979 373 204)	-	(169 857 449)
<b>6 Biological assets</b>				
Opening balance	17 404	3 212 478	17 404	553 878
Fair value	739 598	( 160 081)	739 598	( 27 597)
Disposal	( 1 000)	(2 951 474)	( 1 000)	( 508 875)
	758 000	109 843	758 000	17 404
<b>7 Leases</b>				
The Authority entered into lease agreements with various property owners for office accommodation and staff accommodation especially at border posts. The Authority is obligated to provide accommodation to its staff members stationed at Border Posts in terms of its Human Capital Policy. The lease terms range from less than a year to 5 years. Most of the leases are amenable to renewal upon expiry of the lease agreements. However, leases with terms that are less than a year are treated as short term leases and are expensed in terms of the standard.				
<b>7.1 Right of Use</b>	\$	\$	\$	\$
	31-Dec-21 ZWL	31-Dec-20 ZWL	31-Dec-21 ZWL	31-Dec-20 ZWL
Right of use assets recognised				
Building and land	240 015 794	709 188 239	240 015 794	122 270 368
Opening accumulated depreciation	(30 303 729)	(14 650 522)	(30 303 729)	(2 525 952)
Less depreciation charge for the year	(57 702 953)	(181 113 425)	(57 702 953)	(27 778 177)
	192 009 112	533 404 292	192 009 112	91 968 257
<b>7.2 Lease Liability</b>				
Opening Balance	224 364 145	899 798 180	224 364 145	120 654 855
Interest	62 913 195	116 500 152	62 913 195	20 086 233
Payments	(95 058 739)	(198 143 040)	(95 058 739)	(34 182 693)
Principal portion	(32 145 544)	(81 642 888)	(32 145 544)	(14 078 360)
Interest portion	(62 913 195)	(116 500 152)	(62 913 195)	(20 086 233)
Closing Balance	192 218 901	618 155 272	192 218 901	106 578 495
Current portion of lease liability	7 720 894	140 892 966	7 720 894	24 291 873
Non current of lease liability	184 497 708	477 262 406	184 497 708	82 286 622
Total	192 218 901	618 155 273	192 218 901	106 578 495
<b>7.3 Finance cost</b>				
Finance costs refer to the interest incurred by the Authority for the right to use other entities' assets, particularly land and buildings.				
Interest-Lease	62 913 195	116 500 152	62 913 195	23 711 745
	62 913 195	116 500 152	62 913 195	23 711 745
<b>7.4 Lease Payments Maturity Analysis</b>				
	Year	Lease Payment	Interest	Decrease in Liability
	0 to 1 year	95 058 739	62 913 195	32 145 544
	2 to 3 years	117 338 016	98 117 845	19 220 370
	4 to 5 years	58 087 756	39 370 848	18 716 808
<b>7.5 Rental Income from Operating Leases</b>				
The Authority leases out additional space at its premises, especially at border posts and office buildings. These are essentially operating leases where the Authority retains all risks and rewards associated with the underlying assets. The Authority manages the risks associated with the underlying properties by ensuring that they have full insurance cover. In 2021, an amount of ZWL543,519,772 was realised from the operating leases.				
<b>8 Inventory</b>				
Fiscalisation devices	1 112 353	9 029 568	191 785	347 037
Operating supplies	519 777 103	325 818 174	89 444 328	56 182 789
	519 889 456	334 847 742	89 636 113	56 539 826
<b>9 Financial asset and liabilities</b>				
<b>9.1 Non-current</b>				
<b>Mortgage support investment</b>				
Mortgage support is an investment vehicle in support of the ZIMRA Staff Mortgage loan scheme. The investment is seed money to enable the banks to give out loans to staff at concessionary rates. The loan is recognised at the consideration amount, unless if there are significant financial components changes when it will be recognised at fair value. The carrying amount is considered to be the same as the fair value.				
Opening balance	8 796 960	54 140 482	2 405 183	9 334 558
Interest earned	266 186	2 952 142	72 762	446 821
Maturities	(2 708 288)	(42 782 574)	(740 301)	(7 378 306)
Closing balance	6 358 878	13 850 059	1 737 643	2 405 183
<b>9.2 Current</b>				
<b>Clearance fees (Commission)</b>				
These are service fees for processing bills of entry levied to importing customers. The fees were ring fenced to finance the Authority's capital expenditure.				
Opening balance	11 351 442	59 581 694	11 351 442	10 272 708
Investment for 2021	260 000 000	-	260 000 000	-
Interest for 2021	7 481 769	6 256 889	7 481 769	1 078 736
Closing balance	278 833 211	65 838 363	278 833 211	11 351 442
<b>Money market investments</b>				
These are short-term investments of 30 to 90 days made with funds not immediately required for use but can be called back when required without loss of interest. Their carrying amounts are considered to be the same as their fair value. Investments are based on prevailing money market rates.				
Opening balance	22 408 128	31 358 105	22 408 128	5 406 570
Investment for 2021	108 007 288	113 897 312	108 007 288	18 637 468
Interest for 2021	22 460 691	7 433 081	22 460 691	1 281 598
Gratuity	(27 804 011)	(22 721 366)	(27 804 011)	(3 917 475)
Closing balance	125 072 078	129 967 143	125 072 078	22 408 128

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for the year ended December 31, 2021

	Inflation adjusted		Historical cost	
	31-Dec-21 ZWL	31-Dec-20 ZWL	31-Dec-21 ZWL	31-Dec-20 ZWL
<b>10 Accounts receivables</b>				
Other debtors	5 331 088	1 172 798	5 331 088	202 207
Rent receivable	4 431 808	13 175 080	4 431 808	2 271 565
Commission receivable	33 316 275	99 379 083	33 316 275	17 134 325
Staff debtors	330 611 212	121 788 144	330 611 212	20 894 508
Travelling and subsistence advances	21 380 095	97 990 621	21 380 095	16 894 935
Accrued interest	71 723 492	30 629 160	71 723 492	5 332 614
Loss allowance (expected credit loss)	(1 897 039)	( 870 895)	(1 897 039)	(167 413)
	<b>464 896 931</b>	<b>363 443 891</b>	<b>464 896 931</b>	<b>62 662 740</b>

**Classification of accounts receivables**

Accounts receivables are amounts due from employees, tenants and agents for services performed in the ordinary course of business. Services include loans extended to employees, accommodation services provided to tenants and revenue collection services. They are generally due for settlement within 30 days to a maximum of a year and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

**Expected Credit Loss (Simplified Approach)**

The Authority's debtors are largely internal, that is, staff members issued with loans, advance salaries and travelling and subsistence allowances. The probability of default remains minimal even after the staff members leave the organisation as there is always room for recovery from terminal benefits.

Management has used past experience to come up with a predictive model for default risk. Past experience has shown that only about 1% gets irrecoverable. Debtors are aged, from below 120 days to over 360 days and the default rate is apportioned to each age category.

Refer to the table below for the computations of the 2021 ECL.

Probability of default	Loans/other		T&S	Total	0.01	
	Ageing	Ageing			Contribution	Loss in Percentage
Scale						
0<120	230 044 788	21 363 091		251 407 879	70.79%	1 779 820
121<180	(7 420 516)	17 102		(7 403 414)	-2.08%	1 543
181<240	50 250 085			50 250 085	14.15%	71 104
241<300	33 354 182			33 354 182	9.39%	31 327
301<360	6 983 863			6 983 863	1.97%	1 373
361 and above	20 532 821	( 88)		20 532 723	5.78%	11 872
<b>Total</b>	<b>333 745 223</b>	<b>21 380 095</b>		<b>355 125 318</b>	<b>1.000%</b>	<b>1 897 039</b>

**11 Assets held for sale**

In 2021, the Authority carried out boards of survey for some of its assets that were considered no longer fit for use. An auctioneer was appointed to carry out the disposal of the assets during the year. As at 31 December 2021, the majority of the assets had been auctioned except for 9 vehicles. The vehicles were eventually auctioned on 11 January 2022. The vehicles were therefore transferred from non-current assets to Assets Held for Sale. Below is the reconciliation of assets transferred to Assets Held for Sale.

	31-Dec-21 ZWL \$	31-Dec-20 ZWL \$	31-Dec-21 ZWL \$	31-Dec-20 ZWL \$
Carrying amount on date of transfer	1 032 481	55 100	1 032 481	9 500
Fair Value	3 315 700	55 100	3 315 700	9 500
Gain	<b>2 283 219</b>	-	<b>2 283 219</b>	-

**12 Cash and cash equivalents**

	31-Dec-21 ZWL	31-Dec-20 ZWL	31-Dec-21 ZWL	31-Dec-20 ZWL
Bank balances	2 745 520 525	7 954 468 800	2 745 520 525	1 371 460 138
Cash in hand petty cash	284 461	551 972	284 461	95 168
Funds on call and deposits	5 289 801 928	5 539 983 530	5 289 801 928	955 169 574
	<b>8 015 806 914</b>	<b>13 495 004 302</b>	<b>8 015 806 914</b>	<b>2 326 724 880</b>

**13 Prepayments**

	31-Dec-21 ZWL \$	31-Dec-20 ZWL \$	31-Dec-21 ZWL \$	31-Dec-20 ZWL \$
ICT	36 119 610	983 103 965	9 873 242	169 500 684
Repairs	-	16 162 011	-	2 784 829
Projects	111 355 532	6 232 578	30 438 670	1 419 410
Others	26 548 688	39 470 003	7 256 498	6 805 173
Rentals	57 731 371	-	15 780 785	-
Uniforms	542 587 403	-	148 315 463	-
Teas and beverages	14 488 679	10 863 707	3 980 514	1 673 053
Hotel accommodation	17 353 147	13 389 270	4 743 457	2 308 495
	<b>606 182 632</b>	<b>1 071 211 836</b>	<b>220 368 629</b>	<b>184 691 644</b>

**14 Deferred income**

	31-Dec-21 ZWL	31-Dec-20 ZWL	31-Dec-21 ZWL	31-Dec-20 ZWL
Opening balance	5 321 983 258	229 692 525	917 583 320	39 636 642
Capital grant	16 000 784 494	8 393 524 661	4 373 790 750	1447 159 476
Clearance fees	1 210 988 393	6 258 869	331 021 884	1 078 738
Sealing fees	264 390 560	1 048 707 628	72 270 768	180 611 680
Amortised during the year	(2 902 456 220)	(4 439 542 080)	(793 382 110)	(785 438 286)
Amortisation write back during the year	2 902 456 220	-	793 382 110	-
Reclass from retained earnings (sealing income)	-	83 143 533	-	14 335 092
	<b>22 798 146 705</b>	<b>5 321 983 258</b>	<b>5 694 666 723</b>	<b>917 683 321</b>



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for the year ended December 31, 2021

	Inflation adjusted		Historical cost	
	31-Dec-21 ZWL	31-Dec-20 ZWL	31-Dec-21 ZWL	31-Dec-20 ZWL
<b>15 Provisions</b>				
Performance award	193 241 480	673 880 666	193 241 480	118 186 322
Gratuity	12 210 495	65 557 392	12 210 495	11 302 999
Foreign currency valuation account	4 13 088 387	(21 977 447)	4 13 088 387	(3 789 215)
Provisions for pending labour disputes	36 766 988	81 068 364	36 766 988	13 977 304
Leave pay provision	820 648 766	2 340 689 551	820 648 766	403 587 184
	<u>1 475 956 116</u>	<u>3 139 218 626</u>	<u>1 475 956 116</u>	<u>541 244 573</u>
<b>16 Payables</b>				
Fuels and oils	37 985 792	20 609 358	37 985 792	3 553 338
Bandwidth	12 863 447	56 573 563	12 863 447	9 754 063
Electricity and rates	4 627 336	13 541 107	4 627 336	2 334 674
Cellphone charges	16 467 644	24 100 786	16 467 644	4 155 308
Hotel accommodation	3 197 363	93 079 691	3 197 363	16 048 223
Consultancy	1 922 449	11 150 205	1 922 449	1 922 449
Insurance excess	8 500 150	1 193 930	8 500 150	205 850
Hire of conference facilities	-	18 274 164	-	3 150 718
Hardship allowances	321 394	-	321 394	-
Transport allowance	-	1 794 425	-	309 384
Recruitment fees	46 868 655	100 382 905	46 868 655	17 307 397
Overtime	1 585 209	18 274 164	1 585 209	3 150 718
Cash in lieu of leave	10 638 083	15 599 083	10 638 083	2 689 497
Acting allowance	10 000 000	22 482 229	10 000 000	3 876 246
Funeral benefit	3 962 267	-	3 962 267	-
Salary	523 278	-	523 278	-
Staff welfare	4 162 400	-	4 162 400	-
Benefit allowance	462 268 902	-	462 268 902	-
Repairs and maintenance motor vehicles	20 306 170	37 819 486	20 306 170	6 520 601
Cleaning	17 383 332	43 605 814	17 383 332	7 518 244
Security	87 369 879	196 451 236	87 369 879	33 870 903
Night allowance	-	6 302 135	-	1 086 575
Protective clothing	-	3 751 023	-	646 728
Operational utilities	1 639 208	1 694 557	1 639 208	292 165
Licensing and subscriptions	70 263 439	279 076 817	70 263 439	48 116 693
Repairs and maintenance	7 729 241	25 825 634	7 729 241	4 452 695
Marketing and publicity	4 997 000	33 457 046	4 997 000	5 768 456
Books and courier services	1 978 274	493 000	1 978 274	85 000
Printing and Stationery	7 488 866	1 942 930	7 488 866	334 988
Insurance	-	3 283 027	-	568 039
Rentals	9 171 143	99 956 251	9 171 143	17 233 836
Telephone charges	1 744 550	29 697 591	1 744 550	5 120 274
Performance award	-	-	-	46 503 660
Travelling and Subsistence	10 449 165	15 773 883	10 449 165	2 719 635
Hire - motor vehicles	13 456 729	-	13 456 729	5 120 429
Board Fees and Allowances	302 400	227 650	302 400	39 250
Tuition fees	-	3 859 421	-	665 417
Uniforms	370 823 613	-	370 823 613	-
Computer stationery	942 863	-	942 863	12 419 087
GIRR (Stock creditors)	9 981 092	72 030 706	9 981 092	246 452 262
Trade creditors	658 756 242	1429 423 118	658 756 242	3 836 758
Invoice management system	3 836 758	835 562 207	3 836 758	470 849
Retention for default liability on projects	476 225	2 730 923	476 225	29 710 594
Tax obligations	58 166 868	172 321 441	58 166 868	-
	<u>1 983 157 427</u>	<u>3 692 341 505</u>	<u>1 983 157 427</u>	<u>548 009 003</u>
<b>17 Other income</b>				
Profit on disposal of assets	22 069 626	-	6 032 700	-
Insurance	182 442 522	119 964 169	49 870 393	18 050 105
Clearing of vehicles (Central Vehicle Registration)	21 872 976	362 519	5 978 946	54 546
Exchange gain	1 139 721 610	5 365 084 753	311 541 215	925 014 613
Gain from price difference	1 965 811	563 509	537 351	84 787
Fair value income	739 596	-	739 596	-
Tender documents sales	139 454	1 047 344	38 120	157 586
Other commissions	2 343 745	2 611 534	640 659	392 938
Fiscal device income	12 356 313	2 727 258	3 377 580	410 350
Commission on Kariba dam toll fees	153 034	11 252 916	41 832	1 693 142
Miscellaneous	18 358 346	18 134	5 018 227	2 728
	<u>1 402 163 036</u>	<u>5 503 632 138</u>	<u>383 816 618</u>	<u>946 860 795</u>

ZIMBABWE REVENUE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended December 31, 2021

	Inflation adjusted		Historical cost	
	31-Dec-21 ZWL	31-Dec-20 ZWL	31-Dec-21 ZWL	31-Dec-20 ZWL
<b>18 Employment cost</b>				
Cash in lieu of leave	1 773 775 184	3 064 479 121	484 858 820	410 180 385
Overtime	1 362 384 533	518 698 312	372 405 795	69 427 745
National employment council	168 535 536	50 854 831	46 068 939	6 806 917
Medical expenses	1 143 568 387	768 865 716	312 592 725	102 912 640
Pension contributions	1 947 467 200	1 021 422 128	532 337 276	136 717 304
Social security contributions	243 967 556	108 041 084	66 688 170	14 193 594
Salaries and benefits	28 350 011 584	14 805 245 474	8 304 345 033	1 981 681 406
Zimbabwe manpower development and standard levy	482 359 437	236 959 523	131 852 238	31 717 021
	<b>35 472 069 417</b>	<b>20 572 566 190</b>	<b>10 251 148 997</b>	<b>2 763 637 011</b>
<b>19 Administration costs</b>				
Allowance for credit loss	1 729 626	970 995	1 729 626	167 413
Loss on disposal	163 044 647	670 982 426	44 568 013	115 686 625
Board fees and allowances	13 817 247	18 791 725	3 776 924	2 367 400
Cleaning	339 946 608	274 067 924	92 923 902	34 527 347
Consultancy and legal fees	391 272 568	474 511 011	106 953 777	59 779 365
Depreciation and amortisation(note 17.1)	3 113 552 855	4 600 655 480	851 085 063	793 216 462
Obsolete stock written off	2 648	1 752 875	724	302 220
Write down of consumables to net realisable value	1 131 134	370 718	309 194	63 917
Marketing and publicity	453 413 303	225 694 605	123 939 855	28 433 229
Motor vehicle expenses	1 463 368 055	1 083 833 581	400 009 491	136 542 423
Office accommodation	324 300 119	216 202 889	88 646 957	27 237 453
Office and operational utilities	906 726 300	720 169 135	247 852 291	90 727 618
Printing and stationery	198 476 466	119 078 932	54 253 248	15 001 681
Protective clothing	102 208 565	273 393 374	27 938 560	34 442 367
Recruitment fees	45 262 909	33 430 498	12 372 549	4 067 916
Rentals and hire	1 331 616 672	1 046 536 961	363 995 446	131 843 758
Repairs and maintenance	983 293 431	868 878 626	268 781 803	109 462 186
Security	877 692 694	521 088 761	239 915 998	65 647 276
Staff welfare	114 501 269	67 328 912	31 298 752	8 482 163
Subscriptions and licensing	1 042 480 261	1 921 160 011	284 960 436	242 029 632
Telephone and postages	387 819 472	295 061 966	106 009 878	37 172 197
Training costs	68 482 548	53 249 581	18 719 603	6 708 435
Uniforms	1 375 841 732	48 949 303	376 084 300	6 166 682
Fiscalisation devices	2 238 940	3 688 576	612 011	464 690
Audit fees	34 468 053	15 618 441	9 421 791	1 967 627
Travel and subsistence	1 724 918 714	927 059 559	471 503 977	116 791 877
Bank charges	22 402 181	21 027 970	6 123 603	3 625 512
Written off discontinued projects	10 195 751	-	2 786 993	-
Exchange loss	1 885 709 115	5 276 701 890	515 455 794	909 776 188
	<b>17 379 913 884</b>	<b>19 780 256 724</b>	<b>4 762 030 562</b>	<b>2 982 701 659</b>
<b>19.1 Depreciation for the year</b>				
Depreciation on property, plant and equipment	2 190 072 657	3 842 720 214	598 653 118	662 537 968
Amortisation on Intangible assets	712 383 563	598 821 844	194 728 992	102 900 318
Depreciation on right of use assets recognised	211 096 635	161 113 427	57 702 953	27 778 177
	<b>3 113 552 855</b>	<b>4 600 655 484</b>	<b>851 085 063</b>	<b>793 216 462</b>



**ZIMBABWE REVENUE AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended December 31, 2021.

**20 Related party transactions**

**20.1 Board of directors**

The board of directors consisted of nine non-executive directors and one executive member. Gross sitting allowances and fees for the non-executive directors for the year ended December 31, 2021 were as follows:

	Inflation adjusted		Historical cost	
	31-Dec-21 ZWL	31-Dec-20 ZWL	31-Dec-21 ZWL	31-Dec-20 ZWL
<b>Board fees</b>	<b>7 412 076</b>	<b>2 141 867</b>	<b>2 026 080</b>	<b>1 565 040</b>
Board chairperson	1 106 280	330 920	302 400	241 800
Vice Board chairperson	885 024	278 531	241 920	203 520
Other board members	5 420 772	1 532 415	1 481 760	1 119 720
<b>Sitting allowances</b>	<b>6 405 171</b>	<b>1 098 086</b>	<b>1 750 844</b>	<b>802 360</b>
Board chairperson	-	-	-	-
Vice Board chairperson	856 537	176 491	234 133	128 960
Other board members	5 548 634	921 595	1 516 711	673 400
	<b>13 817 247</b>	<b>3 239 954</b>	<b>3 776 924</b>	<b>2 367 400</b>

**20.2 Board Chair Fees**

Included in the Board fees cost is a provision for the Board Chairperson which was not paid as at December 31, 2021.

**20.3 Key management compensation**

The Authority's executive management consists of thirteen members. Remuneration of executive members of the Authority comprise of an annual base salary, annual bonus, social security contributions, pension contributions, medical aid contributions and other benefits. The bonus is based on actual performance (including individual and entity performance).

**20.4 Short term employee benefits**

	<b>612 138 171</b>	<b>282 470 287</b>	<b>167 327 063</b>	<b>37 808 634</b>
Basic salary	174 415 929	70 190 178	47 676 336	9 394 952
Benefit allowance	218 478 403	143 039 247	59 720 748	19 145 796
General living allowance	69 766 370	35 130 736	19 070 534	4 702 247
Performance Award	20 250 322	-	5 535 395	-
Fuel allowance	42 944 958	30 990 556	11 738 941	4 148 084
Medical aid	9 406 193	3 119 570	2 571 169	417 554
Acting allowance	3 621 313	-	989 880	-
Cost of Living Allowance	73 254 683	-	20,024,059	-
<b>Post employment benefits</b>	<b>29 817 814</b>	<b>14 638 964</b>	<b>8 150 655</b>	<b>1 959 425</b>
Pension	26 163 505	13 291 567	7 151 755	1 779 076
NSSA	671 665	147 142	183 599	19 695
Group life assurance	2 633 680	1 059 874	719 913	141 864
Funeral fund	348 964	140 381	95 389	18 790
<b>Total</b>	<b>641 955 985</b>	<b>297 109 250</b>	<b>175 477 718</b>	<b>39 768 059</b>
<b>Cost per employee</b>	<b>13 130 994</b>	<b>7 763 233</b>	<b>3 589 338</b>	<b>1 039 108</b>
Employment cost	37 502 120 079	20 572 566 190	10 251 148 997	2 753 637 011
Number of employees*	2 856	2 650	2 856	2 650
Tax revenue collected	1 716 518 594 289	1 359 409 809 492	469 207 816 207	181 956 938 693
Revenue per employee	601 021 917	512 984 834	164 288 451	68 662 996

\* Staff numbers based on active head of 2 856 as at December 31, 2021

**ZIMBABWE REVENUE AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended December 31, 2021

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**21 Assessment of work done to address adverse and qualified audit opinions from the prior years**

The Authority's Financial Statements received adverse and qualified audit opinion for the periods 2019 and 2020. The unfavourable opinions were as a result of failure to fully comply with IAS 21 and IAS36. In pursuit of correcting the above challenges, the Authority has implemented several measures to ensure compliance with IAS 21 and IAS36 as outlined below.

**21.1 Revaluation of Property, Plant and Equipment (PPE)**

The Authority engaged an asset valuation consultant to help with the revaluation exercise. All classes of assets were revalued by the Consultant and the results were incorporated into the 2021 Financial Statements.

The revaluation exercise has ensured that the Authority's assets are recognised at current/fair value. A revaluation surplus of ZW\$9,355,856,116 was reported in the 2021 Financial Statements. This helped to eliminate the distortions brought about by the 2019 currency change-over on PPE as any remnants of the effects of currency reforms implemented in 2019 were eliminated. In the same vein, impairment challenges were addressed as the valuation was based on the physical condition of the assets among other factors.

**21.2 Foreign Currency Valuation on Creditors**

The Authority has managed to clear the majority and material amounts of foreign currency denominated liabilities that accrued prior to the 2019 de-dollarisation. All but one, have been cleared. The outstanding one amounting to USD3.8 million is still in dispute hence it has remained unpaid.

The outstanding liability was subjected to a Foreign Currency Valuation where the balance was converted to the reporting currency using the exchange rate prevailing at the close of the reporting period. The above has meant that the liability is recognised at current valuation as at the end of the reporting period in compliance with IAS 21.

**21.3 Source of Foreign Currency**

The Authority's parent Ministry has always availed the foreign currency required to service foreign obligations. In other instances, the Ministry has referred the Authority to the Central Bank where foreign currency has been availed at the Auction rate.

Therefore, the Authority has always been able to obtain foreign currency to service foreign obligations at the official (auction) rate.

**21.4 Impairment Assessment (IAS36)**

The Authority carried out an assessment for indications of impairment on all its assets. Assets that were considered to exhibit signs of impairment had their values revised downwards to recoverable amounts. The exercise resulted in an impairment loss of ZW\$536 396 756 which was reported in the Financial Statements.

**22 COVID-19 Pandemic**

The COVID 19 pandemic continued to affect business operations during the course of 2021 and lockdown restrictions throughout the year. The Authority which is classified as essential service was operating with skeleton staff in office and the rest of members of staff were working from home using the online platforms. From September 2021, the Government further relaxed lockdown restrictions, allowing retail, wholesale and service businesses to operate for extended hours as it sought to effect a balancing act between containing the spread of COVID-19 and reviving the economy up to the end of the year. However the Authority continued to manage the pandemic through the covid mitigation committee (CMC) and also providing the PPEs to staff members.



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## **REPORT OF THE AUDITOR-GENERAL**

**TO**

**THE MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT**

**AND**

**THE BOARD OF DIRECTORS**

**IN RESPECT OF THE REVENUE RETURN**

**OF THE ZIMBABWE REVENUE AUTHORITY**

**FOR THE YEAR ENDED DECEMBER 31, 2021.**

### **Report on the Audit of Revenue Return**

#### **Qualified Opinion**

I have audited the Revenue Return of the Zimbabwe Revenue Authority set out on pages 5 to 7 for the year ended December 31, 2021. The return reflects assessed Revenue for the fiscal period ended December 31, 2021.

In my opinion, except for the effects of matters described in the Basis for Qualified Opinion section of my report, the accompanying Revenue Return presents fairly, in all material respects, the revenue collected as at December 31, 2021.

#### **Basis for Qualified Opinion**

##### **Unclassified deposits**

Included in this return is ZWL\$1.6 billion that had not been appropriately classified due to insufficient deposit details.

## ZIMBABWE REVENUE AUTHORITY

### AUDIT REPORT IN RESPECT OF THE REVENUE RETURN

for the year ended December 31, 2021

#### Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the Revenue Return for the year ended December 31, 2021. These matters were addressed in the context of my audit of the Revenue Return as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key Audit Matter	How my audit addressed the Key Audit Matter
<b>Value Added Tax refunds</b>  There is presumed fraud risk arise from false input tax claims by clients. During the period under review, VAT on goods and services refunds amounting to \$9.6 billion was note processed by the Authority and this amount was significant to this return.	<p>My audit procedures to address the risk of material misstatement relating to Revenue return which was considered to be a significant risk, included:</p> <ul style="list-style-type: none"><li>• Tested controls over the Authority's information technology, VAT refunds system assisted by my information technology specialist.</li><li>• Tested and evaluated the Authority's authorisation and processing procedures over refunds.</li></ul> <p>From the detailed analysis of the refunds processed, I obtained satisfactory evidence controls over the amounts refunded during the year ended December 31,2021 stated in note 4,1.</p>

#### Other Information

The directors are responsible for the Other Information. The Other Information comprises all the information in the Zimbabwe Revenue Authority's 2021 annual report other than the revenue return and my auditor's report thereon ("the Other Information").

My opinion on the Authority's revenue return does not cover the Other Information and I do not express any form of assurance or conclusion thereon.

In connection with my audit of the Authority 's revenue return, my responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the Authority's revenue return or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have



## ZIMBABWE REVENUE AUTHORITY

### AUDIT REPORT IN RESPECT OF THE REVENUE RETURN

for the year ended December 31, 2021

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performed, I conclude that there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.

#### **Responsibilities of Management and Those Charged with Governance for the Revenue Return**

The Authority's Management are responsible for the preparation of this Return in a manner required by the Revenue Authority Act [Chapter 23:11] and the Public Finance Management Act [Chapter 22:19]. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Revenue Return that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Revenue Return**

The objectives of my audit are to obtain reasonable assurance about whether the Revenue Return as a whole is free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but it's not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this return.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. I also:

- Identify and assess the risks of material misstatement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.



## ZIMBABWE REVENUE AUTHORITY

### AUDIT REPORT IN RESPECT OF THE REVENUE RETURN

for the year ended December 31, 2021

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the Revenue Return, including the disclosures, and whether the Revenue Return represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during my audit.

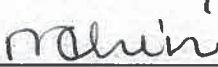
I provide directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with directors, I determine those matters that were of most significance in the audit of the Revenue Return of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

In my opinion, the Revenue Return has, in all material respects, been prepared in compliance with the disclosure requirements of the Revenue Authority Act [Chapter 23:11], Public Finance Management Act [Chapter 22:19] and other relevant Statutory Instruments.

June 22, 2022.

  
\_\_\_\_\_  
M. CHIRI,  
AUDITOR – GENERAL.

ZIMBABWE REVENUE AUTHORITY

Revenue Return


for the fiscal period ending December 31, 2021


DESCRIPTION	ACTUAL	BUDGET	ACTUAL	BUDGET
	31/12/2021 ZWL	31/12/2021 ZWL	31/12/2020 ZWL	31/12/2020 ZWL
<b>TOTAL REVENUE</b>	<b>463 570 205 824</b>	<b>387 396 199 416</b>	<b>181 956 938 693</b>	<b>171 893 739 807</b>
<b>TAXES ON INCOME AND PROFITS</b>	<b>181 402 250 031</b>	<b>160 249 561 108</b>	<b>69 028 713 929</b>	<b>59 204 771 648</b>
Income Tax				
Individuals	84 596 805 484	72 236 865 065	29 631 837 558	26 583 881 557
Companies	94 670 801 225	73 553 926 443	35 868 245 844	27 088 573 185
Aids Levy	( 5 221 378 192)	-	( 1 902 674 502)	-
	<b>174 046 027 516</b>	<b>145 790 791 508</b>	<b>63 795 408 899</b>	<b>53 652 454 742</b>
Capital Gains				
Capital Gains taxes	127 162 094	1 909 944 441	117 477 512	736 357 959
CGT Companies	1 545 402 303	-	469 054 406	-
CGT Withholding	375 923 567	310 921 188	130 476 472	116 477 387
	<b>2 048 487 964</b>	<b>2 220 865 629</b>	<b>717 008 390</b>	<b>852 835 346</b>
Domestic dividends & interest				
Non executive directors fees	398 644 559	677 443 437	103 654 110	188 385 311
Non resident tax on fees	1 663 679 235	6 707 919 821	846 982 889	1 163 367 446
Non resident tax on royalties	157 829 167	1 475 330 732	122 732 491	145 208 295
Non resident tax on remittance	196 558 147	804 757 341	175 581 856	177 688 571
Non resident tax on interest	4 967 498	24 379 371	3 159 728	2 253 978
Non resident shareholders' tax	2 337 344 750	1 433 859 018	2 502 967 248	2 807 504 534
Resident shareholders' tax	425 520 169	911 928 625	741 617 068	191 255 198
Resident tax on interest	120 801 309	202 285 627	18 432 355	25 638 229
Withholding Tax-Automated Financial	2 589 718	-	-	-
	<b>5 307 734 551</b>	<b>12 237 903 971</b>	<b>4 516 298 639</b>	<b>4 699 481 580</b>
<b>TAX ON GOODS AND SERVICES</b>	<b>205 811 286 732</b>	<b>178 309 999 313</b>	<b>87 447 218 461</b>	<b>86 906 470 142</b>
Customs Duties				
Prime and surtax	29 270 184 529	27 314 519 702	14 824 785 502	16 337 383 309
Less Duty refunds	( 110 487 687)	-	( 32 962 115)	-
Deposits made in advance	2 989 110 056	-	2 195 130 122	-
	<b>32 148 806 919</b>	<b>27 314 519 702</b>	<b>16 988 953 509</b>	<b>16 337 383 309</b>
Excise Duties				
Beer	5 455 243 222	4 350 855 438	2 272 282 130	2 080 968 357
Tobacco	757 615 853	526 819 593	410 304 152	129 045 606
Wine & spirits	1 687 219 457	448 092 622	383 188 839	299 799 126
Second hand motor vehicles	165 240 992	19 611 841	21 963 504	19 040 622
Fuel	39 647 882 621	35 707 007 535	20 201 899 907	20 184 757 579
Electric lamb	448 090	-	25	894 015
Airtime	9 251 429 140	9 415 147 574	2 528 252 288	2 190 460 160
	<b>56 985 077 375</b>	<b>50 467 534 601</b>	<b>25 618 000 844</b>	<b>24 904 865 465</b>
Value Added Tax				
On local sales	89 108 708 786	63 679 616 380	30 661 255 559	29 907 867 296
Import tax	37 203 754 305	36 648 328 630	20 464 633 120	19 676 434 985
Less Refunds	( 9 615 060 653)	-	( 6 483 624 570)	( 4 220 180 914)
	<b>116 697 402 438</b>	<b>100 527 945 010</b>	<b>44 642 264 108</b>	<b>45 664 121 367</b>
OTHER TAXES	76 356 669 061	48 836 838 995	25 481 006 303	25 782 498 017
Tobacco levy	801 542 509	472 738 371	406 022 396	385 008 557
Presumptive tax (informal traders tax)	525 418 441	49 670 000	101 223 673	103 608 289
Withholding tax on contracts	7 144 256 916	4 635 218 181	2 572 969 582	2 618 738 525
Intermediate Money Transfer	44 678 854 381	29 069 803 940	13 800 041 293	15 072 266 486
Stamp duties and fees	815 658 443	242 905 000	289 204 702	240 215 189
Mining royalties	13 759 203 511	11 511 425 317	5 910 907 673	5 953 064 396
Less refunds	-	-	( 7 620 324)	-
Carbon tax	5 688 094 572	2 655 378 186	1 303 725 673	1 172 646 556
ATM levy	15 303 816	39 360 000	17 816 647	32 168 131
Miscellaneous	18 345 616	-	3 480 264	62 677 590
Accounting fees	44 708 783	-	5 915 311	-
Fines	583 895 853	-	308 781 910	-
Interest	21 945 450	-	11 534 777	-
Cancellation fees	7 106 746	-	1 149 399	-
Rummage sales	325 102 245	-	21 699 021	-
Less rummage sale expenses	( 9 639 440)	-	-	-
Business licences	64 362 426	159 940 000	618 275	141 904 288
State warehouse rent	124 145 215	-	18 126 071	-
Estreated deposits	22 543 933	-	-	-
Surplus cash	5 473 006	-	7 751 144	-
Deposits not yet classified	1 614 867 103	-	707 648 618	-
Sealing fees	104 920 784	-	-	-
Sealing diversion fine	335 754	-	-	-
Electronic Cargo Tracking System temper fine	223 018	-	-	-
	<b>76 356 669 061</b>	<b>48 836 838 995</b>	<b>25 481 006 303</b>	<b>25 782 498 017</b>

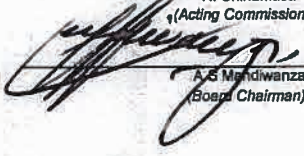
JUNE 17 2022.

JUNE 17 2022.

JUNE 20 2022.

  
L. Z. Karonga,  
(Acting Director Finance and Administration)

  
R. Chinamasa  
(Acting Commissioner General)

  
A. S. Mhandiwanza  
(Board Chairman)



# ZIMBABWE REVENUE AUTHORITY

## NOTES TO THE REVENUE RETURN

for the year ended December 31, 2021

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### 1. MANDATE OF ZIMBABWE REVENUE AUTHORITY

The Zimbabwe Revenue Authority (ZIMRA) started to operate as an Authority on September 1, 2001 from the former Department of Taxes and is constituted in terms of the Revenue Authority Act [Chapter 23:11] of 1999. Its core business is the collection of revenue for the Government of Zimbabwe, administration of tax laws and the facilitation of trade and economic development in the region and beyond.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

The Revenue Return for the year ended December 31, 2021, has been prepared in accordance with the Revenue Authority Act [Chapter 23:11] and Public Finance Management Act [Chapter 22:19].

#### 2.2. Basis of measurement

The Revenue Return was prepared based on the statutory records that were maintained under the historical cost basis.

#### 2.3. Reporting currency

This return is presented in the RTGS Dollar (ZWL) which is the reporting currency. All the financial information presented has been rounded to the nearest dollar. Foreign currency collections were converted to Zimbabwe Dollars as at transaction date, using the applicable Reserve Bank of Zimbabwe Auction rate.

### 3. ACCOUNTING POLICIES

The Revenue Return was prepared based upon accounting policies which have been consistently applied from the preceding years.

#### 3.1. Taxes revenue

All tax revenue collected by the Zimbabwe Revenue Authority is paid direct into the Exchequer account except otherwise stated.



## ZIMBABWE REVENUE AUTHORITY

### NOTES TO THE REVENUE RETURN

for the year ended December 31, 2021

#### 3.2. Revenue return

All collections by way of taxes, duties, royalties, fees less of refunds are reflected in the Revenue Return.

#### 4. NOTES TO THE REVENUE RETURN

##### 4.1. Refunds

	31/12/2021 ZWL\$	31/12/2020 ZWL\$
VAT	9 615 060 653	6 483 624 570
Duty	110 487 667	32 962 115
Mining Royalties	-	7 620 324
Rummage Sale	9 639 441	-
Total	<u>9 735 187 761</u>	<u>6 524 207 009</u>

##### 4.2. COVID 19 Effects

The COVID 19 pandemic continued to affect business operations during the course of 2021 and lockdown restrictions throughout the year. The Authority which was classified as essential service was operating with skeleton staff in office and the rest of members of staff were working from home using the online platforms. From September 2021, the government further relaxed lockdown restrictions, allowing retailers, wholesalers and service businesses to operate for extended hours as it sought to effect a balancing act between containing the spread of the COVID 19 and reviving the economy up to the end of year. However, the Authority continued to manage the pandemic through the Covid Mitigation Committee (CMC) and also providing the necessary PPEs to staff members.

All communication should be addressed to:

The Auditor-General

P. O. Box CY 143, Causeway, Harare

Telephone 263-04-793611/3/4, 762817/8/20-23

Telegrams: AUDITOR

Fax: 706070

E-mail: [ocag@auditgen.gov.zw](mailto:ocag@auditgen.gov.zw)

Website: [www.auditgen.gov.zw](http://www.auditgen.gov.zw)



OFFICE OF THE AUDITOR-GENERAL

5th Floor, Burroughs House,

48 George Silundika Avenue,

Harare

Ref: **SB2**

## REPORT OF THE AUDITOR-GENERAL

TO

**THE MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT**

AND

**THE BOARD OF DIRECTORS**

**IN RESPECT OF THE RECEIPTS AND DISBURSEMENTS RETURN**

**OF THE ZIMBABWE REVENUE AUTHORITY**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

### Report on the Audit of Receipts and Disbursements Return

#### Opinion

I have audited the Receipts and Disbursement Return of the Zimbabwe Revenue Authority set out on pages 5 to 9 for the year ended December 31, 2021. The return reflects Receipts and Disbursements made during the year ended December 31, 2021.

In my opinion, the accompanying Receipts and Disbursements Return presents fairly, in all material respects, the receipts and disbursements for the year ended December 31, 2021.

#### Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the Zimbabwe Revenue Authority's Receipts and Disbursements Return for the year ended December 31, 2021. These matters were addressed in the context of my audit of the Receipts and Disbursements Return as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.



## ZIMBABWE REVENUE AUTHORITY

### AUDIT REPORT IN RESPECT OF THE RECEIPTS AND DISBURSEMENTS RETURN

for the year ended December 31, 2021

Key Audit Matter	How my audit addressed the Key Audit Matter
<p><b>Value Added Tax refunds</b></p> <p>There is presumed fraud risk arising from false input tax claims by clients. During the period under review, VAT on goods and services refunds amounting to ZWL\$ 9,7 billion was processed by the Authority and this amount was significant to this return.</p>	<p>My audit procedures to address the risk of material misstatement relating to Receipts and Disbursements, which was considered to be a significant risk, included:</p> <ul style="list-style-type: none"><li>• Tested controls over the Authority's information technology.</li><li>• The IT expert tested the Authority's data integrity</li><li>• Tested and evaluated the Authority's authorisation and processing procedures over disbursements.</li><li>• Evaluated procedures followed when VAT refunds were being processed.</li></ul> <p>From the detailed analysis of the refunds processed, I obtained satisfactory evidence over the controls during the period under review.</p>

#### Other Information in the Annual Report

The directors are responsible for the Other Information. The Other Information comprises all the information in the Zimbabwe Revenue Authority's 2021 annual report other than the Receipts and Disbursements return and my auditor's report thereon ("the Other Information").

My opinion on the Authority's Receipts and Disbursements does not cover the Other Information and I do not express any form of assurance or conclusion thereon.

In connection with my audit of the Authority's Receipts and Disbursements Return, my responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the Authority's Receipts and Disbursements Return or my knowledge obtained in the audit or otherwise appears to be materially misstated. If,



## ZIMBABWE REVENUE AUTHORITY

### AUDIT REPORT IN RESPECT OF THE RECEIPTS AND DISBURSEMENTS RETURN

for the year ended December 31, 2021

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based on the work I have performed, I conclude that there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.

#### **Responsibilities of Management and Those Charged with Governance for the Receipts and Disbursements Return**

The Authority's Management are responsible for the preparation of this Return in a manner required by the Revenue Authority Act [Chapter 23:11] and the Public Finance Management Act [Chapter 22:19]. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Receipts and Disbursements Return that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Receipts and Disbursements**

The objectives of my audit is to obtain reasonable assurance about whether the Receipts and Disbursements return as a whole is free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but it's not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this return.

As part of an audit in accordance with ISAs, I am required to exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. I also:

- Identify and assess the risks of material misstatement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to

## ZIMBABWE REVENUE AUTHORITY

### AUDIT REPORT IN RESPECT OF THE RECEIPTS AND DISBURSEMENTS RETURN

for the year ended December 31, 2021

- 
- provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Evaluate the overall presentation, structure and content of the Receipts and Disbursements Return, including the disclosures, and whether the Receipts and Disbursements Return represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during my audit.

I provide directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with directors, I determine those matters that were of most significance in the audit of the Receipts and Disbursements Return of the current period and are therefore the key audit matters. I describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**ZIMBABWE REVENUE AUTHORITY**

**AUDIT REPORT IN RESPECT OF THE RECEIPTS AND DISBURSEMENTS RETURN**


for the year ended December 31, 2021

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**Report on Other Legal and Regulatory Requirements**

In my opinion, the Receipts and Disbursement Return has, in all material respects, been prepared in compliance with the disclosure requirements of the Revenue Authority Act [*Chapter 23:11*], Public Finance Management Act [*Chapter 22:19*] and other relevant Statutory Instruments.

June 22, 2022.

  
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**M. CHIRI,**  
**AUDITOR – GENERAL.**



ZIMBABWE REVENUE AUTHORITY

Receipts and Disbursements Return

for the year December 31, 2021

Description	Note	Historical Cost			
		2021		2020	
		Dr ZWL\$	Cr ZWL\$	Dr ZWL\$	Cr ZWL\$
Opening balance as at January 1		672 220 181		598 008 510	
Additions during the year		494 143 728 326		193 583 379 735	
Less Disbursements in respect of;					
Clearance Fees			339,478,538		-
Refunds	4.5		9 735 187 761		6 524 207 009
Exchequer account			402 981 955 427		164 560 904 355
Intermediate money transfer tax (IMTT)			43 731 349 288		13 300 973 082
Retention grant			18 698 798 182		5 500 000 / 165
Bank charges			1 753 086		343 376 755
Aids levy			4 674 351 711		1 334 127 395
Sealing Fines and Fees			99 387 918		-
NOCZIM levy			1 241 219 555		215 223 799
Vehicle registration numbers			-		64 378 750
Commissions			55 190 473		54 818 408
Motor insurance			441 149 851		224 659 460
Toll fees			326 156		9 883
Strategic levy			1 640 743 952		233 753 231
Petroleum levy			50 059 518		1 053 135
Transit fees			2 085		2 294
Road access fees			3 858 760		12 885 899
Veterinary inspection fees			4 394 079		61 770
Presumptive tax levy			499 521 380		83 823 175
Health fund-airtime levy			4 366 720 898		1 012 536 887
Health inspection fees			56 975 595		28 356 816
Plant quarantine services and fertilizer, feeds and remedies			24 803 232		14 008 196
Closing account bank balance as at December 31			6 168 721 062		672 220 181
<b>TOTAL</b>		<b>494 815 948 607</b>	<b>494 815 948 507</b>	<b>194 181 388 245</b>	<b>194 181 388 245</b>

JUNE 17, 2022.

  
L. Z. Karonga,  
(Acting Director Finance and Administration).

JUNE 17, 2022.

  
R. Chinamasa  
(Acting Commissioner General).

JUNE 20, 2022.

  
A.S. Mandiwanza  
(Board Chairman).

**ZIMBABWE REVENUE AUTHORITY**  
**ACCOUNTING POLICIES AND NOTES TO THE RECEIPTS AND**  
**DISBURSEMENTS RETURN**

for the year ended December 31, 2021

---

**1. MANDATE OF ZIMBABWE REVENUE AUTHORITY**

The Zimbabwe Revenue Authority (ZIMRA) started to operate as an Authority on September 1, 2001 from the former Department of Taxes and is constituted in terms of the Revenue Authority Act [Chapter 23:11] of 1999. Its core business is the collection of revenue for the Government of Zimbabwe, administration of tax laws and the facilitation of trade and economic development in the region and beyond.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

The Receipts and Disbursements Return for the year ended December 31, 2021, has been prepared in accordance with the Revenue Authority Act [Chapter 23:11] and Public Finance Management Act [Chapter 22:19].

**2.2. Basis of measurement**

The Receipts and Disbursements Return was prepared based on the statutory records that are maintained under the historical cost basis.

**2.3. Reporting currency**

This return is presented in the RTGS Dollar (ZWL) which is the reporting currency. All the financial information presented has been rounded to the nearest dollar. Foreign currency collections were converted to Zimbabwe as at transaction date, using the applicable Reserve Bank of Zimbabwe Auction rate.

**3. ACCOUNTING POLICIES**

The Receipts and Disbursements Return was prepared based upon accounting policies which have been consistently applied from the preceding years.

**3.1. Taxes revenue**

All tax revenue collected by the Zimbabwe Revenue Authority is paid direct into the Exchequer account except otherwise stated.



**ZIMBABWE REVENUE AUTHORITY**  
**ACCOUNTING POLICIES AND NOTES TO THE RECEIPTS AND**  
**DISBURSEMENTS RETURN**

for the year ended December 31, 2021

---

**3.2. Receipts**

Collections from clients for various statutory obligations are accounted for as receipts. The Return summaries of all cash received from clients for various statutory obligations through the bank by the Authority during a financial year.

**3.3 Disbursements**

Payments to Exchequer, third parties and retention are accounted for as disbursements. Any funds banked or received into the Authority's bank accounts are disbursed to Treasury within 24 hours except for weekends and public holidays. Disbursements to third parties are done on a monthly basis.

**4. NOTES TO THE RECEIPTS AND DISBURSMENTS RETURN.**

**4.1. Motor Insurance**

The Authority entered into an agreement with the Motor Insurance Pool to sell third party insurance cover to foreign registered vehicles entering Zimbabwe at all border posts.

In accordance with the existing agreement, the Pool shall pay ZIMRA an issuing and collection fee of ten percent (10%) of the total collected from issued policies.

**4.2. Exchange gains**

Included in the transfers to Exchequer accounts are exchange gains resulted from duties, taxes and fees paid in other currencies and converted to Zimbabwe at a transaction date, using the interbank rate.

**4.3. Retention**

The retention relates to taxes that the Authority retains from collections for use in their operations. During 2021, the Authority retained Grant. From January to April 2021 retained clearance fees, sealing fees and sealing fines, thereafter these fees and fines were remitted to the Exchequer Account.



**ZIMBABWE REVENUE AUTHORITY**  
**ACCOUNTING POLICIES AND NOTES TO THE RECEIPTS AND**  
**DISBURSEMENTS RETURN**

for the year ended December 31, 2021

**4.4. Commission**

The commission relates to amounts the Authority retains from acting as an agent.

**4.5. Refunds**

<b>Refunds</b>	<b>31/12/2021</b>	<b>31/12/2020</b>
	<b>ZWL\$</b>	<b>ZWL\$</b>
VAT	9 615 060 653	6 483 624 570
Duty	110 487 667	32 962 115
Mining royalties	9 639 441	7 620 324
Rummage sale	-	-
	<b>9 735 187 761</b>	<b>6 524 207 009</b>

**4.6. COVID 19 Effects**

The COVID 19 pandemic lockdown restrictions continued to affect business operations during the period ended 2021. The Authority which was classified as essential service was operating with skeleton staff in office and the rest of members of staff were working from home using the online platforms. From September 2021, the government further relaxed lockdown restrictions, allowing retailers, wholesalers and service businesses to operate for extended hours. The Authority continued to manage the pandemic through the Covid Mitigation Committee (CMC) and also providing the necessary PPEs to staff members.

**All communication should be addressed to:**  
The Auditor-General  
P. O. Box CY 143, Causeway, Harare  
Telephone 263-04-793611/3/4, 762817/8/20-23  
Telegrams: AUDITOR  
Fax: 706070  
E-mail: [ocag@auditgen.gov.zw](mailto:ocag@auditgen.gov.zw)  
Website: [www.auditgen.gov.zw](http://www.auditgen.gov.zw)



**OFFICE OF THE AUDITOR-GENERAL**  
5th Floor, Burroughs House,  
48 George Silundika Avenue,  
Harare

Ref: **SB2**

**REPORT OF THE AUDITOR-GENERAL  
TO  
THE MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT  
AND  
THE BOARD OF DIRECTORS  
IN RESPECT OF THE TAX RESERVE CERTIFICATES RETURN  
OF THE ZIMBABWE REVENUE AUTHORITY  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Report on the Audit of Tax Reserve Certificates Return**

**Opinion**

I have audited the Tax Reserve Certificates Return of the Zimbabwe Revenue Authority set out on pages 5 to 6 for the year ended December 31, 2021. The return reflects Tax Reserves as at December 31, 2021.

In my opinion, the Tax Reserve Certificates Return presents fairly, in all material respects, the Tax Reserves for the year ended December 31, 2021.

**Basis for Opinion**

I conducted my audit in accordance with International Standards on Auditing (ISAs) and International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Tax Reserve Certificates Return section of my report. I am independent of the Authority in accordance with the ethical requirements that are relevant to my audit of the Tax Reserve Certificates Return, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.



**ZIMBABWE REVENUE AUTHORITY**  
**AUDIT REPORT IN RESPECT OF THE TAX RESERVE CERTIFICATES RETURN**  
for the year ended December 31, 2021

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**Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the Zimbabwe Revenue Authority's Tax Reserve Certificates Return for the year ended December 31, 2021. I have determined that there are no key audit matters to communicate in my report.

**Other Information**

The directors are responsible for the Other Information. The Other Information comprises all the information in the Zimbabwe Revenue Authority's 2021 annual report other than the revenue returns and my auditor's report thereon ("the Other Information").

My opinion on the Authority's Tax Reserve Certificates Return does not cover the Other Information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the Authority's Tax Reserve Certificates Return, my responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the Authority's Tax Reserve Certificates Return or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Tax Reserve Certificates Return**

The Authority's Management are responsible for the preparation of this Return in a manner required by the Revenue Authority Act [Chapter 23:11] and the Public Finance Management Act [Chapter 22:19]. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Tax Reserve Certificates Return that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. Those charged with governance are responsible for overseeing the Authority's financial reporting process.



## ZIMBABWE REVENUE AUTHORITY

### AUDIT REPORT IN RESPECT OF THE TAX RESERVE CERTIFICATES RETURN

for the year ended December 31, 2021

---

#### **Auditor's Responsibilities for the Audit of the Tax Reserve Certificates Return**

The objectives of my audit are to obtain reasonable assurance about whether the tax reserve certificates return as a whole is free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but it's not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this return.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. I also:

- Identify and assess the risks of material misstatement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the Tax Reserve Certificates Return, including the disclosures, and whether the Tax Reserve Certificates Return represent the underlying transactions and events in a manner that achieves fair presentation.

I am required to communicate with directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during my audit. I am also required to provide directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with directors, I determine those matters that were of most significance in the audit of the Tax Reserve Certificates Return of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**ZIMBABWE REVENUE AUTHORITY**

**AUDIT REPORT IN RESPECT OF THE TAX RESERVE CERTIFICATES RETURN**

for the year ended December 31, 2021

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**Report on Other Legal and Regulatory Requirements**

In my opinion, the Tax Reserve Certificates Return has, in all material respects, been prepared in compliance with the disclosure requirements of the Revenue Authority Act [Chapter 23:11], Tax Reserve Certificates Act [Chapter 23:10], Public Finance Management Act [Chapter 22:19], and other relevant Statutory Instruments.

June 22, 2022.

M. Chiri  
M. CHIRI,  
AUDITOR – GENERAL.



**ZIMBABWE REVENUE AUTHORITY**

**Tax Reserve Certificates Return**

as at December 31, 2021

REVENUE HEAD	TAX RESERVES	
	31/12/2021 ZWL\$	31/12/2020 ZWL\$
Value of certificates not converted	-	-
Add sales from January to December	-	-
Less conversions from January to December	-	-
Balance at year end	-	-
Total	-	-

JUNE 17, 2022.

  
L. Z Karonga,  
(Acting Director Finance and Administration.)

JUNE 17, 2022.

  
R. Chinamasa,  
(Acting Commissioner General).

JUNE 20, 2022.

  
A.S. Mandiwanza,  
(Board Chairman).



**ZIMBABWE REVENUE AUTHORITY**  
**NOTES TO THE TAX RESERVE CERTIFICATES RETURN**  
for the year ended December 31, 2021

---

**1. MANDATE OF ZIMBABWE REVENUE AUTHORITY**

The Zimbabwe Revenue Authority (ZIMRA) started operations on September 1, 2001 and is constituted in terms of the Revenue Authority Act [Chapter 23:11] of 1999. Its core business is the collection of revenue for the Government of Zimbabwe, administration of tax laws and the facilitation of trade and economic development in the region and beyond.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

The Tax Reserve Certificates Return for the year ended December 31, 2021, has been prepared in accordance with the Revenue Authority Act [Chapter 23:11], Tax Reserve Certificates Act [Chapter 23:10] and Public Finance Management Act [Chapter 22:19].

**2.2. Basis of measurement**

The Tax Reserve Certificate Return was prepared based on the statutory records that are maintained under the historical cost basis.

**2.3. Reporting currency**

This return is presented in the RTGS Dollar (ZWL) which is the reporting currency. Foreign currency collections are converted to Zimbabwe RTGS dollar (ZWL) as at transaction date, using the applicable Reserve Bank of Zimbabwe Auction rate.

**3. ACCOUNTING POLICIES**

The Tax Reserve Certificate Return was prepared based upon accounting policies which have been consistently applied from the preceding years.

**3.1. Taxes revenue**

All tax revenue collected by the Zimbabwe Revenue Authority is accounted for on a cash basis as receipted.

**3.2. Tax Reserves**

Tax reserves are amounts which have been prepaid by clients in relation to tax reserves granted by the Commissioner General and are paid into the Consolidated Revenue Fund.



**All communication should be addressed to:**

**The Auditor-General**

**P. O. Box CY 143, Causeway, Harare**

**Telephone 263-04-793611/3/4, 762817/8/20-23**

**Telegrams: AUDITOR**

**Fax: 706070**

**E-mail: [ocag@auditgen.gov.zw](mailto:ocag@auditgen.gov.zw)**

**Website: [www.auditgen.gov.zw](http://www.auditgen.gov.zw)**



**OFFICE OF THE AUDITOR-GENERAL**

**5th Floor, Burroughs House,**

**48 George Silundika Avenue,**

**Harare**

**Ref: SB2**

## **REPORT OF THE AUDITOR-GENERAL**

**TO**

**THE MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT**

**AND**

**THE BOARD OF DIRECTORS**

**IN RESPECT OF THE OUTSTANDING REVENUE RETURN**

**OF THE ZIMBABWE REVENUE AUTHORITY**

**FOR THE YEAR ENDED DECEMBER 31, 2021.**

### **Report on the Outstanding Revenue Return**

#### **Qualified Opinion**

I have audited the Outstanding Revenue of the Zimbabwe Revenue Authority set out on pages 5 to 8 for the year ended December 31, 2021. The return reflects assessed Outstanding Revenue as at December 31, 2021.

In my Opinion, except for the effects of matters described in the basis of Qualified Opinion section of my report, the accompanying Outstanding Revenue Return presents fairly, in all material respects, the Outstanding Revenue during the period ended December 31, 2021.

#### **Basis of Qualified Opinion**

##### **i. Unclassified Deposits**

Included in the revenue is \$ 1.6Billion (0.7billion 2020) deposited by clients but not received and allocated to any tax head by end of December 2021. The Authority attribute the anomaly to insufficient payee details for online banking payments. The outstanding revenue return was not adjusted for these payments. Some clients then continue to accumulate penalties and interest for outstanding amounts.



## ZIMBABWE REVENUE AUTHORITY

### AUDIT REPORT IN RESPECT OF THE OUTSTANDING REVENUE RETURN

for the year ended December 31, 2021

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#### ii. E-Service Platform

The E-service platform was not performing as expected since 2016. It was experiencing congestion challenges during peak periods of returns submission. For instance, between 1 January to 15 March 2021, the system could not handle and process all the 364 011 returns. Although the Authority had put alternative means of submitting returns through receiving returns via emails and then capture them manually into the system, the clients' accounts were in credit of over 500% as a result of the returns that were not yet captured as at December 31, 2021. As a result, some business partners with outstanding returns were not charged civil penalties on all outstanding returns. I could not establish the extent of the misstatement

#### iii. Temporary Import Permits

Temporary Import Permits that were issued to vehicles that were entering the country temporarily and that were expected to be acquitted before they expire were 45 700 as at December 31, 2021, (2020: 34 008). These electronic and manual Temporary Importers Permits had not been acquitted despite the fact that they had expired. Some of the entries date back to the year 2013. Some of the vehicles may have been localised as they are long outstanding compromising potential duty payable.

#### iv. VAT Refunds

During the year ended December 2020, there were VAT Refunds which were fraudulently processed. The process to quantify the extent of fraud was not yet finalised, hence the outstanding return was not adjusted.

#### Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the Zimbabwe Revenue Authority's Outstanding Revenue Return for the year ended December 31, 2021. I have determined that there are no other matters other than described in the basis for qualified audit opinion above.

#### Other Information in the Annual Report

The directors are responsible for the Other Information. The Other Information comprises all the information in the Zimbabwe Revenue Authority's 2021 annual report other than the Outstanding Revenue return and my auditor's report thereon ("the Other Information").

My opinion on the Authority's Outstanding Revenue does not cover the Other Information and I do not express any form of assurance or conclusion thereon.



## ZIMBABWE REVENUE AUTHORITY

### AUDIT REPORT IN RESPECT OF THE OUTSTANDING REVENUE RETURN

for the year ended December 31, 2021

---

In connection with my audit of the Authority's Outstanding Revenue Return, my responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the Authority's Outstanding Revenue Return or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.

#### **Responsibilities of Management and Those Charged with Governance for the Outstanding Revenue Return**

The Authority's Management are responsible for the preparation of this Return in a manner required by the Revenue Authority Act [*Chapter 23:11*] and the Public Finance Management Act [*Chapter 22:19*]. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Outstanding Revenue Return that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Outstanding Revenue Return**

The objectives of my audit is to obtain reasonable assurance about whether the Outstanding Revenue return as a whole is free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but it's not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this return.

As part of an audit in accordance with ISAs, I am required to exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. I also:

- Identify and assess the risks of material misstatement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



## ZIMBABWE REVENUE AUTHORITY

### AUDIT REPORT IN RESPECT OF THE OUTSTANDING REVENUE RETURN

for the year ended December 31, 2021

- 
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Evaluate the overall presentation, structure and content of the Outstanding Revenue Return, including the disclosures, and whether the Outstanding Revenue Return represent the underlying transactions and events in a manner that achieves fair presentation.


I communicate with directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit. I provide directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with directors, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

In my opinion, the Outstanding Revenue Return has, in all material respects, been prepared in compliance with the disclosure requirements of the Revenue Authority Act [*Chapter 23:11*], Public Finance Management Act [*Chapter 22:19*], and other Relevant Statutory Instruments.

June 22, 2022.

  
\_\_\_\_\_  
M. CHIRI,  
AUDITOR – GENERAL.

ZIMBABWE REVENUE AUTHORITY

Outstanding Revenue Return

as at December 31, 2021

REVENUE HEAD	Note	OUTSTANDING AMOUNT	
		31/12/2021 ZWLS	31/12/2020 ZWLS
ATM Levy		268 029	237 360
Capital gains tax (CGT)		262 462 173	126 594 245
Capital gains withholding tax		8 897 449	9 674 466
Carbon tax		-	1 675 469
Customs duty		12 817 583 540	359 202 984
Excise duty		1 658 192 444	11 309 103
Non - executive directors fees		24 553 740	5 471 034
Non - residence shareholder tax		45 945 064	14 312 566
Non - residence tax on fees		484 154 349	38 578 427
Non - resident tax on Interest		638 785	5 505
Non - resident tax on remittance		81 606 642	3 313 772
Non - resident tax on royalties		10 559 275	326 054
Special excise		54,333.00	-
Resident shareholders tax		62 435 124	4 570 481
Resident tax on interest		21 976 982	36 901 477
Income tax companies		4 338 437 354	1 610 495 729
Intermediate money transfer tax		49 247 931	703 205 032
Clearance fees		4 020	1 320
Other		20 579 368	14 824 256
Demutualisation levy		-	90
Pay as you earn (PAYE)		5 623 414 723	2 554 159 964
Penalty		1 691 509 062	13 723 213
Presumptive tax		42 619 111	11 153 940
Royalties on minerals		58 918 815	59 241 179
Stamp duties		5 588 242	21 896 089
State warehouse rent		13 465 065	2 913 552
Surtax		207 975 809	20 413 561
Pension directives		3 805 682	9 441 193
Tobacco levy		170 067 008	21 198 865
VAT		4 024 828 977	2 710 427 361
VAT withholding tax		29 111 478	21 579 180
Vat on imports services		6 825 153	26 019 283
VAT on imports		741 410 608	92 031 284
Withholding tax on tenders		750 531 471	163 638 571
Withholding tax non resident Tax		395 668	304,835.27
<b>TOTAL</b>	<b>4.3</b>	<b>33 258 063 473</b>	<b>8 668 841 437</b>

JUNE 17, 2022.

  
L.Z Karonga,  
(Acting Director Finance and Administration, ACIS).

JUNE 17, 2022.

  
R. Chinamasa,  
(Acting Commissioner General).

JUNE 20, 2022.

  
A. Mandiwanza  
(Board Chairman).



**ZIMBABWE REVENUE AUTHORITY**  
**NOTES TO THE OUTSTANDING REVENUE RETURN**

for the year ended December 31, 2021

---

**1. MANDATE OF ZIMBABWE REVENUE AUTHORITY**

The Zimbabwe Revenue Authority (ZIMRA) started to operate as an Authority on September 1, 2001 from the former Department of Taxes and is constituted in terms of the Revenue Authority Act [Chapter 23:11] of 1999. Its core business is the collection of revenue for the Government of Zimbabwe, administration of tax laws and the facilitation of trade and economic development in the region and beyond.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

The Outstanding Revenue Return for the year ended December 31, 2021, has been prepared in accordance with the Revenue Authority Act [Chapter 23:11] and the Public Finance Management Act [Chapter 22:19].

**2.2. Basis of measurement**

The Outstanding Revenue Return was prepared based on historical records of assessed tax and tax audits.

**2.3. Reporting currency**

This return is presented in the RTGS Dollar (ZWL) which is the reporting currency. All the financial information presented has been rounded to the nearest dollar. Foreign currency collections were converted to Zimbabwe as at transaction date, using the interbank rate.

**3. ACCOUNTING POLICIES**

The Outstanding Revenue Return was prepared based upon accounting policies which have been consistently applied and which are supported by the reasonable judgments of estimates.

**3.1. Taxes revenue**

All tax revenue collected by the Zimbabwe Revenue Authority is paid direct into the Exchequer account except otherwise stated.

**3.2. Domestic taxes outstanding revenue**

Domestic taxes outstanding revenue is calculated based on the due dates for the various tax heads. This outstanding revenue excludes revenue that may subsequently be established through tax audit assessments.

**3.3. Customs and excise outstanding revenue**

Customs and excise outstanding revenue is calculated based on customs duty on cleared bills of entry and excludes bills of entry for Removal in Transit (RITs) and any duty from Temporary Import Permits (TIPs) which may not be liable for duty.

# ZIMBABWE REVENUE AUTHORITY

## NOTES TO THE OUTSTANDING REVENUE RETURN

for the year ended December 31, 2021

### 4. RECONCILIATION OF OUTSTANDING REVENUE

#### 4.1 Domestic Taxes outstanding revenue

	December 31, 2021 (ZWL)	December 31, 2020 ZWL
Opening debt balance at January 01	8 147 712 962	4 628 794 878
Less: Receipts for amounts owing (collections)	(2 983 821 762)	(3 170 440 220)
Subtotal old debt as at December 31	<b>5 213 891 200</b>	<b>1 458 354 658</b>
Add: Assessments for current year	11 054 004 545	6 689 358 304
Less: Receipts for assessments raised in current year	(-)	(-)
Closing debt balance at December 31	<b>16 267 895 745</b>	<b>8 147 712 962</b>

#### 4.2 Customs and Excise outstanding revenue

	December 31, 2021 (ZWL)	December 31, 2020 ZWL
Opening debt balance at January 01	521 128 475	162 395 222
Less: Receipts for amounts owing (collections)	(419 302 848)	(16 945 684)
Subtotal old debt as at December 31	<b>102 000 000</b>	<b>145 449 538</b>
Add: Assessments for current year	16 888 167 728	397 927 369
Less: Receipts for assessments raised in current year	(-)	(31 248 432)
Closing debt balance at December 31	<b>16 990 167 728</b>	<b>521 128 475</b>

#### 4.3 DEBT GRAND TOTAL

	December 31, 2021 (ZWL)	December 31, 2020 ZWL
Domestic tax debt (note 4.1)	16 267 895 745	8 147 712 962
Customs debt (note 4.2)	16 990 167 728	521 128 475
Grand total	<b>33 258 063 473</b>	<b>8 668 841 437</b>

#### 4.4 Removal in Transit (RIT) not yet acquitted

	December 31, 2021 ZWL	December 31, 2020 ZWL
Total Removal in Transit (RITs) not acquitted	<b>121 304 801</b>	<b>140 222 566</b>

The total Removal In Transit not yet acquitted as at December 31, 2021 amounted to ZWL 121 304 801 in USD it amounted to USD\$ 1 116 308.70 using an exchange rate of 108.666 as at December 31, 2021.



**ZIMBABWE REVENUE AUTHORITY**  
**NOTES TO THE OUTSTANDING REVENUE RETURN**

for the year ended December 31, 2021

**4.5 Other Debtors**

	December 31, 2021 ZWL	December 31, 2020 ZWL
Opening balance	9 315 125	9 315 125
<b>Additions Debtors</b>	<b>11 264 243</b>	-
Closing balance	<b>20 579 368</b>	<b>9 315 125</b>

**4.6 Amounts held by entities under liquidation and judicial management**

INTERFIN	1 709 391
METBANK	4 899 050
TETRAD	1 849 796
<b>GRAND TOTAL</b>	<b>8 458 237</b>

**5 COVID 19 pandemic**

The COVID 19 pandemic continued to affect business operations during the course of 2021 and lockdown restrictions throughout the year. The Authority which is classified as essential service was operating with skeleton staff in office and the rest of members of staff were working from home using the online platforms. From September 2021, the government further relaxed lockdown restrictions, allowing retailers, wholesalers and service businesses to operate for extended hours as it sought to effect a balancing act between containing the spread of the COVID 19 and reviving the economy up to the end of year. However, the Authority continued to manage the pandemic through the Covid Mitigation Committee (CMC) and also providing the necessary PPEs to staff members.



**All communication should be addressed to:**  
**The Auditor-General**  
**P. O. Box CY 143, Causeway, Harare**  
**Telephone 263-04-793611/3/4, 762817/8/20-23**  
**Telegrams: AUDITOR**  
**Fax: 706070**  
**E-mail: ocag@auditgen.gov.zw**  
**Website: www.@auditgen.gov.zw**



**OFFICE OF THE AUDITOR-GENERAL**  
**5th Floor, Burroughs House,**  
**48 George Silundika Avenue,**  
**Harare**

Ref: **SB2**

**REPORT OF THE AUDITOR-GENERAL**  
**TO**  
**THE MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT**  
**AND**  
**THE BOARD OF DIRECTORS**  
**IN RESPECT OF THE REVENUE WRITTEN OFF RETURN**  
**OF THE ZIMBABWE REVENUE AUTHORITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Report on the Audit of Revenue Written Off Return**

**Opinion**

I have audited the Revenue Written Off Return of the Zimbabwe Revenue Authority set out on page 5 to 7 for the year ended December 31, 2021. The return reflects Revenue written off as at December 31, 2021.

In my opinion, the Revenue Written Off Return presents fairly, in all material respects, the revenue written off for the year ended December 31, 2021.

**Basis for Opinion**

I conducted my audit in accordance with International Standards on Auditing (ISAs) and International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Revenue Written Off Return section of my report. I am independent of the Authority in accordance with the ethical requirements that are relevant to my audit of the Revenue Written Off Return, and I have fulfilled my other ethical responsibilities in accordance with these requirements.



## ZIMBABWE REVENUE AUTHORITY

### AUDIT REPORT IN RESPECT OF THE REVENUE WRITTEN OFF RETURN

for the year ended December 31, 2021

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I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the Zimbabwe Revenue Authority's Revenue Written Off Return for the year ended December 31, 2021. I have determined that there are no key audit matters to communicate in my report.

#### **Other Information**

The directors are responsible for the Other Information. The Other Information comprises all the information in the Zimbabwe Revenue Authority's 2021 annual report other than the revenue returns and my auditor's report thereon ("the Other Information").

My opinion on the Authority's Revenue Written Off Return does not cover the Other Information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the Authority's Revenue Written Off Return, my responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the Authority's Revenue Written Off Return or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.

#### **Responsibilities of Management and Those Charged with Governance for the Revenue Written Off Return**

The Authority's Management are responsible for the preparation of this Return in a manner required by the Revenue Authority Act [Chapter 23:11] and the Public Finance Management Act [Chapter 22:19]. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Revenue Written Off Return that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.



## ZIMBABWE REVENUE AUTHORITY

### AUDIT REPORT IN RESPECT OF THE REVENUE WRITTEN OFF RETURN

for the year ended December 31, 2021

---

#### **Auditor's Responsibilities for the Audit of the Revenue Written Off Return**

The objectives of my audit are to obtain reasonable assurance about whether the Revenue Written Off Return as a whole is free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but it's not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this return.

As part of an audit in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. I also:

- Identify and assess the risks of material misstatement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the Revenue Written Off Return, including the disclosures, and whether the Revenue Written Off Return represent the underlying transactions and events in a manner that achieves fair presentation.

I am required to communicate with directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during my audit. I am also required to provide directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



**ZIMBABWE REVENUE AUTHORITY**

**AUDIT REPORT IN RESPECT OF THE REVENUE WRITTEN OFF RETURN**

for the year ended December 31, 2021

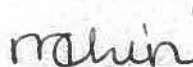
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From the matters communicated with directors, I determine those matters that were of most significance in the audit of this Return of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

In my opinion, the Revenue Written Off Return has, in all material respects, been prepared in compliance with the disclosure requirements of the Revenue Authority Act [Chapter 23:11], Public Finance Management Act [Chapter 22:19], and other relevant Statutory Instruments.

June 22, 2022.

  
\_\_\_\_\_  
**M. CHIRI,**  
**AUDITOR – GENERAL.**

**ZIMBABWE REVENUE AUTHORITY**


**Revenue Written Off Return**

for the year ended December 31, 2021

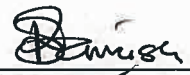
**REVENUE HEAD**

	31/12/2021 ZWL\$	31/12/2020 ZWL\$
<b>Irrecoverable amounts approved for write off</b>		
Domestic Taxes revenue heads	-	12 496 414
Customs and Excise revenue heads	-	-
Other revenue related write offs	-	-
<b>Total</b>	-	<b>12 496 414</b>


JUNE 17, 2022.

  
L. Z. Karonga,  
(Acting Director Finance and  
Administration.)

JUNE 17, 2022.

  
R. Chinamasa,  
(Acting Commissioner  
General).

JUNE 20, 2022.

  
A.S. Mandiwanza,  
(Board Chairman).

**ZIMBABWE REVENUE AUTHORITY**  
**NOTES TO THE REVENUE WRITTEN OFF RETURN**

for the year ended December 31, 2021

---

**1. MANDATE OF ZIMBABWE REVENUE AUTHORITY**

The Zimbabwe Revenue Authority (ZIMRA) started to operate as an Authority on September 1, 2001 from the former Department of Taxes and is constituted in terms of the Revenue Authority Act [Chapter 23:11] of 1999. Its core business is the collection of revenue for the Government of Zimbabwe, administration of tax laws and the facilitation of trade and economic development in the region and beyond.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

The Revenue Written Off Return for the year ended December 31, 2021, has been prepared in accordance with the Revenue Authority Act [Chapter 23:11] and the Public Finance Management Act [Chapter 22:19].

**2.2. Basis of measurement**

The Revenue Written off Return was prepared based on historical records of assessed tax and audit of tax returns.

**2.3. Reporting currency**

This return is presented in the RTGS Dollar (ZWL) which is the reporting currency. All the financial information presented has been rounded to the nearest dollar. Foreign currency collections were converted to Zimbabwe as at transaction date, using the applicable Reserve Bank of Zimbabwe Auction rate.

**3. ACCOUNTING POLICIES**

The revenue written off Return was prepared based upon accounting policies which have been consistently applied and which are supported by the reasonable judgments of estimates.

**3.1. Taxes revenue**

All tax revenue collected by the Zimbabwe Revenue Authority is paid direct into the Exchequer account except otherwise stated.



## ZIMBABWE REVENUE AUTHORITY

### NOTES TO THE REVENUE WRITTEN OFF RETURN

for the year ended December 31, 2021

---

#### 3.2. Revenue written off

The revenue which could not be collected is written off after exhausting all collection means and authority to write off is granted by Ministry of Finance.

# Values and Obligations to Clients

<b>Integrity</b>	<ul style="list-style-type: none"> <li>• We strive to maintain the highest standards of personal and professional integrity.</li> <li>• We can be trusted with confidential and sensitive information.</li> <li>• We endeavour to have a workplace that is free of prejudice and has equal opportunities for all.</li> <li>• We take responsibility for honouring our commitments and obligations.</li> </ul>
<b>Transparency</b>	<ul style="list-style-type: none"> <li>• We respect each other; are open, trust one another and build on our differences.</li> <li>• We strive to communicate effectively, transparently and accurately at all times.</li> </ul>
<b>Fairness</b>	<ul style="list-style-type: none"> <li>• Our aim is to be consistent, fair, honest and ethical in our dealings with our stakeholders.</li> <li>• We apply the agreed policies in our organization equally to all without prejudice</li> </ul>
<b>Commitment</b>	<ul style="list-style-type: none"> <li>• Our dedication to quality and timely service to clients</li> <li>• We are focused on adding value to clients</li> <li>• Team work and identity with Organisational goals and objectives</li> </ul>
<b>Innovativeness</b>	<ul style="list-style-type: none"> <li>• We are a learning organization that embraces change and modern technology</li> <li>• We continuously seek new ways of improvement</li> <li>• We engage in and support new ideas, novelty, experimentation and creative processes</li> </ul>

## Service Delivery

- We commit ourselves to meeting the following minimum standards in our service delivery. We answer the telephone promptly and courteously.
- Acknowledge all correspondence within 48 hours and respond in 14 working days.
- All objections will be determined and the decision communicated to clients within 60 days from the date of receipt of the letter of objection.
- All members of the public who call at our inland offices will be attended to within 15 minutes of arrival.
- Upon meeting requirements for VAT or PAYE, clients will be registered within one working day.
- Upon meeting requirements for Customs, commercial consignments will be cleared within three working hours from the submission of correct and complete documentation unless selected for physical examination.
- Income Tax assessments will be issued within three months from the date the correct return is submitted.
- All passengers on a flight will be cleared within two hours.
- A busload with bona-fide travelers will be cleared within an hour.
- Physical examination of road, air and containerised cargo will be done within 48 hours.

## ZIMRA’s Obligations to Clients

- We are accountable to the nation of Zimbabwe.
- We shall conduct our business within the confines of the Law.
- We do not tolerate smuggling, tax evasion, corruption, favouritism and discrimination.
- We are here to serve you and we are open to your suggestions, criticisms and advice.
- We shall carry out our duties professionally, diligently and courteously.
- We shall clearly explain the procedure and your rights should you be required to undergo a physical search.
- We promise to handle your information with strict confidence and to maintain your privacy.

















