

# Annual Report 2023



**ZAMBIA  
REVENUE  
AUTHORITY** | *My Tax  
Your Tax  
Our Destiny*





## CHAIRPERSON'S STATEMENT

On behalf of the Zambia Revenue Authority (ZRA) Governing Board, I am delighted to present the ZRA Annual Report for the Financial Year ended 31<sup>st</sup> December 2023. The Report presents the performance of the Authority during the period under review.

In 2023, the Board approved the revisions to the 2022-2024 Corporate Strategic Plan. The Board also approved the New Operating Model for ZRA. The approved Model is taxpayer centric, and to that end is in line with international good practice and envisages to optimise revenue through improved service delivery to taxpayers.

The Authority made considerable progress in modernising tax systems and processes, making it easier for taxpayers to comply with their obligations and also for the Authority to detect non-compliance. The Authority continued to embrace technology including Artificial Intelligence in enhancing compliance. The Authority has continued to automate most of its business processes in order to enhance customer service and administrative support systems and has also continued on the path of implementing smart partnership strategies with Government institutions. The partnerships included collaboration through the Zambia Electronic Single Window platform and signing of Memoranda of Understanding with other Government Agencies, on revenue collection and information exchange. At the regional level, the Authority continued to implement trade facilitation strategies such as the customs-to-customs data exchange with the Zimbabwe, Malawi, and Botswana Tax Administrations.

These strategies, among others, contributed to revenue collection of K100,623.8 million during the year. This was against a target of K103,126.0 million, resulting in a deficit of K2,502.3 million or

2.4 percent. The underperformance was on account of reduced production in the Mining and Quarrying Sector, which negatively affected the collection of Company Income Tax and Mineral Royalty.

During the year, the Board undertook visits to selected stations and border posts to appreciate the state of operational and housing infrastructure for members of staff. This was done with a view to modernising the infrastructure to cope with an increased demand for ZRA services. Further, following the expiration of the border management concession at Kasumbalesa, the Government of the Republic of Zambia, through ZRA, took over the management of the border facility.

On behalf of the Board, I would like to thank the Minister of Finance and National Planning and all our cooperating partners for supporting our agenda in 2023. Further, I would like to thank our valued taxpayers for their continued support and the Management and Staff of ZRA for their hard work.

I now have the honour of presenting to you the 29<sup>th</sup> Annual Report of the Zambia Revenue Authority for the financial year 1<sup>st</sup> January 2023 to 31<sup>st</sup> December 2023.

Dr. Caleb Fundanga  
Chairperson of the Governing Board





## COMMISSIONER GENERAL'S REPORT

In 2023, the Authority demonstrated resilience in revenue mobilisation yet again amidst challenging economic times.

During the year, gross revenue reached K116,962.8 million, representing a 9.7 percent increase compared to K106,623.9 million in 2022. On the other hand, total refunds amounted to K16,339.0 million, an increase of 0.4 percent from K16,278 million in 2022. This resulted in a net revenue collection of K100,623.8 million, an increase of 11.4 percent from K90,345.9 recorded in 2022, and a tax-to-GDP ratio of 17.6 percent, down from 18.3 percent in 2022. The revenue outturn was below the target of K103,126.0 million by K2,502.3 million or 2.4 percent. The reduction in the tax-to-GDP ratio observed between 2022 and 2023 is mainly attributed to the significant reduction in Company Income Tax and Mineral Royalty contribution to total revenue following contraction of the Mining and Quarrying Sector. Further, a notable increase in value addition in sectors which are either VAT or Income Tax exempt such as Financial and Insurance Activities; Education; and Public Administration and Defence exacerbated the reduction in the ratio. These sectors experienced growth rates of 22.6 percent, 17.7 percent, and 9.6 percent respectively during the period.

The unfavourable revenue performance in 2023 was attributed to large deficits of K7,497.2 million in mining Company Income Tax, K1,277.2 million in Mineral Royalty and K567.7 million in Customs Duties, among others. The underperformance of the mining taxes was driven by lower than projected copper production against the backdrop of low copper ore grade deposits, compounded by production challenges due to accumulation of water in the pits at some major mines which affected access to working areas. However, the impact of the deficits was counteracted by strong surplus performance of more than K6,710.9 million on account

of VAT on imports, non-mining Company Income Tax, import Excise Duties, Import Fuel Levy, PAYE, Withholding Taxes, and Rental Income Tax, among others. Despite the overall deficit of K2,502.3 million or 2.4 percent, net revenue collection was higher in 2023 than in 2022 by K10,277.8 million or 11.4 percent. This growth was primarily driven by increases in indirect tax and trade-based tax collections, which increased by K4,634.2 million or 50.4 percent and K11,002.7 million or 48.8 percent respectively in 2023 compared to 2022.

During the year, the Authority remained dedicated to reducing the stock of refunds owed to taxpayers and implemented a "First-In, First-Out" (FIFO) approach for fairness. The monthly refund level remained at K1,350.0 million in 2023. Despite the rise in refund levels, the outstanding VAT refund claims remained high at K48,083.0 million at the end of the year.

In line with our Corporate Strategic Plan *Key Result Area number (1)* which focuses on enhancing revenue collection, the Authority continued to promote an environment that encourages taxpayers to voluntarily comply with their tax obligations. In its efforts to broaden the tax base, the Authority, among other initiatives, identified the taxation of e-commerce as one of its priority areas and embarked on developing regulations for taxation of that sector. The regulations will be anchored on the framework to be developed by African Tax Administration Forum (ATAF) based on the OECD Guidelines.

In addition, on 15<sup>th</sup> December 2023 the Authority launched the pilot of the Smart Invoice which is the electronic invoice management system that aims to strengthen the management of VAT and other transactional tax types. Smart Invoice is a software-based

fiscalisation solution accessible through several platforms including mobile devices, computers, and integration with accounting packages. The system will streamline tax administration, improve tax compliance, increase transparency, and reduce VAT refund fraud.

The Authority also prioritised debt management through the implementation of a number of initiatives such as the Tax Amnesty Programme, debt swaps and offsets as well as effective use of other debt enforcement tools. As at 31<sup>st</sup> December 2023, K5,030.8 million was realised while K3,436.5 million in penalties and interest was waived under the Tax Amnesty Programme. Following the end of the Tax Amnesty Programme, the Authority began implementing both intrusive and non-intrusive compliance controls such as the dynamic electronic Tax Clearance Certificate, vigorous garnishing of accounts of taxpayers with outstanding liabilities, and intensified taxpayer education. The Authority has also been promoting the signing of Time to Pay Agreements (TPAs) for taxpayers that have cashflow challenges.

Our efforts to attain outcomes in *Key Result Area number (2)* focused on having satisfied and knowledgeable taxpayers. To this end, various taxpayer education initiatives such as radio programmes and stakeholder engagements were held across the country. In 2023, a total of 2,059 physical and virtual interactive workshops and meetings were held with various stakeholders countrywide. The stakeholders engaged included; Local Authorities, small scale miners, selected chambers of commerce, Zambia Institute of Chartered Accountants (ZICA), commercial banks, clearing agents, and withholding VAT agents, among others.

In line with *Key Result Area number (3)* aimed at creating simplified, efficient and reliable business systems, in 2023 the Authority focused on creating real-time system interfaces internally, and with other local institutions, as well as with other countries to enable seamless data exchange. In this regard, the Authority integrated the Mineral Royalty and Withholding VAT modules on Bulk Intelligence Data Analytics (BIDA), and interfaced TaxOnline and ASYCUDAWorld with the Customer Relationship Management System. Further, the Authority interfaced its systems with the Road Transport and Safety Agency (RTSA) System. Working in conjunction with the Ministry of Mines and Minerals Development, ZRA developed a Gemstone Production Reporting and Export Permit Module. Other notable initiatives included; interfacing TaxOnline with the Zambia Electronic Single Window, and interfacing ASYCUDAWorld with the Electronic Balance of Payment (e-BoP) Monitoring to facilitate the tracking of foreign exchange proceeds into the country by the Bank of Zambia. Furthermore, Customs System Interconnectivity and Electronic Data Exchange was established between ZRA and the Malawi Revenue Authority as well as between ZRA and the Zimbabwe Revenue Authority.

In line with our *Key Result Area number (4)* which aims to groom committed, competent and high performing staff, the Authority through a consultative process supported by the USAID Revenue for Growth Project, developed a new operating model. The new operating model aims to improve service delivery and efficiency in tax administration in the evolving and dynamic business environment. Of the 341 vacancies that arose during the year, 129 were filled through internal recruitment, out of which 80 were

promotions, while 212 were filled through external recruitment. Therefore, in net terms, the staff complement increased by 107 or 4.9 percent to 2,290 in 2023 from 2,183 in 2022.

As the Authority commemorates its 30<sup>th</sup> anniversary in 2024, I invite you to take a moment to reflect on our journey and take stock of our achievements together as a nation. Over the years, our nation's development path has been outlined in numerous policy documents and as ZRA, we remain key in the mobilisation of revenue, which is our core mandate.

Finally, I wish to extend my gratitude to the Minister of Finance and National Planning and his officials, to the Board for their support and guidance, to our compliant taxpayers for fulfilling their obligations, and to the Management and staff for their dedication to duty.



**Dingani Banda**  
**Commissioner General**



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## About This Report

This report has been prepared pursuant to the requirements of the Constitution of Zambia (Amendment) Act No. 2 of 2016, the Zambia Revenue Authority Act, Chapter 321 of the Laws of Zambia and the Public Finance Management Act No. 1 of 2018. The Report provides information on revenue performance, operations, governance and the financial statements of the Authority for the 2023 fiscal year. The presentation of this report is aligned to the Authority's Corporate Strategic Plan 2022-2024 and the 2023 Annual Departmental Output Plans.

The Annual Financial Statements for the year ended 31<sup>st</sup> December, 2023, were prepared in accordance with International Public Sector Accounting Standards and in the manner required by the Zambia Revenue Authority Act, Chapter 321 of the Laws of Zambia. The Annual Financial Statements were audited by Messrs Grant Thornton who expressed an opinion.

## Statement of Responsibility and the Accuracy of the Annual Report

To the best of our knowledge, all the information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by Messrs Grant Thornton. The Annual Report is complete, accurate and free from any omissions. The Annual Financial Statements included in this Annual Report were prepared in accordance with the applicable accounting standards.

The ZRA Governing Board is responsible for preparing the Annual Report and the Annual Financial Statements. The Governing Board is also responsible for establishing a system of internal controls designed to provide assurance on the integrity and reliability of the performance information as well as the Annual Financial Statements. Messrs Grant Thornton was engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the state of affairs of the Authority for the year-ended 31<sup>st</sup> December, 2023.



**Dr. Caleb Fundanga**  
Chairperson of the Governing Board



# PART 1

# General Information



# About Us

The Zambia Revenue Authority was established on 1<sup>st</sup> April, 1994 as a body corporate under the Zambia Revenue Authority Act, Chapter 321 of the laws of Zambia.



## Our Mandate

Our mandate is to:

- 01** properly assess and collect taxes, duties, levies and fees at the right time;
- 02** ensure that all monies collected are properly accounted for and banked;
- 03** properly enforce all relevant legislation and administrative provisions;
- 04** provide revenue and trade statistics to the Government;
- 05** give advice on tax policy to Government; and
- 06** facilitate international trade.



## Our Vision

“To be a world class model of excellence in revenue administration and trade facilitation.”



## Our Mission Statement

“To optimise and sustain revenue collection and administration for a prosperous Zambia.”

## Our Values

Our commitment to serving all stakeholders is embedded in our Corporate Values:



Taxpayer focus



Integrity



Professionalism



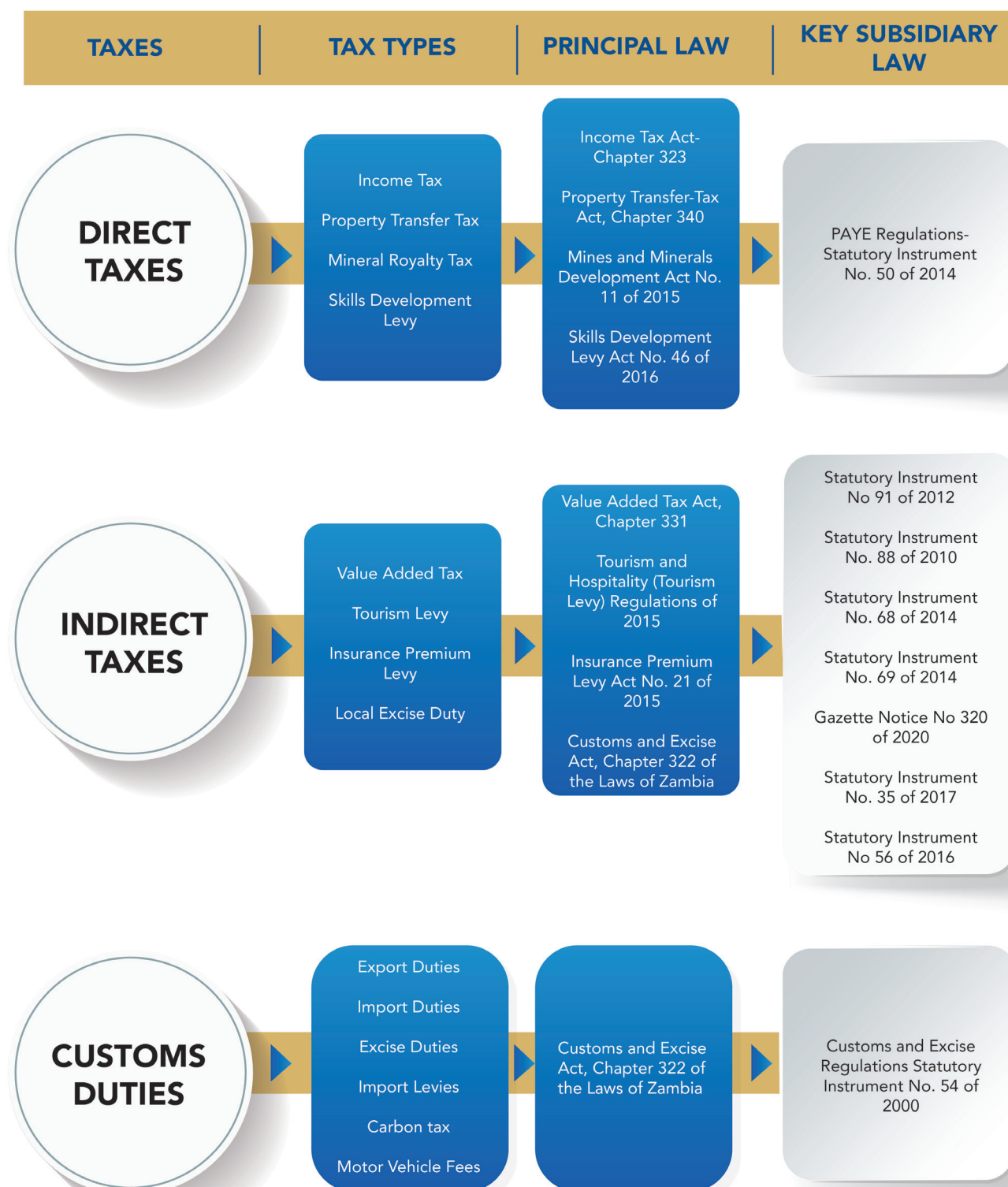
Innovation



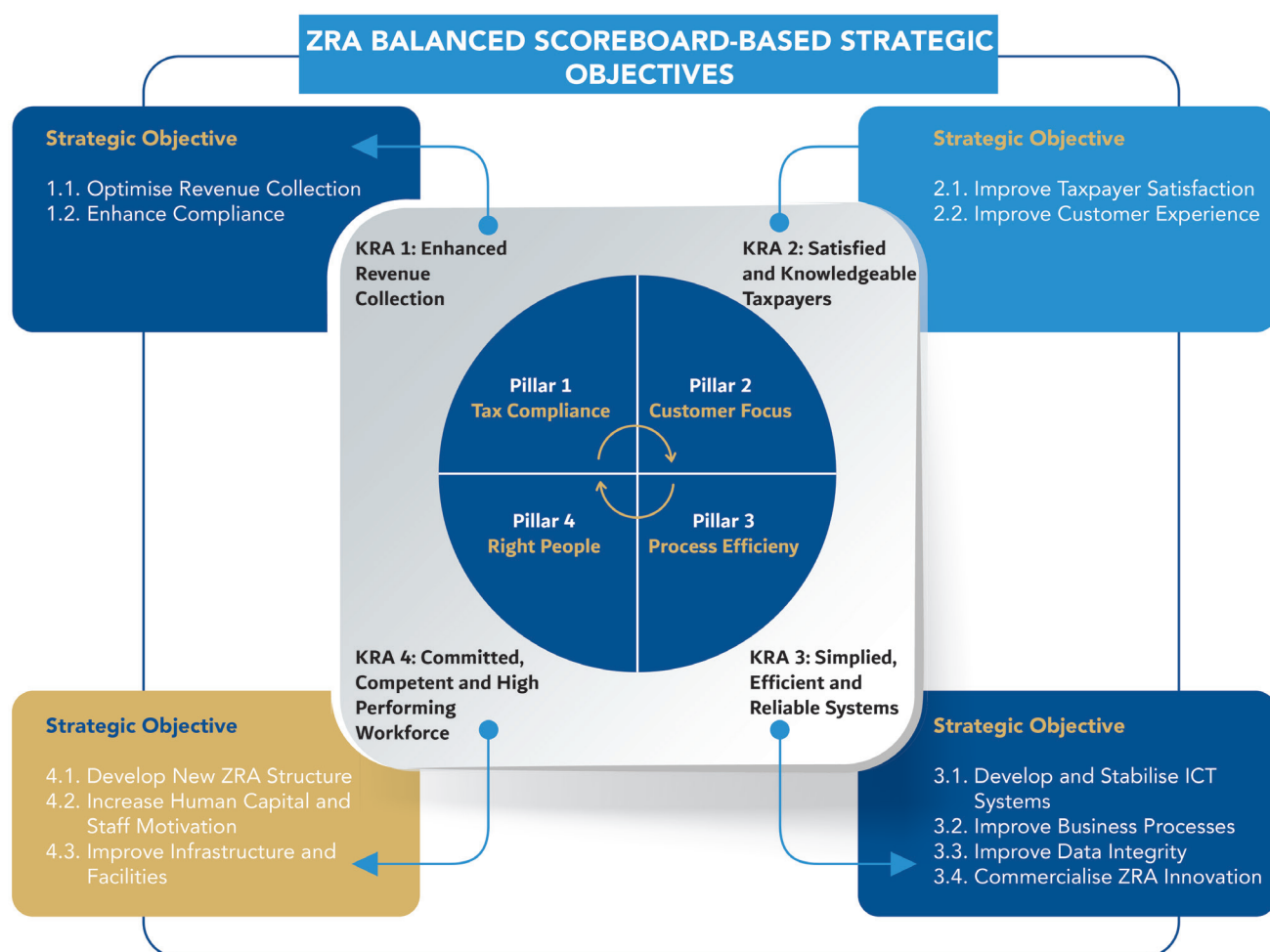
Networking



# Taxes and Tax Legislation



## Overview of the ZRA Corporate Strategic Plan





## Our Organisation

Organisation of the ZRA Governing Board



**MEMBERS OF THE ZRA GOVERNING BOARD  
AS AT 31<sup>ST</sup> DECEMBER 2023**



**Dr. Caleb Fundanga**

Chairperson



**Ms. Venus Hampinda**

Chairperson of the Audit and Risk Committee



**Ms. Nana M. Mudenda**

Vice Chairperson and Chairperson of the Legal, Staff and Disciplinary Committee



**Ms. Valerie Nambeye**

Chairperson of the Finance Committee



**Mr. Allan Nyirenda**

Chairperson of the Innovation and Project Management Committee



**Vacant**

Board Member



**Dr. Denny H. Kalyalya**

Board Member



**Mrs. Mutinta M. Pensulo**

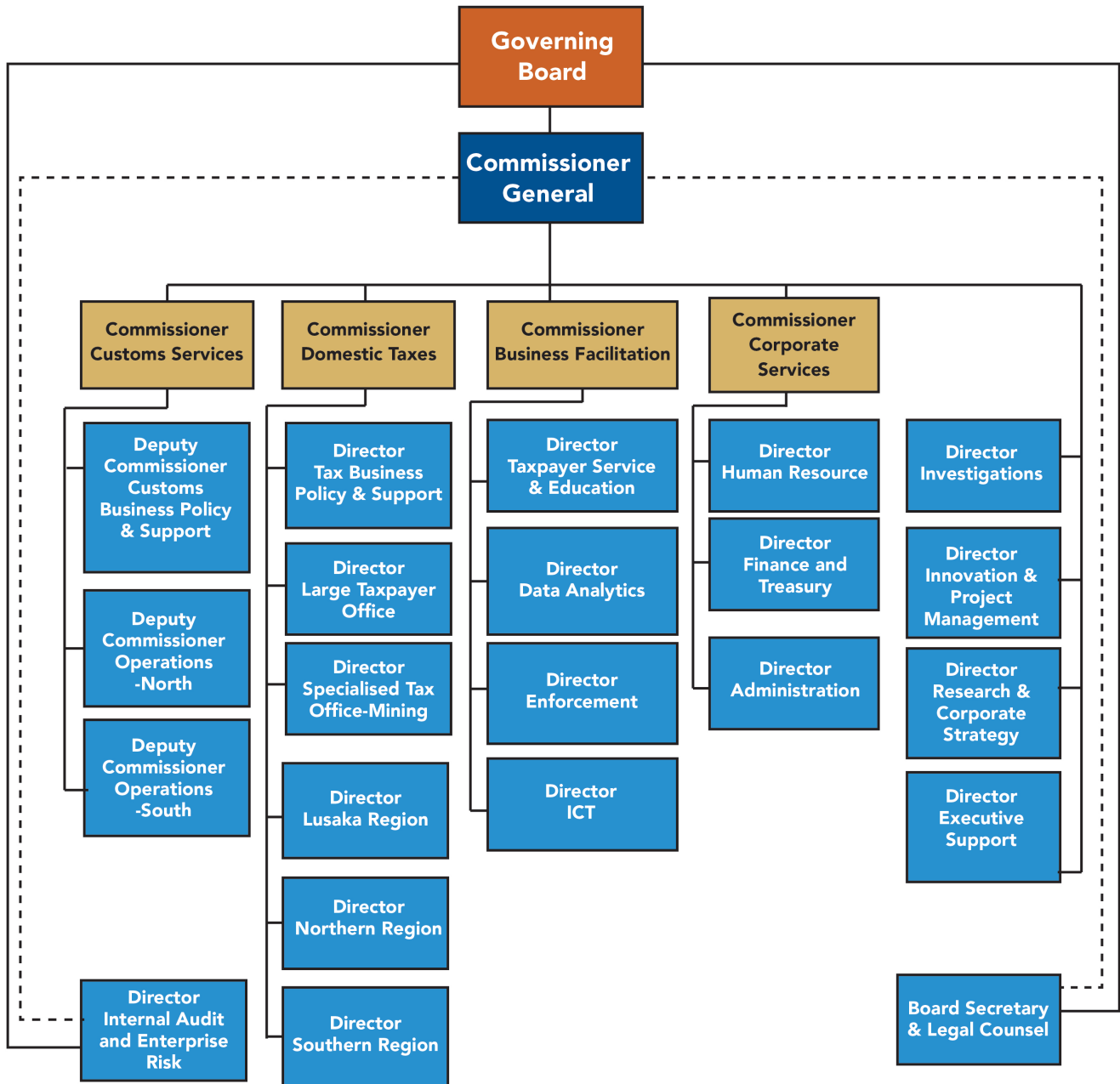
Board Member



**Mr. Kayula Chimfwembe**

Board Member

**ZRA ORGANISATIONAL STRUCTURE  
AS AT 31<sup>ST</sup> DECEMBER 2023**





**MEMBERS OF THE ZRA SENIOR MANAGEMENT  
AS AT 31<sup>ST</sup> DECEMBER 2023**



**Mr. Richard Kapasa**

Acting Commissioner  
Business Facilitation



**Mr. Joseph Nonde**

Commissioner  
Domestic Taxes



**Mr. Dingani Banda**

Commissioner General



**Mr. Ernest Sigande**

Commissioner Customs  
Services



**Mr. Timothy Milambo**

Acting  
Commissioner Corporate  
Services



**Mr. Ronald Chalwe**

Director Lusaka  
Region



**Mrs. Beatrice L. Kachinda**

Deputy Commissioner  
Customs Business  
Policy and Support



**Mr. Shadreck Kachusha**

Director  
Tax Business Policy  
and Support



**Mr. John Loongo**

Director Administration



**Mrs. Patricia B. Lungu**

Deputy  
Commissioner  
Operations North



**Mr. Kwegyer Msimuko**

Deputy  
Commissioner  
Operations South



**Mr. Moonga Mumba**

Director Internal Audit  
and Risk



**Mr. Ignatius Mvula**

Director Specialised Tax  
Office-Mining



**Mr. Ezekiel Phiri**

Director Research  
& Corporate Strategy



**Mrs. Mirriam C. Sabi**

Director Taxpayer  
Service and Education



**Mr. Kelvin Shamizhinga**

Director Human  
Resource



**Mrs. Susan Z. Banda**

Acting Board Secretary  
and Legal Counsel



**Ms. Deborah Bwembya**

Acting Director Large  
Taxpayer Office



**Mr. Harrison Chapu**

Acting Director  
Innovation and Project  
Management



**Ms. Chiseche N. Chellah**

Acting Director Finance  
and Treasury



**Mrs. Alice P. Haamukale**

Acting Director Southern  
Region



**Mr. Daniel Kalunga**

Acting Director Information  
and Communication  
Technology



**Mr. Enock Kasapato**

Acting Director  
Enforcement



**Mr. Clive Mulendema**

Acting Director  
Northern Region



**Mrs. Yvonne M. Mwanza**

Acting Director Data  
Analytics



**Mrs. Patience M. Siame**

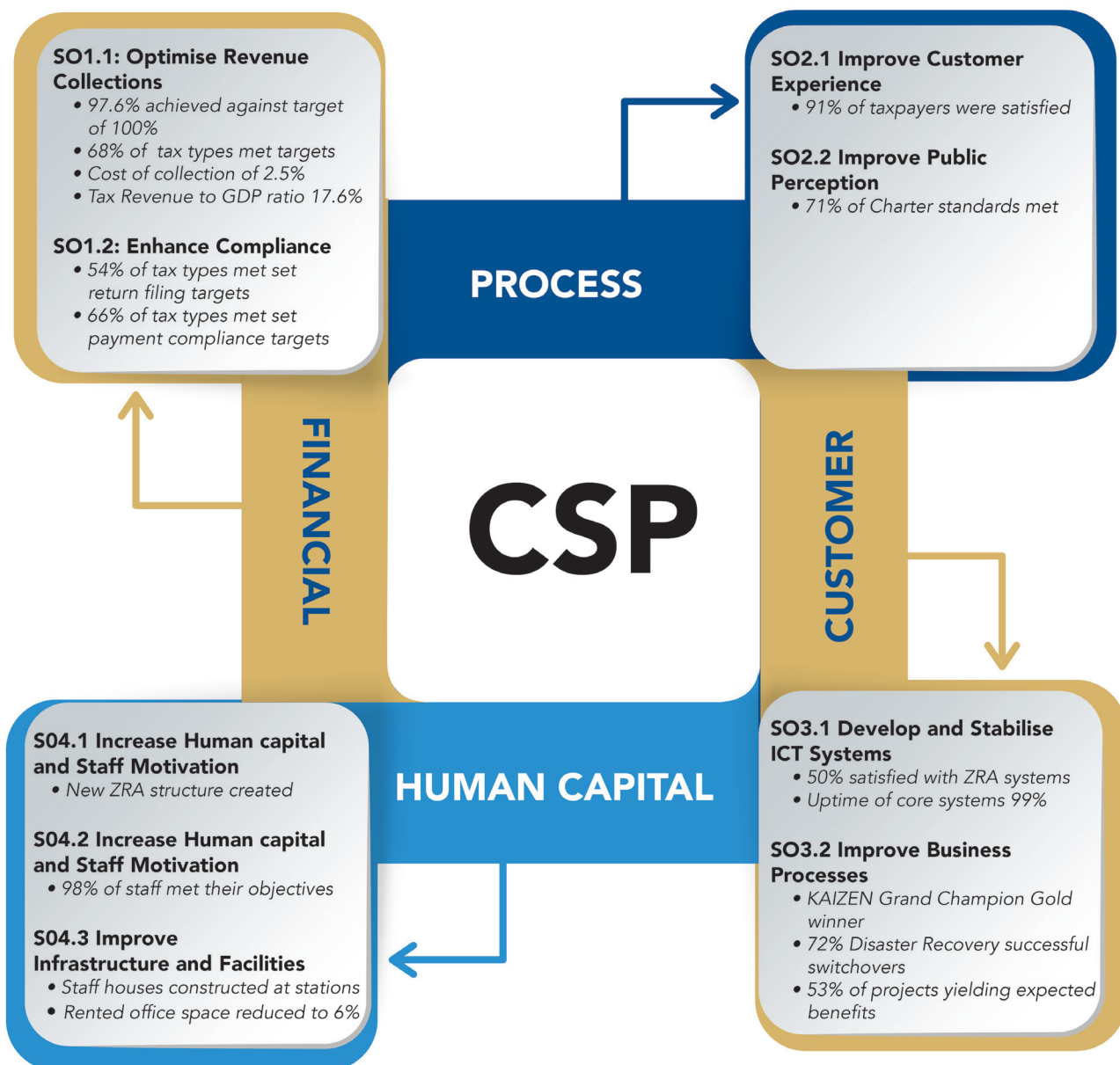
Acting Director  
Investigations



**Mr. Laban Simbeye**

Acting Director  
Executive Support

## Highlights of the Corporate Strategic Plan (CSP) Performance in 2023



## Revenue Performance and Taxpayer Register Highlights

### REVENUE COLLECTION (K' Million)

#### Gross Revenue Collected

K116,962.8  
2023

K106,623.9  
2022

9.7%  
growth

#### Refunds Paid

K16,339.0  
2023

K16,278.0  
2022

0.4%  
growth

#### Net Revenue Collected

K100,623.8  
2023

K90,345.9  
2022

11.4%  
growth

### TAXPAYER POPULATION

#### Company Income Tax

69,061  
2023

66,817  
2022

3.4%  
growth

#### Pay As You Earn

56,298  
2023

48,568  
2022

15.9%  
growth

#### Value Added Tax

21,179  
2023

19,260  
2022

10.0%  
growth

#### Turnover Tax

192,771  
2023

170,019  
2022

13.4%  
growth



## Business Volumes Processed

Domestic Tax Volumes	2023	2022	Variance	% Variance
TPIN Registrations (without tax type)	1,231,276	1,297,642	-66,366	-5.1%
Tax Type Registrations	86,151	66,667	19,484	29.2%
Taxpayers Served in Branches	381,483	172,728	208,755	120.9%
Returns Submitted	1,561,057	1,279,582	281,475	22.0%
E-Payments Processed (Count)	1,782,425	1,475,427	306,998	20.8%
Complaints Received	14	8	6	75.0%
Audits and Verifications Conducted	19,877	27,250	-7,373	-27.1%
Appeals Finalised	124	137	-13	-9.5%
Inbound Calls Answered	101,459	70,968	30,491	43.0%
Customs Volumes	2023	2022	Variance	% Variance
Number of Importers	43,044	37,822	5,222	13.8%
Number of Exporters	2,759	2,831	-72	-2.5%
Total Licenced Clearing Agents	1,376	1,216	160	13.2%
New Licenced Clearing Agents	391	334	57	17.1%
Companies on Customs Accredited Clients Programme	54	57	-3	-5.3%
New Customs Accredited Clients Programme	3	2	1	50.0%
Companies on Authorised Economic Operators	4	0	4	n/a
New Authorised Economic Operators	4	0	4	n/a
Import Declarations	403,333	354,963	48,370	13.6%
Export Declarations	256,869	250,430	6,439	2.6%
Customs Inspections	1,874	4,040	-2,166	-53.6%
Customs Seizures	61	64	-3	-4.7%
Post Clearance Audits	22	236	-214	-90.7%

# PART 2

# Performance Information

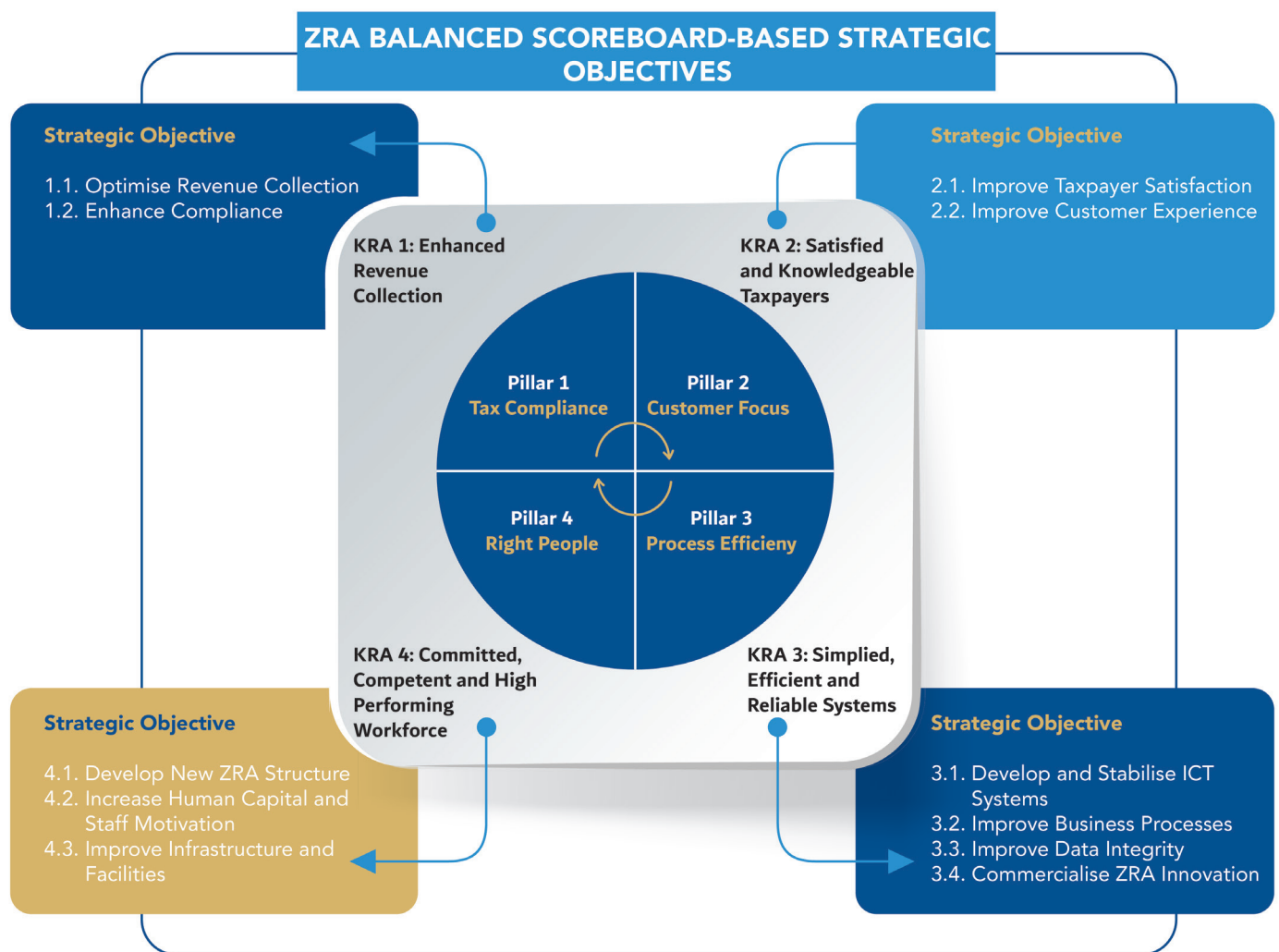


## The ZRA Corporate Strategic Plan, 2022 - 2024

The ZRA Corporate Strategic Plan is a three-year cycle plan aligned to the Medium-Term Budgeting Plan (Green Paper) which is a budgeting mechanism for the Government. This Plan is revised annually at midyear and end of year, to respond to the changing operating environment.

Since 2015, ZRA adopted a balanced score card model for the development of the CSP. The Balanced Scorecard (BSC) is a business framework used for tracking and managing an organisation's strategy. The BSC framework is based on performance indicators, which measure *outcomes* of an organisation's objectives. The BSC framework is broken down into four uniquely interconnected perspectives which are Financial, Customer, Process and Learning and Growth perspectives. ZRA has customised these perspectives into four strategic pillars and Key Result Areas (KRA). Under each KRA are ZRA's strategic objectives. A total of eleven Strategic Objectives have been set for the period 2022 – 2024. Figure 1 depicts ZRA's strategic objectives.

**Figure 1: ZRA's Strategic Objectives**



The Plan is anchored on four pillars as follows:

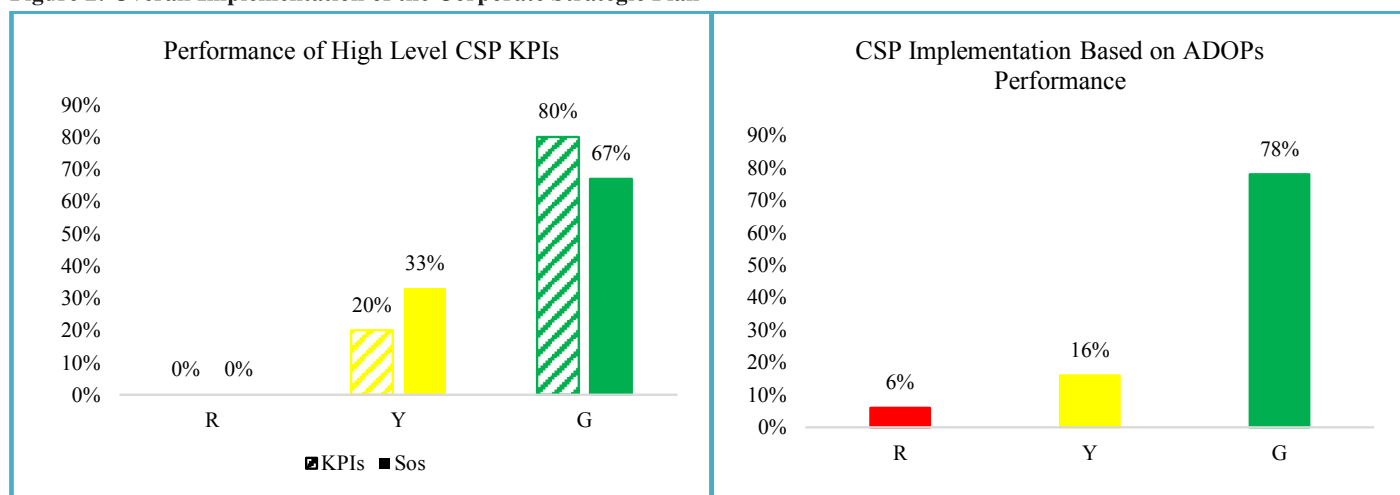
- Tax Compliance** - focus is on enhancing tax compliance and expansion of the tax base through building a culture of voluntary compliance;
- Customer Focus and Collaboration** - shifting the customer service perception by improving service accessibility through service centres and technology platforms;
- Process Efficiency** - simplifying all business processes by leveraging on technology and data to enhance service delivery and promote compliance; and
- Right People** - focus is on having a committed, competent and high performing workforce.

### Performance of the Corporate Strategic Plan (2022 – 2023)

The CSP performance is assessed by tracking Key Performance Indicators (KPIs) using the red, yellow and green rating scale for indicators that have not been achieved, partially achieved, and fully achieved, respectively. Out of all KPIs in the CSP, a few are identified and labelled high level KPIs as they are the key drivers of their respective strategic objectives and are ultimately used to gauge the achievement of the CSP.

During the year, the Authority monitored the performance of 10 high level KPIs linked to six strategic objectives. Of the 10 KPIs monitored, eight met set targets. A strategic objective is attained when all the KPIs associated with it are achieved. Thus, the achieved KPIs translated into the attainment of four of the six objectives linked to the high level KPIs. Based on Annual Divisional Outputs- Plans (ADOPs) as at the end of December 2023, 78 percent of all the KPIs were fully implemented while 16 percent were partially implemented, and 6 percent were not implemented (see Figure 2).

**Figure 2: Overall Implementation of the Corporate Strategic Plan**





The performance of each high-level KPI under its respective strategic objectives is highlighted in Table 1:

**Table 1: Performance of Strategic Objectives**

Strategic Objectives	Target	Performance Outcome
1. Optimise revenue collection	100% Parliament approved annual revenue target met*	97.6% achieved
	75% of tax types to meet set targets**	91% of the target achieved
	Cost of collection (Government funding to revenue ratio) maintained between 2% and 3% of revenue collected**	2.5% of revenue collection
	19% Tax Revenue to GDP ratio**	17.6% Tax Revenue to GDP ratio
2. Enhance compliance	70% of tax types to meet set filing compliance**	77% of the target achieved
	75% of tax types to meet set payment compliance**	87% of the target achieved
3. Improve public perception	89% of service charter standards to be met**	80% of the target achieved
4. Improve customer experience	89% of taxpayers to be satisfied**	90.8% of taxpayers satisfied
5. Improve ICT Solutions	88% of End-Users of ZRA Business Systems to be satisfied**	57% of the target achieved
6. Increase human capital and staff motivation	95% of staff to meet their performance objectives**	97.9% of staff met their performance objectives
	76% of employees engaged**	Employee engagement survey not undertaken

\*Indicates a revenue target which is measured on a scale: 100% and above-Green; 95% to 100% Yellow; and below 95%-Red

\*\*Indicates a non-revenue target which is measured on a scale: 75% and above-Green; 40% to 75% Yellow; and below 40%-Red

## Strategic Focus in 2023

In 2023, the Authority's strategic focus was to optimise revenue through enhanced tax compliance. To achieve this, the Authority implemented several initiatives aimed at enhancing performance in areas such as service delivery, debt management, enforcement, tax audits, and ICT systems, among others. The key strategic initiatives implemented include the development of an electronic invoicing system, the Tax Amnesty Programme, taxpayer education, the appointment of Tax agents, creating real-time system interfaces internally, with other local institutions and other countries to enable seamless data exchange, data matching exercises, and the development of a new operating model.

To enhance service delivery, the Authority adopted a new operating model intended to realign the functions of the Authority to focus on taxpayers as opposed to tax types in line with international practice. In addition, the Authority recruited 212 additional staff to improve service delivery.

To curb the escalation of tax debt, the Authority carried out a comprehensive review of the debt management process to get insights into factors leading to accumulation of debt. The review which utilised the KAIZEN Methodology identified areas needing improvement, leading to recommendations whose implementation was on going by the end of the year. The recommendations included the approved initiative to enhance the effectiveness of debt enforcement tools. The expert to lead the technical aspects of this initiative was engaged with support from the USAID Revenue for Growth Project. In addition, it was recommended that the Authority should consider outsourcing some of the debt collection processes after the implementation of the initiative. Further, it was recommended that the Authority align the Time to Pay Agreements with good practices incorporating standardised channels and operating procedures for key debt management processes. As part of its debt management strategy, the Authority also reconciled and cleaned transactional and demographic data for the various tax accounts.

In its efforts to broaden the tax base, the Authority identified the taxation of e-commerce as one of its priority areas and embarked on developing regulations for taxation of this sector. The regulations will be anchored on the framework to be developed by ATAF based on the OECD Guidelines.

To improve voluntary compliance, the Authority has developed a Compliance Improvement Plan which integrates all efforts aimed at achieving Cooperative Compliance. The developed plan is supplemented by a compliance risk management strategy to mitigate risks associated with non-compliance. Other initiatives include the development of real-time interfaces with local institutions such as the Road Transport and Safety Agency (RTSA), Ministry of Lands, National Registration Office, IFMIS, and Bank of Zambia, among others. To facilitate trade, several initiatives were carried out, including the introduction of electronic bonds (e-bonds) to address the flaws associated with manual processes, the implementation of the Customs-to Customs electronic data exchange, the mandatory electronic appointment of clearing agents on the Customs Electronic Licensing System, and the implementation of the Electronic Rules of Origin (e-RoO) to facilitate quick processing of certificates of origin and minimise fraud.

To ensure the continued promotion of compliance-enhancing activities, the Authority has earmarked the following initiatives: implementation of prefilled VAT returns, automation of the Block Management System, developing and implementing new governance for taxpayer compliance risk management, developing and implementing a VAT Control Model, and conducting regular executive engagements with business associations and strategic stakeholders.

To enhance voluntary compliance and customer satisfaction, the Authority improved the functionalities and stability of the TaxOnline system. To further enhance system stability and availability, a business continuity strategy was developed.

The report now presents the performance of the Authority in line with the Strategic Objectives and Key Result Areas as outlined in the Corporate Strategic Plan. Key Result Areas represent broad expected outcomes under the Strategic Objectives that they fall under.



## KEY RESULT AREA NO.1: ENHANCED REVENUE COLLECTION

The primary mandate of the Authority is to collect revenue through taxes, levies, tariffs, and fees to support government operations. To fulfil this mandate, the Authority implemented initiatives anchored on two strategic objectives of optimised revenue collection and enhanced tax compliance.

### Strategic Objective 1.1: Optimise Revenue Collection

Optimising revenue collection through minimising inefficiencies

and administrative costs is key in meeting the set revenue targets, while ensuring compliance with tax laws. The achievement of this objective is contingent upon the net revenue collected meeting or surpassing the designated target for the year. The tax-to-GDP ratio serves as another key indicator in monitoring revenue performance. In addition, the Authority also monitors the cost of collection to determine levels of efficiency in revenue collection. The performance of this strategic objective in 2023 is depicted in Table 2.

**Table 2: Performance of Strategic Objective 1.1**

Strategic Objectives	Target	Performance Outturn
Optimise revenue collection	100% Parliament approved annual revenue target met*	97.6% achieved
	75% of tax types to meet set targets**	91.0% of the target achieved
	Cost of collection (Government funding to revenue ratio) maintained between 2% and 3% of revenue collected**	2.5% of revenue collection
	19% Tax Revenue to GDP ratio**	17.6% Tax Revenue to GDP ratio

\*Indicates a revenue target which is measured on a scale: 100% and above-Green; 95% to 100% Yellow; and below 95%-Red

\*\*Indicates a non-revenue target which is measured on a scale: 75% and above-Green; 40% to 75% Yellow; and below 40%-Red

### Internal and External Economic Environment in 2023

The outturn of the outlined key performance indicators was influenced by both internal and external factors. This section discusses the performance of various macroeconomic indicators that affected revenue performance during the year.

#### Global Economic Environment

In 2023, the global economy grew by 3.0 percent, a decrease from the 3.5 percent growth recorded in 2022. Global economic growth in the year was impeded by tightening of monetary policy in advanced economies to curb inflation and extreme weather events, amid the ongoing Russia-Ukraine war which has adversely impacted the global food and energy supply chains.

The annual rate of inflation on a global scale continued to decelerate. As at 2023 year-end, the global inflation rate was recorded at 5.9 percent compared to 9.2 percent in 2022. The decline in inflation reflects the fading of relative price shocks notably those from energy prices<sup>1</sup>.

Similarly, the average price of crude oil on the global market decreased by 16.5 percent<sup>2</sup> to \$80.5 per barrel in 2023 from

\$96.4 per barrel in 2022. The decrease was attributed to a global economic relapse, slowdown in Chinese oil demand, and increased penetration of electric vehicles.

Further, the price of copper on the London Metal Exchange declined to an average of US\$8,482.1<sup>3</sup> per metric tonne in 2023 from an average of US\$8,813.0 per metric tonne in 2022. This was due to China's transition towards a service-led economic recovery, coupled with subdued global demand, which continued to exert downward pressure on prices and investor sentiments for industrial metals, including copper. In addition, the average price of cobalt on the global market dropped by 46.5 percent to US\$33,878.9<sup>4</sup> per metric tonne in 2023 from US\$63,303.8 per metric tonne in 2022. This reduction was attributed to weak battery demand across plug-in electric vehicles and electronics.

#### Regional Environment

In Sub-Saharan Africa, economic growth declined to 3.6 percent<sup>5</sup> in 2023 from 3.9 percent in 2022. The slowdown was attributed to tighter monetary policies and constricted global financial conditions amid a strengthened US Dollar which worsened fiscal and debt vulnerabilities.

<sup>1</sup> World Economic Outlook 2023, Navigating Global Divergences.

<sup>2</sup> World Economic Outlook 2023, Navigating Global Divergences.

<sup>3</sup> London Metal Exchange, 2023

<sup>4</sup> London Metal Exchange, 2023

<sup>5</sup> Ministry of Finance and National Planning, 2023.



## The Domestic Economy

In 2023, several key macroeconomic indicators experienced mixed outcomes compared to the National Budget projections. Notably, copper production fell short, averaging 698,566.1 metric tonnes, which was below the projected average of 878,485.7 metric tonnes. Similarly, the inflation rate exceeded projections, averaging 10.1 percent compared to the expected 9.2 percent, and the Kwacha to US Dollar exchange rate depreciated to an average of K20.2 per US Dollar against the projected K17.3.

Despite these challenges, there were positive outcomes. Real GDP growth surpassed expectation, reaching 5.8 percent compared to the projected 2.7 percent. Additionally, copper prices exceeded projections, averaging US\$8,482.1 per tonne compared to the expected US\$7,914.0 per tonne. However, the benefits of higher copper prices were undermined by the significant decrease in production levels, which fell below projections. The shortfall in copper production significantly affected revenue collection during the year. Lower copper production levels often result in lower tax revenue and this, in turn, contributes to lower overall economic performance.

A comparative analysis shows that the domestic economy grew by 5.8 percent<sup>6</sup> in 2023, compared to 5.2 percent in 2022. The increased economic growth was mainly driven by the growth in Arts, Entertainment and Recreation; Information and Communication Activities; and Accommodation and Food Service Sectors. The average annual rate of inflation also reduced to 10.1 percent<sup>7</sup> in 2023 from 11.1 percent in 2022 on account of a slowdown in price increases for both food and non-food items.

To bring inflation within the target range of 6-8 percent and strengthen the exchange rate of the Kwacha against major convertible currencies, the Bank of Zambia increased the Monetary Policy Rate (MPR) to an average of 9.6 percent<sup>8</sup> in 2023 from 9.0 percent in 2022. Consequently, this pushed the average commercial bank lending rate to 25.7 percent during the year from 25.2 percent in 2022. Despite the increase in the MPR, the Kwacha exchange rate depreciated to an average of K20.2 per US Dollar in 2023 from an average of K16.9 per US Dollar in 2022. This depreciation was driven by increased importation of commodities such as petroleum products and fertiliser, uncertainties regarding the delayed debt restructuring, alongside reduced foreign exchange earnings from the Mining and Quarrying Sector.



<sup>6</sup> Ministry of Finance and National Planning, 2023.

<sup>7</sup> ZamStats, 2024

<sup>8</sup> Bank of Zambia, 2023



Figure 3 shows a summary of the performance of selected macroeconomic variables in the domestic environment.

**Figure 3: Performance of Selected Macroeconomic Variables**



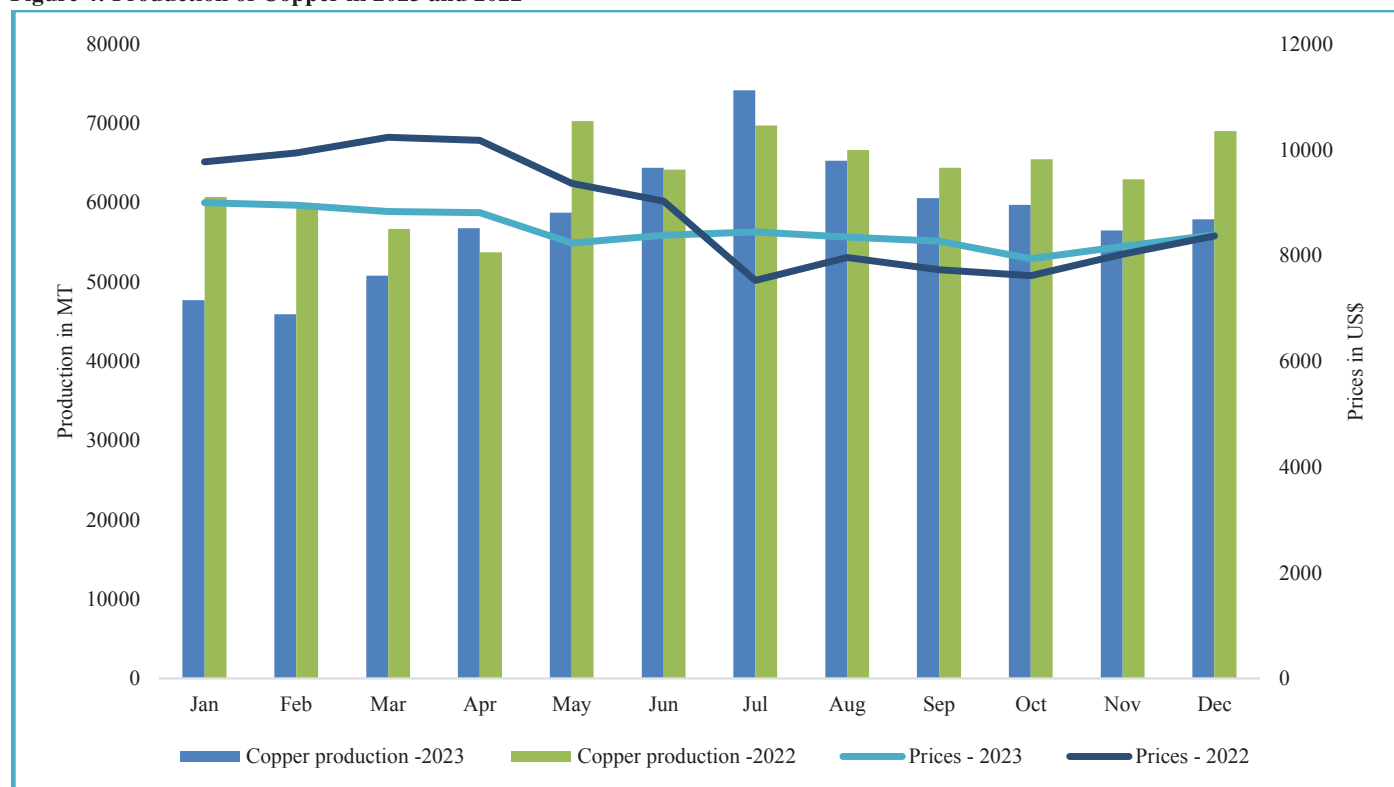
Source: Ministry of Finance and National Planning, ZamStats, Bank of Zambia, Ministry of Mines and Minerals Development and London Metal Exchange.

## Copper Production

In 2023, copper production was recorded at 698,566.1 metric tonnes, a decline of 8.5 percent from the 2022 production level of 763,287.1 metric tonnes. The decline was attributed to low copper ore grade and operational challenges at some major mines in the year.

Figure 4 shows domestic production of copper in 2023.

**Figure 4: Production of Copper in 2023 and 2022**



Source: Ministry of Mines and Minerals Development and London Metal Exchange

Table 3 presents a summary of the key 2023 Budget assumptions and the outturn.

**Table 3: Macroeconomic Assumptions for the 2023 Budget**

No.	Variable	Projection	Outturn
1	CPI inflation (annual average)	9.2%	10.1%
2	Average K/US \$ exchange rate	17.3	20.2
3	Real GDP growth	2.7%	5.8%
4	Nominal GDP, K' Millions	533,346.0	569,223
5	Copper prices (in U.S. \$ per MT)	7,914.0	8,482.1
6	Copper production (MT)	878,485.7	698,566.1

Source: Ministry of Finance and National Planning, and ZamStats.

# Revenue Performance

## Revenue Outturn in 2023

In 2023, the Authority collected K116,962.8 million in gross revenue and paid out a total of K16,339.0 million in refunds, resulting in a net revenue outturn of K100,623.8 million against a revenue target of K103,126.0 million. The net outturn was below target by K2,502.3 million or 2.4 percent (see Table 4).

**Table 4: Actual Revenue Collection against Revenue Target January to December 2023 (K' Million)**

	Gross	Refunds	Actual	Target	Variance	% Variance	Revenue to GDP <sup>9</sup> Ratio
<b>Total Revenue; o/w</b>	<b>116,962.8</b>	<b>16,339.0</b>	<b>100,623.8</b>	<b>103,126.0</b>	<b>-2,502.3</b>	<b>-2.4%</b>	<b>17.7%</b>
<b>Tax Revenue</b>	<b>116,443.6</b>	<b>16,339.0</b>	<b>100,104.5</b>	<b>102,753.3</b>	<b>-2,648.7</b>	<b>-2.6%</b>	<b>17.6%</b>
<b>Non-Tax Revenue</b>	<b>519.2</b>	<b>-</b>	<b>519.2</b>	<b>372.8</b>	<b>146.4</b>	<b>39.3%</b>	<b>0.1%</b>
<b>1. Domestic Taxes</b>	<b>83,366.0</b>	<b>16,307.8</b>	<b>67,058.2</b>	<b>73,283.1</b>	<b>-6,224.9</b>	<b>-8.5%</b>	<b>11.8%</b>
<b>A. Direct Taxes</b>	<b>53,399.5</b>	<b>176.7</b>	<b>53,222.8</b>	<b>59,634.2</b>	<b>-6,411.4</b>	<b>-10.8%</b>	<b>9.4%</b>
1. Company Income Tax; o/w	14,953.3	95.9	14,857.4	21,196.0	-6,338.6	-29.9%	2.6%
Mining Company Income Tax	5,352.5	-	5,352.5	12,849.7	-7,497.2	-58.3%	0.9%
Non-Mining Company Income Tax	9,600.8	95.9	9,504.8	8,346.3	1,158.5	13.9%	1.7%
2. PAYE	19,560.6	42.6	19,518.0	19,319.2	198.8	1.0%	3.4%
3. Withholding Tax & others	10,436.6	37.2	10,399.4	9,737.7	661.7	6.8%	1.8%
4. Rental Income	451.9	1.0	450.9	174.2	276.7	158.8%	0.1%
5. Mineral Royalty	7,709.0	-	7,709.0	8,986.2	-1,277.2	-14.2%	1.4%
6. Skills Development Levy	288.2	0.0	288.2	220.8	67.3	30.5%	0.1%
<b>B. Indirect Taxes</b>	<b>29,966.5</b>	<b>16,131.1</b>	<b>13,835.4</b>	<b>13,648.9</b>	<b>186.5</b>	<b>1.4%</b>	<b>2.4%</b>
1. Local Excise Duties	3,100.3	-	3,100.3	3,169.6	-69.4	-2.2%	0.5%
2. Local Excise-Cement	62.5	-	62.5	73.8	-11.4	-15.4%	0.0%
3. Rural Electrification Levy	421.7	-	421.7	374.8	46.9	12.5%	0.1%
4. Local Fuel Levy	39.9	-	39.9	-	39.9	-	0.0%
5. Insurance Premium	301.5	-	301.5	210.7	90.8	43.1%	0.1%
6. Tourism Levy	44.0	-	44.0	24.6	19.3	78.4%	0.0%
7. VAT on domestic goods	25,996.7	16,131.1	9,865.6	9,795.2	70.4	0.7%	1.7%
<b>2. Customs Services</b>	<b>33,596.8</b>	<b>31.2</b>	<b>33,565.6</b>	<b>29,842.9</b>	<b>3,722.7</b>	<b>12.5%</b>	<b>5.9%</b>
1. VAT on imports	23,042.3	-	23,042.3	19,414.0	3,628.4	18.7%	4.0%
2. Customs duty (Import tariffs)	6,343.4	31.2	6,312.2	6,880.0	-567.7	-8.3%	1.1%
3. Export duties; o/w	109.0	-	109.0	109.5	-0.5	-0.5%	0.0%
Export Duty on Maize	0.0	-	-	-	-	-	-
Export Duty on Timber	44.6	-	44.6	71.8	-27.2	-37.9%	0.0%
Export Duty on Concentrates	63.5	-	63.5	37.7	25.8	68.5%	0.0%
4. Import Excise Duties	2,395.9	-	2,395.9	1,881.9	513.9	27.3%	0.4%
5. Import Fuel Levy	1,401.2	-	1,401.2	1,128.2	273.0	24.2%	0.2%
6. Carbon Tax	117.9	-	117.9	302.0	-184.1	-61.0%	0.0%
7. Motor Vehicle Fees	187.1	-	187.1	127.3	59.8	47.0%	0.0%

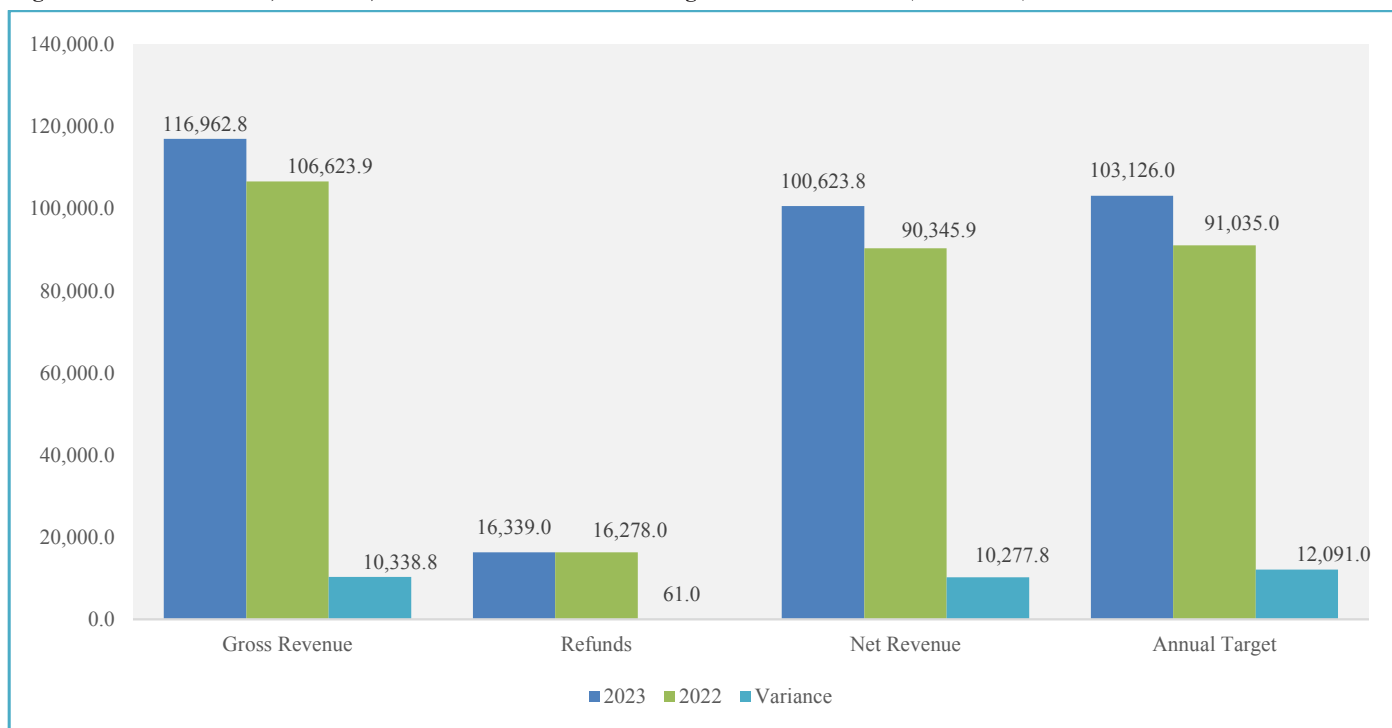
<sup>9</sup> Based on the Preliminary 2023 GDP figure of K569,223.5 million (ZamStats 2024)

The revenue outturn in 2023 was adversely affected by the unfavourable performance of Mining Company Income Tax and Mineral Royalty, which posted a combined deficit of K8,774.4 million or 91.1 percent of the overall negative performance recorded during the year. However, the deficits in the mining revenue was compensated by the strong performance of VAT on Imports and non-Mining Company Income Tax, which collectively accounted for 67.1 percent of the above target performance recorded in the period, among the tax types that posted above target performances.

### Comparative Analysis of Revenue Performance in 2023 and 2022

In 2023, the Authority recorded a 9.7 percent growth in gross tax revenue with an outturn of K116,962.8 million compared to K106,623.9 million posted in 2022. Refunds paid marginally increased by 0.4 percent to K16,339.0 million in 2023 from K16,278.0 million in 2022, while net revenue grew by 11.4 percent to K100,623.8 million in 2023 from K90,345.9 million in 2022. Further, the revenue target increased by 13.3 percent to K103,126.0 million in 2023 from K91,035 million in 2022 (see Figure 5).

**Figure 5: Gross Revenue, Refunds, Net Revenue and Annual Target in 2023 and 2022 (K' Million)**



With regards to divisional performance, the net revenue collections from direct taxes reduced to K53,222.8 million in 2023 from K58,581.8 million in 2022. On the other hand, the net revenue collections from indirect taxes increased to K13,835.4 million

from K9,201.2 million in 2022, while the net revenue collections under customs increased to K33,565.6 million from K22,562.9 million in 2022 (see Table 5).

**Table 5: Revenue Performance by Division in 2023 and 2022 (K'million)**

Division	2023	2022	Variance	% Variance
Direct Taxes	53,222.8	58,581.8	-5,359.0	-9.1%
Indirect Taxes and Excise	13,835.4	9,201.2	4,634.2	50.4%
Customs Services	33,565.6	22,562.9	11,002.7	48.8%
<b>Total</b>	<b>100,623.8</b>	<b>90,345.9</b>	<b>10,277.9</b>	<b>11.4%</b>



## Tax Refunds

In 2023, a total of K16,339.0 million was paid in tax refunds compared to K16,278.0 million paid in 2022 representing an increase of K61.0 million or 0.4 percent. Of these, VAT refunds amounted to K16,131.1 million, or 98.7 percent, while K176.7 million was paid towards direct taxes and K31.2 million to trade-based taxes. Tax refund amounts are depicted in Table 6.

Refund processing was negatively affected by manual processes and fraudulent refund claims. Manual processing of refunds, including legacy refunds, pose the risk of duplication, human error, loss of audit reports and omission from manual records. As at end of year, considerable progress was made towards automating the refund process.

However, all refunds created before the automation will still need to be processed manually. The “First-In, First-Out” approach was implemented to promote fairness in the processing of refunds.

With the launching of Smart Invoice, fraudulent refund claims are expected to reduce significantly as claims will only be processed on invoices issued from the system. Further, the abolition of withholding of VAT among large taxpayers has resulted in a reduction in the number of outstanding Withholding VAT claims. In addition, the abolition has also seen an increase in the submission of payable VAT returns by Withholding VAT agents, thereby reducing refund claims and boosting revenue.

**Table 6: Tax Refunds in 2023 and 2022 in Nominal Terms (K' Million)**

	2023	2022	Variance	% Change
Customs & Excise	31.2	39.0	-7.8	-20.0%
Value Added Tax	16,131.1	16,146.2	-15.1	-0.1%
Direct Taxes	176.7	92.8	83.9	90.4%
<b>Total</b>	<b>16,339.0</b>	<b>16,278.0</b>	<b>61.0</b>	<b>0.4%</b>

## Customs Refunds

To improve the competitiveness of goods exported from Zambia, the Authority administers a duty drawback scheme that enables local manufacturers to claim a proportion of import duties paid on inputs used in the manufacture of exported goods. The Authority also processes customs refunds arising from claims on import and export transactions.

During the year, the number of duty drawback claims decreased by 60.5 percent with a corresponding decrease in value of 46.4 percent relative to 2022. The number of duty drawback claims reduced in 2023 on account of the tax relief provided

under the Customs and Excise (Suspension) (Manufacturing Inputs) Regulations, Statutory Instrument (SI) No. 110 of 2020 on inputs imported for manufacturing products. Hence companies can decide to obtain relief under SI No. 110 of 2020 on their inputs rather than under the duty drawback scheme. The taxes exempted under SI No. 110 of 2020 increased by 42.4 percent to K1,789.2 million in 2023 from K1,031.0 million in 2022. Notwithstanding the 24.6 percent decline in the number of general refund claims, the value associated with these claims increased by 61.2 percent compared to 2022 (see Table 7).

**Table 7: Number and Value of Duty Drawback Applications and General Refunds in 2023 and 2022**

	2023	2022	% Variance
<b>Duty Drawback Refunds</b>			
Number of duty drawback applications	60	152	-60.5%
Value of duty drawback applications (K' million)	20.6	38.4	-46.4%
Value of processed duty drawback applications (K' million)	6.5	18.4	-64.7%
Value of duty drawback payments (K' million)	6.5	18.4	-64.7%
<b>General Refunds</b>	<b>2023</b>	<b>2022</b>	<b>% Variance</b>
Number of General refunds claims	150	199	-24.6%
Value of General refund claims (K' million)	18.4	11.4	61.4%
Value of processed General refund claims (K' million)	18.2	11.2	62.5%
Value of General refund payments (K' million)	18.2	9.9	83.8%

## Factors Underlying Revenue Performance in 2023

This section outlines the factors underlying revenue performance in 2023.

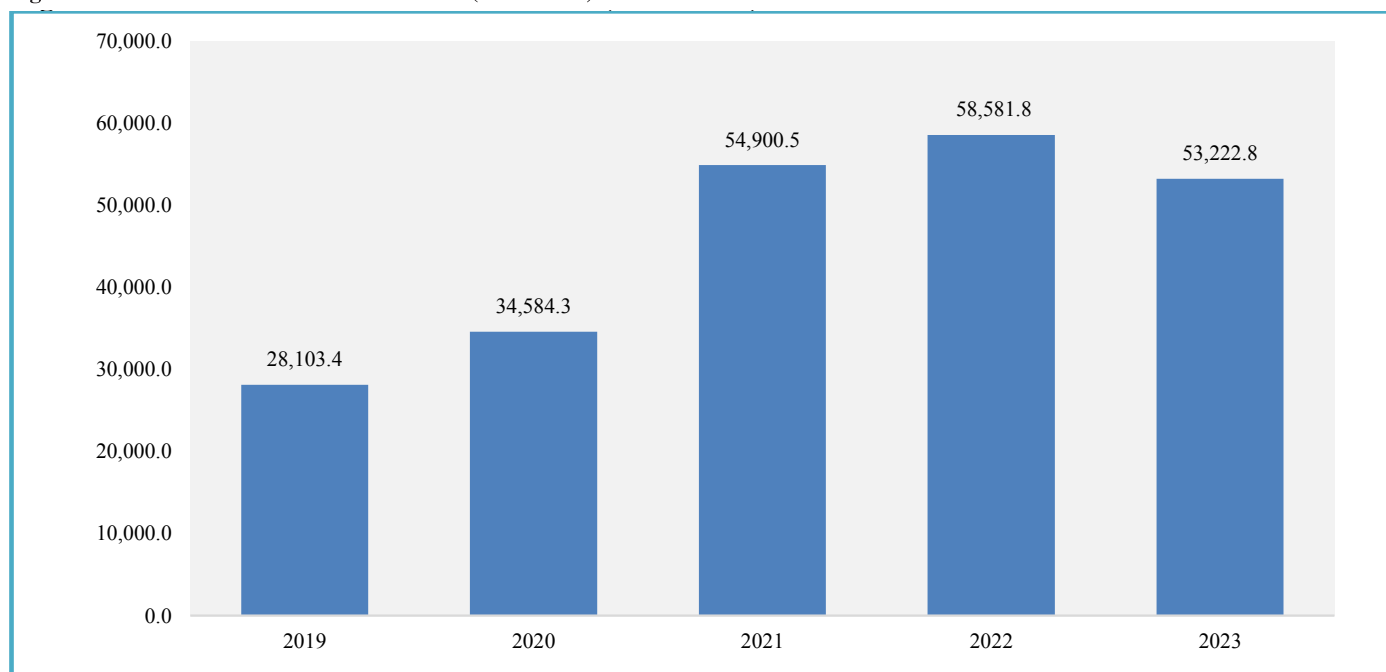
### Direct Taxes

Direct taxes recorded a net outturn of K53,222.8 million against the target of K59,634.2 million, translating into a deficit of K6,411.4 million or 10.8 percent. Relative to 2022, net revenue collection from direct taxes in 2023 declined by 9.1 percent from K58,581.8 million. The underperformance of direct taxes in 2023 was attributed to below target performances of mining Company Income Tax and Mineral Royalty, which posted respective deficits of K7,497.2 million or 58.3 percent and K1,277.2 million or 14.2 percent. This was due to lower than projected copper production levels at 698,566.1 metric tonnes in 2023 against the National Budget target of 878,485.7 metric tonnes for the year. Factors such as low ore grade, flooding, and other operational challenges at some

major mines adversely impacted production in 2023.

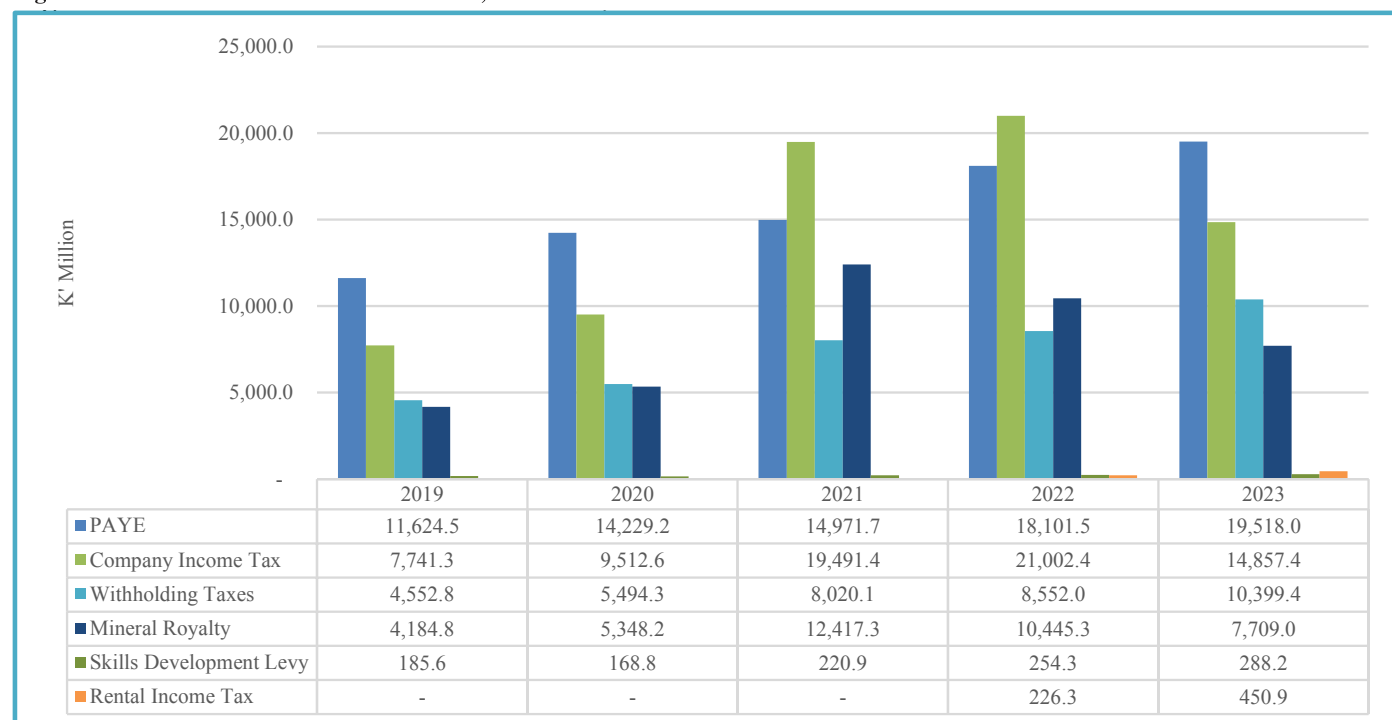
On the contrary, non-mining Company Income Tax, Withholding Tax, Rental Income Tax, Pay-As-You-Earn, and Skills Development Levy were all above target in 2023 by K1,158.5 million or 13.9 percent, K661.7 million or 6.8 percent, K276.7 million or 158.8 percent, K198.8 million or 1.0 percent and K67.3 million or 30.5 percent, respectively. These surpluses were on account of initiatives implemented by the Authority, such as the Tax Amnesty Programme, debt swaps and enhanced enforcement activities (see Figure 6).

**Figure 6: Trend in Direct Taxes 2019 – 2023 (K' Million)**



Net collections from the individual taxes making up income taxes are depicted in Figure 7

**Figure 7: Net Collections from Income Taxes, 2019 to 2023**



## Indirect and Customs Taxes

### Value Added Tax

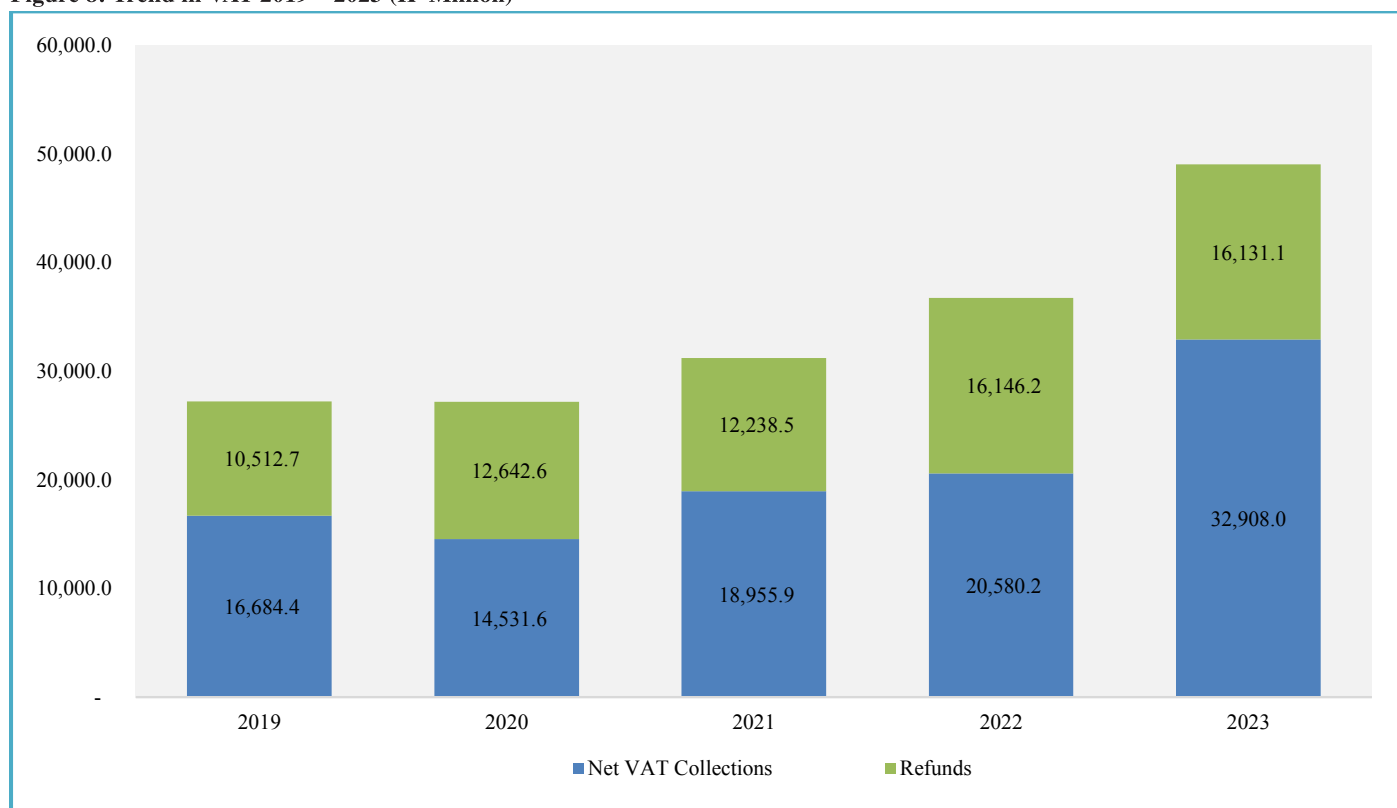
In 2023, the combined gross collections from domestic and import VAT stood at K49,039.0 million of which, K16,131.1 million was refunded. The net outturn, therefore, stood at K32,908.0 million which was above target by K3,698.7 million. Import VAT recorded a surplus of K3,628.4 million, while domestic VAT recorded a surplus of K70.4 million.

The positive performance of import VAT was driven by among other factors; increased importation of petrol, diesel, and other vatatable goods; depreciation of the Kwacha which drove up the taxable base and collection of outstanding import VAT liabilities amounting to K759.2 million. The favourable performance of domestic VAT was due to substantial payments of K680.0 million in

offsets against Withholding VAT and VAT liabilities (see Figure 8).

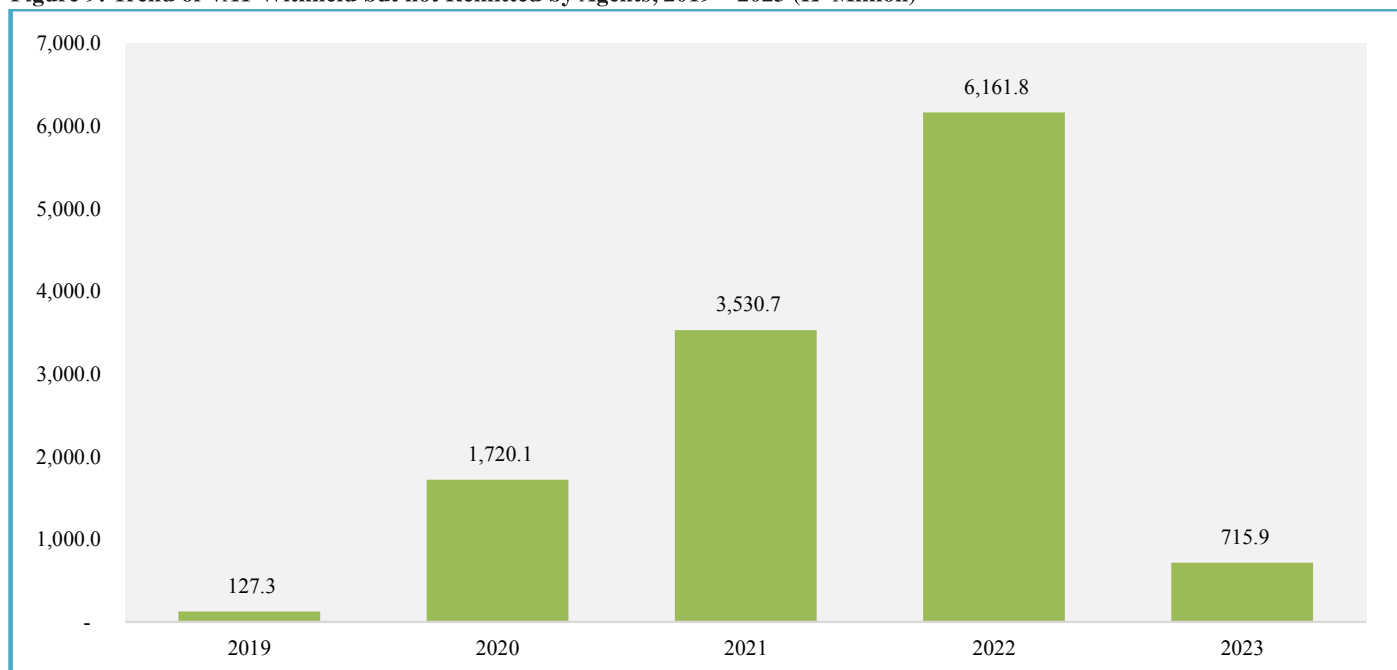
Furthermore, the impact resulting from the exemption of large taxpayers from withholding VAT also contributed to positive performance, as there was an overall reduction in VAT refund returns since the introduction of the exemption on 1<sup>st</sup> August 2023. A review of the performance between 2022 and 2023 shows a notable decrease in VAT refunds payable, from K9,382.7 million to K4,382.6 million. Additionally, detailed analysis of return types during the same period revealed an increase of K1,702.8 million in payment returns, while repayment returns decreased by K3,297.3 million in the period under review.



**Figure 8: Trend in VAT 2019 – 2023 (K' Million)**

To streamline the administration of the Withholding VAT mechanism, the Authority implemented a strategic decision to abolish the withholding of VAT amongst Large and Specialised Taxpayers in 2023. This resulted in an 88.4 percent year on year reduction in the stock of withheld but unremitted VAT to K715.9 million in 2023 from

K6,161.8 million in 2022. The stock of withholding VAT arrears was K13,035.5 million as at end of 2022 and K10,386.16 million as at end of 2023. Figure 9 illustrates the trend of withholding VAT compliance amongst appointed agents from 2019 to 2023.

**Figure 9: Trend of VAT Withheld but not Remitted by Agents, 2019 – 2023 (K' Million)**

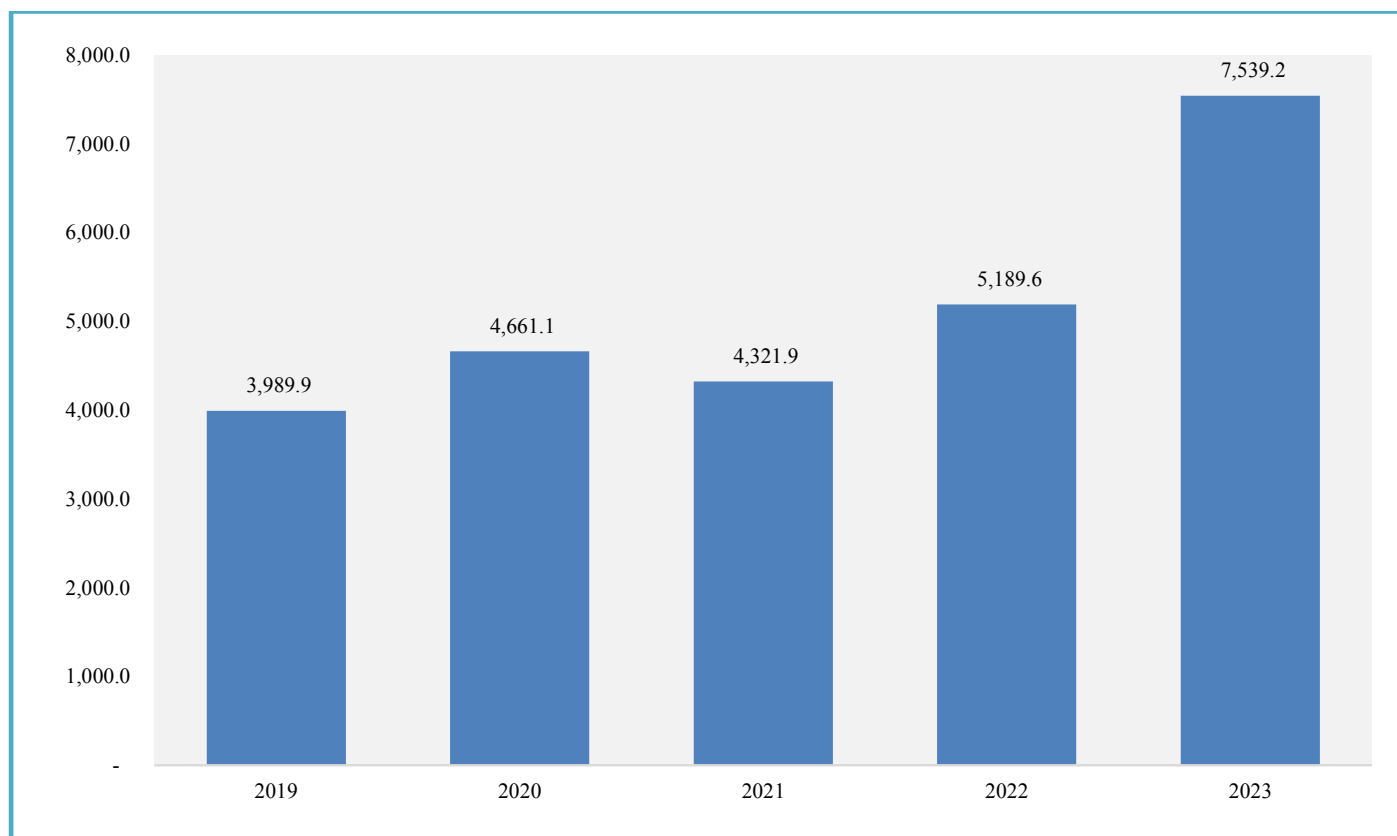


### Excise Duties

In 2023, revenues from Excise Duties stood at K7,539.2 million against a target of K6,930.5 million, resulting in a surplus of K608.8 million. The realised revenue of K7,539.2 million was

45.3 percent above the 2022 collection of K5,189.6 million. This outturn was driven by increased importations of petrol and diesel, motor vehicles, and alcoholic beverages (see Figure 10).

Figure 10: Trend in Excise Taxes Collections, 2019 – 2023 (K' Million)

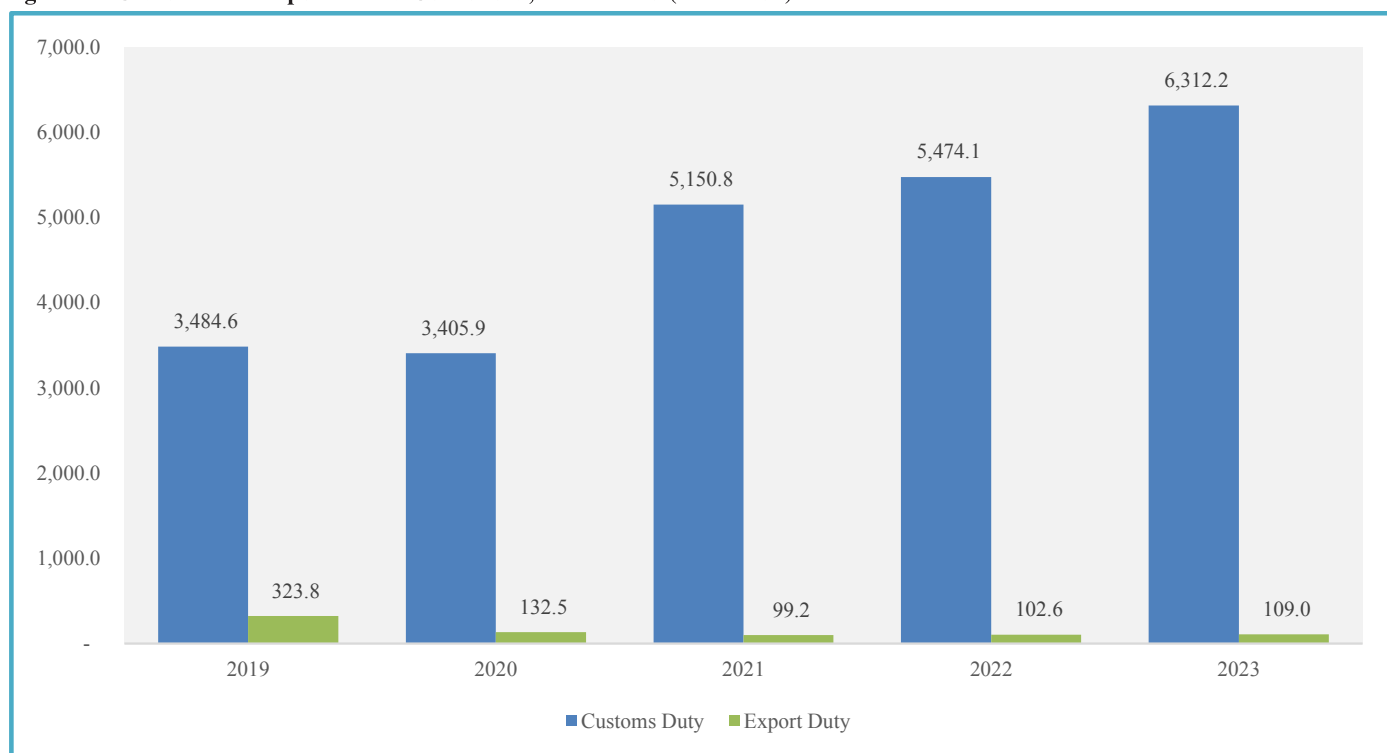


### Customs and Export Duties

In 2023, the Authority collected K6,312.2 million in Customs Duty and K109.0 million in Export Duties. These collections were below their respective targets by K567.7 million and K0.5 million. However, relative to 2022, revenue from Customs and Export Duties increased by 15.3 percent and 6.2 percent, respectively. The performance of Customs Duty was negatively affected by the various tax concessions implemented during the year, while the performance of Export Duty was dampened by the suspension

of duty on precious metals, nickel ores and concentrates, as well as on zinc ores and concentrates under the Customs and Excise (Precious Metals) (Export Duty) (Suspension) Order, Statutory Instrument No. 40 of 2020. The revenue forgone on account of customs concessions amounted to K13,961.1 million in 2023. Figure 11 shows the Customs and Export Duties Collections from 2019 to 2023.

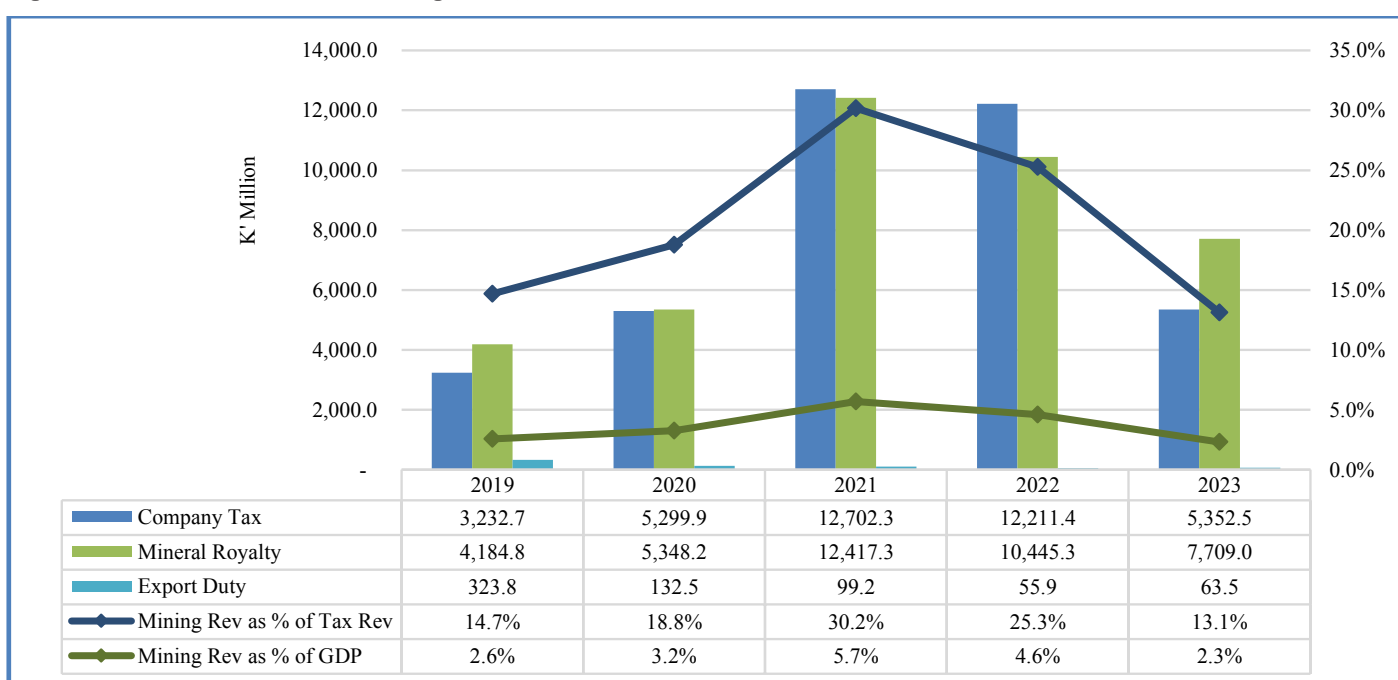


**Figure 11: Customs and Export Duties Collections, 2019 – 2023 (K' Million)**

### Performance of Mining Sector Taxes

Revenue collections from mining Company Income Tax, Mineral Royalty and Export Duty on mineral concentrates (core mining taxes<sup>10</sup>) stood at K13,125.0 million against the target of K21,873.6 million in 2023, translating into a deficit of K8,748.6 million or 40.0 percent. This collection was 42.2 percent below the 2022 collection of K22,712.7 million. In 2023, Mineral Royalty was the

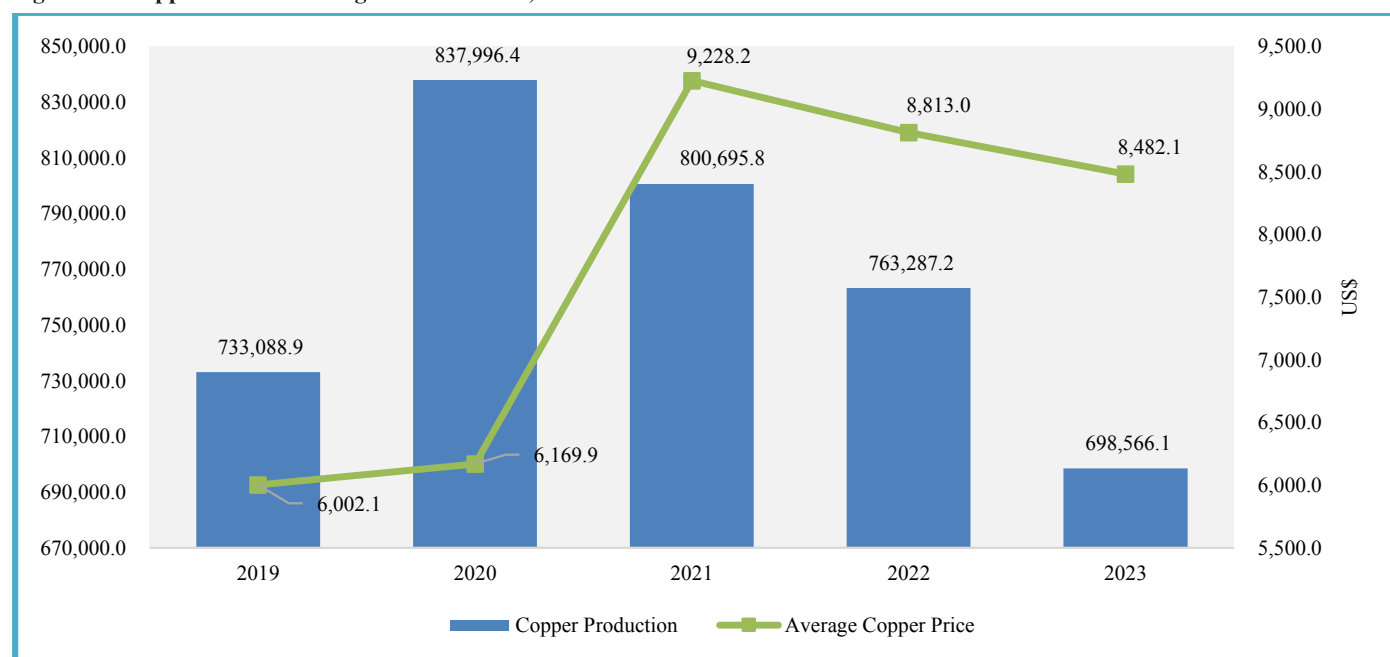
largest contributor to mining taxes at 58.7 percent. The contribution of mining Company Income Tax to core mining revenues stood at 40.8 percent while Export Duty stood at 0.5 percent. In terms of contribution to GDP, the core mining taxes accounted for 2.3 percent of GDP in 2023 compared to 4.6 percent in 2022 (see Figure 12).

**Figure 12: Tax Revenues from the Mining Sector, 2019 to 2023 (K' Million)**

<sup>10</sup> "Core mining taxes" refers to Mining Company Tax, Mineral Royalty and Exports Duty on mineral concentrates

Copper production quantities and prices from 2019 to 2023 are shown in Figure 13. Domestic copper production peaked in 2020 and was at its lowest in 2023. However, the average price of copper on the London Metal Exchange was at its highest in 2021 and at its lowest in 2019.

**Figure 13: Copper Production Figures and Prices, 2019 to 2023**



Source: Ministry of Mines and Minerals Development and LME

Copper production from 2019 to 2023 averaged 766,726.9 metric tonnes per year while the quantity sold averaged 722,797.1 metric tonnes per annum in the same period. The amounts declared in returns for copper exhibited an upward trend from 2019 to 2021 and started declining thereafter. In terms of cobalt, production

quantities fluctuated from 2019 to 2022 but massively increased to 1,468.4 metric tonnes in 2023. However, the quantities sold and the amounts declared in returns were on an upward trend from 2019 and peaked in 2023 at 1,041.1 metric tonnes and K60.3 million, respectively (see Table 8).

**Table 8: Trend in Copper and Cobalt Production Quantities and Declared Amounts, 2019 to 2023**

Year	Copper			Cobalt		
	Production (tonne)	Sold (tonne)	Filed Returns Amount (K' Million)	Production (tonne)	Sold (tonne)	Filed Returns Amount (K' Million)
2019	733,088.9	642,156.0	3,455.1	378.9	55.9	2.2
2020	837,996.4	797,482.0	6,746.1	316.0	94.4	4.7
2021	800,695.8	758,073.6	13,703.8	246.8	88.6	7.3
2022	763,287.2	731,583.5	10,237.1	251.1	142.2	10.9
2023	698,566.1	684,690.5	7,468.0	1,468.4	1,041.1	60.3

Source: Ministry of Mines and Minerals Development and ZRA

Table 9 shows the trend in mineral return declarations for the period 2019 to 2023.

**Table 9: Trend in Mineral Return Analysis for Various Minerals, 2019 to 2023 (K)**

Mineral	2019	2020	2021	2022	2023
Copper	3,455,141,511.9	6,746,053,492.9	13,703,800,465.4	10,237,050,261.1	7,467,965,249.0
Nickel	7,351,279.8	22,762,081.9	53,568,721.0	64,717,926.7	626,718,351.6
Gold	219,459,048.8	265,999,678.8	288,390,005.1	235,410,456.8	186,600,109.1
Energy Mineral	44,637,797.0	58,074,949.0	63,043,041.6	57,241,975.6	83,011,007.5
Cobalt	2,199,464.4	4,697,524.0	7,318,051.6	10,932,702.8	60,313,091.3
Industrial Minerals	32,083,729.1	30,839,315.1	34,938,058.0	31,121,497.2	54,251,484.4
Manganese Ore	7,856,282.7	12,352,306.4	19,838,617.6	19,000,179.8	14,812,233.0
Palladium	10,845.3	10,657.0	417,986.2	3,753,317.6	10,220,094.6
Gemstones	121,363,949.7	19,651,496.5	5,909,741.4	6,281,874.8	9,108,409.2
Zinc	320,649.7	428,711.7	7,059,449.9	6,872,635.0	6,906,213.4
Silver	1,040,131.5	3,576,108.0	5,893,459.4	4,124,420.8	4,065,233.6
Platinum	2,824.7	1,877.9	264,024.2	621,110.0	2,407,300.3
Iron	6,871,173.4	0.0	182,426.9	725,544.2	1,554,316.5
Manganese (65%)	0.0	11,313.8	0.0	150,836.6	1,185,764.0
Ferro-Manganese	302,854.3	0.0	14,521.6	0.0	333,403.1
Magnesium	3,248,146.2	0.0	0.0	3,544.4	93,437.5
Tin	0.0	0.0	0.0	385,923.5	39,188.2
Aluminium	0.0	0.0	0.0	36,590.7	24,003.1
Lead	0.0	0.0	4,933.7	18,113.6	6,991.2
Titanium	0.0	0.0		0.0	0.0
Selenium	0.0	0.0	41.4	1,319.7	0.0
Manganese (99%)	0.0	0.0	0.0	0.0	0.0
Scandium	0.0	2,307.0	0.0	0.0	0.0
<b>Grand Total</b>	<b>3,901,889,688.5</b>	<b>7,164,461,820.0</b>	<b>14,190,643,545.1</b>	<b>10,678,450,230.9</b>	<b>8,529,615,880.6</b>



The Authority implemented a number of measures aimed at enhancing tax compliance in the mining sector which included:

- establishment of the Artisanal, Small and Medium Audit Unit;
- collaboration with the Bank of Zambia on piloting the Exports Tracking Framework;
- enhancement of the Mineral Output Statistical Evaluation System (MOSES) by incorporating the Gemstones Module for tracking production and exports; and
- creation of a dedicated Specialised Mining Tax Office to oversee the administration of all inland taxes for the entire mining sector.

To effectively monitor the sector, in 2024 the Authority will pursue the following:

- proactive engagement of private Accredited Laboratories to conduct mineral sampling and testing activities;
- active participation in the inter-ministerial project team set up to oversee the establishment of the Minerals Regulation Commission;
- enhance collaboration with the Ministry of Mines and Minerals Development to curb low compliance in reporting on MOSES by increasing taxpayer engagements and sensitisation;
- roll out of the Co-operative Compliance Model in the mining sector aimed at enhancing voluntary compliance; and
- full roll out and implementation of the Specialised Mining Tax Office.

The Authority conducted a number of audits on the mining sector ranging from *issue-based audits*, *VAT credibility audits*, and *comprehensive audits* on the various tax types that include, VAT, Withholding Tax, Mineral Royalty, PAYE and Company Income Tax.

A total of K74.8 million was raised in VAT credibility assessment, while K4,585.0 million was raised in assessments from issue and comprehensive audits. The bulk of the comprehensive assessments was a transfer pricing assessment of K3,003.0 million which was under appeal as at end 2023.

#### Rank Analysis of Tax Type Contribution to Total Revenue

In 2023, Import VAT was the leading contributor to total revenue with a share of 22.9 percent, representing a 6.6 percentage points increase from the share of 16.3 percent recorded in 2022. PAYE ranked second at 19.4 percent, while Withholding Taxes and VAT on domestic goods ranked third and fourth at 10.3 percent and 9.8 percent, respectively. Mining Company Income Tax ranked eighth, recording the largest decline in share contribution by 8.2 percentage points to 5.3 percent in 2023 from 13.5 percent in 2022. Similarly, the share of Mineral Royalty in net revenue fell by 3.9 percentage points (see Table 10).

**Table 10: Ranking of Tax Types by Performance in 2023 (K' Million)**

Rank	Tax Type	Actual Collections		% Total Revenue		Percentage Point Variance
		2023	2022	2023	2022	
1	VAT on imports	23,042.3	14,690.5	22.9%	16.3%	6.6%
2	PAYE	19,518.0	18,101.5	19.4%	20.0%	-0.6%
3	Withholding tax & others	10,399.4	8,552.0	10.3%	9.5%	0.8%
4	VAT on domestic goods	9,865.6	5,889.7	9.8%	6.5%	3.3%
5	Non-Mining Company Tax	9,504.8	8,791.0	9.4%	9.7%	-0.3%
6	Mineral Royalty	7,709.0	10,445.3	7.7%	11.6%	-3.9%
7	Customs duty (Import tariffs)	6,312.2	5,474.1	6.3%	6.1%	0.2%
8	Mining Company Tax	5,352.5	12,211.4	5.3%	13.5%	-8.2%
9	Local Excise Duties	3,100.3	2,650.7	3.1%	2.9%	0.2%
10	Import Excise Duties	2,395.9	1,634.5	2.4%	1.8%	0.6%
11	Import Fuel Levy	1,401.2	419.1	1.4%	0.5%	0.9%
12	Rental Income Tax	450.9	254.3	0.4%	0.3%	0.1%
13	Rural Electrification Levy	421.7	328.8	0.4%	0.4%	0.0%
14	Insurance Premium	301.5	235.3	0.3%	0.3%	0.0%
15	Skills Development Levy	288.2	226.3	0.3%	0.3%	0.0%
16	Motor Vehicle Fees	187.1	146.8	0.2%	0.2%	0.0%
17	Carbon Tax	117.9	95.2	0.1%	0.1%	0.0%
18	Export Duty	109.0	102.6	0.1%	0.1%	0.0%
19	Local Excise-Cement	62.5	59.3	0.1%	0.1%	0.0%
20	Tourism Levy	44.0	35.4	0.0%	0.0%	0.0%
21	Local Fuel Levy	39.9	2.0	0.0%	0.0%	0.0%
	<b>Total Revenue</b>	<b>100,623.8</b>	<b>90,345.8</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>

## Comparative Analysis of Tax Type Performance Against Target in 2023

In terms of the performance of tax types against their respective targets in 2023, Rental Income Tax recorded the highest percentage variance at 158.8 percent. The Authority has partnered with Local Authorities, under the Ministry of Local Government and Housing, to administer the collection of Turnover Tax, Rental Income Tax and Presumptive Tax. This is currently being manually undertaken under the Tax Agency model. The Authority is currently in the

process of developing the automation of the agency module on TaxOnline. Tourism Levy ranked second in the performance of tax types against set targets at 85.5 percent, while Motor Vehicle Fees followed at 47.0 percent. Among the tax types which performed below their respective targets, Carbon Tax was the lowest at 61.0 percent followed by Mining Company Income Tax at 58.4 percent (see Table 11).

**Table 11: Performance of Tax Types against Target in 2023 (K' Million)**

Rank	Tax Type	Actual	Target	% Variance
1	Rental Income Tax	450.9	174.2	158.8%
2	Tourism Levy	44.0	24.6	85.5%
3	Motor Vehicle Fees	187.1	127.3	47.0%
4	Insurance Premium	301.5	210.7	43.1%
5	Skills Development Levy	288.2	220.8	33.5%
6	Import Excise Duties	2,395.9	1,881.9	27.3%
7	Import Fuel Levy	1,401.2	1,128.2	24.7%
8	VAT on imports	23,042.3	19,414.0	18.7%
9	Non-Mining Company Income Tax	9,504.8	8,346.3	13.9%
10	Rural Electrification Levy	421.7	374.8	12.5%
10	Local Fuel Levy	41.8	-	-
11	Withholding Tax & others	10,318.4	9,737.7	6.0%
13	PAYE	19,518.0	19,319.2	1.0%
14	VAT on domestic goods	9,865.6	9,795.2	0.7%
15	Export Duty	109.0	109.5	-0.5%
16	Local Excise Duties	3,100.3	3,169.7	-2.2%
17	Customs Duty (Import tariffs)	6,312.2	6,880.0	-7.4%
18	Mineral Royalty	7,709.0	8,986.2	-14.2%
19	Local Excise-Cement	62.5	73.8	-15.4%
20	Mining Company Income Tax	5,352.5	12,849.7	-58.4%
21	Carbon Tax	117.9	302.0	-61.0%

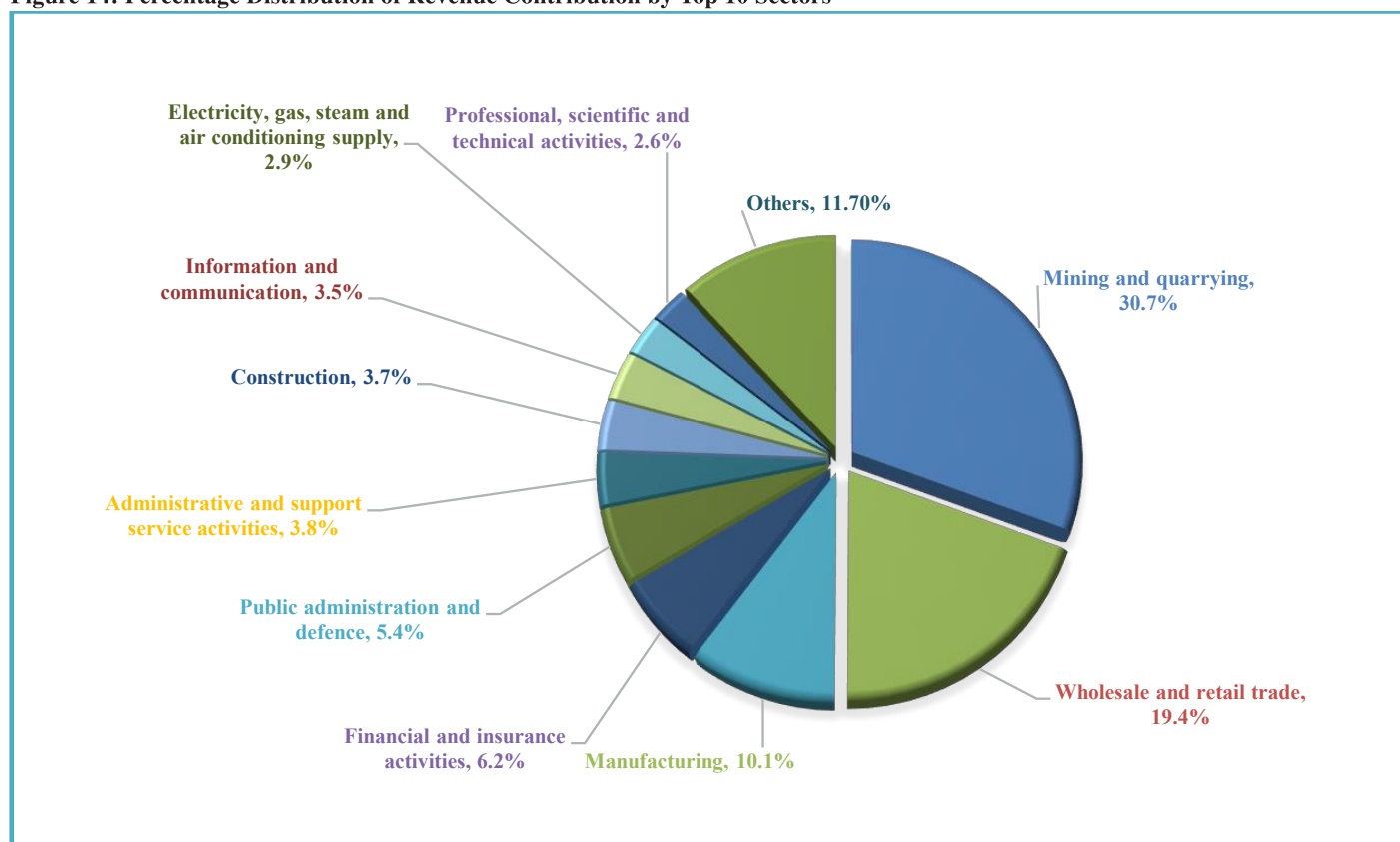
## Revenue Contribution by Sector

In 2023, the total gross revenue collections stood at K116,962.8 million, an increase of 9.7 percent from K106,623.9 million collected in 2022. The Mining and Quarrying Sector remained the highest contributor to gross revenue at 30.7 percent, despite a reduction of K4,561.1 million or 11.3 percent in collections compared to 2022.

This was followed by the Wholesale and Retail Trade Sector with a share of 19.4 percent after posting growth of 47.3 percent, while the Manufacturing Sector contributed 10.1 percent with a 20.6 percent growth (see Table 71 in the Appendix).

Revenue in 2023 was driven by 10 sectors that accounted for 88.3 percent of gross collections (see Figure 14)

**Figure 14: Percentage Distribution of Revenue Contribution by Top 10 Sectors**



## Taxpayers Accounting for 80 percent of Gross Revenue

In 2023, a total of 891 or 0.2 percent of the 374,524 active taxpayers contributed 80 percent to gross revenue collections. The number of top revenue contributors declined in 2023 from 1,063 in 2022 with the Wholesale and Retail Trade Sector recording the largest decline in the top contributors by 130 or 37.1 percent in the wake of minimal growth of 0.3 percent<sup>11</sup> recorded in the sector in 2023. Further, the number of top contributors from the Manufacturing Sector declined by 33 or 31.7 percent due to a slower growth rate of 1.9 percent<sup>12</sup> experienced by the sector in 2023 compared to 4.7 percent in 2022. The Mining and Quarrying Sector's output

contracted by 5.9 percent<sup>13</sup> in 2023, which resulted in a decline in the number of the top mining sector contributors by three or 30.0 percent. The decline was associated with a loss of K9,158.2 million or 23.7 percent in gross mining revenues from top mining companies relative to 2022. This was primarily on account of a K10,311.8 million or 29.2 percent decline in gross inland collections posted by top mining contributors in light of the production challenges experienced in the sector. The break-down of top contributors by sector is shown in Table 12.

**Table 12: Number of Taxpayers Contributing 80 percent of Gross Revenue by Sector**

Sector	2023	2022	2021	2020	2019
Mining and Quarrying	7	10	5	6	7
Wholesale and Retail Trade	220	350	303	179	180
Manufacturing	71	104	55	55	31
Financial and Insurance Activities	17	18	16	16	16
Public Administration and Defence	7	6	5	9	8
Others	569	575	567	568	328
<b>Total</b>	<b>891</b>	<b>1,063</b>	<b>951</b>	<b>833</b>	<b>570</b>

<sup>11</sup> ZamStats, 2023

<sup>12</sup> ZamStats, 2023

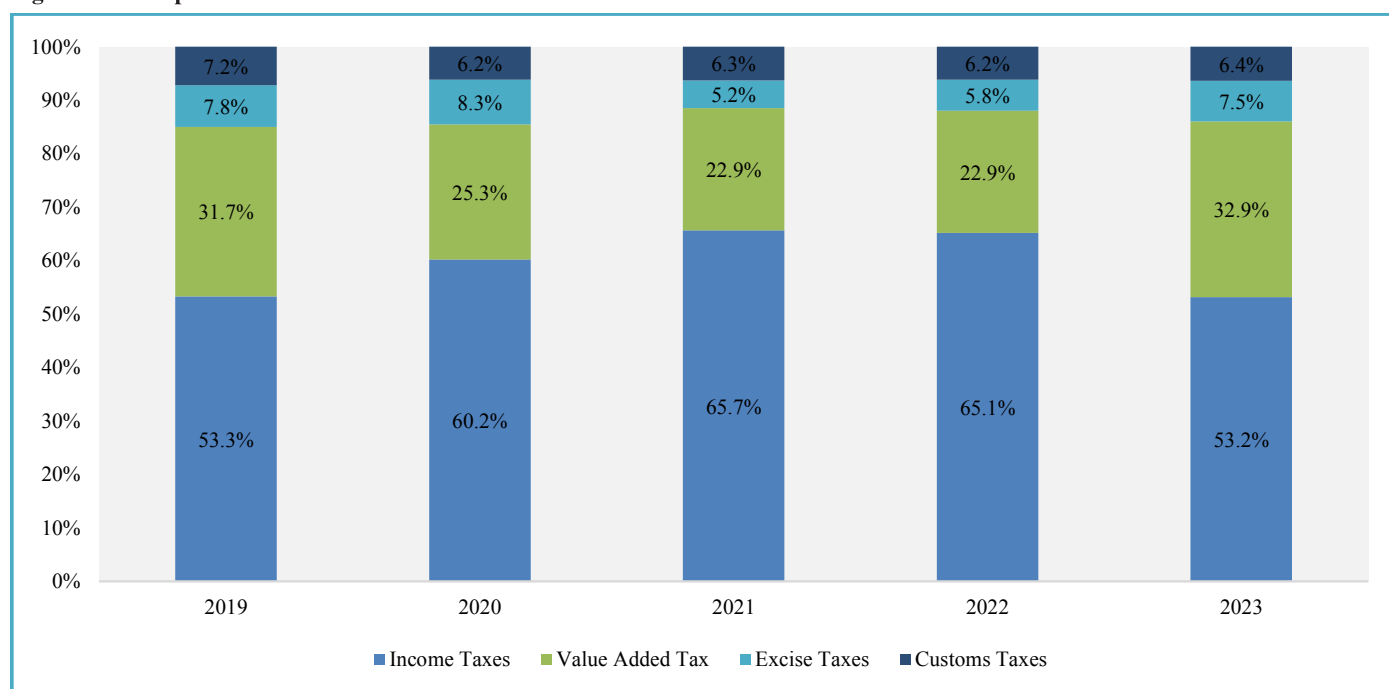
<sup>13</sup> ZamStats, 2023

## Composition of Revenue in 2023

Income taxes<sup>14</sup> were the leading contributors to tax revenue at 53.2 percent, a reduction from 65.1 percent in 2022. The drop in the share of Income Taxes in 2023 was largely driven by a contraction in mining output and subsequent revenues. On the other hand, the share of VAT increased significantly to 32.9 percent from 22.9 percent in 2022. Similarly, the share of Excise and Customs Duties increased to 7.5 percent and 6.4 percent from 5.8 percent and 6.2 percent in 2022, respectively. The increase

in consumption taxes was primarily on account of a significant increase in importations of petrol and diesel, motor vehicles and alcoholic beverages. In addition, significant collections of import VAT debt from prior periods and the depreciation of the Kwacha against major convertible currencies on the foreign exchange market contributed to the performance of consumption taxes in 2023 (see Figure 15). With the implementation of Smart Invoice, the revenue share of consumption taxes is expected to increase.

Figure 15: Composition of Tax Revenue 2019 – 2023



Within the income taxes category, PAYE accounted for the largest contribution at 37.2 percent followed by Company Income Tax at 28.4 percent. The increase in PAYE is partly attributed to Government's deliberate policy to recruit more civil servants in the Health and Education sectors in 2022 and 2023 respectively. Withholding Taxes and Mineral Royalty contributed 19.7 percent and 14.7 percent, respectively. In the VAT category, import VAT accounted for the majority at 70.0 percent, while domestic VAT made up 30.0 percent of the total.

Regarding the Customs and Excise category, Customs Duty accounted for 53.8 percent of total collections, while Excise Duties were at 45.4 percent and Export Duty accounted for 0.8 percent. Figures 16a, 16b, and 16c, illustrate the distribution of specific tax types among the categories.

In terms of the distribution of tax types in their respective categories in 2023 and 2022, significant changes were observed in the composition of income taxes in the period. The contribution of Company Income Tax declined to 28.3 percent in 2023 from 36.3 percent in 2022 and lost its position as the top contributor to income

taxes. This was due to the decline in mining Company Income Tax collections on account of cited operational challenges and low copper ore grade that resulted in reduced copper production.

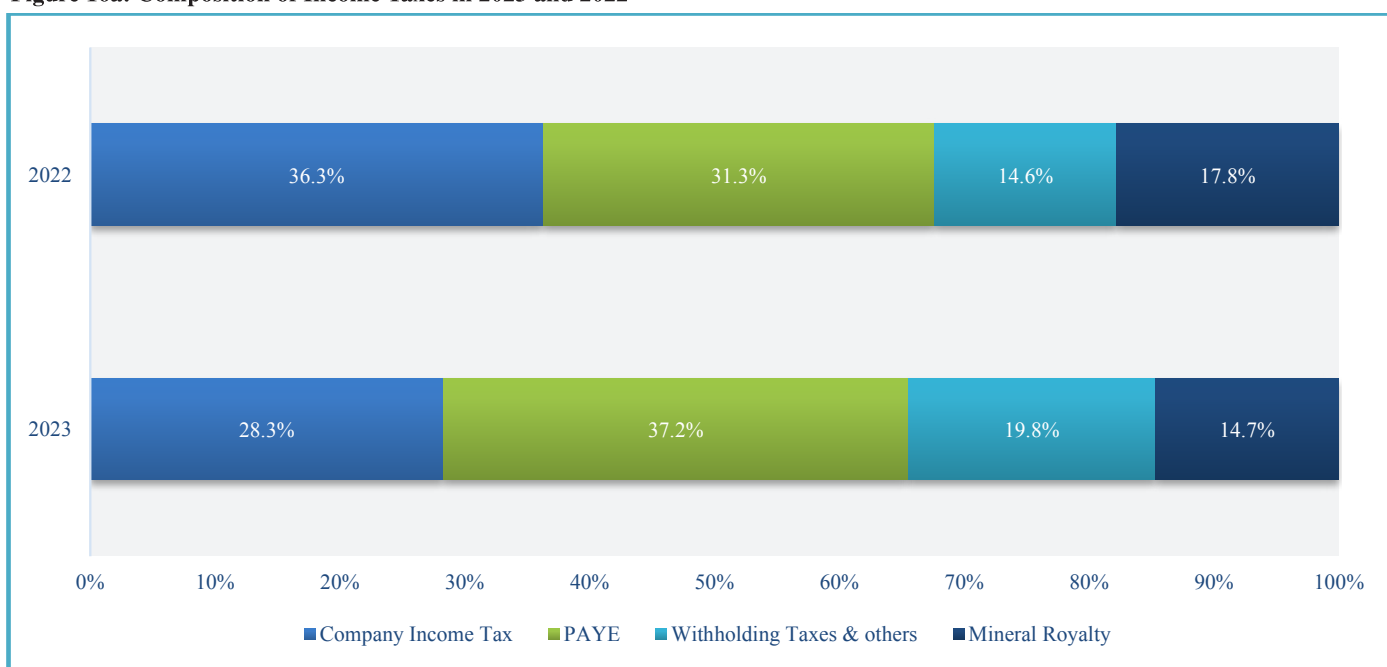
In 2023, the declared sales value of minerals and the amount of Mineral Royalty payable decreased by 11.5 percent and 38.4 percent, respectively. Similarly, declared sales of copper fell by 13.4 percent, while the amount of Mineral Royalty that was payable declined by 41.2 percent. Consequently, the share of Mineral Royalty contribution also declined and was least on the share of income taxes in 2023.

Meanwhile, intensified enforcement efforts in the collection of arrears from outstanding PAYE debt, Government's staff recruitments and increased taxpayer engagements to enhance return filing compliance saw PAYE assume the top contributor to income taxes with a share contribution of 37.2 percent in 2023 from 31.3 percent posted in 2022, while the share of Withholding Taxes increased to 19.8 percent from 14.6 percent in the same period (see Figure 16a).

<sup>14</sup> Includes Mineral Royalty



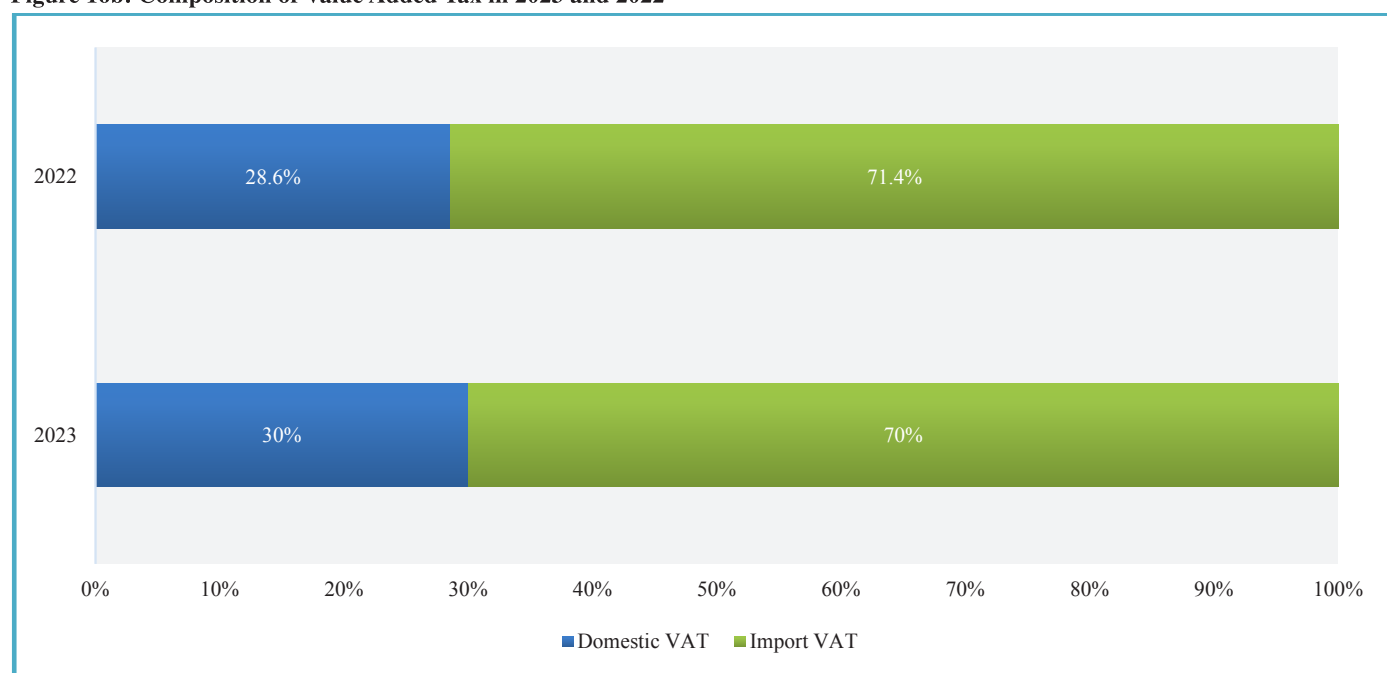
Figure 16a: Composition of Income Taxes in 2023 and 2022



Import VAT maintained its position as the dominant contributor, accounting for 70.0 percent of total VAT collections in 2023. However, significant offsets of K680.0 million on Withholding VAT and VAT liabilities coupled with intensified enforcement activities

on unaccompanied returns led to a rise in collections from VAT on domestic goods and subsequent increase in its share of total VAT collections to 30.0 percent in 2023 from 28.6 percent in 2022 (see Figure 16b).

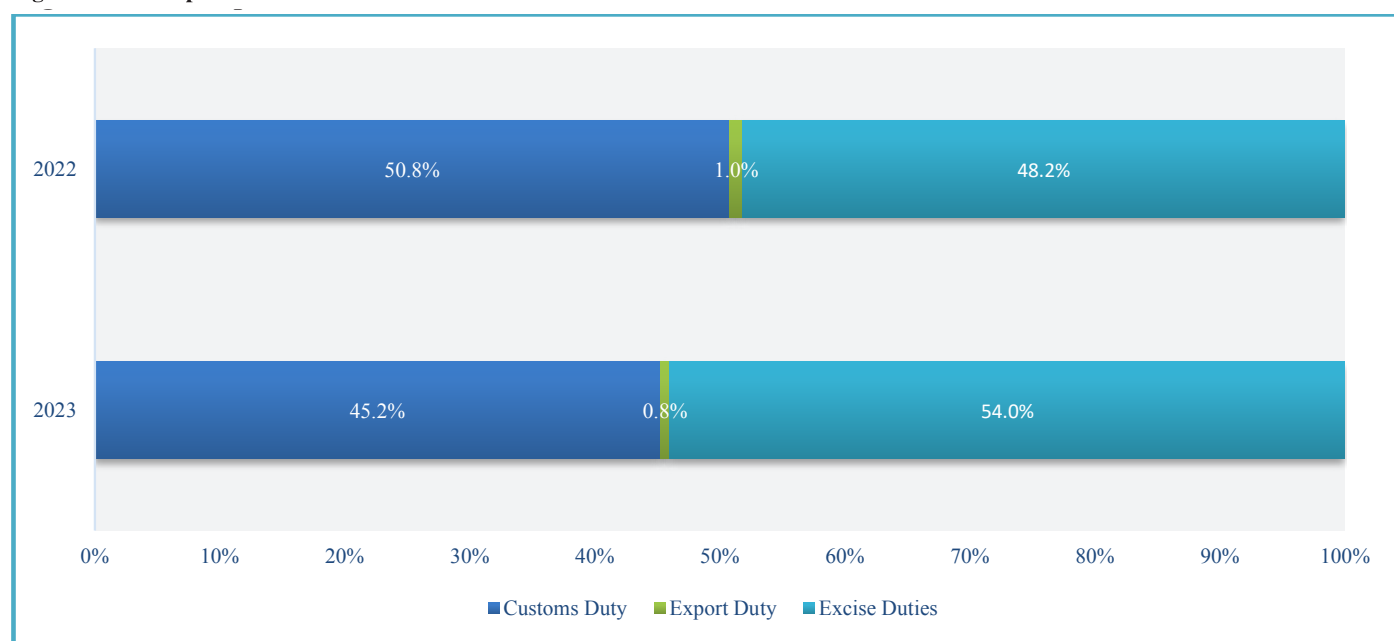
Figure 16b: Composition of Value Added Tax in 2023 and 2022



In terms of the composition of trade taxes, Import Excise Duties extended its dominance as the leading contributor with a share of 54.0 percent of trade taxes in 2023 from 48.2 percent in 2022. This performance was primarily driven by increased importation of petrol and diesel, motor vehicles, alcohol and other excisable products. On the other hand, increased revenue forgone on

account of various tax concessions awarded by the Government in 2023 and trade agreement protocols resulted in the reduced shares of Customs Duty and Export Duty at 45.4 percent and 0.8 percent in 2023 relative to 50.8 percent and 1.0 percent in 2022, respectively (see Figure 16c).

Figure 16c: Composition of Trade Taxes and Excise Duties in 2023 and 2022



### Contribution of Tax Types to GDP

Net revenue collection by the Authority increased by 11.4 percent to K100,623.8 million in 2023 from K90,345.9 million in 2022. However, the proportion of tax revenue to GDP marginally declined by 0.7 percentage points to 17.6 percent in 2023 from 18.3 percent in 2022. The revenue collection was negatively impacted by lower than projected copper production levels in 2023, resulting in a reduction of direct taxes' contribution to GDP by 2.5 percentage points. This outweighed the positive performance recorded under indirect taxes and trade taxes (see Table 13).

The decline in the share of direct taxes to GDP in 2023 relative to 2022 was mainly due to the underperformance of Company Income Tax and Mineral Royalty. The contribution of these two tax types to GDP declined by 1.7 percentage points and 0.7 percentage points, respectively, between 2022 and 2023. This was attributed to an 8.5 percent reduction in copper production to 698,566.1 metric tonnes in 2023 from 763,287.2 metric tonnes in 2022. The reduction in production was attributed to low ore grade and some operational challenges at some major mines. The contribution of the other direct taxes to GDP remained relatively constant between 2022 and 2023, with a marginal reduction of 0.3 percentage points recorded under PAYE and a marginal increase of 0.1 percentage point under Withholding Tax.

The increase of 0.5 percentage points posted under indirect

taxes was largely attributed to domestic VAT whose share to GDP increased by 0.5 percentage points. The favourable performance of domestic VAT was on account of the substantial payment of K680.0 million received as offsets against Withholding VAT and VAT liabilities. This follows the Authority's strategic decision to abolish the withholding of VAT for Large and Specialised Taxpayers in 2023. The share of Insurance Premium Levy to GDP also marginally increased by 0.1 percentage point in 2023 and this was due to intensified enforcement activities which led to improvements in the filing of the Levy among taxpayers. The share of the other indirect taxes to GDP remained relatively constant between 2022 and 2023.

The share of trade-based revenues to GDP in 2023 increased by 1.3 percentage points primarily due to increased revenue collections from Import VAT. The increase in the share of Import VAT to GDP by 1.0 percentage point emanated from an increase in the importation of vatable products such as petrol, diesel, motor vehicles, machinery, telecommunication equipment and alcoholic beverages. The increased volumes of importations also positively impacted on the share of Import Excise Duty to GDP which rose by 0.1 percentage point while increased importation of petrol and diesel led to a 0.1 percentage point increase in the share of Local Fuel Levy to GDP. The share of the other trade-based revenues to GDP remained relatively constant between 2022 and 2023.

Table 13: Total Revenue as a Percentage of GDP in 2023 and 2022

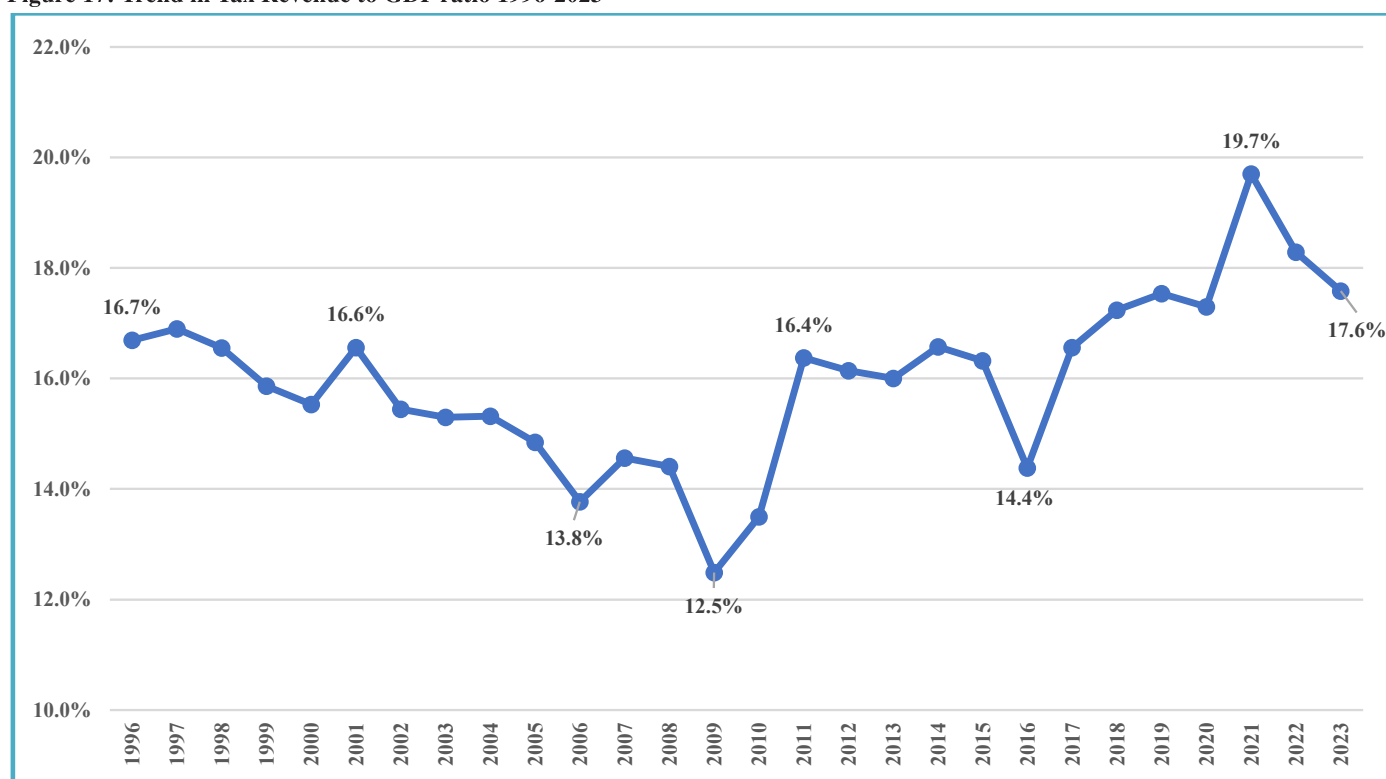
Tax Type	Percentage of GDP		
	2023 <sup>15</sup>	2022	Variance
<b>1. Domestic Taxes</b>	11.8%	13.7%	-1.9%
<b>A. Direct Taxes</b>	9.4%	11.9%	-2.5%
Company Income Tax	2.6%	4.3%	-1.7%
Pay As You Earn (PAYE)	3.4%	3.7%	-0.3%
Withholding Tax	1.8%	1.7%	0.1%
Rental Income Tax	0.1%	0.0%	0.1%
Mineral Royalty	1.4%	2.1%	-0.7%
Skills Development Levy	0.1%	0.0%	0.1%
<b>B. Indirect Taxes</b>	2.4%	1.9%	0.5%
Local Excise Duty	0.5%	0.5%	0.0%
Local Excise-Cement	0.0%	0.0%	0.0%
Rural Electrification Levy	0.1%	0.1%	0.0%
Local Fuel Levy	0.0%	0.0%	0.0%
Insurance Premium Levy	0.1%	0.0%	0.1%
Tourism Levy	0.0%	0.0%	0.0%
Domestic Value-Added Tax (VAT)	1.7%	1.2%	0.5%
<b>2. Trade Taxes</b>	5.9%	4.6%	1.3%
Import VAT	4.0%	3.0%	1.0%
Import Duty	1.1%	1.1%	0.0%
Export Duty	0.0%	0.0%	0.0%
Import Excise Duty	0.4%	0.3%	0.1%
Import Fuel Levy	0.2%	0.1%	0.1%
Carbon Tax	0.0%	0.0%	0.0%
Motor Vehicle Fees	0.0%	0.0%	0.0%
<b>Tax Revenue as % of GDP</b>	<b>17.6%</b>	<b>18.3%</b>	<b>-0.7%</b>
<b>GDP (K' million)</b>	<b>569,223.5</b>	<b>493,964.3</b>	<b>75,259.2</b>

The tax-to-GDP ratio was recorded at 17.6 percent in 2023 and averaged 17.1 percent between 2013 and 2023. In the past decade, the lowest tax-to-GDP ratio was recorded in 2014 at 14.4 percent and peaked in 2021 at 19.0 percent. The peak tax-to-GDP

attained in 2021 correlates with the performance of the mining sector in the same year which had high copper production of 800,695.8 metric tonnes and the copper price which averaged US\$9,228.2 per metric tonnes (see Figure 17).

<sup>15</sup> The 2023 GDP figure is a preliminary estimate while the GDP figure for 2022 is final. Both figures are as reported by the Zambia Statistics Agency.

Figure 17: Trend in Tax Revenue to GDP ratio 1996-2023



## Cost of Collection

The cost of collection is a ratio used to estimate the efficiency of the tax system in mobilising domestic resources, for each unit of money expended. The ratio is estimated by comparing a tax administration's funding from Government to total revenue collected.

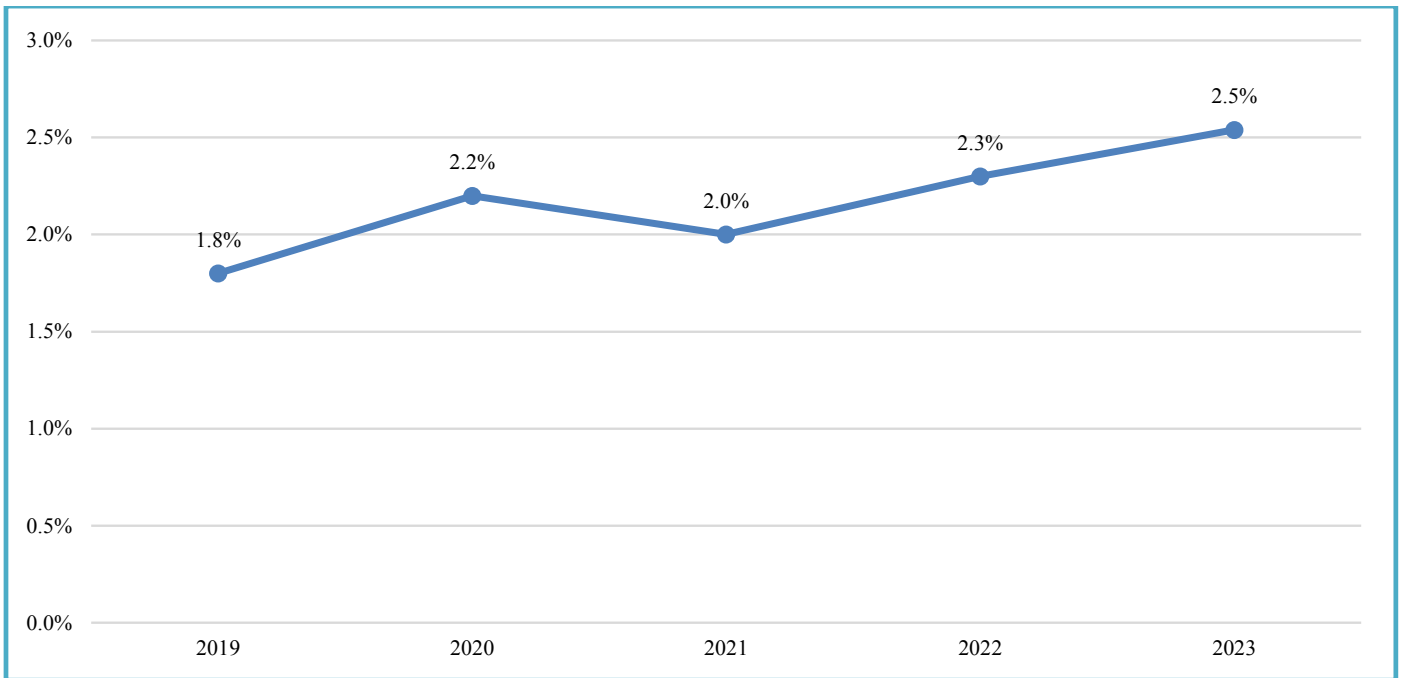
The cost of collection was within the target range of 2 percent to 3 percent<sup>16</sup> at 2.5 percent in 2023, indicating a 0.2 percentage point increase from the 2.3 percent recorded in 2022. The rise in cost of collection was partly due to increased capital expenditure which increased to K182.4 million in 2023 compared to K70.3 million spent in 2022. Major projects undertaken in the year included the construction of truck parking yards at Kasumbalesa and Chanida worth K77.8 million and K14.8 million, respectively, while much of the balance went towards the construction of staff houses across

the country. The investment is envisaged to enhance efficiency in revenue collection in the future.

The increased cost of collection in 2023 relative to 2022 was also on account of foreign exchange losses on loan repayments for scanners amounting to K55.6 million in 2023 compared to a gain of K21.2 million recorded in 2022. In addition, operating expenses also increased by K31.8 million or 22.0 percent, while personal expenses increased by K31.4 million or 1.8 percent arising from the harmonisation of conditions of service by the Emoluments Commission and the recruitment of 212 additional staff. In the last 5 years, the ratio averaged 2.2 percent with the lowest being in 2019 at 1.8 percent and peaking at 2.5 percent in 2023 (see Figure 18).

<sup>16</sup> The cost of collection in the 2022-2024 CSP has been targeted to increase to 3 percent in order to increase capacity of the Authority's ICT and physical infrastructure.

Figure 18: Government Funding as a Percentage of Collected Tax Revenue, 2019 – 2023





## Strategic Objective 1.2: Enhance Compliance

The Authority recognises the importance of enhancing compliance among taxpayers to augment revenue collection. The Authority therefore implements initiatives aimed at fostering an environment where taxpayers voluntarily adhere to their tax obligations. This is done through taxpayer education, audits, a block management system, the appointment of tax agents, investigations, debt management and continuous improvement of taxpayer services.

In addition, enforcement measures are also implemented to deter non-compliance.

The four pillars of taxpayer compliance are registration, timely filing of returns, accurate reporting, and timely payments. The performance of this strategic objective against the filing of returns and payments is depicted in Table 14.

**Table 14: Performance of Strategic Objective 1.2**

Strategic Objectives	Target	Performance Outturn
Enhance compliance	70% of tax types to meet set filing compliance	77% of the target achieved
	75% of tax types to meet set payment compliance	87% of the target achieved

## Taxpayer Register

The Authority is dedicated to maintaining an accurate and reliable taxpayer register, as it is crucial to informing an effective compliance strategy. However, it acknowledges some issues affecting the integrity of the register such as incomplete and inaccurate taxpayer demographics, and duplicate taxpayer accounts, mainly due to: the lack of a post-taxpayer registration verification process to verify “Know Your Customer” data; inadequate third-party data validation; and inadequate validation controls during the registration process. Inaccurate taxpayer information affects the Authority’s compliance and enforcement efforts. In addition to the aforementioned challenges, efforts to expand the tax base are undermined by potential taxpayers with duplicate National Registration Card numbers.

To address these challenges, the Authority has implemented several initiatives, which include taxpayer education programmes to raise awareness on tax obligations, system validations, review

of the taxpayer deregistration policy, the use of the BIDA system to identify inactive and duplicate taxpayer accounts. The Authority has developed a pop-up solution for taxpayers to update demographics on TaxOnline II, and leveraged inter-agency cooperation to enhance third-party integration to improve data quality (such as developing an interface with the Integrated National Registration Information System).

## Taxpayer Population

As at end 2023, the total number of registered individual TPINs stood at 4,980,370 compared to 3,749,094 at the close of 2022, indicating a growth of 32.8 percent. In terms of tax types, there were a total of 535,735 active tax accounts as at end 2023 compared to 486,492 at end year 2022, indicating a growth of 10.1 percent. The breakdown of the active taxpayer population is shown in Table 15.

Table 15: Active Taxpayer Population by Tax Type in 2023 and 2022

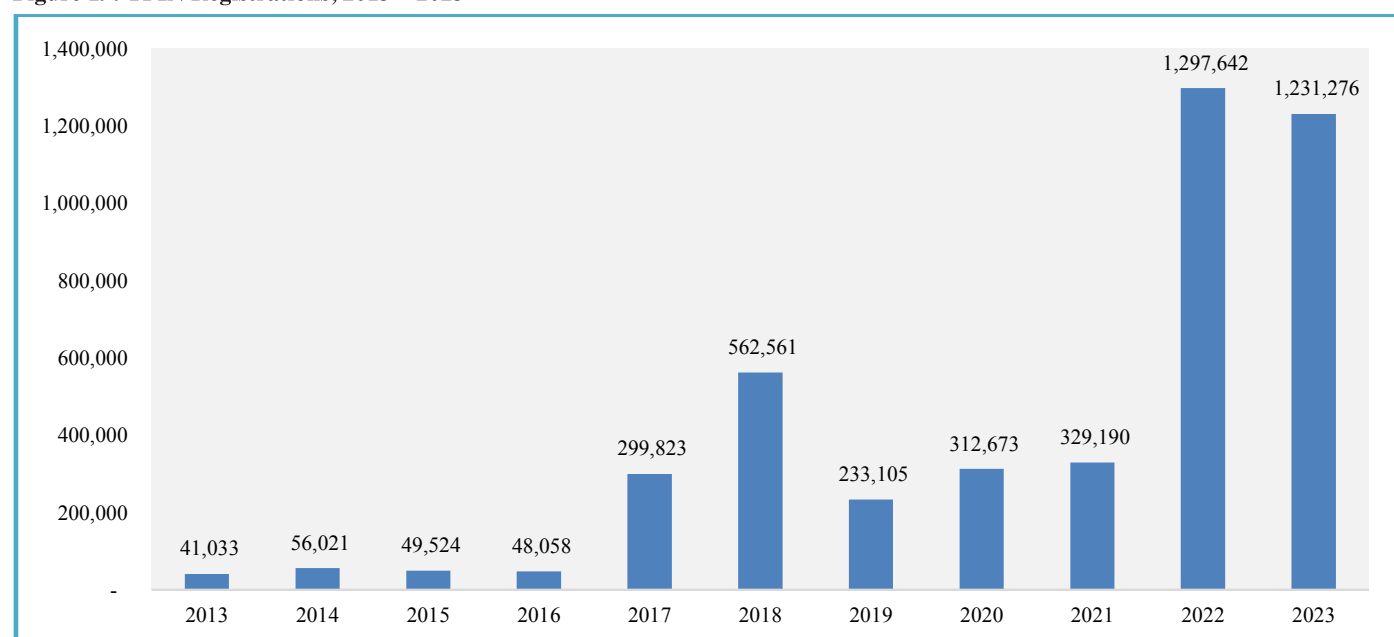
Tax Type	2023	2022	% Variance
Base Tax	15,569	15,691	-0.8%
Income Tax	69,061	66,915	3.2%
Insurance Premium Levy	126	105	20.0%
Local Excise	556	520	6.9%
Mineral Royalty	5,427	2,887	88.0%
Pay as You Earn	56,298	49,927	12.8%
Presumptive Tax on Passenger Transport	29,519	28,877	2.2%
Presumptive Tax on artisanal and small-scale mining	4,184	-	-
Property Transfer Tax	71,889	69,588	3.3%
Presumptive Tax on Gaming & Betting	133	136	-2.2%
Rental Tax	16,721	-	-
Tourism Levy	1,997	2,065	-3.3%
Turnover Tax	192,771	178,864	7.8%
Value Added Tax	21,179	17,878	18.5%
Withholding Tax	50,305	53,039	-5.2%
<b>Total</b>	<b>535,735</b>	<b>486,492</b>	<b>10.1%</b>

## Tax Registration

The total number of new TPIN registrations in 2023 was 1,231,276 compared to 1,297,642 in 2022. There has been an uptake in TPIN registrations due to enhanced taxpayer education as well as the mandatory requirement of TPINs in most transactions; for example, in the opening of a bank account, and in the submission of PAYE returns which require employees TPINs to be included.

In addition, there is a requirement by the Bank of Zambia in accordance with *CB Circular No. 22/2023* for all cross-border transactions reported on the e-BOP portal to be accompanied by the TPIN of the resident party. Figure 19 shows the trend in TPIN registrations from 2013 to 2023.

Figure 19: TPIN Registrations, 2013 – 2023



In 2023, there was a 29.2 percent increase in the number of new tax registrations, with 86,151 new registrations compared to 66,667 in 2022. This jump can be attributed to a significant rise in registrations for Rental Income Tax, Presumptive Tax on artisanal and small-scale mining, and Mineral Royalty. Rental Income Tax and Presumptive Tax on artisanal and small-scale mining were introduced in 2023 to simplify the administration of rental income and small-scale mining, which previously were accounted for under Income Tax and Turnover Tax respectively. Increased enforcement activities through agency contracts with Local Authorities led to the

registration of new landlords for Rental Income Tax. The increase in new registrations under Presumptive Tax on artisanal and small-scale mining and Mineral Royalty was due to the segmentation of taxpayers under the mining sector and the creation of the Artisanal and Small-Scale Mining Unit. These initiatives were aimed at increasing compliance by artisanal and small-scale miners. Other measures to bolster the tax base included taxpayer education, data matching exercises from third-party sources, and the appointment of agents for Turnover Tax. Table 16 shows registrations by tax type in 2023 and 2022.

**Table 16: Registrations by Tax Type in 2023 and 2022**

Tax Type	2023	2022	% Variance
Base Tax	95	215	-55.8%
Income Tax	7,320	7,961	-8.1%
Insurance Premium Levy	25	16	56.3%
Local Excise	71	63	12.7%
Mineral Royalty	2,808	765	267.1%
Pay as You Earn	9,311	9,274	0.4%
Presumptive Tax on Passenger Transport	2,956	2,102	40.6%
Presumptive Tax on artisanal and small-scale mining	4,299	-	100.0%
Property Transfer Tax	3,591	4,602	-22.0%
Presumptive Tax on Gaming & Betting	37	24	54.2%
Rental Tax	17,452	-	100.0%
Tourism Levy	242	223	8.5%
Turnover Tax	32,795	36,117	-9.2%
Value Added Tax	3,109	2,113	47.1%
Withholding Tax	2,040	3,192	-36.1%
<b>Total</b>	<b>86,151</b>	<b>66,667</b>	<b>29.2%</b>

In terms of revenue contribution from newly registered tax accounts, 25,947 of the 86,151 newly registered tax accounts posted revenue amounting to K1,563.6 million across different tax types as shown in Table 17.

**Table 17: Tax Contribution of Newly Registered Tax Accounts in 2023**

Tax Type	Number of newly registered tax accounts that registered a payment	Revenue from newly registered tax accounts (K' Mn)	Total Domestic Taxes (K' Mn)	% Contribution of new tax accounts to Total Domestic Taxes
Withholding Taxes & others	12,805	558.0	10,355.6	5.4%
Rental Income Tax	8,392	451.9	451.9	100.0%
VAT on domestic goods	1,282	243.8	25,996.7	0.9%
PAYE (Incl. SDL)	2,352	148.0	19,855.4	0.7%
Mineral Royalty	131	105.2	7,709.0	1.4%
Income Tax	784	31.7	14,953.3	0.2%
Local Excise	40	23.0	3,162.8	0.7%
Tourism Levy	151	1.1	45.7	2.4%
Insurance Premium Levy	10	0.9	301.5	0.3%
<b>Total</b>	<b>25,947</b>	<b>1,563.6</b>	<b>82,831.9<sup>17</sup></b>	<b>1.9%</b>

<sup>17</sup> The figure does not include Rural Electrification Levy and Local Fuel Levy

## Filing of Returns

The number of returns submitted in 2023 were 1,561,057 against the expectation of 2,326,760. This translates into an overall filing rate of 67 percent compared to 48 percent in 2022. The percentage of returns filed by the due date increased to 42 percent in 2023 from 34 percent in 2022. The improvement in the filing rate can be attributed to enhanced taxpayer education and other compliance

activities by the Authority, including the requirement to fulfil all outstanding tax obligations before obtaining a Tax Clearance Certificate (TCC). It is also worth noting that the expected returns decreased to 2,326,760 in 2023 from 2,668,620 in 2022 due to the suspension of dormant tax accounts for Turnover Tax and PAYE. The filing rate by tax type is shown in Table 18.

**Table 18: Return Filing Rate for Selected Tax Types in 2023 and 2022**

Tax Type	2023			2022		
	Expected Returns	Submitted Returns	Filing rate	Expected Returns	Submitted Returns	Filing rate
Company Income Tax	63,484	20,229	32%	57,613	13,101	23%
Local Excise	4,067	3,279	81%	3,691	3,206	87%
Gaming and Betting	1,359	1,117	82%	1,268	1,098	87%
Insurance Premium Levy	1,288	1,098	85%	1,184	1,038	88%
Mineral Royalty	51,725	20,735	40%	26,116	11,564	44%
Pay as You Earn	488,531	361,417	74%	548,981	318,349	58%
Rental Tax <sup>18</sup>	129,752	77,188	59%	n/a	n/a	n/a
Tourism Levy	23,118	14,618	63%	22,267	14,020	63%
Turnover Tax	1,338,181	911,776	68%	1,805,433	781,797	43%
Value Added Tax	225,255	149,600	66%	202,067	135,409	67%
<b>Overall</b>	<b>2,326,760</b>	<b>1,561,057</b>	<b>67%</b>	<b>2,668,620</b>	<b>1,279,582</b>	<b>48%</b>

The issuance of a Tax Clearance Certificate (TCC) by the Authority is an effective means of promoting tax compliance. It authenticates that the taxpayer has fulfilled their tax obligations, which include return filing and payment of taxes. Section 81B of the Income Tax Act, Chapter 323 of the Laws of Zambia outlines the issuance and requirements for a TCC, making it a prerequisite for various businesses. The following are the transactions that require a TCC:

- the transfer of any property as defined by the Property Transfer Tax Act;
- application for a trading licence;
- registration of a motor vehicle;
- application for an exploration licence, mining licence, mineral processing licence, gold panning certificate, mineral trading permit, or mineral import or export permit under the Mines and Minerals Development Act;
- the supply of goods or services. However, the Minister responsible for financial matters may, by regulations, determine the threshold above which goods or services may be supplied without a TCC; and
- an application for or renewal of a practicing licence or certificate for a person, to an institution, or authority empowered by an Act of Parliament to regulate its members.

Table 19 depicts the return filing compliance rates from 2017 to 2023. The overall filing compliance rate shows a declining trend from 78 percent in 2017 to 48 percent in 2022, and rebounds to 68 percent in 2023. The high compliance rates in 2017 through to 2018 can be mainly attributed to the 2017 Amnesty Programme, which required taxpayers to file all returns to qualify for the Amnesty. However, there was a sharp decline in the overall filing compliance rate between 2019 and 2020 (69 percent to 55 percent), and the decline continued to 2022. Factors that affected compliance include the impact of the COVID-19 pandemic, which resulted in the loss of business for many taxpayers and the suspension of the automatic charging of penalties and interest on TaxOnline II.

In 2023, there was an improvement in the overall filing rate which can be attributed to enhanced taxpayer education and the Tax Amnesty Programme conducted from October 2022 to October 2023. To qualify for the Amnesty, taxpayers were required to be up to date with all returns and this had a positive effect on return filing.

<sup>18</sup> In 2022, Rental Income Tax was accounted for under Turnover Tax and Income Tax

Table 19: Return Filing Compliance Rates by Tax Type from 2017 to 2023

Tax Type	2017	2018	2019	2020	2021	2022	2023
Insurance Premium Levy	93%	82%	74%	64%	72%	88%	85%
Gaming and Betting	n/a	n/a	n/a	56%	98%	87%	82%
Local Excise	89%	76%	81%	81%	94%	87%	81%
PAYE	83%	74%	76%	77%	69%	58%	74%
Turnover Tax	74%	67%	66%	46%	43%	43%	68%
Value Added Tax	92%	80%	78%	73%	69%	67%	66%
Tourism Levy	n/a	n/a	n/a	n/a	63%	63%	63%
Rental Tax	n/a	n/a	n/a	n/a	n/a	n/a	59%
Mineral Royalty	71%	64%	65%	69%	65%	44%	40%
Income Tax	69%	51%	41%	30%	28%	23%	32%
<b>Overall</b>	<b>78%</b>	<b>69%</b>	<b>69%</b>	<b>55%</b>	<b>51%</b>	<b>48%</b>	<b>67%</b>

## Filing by Type of Return

In 2023, the number of returns submitted increased by 22 percent to 1,561,057 from 1,279,582 in 2022. Nil returns had the largest share at 67 percent, with the majority being Turnover Tax. Payment returns accounted for 32 percent while refund returns accounted

for one percent. Most of the refund returns were for VAT at 94 percent. The growth in nil returns could partially be attributed to taxpayers who did not have business activity but applied for waivers of interest and penalties during the amnesty period (see Table 20).

Table 20: Number of Returns Filed by Return Type in 2023 and 2022

Tax Type	2023				2022			
	Nil	Payment	Refund	Total	Nil	Payment	Refund	Total
Income Tax (Final)	14,393	5,466	370	20,229	8,626	4,117	358	13,101
Gaming and Betting	153	951	13	1,117	195	898	5	1,098
Mineral Royalty	19,343	1,389	3	20,735	10,343	1,219	2	11,564
Pay as You Earn <sup>19</sup>	213,388	147,511	518	361,417	207,751	110,080	518	318,349
Rental Tax	16,603	60,585	-	77,188	n/a	n/a	n/a	n/a
Turnover Tax	709,086	202,660	30	911,776	565,691	215,945	161	781,797
Value Added Tax	65,474	69,023	15,103	149,600	59,263	62,475	13,671	135,409
Insurance Premium Levy	97	1,001	-	1,098	97	941	-	1,038
Tourism Levy	2,156	12,462	-	14,618	2,068	11,952	-	14,020
Local Excise	962	2,266	51	3,279	941	2,216	50	3,206
<b>Grand Total</b>	<b>1,041,656</b>	<b>503,313</b>	<b>16,088</b>	<b>1,561,057</b>	<b>854,975</b>	<b>409,843</b>	<b>14,764</b>	<b>1,279,582</b>
<b>% of Total</b>	<b>67%</b>	<b>32%</b>	<b>1%</b>	<b>100%</b>	<b>67%</b>	<b>32%</b>	<b>1%</b>	<b>100%</b>

<sup>19</sup> The number of repayments returns only includes returns from employers. In 2023, the number of refund claims from employees was 18,544 compared to 7,432 in 2022.



## VAT Refund Claims

In 2023, the number of VAT refund claims increased by 10.5 percent to 15,103 from 13,671 in 2022. Similarly, the value of VAT refund claims increased by 10.2 percent to K20,018.5 million

from K18,158.0 million over the same period in 2022. A total of K16,131.1 million was paid in VAT refunds in 2023 compared to K16,146.2 million in 2022, a reduction of 0.1 percent (see Table 21)

**Table 21: VAT Refund Statistics**

	2023	2022	% Variance
Number of Refund Claims	15,103	13,671	10.5%
Value of Refund Claims (K' million)	20,018.5	18,158.0	10.2%
Number of Refund Claims Processed	11,835	8,624	37.2%
Value of Refunds Paid (K' million)	16,131.1	16,146.2	-0.1%

Managing the VAT refund process comes with various administrative challenges, such as dealing with a large informal sector and cash-based transactions. Non-reporting and under-declarations are common due to the low staff-to-taxpayer ratio. Moreover, sophisticated VAT fraud is prevalent, along with general low compliance. This includes SME mining firms claiming VAT refunds while not declaring any Mineral Royalty Tax, fraudulent claims on fake exports and receipts, claims through companies created primarily for refund fraud, and non-issuance of receipts in the Wholesale and Retail Trade Sector.

In order to overcome the challenges in the management of VAT refunds, the Authority has introduced some reforms and initiatives. These include verifying the taxpayer's bank details before making any payments, automating the refund process through a refund module that is still in progress (User Acceptance Tests were conducted in 2023), conducting continued VAT audits before paying out refunds, and using the "First-In, First-Out" method to effect VAT offsets and pay out VAT refunds promptly.

## Payment Compliance

In 2023, a total of K57,315.4 million was paid against the expected amount of K66,981.3 million from returns filed in the year. This represents a payment compliance rate of 86 percent, an increase from 82 percent recorded in 2022. In terms of payment timeliness,

the on-time payment rate increased to 71 percent from 59 percent in 2022. The increase in the payment compliance can be attributed to enhanced compliance and enforcement activities by the Authority. Table 22 depicts the payment compliance for selected tax types.

**Table 22: Payment Compliance for Selected Tax Types in 2023 and 2022 (K' Million)**

Tax Type	2023			2022		
	Expected Amount	Amount Paid	Payment rate	Expected Amount	Amount Paid	Payment rate
Local Excise	3,708.6	3,315.3	89%	3,135.9	2,940.7	94%
Gaming and Betting	496.3	495.2	100%	323.2	302.3	94%
Income Tax	11,596.9	10,435.7	90%	17,320.0	14,995.8	87%
Insurance Premium Levy	309.9	295.2	95%	232.6	216.0	93%
Mineral Royalty	7,621.0	6,739.5	88%	11,897.8	9,495.2	80%
Pay as You Earn	15,952.6	14,226.3	89%	14,922.6	12,466.4	84%
Rental Tax <sup>20</sup>	393.8	369.3	94%	n/a	n/a	n/a
Tourism Levy	42.8	41.2	96%	2,720.0	2,525.9	93%
Turnover Tax	205.1	170.1	83%	265.9	201.6	76%
Value Added Tax	17,338.3	12,673.9	73%	10,901.1	7,637.3	70%
Withholding Tax	9,315.9	8,553.7	92%	6,357.0	5,253.1	83%
<b>Overall</b>	<b>66,981.3</b>	<b>57,315.4</b>	<b>86%</b>	<b>68,076.1</b>	<b>56,034.3</b>	<b>82%</b>

<sup>20</sup> In 2022, Rental Income Tax was accounted for under Turnover Tax and Income Tax

## Customs Declarations

A total of 1,154,222 customs declarations were made in 2023 compared to 1,043,610 in 2022. Out of these, 1,117,019 were paid for, indicating a registration-to-payment conversion rate of 96.8 percent compared to 95.5 percent in 2022 (see Table 23).

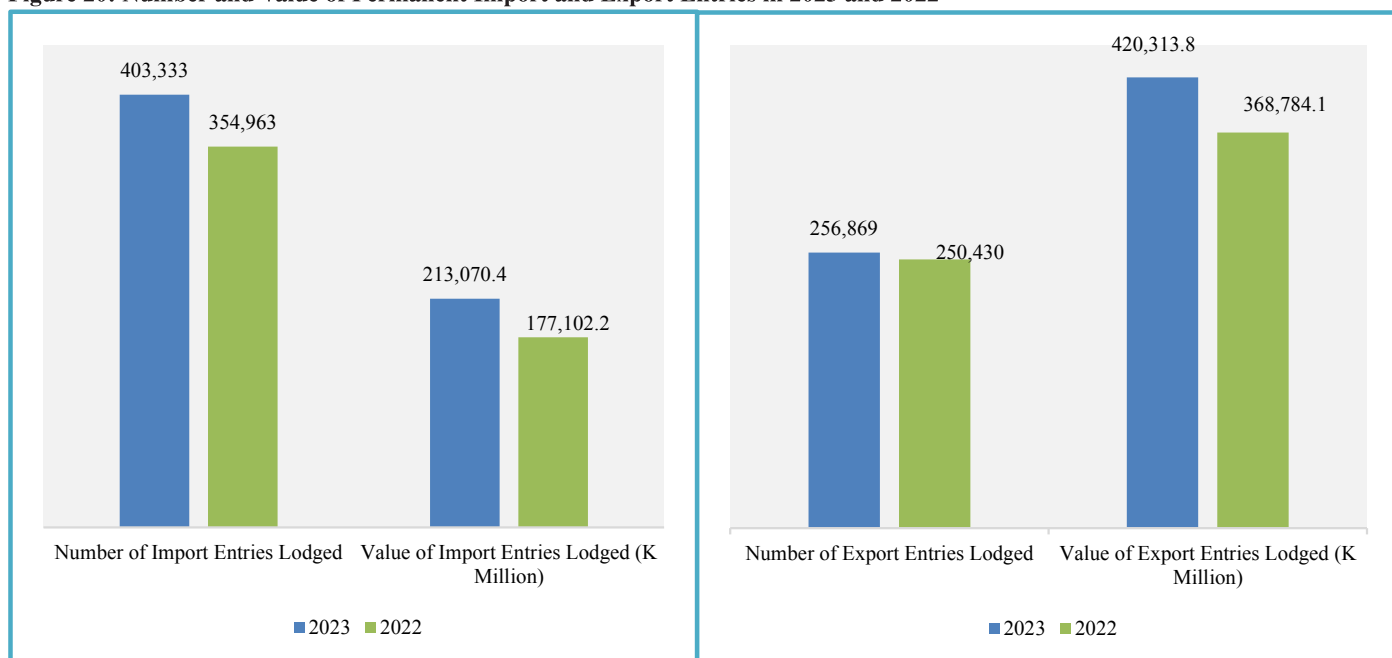
**Table 23: Registration to Payment Conversion Ratio for all Transactions in 2023 and 2022**

Period	Registered	Paid	Unpaid	% Paid	% Unpaid
2023	1,154,222	1,117,019	37,203	96.8%	3.2%
2022	1,043,610	996,734	46,876	95.5%	4.5%

The number of permanent import transactions in 2023 increased to 403,333 from the 354,963 reported in 2022. Similarly, the value of permanent import transactions rose to K213,070.4 million, from K177,102.2 million reported in 2022. Regarding exports, the number of permanent transactions increased to 256,869 in 2023 from 250,430 in 2022. Likewise, the value of export transactions

significantly increased to K420,313.8 million from K368,784.1 million in 2022. The increase in the value of import and export transactions was due to the depreciation of the Kwacha against major currencies and the increase in the number of declarations made during the period (see Figure 20).

**Figure 20: Number and Value of Permanent Import and Export Entries in 2023 and 2022**



The declared Value for Duty Purposes (VDP) as at end 2023 stood at K675,034.3 million, an increase of 20.8 percent from K558,805.2 million declared at the end of 2022. Of the declared VDP, the non-taxable VDP accounted for 90.5 percent while the taxable VDP accounted for 9.5 percent<sup>21</sup> (see Table 24).

The non-taxable VDP comprises of transit and warehousing (in bonded warehouses) entries as well as deferred transactions where taxes are suspended. The non-taxable VDP does not include the

VDP on which revenue is forgone due to concessions on items that would otherwise be taxable. The significant increase in taxable value in 2023 compared to 2022 was partly attributed to initiatives such as Customs-to-Customs Electronic Data Exchange between ZRA and Customs Administrations from neighbouring countries which minimises the risk of undervaluation of imported goods. The increased taxable value was also attributed to the notable depreciation of the Kwacha against major currencies in the year under review.

**Table 24: VDP and Tax Yield from Taxable and Non-Taxable Transactions in 2023 and 2022 (K' Millions)**

VDP Type	Value for Duty Purposes			Tax Amount (Gross)		
	2023	2022	% Variance	2023	2022	% Variance
Non-Taxable	610,992.3	524,321.7	16.5%	89,280.5	82,739.8 <sup>22</sup>	7.9%
Taxable	64,042.0	34,483.5	85.7%	30,227.8	22,078.2	36.9%
<b>Total</b>	<b>675,034.3</b>	<b>558,805.2</b>	<b>20.8%</b>	<b>119,508.3</b>	<b>104,818.0</b>	<b>14.0%</b>

<sup>21</sup> Non-taxable VDP does not attract import taxes and duties while taxable VDP attracts import taxes and duties.

<sup>22</sup> This amount includes revenue forgone on account of trade concessions and bond guarantees for transits.

## Processing Efficiency for Customs Transactions

In 2023, the percentage of actual revenue collected against the potential revenue was 99.8 percent compared to 98.8 percent in 2022. Out of the potential revenue of K29,991.9 million in 2023, a total of K29,943.3 million was collected, resulting in an outstanding liability of K48.4 million by year end while K0.2 million remained unassessed. The increase in the processing efficiency in 2023

compared to 2022 could partly be attributed to a data driven approach in monitoring efficiency using dashboards, configuration of companies contributing 80 percent to total VDP to the blue lane (lane for imports with no Customs intervention but are selected for post clearance audits) and intensified debt recovery actions such as garnishing of bank accounts to recover debt (see Table 25).

**Table 25: Processing Efficiency in Tax Yield from all Taxable Transactions in 2023 and 2022**

	2023		2022	
	K' Million	% of Total	K' Million	% of Total
Un-assessed taxes	0.2	0.0%	1.1	0.0%
Registered, Assessed, Not paid	48.4	0.2%	245.4	1.2%
Registered, Assessed, and paid (Receipted)	29,943.3	99.8%	20,221.4	98.8%
<b>Total collectable amount</b>	<b>29,991.9</b>	<b>100.0%</b>	<b>20,467.9</b>	<b>100.0%</b>



**Scanning facility at Kazungula Border Post**

Table 26 shows revenue contribution by station based on ASYCUDAWorld data for 2023 and 2022.

**Table 26: Revenue by Station, 2023 vs 2022 (K' Millions)**

No.	Station	2023	2022	Variance	% Variance
1	Nakonde	8,352.6	4,992.5	3,360.1	67.3%
2	Kazungula	7,319.3	5,347.1	1,972.2	36.9%
3	Chirundu	6,018.8	3,940.6	2,078.2	52.7%
4	Ndola	2,543.3	414.1	2,129.1	514.2%
5	Chanida	1,699.8	901.7	798.1	88.5%
6	Kenneth Kaunda International Airport	1,339.2	1,114.9	224.3	20.1%
7	Katima Mulilo	1,246.1	1,010.2	235.9	23.4%
8	Kasumbalesa	1,077.5	655.3	422.2	64.4%
9	Lusaka	1,069.8	878.4	191.4	21.8%
10	Kitwe	538.3	488.6	49.7	10.2%
11	Victoria Falls	452.5	413.2	39.3	9.5%
12	Mwami	129.2	103.0	26.3	25.5%
13	Kapiri Mposhi	90.2	62.0	28.2	45.5%
14	Chingola	58.7	109.6	-50.8	-46.4%
15	Simon Mwansa Kapwepwe Airport	27.8	0.1	27.8	46,618.4%
16	Mokambo	24.2	4.2	19.9	469.3%
17	Lusuntha	4.7	3.5	1.2	33.2%
18	Kipushi	3.3	1.5	1.8	116.6%
19	Sakania	2.9	0.8	2.1	254.4%
20	Mpulungu	2.5	2.8	-0.3	-10.9%
21	Kasama	1.8	0.7	1.1	148.5%
22	Solwezi	1.7	0.5	1.2	229.4%
23	Kashiba	0.8	0.5	0.3	54.8%
24	Kariba	0.7	3.5	-2.8	-78.8%
25	Luangwa	0.5	0.5	0.0	5.7%
26	Chembe	0.4	0.2	0.2	77.2%
27	Nchelenge	0.3	7.1	-6.8	-95.2%
28	Mongu	0.3	0.4	-0.1	-24.8%
29	Zombe	0.1	0.0	0.1	-
30	Chavuma	0.1	0.0	0.0	365.2%
31	Chipata	0.0	0.2	-0.2	-100.0%
	<b>Total</b>	<b>34,030.5</b>	<b>22,479.8</b>	<b>11,549.8</b>	<b>51.4%</b>

The increase in revenue collected by stations in 2023 compared to 2022 was partly attributed to the significant increase in volumes of imports coupled with a depreciation of the Kwacha.

The significant increase in revenue at Ndola Port Office was partly on account of debt collected from Tazama Pipelines Limited amounting to K769.7 million through a Government debt swap, while the increase at Simon Mwansa Kapwepwe was due to the commencement of the clearance of imports at the Airport in 2023.

## Trade Facilitation Reforms

To facilitate trade, the following reforms were implemented in 2023:

### **1. Customs to Customs Electronic Data Exchange with Malawi and Zimbabwe:**

The Customs to Customs Electronic Data Exchange which is the sharing of customs data with other Revenue Administrations through web services and auto-population of data on a declaration was implemented with Malawi and Zimbabwe.

### **2. Electronic Bonds:**

The system which is for electronic issuance of Customs bonds by guarantors on transits and bonded warehouse transactions was implemented in the year under review. The benefits of Electronic Bonds include minimising the risk of forgery on bonds and enhancing record-keeping for both ZRA and guarantors.

### **3. Authorised Economic Operator (AEO) Programme:**

The AEO Programme is a certification of importers and exporters who meet the required standards on internal controls and are granted fast clearance at a border with minimal customs intervention.

### **4. Client Segmentation:**

Importers were segmented into large, medium, and small categories to implement differentiated treatment according to segment inherent risks at the appropriate stage of the clearance process. The large clients contributing 60 percent to the value of importations were configured under the Blue Lane Channel along with the AEO and CACP clients. This channel will have minimal intervention at the border but subjected to post clearance audits.

In 2024, the Authority intends to implement the following reforms:

1. Coordinated Border Management (CBM);
2. One-Stop-Border-Post (OSBP) operations at Katima Mulilo;
3. mandatory pre-clearance;
4. customs to customs electronic data exchange;
5. data exchange with the Democratic Republic of Congo (DRC) and Namibia;
6. phase two of the electronic Bonds (e-bonds) project that will include granting electronic access to guarantors to view transactions under the bonds issued by them for monitoring purposes;
7. the Electronic Certificate of Origin. The issuance of Certificates of Origin is earmarked for continued implementation with Namibia and Malawi following the pilot project with Eswatini which was implemented on 5<sup>th</sup> December 2022; and
8. extension of the roll-out of Authorised Economic Operators to more companies.

## Domestic Taxes Division

### **Tax Audits**

To enhance compliance, the Authority undertakes audits to determine the completeness and accuracy of tax declarations. The audit cases are selected through a multifaceted approach that includes risk profiling, refund claims, intelligence information and third-party data.

In 2023, the Authority conducted 19,877 audits compared to 27,250 audits conducted in 2022, indicating a 27.1 percent reduction. Similarly, the audit assessments declined by 32 percent to K3,590.7 million in 2023 from K5,302.6 million in 2022 due to reduced staff dedicated to tax audits. The decline in the audit assessments was due to the reduction in the number of audits in 2023. Out of the 2023 audit assessments, the principal tax was K2,849.8 million while penalties, interest, and fines amounted to K740.9 million. Domestic VAT and Company Income Tax accounted for 78 percent of the total assessments. It is expected that once the audit module is fully functional, selection and processing of audits will be expedited (see Table 27).



Table 27: Tax Audit Assessments in 2023 and 2022 (K' Million)

Tax Type	Principal Tax			Penalties, Interest, and Fines			Total Audit Assessment		
	2023	2022	Variance %	2023	2022	Variance %	2023	2022	Variance %
VAT on Domestic Goods	1,647.6	1,428.3	15%	257.6	195.7	32%	1,905.2	1,624.0	17%
Company Income Tax	559.3	874.5	-36%	340.9	449.4	-24%	900.2	1,323.9	-32%
Mineral Royalty	236.8	1,597.6	-85%	29.8	166.5	-82%	266.6	1,764.1	-85%
PAYE	146.7	83.0	77%	66.6	36.8	81%	213.4	119.8	78%
Withholding Taxes	168.0	317.1	-47%	18.4	1.5	1129%	186.4	318.6	-41%
Turnover Tax	68.9	57.3	20%	21.1	20.3	4%	90.0	77.6	16%
Local Excise Duties	19.2	39.6	-51%	2.0	21.3	-91%	21.2	60.9	-65%
Tourism Levy	2.2	2.2	-1%	2.9	3.7	-21%	5.1	5.9	-13%
Skills Development Levy	0.9	1.6	-42%	0.8	6.2	-87%	1.7	7.8	-78%
Rental Income Tax	0.2	-	100%	0.7	-	100%	0.8	-	100%
Gaming and Betting	-	-	0%	-	-	0%	0.1	-	100%
Insurance Premium Levy	-	-	0%	-	-	0%	-	-	0%
<b>Total</b>	<b>2,849.8</b>	<b>4,401.2</b>	<b>-35%</b>	<b>740.9</b>	<b>901.4</b>	<b>-18%</b>	<b>3,590.7</b>	<b>5,302.6</b>	<b>-32%</b>

### Block Management System

The Block Management System was adopted as a strategy to enhance and monitor compliance among small and medium taxpayers through various compliance and enforcement activities. The specific objective of the Block Management System is to expand the tax base by identifying unregistered businesses and initiating taxpayer registration in a given geographical area, and ensure that taxpayers fulfil their tax obligations accurately and on

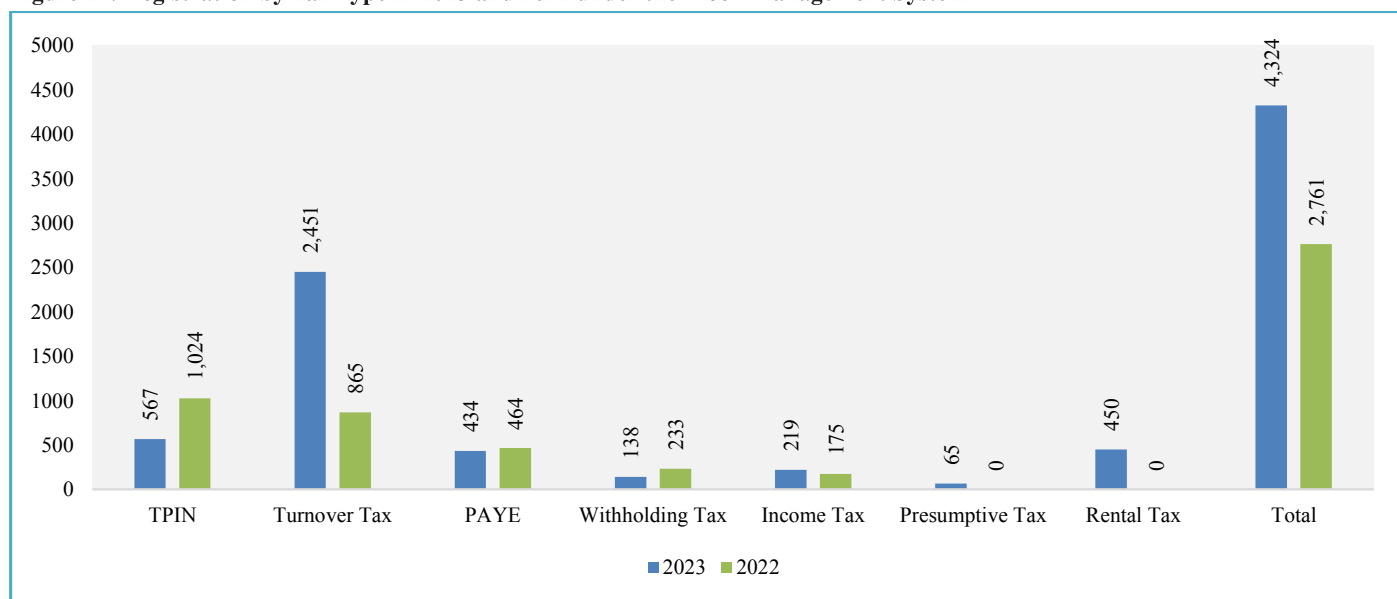
time. In 2023, the number of blocks managed under the Block Management System increased to 106 from 81 in 2022. The number of tax accounts registered increased to 4,324 from 2,761 in 2022, bringing the number of tax accounts managed under the Block Management System to 17,929. The total collection from the Block Management System in 2023 amounted to K284.5 million compared to K168.2 million in 2022 (see Table 28).

Table 28: Block Management Activities in 2023 and 2022 by Tax Office

Tax Office	No. of Blocks	No. of Tax accounts Monitored in the Blocks	New Tax account Registrations in the Blocks			Amount of Taxes Collected in the Blocks (K)		
			2023	2022	% Variance	2023	2022	% Variance
Kitwe	11	2,249	845	424	99.3%	56,814,730.8	36,180,388.7	57.0%
Chipata	4	1,182	828	120	590.0%	723,000.0	28,253.0	2459.0%
Choma	6	1,123	752	229	228.4%	50,279,250.2	-	100.0%
Chinsali	16	1,438	606	150	304.0%	655,382.0	-	100.0%
Ndola	6	1,631	402	325	23.7%	39,685,243.8	32,458,237.0	22.3%
Solwezi	8	635	321	93	245.2%	301,448.4	-	100.0%
Mansa	4	323	162	135	20.0%	925,800.6	778,144.20	19.0%
Chingola	6	298	133	110	20.9%	4,628,595.2	4,003,258.4	15.6%
Kasama	12	775	101	103	-1.9%	3,234,190.9	-	100.0%
Livingstone	4	867	90	290	-69.0%	3,188,422.0	16,504,336.2	-80.7%
Kabwe	6	1,187	50	192	-74.0%	14,116,174.9	-	100.0%
Lusaka	15	4,751	29	473	-93.9%	108,608,210.9	78,224,135.2	38.8%
Mongu	8	1,470	5	117	-95.7%	1,301,220.0	-	100.0%
<b>Total</b>	<b>106</b>	<b>17,929</b>	<b>4,324</b>	<b>2,761</b>	<b>56.6%</b>	<b>284,461,669.8</b>	<b>168,176,752.7</b>	<b>69.1%</b>

Figure 21 shows registration by TPIN and tax type for taxpayers under the Block Management System.

**Figure 21: Registration by Tax Type in 2023 and 2022 under the Block Management System**



### Agency Activities

To enhance compliance among informal and small taxpayers, the Authority continued to collaborate and engage agents for the collection of taxes.

The Authority introduced the withholding mechanism for Mineral Royalty in December 2022, aimed at improving voluntary compliance in the mining sector. At the end of 2023, there were 20 appointed Withholding Tax agents for Mineral Royalty, resulting in the collection of K44.4 million.

During the year, ZRA renewed Tax Collection Agency contracts with 33 Local Authorities to help with the collection of Rental Income Tax, Turnover Tax, Base Tax, and Presumptive Tax on passenger transport within their respective jurisdictions. To equip the Local Authorities with tax knowledge, the Authority conducted capacity building workshops. In addition, the Authority appointed 16 more withholding tax agents for Turnover Tax in 2023, bringing the total number to 22.

### Simplified Tax Platforms

#### i. TaxOnApp and TaxOnPhone

The Authority has adopted simplified tax platforms to make tax compliance easier and more convenient for taxpayers. In this regard, the Authority continued to encourage taxpayers to use platforms such as TaxOnApp and TaxOnPhone for registration, filing of tax returns and payments.

In 2023, the number of registrations on TaxOnApp increased by 13.8 percent to 283,472 from 249,011 in 2022 out of which 99.6 percent were TPIN registrations. However, return submission on this platform marginally reduced to 71,193 from 71,503 in 2022. The total value of declared liability through this platform was K12.1 million (see Table 29).

**Table 29: TaxOnApp Usage in 2023 and 2022**

	2023	2022	% Variance
Number of registrations: o/w	283,472	249,011	13.8%
TPIN	282,333	247,679	14.0%
Turnover Tax	750	536	39.9%
Withholding Tax	186	432	-56.9%
Pay As You Earn (PAYE)	203	285	-28.8%
Base tax	0	79	-100.0%
Number of returns submitted: o/w	71,193	71,503	-0.4%
Nil returns	62,810	58,945	6.6%
Payment/Refund returns	8,383	12,558	-33.2%

In 2023, the number of registrations through TaxOnPhone, reduced to 165,419 from 248,079 in 2022. Similarly, the number of returns filed on this platform reduced to 23,870 from 28,642 in 2022 as depicted in Table 30. The reduction in both registration and return filing can be attributed to system challenges and limited functionalities. The major challenge was the misalignment of registration and return functions on TaxOnApp and the base system, TaxOnline. The return and registration modules on the TaxOnline System were upgraded while these modules remained the same on TaxOnApp resulting in errors when using TaxOnApp. The other challenge was the duplicate TPIN registrations for non-resident applicants on TaxOnApp. This led to a decision to disable the registration process on TaxOnApp. To resolve these

challenges, TaxOnApp was upgraded to align the two modules with the ones on the base system, TaxOnline. The validation of TPIN registrations was also introduced during the upgrade process. The value of returns submitted on this platform increased to K4.2 million in 2023 from K1.9 million in 2022.

Notably, there was no new registration for Base Tax using TaxOnPhone in 2023 compared to 79 in 2022. This was likely on account of increased preference for taxpayers to register for Turnover Tax to benefit from zero percent tax threshold on income of K12,000 per annum. Following the Income Tax (Amendment) Act No. 24 of 2022, taxpayers with Turnover of up to K1,000 per month are taxed at zero percent.

**Table 30: Number of Returns Filed on TaxOnPhone in 2023 and 2022**

Tax Type	2023	2022	Variance %
Number of TPIN registrations	165,419	248,079	50.0%
<b>Nil Returns</b>			
Turnover Tax	21,598	24,400	-11.5%
Income Tax	55	34	61.8%
Value Added Tax	13	59	-78.0%
<b>Payment/Refund Returns</b>			
Turnover Tax	2,174	4,148	-47.6%
Value Added Tax	30	1	2900.0%
<b>Total Returns</b>	<b>23,870</b>	<b>28,642</b>	<b>-16.7%</b>

## ii. Electronic Fiscal Devices

In 2023, the Authority continued with the implementation of the fiscalisation programme aimed at enhancing VAT compliance. So far, the Authority has rolled out 4,652 Electronic Fiscal Devices (EFDs), which include Fiscal Cash Registers and Electronic Signature Devices. Further 163 taxpayers have been configured with the Virtual Electronic Fiscal Device Solution to integrate their Point-of-Sale Systems bringing the total number of taxpayers fiscalised to 3,329.

To enhance fiscalisation, the Authority began the development of a new electronic invoicing system called Smart Invoice and launched the pilot in December 2023. To ensure a smooth transition to the new electronic invoicing system, 24 software vendors were accredited to support their clients until the new electronic invoicing system is fully implemented.

During the year, an analysis of transactions reported on TaxOnline II and the Tax Invoice Management System revealed notable inconsistencies. In particular, 1,360 returns had undisclosed sales transactions totalling K1,400.02 million, with corresponding taxes amounting to K142.8 million. Further, it was established that 2,808 returns had underreported sales by K3,687.9 million, a decrease from K7,056.1 million that was underreported in 2,873 returns in 2022. This discrepancy resulted in audit interventions which had assessments totalling K5.4 million from 6 audits compared to K18.1 million from 621 audits in 2022.

## iii. Smart Invoice

To strengthen domestic tax administration the Authority is developing a Smart Invoice System that will be used to electronically manage invoices and stock data in real time. Smart Invoice is a software-based fiscalisation system accessible through several platforms including mobile devices, computers, and integrated accounting packages. The implementation of the Smart Invoice was necessitated by several challenges encountered with the EFDs. These challenges included reliance on hardware-based EFDs, prevalent device failures due to faults, and a limited number of EFD solutions available compared to the diverse and unique needs of different segments of the taxpayer population. In addition, the high cost of acquiring and maintaining the devices was not sustainable.

The target tax types for the Smart Invoice include; VAT, Insurance Premium Levy, Turnover Tax, Rental Income Tax, Tourism Levy, Local Excise Duty on electrical energy and Company Income Tax. The piloting of the system commenced on 15<sup>th</sup> December 2023 targeting VAT and Turnover Tax, with full implementation scheduled for 1<sup>st</sup> July 2024. The expected benefits of the system include the following:

1. real time transmission of transaction data to the ZRA system;
2. curbing of revenue leakages leading to increased revenue collection;
3. improved taxpayer compliance;
4. improved data analytics for compliance and enforcement;

5. prefilling of taxpayer returns; and  
6. eased interface with a wide range of accounting packages.

#### iv. Scanner Operations

To enhance operational efficiency of customs clearance, the Authority has installed scanners to improve turnaround times and efficiency in inspections. Scanners also help in detecting concealed

goods, ensuring compliance among traders, and enhancing border security. The Authority has seven fixed scanners and one fixed railway scanner located at different stations. The Authority also has a mobile scanner.

In 2023, out of a total of 95,331 trucks that were scanned, 360 were found with discrepancies resulting in the collection of additional revenue amounting to K12.7 million (see Table 31a and 31b).

**Table 31a: Scanner Activity in 2023 and 2022**

Port	Truck with Discrepancies			Additional Revenue Collected (K)		
	2023	2022	Variance	2023	2022	Variance
Chanida	0	7	-7	-	599,832.7	- 599,832.7
Chirundu	65	56	9	7,033,003.2	3,139,508.0	3,893,495.2
Kapiri Mposhi - EC	-	0	0	-	-	-
Kasumbalesa	0	0	0	-	-	-
Katima Mulilo	20	3	17	891,373.6	79,125.8	812,247.8
Kazungula	208	37	171	708,646.4	3,292,213.1	379,433.4
Mwami	0	0	0	-	-	-
Nakonde	67	171	-104	4,095,512.1	4,178,103.2	- 82,591.2
<b>Total</b>	<b>360</b>	<b>274</b>	<b>86</b>	<b>12,728,535.3</b>	<b>8,325,782.8</b>	<b>4,402,752.5</b>

**Table 31b: Scanner Activity in 2023 and 2022**

Port	Total Truck Traffic 2023	Total Truck Traffic 2022	Scanned Trucks 2023	Scanned Trucks 2022	%Variance in Total Traffic	%Variance in Scanned Trucks
Chanida	29,162	34,319	1,422	8,278	-15.0%	-82.8%
Chirundu	161,848	161,554	38,996	10,258	0.2%	280.2%
Kapiri Mposhi - EC	-	-	-	-	-	-
Kasumbalesa	196,504	234,283	-	-	-16.1%	-
Katima Mulilo	32,521	34,579	13,184	7,430	-6.0%	77.4%
Kazungula	119,472	114,836	28,500	1,625	4.0%	1653.8%
Mwami	30,626	23,272	42	4,723	31.6%	-99.1%
Nakonde	241,104	220,961	13,187	13,786	9.1%	-4.3%
<b>Total</b>	<b>811,237</b>	<b>823,804</b>	<b>95,331</b>	<b>46,100</b>	<b>-1.5%</b>	<b>106.8%</b>

#### Enforcement Activities

In 2023, enforcement activities involved inspections and patrols. These activities resulted in 2,758 interceptions and 3,000 inspections which culminated in 3,602 assessments with a value of K230.8 million. In addition, goods valued at K103.5 million were seized, and 125 Receipts of Items Held with a value of K2,657.1 million were issued on various consignments. Revenue from enforcement activities in 2023 amounted to K130.0 million.

#### Inland and Border Enforcement

The Authority carries out enforcement and compliance operations across the country through inspections, roadblocks, and follows up on third-party intelligence. In 2023, there was a 49.9 percent increase in the VDP of goods detained and seized by the Authority compared to 2022 (see Table 32).

**Table 32: Detentions and Seizures in 2023 and 2022 (K' Million)**

Type	2023	2022	Variance	% Variance
Value of Detained Goods	863.7	560.4	303.3	54.1%
Value of Seized Goods	140.5	109.7	30.8	28.1%
<b>Total</b>	<b>1,004.2</b>	<b>670.1</b>	<b>334.1</b>	<b>49.9%</b>

In 2023, enforcement activities yielded a sum of K20.5 million, a decrease from the K46.8 million collected in 2022 as indicated in Table 33. This was partly due to the waiver of penalties and

interest attributed to the Tax Amnesty which ran from September 2022 to June 2023 and in respect of which most applications were received in 2023.

**Table 33: Revenue Yield from Detentions and Seizures in 2023 and 2022 (K)**

Station	2023	2022	% Variance
Kapiri Mposhi	8,707,671.3	15,678,020.2	-44.5%
Nakonde	6,451,951.6	8,464,829.0	-23.8%
Livingstone Enforcement Unit	2,757,787.1	15,288,832.4	-82.0%
Chipata Enforcement Unit	1,084,329.4	3,361,600.1	-67.7%
Kasumbalesa	708,471.2	20,550.4	3347.5%
Kasama Enforcement Centre	380,253.8	0.0	-
Solwezi	240,598.3	232,201.8	3.6%
Chingola	76,655.6	362,922.8	-78.9%
Chinsali Enforcement Unit	75,000.0	0.0	-
Chirundu	0.0	3,039,380.1	-100.0%
Makeni Enforcement	129,962,183.6	78,231,984.4	66.1%
Mokambo	0.0	155,000.0	-100.0%
Kitwe	0.0	91,154.6	-100.0%
Lusaka Port	0.0	88,016.3	-100.0%
Ndola	0.0	39,000.0	-100.0%
Chembe	0.0	26,095.1	-100.0%
<b>Total</b>	<b>20,482,718.3</b>	<b>46,847,602.8</b>	<b>-56.3%</b>

### Seizure of Goods

In 2023, the Authority seized assorted goods which were the subject of various tax offences. The value of goods seized increased by 28.1 percent to K140.5 million from K109.7 million in 2022. The seized goods were forfeited to the State and subsequently disposed of through donation or sale in accordance with the law.

### Risk Profiling Analysis

During the year, the Authority continued to implement risk management techniques to segment customs declarations according to their risk profile. Under the risk profiling on ASYCUDAWorld, entries are categorised into four lanes: *Red*, *Yellow*, *Blue*, and *Green*. Entries channelled to the *red lane* are deemed high risk and therefore require physical inspection.

The *yellow lane* is for documentary checks, the *blue lane* for post clearance audits and entries channelled to the *green lane* are considered low risk, therefore not subject to any scrutiny.

Using this criterion, 14.5 percent of the entries were directed to the *red lane* down from 16.5 percent in 2022 while 49.6 percent were directed to the *yellow lane* down from 63.2 percent in 2022. On the other hand, the percentage of *blue lane* entries increased to 14.8 percent from 7.1 percent while *green lane* entries increased to 21.1 percent from 13.2 percent in 2022. The increase in the percentage of *blue lane* entries in 2023 is due to the addition of 93 non-CACP companies to the *blue lane* (see Tables 34a and 34b)<sup>23</sup>.

<sup>23</sup> CACP stands for Customs Accredited Clients Programme for compliant taxpayers



Table 34a: Lane Analysis by Business Volume in 2023 and 2022

Lane	2023		2022	
	Number of Entries	Percentage	Number of Entries	Percentage
Red	166,894	14.5%	173,146	16.5%
Yellow	570,035	49.6%	661,985	63.2%
Blue	170,009	14.8%	74,145	7.1%
Green	242,552	21.1%	137,750	13.2%
<b>Total</b>	<b>1,149,490</b>	<b>100.0%</b>	<b>1,047,026</b>	<b>100.0%</b>

Table 34b: Lane Analysis by Value for Duty Purposes and Revenue Collected in 2023 and 2022

Lane	2023				2022			
	Value for Duty Purposes (K'million)	Percentage	Revenue Collected (K'million)	Percentage	Value for Duty Purposes (K'million)	Percentage	Revenue Collected (K'million)	Percentage
Red	102,052	6.3%	6,457	20.0%	100,069	7.4%	5,792	26.4%
Yellow	925,465	57.0%	9,343	28.9%	1,059,802	78.5%	10,508	47.9%
Blue	187,834	11.6%	15,345	47.5%	67,343	5.0%	5,638	25.7%
Green	409,522	25.2%	1,148	3.6%	122,167	9.1%	1	0.0%
<b>Total</b>	<b>1,624,873</b>	<b>100.0%</b>	<b>32,293</b>	<b>100.0%</b>	<b>1,349,382</b>	<b>100.0%</b>	<b>21,939</b>	<b>100.0%</b>

The significant growth of numbers in the *blue lane* is as a result of the inclusion of 60 non - CACP companies to the *blue lane* on 13<sup>th</sup> February, 2023 based on their VDPs. This resulted in a decrease in the volumes appearing under the other lanes.

#### Post Clearance Audits.

Post Clearance Audits facilitate trade by moving controls from the

border to inland, thereby expediting the clearance process while ensuring compliance with the relevant legislation and requirements.

In 2023, the number of comprehensive and focused audits increased to 22 from 7 conducted in 2022 while no desk verifications were done. This was because of the shift to audits with a higher potential revenue yield. Table 35 shows the number of audits in 2023.

Table 35: Number of Audits in 2023 and 2022

Audit Type	2023	2022	% Variance
Comprehensive	12	4	200%
Focused	10	3	233%
Desk Verifications	0	229	-100%
<b>Total</b>	<b>22</b>	<b>236</b>	<b>-91%</b>

In 2023, there was a 31.3 percent decrease in total audit assessments, amounting to K299.5 million compared to K435.9 million in 2022. Out of these, the principal tax amounted to K130.2 million and the penalties amounted to K169.3 million. There was a notable decline of 51.2 percent in the amount of penalties in 2023 compared to 2022. In 2023, the revenue collected from Post Clearance Audit assessments was K33.2 million, representing an audit yield of 11 percent, compared to K32.7 million in 2022, which had an audit

yield of 7 percent (see Table 36).

Though the total tax assessment raised in 2023 was lower than the tax assessment of K435.9 million raised in 2022, the average yield per audit (average tax assessment raised per audit) in 2023 was K13.6 million compared to the average yield of K1.8 million per audit in 2022, leading to an increase in the yield per audit by 655.6 percent relative to 2022.

**Table 36: Post Clearance Audit Assessments in 2023 and 2022 (K' million)**

Liability Type	2023	2022	% Variance
Principal	130.2	89.4	45.7%
Penalties	169.3	346.6	-51.2%
<b>Total</b>	<b>299.5</b>	<b>435.9</b>	<b>-31.3%</b>

### **Authorised Economic Operators/Customs Accredited Clients Programme**

In 2023, the Authority implemented the Authorised Economic Operators (AEO) Programme to fully meet the commitments of implementing the articles of the WTO Trade Facilitation Agreement. The AEO is a trade facilitation and security measure aimed at enhancing efficiency and compliance with border and trade regulations.

The AEO Programme was officially launched on 25<sup>th</sup> October 2023 on a pilot basis with four companies participating. Apart from the usual benefits under CACP, the AEO Programme offers additional benefits such as:

- a) preferential or expedited clearance;
- b) recognition by other Government or cross border regulatory agencies; and
- c) recognition by other customs administrations through Mutual Recognition Agreements.

In line with the Government's desire to expedite customs clearance for compliant companies and streamline border operations, the Authority extended the preferential treatment to 93 non- CACP companies bringing the total number of companies on the CACP to 151.

### **Investigations**

In 2023, there was a 20.4 increase in the total number of cases investigated to 839 compared to 697 in 2022. Of the cases investigated in 2023, 602 cases were brought forward from 2022 while 237 cases were new. A total of 227 cases were successfully resolved, out of which 42 cases were terminated due to various reasons, 91 cases were forwarded to the operational Divisions for additional action, 86 cases were settled through civil settlement, and 8 cases were recommended for prosecution. At the close of the year, 612 cases remained unresolved (see Table 37).

**Table 37: Distribution of Cases Investigated in 2023**

	2023				2022				% Var of Total
	Customs	Direct Taxes	Indirect Taxes & Excise	Total	Customs	Direct Taxes	Indirect Taxes & Excise	Total	
Brought Forward	251	228	123	602	251	203	56	510	18.0%
New Cases Received	49	41	147	237	46	43	98	187	26.7%
<b>Total</b>	<b>300</b>	<b>269</b>	<b>270</b>	<b>839</b>	<b>297</b>	<b>246</b>	<b>154</b>	<b>697</b>	<b>20.4%</b>
Terminated/ Other	0	21	21	42	12	2	12	26	61.5%
Referred to Operating Division	90	1	0	91	7	0	3	10	810.0%
Civil Settlement	17	24	45	86	21	12	5	38	126.3%
Referred for Prosecution	4	0	4	8	6	4	11	21	-61.9%
Carried Forward	189	223	200	612	251	228	123	602	1.7%

Of the cases handled during the year, 300 or 35.8 percent were customs related, 269 or 32.1 percent were direct taxes related while indirect taxes cases were 270 or 32.1 percent.

In 2023, the Authority commenced investigations into 270 cases involving VAT fraud with total assessments of K1,483.4 million. Of these, 45 cases were resolved administratively, 21 were terminated, four were referred for prosecution, while 200 were carried forward.

During the year, the Authority concluded 12 of the 52 cases referred to it by the Financial Intelligence Centre, which resulted in total assessments of K1,157.5 million, which included the principal, interest, and penalties amounts. By year end, K3.5

million had been collected. In addition, the Authority intensified its efforts to recover funds externalised to foreign jurisdictions by taxpayers. To this end, a number of affidavits were filed to initiate the process of reclaiming these funds.

### **Digital Forensics Activities**

In 2023, the number of digital forensic cases processed increased to 53 from 43 in 2022. The processed cases involved 223 digital gadgets such as desktop computers, laptops, mobile phones, hard disks, and flash disks, compared to 99 digital gadgets in 2022.

## Debt Management

### Domestic Taxes Debt

The stock of domestic debt including debit balances as at 31<sup>st</sup> December, 2023 stood at K79,932 million, while the credit balances stood at K12,939 million<sup>24</sup>. The net domestic debt position therefore stood at K66,992 million, representing a decrease of K30,868 million or 31.5 percent from the net debt position of K97,860 million at the end of 2022.

The debt stock also includes VAT Rule 18 and other disputed assessments amounting to K7,361.8 million, or 10.9 percent from the mining sector<sup>25</sup>. Excluding disputed assessments, the debt stock for domestic taxes stood at K59,631.0 million.

The debt reduction was mainly as a result of the reversal of VAT Rule 18 tax assessments, for one major mine, amounting to K28,077.1 million. The debt stock also reduced on account of debt swaps totalling K3.6 billion and the implementation of the Tax Amnesty Programme which yielded revenue of K5,030.8 million as at 31<sup>st</sup> December 2023.

The breakdown of the net domestic debt stock covering principal amounts, penalties, and interest amounts is shown in Table 38.

**Table 38: Composition of Domestic Debt, 2019 - 2023 (K' Million)**

Year	Principal	Penalties	Interest	Total
2019	27,044.8	19,209.7	1,549.8	47,804.3
2020	32,248.3	23,957.3	3,453.8	59,659.4
2021	64,074.0	18,347.9	3,359.5	85,781.3
2022	61,670.3	24,782.0	11,408.6	97,860.9
2023	49,444.4	13,851.9	3,696.4	66,992.8

VAT remained the dominant component of the total domestic debt stock, contributing K26,412.5 million or 39.4 percent to the overall domestic taxes' debt stock. This was followed by Withholding VAT, PAYE and Company Income Tax at 16.5 percent,

14.2 percent, and 11.8 percent, respectively. Other tax types with significant shares in the debt stock include Mineral Royalty, Turnover Tax, and Withholding Tax (see Table 39).

**Table 39: Trend in Domestic Debt Stock, 2019 - 2023 (K' Million)**

Tax Type	2019	2020	2021	2022	2023
Domestic VAT	24,807.2	29,733.8	37,029.0	37,747.1	26,412.5
Withholding VAT	2,498.7	2,126.7	6,202.3	13,035.5	11,049.1
PAYE	5,120.1	7,491.3	4,977.2	10,818.1	9,544.4
Company Income Tax	9,568.5	11,605.9	27,737.2	26,229.2	7,878.4
Mineral Royalty	1,324.5	1,786.8	3,637.5	6,178.3	6,435.2
Turnover Tax	1,953.8	2,575.4	2,539.1	2,499.5	2,385.6
Withholding Tax	1,244.9	3,081.9	3,245.7	0.0	2,048.5
Property Transfer Tax	134.8	173.3	288.4	434.7	604.8
Local Excise	1,059.2	989.4	-	731.1	468.3
Insurance Premium Levy	83.3	83.0	69.0	69.2	66.9
Gaming and Betting Tax	-	-	22.3	63.9	47.8
Presumptive Tax	8.5	11.4	17.1	35.8	41.3
Tourism Levy	0.8	0.5	16.4	18.5	20.0
Base Tax	-	-	-	-	0.0
Artisanal Small-Scale Mining	-	-	-	-	- 1.0
Rental Tax	-	-	-	-	- 8.9
<b>Total</b>	<b>47,804.3</b>	<b>59,659.4</b>	<b>85,781.2</b>	<b>97,860.9</b>	<b>66,992.8</b>

<sup>24</sup> Debit (positive) balances indicate amounts that taxpayers owe ZRA, while credit (negative) balances indicate unreconciled payments without corresponding tax liabilities.

<sup>25</sup> The VAT Rule 18 assessments relate to assessments on account of failure to provide proof of export.

### Customs Debt

As at 31<sup>st</sup> December 2023, the customs debt stock stood at K1,555.8 million compared to K2,083.1 million in 2022, representing a 25.3 percent reduction. Import VAT, Customs Duty and Advance Income Tax constituted a combined share of 90.1 percent of the customs debt stock in 2023. The reduction in debt in 2023 was mainly attributed to debt collected from Tazama Pipelines Limited amounting to K769.7 million through a Government debt swap.

Other factors that contributed to the debt reduction include intensified debt recovery actions such as garnishing of bank accounts for owing taxpayers and a data driven monitoring approach on revenue collections using dashboards, automatic suspension of outstanding transits, application of a “no special delivery” policy and improved management of importations under Government vouchers (see Table 40).

**Table 40: Trend in Customs Debt Accumulation, 2019 - 2023 (K' Million)**

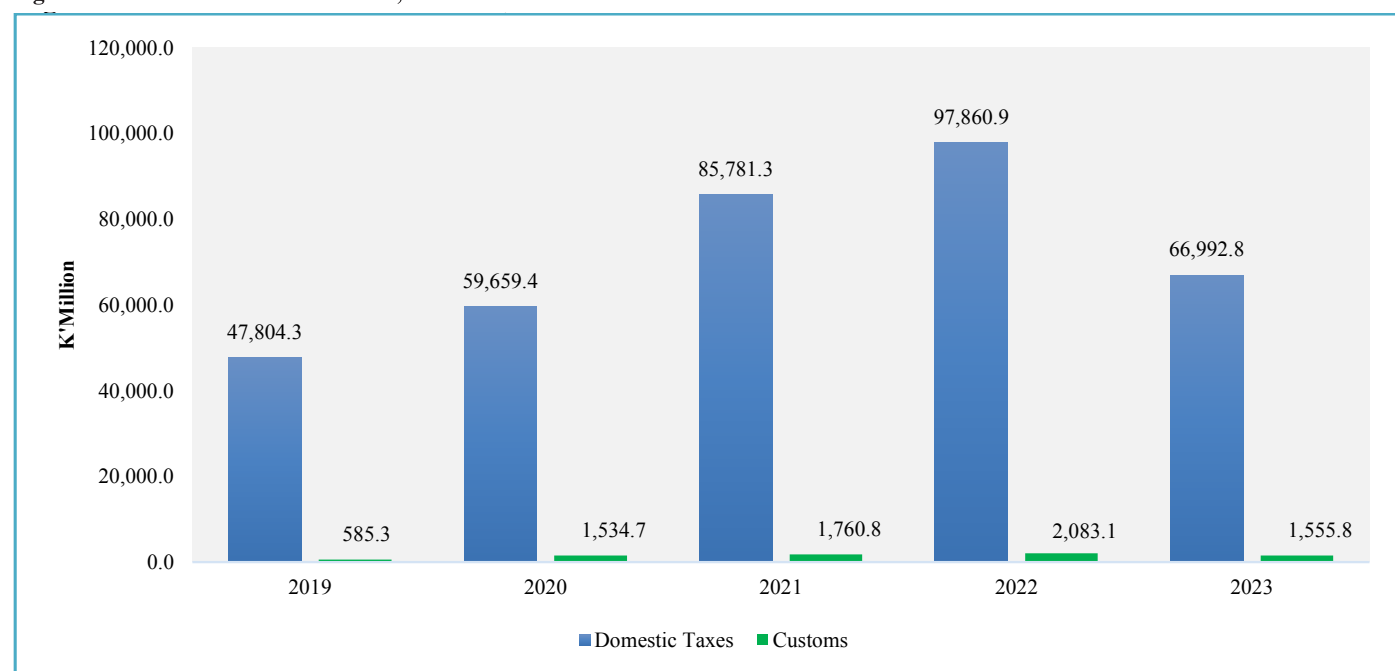
Tax Type	2019	2020	2021	2022	2023
Import VAT	255.9	978.2	1,121.5	1,154.4	677.1
Customs Duty	133.8	277.6	308.2	454.8	422.0
Advance Income Tax	26.6	151.1	171.2	197.1	303.2
Import Excise Duty	86.2	59.8	66.0	65.7	59.5
Fuel Levy	31.9	10.4	9.6	6.6	9.0
Export Duty	36.5	25.1	29.4	6.8	5.7
Motor Vehicle Fee	3.4	1.5	1.5	1.7	1.5
Carbon Emission Surtax	1.2	-	0.9	0.9	0.9
Other	9.8	31.0	52.5	195.1	77.0
<b>Total Debt</b>	<b>585.3</b>	<b>1,534.7</b>	<b>1,760.8</b>	<b>2,083.1</b>	<b>1,555.8</b>

### Total Debt Stock

In 2023, the net total debt stock experienced a notable reduction of 31.5 percent to K68,548.6 million from K99,944.0 million in 2022. This decline can be attributed to various factors including reversal of tax assessments, debt swaps, and implementation

of the Tax Amnesty Programme. In terms of the composition of the total debt stock, inland taxes amounted to K66,992.8 million or 97.7 percent, while customs taxes stood at K1,555.8 million or 2.3 percent (see Figure 22)

**Figure 22: Trend of Total Debt Stock, 2019 – 2023**



To manage the collection of tax arrears effectively and efficiently, it is important that the correct debt position be established and agreed upon between the taxpayer and the Authority. In this regard, the Authority reconciles both domestic tax accounts and customs legacy transactions. During the year, 4,332 taxpayer accounts were reconciled resulting in a total liability of K3,450.4 million. In 2023, the Authority implemented several strategies to recover

debt, which included demand notices, Time-To-Pay Agreements (TPAs), debt swaps, garnish orders, third-party collections, warrants of distress, and the waiver of penalties and interest through the Tax Amnesty Programme. This resulted in the collection of K9,661.83 million in debt, a decrease of 39.2 percent compared to K15,862.0 million collected in 2022.

### Other Compliance Initiatives that Supported Revenue Collection

In 2023, the Authority implemented several revenue-enhancing initiatives as follows:

- introduced mandatory electronic appointment of clearing agents on the Customs Electronic Licensing System under the Clearing Agents' Management Module for declarations with tax relief or rebate;
- automated the suspension of Taxpayer Identification Number (TPIN) accounts for declarants and consignees with outstanding transits to curb transit fraud through outstanding transactions;
- introduced monthly circulation of advance bond redemption notifications to Guarantors;
- used the Mobile Tax Offices to reach out to taxpayers in districts without ZRA physical presence;
- implemented the compliance module on TaxOnline to automatically charge penalties and interest for late filing of returns and late payments;
- implemented electronic generation of Demand Notices to expedite the process;
- implemented debt swaps; and
- enhanced data analytics using third party information.

### Summary of Compliance Revenue

"Compliance revenue" is a result of focused compliance and enforcement activities aimed at improving the levels of an overall compliance culture. Figure 23 depicts the revenue collection from the various compliance and enforcement activities.

Figure 23: Compliance Revenue in 2023





## KEY RESULT AREA NO. 2: SATISFIED AND KNOWLEDGEABLE TAXPAYERS

The Authority realises that satisfied and knowledgeable taxpayers are more likely to comply with their tax obligations voluntarily and hence minimise compliance costs. To this end, the Authority has made deliberate efforts to improve the overall experience and knowledge of taxpayers to enhance voluntary compliance. To achieve this outcome, the Authority has adopted the following objectives:

### Strategic Objective 2.1: Improve Taxpayer Perception

ZRA is committed to building public trust and has in place a Taxpayer Charter to foster transparency, efficiency, and accountability in its operations and interactions with stakeholders. The Authority's performance against this objective in 2023 is depicted in Table 41.

**Table 41: Performance of Strategic Objective 2.1**

Strategic Objectives	Target	Performance Outturn
Improve public perception	89% of service charter standards to be met	80% of the target achieved

Furthermore, the Authority augments the Taxpayer Charter monitoring survey with the Taxpayer Perception Survey which is conducted every two years. These surveys track changes in taxpayer experience with ZRA over time and obtain feedback on how the tax administration system can be improved to enhance

service delivery. The latest perception survey results reveal that the level of satisfaction of ZRA's overall service delivery improved to 95.5 percent from 90.8 percent in 2019 on responses rated as "very good", "good", and "fair"<sup>26</sup>. Figure 24 depicts highlights of performance against service standards in 2023.



## ZRA VOTED 'BEST PUBLIC SERVICE DELIVERY ORGANISATION'

Our vision is to become a model of excellence in revenue administration and trade facilitation.

We thank the taxpayers for voting us as the **Best Public Service Delivery Organization** for the Year 2022 at 26<sup>th</sup> Annual Marketing Conference and Awards of the Zambia Institute of Marketing held in 2023.

<sup>26</sup> Taxpayer Perception Survey 2021

Figure 24: Highlights of Performance Against Service Standards in 2023



The ZRA Taxpayer Charter outlines the rights, obligations and service standards that are monitored with a view to fostering mutual trust between the Authority and Taxpayers. The Charter sets out the service standards adopted to promote quality service delivery. The Authority monitors its performance against the standards on a quarterly basis to ensure adherence to the

standards. The Service Standards in the Charter broadly relate to the following three categories:

- processing efficiency<sup>27</sup>;
- service standards; and
- taxpayer advisory services.

<sup>27</sup> Processing efficiency refers to the turn around time for completing a business process. It is monitored with respect to refunds, taxpayer registration and customs declarations.

## Processing Efficiency

The processing efficiency standards monitored in 2023 were as follows:

### i. VAT Refunds

The average processing time for VAT refunds in 2023 increased to 845.3 days from 680.4 days in 2022, against the Charter standard of 30 days.

The increase in the average processing time was attributed to the higher number of refund claims over the years, some of which are fraudulent as well as manual processing of VAT refunds due to the requirement for all refunds claims to undergo comprehensive audit with no risk-based approach. Further, the historical average monthly refund level of K850 million was significantly below the average monthly refund claim of about K1,600 million, which led to an accumulation of VAT refunds.

To improve the processing time for VAT refunds, the Authority put in place several measures which included the introduction of the “First-In, First-Out” method in 2021 initially at payment stage, with plans to extend to audit case selection by 2024. In addition, the monthly VAT refund allocation amount was increased to K1,350 million from K850 million with effect from November 2021 and also intensified investigations of VAT refund fraud cases. The Authority also secured support from the IMF for the VAT Control Model Project which aims to strengthen its capacity to address VAT compliance risks and plans for the automation of the Refunds Module on TaxOnline in 2024. The implementation

of Smart Invoice will also improve the processing of VAT refunds.

### ii. Income Tax Refunds

In 2023, the average processing time for income tax refunds reduced to 82.8 days compared to 96.2 days recorded in 2022, albeit higher than the Charter standard of 45 days. The reduction in the processing time was attributed to efficient processing of refund claims on a “First-In, First-Out” method, dedicated resources for refund payments and improved audit capacity.

### iii. Customs Refunds

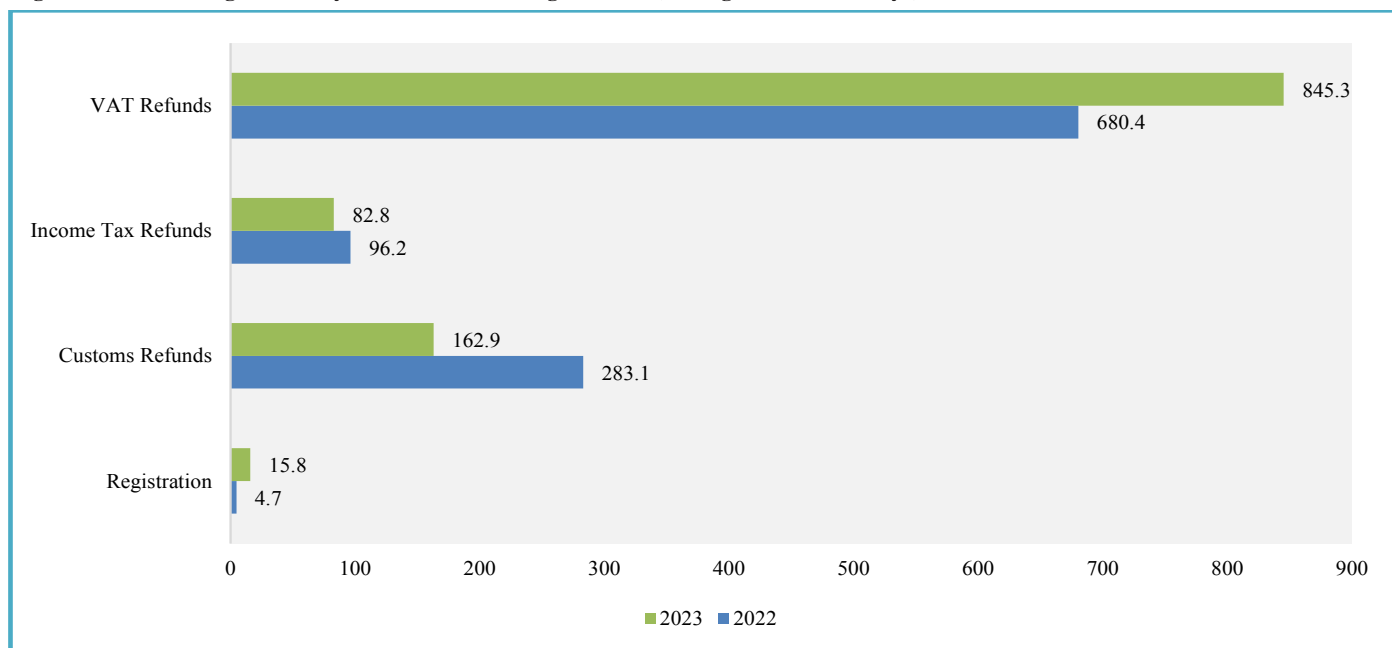
The average processing time for customs refunds was 162.9 days in 2023 compared to 283.1 days in 2022. Despite the improvement, the processing time exceeded the Charter standard of 45 days. The improvement was attributed to the streamlining of the refund claim procedure by requiring that taxpayers submit all relevant information at the time of application.

### iv. Tax Registration

The average processing time for tax registration in 2023 was 15.8 days compared to 4.7 days in 2022, against the Charter standard of 3 days. The delay was attributed to system challenges on the interface between PACRA and ZRA during the year. This challenge was resolved towards the end of the year.

Figure 25 summarises the processing efficiency of tax refunds (VAT, Income Tax and Customs) and tax registration.

**Figure 25: Processing Efficiency of Refunds and Registration (average number of days) in 2023 and 2022**



## Service Standards

In 2023, the Authority monitored the performance of the following standards:

a) privacy and confidentiality of taxpayer information;

b) service efficiency;

c) clarity of ZRA information resources;

d) response to comments and complaints from taxpayers; and

e) customs declarations.

Regarding *privacy and confidentiality*, 88 percent of the taxpayers surveyed indicated that they were satisfied with the Authority's performance against this standard, compared to 81 percent recorded in 2022.

In terms of *service efficiency*, 90 percent of the taxpayers indicated that they were served within the Charter standard of 20 minutes upon arrival, compared to 84 percent in 2022.

On *fairness*, 73 percent of respondents indicated that they were treated fairly in 2023 similar to that recorded in 2022.

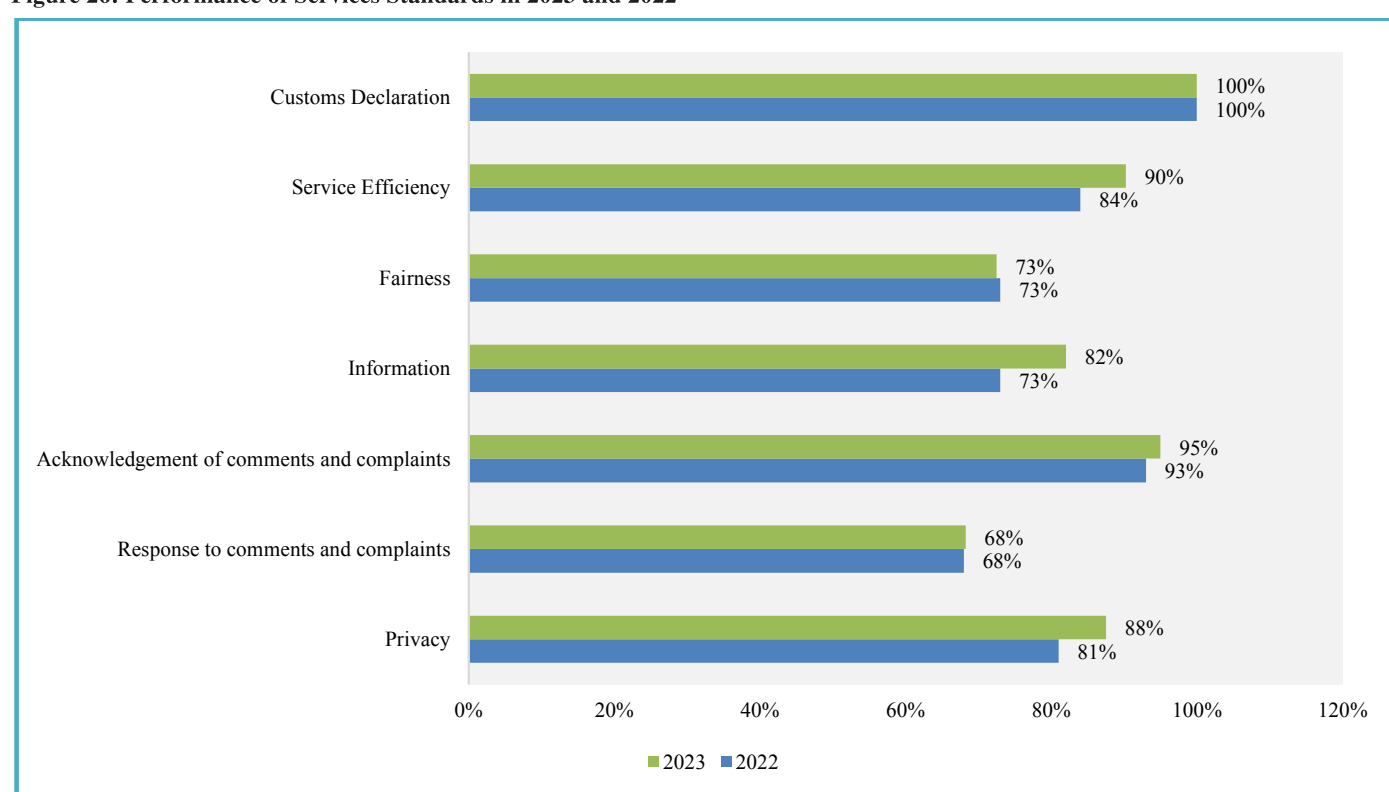
Regarding *clarity of information* provided to taxpayers, 82 percent of the respondents indicated that they were given clear information on tax matters compared to 73 percent in 2022.

Further, 95 percent of the *comments and complaints* received in 2023 were acknowledged compared to 93 percent recorded in 2022. Of the *comments and complaints* acknowledged in 2023, 68 percent were responded to within the Charter standard of 5 working days similar to 2022.

Similar to 2022, all *customs declarations* in 2023 were processed within the Charter standard of 1.5 days upon registration. The sustained positive performance was attributable to the roll-out of the self-clearance modules and the stabilisation of the pre-clearance module on ASYCUDAWorld.

Figure 26 summarises the performance of Service standards.

**Figure 26: Performance of Services Standards in 2023 and 2022**



## Strategic Objective 2.2: Improve Customer Experience

The Authority recognises the significance of good customer experience in enhancing voluntary compliance. This has been demonstrated by the establishment of a dedicated Taxpayer Services and Education Department with a Customer Experience Unit whose role is to develop and implement initiatives that enhance customer experience.

Following the approval of the New Operating Model in November 2023, the Unit has been incorporated in the newly created, Taxpayer Services and Education Department. During the year, several initiatives were undertaken to improve customer experience. The performance of this objective in 2023 is depicted in Table 42.

**Table 42: Performance of Strategic Objective 2.2**

Strategic Objectives	Target	Performance Outturn
Improve customer experience	89% of taxpayers to be satisfied	90.8% of taxpayers satisfied

In the period under review, the Authority utilised various channels to educate and disseminate tax information to the public. These included virtual classes, workshops, school chats, social media chats, stakeholder engagements, YouTube, television and radio programmes, among others. The interaction focused on tax policy and administrative changes, the Tax Amnesty Programme, taxpayer rights and obligations, compliance requirements, and the promotion of the use of ZRA e-service platforms.

To better serve its clients, in 2023, the Authority implemented a new system at its National Call Centre and installed a new Customer Relationship Management System. The new System has enabled the provision of comprehensive tax advice to taxpayers

as staff now have a full view of the taxpayers' account as they interact with them. In addition, toll free services were launched and implemented for the National Call Centre thereby reducing the cost of interaction for the public.

In recognition of its commitment to improving customer experience, the Authority was awarded the *2023 Customer Choice Award-Public Sector* at the Customer Service Awards Gala organised by the Chartered Institute of Customer Management, and the *Best Public Service Delivery Organisation for 2022* at the Zambia Institute of Marketing Award Ceremony conducted in 2023.

### **Uptake of e-services**

The provision of electronic services is key in fostering voluntary compliance as it enables taxpayers to fulfil their tax obligations conveniently. The Authority has therefore developed platforms to enable tax registration, return filing and the payments of tax obligations using various platforms such as the USSD based TaxOnPhone, the mobile application TaxOnApp and the web-based TaxOnline II.

This was due to increased ZRA back office-initiated registration following enforcement action and occasional taxpayer requests. The number of returns submitted increased to 2,189,578 in 2023 from 1,744,066 in 2022. It is worth noting that similar to 2022, all the returns were filed electronically in the year under review. Almost all the payments in 2023 were received electronically as only 0.1 percent were either manual/cash payments (see Table 43).

In 2023, the percentage of electronic registrations decreased by 2.8 percentage points to 96.4 percent from 99.2 percent in 2022.

**Table 43: Uptake of e-Services in 2023 and 2022**

Service	Platform	2023	2022	Variance	% Variance
Registration	TaxOnPhone	167,925.0	248,079.0	-80,154.0	-32.3%
	TaxOnApp	195,209.0	249,011.0	-53,802.0	-21.6%
	TaxOnline	924,002.0	830,484.0	93,518.0	11.3%
	Manual/ZRA Initiated	48,070.0	10,125.0	37,945.0	374.8%
	Percentage of electronic registrations	96.4%	99.2%	-2.8%	-2.8%
Return Filing	TaxOnPhone	23,925.0	28,642.0	-4,717.0	-16.5%
	TaxOnApp	71,409.0	71,503.0	-94.0	-0.1%
	TaxOnline	2,189,578.0	1,774,066.0	415,512.0	23.4%
	Manual/ZRA Initiated	-	-	-	0.0%
	Percentage of electronic returns filed	100.0%	100.0%	0.0%	0.0%
Payment	Electronic <sup>28</sup> (K' millions)	116,410.8	106,149.6	10,261.2	9.7%
	Cash (K' millions)	552.0	474.3	77.7	16.4%
	Percentage value of electronic payments	99.5%	99.6%	-0.1%	-0.1%

<sup>28</sup> Includes payments via the Real Time Gross Settlement (RTGS) system of K35,218.0 million in 2023 and K43,490.3 million in 2022.



As indicated in Table 42, the cash payments significantly declined in 2023 compared to 2022 by 85.7 percent due to heightened taxpayer education provided by Cash Offices on how to make electronic tax payments using the various payment platforms. The introduction of the payment platform on TaxOnPhone also resulted in an increased uptake of e-payments especially for Customs transactions. The increased uptake of e-payment services has resulted in reduced collections at Cash Offices leading to the closure of a number of Cash Offices for domestic taxes such as those at Cosmopolitan Mall in Lusaka, ECL Mall in Kitwe, Kabwe, Choma, Lusaka City Council Offices and Solwezi where only RTGS payments are being receipted.

The staff from the affected Cash Offices were re-allocated other

functions such as reconciliation, taxpayer education and debt collection activities. The plan for the future is to convert all the Cash Offices for domestic taxes to “cashless” by June 2024. Further, with the planned introduction of payments by card and an Integrated Payment System, the Authority is working towards converting 75 percent of the Customs Offices to “cashless” by the end of 2024.

### E-Payment Platform

The number of commercial banks connected to TaxOnline II and ASYCUDAWorld in 2023 remained at seventeen (17). Of these, 10 extended their e-payment platform to non-account holders (see Table 44).

**Table 44: Commercial Banks Connected with ZRA e-Payment Platforms in 2023**

List of banks with e-payment extended to both account and non-account holders	List of banks with e-payment available only to account holders
Access Bank	Bank of China
Atlas Mara Bank	Citi Bank
Absa Bank Zambia Plc	First Alliance Bank
EcoBank	First Capital Bank
Indo-Zambia Bank	First National Bank
Investrust Bank Plc	Standard Chartered Bank Zambia Plc
Natsave	Zambia Industrial Commercial Bank
Stanbic Bank	
United Bank for Africa	
Zanaco Plc	

Through partnerships with service providers, the Authority continued to offer multiple payment platforms to taxpayers including Unstructured Supplementary Service Data (USSD)

mobile tax payment, online banking, point-of-sale machines, and other similar payment platforms. Table 45 presents a summary of revenue collection by payment channel.

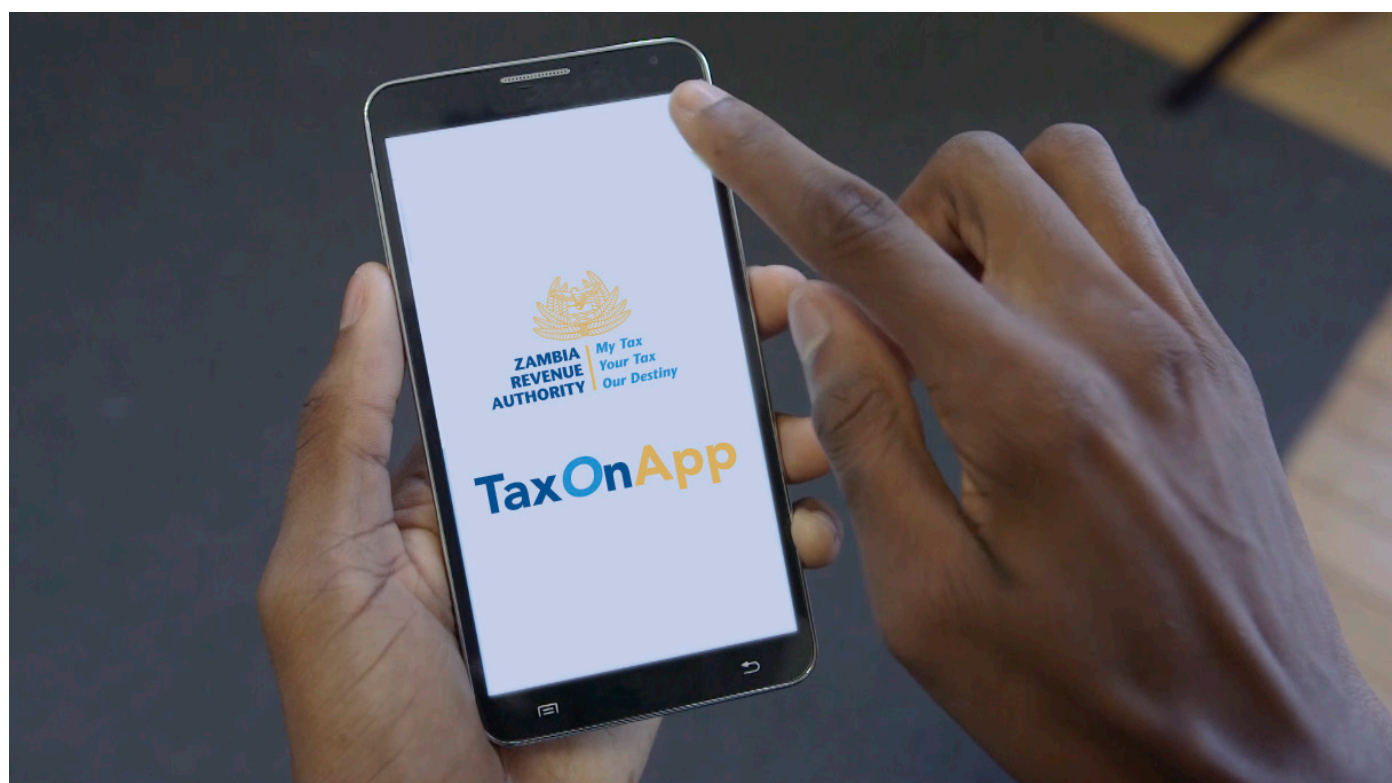


Table 45: Revenue Collection by Payment Channel

2023 Rank	Payment Platform	2023	2022	Variance
1	Stanbic Bank	37%	40%	-3%
2	Zanaco Plc	11%	9%	2%
3	Citi Bank	10%	11%	-1%
4	Standard Chartered Bank Zambia Plc	8%	5%	3%
5	Absa Bank Zambia Plc	8%	7%	1%
6	First National Bank	6%	6%	0%
7	Access Bank	5%	5%	0%
8	Indo Zambia Bank	4%	6%	-2%
9	Atlas Mara Bank	4%	6%	-2%
10	First Capital Bank	2%	3%	-1%
11	United Bank for Africa	1%	0%	1%
12	Eco Bank	1%	0%	1%
13	National Savings and Credit Bank	0%	1%	-1%
14	First Alliance Bank	0%	1%	-1%
15	Investrust Bank Plc	0%	0%	0%
16	Airtel Money	0%	0%	0%
17	Konse Konse/ C-Grate	0%	0%	0%
18	Bank of China	0%	0%	0%
19	Zambia Industrial Commercial Bank	0%	0%	0%
20	MTN Mobile Money	0%	0%	0%
21	Zamtel Money	0%	0%	0%

## ENHANCING TAX COMPLIANCE



Figure 27 shows the mobile operators that ZRA has partnered with in relation to mobile tax payment platforms, while Figure 28 presents the mobile and online platforms adopted in the year.

Figure 27: Mobile Payment Platforms

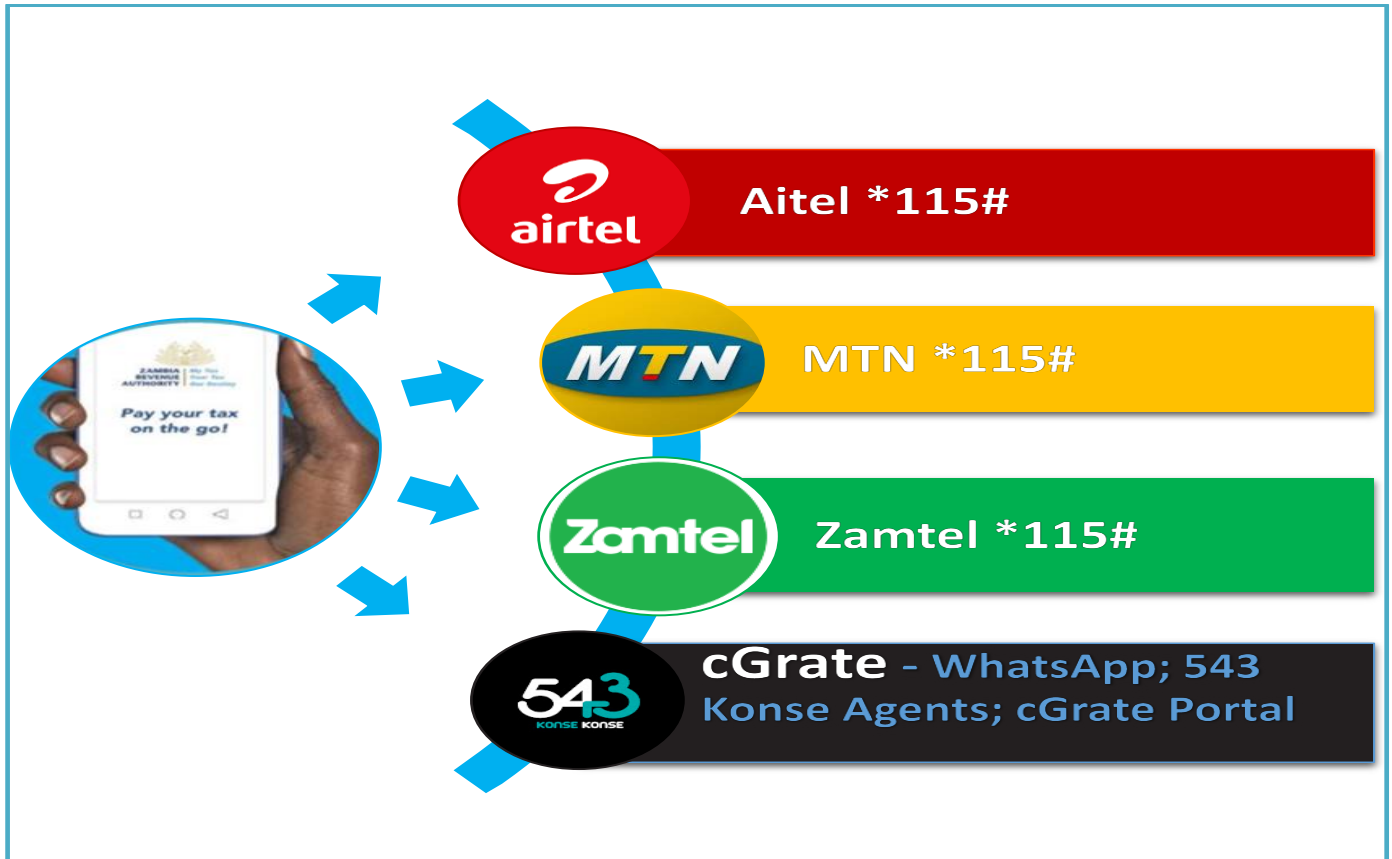


Figure 28: Mobile and Online Tax Platforms





## Taxpayer Education and Advisory Services

In 2023, the Authority prioritised taxpayer education as one of the key initiatives to improve taxpayer experience and enhance voluntary compliance. In this regard, the Authority carried out the following activities;

### Workshops

Workshops continued to be an effective tool for dissemination of information to taxpayers and collection of feedback. In 2023, a total of 2,059 physical and virtual interactive workshops and meetings were held with various stakeholders countrywide. The stakeholders engaged included: Local Authorities, small scale miners, selected district chambers of commerce, the Zambia Institute of Chartered Accountants, commercial banks, clearing agents, and Withholding VAT agents, among others.

### Tax Clinics, Lectures and School Chats

Tax clinics, lectures and school chats present an opportunity for taxpayers to have an in-depth understanding of their rights and

tax obligations. In 2023, the Authority conducted 222 tax clinics, 37 school chats, and 20 University and college lectures aimed at enhancing tax compliance.

### Social Media, Website and Radio Programmes

In 2023, the Authority conducted a total of 22 Facebook live interactive chats and aired 499 radio programmes on various radio stations countrywide. Further, taxpayers also visited the ZRA Website to access tax information and various ZRA services online. In addition, the Website also provides an artificial intelligence chatbot called ZAX which attracted 102,012 taxpayer interactions. These channels continue to play a vital role in disseminating tax information on matters such as tax amnesty, pre and post registration obligations, taxpayer compliance, the promotion of ZRA e-platforms and the role of taxes in national development, among others. Figure 29 depicts the taxpayer engagement channels.

Figure 29: Taxpayer Engagements



### Traditional Ceremonies

Traditional ceremonies provide a platform for the Authority to reach out to the general public and interact on tax matters. In this regard, the Authority participated in a number of traditional ceremonies and sensitised taxpayers on various tax related matters.

### Tax Literature

The Authority continued to develop and distribute tax literature to taxpayers countrywide both in hard copy as well as electronically through the ZRA Website and TaxOnApp. These included: Practice Notes, Budget Highlights, the VAT Guide, the VAT Liability Guide, Employer's Guide for PAYE, Passenger Clearance - A Brief Guide, Frequently Asked Questions, and the Tax Amnesty Guide, among others.

### Taxpayer Contact

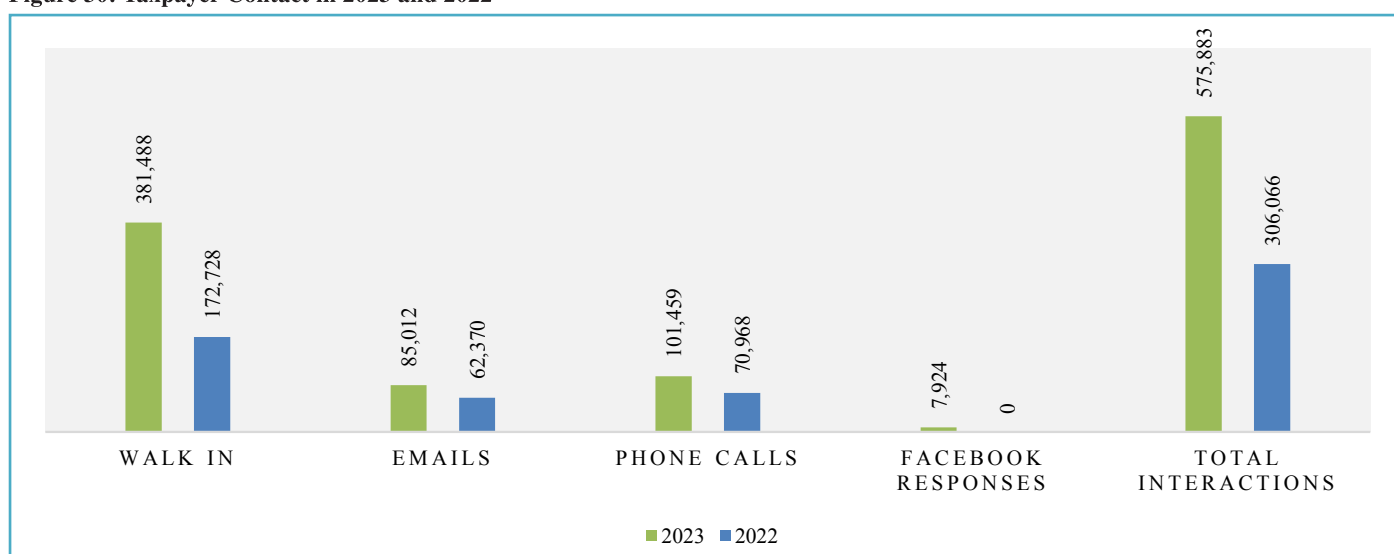
The number of walk-in customers in our Service Centres increased to 381,488 in 2023 from 172,728 in 2022. The number of emails received also increased in 2023 to 85,012 from 62,370 in 2022. The increased taxpayer contact could be attributed to the mandatory

requirement for employers to provide employee TPINs when filing PAYE returns, the re-introduction of meal allowances for students which resulted in requests for TPINs to enable them to open bank accounts, and the requirement for a TPIN to access the NAPSA partial withdrawal (see Figure 30).

The increase in walk-ins was attributed to the following: difficulties in navigating the available platforms and hence the need to seek guidance; inaccessibility to ICT and mobile tools; preference for physical assistance to services such as printing of a TPIN Certificate, registration for TPIN and filing of PAYE refunds; and easy accessibility to ZRA service centres at shopping malls and other places on account of increased awareness.

To ensure contactless services, the Authority has heightened publicity of the National Call Centre, the ZRA Facebook Page, TaxOnApp, TaxOnphone and educational materials. The Authority also extended mobile tax offices to areas with no ZRA presence, planned to open up the e-learning for free to enhance tax education, and produced short videos to assist with guidance on various services. There was also an increase in the number of staff at the National Call Centre to attend to online queries on time, and a toll-free line was introduced in 2023.

Figure 30: Taxpayer Contact in 2023 and 2022



### Engagements with Business and Professional Associations

Bridging tax knowledge gaps and obtaining feedback on various tax matters is the cornerstone of every taxpayer engagement. To that effect, the Authority participated at the Annual General Meetings of professional bodies such as Law Association of Zambia, Zambia Institute of Chartered Accountants, Zambia Institute of Marketing, and the Information, Communication and Technology Association of Zambia. Furthermore, ZRA held engagements with business associations such as the customs and clearing

agents, truck drivers and transporters. These platforms were key in promoting tax compliance.

Other notable engagements included the training of Local Authority staff to actualise the memorandum of understanding signed with them, and the training of provincial accountants to ensure that all Government departments and agencies fully implemented the Withholding VAT Mechanism.



## KEY RESULT AREA NO.3: SIMPLIFIED, EFFICIENT AND RELIABLE BUSINESS SYSTEMS

Simplified, efficient and reliable business systems are key to enhancing taxpayer compliance and service delivery. Under this key result area, ZRA is focused on four strategic objectives namely; developing and stabilising ICT systems, improving business processes, improving data integrity, and commercialising ZRA innovation. In the year under review, significant improvements were made towards the achievement of these strategic objectives as highlighted in the following sections.

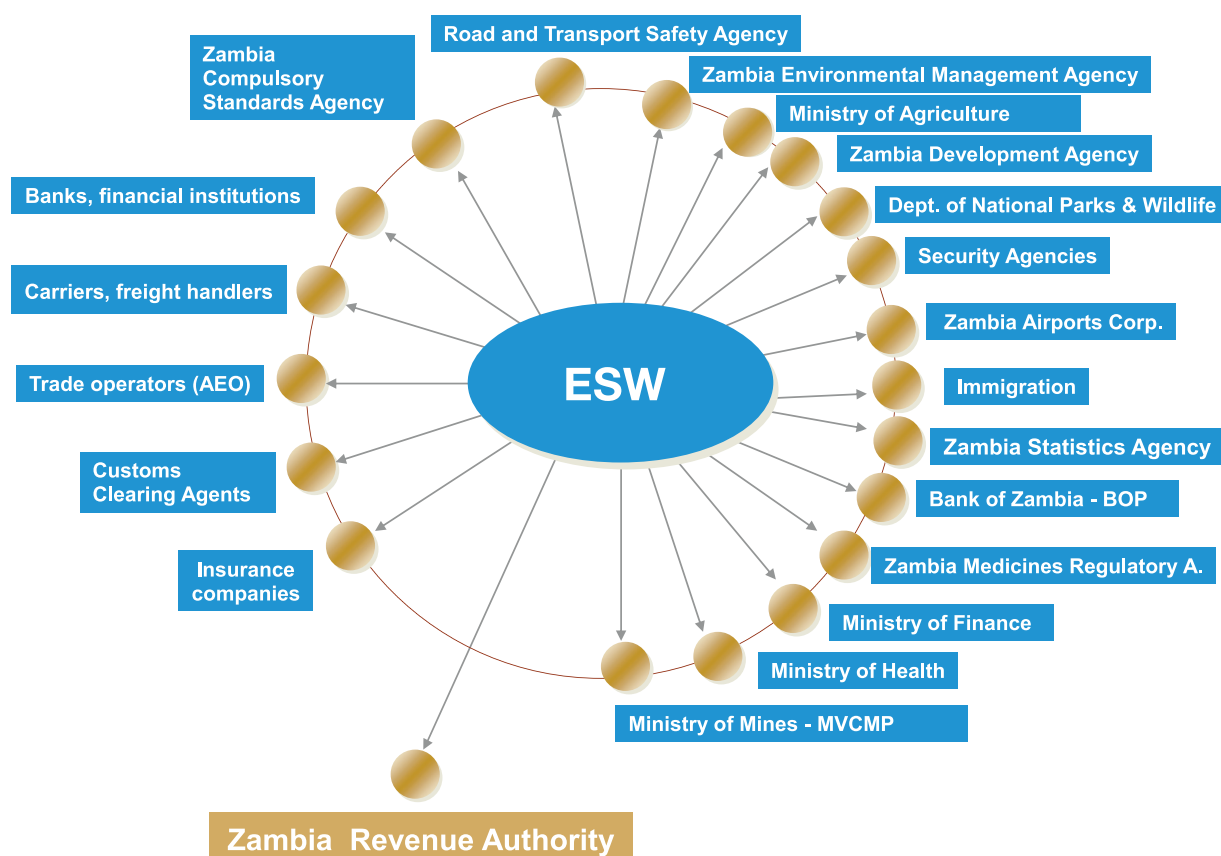
### Strategic Objective 3.1: Develop and Stabilise ICT Systems

Developing and stabilising ICT Systems is critical for efficient tax administration, minimising compliance costs, and improving taxpayer experience. In 2023, several developments, upgrades and enhancements of ICT Systems were implemented. The overall performance of this strategic objective is presented in Table 46.

**Table 46: Performance of Strategic Objective 3.1**

Strategic Objectives	Target	Performance Outturn
Improve ICT Solutions	88% of End-Users of ZRA Business Systems to be Satisfied	57% of the target achieved

## ELECTRONIC SINGLE WINDOW



In 2023, the following developments, upgrades, and enhancements of ZRA ICT Systems were implemented as presented in Table 47.

**Table 47: Developments, Upgrades and Enhancements of ICT System**

Intervention	Platform	Initiatives
<b>System Enhancement</b>	SAP	<ul style="list-style-type: none"> <li>Installed Point-of-Sale (POS) facility at the Kazungula OSBP and configured payment system at Kasumbalesa.</li> </ul>
	BIDA	<ul style="list-style-type: none"> <li>Integrated Mineral Royalty and Withholding VAT Modules on BIDA to enhance compliance.</li> </ul>
	ASYCUDAWorld	<ul style="list-style-type: none"> <li>Automated the Bond Management System to improve administration of bonded warehouses.</li> <li>Automated the suspension of TPINs with outstanding transits to curb transit fraud.</li> <li>Automated the Customs Bond Applications procedure to streamline the process.</li> </ul>
	Zambia Electronic Single Window System (ZESW)	<ul style="list-style-type: none"> <li>Added 27 Government Ministries and agencies to the electronic Voucher of Exemption and one Government Ministry onto the Multi-Agency Risk Management Module, bringing the total number of entities connected to the Zambia Electronic Single Window to 96.</li> <li>Interfaced TaxOnline II with ZESW to ease the registration process.</li> </ul>
	TaxOnline II	<ul style="list-style-type: none"> <li>Implemented the Refunds Module to streamline the refund process.</li> <li>Developed the Compliance Module to automate charging of penalties for late return filing and payment of taxes.</li> <li>Enhanced the TaxOnline-ASYCUDAWorld Interface to validate Advance Income Tax to ensure accuracy and compliance.</li> <li>Implemented the PAYE payment notification for employees to improve transparency and awareness.</li> <li>Integrated the Centralised Payment System for Domestic and Customs Taxes to ensure faster and more secure transactions.</li> </ul>
	Mineral Output Statistical Evaluation System (MOSES)	<ul style="list-style-type: none"> <li>Implemented an electronic export permit applications procedure for gemstones to simplify the application process.</li> </ul>
<b>System Upgrades</b>	Teammate Upgrade	<ul style="list-style-type: none"> <li>Upgraded the audit application to ensure access to the latest features by end users.</li> </ul>
	QMATIC Queue Management System.	<ul style="list-style-type: none"> <li>Upgraded the Queue Management System to ease management and administration.</li> </ul>
<b>System Development</b>	Electronic Balance of Payment (e-BOP)	<ul style="list-style-type: none"> <li>Established a real-time interface between ASYCUDAWorld and e-BOP System at the Bank of Zambia to facilitate seamless sharing of export data.</li> </ul>
	Customer Relationship Management System	<ul style="list-style-type: none"> <li>Interfaced TaxOnline II and ASYCUDAWorld with the CRM System to provide a unified platform for efficient service delivery.</li> </ul>
	ASYCUDAWorld	<ul style="list-style-type: none"> <li>Implemented the customs systems interconnectivity and electronic data exchange between ZRA and Malawi Revenue Authority, and ZRA and Zimbabwe Revenue Authority to facilitate legitimate international trade and modernise trade logistics.</li> </ul>

To protect the digital assets and enhance cybersecurity, the Authority developed a cybersecurity strategy and implemented the ICT Security Operation Centre (SOC) to orchestrate and manage all security events and alerts in one view. The database security system was deployed on the ZRA core system production databases for TaxOnline II, ASYCUDAWorld, and SAP.

### Strategic Objective 3.2: Improve Business Processes

To ensure improved service delivery, efficiency and productivity in revenue collection and trade facilitation, the Authority continued to streamline its procedures and business processes. Key initiatives implemented in 2023 included continuous improvement of systems and processes using the KAIZEN Methodology.

### KAIZEN Implementation

ZRA has adopted KAIZEN as the strategic tool to drive organisation-wide improvement on a continuous basis towards business excellence. In 2023, the Authority improved five business processes of which two won *gold* and three won *silver* awards at the 2023 National KAIZEN Conference. With these awards, the Authority emerged as the overall 2023 National Kaizen Grand Champion. This outstanding performance qualified the Authority to participate at the 2023 International Convention on Quality Control Circles (ICQCC) in China where it minted two *gold* Awards<sup>29</sup>. Table 48 shows the processes that were concluded and presented at the National Kaizen Conference.

**Table 48: Business Processes Presented at 2023 Kaizen Conference**

No	Division/Department	Team Name	Improvement Project	Status/Comments	Award obtained
1	Indirect Taxes & Excise and Direct Taxes	Smart Pacers	Deregistration Process	Participated at both 2023 NKC, Lusaka, Zambia & ICQCC, Beijing, China	Gold
2.	Human Resource	Pragmatic	PMDC Process	Participated at both 2023 NKC, Lusaka, Zambia & ICQCC, Beijing, China	Gold
3.	ICT	Innovation	ICT Service Desk Resolution	Participated at 2023 Kaizen National Conference, Lusaka, Zambia	Silver
4.	Board Secretary	Hawk Eyes	% of cases completed within 90 days	Participated at 2023 Kaizen National Conference, Lusaka, Zambia	Silver
5.	Legal	The Enhancers	Feedback process	Participated at 2023 Kaizen National Conference, Lusaka, Zambia	Silver

### Project Implementation

During the year, a number of projects were implemented using the Project Governance Framework to improve business processes. Notable projects that were completed in the year were the construction of four staff houses at Kashiba Border Post and another four at Kipushi Border Posts.

### Strategic Objective 3.3: Improve Data Integrity

The Authority prioritises data integrity in ensuring accurate tax assessments, enabling effective compliance monitoring, and upholding public trust in the tax system. To improve its data integrity, the Authority implemented initiatives such as developing the data governance framework and reconciling the legacy transactions on the tax administration systems.

### Data Governance Framework

The Authority continued to make strides in the implementation of the Data Governance Framework. In this regard, a Data Governance Committee was constituted and tasked to develop a roadmap for the implementation of the Framework.

### Reconciliation of Legacy Data

In the period under review, the Authority reconciled 4,332 domestic tax accounts, surpassing the target of 3,254 cases under the *small* and *medium* taxpayer category by 1,068 cases or 24.7 percent. These reconciled accounts collectively amounted to K3,450.4 million comprising the principal, penalties, and interest amounts. Furthermore, 8,414 customs legacy transactions were reconciled amounting to K802.0 million. The number of reconciled cases was above the target of 7,473 by 12.6 percent.

### Strategic Objective 3.4: Commercialise ZRA Innovation

ZRA seeks to commercialise the business systems that have been developed internally to provide business solutions to local and international institutions. In 2023, the Authority approved a concept note on the commercialisation of ZRA innovation and benchmarking activities which were identified are earmarked to be undertaken.

<sup>29</sup> ICQCC is an annual event where various organisations implementing continuous improvement initiatives share good practices in promoting process efficiency, quality and productivity improvement for enhanced competitiveness.





## KEY RESULT AREA NO.4: COMMITTED, COMPETENT AND HIGH PERFORMING WORKFORCE

The Authority recognises the importance of having competent and high performing employees in achieving its objectives. The Authority therefore implemented various strategies aimed at sustaining elevated levels of staff productivity and operational efficiency through the development of a new ZRA structure, increased human capital and staff motivation, as well as infrastructure development. In 2023, the Authority pursued the following objectives:

### Strategic Objective 4.1: Develop New ZRA Structure

To improve service delivery and efficiency in tax administration, the Authority developed a new operating model with support from the USAID Revenue for Growth Project. This development was, in part, a response to the 2022 TADAT Assessment that highlighted structural weaknesses in tax administration<sup>30</sup>. The ZRA Governing Board approved the new model on 23<sup>rd</sup> November 2023.

The new model, which was developed through a consultative process has the following salient features: a shift from a focus on tax type to taxpayer focus, resulting in the segmentation of taxpayers by size and specialisation; creation of regional directorates to take ZRA services closer to taxpayers; and rationalisation of the number of officers reporting directly to the Commissioner General.

### Strategic Objective 4.2: Increase Human Capital and Staff Motivation

A committed, competent, and motivated staff is key to the delivery of ZRA's mandate. The Authority has therefore focused on harnessing employees' skills, attitudes, and motivation to improve staff productivity. The Authority's performance in meeting this strategic objective in 2023 is presented in Table 49.

**Table 49: Performance of Strategic Objective 4.2**

Strategic Objectives	Target	Performance Outturn
Increase human capital and staff motivation	95% of staff to meet their performance objectives	97.9% of the target achieved
	76% of employees engaged	Employee engagement survey not undertaken

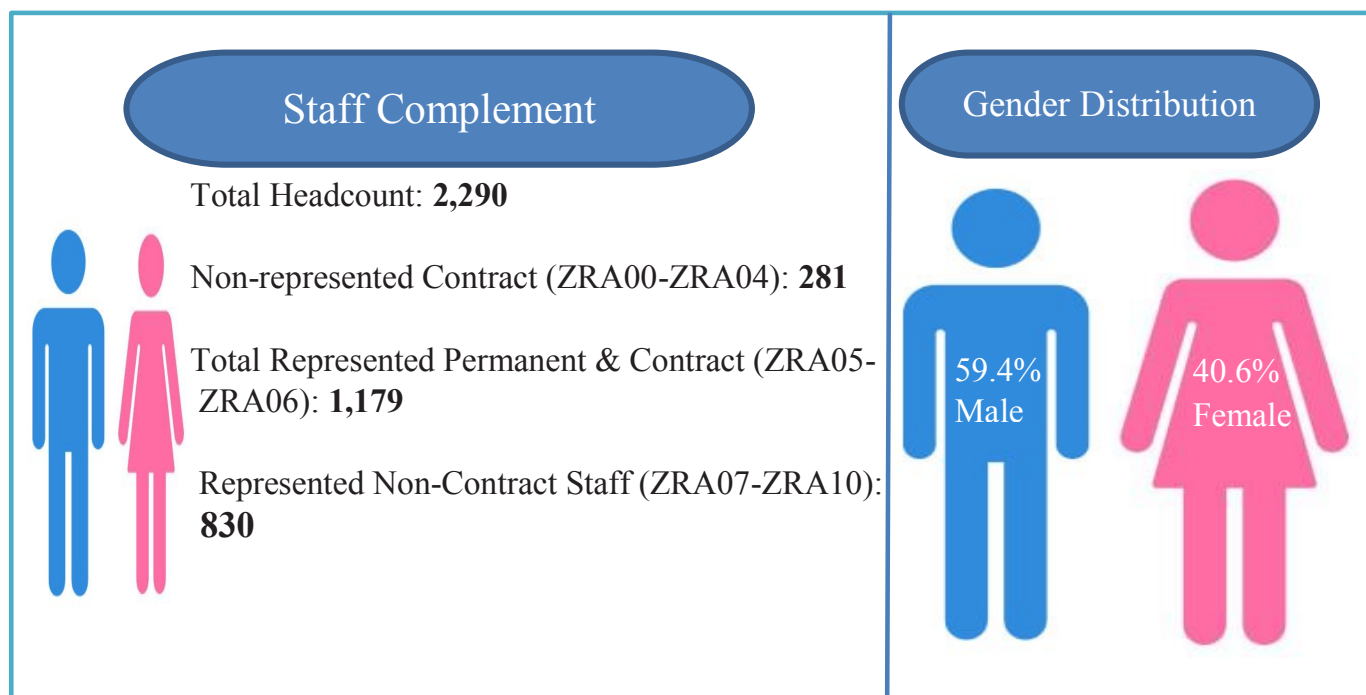


**Taxpayer engagements to promote compliance**

<sup>30</sup> The TADAT is an IMF tax administration diagnostic assessment tool that assesses the health of a tax administration



## Managing People



### Staff Strategy

To ensure a committed, competent, and high performing workforce, the Authority implements a performance management and development system.

### Staff Complement

As at end 2023, the total number of employees increased by 4.9 percent to 2,290 compared to 2,183 employees at the end of 2022. The staff complement as a percentage of the approved establishment of 2,581 therefore stood at 88.7 percent as at end of 2023 compared to 84.4 percent of the approved establishment of 2,584 as at 2022-year end (see Table 50).

**Table 50: ZRA Staff Complement by Division/Department/Unit as at end 2023 and 2022**

Division / Unit	2023				2022			
	Actual	Approved	Var	% Var	Actual	Approved	Var	% Var
Commissioner General's Office	34	45	11	24.4%	73	91	18	19.8%
Direct Taxes	386	451	65	14.4%	389	438	49	11.2%
Indirect Taxes	317	366	49	13.4%	313	359	46	12.8%
Customs Services	723	796	73	9.2%	624	755	131	17.4%
Legal Department	17	19	2	10.5%	21	24	3	12.5%
Administration Department	294	318	24	7.5%	272	319	47	14.7%
Research & Corporate Strategy	75	87	12	13.8%	86	100	14	14.0%
Human Resource	36	44	8	18.2%	36	46	10	21.7%
Finance	169	188	19	10.1%	153	189	36	19.0%
Information & Comm Technology	75	93	18	19.4%	75	93	18	19.4%
Innovation & Projects Management	102	109	7	6.4%	93	110	17	15.5%
Internal Audit & Risk	28	28	0	0.0%	26	28	2	7.1%
Investigations	34	37	3	8.1%	22	32	10	31.3%
<b>Total</b>	<b>2,290</b>	<b>2,581</b>	<b>291</b>	<b>11.3%</b>	<b>2,183</b>	<b>2,584</b>	<b>401</b>	<b>15.5%</b>

In 2023, the staff complement was composed of 931 females and 1,359 males. The female staff complement marginally increased to 40.6 percent of the workforce compared to 40.2 percent as at end 2022. Similar to 2022, the gender composition of Senior Management as at end 2023 remained the same with 9 females, representing 34.6 percent. This represents a significant improvement from 19.2 percent in 2021.

In terms of employee categories, the share of non-represented contract staff marginally decreased to 12.3 percent of the personnel in 2023 from 12.7 percent at the end of 2022. The workforce in the represented contract/permanent staff category decreased to 51.5 percent in 2023 from 52.4 percent in 2022 while the share of personnel in the represented non-contract staff category increased to 36.2 percent from 34.9 percent in 2022 (see Table 51).

**Table 51: ZRA Staff Complement by Category and Gender in 2023 and 2022**

Staff Category	2023				2022			
	Male	Female	Total	% of Total	Male	Female	Total	% of Total
Non-represented Contract Staff (ZRA00 – ZRA04)	203	78	281	12.3%	205	73	278	12.7%
Total Represented Contract & permanent Staff (ZRA05 – ZRA06): o/w	635	544	1179	51.5%	625	518	1,143	52.4%
Represented Contract Staff (ZRA05 – ZRA06)	3	9	12	0.52%	42	33	75	3.4%
Represented Permanent Staff (ZRA05 – ZRA06)	632	535	1167	50.9%	583	485	1,068	48.9%
Represented Non-Contract Staff (ZRA07 – ZRA10)	521	309	830	36.2%	475	287	762	34.9%
<b>Total</b>	<b>1,359</b>	<b>931</b>	<b>2,290</b>	<b>100%</b>	<b>1,305</b>	<b>878</b>	<b>2,183</b>	<b>100%</b>

The operating Divisions/Departments had a total of 1,460 employees, representing 63.8 percent of the staff complement at the end of 2023 compared to 1,400 employees or 64.1 percent at the end of 2022. The staff complement in operating Divisions/

Departments increased by 4.3 percent while the number of staff in support services increased by 6.0 percent compared to 2022. The distribution of staff by function is shown in Table 52.



Induction of new employees at ZRA Training Center



Table 52: ZRA Staff Distribution in 2023 and 2022

Divisions/Departments	2023	2022	Percentage Change
<b>Operations o/w:</b>	<b>1,460</b>	<b>1,400</b>	<b>4.3%</b>
Direct Taxes Division	386	389	-0.7%
Indirect Taxes and Excise Division	317	313	1.3%
Customs Services Division	723	624	15.9%
Investigations Department	34	22	54.5%
Enforcement Unit*	-	52	100%
<b>Support Services o/w:</b>	<b>830</b>	<b>783</b>	<b>6.0%</b>
Executive Office (CG's Office)	34	21	61.9%
Research and Corporate Strategy	75	86	-12.8%
Administration Department	294	272	8.1%
Legal Department	17	21	19.0%
Human Resource Department	36	36	0.0%
Finance Division	169	153	10.5%
Internal Audit Department	28	26	7.7%
Information & Comm. Technology	75	75	0.0%
Innovation & Projects Management	102	93	9.7%
<b>Grand Total</b>	<b>2,290</b>	<b>2,183</b>	<b>4.9%</b>

\*The Enforcement Unit was combined with Customs Services in 2023



Staff participating in the ZRA Annual Sports Day in Lusaka

Following the approval of the New Operating Model by the ZRA Board, the distribution of staff as at 31<sup>st</sup> December 2023 was as shown in Table 53.

**Table 53: ZRA Staff Distribution under the New Operating Model**

Division / Unit	2023			
	Actual	Approved	Var	% Var
CG's Office and Executive Support	31	42	11	26.2%
Customs Services	673	746	73	9.8%
Domestic Taxes	703	817	114	14.0%
Business Facilitation: o/w	284	302	18	6.0%
<i>Enforcement Unit</i>	94	94	0	0.0%
<i>Data Analytics</i>	54	54	0	0.0%
<i>ICT</i>	75	93	18	19.4%
<i>Taxpayer Services and Education</i>	61	61	0	0.0%
Corporate Services: o/w	455	506	51	10.1%
<i>Administration Department</i>	294	318	24	7.5%
<i>Human Resource</i>	36	44	8	18.2%
<i>Finance</i>	125	144	19	13.2%
Board Secretary and Legal Counsel	20	22	2	9.1%
Innovation and Projects Management	41	48	7	14.6%
Internal Audit and Enterprise Risk	28	28	0	0.0%
Investigations	34	37	3	8.1%
Research and Corporate Strategy	21	33	12	36.4%
<b>Total</b>	<b>2,290</b>	<b>2,581</b>	<b>291</b>	<b>11.3%</b>

## Gender Equality and Social Inclusion

The Authority is committed to promote gender equality and foster an inclusive and diversified work environment. This is demonstrated in the gender composition of senior management which has seen a significant increase in the number of female members from 19.2 percent in 2021 to 34.6 percent in 2023.

To further demonstrate this commitment, the Authority in 2023 commenced the development of a gender and diversity policy aimed at promoting equal opportunities for women and men as well as differently abled persons, amongst others. This will be attained through mainstreaming gender and diversity considerations in key processes such as recruitment, mentorship, leadership, and information reporting, whilst ensuring a committed, competent and high performing workforce.

To actualise its commitment to advancing gender equality, a women's group called the Women's Leadership Development Forum was established in the Authority in 2020. This Forum comprises 10 female members drawn from the key divisions and departments within the Authority, including one female representative from the ZRA Worker's Union.

The Forum has a clearly defined mandate and is allocated an annual budget to enable it carry out activities which focus on enhancing women's leadership skills. In 2023, the Forum undertook the following activities:

- sponsored 10 female staff to attend the Zambia Institute of Human Resource Management (ZIHRM) Women's Conference;
- held a virtual workshop dubbed "Promoting the Success of Women in Senior Management Leadership Roles Through Mentorship" and about 300 women attended;
- participated in the Gender Analysis of the 2024 National Budget which was facilitated by Consumer Unity and Trust Society;
- conducted leadership development training for 30 female staff based in the Northern region and this will be extended to other regions in 2024; and
- attended the African Tax Administration Forum (ATAF) Women in Tax Network Workshop in South Africa whose theme was "Reducing Gender Inequality in Tax in Africa."

With regard to social inclusion, the Authority had employed four differently abled individuals by the end of 2023 and was in the



process of recruiting more. Further, to enable visually impaired taxpayers access tax information, ZRA will commence publication of tax related information in braille in 2024 and also incorporate sign language interpreters in taxpayer education programmes.

### Resourcing and Selection

In 2023, the Authority filled vacancies through internal and external recruitment as well as promotions driven by the commitment to resource and retain a skilled and professional workforce. Out of the 341 vacancies that were filled during the year, 129 were through internal recruitment, out of which 80 were promotions, while 212 were through external recruitment.

### Staff Development and Training

During the year, the Authority provided training and development to 8,838 participants in various programmes compared to 5,871 participants in 2022. The sharp increase in the number of participants trained could be attributed to the introduction of more online courses on the Atingi e-learning platform developed. A total of 11 courses were available to staff on Atingi, four of which were soft-skills courses and seven were technical courses.

### Performance Management and Development Process

The Authority monitors individual staff performance through

a Performance Management Development Contract (PMDC) Framework. The proportion of employees that met their performance objectives in 2023 stood at 98 percent compared to the target of 95 percent.

### Staff Pension Scheme

As at close of the year, the ZRA Pension Trust Scheme membership stood at 1,878 with a total fund value of K549.2 million. The Scheme has two Fund Managers namely; African Life Financial Services (Z) Limited and Prudential Pensions Management Zambia Limited while ZSIC Life Assurance is the Scheme Administrator. The Board of Trustees for the Scheme comprises 10 trustees, five of whom are elected by the members of the scheme while the other five are members of Senior Management in the Authority. During the year, the governance documents for the Scheme were approved by the Pensions and Insurance Authority.

### Staff Separations

A total of 105 employees separated from the Authority in 2023 compared to 117 in 2022. The staff separated from the Authority on account of resignation, early/normal retirement, expiry of fixed term contracts, dismissal, termination of contract/employment (including mutual separation), discharge from employment, and death (see Table 54).

**Table 54: Separations Recorded in 2023 and 2022**

Mode of Separation	2023	2022
Dismissal	13	11
Termination of Contract/Employment	6	3
Contract Expiry	10	9
Resignation	23	21
Retirements by Service and Age	41	64
Medical/Employment Discharge	4	2
Death	8	7
<b>Total</b>	<b>105</b>	<b>117</b>

### Staff Welfare and Employee Relations

#### Employee Wellness

The Authority has a compulsory Wellness Scheme for employees which encourages lifestyle changes and healthy living. During the year, 69 employees accessed Anti-Retroviral Therapy through the Scheme.

#### Employee Relations

During the year, the ZRA Union continued to engage Management on matters that affected staff to maintain cordial labour relations in the Authority.

#### Integrity Promotion

To ensure the highest level of public confidence in its operations, the Authority conducted 37 integrity sessions attended by 1,026 staff. In addition, orientation classes on the ZRA Code of Ethics were provided to 432 staff through the *Atingi* e-learning platform.

During the year, the Authority collaborated with 15 local and international organisations in various integrity promotion activities. These included hosting a delegation from the Malawi Revenue Authority, participating in a World Customs Organisation Symposium, facilitating Integrity Committee training, hosting benchmarking visits by integrity committees and participating in joint activities. During the annual Integrity Committee Chief Executive Officers' Forum, ZRA was conferred with two awards

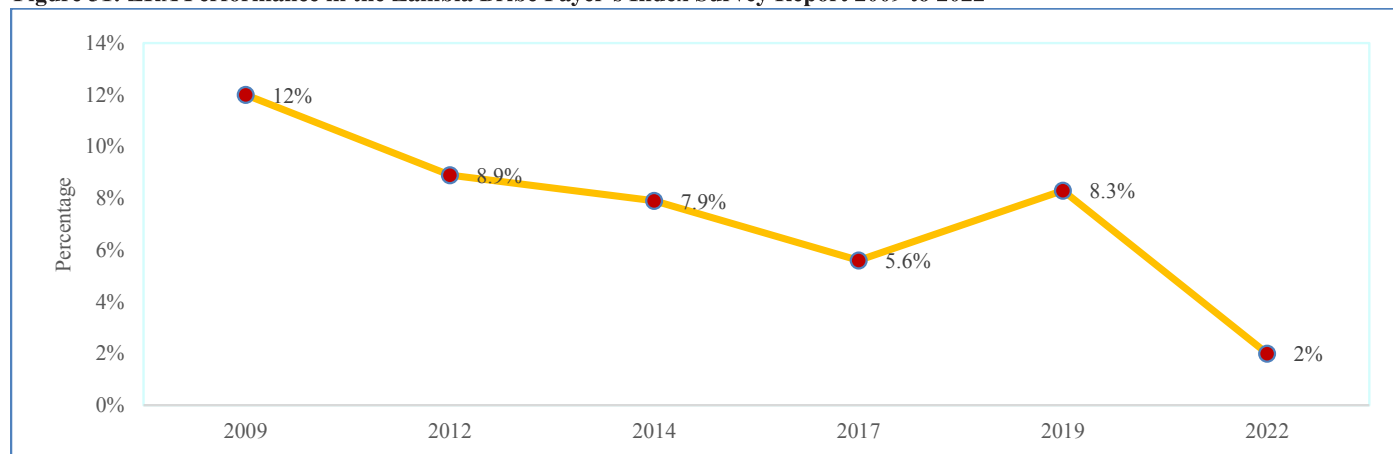


for outstanding performance in integrity matters namely; “First Prize for parastatal and statutory bodies” and “Overall Best”.

Figure 31 summarises the Authority’s performance in the Zambia Bribe Payer’s Index Survey Report for the period 2009 to 2022.

The 2022 Report revealed that the probability of a taxpayer paying a bribe when seeking a service from ZRA significantly reduced to 2.0 percent in 2022 from 8.3 percent in 2019.

**Figure 31: ZRA Performance in the Zambia Bribe Payer’s Index Survey Report 2009 to 2022**



### Handling Comments and Complaints

In 2023, ZRAIC received 260 comments and complaints compared to 337 in 2022 as outlined in Table 55.

**Table 55: Number of Complaints and Comments Received by ZRAIC**

Year	Complaints	Comments	Total
2023	14	246	260
2022	8	329	337

The matters received were referred to the appropriate offices for attention while those that were within the mandate for the Integrity Committee were taken up and resolved. The types of complaints and comments received by ZRAIC are summarised in Table 56.

**Table 56: Types of Comments and Complaints Received**

Taxpayer Feedback	2023	2022
Information	62	63
Queries	137	169
Employment Applications	42	84
Complaints	14	8
Stakeholder relations	5	13
<b>Total</b>	<b>260</b>	<b>337</b>

### Strategic Objective 4.3: Improve Infrastructure and Facilities

The development of modern physical infrastructure and facilities is key to improving operational efficiency. The performance of this strategic objective against the set target is depicted in Table 57.

**Table 57: Performance of Strategic Objective 4.3**

Strategic Objective	Target	Performance Outturn
Improve infrastructure and facilities	60 physical infrastructures developed	13 developed

During the year, the following projects were implemented:

#### ***i. Office Furniture and Equipment***

The Authority spent K14.4 million on the procurement of office furniture and non-ICT equipment for its various offices across the country, which included Revenue House, Nchanga House in Kitwe, Kenneth Kaunda International Airport, Lusaka Port Office, Livingstone Port Office, Victoria Falls Border Post, Solwezi Office, Sakania Border Post, Nakonde OSBP, Kasumbalesa Border Post, Musonko House in Chingola, and Mpendwa House in Ndola.

#### ***ii. Fleet Management***

To improve operational efficiency, the Authority procured 34 motor vehicles at a total cost of K25.58 million. Of these, 32 were delivered which included 10 double cab vans, 10 saloon cars, seven station wagons and five single cab vans. The remaining two minibuses are expected to be delivered in 2024.

#### ***iii. Acquisition of Title Deeds for ZRA Properties***

The Authority has an estates portfolio consisting of a combination of commercial and residential property. Most of the properties held by the Authority are yet to be titled and the Authority has since 2022 prioritised the acquisition of Title Deeds as an active project. During the year, the Authority made progress in the

acquisition of Title Deeds for its properties with a total of 22 Title Deeds having been acquired out of the 201 brought forward cases which were at different processing levels. In 2023, the Authority acquired 4 new properties taking the total number of Title Deeds actively being pursued to 183.

The acquisition of Title Deeds for ZRA properties has faced some inherent challenges which could be traced back to 1995 when the Authority started its operations. The Authority has faced challenges in completing the exercise due to external dependencies which among others include delays by the Local Councils and Traditional Leaders in granting approvals, land encroachments resulting in protracted verification processes, challenges resulting from system automation by the Ministry of Lands and Natural Resources, and unavailability of project members at the Ministry of Lands and Natural Resources due to competing assignments outside the ZRA Project.

#### ***iv. Physical Infrastructure Development***

In 2023, the Authority implemented several infrastructure development projects at its various stations and sites across the country. The Authority also concluded the procurement for the construction of an office block in Solwezi. The total value of construction and refurbishment projects in the year was K215.4 million (see Table 58).



Vehicles from the newly acquired fleet



Newly built houses for Staff in Chanida

Table 58: Major Construction Projects in 2023

No.	Project Description	Contract Value (K)	Status
1	Construction of 12 Single Quarter, 2 Two Bedroom and 1 Three-Bedroom Staff Housing Units in Chanida	7,448,147.2	98% Completed
2	Construction of 8 Single Quarter Staff Housing Units in Nchelenge and Chipungu	3,944,439.6	95% Completed
3	Construction of 8 Single Quarter Staff Housing Units in Mokambo and Sakanía	3,807,690.7	90% Completed
4	Construction of 12 Single Quarter Staff Housing Units in Mwami	5,896,101.0	80% Completed
5	Construction of 8 Single Quarter and 1 Three-Bedroom Staff Housing Units in Katima Mulilo	4,470,742.2	80% Completed
6	Construction of 10 Two Bedroom and 1 Three-Bedroom Staff Housing Units in Kazungula – Lot 2	6,865,623.4	40% Completed
7	Construction of 8 Single Quarter, 2 Two Bedroom and 1 Three-Bedroom Staff Housing Units in Chinsali and Nakonde	5,671,556.7	60% Completed
8	Construction of 4 Single Quarter Staff Housing Units in Zombe	2,132,393.2	60% Completed
9	Construction of 4 Single Quarter Staff Housing Units in Sikongo	2,188,315.0	45% Completed
10	Construction of 20 Single Quarter Staff Housing Units in Kazungula – Lot 1A	7,919,856.6	10% Completed
11	Construction of 20 Single Quarter Staff Housing Units in Kazungula – Lot 1B	7,917,065.4	10% Completed
12	Construction of 24 Single Quarter Staff Housing Units in Kazungula – Lot 1C	7,979,405.7	10% Completed
13	Construction of 4 Single Quarter Staff Housing Units in Luangwa	2,035,111.5	60% Completed
14	Construction of 4 Single Quarter Staff Housing Units in Jimbe	2,243,882.0	45% Completed
15	Construction of 4 Single Quarter Staff Housing Units in Chavuma	1,854,137.0	20% Completed
16	Construction of 20 Single Quarter Staff Housing Units in Kasumbalesa – Phase 2	11,625,731.3	35% Completed
17	Construction of 8 Single Quarter Staff Housing Units in Choma – Phase 2	5,890,119.4	Site mobilisation
18	Construction of 24 Single Quarter Staff Housing Units in Chirundu– Phase 2	13,476,504.0	Site mobilisation
19	Construction of 24 Single Quarter Staff Housing Units in Nakonde – Phase 2	15,003,615.2	Site mobilisation
20	Construction of 8 Single Quarter Staff Housing Units in Mwami – Phase 2	4,444,268.6	Site mobilisation
21	Proposed Construction of Truck Parking Yard at Chanida	14,811,726.3	80% Completed
22	Proposed Construction of Truck Parking Yard at Kasumbalesa Phase 1	77,767,734.4	40% Completed
<b>Total</b>		<b>215,394,166.4</b>	

# **PART 3**

# **GOVERNANCE**



## GOVERNANCE

### Corporate Governance

To maintain robust standards of corporate governance and adherence to various laws and regulations, the Authority has a Governing Board that provides strategic oversight over its operations. In the discharge of its functions, the Board is guided by the principles outlined in the Corporate Governance Code and the Board Charter. In addition, the Board approves and monitors the execution of the ZRA Corporate Strategic Plan.

#### The Governing Board

In line with the Zambia Revenue Authority Act, Chapter 321 of the Laws of Zambia, the Governing Board is composed of the following members:

1. a representative of the Secretary to the Treasury;
2. a representative of the Attorney General;
3. the Governor of the Bank of Zambia;
4. a representative of the Law Association of Zambia;

5. a representative of the Zambia Association of Chambers of Commerce and Industry;
6. a representative of the Bankers' Association of Zambia;
7. a representative of the Zambia Institute of Chartered Accountants; and
8. two other members appointed by the Minister responsible for finance.

The members of the Board elect the Chairperson and the Vice-Chairperson from amongst themselves.

In discharging its mandate, the Governing Board functions through specialised committees. The mandate of the committees is contained in their terms of reference with specific responsibilities as depicted in Figure 32. The Commissioner General of the Authority who is appointed by the President of the Republic of Zambia, is a member of the Committees.

Figure 32: Committees of the ZRA Governing Board





## Board Activities in 2023

During the year, the ZRA Governing Board and the four Committees of the Board continued to meet every quarter and whenever special meetings were called to provide guidance on strategic affairs of the Authority including the approval of the revised 2022-2024 Corporate Strategic Plan.

To appreciate the operational challenges affecting revenue collection and staff welfare at the various stations, the Governing Board undertook site visits to Makeni Enforcement Centre; Lusaka Port Office; Kalundu Innovation Hub; Kenneth Kaunda International Airport; and Sakanika and Mokambo Border Posts.

Following the presentation of the 2024 National Budget, the Board attended the National Budget Symposium organised by the Ministry of Finance and National Planning in Lusaka to appreciate feedback from stakeholders.

During the year, the Governing Board approved the New Operating Model for the Authority to improve service delivery and operational efficiency. The new model, which is in line with international good practice, was approved after a robust consultative process with various stakeholders.

To keep pace with developments in corporate governance, selected members of the Governing Board attended the second Annual Corporate Governance Conference and Awards Event held in Livingstone.

During the year, the Governing Board held engagements with the Financial Intelligence Centre and the Police Public Complaints Commission to share information and strategies on issues of common interest and in particular measures to prevent revenue leakages and illicit financial flows.

## Board Meetings in 2023

During the year, the ZRA Governing Board and the four Committees of the Board continued to meet on a quarterly basis and whenever special meetings were called to provide guidance on strategic affairs of the Authority.

The attendance of meetings for the Governing Board in 2023 is shown in Table 59.

**Table 59: Attendance of Governing Board Meetings**

Member Names	Total Attendance	Special Meeting	Special Meeting	Q1	Q2	Q3	Q4
Dr. C. Fundanga (Chairperson)	6	✓	✓	✓	✓	✓	✓
Ms. N.M. Mudenda (Vice Chairperson)	6	✓	✓	✓	✓	✓	✓
Dr. D.H. Kalyalya	5		*✓	✓	✓	*✓	✓
Mr. A. Nyirenda	5	✓	✓	✓	✓		✓
Mr. K. Chimfwembe**	3				✓	✓	✓
Ms. V. Hampinda	5	✓	✓	✓		✓	✓
Ms. V. Nambeye	5	✓	✓	✓		✓	✓
Mr. W. Chipango**	2	✓	✓				
Ms. M.M. Pensulo	4			✓	✓	✓	✓
Ms. G.N. Likando***	2		✓	✓			
Mr. D. Banda (Commissioner General)	6	✓	*✓	✓	*✓	✓	✓

\* Attended via proxy

\*\* Mr Kayula Chimfwembe was appointed in July 2023 to replace Mr. Willis Chipango

\*\*\* Ms. G.N. Likando left the Board in May 2023 following her appointment to other national duties

### Finance Committee

The Finance Committee is responsible for, among others, reviewing financial reports and statements; evaluating and approving policies that guarantee revenue accountability to the Treasury; as well as those that protect the Authority's assets and ensure financial accountability, including approval of banking

arrangements. The Finance Committee comprises four members of the Governing Board and the Commissioner General. During the year, the committee held four scheduled meetings and one special meeting. The attendance of the Committee meetings members during the year is shown in Table 60.

**Table 60: Attendance of Finance Committee Meetings**

Member Names	Total Attendance	Q1	Special Meeting	Q2	Q3	Q4
Ms. V. Nambeye (Chairperson)	5	✓	✓	✓	✓	✓
Dr. D.H. Kalyalya	5	✓	*✓	✓	✓	✓
Mr. K. Chimfwembe**	2				✓	✓
Mr. W. Chipango **	1	✓				
Mr. D. Banda (Commissioner General)	5	✓	✓	✓	✓	✓

\* Attended via proxy

\*\* Mr. Kayula Chimfwembe was appointed in July 2023 to replace Mr. Willis Chipango

### Innovation and Project Management Committee

The Innovation and Project Management Committee is responsible for, among others, providing guidance and oversight on project implementation, business processes, and information systems.

of three members of the Governing Board and the Commissioner General. In 2023, the committee held four scheduled meetings. The attendance of the Committee meetings members during the year is shown in Table 61.

The Innovation and Project Management Committee also consists

**Table 61: Attendance of Innovation and Project Management Committee Meetings**

Member Names	Total Attendance	Q1	Q2	Q3	Q4
Mr. A. Nyirenda (Chairperson)	4	✓	✓	✓	✓
Mr. K. Chimfwembe**	2			✓	✓
Ms. V. Hampinda	4	✓	✓	✓	✓
Mr. D. Banda (Commissioner General)	4	✓	✓	✓	*✓

\* Attended via proxy

\*\* Mr. Kayula Chimfwembe was appointed in July 2023 to replace Mr. Willis Chipango

### Audit and Risk Committee

The Audit and Risk Committee of the Governing Board is responsible for overseeing the financial reporting process, system of internal controls, audit process, and monitoring compliance with laws and regulations, and the Code of Conduct, among others.

The Audit and Risk Committee consists of three members of the Governing Board and the Commissioner General. In 2023, the Committee held four scheduled meetings and one special meeting. The attendance of the Committee meetings members during the year is shown in Table 62.

**Table 62: Attendance of Audit and Risk Committee Meetings**

Member Names	Total Attendance	Q1	Special Meeting	Q2	Q3	Q4
Ms. V. Hampinda (Chairperson)	5	✓	✓	✓	✓	✓
Ms. N.M. Mudenda	5	✓	✓	✓	✓	✓
Ms. V. Nambeye	4	✓	✓	✓	✓	
Mr. D. Banda (Commissioner General)	5	✓	✓	✓	✓	✓

### Legal, Staff and Disciplinary Committee

The Legal, Staff and Disciplinary Committee is responsible for assisting the Governing Board in fulfilling its oversight responsibilities with respect to, among others, legal, staff-related matters and disciplinary matters of the Authority.

Legal, Staff and Disciplinary Committee consists of four members

of the Governing Board and the Commissioner General. During the year, the committee held four scheduled meetings and two special meetings.

The attendance of the Committee meetings members during the year is shown in Table 63.

**Table 63: Attendance of Legal, Staff and Disciplinary Committee Meetings**

Member Names	Total Attendance	Q1	Special Meeting	Q2	Special Meeting	Q3	Q4
Ms. N.M. Mudenda (Chairperson)	6	✓	✓	✓	✓	✓	✓
Mr. A. Nyirenda	6	✓	✓	✓	✓	✓	✓
Ms. M.M. Pensulo	6	✓	✓	✓	✓	✓	✓
Ms. G.N. Likando	2	✓	✓				
Mr. D. Banda (Commissioner General)	6	✓	✓	✓	*	✓	✓

\* Attended via proxy

### Board Remuneration

Board Members are paid Directors' fees in accordance with the ZRA Act. In 2023, Directors' gross fees totalled K1,248,264 compared to K727,444 in 2022.

a new operating model for the Authority on 23rd November 2023. With this approval, transitional arrangements, which included the appointment and realignment of the ZRA Senior Management Members, were implemented immediately.

### Divisions and Departments

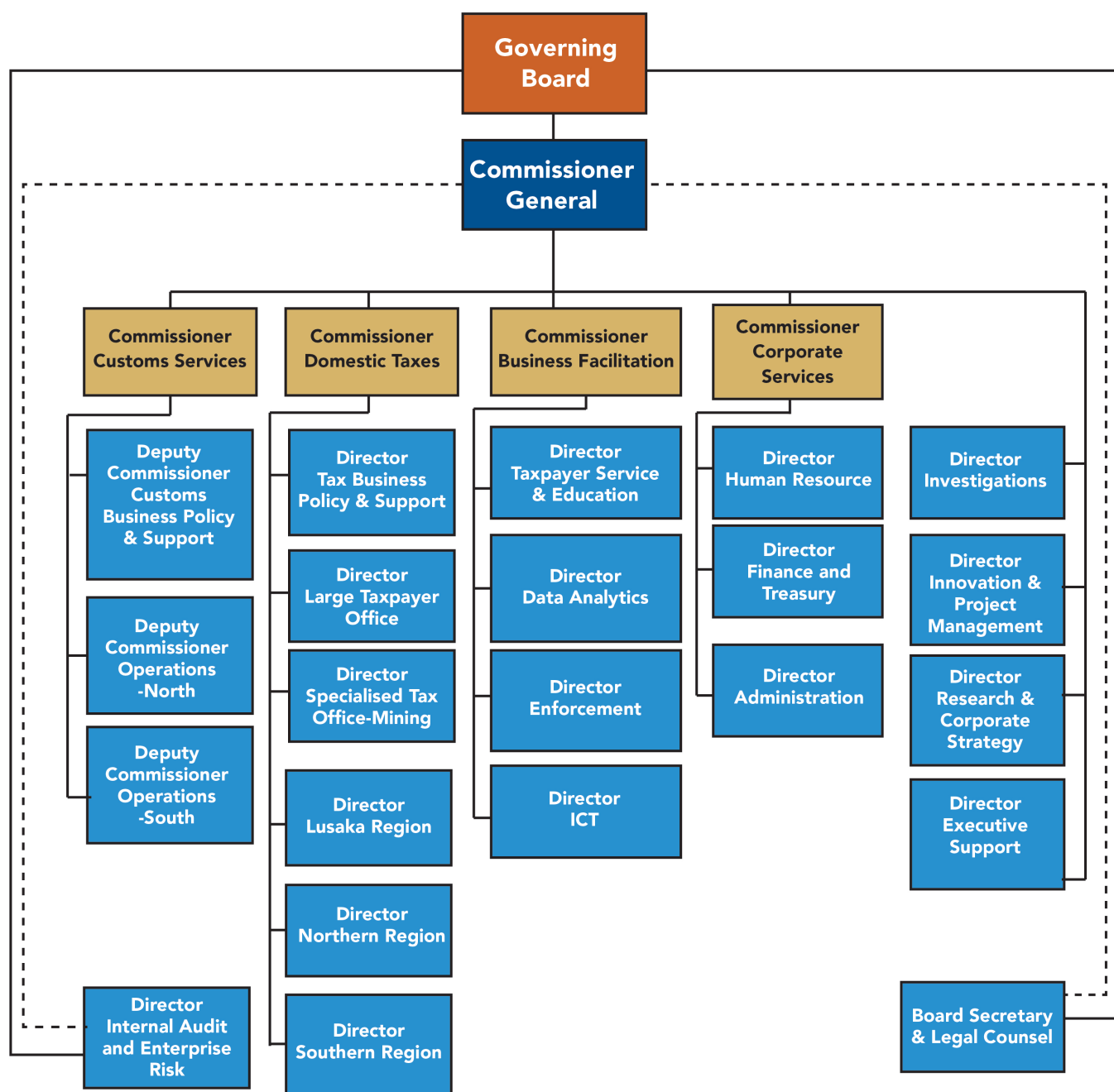
To improve service delivery and operational efficiency as informed by the review of the 2022- 2024 Corporate Strategic Plan and the 2022 TADAT assessment of ZRA, the Governing Board approved

The Authority's new approved governance structure is shown in Figure 33 while the old structure is depicted in Figure 34 in the Appendix.



Board meeting held in Lusaka, 2023.

Figure 33: ZRA's New Governance Structure



Amongst the notable changes to the Authority's structure was the merger of the Direct and Indirect Taxes and Excise Divisions to create the Domestic Taxes Division. This Division has segmented taxpayers by size and specialisation. In addition, the structure provides for segmentation of the Domestic Taxes Division into three regional directorates to decentralise decision making, ease tax administration and improve taxpayers' access to ZRA services.

The new structure also created a Business Facilitation Division that amalgamates key functions that support revenue mobilisation such as data analytics, taxpayer education, enforcement, and information and communications technology. The remodelling also introduced a new Corporate Services Division responsible for providing key services to the ZRA by integrating the Administration, Human Resource, and Finance and Treasury Departments into one Division.



## Enterprise Risk Management

The Authority has a Risk Management Policy and Framework which outlines a proactive approach to managing risks at both the strategic and operational levels, which involves identifying, assessing, mitigating, monitoring, and reporting risks.

In 2023, the Authority prioritised and monitored seven of the identified risks and they were escalated to the Board. These were low tax compliance, internal ICT System instability, high debt stock, cybercrime, poor taxpayer database integrity, pandemics, and litigation. Some of the measures implemented to mitigate the identified risks are summarised in Table 64.

Table 64: Risk Management Interventions

Strategic Risks	Action Taken
<b>Low Tax Compliance</b>	<ul style="list-style-type: none"> <li>a) Implemented the Tax Amnesty Programme.</li> <li>b) Conducted data matching with third-party institutions that included NAPSA and RTSA as well as the Integrated Financial Management Information System (IFMIS).</li> <li>c) Commenced preparatory works to implement the enhanced electronic Tax Clearance Certificate.</li> <li>d) Increased use of garnish orders for recovery of tax debt following the appointment of all Ministries, Government Departments, and statutory bodies as third-party tax collecting agents.</li> <li>e) Implemented various initiatives with the Bank of Zambia to support the implementation of the Export Proceeds Tracking Framework in 2024. Amongst these was the development of an interface between ASYCUDAWorld and the Electronic Balance of Payments (e-BoP) Monitoring System.</li> <li>f) Participated in working groups established to support the formation of the Minerals Regulation Commission and provided comments on the Minerals Regulation Commission Bill.</li> <li>g) Employed Customs to Customs electronic data exchange with the Democratic Republic of Congo (DRC), Malawi, Botswana, and Tanzania.</li> <li>h) Implementation of transit monitoring by using monitoring sheets where drivers conveying identified risky goods are required to report to designated customs offices along the transit route. In some cases, escorts are being used as a last resort solution.</li> <li>i) Continued use of the Local Authorities appointed as tax collection agents.</li> <li>j) Implementation of the Smart Invoice System which has system-based controls for VAT.</li> <li>k) Implemented the use of data analytics to enhance compliance using business intelligence data.</li> <li>l) Enhanced the Risk Management policy to support improvement of the approved compliance risk management.</li> <li>m) Implemented the exemption of taxpayers under Large Specialised Taxpayer Office (LSTO) from WVAT.</li> <li>n) Requested the Secretary to the Treasury to allow for remittance of Withheld-VAT funds from the transit account to the Authority's account prior to procedural conclusions.</li> <li>o) Continued use of Mobile Taxes Offices.</li> </ul>
<b>Internal ICT System Instability. (TaxOnline II and ASYCUDAWorld)</b>	<ul style="list-style-type: none"> <li>a) Implemented the Refunds module to streamline the refund process.</li> <li>b) Developed the Compliance Module to automate charging of penalties for late return filing and payment of taxes.</li> <li>c) Enhanced the TaxOnline-ASYCUDAWorld Interface to validate Advance Income Tax to ensure accuracy and compliance.</li> <li>d) Implemented the PAYE payment notification for employees to improve transparency and awareness.</li> <li>e) Integrated the Centralised Payment System for Domestic and Customs taxes to ensure faster and more secure transactions.</li> <li>f) Automated the bond management system to improve administration of bonded warehouses.</li> <li>g) Automated the suspension of TPINs with outstanding transits to curb transit fraud.</li> <li>h) Automated the Customs Bond Applications procedure to streamline the process.</li> <li>i) Commenced the development of the Integrated Payment System to further promote the use of electronic payments by taxpayers.</li> <li>j) Implemented the ICT Business Continuity Strategy.</li> <li>k) Conducted BCP technical tests for ASYCUDAWorld and TaxOnline II.</li> <li>l) Implemented systems upgrades on ASYCUDAWorld and TaxOnline following the procurement of advanced servers.</li> <li>m) Developed BCP infrastructure on the Mineral Output Statistical Evaluation System (MOSES).</li> </ul>
<b>High Debt Stock</b>	<ul style="list-style-type: none"> <li>a) Engaged Government Ministries on debt swaps.</li> <li>b) Appointed Government and its bodies as Third-Party Agents.</li> <li>c) Conducted quality assurance of the Debt write-off report by Internal Audit.</li> <li>d) Submitted proposed legislative changes on debt remission to the Tax Policy Review Committee.</li> <li>e) Approved the strategy plan for the Debt Management Project.</li> </ul>
<b>Cyber Crimes</b>	<ul style="list-style-type: none"> <li>a) Continued awareness to all staff on identified phishing attempt incidences by ICT. Additional security measures taken for staff that accidentally clicked on the phishing link.</li> <li>b) ICT awareness on specific areas of social engineering vulnerabilities such as the use of ZRA passwords and usernames across other networks, clicking on links and sharing of sensitive information.</li> <li>c) Deployed 365 Microsoft Defender and Microsoft Sentinel for monitoring vulnerabilities.</li> </ul>



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Strategic Risks	Action Taken
<b>Poor Taxpayer Database Integrity</b>	<ul style="list-style-type: none"> <li>a) Updated taxpayer demographics.</li> <li>b) Continued implementation of validation checks (system prompts) for taxpayers to update demographics at every password reset.</li> <li>c) Disabled TaxOnApp and TaxOnPhone systems registration for non-residents.</li> </ul>
<b>Pandemics</b>	Continued monitoring the COVID-19 pandemic situation and encouraging members of staff to get vaccinated.
<b>Litigation</b>	<ul style="list-style-type: none"> <li>a) Developed legal procedural manuals.</li> <li>b) Pursued out-of-court settlements for wrongful action.</li> <li>c) Set up legal fees budget (to pay out costs and use the same to pay external lawyers).</li> <li>d) Availability of external lawyers.</li> </ul>

The Risk Management Committee at Senior Management level also continued to monitor and mitigate risks at operational level. In this regard, the Risk Management Policy was revised, and incorporated emergent risks including those associated with the implementation of the new ZRA Operating Model. In addition,

a Compliance Risk Management Framework was developed to improve the management of compliance risks, following the 2022 TADAT Assessment recommendations. Further, the Authority carried out nine business continuity tests to ensure operational resilience.



## Internal and External Scrutiny

### Internal Audit

During the year, 26 audit reports were concluded and submitted to the Audit and Risk Committee of the Board. Further, Management resolved two audits while six audits were at various stages of resolution as at end-2023 (see Table 65).

**Table 65: Audits and Investigations Undertaken in 2023**

Status	Assurance	Information Systems	Total
Projects and audits in progress	1	3	4
Reports with audit clients for comments	0	1	1
Reports with Commissioner General for comments	0	1	1
Reports resolved by management	1	1	2
Reports to Audit and Risk Committee	9	17	26
<b>Grand Total</b>	<b>11</b>	<b>23</b>	<b>34</b>

### Internal Affairs

In 2023, the Internal Affairs Unit recorded 53 incidents of fraud, malpractice, and misconduct among ZRA staff, a decrease from 64 in 2022.

The reduction is partly attributed to heightened integrity initiatives implemented in the Authority as well as disciplinary action against wrongdoers that serve as a deterrent (see Table 66).

**Table 66: Cases of Fraud and Misconduct by Employees in 2023 and 2022**

Offence	2023	2022	Variance
Fraud	3	2	1
Dishonest conduct	28	39	-11
Theft	0	1	-1
Gross negligence	17	7	10
Bribery/Corruption	0	0	0
Abetting smuggling/collusion	5	13	-8
Other	0	2	-2
<b>Total cases investigated</b>	<b>53</b>	<b>64</b>	<b>-11</b>

During the year, 26 cases, involving 32 officers were recommended for disciplinary action. Some of the cases were directed to the appropriate Divisions for recovery of tax while others were escalated to law enforcement agencies for further action. As at end-year, 12 cases involving 21 officers were before the Principal Disciplinary Committee for determination. A total of 20 cases

were carried over into 2024.

To equip personnel in the Internal Affairs Unit with the necessary skills and tools, officers underwent specialised training in fraud detection utilising data analytics, supply chain and procurement fraud, and financial investigations.

## External Scrutiny

### Parliamentary Committees

Parliament plays a critical role in providing oversight and scrutiny of Government activities. To effectively fulfil this function, Parliamentary Committees have been established to focus on specific areas of government administration to ensure that actions of the Executive are reviewed to safeguard the public interest.

In 2023, the Authority engaged with various Parliamentary Committees by submitting 18 memoranda addressing a range of issues pertinent to the Committees' areas of interest. The matters tabled before the Committees encompassed diverse topics including the effects of illicit financial flows on the National Budget and its sustainability, consideration of various legislation such as The Controlled Substances Bill NAB No. 2 of 2023, the development of carbon markets and trading within Zambia, and the 2024 - 2026 Medium Term Budget Plan and the 2024 Annual Budget Green Paper.

The Parliamentary Committees interacted with during the year under review were the Committee on Media, Information and Communication Technologies; Planning and Budgeting Committee; Committee on National Guidance and Gender Matters; Committee on Health, Community Development and Social Services; Committee on Education, Science and Technology; Committee on National Economy Trade and Labour Matters; Committee on National Security and Foreign Affairs; Committee on Cabinet Affairs; Committee on Agriculture, Lands and Natural Resources; Committee on Transport, Works and Supply; Committee on Legal Affairs, Human Rights and Governance. These extensive engagements demonstrate ZRA's commitment to fulfil its statutory and civic duties to address key issues affecting the nation's economic and social development.

### The Office of the Auditor General

As a public body, the Authority remains accountable to the public on the use of public resources. To ensure prudent utilisation of public resources, the Authority is routinely audited by the Office of the Auditor General. To this end, in 2023, the Office of the Auditor General, conducted three audits relating to revenue collection, operations, and performance in the mineral value chain for the 2022 fiscal year. Following these audits, a total of 52 queries were raised regarding tax revenue collection. Of these, the Authority successfully resolved 48 queries during the year, while 4 remained unresolved by year-end.

### Litigation and Dispute Resolution

During the year, the Authority was involved in civil and criminal litigation.

#### Civil Litigation

In 2023, the Authority handled 61 civil cases. Of these, three were before the Supreme Court, four were before the Court of Appeal, 22 were before the High Court, 17 were before the Tax Appeals Tribunal, 11 were before the Industrial Relations Court, and four were before the Subordinate Court (see Table 67)

**Table 67: Cases under Litigation in 2023 and 2022**

Type of Court	2023	2022	Variance
Supreme Court	3	2	1
Court of Appeal	4	2	2
High Court	22	19	3
Tax Appeals Tribunal	17	13	4
Industrial Relations Court	11	9	2
Magistrates Court	4	3	1
<b>Total Cases</b>	<b>61</b>	<b>48</b>	<b>13</b>

In the year under review, cases litigated relating to customs and excise, direct and indirect taxes, and labour were 22 or 36 percent, 11 or 18 percent and 16 or 26 percent, respectively. In addition, 12 cases or 20 percent were general civil cases.

During the year, a total of 21 cases were resolved out of which eight were in favour of the Authority, two were resolved through consent settlements, two were withdrawn by the taxpayers, six were discontinued and three cases were decided against the

Authority. By year-end, 43 cases remained active in various courts and at the Tax Appeals Tribunal.

#### Tax Appeals

During the year, the Authority reviewed 179 tax appeal cases compared to 215 cases in 2022. Of these, 125 cases pertained to assessments, while 54 were associated with other determinations such as seizures and forfeitures. Appeal cases related to the

Customs Services Division were 92 or 51.4 percent, while appeals related to inland taxes were 49 or 27.4 percent. Cases involving investigations were 21 or 11.7 percent while two cases involved garnishee orders issued by the Debt Recovery Unit, representing 1.1 percent of the total. Appeal cases related to

the Enforcement Unit were 15 or 8.4 percent. The number of cases resolved in 2023 stood at 124 compared to 61 in 2022, resulting in a resolution rate of 69 percent from 28 percent in 2022 (see Table 68).

**Table 68: Tax Appeal Cases in 2023 and 2022**

Year	Appeal Type	Customs	Inland Taxes	Investigations	Finance - DRU	Enforcement Unit	Totals
2023	Assessments	62	42	8	0	13	125
	Other Determinations	30	7	13	2	2	54
	Total Received	92	49	21	2	15	179
	Total Resolved	73	24	13	2	12	124
	% Resolved	79%	49%	62%	100%	80%	69%
2022	Assessments	22	15	7	0	21	65
	Other Determinations	74	33	14	0	29	150
	Total Received	96	48	21	0	50	215
	Total Resolved	66	33	10	0	28	137
	% Resolved	69%	69%	48%	0%	57%	64%
% Change Total Received		-4.2%	2.1%	0%	0%	-70%	-16.7%

### Criminal Litigation (Prosecution)

During the year, the Authority prosecuted 22 cases out of which four were related to customs, 15 to inland taxes, while three involved offences under the Penal Code, Chapter 87 of the Laws

of Zambia. A total of 14 convictions were secured during the year while eight cases remained under prosecution (see Table 69).

**Table 69: Prosecuted Cases by Tax Type in 2023**

Cases		Customs		Inland Taxes		Penal Code – Cap 87 of the Laws of Zambia.		Total	
		2023	2022	2023	2022	2023	2022	2023	2022
Brought Forward		2	13	10	2	3	1	15	16
New Cases		2	3	5	9	0	3	7	15
Total		4	16	15	11	3	4	22	31
Concluded	Conviction	2	11	10	0	2	1	14	12
	Acquittal	0	2	0	1	0	0	0	3
	Withdrawn	0	1	0	0	0	0	0	1
	Referred	0	0	0	0	0	0	0	0
Carried Forward		2	2*	5	10	1	3	8	15

\* At the end of 2022, cases carried forward under Customs were 5 instead of 2 as 3 of the convicted were still in court for trial because the other accused persons jointly charged denied the charges and were scheduled for continued trial. The 3 cases were concluded in 2023.

### Corporate Social Responsibility

The Authority is committed to improving community welfare by undertaking various corporate social responsibility activities in line with its Corporate Social Responsibility Policy.

To support the re-integration of ex-inmates in society, the Authority provided K815,000 to two cooperatives with a combined

membership of more than 80 under the supervision of the Zambia Correctional Service. This support enabled the Lusaka Central Cooperative and Zambia Ex-Prisoners Multi-Purpose to jointly establish a poultry business.





Zambia Revenue Authority (ZRA) handed over a poultry project to a group of former inmates running cooperatives under the Zambia Correctional Service

During the year, the Authority also promoted arts, culture, and tradition through the sponsorship of some traditional ceremonies as well as the National Arts Council Annual Awards Ceremony.

To mitigate transportation challenges, the Authority donated eight motor vehicles to the Zambia Agency for Persons with

Disabilities, the Office of the Vice President, and the Ministry of Health. Further, to impact local communities, ZRA stations countrywide were allocated funds to undertake Corporate Social Responsibility activities in their localities which included donations to orphanages and hospitals.



Donation to Home of Happiness for Children with Disabilities in Lusaka.



# **PART 4**

## **TAX POLICY SUPPORT**



## TAX POLICY SUPPORT

### Tax Policy Review Committee

During the year, the Authority provided technical support to the Tax Policy Review Committee which is an inter-ministerial committee constituted by the Ministry of Finance and National Planning with the mandate of recommending tax and non-tax measures for consideration in the National Budget.

The technical expertise provided included matters relating to tariff classification, tax administration, and policy design. The Authority also submitted its own administrative and policy proposals to the Committee, as well as the revenue impact of proposed tax measures. In addition, the Authority participated in the drafting of the 2024 National Budget Address and the attendant legislative amendments.

### Provision of Revenue Statistics and Information

One of the core functions of ZRA is to provide tax and trade statistics to Government and other stakeholders. The statistics are used to inform public policy design and decision-making. Given the importance of these statistics in national development, the Authority has dedicated resources to enhance data quality and has also developed a data governance framework to manage data.

To ensure availability of information to the public, the Authority regularly produces reports on its performance. In this regard, the Authority produced the 2022 Annual Report which highlighted the performance of the Authority on operational and financial matters. The Authority also published the 2022 Tax Statistics Bulletin which is a comprehensive and insightful publication that provides a detailed analysis of tax trends and data. In addition, the Authority also began publishing the monthly Tax Statistics publication on its Website<sup>31</sup>. Further, to enhance the accessibility of micro tax data for research purposes, the Authority initiated plans to establish a data lab with support from the United Nations University World Institute for Development Economics Research. The data lab is expected to provide local and international researchers with anonymized tax data to inform tax administration and policy in Zambia.

In 2023, the Authority provided administrative data to various stakeholders that included the Government Ministries and Agencies, Bank of Zambia, Zambia Statistics Agency, IMF, GIZ, ATAF, USAID, UNU-WIDER, local universities, and students.

### Budget Legislation

Following the presentation of the 2024 National Budget to the National Assembly by the Minister of Finance and National Planning, the Authority was requested by the Planning and Budgeting

Committee to submit a memorandum on the ramifications of the tax measures that were presented in the National Budget. In response, the Authority made written and oral submissions to the Committee.

Further, the Authority made submissions on the proposed Customs and Excise (Amendment) Bill, N.A.B No. 25 of 2023; the Zambia Revenue Authority (Amendment) Bill, N.A.B No. 26 of 2023; the Value Added Tax (Amendment) Bill, N.A.B No. 27 of 2023; the Income Tax (Amendment) Bill, N.A.B No. 29 of 2023 and the Mobile Money Transaction Bill, N.A.B No. 31 of 2023.

As a key stakeholder in the National Budget process, the Authority participated in various 2024 post-Budget seminars held across the country. The Authority engaged various stakeholders and professional bodies and sensitised them on the implications of the proposed measures on tax administration. As part of its taxpayer education programme, the Authority produced the 2024 Budget Highlights Pamphlets which were distributed and published on the ZRA Website. The customer service centres and the National Call Centre also provided information to walk-in and phone-in clients, respectively on the Budget pronouncements.

### Ministerial and Parliamentary Services

During the year, the Authority provided information to various Government Ministries and agencies. The Authority continued to engage the Ministry of Finance and National Planning through the submissions of tax policy advice and revenue performance reports on a regular basis. Furthermore, the Authority also provided the Competition and Consumer Protection Commission with tax compliance reports to facilitate acquisitions and mergers.

The Authority continued to provide support to Parliament to aid its oversight function. To this end, the Authority made 14 written submissions to 10 different Parliamentary Committees on matters that required input from the Authority. The Authority also provided input in the report of the Auditor General on the Accounts of Parastatal Bodies and other statutory institutions for the financial year ended 31<sup>st</sup> December 2022.

The Authority further made physical and virtual appearances before Parliamentary Committees. These included: the Committee on National Guidance and Gender Matters; the Committee on Media, Information and Communication Technologies; the Committee on Health, Community Development and Social Services; the Planning and Budgeting Committee; and the Committee on Education, Science and Technology.

<sup>31</sup> Accessible on <https://www.zra.org.zm/statistics/#monthly-statistics>

# **PART 5**

## **COOPERATING PARTNERS**



## COOPERATING PARTNERS

In 2023, the Authority continued to collaborate with local and international stakeholders to improve efficiency in tax administration across its operational spectrum. The key undertakings with these stakeholders were as follows:

### International Partners

#### *Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)*

Through the Good Financial Governance Programme, the Authority partnered with GIZ to bolster operational efficiency and compliance through the BIDA Project, TaxOnPhone, TaxOnApp, Mobile Tax Offices, *Atingi* e-Learning platform, Customer Experience Plan, and the establishment of the Large and Specialized Taxpayer Office.

#### *United States Agency for International Development (USAID)*

Through this partner, the Authority continued to receive support from the Revenue for Growth Programme. The major accomplishment during the year under this Programme was the review and development of a New Operating Model for ZRA. The partner also continued to support the streamlining of audit processes for indirect taxes and excise; capacity building in debt management; and conducting tax gap studies.

#### *Japan International Cooperation Agency (JICA)*

The Agency contributed to capacity building of ZRA staff to facilitate the smooth functioning of the Chirundu and Kazungula One-Stop Border Posts (OSBPs).

#### *Common Market for Eastern and Southern Africa (COMESA)*

During the year, the Authority through the Ministry of Commerce Trade and Industry partnered with COMESA in the implementation of the Air Cargo Courier Manifest System and the Electronic Cargo Tracking System. Further, COMESA supported the improvement of operations at Nakonde, Chirundu and Mwami One Stop Border Posts under the Zambia Border Posts Upgrading Project.

#### *Southern African Development Community (SADC) and European Union (EU)*

The two partners provided joint support to the Authority to facilitate the implementation of the Electronic Rules of Origin, aimed at enhancing efficiency in processing customs declarations.

#### *African Development Bank (AfDB)*

AfDB provided support to the Authority in the construction of the Mwami One-Stop-Border- Post.

#### *African Tax Administration Forum (ATAF)*

The Authority continued to collaborate with other Tax Authorities through ATAF. The Authority's staff attended various capacity building programmes which included the Tax Administrations Master Class Conference for heads of tax administrations in Africa held in Rwanda.

#### *Organisation for Economic Cooperation and Development (OECD)*

The OECD, under the Tax Inspectors Without Borders (TIWB) initiative, provided training and technical assistance to the Authority in aspects of transfer pricing.

In addition, the Authority participated as an observer, at the 16<sup>th</sup> Global Forum Plenary meeting which provided an opportunity to gain insights into the value of information exchange among tax administrators, resulting in the Authority committing to joining the Global Forum.

#### *Network of Tax Organisations (NTO)*

The Authority participated at the second NTO Conference on *Digitalisation of Tax Administrations and Contemporary Issues*, organised by the NTO Council, ATAF, and the International Tax Compact (ITC). The Conference was aimed at exchanging insights on the automation of revenue administration systems.

#### *International Monetary Fund (IMF)*

The IMF supported the Authority with the implementation of the VAT Control Model Project aimed at implementing Compliance Risk Management in the administration of VAT.

#### *The Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF)*

In 2023, the Authority hosted a three-day conference entitled *Global Conference on the Future of Resource Taxation* in conjunction with the IGF and ATAF. The conference focused on exploring effective taxation and fiscal policies for the evolving mining sector and global economy. During the conference, a handbook titled *Future of Resource Taxation* that aims to strengthen sustainable mining revenue was launched.

### Local Partners

The Authority continued to interact with various local partners such as; Smart Zambia Institute, Road Transport and Safety Agency, Zambia Police, Department of Immigration, Patents and Companies Registration Agency, National Road Fund Agency, Zambia Statistics Agency, Financial Intelligence Centre, Anti-Corruption Commission, Drug Enforcement Commission, and the Bank of Zambia. These partners are key in supporting domestic revenue mobilisation through data sharing, enforcement, and service delivery.



# **PART 6**

## **MANAGING RESOURCES**



## MANAGING RESOURCES

The Authority received total revenue of K3,164.6 million for its operations in 2023. The expenses during the year amounted to K2,599.2 million which resulted in a surplus of K565.4 million. The principal source of income was from a Government grant, which increased to K2,555.2 million from K2,444.2 million in 2022.

Other revenue streams were the ASYCUDA Processing Fees, financing income, other income, and Kariba Dam Agency Fees.

The Authority recorded increased inflows under Finance income

by 90.2 percent due to frequency, rates and the amount of placed investments in the period under review. The Authority did not record revenue from Kasumbalesa Agency Fees following the expiry of the concession agreement between the Government of the Republic of Zambia and the Zambian (IP) Border Crossing Company.

Table 70 provides a summary of the Authority's financial performance for the 2023 and 2022 financial years.

**Table 70: Summary of Financial Performance, 2023 and 2022 (Amounts in Kwacha)**

	2023	2022	Var	% Var
<b>Revenue from non-exchange transactions</b>				
Government grants	2,555,205,201	2,444,166,886	111,038,315	4.5%
Deferred income	4,640,116	4,223,131	416,985	9.9%
<b>Sub total</b>	<b>2,559,845,317</b>	<b>2,448,390,017</b>	<b>111,455,300</b>	<b>4.6%</b>
<b>Revenue from exchange transactions</b>				
ASYCUDA Processing Fees	577,128,575	524,816,433	52,312,142	10.0%
Other income	9,725,700	9,259,991	465,709	5.0%
Finance income	17,862,422	9,389,510	8,472,912	90.2%
Kasumbalesa Agency fees	0	6,704,931	-6704931	-100.0%
Kariba Dam Agency fees	43,070	33,430	9,640	28.8%
<b>Sub total</b>	<b>604,759,767</b>	<b>550,204,295</b>	<b>54,555,472</b>	<b>9.9%</b>
<b>Total Revenue</b>	<b>3,164,605,084</b>	<b>2,998,594,312</b>	<b>166,010,772</b>	<b>5.5%</b>
<b>Expenditure</b>				
Personnel expenses	-1,819,556,822	-1,788,198,047	-31,358,775	1.8%
Administrative expenses	-192,306,118	-144,367,972	-47,938,146	33.2%
Other operating expenses	-396,264,041	-411,073,808	14,809,767	-3.6%
Gain/(Loss) on foreign exchange transactions	-55,607,481	21,210,321	-76,817,802	-362.2%
Depreciation and amortisation expenses	-135,479,897	-128,289,807	-7,190,090	5.6%
<b>Total expenses</b>	<b>-2,599,214,359</b>	<b>-2,450,719,313</b>	<b>-148,495,046</b>	<b>6.1%</b>
<b>Surplus/(Deficit) for the year</b>	<b>565,390,723</b>	<b>547,874,999</b>	<b>17,515,724</b>	<b>3.2%</b>

### Recurrent Expenditure

In 2023, the Authority's recurrent expenditure increased by 6.1 percent to K2,599.2 million from K2,450.7 million in 2022. Personnel related expenses stood at K1,819.6 million, while administrative expenses were K192.3 million. Other operating expenses were recorded at K396.3 million. During the year, the Authority incurred losses on foreign exchange transactions amounting to K55.6 million on loan repayments for scanners as well as depreciation and amortisation expenses amounting to K135.5 million.

### Capital Expenditure

The Authority's addition to property and equipment, which included work in progress and intangibles, increased to K182.4 million in 2023 from K70.3 million in 2022.

The detailed financial performance based on International Public Sector Accounting Standards (IPSAS) are presented in the Financial Statements.

# FINANCIAL STATEMENTS



**ZAMBIA REVENUE AUTHORITY****ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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**ZAMBIA REVENUE AUTHORITY****ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023****GOVERNING BOARD'S REPORT**

The Governing Board submits its report together with the audited financial statements for the year ended 31 December 2023, 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 and National Planning may, by enacted legislation or statutory instrument, specify; and to ensure that revenue collected is, as soon as reasonably practicable, credited to the Consolidated Fund. The Authority is a grant aided institution.

<b>RESULTS</b>	<b>2023</b> <b>K</b>	<b>2022</b> <b>K</b>
Revenue	<u>3,164,605,084</u>	<u>2,998,594,312</u>
Surplus for the year	<u>565,390,723</u>	<u>547,874,999</u>

The surplus for the year of K565.39 million (2022: surplus of K547.87 million) has been adjusted in the capital fund.

**GOVERNING BOARD**

The members who held office during the year until 31 December 2023 were:

Dr. Caleb Fundanga - Chairperson  
 Ms. Nana M. Mudenda - Vice Chairperson  
 Mr. Kayula Chimfwembe  
 Dr. Denny Kalyalya  
 Mrs. Mutinta M. Pensulo  
 Ms. Valerie A. Nambeye  
 Ms. Venus Hampinda  
 Mr. Allan Nyirenda

Mr. Willis Chipango left in July 2023 and was replaced by Mr. Kayula Chimfwembe.

Ms. Grace N. Likando resigned from the Board in May 2023 and was yet to be replaced by 31st December 2023.

**EMPLOYEES**

The total remuneration of employees during the year amounted to K1,819.6 million (2022: K1,788.2 million). The average number of employees for each month of the year was as follows:

<b>Month</b>	<b>Number</b>	<b>Month</b>	<b>Number</b>
January	2,257	July	2,340
February	2,281	August	2,339
March	2,297	September	2,360
April	2,283	October	2,341
May	2,295	November	2,408
June	2,309	December	2,394

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

**ZAMBIA REVENUE AUTHORITY****ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023****GOVERNING BOARD'S REPORT (CONTINUED)****PROPERTY AND EQUIPMENT**

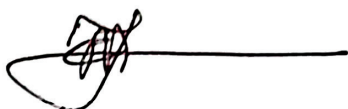
The Authority purchased property and equipment amounting to K177.1 million (2022: K70.3 million) during the year. In the opinion of the Directors, the carrying value of property and equipment is not more than their recoverable value.

**GIFTS AND DONATIONS**

Donations to charitable organisations and events during the year amounted to K896,899 (2022: K557,943).

**AUDITOR**

Messrs Grant Thornton were appointed for a term of three years following a competitive bidding process. Their current term of office is the audit of the financial years 31 December 2021, 2022 and 2023. They have expressed willingness to continue.



Chairperson of the Governing Board

Date: 23/04/2024

## ZAMBIA REVENUE AUTHORITY

### STATEMENT OF GOVERNING BOARD'S RESPONSIBILITIES

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 Consolidated Fund;
- keep proper books of account and other records which disclose with reasonable accuracy at any time the financial position of the Authority;
- safeguard 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 which comply with International Public Sector Accounting Standards (IPSAS).

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, Grant Thornton, have audited the annual statements and their report is shown on pages 95 to 98.

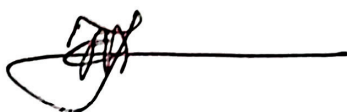
The Governing Board is also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability for assets, and to prevent and detect material misstatements.

The systems 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 controls, procedures and systems has occurred during the year under review.

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

Signed on behalf of the Board by:



Chairperson of the Governing Board



Member of the Governing Board



## INDEPENDENT AUDITOR'S REPORT

### TO THE GOVERNMENT OF ZAMBIA THROUGH THE MINISTER OF FINANCE AND NATIONAL PLANNING

#### Report on the financial statements

#### Grant Thornton

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Lusaka, Zambia

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E gtlusaka.mailbox@zm.gt.com

#### Opinion

We have audited the accompanying financial statements of the Zambia Revenue Authority (the "Authority") as set out on pages 91 to 130, and which comprise the statement of financial position as at 31 December 2023, the statement of financial performance, the statement of changes in net assets, the statement of cash flows and the statement of comparison of budget and actual for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Authority as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) and in the manner required by the Zambia Revenue Authority Act, Chapter 321 of the Laws of Zambia.

#### Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Authority in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Zambia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Partners

Edgar Hamuwele (Managing)  
Christopher Mulenga  
Wesley Beene  
Rodia Milumbe Musonda  
Chilala Banda

#### Chartered Accountants

Zambian Member of Grant Thornton International  
Tpin No: 1001696100. Registered in Lusaka. Company number 1626  
Grant Thornton Zambia and other member firms are not a worldwide partnership. GTI and each member firm is separate Legal entity.  
Services are delivered independently by the member firms. GTI and its member firms are not agents and do not obligate on another and are not liable for one another's act or omissions.

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## INDEPENDENT AUDITOR'S REPORT

## TO THE GOVERNMENT OF ZAMBIA THROUGH THE MINISTER OF FINANCE AND NATIONAL PLANNING (CONTINUED)

**Key audit matter**

Key audit matter is that matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matters	How our audit addressed the key audit matters
<p><b>Actuarial valuation of pension obligations</b></p> <p>The Authority operates an unfunded lump sum gratuity arrangement. As the arrangement is unfunded, gratuity benefits are paid out of the Authority's general revenues. Upon retirement of unionised and contract employees, a liability is settled by the Authority under the final salary principles. The Authority has legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employees' service in the current and prior periods.</p> <p>International Public Sector Accounting Standard No. 39 Employee Benefits states that "An entity shall determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period."</p> <p>We focused on this audit area because of the significant assumptions and judgements which are included to arrive at the pension obligation. Key assumptions that are involved in the calculation of the defined benefit obligation as per note 22 to the financial statements are:</p> <ul style="list-style-type: none"> <li>• Discount rate;</li> <li>• Expected rate of salary increment; and</li> <li>• Average longevity at retirement age for current employees.</li> </ul>	<p>In considering the actuarial valuation of pension obligation, we performed the following procedures:</p> <ul style="list-style-type: none"> <li>• Obtained the actuarial report based on 31 December 2023 numbers.</li> <li>• Reviewed that the valuation in relation to IPSAS 39 requirements.</li> <li>• Reviewed key inputs used within the report as well as challenged key assumptions made.</li> <li>• Performed a retrospective review to assess obligation for reasonableness.</li> <li>• Corroborated the inflation rates used to inflation projections in the region and tested for reasonableness.</li> <li>• Compared the discount rates used to Government bond yield rates available with the Bank of Zambia.</li> <li>• Reviewed the reasonableness of the mortality rates by comparing the rates to those of the Central Statistics Agency.</li> <li>• Reviewed the qualifications of the Independent Actuaries who carried out the valuation.</li> <li>• Tested assumptions for reasonableness.</li> <li>• Further, we reviewed the disclosures pertaining to the pension obligations as to whether they were found to be appropriate and comprehensive in the financial statements.</li> </ul>



## INDEPENDENT AUDITOR'S REPORT

### TO THE GOVERNMENT OF ZAMBIA THROUGH THE MINISTER OF FINANCE AND NATIONAL PLANNING (CONTINUED)

#### Other information

The Governing Board is responsible for the other information. The other information comprises the Governing Board's Report and the statement of Governing Board's responsibilities, as required by the Zambia Revenue Authority Act, Chapter 321 of the Laws of Zambia. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Directors for the financial statements

The Governing Board is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards and the requirements of the Zambia Revenue Authority Act, Chapter 321 of the Laws of Zambia, and for such internal control as the Governing Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governing Board is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governing Board either intend to liquidate the Authority or to cease operations, or has no realistic alternative but to do so. The Directors are responsible for overseeing the financial reporting process.

#### Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

**INDEPENDENT AUDITOR'S REPORT****TO THE GOVERNMENT OF ZAMBIA THROUGH THE MINISTER OF FINANCE AND NATIONAL PLANNING (CONTINUED)****Auditor's responsibilities for the audit of the financial statements (continued)**

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Governing Board.
- conclude on the appropriateness of the Governing Board's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the Governing Board with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

**Report on other legal 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 and the Constitution of Zambia.



**Chartered Accountants**



**Christopher Mulenga (AUD/F000178)**

**Name of Partner signing on behalf of the Firm**

**Lusaka**

**Date:** 23 APRIL 2024

## ZAMBIA REVENUE AUTHORITY

STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 K	2022 K
Revenue from non-exchange transactions			
Government grants	6	2,555,205,201	2,444,166,886
Deferred income	10	<u>4,640,116</u>	<u>4,223,131</u>
		<u>2,559,845,317</u>	<u>2,448,390,017</u>
Revenue from exchange transactions			
ASYCUDA Processing Fees	7	577,128,575	524,816,433
Other income	8	9,725,700	9,259,991
Finance income	9	17,862,422	9,389,510
Kasumbalesa Agency Fees	11(a)	-	6,704,931
Kariba Dam Agency Fees	11(b)	<u>43,070</u>	<u>33,430</u>
		<u>604,759,767</u>	<u>550,204,295</u>
<b>Total revenue</b>		<u>3,164,605,084</u>	<u>2,998,594,312</u>
Expenditure			
Personnel expenses	12	(1,819,556,822)	(1,788,198,047)
Administrative expenses	13	(192,306,118)	(144,367,972)
Other operating expenses	14	(396,264,041)	(411,073,808)
Gain/(loss) on foreign exchange transactions	15	(55,607,481)	21,210,321
Depreciation and amortisation expenses	16, 17	<u>(135,479,897)</u>	<u>(128,289,807)</u>
<b>Total expenses</b>		<u>(2,599,214,359)</u>	<u>(2,450,719,313)</u>
<b>Surplus for the year</b>		<u>565,390,723</u>	<u>547,874,999</u>

## ZAMBIA REVENUE AUTHORITY

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	2023 K	2022 K
<b>ASSETS</b>			
<b>Current assets</b>			
Inventories	18	6,893,311	10,420,338
Employee loans and advances (exchange transactions)	19	127,981,953	151,201,330
Other assets	20	144,368,612	107,317,963
Cash and cash equivalents	21	1,250,130,930	767,011,010
Customs deposits bank accounts	25	6,443,989	3,870,484
Tax refunds bank accounts	26	<u>296,187,665</u>	<u>190,469,706</u>
		<u>1,832,006,460</u>	<u>1,230,290,831</u>
<b>Non-current assets</b>			
Property, plant and equipment	16	1,363,966,016	984,168,235
Intangible assets	17	29,532,466	51,259,012
Employee loans and advances (exchange transactions)	19	<u>42,660,651</u>	<u>50,400,443</u>
		<u>1,436,159,133</u>	<u>1,085,827,690</u>
<b>TOTAL ASSETS</b>		<u>3,268,165,593</u>	<u>2,316,118,521</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Deferred income	10	4,609,293	917,732
Post employment benefits	22	81,833,246	81,228,746
Payables	23	443,785,270	408,237,993
Borrowings	24	129,651,637	82,973,319
Customs deposits bank accounts	25	6,443,989	3,870,484
Tax refunds for taxpayers	26	<u>296,187,665</u>	<u>190,469,706</u>
<b>Total current liabilities</b>		<u>962,511,100</u>	<u>767,697,980</u>
<b>Non-current liabilities</b>			
Deferred income	10	10,715,415	10,357,676
Post employment benefits	22	463,721,728	460,296,228
Borrowings	24	<u>64,345,628</u>	<u>149,955,225</u>
<b>Total non-current liabilities</b>		<u>538,782,771</u>	<u>620,609,129</u>
<b>TOTAL LIABILITIES</b>		<u>1,501,293,871</u>	<u>1,388,307,109</u>
<b>NET ASSETS</b>		<u>1,766,871,722</u>	<u>927,811,412</u>
Capital surplus		1,099,015,833	563,634,148
Revaluation reserve		<u>667,855,889</u>	<u>364,177,264</u>
<b>NET ASSETS/EQUITY</b>		<u>1,766,871,722</u>	<u>927,811,412</u>

The financial statements on pages 91 to 130 were  
approved by the Governing Board on  
and were signed on its behalf by:

23/04/2024

)

) Chairperson of the Governing Board

)

) Member of the Governing Board

)

) Commissioner General

## ZAMBIA REVENUE AUTHORITY

STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 31 DECEMBER 2023

	Capital (deficiency) /surplus K	Revaluation reserve K	Total K
At 1 January 2022	(187,681,811)	371,890,224	184,208,413
Surplus for the year	547,874,999	-	547,874,999
Other comprehensive income:			
Gain on employee retirement benefit plan	195,728,000	-	195,728,000
Amortisation of revaluation surplus	<u>7,712,960</u>	<u>(7,712,960)</u>	<u>-</u>
<b>Total comprehensive income for the year</b>	<u>751,315,959</u>	<u>(7,712,960)</u>	<u>743,602,999</u>
<b>At 31 December 2022</b>	<u>563,634,148</u>	<u>364,177,264</u>	<u>927,811,412</u>
At 1 January 2023	563,634,148	364,177,264	927,811,412
Surplus for the year	565,390,723	-	581,531,575
Other comprehensive income:			
Loss on employee retirement benefit plan	(37,722,000)	-	(37,722,000)
Revaluation surplus	-	311,391,585	311,391,585
Amortisation of revaluation surplus	<u>7,712,960</u>	<u>(7,712,960)</u>	<u>-</u>
<b>Total comprehensive income for the year</b>	<u>535,381,685</u>	<u>303,678,625</u>	<u>839,060,310</u>
<b>At 31 December 2023</b>	<u>1,099,015,833</u>	<u>667,855,889</u>	<u>1,766,871,722</u>



## ZAMBIA REVENUE AUTHORITY

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 K	2022 K
Cash flows from operating activities			
Surplus for the year		565,390,723	547,874,999
<b>Adjustments for:</b>			
Amortisation of capital grant	10	(4,640,116)	(4,223,131)
Depreciation and amortisation	16,17	135,479,897	128,289,807
Impairment loss/(gain) on employee loans and advances	19	174,918	(26,684)
Impairment loss on intangible asset	17	-	26,369,587
Loss/(gain) on disposal of equipment		135,213	(1,029,917)
Net exchange (gain)/losses on borrowings	24	68,307,409	(2,981,186)
Unrealised exchange (gains)/losses		62,566,928	(27,016,763)
Interest paid on borrowings	24	(2,369,938)	(2,983,155)
Net finance income	9	(17,862,422)	(9,389,510)
Defined benefit obligation expense	22	<u>212,561,000</u>	<u>277,510,000</u>
<b>Operating cash flows before movements in working operating funds</b>		1,019,797,053	932,394,047
Changes in operating funds:			
(Increase) decrease in inventories	18	3,527,027	(6,090,550)
Increase in employee loans and advances	19	30,784,251	(79,557,261)
(Increase)/decrease in other assets	20	(37,050,649)	(57,400,340)
Increase in payables	23	<u>35,547,277</u>	<u>221,806,313</u>
		32,807,906	78,758,162
	22	<u>(246,253,000)</u>	<u>(262,196,000)</u>
Employee benefits paid from plan		<u>897,298,156</u>	<u>748,956,209</u>
Net cash generated from operating activities			
<b>Cash flows from investing activities</b>	9	17,862,422	9,389,510
Interest received			
Acquisition of property and equipment and intangible assets	16, 17	(182,356,580)	(70,312,613)
		61,820	1,300,901
Proceeds from disposal of equipment	10	<u>8,689,416</u>	<u>11,246,842</u>
Capital grant received		<u>(155,796,361)</u>	<u>(48,375,360)</u>
<b>Net cash used in investing activities</b>			
<b>Cash flows from financing activities</b>	24	<u>(104,868,750)</u>	<u>(91,262,500)</u>
Repayment of borrowings		<u>(104,868,750)</u>	<u>(91,262,500)</u>
<b>Net cash used in financing activities</b>			
		545,686,848	609,318,348
<b>Net increase in cash and cash equivalents</b>		767,011,010	130,675,899
Cash and cash equivalents at beginning of the year		<u>(62,566,928)</u>	<u>27,016,763</u>
Effect of foreign exchange rate changes	21	<u>1,250,130,930</u>	<u>767,011,010</u>
Cash and cash equivalents at end of the year			

ZAMBIA REVENUE AUTHORITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL  
AMOUNTS FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Approved budget K	Revised budget K	Actual amounts K	Performance difference K
<b>Revenue</b>					
Government grants	30.1.1	2,700,105,201	2,555,205,201	2,519,440,500	(35,764,701)
Asycuda processing fees	30.1.2	544,901,094	556,401,094	577,128,575	20,727,481
Other income	30.1.3	9,193,802	9,193,802	9,725,699	531,897
Finance income	30.1.4	2,515,068	2,515,068	17,862,422	15,347,354
Deferred income	30.1.5	-	-	4,640,114	4,640,114
Commission – Tax Agents and POS		-	-	-	-
Kasumbalesa Agency Fees	30.1.6	6,283,396	7,643,023	-	(7,643,023)
Kariba Dam Agency Fees	30.1.7	-	-	43,071	43,071
		<u>3,262,998,561</u>	<u>3,130,958,188</u>	<u>3,128,840,381</u>	<u>(2,117,807)</u>
<b>Expenditure</b>					
Personnel expenses	30.2.1	2,034,259,497	1,988,198,996	1,819,556,822	168,642,174
Administrative expenses	30.2.2	218,879,248	233,681,250	192,306,118	41,375,132
Other operating expenses	30.2.3	592,088,758	632,546,354	396,264,041	236,282,313
Depreciation and amortisation expenses	30.2.4	-	-	135,479,897	(135,479,897)
Net exchange losses	30.2.5	-	-	55,607,481	(55,607,481)
<b>Total expenditure</b>		<u>2,845,227,503</u>	<u>2,854,426,600</u>	<u>2,599,214,359</u>	<u>255,212,241</u>
Surplus/(deficit) for the year		<u>417,771,058</u>	<u>276,531,588</u>	<u>529,626,022</u>	<u>253,094,434</u>

## ZAMBIA REVENUE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

## 1. General Information

The Zambia Revenue Authority ("the Authority") was established following the 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. Statement of Compliance

The financial statements of the Authority have been prepared in accordance with and comply with International Public Sector Accounting Standards ("IPSAS"), the Zambia Revenue Authority Act, Chapter 321 of the Laws of Zambia and the Public Finance Management Act No.1 of 2018 and the Constitution of Zambia. The financial statements are presented in Zambian Kwacha (K), which is the functional and reporting currency of the Authority. The accounting policies have been consistently applied to all the years presented.

## 3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

## (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 IPSAS 13 Leases, and measurements that have some similarities to fair value but are not fair value, such as value in use in IPSAS 21 Impairment of non-cash generating 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, 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

**ZAMBIA REVENUE AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**3. Summary of Significant Accounting Policies (continued)**

**(a) Basis of preparation (continued)**

- Level 3 inputs are unobservable inputs for the asset or liability.

The Authority had a capital surplus of K1,099,015,833 (2022: K563,634,148) as at the reporting date. On the basis that the Authority is grant aided and funding by the Government has continued in the subsequent period, the Governing Board is of the opinion that the preparation of these financial statements on going concern basis remains appropriate.

**(b) New standards**

The International Public Sector Accounting Standards Board (IPSASB) approved the following standards:

<b>New Standard</b>	<b>Effective Date</b>
<i>IPSAS 5, Borrowing Costs – Non-Authoritative Guidance</i> (Issued November 2021)	On or After 1 January 2023
Improvements to <i>IPSAS, 2021</i> (Issued January 2022)	Date noted in the standard
IPSAS 43, <i>Leases</i> (Issued January 2022)	On or After 1 January 2025
IPSAS 44, <i>Non-Current Assets Held for Sale and Discontinued Operations</i> (Issued May 2023)	On or After 1 January 2025
IPSAS 45, <i>Property, Plant and Equipment</i> (Issued May 2023)	On or After 1 January 2025
IPSAS 46, <i>Measurement</i> (Issued May 2023)	On or After 1 January 2025
IPSAS 47, <i>Revenue</i> (Issued May 2023)	On or After 1 January 2026
IPSAS 48, <i>Transfer Expenses</i> (Issued May 2023)	On or After 1 January 2026

These Standards resulted in a number of consequential amendments to other IPSAS. These amendments are effective from the dates noted in the Standards.

**Amendments to existing Standards**

A number of IPSAS were amended as a result of the International Public Sector Accounting Standards Board's (IPSASB) improvement to IPSAS, 2021 project. This project involves making non-urgent but necessary changes to IPSAS. The following IPSAS have been amended:

- IPSAS 17, *Property, Plant and Equipment*;
- IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets*;
- IPSAS 22, *Disclosure of Financial Information About the General Government Sector*;
- IPSAS 29, *Financial Instruments: Recognition and Measurement*;
- IPSAS 30, *Financial Instruments: Disclosures*;
- IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)*;
- IPSAS 39, *Employee Benefits*; and
- IPSAS 41, *Financial Instruments*.

The IPSASB's narrow scope project IPSAS 5, *Borrowing Costs- Non-Authoritative Guidance* amended this IPSAS to provide Implementation Guidance and Illustrative Examples to assist entities in determining the extent to which borrowing costs can be capitalized.

## ZAMBIA REVENUE AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2023

## 3. Summary of Significant Accounting Policies (continued)

## (c) 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.

## (d) Revenue recognition

**Revenue from non-exchange transactions****Government grants**

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

**Capital grants**

Capital grants are recognised initially as deferred income at fair value where there is reasonable assurance that they will be received 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 income in the statement of financial position and transferred to surplus or deficit on a systematic and rational basis over the useful lives of the related assets.

**Revenue from exchange transactions****Other income**

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

**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 from the sale of cigarette stamps is recognised upon transfer of control of promised goods or services to customers in an amount that reflects the consideration the Authority expects to receive in exchange for those goods or services. Revenue is measured net of returns, trade discounts and volume rebates.



## ZAMBIA REVENUE AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2023

## 3. Summary of Significant Accounting Policies (continued)

## (d) Revenue recognition (continued)

**Revenue from non-exchange transactions (continued)****Interest income**

Interest income is recognised using the effective interest rate method.

(e) **Property, plant 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.

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.

## ZAMBIA REVENUE AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2023

## 3. Summary of Significant Accounting Policies (continued)

## (e) Property and equipment (continued)

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 those assets 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 sale proceeds and the carrying amount of the asset and is recognised in the statement of financial performance.

## (f) 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 the statement of financial performance on a straight-line basis over the period of the lease.

## (g) 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.

## ZAMBIA REVENUE AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2023

## 3. Summary of Significant Accounting Policies (continued)

## (h) 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.

## (i) 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.

## j) Financial instruments

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

## (i) Financial assets

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as loans and receivables or held-to-maturity investments, as appropriate. The Authority determines the classification of its financial assets at initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Authority commits to purchase or sell the asset. The Authority's financial assets include: cash and short-term deposits, employee loans and advances and other receivables.

## ZAMBIA REVENUE AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2023

## 3. Summary of Significant Accounting Policies (continued)

## (j) Financial instruments (continued)

## (i) Financial assets (continued)

## (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.

## (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.

## (c) 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;
- default or delinquency in interest or principal payments;
- 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.

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 the statement of financial performance 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.

## ZAMBIA REVENUE AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2023

## 3. Summary of Significant Accounting Policies (continued)

## (j) Financial instruments (continued)

## (i) Financial assets (continued)

## (d) 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 financial performance.

## (ii) Financial liabilities

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Authority determines the classification of its financial liabilities at initial recognition.

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

The Authority's financial liabilities include payables, other payables and borrowings.

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.

## (k) Deferred income

Income intended to compensate costs over a period of time is deferred and released to the statement of financial performance over the periods necessary to match it with the costs for which it is intended to compensate.

## (l) 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.

## (m) 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 assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the statement of financial performance in the year in which they are incurred.



## ZAMBIA REVENUE AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2023

## 3. Summary of Significant Accounting Policies (continued)

## (n) 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 the assets of the pension plan. 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 expenses when they are due.

The Authority and all its employees also contribute to the National Pension Scheme Authority (NAPSA), which is a defined contribution scheme.

**ZAMBIA REVENUE AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**3. Summary of Significant Accounting Policies (continued)**

**(n) Employee benefits (continued)**

**(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 separation from the institution 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 IPSAS 39 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary separation, 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.

**4. 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.

## ZAMBIA REVENUE AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2023

## 5. 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, including outstanding receivables. The Authority does not have significant concentrations of credit risk.

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.

**Foreign currency risk management**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Authority undertakes certain transactions denominated in foreign currencies hence exposure to exchange rate fluctuations arise. Exchange rate exposure is managed within approved policy parameters as approved by the Board of Directors.

The Authority is exposed to foreign exchange risk which arises primarily with respect to bank and cash balances which are denominated in US Dollars. Foreign exchange risk also arises from a loan from Ministry of Finance and National Planning (a subsidiary loan which the Government of the Republic of Zambia secured from the People's Republic of China denominated in Chinese Yuan) and supplier payments denominated in US Dollars. Below is the Kwacha equivalent of the financing assets and liabilities that are denominated in foreign currencies:

	2023 K	2022 K
<b>Assets</b>		
US Dollar denominated	<u>23,801,657</u>	<u>38,027,464</u>
<b>Liabilities</b>		
Chinese Yuan denominated	193,997,265	232,928,544
US Dollar denominated	<u>258,390</u>	<u>15,172,608</u>
	<u>194,255,655</u>	<u>248,101,152</u>

## ZAMBIA REVENUE AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2023

## 5. Financial risk management objectives and policies (continued)

**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 24) 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.

**Liquidity risk**

	Less than 1 year K	Between 1 and 5 years K	Over 5 years K
31 December 2023:			
- borrowings	129,651,637	64,345,628	-
- payables	443,785,270	-	-
- employee benefits	<u>81,833,246</u>	<u>292,144,688</u>	<u>171,577,040</u>
	<u>655,270,153</u>	<u>356,490,316</u>	<u>171,577,040</u>
31 December 2022:			
- borrowings	82,973,319	149,955,225	-
- payables	408,237,993	-	-
- employee benefits	<u>81,228,746</u>	<u>289,986,624</u>	<u>170,309,604</u>
	<u>572,440,058</u>	<u>439,941,849</u>	<u>170,309,604</u>

**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 and National Planning.

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

## ZAMBIA REVENUE AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2023

## 5. Financial risk management objectives and policies (continued)

There were no financial assets and liabilities that are measured at fair value on a recurring basis during the period. 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 2023 K	Fair value 2023 K	Carrying value 2022 K	Fair value 2022 K
<b>Financial assets</b>				
Employee loans and advances	170,642,604	170,642,604	201,601,773	201,601,773
Other assets	144,368,612	144,368,612	107,317,963	107,317,963
Customs deposit bank accounts	6,443,989	6,443,989	3,870,484	3,870,484
Tax refunds bank accounts	296,187,665	296,187,665	190,469,706	190,469,706
<b>Financial liabilities</b>				
Borrowings	193,997,265	193,997,265	232,928,544	232,928,544
Payables	443,785,270	443,785,270	408,237,993	408,237,993
Customs deposit bank accounts	6,443,989	6,443,989	3,870,484	3,870,484
Tax refunds bank accounts	296,187,665	296,187,665	190,469,706	190,469,706

## Fair value hierarchy as at 31 December 2023

	Level 1 K	Level 2 K	Level 3 K	Total K
<b>Financial assets</b>				
Employee loans and advances	-	-	170,642,604	170,642,604
Other assets	-	-	144,368,612	144,368,612
Customs deposit bank accounts	-	-	6,443,989	6,443,989
Tax refunds bank accounts	-	-	296,187,665	296,187,665
<b>Financial liabilities</b>				
Borrowings	-	-	193,997,265	193,997,265
Payables	-	-	443,785,271	443,785,271
Customs deposit bank accounts	-	-	6,443,989	296,187,665
Tax refund bank accounts	-	-	296,187,665	296,187,665

## Fair value hierarchy as at 31 December 2022

	Level 1 K	Level 2 K	Level 3 K	Total K
<b>Financial assets</b>				
Employee loans and advances	-	-	201,601,773	201,601,773
Other assets	-	-	107,317,963	107,317,963
Customs deposit bank accounts	-	-	3,870,484	3,870,484
Tax refunds bank accounts	-	-	190,469,706	190,469,706
<b>Financial liabilities</b>				
Borrowings	-	-	232,928,544	232,928,544
Payables	-	-	408,237,993	408,237,993
Customs deposit bank accounts	-	-	3,870,484	3,870,484
Tax refund bank accounts	-	-	190,469,706	190,469,706



## ZAMBIA REVENUE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

6. Government Grants	2023 K	2022 K
Annual budgetary allocation	2,555,205,201	1,700,307,979
Supplementary funding	-	743,858,907
	<u>2,555,205,201</u>	<u>2,444,166,886</u>

The funding received in the period includes an operational grant of K2,258.0 million and modernization funding of K297.2 million.

## 7. ASYCUDA Processing Fees

Asycuda processing fees are derived from the charge of K500.10 per transaction for the processing of imported goods at the borders. This income is partly used to maintain the scanners that are used to process imported goods.

2023 K	2022 K
<u>577,128,575</u>	<u>524,816,433</u>

## 8. Other income

Cigarette stamps sales proceeds	2,340,003	3,664,485
Rental income	2,672,168	2,530,307
Loss/(gain) on disposal of property and equipment	(135,213)	1,764,298
Sundry income	<u>4,848,742</u>	<u>1,300,901</u>
	<u>9,725,700</u>	<u>9,259,991</u>

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

## 9. Finance income

Relates to interest income on short term bank deposits.	<u>17,862,422</u>	<u>9,389,510</u>
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## 10. Deferred income

At beginning of the year	11,275,408	4,251,697
Receipts during the year	8,689,416	11,246,842
Recognised in the statement of financial performance	<u>(4,640,116)</u>	<u>(4,223,131)</u>
At end of the year	<u>15,324,708</u>	<u>11,275,408</u>
Amounts falling due within one year	4,609,293	917,732
Amounts falling due after one year	<u>10,715,415</u>	<u>10,357,676</u>
	<u>15,324,708</u>	<u>11,275,408</u>

In May 2018, the Authority received various assets from the German Development Cooperation, in the form of computers and office furniture valued at K293,400 and K16,691 respectively. These have been treated as deferred income in accordance with IPSAS 23, revenue from non-exchange Transactions. The grant assets are being depreciated over their estimated useful lives of 5 years with the associated deferred income being amortised accordingly.

## ZAMBIA REVENUE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 202310. **Deferred income (continued)**

In 2019, the Authority received various assets from the World Bank which included handheld scanners, sirens and drones all valued at K1.5 million. The German Development Cooperation donated various office furniture and ICT equipment valued at K952,411. The Public Financial Management Reform Program (PFMRP) donated Canon document scanners valued at K154,104. The World Customs Organisation donated ICT equipment valued at K66,833. These have been treated as deferred income and are being depreciated over their respective estimated useful lives with associated deferred income being amortised accordingly.

During the year 2020, the Authority received K2.3 million worth of seals from the World Bank for use in the management of transit cargo vehicles for customs purposes, laptops worth K0.4 million from the German Development Agency, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and laptops worth K0.14 million from the Ministry of Commerce Trade and Industry.

During the 2021 financial year, the Authority received assets valued at K6.0 million from the German Agency for International Corporation (GIZ). These consisted of computers and related accessories. The Authority also received donations of furniture and equipment from UNCTAD and Ministry of Transport valued at K400,000.

During the 2022 financial year, the Authority received assets valued at K11.2 million from GIZ, the World Customs Organization and the Ministry of Commerce, Trade and Industry. These consisted of computers (including related accessories) and office furniture.

During the 2023 financial year, the Authority received assets valued at K8.7 million from the German Agency for International Corporation (GIZ), the World Customs Organization and the World Bank. These consisted of motor vehicles, computers (including related accessories) and office furniture.

11. **Agency Fees**(a) **Kasumbalesa Agency Fees**

In March 2017, the Authority was appointed by the Government of the Republic of Zambia (GRZ) as a Profit Collection Agent in respect of the Concession Agreement between the GRZ and the Zambian Intellectual Property Border Crossing Company Limited (Zip)BCC for collection of profits on its behalf. A commission of 10% was payable to the Authority on the total collections. The concession agreement came to an end in March 2023, no income has been recognized in the period to 31st December 2023 (2022:K6,704,931).

(b) **Kariba Dam Agency Fees**

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 K43,070 (2022: K33,430) reported in the statement of financial performance represents 10% agency fees on the toll fees collected on behalf of Zambezi River Authority during the year.

## ZAMBIA REVENUE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

12. Personnel expenses	2023 K	2022 K
Basic pay	736,851,059	662,139,196
Retirement benefit expenses	264,727,776	397,265,547
Housing allowance	201,578,479	186,720,650
Leave pay	187,616,986	168,452,072
Other allowances	98,635,875	80,507,789
Bonuses	84,235,629	79,557,892
Overtime	65,467,369	58,259,341
Pension Scheme contributions	68,856,166	57,473,278
Medical expenses	36,862,946	33,571,067
NAPSA contributions	34,810,806	30,927,142
Staff welfare and professional subscriptions	18,034,019	13,163,920
Insurance	9,283,585	8,644,390
Training	11,402,952	10,303,103
ART/Employee wellness contributions	1,193,175	1,212,660
	<u>1,819,556,822</u>	<u>1,788,198,047</u>
13. Administrative expenses		
Travel expenses	36,015,356	35,453,210
Repairs and maintenance - buildings	30,856,587	21,512,606
Bad debts	16,140,850	-
Office rentals	9,499,997	8,473,754
Motor vehicle repairs	10,457,770	9,081,074
Electricity, water and rates	8,433,159	10,187,407
Postage and telephones	7,886,297	7,683,579
Subscriptions and publications	7,065,277	6,229,322
Fuel	9,799,440	8,464,166
Advertising and public relations	11,227,084	8,433,858
Staff uniforms	8,007,535	1,234,446
Printing and stationery	9,402,319	8,211,253
Conferences and seminars	14,556,854	8,567,757
Motor vehicle insurance and licences	4,628,234	3,470,705
Board expenses	3,339,394	3,560,252
Audit expenses	1,768,900	1,263,500
Corporate social responsibility	896,899	557,943
Insurance	2,039,283	1,764,956
Bank charges	284,883	218,184
	<u>192,306,118</u>	<u>144,367,972</u>
14. Other operating expenses		
Repairs and maintenance - IT	183,277,045	203,599,243
Travel/relocation	84,123,772	74,316,684
Security	38,464,870	29,377,976
Field work - fuel	12,370,123	9,906,356
Advertising/promotional material and conferences	27,635,536	11,375,200
Cigarette stamps	3,414,727	4,406,904
Scanner operations	37,169,493	71,314,724
Printing and stationery	2,678,097	2,341,363
Tender Expenses	2,580,754	2,348,678
Legal and professional expenses	278,031	1,692,186
Other professional fees	4,271,593	394,494
	<u>396,264,041</u>	<u>411,073,808</u>

## ZAMBIA REVENUE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

## 15. Net exchange losses

	2023 K	2022 K
Net exchange losses/gains	<u>(55,607,481)</u>	<u>21,210,321</u>

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

Mid market exchange rate at 1 January	K18.1	K16.7
Mid market exchange rate at 31 December	K25.7	K18.1
Average (appreciation)/depreciation	42%	8%

ZAMBIA REVENUE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

16. Property, plant and equipment

Cost/valuation	Leasehold land K	Leasehold 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 2022	39,570,402	760,634,812	437,797,967	212,350,672	67,869,476	37,655,497	8,090,974	1,563,969,800
Additions	-	252,207	2,238,759	29,063,062	16,066,755	7,614,788	15,077,042	70,312,613
Disposals	-	(78,000)	-	(258,454)	(276,915)	(1,172,644)	-	(1,786,013)
Transfers	-	9,429,439	-	-	-	-	(9,429,439)	-
Transfer*	-	-	-	-	-	-	25,649,690	25,649,690
At 31 December 2022	39,570,402	770,238,458	440,036,726	241,155,280	83,659,316	44,097,641	39,388,267	1,658,146,090
Additions	-	-	848,482	60,888,483	58,274,736	7,901,739	49,080,793	176,994,232
Disposals	-	-	-	(71,381)	-	(186,100)	-	(257,481)
Transfers	-	8,375,429	-	480,779	-	-	(8,856,208)	-
Revaluation surplus	150,646,473	160,745,112	-	-	-	-	-	311,391,585
At 31 December 2023	190,216,875	939,358,999	440,885,208	302,453,161	141,934,052	51,813,280	79,612,852	2,146,274,427
<b>Depreciation and impairment losses</b>								
At 1 January 2022	-	49,909,441	324,408,388	119,470,274	58,874,001	25,269,870	-	577,931,974
Depreciation charge	-	10,423,682	41,300,802	32,948,008	7,379,448	5,508,970	-	97,560,910
Eliminated on disposal	-	(21,120)	-	(141,789)	(276,915)	(1,075,205)	-	(1,515,029)
At 31 December 2022	-	60,312,003	365,709,190	152,276,493	65,976,534	29,703,635	-	673,977,855
Depreciation charge	-	11,295,474	38,285,114	38,080,850	14,372,893	6,356,672	-	108,391,003
Eliminated on disposal	-	-	-	(52,530)	-	(7,917)	-	(60,448)
At 31 December 2023	-	71,607,477	403,994,304	190,304,813	80,349,427	36,052,390	-	782,308,411
<b>Carrying amounts</b>								
At 31 December 2023	190,216,875	867,751,522	36,890,904	112,148,348	61,584,625	15,760,890	79,612,852	1,363,966,016
At 31 December 2022	39,570,402	709,926,455	74,327,536	88,878,787	17,682,782	14,394,006	39,388,267	984,168,235

\*The transferred Capital Works in Progress (CWIP) asset is for payments made to the Copperbelt University under a contract for the development of a Customs Management System (CMS) previously capitalized under Intangible Assets. This contract has since been put on hold. Total payments made to date under this contract include K12.7m for ICT equipment and K13m payment for other works.



## ZAMBIA REVENUE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

## 16. Property and equipment (continued)

**Fair values of buildings**

An independent valuation of the Authority's buildings was performed during the year by valuers, Upmarket Property Consultants to determine the fair value of the land and buildings as at 31<sup>st</sup> December 2023. The revaluation surplus is credited to in revaluation reserves in capital fund and reserves. The Authority carries out a valuation every five years to ensure that the carrying amount of the buildings does not significantly differ from the fair value. The previous valuation was carried out at the end of 2018.

The different levels have been defined as follows:

- 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:

	2023 K	2022 K
Cost	450,966,078	441,362,432
Accumulated depreciation	<u>(98,308,634)</u>	<u>(89,289,312)</u>
Carrying amount	<u>352,657,444</u>	<u>352,073,120</u>

The Authority holds title to Revenue House and a few other properties. However, the Government holds title to all other properties transferred to the Authority in 1994. There is a project committee that has been tasked with the responsibility of ensuring that all title deeds currently with the Government are transferred to the Authority. Management has engaged the Ministry of Local Government, Ministry of Lands and the respective Local Authorities and Planning Authorities to, among other things, prepare and approve site plans, number the plots and survey the plots before title deeds can be processed.

## ZAMBIA REVENUE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS  
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## 17. Intangible assets

Cost	Software K	Capital work in progress K	Total K
At 1 January 2022	177,810,647	52,019,277	229,829,924
Additions	-	-	-
Impairment loss Provision*	-	(26,369,587)	(26,369,587)
Transfer**	-	(25,649,690)	(25,649,690)
At 1 January 2023	177,810,647	-	177,810,647
Additions	-	5,362,348	5,362,348
<b>At 31 December 2023</b>	<u>177,810,647</u>	<u>5,362,348</u>	<u>183,172,995</u>
<b>Amortisation</b>			
<b>At 1 January 2022</b>	95,822,738	-	95,822,738
Amortisation charge for the year	<u>30,728,897</u>	<u>-</u>	<u>30,728,897</u>
At 1 January 2023	126,551,635	-	126,551,635
Amortisation charge for the year	<u>27,088,894</u>	<u>-</u>	<u>27,088,894</u>
<b>At 31 December 2023</b>	<u>153,640,529</u>	<u>-</u>	<u>153,640,529</u>
<b>Carrying Amount</b>			
<b>At 31 December 2023</b>	<u>24,170,118</u>	<u>5,362,348</u>	<u>29,532,466</u>
<b>At 31 December 2022</b>	<u>51,259,012</u>	<u>-</u>	<u>51,259,012</u>

\* The Impairment loss provision of K26.4m is for Software development paid under a contract with the Copperbelt University for the development of a Customs Management System. The contract has been put on hold and the future status of this project is uncertain. The development may not proceed to completion.

\*\*The reclassified balance of K25,649,690 from the previous year's figure relates to hardware that was transferred to Tangible CWIP, note 16.

## ZAMBIA REVENUE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS  
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	2023 K	2022 K
<b>18. Inventories</b>		
Uniforms	1,349,729	7,121,624
Stationery	3,880,262	1,881,110
Cigarette stamps	1,162,144	916,671
Other consumables	<u>501,176</u>	<u>500,933</u>
	<u>6,893,311</u>	<u>10,420,338</u>

No allowance is necessary and has been made for obsolescence and slow moving inventory (2022: Nil).

	2023 K	2022 K
<b>19. Employee loans and advances</b>		
Advances against gratuity	87,402,042	98,100,641
Vehicle ownership loans	9,534,524	21,603,499
Other loans	30,095,986	60,697,724
Personal loans	<u>44,130,625</u>	<u>21,545,564</u>
	171,163,177	201,947,428
Impairment allowance	<u>(520,573)</u>	<u>(345,655)</u>
	<u>170,642,604</u>	<u>201,601,773</u>
Amounts falling due within one year	127,981,953	151,201,330
Amounts falling due after one year	<u>42,660,651</u>	<u>50,400,443</u>
Total employee loans and advances	<u>170,642,604</u>	<u>201,601,773</u>

Interest is charged at 5% per annum for all employee loans except for senior management car loans which are charged at 18%.

House and car loans are enhanced by collateral of property. In the case of car loans, the vehicle certificate is endorsed with the Authority as the absolute owner.

## ZAMBIA REVENUE AUTHORITY

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<b>19. Employee loans and advances (continued)</b>	<b>2023</b>	<b>2022</b>
	<b>%</b>	<b>%</b>
The prevailing interest rates on staff loans were as follows:		
Personal loans	5	5
Personal Development loans	5	5
House loans	5	5
Car loans	5	5
Car loans-senior management	18	18
 Movement in the impairment allowance	<b>2023</b>	<b>2022</b>
	<b>K</b>	<b>K</b>
At beginning of year	345,655	372,339
Impairment in the current year	<u>174,918</u>	<u>(26,684)</u>
Balance at end of the year	<u>520,573</u>	<u>345,655</u>
 <b>20. Other assets</b>		
Funds receivable from Kasumbalesa Concession	-	36,356,818
Prepayments	66,324,762	59,633,355
Other receivables	<u>78,043,850</u>	<u>11,327,790</u>
	<u>144,368,612</u>	<u>107,317,963</u>
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.		
	<b>2023</b>	<b>2022</b>
	<b>K</b>	<b>K</b>
<b>21. Cash and cash equivalents</b>		
Cash at bank and in hand	<u>1,250,130,930</u>	<u>767,011,010</u>
Held as follows:		
Zambia National Commercial Bank Plc	1,186,544,062	403,274,810
Bank of Zambia (ASYCUDA Processing Fees)	12,062,218	11,945,750
ABSA Bank Zambia Limited	23,801,657	130,403,764
Citi Bank Limited	3,564,567	5,867,884
Atlas Mara Bank Limited	19,032,805	212,271,974
Cash on hand	3,910,407	2,456,569
Indo Zambia Bank Limited	789,151	741,844
Access Bank Limited	12,396	12,936
Investrust Bank PLC	355,796	9,700
First Capital Bank Limited	9,945	10,000
First Alliance Bank Limited	10,000	-
Standard Chartered Bank Plc	8,202	8,301
Stanbic Bank Limited	5,390	5,390
First National Bank Limited	24,333	1,688
Eco Bank Limited	-	400
<b>Total cash and cash equivalents</b>	<u>1,250,130,930</u>	<u>767,011,010</u>

## ZAMBIA REVENUE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

22. Employee benefits	2023 K	2022 K
End of contract gratuity and retirement benefits	<u>545,554,974</u>	<u>541,524,974</u>
Amounts falling due within one year	81,833,246	81,228,746
Amounts falling due after one year	<u>463,721,728</u>	<u>460,296,228</u>
	<u>545,554,974</u>	<u>541,524,974</u>
Movement in the present value of the defined benefit obligations:		
Defined benefit obligations at 1 January	541,524,974	721,938,974
Benefits paid by the plan	(246,253,000)	(262,196,000)
Service costs	111,276,000	148,278,000
Interest cost	101,285,000	129,232,000
Actuarial (gain)/loss	<u>37,722,000</u>	<u>(195,728,000)</u>
Defined benefit obligations at the end of the year	<u>545,554,974</u>	<u>541,524,974</u>
Expense recognised in surplus or deficit		
Service costs	111,276,000	148,278,000
Interest costs	<u>101,285,000</u>	<u>129,232,000</u>
	<u>212,561,000</u>	<u>277,510,000</u>

The significant actuarial assumptions were as follows:

	31 December 2023		31 December 2022	
	Retirement benefits	End of contract gratuities	Retirement benefits	End of contract gratuities
Discount rate	22.2%	22.2%	21.4%	21.4%
Inflation	10.8%	10.8%	10.7%	10.7%
Future salary increases	12.3%	12.3%	12.2%	12.2%

Assumptions regarding future experience are set based on the Authority's observations and experience.

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

	Change in Assumption	Impact on defined benefit obligation K
Discount rate	1%	17,995,000
Salary growth rate	-1%	19,528,000

The above sensitivity analysis is 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 when calculating the pension liability recognised within the statement of financial position.



## ZAMBIA REVENUE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS  
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23. Payables	2023 K	2022 K
Accrued leave pay	115,445,657	90,862,999
Trade payables	146,074,257	232,114,096
Accrued expenses	<u>182,265,356</u>	<u>85,260,898</u>
	<u>443,785,270</u>	<u>408,237,993</u>

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

24. Borrowings	K	K
Loan from Ministry of Finance and National Planning	<u>193,997,265</u>	<u>232,928,544</u>
Amounts falling due within one year	129,651,637	82,973,319
Amounts falling due after one year	<u>64,345,628</u>	<u>149,955,225</u>
Amounts at the end of the year	<u>193,997,265</u>	<u>232,928,544</u>
At the beginning of the year	232,928,544	330,155,385
Loan repayments during the year	(104,868,750)	(91,262,500)
Loan interest paid during the year	(2,369,938)	(2,983,155)
Net exchange losses/(gains) during the year	<u>68,307,409</u>	<u>(2,981,186)</u>
At the end of the year	<u>193,997,265</u>	<u>232,928,544</u>

	2023 CNY	2022 CNY
At the beginning of the year	88,812,500	124,950,000
Loan repayments during the year	(35,000,000)	(35,000,000)
Loan interest paid during the year	<u>(787,500)</u>	<u>(1,137,500)</u>
Balance at the end of the year	<u>53,025,000</u>	<u>88,812,500</u>

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 non-intrusive scanning equipment(8 scanners) from Exim Bank.

The loan is for a duration of 13 years at a fixed interest rate of 1% per annum (revised). Under the terms of this loan, the Authority is to pay annual interest amounts in two instalments in March and September starting in 2013, while principal repayments commenced in 2015.

25. Customs deposits bank accounts	2023 K	2022 K
Customs deposits bank accounts	<u>6,443,989</u>	<u>3,870,484</u>
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.		
26. Tax refunds bank accounts		
Value Added Tax (VAT) refunds	270,457,731	155,140,418
Income Tax refunds	14,197,991	26,777,316
Customs refunds	<u>11,531,943</u>	<u>8,551,972</u>
	<u>296,187,665</u>	<u>190,469,706</u>

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

## ZAMBIA REVENUE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 202327. **Contingent liabilities**

There were legal proceedings outstanding against the Authority, which were awaiting ruling/judgement by the courts of law as at 31 December 2023. 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.

28. **Commitments**

Capital expenditure commitments at the end of the reporting period but not recognised in the financial statements are as follows:

	2023 K	2022 K
Property, plant and equipment	<u>347,658,514</u>	<u>91,414,540</u>
Operating lease commitments		

The Authority leases various properties under non-cancellable operating leases. 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:

	2023 K	2022 K
Not later than 1 year	9,100,660	1,564,704
Later than 1 year and not later than 5 years	<u>7,095,179</u> <u>16,195,839</u>	<u>6,258,816</u> <u>7,823,520</u>

29. **Related party transactions**

Funding received from Government	<u>2,555,205,201</u>	<u>2,444,166,886</u>
Scanner loan and interest repayments to Government	<u>107,238,688</u>	<u>94,245,655</u>

Key management personnel 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:

	2023 K	2022 K
Salaries and other short-term employment benefits	46,074,126	30,636,367
Post-employment benefits	18,757,231	45,677,087
Directors Fees	<u>1,248,264</u> <u>66,079,621</u>	<u>727,444</u> <u>77,040,898</u>
<b>Loans to Directors</b>		
Loans and advances	<u>20,157,502</u>	<u>23,431,610</u>

The Authority has been providing short term loans to key management personnel at rates below average commercial rates of interest. The advances are unsecured.

## ZAMBIA REVENUE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 202330. **Budget information**

The annual budget is prepared on accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Authority. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts. Explanatory comments are provided in the notes to the annual financial statements; first, the reasons for overall growth or decline in the budget are stated, followed by details of overspending or underspending on line items.

30.1 **Revenue**30.1.1 **Government grants**

Both the operational grant and modernization grant were funded as per the funding profile during the year. No supplementary grant was budgeted or received in the period.

30.1.2 **ASYCUDA Processing Fees**

The ASYCUDA Processing Fee per transaction was maintained at K500.10 per transaction. The actual transaction volumes were more than budgeted for the year resulting in a favourable variance of K20.727million.

30.1.3 **Other income**

Other income comprises income from sale of cigarette stamps, disposal of obsolete and disused property, rentals from let out properties and sale of tender documents. The income recorded for the year was within budget.

30.1.4 **Finance income**

A total of K 17.86 million was raised on short term deposits against a budget of K2.52 million. The Authority invested funds earmarked for various projects in short-term deposits whilst waiting for procurement processes to be completed.

30.1.5 **Deferred income**

This comprises of amortization of various assets donated to the Authority (including office equipment and motor vehicles) by Public Expenditure Management and Financial Accountability (PEMFA), Public Financial Management Reform Program (PFMRP), World Bank, German Development Agency (GIZ) and World Customs Organisation (WCO). These figures are not included in the budget due to the uncertainty of the grant income from donors.

30.1.6 **Kasumbalesa Agency Fees**

The Kasumbalesa concession agreement between government and the private party came to an end in March 2023 following successful handover of the facility back to government. No agency fee was paid or recognized in the year.

30.1.7 **Kariba Dam Agency Fees**

This relates to 10% agency fee on Kariba Dam Toll Fees collected on behalf of Zambezi River Authority.

## ZAMBIA REVENUE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

## 30. Budget Information (continued)

## 30.2 Expenditure

## 30.2.1 Personnel expenses

Overall, the performance against the budget shows a positive variance mainly due to delayed recruitments.

## 30.2.2 Administrative expenses

The actual expenditure remained within budget for the year despite an increase in some operating costs.

## 30.2.3 Other operating expenses

The expenditure was well within budget. Most activities were carried out within the allocated budget amounts. A number of capital projects were not undertaken in the period due to a back log in the procurement process. These will be carried out in the 2024 financial year.

## 30.2.4 Depreciation and amortization expenses

The actual depreciation and amortisation of both tangible and intangible assets for the year is not included in the annual budget but is shown in the final audited financial statements of the Authority. This is due to the uncertainty of the number of assets and class which the Authority will have at the end of any reporting period.

## 30.2.5 Net exchange losses

The Authority had assumed a subsidiary loan on non-intrusive scanning equipment from Exim Bank through the Government. As this is denominated in Chinese Yuan (CYN), the outstanding balance is translated into Zambian Kwacha at year end. Net exchange gains were recorded in the year due to movements in the exchange rate between the CYN and the Kwacha. The Scanner loan balance at the reporting date was CNY 53,025,000 (2022: CNY 88,812,500).

## 31. Climate change

The Zambia Revenue Authority recognises Climate Risk as an Integrated Risk Type. Climate Risk is defined as the potential for financial loss and non-financial detriments arising from climate change and society's response to it. The Authority aims to measure and manage financial and non-financial risks from climate change, and reduce emissions related to its own activities in alignment with the Paris Agreement. Climate change impacts almost all the sectors within the economy. However, the Authority notes that there are certain sectors that are more vulnerable to climate risks under different Transition Risk and Physical Risk scenarios. The Authority plans to move quickly in developing identified methodologies and engage with its various stakeholders that include taxpayers and integrate Climate Risk into its mainstream risk management activities and assessments. The Authority will seek to adapt its approach as the impact from Climate Risk becomes clearer and the tools and methodologies to gather reliable data mature.

## 32. Events after the reporting date

There have been no material facts or circumstances that have occurred between the reporting date and the date of these financial statements that require disclosure in or adjustment to the financial statements. There was a public notice on 2nd April, 2024 by the Central Bank after the reporting period that the Bank had taken possession of Investrust Bank Plc.

## ANNEX

Selected institutions that the Zambia Revenue Authority collaborated with in 2023.

1. African Development Bank
2. African Tax Administration Forum
3. Anti-Corruption Commission
4. Bank of Zambia
5. Botswana Unified Revenue Services
6. Common Market for Eastern and Southern Africa
7. Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ);
8. Drug Enforcement Commission
9. European Union
10. Financial Intelligence Centre
11. International Growth Centre
12. International Monetary Fund
13. International Police (Interpol)
14. Japan International Co-operation Agency
15. Law Association of Zambia
16. Malawi Revenue Authority
17. Ministry of Agriculture
18. Ministry of Finance and National Planning
19. Ministry of Fisheries and Livestock
20. Ministry of Local Government and Rural Development
21. Ministry of Mines and Minerals Development
22. National Assembly of Zambia
23. National Pension Scheme Authority
24. National Road Fund Agency
25. Network of Tax Organisations
26. Organisation for Economic Co-operation and Development
27. Road Transport and Safety Agency
28. Rwanda Revenue Authority
29. Smart Zambia Institute
30. Southern African Development Community
31. Tanzania Revenue Authority
32. United Nations University World Institute for Development Economics Research
33. United States Agency for International Development
34. United Nations Conference on Trade and Development
35. World Bank Group
36. World Customs Organisation
37. Zambia Institute for Policy Analysis and Research
38. Zambia Institute of Chartered Accountants
39. Zambia National Broadcasting Corporation
40. Zambia Police Service
41. Zambia Public Procurement Agency
42. Zambia Statistics Agency



## ABBREVIATIONS

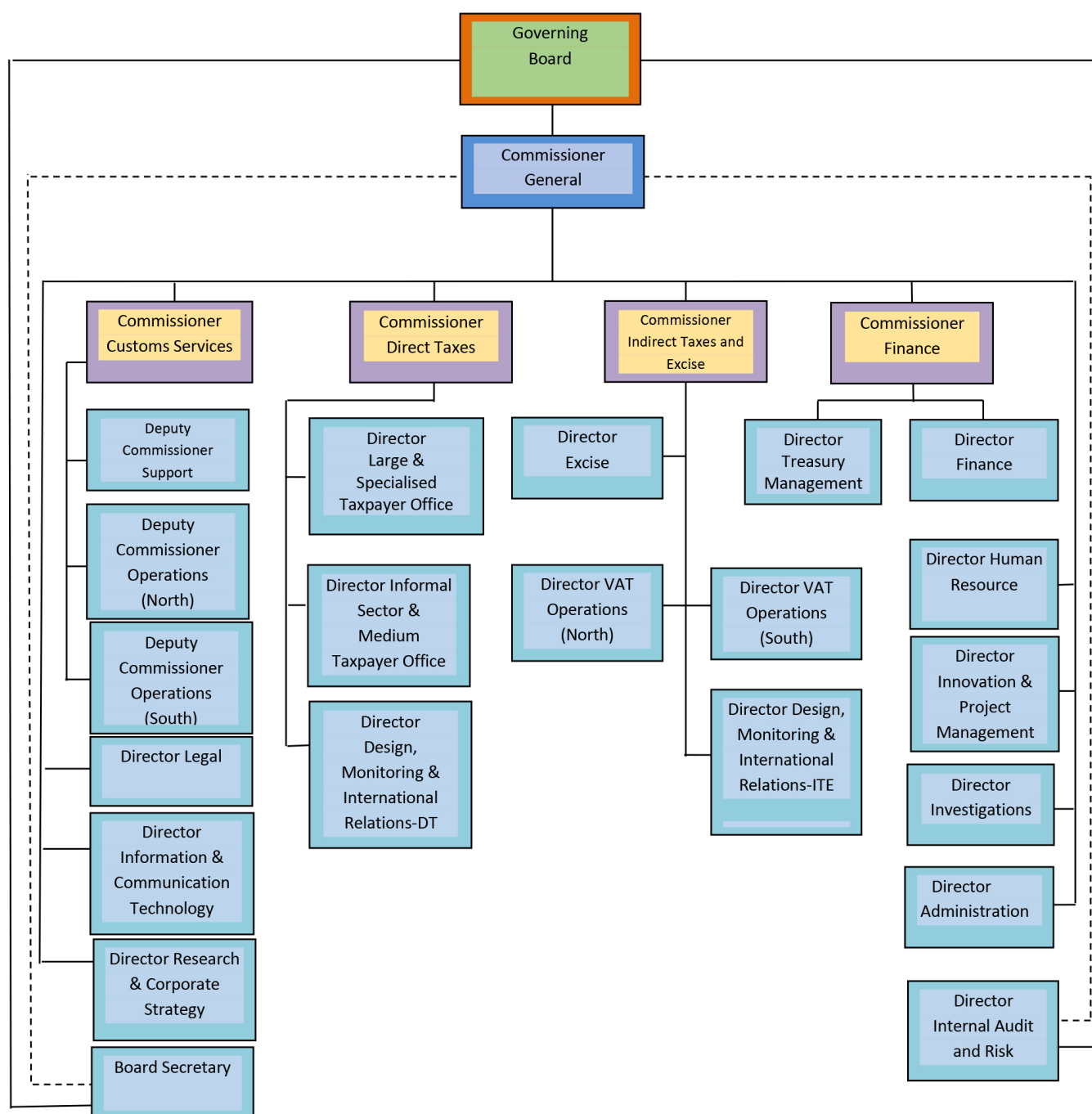
AfDB	African Development Bank
ASYCUDA	Automated System for Customs Data
ATAF	African Tax Administration Forum
BIDA	Bulk Intelligence and Data Analysis
BMS	Block Management System
BoZ	Bank of Zambia
CACP	Customs Accredited Clients Programme
COMESA	Common Market for Eastern and Southern Africa
CSP	Corporate Strategic Plan
EFD	Electronic Fiscal Device
EU	European Union
GDP	Gross Domestic Product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
ICT	Information and Communication Technology
IMF	International Monetary Fund
JICA	Japan International Cooperation Agency
KPI	Key Performance Indicator
KRA	Key Result Area
LME	London Metal Exchange
NTO	Network of Tax Organisations
OECD	Organisation for Economic Co-operation and Development
OSBP	One Stop Border Post
PMDC	Performance Management and Development Contract
RTSA	Road Transport and Safety Agency
SADC	Southern African Development Community
SO	Strategic Objective
TADAT	Tax Administration Diagnostic Assessment Tool
TPIN	Taxpayer Identification Number
UNU-WIDER	United Nations University World Institute for Development Economics Research
USAID	United States Agency for International Development
USSD	Unstructured Supplementary Service Data
VAT	Value Added Tax
VDP	Value for Duty Purposes
ZANIS	Zambia News and Information Services
ZESW	Zambia Electronic Single Window
ZICA	Zambia Institute of Chartered Accountants
ZRA	Zambia Revenue Authority
ZRAIC	Zambia Revenue Authority Integrity Committee

## APPENDIX

Table 71: January to December 2023 vs January to December 2022 Gross Collections by Sector, K 'Million

Rank	Sector	Inland Tax Collections			Customs Tax Collections			Total Tax Collections		
		2023	2022	Var	2023	2022	Var	2023	2022	Var
1	Mining and Quarrying	30,921.1	36,675.1	-15.7%	5,007.7	3,814.7	31.3%	35,928.8	40,489.9	-11.3%
2	Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	7,209.1	6,425.4	12.2%	15,482.8	8,984.2	72.3%	22,691.9	15,409.6	47.3%
3	Manufacturing	6,701.0	6,041.4	10.9%	5,066.1	3,716.2	36.3%	11,767.1	9,757.6	20.6%
4	Financial and Insurance Activities	7,157.0	6,459.5	10.8%	123.6	476.6	-74.1%	7,280.5	6,936.0	5.0%
5	Public Administration and Defence; Compulsory Social Security	6,299.3	6,167.1	2.1%	5.9	47.2	-87.5%	6,305.2	6,214.3	1.5%
6	Administrative and Support Service Activities	3,757.3	3,389.8	10.8%	634.5	477.6	32.9%	4,391.8	3,867.3	13.6%
7	Other Service Activities	2,998.6	2,592.0	15.7%	1,367.1	835.8	63.6%	4,365.7	3,427.9	27.4%
8	Information and Communication	3,795.6	3,122.9	21.5%	310.9	256.4	21.3%	4,106.5	3,379.3	21.5%
9	Electricity, Gas, Steam and air Conditioning Supply	2,578.2	3,023.2	-14.7%	802.8	352.7	127.6%	3,381.0	3,375.9	0.1%
10	Professional, Scientific and Technical Activities	2,443.0	2,230.8	9.5%	554.8	512.4	8.3%	2,997.8	2,743.2	9.3%
11	Construction	1,651.4	1,447.7	14.1%	882.3	562.8	56.8%	2,533.7	2,010.5	26.0%
12	Transportation and Storage	1,402.1	1,027.9	36.4%	1,073.4	594.4	80.6%	2,475.4	1,622.3	52.6%
13	Education	2,333.1	1,988.2	17.4%	14.0	14.2	-1.6%	2,347.0	2,002.4	17.2%
14	Agriculture, Forestry and Fishing	1,485.1	1,342.2	10.6%	476.4	984.4	-51.6%	1,961.4	2,326.5	-15.7%
15	Unclassified/Individuals	233.8	227.7	2.7%	1,546.7	808.8	91.2%	1,780.5	1,036.5	71.8%
16	Accommodation and Food Service Activities	658.0	455.5	44.5%	73.9	45.1	63.8%	731.8	500.6	46.2%
17	Arts, Entertainment and Recreation	568.4	367.6	54.6%	16.5	11.3	45.7%	584.8	378.9	54.4%
18	Human Health and Social Work Activities	529.2	470.1	12.6%	20.1	15.8	27.0%	549.3	485.9	13.0%
19	Real Estate Activities	494.5	382.3	29.4%	44.2	29.1	51.9%	538.7	411.4	31.0%
20	Water Supply; Sewerage, Waste Management and Remediation	81.5	104.5	-22.0%	43.9	41.6	5.6%	125.4	146.1	-14.2%
21	Activities of Extraterritorial Organisations and Bodies	68.7	80.9	-15.1%	43.8	19.9	120.2%	112.5	100.9	11.5%
22	Activities of Households as Employers; Undifferentiated Goods- and Services- Producing Activities of Households for Own Use	0.2	0.2	0.1%	5.6	0.8	598.7%	5.8	1.0	479.0%
	<b>Total</b>	<b>83,366.0</b>	<b>84,022.0</b>	<b>-0.8%</b>	<b>33,596.8</b>	<b>22,602.0</b>	<b>48.7%</b>	<b>116,962.8</b>	<b>106,624.0</b>	<b>9.7%</b>

Figure 34: ZRA's Governance Structure from 1st January 2023 to 22nd November 2023



## SMART INVOICING CAN BE DONE USING:

**Mobile Devices**



**ZRA Website**



**Desktops  
Laptops**



**Integrated  
Accounting  
Packages**



