



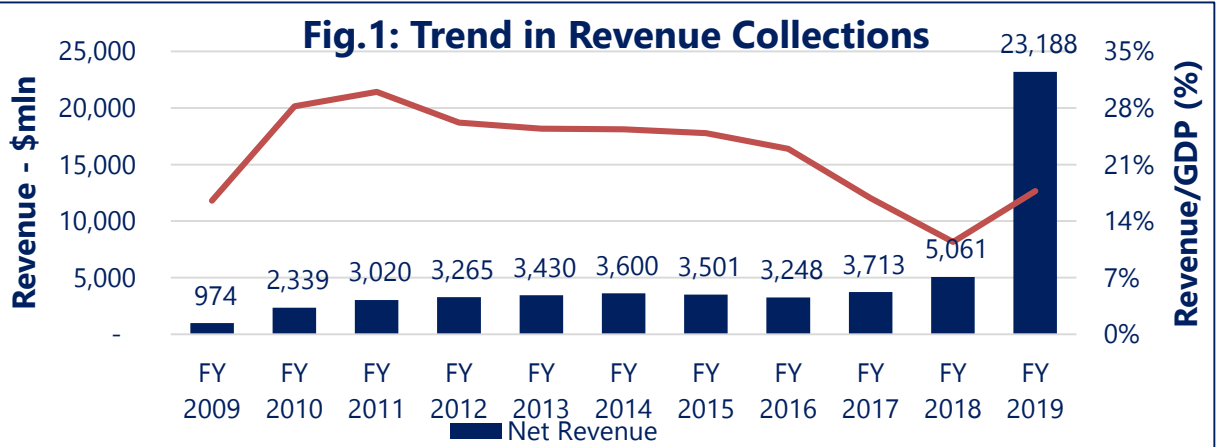
FISCAL DEVELOPMENTS

GOVERNMENT REVENUES

January 2020

Revenue collections – IMTT records largest growth...

According to the Zimbabwe Revenue Authority “Zimra”, Government’s net revenue collections amounted to \$23.2 billion in 2019 against the revised target of \$18.6 billion. This represented a 358% growth compared to the \$5.1 billion that was realized in 2018 – **Fig 1**. According to Zimra, the growth in revenue was a reflection of both inflationary pressures and revenue collection and enforcement strategies.



Source: Zimra

Meanwhile, the structural change in the economy saw the contribution of individual tax declining from 25% in 2014 to 15% in 2019. Mining royalties and other taxes also recorded marked slowdowns. In contrast, IMTT rose from 0% to 11%, over the same period, becoming the 6th largest contributor in 2019 due to the earlier mentioned shift in transacting platforms, whilst other gainers were excise duty and corporate tax. For the latter, inflationary pressures and increased compliance and enforcement strategies was the major reason for the improvement.

On the other hand, the fight against corruption by the taxman led to 233 finalized cases and revenue identified for recovery of \$154m in 2019 against \$31m in 2018.

In terms of revenue heads, all revenue categories recorded growth, led by Intermediate Money Transfer Tax “IMTT” (+1,397%) - due to increased digital transactions - Mining royalties (+480%), VAT on imports (+471%) and Excise duty (+353%). The country’s relatively high reliance on imports, for both food and capital items, gave a boost to external trade taxes. Meanwhile, the top 5 major contributors were excise duty, individuals, corporates, VAT on local sales and on imports. These accounted for 72.4% of total net revenue collected in 2019 – see **Table 1** below.

Table 1 – Revenue heads’ contribution

Revenue Head	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Excise duty	14.2%	20.4%	19.7%	19.1%	18.0%	17.8%
Individuals	25.3%	22.2%	22.7%	18.8%	17.0%	14.8%
Companies	10.3%	12.1%	10.5%	13.5%	16.0%	13.7%
Vat on L/Sales	14.1%	15.6%	18.5%	18.7%	16.9%	13.2%
VAT on Imports	13.4%	12.6%	11.0%	10.8%	10.4%	12.9%
IMTT	0.0%	0.0%	0.0%	0.5%	3.5%	11.4%
Customs Duty	9.2%	9.6%	8.4%	8.6%	8.6%	8.5%
Mining Royalties	5.3%	-0.6%	1.9%	1.9%	1.9%	2.4%
WHT on Contracts	0.0%	2.8%	2.2%	3.3%	3.2%	1.9%
Non-tax revenue	0.0%	1.1%	1.7%	0.5%	0.8%	1.1%
DFIR	0.0%	1.6%	1.7%	1.7%	1.5%	1.1%
Other taxes	5.9%	1.5%	1.7%	1.7%	1.5%	0.9%
Carbon Tax	1.0%	1.0%	1.0%	0.9%	0.9%	0.2%
Total - \$mIn	3,600	3,501	3,248	3,713	5,061	23,188

Contact Details

3rd Floor, Sapphire House,
Cnr Speke/Angwa St,
P O Box 3313,
Harare, Zimbabwe,
Tel: +263 4 759 110-6
Website: www.cbz.co.zw
Email: research@cbz.co.zw

Analysts

Andrew Chirewo	achirewo@cbz.co.zw
Victor Makanda	vmakanda@cbz.co.zw
Johane Virima	jvirima@cbz.co.zw

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