

# TAX UPDATES

A presentation made at:

The 2022 ZICA Pre-AGM Workshop

Theme: *“Resilient Leadership for Sustainable Economic Growth”*

By:  
Dingani Banda  
Commissioner General

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This presentation is structured as follows:

Introduction

SWOT Analysis and Corporate Strategic Objectives

Summary of 2022 TADAT Outcomes

2022 Revenue Target and Key Revenue Performance Updates

Improving Customer Experience

Updates on Revenue mobilisation strategies

Updates of Tax Systems

The role of accounting professionals in tax administration



# Introduction

- The Zambia Revenue Authority (ZRA), established by the ZRA Act of 1994, is a corporate body mandated to collect tax revenues on behalf of the Government.
- The Authority implements a three-year cycle Corporate Strategic Plan (CSP) which outlines what ZRA intends to deliver during the duration of the plan.
- This presentation highlights the **first-half performance of ZRA** and also to **share various tax updates** with the membership of the Zambia Institute of Chartered Accountants (ZICA).

# STRATEGIC PLAN



# SWOT Analysis for 2022-2024 CSP

| <b>KEY POSITIVE FACTORS</b>   | <b>KEY NEGATIVE FACTORS</b>   |
|---|---|
| <p><b>Strengths</b></p> <ol style="list-style-type: none"> <li>1. Electronic services (e-services)</li> <li>2. Innovation's hub</li> <li>3. Established business processes</li> <li>4. Good corporate governance</li> <li>5. Competent and qualified staff (for business as usual)</li> </ol> | <p><b>Weaknesses</b></p> <ol style="list-style-type: none"> <li>1. ICT system instability</li> <li>2. Limited geographical spread</li> <li>3. Ineffective debt management process</li> </ol>  |
| <p><b>Opportunities</b></p> <ol style="list-style-type: none"> <li>1. Goodwill of Government and cooperating partners</li> <li>2. Unexploited taxpayer base</li> <li>3. Technology adoption by stakeholders</li> <li>4. Institutional and regional collaborations</li> </ol>                  | <p><b>Threats</b></p> <ol style="list-style-type: none"> <li>1. Large cash economy</li> <li>2. Low compliance levels</li> <li>3. Duplicated NRCs and Business Registration Numbers (interface of ZRA with National Registration Office)</li> <li>4. Inadequate interface with government agencies, contributing to revenue leakages (interface to Government Service Bus)</li> <li>5. Underdeveloped national ICT and other infrastructure</li> <li>6. Economic crimes and illicit financial flows</li> </ol> |

# ZRA Underwent IMF's TADAT Assessment

- Tax Administration Diagnostics Assessment Tool (TADAT) is:
  1. Tool used to provide objective, standardized performance assessment of a country's tax administration system (**Health Check of Tax Admin**).
  2. Assesses the performance outcomes achieved for major direct and indirect taxes.
  3. Identifies relative strengths/weaknesses in a country's tax administration system.
  4. Has nine (9) Performance Outcome Areas.



# Summary of 2022 TADAT Assessment Outcomes

## STRENGTHS

1. ZRA responds to dispute outcomes of a material nature and adjusts legislation as necessary.
2. A wide range of taxpayer information and services is available through various services channel
3. Use of ICT to support key functions, improve compliance and reduce compliance cost.
4. Efficient collection systems through withholding at source and advance payments.
5. Audit quality assurance reviews and integrated audit manuals to support the audit function.
6. Perception surveys are used to improve ZRA's relationship with taxpayers.

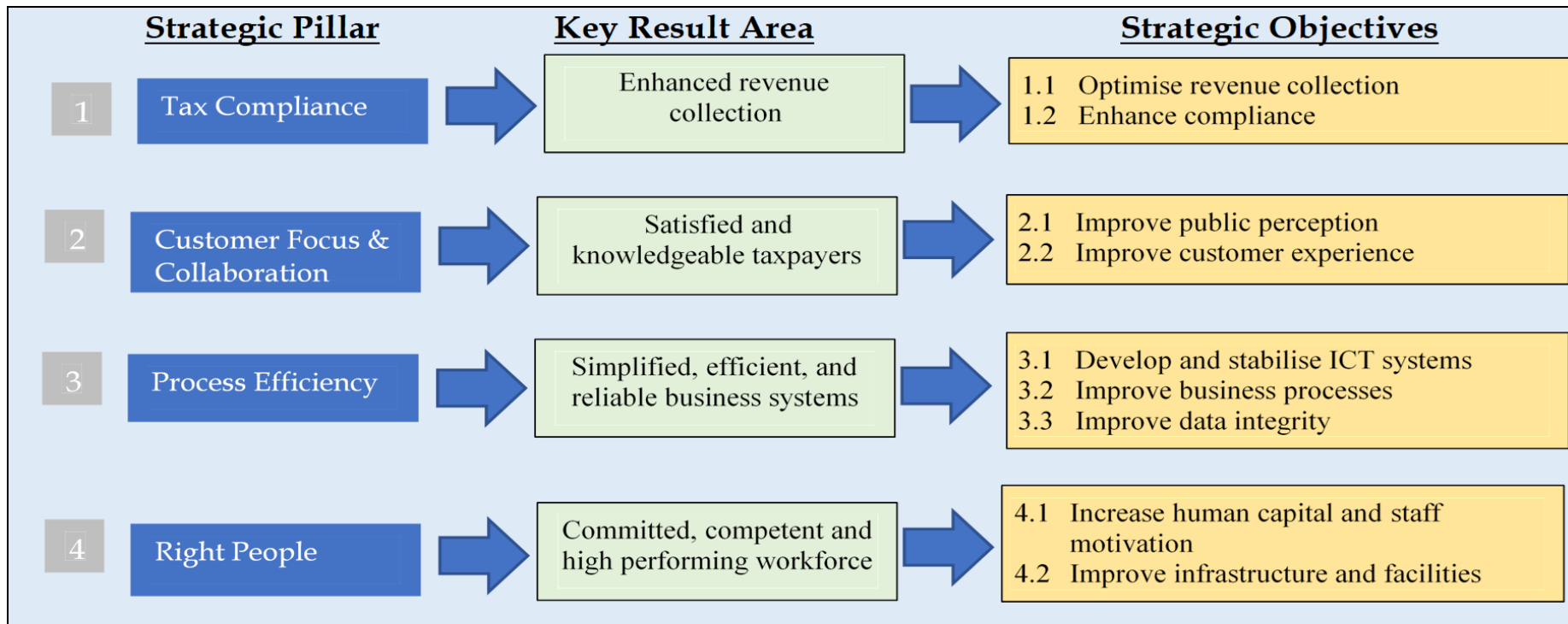
## WEAKNESSES

1. Inaccuracies in the taxpayer register.
2. The on-time filing rates are low across all core taxes.
3. Excessive arrears
4. The rate of processing VAT refund claims is extremely low and the funding available to pay refund claims is insufficient.
5. The revenue accounting system does not interface with that of the Ministry of Finance.



<https://www.tadat.org/>

# Summary of 2022-2024 CSP





# REVENUE



# KRA1:Forecast Variables for 2022 Target

- ZRA revenue target is set by the Ministry of Finance and National Planning and is approved by Parliament.
- The forecast variables underpinning the 2022 revenue target are as follows:

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| <b>Variable</b>                            |
|--|
| <b>1</b> Tax Refunds per month, K'Million  |
| <b>2</b> CPI inflation (annual average)    |
| <b>3</b> Exchange Rate (K/US\$)            |
| <b>4</b> GDP Deflator (growth)             |
| <b>5</b> Real GDP Growth                   |
| <b>6</b> Nominal GDP, K' Millions          |
| <b>7</b> Copper prices (in U.S. \$ per MT) |
| <b>8</b> Copper production (MT)            |

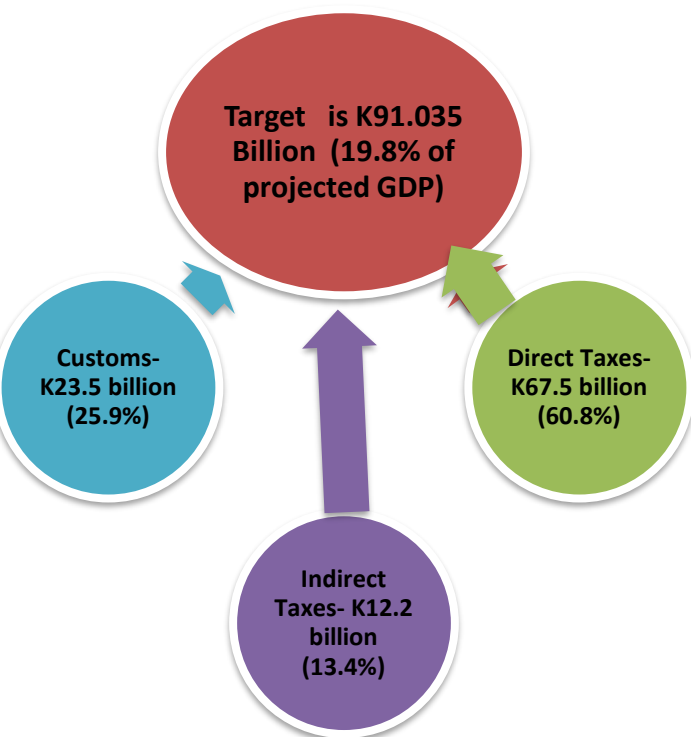
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- Other assumptions were efficiency gains due to enhanced reforms and stability around the Covid-19 situation.

# KRA1: Parliament Target for 2022 (compared to 2021)

## a) 2022 Target by Division

**Note:** This means gross target is minimum of **K107.2 Billion**, since approved annual refund is K16.2 Billion.



## b) 2022 Parliament Target versus 2021 Parliament Target

|                               | 2022 Target     | 2021 Target     | Variance        | % Variance   |
|-------------------------------|-----------------|-----------------|-----------------|--------------|
| <b>Total Revenue</b>          | <b>91,035.0</b> | <b>59,369.2</b> | <b>31,665.8</b> | <b>53.3%</b> |
| 1. Company tax                | 16,284.2        | 9,114.6         | 7,169.7         | 78.7%        |
| 2. PAYE                       | 17,258.9        | 12,867.2        | 4,391.7         | 34.1%        |
| 3. Withholding taxes & others | 8,732.3         | 5,082.8         | 3,649.5         | 71.8%        |
| 4. Mineral royalty tax        | 12,839.0        | 5,686.1         | 7,152.9         | 125.8%       |
| 5. VAT                        | 22,686.6        | 16,938.0        | 5,748.6         | 33.9%        |
| 6. Customs and Excise         | 12,673.2        | 8,847.8         | 3,825.4         | 43.2%        |
| 7. Other                      | 560.8           | 832.8           | (272.0)         | -32.7%       |

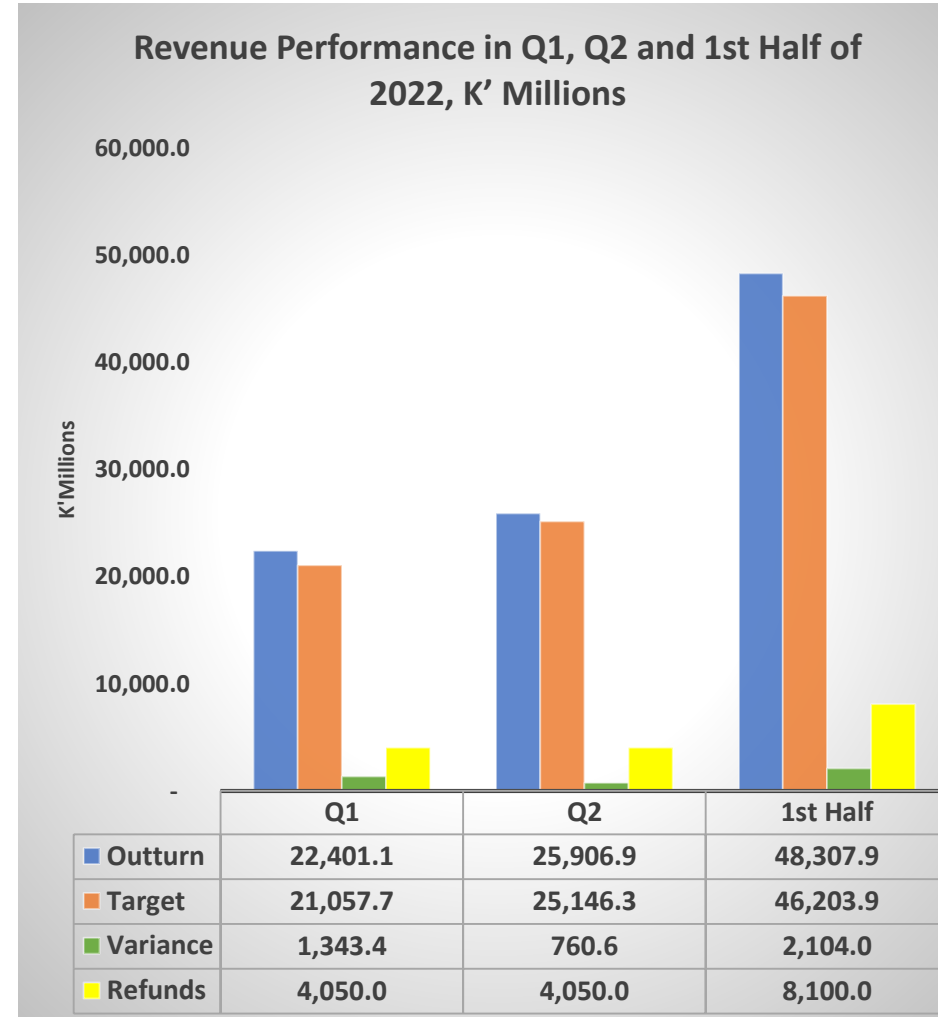
## c) 2022 Parliament Target broken down into First and Second Half

|                               | 2022 Target     | Jan-Jun Target  | Jul-Dec Target  |
|-------------------------------|-----------------|-----------------|-----------------|
| <b>Total Revenue</b>          | <b>91,035.0</b> | <b>46,203.9</b> | <b>44,831.1</b> |
| 1. Company tax                | 16,284.2        | 9,330.9         | 6,953.4         |
| 2. PAYE                       | 17,258.9        | 8,680.5         | 8,578.4         |
| 3. Withholding taxes & others | 8,732.3         | 4,462.1         | 4,270.2         |
| 4. Mineral royalty tax        | 12,839.0        | 6,681.6         | 6,157.4         |
| 5. VAT                        | 22,686.6        | 10,747.0        | 11,939.6        |
| 6. Customs and Excise         | 12,673.2        | 6,011.6         | 6,661.6         |
| 7. Others                     | 560.8           | 290.2           | 270.7           |



# KRA1: Tax Revenue Performance (January to June 2022)

- During first half 2022:
  - a) ZRA collected net tax of **K48.3 billion**.
  - b) Above period target of K46.2 billion by **K2.1 billion** or 4.6 percent.
  - c) Paid a total of **K8.1 billion** in refunds compared to K5.1bn for same period in 2021, a growth of 57.4%



# KRA1: Comparison of First Half 2022 Collections

- The net collections during First Half of 2022 were higher than the collections for First Half of 2021 by K8.0 billion or 19.9%.

|                               | 2022 Net        | 2021 Net        | Variance       | % Variance   |
|-------------------------------|-----------------|-----------------|----------------|--------------|
| <b>Total Revenue</b>          | <b>48,307.9</b> | <b>40,273.7</b> | <b>8,034.3</b> | <b>19.9%</b> |
| 1. Company tax                | 14,052.2        | 8,542.7         | 5,509.5        | 64.5%        |
| 2. PAYE                       | 8,995.9         | 7,447.6         | 1,548.3        | 20.8%        |
| 3. Withholding taxes & others | 4,411.3         | 3,647.4         | 763.9          | 20.9%        |
| 4. Mineral royalty tax        | 6,241.0         | 6,352.2         | (111.2)        | -1.8%        |
| 5. VAT                        | 9,346.5         | 9,433.0         | (86.5)         | -0.9%        |
| 6. Customs and Excise         | 4,895.2         | 4,587.1         | 308.1          | 6.7%         |
| 7. Other                      | 365.8           | 263.7           | 102.1          | 38.7%        |



# KRA1:Key Revenue Drivers (January to June 2022)

## Positive Factors

- High Copper prices in 2021 which positively affected the 2022 declarations of Income Tax.
- Higher receipts of interest on Government securities which positively affected Withholding Taxes.
- Payment of outstanding arrears by some taxpayers including Government, which positively affected PAYE, among others.
- Various tax administration initiatives that have made tax compliance easier e.g debt swaps, third-party data matching, etc.

## Negative Factors

- Lower Copper price compared to projection (Budget projection was US\$9,395/metric tonne, while outturn has recently been below US\$8,000/metric tonne) .
- Lower metal export volumes compared to projection (378,000 metric tonnes exported compared to projected 424,000 metric tonnes); low ore content, logistics challenges exacerbated by Durban floods.
- Increased revenue foregone on account of concessions including zero-rating and suspension of excise and customs duty on fuel; amounting to K13.1 billion compared to K11.5 billion in first half 2021.
- Low payment compliance, especially by withholding VAT Agents.
- Steep appreciation of the Kwacha than anticipated (short-run negative impact on Mineral Royalty and Customs Duty).



# KRA1: Sector Contribution to Tax Revenue

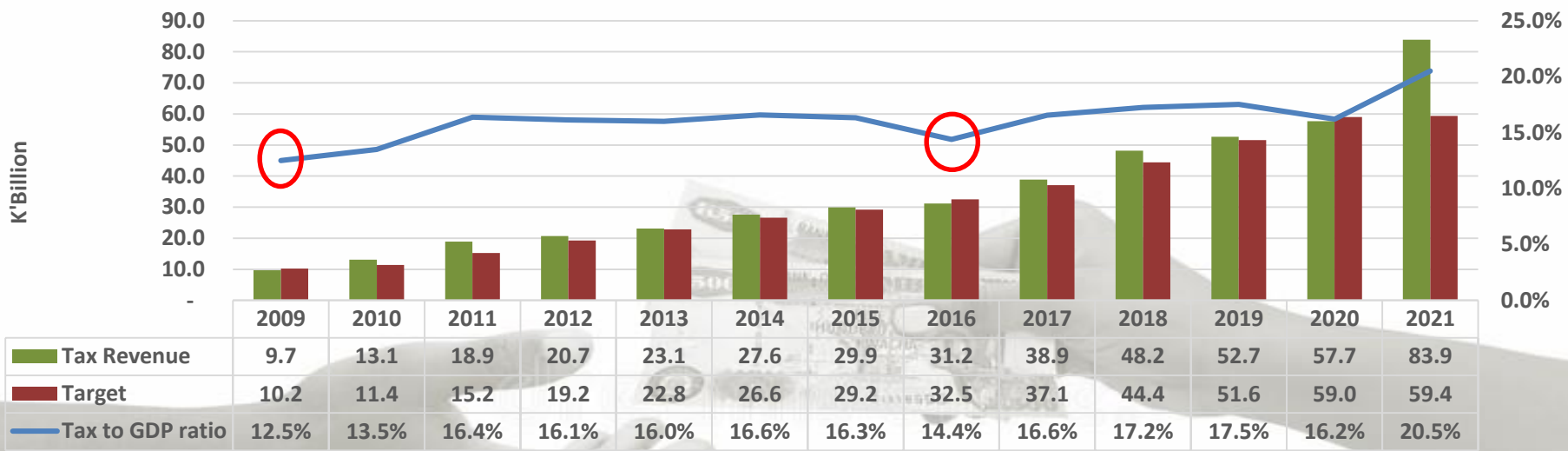
- In first half 2022, the largest contributor to gross collections was mining sector with a contribution of 43.0%, marginally lower than the 43.9% in first half 2021, due to increase in sectors such as Financial and Insurance sector.
- In comparison to first half (Jan-June) 2021, the contribution of all economic sectors increased (nominal terms) in 2022.

| Rank | Economic Sector                    | Gross Tax Collections (Value, ZMW) |                 |              | Gross Tax Collections (% of Total) |               |             |
|------|------------------------------------|------------------------------------|-----------------|--------------|------------------------------------|---------------|-------------|
|      |                                    | 2022                               | 2021            | % Var        | 2022                               | 2021          | % Var       |
| 1    | Mining and Quarrying               | 24,241.1                           | 19,926.7        | 21.7%        | 43.0%                              | 43.9%         | -0.9%       |
| 2    | Wholesale and retail trade         | 6,636.2                            | 5,549.1         | 19.6%        | 11.8%                              | 12.2%         | -0.5%       |
| 3    | Manufacturing                      | 4,816.0                            | 4,310.2         | 11.7%        | 8.5%                               | 9.5%          | -1.0%       |
| 4    | Financial and insurance activities | 3,563.7                            | 2,305.8         | 54.6%        | 6.3%                               | 5.1%          | 1.2%        |
| 5    | Public administration and defence  | 3,244.5                            | 2,118.5         | 53.2%        | 5.8%                               | 4.7%          | 1.1%        |
| 6    | Others                             | 13,906.4                           | 11,210.1        | 24.6%        | 24.6%                              | 24.6%         | 0.0%        |
|      | <b>Total</b>                       | <b>56,407.9</b>                    | <b>45,420.4</b> | <b>24.2%</b> | <b>100.0%</b>                      | <b>100.0%</b> | <b>0.0%</b> |

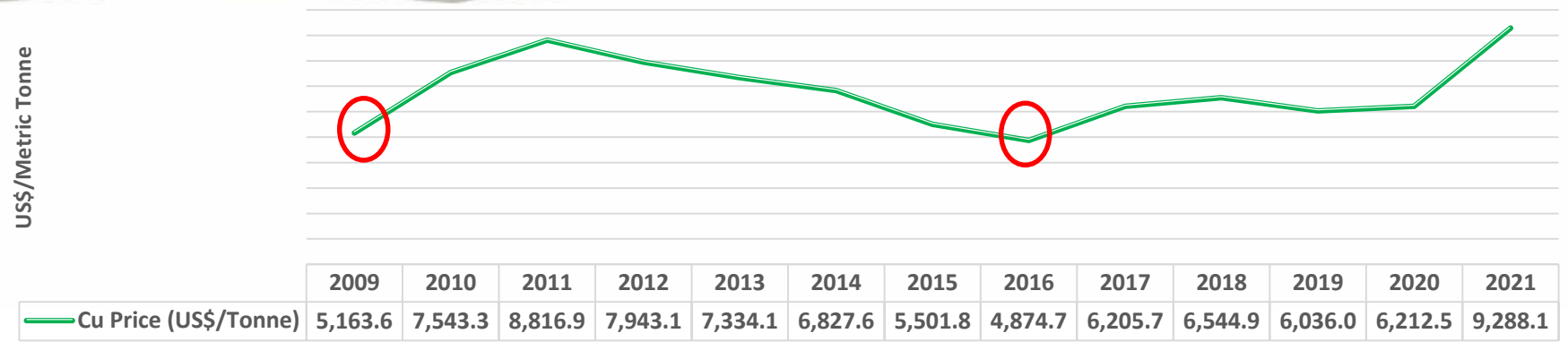
**5 out of 22  
Sectors account  
for about 75%  
of Revenue!!**

# KRA1:Revenue Performance and Copper Price, 2009-2021

Tax Revenue vs Target (2009 - 2021) and Tax to GDP Ratio



Copper Price (US\$/Metric Tonne)





# STATUS UPDATES



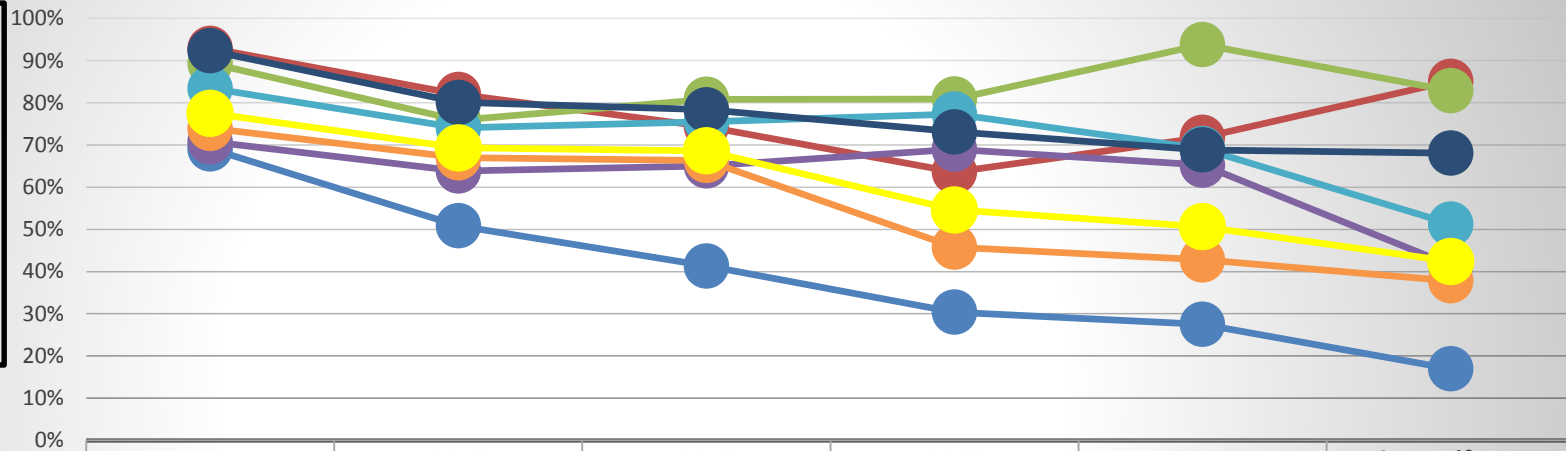
# Tax Compliance Rates (2017-2022)

- Return filing compliance rates have trended downwards since 2017, across all tax types.

Return Filing Compliance Rates (2017-Jun 2022)

**Factors contributing to low Compliance:**

- Impact of Covid-19 on business.
- Suspension of interest and penalties.



|                        | 2017 | 2018 | 2019 | 2020 | 2021 | First Half 2022 |
|------------------------|------|------|------|------|------|-----------------|
| Income Tax             | 69%  | 51%  | 41%  | 30%  | 28%  | 17%             |
| Insurance Premium Levy | 93%  | 82%  | 74%  | 64%  | 72%  | 85%             |
| Local Excise           | 89%  | 76%  | 81%  | 81%  | 94%  | 83%             |
| Mineral Royalty        | 71%  | 64%  | 65%  | 69%  | 65%  | 42%             |
| PAYE                   | 83%  | 74%  | 76%  | 77%  | 69%  | 51%             |
| Turnover Tax           | 74%  | 67%  | 66%  | 46%  | 43%  | 38%             |
| Value Added Tax        | 92%  | 80%  | 78%  | 73%  | 69%  | 68%             |
| AVERAGE                | 78%  | 69%  | 69%  | 55%  | 51%  | 42%             |

# Strategic Measures being Implemented

- Contracts signed with **33** local councils so far: Jan – July 2022 (**10,443** landlords have been registered).
- Implementing Block Management System in selected towns.

Leveraging on the exit strategy of Mineral Value Chain Monitoring Project

Health check for tax administration

1. Smart partnerships at grassroots level (local councils and other partners) and Block Management Strategy (BMS).

2. System interfaces with strategic institutions and some countries in the region

3. Established the Mineral Value Chain Data Analysis Unit for effective monitoring of mineral value chain

4. Enhancing evidence-based decision making through BIDA and research.

5. Underwent the IMF-TADAT assessment to streamline administration.

6. Increase staff levels and enhance capacity development for staff to handle complex tax matters

7. Enhance taxpayer education and encourage use of alternative tax payment platforms e.g Mobile phone tax payment.

**Institutions:** Government Service Bus, Ministry of Finance, National Registration, Ministry of Lands, RTSA, etc  
**Countries:** Congo DR, Botswana, Tanzania, Zimbabwe, Malawi, etc

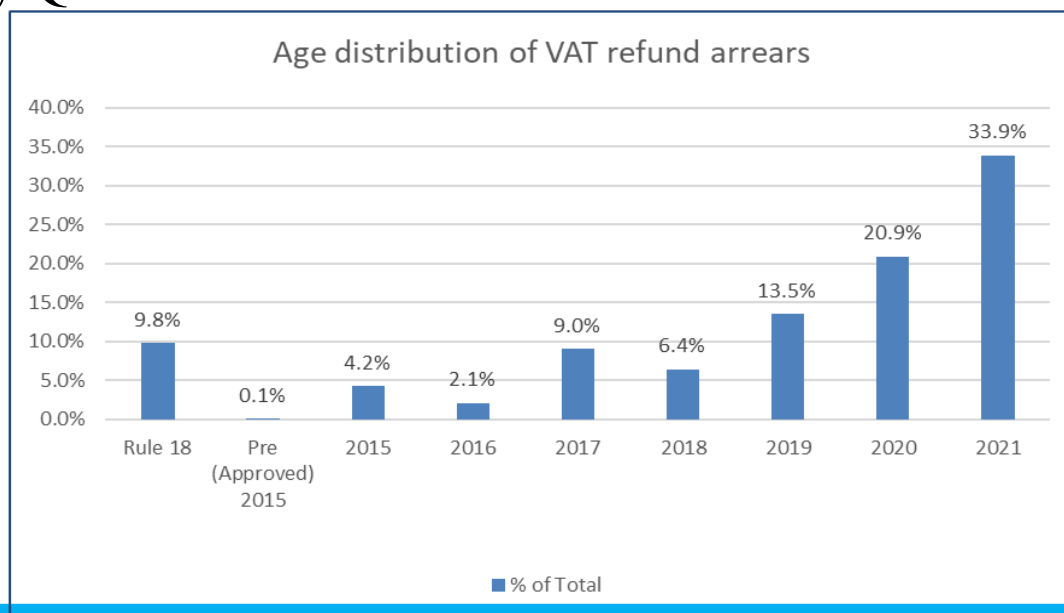
**Bulk Intelligence Data Analytics (BIDA)** system deployed with assistance of German Government.



# Fixing VAT Refunds

- As at end-June 2022, the total outstanding VAT refund claims amounted to **K46.5 billion**.
- To address this challenge, the Ministry of Finance and National Planning approved an increase in the monthly refund amount to K1,350 million in October 2021 from an average of K850 million per month before.
- ZRA implemented a predictable, transparent First In First Out (FIFO) model; Refunds Module to be done by Q3 of 2022.

| Period              | Amount          | % of Total    |
|---------------------|-----------------|---------------|
| Rule 18             | 4,013.6         | 8.6%          |
| Pre (Approved) 2015 | 21.2            | 0.0%          |
| 2015                | 1,721.0         | 3.7%          |
| 2016                | 833.1           | 1.8%          |
| 2017                | 3,607.2         | 7.8%          |
| 2018                | 2,419.7         | 5.2%          |
| 2019                | 4,738.3         | 10.2%         |
| 2020                | 10,944.7        | 23.5%         |
| 2021                | 12,171.2        | 26.2%         |
| 2022 (Jan – May)    | 6,020.0         | 12.9%         |
| <b>TOTAL</b>        | <b>46,490.1</b> | <b>100.0%</b> |



# Tax Systems and Innovations



Rental Taxation  
Enhancement



TaxOnPhone



Mobile Offices



Telecommunications  
Traffic Monitoring  
System



Cross Border  
Kasumbalesa Trade  
Facilitation



ZAMBIA  
REVENUE  
AUTHORITY | My Tax  
Your Tax  
Our Destiny

TaxOnline

**ASYCUDA**  
Automated System for Customs Data



Zambia Electronic  
Single Window



Mineral Value  
Chain Monitoring



SAP



BIDA



HR Business  
Processes (ARUTI)



# Fixing Core Tax Systems

- Re-constituted the TaxOnline Project Team in March 2022 to fix the system.
- Fixing in phased approach.
- Milestones expected starting September 2022 until June 2023.
- 277 issues were identified for resolution, so far 79 issues have been fixed.
- The Accounting and Refunds Modules are expected to be deployed in Q3 of 2022.



## TaxOnline

- System software had not been upgraded since 2015.
- Middleware was 12 versions behind.
- Phase 1 upgrade of the system was effected on 9<sup>th</sup> July 2022.
- Upgrade being supported by COMESA/EU/UNCTAD.



## ASYCUDAWorld

- TaxOnphone was upgraded to handle Rental Income Tax in March 2022.
- TaxOnphone does not require internet.
- 95,475 TPINs were registered and 15,747 retruns were filed using TaxOnPhone during first-half 2022
- Now working on receiving payments on TaxOnPhone, expected to be deployed in Quarter 3-2022.
- TaxOnApp was deployed in 2021 for interactive taxpayer assistance.
- 10,903 uploads of the app were done during first half



## Mobile Phone Platforms

# Roadmap for Fixing TaxOnline-2022

## First-half 2022

- Reconstituted the TaxOnline II Project Team
- Fixed 79 of the issues (ITX Returns – Capital allowance, VAT Schedule 14/9 ), Cooperative Registrations etc

## Quarter 3

- Deploy Accounting Module
- Deploy Refunds Module

## Quarter 4

- Deploy Debt Management Module
- Deploy the invoice-matching
- Deployed the Tax Agency Module

- Timely posting of returns
- Timely posting of payments
- Correct liabilities reflecting on the taxpayers account statement
- Real-time issuance of TCCs that are dependant on payments (e.g PTT, WHT)
- Dropping of provisional returns once final return is submitted
- Dropping of liabilities once settled

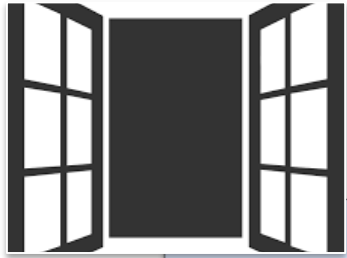
# Fixing the Live ICT Environment

- As part of fixing our systems, we identified that we also need to upgrade the ICT live environment, which has lagged behind over the years. The challenges include:
  - i. Slowness/sluggishness of the system
  - ii. Inconsistency in communicating notifications
  - iii. Failures in completing some processes e.g registrations, returns filing
- By October-2022 we expect to address:
  - i. ICT infrastructure improvement
  - ii. Database Optimisation (increasing processing efficiency)
  - iii. Improvement of support ICT systems – SMS gateway, email gateway etc.





# Other Tax Innovations



## National Electronic Single Window

- 59 Government ministries and agencies are now connected; of which 14 were added in first-half 2022.
- Rolled out the e-Permit system for the three agencies under Ministry of Agriculture.
- 37,705 e-permits were issued during first-half 2022.
- Plan to automated other process of application, approval and monitoring of permits under Control of Goods Act
- 174,493 Single Point Payment (SPP) transactions were made during first-half 2022



## Mobile Satellite Van

- The mobile satellite van was launched in 2022.
- The van has mobile satellite connectivity to the ZRA operating systems from anywhere in Zambia.
- Assisting in combating smuggling and other vices.



## Non-intrusive Customs Scanner

- Efficient non-intrusive inspection of cargo, based on risk-profiling.
- Mobile scanners can be deployed wherever there is need.
- Working on introducing scanners at more borders.



# VAT Challenge

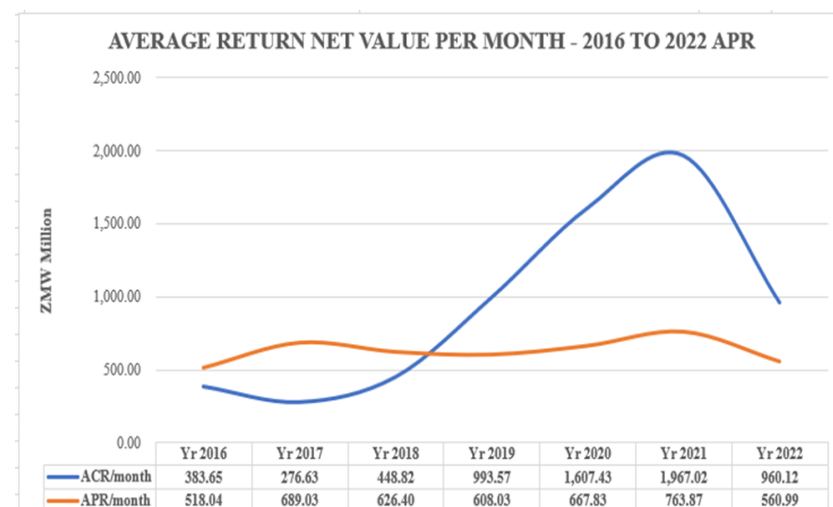
## VAT Problem in Zambia:

1. VAT refund claims per month are higher on average than the domestic VAT payments.
2. This means that on average, ZRA would always be in net refund should all the claims be found to be legally TRUE .
3. However, VAT revenue leakages and fraud has been identified.

**Table 1: Trend of Claim and Payment Returns Lodged 2016 To 2022**

| Year        | Average Claim Rtns per month* | % Claim Rtns to total lodged | Average Pmnt Rtns per Month* | % Pmnt Rtns to total lodged |
|-------------|-------------------------------|------------------------------|------------------------------|-----------------------------|
| 2022        | 960.1                         | 63%                          | 561.0                        | 37%                         |
| 2021        | 1,967.0                       | 72%                          | 763.9                        | 28%                         |
| 2020        | 1,607.4                       | 71%                          | 667.8                        | 29%                         |
| <b>2019</b> | <b>993.6</b>                  | <b>62%</b>                   | <b>608.0</b>                 | <b>38%</b>                  |
| 2018        | 448.8                         | 42%                          | 626.4                        | 58%                         |
| 2017        | 276.6                         | 29%                          | 689.0                        | 71%                         |
| 2016        | 383.6                         | 43%                          | 518.0                        | 57%                         |

\*Amounts in ZMW and rounded off to nearest million  
Data source: ICT extract 15.05.2022



# Roadmap for fixing VAT

## Enhance data analytics

- Prosecution of cases of suspected VAT fraud;
- Discipline some ZRA staff

1. Curbing import VAT claims fraud
2. Matching import records with domestic VAT claims

**1. Import VAT interface - TaxOnline & ASYCUDAWorld**

1. Ensuring that declarations are correct
2. Avoidance of fraudulent claims

**3. Input-Output Invoice matching**



Q1- 2022

Q3-2022

Q4 2022

2023-2025

### 2. Export validation

1. Validation of zero-rated supplies for exports with customs records
2. Interfacing the Export data on ASYCUDAWorld with VAT return module

### 4. Mandatory Electronic Fiscal Devices (EFDs)

1. Changed model to Application-based to adapt to currently obtaining on the market.
2. Utilise accreditation of vendors/suppliers of EFDs to manage both cost of administration and cost of compliance



# Mining Sector Challenge

## Problem/Challenges Identified:

1. Low tax compliance among small, medium and artisanal mining licence holders:
  - Currently 2,416 mines are registered for tax, of which 12 are large
  - Only about 171 small, medium and artisanal mines declared Mineral Royalty in 2021
2. Inconsistencies in some cases between Mineral Analysis Certificates based on which revenue is collected and the actual Minerals being exported;
3. Limited specialised expertise to undertake complex mining audits.
4. Limited regulatory capacity for the mining sector



# Large Mine Production Reporting Status on MOSES

- 100% production reporting on MOSES by the 12 large mines

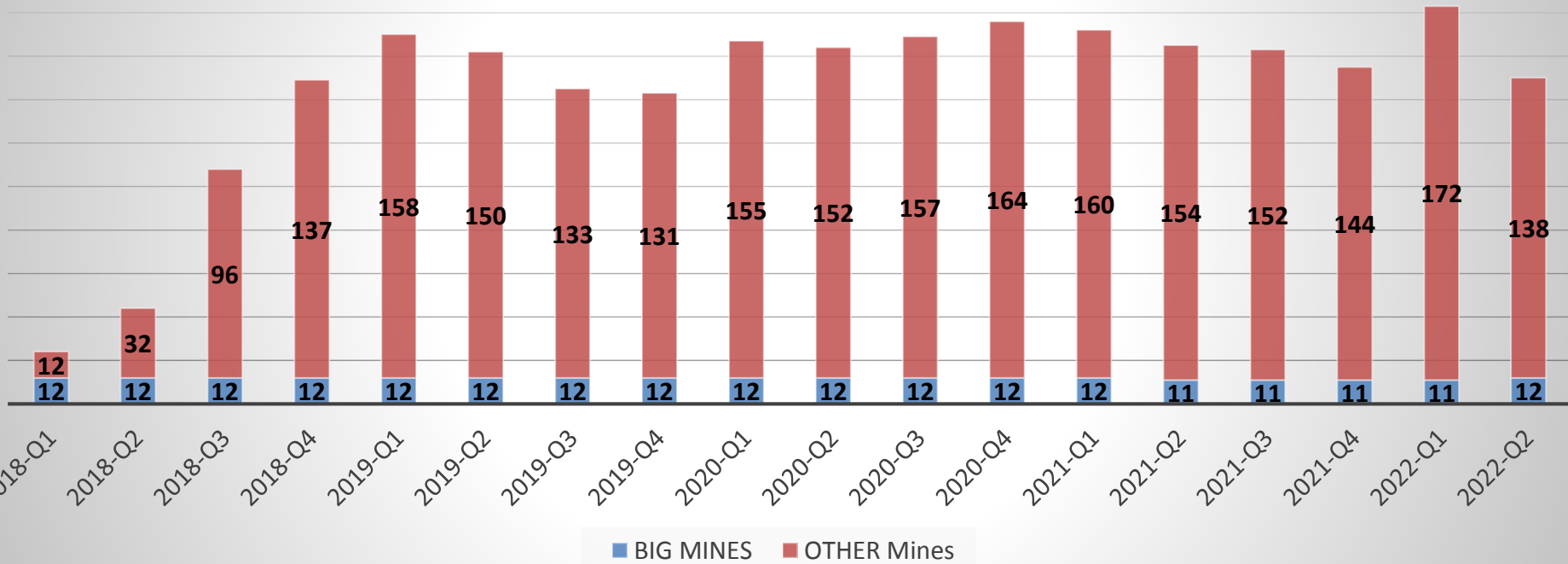
| COMPANY NAME | LICENSE CODE | Q1-20 |    |    |    | Q2-20 |    |    |     | Q3-20 |    |     |    | Q4-20 |    |    |     | Q1-21 |    |    |    | Q2-21 |    |    |    | Q3-21 |    |    |    | Q4-21 |    |   |    | Q1-22 |  |  |  | Q2-22 |  |  |  |
|--------------|--------------|-------|----|----|----|-------|----|----|-----|-------|----|-----|----|-------|----|----|-----|-------|----|----|----|-------|----|----|----|-------|----|----|----|-------|----|---|----|-------|--|--|--|-------|--|--|--|
| 1            | 1            | -2    | -4 | 0  | -2 | -3    | -6 | -8 | -6  | -5    | -6 | -2  | -2 | 0     | -1 | -2 | -3  | -3    | -2 | -4 | -1 | -2    | -3 | 0  | -2 | 0     | -1 | -1 | -2 | 0     | -2 | 0 | -2 |       |  |  |  |       |  |  |  |
|              | 2            | -2    | -4 | 0  | -2 | -3    | -6 | -8 | -6  | -5    | -6 | -2  | -2 | 0     | -1 | -2 | -3  | -3    | -2 | -4 | -1 | -2    | -3 | 0  | -2 | 0     | -1 | -1 | -2 | 0     | -2 |   |    |       |  |  |  |       |  |  |  |
| 2            | 1            | -5    | -5 | -9 | -3 | -11   | -5 | -1 | -5  | -6    | -5 | -6  | -1 | -3    | -4 | -3 | -10 | -8    | 0  | -3 | -6 | 0     | -5 | 0  | -1 | 1     | 4  | 0  | -1 |       |    |   |    |       |  |  |  |       |  |  |  |
|              | 2            | -3    | -2 | -7 | -9 | -4    | -2 | -1 | -14 | -7    | -6 | -11 | -7 | -5    |    |    |     |       |    |    |    |       |    |    |    |       |    |    |    |       |    |   |    |       |  |  |  |       |  |  |  |
| 3            | 3            | -3    | -2 | -7 | -9 | -4    | -2 | -1 | -14 | -7    | -6 | -11 | -7 | -5    |    |    |     |       |    |    |    |       |    |    |    |       |    |    |    |       |    |   |    |       |  |  |  |       |  |  |  |
|              | 4            | -3    | -2 | -7 | -9 | -4    | -2 | -1 | -7  | -7    | -6 | -11 | -7 | -5    |    |    |     |       |    |    |    |       |    |    |    |       |    |    |    |       |    |   |    |       |  |  |  |       |  |  |  |
| 4            | 1            | -4    | -4 | -7 | -5 | -3    | -3 | -4 | -3  | -4    | -2 | -4  | -1 | -3    | -3 | -4 | -4  | -3    | -4 | -3 | -5 | -1    | -3 | -5 | -6 | -4    | -3 | -7 | -4 | -1    |    |   |    |       |  |  |  |       |  |  |  |
|              | 2            | -4    | -4 | -7 | -5 | -3    | -3 | -4 | -3  | -4    | -2 | -4  | -1 | -3    | -3 | -4 | -4  | -3    | -4 | -3 | -5 | -1    | -3 | -5 | -6 | -2    | -3 | -7 | -4 | -1    |    |   |    |       |  |  |  |       |  |  |  |
|              | 3            | -4    | -4 | -7 | -5 | -3    | -3 | -4 | -3  | -4    | -2 | -4  | -1 | -3    | -3 | -4 | -4  | -3    | -4 | -3 | -5 | -1    | -3 | -5 | -6 | -4    | -3 | -7 | -4 | -1    |    |   |    |       |  |  |  |       |  |  |  |
|              | 4            | -4    | -4 | -7 | -5 | -3    | -3 | -4 | -3  | -4    | -2 | -4  | -1 | -3    | -3 | -4 | -4  | -3    | -4 | -3 | -5 | -1    | -3 | -5 | -6 | -2    | -3 | -7 | -4 | -1    |    |   |    |       |  |  |  |       |  |  |  |
|              | 5            | -4    | -4 | -7 | -5 | -3    | -3 | -4 | -3  | -4    | -2 | -4  | -1 | -3    | -3 | -4 | -4  | -3    | -4 | -3 | -5 | -1    | -3 | -5 | -6 | -2    | -3 | -7 | -4 | -1    |    |   |    |       |  |  |  |       |  |  |  |
|              | 6            | -4    | -4 | -7 | -5 | -3    | -3 | -4 | -3  | -4    | -2 | -4  | -1 | -3    | -3 | -4 | -4  | -3    | -4 | -3 | -5 | -1    | -3 | -5 | -6 | -2    | -3 | -7 | -4 | -1    |    |   |    |       |  |  |  |       |  |  |  |
|              | 7            | -4    | -4 | -7 | -5 | -3    | -3 | -4 | -3  | -4    | -2 | -4  | -1 | -3    | -3 | -4 | -4  | -3    | -4 | -3 | -5 | -1    | -3 | -5 | -6 | -4    | -3 | -7 | -4 | -1    |    |   |    |       |  |  |  |       |  |  |  |
| 5            | 1            | -2    | -2 | -1 | -4 | -3    | -2 | -5 | -7  | -3    | -4 | -6  | -3 | -4    | -4 | -3 | -5  | -4    | -2 | -4 | -7 | -4    | -4 | -5 | -3 | -4    | -8 | -4 | -4 | -1    | -1 |   |    |       |  |  |  |       |  |  |  |
|              | 2            | -2    | -3 | -1 | -3 | -3    | -2 | -5 | -7  | -3    | -4 | -6  | -3 | -4    | -4 | -3 | -5  | -4    | -2 | -4 | -7 | -4    | -4 | -5 | -3 | -4    | -8 | -4 | -4 | -2    | -3 |   |    |       |  |  |  |       |  |  |  |
|              | 3            | -2    | -3 | -1 | -3 | -3    | -2 | -5 | -7  | -3    | -4 | -6  | -3 | -4    | -4 | -3 | -5  | -4    | -2 | -4 | -7 | -4    | -4 | -5 | -3 | -4    | -8 | -4 | -4 | -2    | -3 |   |    |       |  |  |  |       |  |  |  |
|              | 4            | -2    | -3 | -1 | -3 | -3    | -2 | -5 | -7  | -3    | -4 | -6  | -3 | -4    | -4 | -3 | -5  | -4    | -2 | -4 | -7 | -4    | -4 | -5 | -3 | -4    | -8 | -4 | -4 | -2    | -3 |   |    |       |  |  |  |       |  |  |  |
| 6            | 1            | 2     | -2 | 0  | 0  | 0     | -1 | 0  | -1  | -2    | -1 | 0   | 0  | -2    | 0  | -2 | 0   | 0     | 0  | 0  | -1 | 0     | 0  | -1 | 0  | 0     | -2 | -2 | 1  | 0     |    |   |    |       |  |  |  |       |  |  |  |
|              | 2            | -3    | -2 | 0  | 0  | 0     | 0  | -1 | 0   | 0     | -1 | 0   | -1 | 0     | 0  | 0  | -1  | -1    | -1 | 0  | 0  | 0     | 0  | 0  | 0  | -1    | -1 | 0  | 0  | 0     |    |   |    |       |  |  |  |       |  |  |  |
| 7            | 3            | 5     | -2 | 0  | 0  | 0     | 0  | -1 | 0   | 0     | -1 | 0   | -1 | 0     | 0  | 0  | -1  | 0     | 0  | 0  | 0  | 0     | 0  | 0  | 0  | 0     | -1 | -1 | 1  | 0     |    |   |    |       |  |  |  |       |  |  |  |
|              | 4            | -3    | -2 | 0  | 0  | 0     | 0  | -1 | 0   | 0     | -1 | 0   | -1 | 0     | 0  | 0  | -1  | -1    | -1 | 0  | 0  | 0     | 0  | 0  | 0  | -1    | -1 | 0  | 0  | 0     |    |   |    |       |  |  |  |       |  |  |  |
|              | 1            | -8    | -9 | 0  | -6 | -6    | -7 | -9 | -6  | -6    | -9 | -7  | -8 | -10   | -4 | -7 | -5  | -11   | -6 | -6 | -7 | -5    | -8 | -8 | -5 | -8    | -7 | -9 | -6 | -4    |    |   |    |       |  |  |  |       |  |  |  |
| 9            | 1            | -2    | -4 | 0  | -1 | -3    | -1 | -3 | -4  | 0     | -3 | -1  | -1 | -3    | -4 | -3 | -4  | -4    | -2 | -5 | 0  | 0     | -3 | -1 | -2 | -4    | -1 | -3 | -5 | -1    | -1 |   |    |       |  |  |  |       |  |  |  |
|              | 2            | -2    | -4 | 0  | -1 | -3    | -1 | -3 | -4  | -1    | -3 | -1  | -1 | -3    | -4 | -3 | -4  | -4    | -2 | -5 | 0  | 0     | -3 | -1 | -2 | -4    | -1 | -3 | -5 | -1    | -1 |   |    |       |  |  |  |       |  |  |  |
|              | 3            | -2    | -4 | 0  | -1 | -3    | -1 | -3 | -4  | -1    | -3 | -1  | -1 | -3    | -4 | -3 | -4  | -4    | -2 | -5 | 0  | 0     | -3 | -1 | -2 | -4    | -1 | -3 | -5 | -1    | -1 |   |    |       |  |  |  |       |  |  |  |
|              | 4            | -2    | -4 | 0  | -1 | -3    | -1 | -3 | -4  | -1    | -3 | -1  | -1 | -3    | -4 | -3 | -4  | -4    | -2 | -5 | 0  | 0     | -3 | -1 | -2 | -4    | -1 | -3 | -5 | -1    | -1 |   |    |       |  |  |  |       |  |  |  |
|              | 5            | -2    | -4 | 0  | -1 | -3    | -1 | -3 | -4  | -1    | -3 | -1  | -1 | -3    | -4 | -3 | -4  | -4    | -2 | -5 | 0  | 0     | -3 | -1 | -2 | -4    | -1 | -3 | -5 | -1    | -1 |   |    |       |  |  |  |       |  |  |  |
| 10           | 1            | -3    | -2 | -2 | -1 | -3    | -5 | -3 | -5  | -7    | -2 | -4  | -2 | -5    | -4 | -2 | -4  | -1    | -2 | -5 | -6 | -4    | -6 | -5 | -5 | -5    | -1 | -3 | -2 | -5    | 0  |   |    |       |  |  |  |       |  |  |  |
|              | 2            | -3    | -2 | -2 | -1 | -3    | -5 | -3 | -5  | -7    | -2 | -4  | -2 | -5    | -4 | -2 | -4  | -1    | -2 | -5 | -6 | -4    | -6 | -5 | -5 | -5    | -1 | -3 | -2 | -5    | 0  |   |    |       |  |  |  |       |  |  |  |
| 11           | 1            | 0     | 0  | 0  | -1 | -2    | 0  | -2 | -1  | -1    | -3 | -5  | 0  | 0     | -3 | -2 | -1  | -1    | -2 | -4 | 2  | -3    | 0  | -1 | -3 | 0     | 0  | -3 | -1 | -2    | 0  |   |    |       |  |  |  |       |  |  |  |
|              | 2            | -1    | -4 | 1  | 0  | -5    | -2 | -3 | 0   | -2    | -6 | -5  | 0  | -6    | 1  | 1  | -4  | -1    | 0  | 10 | -7 | 0     | 11 | -1 | -4 | -4    | -5 | -2 | -3 | -1    | 4  |   |    |       |  |  |  |       |  |  |  |
| 12           | 3            | -1    | -4 | 1  | 0  | -5    | -2 | -3 | 0   | -2    | -6 | -5  | 0  | -6    | 1  | 1  | -4  | -1    | 0  | 10 | -7 | 0     | 11 | -1 | -4 | -4    | -5 | -2 | -3 | -1    | 4  |   |    |       |  |  |  |       |  |  |  |
|              | 4            | -1    | -4 | 1  | 0  | -5    | -2 | -3 | 0   | -2    | -6 | -5  | 0  | -6    | 1  | 1  | -4  | -1    | 0  | 10 | -7 | 0     | 11 | -1 | -4 | -4    | -5 | -2 | -3 | -1    | 4  |   |    |       |  |  |  |       |  |  |  |



# Small and Medium Mines Production Reporting on MOSES

- Low compliance by small and medium mines of reporting production on MOSES: Out of about 2,404 Registered SME Mines with ZRA

## Number of Mines Reporting Production on MOSES



# Fixing Mining Compliance

## Solutions:

1. In Q1 of 2022, established the Mineral Value Chain Data Analytics Unit (MVCDAU) in ZRA by leveraging on the Mineral Value Chain Project exit strategy:
  - Utilise the Mineral Output Statistical Evaluation System (MOSES); TO2 and AsycudaWorld data matching Production/Mineral Content/Mineral Royalty Returns/Export declarations.
2. Progressively increase number of staff in Transfer Pricing and Mining Units;
3. Planning to establish a dedicated Unit for Small & Medium Scale Mines in 2023
4. Advocacy for consideration to set up a Regulator for the Mining Sector in Zambia

## MVCDAU Key Outputs

- Concluded a 2015 to June 2022 Mineral Royalty compliance Report based on matching mineral exports and mineral productions:
  - i. One taxpayer has since paid K426,785.64 for the assessments;
  - ii. Others are being engaged by the Mining Unit.
- Made policy and structural framework proposals for the Gemstones sub-sector.
- Facilitated development of electronic reporting and monitoring of the Gemstones sub-sector on MOSES, scheduled to begin in Q4 2022.



# Specific Measures for Trade Facilitation

## Customs initiatives under implementation

### Modernise Borders

- OSBP created at Kazungula, Chirundu, Nakonde and now waiting to launch Mwami-Mchinji.
- Kasumbalesa modernising areas, identified (access road; parking yard; walk way, etc)
- open up other borders into DRC; Government issued SI 36 of 2022 to open Sakania for Exports and Transits.
- Benchmarked with neighboring countries and making proposals to reduce number of Agencies at the Borders (from over 15 to atleast 5)

### Customs to customs data exchange

- Aim is to enhance interoperability of customs. Countries:
- Botswana (pilot started on 9<sup>th</sup> June 2022);
- Democratic Republic of Congo (exchanging manually);
- Tanzania (exchanging manually);
- Malawi (exchanging manually);
- Zimbabwe (pilot stage);

### Enhancing enforcement to curb smuggling

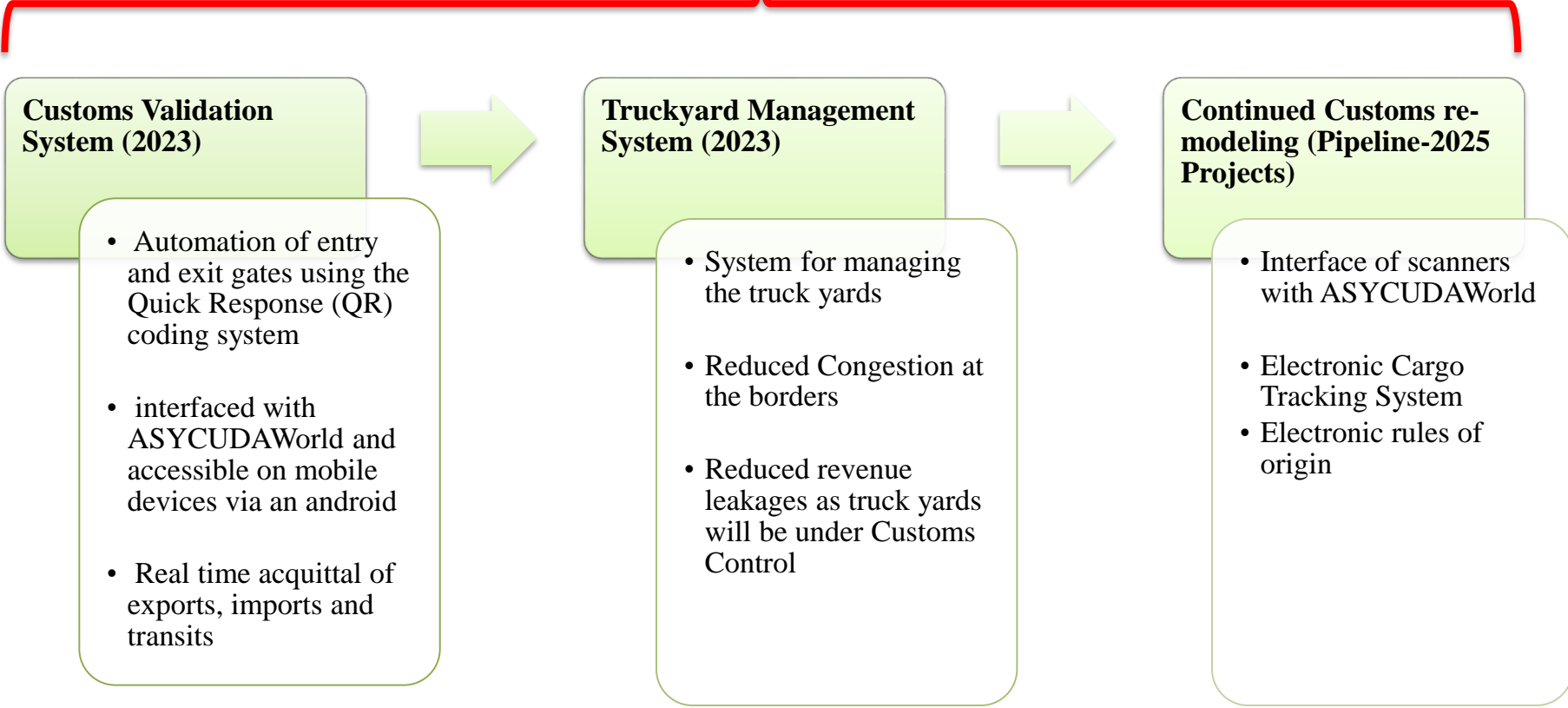
- Implemented system-based controls on Removals In Bond
- Mobile satellite van for enforcement
- E-permits on National Single Window.





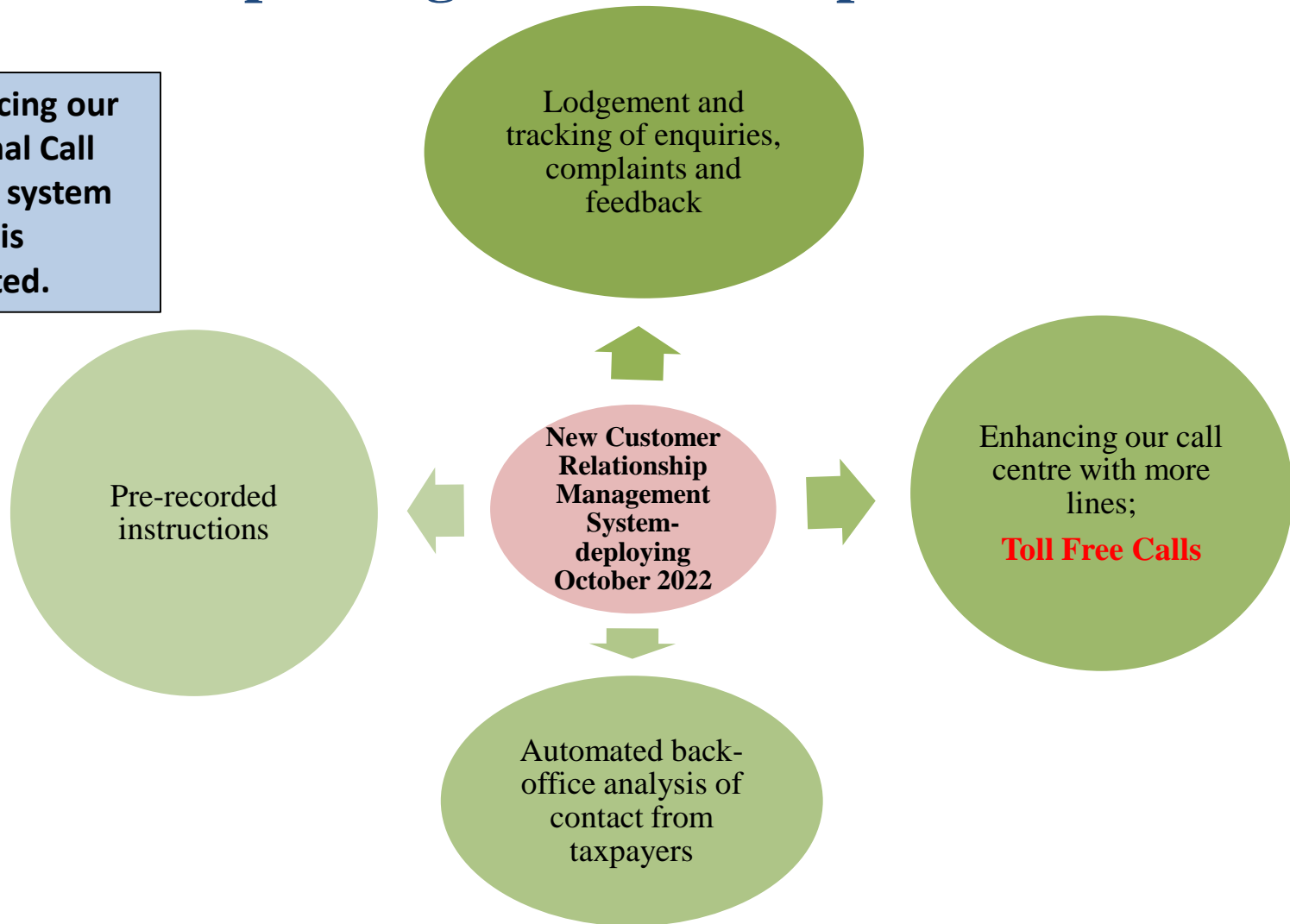
# KRA3: Specific Measures for Trade Facilitation, Cont'd

## Customs initiatives for implementation in the Medium-term (2023-2025)



# Improving Customer Experience

Enhancing our National Call centre system which is outdated.



# EXPECTATIONS FROM ZICA



# Accounting Professionals and Tax Administration



# TAX Accountant



ZAMBIA REVENUE  
AUTHORITY

My Tax, Your Tax, Our Destiny

# ZRA Expectations from ZICA

1. **Governance:** facilitate good corporate governance of ZRA through representation on the ZRA board;
2. **Collaboration:** active quarterly and ad-hoc engagements with ZRA management on various matters of common interest. As at July 2022, ZICA and ZRA signed a Memorandum of Understanding (MOU); publication of Practice Note for Country-by-Country Reporting
3. **Facilitate Tax compliance:** Through the accounting and book-keeping function, ZICA members are a critical part of the day-to-day operations of most businesses, regardless of the sector, hence:
  - i. Accountants and finance professionals are key in facilitating tax compliance through various advisory and consultancy services to businesses.
  - ii. ZRA relies on your professional capacity, to ensure timely and accurate registration, filing and payment of taxes.
4. **Ethical Standards:** ZRA will continue to expect high ethical and professional standards in its interactions with accounting professionals.



# THANK YOU

