2015

ZAMBIA
REVENUE
AUTHORITY

Working
To Serve You
Efficiently

Annual Report

ZAMBIA REVENUE AUTHORITY
Working To Serve You Efficiently

Letter of Transmittal

CHAIRMAN OF THE ZAMBIA REVENUE AUTHORITY GOVERNING BOARD

18th May, 2016

Honourable Alexander B. Chikwanda, MP
Minister of Finance
Ministry of Finance
P. O. Box 50062
LUSAKA

Honourable Minister,

I have the honour of presenting to you, on behalf of the Governing Board, the 21st Annual Report of the Zambia Revenue Authority, covering the Financial Year 1st January 2015 to 31st December 2015.

This report has been prepared in accordance with the requirements of the Zambia Revenue Authority Act, Chapter 321 of the Laws of Zambia.
Yours faithfully,

Mwila Lumbwe
Chairman of the Governing Board

Vision

“To be a world class organisation recognised as a beacon of excellence in revenue administration.”

Mission Statement

“To optimise and sustain revenue collection through integrated, efficient, cost effective and transparent systems professionally managed to meet the expectations of all stakeholders.”

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Acronyms

ACC	Anti-Corruption Commission
ASYCUDA	Automated System for Customs Data
BMS	Block Management Strategy
BCP	Business Continuity Plan
CIP	Customs Import Permit
COMESA	Common Market for Eastern and Southern Africa
CPC	Central Processing Centres
CSO	Central Statistical Office
CSR	Corporate Social Responsibility
DEC	Drug Enforcement Commission
DFID	Department for International Development (UK)
ECTS	Electronic Cargo Tracking System
ERM	Enterprise Risk Management
ERMS	Electronic Records Management System
FDI	Foreign Direct Investment
FISIM	Financial Intermediation Services Indirectly Measured
FMIS	Financial Management Information System
GDP	Gross Domestic Product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
ICF	Investment Climate Facility
ICT	Information and Communication Technology
IGC	International Growth Centre
IMF	International Monetary Fund
ITAS	Integrated Tax Administration System
ISIC	International Standards of Industrial Classification
LTO	Large Taxpayer Office
MCU	Mobile Compliance Unit
MoF	Ministry of Finance
MVCMP	Mineral Value Chain Monitoring Project
NTA	Norwegian Tax Administration
OECD	Organisation for Economic Cooperation and Development
OSBP	One-Stop Border Post
PACRA	Patents and Companies Registration Agency
PEE	Prevention, Education and Enforcement
PFMRP	Public Financial Management Reform Programme
PMDC	Performance Management and Development Contract
SADC	Southern African Development Community
SAP	Systems Applications Products
SME	Small and Medium Enterprises
SMTO	Small and Medium Taxpayer Office
TADAT	Tax Administration Diagnostic Assessment Tool
UNCTAD	United Nations Conference on Trade and Development
VSAT	Very Small Aperture Terminal
VSS	Voluntary Support Scheme
WCO	World Customs Organisation
WTO	World Trade Organisation
ZRA	Zambia Revenue Authority
ZRAIC	Zambia Revenue Authority Integrity Committee

Corporate Profile

The Zambia Revenue Authority (ZRA) was established on 1st April 1994 as a corporate body, under the Zambia Revenue Authority Act, Chapter 321 of the Laws of Zambia enacted in 1993. Pursuant to this Act, ZRA is charged with the responsibility of collecting revenue on behalf of the Government of the Republic of Zambia under the supervision of the Minister of Finance.

The operations of ZRA are overseen by the Governing Board which, as provided for in the Act, comprises: the Secretary to the Treasury; the Permanent Secretary-Ministry of Justice; the Governor of the Bank of Zambia; representatives from: the Law Association of Zambia; the Zambia Association of Chambers of Commerce and Industry; the Bankers' Association of Zambia; the Zambia Institute of Chartered Accountants; and two other members appointed by the Minister of Finance. The members of the Board elect the Chairman and the Vice-Chairman from amongst themselves.

The Chief Executive Officer of ZRA is the Commissioner General who is appointed by the President of the Republic of Zambia.

Responsibilities

The main responsibilities of ZRA are to:

- properly assess and collect the following taxes, duties, levies and fees at the right time:
    - Income Taxes;
    - Value Added Tax;
    - Excise Duties;
    - Customs and Export Duties;
    - Mineral Royalty;
    - Property Transfer Tax;
    - Motor Vehicle Fee;
    - Carbon Emissions Surtax; and
    - Insurance Premium Levy.
- ensure that all monies collected are properly accounted for and banked;
- properly enforce all relevant legislation and administrative provisions;
- provide revenue and trade statistics to the Government;
- give advice on Tax Policy to Government; and
- facilitate international trade.

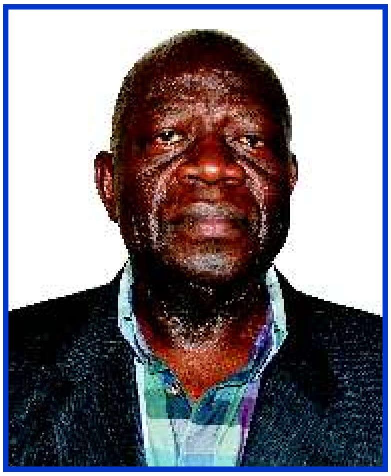
Following the enactment of the Tourism and Hospitality Act No.14 of 2015, which, among other things, introduced a Tourism Levy, the Ministry of Tourism and Arts approached ZRA on the possibility of it administering the Levy on behalf of the Ministry. As at the end of 2015, discussions on modalities of administering the Levy were still being worked out.

Stakeholders

The stakeholders in the operations of ZRA include:

- the people of Zambia;
- the taxpayers;
- the Government of the Republic of Zambia;
- the Zambian business community and those groups which represent their interests, together with their professional advisors;
- banks and other financial institutions;
- members of Common Market for Eastern and Southern Africa (COMESA), Southern African Development Community (SADC), World Trade Organisation (WTO) and other countries transacting business with Zambia or transiting goods through Zambia;
- tourists, travellers and traders crossing Zambia's borders;
- the donor community and multilateral agencies, e.g. the International Monetary Fund (IMF), World Bank, the European Union (EU), and the Department for International Development (DFID);
- the Governing Board, Management and Staff of ZRA;
- the media in general; and
- Non-Governmental Organisations and other interest groups;

Governing Board



Mr. Mwila Lumbwe
Chairman

Mrs. Tandiwe D. Oteng
Member

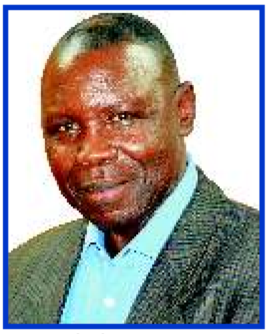
Mr. Wesley M. Beene
Vice Chairperson

Mr. Fredson K. Yamba
Member

Mr. Kelvin Musana
Member

Dr. Denny Kalyalya
Member

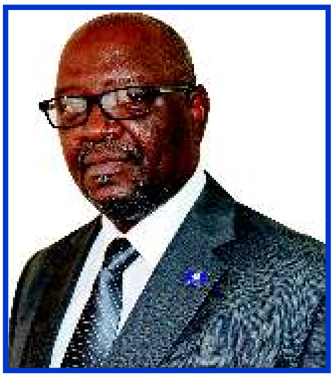
Ms. Exhildah Lumbwe
Member



Mr. Charles L. Mutemwa
Member

Mr. Enias Chulu
Member

Senior Management Members



Mr. Berlin Msiska
Commissioner General

Ms. Nana M. Mudenda
Commissioner Corporate & Board Secretary

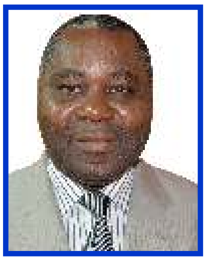
Mr. Dingani C. Banda
Commissioner - Customs Services

Mrs. Priscilla C. Banda
Commissioner Domestic Taxes

Mrs. Brigitte N. Muyenga
Commissioner Finance

Mr. Ezekiel Phiri
Director Research & Planning

Mr. Moses Shuko
Director Investigations



Mr. Yakomba Yavwa
Director Information Technology

Mr. David Ndumba
Director Human Resource

Mr. Kwibisa Siyunyi
Director Internal Audit

Mr. Callistus Kaoma
Director Administration

Mrs. Diana Bunting Goramota
Legal Counsel

Mr. Andrew Kazilimani
Director Project Management

Mr. Timothy Milambo
Director Finance

Ms. Nkanga Shimwandwe
Deputy Commissioner Operations

Mr. Reuben Kunda
Deputy Commissioner HQ

Mr. Benjamin Simpungwe
Director Treasury Management

Mr. Peter Phiri
Director Large Taxpayer Office

Mr. Joseph Nonde
Director Design & Monitoring

Mr. Chansa Shambuluma
Director Small & Medium Taxpayer Office

Chairman's Statement

I am pleased to present to you the 21st Annual Report of the Zambia Revenue Authority (ZRA) for the financial year ended 31st December 2015. The report briefly discusses the country's economic performance and provides an overview of the performance and operations of ZRA during the period under review.

Major Economic Developments Affecting Revenue Performance

Revenue collection in the year under review continued to be affected by both domestic and external factors.

The global economy in the year under review remained sluggish, with output growing at an estimated 3.1 percent in 2015 compared to 3.4 percent in 2014. The slowdown in the Euro-zone and in the Chinese economy presented a major impediment to growth prospects for commodity dependent economies such as ours, due to a significant decline in commodity prices. Copper prices averaged US$5,500.5 per metric tonne in 2015 compared to an average of US$6,858.7 per metric tonne in 2014. The price of crude oil also declined to an average of US$52.2 per barrel in 2015 from an average of US$96.5 per barrel in 2014.

On the domestic front, Zambia's real Gross Domestic Product (GDP) grew by 3.2 percent in 2015 compared to a real GDP growth of 5.0 percent recorded in 2014. The decline in real GDP growth was mainly attributed to lower growth in the Agriculture, Forestry and Fishing; Education; and Electricity, gas, steam and air conditioning supply sectors which declined in real terms by 15.6 percentage points, 10.5 percentage points and 9.8 percentage points, respectively, from the 2014 levels.

The average annual inflation rate for 2015 was recorded at 10.0 percent and was higher than the 7.8 percent recorded in 2014. The rise in inflation rate was influenced by increases in prices of both food and non-food items and was further worsened by the sustained depreciation of the Kwacha exchange rate against major trading currencies.

With regard to the exchange rate, the reduced dollar inflows due to lower copper prices and reduced copper production resulted in a sharp depreciation in the exchange rate of the Kwacha against the US Dollar to an average of K8.63 per US$ compared to an average of K6.15 per US$ in 2014. This depreciation of the Kwacha against major convertible currencies lowered the import volumes which in turn affected trade taxes negatively.

Policy changes surrounding the taxation of the mining sector, prompted by the desire to keep the mines afloat and preserve employment amid falling commodity prices, also affected revenue collection, especially Mineral Royalty and Corporate Income Tax.

Another important factor that affected the economy in general and revenue collection in particular was the electricity power deficit that heightened in 2015. This deficit resulted in reduced productivity across most sectors of our economy which affected tax revenue collection especially Value Added Tax (VAT) and Corporate Income Tax.

Revenue Performance in 2015

The revenue performance of ZRA during the year under review was satisfactory notwithstanding the challenges attributed to global and domestic economic shocks. The revenue collection of K29, 954.2 million was however, K1, 358.8 million or 4.3 percent below the Parliament target of K31,313.0 million. In terms of revenue to GDP ratio, preliminary figures show that the ratio decreased in 2015 to 16.3 percent from 16.6 percent in 2014. This decline was largely explained by the slump in the price of copper on the international market and the decreased supply of electricity which had a negative impact on economic activity in the country. The fall in the price of copper led to a downward revision of the 2015 mining tax regime mid-way through the year which ultimately resulted in a lower revenue collection for the year.

Given the economic challenges encountered during the year, the Authority remained proactive in its response to these shocks. In this regard, efforts aimed at widening the tax net and acceleration of the Mineral Value Chain Monitoring Project (MVCMP) remained high on the agenda. Furthermore, maximising efficiency gains from the new tax administration systems ensured that the Authority delivered on its corporate objective of optimising revenue collection.

Operations

During the year under review, the Board continued to provide oversight over the operation of the Authority in order to ensure that it delivered on its core mandate and retain public confidence through prudent use of resources and effectiveness of systems, processes and procedures. In view of the impending expiration of the Corporate Strategic Plan for the period 2013- 2015, the Board approved a new Corporate Strategic Plan for 2016-2018 to guide the operations of the Authority for the next three years.

In order to maintain a motivated workforce and as part of our modernisation programme, the Board approved various infrastructure development projects across the country so as to provide a conducive environment for both staff and taxpayers. This included renovations, upgrading and construction of both office and housing accommodation for staff. Furthermore, the Board through its various committees also engaged management to ensure that recommendation therefrom were implemented.

As regards automation of our business processes, the roll-out of Tax*O*nline was completed, while that of ASYCUDAWorld reached an advanced stage. The e-payment solution is now available on both Systems to clients who wish to pay their domestic and import taxes electronically. In the same vain, the Electronic Records Management System which is aimed at automating records management within the Authority also reached an advanced stage during the year.

The Board noted with satisfaction that employee relations climate remained stable during the year. This stability enabled the Authority to fully concentrate on its core mandate of revenue collection. I would like to encourage Management and the Union to continue on this path of dialogue.

General administration

During the year under review, the Governing Board approved the following:

- revised 2013-2015 Corporate Strategic Plan;
- 2016-2018 Corporate Strategic Plan (developed based on the Balanced Score Card methodology);
- Annual Report for the year 2014;
- operational budget for the year 2015;
- 2016 Budget and the Audited Financial Statements of ZRA for 2014;
- revised Information Communication and Technology (ICT) Policy;
- establishment of the Debt Recovery Unit in Finance Division;
- creation of the Tax Appeals Office in the office of the Commissioner General;
- transfer of the management of local excise duty from the Customs Services Division to the Domestic Taxes Division;
- creation of a Forensic Laboratory in the Investigations Department;
- increase of the Staff Establishment from 1, 557 employees to 1, 734 employees;
- integration of the former Zambia (Intellectual Property) Border Crossing Company Staff Establishment into the ZRA structure;
- procurement of two scanners; and
- disposal of obsolete and unserviceable ZRA assets by Public Auction.

The ZRA actual staff number as at 31st December 2015 stood at 1,536 employees compared to 1,439 in 2014, representing an increase of 6.7 percent on account of the increase in the net staff complement of the Domestic Taxes, Customs Services, Corporate Services and Finance Divisions. However, the staff complement in 2015 was still below the approved establishment of 1, 734 employees.

The complexity and diversity of the environment in which ZRA operates requires constant training and re-training of staff in various aspects of tax administration. In this regard, significant resources were committed to capacity building resulting in the successful implementation of training programmes to 1,560 participants in 2015, compared to 2,437 participants in 2014.

As I conclude, I would like to stress that at ZRA we have set for ourselves very high standards consistent with the high expectations that the nation places on us as the lead agency for domestic resource mobilisation to finance national development. It is in this vein, that I thank my fellow Governing Board members for their enthusiasm and proficiency in the exercise of their oversight function. I want to thank management for their exemplary commitment to efficiency and professionalism, and the staff for delivering consistently remarkable performance in the face of considerable challenges.

Finally, I wish to thank the Minister of Finance, Honourable Alexander B. Chikwanda, MP, and his staff for giving me consistent support and encouragement in the execution of my role.

Mwila Lumbwe
Chairman of the ZRA Governing Board

Commissioner General's Report

It is my pleasure to provide a review of the operations of the Zambia Revenue Authority for the 2015 fiscal year and the attendant audited financial statements.

The year 2015 was a tumultuous one with new developments and challenges. It was exciting in respect of the roll- out of our modernisation reforms and challenging in respect of tax revenue collection. The demands on domestic resources continue to outstrip the available revenue and therefore it is important for ZRA to continue evolving into a cost-effective and efficient organisation.

The Authority collected K29, 954.2 million against the Parliament target of K31, 313.0 million thereby registering revenue collection of 95.7 percent of target. The underperformance of mineral royalty, which was largely responsible for the overall deficit, was due to a significant fall in the price of copper which prompted a downward revision to the 2015 mining tax regime at mid-year as the revenues could not come in as initially projected. This led to the revision of the target for 2015 to K29, 193.0 million. Thus, the revenue collection of K29, 954.2 million against this revised target registered a surplus of K761.2.million or 2.6 percent. The tax revenue to GDP ratio stood at 16.3 percent in 2015 compared to 16.6 percent in 2014.

The performance of individual tax types was varied despite the recorded surplus against the revised target. Notably, within the income tax group, underperformances were recorded in company income tax and Pay-As-You-Earn while surpluses were recorded under withholding taxes and mineral royalty against its revised target. With regard to trade taxes and excise duties, only import VAT and export duty on concentrates posted surpluses while all other tax types underperformed. The depreciation of the Kwacha against major trading currencies negatively affected the level of import volumes resulting in less revenue being collected from trade related activities.

The Corporate Strategic Plan (CSP) 2013 - 2015 which guided our operational framework expired at the end of the year. After a thorough review of the performance, the Authority prepared a new Corporate Strategic Plan for 2016-2018. The new Plan which was developed using the Balanced Score Card methodology refocuses the basis of measurement of strategic performance from activity to outcomes.

In the year under review, ZRA implemented 88.4 percent of the planned corporate actions, of which 11.5 percent were fully implemented while 76.9 percent were not fully implemented. The rest of the planned actions were not implemented and thus the critical ones were incorporated into the 2016-2018 Corporate Strategic Plan.

The modernisation reforms that we have been implementing over the years have transformed the way we interact with our taxpayers. Furthermore, on-line connectivity has been provided to Kenneth Kaunda International Airport transit sheds in order to improve clearing efficiency. With the successful connection of the e-payment platform on Tax*O*nline to seven banks, I can confidently say that the roll out of Tax*O*nline has been completed and is now in the support and maintenance phase. As part of our e-solution, high-speed optic fibre link has been installed in various offices around the country.

As I indicated in my last report, the Authority embarked on the construction, upgrade and rehabilitation of its infrastructure across the country in order to improve our work environment. I am glad to report that during the year under review, the construction of four semi-detached staff houses at Kazungula border post, three semi-detached staff houses at Chinsali station, three semi-detached staff houses at Choma office and a further four semi-dettached houses at Mwami border post were successfully completed and handed over to staff. Furthermore, rehabilitation works at our Kapiri Mposhi offices were also successfully completed. Other major on-going works are the construction of a new border facility at Chanida, which is expected to enhance trade once completed, and the construction of a 20-roomed staff hostel and an auditorium at the ZRA Training Centre in Lusaka.

Following the transfer of the management of domestic excise duty from the Customs Services Division to the Domestic Taxes Division, this tax is now being managed on Tax*O*nline. In order to ensure a smooth transition, training and stakeholder engagement sessions were conducted with taxpayers dealing in excisable products.

On the trade and border management front, efforts to improve trade facilitation by modernising trade logistics were enhanced. In this regard, Chembe, Kashiba and Luangwa Border Posts were connected to ASYCUDAWorld bringing the total number of stations automated to 26 as at the end of 2015. In addition two Central Processing Centres (CPCs) at Ndola and Kabwe were rolled out in April and October 2015, respectively, bringing the total number of CPCs to three. To this effect, ten stations namely Chirundu, Kariba, Kasumbalesa, Kitwe, Katima Mulilo, Kenneth Kaunda International Airport, Mpulungu, Livingstone, Victoria Falls and Kazungula were connected to the three CPCs as at the end of the year. Further, a pilot Electronic Cargo Tracking System was implemented in November, 2015. I am also glad to report that operating hours at Chirundu were extended from 06:00 hours - 18:00 hours to 06:00 hours - 22.00 hours with effect from 1st February 2015.

During the year, ZRA relinquished the management of the Kasumbalesa Border facility to the concessionaire, the Zambia (Intellectual Property) Border Crossing Company under the Public-Private Partnership strategy.

As part of Business Continuity Planning (BCP), a number of activities to enhance resilience in case of a disaster were undertaken. These activities included initiatives to test Disaster Recovery capability of the Authority's core operating systems, such as *TaxOnline*, ASYCUDAWorld and SAP. Furthermore, in order to enhance the security of tax records, the implementation of the Electronic Records Management System which aims to automate the storage and management of the Authority's records reached an advanced stage.

Under the Mineral Value Chain Monitoring Project (MVCMP), the United Nations Conference on Trade and Development (UNCTAD) were contracted to develop the mines reporting prototype. The reporting prototype is planned for piloting in early 2016 on selected mining companies. In addition several ICT and Laboratory equipment and services were procured for the monitoring mechanisms and communication links among some relevant implementing agencies. The ZRA further managed to procure the services of a Change Manager to assist with all change management aspects of the Project.

As a commitment to service excellence, ZRA continued to monitor, on a quarterly basis, its service delivery performance against the standards set out in the Taxpayer Charter. Results show that our performance was satisfactory, although more still needs to be done to further improve our performance.

In order to enhance tax compliance, and as part of our change management strategy, taxpayer education engagements were high on our agenda. The aim was to foster a culture of compliance among our taxpayers based on rights and responsibilities as contained in the tax laws. In light of this, ZRA conducted a number of taxpayer education and stakeholder activities and campaigns in the form of radio programmes; workshops and seminars; presentations and mobile clinics.

ZRA will continue to upgrade its business operations and processes in order to improve service delivery to our stakeholders and in return increase revenue collection. The change in the way we do business also requires us to continually train and retrain our staff to enable the Authority optimise the benefits of the modernisation reforms. In this regard, significant resources were spent on capacity building resulting in the successful implementation of training programmes attended by 1,560 participants in 2015. In line with the Government's desire for public officers to exhibit high levels of integrity, ZRA heightened the fight against unethical conduct among its staff through awareness campaigns and workshops and continued to collaborate with relevant stakeholders to ensure that the vice is rooted out.

I want to thank the Minister of Finance and his officials for their financial support amid other competing demands. I also want to acknowledge the valuable financial and technical support our cooperating partners have continued to render to the Authority. This unwavering support to make ZRA a beacon of excellence in revenue collection is indeed beginning to bear fruit. I want to also thank the ZRA Governing Board for their continued support and leadership in directing the affairs of the Authority.

Finally, I would like to thank the ZRA Senior Management and members of staff in general for their continued hard work and dedication to duty. I have no doubt that in the coming year, we will once again rise to the challenge of this noble cause of mobilising resources for the development of our country.

Berlin Msiska
Commissioner General

Values

Our commitment to serving Government, taxpayers, employees and other stakeholders is reflected in our Corporate Values:

Integrity :	exhibiting the highest standards of personal probity and behaviour;
Professionalism:	performing official duties with skill, care and diligence; and providing the public with service and advice in a professional manner;
Fairness :	performing official duties in an impartial manner free of political, personal or other biases;
Equity :	treating all taxpayers, colleagues and members of the public equitably in accordance with the provisions of legislation and procedures in force;
Courtesy :	treating all taxpayers, colleagues and members of the public with courtesy and being sensitive to their rights, duties and aspirations;
Teamwork :	working as a team, not only to reinforce each others' divisional functions, but also at a collegiate level in order to strengthen mutual confidence, respect and trust;
Value for Money:	avoiding wastage and extravagant use of resources;
Confidentiality :	upholding the highest level of secrecy in respect of information that comes to one's knowledge in the course of duty;
Goal orientation:	focusing on the development and achievement of personal and organisational goals in the course of duty;
Innovation :	consistently improving on quality, quantity, timeliness and cost.

Overview of the Authority

Overview of the Authority

The following sections provide an overview of ZRA's Corporate Strategic Plan (CSP), administration and the Taxpayer Charter.

Corporate Strategic Plan 2013-2015

The overall strategic direction for ZRA in 2015 was guided by the Corporate Strategic Plan 2013-2015, which was developed in line with the Government's economic policy aimed at achieving inclusive development and social justice as outlined in the Sixth National Development Plan (SNDP), Vision 2030, Medium Term Expenditure Framework (MTEF), and the Zambia Revenue Authority Act, Chapter 321 of the Laws of Zambia.

The 2013-2015 CSP contains the following four Strategic Objectives to support the ZRA's Vision, Mission and Values:

1. *To optimise revenue collection*. The Authority strived to meet this objective by focusing on meeting the annual revenue target for the review period through continuous refinement of measures aimed at widening the tax net.

2. *To improve operational efficiency and service delivery*. Two key modernisation projects TaxOnline and ASYCUDAWorld were rolled out across all stations in the country. These projects have enhanced operational efficiency in tax administration. Other projects in the pipeline are the Mineral Value Chain Monitoring Project, provision of e-payment solutions and the Electronic Records Management System.

3. *To enhance the professionalism and productivity of the workforce*. A number of staff capacity building activities were conducted translating into an average of about 98 percent of staff meeting or exceeding their performance expectation in 2015.

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4. *To develop and improve infrastructure*. Various building projects ranging from construction of staff houses to upgrading of office buildings, which included the completion of the ultra-modern Nakonde border post.

Progress towards these Strategic Objectives was ensured through the implementation of specific and measurable Corporate Actions contained in the Plan. All Corporate Actions had at least one Key Performance Indicator which enabled the measurement of progress made in the implementation of the planned Actions.

In the year under review, ZRA *fully* implemented 11.5 percent of the planned corporate actions, while 76.9 percent were *partially* implemented and 11.6 percent were *not* implemented. The critical Actions that remained unimplemented at the end of the year were rolled over into 2016.

Corporate Governance and Administration of the Authority

1.0 The Governing Board

The Governing Board which is constituted by the Minister of Finance oversees ZRA's overall organisation and administration. This function is carried out through the following Committees:

1.1 *Audit Committee*

The Audit Committee is responsible for overseeing and providing independent assurance and advice to the Board on the governance and risk management frameworks; effectiveness of internal controls; integrity of financial statements; compliance with relevant regulatory requirements and performance of the internal and external audit functions of ZRA.

1.2 *Finance Committee*

The Finance Committee is responsible for, amongst others, approving ZRA's financial policies, reviewing and approving guidelines that ensure proper accountability of operational funding and of revenue into the Treasury, approving policies that safeguard ZRA's assets and approving banking arrangements and guidelines.

1.3 *Legal, Staff and Disciplinary Committee*

The Committee provides guidance on all legal matters referred to it by management and resolves any grievances referred to it in line with the Grievance and Disciplinary Procedures Code. The Committee also oversees issues related to the human resource which includes the recruitment of Senior Management staff, and the revision of conditions of service for staff, among others.

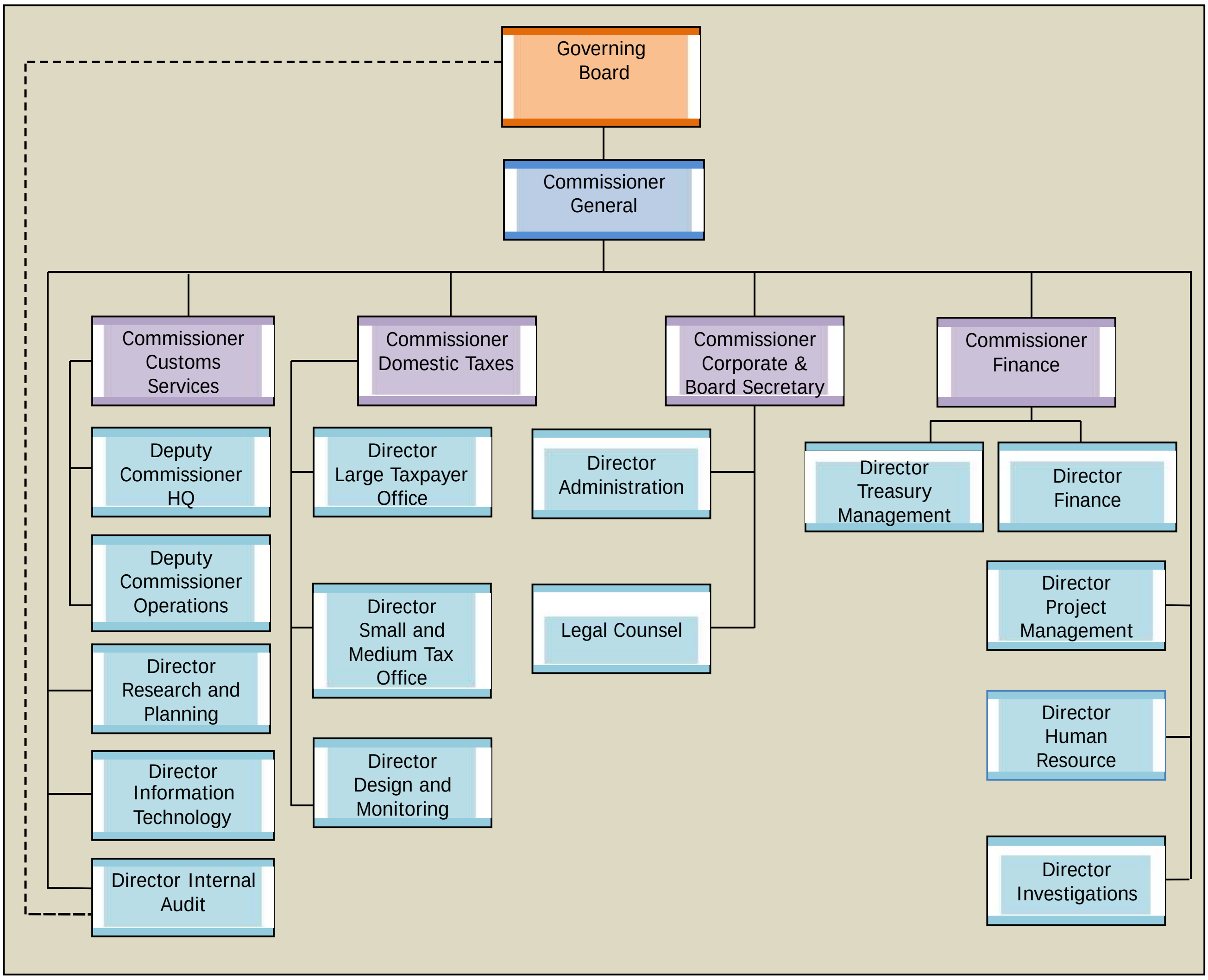
1.4 *Customs Clearing and Forwarding Licensing Committee*

The Customs Clearing and Forwarding Licensing Committee is responsible for approval of issuance and renewal of Customs Clearing and Forwarding Agent licences.

2.0 The Office of the Commissioner General

The Commissioner General, who is the Chief Executive Officer, is responsible for the day to day running of ZRA, under the direction of the Governing Board. In executing this mandate, the Commissioner General is assisted by the Senior Management Members (SMM), as depicted in Figure 1

Figure 1: Structure of the Governing Board and Senior Management of the Authority



The overall governance of ZRA can be summarised as follows:

The Minister of Finance constitutes the Governing Board. The Board supervises the Commissioner General, who is assisted by his Senior Management, by approving major policy decisions. Senior Management is responsible for operational decisions of the Authority. They execute their mandate through the formulation and implementations of a three year Corporate Strategic Plan which is broken down into Annual Divisional or Departmental Plans. Management minimizes uncertainty regarding the CSP by implementing a robust risk management framework. Internal Audit provides assurance on the risk, controls and governance of the Authority with respect to approved processes, procedures and policies. External scrutiny is provided by the Office of the Auditor General, Parliament and the appointed external Auditors. The Authority also has an Integrity Committee which is involved in providing ethical and anti-corruption education to members of staff. The Internal Affairs Unit, on the other hand, investigates internal malpractices involving staff.

The Taxpayer Charter

The Taxpayer Charter prescribes the minimum standards of service that clients should expect from ZRA as it performs its mandate. The service standards outlined in the Taxpayer Charter can broadly be divided into two categories:

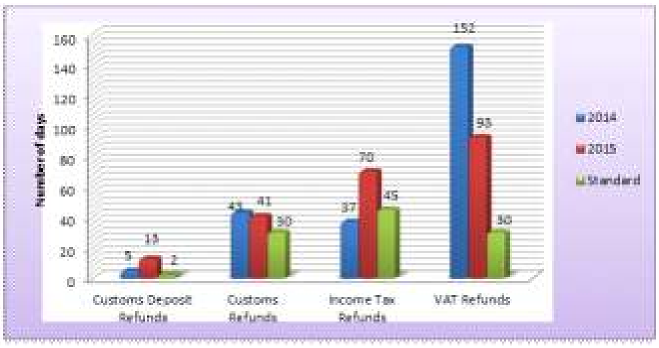
a) Standards related to tax registration and advisory services; and
b) Standards related to the processing of tax refunds.

During the year under review, ZRA encountered challenges in meeting the performance standards with respect to all tax refunds, that is, income tax refunds; customs deposit refunds; customs refunds and VAT refunds, resulting in average processing times that were above the standards stipulated in the Taxpayer Charter. It should be noted, however, that a significant proportion of the refund claims had queries while others were submitted with incomplete information, resulting in delays in processing the refunds.

Notwithstanding these challenges, the Authority's performance, in respect of time in which refunds were processed, improved for VAT and customs refunds when compared to the 2014 performance. However, performance in respect of income tax refunds and customs deposit refunds worsened in 2015. It should be further noted that, on average, only about 16 percent of the VAT claims submitted in 2015 were processed within the Charter standard of 30 days mainly due to logistical and staffing challenges (few staff to conduct audits and authorise VAT refunds) that made it difficult to conclude disputed claims, requiring ZRA audits, timely.

Furthermore, the enforcement of VAT rule 18 has made it more difficult for taxpayers to claim VAT in the absence of the required documentation resulting in a higher than the Charter standard processing time. On the other hand, income tax refunds took longer on average in 2015 than in 2014 due to the increased number of claimants who did not possess Taxpayer Identification Numbers and hence they had to undergo the full tax registration process before they could have their claims processed. Lastly, the underperformance of the customs refunds standard could be attributed to system challenges observed since the implementation of the CPCs. It is thus envisaged that the Customs refund processing times will improve once the CPC system stabilises (See Figure 2).

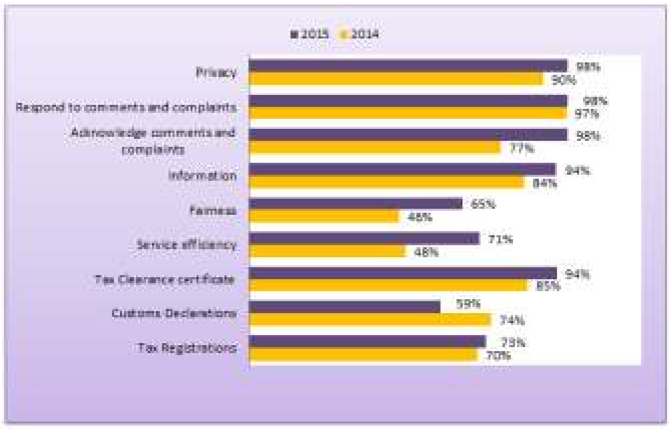
Figure 2: Efficiency of Tax Refunds Processing System (average number of days) in 2015 and 2014.



Performance with respect to advisory services was generally good during the year under review. Notably, Acknowledgements and Responses to Comments and Complaints were provided within 14 days in 98 percent of the sampled cases. Furthermore, 98 percent of the clients indicated that they were treated in a private and confidential manner.

In addition, ZRA processed 94 percent of the tax clearance certificates within the set standard of 2 days, while 94 percent of the clients revealed that the tax information they received from ZRA was adequate. In comparison to 2014, ZRA registered service improvement in 8 out of 9 standards related to advisory services (See Figure 3). This improvement could be attributed to the increased uptake of the e-services implemented by ZRA. Further, there has been an increased use of emails to contact ZRA which makes it easy to promptly respond to taxpayers' queries. Additionally, ZRA has increased its taxpayer education activity through workshops, shows and radio presentations. This has increased tax awareness and tax knowledge among taxpayers.

Figure 3: Effectiveness of Taxpayer Registration and Advisory Services in 2015 and 2014



During the year under review, it is worth noting that performance improved for many service standards relative to the 2014 performance. Significant improvements were made with regard to service efficiency (from 48 percent to 71 percent) and Fairness (46 percent to 65 percent) standards between 2014 and 2015 respectively. Furthermore, improvements were made with regard to the percentage of complaints and comments acknowledged within 5 working days from 77 percent to 98 percent. However, the 2015 performance slackened against the 2014 performance for customs declarations owing to some system stabilisation challenges (See Figure 3 above).

Priorities for the Year

Priorities for the Year

In line with our Corporate Strategic Plan for the period 2013-2015, the strategic priorities for the year centred on the attainment of our four corporate objectives. In order to achieve the corporate objective of optimising revenue collection, the focus was on enhancing enforcement and improving compliance. With regard to improving operational efficiency and service delivery, the focus was on stabilising TaxOnline and ASYCUDAWorld, while in the area of infrastructure development, the focus was on modernising our infrastructure to meet the changing business environment in which we operate. With regard to enhancement of professionalism and productivity of the workforce, the focus was on enhancing integrity programmes and the effective implementation of the Performance Management and Development System.

Widening the Tax Net

Increasing tax collection from the Mining Sector

During the year under review, ZRA stepped up its effort to operationalise the implementation of the Mineral Value Chain Monitoring Project (MVCMP), which is aimed at improving mechanisms for monitoring the quantity and quality of minerals produced in Zambia.

To better consolidate the working relations and co-operation of the six implementing Institutions and Agencies, a Memorandum of Understanding (MoU) was signed in February 2015 by the implementing Agencies, namely the Ministry of Mines and Minerals Development, the Central Statistical Office, the Patents and Companies Registration Agency (PACRA), the Road Development Agency (RDA), the Zambia Bureau of Standards (ZABS) and ZRA. Later in the year, the Road Transport and Safety Agency was also included as an implementing agency and an MoU was signed.

Several stakeholder engagement meetings and workshops were held to develop the user and technical specifications for the envisaged monitoring mechanisms and equipment. In this regard, the UNCTAD were engaged to develop the system. By the end of 2015, the mines reporting prototype had been developed and was scheduled to be piloted on selected mining companies in 2016.

Further, several ICT and laboratory equipment such as the handheld Mineral Analysers, known as X-Ray Fluorescence Analysers, Server for the monitoring mechanisms and communication links among some relevant implementing agencies were procured.

The project team also procured the services of a Change Manager to assist with all change management aspects of the Project. With all these logistics now in place, it is anticipated that the monitoring mechanisms will be completely rolled out by the end of 2016.

Taxation of Small and Medium Taxpayers

During the year, GIZ continued to support the Small and Medium Taxpayer Project in ZRA. In 2015, the focus of activities was on building capacity for officers that deal with small and medium taxpayers. A curriculum addressing the specific issues concerning the taxation of small businesses was developed. A series of capacity building training aimed at addressing the knowledge and skills gap were conducted. Further training was conducted in International Standard of Industrial Classification (ISIC). The aim of the training was to equip staff with knowledge to enable them correctly classify economic entities using the ISIC standard adopted on TaxOnline.

Further, following the baseline study on taxpayer perceptions conducted in 2013, a follow up nationwide study aimed at assessing changes in taxpayer perceptions was undertaken. A number of recommendations with regard to administration, tax policy and legislation were made, some of which have been incorporated in the SME Taxation Work Plan for 2016.

In terms of filing compliance, the Small and Medium Taxpayer Office recorded filing compliance rates of 33 percent for Turnover Tax; 54 percent for VAT; 31 percent for PAYE and 15 percent for final income tax returns. This performance was still far below the average divisional return filing rate of 86 percent.

Door-to-door education campaigns were carried out in the Kamwala trading area and in the Central Business District of Lusaka, focusing mainly on withholding tax on rental income and the use of e-services on TaxOnline as a way of enhancing filling compliance.

Enhancing revenue collection using the Block Management System

The Block Management System (BMS), a tax compliance monitoring strategy adopted by ZRA to enhance revenue and widen the tax net, continued to be utilised in 2015. In the period under review, the BMS superintended over 305 taxpayers registered for VAT, 349 registered for Income Tax, 393 and 550 for PAYE and Turnover Tax, respectively in the Kamwala trading area.

A total of K5.8 million in assessment was raised across various tax types from BMS activities. The BMS team also carried out enforcement activities on the usage of cash registers, resulting in the collection of K0.2 million in penalties.

Mobile Compliance Enforcement Activities

In 2015, the Authority undertook various enforcement activities. The number of interceptions during the year was

2,869, representing a 98 percent increase from the previous year. Similarly, the value of these interceptions increased by 234 percent to K899 million in 2015 from K269 million in 2014. The total revenue collected increased by 185 percent to K14.5 million in 2015 from K5.1 million in 2014.

The majority of cases handled in 2015 related to under-declaration, under-valuation, wrong tariff classification, forgery and smuggling of various commodities including liquor, timber and motor vehicles. The Authority also accelerated the resolution of old cases.

Improving operational efficiency

During the year under review, various projects were undertaken aimed at improving the operational efficiency of the Authority:

Physical Infrastructure Development

1. Housing Projects:

   The following housing projects were undertaken in the year 2015:
   - Construction of 3 semi-detached housing units at Chinsali was completed;
   - Construction of 3 semi-detached staff houses at Choma;
   - Construction 4 semi-detached staff houses at Mwami; and
   - Construction of 20 roomed student hostels at ZRA Training Centre in Chelstone, Lusaka.

2. Office Building Projects:

   - Re-modelling works were carried out at ZRA Head Office, to create new offices for the newly established Treasury Management Department;
   - Construction of a new and modern border facility at Chanida Border was commenced;
   - Refurbishment of the Chirundu One Stop Border Post was commenced;
   - Construction works carried out to create a Cash Office at Mulungushi House, Lusaka, were also commenced; and
   - Rehabilitation of the selected offices at ZRA Head Office.

3. General Infrastructure Projects:

   - Construction of an auditorium with a seating capacity of 265 commenced at the ZRA Training Centre in Chelstone, Lusaka; and
   - Periodic maintenance works on concrete driveway and truck parking yard at Kasumbalesa Border completed.

Electronic Records Management System

In the year under review, the implementation of the Electronic Records Management System which aims at automating the storage and management of the Authority's records reached an advanced stage. By the end of 2015, the contractor had delivered 80 percent of the required equipment valued at K8.0 million procured under the Public Finance Management Reform Programme (PFMRP). It is expected that the data migration will be finalised by the end of 2016.

Enforcement and Compliance Actions

Customs Services Division

(a) Scanner Operations

Since their introduction, Non-Intrusive Inspection Equipment (NIIE also known as scanners) have significantly contributed to reducing the customs processing time, thereby easing the cost of doing business in as far as trade facilitation is concerned. In 2015, the use of scanners in the examination of imports and exports also continued to compliment the Authority's enforcement activities in the clearance of goods which resulted in increased compliance among importers and exporters. The increase in compliance was indicated by the reduction in the proportion of the scanned trucks with discrepancies to 0.2 percent in 2015 from 0.6 percent in 2014.

During 2015, out of a total of 304,994 trucks, 69,250 or 22.4 percent of the trucks were scanned from Chanida, Chirundu, Kapiri Mposhi, Kasumbalesa, Katima Mulilo, Kazungula and Mwami customs stations (see table 1A below). The proportion of the scanned trucks at 22.4 percent in 2015 was 6.6 percentage points lower than 29.3 percent scanned in 2014. This was largely explained by the increased flow of traffic, and periodic breakdowns of the scanners at some stations. It should also be noted that very few scanning activities were undertaken at Kasumbalesa Border Post as the scanner was not operational for the most part of the year.

Table 1A: Scanners Activity Report for 2015

Port	Total Truck Traffic	Scanned	Truck with discrepancies	Additional Revenue Collected (K)
Chanida	5,883	5,623	14	151,193.6
Chirundu	86,309	35,162	1	204.0
Kapiri Mposhi Enforcement Centre	204	170	60	1,545,798.7
Kasumbalesa	167,499	384	1	4,800.0
Katima Mulilo	13,413	7,486	7	58,150.0
Kazungula	27,133	19,461	66	34,588.0
Mwami	4553	964	0	0.0
Total	**304,994**	**69,250**	**149**	**1,794,734.3**

A total of 149 trucks that were scanned at Chanida, Chirundu, Kapiri Mposhi Enforcement Centre, Kasumbalesa, Kazungula and Katima Mulilo stations were found with various discrepancies and the total additional revenue realised from these discrepancies in 2015 amounted to K1.8 million (See Table 1A).

The Kapiri Mposhi Railway scanner was not operational for most part of 2015 due to a technical fault.

(a) Border Enforcement

Based on the associated risk, enforcement and compliance activities including inspections, road blocks and follow-ups on intelligence information received from various stakeholders, were undertaken at some ports. Compliance visits were also made to Bonded Warehouses and Customs Areas for inland ports.

A comparison of the values of goods detained and seized in 2015 indicates an increase of 3.7 percent compared to 2014 (See Table 2A below). The detentions and seizures mostly related to the following: assorted alcoholic beverages seized for the offence smuggling; motor vehicles awaiting final clearance and those on expired bonding entries and expired Customs Importation Permits (CIPs); goods that had overstayed in Customs Areas; and those with pending payments.

Table 2A: Detentions and Seizures in 2015 and 2014

Type	2015 (K' Mn)	2014 (K' Mn)	Change (K' Mn)	% Change
Value of Detained Goods	44.0	40.3	3.7	9.2%
Value of Seized Goods	18.7	20.2	(1.5)	(7.3)%
Total	**62.7**	**60.5**	**2.2**	**3.7%**

Investigations

In 2015, ZRA accelerated its enforcement and compliance activities. A comparative analysis of the number and value of enforcement activities between 2015 and 2014 indicates that there was an increase of 89 percent in the number of activities undertaken and a 218 percent increase in value terms (See Table 2B).

Table 2B: Enforcement Outcomes in 2015 and 2014

Category	Number		Value (K' Mn)		Variance (K' Mn)		% Variance	
	2015	2014	2015	2014	Number	Value	Number	Value
Interception	2,869	1,448	899	269	1,421	630	98%	234%
Detentions (R.I.H)	41	82	9	15	(41)	(15)	(50)%	(100)%
Seizures	38	27	8	4	11	(4)	41%	(100)%
Total	**2,948**	**1,557**	**899**	**288**	**1,391**	**628**	**89%**	**218%**

Domestic Taxes Division

The Authority, during the period under review, increased its enforcement and compliance activities with respect to the administration of domestic taxes and undertook a number of initiatives such as integrated audits, field visits and enforcement of tax legislation.

a) Tax Audits

The total number of audits conducted was 6,734. The MTO office conducted 4,216 audits mainly under VAT (3,814) while 263 audits were conducted under the mining sector in LTO; STO conducted 1,750 audits and LTO non-mining conducted 484. Total taxes collected from these audits were K1, 724.2 million with mining accounting for K823.4 million. A total of K220.4 million was, however, deferred tax.

b) Block Management System

In an attempt to widen the tax net, ZRA continued with enforcement activities within the blocks in Kamwala trading area and the Central Business District of Lusaka, which resulted in 107 new registrations. These registrations are in addition to other enforcement activities which were undertaken in the two blocks during the year under review.

c) VAT Rule 18

The Authority continued with the strict enforcement of Rule 18 of the VAT (General) Rules, 1997, which required, among other things, exporters to produce documentation issued by customs authorities of the country of destination as proof of export before a supplier can qualify for zero-rating status. However, VAT Rule 18 was amended at the beginning of 2015 by among other things, including customs documentation from the country of transit of goods as sufficient proof of export. The strict enforcement of VAT Rule together with other compliance strategies had a dampening effect on the level of VAT refunds paid out. The amount of VAT refunds that were withheld by the Authority due to non-compliance to VAT Rule 18 amounted to K5.6 million as at end of 2015.

Business Development

Risk Management and Business Continuity Planning

In 2015, ZRA continued with the risk management initiatives that were introduced following the review of the risk management policy in 2014:

Firstly, active monitoring of risks was continued for the identified risks whose exposure was found to be moderate at divisional and corporate levels. The active monitoring was done through use of *Key Risk Indicators* for each of the risks, on which data was collected on a monthly basis for the purpose of gauging changes in exposure levels.

Secondly, risk management was introduced at business unit level and risk registers were developed for selected station and units for Domestic Taxes Division and Customs Services Division. The process of cascading down risk management to units is an on-going activity and more was planned for the year 2016.

At operational level, risk management continued to be applied to aid decision-making processes in core business activities.

The Authority also sponsored risk managers from different Divisions and Departments to undertake a course in Risk and Compliance Management. This course was expected to enhance the risk management process in the Authority after the participants have graduated.

During the year under review, the Authority undertook a number of activities to enhance resilience as a measure of ensuring Business Continuity. These activities included testing of Disaster Recovery for IT systems and installation of backup communication links to a number of stations.

In the same year, initiatives to test Disaster Recovery capability of the Authority's core operating systems, including Tax*O*nline, ASYCUDAWorld and SAP, continued as part of the annual activities for Business Continuity Planning (BCP).

The Authority also initiated a process of identifying a number of institutions, in the provincial centres, to partner with for the purpose of continuity in an unlikely event of a disaster where operations cannot be continued at the primary locations for the Domestic Taxes provincial offices.

Implementation of Tax*O*nline

The major development under Tax*O*nline in 2015 was the roll-out of the domestic Excise Duty module for the management of domestic Excise Duty by Domestic Taxes Division which hitherto had been administered by Customs Services Division.

In order to ensure the successful roll out of excise duty management, ZRA embarked on training for staff in the technical aspects of excise duty. In addition, stakeholder engagement sessions were conducted with taxpayers dealing in excisable products.

In a bid to increase the uptake of e-services by taxpayers, a number of stakeholder engagements and open day sessions were held. These engagements resulted in improved usage of online services. In 2015, a total of 24, 847 new sign ups were recorded. In terms of registration, a total of 20, 950 registrations were processed electronically while 27, 535 registrations were processed manually. With regard to return filing, a total of 567, 784 returns were filed electronically while 87, 876 returns were filed manually.

Table 3: Use of e-Services in 2014 and 2015

Description of Activity		2014	2015	% Change
1.	Sign up	28,469	24,847	(12.7)%
2.	Registrations by Type			
i)	*Electronic*	19,301	20,950	8.5%
ii)	*Manual*	48,709	27,535	(43.5)%
3.	Return Filing by Type			
i)	*Electronic*	249,243	567,784	127.8%
ii)	*Manual*	199,101	87,876	(55.9)%

ASYCUDAWorld System Upgrade

In order to achieve the stability of the ASYCUDAWorld application, ASYCUDAWorld and its application server software, SOClass were upgraded to version 4.2.2 and 2.2.26 respectively with a subsequent upgrade of SOClass to 2.2.27. In addition, various non-standard features were developed and implemented on ASYCUDAWorld including: additional fields in the Motor Vehicle Declaration and Physical Inspection forms; enhancements to Interest Rate Configuration; a Taxation List for Declarants; Voucher of Exemption modifications; logic that prevents release of entries before the generation of T1s in the system; and the chassis control feature to stop the registration of duplicates. In addition the electronic cargo tracking system was also configured on the system.

E-Payment

The Authority continued to work with various commercial banks to enable them provide e-payment services for taxes and duties. During the year, BancABC and Finance Bank Zambia started transacting on the ASYCUDAWorld e-payment Production platform joining six other banks on this platform namely Access Bank, Citibank, Investrust Bank, Stanbic Bank, Standard Chartered Bank and ZANACO. On the Tax*O*nline e-payment Production platform, five banks were commissioned in 2015, namely Access Bank, BankABC, Cavmont Capital Bank, Citibank and Stanbic Bank bringing the total number of banks on the platform to seven. Several other banks and mobile service providers were assisted through various stages of development and user-acceptance testing.

Modernisation of Trade Logistics and Change Management Activities in 2015

The Authority continued with the implementation of strategies to improve trade facilitation by modernising trade logistics. In the year under review, the following key activities were undertaken:

- Extended working hours at Chirundu One-Stop Border Post from 06:00 hours - 18:00 hours to 06:00 hours – 22.00 hours effective 1st February 2015;
- A bilateral meeting to review the Memorandum of Understanding (MOU) which was first signed in 2006 between the Customs Administrations of the Democratic Republic of Congo and the Zambia Revenue Authority was held in April 2015;
- CPC-Ndola and CPC-Kabwe were rolled out in April and October 2015 respectively with Livingstone Port Office being the only port connected to CPC-Kabwe after being removed from CPC-Lusaka to reduce workload and improve processing efficiency. To this effect, 10 stations namely Chirundu One-Stop Border Post, Kariba Border Post, Kasumbalesa Border Post,

Kitwe Port Office, Katima Mulilo Border Post, Kenneth Kaunda International Airport, Mpulungu Border Post, Livingstone Port Office, Victoria Falls Border Post and Kazungula Border Post were connected to the three CPCs as at the end of the year;

- Chembe, Kashiba and Luangwa Border Posts were connected to ASYCUDAWorld, bringing the total number of stations automated to 26 out of 28 Stations as at the end of 2015;

- The pilot Electronic Cargo Tracking System (ECTS) was implemented in November, 2015;

- World Customs Organisation facilitated workshops on Safe Framework of Standards on Authorized Economic Operator, Coordinated Border Management and Data Harmonization.

Furthermore, the monthly tasks of review of incidence registers to determine new areas of risk and risk trends, and monitoring the performance of the Annual Division Action Plan, Risk Register and BC Plans were undertaken by the Risk Management and Intelligence Unit in 2015.

Stakeholder Relations

Cooperating Partner Relations

In 2015, the ZRA continued to collaborate with cooperating partners in its quest to improving operational efficiency and service delivery. In this regard, ZRA received financial assistance for the upgrade and development of new business processes. The Authority also received technical assistance in form of capacity building for staff.

Major cooperating partners of ZRA, and their areas of co-operation include the following:

The Public Financial Management Reform Programme (PFMRP)

The Authority continued to benefit from the multi-donor support under the PFMRP administered by the World Bank. Appreciable progress was made on the following supported activities:

- Implementation of Minineral Value Chain Monitoring Project (MVCMP);
- Monitoring of Balance of Payments;
- Electronic Transit Monitoring System;
- Support for investigations and internal Affairs-Surveillance Tools and Equipment for Specialised Investigations, and Case Management;
- Equipment for forensic laboratory; and
- Electronic Records Management System (ERMS).

However, not much progress was made in the development of audit sector notes, and the Bulky Intelligence Data Analysis Capability (BIDA), on account of non-responsive bids. The debt management capacity building project did not progress due to the transfer of the debt management function from the Domestic Taxes Division to newly created Debt Recovery Unit under the Finance Division.

World Bank Group through International Finance Corporation (IFC)

The International Finance Corporation (IFC) was involved on the implementation of Phase 1 of the Single Window Project. Phase 1 involved a number of activities including reviewing of the legislative framework, data analysis with regard to profile building support for the Zambia Bureau of Standards (ZABS), sensitization and training of staff on risk management and other matters.

World Customs Organization (WCO)

The World Customs Organization (WCO) facilitated a data harmonization workshop for the Authority and other Government agencies regarding the implementation of the Authorized Economic Operator (AEO). Among the initial key outputs is developing a declaration form that meets the needs for all agencies participating on the Single Window initiative.

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)

The GIZ provided capacity building of selected managers in leadership and change management to support the effective modernization of the Authority and other agencies involved in the implementation of the World Trade Organization (WTO) Trade Facilitation Agreement (TFA). They also helped to build a Community of Practice (CoP) for participants from the SADC Region aimed at promoting the Regional Integration agenda.

US Treasury - Office of Technical Assistance (OTA)

Among the major areas of support from the US Treasury in the review year was the development of the Corporate Strategic Plan (CSP) for period 2016 through 2018. The new CSP was based on the Balanced Score Card model, which was a departure from the former Plan which was primarily premised on the risk management process.

Institutional Partnerships

In order to enhance information sharing among regional tax authorities and strengthen tax compliance and cooperation at common borders, ZRA had bilateral engagements with Democratic Republic of Congo (DRC) and Zimbabwe.

Bilateral engagement with Democratic Republic of Congo (DRC)

Commissioners of Customs of ZRA and Congo Revenue Authority held meetings in April 2015 in Zambia. The purpose of these meetings was to discuss the proposals around key customs areas to combat illicit trade between the two countries.

The outcome of this bilateral engagement included reviewing of areas of co-operation based on the MoU signed between the two administrations in 2006, while new areas of co-operation were also approved.

Bilateral engagement with Zimbabwe Revenue Authority (ZIMRA)

The two Administrations held three meetings in 2015 to discuss areas of enhancing trade facilitation between Zambia and Zimbabwe, particularly concerning operations at Chirundu One-Stop Border Post. Other areas of engagement included ICT and legal cooperation.

Other Local Partners

The Authority had collaborations with various governmental and non-governmental agencies on various fronts. These included the Ministry of Finance, Other Government Ministries and Departments, the Bank of Zambia, commercial banks, the Central Statistical Office (CSO), Zambia Development Agency (ZDA), the Anti-Corruption Commission (ACC), the Financial Intelligence Centre (FIC), the Drug Enforcement Commission (DEC), and Zambia Police. The National Assembly of Zambia and the Office of the Auditor General also engaged with ZRA through their oversight roles. In addition, the Authority held stakeholder engagements with the following strategic institutions including the Judiciary and the Law Association of Zambia (LAZ). The Aids Health Care Foundation and CHAMP continued to support the Authority through provision of VCT, HIV test kits and related services. Vision Care/Tokyo Opticians also rendered free eye check-ups for staff.

Corporate Social Responsibility

In 2015, the Authority carried out three major Corporate Social Responsibility (CSR) activities centring on the four pillars of our CSR Policy: support to employees; effective engagement with taxpayers; support and collaboration with the community; and sustaining a healthy environment. The activities included the Authority's participation in the Southern Africa Inter-Revenue Authority Games in Harare, Zimbabwe for the first time where we scooped the first position in football. Secondly, in line with the 'Keep Zambia Clean Campaign,' ZRA donated 1, 050 movable dustbins to the Ministry of Local Government and Housing for onward distribution to local authorities across the country. In commemorating the International Women's Day, the Authority's staff cleaned and donated some assortment of cleaning materials and detergents and also donated some baby hampers to children that were born during the cleaning exercise at Chipata Hospital in Chipata Compound in Lusaka.

As a result of these activities, the Authority was in 2015 awarded the Best Social Responsibility Programme of the Year Award by the Zambia Public Relations Association.

Staff Welfare and Employee Relations

HIV and AIDS

ZRA has in place an HIV and AIDS Workplace Policy which guides its strategies in the fight against the pandemic. Strategies towards mitigating the impact of HIV and AIDS in ZRA include: an HIV and AIDS Policy; Peer Educators' Programmes; a contributory scheme for anti-retroviral therapy known as Voluntary Support Scheme (VSS); and a general Medical Scheme for members of staff of ZRA.

By the close of 2015, the membership to the VSS stood at 618 employees out of a workforce of 1,536 representing 40.2 percent of the total workforce. The number of employees accessing anti-retroviral therapy, under VSS was 85, representing 5.5 percent of the total workforce of ZRA.

Employee Relations

During the period under review, the management-employee relations remained stable and conducive for business leading to the signing of the Collective Agreement for 2015 to 2016.

Trends in Domestic and Global Economic Indicators

Trends in Domestic and Global Economic Indicators

Revenue performance is a function of movements in key economic variables both in the domestic and global economy such as GDP, inflation, exchange rate, interest rates and commodity prices.

Gross Domestic Product

In 2015 Zambia's GDP recorded a real growth of 3.2 percent compared to 5.0 percent in 2014. The economic activities that recorded significant real growth in 2015 relative to 2014 include: Other service activities; Activities of households as employers, undifferentiated goods- and services-producing activities of households for own use; Water supply, sewerage, waste management and remediation activities; Financial and insurance activities; Construction; Mining and quarrying; Manufacturing; Wholesale and retail trade, repair of motor vehicles and motorcycles; and Real estate activities. Among the sectors that registered lower growth in 2015 than in 2014 were Agriculture, forestry and fishing; Education; and Electricity, gas, steam and air conditioning supply which declined in real terms by 15.7 percentage points, 10.5 percentage points and 9.9 percentage points from the 2014 level.

The structure of the economy across sectors remained fairly unchanged between 2015 and 2014 as evidenced by the sector contribution to real GDP (See Table 4). In terms of contribution, Wholesale and retail trade, repair of motor vehicles and motorcycles (23.4%); Construction (10.8%); Mining and quarrying (10.2%); Manufacturing (8.1%); and Agriculture, forestry and fishing (8.1%) sectors were the main drivers of real GDP collectively explaining approximately 60.5 percent of the total real GDP.

Table 4: Growth and Share of Real GDP in 2015 and 2014

KIND OF ECONOMIC ACTIVITY	Percentage real growth		Percentage share of real GDP	
	2015	2014	2015	2014
Agriculture, Forestry and Fishing	(7.7)	8.0	8.1	9.0
Mining and Quarrying	0.3	(2.2)	10.2	10.5
Manufacturing	4.4	4.0	8.1	8.1
Electricity, gas, steam and air conditioning supply	(1.5)	8.4	1.7	1.8
Water supply; sewerage, waste management and remediation activities	6.9	(7.9)	0.3	0.3
Construction	18.9	8.9	10.8	9.3
Wholesale and retail trade; repair of motor vehicles and motorcycles	3.6	3.5	23.4	23.3
Transportation and storage	1.4	6.7	3.6	3.6
Accommodation and food service activities	0.0	3.5	1.9	2.0
Information and communication	2.5	7.4	3.5	3.5
Financial and insurance activities	8.3	(3.6)	3.2	3.1
Real estate activities	3.1	3.1	3.5	3.5
Professional, scientific and technical activities	4.2	8.8	2.0	2.0
Administrative and support service activities	1.4	8.3	1.1	1.1
Public administration and defense; compulsory social security	2.4	10.9	5.2	5.3
Education	0.4	10.9	7.4	7.6
Human health and social work activities	3.3	10.9	1.3	1.3
Arts, entertainment and recreation	3.4	3.5	0.4	0.4
Other service activities	5.1	(18.8)	0.6	0.6
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	19.6	(3.3)	0.0	0.0
Real GDP Growth	**3.2**	**5.0**		

Source: CSO

Inflation

In 2015, the average annual inflation rate was recorded at 10.0 percent and was 2.2 percentage points higher than the 7.8 percent recorded in 2014. The minimum annual inflation rate of 7.1 percent was recorded in June and July while the maximum annual inflation rate of 21.1 percent was posted in December 2015 (See Figure 4). The rise in inflation from the onset of the year was influenced by increases in prices of both food and non-food items and was further worsened by the sustained depreciation of the Kwacha exchange rate against major trading currencies.

Interest Rates

The Bank of Zambia policy rate increased to an average of 13.0 percent in 2015 from 11.5 percent in 2014. Further, commercial banks' lending rates increased to an average of 21.0 percent in 2015 up from 18.5 percent in 2014 (see Figure 4).

Figure 4: Inflation and Interest Rates in 2015

Source: Bank of Zambia

Exchange Rate

Between January and December 2015, the Kwacha exchange rate depreciated against the US Dollar by 67.5 percent, with the record high exchange rate of K12.18 per US Dollar being posted in November 2015. The average exchange rate for the year depreciated to K8.63 per US Dollar from an average of K6.15 per US Dollar in 2014. This movement was largely influenced by the decline in the price of copper, the country's major foreign exchange earner, on the international market and the increased demand for US Dollars to finance electricity imports bills (See Figure 5).

Figure 5: Exchange Rate Movement in 2015

Source: Bank of Zambia

Commodity Prices

The fluctuations of the prices of copper and crude oil on the international market, Zambia's major export and import commodities respectively, tend to affect the direction of key macroeconomic variables such as the exchange rate and inflation.

The price of copper on the London Metal Exchange (LME) was much lower in 2015 compared to 2014. This exerted pressure on the overall balance of trade for Zambia despite the countervailing effect of lower crude oil prices. The average price of copper in 2015 was US$5,500.5 per metric tonne compared to US$6, 858.7 per metric tonne in 2014 and the price of cobalt also declined to an average of US$28, 272.1 per tonne in 2015 from US$30, 491.3 per tonne in 2014. The price of crude oil recorded a significant reduction in 2015 to an average of US $52.30 per barrel from an average of US $96.50 per barrel in 2014 (See Table 5).

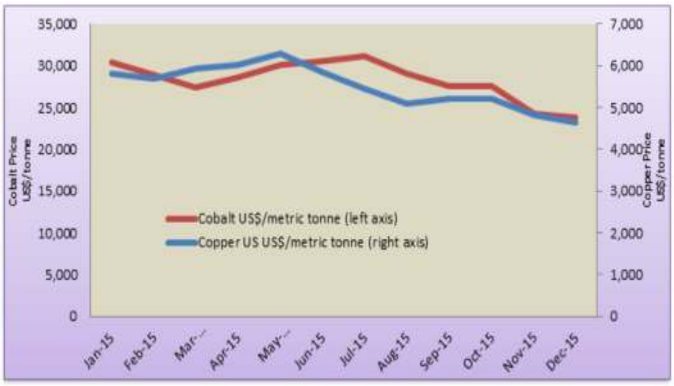
Table 5: Commodity Prices in 2015 and 2014

	Copper US$ per metric tonne		Cobalt US$ per metric tone		Crude oil US$ per barrel	
	2015	2014	2015	2014	2015	2014
Average	5,500.5	6,858.7	28,272.1	30,491.3	52.2	96.5
High	6,299.6	7,293.8	31,119.4	32,102.5	63.8	107.2
Low	4,628.2	6,421.5	23,821.0	27,988.6	35.9	61.4

Source: London Metal Exchange and Bank of Zambia

The monthly dynamics in the price of cobalt indicates that the price tended to steadily fluctuate throughout the year, while that of copper had a downward trend (See Figure 6).

Figure 6: Price of Copper and Cobalt in 2015 (Average monthly prices)



Source: London Metal Exchange

As shown in Figure 7, the price of crude oil exhibited a downward trend during 2015. This had easing effects on the country's balance of payments, exchange rate and ultimately on inflation.

Figure 7: Price of Crude Oil in 2015 (Average monthly price)

Source: Bank of Zambia

Tax Policy Support

Tax Policy Review Committee

In line with our mandate of providing advice on tax policy to the Minister responsible for Finance, ZRA participated in the Tax Policy Review Committee (TPRC) meetings convened by the Ministry of Finance. As a member of the Committee, which is responsible for the development and design of tax policy, ZRA participated in all its activities such as the adoption of tax measures, the drafting of the Budget Speech and the preparation of layman's draft tax legislation. In addition, ZRA was also called upon to provide advice on various tax matters that arose during the year.

Provision of Tax Revenue Data and Information

ZRA provided tax revenue and trade related statistics to various stakeholders such as the Ministry of Finance, Central Statistical Office, Parliament, Bank of Zambia, and to other private and public stakeholders like business organisations, NGOs, research institutions, and students. The use of statistics especially in policy formulation and design has gained prominence over the last few years and consequently most of the data provided to Ministry of Finance was in respect of revenue impact of proposed tax policy changes.

Budget Legislation

Following the presentation of the national budget to Parliament by the Honourable Minister of Finance in October 2015 for the fiscal year 1st January 2016 to 31st December 2016, Parliament approved the national budget after passing three Bills, containing forty (40) tax measures, which were to become effective from 1st January 2016. These included eight VAT related measures; ten income tax measures; twenty-one customs and excise related measures and one cross-cutting measure.

In order to ensure that the taxpayers understood the changes pronounced in the Budget Speech, and as part of our taxpayer education programme, ZRA produced Budget Highlight Pamphlets explaining these changes. Furthermore, ZRA staff attended various fora across the country to explain the meaning and effect of the changes from an administrative perspective. The Budget Speech and the Budget Highlight pamphlets were both posted on the ZRA Website.

Ministerial and Parliamentary Services

Being a public body, ZRA interacts with several stakeholders, among them Government Ministries, Government agencies and Parliament. The mode of interaction was through the over 1,300 pieces of correspondence received during the year.

ZRA appeared before the Committee on Economic Affairs Energy and Labour; the Public Accounts Committee; the Committee on Lands, Environment and Tourism; the Committee on Estimates and the Expanded Committee on Estimates for the 2016 Budget Estimates. Further, ZRA provided several responses to Parliament either directly to Parliament or through the Ministry of Finance. ZRA also made written submissions to the Committee on Economic Affairs; Energy and Labour; the Committee on Health; Community Development and Social Services; and the Committee on Education, Science and Technology.

Operational Performance

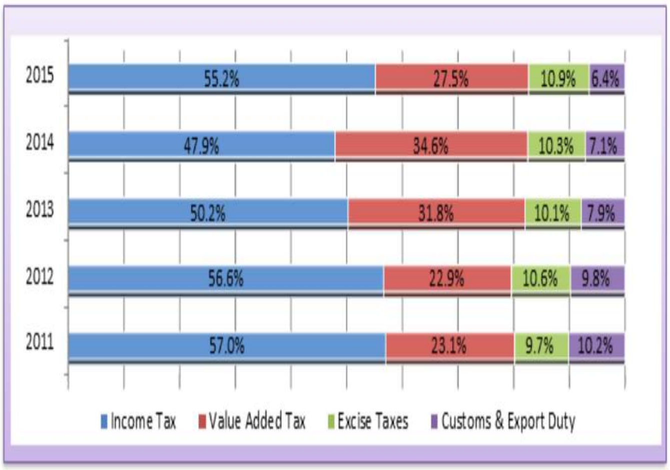
Review of Revenue Performance

Review of Revenue Performance

Structure of the revenue system in 2015

Tax revenue collection in 2015 was largely driven by income taxes, with domestic and import VAT also contributing significantly. Over half of the tax revenue collected at 55.2 percent was made up of income taxes, representing a 7.2 percentage point increase from 2014. The share of domestic VAT, on the other hand, declined in 2015 by 7.1 percentage points to 27.5 percent, mainly as a result of an increase in VAT refunds due to the relaxation of Rule 18 of the VAT (General) Rules, 1997 by, among other things, allowing documents from transit countries to also act as proof of exportation of goods. Excise duties contributed 10.9 percent while customs and export duties collectively contributed 6.4 percent.

Figure 8: Proportion of Tax Types to Total Revenue 2011 – 2015



Within the income tax category, PAYE contributed the largest share at 45.1 percent with mineral royalty in the second place at 22.7 percent. Company tax and withholding taxes accounted for 17.2 percent and 15.0 percent, respectively.

In 2015, domestic VAT collections net of all refunds accounted for 18.6 percent of the total VAT with import VAT accounting for 81.4 percent. Domestic VAT collections were dampened by the relaxation of the Rule 18 of the VAT (General) Rules, 1997 which took effect during the first quarter of the year.

The contribution of customs and export duties to tax revenue collection continued to decline largely owing to the implementation of the various regional trade protocols such as those under SADC and COMESA. Within this group, customs duty represented 98.6 percent while export duty accounted for the rest.

Tax Revenue Performance in 2015

During 2015, the Authority recorded a net revenue collection of K29, 954.2 million against the Parliament target of K31, 313.0 million, thereby recording a deficit of K1, 358.8 million or 4.6 percent below the target (see Table 5). The net tax collection of K K29, 954.2 in 2015 was 8.4 percent higher than the 2014 outturn of K27, 631.3 million in nominal terms.

The unfavourable revenue outturn against Parliament target in 2015 was largely on account of deficits posted under mineral royalty and all trade related taxes. Mineral royalty was adversely affected by the steep decline in metal prices on the international market largely as a result of the slowdown in the China's economy. Further, production in mining firms was negatively affected by the reduced supply of electricity which hit the country beginning the second quarter of the year. In addition, the steep depreciation of the Kwacha against major trading currencies was among the key factors responsible for the poor performance of trade related taxes. As a consequence of the depreciation of the local currency, trade volumes significantly reduced during the year under review which in turn led to the erosion of the tax base.

Following the poor economic outlook particularly in the mining sector mid-way through the year, the mining tax regime was revised to take into account these developments. Consequently the revenue target was revised downwards by K2.12 billion. However, the downward revision did not take into account several other negative factors such as the power deficit. These factors made revenue collection in 2015 a challenging task.

In the income tax group, performance of tax types was varied with PAYE and mineral royalty recording deficits against Parliament targets while the company tax and withholding tax were above respective targets. Specifically, PAYE and mineral royalty were below the respective targets by K22.8 million and K2, 187.8 million. On the other hand, company tax and withholding tax were K447.0 million and K541.2 million above target, respectively.

During 2015, all of the trade and excise taxes recorded deficits against the Parliament target. In particular, excise duties, import VAT, customs duty and export duty were K379.5 million, K693.1 million, K432.7 million and K3.1 million below target, respectively.

Meanwhile domestic VAT at a net outturn of K1, 532.8 million was K1, 375.8 million or 876.3 percent above its target (See Table 6 below).

3 In real terms, the 2015 collection was 1.4 percent lower than the 2014 collection. The average annual inflation rate for 2015 was 10.0 as reported by CSO.

Table 6:Tax Revenue Performance in 2015 (K' million)

Tax Types	Actual Outturn	Target	Variance of actual vs target	Percentage variance of target	Percentage of GDP (2010 base)
Total Revenue	**29,954.2**	**31,313.0**	**(1,358.8)**	**(4.3)%**	**16.3%**
I. Tax Revenue	**29,927.8**	**31,282.7**	**(1,354.9)**	**(4.3)%**	**16.3%**
A. Income Taxes	**16,507.8**	**17,730.2**	**(1,222.4)**	**(6.9)%**	**9.0%**
1. Company Tax	2,846.4	2,399.4	447.0	18.6%	1.5%
Non Mining Company Tax	2,428.2	2,199.4	228.7	10.4%	1.3%
Mining Company Tax	418.2	200.0	218.2	109.1%	0.2%
2. PAYE	7,444.1	7,466.9	(22.8)	(0.3)%	4.1%
3. Withholding Taxes & others	2,468.1	1,926.9	541.2	28.1%	1.3%
4. Mineral Royalty Tax	3,749.1	5,936.9	(2,187.8)	(36.9)%	2.0%
B. Excise Taxes	**3,253.9**	**3,633.4**	**(379.5)**	**(10.4)%**	**1.8%**
1. Excise Duties	2,325.7	2,606.2	(280.5)	(10.8)%	1.3%
2. Rural Electrification Levy	70.8	87.0	(16.2)	(18.6)%	0.0%
3. Fuel Levy	830.3	903.1	(72.8)	(8.1)%	0.5%
4. Carbon Tax	27.1	37.1	(10.0)	(27.0)%	0.0%
C. VAT on domestic goods	**1,532.8**	**157.0**	**1,375.8**	**876.3%**	**0.8%**
D. Trade taxes	**8,633.3**	**9,762.1**	**(1,128.8)**	**(11.6)%**	**4.7%**
1. VAT on imports	6,703.9	7,397.0	(693.1)	(9.4)%	3.6%
2. Customs Duty	1,901.9	2,334.6	(432.7)	(18.5)%	1.0%
3. Export Duties	27.5	30.6	(3.1)	(10.0)%	0.0%
Export Duty on Scrap metals	-	-	-	-	0.0%
Export Duty on Cotton seed	-	-	-	-	0.0%
Export Duty on Copper Concentrate	27.5	30.6	(3.1)	(10.0)%	0.0%
II. Non Tax revenue					
Motor Vehicle Fees	26.4	30.3	(3.9)	(12.9)%	0.0%

The performance of the individual tax types against the 2015 target and over the last five years is discussed below:

Income Taxes

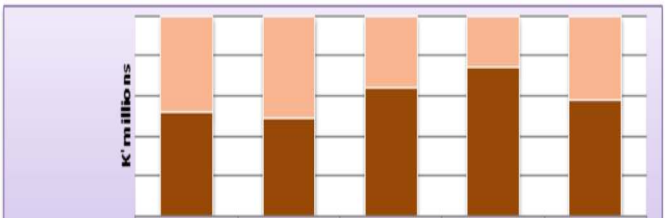
Income tax collections increased by 24.8 percent in 2015 in nominal terms from that posted in 2014. Despite this increase, income tax collections in 2015 were 6.9 percent below target, having registered K16, 507.8 million against the revised target of K15, 767.3 million. This performance was largely driven by the unfavourable outturn recorded under mineral royalty and PAYE. The surplus in company tax collections was due to increased receipts from the mining sector, largely on account of the revision of the mining tax regime midway through 2015. The unfavourable performance of PAYE tax was largely explained by the shrink in economic activity in 2015 which led to job losses as firms, especially those in the mining sector, were laying off staff. Figure 9 shows the trend in income tax collections from 2011 to 2015.

Figure 9: Trend in Income Taxes 2011 – 2015

Value Added Tax

In 2015, K8, 236.7 million was collected in total VAT (domestic and import VAT) against a target of K 7,554.0 million. This collection was K682.8 million or 9.0 percent above Parliament target. This performance was attributed to the favourable performance of domestic VAT largely as a result of increased compliance. The enhanced enforcement activities and automation of credibility checks on TaxOnline in detecting invalid refund claims boosted the collections of VAT. Nonetheless, when compared to 2014, VAT collections in 2015 fell by 13.8 percent, largely as a result of increased refunds due to the relaxation of the Rule 18 of the VAT (General) Rules, 1997. In real terms, VAT refunds in 2015 rose by 64.9 percent compared to 2014. The performance of VAT and the associated refunds over the period 2011 to 2015 is depicted in Figure 10.

Figure 10: Trend in VAT 2011 – 2015



	2011	2012	2013	2014	2015
Refunds	3,753	4,990	4,178	3,326	6,035
Net Collections	3,965	4,752	7,364	9,554	8,237

Excise Duties

The collections in excise duty were negatively affected by reduced imports of major excisable products including motor vehicles and cigarettes, owing to the depreciation of the Kwacha against key trading currencies. The performance was also exacerbated by fuel shortages experienced during the first and second quarters of 2015 as well as by the routine shutdowns of Indeni Oil Refinery for maintenance purposes. The shutdown meant that no excise duty was collected on fuel imports as this was imported under rebate which does not apply to local fuel uplifts from Indeni. Furthermore, the overall performance of consumption was dampened by increased load shedding of electricity which adversely affected productivity of some firms.

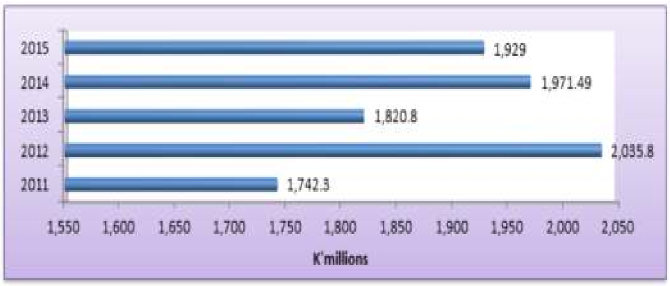
Figure 11: Trend in Excise Taxes Collections, 2011 – 2015 (K 'million)

Customs and Export Duties

During the year under review, a total of K1, 929.4 million was collected in customs and export duties against a target of K2, 365.1 million, resulting in a deficit of K435.7 million, or 18.4 percent. Both customs and export duty were below respective target. The performance of customs duty was dampened by the decline in import volumes of the top revenue drivers due to the depreciation of the Kwacha against major trading currencies.

The under-performance of export duty was mainly explained by the reduced export of unprocessed ores and concentrates as a result of the amendments introduced under the Customs and Excise (Amendment) Act No. 16 of 2013, which imposed export duty on some types of ores, concentrates and unprocessed minerals to promote local value addition. The performance of customs duty and export duty for the period 2011-2015 is shown in Figure 12.

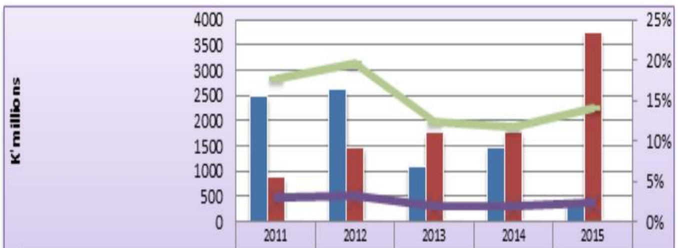
Figure 12: Customs and Export Duty Collections, 2011 – 2015 (K' million)



Performance of Mining Sector Taxes

Albeit being lower than Parliament target, mining tax revenue as a percentage of total tax revenue saw a recovery in 2015 from the slump experienced in the previous two years. In 2015, the share of total mining tax revenue to total tax revenue increased to 14.0 percent from 11.8 percent in 2014. Mineral royalty contributed the largest amount at K3, 749.1 million, followed by company tax at K418.2 million. Revenue from exports of copper concentrates was K27.5 million (See Figure 13).

Figure 13: Tax Revenues from the Mining Sector (K' millions)



	2011	2012	2013	2014	2015
Company Tax	2,473.9	2,610.3	1,084.7	1,473.5	418.2
Mineral Royaty	868.0	1,458.6	1,760.7	1,766.9	3,749.1
Export Duty	1.9	3.5	12.2	22.4	27.5
Mining Revenue as % of Tax Revenue	17.7%	19.7%	12.3%	11.8%	14.0%
Mining Revenue as % of GDP	2.9%	3.2%	2.0%	2.0%	2.3%

4 Average inflation for 2015 was 10.0 percent as recorded by CSO.

Contribution of Tax Types to GDP

The ratio of total tax revenue to GDP was recorded at 16.3 percent in 2015 which was 0.3 percentage point lower than 16.6 percent posted in 2014. The reduction in the GDP ratio was largely explained by the revision of the 2015 mining tax regime in the second half of the year necessitated by the slump in metal prices on the international market as well as reduced domestic economic activity as a result of reduced supply of electricity, a depreciating exchange rate, high interest rates and rising inflation.

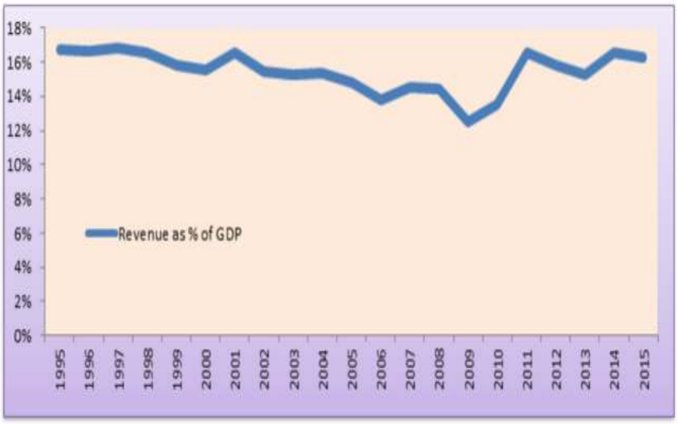
In comparison to last year, the ratio of the main tax categories to GDP in 2015 was mixed. In particular, the ratio for income taxes increased to 9.0 percent in 2015 from 8.0 percent in 2014. On the other hand, the ratio for domestic goods and services and trade taxes declined to 2.6 percent in 2015 from 3.6 percent in 2014 and to 4.7 percent in 2015 from 5.0 percent in 2014, respectively. Within the income tax group, the tax to GDP ratio for PAYE, withholding tax and mineral royalty increased while that of company tax reduced between the two years. The ratio of excise duty to GDP was higher in 2015 than in 2014 whereas that of domestic VAT was lower. All trade tax types worsened in 2015 as a percentage of GDP with the exception of export duty which remained unchanged (See Table 7).

Table 7: Total Revenue as Share of GDP in 2015 and 2014

Tax Type	Percentage of GDP in 2015	Percentage of GDP in 2014
Income Tax	**9.0%**	**7.9%**
Company Tax	1.5%	2.1%
Pay As You Earn (PAYE)	4.1%	3.9%
Withholding Tax	1.3%	0.9%
Mineral Royalty	2.0%	1.1%
Domestic Goods & Services	**2.6%**	**3.6%**
Excise Duty	1.8%	1.7%
Domestic Value-Added Tax (VAT)	0.8%	1.9%
Trade Taxes	**4.7%**	**5.0%**
Import VAT	3.6%	3.8%
Import Duty	1.0%	1.2%
Export Duty	0.0%	0.0%
Total Revenue as % of GDP	**16.3%**	**16.6%**
GDP (K' million)	**183,790.4**	**166,533.1**

The trend of tax revenue to GDP over the last 21 years is depicted in Figure 14. Over this period, the tax revenue to GDP ratio has averaged at 15.5 percent.

Figure 14: Trend in Tax Revenue to GDP ratio 1995-2015



Trend in Collection of individual Tax Types and Total Revenue

The performance of each individual tax type in relation to GDP as well as that of total tax revenue from 1995 to 2015 is depicted in Figures 15 to 22. The figures use a GDP series based on 2010 constant prices. As shown in the figures, it is evidenced that income taxes as a proportion of GDP have largely exhibited an upward movement since 1995, reflecting the buoyance of the Zambian tax system in netting in the growth in income that the country has experienced over the years. Specifically, PAYE, mineral royalty and withholding tax have exhibited upward trends during this period, while company income tax has had a downward trend in recent years. It is observed that the ratio of withholding tax to GDP has increased by 0.4 percentage points in 2015 from 2014 largely attributable to increased payment compliance of withholding tax on rental income and intensified awareness activities on the tax during the year under review.

On the other hand, consumption taxes, namely excise duties and VAT have mainly exhibited a downward trend as a ratio of GDP. The ratio of VAT to GDP has averaged at 4.3 percent over the same period with a moderated upwards trend observed from 2012, largely attributable to increased consumption as a result of the rise in income levels in the economy. Excise taxes have averaged at 2.0 percent as a proportion of GDP and have continued on a declining trend largely explained by increased tax expenditure or concessions especially on the import side. Similarly, import duties have exhibited a downward trend mainly due to increased volumes of imports under trade protocols ratified by Zambia.

The resultant impact from the increase in income taxes as a ratio of GDP and the decline in trade and consumption taxes as a proportion of GDP has been the overall tax as a percentage of GDP averaging at 15.5 percent during the period 1995 to 2015.

Figure 15: Company Income Tax as Percentage of GDP, 1995 – 2015

Figure 16: Pay As You Earn as Percentage of GDP, 1995 – 2015

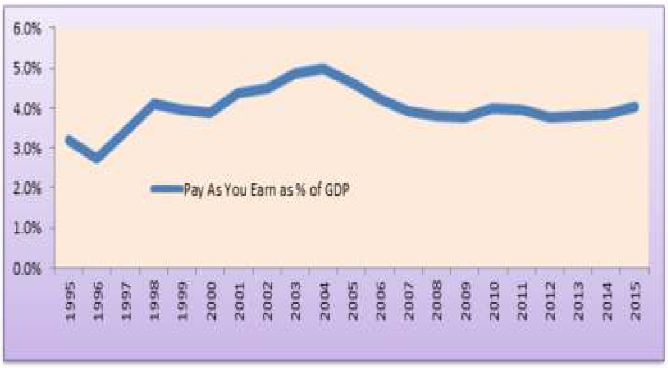


Figure 17: Withholding Tax as Percentage of GDP, 1995 – 2015

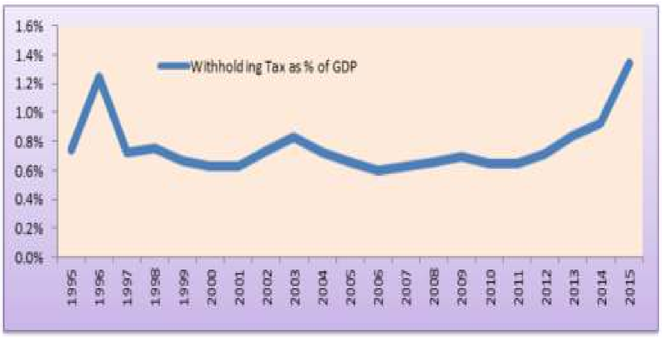


Figure 18: Value Added Tax as Percentage of GDP, 1995 – 2015

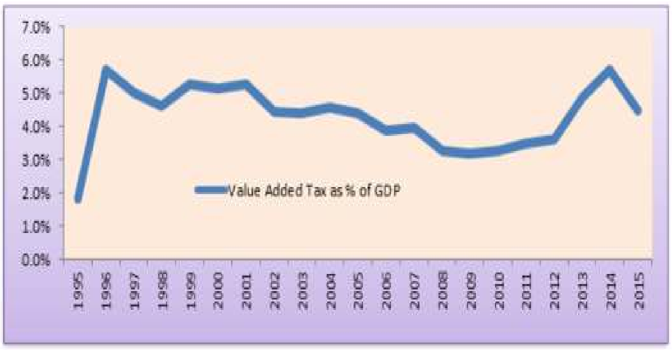


Figure 19: Mineral Royalty as Percentage of GDP, 1995 – 2015

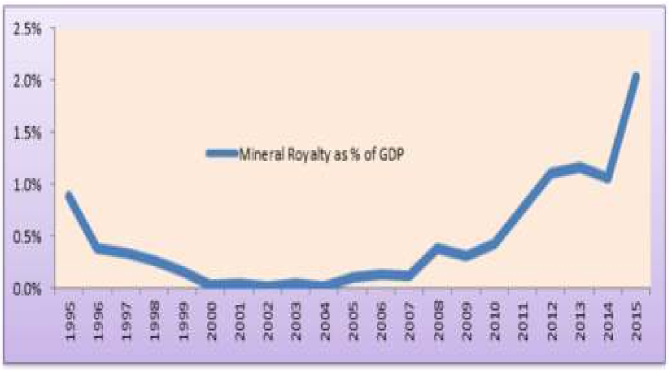


Figure 20: Excise Duties as Percentage of GDP, 1995 – 2015

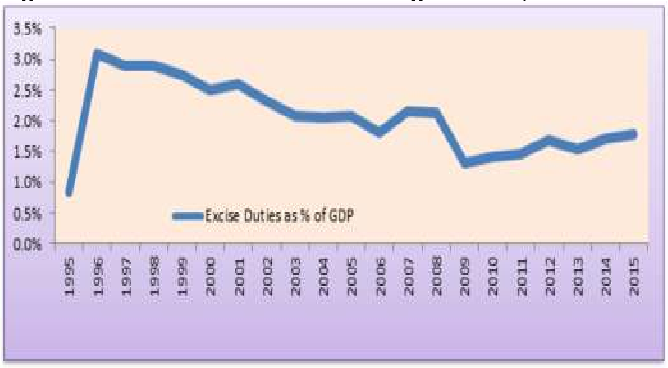


Figure 21: Import Tariffs as Percentage of GDP, 1995 – 2015

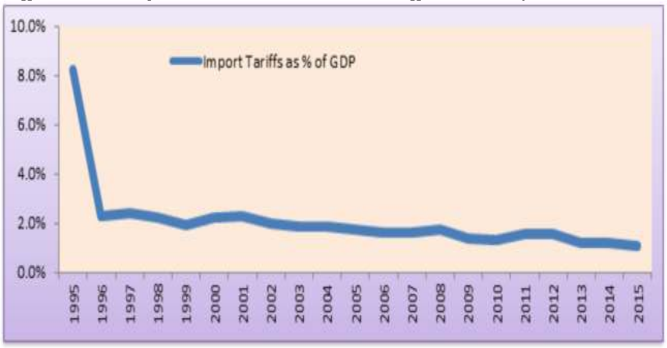


Figure 22 depicts how the overall tax system has responded to economic growth since the inception of ZRA.

Figure 22: Tax Revenue (K' millions) 1995 – 2015

Performance of Operating Divisions and Corporate Initiatives

CUSTOMS SERVICES DIVISION

ZRA continued to pursue strategies aimed at facilitating trade by improving the management and processing of customs declarations and risk management and profiling.

Customs Declarations

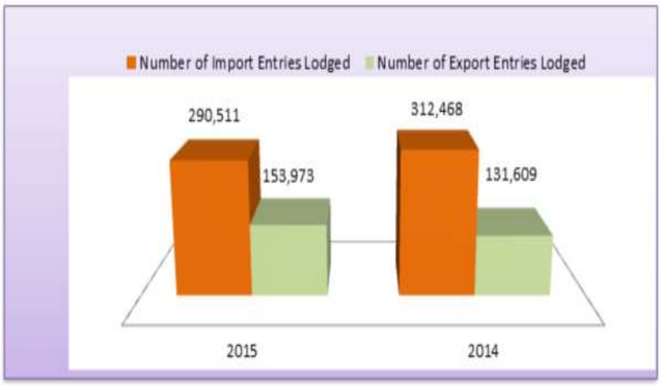
The registration to assessment conversion ratio indicates the volume of declared registrations that reach the assessment stage of the revenue collection process. In the year under review, 99.0 percent of the total transactions were assessed compared to 98.9 percent assessed in 2014, thus representing an improvement in the processing efficiency (See Table 8 below).

Table 8: Registration to Assessment Conversion Ratio for all transactions in 2015 and 2014

Period	Assessed	Registered but not assessed	Total	Percentage Assessed	Percentage registered but not assessed
2015	716,605	7,081	723,686	99.0%	1.0%
2014	712,940	7,706	720,646	98.9%	1.1%

The marginal improvement in the registration to assessment conversion ratio in the period under review compared to 2014 can be attributed to the stabilisation in the operations of the Central Processing Centres (CPCs) and realisation of the expected benefit thereof especially in the last quarter of 2015 among others.

Figure 23: Import and Export Entries 2015 and 2014



As outlined in Figure 23 above, the total number of import declarations in 2015 was 290,511 against 312,468 in 2014 thus representing a decline in import declarations of 7.0 percent. Conversely, the number of export declarations in 2015 was 153,973 against 131,609 in 2014 which represents an increase of about 17.0 percent.

Duty Drawback Scheme

ZRA administers a Duty Drawback Scheme that enables local manufacturers to claim back a proportion of duties paid on inputs used in the manufacture of exported goods. This Scheme is intended to make exports competitive. In addition ZRA also administers other customs refunds arising from claims on import and export transactions.

Between 2014 and 2015, the number of duty drawback applications reduced by 8.7 percent, while the value of claims increased by 17.5 percent. Furthermore, the number of general refund claims increased by 9.6 percent with a corresponding increase in the value of refund claims of 136.6 percent (See Table 9).

Table 9: Number, Value of Duty Drawback Applications and General Refunds in 2015and 2014

	2015	2014	% Variance
Duty Drawback Refunds:			
Number of duty drawback applications	442	484	(8.7)%
Value of duty drawback applications (K' m)	104.30	88.77	17.5%
Value of processed duty drawback applications (K' m)	98.81	80.04	23.5%
Value of duty drawback payments (K' m)	71.32	65.78	8.4%
General Refunds:			
Number of General refunds claims	344	314	9.6%
Value of General refund claims (K' m)	30.85	13.04	136.6%
Value of processed General refund claims (K' m)	30.42	13.07	132.7%
Value of General refund payments (K' m)	30.38	13.06	132.6%

The main reason for increase in the value of general refunds was the increase in the refunds made to Oil Marketing Companies (OMCs). This was on account of issuance of Statutory Instrument No. 14 of 2014 and Statutory Instrument No. 15 of 2015 (suspension of duty on fuel) which were both issued retrospectively. The OMCs that had cleared fuel stocks and paid duty before the Statutory Instruments claimed the duty after the Statutory Instruments were issued. In comparison to 2014, refunds made to OMCs in 2015 increased by 163.0 percent.

The drop in the number of duty drawback claims was mainly due to slump in exports in 2015. Particularly, fewer claims were received from tobacco exporters.

In spite of the reduction in the number of claims received, the value of claims and the amount claimed increased mainly due to depreciation of the Kwacha exchange rate against major trading currencies.

Direct Import and Export Declarations

The number of import entries declined by 7.0 percent in 2015 to 290,511 entries from 312,468 in 2014, while the Value for Duty Purposes (VDP) also declined by 30.3

percent. However, the number of export entries lodged registered an increase of 17.0 percent to 153,973 entries in 2015 from 131,609 entries in 2014, with the VDP increasing by 35.6 percent over the same period (See Table 10).

Table 10: Entries of Permanent Imports and Permanent Exports in 2015 and 2014

	2015	2014	Percentage Variance
Number of Import Entries Lodged	290,511	312,468	(7.0)%
Value of Import Entries Lodged (K' million)	81,660.8	117,163.1	(30.3)%
Number of Export Entries Lodged	153,973	131,609	17.0%
Value of Export Entries Lodged (K' million)	86,367.9	63,687.7	35.6%

Processing Efficiency

Processing efficiency as measured by the actual revenue collected against the potential revenue was recorded at 96.8 percent in 2015 compared to 95.7 percent in 2014. Specifically, the potential revenue in the period under review amounted to K11, 479.4 million of which K11, 115.9 million was collected. A further K246.4 million or 2.2 percent was registered and assessed but not paid while K117.1 million or 1.0 percent was not assessed and therefore no collections were made. (see Table 11A).

The accrued debt amounting to K246.4 million arising from assessments in the period under review and the delay in converting registrations worth K117.1 million into taxes negatively impacted the net revenue outturn. See Table 11 below for the details.

Table 11A: Processing Efficiency in Tax Yield from all Taxable Transactions in 2015 and 2014 (K' million)

Period	Un-assessed Taxes	Registered, Assessed, Not paid	Registered, Assessed and Paid	Total Collectable Amount	% Un-assessed	% Unpaid	% Receipted
2015	117.1	246.4	11,115.9	11,479.4	1.0%	2.2%	96.8%
2014	139.5	326.2	10,487.8	10,953.6	1.3%	3.0%	95.7%

The intermittent connectivity failures and system stabilisation challenges that occurred in the year under review also negatively affected operations at most stations particularly at Chirundu OSBP, Kenneth Kaunda International Airport (KKIA), CPC-Lusaka, Mwami Border Post, Nakonde Border Post and Livingstone Port Office, which affected the processing efficiency and ultimately collection of additional revenue.

As depicted in Table 11B below, the VDPs for non-taxable transactions recorded a growth of 34.0 percent in 2015 from the 2014 level, while the VDPs for taxable transactions largely remained unchanged. In terms of the tax collections, the amount collected on non-taxable transactions grew by 36.4 percent between 2015 and 2014, whereas that collected on taxable transactions declined by 1.8 percent.

Table 11B: VDP and Tax Yield from Taxable and Non-Taxable Transactions in 2015 and 2014 (K' million)

VDP Type	Value for Duty Purposes			Tax Amount		
	2015	2014	% Variance	2015	2014	% Variance
Non-Taxable	108,526.1	80,982.9	34.0%	17,649.1	12,942.5	36.4%
Taxable	11,766.0	11,770.4	0.0%	1,919.6	1,954.3	(1.8)%
Total	**120,292.1**	**92,753.3**	**29.7%**	**19,568.7**	**14,896.8**	**31.4%**

Between 2015 and 2014, the revenue foregone on account of various trade related concessions increased by K997.8 million or 32.1 percent to K4, 103.0 million from K3, 105.2 million, respectively (See Table 11C).

Table 11C: Total Revenue Loss from Concessions, 2015 and 2014 (K' million)

	2015	2014	Variance	% Variance
Total Revenue Loss	4,103.0	3,105.2	997.8	32.1%

Risk Profiling Analysis

In 2015, ZRA continued to apply risk management techniques in the processing of imports and exports. This enabled ZRA to select entry declarations for different levels of scrutiny and hence allow for the effective and efficient utilisation of resources.

DOMESTIC TAXES DIVISION

One important strategy that ZRA uses to encourage tax compliance is taxpayer education. It is a tool that is used to reach out, inform and engage taxpayers. The aim is to foster a culture of voluntary compliance based on rights and responsibilities as contained in the tax laws. Taxpayer education is therefore, seen as the bridge between the tax administration and citizens and a key instrument to transform tax culture in Zambia.

In light of this, ZRA conducted a number of taxpayer education activities and campaign in the form of radio programmes; workshops and seminars; presentations and mobile clinics.

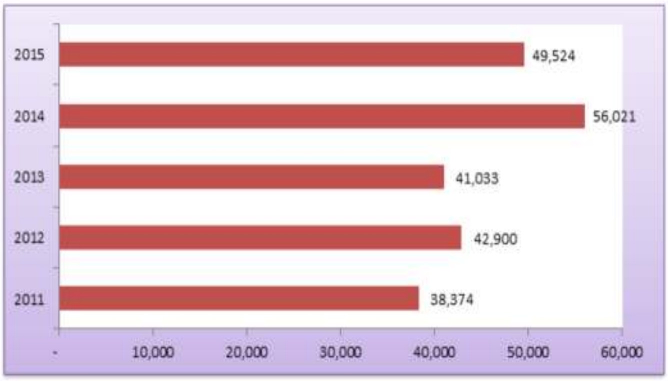
Tax Registration

During the year under review, ZRA continued with its tax registration activities. In this regard, a total of 49,524 registrations were done during the year compared to 56,021 issued in 2014 (See Figure 24). Out of the total taxpayer registrations in 2015, 22,901 were for Taxpayer Identification Numbers (TPINs) only.

5 This is the revenue as captured on ASYCUDA ++ and ASYCUDAWorld

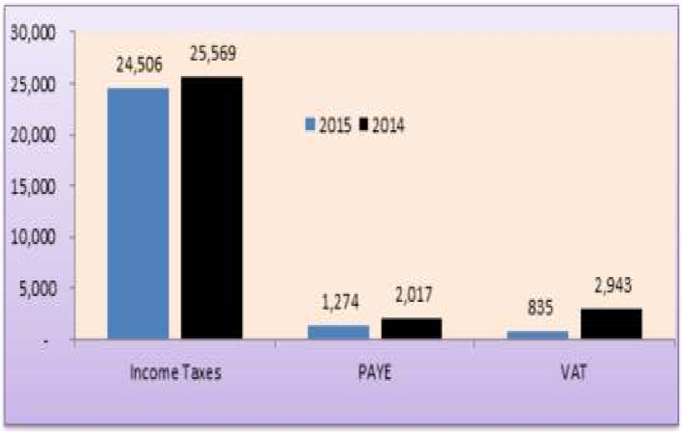
6 Non-taxable transactions in this case imply transactions on which customs duty is not payable but other taxes may apply.

Figure 24: Number of TPIN Registrations 2010-2015



Taxpayers were also registered in various tax types during the year under review. A total of 24,506 taxpayers were registered for various income taxes in 2015 compared to 26,569 registered in 2014 while 1,274 taxpayers where registered for PAYE compared to 2,071 in 2014. In addition, 835 taxpayers were registered for VAT compared to 2,943 registered in 2014 (See Figure 25). Meanwhile, 8 taxpayers were registered for Excise Duty in 2015.

Figure 25: Registrations by Tax Type in 2015 and 2014



Return Filing

The total number of active registered taxpayers under various tax types during the year under review stood at 241,118. The number of active taxpayers under income tax, PAYE, VAT and Excise Duty was recorded at; 204,083; 23,924; 13,009 and 102, respectively.

In 2015, ZRA received 182,644 tax returns compared to 108,392 tax returns in 2014, representing an increase of 68.5 percent. All tax types recorded some significant increase in the number of returns filed compared to 2014. However, the largest increases were for Property Transfer Tax (294%); followed by (Turnover Tax (150%); and Mineral Royalty (104%). Withholding Tax, Income Tax and PAYE return filing increased by 81 percent; 72 percent and 60 percent respectively. A total of 5, 342 PAYE refund applications were received compared to 8,454 received in 2014 representing a decrease of 36.8 percent. In monetary terms, K25.4 million was refunded in PAYE compared to K20.7 million refunded in 2014. The number of applications processed for income tax refunds increased to 1,359 in 2015 from 20 in 2014 valued at K64.5 million (See Table12).

Table 12: Income Tax Return Statistics

	2015	2014	% Change
Number of returns submitted:			
Company tax	6,566	3,827	71.6%
Individuals	1,687	676	149.6%
PAYE for individuals	125,880	78,708	59.9%
Withholding tax	41,170	22,725	81.2%
Property Transfer Tax	4,781	1,204	297.1%
Mineral Royalty	2,560	1,252	104.5%
Total number of returns submitted	**182,644**	**108,392**	**68.5%**
Number of refund Applications:			
PAYE for individuals	5342	8,454	-36.8%
Income Tax	1,359	20	6695.0%
Value of Refunds paid (K' million):			
PAYE for individuals	25.4	20.7	22.7%
Income Tax	64.5	8.1	696.3%

With regard to VAT returns, the number submitted in 2015 increased to 99,719 from 72,279 in 2014 representing an increase of 37.9 percent. There was, however, a significant increase in the number of nil VAT returns submitted to 33,786 in 2015 from 21,132 received in 2014 representing an increase of 59.8 percent, while payment returns increased by 31.1 percent. Repayment returns on the other hand increased by 17.9 percent (see Table 12).

For VAT refunds, 3,179 refunds were paid out of 10,070 applications, representing a processing efficiency of 31.5 percent compared to 54.7 percent in 2014 when 4, 672 refunds were paid out of 8,536 applications. The value of refunds processed increased to K6, 094.43 million in 2015 compared to K3, 326.25 million in 2014 (See Table 13).

Table 13: VAT Return Statistics

	2015	2014	% Change (2015/2014)
Number of returns submitted:			
Payment returns	55,863	42,611	31.1%
Nil returns	33,786	21,132	59.9%
Repayment (claims) returns	10,070	8,536	18.0%
Total	**99,719**	**72,279**	**38.0%**
Value of returns submitted (K' million):			
Payment returns	8,013.90	7,032.14	14.0%
Nil returns	0	0	
Repayment (claims) returns	6,478.65	6,867.46	(5.7)%
Number of Refund Applications:			
Number of Refund Applications	10,070	8,536	18.0%
Number of Refunds Processed	3,179	4,672	(32.0)%
Value of Refunds Paid (K' million)	6,094.43	3,326.25	83.2%

Domestic Tax Audit Performance

One basic instrument that ZRA uses to deter evasion and facilitate compliance is tax audit. Audits have twofold benefits in that they result in additional revenue collected from those actually audited and potentially lead to higher declarations from those not audited. Table 13 below depicts the number of audits conducted and the value of associated taxes collected in 2015. The number of audits refers to audits conducted against the various tax types, while the value of audits refers to both total taxes collected and deferred taxes against these tax types.

The number of audits conducted decreased by 19.5 percent to 6,734 in 2015 from 8,366 in 2014. The largest number of audits were under MTO were 4,216 audits were conducted, followed by STO with 1,771 audits. LTO recorded 484 audits while LTO mining conducted 263 audits. The total taxes collected from these audits were K1, 724.18 million with mining accounting for K823.4 million. A total of K220.4 million was, however, deferred tax (See Table 14).

Table 14: Audit Activity in 2015

Type of Audit	Number of Audits	Tax collected (K' Million)	Deferred (K' Million)	Total (K' Million)	Penalties (K' Million)
Large Taxpayer Office: Mining					
Income tax	23	2.57	0	2.57	0.08
PAYE	0	0	0	0	0
VAT	198	2.80	86.80	89.60	0.26
Integrated[1]	42	731.25	0	731.25	314.28
Sub Total	**263**	**736.62**	**86.80**	**823.42**	**314.62**
Large Taxpayer Office: Non-Mining					
Income tax	73	29.62	19.80	49.42	10.26
PAYE	22	1.97	0	1.97	1.04
VAT	325	52.82	14.86	67.68	15.75
Integrated	64	247.35	1.30	248.65	90.53
Sub Total	**484**	**331.76**	**35.96**	**367.72**	**117.58**
Medium Taxpayer Office					
Income tax	121	32.42	33.86	66.28	23.79
PAYE	20	1.68	0.22	1.90	0.84
VAT	3814	359.98	63.27	423.25	14.36
Integrated	261	29.65	0.30	29.95	5.68
Sub Total	**4216**	**423.73**	**97.65**	**521.38**	**44.67**
Small Taxpayer Office					
Income tax	1750	3.34	0.00	3.34	2.75
PAYE	21	8.32	0.00	8.32	0.23
VAT	0	0.00	0.00	0.00	0.00
Integrated	0	0.00	0.00	0.00	0.00
Sub Total	1771	11.66	0.00	11.66	2.98
Grand Total	**6734**	**1,503.77**	**220.41**	**1,724.18**	**479.85**

The breakdown of the taxes collected by office category was K823.42 million; K367.72 million; K521.38 million; and K11.66 million from the LTO mining, LTO non mining; MTO and STO, respectively. A total of K220.41 million of the assessed amounts was deferred tax while the collectable amount was K1, 503.77 million. The amount assessed in 2015 was higher than in 2014 largely on account of higher VAT yields and integrated assessments in MTO and LTO mining, respectively. Furthermore, ZRA charged penalties amounting to K479.85 million in the same period for non-compliance to tax regulations. The bulk of the penalties were attributable to the LTO mining, accounting for 65.5 percent of the total.

7 Integrated audits are audits where more than one tax type is audited in one audit assignment

Compliance Initiatives that Support Revenue Collection

In order to make compliance initiatives more focused during the year under review, ZRA undertook a number of studies to help identify taxation gaps as well as address administrative challenges that hinder revenue collection. These initiatives included the following:

- A taxpayer perception study was undertaken with the support of GIZ. The results of this study are being included in 2016 Taxpayer Service strategies.
- VAT gap Analysis study was undertaken in conjunction with the International Growth Centre (IGC) which estimated the revenue gap arising from VAT administration.
- Carbon Emission Surtax Study was undertaken to establish the gap in revenue collection and recommended strategies to improve its administration.
- A study aimed at improving tax compliance by those required to self-declare PAYE was undertaken with specific focus on Zambian employees in extraterritorial organisations.

Debt Management

The total debt stock as at the end of 2015 amounted to K24, 888.0 million, out of which domestic taxes debt accounted for K24,430.8 million or 98.2 percent while customs and excise debt stood at K457.2 million or 1.8 percent of the total debt stock. Between 2014 and 2015, the total debt stock rose by 56.5 percent, which was largely driven by increased accumulation of debt under domestic VAT (See Table 15A).

Table 15A: Total Debt Stock, 2011-2015

	2011	2012	2013	2014	2015
Total Debt, K' Million	**4,880.0**	**5,667.9**	**8,582.1**	**15,903.9**	**24,888.0**
Domestic Taxes Debt	4,849.5	5,611.8	8,496.6	15,92.8	24,430.8
Customs and Excise Debt	30.5	56.1	85.5	211.1	457.2
Domestic Taxes Debt (% of Total)	*99.4%*	*99.0%*	*99.0%*	*98.7%*	*98.2%*
Customs and Excise Debt (% of Total)	*0.6%*	*1.0%*	*1.0%*	*1.3%*	*1.8%*

At the end of 2015, the total domestic taxes debt stock amounted to K24, 430.8 million representing an increase of 55.7 percent from the 2014 level of K15, 692.8 million. The largest share of the 2015 debt stock was under domestic VAT at K15, 620.3 million followed by company tax at K3, 633.9 million. PAYE, mineral royalty and withholding tax accounted for K2, 200.1 million, K1, 288.7 million and K1, 133.2 million of the debt stock, respectively. The rest of the tax types had debt falling below K500 million as at the end of the year. (See Table 15B).

Table 15B: Trend in Domestic Debt Accumulation, 2011 - 2015 (K' millions)

Tax Type	2011	2012	2013	2014	2015
Company Tax	949.4	3,319.1	5,813.0	3,652.5	3,633.9
Back Duty	-	-	287.2		
Self Employed (Turnover Tax)	11.1	-	812.8	75.9	496.2
PAYE	1,786.1	1,605.0	641.4	473.4	2,200.1
Domestic VAT	2,049.6	687.7	901.9	11, 357.2	15,620.3
Mineral Royalty	53.3	0.0	40.3	133.8	1,288.7
Withholding tax					1,133.2
Domestic Excise					58.4
Total	**4,849.5**	**5,611.8**	**8,496.6**	**15,692.8**	**24,430.8**

It must be noted from table 15C, that the larger part of the total debt stock of 24,430.8 million is in penalties and interest amounting to K14, 568.50 million which still requires further reconciliation of individual taxpayers' tax type accounts. In the process of debt recovery, errors have been noted whereby payments for a particular tax type have been captured under a different tax type and thereby creating penalties and interest on an account presumably settled by a taxpayer (for instance a payment for VAT wrongly captured as payment for income tax). Therefore, as at the end of 2015, ZRA records were still being reconciled against taxpayers' records.

Table 15C: Composition of Domestic Tax Debt in 2015 (K' millions)

Tax Type	Principal	Penalties	Interest
Domestic Excise	57.3	0.2	0.9
Employment Tax (Pay as You Earn)	1,170.9	851.8	177.4
Income Tax	2,673.9	663.9	296.1
Mineral Royalty Tax	675.4	493.8	119.5
Property Transfer Tax	(0.0)	0.0	-
Turnover Tax	121.2	356.6	18.4
Value Added Tax	4,463.8	10,446.4	710.4
Withholding Tax	700.1	347.5	85.7
Total	**9,862.5**	**13,160.2**	**1,408.3**

The total outstanding customs and excise debt as at the end of 2015 was K457.2 million compared to K211.1 million at the end of 2014. This represented a rise of 116.6 percent between 2014 and 2015 (See Table 15D).

Table 15D: Trend in Customs and Excise Debt Accumulation, 2011 - 2015 (K' millions)

Tax Type	2011	2012	2013	2014	2015
Customs Duty	6.7	11.3	15.7	45.4	83.9
Advance Income Tax	0.5	0.9	1.2	2.1	4.6
Excise Duty	10	21.4	26.9	44.8	97.6
Fuel Levy	3.1	3.5	7.8	23	23
Export Duty	0	0	0	0.2	1.3
Motor Vehicle Fee	0	0.2	0.8	1.4	1.9
Carbon Emission Surtax	0	0.1	0.3	0.5	0.5
Import VAT	10.2	18.7	32.8	93.7	244.5
Total Debt	**30.5**	**56.1**	**85.5**	**211.1**	**457.2**

Taxpayer Education and Advisory Services

ZRA has in place a Taxpayer Education Strategy which outlines the various modes through which the Authority interacts with taxpayers as it tries to disseminate tax information. During the year under review, the Authority continued to engage different stakeholders on tax matters. The key stakeholders engaged during the year were the Catholic Relief Services, Zambia Chamber of Commerce and Industries (ZACCI). Workshops were also conducted for Swift Cash Payroll, Cross Boarder Traders Association, Zambia Medical Association and Local Government. ZRA also partnered with National Construction Council and Zambia Development Agency in tax awareness programs countrywide.

Open day sessions were also held at various shopping malls and Central business places to educate taxpayers on e-facilities and other aspects of tax administration. The sessions were held at Manda Hill Shopping Mall, Levy Shopping Mall and East Park Shopping Mall.

Alongside the workshops and Open Days, tax clinics and roadshows were held for various categories of taxpayers on e-services offered through TaxOnline and ASYCUDAWorld to enable them be more conversant with the Systems. Road shows were also conducted in Lusaka, Mumbwa, Chongwe, Kafue, Mazabuka, Chirundu, Siavonga and Monze. In addition, tax lectures were conducted at various learning institutions as a way of cultivating a culture of paying tax among the general populace.

ZRA also fully participated in all national and in some provincial Trade and Agricultural Shows where taxpayer education, with emphasis on e-services, was conducted. On-site taxpayer registrations were also undertaken. In addition, ZRA used both print and electronic media to provide tax information to taxpayers. Furthermore, ZRA ran educational programmes on both national and community radio stations with the radio programmes receiving overwhelming response.

The Authority also partnered with Zambia Development Agency (ZDA) in conducting Business Workshops for Micro, Small and Medium Enterprises around the country. A total of 438 outreach programmes were undertaken using various methods during the year as indicated in Table 16 below.

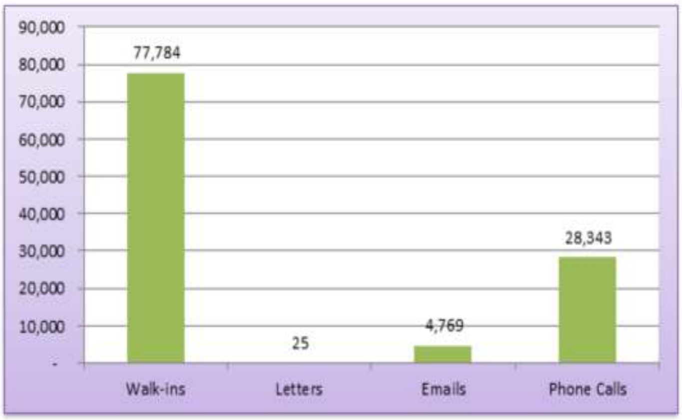
Table 16: Number of Taxpayer Outreach Programmes in 2015

Type of Programme	2015	2014	% Change
Lectures	13	21	(38.1)%
Tax presentations to stakeholders	205	62	230.6%
Tax Clinics	38	24	58.3%
Radios/ TV programmes	103	52	98.1%
Door to door campaigns	79	45	75.6%
Total	**438**	**204**	**114.7%**

The ZRA Website continued to provide taxpayers access to e-services and enabled them to download tax information and other tax related documents. In addition to the website, the Facebook page proved to be a popular tool for taxpayer education programmes with the number of *likes* rising to 15,000 in 2015 from 10,000 in December 2014.

In 2015, a total of 77,784 taxpayers contacted ZRA through the Advice Centre for the purpose of seeking clarification and other services on tax matters compared to a total of 78,936 in 2014. The modes of contact were: walk-ins, telephone, email and letters. As depicted in Figure 26, the majority of taxpayers sought services in person, followed by those who used telephones and emails. The use of letters remained the least used mode of contact.

Figure 26: Taxpayer Contact in 2015



The use of the telephone as a means of interacting with ZRA, has become more popular due to the increased use of e-services, as a result taxpayers frequently call the National Call Centre to enquire on number of issues including status of their applications, system failures and general enquiries among others. The National Call Centre received a total of 28,343 phone calls in 2015 compared to 14,534 in 2014, representing an increase of 48.7 percent.

Non-Compliance and Prosecutions

ZRA enhanced its compliance initiative through monitoring of transactions and activities of all taxpayers at all times.

Where non-compliance was established, thorough investigations were conducted leading to prosecution in some cases.

Investigations

The Authority continued to partner with other law enforcement agencies such as the Zambia Police Service, the Anti-Corruption Commission and the Drug Enforcement Commission to improve the quality of investigations on tax-related offences.

A total of 179 criminal tax cases were handled in 2015, compared to 227 in 2014, representing a decrease of 21 percent over the period. Of these cases, 134 were settled administratively, while 45 were prosecuted.

The proportion of customs and excise, and domestic taxes related cases handled during the period were 94 and 86, compared to 157 and 70 in 2014, respectively. This represents a reduction of 40 percent for customs and excise related cases and an increase of 23 percent for domestic taxes related cases.

The total assessments from domestic taxes related cases were K860 million compared to K169 million in 2014, representing an increase of 409 percent. The total assessments raised from customs-related cases were K11 million compared to K28.5 million in 2014, representing a reduction of 61 percent.

Managing Public Confidence

Managing Public Confidence

Professional Excellence and Staff Integrity

During the year under review, the ZRA Integrity Committee conducted awareness workshops in 24 stations for staff and other stakeholders. In line with Government's desire for public officers to exhibit high levels of integrity, ZRA heightened the fight against corruption. In this regard, four integrity awareness workshops for stakeholders were conducted in collaboration with the Department of Immigration, Drug Enforcement Commission, the Road Transport and Safety Agency (RTSA), Zambia Bureau of Standards (ZABS), Zambia Police Service and the Anti-Corruption Commission (ACC). The workshops were held in Mansa, Kapiri Mposhi, Mongu and Luangwa.

In addition, a further eight integrity awareness meetings were held with Clearing Agents at Chanida, Mwami, Victoria Falls, Kazungula, Katima Mulilo, Kapiri Mposhi, Mpulungu and Nakonde stations.

It is important to note, that the Taxpayer Charter which sets out our service delivery levels also provides our taxpayers a platform for measuring our professionalism. The Charter is a public document and thus can be used to hold the Authority accountable.

Minimising Compliance Costs

In a bid to reduce the cost of complying with tax legislation requirements for our taxpayers, ZRA conducts cost of compliance surveys for all the taxpayer segments in the Domestic Taxes and Custom Services Division. The outcomes of these surveys are meant to inform initiatives aimed at reducing the cost of compliance which is in turn intended to improve voluntary compliance. The surveys are conducted every two years, and the next surveys are earmarked for 2016. The input from our taxpaying public is critical in addressing challenges that taxpayers face as we continue on the path of stabilisation of our recently launched web-based systems, TaxOnline and ASYCUDAWorld.

Corporate Governance

Corporate Governance

In 2015, the operations of ZRA continued to be guided by the Corporate Strategic Plan. This Plan contains the corporate governance structure of the Authority. The Governing Board oversees ZRA's overall organisation and administration and thus providing assurance of good corporate practice to the public through its oversight role.

The Corporate Strategic Plan

The revised Corporate Strategic Plan (CSP) 2013-2015 continued to provide the strategic direction for the attainment of the Authority's corporate actions.

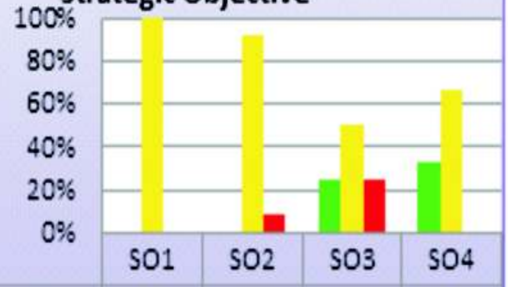
In the year under review, ZRA implemented 88.4 percent of the planned corporate actions, of which 11.5 percent were fully implemented, while 76.9 percent were partially implemented. The rest of the planned actions (11.6 percent) were not implemented (see Figures 27a). It must be noted that for a Corporate Action to be fully implemented (green), all Divisional Actions that relate to that particular Corporate Action must have been implemented in full (i.e. 100% implementation); otherwise that Corporate Action will be considered not fully implemented (yellow). The critical Actions which were not implemented by the end of 2015 were incorporated into the 2016-2018 Corporate Plan.

Figure 27b depicts the implementation status of the four Strategic Objectives (SOs) in 2015. Strategic Objective No. 4 (to develop and improve infrastructure) had the highest number of actions that were fully implemented at 33 percent, followed by Strategic Objective No. 3 (to enhance professionalism and productivity of the workforce) at 25 percent. Meanwhile, Strategic Objective No. 1 (to optimize revenue collection) had all its planned actions partially implemented. Partially implemented planned actions under Strategic Objective No. 2 (to enhance operational efficiency and service delivery), were at 92 percent.

It must be noted, however, that despite exceeding the revised revenue target in 2015, SO1 still remained partially implemented as there were other corporate actions under the strategic objective, as was the case under all other objectives that were yet to be fully implemented. The critical actions that remained outstanding at the end of the 2013-2015 Corporate Strategic Plan were taken into account in the new Corporate Strategic Plan for the period 2016-2018.

Figure 27a: Implementation of the Corporate Strategic Plan

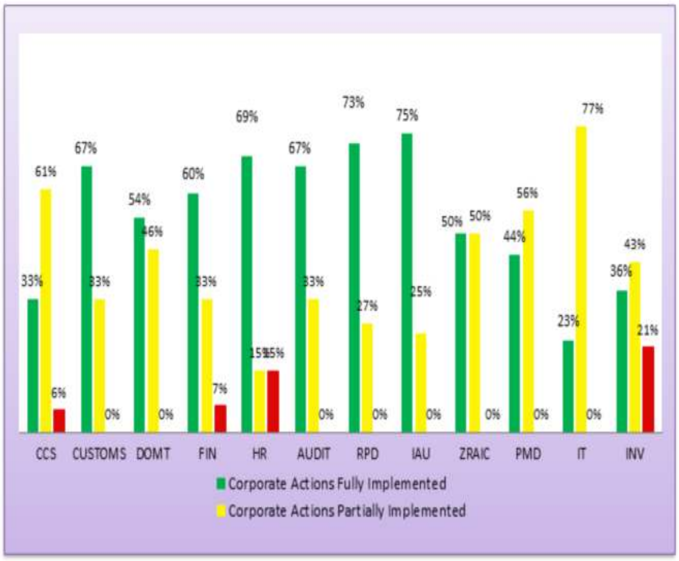
Figure 27b: Implementation by Strategic Objective



	SO1	SO2	SO3	SO4
Actions Fully Implemented	0%	0%	25%	33%
Actions Partially Implemented	100%	92%	50%	67%
Actions Not Implemented	0%	8%	25%	0%

At the divisional level, KPIs were fully implemented more consistently. Figure 28, below, highlights the implementation of corporate actions by divisions.

Figure 28: Implementation of Corporate Actions by Divisions



Development of the new ZRA Corporate Strategic Plan 2016-2018

In the last quarter of 2015, the Authority developed the 2016-2018 Corporate Strategic Plan using the balanced score card methodology. This is a new system introduced to help balance financial and non-financial goals of the Authority as well as to refocus the measurement of strategic performance from activity to output based. The four perspectives of the balanced score card employed were: Financial Results; Business Processes; Employee Satisfaction; and Customer Satisfaction.

Divisional and Departmental Functions

The core functions of ZRA are carried out by the Customs Services Division and the Domestic Taxes Division, both of which are classified as the operating divisions. These operating divisions are supported by the following Divisions and Departments: the Corporate Services Division; the Finance Division; the Human Resource Department; the Research and Planning Department; the Project Management Department; the Internal Audit Department; the Investigations Department; the Information Technology Department and the Internal Affairs Unit.

Below is a summary of the functions of all the Divisions and Departments.

Customs Services Division

The Division is responsible for charging, collecting, and managing customs, import excise and other import duties as mandated by the Customs and Excise Act, Chapter 322 of the Laws of Zambia. Core functions also include: licensing and controlling warehouses and premises for the manufacture of certain goods; and prohibition of imports and exports in line with the Control of Goods Act - Chapter 421 of the Laws of Zambia; and implementation of customs and trade agreements.

Domestic Taxes Division

The Domestic Taxes Division administers and collects all domestic taxes, including domestic excise duty, which was until 2015 being managed by the Customs Services Division under the Customs and Excise Act Chapter 322 of the Laws of Zambia. The Division carries out its mandate through a number of Acts which include: the Income Tax Act, Chapter 323 of the Laws of Zambia; the Value Added Tax Act, Chapter 331 of the Laws of Zambia; the Property Transfer Tax Act, Chapter 340 of the Laws of Zambia and the Insurance Premium Levy Act No. 21 of 2015. The Division also collects mineral royalty, as authorised under the Mines and Minerals Development Act, No. 11 of 2015.

Corporate Services Division

The Corporate Services Division carries out the central corporate functions for ZRA. These functions include Board Secretarial functions, legal affairs, administrative issues and other support services such as fleet management and security, development and maintenance of infrastructure, procurement, and stores management.

Finance Division

The Finance Division manages the accounting, treasury and debt management functions of ZRA. The accounting function of the Finance Division involves management of operational funds, while the Treasury function of the Division involves the receipting and accounting for Government revenue and controlling the flow of revenue between ZRA, the commercial banks and the Bank of Zambia.

Human Resource Department

The Human Resource Department has strategic and policy oversight on all aspects of human resource management in ZRA, with the objective of maximising the value and productivity of staff. The Department also implements the Human Resource functions which include staff development, compensation, staff welfare, and payroll, amongst other things.

Research and Planning Department

The Research and Planning Department is responsible for research, tax policy coordination between the Ministry of Finance and ZRA, coordinating taxpayer education programmes, and managing corporate communications. The Department is also responsible for the development and implementation of business continuity planning and facilitating risk management practices, as well as monitoring and reporting on organisational performance. The department is also responsible for coordinating corporate and departmental planning and is the custodian of the corporate strategic planning and monitoring and evaluation frameworks.

Internal Audit Department

The Internal Audit Department provides assurance to management and the Audit Committee of the Governing Board on the effectiveness and reliability of internal control, risk management and governance processes within the Authority. In addition, the Department is responsible for continuously evaluating the efficiency, effectiveness and economical use of resources in the Authority's business operations, projects and programmes as well as ensuring that its assets are safeguarded.

The Department follows up and assesses, on a regular basis, the level of implementation of its various recommendations agreed upon in prior audit reports and also coordinates the resolution of queries and implementation of recommendations from external audit functions such as the Auditor General's Office.

Project Management Department

The Project Management Department drives efficiency and effectiveness in project implementation within ZRA. It is the custodian of the Project Management Framework, and provides expertise for the specific needs of various projects. It is the project coordination and management hub within ZRA, acting as the epicentre for project templates, tools, frameworks, documents and expertise within ZRA.

Information Technology Department

The Information Technology Department implements ZRA's ICT strategies. This includes the development of new systems and the provision of day-to-day support for ICT infrastructure and services. The Department also assists in strengthening existing information systems and coordinates the integration of business systems. Furthermore, the Department facilitates electronic interfaces with external stakeholders and is responsible for modernising communication systems.

Investigations Department

The Investigations Department investigates tax offences under the various tax and related Acts. These include the Customs and Excise Act Chapter 322, the Income Tax Act Chapter 323, the Value Added Tax Act Chapter 331 of the Laws of Zambia and other related Acts. The Department also conducts anti-smuggling activities. Its final goal is to prosecute offenders, thus enhance tax compliance.

Internal Affairs Unit

The Internal Affairs Unit investigates cases of corruption, fraud, and other malpractices involving ZRA employees. The key purpose of this is to preserve the corporate integrity of ZRA. The Unit often works with other Government entities, such as the Zambia Police Service, the Drug Enforcement Commission, and the Anti-Corruption Commission.

Internal and External Scrutiny

Internal Scrutiny

Internal Audit

In 2015, the Internal Audit Department undertook 33 process audits and 1 special review, out of which 14 process audits were finalised and submitted to the Audit Committee of the Governing Board. The special review was still under review at the end of the year. A total of 14 audits were at draft report stage or awaiting comments from client Divisions and Departments within ZRA. In addition, the Department finalised 22 audits carried forward from 2014, bringing the total number of reports tabled before the Audit Committee in 2015 to 36 (See Table 17).

Table 17: Audits and Investigations Undertaken in 2015 and 2014

Audits and Investigations	2015	2014	% Change
Number of process audits	33	45	(26.7)%
Number of process audits finalised	14	18	(22.2)%
Number of special reviews and investigations undertaken	1	7	(85.7)%
Number of special reviews and investigations finalized	0	7	(100.0)%
Number of 2014 Audits finalised in 2015	22	19	15.8%

Internal Affairs

The Internal Affairs Unit recorded 80 cases of fraud and misconduct in 2015 compared to 68 cases recorded in 2014 (See Table 18).

Table 18: Cases of Fraud and Misconduct by Employees in 2015 and 2014

Type of offence	2015	2014	% Change
Fraud	6	27	(77.8)%
Breach of Code of Conduct	16	9	77.8%
Theft	4	2	100.0%
Bribery	12	11	9.1%
Abetting smuggling	14	14	0.0%
Other	28	5	460.0%
Total cases investigated	**80**	**68**	17.6%

The Unit investigated continued to be proactive by undertaking special operations and liaison with other law enforcement agencies. In addition, improved intelligence strategy, and exchange of intelligence information enabled the Unit to detect and pursue more cases in 2015 than the previous year.

The leading cases of misconduct were those of breach of Code of conduct, abetting smuggling, bribery and fraud.

Out of the total cases recorded in 2015; 45 cases were taken for disciplinary hearings and determined; 26 cases resulted in dismissals; five in written warnings; four were still pending ruling/decision by the Disciplinary Committee while eight resulted in acquittals. A further six cases were concluded and were yet to be tabled for disciplinary hearings.

In addition, another 19 cases were referred to operating Divisions and the Investigations Department for the collection of taxes, de-registration, blocking of TPIN or suspension of Clearing Agents licenses. The Unit also made 10 recommendations for the prosecution of erring officers and Customs Clearing Agents. In addition, the Unit conducted three sting operations.

Staff Integrity

The Integrity Committee which is responsible for upholding staff integrity continued to receive client feedback through its Secretariat through letters, email, telephone and suggestion boxes placed at various ZRA stations.

Table 19: Number of Complaints and Comments Received by ZRAIC

Year	Complaints	Comments	Total
2015	25	41	66
2014	27	36	63

The number of comments and complaints received in 2015 increased to 66 from 63 received in 2014, representing an increase of 4.8 percent (See Table 19).

Table 20 shows that the nature of comments received during the year increased by 5.1 percent over that received in 2014.

Table 20: Nature of Comments Received

Taxpayer Feedback	2015	2014	% Change
Compliments	8	2	300.0%
Information	6	23	(73.9)%
Queries	9	6	50.0%
Suggestions	18	5	260.0%
Total	**41**	**39**	**5.1%**

Out of the 25 complaints received in 2015, the majority were related to inefficiency, which accounted for 12 or 48 percent, followed by professional misconduct which accounted for 6 or 24 percent of the total complaints received. Fraud related cases were 3 or 12 percent of all complaints received There were 2 cases of tax evasion which accounted for 8 percent of the complaints received while one allegation of corruption was received (See Table 21).

Table 21: Type of Complaints Received

Taxpayer Complaints	2015	2014	% Change
Inefficiency	12	14	(14.3)%
Tax Evasion	2	0	100.0%
Smuggling	0	0	0.0%
Professional Misconduct	6	11	(45.5)%
Corruption	1	2	(50.0)%
Theft	1	0	100.0%
Fraud	3	0	100.0%
Total	**25**	**27**	(7.4)%

External Scrutiny

Parliamentary Committees

Being a public body, ZRA's operations are subject to Parliamentary oversight. In 2015, ZRA appeared before different Committees of the House on various aspects relating to its operations. In addition the Authority provided written responses to various issues raised by the House.

Auditor General

The Office of the Auditor General performs an oversight function on the operations of ZRA. This is meant to assure the public that funds appropriated by Parliament for the operations of the Authority are properly accounted for. In 2015, ZRA responded to all audit queries raised by the Office of the Auditor General. In addition, the Auditor General conducted an audit of revenue collection for the financial year ended 31st December 2014.

Litigation

During the year under review, civil and criminal litigation remained important tools of enforcing compliance and dispute resolution. In this regard, ZRA was involved in litigation in various courts of law.

Civil Litigation

In 2015, the number of civil cases litigated by ZRA increased to 73 from the 70 cases handled in 2014. The majority of these tax related cases were in the High Court which had 30 cases before it followed by those in the Tax Appeals Tribunal which had 22 cases before it. The high number of cases in various courts is an indication of the taxpayers' awareness to invoke their right to challenge the Authority's decisions whenever they feel dissatisfied. Table 22 shows the extent of the tax-related litigation that ZRA was involved in during the year.

Table 22: Tax Related Litigation in 2015 and 2014

Type of Court	2015	2014	% Change
Magistrates Court	2	3	(33.3)%
High Court	30	42	(28.6)%
Supreme Court	9	15	(40.0)%
Tax Appeals Tribunal	22	0	100.0%
Industrial relations court	10	10	0.0%
Total Cases	**73**	**70**	**4.3%**

From the 73 cases that were litigated on in 2015, 51 cases or 70 percent were on Customs and Excise, Direct Taxes and VAT. The labour-related cases accounted for 20 cases or 27.4 percent while other cases were 2 or 2.7 percent. A total of 12 cases were concluded during the year out of which 10 cases were in favour of ZRA while 2 cases were in favour of taxpayers. The remaining 61 cases were still active in the various courts as at the end of the year (See Table 23).

Table 23: Cases in Various Courts by Category in 2015

Tax Type	Number of cases	Number of Judgments in favour of ZRA	Number of Judgments in favour of Taxpayers
Customs and Excise	25	6	1
Direct Taxes	12	1	1
VAT	14	1	0
Industrial Relations	20	2	0
Others	2	0	0
Total	**73**	**10**	**2**

Criminal Litigation

ZRA prosecuted a total of 45 cases in 2015, out of which 29 convictions were secured. Further, three trials were concluded in respect of which judgments were being awaited. As at end of the year, six cases were still undergoing trial while three cases were withdrawn from the courts for various reasons.

It is worth noting that despite the reduction in the number of cases handled during the year, the value of the cases increased to K882 million in 2015 from K241 million in 2014 (See Table 24).

Table 24: Type of cases by Tax Type and Values in 2015 and 2014

Cases closed by type	Customs & Excise		Domestic Taxes		Total, 2015		Total, 2014	
	Number	Value (K'000)	Number	Value (K'000)	Number	Value (K'000)	Number	Value (K'000)
a) Civil Settlement	**76**	**11,028**	**58**	**860,397**	**134**	**871,425**	**183**	**197,492**
b) Prosecutions								
Withdrawn	3	395	0	0	3	395	4	240
Conviction & Fine	6	7,609	23	289	29	7,899	7	880
Acquittal	4	0	0	0	4	0	0	0
Awaiting Judgement	3	345	0	0	3	345	14	7,055
Trial Stage	5	1,799	1	380	6	2,179	19	35,396
Total Prosecutions	**21**	**10,148**	**24**	**669**	**45**	**10,818**	**44**	**43,571**
Grand Total	**97**	**21,176**	**82**	**861,066**	**179**	**882,243**	**227**	**241,063**

The Investigations department continued to enforce court orders on convictions and managed to collect a total of K663, 326 from convicted taxpayers in 2015.

Seizure of Goods

In the course of investigations, the Authority seized several goods that were the subject of an offence. Some goods were forfeited to the State and auctioned or donated to needy institutions in accordance with the laid down requirements under the law to recover taxes.

Managing People

Managing People

As at 31st December 2015, staff complement stood at 1,536 employees compared to 1,439 in 2014. The 6.7 percent increase in the staff complement is explained by the increase in the net staff complement of the Domestic Taxes, Customs Services, Corporate Services and Finance Divisions. Despite this increase, the staff complement in 2015 was below the approved establishment of 1, 734 representing 88.6 percent of the approved establishment, compared to 92.4 percent in 2014. This reduction is largely attributed to an increase in the staff establishment to accommodate the former Zambia (Intellectual Property) Border Crossing Company staff into Customs Services and Finance Divisions. The 2015 staff establishment was also increased in order to accommodate the newly created Forensic Laboratory in the Investigations Department and the Tax Appeals Office in the Office of the Commissioner General (See Table 25).

Table 25: ZRA Staff Complement by Division / Department /Unit as at end 2015 and 2014

Division / Unit	2015		2014	
	Actual	Approved	Actual	Approved
Commissioner General's Office	14	19	14	14
Domestic Taxes	451	474	432	471
Customs Services	557	680	518	586
Corporate Services	249	268	217	221
Research and Planning	29	31	30	31
Human Resource	30	30	30	30
Finance	91	106	80	84
Information Technology	57	60	59	60
Internal Audit	19	19	19	19
Investigations	33	41	34	35
Project Management	6	6	6	6
Total	**1,536**	**1,734**	**1,439**	**1,557**

In 2015, the proportion of female staff increased to 32.4 percent compared to 31.0 percent in 2014. There were no significant changes in the number of employees in some grades and gender categories, as those that separated were replaced. Non-Represented Contract Staff accounted for 11.9 percent of the workforce compared to 12.4 percent the previous year. In 2015, 40.0 percent of the staff were in the Represented Contract Staff category compared to 38.3 percent in 2014 and 48.1 percent of the staff were in the Represented Non-Contract Staff category compared to 49.3 percent in 2014 (See Table 26)

Table 26 ZRA Staff Compliment by Category and Gender

Staff Category	2015				2014			
	Male	Female	Total	% of Total	Male	Female	Total	% of Total
Non Represented Contract Staff (ZRA00 – ZRA04)	145	38	**183**	**11.9%**	136	42	**178**	**12.4%**
Represented Contract Staff (ZRA05 – ZRA06)	408	206	**614**	**40.0%**	380	171	**551**	**38.3%**
Represented Non-Contract Staff (ZRA07 – ZRA10)	486	253	**739**	**48.1%**	477	233	**710**	**49.3%**
Total	**1039**	**497**	**1,536**	**100.0%**	**993**	**446**	**1,439**	**100.0%**

As depicted in Table 27, in 2015 the staff complement continued to be heavier on the Operations side. During the year, 1,041 or 67.8 percent of the staff complement was in the operating divisions/departments compared to 984 or 68.4 percent in 2014.

Table 27: ZRA Staff Classification as Operations and Support in 2015 and 2014

DIVISIONS/DEPARTMENTS	2015	2014	% Change
OPERATIONS:			
Domestic Taxes	451	432	4.4%
Customs Services	557	518	7.5%
Investigations	33	34	(2.9)%
Sub Total	**1,041**	**984**	**5.8%**
SUPPORT SERVICES:			
Commissioner General's Office		14	0.0%
Research & Planning	29	30	(3.3)%
Corporate Services	249	217	14.7%
Human Resource	30	30	0.0%
Finance	91	80	13.8%
Internal Audit	19	19	0.0%
Information Technology	57	59	(3.4)%
Projects	6	6	0.0%
Sub Total	**495**	**455**	**8.8%**
Grand Total	**1,536**	**1,439**	**6.7%**

Staff Strategy

The Authority's staff strategy in the year under review, focused on enhancement of supervisory skills at middle and lower management levels. In line with this need, a total number of 127 members of staff were taken through the Supervisory Management Development training in 2015. This was done to promote an effective and efficient workforce that would be responsive to ZRA's mandate of collecting more revenue both in the short and long-term.

Resourcing and Selection

The Resourcing and Selection Policy and Procedure Manual stipulates the staff recruitment process in ZRA. A total of 200 employees were recruited in 2015, out of which 49 were Management Trainees, 58 were former Zambia (Intellectual Property) Border Crossing Company employees, 11 were under the newly established Debt Enforcement Unit and 82 were staff replacements.

Staff Development and Training

The complexity of the Authority's work requires constant training and retraining of staff. In this regard, ZRA committed significant resources to capacity building amounting to K4.0 million in 2015. This resulted in the successful implementation of training programmes attended by 1,560 participants in 2015. However, the number of participants in 2015 was significantly lower than 2,434 recorded in 2014, largely due to a reduced number of training activities as the projects in the core Divisions of Domestic Taxes and Customs Services Divisions had reached implementation stage or were winding up.

In terms of gender, 34.8 percent of the participants trained in 2015 were female. The proportion of females in the institution stands at 32.4 percent of the total workforce. Appendix 1 shows the number of participants trained in 2015.

Strategic Staff Development

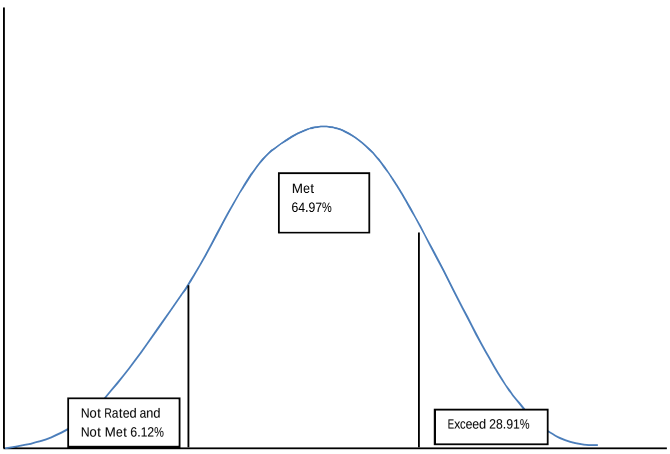
As part of Talent Management, the Authority embarked on a recruitment exercise in which 49 young, graduates with meritorious grades in various fields of study were taken on board. These were put on an accelerated Graduate Management Development Programme for 56 weeks. The objective of this programme was to expose the trainees to the core operations of ZRA while at the same time, getting them ready for the prevailing and emerging challenges and opportunities in the Authority.

Performance Management and Development Process

During the year under review, the Performance Management and Development Process (PMDP) was fully implemented. The PMDP also acts as a first layer in identifying staff training needs. Based on the PMDP's recommendations, the 2015 training budget was prepared and successfully implemented.

Following, the annual performance reviews of the Performance Management Development Contracts (PMDCs) between members of staff and their supervisors, Human Resource Department received the performance ratings from all Divisions and Departments. Figure 28 below shows the overall performance rating results.

Figure 29: Performance Management Development Contract Performance in 2015



The distribution above shows that 94.9 percent of the employees either met or exceeded their performance objectives, thereby giving a positive indication of the Staff commitment to the ZRA mandate of revenue collection.

Separations

The number of employees that separated from ZRA increased to 108 in 2015 from 73 separations in 2014 (See Table 28). The separations were on account of dismissals, resignations, retirement and deaths. The dismissals were mainly on account misconduct. Findings from exit interviews indicated that resignations were largely due to career progression and better conditions of service offered elsewhere.

Table 28 Staff Separations in 2015 and 2014

	Dismissal	Termination of Contract/ Employment	Contract Expiry	Resignation	Retirement	Medical Discharge	Death	Total
2015	28	1	4	36	24	3	12	**108**
2014	22	1	2	21	16	2	9	**73**

Approach to HIV/AIDS

ZRA has in place an HIV and AIDS Workplace Policy which guides its strategies in the fight against the pandemic. Strategies towards mitigating the impact of HIV and AIDS in ZRA include: an HIV and AIDS Policy; Peer Educators' Programmes; a Contributory Scheme for Anti-Retroviral Therapy known as Voluntary Support Scheme (VSS); and a general Medical Scheme for members of staff of ZRA.

As at the end of 2015, the membership to the VSS stood at 618 employees out of 1,536 employees, representing 40.2 percent of the total workforce. The number of employees accessing anti-retroviral therapy, under VSS was 85 or 5.5 percent of the total workforce in ZRA.

Information Technology and Physical Asset Management

Asset Management

As part of ZRA's modernisation reforms, significant resources were committed to refurbishment, rehabilitation and construction of infrastructure at various stations. In this regard, the total value of the infrastructure works completed and those commenced in 2015 was K22.3 million. (See Table 29).

Table 29: Construction Projects in 2015

	Project Name	Value (K)	Amount Paid (K)	Amount Outstanding	Status/Comment
1	Remodeling Works to create a Cash Office and ASYCUDA Hall at Kasumbalesa Border Post	417,841.28	417,841.28	Nil	Works completed.
2	Periodic maintenance works on the concrete Driveway and Truck Parking Area at Kasumbalesa	1,388,821.39	1,338,225.52	Nil	Project completed
3	Construction of 3 Semi-Detached Staff Houses at Chinsali	3,258,513.88	2,958,782.13	206,574.94	Project completed
4	Construction of 3 Semi-Detached Staff Houses at Choma	2,905,679.94	2,599,785.50	136,830.82	Project completed
5	Construction of 4 Semi-Detached Staff Houses at Mwami	3,657,282.49	3,065,961.10	22,746.09	Project completed
6	Construction of 20 Roomed Hostels at Training Centre in Chelstone	2,885,230.88	1,927,945.42	945,285.46	Project commissioned
7	Construction of Auditorium At Training Centre in Chelstone	6,572060.00	725,630.25	5,846,429.75	Project progressing at 35%
8	Construction of New Border Facility at Chanida	14, 390,140.26	2,878,028.05	11,512,112.21	Project progressing at 30%
9	Rehabilitation of the Fifth Floor	396,397.06	365,077.17	38,429.00	Project completed.
10	Debt Recovery Unit	275,489.50	222,192.72	53,296.78	Project completed
11	Tiling and Painting of The Chirundu one Stop Border Post	410,195.85	379,385.54	19,968.00	Project completed
12	Creation of a Cash Office at Mulungushi House	175,320.10	175,320.10	175,320.10	Project commenced but suspended to accommodate revised scope of works
	Total	**22,342,832.37**	**17,054,174.78**	**18,956,993.15**	

The infrastructure development and rehabilitation works undertaken in 2015 were meant to make ZRA more efficient and responsive to the changing business environment in which we conduct our business of revenue collection as well as to make it easier for our taxpayers to comply with their tax obligations.

The Authority spent a total of K1, 649,751.52 on the procurement of assorted office furniture and equipment for its various offices.

Information and Communication Technology

During the year, a Case Management System for Internal Affairs unit was implemented and commissioned. The Authority also participated in the deployment of the electronic cargo tracking system supplied by COMESA.

New Local Area Networks were installed at: the modernised Nakonde Border Post; the newly created Kapiri Enforcement Center; and at the refurbishment of Kapiri main offices. Enhancements were also made to the network in the Domestic Taxes Office housed at the Ministry of Lands. To serve our Taxpayers better, self-service Internet Bureaus were installed in the major Domestic Taxes Stations.

In order to enhance processing efficiencies on ASYCUDAWorld, the installation of wireless radios at Transit Shades at Kenneth Kaunda International Airport (KKIA) was done. Furthermore, to secure uninterrupted availability of our systems, installation of Optic Fiber back up links was done at Kabwe, Solwezi, Ndola Mpendwa House, Livingstone Port Office and Chelstone Training Center. New VSAT links were also installed in Kashiba Border Post, Luangwa Border Post, Chembe Border Post and Jimbe Border Post. New primary optic fibres were installed at Chinsali and Choma offices. Connectivity to Simon Mwansa Kapwepwe International Airport in Ndola and Scanner Yard at Mwami were also established. Server infrastructure, 57 Laptops and 65 desktop computers were procured for the Mineral Value Chain Monitoring Project. Digital VHF equipment was procured to enhance operations for the Investigations Department. 98 UPS units were procurement for powering networking and connectivity equipment at Head Office and in stations.

Managing Resources

Managing Resources

During the year under review, ZRA operated with an income of K521.3 million out of which K429.0 million was funding appropriated by the Government. Income from ASYCUDA fees was K72.1 million in 2015, up from K38.4 million in the previous year. Other income amounted to K5.9 million. Table 30 provides a comparative summary of our operating income and expenditure for 2015 and 2014.

In 2015, ZRA received financial support from Investment Climate Facility for Africa, Norwegian Tax Administration and Mineral Value Chain Monitoring Project all amounting to K12.2 million. Deferred income was K2.1 million while the Authority also received commission on the Kariba Dam toll fees amounting to K4, 017.00.

Table 30: Summary of Income and Expenditure, 2015 and 2014

	2015 (K)	2014 (K)
Income:		
Government Funding –Received	378,801,101	442,666,337
Supplementary Funding	50,197,570	24,950,000
Investment Climate Facility	382,949	6,903,527
Norwegian Tax Administration	3,501,827	5,165,211
Mineral Value Chain	8,352,848	-
ASYCUDA Income	72,123,216	38,434,053
Other Income	5,869,540	5,565,314
Amortisation of Capital grant	2,072,253	2,049,119
Commission on Kariba dam toll fees	4,017	4,405
Total Income	**521,305,322**	**525,737,966**
Recurrent expenses:		
Staff related expenses	(466,279,386)	(404,195,434)
Administrative expenses	(58,210,117)	(61,306,198)
Operations expenses	(56,852,576)	(59,407,309)
Legal and professional fees	(1,746,291)	(506,284)
Depreciation and amortisation	(56,206,868)	(52,260,512)
Results from operating activities	**(117,989,915)**	**(51,937,771)**
Finance income	14,254,602	3,323,256
Finance costs	(258,944,817)	(307,854)
Net finance income	**(244,690,215)**	**3,015,402**
Deficit for the year	**(362,680,130)**	**(48,922,369)**
Other comprehensive income ***Items that will be reclassified to surplus or deficit***		
Revaluation of property, plant and equipment		**-**
Items that will never be reclassified to surplus or deficit		
Re-measurement of defined benefit liability	**58,856,000**	**(27,279,000)**
Total other comprehensive income for the year	**58,856,000**	**(27,279,000)**
Total comprehensive loss for the year	**(303,824,130)**	**(76,201,369)**

Recurrent Expenditure

Staff costs in 2015 accounted for the largest share of ZRA's recurrent expenditure at 72.9 percent followed by operational costs at 9.2 percent, administrative costs 9.1 percent while other costs accounted for 8.8 percent. Staff costs, in 2015, increased by 15.4 percent from the 2014 level as a result of salary and wage adjustments and the increase in the staff complement to 1, 536 as at the end of the year from 1, 439 in 2014. Administrative expenses declined by 5.1 percent, while other operating expenses declined by 2.2 percent over the same period.

Capital Expenditure

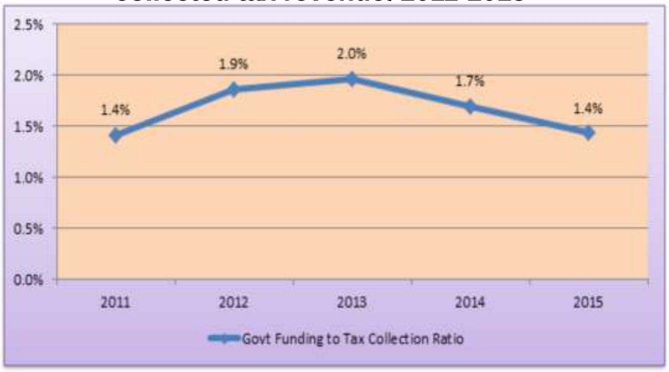
In addition to the above operating expenses, ZRA spent K65.6 million in capital expenditure. This figure includes foreign exchange revaluation of K30.0 million.

The detailed financial performance based on Accrual Basis of Accounting is shown in the Financial Statements from pages 55 to 91.

Cost of Tax Revenue Collection

The cost of revenue collection is measured by the ratio of Government funding to ZRA to the tax revenue collected. Over the last five years, the ratio of Government funding to ZRA to the tax revenue collected has averaged at 1.7 percent. Between 2011 and 2013, the cost of collection exhibited an upwards trend and thereafter had a downward trend (See Figure 30). Between 2015 and 2014, the cost of tax revenue collection declined by 0.3 percentage points to 1.4 percent from 1.7 percent, respectively, which is a result of the benefits of the modernisation reforms being undertaken by ZRA.

Figure 30: Government funding as a percentage of collected tax revenue. 2011-2015



Financial Statements

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Governing Board's Report
for the year ended 31 December 2015

The Governing Board submit their report together with the audited financial statements for the year ended 31 December 2015, which disclose the state of affairs of the Authority.

PRINCIPAL ACTIVITIES

The principal activities of the Authority are to assess, charge, levy and collect revenue due to the Government of the Republic of Zambia ("the Government") under such laws as the Minister of Finance may, by enacted legislation or statutory instrument, specify; and to ensure that revenue collected is, as soon as reasonably practicable, credited to the Government Treasury. The Authority is a grant aided institution.

RESULTS

	2015	2014
	K	K
Revenue	521,305,322	525,737,966
Deficit for the year	(362,680,130)	(48,922,369)

The deficit for the year of K362.7 million *(2014:* K48.9 million*)* has been deducted from the capital fund.

GOVERNING BOARD

The members who held office during the year were:

Mwila Lumbwe - Chairman
Wesley M. Beene
Josephs R. Akafumba
Enias Chulu *
Denny Kalyaya
Exhilda Lumbwe
Kelvin Musana
Charles L. Mutemwa
Fredson K. Yamba

**Mr. Likando Kalaluka, S.C. was a Board Member, as the representative of the Law Association of Zambia from 24th February 2015 until 13th May 2015 when he resigned after being appointed Attorney General. Mr. Kalaluka was replaced by Mr. Enias Chulu on 14 May 2015.*

AVERAGE NUMBER OF EMPLOYEES AND REMUNERATION

The total remuneration of employees during the year amounted to K466.3 million (2014: K404.2 million). The average number of employees for each month of the year was as follows:

Month	Number	Month	Number
January	1,439	July	1,555
February	1,506	August	1,553
March	1,508	September	1,552
April	1,504	October	1,551
May	1,556	November	1,549
June	1,555	December	1,536

The Authority has policies and procedures to safeguard the occupational health, safety and welfare of its employees.

PROPERTY AND EQUIPMENT

The Authority purchased property and equipment amounting to **K65.6 million (**2014: K**17.6 million**) during the year. In the opinion of the directors, the carrying value of property and equipment is not more than their recoverable value.

GIFTS AND DONATIONS

The Authority made some donations to charitable organisations and events during the year worth K14,920.00. (2014: Nil).

AUDITOR

Deloitte & Touche, were appointed on 11 March 2016 in accordance with the Zambia Revenue Authority Act, Chapter 321 of the Laws of Zambia for the audit of the financial statements for the year ended 31 December 2015.

DIRECTOR

<u>18 May 2016</u>

Statement of Governing Board's Responsibilities
for the year ended 31 December 2015

The Zambia Revenue Authority Act, Chapter 321 of the Laws of Zambia (the "Act") requires the Governing Board to:

- assess, charge, levy and collect all revenue due to the Government of the Republic of Zambia under such laws as the Minister of Finance and National Planning may, by enacted legislation or statutory instrument specify;

- ensure that all revenue collected is, as soon as reasonably practicable, credited to the Government Treasury;

- keeps proper books of account and other records which disclose with reasonable accuracy at any time the financial position of the Authority and to enable them ensure that the financial statements comply with International Financial Reporting Standards;

- safeguarding the assets of the Authority and hence take reasonable steps for the prevention and detection of fraud and other irregularities; and

- prepare financial statements for each financial year.

The Governing Board is responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The independent external auditors, Messrs Deloitte & Touche, have audited the annual statements and their report appears on page 4 and 5.

The Governing Board is also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguards, verify and maintain accountability for assets, and to prevent and detect material misstatements. The system are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties.

Nothing has come to the attention of the Governing Board to indicate that any material breakdown in the functioning of these control, procedures and systems has occurred during the year under review.

In the opinion of the Governing Board members, the Governing Board has compiled with the requirements of the Act.

Signed on behalf of the Board by:

Director **Director**

18 May 2016

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Government of Zambia through the Minister of Finance

Report on the financial statements

We have audited the accompanying financial statements of Zambia Revenue Authority as set out on pages 6 to 36, and which comprise the statement of financial position as at 31 December 2015 and the statements of comprehensive income, changes in capital fund and reserves and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Governing Board's responsibility for the financial statements

The Governing Board is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and in the manner required by the Zambia Revenue Authority Act, Chapter 321 of the laws of Zambia, and for such internal control as the Governing Board determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Zambia Revenue Authority as at 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Zambia Revenue Authority Act, Chapter 321 of the Laws of Zambia.

Report on other legal requirements

The Zambia Revenue Authority Act, Chapter 321 of the Laws of Zambia, requires that in carrying out our audit we confirm the following:

In our opinion, the Zambia Revenue Authority has maintained proper accounting records and other records as required by the Zambia Revenue Authority Act, Chapter 321 of the Laws of Zambia.

Deloitte & Touche

DELOITTE & TOUCHE

Chungu

C. CHUNGU (AUD/F000292)
PARTNER
DATE: 27 May 2016

Statement of comprehensive income
for the year ended 31 December 2015

	Notes	2015 K	2014 K
Revenue			
Government grants	5	428,998,671	467,616,337
Asycuda processing fees	6	72,123,216	38,434,053
Other income	7	5,869,540	5,565,314
Investment Climate Facility and Norwegian Tax Administration income	8	12,237,625	12,068,738
Deferred income	9	2,072,253	2,049,119
Commission on Kariba dam toll fees	10	4,017	4,405
		521,305,322	525,737,966
Expenditure			
Personnel expenses	11	(466,279,386)	(404,195,434)
Administrative expenses	12	(58,210,117)	(61,306,198)
Other operating expenses	13	(58,598,866)	(59,913,591)
Depreciation and amortisation	16, 17	(56,206,868)	(52,260,514)
Deficit from operating activities		(117,989,915)	(51,937,771)
Finance income	14	14,254,602	3,323,256
Other gains and losses	15	(258,944,817)	(307,854)
Net finance (costs) income		(244,690,215)	3,015,402
Deficit for the year		(362,680,130)	(48,922,369)
Other comprehensive income for the year			
Items that will not be reclassified to deficit or surplus			
Surplus/(deficit) on defined benefit plan	23	58,856,000	(27,279,000)
Total other comprehensive income (loss) for the year		58,856,000	(27,279,000)
Total comprehensive loss for the year		(303,824,130)	(76,201,369)

Statement of financial position
at 31 December 2015

	Notes	2015 K	2014 K
ASSETS			
Non-current assets			
Property and equipment	16	591,421,382	587,594,670
Intangible assets	17	42,698,331	56,814,811
Employee loans and advances	20	4,283,057	3,015,487
		638,402,770	647,424,968
Current assets			
Inventories	18	1,166,842	1,155,058
Employee loans and advances	20	12,849,170	9,046,459
Other assets	21	7,690,366	12,839,305
Cash and cash equivalents	22	113,188,202	161,867,019
Customs deposit bank accounts	26	7,060,204	7,708,380
Tax refunds bank accounts	27	47,799,691	38,852,607
		189,754,475	231,468,828
TOTAL ASSETS		828,157,245	878,893,796
CAPITAL FUND, RESERVES AND LIABILITIES			
Capital fund and reserves			
Capital fund		(373,241,760)	(71,853,610)
Revaluation reserve		132,266,072	134,702,052
Total capital fund and reserves		(240,975,688)	62,848,442
Liabilities			
Non-current liabilities			
Deferred income	9	3,028,799	4,872,678
Post employment benefits	23	305,671,027	293,662,228
Borrowings	25	533,900,267	329,168,102
		842,600,093	627,703,008
Current liabilities			
Investment Climate Facility, Mineral Value Chain , and Norwegian Tax Administration grants	8	10,176,441	3,879,790
Deferred income	9	1,864,849	2,093,223
Post employment benefits	23	53,941,946	51,822,746
Payables	24	41,776,382	62,985,600
Borrowings	25	63,913,327	21,000,000
Customs deposit bank accounts	26	7,060,204	7,708,380
Tax refunds bank accounts	27	47,799,691	38,852,607
		226,532,840	188,342,346
Total liabilities		1,069,132,933	816,045,354
TOTAL CAPITAL FUND, RESERVES AND LIABILITIES		828,157,245	878,893,796

Statement of changes in capital fund and reserves
for the year ended 31 December 2015

	Capital fund K	Revaluation Reserve K	Total K
At 1 January 2014	(8,221)	139,058,032	139,049,811
Deficit for the year	(48,922,369)	-	(48,922,369)
Other comprehensive income			
Loss on employee retirement benefit plan	(27,279,000)	-	(27,279,000)
Amortisation of revaluation surplus	4,355,980	(4,355,980)	-
Total comprehensive loss for the year	(22,923,020)	(4,355,980)	(76,201,369)
Balance as at 31 December 2014	(71,853,610)	134,702,052	62,848,442
At 1 January 2015	(71,853,610)	134,702,052	62,848,442
Deficit for the year	(362,680,130)	-	(362,680,130)
Other comprehensive income:			
Gain on employee retirement benefit plan	58,856,000	-	58,856,000
Amortisation of revaluation surplus	2,435,980	(2,435,980)	-
Total comprehensive loss for the year	(301,388,150)	(2,435,980)	(303,824,130)
At 31 December 2015	(373,241,760)	132,266,072	(240,975,688)

Statement of cash flows
for the year ended 31 December 2015

	Notes	2015 K	2014 K
Cash flows from operating activities			
Deficit for the year		(362,680,130)	(48,922,369)
Adjustments for:			
Amortisation of Investment Climate Facility and Norwegian Tax Administration grant	8	(12,237,625)	(12,068,738)
Amortisation of capital grant	9	(2,072,253)	(2,049,119)
Depreciation and amortisation	16, 17	56,206,868	52,260,512
Amortisation of staff benefit	20	62,298	29,130
Impairment loss on employee loans and advances	20	382,000	-
Gain on disposal of equipment		(536,553)	-
Net exchange losses on borrowings	25	288,090,143	-
Net finance income		275,295,181	(3,015,402)
Capital work in progress written off	16,17	28,761,220	-
Defined benefit obligation expense	23	92,976,000	89,440,000
Changes in operating funds			
(Increase) decrease in inventories		(11,785)	136,564
Increase in employee loans and advances		(5,514,579)	(2,239,313)
Decrease in other assets	21	5,148,940	18,052,651
Decrease in payables		(21,209,218)	(21,574,401)
Decrease) in employee related liabilities		(19,992,000)	(23,809,000)
Net cash generated from operating activities		322,668,506	46,240,517
Cash flows from investing activities			
Interest received	14	14,254,602	3,323,256
Acquisition of property and equipment and intangibles	16, 17	(74,840,539)	(21,468,157)
Proceeds from disposal of equipment		698,772	118,572
Investment Climate facility and Norwegian Tax Administration grant received	8	18,534,275	12,075,545
Net cash used in investing activities		(41,352,891)	(5,950,784)
Cash flows from financing activities			
Repayment of borrowings	25	(40,444,651)	(4,015,198)
Net cash used in financing activities		(40,444,649)	(4,015,198)
Net increase in cash and cash equivalents		240,870,966	36,274,534
Cash and cash equivalents at beginning of the year		161,867,019	125,900,339
Exchange gains on cash and cash equivalents		(289,549,783)	(307,854)
Cash and cash equivalents at end of the year	22	113,188,202	161,867,019

1 General information

The Zambia Revenue Authority ("the Authority") was established following enactment by Parliament of the Zambia Revenue Authority Act, Chapter 321 of the Laws of Zambia (the "Act"), to carry out the affairs of the former Customs and Excise Department and the Department of Income Taxes. The Act, which came into effect on 1 April 1994, also transferred the assets and liabilities of those former departments to the Authority. The address of its registered office is:

Revenue House
Kabwe Roundabout
P. O. Box 35710
Lusaka

2 Adoption of new and revised International Financial Reporting Standards (IFRSS)

2.1 Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Authority has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2015:

- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
  These amendments have been applied retrospectively. The application of these amendments has had no material impact on the disclosures or the amounts recognised in the Authority's financial statements.

- Annual Improvements to IFRSs 2010 - 2012 Cycle and 2011 – 2013 Cycle
  The application of amendments has had no impact on the disclosures or amounts recognised in the Authority's financial statements.

2.2 Standards and Interpretations in issue, not yet effective

At the date of authorisation of these financial statements, the following relevant Standards and Interpretations were in issue but not yet effective:

Effective date	**Standard, Amendment or interpretation**
Monday, January 01, 2018	**IFRS 9 Financial Instruments**
	The new standard modifies the classification and measurement of certain classes of financial assets and liabilities. The most significant changes are the expected loss model for the impairment of financial assets and to rationalise from four to two primary categories of financial assets. The Governing Board of the Authority anticipate that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the Authority's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Authority undertakes a detailed review.

2 Adoption of new and revised International Financial Reporting Standards (IFRSS) (continued)

2.2 Standards and Interpretations in issue, not yet effective(continued)

Effective date	Standard, Amendment or interpretation
1 January 2018	**IFRS 15 Revenue from Contracts with Customers**
	IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Governing Board is currently evaluating the impact this new standard may have on the financial statements.
1 January 2016	**Annual Improvements to IFRSs 2012-2014 Cycle** The Annual Improvements to IFRSs 2012-2014 Cycle include a number of amendments to various IFRSs, which are summarised below: The amendments to IFRS 5 introduce specific guidance for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. These amendments in future periods will have no significant impact on the financial statements of the Authority.

2.3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2 Adoption of new and revised International Financial Reporting Standards (IFRSS) (continued)

2.3 Summary of significant accounting policies (continued

(a) Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or a liability, the Authority takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36 Impairment of assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are presented in units of Zambia Kwacha.

The Authority made a loss of K362,680,130 during the year ended 31 December 2015, as of that date, the Authority's total liabilities exceeded total assets by K240,975,688. On the basis that the Authority is Grant aided and funding by the Government has continued in the subsequent period, the directors are of the opinion that the preparation of these financial statements on the going concern basis is appropriate.

(b) Foreign currency translation

In preparing the financial statements of the Authority, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in income and expenditure in the year in which they arise

2 Adoption of new and revised International Financial Reporting Standards (IFRSS) (continued)

2.3 Summary of significant accounting policies (continued)

(c) Revenue recognition

Capital grants

Capital grants are recognised initially as deferred income at fair value where there is reasonable assurance that they will be received and the Authority will comply with the conditions associated with the grant, and are then recognised in the income and expenditure as other income on a systematic basis over the useful life of the asset. Specifically, government grants whose primary condition is that the Authority should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Rental income

Rental income from properties is recognised in income and expenditure on a straight line basis over the term of the relevant lease agreement.

Sale of cigarette stamps

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates.

Government revenue grants

Income represents the revenue grants receivable from the Government and other co-operating partners during the year and is accounted for on an accruals basis. Government grants are recognised when there is reasonable assurance that they will be received and the Authority will comply with the conditions associated with the grant.

Grants that compensate the Authority for expenses incurred are recognised in income and expenditure as other income on a systematic basis in the periods in which the expenses are recognised.

(d) Other income

Other income is recognised on an accruals basis in accordance with the substance of the relevant agreements

e) Interest income

Interest income is recognised using the effective interest method.

(f) Property and equipment

Leasehold land and buildings are shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

2.3 Summary of significant accounting policies (Continued)

f) Property and equipment (continued)

All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve, all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings

Leasehold land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	2%
Office equipment, furniture, fixtures and fittings	20%
Furniture, fixtures and fittings	20%
Motor vehicles	25%
Equipment	10%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in income and expenditure. When revalued assets are sold, the amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(g) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

2.3 Summary of significant accounting policies (continued)

(h) Inventories

Inventories are stated in the statement of financial position at the lower of cost and net realisable value. Cost comprises direct material costs. Cost includes all costs that have been incurred in bringing the inventories to their present location and condition. Net realisable value takes into account all directly related costs to be incurred in marketing, selling and distribution. Provision is made where necessary, for defective, slow moving and obsolete inventories.

(i) Impairment of intangible assets

At each reporting date, the Authority reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (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 losses are recognised as an expense immediately, unless the relevant asset is leasehold land or buildings, other than investment property, carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(j) Provisions

Provisions are recognised when the Authority has a present obligation (legal or constructive) as a result of a past event, for which it is probable that the Authority will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(k) Financial Instruments

Financial assets and financial liabilities are recognised when the Authority becomes a party to the contractual provisions of the instrument.

(i) Financial assets

Financial assets are classified as employee loans and advances and other receivables.

(a) Effective interest rate method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

2.3 Summary of significant accounting policies (continued)

(k) Financial Instruments (continued)

(i) Financial assets (continued)

(b) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables (including trade and other receivables, bank balances and cash) are measured at amortised cost less any impairment.

Impairment of financial assets

Financial assets that are measured at amortised cost are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Authority's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of one year, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2.3 Summary of significant accounting policies (continued)

k) Financial instruments (continued)

(ii) De-recognition of financial assets

The Authority derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Authority neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Authority recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Authority retains substantially all the risks and rewards of ownership of a transferred financial asset, the Authority continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the statement of comprehensive income.

(iii) Financial liabilities

Financial liabilities are classified as payables, other liabilities and borrowings.

All financial liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(l) Deferred income

Income intended to compensate costs over a period of time is deferred and released to the profit or loss over the periods necessary to match it with the costs for which it is intended to compensate.

(m) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those ssets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.3 Summary of significant accounting policies (continued)

(o) Employee benefits

i) Retirement benefit obligations

The Authority operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

(A) Pension obligations

A defined contribution plan is a pension plan under which the Authority pays fixed contributions into a separate entity. The Authority has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating
to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income.

For defined contribution plans, the Authority pays contributions to publicly administered pension insurance plans on a mandatory basis. The Authority has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

The Authority and all its employees also contribute to the appropriate National Social Security Fund, which is a defined contribution scheme.

(B) Termination benefits

Termination benefits are payable when employment is terminated by the Authority before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Authority recognises termination benefits at the earlier of the following dates: (a) when the Authority can no longer withdraw the offer of those benefits; and (b) when the entity
recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.3 Summary of significant accounting policies (continued)

(o) Employee benefits (continued)

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Authority makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Retirement benefit obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Authority determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Authority considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions.

4 Financial risk management objectives and policies

The Authority's activities expose it to a variety of financial risks: credit risk and liquidity risk. The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The Authority does not hedge any of its risk exposures.

Financial risk management is carried out by the finance department under policies approved by the Governing Board. The Governing Board provides written principles for overall risk management, as well as written policies covering specific areas such as credit risk and investment of excess liquidity.

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables. The Authority does not have significant concentrations of credit risk. The Authority's credit controller assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Governing Board. The utilisation of credit limits is regularly monitored.

4 Financial risk management objectives and policies (continued)

Credit risk (continued)

For cash and cash equivalent balances, the Authority's exposure and credit ratings of counterparties are regularly monitored and the aggregate value of transactions spread amongst approved financial institutions. The Authority actively seeks to limit the amount of credit exposure to any one financial institution and credit exposure is controlled by counterparty limits that are reviewed and approved by the Authority Treasury. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' for International and regional banks with a local presence are accepted.

No credit limits were exceeded during the reporting period, and the Governing Board do not expect any losses from non-performance by these counterparties.

Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the finance department maintains flexibility in funding by maintaining availability under committed credit lines.

Management performs cash flow forecasting and monitor rolling forecasts of the Authority's liquidity requirements to ensure it has sufficient cash to meet its operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (Note 25) at all times so that the Authority does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. The Authority's approach when managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Authority's reputation.

The table below analyses the Authority's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Less than 1 year K	Between 1 and 5 years K	Over 5 years K	Total K
At 31 December 2015:				
- borrowings	63,913,327	310,791,350	194,594,657	597,813,594
- trade and other payables	41,215,982	-	-	41,215,982
- employee benefits	50,435,967	234,747,047	74,429,959	359,612,973
	150,886,876	545,538,397	330,972,855	1,027,398,127
At 31 December 2014:				
- borrowings	20,689,148	179,515,534	134,000,587	334,205,268
- trade and other payables	62,985,600	-	-	62,985,600
- employee benefits	51,882,746	206,223,978	87,378,250	345,484,974
	135,557,494	385,739,512	221,378,837	742,675,842

4 Financial risk management objectives and policies (continued)

Capital management

The Authority's objectives when managing capital are to safeguard the Authority's ability to continue as a going concern. Adequacy of the capital of the Authority is maintained by the Authority on a regular basis. As and when required the Authority will request supplementary funding from the Ministry of Finance.

Fair value measurements

This hierarchy requires the use of observable market data when available. The Authority considers relevant and observable market prices in its valuations where possible.

Fair value of the Authority's financial assets and financial liabilities that are measured at fair value on a recurring basis.

There were no financial assets and liabilities that are measured at fair value on a recurring basis during the period.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

	Carrying value 2015	Fair value 2014	Carrying value 2014	Fair value 2014
Financial assets				
Inventories	1,166,842	1,166,842	1,155,058	1,155,058
Employee loans and advances	17,132,227	17,132,227	9,046,459	9,046,459
Other assets	7,690,366	7,690,366	12,839,305	12,839,305
Customs deposit bank account	7,060,204	7,060,204	7,708,380	7,708,380
Tax refunds bank accounts	47,799,691	47,799,691	38,852,607	38,852,607

Financial Liabilities				
Post employment benefits	359,612,973	359,612,973	293,662,228	293,662,228
Borrowings	597,813,594	597,813,594	329,168,102	329,168,102
Trade and other payables	41,776,382	41,776,382	62,985,600	62,985,600
Customs deposit bank accounts	7,060,204	7,060,204	7,708,380	7,708,380
Tax refund bank accounts	47,799,691	47,799,691	38,852,607	38,852,607

4 Financial risk management objectives and policies (continued)

Fair value measurements (continued)

Fair value hierarchy as at 31 December 2015

	Fair value Hierarchy as at 31 December 2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Inventories	-	-	1,166,842	**1,166,842**
Employee loans and advances	-	-	17,132,227	**17,132,227**
Other assets	-	-	7,690,366	**7,690,366**
Customs deposit bank account	-	-	7,060,204	**7,060,204**
Tax refunds bank accounts	-	-	47,799,691	**47,799,691**
Financial liabilities				
Post employment benefits	-	359,612,973	-	**359,612,973**
Borrowings	-	-	597,813,594	**597,813,594**
Trade and other payables	-	-	41,776,382	**41,776,382**
Customs deposit bank accounts	-	-	7,060,204	**7,060,204**
Tax refund bank accounts	-	-	47,799,691	**47,799,691**

5 Government grants

	2015	2014
	K	K
Annual budgetary allocation	**378,801,101**	442,666,337
Supplementary funding	**50,197,570**	24,950,000
	428,998,671	467,616,337

Supplementary funding includes K19.0 million for salary arrears, K19.0 million for border management and K12.2 million for the payment of former Zambia Kasumbalesa Joint Venture Company (ZKJVC) employees.

6 Asycuda processing fees

	2015	2014
	K	K
Asycuda processing fees	**72,123,216**	38,434,053

Asycuda processing fees are derived from the charge of K124.50 per transaction for the processing of imported goods at the borders. This income is partly used to maintain the scanners that process imported goods.

7 Other income

	2015 K	2014 K
Cigarette stamps sales proceeds	**2,002,172**	2,253,360
Sundry income	**1,889,211**	1,596,426
Rental income	**1,662,436**	1,833,476
Gain on disposal of property and equipment	**315,722**	(117,948)
	5,869,540	5,565,314

Rental income arises from the excess space that is let to third parties.

8 Investment Climate Facility and Norwegian Tax Administration grants

	2015 K	2014 K
Investment Climate Facility funding	**12,237,625**	12,068,738
At beginning of the year	**3,879,790**	3,872,984
Receipts during the year	**18,534,276**	12,075,544
Recognised in statement of comprehensive income	**(12,237,625)**	(12,068,738)
At end of the year	**10,176,441**	3,879,790
Broken down as follows:		
Investment Climate Facility (ICF)	**511,812**	894,762
Norwegian Tax Administration (NTA)	**2,295,188**	1,224,505
Mineral Value Chain Monitoring project (MVCMP)	**7,369,441**	1,760,523
	10,176,441	3,879,790

The Authority has an existing memorandum of understanding with the Royal Norwegian Government for strengthening of Tax Administration through the Norwegian Tax Administration

(NTA) agreement. In addition, an agreement exists for the strengthening of mining monitoring and mining tax administration through the Mineral Value Chain Monitoring Project. Under the Investment Climate Facility for Africa (ICF) and ZRA bilateral agreement, the former made part contribution to the software for the Tax Online which was mainly financed by Government, in particular phase 1 dealing with e- services and change management activities.

9 Deferred income

	2015 K	2014 K
At beginning of the year	**6,965,901**	8,668,004
Receipts during the year	**-**	347,016
	6,965,901	9,015,020
Recognised in statement of comprehensive income	**(2,072,253)**	(2,049,119)
At end of the year	**4,893,648**	6,965,901
Amounts falling due within one year	**1,864,849**	2,093,223
Amounts falling due after one year	**3,028,799**	4,872,678
	4,893,648	6,965,901

9 Deferred income (continued)

In December 2007, the Authority received a capital grant from the Government for the procurement, installation and operation of specialist scanning equipment. The equipment is used for non-intrusive inspection of cargo and is currently installed at the Chirundu and Livingstone border posts. The equipment was purchased and brought into use in June 2008.

In January 2013, the Authority received assets from Public Expenditure Management and Financial Accountability (PEMFA), in the form of office equipment and furniture, amounting to K690,005; as well as part funding for a motor vehicle in the sum of K340,000. These have been treated as deferred income in accordance with IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*. The grant assets are being depreciated over their respective estimated useful lives of 5 and 4 years respectively, with the associated deferred income being amortised accordingly.

10 Kariba Dam toll fees

	2015	2014
	K	K
Commission received	**4,017**	4,405

In January 2013, the Authority signed a memorandum of understanding with Zambezi River Authority for collection of toll fees on the Kariba dam on its behalf. The income of K4,017 reported in the statement of comprehensive income represents 10% commission on the fees collected on behalf of Zambezi River Authority during the year.

11 Personnel expenses

	2015	2014
	K	K
Retirement benefit expense	**92,976,000**	89,440,000
Basic pay	**175,779,933**	156,071,299
Housing allowance	**61,791,338**	54,184,275
Leave pay	**36,205,833**	30,628,748
Other employee benefit expenses	**33,029,704**	11,398,673
Bonus	**16,325,381**	14,001,816
Overtime	**13,518,506**	11,471,868
Other allowances	**10,916,972**	11,367,739
NAPSA contributions	**10,887,651**	10,117,565
Medical expenses	**6,609,415**	5,446,824
Training	**3,351,578**	5,919,588
Insurance	**2,671,756**	2,150,041
Staff welfare and professional subscriptions	**2,215,318**	1,996,998
	466,279,386	404,195,434

12 Administrative expenses

	2015 K	2014 K
Impairment of other assets	**9,664,759**	16,981,793
Travel expenses	**6,863,120**	8,082,621
Repairs and maintenance - buildings	**15,130,771**	9,186,264
Advertising and public relations	**4,415,833**	4,187,403
Printing and stationery	**3,599,816**	3,424,852
Subscriptions and publications	**3,260,797**	4.393,768
Motor vehicle repairs	**2,769,752**	1,915,791
Electricity, water and rates	**2,423,522**	2,589,619
Fuel	**2,121,968**	1,814,033
Postage and telephones	**2,080,025**	2,150,360
Motor vehicle insurance and licence	**1,638,257**	1,573,994
Board expenses	**1,158,900**	1.069,480
Corporate social responsibility	**630,056**	202,456
Office rentals	**596,466**	573,035
Staff uniforms	**525,995**	1,482,470
Bank charges	**482,085**	660,014
Audit expenses	**455,000**	692,250
Insurance	**392,995**	325,995
	58,210,117	61,306,198

13 Operating expenses

	2015	2014
Travel/relocation	**19,828,187**	13,403,920
Repairs and maintenance - IT	**16,062,796**	13,970,973
Security	**9,811,413**	9,924,693
Advertising/promotional material and conferences	**3,662,295**	3,059,498
Field work - fuel	**2,190,204**	2,676,162
Scanner operations	**2,036,695**	7,830,962
Legal and professional expenses	**1,746,291**	506,284
Cigarette stamps	**1,171,388**	1,646,111
Printing and stationery	**1,354,252**	1,215,371
Other professional fees	**735,344**	5,679,617
	58,598,866	59,913,591

14 Finance income

	2015	2014
- Interest inc0me on short term bank deposits	**14,254,602**	3,323,256
Finance income	**14,254,602**	3,323,256

15 Other gains and losses

	2015 K	2014 K
Net exchange (losses)/gains	**(258,944,817)**	307,854

The movements in the US Dollar exchange rates during the year were as follows:

	2015	2014
Mid market exchange rate at 1 January	**6.4**	5.57
Mid market exchange rate at 31 December	**10.9**	6.4
Average depreciation	**(70.3%)**	(14.9%)

The Zambian Kwacha depreciated against the US Dollar and other major convertible foreign currencies during the latter part of the year. The impact of the depreciation of the Zambian Kwacha during the year is that the Authority incurred net unrealised exchange losses on its foreign currency denominated monetary liabilities.

16 Property and equipment (Restated) (continued)

	Leasehold land K	Leasehold buildings K	Equipment K	Office equipment K	Motor vehicles K	Furniture fixtures and fittings K	Capital work in progress K	Total K
At 1 January 2014								
(as previously reported)	32,809,900	173,224,010	199,192,615	24,358,052	12,195,683	2,519,903	170,663,763	614,963,926
Prior year adjustment *	-	4,564,167	-	-	-	-	-	4,564,167
Carrying amount (as restated)	32,809,900	77,788,177	199,192,615	24,358,052	12,195,683	2,519,903	170,663,763	619,528,093
Additions	-	-	611,150	5,135,116	3,725,519	2,968,243	5,119,384	17,559,412
Transfers	-	-	145,276,736	-	-	-	(145,276,736)	-
Disposals	-	(260,879)	-	547,623	(50,224)	-	-	236,520
Depreciation charge	-	(3,923,798)	(31,570,651)	(7,245,288)	(5,887,452)	(1,102,166)	-	(49,729,355)
Closing carrying amount	32,809,900	173,603,500	313,509,850	22,795,503	9,983,526	4,385,980	30,506,411	587,594,670
At 31 December 2014								
Cost or valuation	32,809,900	177,992,760	367,532,144	56,607,754	38,146,266	10,669,741	30,506,411	714,264,976
Accumulated depreciation	-	(4,389,260)	(54,022,294)	(33,812,251)	(28,162,740)	(6,283,761)	-	(126,670,306)
Carrying amount	32,809,900	173,603,500	313,509,850	22,795,503	9,983,526	4,385,980	30,506,411	587,594,670

* There was a revaluation surplus of K5,068,000 and accumulated depreciation of K504,583 relating to the revaluation of leasehold buildings which were omitted in error from the financial statements for the year ended 31 December 2013.

16 Property and equipment (continued)

	Land K	Buildings K	Plant and machinery K	Office equipment K	Motor vehicles K	Furniture fixtures and fittings K	Capital work in progress K	Total K
At 1 January 2015	32,809,900	173,603,500	313,509,850	22,795,503	9,983,526	4,385,980	30,506,411	587,594,670
Additions	72,000	-	18,300	12,876,904	3,467,652	2,314,125	46,866,491	65,615,472
Disposals	-	-	-	(23,245)	(2,879,559)	(42,145)	-	(2,944,949)
Transfers	-	6,915,796	-	-	-	-	(6,915,796)	-
Write off	-	-	-	-	-	-	(8,768,222)	(8,768,222)
Depreciation charge	-	(3,026,591)	(35,989,456)	(7,484,235)	(4,747,160)	(1,610,878)	-	(52,858,319)
Eliminated on disposal	-	323,899	-	175	2,416,511	42,145	-	2,782,731
Carrying amount	32,881,900	177,816,605	277,538,695	28,165,102	8,240,970	5,089,227	61,688,884	591,421,382
At 31 December 2015								
Cost or valuation	32,881,900	184,908,557	367,550,444	69,461,413	38,734,359	12,941,720	61,688,884	768,167,277
Accumulated depreciation	-	(7,091,952)	(90,011,749)	(41,296,311)	(30,493,389)	(7,852,494)	-	(176,745,895)
Carrying amount	32,881,900	177,816,605	277,538,695	28,165,102	8,240,970	5,089,227	61,688,884	591,421,382

16 Property and equipment (continued)

Fair values of buildings

An independent valuation of the Authority's buildings was performed by valuers, Bitrust Real Estate Limited to determine the fair value of the land buildings. The last valuation was performed in 2013. The revaluation surplus is credited to other comprehensive income and is shown in revaluation reserves' in capital fund and reserves. The Authority carries out valuation every five years to ensure that the carrying amount of the buildings does not significantly differ from the fair value.

The different levels have been defined as follows:

Level 1 – Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly (for example, as prices) or indirectly (for example, derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data

The buildings are all classified as Level 2 and are recurring fair value measurements with significant observable inputs. There were no transfers between different levels during the year.

Valuation techniques to derive Level 2 fair values

Level 2 fair values were derived using comparable value of similar buildings adjusted for differences in key attributes such as property size and condition. The most significant input into this valuation is the price per square metre.

If buildings were stated on the historical cost basis, the amounts would be as follows:

	2015	2014
	K	K
Cost	**104,613,915**	106,793,371
Accumulated depreciation	**(12,928,084)**	(10,748,627)
Carrying amount	**91,685,831**	96,044,744

The Authority holds title to the Revenue House and an institutional house. However, the Government holds title to all other properties transferred to the Authority in 1994.

17 Intangible assets

	Software K	Capital works in progress K	Total K
At 1 January 2014			
Cost	30,571,112	29,872,458	60,443,570
Accumulated amortisation	(3,628,759)	-	(3,628,759)
Carrying amount	26,942,353	29,872,458	56,814,811
Year ended 31 December 2014			
At 1 January 2014	29,473,512	25,963,713	55,437,225
Additions	-	3,908,745	3,908,745
Amortisation	(2,531,159)	-	(2,531,159)
Carrying amount	26,942,353	29,872,458	56,814,811
As at 31 December 2014			
Cost	30,571,112	29,872,458	60,443,570
Accumulated amortisation	(3,628,759)	-	(3,628,759)
Carrying amount	26,942,353	29,872,458	56,814,811
Year ended 31 December 2015			
At 1 January 2015	26,942,353	29,872,458	56,814,811
Additions	9,225,066	-	9,225,066
Transfers	5,970,715	(5,970,715)	-
Capital work in progress written off	-	(19,992,998)	(19,992,998)
Amortisation	(3,348,549)	-	(3,348,549)
Carrying amount	38,789,586	3,908,746	42,698,331
As at 31 December 2015			
Cost	45,766,894	3,908,746	49,675,639
Accumulated amortisation	(6,977,308)	-	(6,977,308)
Carrying amount	38,789,586	3,908,746	42,698,331

18 Inventories

	2015 K	2014 K
Stationery	**577,310**	386,634
Cigarette stamps	**487,220**	378,837
Uniforms	**-**	374,513
Other consumables	**102,312**	15,074
	1,166,842	1,155,058

No allowance has been made for obsolescence and slow moving inventory (2014; Nil)

The cost of inv entories recognised in cost of sales expense during the year was K1.1 million (2014: K1.6 million)

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19 Financial instruments per category

Financial Assets

	2015 K	2014 K
Cash and cash equivalents	**113,188,202**	161,867,019
Employee receivables	**17,132,226**	12,061,945
Other assets(less prepayments)	**5,479,827**	9,049,980
	135,800,255	182,978,944

Financial liabilities

Trade and other payables (less statutory liabilities)	**41,215,982**	62,985,600
Borrowings	**597,813,594**	350,168,102
	639,029,576	413,153,702

20 Employee loans and advances

Other loans	**6,555,664**	8,652,432
Personal loans	**4,712,066**	84,256
Advances against gratuity	**3,755,463**	-
Home ownership loans	**1,937,021**	2,501,550
Vehicle ownership loans	**554,013**	823,708
	17,514,227	12,061,946
Impairment allowance	**(382,000)**	-
	17,132,227	12,061,946
Amounts falling due within one year	**12,849,170**	9,046,459
Amounts falling due after one year	**4,283,057**	3,015,487
Total employee loans and advances	**17,132,227**	12,061,946

Interest is charged at 5% per annum for all employee loans.

Staff loans marked to market

At beginning of year	**12,061,947**	9,364,371
Current year fair value	**5,514,578**	2,726,705
Amortisation to profit or loss	**(62,298)**	(29,130)
	17,514,227	12,061,946

Employee loans and advances are offered on concessionary rates. House, Car and personal development loans are enhanced by collateral of landed property and in the case of car loans, the vehicle registration certificate is endorsed with the Bank as absolute owner.

Where staff loans are issued to members of staff at concessionary rates, fair value is calculated based on market rates. This will result in the long term staff loans benefit as shown above.

20 Employee loans and advances (continued)

The prevailing interest rates on staff loans were as follows

	2015	2014
	%	%
Personal loan	**5**	5
Personal Development loan	**5**	5
House	**5**	5
Car loan	**5**	5

21 Other assets

	2015	2014
Other receivables	**3,114,088**	8,545,396
Prepayments	**2,883,468**	4,293,909
Funding receivable from GRZ	**1,692,810**	-
	7,690,366	12,839,305

The carrying amounts of the other receivables approximate to their fair values. None of the above assets are past due or impaired.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

22 Cash and cash equivalents

	2015	2014
	K	K
Cash at bank and in hand	**113,188,202**	161,867,019
Broken down as:		
Zambia National Commercial Bank Plc	**107,598,125**	139,371,631
Bank of Zambia (Asycuda Fees)	**2,997,851**	425,202
Finance Bank Zambia Plc	**1,443,267**	21,458,538
Stanbic Bank Limited	**595,541**	-
Cash on hand	**524,393**	676,588
First National Bank	**9,900**	-
Indo Zambia Bank Limited	**9,725**	-
Eco Bank Limited	**9,400**	-
Access Bank Limited	**-**	(64,941)
Total cash and cash equivalents	**113,188,202**	161,867,019

23 Employee benefits

	2015 **K**	2014 K
End of contract gratuity	**116,608,736**	137,709,456
Retirement benefits	**243,004,237**	207,775,518
	359,612,973	345,484,974
Amounts falling due within one year	**53,941,946**	51,822,746
Amounts falling due after one year	**305,671,027**	293,662,228
	359,612,973	345,484,974

Movement in the present value of the defined benefit obligations

Defined benefit obligations at 1 January	**345,484,974**	252,574,974
Benefits paid by the plan	**(19,992,000)**	(23,809,000)
Service costs	**14,459,000**	45,430,000
Interest cost	**78,517,000**	44,010,000
Actuarial (gains)/losses	**(58,856,000)**	27,279,000
Defined benefit obligation at end of year	**359,612,974**	345,484,974

Expense recognised in deficit or surplus

Service costs	**14,459,000**	45,430,000
Interest costs	**78,517,000**	44,010,000
	92,976,000	89,440,000

The significant actuarial assumptions were as follows:

	31 December 2015		**31 December 2014**	
Retirement	End of contract gratuities	Retirement benefits	End of contract gratuities	benefits
Discount Rate	23.5%	23.5%	15.5%	18.0%
Inflation	11.0%	11.0%	11.0%	11.0%
Future Salary Increases	15.0%	18.0%	11.0%	11.0%

Assumptions regarding future experience are set on actual advice in accordance with actuaries.

23 Employee benefits (continued)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation		
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
Discount rate	0.5%	Decrease by 3.2%	Increase by 2%
Salary growth rate	0.5%	Increase by 3.4%	Decrease by 3.3%

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

24 Payables

	2015	2014
	K	K
Accrued leave pay	**25,451,428**	22,974,415
Accrued expenses	**13,598,123**	10,037,893
Trade payables	**2,726,831**	4,009,580
Tax Online and Asycuda World	**-**	25,963,712
	41,776,382	62,985,600

The carrying amounts of the above payables and accrued expenses approximate to their fair values.

25 Borrowings

	2015	2014
	K	K
Loan from Ministry of Finance	**597,813,594**	350,168,102
Amounts falling due within one year	**63,913,327**	21,000,000
Amounts falling due after one year	**533,900,267**	329,168,102
	597,813,594	350,168,102
At beginning of year	**350,168,102**	354,183,300
Paid during the year	**(40,444,651)**	(4,015,198)
Exchange losses during the year	**288,090,143**	-
	597,813,594	350,168,102

25 Borrowings (continued)

In 2012, the Authority assumed a subsidiary loan which the Government of the Republic of Zambia secured from the People's Republic of China for procurement, installation and operation of 8 non-intrusive scanning equipment from Exim Bank.

The loan is for a duration of 13 years at a fixed interest rate of 2% per annum. Under the terms of this loan, the Authority is to pay annual interest amounts in two instalments starting 2013, while principal repayments commenced in 2015.

26 Customs deposits bank accou nts

	2015	2014
	K	K
Customs deposits bank accounts	**7,060,204**	7,708,380

The Customs deposits bank accounts relate to monies held on behalf of importers pending assessments. The Customs and Excise Act, Chapter 322 of the Laws of Zambia requires that after 30 days any monies not refunded to importers must be returned to the Government. The corresponding liability to refund importers is included as a payable.

27 Tax refunds bank accounts

	2015	2014
	K	K
Value Added Tax (VAT) refu nd	**29,564,461**	34,379,033
Customs refund	**16,820,128**	3,127,061
Income tax refund	**1,415,102**	1,346,513
	47,799,691	38,852,607

The tax refunds bank accounts relate to monies from the Government being amounts payable to tax payers on their claims for tax paid. The corresponding liability to refund tax payers is shown as a payable.

28 Contingent liabilities

There were legal proceedings outstanding against the Authority, which were awaiting ruling/judgment by the courts of law as at 31 December 2015. In the opinion of the Governing Board, these claims and lawsuits in aggregate will not have a significant adverse effect on the financial statements. All tax related litigation claims will be funded by the Government if they materialise.

29 Commitments

Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised in the financial statements is as follows:

	2015	2014
	K	K
Property, plant and equipment	**32,000,000**	34,000,000

29 Capital commitments (continued)

Operating lease commitments

The Authority leases various properties under non-cancellable operating lease. The lease terms are between 1 and 5 years, and the majority of the lease agreements are renewable at the end of the lease period at market rates.

The future aggregate minimum lease payments under non -cancellable operating leases are as follows:

	2015	2014
	K	K
Not later than 1 year	**1,523,398**	727,240
Later than 1 year and not later than 5 years	**3,046,797**	1,027,707
	4,570,195	1,754,947

30 Related party transactions

Key management compensation

Key management includes Governing Board and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	2015	2014
	K	K
Salaries and other short-term employment benefits	**16,204,521**	13,556,987
Post-employment benefits	**4,125,604**	3,886,038
Directors Fees	**655,570**	684,333
	20,985,695	18,127,358

Transactions with Government of the Republic of Zambia

Funding received from GRZ	**428,998,671**	467,616,337
Scanner loan repayments to GRZ	**40,444,649**	3,519,732
	469,443,320	471,136,069

Appendix 1

Staff Development and Training in 2015

TYPE OF TRAINING	FEMALE	MALE	Total
Staff Induction	9	7	**16**
Workshop on transfer of web Administration	5	9	**14**
Web Content Management – Workshop	3	3	**6**
Electronic Record Management Project workshop	7	5	**12**
Zambia Revenue Authority – Norwegian Tax Administration workshop	4	5	**9**
Project Management workshop	8	17	**25**
ISACA Annual Conference	1	3	**4**
Staff Induction	27	22	**49**
Certification in Governance of Enterprise in IT	-	2	**2**
Environment Crime training	-	1	**1**
Performance Management System	-	3	**3**
Value Added Tax II	6	14	**20**
Training in Analysis of Financial statements	7	8	**15**
Pay as you Earn	8	12	**20**
Customs Basic Course (Examining Officers)	12	14	**26**
Customs Basic Course (Management Trainees)	14	9	**23**
Scanner Training	8	15	**23**
Management Trainee Program (DOMT)	13	12	**25**
Training of Trainers	7	10	**17**
Norwegian Tax Administration – Audit Training	4	10	**14**
Risk Management Training	6	9	**15**
Inspector's Course	6	14	**20**
Supervisory Training	4	12	**16**
TRAPCA Course – Certificate in Trade Facilitation	1	1	**2**
TRAPCA Course – Trade Facilitation for policy markers	1	1	**2**
TRAPCA Course – Trade Facilitation Boarder Agencies	1	3	**4**
TRAPCA Course – Trade Facilitation training for Private Sector	1	1	**2**
Middle Management Seminar by RPD	11	19	**30**
Education Refund for the various training programs	21	32	**53**
Scanner Training (Management Trainees)	8	15	**23**
Management Training Program	13	12	**25**
Ozone Depleting substance Training for Customs Officers	5	10	**15**
Inspectors Course	1	18	**19**
Zambia Institute of Chartered Accountants – Annual General Meeting	2	7	**9**
Workshop on the Fight Against Money Laundering	3	5	**8**
User Acceptance Training – VAT for Phase 1, Modules Excise	6	14	**20**
Training in SPSS for MVCMP	2	8	**10**
Central Processing Centre Orientation Training for Ndola Staff	8	22	**30**
Microsoft Bit Locker Management Training	2	6	**8**
Microsoft Project Server workshop	1	5	**6**
Project Management Framework workshop	5	10	**15**
Value Added Tax -1 for Management Trainees	8	15	**23**
Value Added Tax -2 for Management Trainees	8	15	**23**
Induction Training	3	5	**8**
Supervisory and Management Development Training	4	10	**14**
ZRA- NTA Phase 2 - workshop	3	6	**9**
Fundamentals of Tax Treaties	1	4	**5**
Value Added Technical Training workshop	-	2	**2**
ATAF effective Implementation Training	-	1	**1**
ICT strategic Planning workshop	-	1	**1**
Tax Policy Formulation and Design Training	-	2	**2**
Coxswain Training	-	5	**5**
Zambia Institute of Human Resource Management – Regional Annual Convention	-	3	**3**
Pay As Your Earn	3	17	**20**
ZRAIC Training	5	10	**15**

Training of Trainers	5	10	**15**
Operational Fleet Management in the Public Service	-	1	**1**
ISO Certificated Lead Implementer	-	1	**1**
Audit and Business Risk Training	5	6	**11**
Training for on the Job Instruction	2	5	**7**
Transfer Pricing Cases	7	15	**22**
IBFD Taxation of the Extractive Industry Course	8	16	**24**
Customer Care and Personal Grooming – ZRA Agents (KKI' Airport)	19	30	**59**
Transfer Pricing OECD Training	7	13	**20**
Supervisory Management and Development Training	10	18	**28**
Management Training Program module 2	13	12	**25**
Practical Training on Tax Treaty Negotiation	-	1	**1**
Transfer Pricing Dispute Resolution and Avoidance Training	-	1	**1**
Transfer Pricing Training	-	2	**2**
Internal Audit Conference	-	2	**2**
Corporate Branding	-	1	**1**
The Executive Secretary Course	3	-	**3**
Customer Care and Personal Grooming – ZRA Agent (Chirundu)	15	25	**40**
Value Added Tax	6	14	**20**
Supervisory and Management Development Training	13	15	**28**
Excise Duty Appreciation workshop	7	9	**16**
Certified in the Governance of Enterprise IT	-	1	**1**
Managing the Training and Development Function training	-	1	**1**
Human Resource Certificate training	-	1	**1**
Excise Duty technical Training	15	25	**40**
IIA Conference	3	12	**15**
Defensive Driving	-	12	**12**
Balance Scorecard Training and Risk Management	6	14	**20**
Supervisory and Management Development training	6	10	**16**
System Centre 2012 – Orchestrator	-	1	**1**
Customer Care and Personal Grooming for Clearing Agents	37	53	**90**
Teammate Training	-	4	**4**
Supervisory and management development workshop	8	11	**19**
Advanced Prosecutor Course	-	5	**5**
Motorbo Technical Training	-	4	**4**
Benefits Realization Training	7	19	**26**
Asycuda World training for the debt Management Unit	1	9	**10**
Audit Function Management Training	3	13	**16**
VAT II	6	14	**20**
Excise Duty Technical Training	13	31	**44**
Train in the Trainers	5	8	**13**
Transfer pricing training	1	3	**4**
Advanced Tax Seminar	-	1	**1**
National Risk Assessment Training workshop	1	-	**1**
International Bar Association conf. (CPD)	1	1	**2**
Zambia Institute of Architects AGM (CPD)	1	0	**1**
IPSA- at intelligent Africa in RSA	1	1	**2**
Graduate Certification in Risk Management (Part-time)	1	12	**13**
Customs Basic Course	5	17	**22**
SOClass Basic Developer Training	3	12	**15**
VAT2 (Management Trainees)	9	14	**23**
CATA Conference	1	2	**3**
OECD Tax and Crime Conference	0	1	**1**
Total number of participants	**542**	**1018**	**1560**

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