



THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE



TANZANIA REVENUE AUTHORITY

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL STATEMENTS AND COMPLIANCE AUDIT FOR THE FINANCIAL
YEAR ENDED 30 JUNE 2022

Controller and Auditor General,
National Audit Office,
Audit House,
4 Ukaguzi Road,
P.O. Box 950,
41101 Tambukareli,
Dodoma, Tanzania.
Tel: 255 (026) 2161200,
Fax: 255 (026) 2117527,
E-mail: ocag@nao.go.tz
Website: www.nao.go.tz

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AR/NA/TRAVOTE.21/2021/22

About the National Audit Office

Mandate

The statutory mandate and responsibilities of the Controller and Auditor-General are provided for under Article 143 of the Constitution of the United Republic of Tanzania of 1977 and in Section 10 (1) of the Public Audit Act, Cap 418.

Vision

A credible and modern Supreme Audit Institution with high-quality audit services for enhancing public confidence.

Mission

To provide high-quality audit services through modernization of functions that enhances accountability and transparency in the management of public resources.

Motto: "Modernizing External Audit for Stronger Public Confidence"

Core values

In providing quality services, NAO is guided by the following Core Values:

- i. Independence and objectivity
- ii. Professional competence
- iii. Integrity
- iv. Creativity and Innovation
- v. Results-Oriented
- vi. Teamwork Spirit

We do this by:

- ✓ Contributing to better stewardship of public funds by ensuring that our clients are accountable for the resources entrusted to them;
- ✓ Helping to improve the quality of public services by supporting innovation on the use of public resources;
- ✓ Providing technical advice to our clients on operational gaps in their operating systems;
- ✓ Systematically involve our clients in the audit process and audit cycles; and
- ✓ Providing audit staff with adequate working tools and facilities that promote independence.

© This audit report is intended to be used by Tanzania Revenue Authority and may form part of the annual general report, which once tabled to National Assembly, becomes a public document; hence, its distribution may not be limited.

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Abbreviations

IESBA Code	International Ethics Standards Board for Accountants' Code
ISSAIs	International Standard of Supreme Audit Institutions
IPSASs	International Public Sector Accounting Standards
NAO	National Audit Office
NBAA	National Board of Accountants and Auditors
PAA	Public Audit Act
PFA	Public Finance Act
PPA	Public Procurement Act

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairperson,
Board of Directors,
Tanzania Revenue Authority,
P.O. Box 11491,
Dar es Salaam.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the Financial Statements of Tanzania Revenue Authority, which comprise the statement of financial position as at 30 June 2022, and the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the Financial Statements, including a summary of significant accounting policies.

In my opinion, the accompanying Financial Statements present fairly in all material respects, the financial position of Tanzania Revenue Authority as at 30 June 2022, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSASs) Accrual basis of accounting and the manner required by the Public Finance Act, Cap. 348.

Basis for Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements". I am independent of Tanzania Revenue Authority in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I have determined that there are no key audit matters to communicate in my report.

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

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with IPSASs and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the entity'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 management either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

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

Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management'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 entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the Financial Statements

or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

In addition, Section 10 (2) of the Public Audit Act, Cap 418 requires me to satisfy myself that the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Section 48(3) of the Public Procurement Act, 2011 requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

1.2.1 Compliance with the Public Procurement laws

Subject matter: Compliance audit on procurement of works, goods and services

I performed a compliance audit on procurement of works, goods and services in the Tanzania Revenue Authority for the financial year 2021/22 as per the Public Procurement laws.

Conclusion

Based on the audit work performed, I state that procurement of goods, works and services of Tanzania Revenue Authority is generally in compliance with the requirements of the Public Procurement laws in Tanzania.

1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

I performed a compliance audit on budget formulation and execution in the Tanzania Revenue Authority for the financial year 2021/22 as per the Budget Act and other Budget Guidelines.

Conclusion

Based on the audit work performed, I state that Budget formulation and execution of Tanzania Revenue Authority is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.



Charles E. Kichere
Controller and Auditor General,
Dodoma, United Republic of Tanzania.



March, 2023

2.0 FINANCIAL STATEMENTS



TANZANIA REVENUE AUTHORITY

ISO 9001: 2015 Certified

**AUDITED FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED
30TH JUNE 2022**

P. O. Box 11491, 11105 Mchafukoge, Ilala CBD, DAR-ES-SALAAM

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TANZANIA REVENUE AUTHORITY
STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2022


		2021/22	2020/21(Restated)
	Notes	TZS	TZS
ASSETS			
Current Assets			
Cash and Cash Equivalents	12	86,339,477,406	99,684,531,857
Loans and Receivables	13	1,873,933,091	2,771,584,670
Inventories	14	3,714,988,679	3,498,311,847
Prepayments	15	10,828,789,745	8,696,429,127
		102,757,188,922	114,650,857,501
Non-current Assets			
Property, Plant and Equipment	10	137,375,381,089	123,646,010,584
Capital Works in Progress	10	3,329,067,887	1,573,740,354
Intangibles	11	15,158,288,891	13,378,185,237
		155,862,737,867	138,597,936,175
TOTAL ASSETS		258,619,926,789	253,248,793,677
LIABILITIES			
Current Liabilities			
Financial liabilities	16	40,511,370,399	41,861,887,175
Gratuity Payable	17	225,506,801	247,753,849
Provisions	18	1,187,868,462	1,624,260,320
		41,924,745,662	43,733,901,344
Non-current Liabilities			
Deferred Income	19	5,421,201,846	11,625,782,824
Gratuity Payable	20	883,934,421	340,932,392
		6,305,136,266	11,966,715,216
TOTAL LIABILITIES		48,229,881,928	55,700,616,560
Net Assets		210,390,044,861	197,548,177,117
NET ASSETS/EQUITY			
Capital Contributed by Government of United Republic of Tanzania	21	21,723,364,802	21,723,364,802
Accumulated Surplus		188,666,680,059	175,824,812,315
TOTAL NET ASSETS/EQUITY		210,390,044,861	197,548,177,117

These Financial Statements were approved by TRA Board of Directors for issue on 21st March 2023

and were signed on its behalf by:

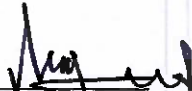
Name: Mr. Alphayo J. Kidata

Title: Commissioner General

Signature: 

Name: Mr. Uledi A. Mussa

Title: Chairman of the TRA Board

Signature: 

TANZANIA REVENUE AUTHORITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
30TH JUNE 2022

		2021/22	2020/21 (Restated)
	<u>Notes</u>	TZS	TZS
REVENUE			
Revenue from non - exchange transactions			
Income from the Government	22	364,716,737,604	333,278,619,086
Other revenue	22	1,840,597,508	1,392,604,015
Grants	23	19,488,686,626	4,694,331,596
		386,046,021,738	339,365,554,697
Revenue from exchange transactions	24	1,473,288,583	1,467,323,114
TOTAL REVENUE		387,519,310,321	340,832,877,811
EXPENSES			
Employees' Benefits	25	224,992,640,908	204,555,756,702
Travelling	26	44,254,567,817	32,388,825,007
Fuel and Lubricants	27	5,793,835,494	4,163,040,439
Repairs and Maintenance	28	13,445,781,445	12,931,712,628
General Services and other expenses	29	62,691,361,882	61,641,452,513
Amortisation of Intangible Assets	11	4,472,442,886	4,313,228,470
Depreciation	10	18,551,453,565	18,453,522,888
TOTAL EXPENSES		374,202,083,998	338,447,538,647
OTHER GAINS/(LOSSES)			
Gain/(Loss) on foreign currency translation	30	(253,159,168)	135,242,081
Impairment Losses	31	(502,344,026)	(77,064,927,125)
Gain on Disposal of Non-Current Assets	32	280,144,615	791,388,355
		(475,358,578)	(76,138,296,689)
SURPLUS FOR THE PERIOD		12,841,867,745	(73,752,957,527)
Attributable to :			
The Government of United Republic of Tanzania		12,841,867,745	(73,752,957,527)
		12,841,867,745	(73,752,957,527)

TANZANIA REVENUE AUTHORITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2022

	<u>Notes</u>	<u>2021/22</u>	<u>2020/21</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts			
Revenue from Non- exchange transaction			
Income from Government	39	364,716,737,604	333,278,619,086
Other Revenue	39	1,727,982,479	1,796,723,397
Revenue from Exchange Transaction	39	1,633,810,000	1,141,032,215
		368,078,530,083	336,216,374,698
Payments			
Personnel Emoluments	25	197,666,761,894	178,976,010,332
Other Expenditures (GoT Funds)	40	156,822,452,432	133,879,328,332
Other Expenditure (TMP Funds)	40	4,264,503,439	2,919,005,059
		358,753,717,765	315,774,343,723
NET CASH FROM OPERATING ACTIVITIES		9,324,812,318	20,442,030,976
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of Non Current Assets (TRA Funds)	40	(25,923,347,791)	(8,877,265,927)
Acquisition of Non Current Assets (TRA TMP)	40	(8,079,346,257)	(1,708,621,109)
Proceeds from sale of Property, Plant & Equipment	32	325,443,453	964,641,116
NET CASH USED IN INVESTING ACTIVITIES		(33,677,250,595)	(9,621,245,920)
CASH FLOWS FROM FINANCING ACTIVITIES			
Grants received (Cash) during the period	19	11,260,542,994	10,994,141,620
NET CASH RECEIVED FROM FINANCING ACTIVITIES		11,260,542,994	10,994,141,620
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(13,091,895,284)	21,814,926,675
Cash and Cash Equivalents			
<i>At the Beginning of the Period</i>	12	99,684,531,857	77,734,363,101
<i>Effect of Exchange Rate Changes</i>	30	(253,159,168)	135,242,081
CASH AND CASH EQUIVALENT AT 30TH JUNE	12	86,339,477,406	99,684,531,857

TANZANIA REVENUE AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED
30TH JUNE 2022

	Attributable to the Government of United Republic of Tanzania		
	Capital Contributed by Government of United Republic of Tanzania	Accumulated Surplus	Total Net Assets/Equity
Balance Reported on 30th June 2020	21,723,364,802	245,096,648,191	266,820,012,993
Correction of error (Note 3)		4,481,121,652	4,481,121,652
Restated Balance 1st July 2020	21,723,364,802	249,577,769,843	271,301,134,644
Deficit during the period		(73,752,957,527)	(73,752,957,527)
At 30th June 2021	21,723,364,802	175,824,812,315	197,548,177,117
At 1st July 2021	21,723,364,802	175,824,812,315	197,548,177,117
Surplus during the period		12,841,867,745	12,841,867,745
At 30th June 2022	21,723,364,802	188,666,680,059	210,390,044,861

TANZANIA REVENUE AUTHORITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR FINANCIAL YEAR ENDED 30TH JUNE 2022

Description	Original Approved Budget (a)	Adjustments (b)	Final Approved Budget (c=a+b)	Actual Amount on Comparable Basis (d)	Variance (c-d)		Notes
					TZS	%	
TOTAL RECEIPTS	397,947,003,128	20,866,946,517	418,813,949,645	379,664,516,529	39,149,433,116	9.3	40.3.1
EXPENDITURE							
GOVERNMENT FUNDS (GoT)							
Personnel Emoluments	191,225,684,000	7,000,000,000	198,225,684,000	197,666,761,894	558,922,106	0.3	40.3.2
Capital Expenditure	43,139,478,741	2,335,209,462	45,474,688,203	25,923,347,791	19,551,340,412	43.0	40.3.2
Other Expenditure	146,016,698,111	11,531,737,055	157,548,435,166	156,822,452,432	725,982,735	0.5	40.3.2
Sub- Total Expenditure- GoT Funds	380,381,860,852	20,866,946,517	401,248,807,369	380,412,562,117	20,836,245,252	5.2	
TAX MODERNISATION PROGRAMME (TMP)							
(TMP) Funds- Recurrent	3,653,915,593	(264,066,259)	3,389,849,334	4,264,503,439	(874,654,105)	(25.8)	40.3.2
(TMP) Funds - Capital Expenditure	13,911,226,663	264,066,259	14,175,292,942	8,079,346,257	6,095,946,686	43.0	40.3.2
Sub- Total for TMP Funds	17,565,142,276	0	17,565,142,276	12,343,849,696	5,221,292,580	29.7	
Total Expenditure	397,947,003,128	20,866,946,517	418,813,949,645	392,766,411,813	26,057,537,833	6.2	

Note: Details relating to the Budget basis and difference between Original Approved budget and Final Approved budget are provided in Note 40.

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

1. AUTHORITY INFORMATION

The Tanzania Revenue Authority (TRA) was established by the TRA Act Chapter 399 of the Laws which came into effect on 7th August 1995. TRA is an agency of the Government of the United Republic of Tanzania responsible for the administration of Central Government taxes. The major functions of TRA are to:

- a) Administer and give effect to the laws or the specified provisions of the laws set out in the First Schedule to the TRA Act, and for this purpose, to assess, collect and account for all revenue to which those laws apply;
- b) Monitor, oversee, coordinate activities and ensure the fair, efficient and effective administration of revenue laws by revenue departments in the jurisdiction of the Union Government;
- c) Monitor and ensure the collection of fees, levies, charges or any other tax collected by any Ministry, Department or Division of the Government as revenue for the Government;
- d) Advise the Minister responsible for Finance and other relevant organs on all matters pertaining to fiscal policy, the implementation of the policy and the constant improvement of policy regarding revenue laws and administration;
- e) Promote voluntary tax compliance to the highest degree possible;
- f) Take such measures as may be necessary to improve the standard of service given to taxpayers, with a view to improving the effectiveness of the revenue departments and maximizing revenue collection; and
- g) Determine the steps to be taken to counteract fraud and other forms of tax and other fiscal evasions;
- h) Produce trade statistics and publications; and
- i) Subject to the laws specified under paragraph (a) to perform such other functions as the Minister responsible for Finance may determine.

The overall Management of TRA is vested in the Board of Directors as the governing board under the supervision of the Minister for Finance and Planning. In this regard controlling entity and ultimate controlling entity do not exist. Thus, there are no members who have power to amend TRA Financial Statements after issue. If there is any change affecting the issued Statements, then the changes are accommodated in subsequent Statements in line with International Public Sector Accounting Standards (IPSAS) requirements. The Commissioner General is responsible for day to day operations of the Authority. The registered office of the Authority is situated at 28 Edward Sokoine Drive, 11105 Mchafukoge, Ilala CBD, Dar es Salaam.

2. BASIS OF PREPARATION

The Financial Statements are mainly prepared to disclose information relating to TRA's own operations. The Statements have been prepared on a historical cost basis, except for investment properties, land and buildings that have been measured at fair value. The cash flows statement is prepared using the direct method. Financial statements are prepared on an accrual basis.

The Financial Statements are presented in Tanzanian Shillings (TZS), which is the functional and reporting currency of TRA and all values are presented in full figures.

Statement of Compliance

The Financial Statements of TRA have been prepared under accrual framework in accordance and comply with IPSAS as issued by the International Public Sector Accounting Standards Board (IPSASB).

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

**3. CHANGES IN ACCOUNTING POLICIES, NEW/AMENDED STANDARDS
AFFECTED THE AUTHORITY AND CORRECTION OF ERRORS**

3.1 Change of Accounting Policies

During the period under review there were no new policies adopted by the Authority.

3.2 New /Amended Standards and Interpretations

There were no new or amended standards and interpretations which affected the Authority during the year.

3.3 Correction of Error

3.3.1 Re-computation of Depreciation/Amortization

In financial year 2020/21, the Authority reviewed useful life of its non-current assets. In view of that, depreciation and amortization charge for financial years 2014 to 2020 were re-computed basing on revised useful life in line with the guidance provided by Ministry of Finance and Planning through Accounting Circular No.6 on the Preparation of Financial Reports and Closure of the Financial Year 2018/19. Thereafter, necessary changes were effected on accumulated depreciation and amortization.

During financial year 2021/22, TRA discovered that there was unintentionally mathematical mistake in re-computation of depreciation/amortization basing on revised useful life of assets acquired prior June 2014. The mistake was made in year 2014/15 where re-computed depreciation/amortization were overcharged. To correct the matter, adjustments shown in **Table 1** were made.

Table 1: Adjustment of Overstated Depreciation /Amortization in year 2014/15

	Amount in TZS	
	2014/15	
	DR	CR
Accumulated Depreciation	3,935,254,227	
Accumulated amortisation	1,955,618,950	
Accumulated Surplus (Depreciation)		3,935,254,227
Accumulated Surplus (Amortisation)		1,955,618,950
	5,890,873,178	5,890,873,178

In view of the aforementioned, the accumulated depreciation/amortization and Accumulated Surplus reported subsequent to 2014 were affected where the reported Accumulated depreciation were reduced by TZS 3,935,254,227; Accumulated amortization were reduced by TZS 1,955,618,950; and Accumulated Surplus were increased by TZS 5,890,873,178.

3.3.2 Adjustment of Incorrectly Captured Expenses for Year 2019/20

The Authority noted that some of the expenses reported for financial year 2019/20 were incorrectly captured. The errors were made unintentionally due to delays in availability of correct information and human error. To correct the noted anomalies, the adjustments indicated in **Table 2(a)** and **2(b)** were effected:

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

**3. CHANGES IN ACCOUNTING POLICIES, NEW/AMENDED STANDARDS
AFFECTED THE AUTHORITY AND CORRECTION OF ERRORS (Continued)**

3.3 Correction of Error (Continued)

3.3.2 Adjustment of Incorrectly Captured Expenses for Year 2019/20 (Continued)

Table 2(a) Adjustments made on Expenses Reported in Year 2019/20

Description	Restated Amount on 30/06/2020	Original amount reported on 30/06/2020	Difference	Reasons for Restatement
Acting Allowance	1,531,835,565	177,625,347	1,354,210,218	Recognition of acting allowances that were previously omitted due to delays in availability of information
Tax Collection and Transfer Commission	4,451,378,592	4,044,434,783	406,943,809	Recognition of transfer charges and commission that were previously omitted
	5,983,214,157	4,222,060,130	1,761,154,027	

Since the understated amounts do not relate to comparative period for 2021/22 i.e. 2020/21, adjustments have been done through accumulated surplus where accumulated surplus was reduced by TZS 1,761,154,027. Further, recognition of the expenses has resulted into recognition of respective liabilities. In this regard, liabilities listed in Table 2(b) were adjusted.

Table 2 (b): Adjustment of Liabilities Reported in Year 2019/20

Description	Restated Amount on 30/06/20	Original amount reported on 30/06/2020	Difference	Reasons for Restatement
Other Liabilities	10,550,121,685	10,143,177,876	406,943,809	Recognition of liabilities relating to collection fees recognised in Table 3(a)
Staff liabilities	3,452,234,993	2,098,024,776	1,354,210,218	Recognition of staff liabilities pertaining to acting allowance recognised in Table 3(a)
	14,002,356,678	12,241,202,652	1,761,154,027	

3.3.3 Adjustment of Incorrectly Captured Expenses for Year 2020/21

The Authority noted that some of the expenses reported for financial year 2020/21 were incorrectly captured. The errors were made unintentionally due to delays in availability of correct information and human error. To correct the noted anomalies, adjustments indicated in Table 3(a) and 3(b) were effected.

TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022

3. CHANGES IN ACCOUNTING POLICIES, NEW/AMENDED STANDARDS AFFECTED THE AUTHORITY AND CORRECTION OF ERRORS (Continued)

3.3.3 Adjustment of Incorrectly Captured Expenses for Year 2020/21

Table 3(a): Adjustments made on Expenses Reported in Year 2020/21

Amount in TZS

Description	Restated Amount on 30/06/21	Original amount reported on 30/06/2021	Difference	Reasons for Restatement
Acting Allowance	1,280,945,172	142,812,010	1,138,133,162	Recognition of acting allowances for 2020/21 that were previously omitted due to delays in availability of information
Local Medical Expenses	1,633,146,495	222,749,007	1,410,397,488	Recognition of NHIF supplementary package expense for 2020/21 that were omitted due to delays in obtaining information
Gratuity	380,654,438	1,016,646,881	(635,992,443)	Removal of accrued gratuity that were incorrectly captured as liabilities though were not included in respective employment contract
Impact on expenses reported under Employees' benefits category	3,294,746,105	1,382,207,898	1,912,538,207	
Fare	2,835,247,173	2,860,355,214	(25,108,041)	Removal of expense erroneously recognised
Impact on Travelling Expenses	2,835,247,173	2,860,355,214	(25,108,041)	
Repairs/Maint- Motor Vehicle	3,966,543,235	3,980,140,435	(13,597,200)	Removal of expense erroneously recognised
Repairs/Maint- Customs Scanner	683,511,281	786,219,621	(102,708,340)	Removal of expenses erroneously recognised twice
Impact on expenses reported under Repairs/ Maintenance category	4,650,054,516	4,766,360,056	(116,305,540)	
Tax Collection and Transfer Commission	64,235,759	273,890,057	(209,654,298)	Removal of expense erroneously recognised
Impact on expenses reported under Administrative Expenses category	64,235,759	273,890,057	(209,654,298)	
Total	10,844,283,553	9,282,813,225	1,561,470,328	

Since these are expenses relating to comparative period, the adjustments have been done in respective expenses for year 2020/21. Also, following adjustments done in Table 3(a), liabilities listed in Table 3(b) have been adjusted in year 2020/21.

Table 3(b): Adjustment of Liabilities Reported in Year 2020/21

Amount in TZS

Description	Restated Amount on 30/06/21	Original amount reported on 30/06/2021	Difference	Reasons for Restatement
Cost of goods/service purchased(Unpaid)	2,395,231,667	2,490,559,232	(95,327,565)	Removal of duplicated expense
Other Liabilities	10,426,493,777	9,908,587,572	517,906,205	Recognition of omitted liabilities
Creditors - Utilities /Service	17,269,070,651	16,441,579,836	827,490,815	Recognition of 2020/21 expenses that were previously omitted
Accrued Expenses (JV)	4,948,851,279	4,367,171,148	581,680,131	Adjustment of accrued expenses to reflect correct position
Gratuity Payable (Current)	247,753,849	876,821,285	(629,067,436)	Removal of accrued gratuity that were incorrectly captured as liabilities though were not included in respective employment contract
Gratuity Payable (Non-Current)	340,932,392	347,857,399	(6,925,007)	Removal of incorrectly computed gratuity
Staff liabilities	4,844,992,736	4,479,279,552	365,713,185	Recognition of omitted expenses
Total	40,473,326,350	38,911,856,024	1,561,470,328	

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

3. CHANGES IN ACCOUNTING POLICIES, NEW/AMENDED STANDARDS AFFECTED THE AUTHORITY AND CORRECTION OF ERRORS (Continued)

3.3 Correction of Error (Continued)

3.3.4 Adjustment for PPE additions, Overstatement and Misclassification

During the year FY 2018/19 to 2020/21, TRA received grants relating to PPEs (Computers, Furniture and Land) from the Revolutionary Government of Zanzibar. Restatement has been done to recognise PPEs in respective financial years. Also, during the year, it was noted that asset additions amounting to TZS 387.14 million for year ending 30th June 2019 were erroneously posted twice and therefore adjusted accordingly against outstanding sundry creditor account. Further, it was noted that gym equipment were erroneously classified and reported as motor cycles instead of machinery. In this regard, adjustment has been done to transfer the equipment to proper account. Correction of the aforementioned anomalies resulted into restatement of assets and liabilities account as shown in **Table 4(a) – Table 4(c)**.

Table 4(a): Restatement of Assets, Liabilities and Income resulted from PPEs Addition, Overstatement and Misclassification

Account Description	Restated Amount	Original Reported Amount	Difference - Increase/(Decrease)	Reasons for Restatement
FY 2018/19				
Computers and Related Equipments	30,641,242,043	30,918,344,234	(277,102,192)	Removal of Assets recognized twice (TZS 387,143,092) and recognition of Assets grant from SMZ (TZS 110,040,900)
Creditors - Sundry	625,448,255	1,012,591,347	(387,143,092)	Removal of Asset recognized twice
Other Grants Income	110,040,900	-	110,040,900	Recognition of Asset grants from SMZ
FY 2019/20				
Land	7,159,270,976	6,987,470,976	171,800,000	Recognition of Asset grants from SMZ
Other Grants Income	226,788,970	54,988,970	171,800,000	Recognition of Asset grants from SMZ
Motor Cycles/Cycles	144,724,816	289,757,440	(145,032,624)	Reclassification of Assets posted to Motor cycles instead of Machinery category
Machinery	24,746,081,273	24,601,048,649	145,032,624	Reclassification of Assets posted to Motor cycles instead of Machinery category
Accumulated Depreciation-Motor Cycle	130,975,909	263,653,034	(132,677,125)	Reclassification of Accumulated Depreciation posted to Motor cycles instead of Machinery category
Accumulated Depreciation-Machinery	19,642,965,827	19,510,288,701	132,677,126	Reclassification of Accumulated Depreciation posted to Motor cycles instead of Machinery category

Since income and expenses adjusted in **Table 4(a)** are not relating to comparative period i.e. year 2020/21, the adjustments have been done through Accumulated surplus.

2020/21

Account Description	Restated Amount	Original Reported Amount	Difference - Increase/(Decrease)	Reasons for Restatement
Fixtures, Fittings & Furniture	16,162,832,342	15,993,371,612	169,460,730	Recognition of Asset grants from SMZ
Other Grants Income	616,699,322	447,238,592	169,460,730	Recognition of Asset grants from SMZ
Accumulated Depreciation -Furniture	12,604,673,594	12,604,652,683	20,911	Recognition of understated depreciation
Depreciation expense -Furniture	1,613,081,184	1,613,060,273	20,911	Recognition of understated depreciation

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

3.3 CHANGES IN ACCOUNTING POLICIES, NEW/AMENDED STANDARDS AFFECTED THE AUTHORITY AND CORRECTION OF ERRORS (Continued)

3.3 Correction of Error (Continued)

3.3.4 Adjustment for PPE additions, Overstatement and Misclassification (Cont.)

Following adjustments made in Table 4(a) previously reported depreciation has been adjusted as shown in Table 4(b) and 4(c).

Table 4(b): Adjustment of Depreciation for 2018/19 and 2019/20

	2018/19		2019/20		Total	
	DR	CR	DR	CR	DR	CR
Accumulated Depreciation		75,355	69,636,957		69,561,602	
Accumulated Surplus (Depreciation)	75,355			69,636,957		69,561,602

Table 4(c): Adjustment of Depreciation for 2020/21

	2020/21	
	DR	CR
Accumulated Depreciation	55,697,188	
Depreciation Expenses		55,697,188
	<u>55,697,188</u>	<u>55,697,188</u>

3.3.5 Summarized Changes on Non-Current Assets Prior to 1st July 2020, Accumulated Surplus and Liabilities

1st July 2020	Original Amount Reported - 1st July 2020	Adjustments - Prior to 1st July 2020	Restated Amount - 1st July 2020	Reference
Non - Current Assets				
Accumulated Depreciation	137,463,510,230	(4,004,815,828)	133,458,694,402	Note 3.3.1 & Note 3.3.4
Accumulated Amortisation	31,691,481,040	(1,955,618,950)	29,735,862,090	Note 3.3.1
Computer and related Equipment	31,721,465,628	(277,102,192)	31,444,363,436	Note 3.3.4
Motor Cycles	289,757,440	(145,032,624)	144,724,816	Note 3.3.4
Machinery	24,601,048,649	145,032,624	24,746,081,273	Note 3.3.4
Land	6,987,470,976	171,800,000	7,159,270,976	Note 3.3.4
Accumulated Surplus				
Accumulated Surplus	245,096,648,191	4,481,121,652	249,577,769,843	Note 3.3.1, Note 3.3.2 & Note 3.3.4
Adjustments on Liabilities				
	Original Reported - June 2021	Adjustments relating to opening balance	Adjustments for 2020/21	Restated Amount - Reference June 2021
Liabilities				
Other Liabilities	9,501,643,763	406,943,809	517,906,205	10,426,493,778 Note 3.3.2 & Note 3.3.3
Staff Liabilities	3,125,069,334	1,354,210,217	365,713,185	4,844,992,736 Note 3.3.2 & Note 3.3.3
Cost of goods/service purchased(Unpaid)	2,490,559,232		(95,327,565)	2,395,231,667 Note 3.3.3
Creditors - Utilities /Service	16,441,579,836		827,490,815	17,269,070,651 Note 3.3.3
Accrued Expenses (JV)	4,367,171,148		581,680,131	4,948,851,279 Note 3.3.3
Gratuity Payable (Current)	876,821,285		(629,067,436)	247,753,849 Note 3.3.3
Gratuity Payable (Non-Current)	347,857,399		(6,925,007)	340,932,392 Note 3.3.3
Sundry Creditors	904,977,565	(387,143,092)		517,834,473 Note 3.3.3

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following new standard were issued by International Public Sector Accounting Standards Board (IPSASB) but not yet effective up to the date of issuance of the Authority's Financial Statements. The Authority will adopt them for the purpose of the preparation of the future Financial Statements, where applicable. Further, the Authority does not currently plan to early adopt them.

a) IPSAS 41 'Financial Instruments'

In August 2018, IPSASB released IPSAS 41. This standard establishes new requirements for classifying, recognizing and measuring financial instruments replacing IPSAS 29, Financial Instruments: Recognition and measurement. The objective of this standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing, and uncertainty of an entity's future cash flows. The key difference between IPSAS 29 and IPSAS 41 is that in IPSAS 29 classification was rule based and could be complex and challenging to apply in practice while IPSAS 41 reduces complexity by replacing the existing classification and measurement categories for financial assets with principal based categories. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

- Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held
- Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and
- Applying an improved hedge accounting model that broadens the hedging arrangement in scope of the guidance. The model develops a strong link between an entity management strategies and the accounting treatment for instruments held as part of the risk management strategy.

The standard is effective from periods commencing on or after 01st January 2023. The standard will have impact on Financial Statements as it will affect carrying amount of financial assets and liabilities. The Authority plans to adopt the standard in financial year commenced on 1st July 2023.

b) IPSAS 42 – Social Benefits

The main objective of the standard is to assist users of Financial Statements and general purpose financial reports assess the nature of social benefits provided by the entity, the features of the operation of the social benefit schemes; and the impact of the social benefits on the entity's financial performance, financial position and cash flows. The standard requires an entity to recognize a liability for a social benefit scheme when the entity has a present obligation for an outflow of resources that results from a past event, and the present obligation can be measured in a way that achieves the qualitative characteristics and takes account of constraints in the conceptual framework. The standard is effective for periods commencing on or after 1st January 2023. The standard will have no impact on the Financial Statements of the Authority as TRA does not maintain independent social benefit scheme. Therefore, the Authority will not adopt the standard for preparation of its future Financial Statements.

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE (Continued)

c) IPSAS 43 – Leases

In January 2022, IPSASB issued IPSAS 43. The standard sets out the principles for recognition, measurement, presentation and disclosure of leases. The objective is to ensure the lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for the users of Financial statements to assess the effect that leases have on Financial position, Financial performance and Cash flows of an entity. The standard requires an entity to consider terms and conditions of contracts as well as all relevant facts and circumstances when applying the standard. In this regard, the entity is required to apply the standard consistently to contracts with similar characteristics and similar circumstances. For lessees, the IPSAS introduces a right-to-use model the replaces the risks and rewards incidental to ownership model in IPSAS 13. For lessors, IPSAS 43 substantially carries forward the risks and rewards incidental to ownership model in IPSAS 13. Additionally, IPSAS 43 provides exemption to leases with a term of less than 12 months and leases for which the leases asset is of low value. At the closure of the period, TRA is assessing impact of the standard on its financial position, financial performance and cash flows (if any). The standard is effective from 1st January 2025.

d) IPSAS 44 – Non-current Assets Held for Sale and Discontinued Operations

In May 2022 IPSASB issued IPSAS 44 that specifies the accounting for assets held for sale and the presentation of discontinued operations. It requires assets that meet the criteria to be classified as held for sale to be:

- Measured at the lower of carrying amount and fair value less costs to sell and depreciation on such assets to cease; and
- Presented separately in the statement of financial position and results of discontinued operations to be presented separately in the Statement of financial performance

The standard is effective from periods commencing on or after 1st January 2025. The standard will have impact on Financial Statements as it will affect position of Property, Plant and Equipment. Currently, the Authority does not plan to early adopt the standard.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(i) Foreign Currency Transactions and Balances

Functional and Presentation Currency

The Financial Statements items of the Authority are measured and presented using the currency of the primary economic environment which is Tanzanian Shillings (TZS). This is the Authority's functional and presentation currency.

Transactions and Balances

Foreign currency transactions are initially translated to Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. Subsequently, monetary assets and liabilities are translated into Tanzanian Shillings using the ruling rate (Bank of Tanzania closing exchange rate) at the Statement of Financial Position date.

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Foreign Currency Transactions and Balances (Continued)

Transactions and Balances (Continued)

Non-monetary items are translated using the rate at the date the cost are determined. Foreign exchange gains and losses resulting from translation of foreign currencies are recognized in the Statement of Financial Performance during the period in which they arise.

(ii) Inventories

Inventory is measured at cost upon initial recognition. Cost is comprised of the purchase price of the inventories. After initial recognition, inventory is measured at the lower of cost or net realizable value/current replacement cost. Cost is determined using the weighted average method. Net realizable value is the estimated selling price less costs to make the sale. Current replacement cost is the cost the Authority would incur to acquire the asset on the reporting date.

Inventories are recognized as an expense when deployed for consumption in the ordinary course of TRA's operations. The Authority's inventories at the Statement of Financial Position date are comprised of stocks of stationery, office supplies, customs seals and other consumables that will be expensed in the subsequent year.

(iii) Provisions

Provisions are recognized when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the authority expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The Authority's provisions at the Statement of Financial Position date comprise of and staff leave expenses that were due during the financial year but untaken due to various reasons. The expense relating to this provision is presented in the Statement of Financial Performance net of any reimbursement.

(iv) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Authority and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The Authority assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognized:

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(iv) Revenue Recognition (Continued)

Revenue from Exchange Transactions

Sale of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and when it is probable that the economic benefits will flow to the Authority and the revenue can be measured reliably, usually on delivery of the goods.

Rendering of Services

Revenues from Consultancy income and miscellaneous income are recognized when they are received and when it is probable that the economic benefits will flow to the Authority and the revenue can be measured reliably.

Interest Income

For all financial instruments measured at amortized cost and interest bearing financial assets classified as available-for-sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is recognized when it is probable that the economic benefits will flow to the Authority and the revenue can be measured reliably. Interest income is included as other income in the Statement of Financial Performance when it is earned.

Rental Income

Rental income arising from operating leases on TRA properties, is recognized when it is probable that the economic benefits will flow to the Authority and the revenue can be measured reliably in line with tenancy agreement. Rental income is initially measured at cost and amortized on a straight-line basis over the lease terms.

Revenue from Non –Exchange Transactions

Allocations from the Government

These comprise of operational income (other charges) of the Authority, which is monthly cash allocations or any other income received on special cases; salaries and local development funds from the Government based on approved Budgets. The income is recognized when it is probable that the economic benefits will flow to the Authority and the revenue can be measured reliably.

Fees, Fines and Penalties

Income from tax consultants' registration fees, external stakeholders' training fees, fines and penalties are recognized when it is probable that economic benefit will flow to the Authority and the revenue can be measured reliably.

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(iv) Revenue Recognition (Continued)

Revenue from Non –Exchange Transactions (Continued)

Grants

Grants are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and properties), if the transfer is free from conditions, and it is probable that economic benefits or service potential relating to the asset will flow to the Authority and can be measured reliably. To the extent that there is related condition that would give rise to liability to repay the amount a deferred income is recognized instead of revenue. When the conditions related to the grants are met in relation to deferred income, then revenue is recognized.

(v) Expenses and Prepayments

Expenses are decreases in economic benefit or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decrease in net assets/equity, other than those relating to distribution to owners. The Authority expenses includes employees' benefits, travelling expenses, fuel and lubricants, general expenses, amortization of Intangible Assets, depreciation and finance cost. Expenses are recognized in the period in which they are incurred.

Prepayments are amounts paid for in advance of the goods or services being received later on. Prepayments are recognized initially as assets and thereafter as assets or expense after fulfillment of agreed conditions.

(vi) Operating Leases

Authority as a lessee

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the lease item to the Authority. Operating lease payments are recognized as an expense in the Statement of Financial Performance on a straight line basis over the lease term. The Authority uses leased properties in some places whereby it is required to pay rent to the property owners.

Authority as a lessor

Leases where the Authority does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. The Authority owns landed properties from which it conducts its business. In some locations the available premises exceed the Authority's requirement. In this regard, the excess space is rented out at market rates. Rent received from operating lease is recognized as income on straight line basis over the lease term.

(vii) Value Added Tax

Revenue from exchange transactions, expenses and assets are recognized net of the amount of value added tax except:

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(vii) Value Added Tax (Continued)

- Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense of the item as applicable; and
- Receivables and payables that are stated with the amount of value added tax included. The net amount of value added tax recoverable from, or payable to, the taxation Authority is included as part of receivables or payables in the statement of financial position.

(viii) Property, Plant and Equipment (PPE)

The cost an item of Property, Plant and Equipment shall be recognized as an asset if and only if: It is probable that future economic benefits or service potential associated with the asset will flow to the entity; and the cost or fair value of the asset to the entity can be measured reliably.

The Authority's Property, Plant and Equipment are non-cash generating assets and initially recorded at cost. The cost includes expenditure that is directly attributable to the acquisition of the items. Cost is the amount of cash paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction. Where assets are acquired in non-exchange transactions, the cost is their fair value at the date of the exchange. Fair value is determined by valuations of the Property, Plant and Equipment to obtain deemed cost. Subsequently, Property, Plant and Equipment are accounted using Cost Model. By using cost model; the asset is carried at cost less accumulated depreciation and accumulated impairment, if any.

Depreciation is calculated on a straight line basis over the estimated useful life of the assets. Land is not depreciated. Management has determined the estimated useful life of the following categories of Property, Plant and Equipment to be as follows:

Category of PPE	Estimated useful Life
Office Buildings	30 - 40 years
Residential Buildings	30 - 40 years
Plant & Machinery, Motor Vehicle/ Cycles and Boats & Crafts	4 - 10 years
Computers, Furniture & Fixtures, Equipment, Office Machinery	4 – 5 years

When major repair is performed, its cost is recognized in the carrying amount of property, plant and equipment if its recognition criteria is satisfied. The costs of major repairs are included in the respective asset's carrying amount. All other expenditure for repairs and maintenance of Property, Plant and Equipment are charged to Statement of financial performance in the financial period in which they are incurred.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(viii) Property, Plant and Equipment (PPE)- Continued

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Financial Performance when the asset is derecognized. The assets' useful lives and methods of depreciation are reviewed at least at each financial year end, and adjusted prospectively, if appropriate. The residual value of the non-cash generating assets is zero as per Accounting circular no 4 of 2017/18 issued by Ministry of Finance and Planning.

Capital work in progress (CWIP) includes construction or installation cost of property, plant and equipment still under development as at the reporting date. Cost of construction work in progress are initially recognized as an asset if and only if: It is probable that future economic benefits or service potential associated with the asset will flow to the entity; and the cost or fair value of the asset to the entity can be measured reliably. It is recorded as separate item under property, plant and equipment until a time they are ready for intended use. Capital work in progress is not depreciated until when it ready for use. Subsequently recognition is upon completion of the construction work, the costs of an asset under work in progress are transferred to respective property, plant and equipment asset category.

(ix) Intangible Assets

Intangible assets comprise of computer application software only. Intangible asset shall be recognized if and only if: it is probable that expected future economic benefits or service potential that are attributable in the asset will flow to the entity and the cost or fair value of the asset can be measured reliably.

Intangible assets acquired separately are measured initially at cost. Where intangible assets are acquired in non-exchange transactions, the cost is their fair value at the date of the exchange. Subsequently, the intangibles are accounted using Cost Model. By using cost model; the intangible asset is carried at cost less accumulated amortization and accumulated impairment, if any. Expenditure that enhances or extend the performance of computer software beyond their original specifications is capitalized.

Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the Statement of Financial Performance in the year in which the expenditure is incurred. Intangible assets comprise of costs that are directly associated with identifiable and unique computer software products that TRA controls.

The useful lives of intangible assets are assessed as finite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ix) Intangible Assets (Continued)

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The useful life of application software is 3 to 10 years. The amortization expense is recognized in the Statement of performance under the expense category consistent with the function of the intangible asset. Intangible assets are amortized and recognized in the Statement of Financial Performance using the straight-line method over estimated useful lives.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Financial Performance when the asset is derecognized.

(x) Related Parties

Related parties are those who have the ability, authority and responsibility for planning, directing and controlling the activities of Tanzania Revenue Authority (TRA) or exercise significant influence in making financial and operating decisions. These are Government of Tanzania and key management personnel of the Authority. Key Management Personnel include members of the Board of Directors and Senior Management. Related party transaction is a transfer of resources or obligations between related parties; they are disclosed to the notes of financial statements.

(xi) Impairment of Non-Cash Generating Assets

The Authority assesses at each reporting date whether there is an indication that a non-cash generating asset may be impaired. In this regard, Management is considering the following indicators:

- a) Significant long-term adverse changes in the technological, legal or Government policy environment
- b) Cessation or near cessation of demand for services provided by asset.
- c) Asset's market value has declined significantly more than would be expected with the normal passage of time or normal use
- d) A significant long term decline in demand for services provided by asset.
- e) Evidence of physical damage or obsolescence of an asset.
- f) Becoming idle, plans to discontinue or restructure the operation to which an asset belongs,
- g) Plans to dispose of an asset before the previously expected date

If any indication exists, or when annual impairment testing for an asset is required, the Authority estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash generating asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount.

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(xi) Impairment of Non-Cash Generating Assets

In assessing value in use, the Authority has adopted the depreciation replacement cost approach as it has determined this to be appropriate because of the nature of the assets. Under this approach, the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset. In determining fair value less costs to sell, the price of the assets in a binding arrangement in an arm's-length transaction, adjusted for incremental costs that would be directly attributed to the disposal of the asset is used.

If there is no binding agreement, but the asset is traded on an active market, fair value less cost to sell is the asset's market price less cost of disposal. If there is no binding sale agreement or active market for an asset, the Authority determines fair value less cost to sell on the basis of the best available information.

(xii) Financial instruments

Financial assets

Financial instruments are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Authority determines the classification of its financial assets at initial recognition. The financial assets include cash, receivables and Loans. The subsequent measurement of financial assets depends on their classification. Financial assets at fair value through surplus or deficit are carried in the statement of financial position at fair value with changes in fair value recognized in surplus or deficit.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the statement of Statement of Financial Performance.

Cash and Cash Equivalents

Cash and Cash Equivalents are stated in the Statement of Financial Position at cost. For the purposes of Statement of Cash flow, Cash is comprised of Cash on hand and Deposits held at call with banks. Cash Equivalents are short term, highly liquid investment that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(xii) Financial instruments (Continued)

De-recognition of Financial Assets

The Authority derecognizes a financial asset, or, where applicable, part of a financial asset or part of a group of similar financial assets upon relevant approval, when:

- i. The rights to receive cash flows from the asset have expired or is waived;
- ii. The Authority has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either;
- iii. The Authority has transferred substantially all the risks and rewards of the asset; or the Authority has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Impairment of Cash Generating Assets

The Authority assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an "incurred" loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- i. Debtors or a group of debtors are experiencing significant financial difficulty.
- ii. Default of payments and failure to recover by using other measures.
- iii. Observable data indicates a measurable decrease in estimated future cash flows
- iv. Upon death, termination and resignation of debtors.
- v. Transfer of debtors to another institution.

Financial Liabilities

Financial liabilities 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 recognized initially at fair value plus directly attributable transaction costs. The Authority's financial liabilities include trade and other payables. Subsequent measurement of financial liabilities depends on their classification.

De-recognition of Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if, there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(xiii) Taxpayers' Fund

The fund represent initial capital contributed by the Government when TRA was established as per TRA Act Chapter 399. The assets included office building, residential buildings, motor vehicles, motor cycles, office furniture & fixtures, electrical equipment and other assets.

(xiv) Employee Benefits

Short Term Benefits

These includes salaries, annual leave, funeral expenses, social club membership fee, transfer benefits, and the following allowances: mobile phone, housing, transport, guard, gardener, shift, honorarium, acting allowance, furniture and extra duty allowances. Also, TRA provides medical services to its staff through NHIF. These are recognized in the Statement of Financial Performance as the employees' services are rendered.

Post-Employment Benefits - Defined Contribution Plan

The employees of the Authority are members of the Public Service Social Security Fund (PSSSF) and Zanzibar Social Security Fund (ZSSF). The employees contribute 5% and 7% of their basic salaries on a monthly basis while the Authority contributes 15% and 13% of the employees' basic salaries to the Funds respectively. These Pension Funds are state owned and are responsible for all staff pension benefits on retirement. The Authority's contributions are charged to the Statement of Financial Performance as an expense.

Other Long - Term Employment Benefits

The Authority operates un-funded Gratuity Payments Plan for its Senior Management staff who are employed on fixed contract terms. The contract terms range between three and five years. These benefits are paid at the end of the beneficiaries' contracts using the normal operational funds of the Authority. This expense is recognized in the Statement of Financial Performance as and when it is incurred.

Terminal Benefits

Terminal benefits are payable when employment is terminated before the normal retirement date or end of the contract for various reasons or retirement. This expense is recognized in the Statement of Financial Performance and payables in the statement of financial position as and when it is incurred.

(xv) Comparative Figures

Figures for the previous Financial Statements have been regrouped whenever necessary in order to make them comparable with current year's figures.

(xvi) Budget information

The annual budget of TRA is prepared based on Activity Based Budgeting (ABB) approach. Under the ABB all planned activities for the realization of Authority's Strategic Themes are costed and summed up in order to arrive at the annual expenditure budget. The annual budget presented in these Financial Statements is a consolidated budget for the entire Authority as per main budget categories which are personnel emoluments, other expenditure and development budget. The budget is prepared on cash basis.

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

6. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Authority's Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent assets and contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

6.1 Judgment

In the process of applying the Authority's accounting policies, management has made the following judgment, which has most significant effect on the amounts recognized in the Financial Statements:

Operating Lease Commitments—Authority as Lessor

The Authority has entered into commercial property leases on its TRA property portfolio. The Authority has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

6.2 Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-Cash Generating Assets

Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Authority is not yet committed to or significant future investments that will enhance the asset's performance. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The impairment of non-financial assets is explained further in **Note 5**.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The fair value of financial instruments is explained further in **Note 8**.

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

7. RISK MANAGEMENT OBJECTIVES AND POLICIES

TRA operations are exposed to certain financial risks. Financial risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on TRA's financial performance. The main risks arising from the TRA's operations are credit risk, liquidity risk and currency risk. TRA reviews and agrees policies for managing each of these risks as summarized below:

(i) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. TRA is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments. However, TRA does not regard there to be any significant concentration of credit risk. TRA mitigates the credit risk by maintaining cash and cash equivalents with reputable financial institutions; and recovering staff debts in terms of the applicable regulations directly from the employee's salary and/or other benefits. The maximum exposure to credit risk at the reporting date is as shown below:

	June 2022	June 2021
	TZS	TZS
Financial Assets		
Loans and Receivables	1,873,933,091	2,771,584,670
Cash and Cash equivalent	86,339,477,406	99,684,531,857
Financial Liabilities		
Gratuity, Trade and Other Payables*	40,736,877,199	42,109,641,024

*The balance for 2020/21 was restated as explained in Note 3.

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

7. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(i) Credit Risk (Continued)

30th June 2022

Amount in TZS Thousands

Category	Total	Under	31 - 60	61 - 90	91-120	121 - 150	Over 150
		30 Days	Days	Days	Days	Days	Days
Motor Vehicle Loans	281,987	-	-	110,352	-	-	171,635
Salary Advances	25,250	2,300	-	2,630	-	2,910	17,411
Staff Imprest ¹	110,814	19,376	22,230	4,201	13,116	2,240	49,651
Tax Stamps Debtors	16,355	8,429	-	-	-	-	7,927
Rent Receivable	739,975	26,538	-	-	50,801	-	662,636
Sundry Debtors ²	61,804	-	-	-	-	-	61,804
Debtors - Others	246,943	70,111	-	-	-	-	176,832
Staff Debtors for Medical Expenses ³	4,507	-	-	-	-	-	4,507
Staff Debtors for Telephone Expenses ⁴	(0)	-	-	-	-	-	(0)
Debtors - ITA Student ⁵	34,686	-	-	-	-	-	34,686
Bank Interest	6,518	6,518	-	-	-	-	-
Deposits	345,094	54,679	9,500	27,000	10,631	3,000	240,284
TOTAL RECEIVABLES	1,873,933	187,951	31,730	144,183	74,549	8,149	1,427,371

Note:

Some of the reported figures have considered impaired amount as indicated hereunder:

Amount in TZS Thousands

Category	Gross Amount	Impaired Amount	Reported Net
Staff Imprest ¹	291,450.97	180,636.73	110,814.23
Receivable from Exchange Transactions	291,450.97	180,636.73	110,814.23
Sundry Debtors ²	81,821.16	20,017.06	61,804.10
Staff Debtors for Medical Expenses ³	26,180.59	21,674.00	4,506.59
Staff Debtors for Telephone Expenses ⁴	939.81	939.81	- 0.00
Debtors - ITA Student ⁵	658,310.77	623,625.04	34,685.74
Receivable from Non- Exchange Transactions	767,252.33	666,255.91	100,996.42
Total		846,892.64	

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

7. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(i) Credit Risk (Continued)

30th June 2021

Amount in TZS Thousands

Category	Total	Under	31 - 60	61 - 90	91-120	121 - 150	Over 150
		30 Days	Days	Days	Days	Days	Days
Motor Vehicle Loans	448,454	-	-	-	290,531	157,248	675
Salary Advances	115,817	9,962	3,000	-	500	6,749	95,606
Staff Imprest ¹	246,388	96,493	57,478	22,949	1,358	24,304	43,807
Tax Stamp Debtors	16,355						16,355
Rent Receivable	905,862	325,139	-	-	-	-	580,723
Sundry Debtors ²	(0)	-	-	-	-	-	(0)
Debtors - Others	626,747	355,775	-	-	-	-	270,972
Staff Debtors for Medical Expenses ³	5,794	-	-	-	-	-	5,794
Staff Debtors for Telephone Expenses ⁴	(0)	-	-	-	-	-	(0)
Debtors-IT A Student ⁵	203,922	-	-	-	-	-	203,922
Bank Interest	1,152	1,152	-	-	-	-	-
Deposits	201,092	3,885	6,456	-	-	-	190,751
TOTAL RECEIVABLES	2,771,585	792,406	66,933	22,949	292,389	188,301	1,408,607

Note

Some of the reported figures have considered impaired amount as indicated hereunder:

Amount in TZS Thousands

Category	Gross Amount	Impaired Amount	Reported Net
Staff Imprest ¹	425,025	178,636	246,388
Receivable from Exchange Transactions	425,025	178,636	246,388
Sundry Debtors ²	12,980	12,980	0
Staff Debtors for Medical Expenses ³	27,018	21,224	5,794
Staff Debtors for Telephone Expenses ⁴	1,240	1,240	0
Debtors-IT A Student ⁵	496,123	292,201	203,922
Receivable from Non- Exchange Transactions	537,361	327,645	209,716
Total		506,281	

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

7. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(ii) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet obligations associated with financial instruments. TRA manages its liquidity risk to ensure it is able to meet estimated expenditure requirements. This is achieved through prudent liquidity risk management which includes maintaining sufficient cash and cash equivalents.

TRA's main sources of income are the annual budget allocation from the Ministry of Finance and other sources of income. The income is used to finance TRA's operational and capital requirements. The annual budget is allocated by the Ministry of Finance and Planning in accordance with the provisions governing the Medium Term Expenditure Framework (MTEF). TRA uses Activity Based Budgeting approach with an extensive planning and governance process focused on the Corporate Plan to determine its operational and capital requirements. This is considered to be adequate mitigation for liquidity risk. The Authority has no non-derivative financial liabilities including issued financial guarantee contracts. Maturity profile of Gratuity (current portion) and Financial Liabilities is shown hereunder:

30th June 2022

Amount in TZS Thousands

	Total	Under 30 Days	31 - 60 Days	61 - 90 Days	91-120 Days	121 - 150 Days	Over 150 Days
Staff Liabilities	2,960,861	2,876,542	1,133	1,102	1,451	381	80,253
Gratuity Payable (Current)	225,507	-	-	-	-	-	225,507
Creditors for Materials & Supplies	892,408	761,272	16,455	10,131	-	1,678	102,872
Creditors for Utilities & Service	18,778,001	13,396,038	81,500	28,531	7,628	129,140	5,135,163
Building Contractors	544,813	535,611	1,908	-	-	-	7,293
Others Liabilities	5,411,091	4,770,303	400	25,231	13,550	7,354	594,253
Accrued Expenses	9,396,257	6,186,125	24,196	-	-	-	3,185,935
Retention Fees	279,127	75,910	20,625	10,059	-	-	172,533
Sundry Creditors	429,952	55,120	310	1,058	-	1,038	372,426
Student Caution Money	164,000	-	-	-	-	-	164,000
Student Creditors	240,921	38,919	-	-	-	-	202,001
Cost of goods/services purchased	1,398,042	183,071	11,759	-	5,691	10,200	1,187,320
Withholding Tax Payable	55	55	-	-	-	-	-
Student Health Insurance Payable	15,843	-	-	-	-	-	15,843
TOTAL PAYABLES	40,736,877	28,878,967	158,288	76,112	28,321	149,791	11,445,400

TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022

7. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(ii) Liquidity Risk (Continued)

30th June 2021

Amount in TZS Thousands

	Total	Under	31 - 60	61 - 90	91-120	121 - 150	Over 150
		30 Days	Days	Days	Days	Days	Days
Staff Liabilities*	4,844,993	4,638,192	4,624	1,368	1,556	62,127	137,126
Gratuity Payable (Current)*	247,754	147,485	-	-	-	-	100,269
Creditors for Materials & Supplies	772,857	621,296	15,485	1,864	696	33,404	100,112
Creditors for Utilities & Service*	17,269,071	5,686,070	328,188	10,526	81,124	293,829	10,869,334
Building Contractors	177,775	154,182	295	-	580	4,731	17,987
Others Liabilities*	10,426,494	4,990,914	55,371	39,780	14,107	50,749	5,275,572
Accrued Expenses*	4,948,851	4,432,225	-	-	-	-	516,626
Retention Fees	135,998	-	-	-	-	-	135,998
Sundry Creditors*	517,834	66,907	-	-	-	1,138	449,790
Student Caution Money	120,129	-	-	-	-	-	120,129
Student Creditors	240,764	(90)	-	-	-	-	240,854
Cost of goods/services purchased (Unpaid)*	2,395,232	306,657	282,078	180,642	24,286	29,757	1,571,812
Withholding Tax Payable	1,592	1,408					184
Student Health Insurance Payable	10,298	-	-	-	-	-	10,298
TOTAL PAYABLES	42,109,641	21,045,246	686,041	234,181	122,348	475,735	19,546,091

*The balances have been restated as explained in Note 3

(iii) Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. TRA's operations utilize various foreign currencies and consequently, are exposed to exchange rate fluctuations that have an impact on cash flows and financing activities. Currency exposure arising from liabilities denominated in foreign currencies is managed primarily through the holding of bank balances in the relevant foreign currencies, and accepting the local currency invoices only. The loss on foreign currency fluctuation during the year arose from the translation of bank balances. The foreign currencies bank accounts have been disclosed in **Note 12**. With all other variables held constant, a shift in foreign exchange rate by 5% on all United States Dollar (US\$), Euro (€) and Great Britain Pound (GBP) denominated assets and liabilities which are major foreign currency exposure to the Authority would have resulted in lower or higher deficit of approximately TZS 253.16 million (2021: TZS 135.24 million).

(iv) Capital Management

Capital includes Capital Reserve, and Accumulated Surplus/Deficit, which stood at TZS 210,390.04 million (2021: TZS 197,548.18 million). The primary objective of the Authority's capital management is to ensure that it maintains a strong asset base in order to support its objectives and optimize achievement of stakeholders' expectations. No changes were made in the objectives, policies or processes relating to Capital /management during the years ended 30 June 2021 and 30 June 2022.

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

8. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value of the assets and liabilities are included at price that would be received to sell an asset or paid to transfer a liability in an orderly transaction by market participants at measurement date. The following methods and assumptions were used to estimate the fair values:

Cash and cash equivalents, receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The Authority uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- a) Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- b) Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- c) Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Set out below is a comparison by class of the carrying amounts and fair value of the Authority's assets and liabilities that are carried in the financial statements.

	Carrying Value	Fair Value	
	TZS	Level I TZS	Level II TZS
30th June 2022			
Assets			
Loans and Receivables	1,873,933,091	-	1,873,933,091
Cash and Cash Equivalents	86,339,477,406	-	86,339,477,406
Property, Plant and Equipment	137,375,381,089	-	137,375,381,089
Liabilities			
Gratuity, Trade and Other Payables	40,736,877,200	-	40,736,877,200
30th June 2021			
Assets			
Loans and Receivables	2,771,584,670	-	2,771,584,670
Cash and Cash Equivalents	99,684,531,857	-	99,684,531,857
Property, Plant and Equipment (Restated Note 3)	123,646,010,584	-	123,646,010,584
Liabilities			
Gratuity, Trade and Other Payables (Restated Note 3)	42,109,641,024	-	42,109,641,024

9. FINANCIAL INSTRUMENTS

The categorization of financial instruments as per IPSAS 29 Financial Instruments – Recognition and Measurement – is as shown below:

	Carrying Value	Held to maturity	Loans and Receivables
	TZS	TZS	TZS
30th June 2022			
Financial Assets			
Loans and Receivables	1,873,933,091	-	1,873,933,091
Cash and Cash Equivalents	86,339,477,406	86,339,477,406	-
Total	88,213,410,497	86,339,477,406	1,873,933,091
30th June 2021			
Financial Assets			
Receivables	2,771,584,670	-	2,771,584,670
Cash and Cash Equivalents	99,684,531,857	99,684,531,857	-
Total	102,456,116,527	99,684,531,857	2,771,584,670

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

10. PROPERTY, PLANT AND EQUIPMENT (PPE)

	Land (Restated)	Buildings	Motor vehicles (Restated)	Motor Cycles/Cycles (Restated)	Boats and Crafts	Machinery (Restated)	Furniture & Fixtures (Restated)	Electrical Equipments (Restated)	Computers, Printers & UPS (Restated)	Sub Total	Work in Progress (WIP)	Total
	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS
30th June 2022												
COST												
At 1st July 2021	7,203,975,376	120,823,975,423	59,009,812,312	132,128,395	1,832,326,743	26,489,448,771	16,162,832,342	2,716,895,173	36,301,334,343	269,672,728,878	1,573,740,354	271,246,469,233
Additions	292,063,241	-	5,450,088,463	-	1,421,512,844	1,350,802,939	-	114,492,326	21,005,520,492	29,634,480,306	2,440,330,366	32,074,810,672
Transfer	-	665,002,833	-	-	-	-	-	-	-	685,002,833	(685,002,833)	-
Donated Assets	-	1,739,828,794	3,200,000	-	-	217,089,860	-	-	63,444,000	2,023,562,654	-	2,023,562,654
Impairment Loss (Note 10.2)	-	-	(1,588,294,154)	(11,475,517)	(16,922,885)	(99,362,992)	(118,372,211)	(64,397,484)	(107,814,668)	(16,922,885)	-	(16,922,885)
Disposal	-	-	(1,588,294,154)	(11,475,517)	-	(78,366,937)	(118,372,211)	(64,397,484)	(107,814,668)	(1,990,716,747)	-	(1,990,716,747)
At 30th June 2022	7,496,038,617	123,248,807,050	61,873,806,622	120,652,878	1,815,403,888	28,028,688,783	17,395,263,070	2,766,990,015	57,262,484,148	300,008,135,039	3,329,067,887	303,337,202,927
DEPRECIATION												
At 01st July 2021	-	39,478,540,765	36,240,175,201	125,203,880	1,374,043,659	21,667,230,677	13,962,182,371	2,396,616,413	30,792,427,327	146,026,719,295	-	146,026,719,295
Charge for the year	-	2,661,268,073	6,997,717,202	2,311,575	124,312,723	2,350,536,293	1,317,091,479	156,971,069	4,971,245,151	18,551,453,565	-	18,551,453,565
Disposal	-	-	(1,578,432,998)	(11,475,517)	-	(78,366,937)	(118,371,147)	(61,455,531)	(99,295,779)	(1,945,417,909)	-	(1,945,417,909)
At 30th June 2022	-	42,110,108,838	41,661,457,404	116,039,939	1,498,356,382	23,929,390,034	15,160,902,702	2,492,131,952	35,664,376,700	162,632,753,950	-	162,632,753,950
NET BOOK VALUE												
At 30th June 2022	7,496,038,617	81,138,698,212	20,212,349,217	4,612,939	317,047,476	4,099,308,749	2,234,360,368	274,858,063	21,598,107,448	137,375,381,089	3,329,067,887	140,704,448,976
Jun-21												
COST												
At 1st July 2020 (Restated as per Note 3)	7,159,270,976	193,038,570,659	55,895,464,718	144,724,816	1,672,311,336	24,746,081,273	16,699,722,053	2,736,253,377	31,444,363,436	333,536,802,643	1,573,740,354	335,110,542,997
Additions (Restated as per Note 3)	44,704,400	-	9,345,165,216	-	40,653,354	2,494,239,160	398,613,465	47,865,485	5,823,750,868	18,794,991,949	11,882,320	18,806,874,269
Transfer	-	11,882,320	-	-	-	-	-	-	-	11,882,320	(11,882,320)	-
Donated Asset	-	-	269,550,121	-	177,688,477	-	-	-	-	447,238,598	-	447,238,598
Disposal	-	-	(6,019,509,271)	(9,230,712)	(30,011,774)	-	-	-	-	(6,059,751,757)	-	(6,059,751,757)
Impairment	-	(72,226,477,556)	(2,080,959,472)	(3,365,709)	(58,326,424)	(720,659,887)	(935,503,177)	(67,263,689)	(966,779,961)	(77,059,434,875)	-	(77,059,434,875)
At 30th June 2021 (Restated)	7,203,975,376	120,823,975,423	58,009,812,312	132,128,395	1,832,326,743	26,489,448,771	16,162,832,342	2,716,895,173	36,301,334,343	269,672,728,878	1,573,740,354	271,246,469,233
DEPRECIATION												
At 01st July 2020 (Restated as per Note 3)	-	35,048,251,540	35,514,743,053	130,975,909	1,248,211,818	19,642,965,826	12,604,673,594	2,231,210,514	27,037,652,148	133,458,694,401	-	133,458,694,401
Charge for the year (Restated as per Note 3)	-	4,430,589,225	6,574,936,338	3,369,802	125,891,841	2,041,115,825	1,357,508,777	165,405,900	3,754,765,180	18,453,622,868	-	18,453,622,868
Disposal	-	-	(5,949,509,190)	(9,141,831)	-	(26,850,974)	-	-	-	(5,885,498,994)	-	(5,885,498,994)
At 30th June 2021 (Restated)	-	39,478,540,765	36,240,175,201	125,203,880	1,374,043,659	21,667,230,677	13,962,182,371	2,396,616,413	30,792,427,327	146,026,719,295	-	146,026,719,295
NET BOOK VALUE												
At 30th June 2021 (Restated)	7,203,975,376	81,345,134,658	21,769,639,112	6,924,515	458,283,084	4,832,218,094	2,200,649,971	320,278,760	5,508,907,016	123,646,010,584	1,573,740,354	125,219,760,938

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10. PROPERTY, PLANT AND EQUIPMENT (Continued)

10.1 Work in Progress (WIP)

The disclosed work in progress at the closure of the period includes costs for:

- a) Construction of TRA regional offices - Coast, Songwe, Simiyu;
- b) Construction of TRA district offices - Bagamoyo and Mvomero
- c) Construction of staff houses - Mtambaswala and Kirongwe border stations
- d) Extension of ITA administration block
- e) Rehabilitation of TRA regional offices - Singida and Mbeya
- f) Rehabilitation of TRA district office - Makambako
- g) Rehabilitation of staff houses – Raskazone and Tarakea

10.2 Impairment of Property, Plant and Equipment

In the financial year 2021/22, TRA carried out seaworthiness assessment for its fleet of boats. During the assessment, impairment indicators were noted that necessitated testing for impairment. In this regard, impairment loss of TZS 16.92 million was realised on two patrol boats.

11. INTANGIBLE ASSETS

	Software	
	2021/22	2020/21
	TZS	TZS
<u>COST</u>		
At 01 st July	47,427,275,796	47,336,842,973
Additions	6,252,546,541	90,432,823
At 30 th June	<u>53,679,822,337</u>	<u>47,427,275,796</u>
<u>AMORTIZATION</u>		
At 01 st July*	34,049,090,559	29,735,862,089
Charge for the year	4,472,442,886	4,313,228,470
At 30 th June*	<u>38,521,533,446</u>	<u>34,049,090,559</u>
<u>NET BOOK VALUE</u>		
At 30 th June*	<u>15,158,288,891</u>	<u>13,378,185,237</u>

*2020/21 balance has been restated as explained in Note 3.

11.1 Composition of TRA Software and Measurement Criteria

Detailed information regarding measurement criteria is provided in Note 5(ix). At the closure of the period, TRA had a number of software that are used in its operations. The software include Automated fingerprint Identification System(AFIS); Electronic Cargo Tracking ;Dataset Management(DMS) ; Identity and Access Management ; Electronic Fiscal Device Management; Disaster Recovery; Storage Based Consolidation; Audit Software; Intranet Portal and Messaging system; Human Resource Management; Forensic Software; Virtualization Software; Network Monitoring and management; CRM Solutions- Call centre; Central Motor vehicle registration(CMVRS); Epicor, Customs Software-TANCIS; ACL Audit Software; ITAX Software; Electronic Meeting Management software; Case Management Software; HADC – Database Consolidation Software; and HADC Network firewalls.

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12. CASH AND CASH EQUIVALENTS

At the closure of financial year 2021/22, TRA had Cash and Cash Equivalents amounting to TZS 86,339.48 million (2020/21: TZS 99,684.53 million). The Cash and Cash equivalents available at the closure of the period are for TRA use in normal course of its operations. In view of that, there is no restricted amount that is not available for use by TRA (2020/21: NIL). The analysis of the amount held at the closure of the period is shown here under:

	<u>2021/22</u> TZS	<u>2020/21</u> TZS
TRA HQ - Samora Current Account	30,747,448,271	25,858,793,711
Bank Control Account(NBC) TRA HQ-Euro	18,401,079	20,826,882
Bank Control Account(NBC) TRA HQ - US\$	138,756,362	342,374,331
Bank Control Account(NBC) TRA HQ- GBP	71,599,698	81,356,204
TRA HQ - Film and Music -TZS	54,565,528	54,643,528
Donor Bank A/C Std Chartered - TZS-GOT	363,024	262,189,824
Bank Control Account(Barclays) - USD-BASKET	50,547,570	51,233,795
Bank Control Account (BOT) TRA HQ-USD	2,354,919,283	5,822,298,331
Bank Control Account (BOT) TRA HQ-EURO	1,109,155,679	1,245,410,287
Bank Control Account (BOT) TRA HQ-GBP	713,560,680	805,317,358
Bank Control Account (BOT) TRA HQ - Main	36,797,202,957	51,958,160,873
Bank Control Account (BOT) Basket - TZS	7,197	10,907,197
Bank Control Account (BOT) Basket - USD	18,951,778	2,953,078,384
Bank Control Acc (NBC) TRA HQ - GePG (TZS)-(Note 12.1)	-	580,838,291
Bank Control Account (BOT) Other Income-TZS	782,327,235	722,376,785
Bank Control Account (NBC) - Basket Fund (TZS)	6,343,967,581	4,201,368,010
Departments and Institute of Tax Administration (Note 12.2)	2,761,248,112	1,456,291,896
Zanzibar and Regions (Note 12.3)	4,376,455,373	3,257,066,170
TOTAL - CASH AND CASH EQUIVALENTS	86,339,477,406	99,684,531,857

12.1 Bank Control Account (NBC) TRAHQ- GePG (TZS)

At the closure of financial year 2021/22, the entire amount collected through GePG bank account maintained at NBC was transferred to respective receiving bank account maintained at the Bank of Tanzania. Thus, the account remained with zero balance.

12.2 Departments and Institute of Tax Administration

Customs and Excise Department - NBC	1,324,969,037	868,742,058
Domestic Revenue Department- NBC	596,698,535	246,602,801
Large Taxpayers Department (NBC)	26,375,199	34,188,574
Institute of Tax Administration (ITA)-CRDB	261,665,655	165,366,163
Institute of Tax Administration (Student ITA)-CRDB	19,398,100	5,332,300
Institute of Tax Administration (ITA)-US\$ (KBC)	532,141,586	136,060,000
TOTAL - DEPARTMENTS AND ITA	2,761,248,112	1,456,291,896

**TANZANIA REVENUE AUTHORITY
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12. CASH AND CASH EQUIVALENTS (Continued)

	<u>2021/22</u> TZS	<u>2020/21</u> TZS
12.3 Zanzibar and Regions		
Arusha	314,901,577	104,724,225
Coast	266,489,289	383,160,112
Dodoma	17,137,823	14,620,010
Ilala	629,039,214	338,629,545
Iringa	103,805,716	52,291,350
Kagera	206,380,622	52,804,436
Kigoma	2,817,558	28,118,285
Kilimanjaro	226,929,868	64,601,157
Kinondoni	311,422,034	360,561,197
Lindi	77,313,097	51,747,874
Manyara	93,963,793	7,070,272
Mara	230,581,532	227,869,925
Mbeya	80,702,717	45,820,014
Morogoro	59,643,146	42,317,262
Mtwara	552,311	45,480
Mwanza	5,264,498	3,942,148
Rukwa	126,435,715	69,729,496
Ruvuma	15,371,694	7,386,621
Shinyanga	41,416,924	30,826,577
Singida	13,245,565	27,151,343
Tabora	5,867,948	17,001,283
Tanga	235,800,544	34,601,295
Temeke	451,395,615	1,661,430
JNIA	29,164,678	7,010,099
Wharf DSM	172,105,019	921,791,916
Customs Service Centre	19,680,781	8,435,280
Zanzibar	304,602,638	10,817,272
Geita	859,306	916,877
Katavi	26,168,652	35,238,481
Songwe	127,577,345	3,888,306
Simiyu	41,923,968	14,925
Njombe	22,655,931	140,661,828
Kahama	35,170,090	63,928,867
Kariakoo	80,068,166	97,680,982
TOTAL - ZANZIBAR AND REGIONS	4,376,455,373	3,257,066,170

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	<u>2021/22</u> TZS	<u>2020/21</u> TZS
13. LOAN AND RECEIVABLES		
Receivables from Exchange Transactions		
Motor Vehicle Loans (Note 13.1)	281,986,746	448,454,499
Salary Advances	25,250,294	115,817,264
Staff Imprest	291,450,968	425,024,640
Tax Stamps Debtors	16,355,495	16,355,495
Rent Receivable	739,974,519	905,861,777
Interest Receivable	6,518,011	1,152,170
Provision for impairment of receivables -Imprest & Salary Advance (Note 13.4)	(180,636,735)	(178,636,735)
Subtotal	1,180,899,298	1,734,029,109
Receivables from Non Exchange Transactions	-	
Sundry Debtors	81,821,157	12,979,987
Debtors - Others	246,943,049	626,746,824
Staff Debtors for Medical Expenses	26,180,586	27,017,778
Staff Debtors for Telephone Expenses	939,810	1,239,810
Debtors - ITA Student (Note 13.2)	658,310,773	496,123,448
Deposits (Note 13.3)	345,094,324	201,092,497
Provision for impairment of receivables-Medical, Telephone and ITA Students (Note 13.4)	(666,255,907)	(327,644,781)
Subtotal	693,033,793	1,037,555,561
TOTAL RECEIVABLES	1,873,933,091	2,771,584,670

The receivables are non-interest bearing and generally on terms of 30 to 90 days. For explanations on the Authority's credit risk management refer to **Note 7** while for terms and conditions pertaining to related party receivables refer to **Note 34**.

13.1 Motor Vehicle Loans Offered in kind

The reported loans relate to loans offered in kind (i.e. TRA assets were sold to TRA staff on credit). TRA disposed its used motor vehicles by auctioning the vehicles to staff other than Senior Management. Repayment of such loans is done through recovery from staff salaries or returning of actual cash within the agreed period. The outstanding loan balances at the year-end is interest free.

13.2 Debtors – ITA Student Others

During the period under review, a large number of student with outstanding fees at TRA's Institute of Tax Administration were discontinued in the first semester. In this regard, the reported outstanding amount at the closure of the period has increased.

13.3 Deposits

The reported amount at the closure of the financial year comprised amount deposited as security to the supplier of fuel and lubricant for official use in line with existing contractual agreement. During the period under review, the deposited amount has increased following increase in number of TRA centres that are using fuel cards.

**TANZANIA REVENUE AUTHORITY
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13. LOANS AND RECEIVABLES (Continued)

13.4 Impairment of Loans/ Receivables

At the end of financial year, TRA reviewed its loans/receivables and noted that there is a probability of not being able to recover some of the amounts advanced to its staff as well as ITA student debts following passing away, resignation, transfers of staff as well as discontinuation of studies. In this regard, the provision for impairment has been made. As at 30th June 2022 receivables amounting to TZS 846.89 million (2021 : 506.28 million) were impaired and fully provided for. Movements in the provision for impairment of receivables are provided hereunder:

	<u>2021/22</u> TZS	<u>2020/21</u> TZS
Balance at the beginning of the Year	506,281,516	500,789,266
Charge for the period	354,219,532	5,492,250
Adjustments	(604,600)	-
Recovered during the period	(13,003,807)	-
Balance at the end of the Year	846,892,642	506,281,516

14. INVENTORIES

Stationery	514,645,237	537,093,860
Materials	1,965,652,694	2,291,960,877
Accountable Documents (Note 14.1)	2,252,153,361	1,541,909,709
Provision for Inventory Write Off (Note 14.2)	(1,017,462,613)	(872,652,599)
TOTAL	3,714,988,679	3,498,311,847

During the period ended 30th June 2022, TZS 12,042.07 million (2021: TZS 13,022.49 million) was recognised as an expense for inventories carried at net realisable value/current replacement cost. The amount is recognised as part of General Services and Office Supplies expenses.

14.1 Accountable Documents

At the closure of financial year 2021/22, the closing stock for accountable documents has increased compared to that of 2020/21 due to increase in stock of Motor vehicle registration cards procured during the period. The cards will be utilised in subsequent periods.

14.2 Provision for Inventory Write off

In year 2021/22 TRA reviewed its inventory and noted that there are indicators for further provision of impaired stock, consequently provision was made. The impaired amount at the closure of the period resulted mainly from change of laws that are governing tax administration. Following the changes, the available stock became obsolete. At the closure of the period under review, disposal procedures for the impaired stocks were yet to be finalised. Indicated below is a movement in provision of impairment for stock

	<u>2021/22</u> TZS	<u>2020/21</u> TZS
Balance at the beginning of the year	872,652,599	872,652,599
Charge for the period	144,810,014	-
Balance at the end of the year	1,017,462,613	872,652,599

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	2021/22	2020/21 (Restated)
	TZS	TZS
15. PREPAYMENTS		
Advance to Suppliers	7,554,268,270	7,049,656,562
Prepaid Expenses	3,274,521,475	1,646,772,565
TOTAL	10,828,789,745	8,696,429,127

The reported prepayments at the closure of the reporting period resulted mainly from advance paid for procurement of official motor vehicles (TZS 6,445.10 million); acquisition of patrol boats (TZS 411.39 million); and advance paid for ongoing construction/rehabilitation projects TZS 2,177.44 million). Further, prepaid amount includes services paid in advance (software licenses (TZS 1,002.31 million and rent (TZS 73.33 million). Goods whose payments were done in advance are expected to be delivered in the subsequent periods while services paid in advance are expected to be consumed in year 2022/23. Movements in prepayments are provided hereunder:

Balance at the beginning of the year	8,696,429,127	13,829,623,078
Additional Prepayments made during the period	14,011,567,024	12,589,751,844
Recognised as assets during the period	(8,420,890,058)	(12,654,094,111)
Recognised as expenses during the period	(3,008,171,982)	(5,068,851,683)
Recovered during the period	(450,144,365)	-
Balance at the end of the year	10,828,789,745	8,696,429,127

16. FINANCIAL LIABILITIES

16.1 Payables from Exchange Transactions

Creditors for Materials & Supplies	892,408,424	772,856,683
Creditors for utilities & Services (Note 16.1.1)	18,778,000,819	17,269,070,651
Building Contractors ¹	544,813,038	177,774,616
Staff liabilities (Note 16.1.1)	2,960,861,315.58	4,844,992,736
Accrued expenses ² (Note 16.1.1)	9,396,256,959	4,948,851,279
Other Liabilities ³ (Note 16.1.1)	5,411,090,973	10,426,493,777
Retention Fees ⁴	279,127,155	135,998,281
Sundry Creditors (Note 16.1.1)	429,951,698	517,834,473
Cost of goods/service purchased (Unpaid) ⁵ (Note 16.1.1)	1,398,041,562	2,395,231,667
Subtotal	40,090,551,944	41,489,104,163

¹ During financial year 2021/22, liabilities pertaining to Building contractors have increased due to on-going construction/rehabilitation projects. Majority of the invoices were received towards end of financial year and will be settled in subsequent period.

²The accrued expenses during the period have increased due to recognition of expenses incurred for High Availability Data Centre project.

³These include all payables that are not categorized under materials & supplies; utilities & services; building contractors; staff liabilities; salary & allowance payables; accrued expenses; retention fees; sundry creditors and cost of goods purchased (unpaid).

⁴Amount retained during financial year 2021/22 has increased due to retention made on various ongoing rehabilitation/construction projects in line with contract terms.

⁵These include purchase orders whose respective ordered goods/services have been received by TRA but have not been processed to payment process stage.

16.1.1 Restated Payables from Exchange Transactions

The balances for 2020/21 have been adjusted to reflect correct position as explained in Note 3.

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	<u>2021/22</u>	<u>2020/21(Restated)</u>
	TZS	TZS
16. FINANCIAL LIABILITIES (Continued)		
16.2 Payables from Non-Exchange Transactions		
Student Caution Money	164,000,000	120,128,610
Student Creditors	240,920,644	240,764,137
Students Health Insurance payable	15,842,810	10,298,410
Withholding tax payable	55,000	1,591,855
Subtotal	420,818,454	372,783,013
TOTAL TRADE AND OTHER PAYABLES	40,511,370,399	41,861,887,175

17 GRATUITY (CURRENT PORTION)

The gratuity relates to senior Management staff who are employed on fixed contract term. The amount is payable within the coming twelve months.

Gratuity Payable	225,506,801	247,753,849
TOTAL	225,506,801	247,753,849

The balance for 2020/21 has been adjusted to reflect correct position as explained in Note 3.

18 PROVISION

Provision relates to an estimate of the amount due to staff at the end of financial year, based on the value of the statutory leave. The provision was calculated based on the leave entitlements due to staff at the year-end adjusted for forfeiture leave as per TRA Staff Regulations. The movement in provision is as shown hereunder:

Balance at the beginning of the year	1,624,260,320	1,037,487,387
Additional provisions raised during the period	964,476,561	1,285,355,423
Utilized during the period	(170,554,810)	(98,077,567)
Adjustment/Changes made in provisions (Note 18.1)	(1,230,313,609)	(600,504,923)
Balance as at 30th June	1,187,868,462	1,624,260,320

18.1 Adjustment/Changes made in Provision

The adjustment has been made to reflect de-recognition of payment in lieu of leave after being time barred in line with TRA Staff regulations.

19 DEFERRED GRANT

Grants were provided by Development Partners (DPs) and Government of Tanzania for supporting planned initiatives under TRA's Fifth Corporate Plan (CP5). There are unfulfilled conditions/contingencies attached to these grants. In addition, the Revolutionary Government of Zanzibar and Other Supporters have provided grants to support core business of the Authority in Zanzibar and Mainland respectively. Movement of deferred income is as shown below:

Balance at the beginning of the Year	11,625,782,824	4,709,273,478
Received during the year (Cash - Note 19.1)	11,260,542,994	10,994,141,620
Received during the year (Non Cash - Note 19.2)*	2,023,562,654	616,699,322
Amortised during the year (Note 23)*	(19,488,686,626)	(4,694,331,596)
Balance at the end of the Year	5,421,201,846	11,625,782,824

*Balances for 2020/21 have been restated as explained in Note 3

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19. DEFERRED GRANT (Continued)

19.1 Grants Received during the year (Cash)

These are amounts released by Treasury from TMP Basket Fund Holding account to finance planned initiatives under Tax Modernisation Programme (TMP).

19.2 Grants Received during the year (Non- Cash)

In financial year 2021/22 TRA was given one Motor vehicle with a fair value of TZS 3.2 million from Aarsleff Bam International Joint Venture; 10 field PGS test kits and Portable detection equipment costing TZS 217.09 million from JICA; and PPEs costing TZS 1,803.27 million from Revolutionary Government of Zanzibar. The grants have been given to facilitate revenue collection activities.

	2021/22	2020/21
	TZS	TZS

20. GRATUITY PAYABLE (NON CURRENT PORTION)

The gratuity relates to senior Management staff who are employed on fixed contract term. The amount is payable upon cessation of their contracts.

Gratuity Payable (Non- Current)	883,934,421	340,932,392
TOTAL	883,934,421	340,932,392

*Balances for 2020/21 have been restated as explained in Note 3

21. CAPITAL CONTRIBUTED BY GOVERNMENT OF UNITED REPUBLIC OF TANZANIA

Non-Current Assets Replacement Reserve(Note 21.1)	7,000,000,000	7,000,000,000
Taxpayers Fund (Initial Capital)		
Office Buildings	7,372,231,143	7,372,231,143
Residential Buildings	3,221,625,388	3,221,625,388
Motor Vehicles	1,160,909,405	1,160,909,405
Motor Cycles	55,893,620	55,893,620
Office Furniture & Fixtures	1,269,253,269	1,269,253,269
Electrical Equipment	332,981,560	332,981,560
Work in Progress - Office	450,000,000	450,000,000
Accumulated Depreciation	(86,900,112)	(86,900,112)
Computers	897,753,223	897,753,223
Other Assets	49,617,307	49,617,307
Total Taxpayers Fund (Initial Capital)	14,723,364,802	14,723,364,802
TOTAL CAPITAL CONTRIBUTED BY GOVERNMENT	21,723,364,802	21,723,364,802

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21. CAPITAL CONTRIBUTED BY GOVERNMENT OF UNITED REPUBLIC OF TANZANIA (Continued)

21.1 Asset Replacement Reserve

The support from Government of United Republic of Tanzania and Development Partners who provided funds to the Authority for acquisition and replacement of assets was for a specific period of time. As a result, there was a need for the Authority to have a comprehensive Non-Current Assets Replacement Strategy. This led to establishment of the Assets Replacement Fund to facilitate replacement of worn out assets and rehabilitation and maintenance of existing ones. The funds were provided by the Government of United Republic of Tanzania through annual allocations and were utilized against comprehensive annual procurement plans. However, of recent no fund has been received specifically for Non-current asset replacement reserve. Currently, replacement of worn out non-current assets and rehabilitation is done through TRA normal operational budget.

	2021/22	2020/21
	TZS	TZS

22. REVENUE FROM NON-EXCHANGE TRANSACTIONS

22.1 Income from the Government

These are monthly allocations received from Treasury to finance TRA operations. The allocations are based on approved expenditure budget for respective financial years.

Income from the Government	364,716,737,604	333,278,619,086
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22.2 Other Revenue from Non – Exchange Transactions

Tax Consultants Registration Fee	19,300,000	19,900,000
External Stakeholders' Training Fee	1,821,297,508	1,372,704,015
Total	1,840,597,508	1,392,604,015

23. GRANTS AMORTISATION

In addition to the grants reported below, TRA receipted technical assistance (Service in kind) from Development Partners/International Institutions as explained in **Note 33**.

Grants from International Agencies (Note 23.1)	15,483,176,197	4,524,714,866
Counterpart funding -Government of Tanzania	2,199,037,635	156,000
Other Grants Income*(Note 23.2)	1,806,472,794	169,460,730
Release from Deferred Grant Income	19,488,686,626	4,694,331,596

* Balance for 2020/21 has been restated as explained in **Note 3**.

23.1 Grants from International Agencies

In addition to amortisation of TMP amount, the reported amount for 2021/22 includes grants provided by JICA valued at TZS 217.09 million (Ten field PGS test kits and Portable detection equipment).

23.2 Other Grants Income

The amortised amount includes released amount for assets costing TZS 1,803.27 million from the Revolutionary Government of Zanzibar for TRA Zanzibar and Aarsleff Bam International Joint Venture (TZS 3.2 million).

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	<u>2021/22</u> TZS	<u>2020/21(Restated)</u> TZS
24. REVENUE FROM EXCHANGE TRANSACTIONS		
Rental Income (Note 24.1)	613,619,829	813,001,950
Interest Income (Note 24.2)	631,264,810	552,141,732
Consultancy Income (Note 24.3)	93,347,404	6,834,200
Miscellaneous Income	135,056,540	95,345,232
Total	1,473,288,583	1,467,323,114
TOTAL REVENUE FROM EXCHANGE AND NON EXCHANGE TRANSACTIONS (Note 22 to Note 24)	387,519,310,321	340,832,877,811

24.1 Rental Income

During the period under review some of the commercial banks who rented part of TRA office buildings vacated the premises and the space remained vacant. This resulted into decrease of rental income for the period.

24.2 Interest Income

Under normal TRA operations, a certain amount is remaining in TRA expenditure bank accounts. In this regard, the reported interest income relates to interest earned on uncommitted balance remained in its expenditure bank accounts.

24.3 Consultancy Income

In the financial year 2022/23, the consultancy income has increased due to increase in number of consultancy projects undertaken by the Institute of Tax Administration (ITA).

25. EMPLOYEES' BENEFITS

Basic Salary (Note 25.1)	197,666,761,894	178,976,010,332
Salary in lieu of Leave (Note 25.2)	149,558,185	1,040,550,166
Social Security Funds (Employer's Contribution)- Note 25.3	324,080,842	57,504,330
Housing Allowance	654,045,512	593,150,051
Transport Allowance	318,866,772	281,945,183
Guard Allowance	49,714,464	46,591,416
Gardener Allowance	596,118	-
Shift Supplement Allowance	4,550,641,353	4,356,949,428
Acting Allowance ⁶ (Note 25.4)	289,479,657	1,280,945,172
Honorarium Teaching	275,205,000	185,479,085
Extra Duty Allowance	4,883,702,179	4,304,452,504
Transfer Benefit (Note 25.5)	8,194,998,021	4,282,638,534
Honorarium	1,681,706,058	2,798,046,341
Gratuity ⁶	702,484,091	380,654,438
Furniture Allowance	723,856,000	838,338,000
Leave Travel Assistance	3,106,071,730	2,848,511,835
Local Medical Expenses ⁶ (Note 25.6)	18,389,686	1,633,146,495
Foreign Medical Expenses	102,764,770	52,283,361
Funeral Expenses	314,095,861	187,415,972
Social Club Membership Fee	58,820,400	13,706,400
Mobile Phones/Airtime (Note 25.7)	926,802,315	397,437,657
TOTAL	224,992,640,908	204,555,756,702

⁶ The balances for 2020/21 have been adjusted to reflect correct position as explained in **Note 3**.

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

25. EMPLOYEES' BENEFITS (Continued)

25.1 Basic Salary

The increase in basic salary for 2021/22 resulted mainly from recruitment of additional staff, confirmation of staff who were acting in managerial position, salary increments and promotions.

25.2 Salary in lieu of Leave

The decrease in year 2021/22 resulted mainly from time barred claims that were forfeited in line with TRA Staff regulations.

25.3 Social Security Fund (Employers' Contribution)

Following shifting to LAWSON, Employer's Contributions to Social Security Fund are budgeted and settled by Central Government. Therefore, the costs reported in year 2021/22 are for staff who had pending legal cases and ruling involved re-statement of the staff and payment of accrued salaries and employer's contributions to Social Security Funds through TRA.

25.4 Acting Allowance

During the financial year, a number of staff who were acting in various managerial positions were confirmed. This resulted into decrease of acting allowance.

25.5 Transfer Benefits

During the financial year 2021/22, transfer benefits has increased due to increased number of staff relocated from one location/station to another. This was done in order to enhance Authority's performance.

25.6 Local Medical Expenses

During the financial year 2021/22, medical expenses have decreased as some of the expenses for the year under review have not been recognized, instead have been provided as contingent liabilities due to existence of uncertain conditions. Recognition of the costs will depend on fulfilment of the pending conditions.

25.7 Mobile Phone/Airtime

During the period, the increased cost resulted mainly due to the fact that the Authority incurred cost for airtime expenses for the whole year unlike in year 2020/21 where the costs were incurred for few months only.

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

	<u>2021/22</u> TZS	<u>2020/21(Restated)</u> TZS
26. TRAVELLING EXPENSES		
Foreign Deployment Allowance (Note 26.1)	937,519,363	682,855,033
Perdiem, Incidental and Day Allowances - Local (Note 26.2)	37,329,717,607	28,724,025,241
Perdiem, Incidental and Day Allowances - Foreign(Note 26.3)	1,506,907,662	136,142,336
Fare - Local ⁷ (Note 26.2)	4,138,615,189	2,835,247,173
Fare and Excess Baggage - Foreign (Note 26.3)	287,337,161	7,315,223
Visa Fee (Note 26.3)	12,459,174	-
Outfit Allowance (Note 26.3)	30,387,750	300,000
Mileage Allowance(Note 26.2)	11,623,910	2,940,000
TOTAL	44,254,567,817	32,388,825,007

⁷ The balance for 2020/21 has been adjusted to reflect correct position as explained in Note 3

26.1 Foreign Deployment Allowance

In the financial year 2021/22, the cost has increased due to allocation of additional staff outside the country who are operating under Single Customs Territory.

26.2 Perdiem, Incidental/Day Allowances /Fare and Mileage- Local

The costs in year 2021/22 have increased mainly due to increased number of activities that were carried outside the working stations. Among others, the activities involved special tasks and EFD enforcement activities. Also, day allowances have increased following payment of the allowance to 1,544 newly recruited staff.

26.3 Perdiem, Incidental/Day Allowances /Fare/Visa and Outfit- Foreign

During the period under review, there was an increase of staff who attended capacity building programmes and international meetings outside the country. This resulted into increase of costs relating to foreign travel.

27. FUEL AND LUBRICANTS

Fuel and Lubricants - Motor Vehicle (Note 27.1)	5,365,372,272	3,837,090,395
Fuel and Lubricants - Motor Cycle	4,658,443	7,374,613
Fuel and Lubricants - Boats	38,662,314	27,878,242
Fuel and Lubricants - Generators	385,142,465	290,697,190
TOTAL	5,793,835,494	4,163,040,439

27.1 Fuel and Lubricants – Motor Vehicle

The increase of costs for fuel and lubricants in the financial year 2021/22 resulted mainly from increase in activities involving traveling as explained in Note 26.2 and increase in TRA's fleet of vehicles. Also, the increase is partly contributed by increase in fuel price.

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

	<u>2021/22</u> TZS	<u>2020/21 (Restated)</u> TZS
28. REPAIRS AND MAINTENANCE		
Repairs/Maintenance - Office Buildings (Note 28.1)	2,325,597,893	1,625,279,226
Repairs/Maintenance - Residential Buildings (Note 28.1)	517,673,342	247,047,220
Repairs/Maintenance - Boats	32,471,356	88,272,043
Repairs/Maintenance - Motor Vehicle ⁷ (Note 28.2)	4,804,434,642	3,966,543,235
Repairs/Maintenance - Motor Cycle	850,000	3,023,600
Repairs/Maintenance - Customs Scanner ⁷ (Note 28.3)	269,492,507	683,511,281
Repairs/Maintenance - Generators	270,333,238	256,638,855
Repairs/Maintenance - Office Furniture	120,669,814	80,823,873
Repairs/Maintenance - Computers and Related Equip. (Note 28.4)	1,942,257,886	1,354,472,300
Repairs/Maintenance - Electrical Equipment Residential	14,240,793	18,278,140
Repairs/Maintenance - Electrical Equipment Office	208,818,931	470,891,405
Repairs/Maintenance - Air Conditions and Cooling systems	393,404,172	305,613,656
Repairs/Maintenance - Solar Equipments	15,271,188	15,700,000
Repairs/Maintenance - Photocopy Machines	265,247,457	362,414,745
Repairs/Maintenance - Gymnasium Equipment	2,896,900	3,070,000
Software License Fee	2,046,624,442	3,216,410,851
Repairs/Maintenance - Lifts/Elevators	56,784,303	24,781,038
Repairs/Maint- Fire Fighting Equipments	158,712,582	208,941,162
TOTAL	<u>13,445,781,445</u>	<u>12,931,712,628</u>

⁷ The balance for 2020/21 has been adjusted to reflect correct position as explained in **Note 3**

28.1 Repairs/Maintenance - Office Buildings & Residential

Repairs/ maintenance costs depend on needs. The amount spent in year 2021/22 is higher than that spent in year 2020/21 due to increased number of building that needed to be repaired during the period.

28.2 Repair/Maintenance – Motor Vehicle

The repair costs in year 2021/22 have increased mainly due to increase of TRA fleet of vehicles; increase in routine service due to increase of routine operations and enforcement activities; and repairs of accidented vehicles.

28.3 Repairs/Maintenance - Customs Scanner

In year 2021/22 TRA continued to perform routine maintenance internally and costs for needed spares decreased compared to that of 2020/21.

28.4 Repairs/Maintenance – Computers and Related Equipment

In the period ended June 2022, TRA engaged service providers who provided the services as scheduled unlike in year 2020/21 where the services were partly rendered following expiration of the contract.

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

	<u>2021/22</u> TZS	<u>2020/21</u> TZS
29. GENERAL SERVICES AND OFFICE SUPPLIES		
Printing and Stationery		
Printing and Stationery Expense	1,857,425,681	1,947,560,693
Sensitive Documents Expense	373,257,753	350,299,925
Office Supplies	9,234,044,779	10,066,806,743
Custom Seal	577,342,240	657,826,400
	12,042,070,453	13,022,493,760
Utilities		
Water	505,902,565	502,821,898
Sewage Disposal Charges	148,112,961	151,318,088
Electricity	2,653,088,129	2,783,105,304
Telephones (Landline) and Fax	284,731,578	273,574,828
Data Lines & Internet Services	11,632,114,783	11,739,539,722
Postage and Courier Charges	337,172,774	473,088,827
	15,561,122,791	15,923,448,667
Cleaning		
Office Cleaning	2,460,797,172	2,458,432,197
Laundry Expenses	107,831,585	25,362,436
Upkeeping of Grounds	14,365,148	30,343,056
Sanitary Services	379,535,093	135,679,056
	2,962,528,998	2,649,816,744
Insurance (Note 29.1)		
Insurance - Building		445,665,349
Insurance - Boats		20,000,000
Insurance - Plants and Office Machinery		220,000,000
Insurance - Customs Scanner		80,000,000
	-	765,665,349

TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
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29. GENERAL SERVICES AND OFFICE SUPPLIES (Continued)

	<u>2021/22</u> TZS	<u>2020/21</u> TZS
Other Expenses		
Security Services (Note 29.2)	6,219,114,998	5,545,750,042
Legal Compensation Costs	1,283,700,573	1,151,008,762
Refreshments and Entertainment (Note 29.3)	6,283,351,146	4,663,295,656
Advertisements (Note 29.4)	1,959,208,235 [▼]	1,217,447,917
Staff Uniform (Note 29.5)	56,408,848	491,168,340
Sitting Allowance (Note 29.6)	263,951,800	67,153,950
Repatriation Expenses	414,684,818	623,017,246
Donations (Note 29.7)	445,230,000	210,452,914
Interview Panel Allowances		20,640,000
Library and Periodicals	102,304,415	117,794,648
Office and Godown Rent	3,060,321,860	3,119,949,411
Newspapers and Magazines	242,000,762 [▼]	257,949,468
Casual Labourers	473,472,802	312,095,141
Catering Expenses (Note 29.8)	799,122,965	184,300,812
Sensitization Materials-(Caps, Tshirts, leafletsetc) - Note 29.9	56,415,100	245,579,464
Fumigations	310,865,203	322,523,823
Professional Fee Subscriptions	159,051,708	167,454,844
Membership and Access Subscription Fee	662,682,126	722,048,892
Audit Fee & Related Expenses	456,200,000	429,050,000
Rewards to Informers	80,349,448	127,685,000
Protective Gears (Note 29.10)	29,124,270	102,723,196
Consultancy Fees(Note 29.11)	768,091,466	443,082,647
Equipments Hiring charges	53,296,100	47,979,000
Motor Vehicle Hiring charges (Note 29.12)	189,750,010	55,299,656
Conference Room Hiring charges (Note 29.13)	948,729,906	672,348,906
Music and Performing Art services	14,711,000	14,350,000
Decorations and Seasonal cards	28,030,280	27,622,520
Gifts, Prizes and Awards(Note 29.14)	279,065,222	95,789,910
Journalists Allowance	93,294,600	74,377,000
Still and Video picture	9,468,000	8,664,000

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

29. GENERAL SERVICES AND OFFICE SUPPLIES (Continued)

	<u>2021/22</u>	<u>2020/21(Restated)</u>
	TZS	TZS
Other Expenses (Continued)		
Directors' Fees	89,500,000	53,604,599
Board Secretariate Allowances	6,551,438	
Rates and Taxes	178,936,880	158,423,996
Movers Expenses	137,364,272	113,173,580
Sundry Office Expenses (Note 29.15)	481,209,824	224,550,524
TV/Radio Programmes Airtime Cost (Note 29.16)	640,179,012	1,025,221,642
Exhibition Allowances	6,950,000	16,832,000
Entry Fees	14,503,500	7,219,400
Court Attire	59,986,000	88,021,020
Police Escort Charges	207,193,895	171,643,000
Pavillions Charges	59,587,640	71,669,180
External Expert Fees	44,016,000	35,428,600
Translators Fees	2,500,000	2,500,000
Tuition Fee - Local	662,687,850	702,927,548
Tuition Fee - Foreign		305,058,234
Hire of Training Facilities	300,000	
Accommodation Expenses	21,255,997	39,466,752
Research and Publication Expenses	48,245,000	67,955,000
Moderation Allowances	57,076,749	65,540,000
Workshop and Seminar Fee	1,448,791,094	1,458,568,940
Tax Expenses	128,320,366	82,439,580
Sports Gear	46,172,072	
Councilors' Fees	51,875,000	31,125,000
Stipend Allowance	84,440,000	76,100,000
Other Board Meeting Expenses	200,000	10,544,738
Internship Allowance (Note 29.17)	1,591,324,617	2,507,004,856
Tax Collection and Transfer Commisions ⁸ (Note 29.18)	27,971,497	64,235,759
Other Bank Charges (Note 29.18)	286,503,276	362,170,882
	32,125,639,640	29,280,027,993
TOTAL	62,691,361,882	61,641,452,513

⁸The balance for 2020/21 has been adjusted to reflect correct position as explained in **Note 3**

29.1 Insurance Expenses

In the financial year 2021/22 there was no signed insurance contract. Therefore, insurance expenses were not incurred.

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

29. GENERAL SERVICES AND OFFICE SUPPLIES (Continued)

29.2 Security Services

Cost for security services during the period has increased following opening of new operational centres that require security services.

29.3 Refreshment and Entertainment

The reported figure for 2021/22 and that of comparative year have included costs of Staff refreshment consumables. In the previous periods the amounts were reported separately but now have been merged to bring more clarity. Also, the costs for 2021/22 have increased compared to that of 2020/21 due to increased activities that were carried outside working stations.

29.4 Advertisement

During the period under review, TRA launched new automated services (e-filing, payment of property taxes through LUKU etc.) which needed to be brought into attention of the public through advertisement in media. Also, TRA conducted special campaigns such as EFD and electronic tax stamps campaigns. All these activities increased advertisement costs in year 2021/22.

29.5 Staff Uniform

In the financial year 2021/22 TRA procured uniforms for fewer staff compared to year 2020/21. Therefore, costs for 2021/22 were lower compared to that of year 2020/21.

29.6 Sitting allowances

In addition to allowances paid for tender meetings, in year 2021/22 TRA incurred sitting allowance expenses for other statutory meetings (TRA Workers Union/Workers Council meeting and Disciplinary meetings). In this regard, the cost for 2021/22 has increased compared to that of 2020/21.

29.7 Donations

Expenditure on this item depends on needs and funds availability. During the period under review TRA participation in social corporate responsibility activities has increased compared to year 2020/21 and consequently increase donation costs for 2021/22.

29.8 Catering Expenses

In year 2021/22 TRA recruited 1,544 new staff. The staff underwent induction course at ITA. During the programme, TRA incurred costs for catering services. In this regard, catering costs for 2021/22 have increased compared to that of 2020/21.

29.9 Sensitisation Materials

At the closure of year 2021/22, procurement process for sensitisation materials was yet to be concluded. In this regard, cost incurred in 2021/22 was lower compared to that of 2020/21.

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
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29. GENERAL SERVICES AND OFFICE SUPPLIES (Continued)

29.10 Protective Gears

Due to decline in cases of COVID 19 Pandemic coupled with availability of COVID 19 vaccines, the costs incurred by TRA for protective gears in year 2021/22 have declined.

29.11 Consultancy Fees

In year 2021/22 TRA utilised consulting services mainly in recruitment of additional staff; quality assurance review of internal audit function; small and medium perception survey; ISO external audit; and centralisation of digital security. All these activities have increased consultancy fees for financial year 2021/22.

29.12 Motor Vehicle Hiring Charges

During the financial year 2021/22 there was an increase of offsite activities including special enforcement activities that necessitated hiring of group transport. This has increased costs for the item.

29.13 Conference hiring Charges

The cost for 2021/22 has increased mainly due to hiring of venue for conducting orientation programme for newly 1,544 recruited staff.

29.14 Gift, Prizes Awards

During the period under review, TRA recognised contribution of best performers and provided gift as a token of appreciation. This has increased costs for gifts compared to that of preceded financial year.

29.15 Sundry Office Expenses

In the financial year 2021/22, TRA incurred costs for destruction of chemicals and overstayed goods under Customs area. The costs have significantly contributed to the noted increased costs for 2021/22.

29.16 TV/Radio Programmes Airtime Cost

In the financial year 2021/22, number of special programmes broadcasted through TV and Radio has decreased compared to that of 2020/21. In this regard, the airtime cost for 2021/22 has declined.

29.17 Internship Allowance

TRA has engaged interns under Tanzania Employment Services Agency (TAESA) Internship Program. During the period ended 30th June 2022, Interns allowances were not paid for the entire period as contracts for some interns ended in December 2021 while engagement of others was done in May 2022.

29.18 Other Bank Charges and Tax Collection and Transfer Commissions

In previous years, the amounts were reported under Finance Cost but for clarity the amounts have been reclassified and reported as part of General services and Office Supplies.

**TANZANIA REVENUE AUTHORITY
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	2021/22	2020/21
	TZS	TZS
30. GAIN/ (LOSS) ON FOREIGN CURRENCY TRANSLATION		
Foreign currency exchange gain	496,095,429	147,669,705
Foreign currency exchange loss	(749,254,597)	(12,427,624)
TOTAL GAIN/(LOSS) ON FOREIGN CURRENCY TRANSLATION	(253,159,168)	135,242,081

31. IMPAIRMENT PROVIDED DURING THE PERIOD

Debtors impaired during the period (Note 13)	354,219,532	5,492,250
Impaired debtors recovered during the period (Note 13)	(13,003,807)	-
Impaired debtors adjusted during the period (Note 13)	(604,600)	-
PPE impaired during the period (Note 10)	16,922,885	77,059,434,875
Stock impaired during the period (Note 14)	144,810,014	-
Total Impairment provided during the period	502,344,026	77,064,927,125

32. GAIN/ (LOSS) ON DISPOSAL OF NON - CURRENT ASSETS

In the financial year 2021/22 TRA disposed Non-current assets through auction sales and realise gain on disposal as follows:

Proceeds from sale of Property, Plant & Equipment	325,443,453	964,641,116
Cost of Disposed Assets (Note 10)	(1,990,716,747)	(6,058,751,757)
Accumulated Depreciation of Disposed Assets (Note 10)	1,945,417,909	5,885,498,994
Gain on Disposal of Non - Current Assets	280,144,615	791,388,353

33. TECHNICAL ASSISTANCE (SERVICE IN KIND)

In the financial year 2021/22 TRA continued to receive technical support from various Development Partners including Royal Norwegian Government, Japan International Cooperation Agency (JICA) and IMF East Afritac. Brief description of Technical assistance provided by each development partner is summarised hereunder:

33.1 Japan International Cooperation Agency (JICA)

During the period under review, JICA conducted capacity building sessions on:

- a) OSBP procedure.
- b) Risk management including intellectual property right.
- c) Post clearance audit.
- d) Border control including Program Global Shield (PGS).

33.2 IMF East-Afritac

In the financial year 2021/22, the IMF East-Afritac built capacity to TRA staff on areas relating to:

- a) Data Matching
- b) Strategies and mechanism for strengthening timely filing and payment process as well as tax refunds verification and automation of the procedures involved.
- c) Debt management, collection and audit.

33.3 Norwegian Tax Administration (NTA)

During the period under review, NTA continued to provide support on Tax Modernisation Programme Also, there is a potential bilateral corporation between NTA and TRA to build TRA's capacity on transfer pricing, permanent establishment and capital gain.

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
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34. RELATED PARTIES TRANSACTIONS

These are transactions relating to parties who have the ability, authority and responsibility for planning, directing and controlling the activities of Tanzania Revenue Authority (TRA) or exercise significant influence in making financial and operating decisions. The parties involved are TRA Board of Directors, Senior Management (including Deputies) and Ministry of Finance and Planning. During the period, related parties' transactions involved the following:

	2021/22	2020/21
	TZS	TZS
34.1 Board of Directors/ITA Council Expenses		
Directors/Council Fees	141,375,000	84,729,599
Directors Travelling Expenses	263,481,750	233,870,343
Other Board/Council Expenses	6,751,438	10,544,738
	411,608,188	329,144,680

34.2 Senior Management

Members of Senior Management are employed on full time basis and their remunerations are as follows:

34.2.1 Short – Term Employment Benefits for Senior Management

In the financial year 2021/22 short term employment benefits (salaries and allowances) for Senior Management amounted to TZS 5,642.46 million (2020/21: TZS 4,700.33 million). Analysis of the paid benefits is shown hereunder:

		Amount in TZS		
S/N Categories	No. of Staff	Salaries	Allowances	Total
Commissioner General and Deputy				
1 Commissioner General	2	408,343,500	157,186,973	565,530,473
2 Heads of Departments	12	1,686,791,188	527,676,629	2,214,467,817
3 Deputy Heads of Departments	16	2,178,862,200	683,596,287	2,862,458,487
Total - Financial Year 2021/22		4,273,996,888	1,368,459,888	5,642,456,776
Total - Financial Year 2020/21	30	3,691,819,708	1,008,512,667	4,700,332,374

34.2.2 Other Long – Term Employment Benefits for Senior Management

	2021/22	2020/21
	TZS	TZS
Gratuity ⁹	702,484,091	380,654,438

⁹ The balance for 2020/21 has been adjusted to reflect correct position as explained in **Note 3**.

**TANZANIA REVENUE AUTHORITY
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	2021/22	2020/21
	TZS	TZS
34. RELATED PARTIES TRANSACTIONS		
34.2 Senior Management (Continued)		
34.2.3 Liabilities		
Outstanding balances at the year-end are interest free and settlement will be done in subsequent financial years. The position at the end of the period is shown below:		
Gratuity payable (Current)	225,506,801	247,753,849
Gratuity payable (Non-Current)	883,934,421	340,932,392
Total Gratuity Payable	1,109,441,223	588,686,241

The balances for year 2020/21 have been restated as narrated in Note 3.

34.3 Transaction with Ministry of Finance and Planning

Sub-vention from Treasury	364,716,737,604	333,278,619,086
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35. EVENTS SUBSEQUENT TO THE FINANCIAL STATEMENT'S DATE

There are no significant events subsequent to 30th June 2022 affecting Financial Statements that require disclosure.

36. ASSETS PLEDGED AS SECURITY FOR LIABILITIES

As at 30th June 2022 there was no Authority's asset pledged as security for liabilities (June 2021: NIL).

37. COMMITMENTS AND CONTINGENCIES

37.1 Commitments

At the closure of the period, the Authority had various commitments as shown below:

37.1.1 Operating Lease Commitments – Authority as Lessee

The Authority has entered into commercial leases on certain buildings. The leases have an average life of between three and five years with no renewal option included in the contracts. There are no restrictions placed upon the Authority by entering into these leases. Future minimum rentals payable under non-cancellable operating leases as at 30th June are as follows:

Within one year	1,972,185,956	486,585,620
After one year but not more than five years	97,515,000	344,263,358
More than five years	-	-
Total	2,069,700,956	830,848,978

37.1.2 Operating Lease Commitments – Authority as Lessor

The Authority has entered into commercial property leases on its landed properties. These non-cancellable leases have remaining terms of between one and three years. The leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. Future minimum rentals receivable under non-cancellable operating leases as at 30 June are as follows:

**TANZANIA REVENUE AUTHORITY
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37. COMMITMENTS AND CONTINGENCIES (Continued)

37.1 Commitments (Continued)

37.1.2 Operating Lease Commitments – Authority as Lessor (Continued)

	<u>2021/22</u>	<u>2020/21</u>
	TZS	TZS
Within one year	367,781,217	142,322,262
After one year but not more than five years	322,234,172	388,021,989
More than five years	-	-
	<u>690,015,390</u>	<u>530,344,252</u>

37.1.3 Capital Commitments

As at 30th June 2022, TRA had Capital Commitments amounting to TZS 35,164.85 million (2021: TZS 41,793.83 million). The commitments were relating to construction of TRA offices and/or residential buildings and other Non-Current Assets. Status of Capital Commitments is as indicated below:

	<u>2021/22</u>	<u>2020/21</u>
	TZS	TZS
Approved not contracted for	-	10,785,735,585
Approved and contracted for	35,164,849,772	31,008,094,297
Total	<u>35,164,849,772</u>	<u>41,793,829,882</u>

37.1.4 Re-current Commitments

As at 30th June 2022, TRA had recurrent commitments amounting to TZS6,232.59 million (2021: TZS 4,397.91 million). The commitments were relating to various office services.

Approved not contracted for		1,363,016,955
Approved and contracted for	6,232,591,061	3,034,894,632
Total	<u>6,232,591,061</u>	<u>4,397,911,587</u>

37.2 Contingency

37.2.1 Legal Claim Contingency

Taxpayers and Ex-TRA staff have commenced legal proceedings against TRA in respect of tax issues and termination of employment respectively. The estimated pay-out is TZS16,764.36 million (2021: TZS 1,336.77 million) should the action be successful. Judgment date for the cases pending hearing has not been set and therefore it is not practicable to state the timing of the payment, if any.

37.2.2 Other Contingency Claims

At the closure of financial year 2021/22, the Authority had pending matters with estimated cost of TZS 6,058.89 million (2021: TZS 1,095.72 million) that have unresolved contractual issues. Out of the estimated costs, TZS 47.72 million million relates to capital works (2021: TZS 809.90) and TZS TZS 6,011.17 million recurrent expenditure (2021: TZS 285.82 million.)

For both contingencies (Legal claims and others) the Authority has been advised by its legal counsel that it is only possible, but not probable, that the action will succeed. Accordingly, no provision for any liability has been made in these Financial Statements.

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

38 RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS/ (DEFICIT)

		2021/22	2020/21 (Restated)
	Note	TZS	TZS
Surplus for the Period		12,841,867,745	(73,752,957,527)
Adjusted for: Non-Cash items			
Depreciation	10	18,551,453,565	18,453,522,888
Amortisation of Intangible Assets	11	4,472,442,886	4,313,228,470
Loss/(Gain) on Foreign Currency Translation	30	253,159,168	(135,242,081)
Gain on Disposal of Non Current Assets	32	(280,144,615)	(791,388,353)
Impairment Losses	31	502,344,026	77,064,927,125
Grants income released	23	(19,488,686,626)	(4,694,331,596)
Provision for Unpaid Leave	18	(436,391,858)	586,772,933
Net Change before Working Capital		16,416,044,290	21,044,531,860
Changes in working capital			
Decrease/(Increase) in Inventories		(361,486,847)	687,620,516
Increase/(Decrease) in Gratuity Payable(NC)		543,002,029	16,424,153
Decrease/(Increase) in Debtors		557,040,452	(340,435,449)
Increase in Prepayments		(719,824,737)	(511,418,813)
Decrease in Creditors & Accruals		(7,087,715,823)	(330,481,913)
Decrease in Gratuity Payable(Current)		(22,247,047)	(124,209,379)
Net Cash from Operating Activities		9,324,812,318	20,442,030,976

TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022

39 RECONCILIATION BETWEEN REVENUE REPORTED IN THE STATEMENT OF FINANCIAL PERFORMANCE AND ACTUAL REVENUE IN CASH FLOW STATEMENT AS WELL AS IN STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR FINANCIAL YEAR ENDED 30TH JUNE 2022

Income Category	Revenue as per Statement of Financial Performance (a)	Net Change in Receivables (b)	Net change in Payable (c)	Grants Amortised during the period (d)	Grants Received during the Period (e)	Proceeds from sale of PPEs (f)	Amount in TZS	
							Actual Income as per Cash Flow Statement (f) = (a) + (b) + (c) + (d) + (e) + (f)	Actual Income as per Cash Flow Statement (f)
2021/22								
Revenue from Non - Exchange Transactions	364,716,737,604							364,716,737,604
Income from Government	1,840,597,508	(162,187,326)	49,572,298					1,727,982,479
Other Revenue	19,488,686,626			(19,488,686,626)	11,260,542,994			11,260,542,994 *
Grants								
Total Revenue from Non-Exchange Transactions	386,046,021,738	(162,187,326)	49,572,298	(19,488,686,626)	11,260,542,994			377,705,263,077
Revenue from exchange transactions	1,473,288,583	160,521,416						1,633,810,000
Proceeds from sale of PPE	-					325,443,453		325,443,453 **
Total	387,519,310,321	(1,665,910)	49,572,298	(19,488,686,626)	11,260,542,994	325,443,453		379,664,516,529 ***
2020/21								
Revenue from Non - Exchange Transactions	333,278,619,086							333,278,619,086
Income from Government	1,392,604,015	393,218,081	10,901,300					1,796,723,396
Other Revenue	4,694,331,596			(4,694,331,596)	10,994,141,620			10,994,141,620 *
Grants								
Total Revenue from Non-Exchange Transactions	339,365,554,696	393,218,081	10,901,300	(4,694,331,596)	10,994,141,620			346,069,484,102
Revenue from exchange transactions	1,467,323,114	(326,290,899)						1,141,032,215
Proceeds from sale of PPE	-					964,641,116		964,641,116 **
Total	340,832,877,810	66,927,182	10,901,300	(4,694,331,596)	10,994,141,620	964,641,116		348,175,157,432

* In Cash Flow Statement the grants received appear under financing activities

** In Cash Flow Statement the proceeds from sale of PPE appears under investing activities

*** This is actual received amount that appears in the Statement of Comparison of Budget and Actual Amounts

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

40 NOTES FOR STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2022

40.1 Basis for Preparation of Budget

The base for preparation of budget differs with the one for accounting. The presented Annual Approved budget is prepared under Cash basis approach while the Financial Statements are prepared on Accrual basis. The budget is for one year and it covers the same period as that of Financial Statements i.e. from July 2021 to June 2022.

Also, the expenses have been reclassified so as to be in line with Budget classification format. Reconciliation of Actual Amounts on Comparable cash basis and Actual Amounts in the Financial Statements is provided in **Note 42.4**

40.2 Changes from Original Approved Budget to Final Approved Budget

The changes between the Original Approved Budget and Final Approved Budget resulted from receipt of additional budget TZS 20,866.95 million from Treasury as well as reallocation within the total approved budget of the Authority. Due to emerging needs during the period including recruitment of 1,544 additional staff, allocation of additional budget was inevitable. Along with this, TRA Management exercised powers granted in TRA Financial Regulations and reallocate approved budget from one activity/code/centre to another within the total approved budget due to circumstantial changes.

40.3 Comparison of Final Approved Budget and Actual Amounts

The comparison of budgeted amount against actual amount is provided below:

40.3.1 Income

The actual income realised during the period ended 30th June 2022 was TZS 379,664.52 million (2021: TZS 348,175.16 million) against the budget of TZS 418,813.95 million (2021: TZS 383,143.81 million), thus resulting to under realisation of TZS 39,149.43 million (2021: TZS 34,968.65 million). However, out of the noted variance TZS 38,265.84 million was received in year 2021/22 but respective activities and funds were rolled over and included in budget for 2022/23. Therefore, net variance for 2021/22 is negative variance of TZS 883.59 million and is mainly contributed by the following:

(a) Under Realisation of Government Funds– TZS 672.05 million

In year 2021/22 TRA projected to receive GOT funds amounting to TZS 401,248.81 million, however actual realised amount was TZS 368,403.97 million. This resulted into a deficit of TZS 32,844.84 million. Out of under receipted amount, TZS 32,172.77 million was received in previous period but rolled over to 2021/22 to finance on-going projects. In this regard, actual under receipted amount was TZS 672.06 million only equivalent to 0.18% of the projected amount. The noted variance is contributed by:

(i) Under Realization of Funds for Personnel Emoluments - TZS 645.29 million

During planning, the Authority projected to promote staff who met promotion criteria effective from July 2021 but actual implementation was not as anticipated. Therefore, amount spent was lesser than budgeted amount. In this regard, the Government released lesser amount to match with actual expenditure incurred during the period.

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

40 NOTES FOR STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2021 (Continued)

40.3.1 Income (Continued)

(ii) Under Realisation of Other Income – TZS 26.76 million

The under realised amount mainly resulted from under-receipt of External Stakeholders Training fee of TZS 589.27 million; rental income (TZS 122.27 million); Tax Consultants Licence fees (TZS 0.70 million) and Income from Non Tax Fines (TZS 15.00 million). Also there is over realisation of miscellaneous income (TZS 513.85 million); and interest income (TZS 186.63 million) due to receipt over projected amounts.

(b) Under release of TMP funds – TZS 211.54 million

Release of funds from TMP Holding account depends on implementation pace of the planned initiatives. Therefore, the amount released was in line with projected cash outflow during the period.

40.3.2 Expenditure

The actual expenditure for the period ended 30th June, 2022 was TZS 392,756.41 million (2021: TZS 326,360.23 million) against the budget of TZS 418,813.95 million (2021: TZS 383,143.81 million), thus resulting to a positive variance of TZS 26,057.54 million (2021: TZS 56,783.58 million). The variance is mainly contributed by:

(a) Expenditures Financed by Government Funds (Positive Variance TZS 20,836.25 million)

The variance resulted mainly from:

(i) Personnel Emoluments – Positive Variance TZS 558.92 million

In financial year 2021/22, TRA planned to promote staff who met promotion criteria effective from July 2021 but there was a delay in effecting the changes due to delays in obtaining relevant permit. This has resulted into under-utilisation of budget set aside for Personnel Emoluments.

(ii) Capital Expenditures – Positive Variance TZS 19,551.34 million)

During the period under review, the planned capital projects were partly implemented and consequently resulted into partial utilisation of budgets set aside especially on areas relating to construction/rehabilitation of TRA buildings (TZS 16,597.77 million); acquisition of Land and working equipment (TZS 2,153.46 million). At the closure of the period, the activities were in different implementation stages.

(iii) Other Charges – Positive variance of TZS 725.98 million

The variance emanated mainly from normal deviation between planned costs and actual cost incurred on planned initiatives.

(b) Expenditure Financed by TMP Funds – Positive Variance (TZS 5,221.29 million)

The variance emanated mainly from partial utilization of budget set aside for ICT related projects and modernization of digital and physical security systems. The projects are implemented in phases and at the closure of the period implementation was in progress. Therefore, the implementation will continue in subsequent period.

TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022

40.4 Reconciliation of Actual Amounts on Comparable Cash Basis and Actual Amounts in the Financial Statements is provided hereunder:

	Amount in TZS
Capital Expenditure	
Non Current Asset additions excluding donated assets reported in Financial Statements (Note 10 + 11)	38,327,357,213
Less: Capital Expenditure Relating to TMP	12,492,646,017
Capital Expenditure Relating to GoT Funds	25,834,711,196
Changes (Relating to GoT Funds)	
Adjust by : Change in Debtors and Prepayments relating to Non- current Assets acquisition	2,141,622,491
Change in Payables relating to Non- Current Assets acquisition	(2,052,985,896)
Total Capital Expenditure Reported in the Statement of Budget Performance (GoT) and in Cash Flow Statement	25,923,347,791
Capital Expenditure Relating to TMP	12,492,646,017
Adjust by : Change in Debtors and Prepayments relating to Non- current Assets acquisition	(729,086,609)
Change in Payables relating to Non- Current Assets acquisition	(3,684,213,151)
Total Capital Expenditure Reported in the Statement of Budget Performance (TMP) and in Cash Flow Statement	8,079,346,257
Grand Total Capital Expenditure (GoT + TMP)	34,002,694,048
Other Expenditures	
Recurrent Expenditures (Excluding Depreciation and Amortisation) Reported in the Statement of Financial Performance	351,178,187,547
Less: Basic Salary (Note 25)	197,666,761,894
Other Expenditures excluding Personnel Emolument	153,511,425,653
Less: Other Expenditures Relating to TMP	3,097,167,864
Total Other Expenditure for GoT (Excluding Personnel Emoluments and TMP)	150,414,257,789
Adjusted by: Change in Debtors and Prepayments relating to Other expenses	155,731,625
Change in Inventories	361,486,847
Change in Provisions	436,391,858
Change in Payables	5,454,584,314
Total Other Expenditure Reported in the Statement of Budget Performance and Cash Flow Statement (GoT)	156,822,452,432
Other Expenditure Relating to TMP	3,097,167,864
Adjusted by: Change in Debtors and Prepayments relating to Other expenses	5,386,751
Change in Payables	1,161,948,825
Total Other Expenditure Reported in the Statement of Budget Performance (TMP) and in Cash Flow Statement	4,264,503,439
Grand Total Other Expenditure (GoT + TMP)	161,086,955,871

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

41 Transaction Relating to Public Entities in Financial Year 2021/22

Accounting circular No. 6 of 2020/21 issued by Ministry of Finance and Planning requires each Public entity to disclose transactions that have been entered with other entities within the Public sector. In year 2021/22, TRA has transacted with different public entities in its normal operations. Main public entities transacted with the Authority and transactions involved (including comparative figures for 2020/21) are as follows:

41.1 Payments made to Public Entities

S/N	Public Entity	2021/22	2020/21
		TZS	TZS
1	Arusha International Conference Centre	517,329,568	395,383,958
2	Bank of Tanzania	950,000	4,000,000
3	Controller and Auditor General	380,000,000	380,000,000
4	Dar Es Salaam Maritime Institute (DMI)	17,590,000	2,370,000
5	Dar es Salaam University College	45,000	42,000
6	eGovernment Agency		551,620,796
7	Government Chemistry Laboratory Authority	4,800,000	1,566,340
8	Government Procurement Services	707,234,527	380,131,404
9	Institute of Tourism-SUZA		1,520,000
10	Medical Stores Department (MSD)	16,847,600	6,087,000
11	Municipal Councils	1,042,461,544	66,501,667
12	Mzinga Corporation	491,884,064	205,046,164
13	National Adult Education Association	350,000	1,750,000
14	National Board of Accountants and Auditors	508,931,250	596,441,875
15	National Council for Technical Education	20,985,000	4,850,000
16	National Examinations Council of Tanzania		3,095,000
17	National Health Insurance Fund	992,236,987	5,329,919,178
18	National Institute for Medical Research		1,320,000
19	National Institute for Productivity	24,765,000	55,515,000
20	National Insurance Corporation		1,531,330,698
21	National Museum of Tanzania		2,000,000
22	National Social Security fund	130,283,817	263,799,360
23	PSPTB	65,610,000	121,300,000
24	Public Procurement Regulatory Authority	2,850,000	12,500,000
25	Public Service Recruitment Secretariat	151,720,000	51,970,000
26	Public Service Social Security Fund (PSSSF)	282,179,236	487,974,359
27	Regional Administrative Secretary	7,900,000	2,500,000
28	Sokoine University of Agriculture (SUA)	65,615,300	43,483,322
29	Sub Treasurer Miscellaneous Expenditure Deposit (Iringa, Morogoro & Lindi)	36,549,592	240,000
30	SUMA JKT	5,805,709,958	5,606,765,466
31	Tanganyika Law Society	17,193,800	7,505,000
32	Tanzania Shipping Agencies Corporation	3,602,040	219,450
33	Tanzania Airports Authority	25,532,700	15,742,750

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

41. Transaction Relating to Public Entities in Financial Year 2021/22 (Continued)

41.1 Payments made to Public Entities (Continued)

S/N	Public Entity	2021/22	2020/21
		TZS	TZS
34	Tanzania Atomic Energy Commission	21,363,365	10,436,000
35	Tanzania Broadcasting Corporation (TBC)	108,966,980	108,359,354
36	Tanzania Buildings Agency	13,620,000	33,854,941
37	Tanzania Bureau of Standards	3,082,729	9,238,456
38	Tanzania Chamber of Commerce, Industr	3,010,000	3,000,000
39	Tanzania Electricity Supply Co Ltd	2,251,850,758	2,463,295,790
40	Tanzania Forestry Reserch Institute	57,356,890	138,767,558
41	Tanzania Institute of Accountancy	46,000,000	17,000,000
42	Tanzania Institute of Valuers and Estate Agents	-	900,000
43	Tanzania Medicines & Medical Devices Authority	61,183,458	62,896,119
44	Tanzania National Roads Agency	1,666,224	166,667
45	Tanzania Personal Secretaries Association	28,650,000	29,100,000
46	Tanzania Police Force	14,866,000	5,169,000
47	Tanzania Ports Authority	13,555,000	15,639,136
48	Tanzania Postal Bank	61,994,471	26,565,000
49	Tanzania Posts Corporation.	397,100,014	432,485,536
50	Tanzania Public Service College	139,270,000	160,500,000
51	Tanzania Railways Corporation		408,870
52	Tanzania Red Cross Society		650,000
53	Tanzania Telecommunications Corporation	4,851,223,336	3,217,552,969
54	Tanzania Trade Development Authority	38,975,840	60,409,360
55	TEMESA	2,364,475,840	1,913,355,423
56	The Institute of Internal Auditor	26,898,000	19,450,000
57	The National Housing Corporation	92,671,615	101,772,922
58	The Open University Of Tanzania	775,000	105,000
59	The Treasury Registrar		398,748,217
60	University of Dar es salaam	46,834,970	47,111,680
61	Uongozi Institute		10,800,000
62	Urban Water Supply and Sewage	323,692,904	309,415,077
63	Wakala Wa Chakula Na Dawa Zanzibar		2,900,000
64	Wakala Wa Ulinzi -JKU	54,000,000	57,240,000
65	Wizara ya Ujenzi Mawasiliano na Usafirishaji		735,000
66	Zanzibar Airports Authority		4,920,000
67	Zanzibar Higher Education Loan Board		10,652,951
	Total	22,344,240,377	25,808,091,815

**TANZANIA REVENUE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022**

41. Transaction Relating to Public Entities in Financial Year 2021/22 (Continued)

41.2 Payables and Prepayments relating to Public Entities

Amount in TZS

S/N	Names	2021/22		2020/21	
		Prepayments	Payables	Prepayments	Payables
1	Air Tanzania Company Limited				1,755,000
2	Arusha International Conference Centre		15,182,999		32,980,689
3	Bank of Tanzania				10,910,000
4	eGovernment Agency		303,845,209		
5	Government Procurement Services	691,955,291	10,505,886	5,355,284,834	16,329,036
6	Julius Nyerere International Convention Centre				57,476,300
7	Medical Stores Department (MSD)				6,600,000
8	Muhimbili Orthopaedic Institute				7,873,008
9	Muhimbili National Hospital				8,472,417
10	Municipal Councils	980,686,544	2,430,000		11,710,447
11	Mzing Corporation		82,443,104		30,578,000
12	NBAA Collection Account		25,177,500		16,899,750
13	Occupational Safety and Health Authority		25,000,000		
14	Permanet Secretary Ministry of Lands	9,748,456			8,688,500
15	Public Procurement Regulatory Authority		750,000		250,000
16	Sub Treasurer Miscellaneous Expenditure Deposit		12,321,612		500,000
17	SUMA JKT	198,563,585			503,110,542
18	Tanzania Atomic Energy Commission		1,136,000		
19	Tanzania Airports Authority		4,890,000		320,000
20	Tanzania Broadcasting Corporation (TBC)		5,841,000		2,360,000
21	Tanzania Building Agency				289,515
22	Tanzania Electricity Supply Co. Ltd		129,389,501		134,715,682
23	Tanzania Food and Drugs Authority				458,682
24	Tanzania Forestry Research Institute		1,780,000		55,324,000
25	Tanzania Police Force		7,550,000		
26	Tanzania Ports Authority		5,000,000		6,735,003
27	Tanzania Postal Bank				22,783,187
28	Tanzania Posts Corporation		62,635,032		59,889,597
29	Tanzania Public Service College		35,800,000		
30	Tanzania Telecommunication Corporation	235,388,959	462,247,027		456,614,042
31	TEMESA		348,922,691		495,596,989
32	Vocational Education and Training Authority		7,443,390		31,060,970
33	Wakala Wa Ulinzi JKU		54,000,000		
34	Water Supply and Sewage	25,318,603	13,376,122		17,886,169
	Total	2,141,661,437	1,617,667,073	5,355,284,834	1,998,167,525



TANZANIA REVENUE AUTHORITY

ISO 9001: 2015 Certified

**REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2022**

P. O. Box 11491, 11105 Mchafukoge, Ilala CBD, DAR-ES-SALAAM

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List of Abbreviation

BCM	Business Continuity Management
BCP	Business Continuity Plan
BOT	Bank of Tanzania
CAG	Controller and Auditor General
CDR	Commissioner for Domestic Revenue
CED	Customs and Excise Department
CET	Common External Tariff
CFAs	Clearing and Forwarding Agents
CG	Commissioner General
CLT	Commissioner for Large Taxpayers
CMP	Crisis Management Plan
CMVRS	Central Motor Vehicle Registration System
CP	Corporate Plan
CP5	5 th Corporate Plan
CP6	6 th Corporate Plan
CRMP	Compliance Risk Management Plan
CSS	Centralized Scanner System
DCG	Deputy Commissioner General
DP	Development Partner
DRD	Domestic Revenue Department
DSM	Dar es Salaam
EAC	East Africa Community
ECTS	Electronic Cargo Tracking System
EFDMS	Electronic Fiscal Devices Management System
EFDs	Electronic Fiscal Devices
eGA	e-Government Agency
ERMS	Enterprise-wide Risk Management System
ERP	Enterprise Resource Planning
ESDM	Enterprise Service Delivery Management
ETS	Electronic Tax Stamps
FIs	Financial Institutions
FY	Financial Year
FYDP III	Tanzania Third Five Years (2021/22 – 2025/26) Development Plan
GDP	Gross Domestic Product
GePG	Government Electronic Payment Gateway
GoT	Government of the United Republic of Tanzania
HADC	High Availability Data Centre
HQ	Headquarters

IAD	Internal Audit Department
ICT	Information and Communication Technology
IDRAS	Integrated Domestic Revenue Administration System
IMF	International Monetary Fund
IT	Information Technology
ITA	Institute of Tax Administration
JICA	Japan International Cooperation Agency
JNIA	Julius Nyerere International Airport
KPIs	Key Performance Indicators
LTD	Large Taxpayers Department
MoU	Memorandum of Understanding
NBAA	National Board of Accountants and Auditors
NCDs	Non-Communicable Diseases
NHIF	National Health Insurance Fund
NTA	Norwegian Tax Administration
OSBP	One Stop Border Post
OSHA	Occupational Safety and Health Authority
PESTEL	Political, Economic, Social, Technological and Legal environment
PGS	Program Global Shield
PhD	Doctor of Philosophy
PPE	Property, Plant and Equipment
PPRA	Public Procurement Regulatory Authority
PSSSF	Public Service Social Security Fund
RGS	Revenue Gateway System
SACCOS	Savings and Credit Co-Operative Society
SMEs	Small and Medium Enterprises
TANCIS	Tanzania Customs Integrated System
TANePS	Tanzania National Electronic Procurement System
TAREWU	Tanzania Revenue Workers Union
TCs	Tax Consultants
TeSWs	Tanzania Electronic Single Window System
TFRS	Tanzania Financial Reporting Standard
TIN	Taxpayer Identification Number
TMP	Tax Modernisation Programme
TPA	Tanzania Port Authority
TRA	Tanzania Revenue Authority
TRAB	Tax Revenue Appeal Board
TRAHQ	TRA Headquarters
TRAT	Tax Revenue Appeal Tribunal
TV	Television

TZS	Tanzanian Shillings
UAT	User Acceptance Test
US	United States
USD	United States Dollar
VAT	Value Added Tax
WCF	Workers Compensation Fund
WIP	Work in progress
ZSSF	Zanzibar Social Security Fund

TANZANIA REVENUE AUTHORITY
THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30TH JUNE 2022

1. INTRODUCTION

Pursuant to Tanzania Financial Reporting Standard (TFRS) No.1 issued by the National Board of Accountants and Auditors (NBAA) in June 2020 and became effective on 1st January 2021, Tanzania Revenue Authority (hereto referred as "TRA" or "the Authority") Board of Directors presents "***The Report by those charged with Governance***" for period ended 30th June 2022. The report is presented along with TRA Financial Statements and TRA Revenue Statements for similar period. The presented Financial Statements disclose results of operations and state of affairs of the Authority while Revenue Statements present the Authority's stewardship role of collecting revenues on behalf of the Government.

The Report by those charged with Governance that has been prepared by TRA Board of Directors discloses material information that assist TRA Stakeholders in understanding Authority's operations, strategies, financial and governance matters. Further, the report provides information that assist TRA Stakeholders in understanding future looking of the Authority. Considering the aforementioned disclosures and the accompanied Financial Statements and Revenue Statements, the TRA Board of Directors is confident that TRA Stakeholders will be in a position of making informed decisions as far as their stake in TRA is concerned.

2. STATEMENT OF COMPLIANCE

The Report by Those Charged with Governance has been prepared in accordance and comply with TFRS No.1 as issued by the NBAA in June 2020 and relevant statutory legislations applicable to TRA.

3. TANZANIA REVENUE AUTHORITY PROFILE

TRA is an agency of the Government of the United Republic of Tanzania established by TRA Act Chapter 399 of the Laws of Tanzania, which came into effect on 7th August 1995 and became operational from 1st July 1996.

3.1 TRA Place of Business

TRA registered office and principal place of business is TRA Headquarters (TRAHQ). The address for TRAHQ is:

Tanzania Revenue Authority (TRA),
28 Edward Sokoine Drive,
11105 Mchafukoge, Ilala,
P. O. Box 11491,
Dar es Salaam, Tanzania.
Telephone +255 22 2119591/4
Fax +255 22 212 6908
Email info@tra.go.tz
Website www.tra.go.tz

In addition to TRAHQ, TRA has other operational offices for Large Taxpayers, Domestic Revenue department HQ, Customs and Excise department HQ, Institute of Tax Administration (ITA), TRA Zanzibar, Tax regions, District offices, Tax centres and Border stations located country wide. Also, TRA has operational offices outside the country that are operating under Single Customs Territory arrangement.

TANZANIA REVENUE AUTHORITY
THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30TH JUNE 2022 (Continued)

3. TANZANIA REVENUE AUTHORITY PROFILE (Continued)

3.2 Functions of TRA

The TRA Act, Cap 399 gives the Authority mandate to perform the following functions:

- (a) Administer and give effect to the laws or the specified provisions of the laws set out in the First Schedule of TRA Act Cap 399, and for this purpose, to assess, collect and account for all revenue to which those laws apply;
- (b) Monitor, oversee, coordinate activities and ensure the fair, efficient and effective administration of revenue laws by revenue departments in the jurisdiction of the Union Government of the Central Government;
- (c) Monitor and ensure the collection of fees, levies, charges or any other tax collected by any Ministry, Department or Division of the Government as revenue for the Government;
- (d) Advise the Minister responsible for Finance and other relevant organs on all matters pertaining to fiscal policy, the implementation of the policy and the constant improvement of policy regarding revenue laws and administration;
- (e) Promote voluntary tax compliance to the highest degree possible;
- (f) Take such measures as may be necessary to improve the standard of service given to taxpayers, with a view to improve the effectiveness of the revenue departments and maximizing revenue collection;
- (g) Determine the steps to be taken to counteract fraud and other forms of tax and other fiscal evasions;
- (h) Produce trade statistics and publications; and
- (i) Perform such other functions as the Minister responsible for Finance may determine

3.3 Management of TRA

The overall Management of TRA is vested in the TRA Board of Directors under the supervision of the Minister for Finance and Planning. Commissioner General (CG) is the Chief Executive Officer and, subject to the general supervision and control of the Board, is responsible for the day to day operations of the Authority, management of funds, property and business of the Authority and for administration, organisation and control of other officers and staff of the Authority.

The CG is assisted by Deputy Commissioner General (DCG) and twelve (12) Heads of Departments. For smooth execution of duties there is a clear organizational structure detailing lines of authority. In addition, the head of Internal Audit Department reports administratively to the CG and functionally to Audit Committee of the TRA Board of Directors. The Authority is organized into Revenue and Support departments as follows:

(a) Revenue Departments

- (i) Customs and Excise
- (ii) Domestic Revenue
- (iii) Large Taxpayers
- (iv) Tax Investigations

(b) Support Departments

- (i) Board Secretariat and Legal Services
- (ii) Finance
- (iii) Human Resources and Administration
- (iv) Information and Communication Technology

TANZANIA REVENUE AUTHORITY
THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30TH JUNE 2022 (Continued)

3. TANZANIA REVENUE AUTHORITY PROFILE (Continued)

3.3 Management of TRA (Continued)

(b) Supporting Department

- (v) Internal Affairs
- (vi) Internal Audit
- (vii) Research, Policy and Planning
- (viii) Taxpayers' Services and Education

3.4 Vision, Mission and Core Values of TRA

The Vision statement describes the Authority's future directions that allows staff to carry out their tasks with a shared corporate goal while Mission statement summarises TRA's purpose of existence and how customers' expectations will be met. Additionally, TRA has defined Core Values that describe TRA's identity and serve as ethical benchmarks by which TRA and its personnel are valued. The values are committed to its stakeholders and are infused into Authority's action.

In the financial year 2021/22 TRA was implementing a final year of its five years (2017/18-2021/22) 5th Corporate Plan (CP5). The defined vision, mission and core values are:

TRA Vision

To Increase Domestic Revenue through Enhancement of Voluntary Tax
Compliance

TRA Mission

We Make it Easy to Pay Tax and Make Lives Better

TRA Core Values

TRA upholds the following core values:

- **Accountability:** We create and sustain an organization that values and promotes accountability
- **Integrity:** We believe in being fair and honest in all our dealings with taxpayers and other stakeholders.
- **Professionalism:** We are committed to apply the law consistently, responsibly and with credibility using our skills and knowledge as a prerequisite in administering our requirements.

4. TRA'S EXTERNAL OPERATING ENVIRONMENT

TRA has conducted situational analysis from global, regional and national perspectives using PESTEL (Political, Economic, Social, Technological and Legal environment) in order to identify external factors that might have impact on its performance. The analysis revealed the following:

4.1 Political Environment

The prevailing political stability is essential for promoting social economic development and growth of a nation especially when the Government resources support economic activities which have multiplier effect to revenue realization. TRA continues to rely on Government's support for future success in terms of budget financing, tax policy reviews, enforcement measures and political will to undertake policy reforms.

TANZANIA REVENUE AUTHORITY
THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30TH JUNE 2022 (Continued)

4. TRA'S EXTERNAL OPERATING ENVIRONMENT (Continued)

4.1 Political Environment (Continued)

TRA is keen to benefit from the measures undertaken by the Government such as enhancing compliance through improved relationship with taxpayers.

In the Geopolitical environment, prevailing peace and security within East Africa Community (EAC) region is important in providing conducive environment for business and investments to grow. Also, TRA is expected to benefit from on-going and emerging cross border initiative in combating smuggling, illicit financial flows and tax evasion. Any instability within the EAC region is likely to impact perception of investors in Tanzania, in turn will distort merchandise flow across the countries.

4.2 Economic Environment

From 2020 to March 2021, average real Gross Domestic Product (GDP) growth for Tanzania dropped from 6.5% to 4.9% due to adverse impact of COVID-19 pandemic. For the coming five years, real GDP is projected to grow from an average rate of 5.3% in 2022/23 to 7.4% by 2026/27. Further, Headline inflation is projected to hover around 3% to 5% band and tax revenue to GDP ratio is estimated to be 14.1% in 2026/27 from 12.9% in 2021/22. This will be achieved through benefits expected to be realised from successfully implementation of Tanzania Third Five Years (2021/22 – 2025/26) Development Plan (FYDP III) which emphasizes on building a competitive and industrial economy for human development.

In Economic/Regional Integration perspective, Tanzania has integrated into both Regional Economic Groupings and Bilateral Agreements with a focus of improving business environment and enhancement of economic development. The predicted risks from multilateral agreements include reduction in TRA revenues (Customs revenues) resulting from trade diversion and reduction or elimination of tariffs. In turn, the Government expects to adopt revenue recovery in the long run by widening of domestic tax base. This will increase TRA revenues (Domestic revenues).

4.3 Social Environment

Taxpayers as part of the society are benefiting directly or indirectly from services financed through taxes that are collected by TRA. Most taxpayers' behaviour towards taxation depends on the perceived returns from the Government in terms of public goods provision which is translated into fairness of the tax administration system. Taxation not only pays for public goods and services; it is also a key ingredient in the social contract between citizens and the economy.

In recent years, many Tax administrations around the world are employing behavioural strategies to enhance tax compliance. Social media has brought a new platform for interaction between taxpayers and tax authorities which can ultimately attribute to enhanced tax compliance. Enhanced usage of social media provides TRA with an opportunity to learn more about taxpayers, how to improve tax awareness and services and compliance efforts. Factors that may affect the ability to pay tax includes change of consumption pattern, disease outbreaks and demographic change.

TANZANIA REVENUE AUTHORITY
THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30TH JUNE 2022 (Continued)

4. TRA'S EXTERNAL OPERATING ENVIRONMENT (Continued)

4.4 Technological Environment

Technological developments have exposed Tax administrations to rapid changes through the digitalization of the economy and the emergence of new business models and ways of working. Availability of new technologies, new data sources, and increasing international cooperation are providing new opportunities for tax administrations to better manage compliance, protect their tax base and reduce administrative burdens. TRA has seized the opportunities and is currently enhancing its ICT and tax administration systems.

This will improve efficiency and effectiveness in managing and administering domestic revenue collection and reducing cost of collection by interfacing with external systems. TRA will also take advantage of the presence of e-Government Agency (eGA), which is a dedicated agency established to oversee proper coordination of e-Government initiatives across Public institutions to advance its services delivery platform and offer state-of-the art product to the taxpayers.

On the other hand, new technologies such as Digitalized Economy; Advanced Data Analytics; Cyber-Attacks; Cloud Computing; and Block Chain Technology will impact how TRA is conducting its core business. This will necessitate TRA to closely monitor and enhance its capacity on the key technological advances.

4.5 Legislative Environment

TRA is keen to astutely administer the tax laws in pursuit of its mandate to ensure that taxpayers carry out their tax obligations in a fair and transparent manner.

TRA will take advantage of being a member in the National Tax Task Force Forum to ensure enactment and/or amendment of tax laws and statutes are in line with Government's desire to increase revenue collection and improve business environment.

Within the EAC framework, like any other member, Tanzania will effectively use available legal opportunity to apply for stay of application or request for remission pertaining to a specific product in which Tanzania feels there is an economic advantage to charge a different duty rate from the Common External Tariff (CET). The decision is likely to affect Customs revenues.

5. TRA FIVE YEARS STRATEGIC CORPORATE PLAN

TRA Five Years Strategic Corporate Plan provides the Authority with a blueprint of the strategic directions and undertakings that it intends to accomplish in the period of five years. The plan has Strategic Themes which constitute high-level areas of focus that provide a shared direction towards achieving the Authority objectives and eventually the vision. The Themes are considered as key result areas in which TRA must excel in order to succeed. In this regard, the Strategic Themes form a solid base for selection of strategic initiatives as well as departmental activities throughout the Authority.

The Strategic Themes are underpinned by Strategic Objectives. The objectives aim at aligning TRA with international good practice in Tax Administration. The objectives are supported by strategic initiatives that drives the Authority into motion towards its achievement. Implementation of the Strategic Corporate Plan is measured through Key Performance Indicators (KPIs) that have been presented in a logical framework manner and are monitored on quarterly basis.

TANZANIA REVENUE AUTHORITY
THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30TH JUNE 2022 (Continued)

5. TRA FIVE YEARS STRATEGIC CORPORATE PLAN (Continued)

5.1 TRA Five Years (2017/18 – 2021/22) Strategic Corporate Plan

In the financial year 2021/22, TRA was in the last year of implementing its fifth Corporate Plan (CP5). Implementation of CP5 commenced in financial year 2017/18 and ended on 30th June 2022. In the course of CP5 implementation, the Authority was envisioned to continue increasing domestic revenue through enhancement of voluntary tax compliance. This was geared towards coping with the global trend in resource mobilization that has put less emphasis on international trade taxes. In this perspective, Customs operations are geared more towards trade facilitation and border protection rather than a means of increasing revenue collection.

In implementing the CP5, three strategic themes namely Convenience, Compliance, and Continuous Improvement were central pillars of CP5. The themes were underpinned by seven (7) strategic objectives that are measured by key performance indicators emanated from expected output. Further, the strategic objectives are supported by strategic initiatives that drives the Authority into motion towards its achievement. CP5 Strategic Themes, Objectives, Strategic initiatives and expected output are depicted in **Table 1** while Key Performance indicators are provided in **Para 8**.

Table 1: CP5 Strategic Themes, Strategic Objectives, Strategic Initiatives and Output

Strategic Theme	Strategic Objective	Planned Strategic Initiatives to Achieve the Objectives	Expected Output
Convenience The theme focused on delivery of cost-efficient, consistent and reliable services to taxpayers. This entails streamlining of processes, optimisation of automation opportunities for self-service in order to contribute to shorter service turnaround times and prompt service delivery	To Support Voluntary Compliance	<ul style="list-style-type: none"> • Develop and Implement Comprehensive Taxpayers' Communication Strategy • Review and Simplify Presumptive Tax Scheme • Enhance TRA Portal (Internal and External) for an effective taxpayers' feedback mechanism • Develop and implement a comprehensive service culture program to all staff 	<ul style="list-style-type: none"> • Increased accurate filed returns • Timely filling of returns
	To Enhance Trade Facilitation	<ul style="list-style-type: none"> • Implement e-single window for port and cross border stations • Establish centralised scanner image analysis capability • Implement Phase II of EAC authorised economic operators scheme 	<ul style="list-style-type: none"> • Clearance time of goods is reduced • Reduction of false declarations by importers
Compliance The theme focused on creation of a compliant tax paying community through formulation of a comprehensive taxpayer compliance strategy that takes into account the compliance capacity of different taxpayer segments, the internal capacity of TRA particularly on the use of ICT and international best practice.	To Improve Compliance Management	<ul style="list-style-type: none"> • Develop and implement an Integrated Domestic Revenue Administration System • Develop and implement multi-year compliance strategy and plan • Strengthening Non-Tax Revenue Operations • Enhance Revenue Gateway System to accommodate accounting of non-tax revenue • Enhance TRA system integrations (internal and external) to institutionalise automatic data matching for tax purpose • Establishing a mechanism to support cross boarder exchange of information on request at International Taxation unit. 	<ul style="list-style-type: none"> • Increased amount of tax recoverable • Tax collected within accounting period

TANZANIA REVENUE AUTHORITY
THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30TH JUNE 2022 (Continued)

Strategic Theme	Strategic Objective	Planned Strategic Initiatives to Achieve the Objectives	Expected Output
	To Enhance Risk Management and Good Governance	<ul style="list-style-type: none"> • Enhance EFDMS to support linkage with other automate Taxpayers' financial systems • Implement Business Continuity Plan • Strengthening marine and border patrol operations • Modernise physical and digital security system • Strengthening the handling, monitoring and analysis of tax disputes resolutions, outcome of advanced tax decisions and tax ruling for governance improvement. • Conduct an evaluation of Anti-corruption strategy and action plan. • Implement secure access and communication • Implement internal audit strategy • Establishment of Customs laboratory • Enhance data integrity and governance to ensure accuracy and credibility of information • Enhance Enterprise Data Warehouse 	<ul style="list-style-type: none"> • Increased number of objections settled timely • Improved integrity of TRA Staff • Reduced incidence of smuggling
	To Improve Data Quality	<ul style="list-style-type: none"> • Enhance data integrity and governance to ensure accuracy and credibility of information • Enhance Enterprise Data Warehouse 	<ul style="list-style-type: none"> • Enhanced Data Integrity and Governance • Enhance TRA Portal • Enhance Enterprise Data Warehouse
<p>Continual improvement The theme focused on building effective models for on-going organisational change. The theme includes implementation of initiatives that focused on cultural change, integration and streamlining of operations to minimise administrative costs.</p>	To Improve Operational Efficiency	<ul style="list-style-type: none"> • Implement Enterprise Resource Planning – ICT application to integrate all support functions. • Develop system for electronic data access and sharing. • Implement High Availability Data Centre • Introduce online auctioning system for customs goods • Implement comprehensive revision of all tax laws including the setting up of automated system for updating tax laws • Implement ITA strategy and align training programs with Authority's long term needs to enhance skills of staff • Improve working environment and tools in ITA and TRA offices • Enhance capacity building to TRA staff on specialised emerging areas • Introduce an Open, Distance and Electronic Learning Mode at TRA-ITA • Develop 6th Corporate Plan 	<ul style="list-style-type: none"> • Reduced cost of collection • Marginal productivity of workers increased • Increased system availability • Increased number of usages • Increased normal flow • Increased number of skilled staff • Increased level of staff satisfaction
	To Strengthen Institutional Capacity		

TANZANIA REVENUE AUTHORITY
THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30TH JUNE 2022 (Continued)

5. TRA FIVE YEARS STRATEGIC CORPORATE PLAN (Continued)

5.2 Future TRA Five Years Strategic Plan, Themes and Objectives

TRA will start implementation of its five years sixth Corporate Plan (CP6) on 1st July 2022 and conclude it on 30th June 2027. To ensure the plan aligns with ever changing business operating environment, the Authority shall review it after every two years or when necessitated by new developments and emerging challenges. Changes emanated from such revision will be communicated to Stakeholders accordingly. The defined vision, mission and core values under CP6 are:

TRA Vision

A Trusted Revenue Administration for Socio-Economic Development

TRA Mission

We make it Easy to Pay Tax and Enhance Compliance for Sustainable Development

TRA Core Values

In the coming five years i.e. 2022/23 -2026/27, TRA will uphold the following core values:

- **Professionalism:** TRA is dedicated to implement the law consistently, ethically, credibly and to utilise skills and expertise as a prerequisite for administering set of obligations with high level of accuracy, innovativeness and customer focus culture.
- **Integrity:** TRA believes in being fair and honest to its stakeholders in all of its operations while observing ethical and moral principles to be free from corruption malpractices.
- **Trustworthy:** TRA is determined to maintain a workplace in which trustworthiness will thrive. TRA employees are trusted to be honest, dependable and being reliable to get things done right.
- **Accountability:** TRA creates and maintain a culture that appreciates and encourages responsibility, clarity and transparency. Every employee is expected to be responsible for his/her actions, as well as well TRA as an Institution is accountable for its mandate and functions.

The CP6 has set strategic direction that provides long term solution to the prevailing challenges in operation to attain optimal revenue mobilization in line with the national and international development agenda. The CP6 is built on four Strategic Themes which form the TRA business model. The Themes form the pillars over which the organisation leans in its endeavour towards attainment of the set vision. The Themes are reinforced with eight clearly defined Strategic Objectives and defined strategic initiatives to attain the set objectives. Further, CP6 has defined expected output that form basis in defining key performance indicators for measuring performance of the strategic objective. CP6 Strategic Themes, Strategic Objectives, Strategic initiatives and expected Output are shown in **Table 2**.

TANZANIA REVENUE AUTHORITY
THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30TH JUNE 2022 (Continued)

5. TRA FIVE YEARS STRATEGIC CORPORATE PLAN (Continued)
5.2 Future TRA Five Years Strategic Plan, Themes and Objectives (Continued)

Table 2: CP6 Strategic Themes, Strategic Objectives, Strategic Initiatives and Expected Output

Strategic Theme	Strategic Objective	Planned Strategic Initiatives to Achieve the Objectives	Expected Output
<p>Operational Excellence The theme focuses on improving level of performance in all operational areas. Specifically, the Theme focused on strengthening tax compliance, control of revenue loopholes, identification of new revenue sources and making a friendly environment for taxpayers to access tax administration systems for easing tax payment process.</p>	<p>To enhance revenue collection</p> <p>To Enhance voluntary tax compliance</p> <p>To improve operational efficiency</p>	<ul style="list-style-type: none"> Develop and Implement Medium and Long-term Revenue Mobilisation Strategy Re-enactment of Stamp Duty and Excise duty Act and Regulations Improve taxpayers' compliance through Behavioural Science and Risk-Based Compliance Approaches. Develop and Implement an Integrated Domestic Revenue Administration Systems Implement High Availability Data Centre Modernisation of Customs Processes Enhancement of Systems Monitoring Control Centre (Dashboards). Establish Customs Laboratory Development of 7th Corporate Strategic Plan 	<ul style="list-style-type: none"> Increased Revenue Collected Revenue Growth Increased Filed Returns Timely Collected Taxes Increased Revenue Collected Reduction of Tax Arrears Increased accurate filed returns Reduced cost of collection Increased system users Increased Taxpayer's registration Reduced clearance time
<p>Taxpayers' Engagement The theme intends to improve level of engagement with taxpayers by deploying taxpayer centric interventions to improve an emotional connection between TRA as an organization or brand and the taxpayers.</p>	<p>To create a strong positive image and perception</p> <p>To build taxpayers' confidence and satisfaction</p>	<ul style="list-style-type: none"> Branding of TRA 	<ul style="list-style-type: none"> Improved public reputation
<p>Automation The theme focuses on meeting/exceeding taxpayer and other stakeholders' expectations through high quality services in revenue administration role.</p>	<p>To automate and integrate processes</p> <p>To Improve quality of data</p>	<ul style="list-style-type: none"> Development of Enterprises Service Delivery Management Develop Architecture for System Integrations (internal and external). Implement Enterprise Resource Planning - ICT application to integrate all support functions Enhance data governance and risk profiling analytical tools 	<ul style="list-style-type: none"> Increased taxpayers compliance on tax matters Increased number of core business processes integrated Reduced incidents of data inaccuracy and inconsistency Increased number of cleaned databases
<p>Innovation The theme aims at dedicating strategic resources in strengthening institutional capacity and enhancing risk management and good governance to effectively nurture innovative culture within the Authority.</p>	<p>To Strengthen Institutional Capacity</p>	<ul style="list-style-type: none"> Strengthening Knowledge Management practices (Emerging Areas) Improve Employee Engagement Practices to Enhance Performance. Improving Working Environment and Facilities. Modernise Physical and Digital Security System 	<ul style="list-style-type: none"> Improved staff performance and productivity Adequacy of working force Increased skilled staff Staff Retention

TANZANIA REVENUE AUTHORITY
THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30TH JUNE 2022 (Continued)

6. FUTURE DEVELOPMENT PLANS AND STRATEGIES

During the year 2022/23, TRA is expected to collect TZS 24,106,814.41 million net of refunds. Out of the targeted amount, TZS 23,652,757.57 million is for Mainland Tanzania and TZS 454,056.84 million is for Zanzibar. The set target has exceeded actual collections for 2021/22 by TZS 2,802,948.74 million (equivalent to 13.16%). This is a challenge to TRA; however, TRA is determined to attain the set target for the good of the Government and all Tanzanians. In this regard, TRA shall continue to implement a number of strategies that have significant contribution in achieving the set revenue target. The strategies include;

- a) Conduct targeted post clearance audits to enforce recovery outstanding tax arrears.
- b) Engage Government institutions to assist recovery of tax debts from suppliers of goods and services to public institutions.
- c) Managing closely speed of customs clearance so that goods are cleared faster while ensuring quality of assessment with the view of increasing importation turnaround of cargo.
- d) Continue collaborating with other national security agencies to increase surveillance patrols at sea and land borders to curb smuggling activities as well as goods on transit.
- e) Continue to closely manage usage of Electronic Tax Stamps (ETS) to ensure it is used appropriately and brings results as envisaged; and effectively implement risk management compliance tools including Compliance Risk Management Plan (CRMP) and examination of returns.
- f) Intensive taxpayers' education programs and strengthen EFDs supervision by using new strategies including use of lottery to motivate buyers to demand receipts when purchasing.
- g) Close monitoring of the prepared revenue collection strategies for each Revenue department to ensure the strategies are implemented throughout the financial year 2022/23.

Along with the aforesaid specific strategies that focused on attainment of revenue collection target for 2022/23, TRA will also be implementing initiatives scheduled in the first year of its CP6. According to the implementation matrix of the CP6, some scheduled initiatives are the ones that have already commenced and are expected to be finalised in year 2022/23.

The initiatives include:

- (i) Develop and implement medium and long-term revenue mobilization strategy
- (ii) Enhancement of voluntary tax compliance
- (iii) Improvement of taxpayers' compliance through behavioural science and risk-based compliance approaches
- (iv) Development and implementation of an Integrated Domestic Revenue Administration Systems
- (v) Implementation of High Availability Data Centre (HADDC)
- (vi) Enhancement of Systems Monitoring control center (Dashboards)
- (vii) Establishment of Custom Laboratory
- (viii) Creation of a strong positive image and perception
- (ix) Branding of TRA
- (x) Development of Enterprise Service Delivery Management (ESDM)
- (xi) Development of Architecture for system integrations (Internal and external)
- (xii) Implementation of Enterprise Resource Planning (ERP) - ICT application to integrate all support functions

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6. FUTURE DEVELOPMENT PLANS AND STRATEGIES (Continued)

- (xiii) Enhancement of data governance and risk profiling analytical tools
- (xiv) Strengthen Knowledge Management practices (Emerging Areas)
- (xv) Improvement of employee engagement practices to enhance performance.
- (xvi) Improvement of working environment and facilities
- (xvii) Modernize physical and digital security system

Implementation of the aforementioned CP6 initiatives is expected to drive the future of the Authority and address challenges emanating from ever-changing business environment.

7. MAIN TRENDS AND FACTORS THAT ARE LIKELY TO AFFECT THE FUTURE DEVELOPMENT PLANS AND PERFORMANCE

Despite having future development plans and strategies in place, implementation of TRA plans and performance is likely to be mainly affected by:

(a) Non - Realisation of Funds for Implementation of Planned Initiatives

TRA's main sources of income to finance its operations are the annual budget allocations from the Ministry of Finance and Planning and other sources of income including Donor funds and internally generated income. Non- realization of the projected income will affect implementation of the planned strategies and consequently attainment of the set Tax/Non – Tax collection targets. To minimise the effects, TRA shall periodically review funds release status and make necessary changes to ensure the limited available funds are utilized to finance activities that yield maximum positive results to TRA main core business.

(b) Russia and Ukraine War

Due to ongoing war, supply chain for some goods has been disrupted. Therefore, there is a likelihood of delays in delivery of some goods relating to the planned initiatives for 2022/23. To minimise the effects, TRA shall closely monitor delivery schedules stipulated in contracts and take appropriate actions.

(c) Inadequate Contract Management

Some of the development projects are complex and involve huge capital investment. Failure to have proper contract management in place may result into unnecessary delays and consequently affects the expected benefits. To minimise the effect, the Authority shall ensure project management teams have adequate contract management skills and project management policy are adhered.

(d) Inflation

Persistence increase in general prices of goods and services in the world market erode purchasing power of the Authority. This may result into deviation of final cost from initial cost of the project that deter the implementations of some activities hence underperformance of the projects and inadequate budgets.

8. KEY PERFORMANCE INDICATORS

TRA has key performance indicators (KPIs) that tests the degree to which an objective has been achieved or signal a fault in the process of achieving the set targets. The KPIs enable TRA and its stakeholders to view state of affairs on Corporate Plan execution and grasp the extent of achievement of Corporate objectives at a particular point in time. The information for assessment of the KPIs are gathered from operational data using the existing transactional and analytical systems. Additionally, the information is gathered from survey reports. TRA KPIs are described below:

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8. KEY PERFORMANCE INDICATORS (Continued)

8.1 Key Performance Indicators for CP5

Financial year 2021/22 is the last year of implementing TRA 5th five years Corporate Plan. The CP5 has a number of strategic objectives and KPIs to measure performance. The KPIs includes Number of Registered Taxpayers; Revenue Collection performance; Verified VAT refunds made within thirty days; Average Time Taken to clear goods - Arrival to Removal; Average Time Taken to accomplish Customs Clearance - Lodgement to Issuance of Release Order; Percentage of Cargo Manifests submitted/registered before arrival of vessel/flight; Corruption Perception Index; Percentage of taxpayer's awareness on tax education program. Details such as definitions, purpose, sources of data and calculation method for each indicator relating to CP5 KPIs are provided in **Table 3**.

8.2 Key Performance Indicators for CP6

Since the reporting period is the last one in implementation of CP5, the key performance indicators have been reviewed to be aligned with CP6 that will commence on 1st July 2022. The key performance indicators that will be in use effective from financial year 2022/23 are provided in **Table 4**.

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Table 3: Key Performance Indicators for CP5

Department	Area	Definition	Purpose	Source of Data	Calculation Method
DOMESTIC REVENUE	Registered Taxpayers	Individual/business entity registered by TRA for the purpose of paying tax	To determine the exact number of taxpayers to deal with	TIN system	Physical count of TIN that transacted with TRA in a year
		Taxpayers who have not filled returns for 12 months consecutively	To determine the exact number of taxpayers to deal with	TIN system	Physical count of TIN that did not transact with TRA for
	Revenue Collection performance	Amount of revenue collected by DRD and measured as percentage of respective department target	To measure effectiveness of revenue collection	Monthly revenue reports	Amount of revenue collected divide by revenue target times 100
	Number of taxpayers accounting for 80% of revenue	Taxpayers contributing 80% of revenue collected	Determining the number of taxpayers who have significant contribution for preferential treatment	ITAX system	Count number of the domestic tax payers in descending order who contribute cumulatively 80% of total revenue collected
	Total revenue realised from audits/revenue collected	Revenue realised from additional assessment as percentage of total revenue collected	Ensuring the objectives of post audits are achieved	Audit report	Actual amount realised from additional assessment divide by Total Revenue collected times 100
LARGE TAXPAYERS	% of verified VAT refunds made within thirty days	VAT refund paid to taxpayers within thirty days after verification	Ensuring VAT refund paid to Taxpayers without delay	Refund report	VAT refund paid within 30 days divide by total verified refunds times 100
	Administered Taxpayers	Individual/business entity administered by LTD for the purpose of paying tax	To determine the number of large taxpayers for planning purpose	TIN system	Physical count of TIN transaction that administered by LTD
	Number of taxpayers accounting for 80% of revenue	Taxpayers contributing 80% of revenue collected	Determining the number of taxpayers who have significant contribution for preferential treatment	ITAX system	Count number of the large tax payers in descending order who contribute cumulatively 80% of total revenue collected
CUSTOMS AND EXCISE	Revenue Collection performance	Amount of revenue collected by LTD measured as percentage of respective department target	To measure effectiveness of revenue collection	Monthly revenue reports	Amount of revenue collected divide by revenue target times 100
	Revenue Collection performance	Amount of revenue collected by CED measured as percentage of respective department target	To measure effectiveness of revenue collection	Monthly revenue reports	Amount of revenue collected divide by revenue target times 100

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Department	Area	Definition	Purpose	Source of Data	Calculation Method
	% of declaration subjected to Customs Intervention	Number of declaration subject to inspection compared to total number of declarations in percentage	To confirm what has been declared against what has been verified	TANCIS System	Number of declarations inspected divide by total number of declarations times 100
	Average Time Taken to clear goods - Arrival to Removal (days)	Average number of days taken to clear goods at ports/airports/Boarder from arrival vessel/ aircraft/vehicle to removal of goods	To measure the efficiency of goods clearance in terms of time	TANCIS System	Total number of days taken to clear all goods from arrival to removal divided by total number of declarations for a specified period
	Average Time Taken to accomplish Customs Clearance - Lodgement to Issuance of Release Order (days)	Average number of days taken to clear goods at the ports from lodgement of declaration to issuance of release order	To measure the efficiency of clearance of goods in terms of time	TANCIS System	Total number of days taken to clear goods for all declarations from lodgement to issuance of release order divided by total number of declarations for a specified period
	% of Cargo Manifests submitted/registered before arrival of vessel/flight	Number of Cargo manifests submitted or registered with custom prior to arrival of vessels or flight against total number of manifests measured in percentage	To speed up clearance time of goods at ports	TANCIS System	Number of manifests submitted before arrival of vessel divide by total number of manifest times 100
INTERNAL AFFAIRS	Corruption Perception Index	Number of respondents who perceive TRA to be corrupt against total number of interviewees	To understand public perception on corruption towards TRA	Survey	Number of respondents who perceived TRA as corrupt divide by total respondents' times 100
TAXPAYER SERVICES AND EDUCATION	Percentage of taxpayer's awareness on tax education programs	Number of respondents who are aware of TRA's Tax education programs	To determine the level of understanding of taxpayers on Tax matters	Awareness programs	Number of respondents with awareness on tax divide by total respondents times 100
	Percentage of written enquiries attended within seven days	Number of enquiries received and responded within seven days	To adhere to taxpayer charter	TRA Website and incoming mail register	Number of enquiries responded within seven days divide by total number enquiries received in specified period times 100

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Table 4:CP6 Key Performance Indicators

Strategic Objective	Output	KPI - Strategic Level of Indicators	KPI definition	Purpose	Baseline	2021/22 Outturn	Target					Calculation Method	Means of verification		Assumptions
							2022/23	2023/24	2024/25	2025/26	2026/27		Data source	Frequency	
To enhance Revenue Collection	Revenue Collected	Revenue collection against target	Amount of revenue collected measured as percentage of target	Measure effectiveness of revenue collection	DRD	94	100	100	100	100	100	100	Monthly Revenue collection Report	Monthly	<ul style="list-style-type: none"> Macro-economic variables remained as expected Compliance Strategy effectively implemented No exogenous shocks Realistic Revenue Targets
					LTD	94	100	100	100	100	100	100	100	100	100
To enhance Revenue Collection	Revenue Collected	Amount of tax revenue collected from additional assessment raised in tax audits	Revenue realised from additional assessment as percentage of total revenue collected	Ensuring the objectives of post audits are achieved	DRD	17%	17%	16.5%	16%	15%	14%	Audit Reports	Quarterly	<ul style="list-style-type: none"> Taxpayers compliance continue to improve Increased trust to TRA Sufficient audit knowledge 	
					LTD	17%	17%	16.5%	16%	15%	14%	Audit Reports	Quarterly	<ul style="list-style-type: none"> Taxpayers compliance continue to improve Increased trust to TRA Sufficient audit knowledge 	
Revenue growth	Revenue growth	% Increase in revenue collection	Percentage increase of current revenue compared to the revenue collected in same period in the previous year	Measuring performance growth	DRD	16.4%	7.0%	6.3%	6.6%	6.3%	13.5%	Monthly Revenue collection Report	Monthly	<ul style="list-style-type: none"> Macro-economic variables remained as expected Availability of competent staff Compliance strategy effectively implemented 	
					LTD	22.6%	8.1%	5.9%	6.1%	6.1%	9.7%	Monthly Revenue collection Report	Monthly	<ul style="list-style-type: none"> Macro-economic variables remained as expected Availability of competent staff Compliance strategy effectively implemented 	
				CED	9.4%	7.8%	7.4%	8.5%	8.0%	18.8%	Monthly Revenue collection Report	Monthly	<ul style="list-style-type: none"> Macro-economic variables remained as expected Availability of competent staff Compliance strategy effectively implemented 		

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Strategic Objective	Output	KPI - Strategic Level of Indicators	KPI definition	Purpose	Target					Calculation Method	Means of verification		Assumptions		
					2020/21 Baseline	2021/22 Outturn	2022/23	2023/24	2024/25		2025/26	2026/27		Data source	Frequency
To enhance voluntary tax compliance	Filed returns	% of on-time filing	Percentage of taxpayers filing returns before due date	monitoring filing of returns	DRD	90%	92%	92%	93%	94%	95%	95%	Manual registers/e-filing system	Quarterly	<ul style="list-style-type: none"> • Taxpayers sensitization is done • Late filers are aware of the consequences of late filing.
					LTD	90%	92%	93%	94%	95%	95%	95%	Number of returns filed before due date divide by total number of returns filed times 100		
Timely collected taxes	Timely collected taxes	% of timely paid taxes	Amount of tax paid before or on due date.	Timely availability of fund for the government operations	DRD	75%	93%	93%	94%	94%	95%	95%	IDRAS	Quarterly	<ul style="list-style-type: none"> • Correctly tax assessment are done and communicated timely to taxpayers • Low level of tax objections
					LTD	75%	93%	93%	94%	95%	95%	95%	Amount of tax paid on time divide by total assessment over specified period times 100		
Revenue collected	Revenue collected	Ratio of normal flow v/s total revenue collection	Proportional of Revenue collected without intervention	Determining the level of effort required in applying enforcement measures	DRD	67.0%	81.9%	83.0%	83.0%	85.0%	88.0%	90.0%	Monthly Revenue collection Report	Monthly	Timely reminder sent to taxpayers for their requirement to pay their dues
					LTD	91%	93.50%	94.5%	96.50%	96.5%	96.5%	97.0%	Revenue collected without intervention divide by total revenue collected		
Reduced tax arrears	Reduced tax arrears	Ratio of stock of tax arrears over total revenue collected for the year	Ratio of stock of tax arrears at the end of last year over total revenue collection for the year	Prevent accumulations of tax arrears	DRD	45%	40%	<30%	<25%	<20%	<15%	<10%	Departmental manual records	Annually	<ul style="list-style-type: none"> • Tax arrears are free of incumbancers • Taxpayers liquidity position is stable
					LTD	45%	38%	<30%	<25%	<20%	<15%	<10%	Stock of arrears at the end of last year divide by total revenue collection for the year times 100		

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Strategic Objective	Output	KPI - Strategic Level of Indicators	KPI definition	Purpose		Baseline 2020/21	2021/22 Outturn	Target					Calculation Method	Means of verification		Assumptions
				Measures effectiveness of Tax Assessment	DRD			2022/23	2023/24	2024/25	2025/26	2026/27		Data source	Frequency	
To improve operational efficiency	Increased accurate filed returns	Amount of Tax collected v/s current assessment	Total tax collected compared to assessment issued for a given period of time Taxpayers file their returns through online platform	Measures effectiveness of Tax Assessment	DRD	60%	65%	70%	75%	80%	85%	90%	Total amount of tax collected divide by value of assessment	IDRAS	Monthly	●Assessment is fair and equitable ●Stable System
				●Reducing error in filing; ●shorter services turnaround ●Reducing human intervention and physical interaction	DRD	98%	100%	100%	100%	100%	100%	100%	100%	100%	100%	e-filing system
Reduced cost of collection	Tax administration cost as a percentage of revenue	Cost of collecting taxes in relation to the total tax revenue collected.	To determine the efficiency of collecting tax revenue	LTD	98%	99%	99%	99%	99%	99%	99%	99%	Annual total Operation expenditure divide by total revenue collected per year times 100	RGS/ Epicor	Annually	Revenue to grow at faster rate than expenditure
				DRD	1.80 %	1.77 %	≤3%	≤3%	≤3%	≤3%	≤3%	≤3%	≤3%	≤3%	≤3%	≤3%

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Strategic Objective	Output	KPI - Strategic Level of Indicators	KPI definition	Purpose	Target					Calculation Method	Means of verification		Assumptions	
					2020/21 Baseline	2021/22 Outturn	2022/23	2023/24	2024/25		2025/26	2026/27		Data source
Increased system users	Increased number of visitors in self-help portal	Increase number of visitors in self-help portal	Number of customers logging in the self-help portal	Reducing human intervention and physical interactions	500,000	500,000	1,000,000	2,000,000	3,000,000	4,000,000	5,000,000	TRA self-help Portal	Quarterly	<ul style="list-style-type: none"> • Taxpayers sensitization is done; • Taxpayers have facilities to access the portal • Availability of the portal
					1,500,936	1,620,568	1,705,074	1,796,940	1,888,805	1,980,671	2,072,536	TIN System	Quarterly	<ul style="list-style-type: none"> • Taxpayer awareness sustained • Effective enforcement
Increased taxpayer registration	Number of registered	Active	Total registered active business excluding non-business TIN	To determine number of compliant taxpayers in the year of income	130,564	136,117	145,128	152,380	159,632	166,884	174,136	TIN System	Quarterly	
					1,500,936	1,620,568	1,705,074	1,796,940	1,888,805	1,980,671	2,072,536	TIN System	Quarterly	
Reduced clearance time	Average time taken to clear goods (lodgement to issuance of Release order)	Average number of days taken to clear goods at ports/airports/B order from lodgement of declaration to issuance of release order	To measure the efficiency of goods clearance in terms of time	To determine number of non-compliant taxpayers in the year of income for follow-up	1.5	1.5	1.2	1.2	1.2	1.2	1.2	TANCIS System	Quarterly	<ul style="list-style-type: none"> • No system breakdown • No power outage • All the required documents for clearance of a consignment have been attached • All government agencies needed for clearance of goods played their role • All declaration are error free
					1.12	1.3	1	1	1	1	1	1	1	1

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Strategic Objective	Output	KPI - Strategic Level of Indicators	KPI definition	Purpose	Baseline	Target					Calculation Method	Means of verification		Assumptions
						2021/22 Outturn	2022/23	2023/24	2024/25	2025/26		2026/27	Data source	
To create a strong positive image and perception	Improved public reputation	Customer satisfaction Index	percentage of customers satisfied with services delivered	To understand customer perception towards TRA	29	89	73	78	83	88	93	Survey	Every two years	<ul style="list-style-type: none"> Customer willingness to take the survey Adequate resources for conducting the survey
		Reduced number of complaints	Number of expressed customers dissatisfactions with services supplied	Increase customer satisfactions	3,061	3,001	2,951	2,901	2,851	2,801	2,751	Complaints register	Quarterly	<ul style="list-style-type: none"> Complaints register maintained All complaints recorded into the register
		% Increase in number of written enquiries attended within seven working days	Number of enquiries received and responded within seven days	To ensure customers satisfaction and facilitate quick decision making	135,959	131,881	127,803	123,725	118,647	115,569	111,491	TRA website, call centres and enquiry Register	Quarterly	<ul style="list-style-type: none"> Enough and competent staff Well functioning call centers and website
		Increased number of consultation/ dialogues and frameworks	Number of dialogues and consultation engaged with stakeholders	To increase awareness to taxpayers and understanding their behaviours. ● To create harmonious working relationship with taxpayers.	75%	80%	85%	88%	90%	92%	95%	Counting number of dialogues and consultations conducted.	Consultation Proceedings	Quarterly

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Strategic Objective	Output	KPI - Strategic Level of Indicators	KPI definition	Purpose	Target					Calculation Method	Means of verification	Assumptions			
					2020/21 Baseline	2021/22 Outturn	2022/23	2023/24	2024/25				2025/26	2026/27	
Building taxpayers' confidence and satisfaction	Increased taxpayers compliance on tax matters	% Decrease of objection cases	Number of objection cases received	<ul style="list-style-type: none"> ● To satisfy Taxpayers through fair assessment ● Measure customer satisfactions 	CDR	22 %	22 %	20 %	20 %	15 %	20 %	15 %	IDRAS System Data source	Frequency	<ul style="list-style-type: none"> ● No system downtime ● Skilled and competent staff ● Level of integrity maintained
					CLT	19 %	17 %	13 %	10 %	10 %	8 %	8 %			
Building taxpayers' confidence and satisfaction	Increased number of core business processes integrated	Number of Integrity cases ruled out against staff	Number of staff committed offences vs organizational core values	To improve integrity of Staff	15	14	11	10	8	7	5	Disciplinary inquiry committee minutes	Quarterly	<ul style="list-style-type: none"> ● Disciplinary committee conducted as scheduled ● Integrity awareness to staff provided effectively ● Internal Investigations conducted 	
					60	60	65	68	70	75	80				ICT reports
To automate and integrate processes	Increased number of core business processes integrated	% of system availability	Duration within which ICT systems are available	To improve organization's operational efficiency To facilitate exchange of information	99 %	98 %	98 %	98 %	98 %	98 %	98 %	Dashboard Report	Quarterly	<ul style="list-style-type: none"> ● Proper maintenance of systems in time 	
					84 %	77 %	≤70 %	≤70 %	≤70 %	≤70 %	≤70 %				ICT reports

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Strategic Objective	Output	KPI - Strategic Level of Indicators	KPI definition	Purpose	Baseline	2021/22	Target					Calculation Method	Means of verification		Assumptions
					2020/21	Outturn	2022/23	2023/24	2024/25	2025/26	2026/27		Data source	Frequency	
To Strengthen Institutional Capacity.	Improved Staff Performance and productivity	% of staff trained on specialized and emerging sectors	Number of staff trained on specialized and emerging sectors	To fill skills gap on specialized and emerging sectors	90%	91%	92%	94%	96%	98%	100%	Number of staff trained on specialized and emerging sectors divide total gap identified times 100	Training plan implementation report	Quarterly	<ul style="list-style-type: none"> ● Availability of resource person in different specialities
					10	11	12	13	13	14	14	14	Counting number of signed MoUs	ICT reports	Quarterly
	Adequacy of working force	Staff attrition rate	Number of employees leaving TRA for various reasons	To facilitate planning for replacement of human resources	3.9%	4.5%	≤5%	≤5%	≤5%	≤5%	≤5%	Number of staff left divide by total number of employees times 100	LAWSON System	Quarterly	<ul style="list-style-type: none"> ● Attractive retention scheme ● Improve health packages ● No exogenous shocks
					10	11	12	13	13	14	14	14	Counting number of signed MoUs	ICT reports	Quarterly
	Increased Skilled Staff	% Of training programs implemented against planned training program	Total number of staff trained on short courses as per training plan (ITA and Non-ITA)	To enhance staff skills in different areas of Tax administration	84%	86%	88%	90%	90%	90%	90%	Number of staff trained on short courses divide by training plan targets times 100	Training plan implementation report	Quarterly	<ul style="list-style-type: none"> ● Staff nominated to attend training are released by employer
10					11	12	13	13	14	14	14	Counting number of signed MoUs	ICT reports	Quarterly	<ul style="list-style-type: none"> ● Successful negotiations of MoUs

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Strategic Objective	Output	KPI - Strategic Level of Indicators	KPI definition	Purpose	Baseline		Target					Calculation Method	Means of verification		Assumptions
					2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27		Data source	Frequency	
	Staff retention	Employee Satisfaction Index	Number of staff who perceive TRA as employer of choice	To determine job satisfaction among employees	73%	73%	-	-	-	85%	-	Number of staff satisfied with TRA working environment divided by Total number of staff surveyed times 100	Survey report	After 3 years	<ul style="list-style-type: none"> ● Motivation scheme is followed objectively ● Surveys conducted

Source: TRA Research, Policy and Planning Department

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9. TRA OPERATING MODEL

TRA has a system in place that transforms inputs, through its operating activities, into outputs and outcomes with a focus of fulfilling the Authority's strategic purposes and create value over the short, medium and long term. In transforming inputs into outputs, the Authority's inputs such as financial resources, human resources and other resources are blended with other components in operating model to attain desired output for tax administration. Attainment of the desired output will result into attainment of desired outcomes and consequently results into increase of Government domestic revenue. The Authority believes that when the components of the model are working in harmony, TRA teams will have the needed clarity to accelerate strategies and they will be able to unlock their potentials. Inputs and other components of TRA operating model, Output and Outcomes are depicted in **Figure 1** while key components of the model that are blended with inputs are explained here under:

(a) Structure and Accountabilities

TRA has organisation structure that clearly defined work flow through the Authority. The high level structure includes office of Commissioner General, four revenue departments and eight support departments as explained in **Para 3**. In addition, the Authority has low level structure that goes down up to station level. Also, to ensure every TRA team member is accountable for his/her actions, the Authority has job descriptions that clearly specify roles and responsibilities for each staff.

(b) Management Systems

TRA has systems in place that support high quality decision making on strategic priorities, resource allocation and performance management. The systems enable the Authority to prioritize, guide and monitor its operations. These include:

(i) TRA Board of Directors

The Authority has a Board of Directors composed of members with multidisciplinary experience. The Board oversees Management of TRA including adherence to principles of good Corporate Governance and safeguarding the assets of the Authority. The Board approves various policies and regulations including the Financial Regulations, Procurement Regulations and Staff Regulations in order to strengthen internal control environment. These are reviewed from time to time to align them with the dynamics of the operating environment.

(ii) Planning and Budgeting

Considering the fact that TRA is operating in environment where financial resources are limited, the tool assists in prioritisation, allocation of resources and monitoring implementation of the projects that have been given funds. The tool starts with preparation of Corporate Plan that indicate Authority's long term plan from which key initiatives and respective activities are identified and costed. Thereafter, the identified initiatives are implemented in phases.

(iii) Staff Performance Management System

The component assists the Authority in assessing performance of individual staff to ensure individual activities are contributing towards attainment of Corporate objectives. The Authority has adopted Balance score card approach for managing staff performance.

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9. TRA OPERATING MODEL (Continued)
(b) Management Systems (Continued)

(iv) Quality Management System

The tool assists the Authority in monitoring performance of key processes. In this regard, key Authority's processes and respective quality objectives have been documented. Performance measurement is done periodically and necessary corrective measures are taken where necessary.

(v) Risk Management System

The system enables TRA to deal effectively and efficiently with uncertainties and associated risks and opportunities. In this regard, TRA has adopted Enterprise-Wide Risk Management System (ERMS) where risk management is embedded in all processes within the Authority.

(vi) Internal Control Systems

These are internal financial and operational control systems that have been developed by TRA and are maintained on an on-going basis in order to provide reasonable assurance regarding effectiveness and efficiency of operations; safeguarding of the Authority's assets; compliance with applicable laws and regulations; reliability of accounting records; and responsibility behaviours towards all stakeholders.

(vii) Gemba Kaizen Management Systems

The system assists the Authority in identification and elimination of redundant procedures/processes in order to enhance efficiency.

(vii) Key Performance Indicators

The indicators test the degree to which the Authority's objectives have been achieved or signal a fault in the process of achieving the set targets.

(viii) Internal Audit

TRA has Internal Audit Department (IAD) that assesses risks and reviews governance and controls processes. The department reports functionally to the Audit committee of the Board, and administratively to the Commissioner General. The department ensures that audit recommendations that focus on improvement of risk management, controls and governance processes are implemented by Management. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the IAD among other activities is responsible to provide the Board reasonable assurance that the Authority's systems and practices in place on risk management, controls and governance are adequate and effective.

(c) Leadership and Culture

TRA has committed and dedicated leadership which is vital towards successfully transformation of inputs into desired outputs. The TRA leadership has cultivated foundation of culture to empower employees to achieve the Authority's mission and realise how important each of their contribution is to furthering Authority's objectives. This has created a culture of shared vision. Further, the Authority's leadership has reinforced behaviours that reflect in Authority's operations through setting moral guidelines by which TRA hold in its operations and staff interactions.

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9. TRA OPERATING MODEL (Continued)

(d) Business Processes

This is where the actual transformation of inputs into outputs is done. TRA has documented business process that are interlinked to ensure efficiency and effectiveness in service delivery. The processes are categorised mainly into two parts.

- Those involving core function of the Authority i.e. Assessing and Collection of Taxes and Non Taxes (registration of taxpayers, data processing and returns, assessment, payment)

- Those involving supporting functions of the Authority such as financial management, human resources management, taxpayers' services and education, auditing, internal affairs and ICT.

Majority of TRA business processes have been automated and various ICT systems are in use.

(e) Talent Engine

This component enables the Authority to attract and retain skilled staff required in transformation of inputs into desired output. In this regard, TRA has scheme of services that identifies skills and experience that are needed for each staff level in order to meet the Authority's objectives. The qualifications form basis during recruitment process. After recruiting, the Authority has specific programmes for building staff capacity. This is mainly done through Coaching programme and/or formal class training in line with needs established during training needs assessment. Further, the Authority has specific policy for rewarding innovators who contributes in improving TRA operations.

(f) Technology and Stakeholders

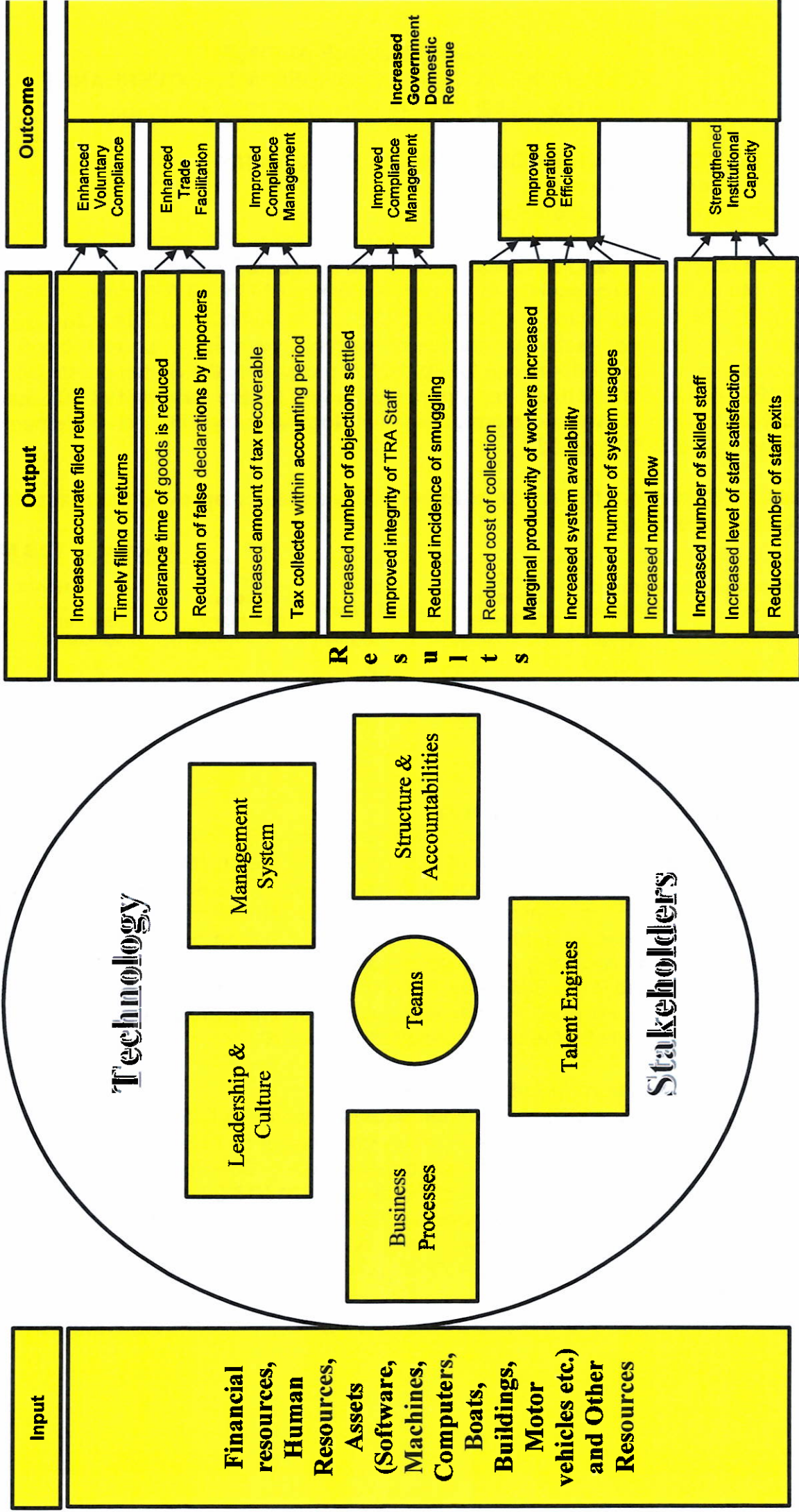
These are enablers as they support key capabilities and optimise performance across other elements of the TRA operating model. TRA has taken advantage of technological advancement and automate its business processes. Further, for TRA to succeed in attainment of its objectives concerted efforts are needed involving all key stakeholders as they provide vital inputs referred in **Para 14**.

(g) Teams

These are grouped TRA staff who are working together to attain the desired results. The teams are actual transformers of inputs into outputs. Their actions are guided by other components of the operating model in order to attain the desired results.

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Figure 1: Inputs and other components of TRA Operating Model, Output and Outcomes



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10. TRA PERFORMANCE FOR FINANCIAL YEAR 2021/22

10.1 Budget Performance

10.1.1 Authority's Operations

The actual expenditure for the period ended 30th June 2022 amounted to TZS 392,756 million (2021: TZS 326,360 million) against the budget of TZS 418,814 million (2021: TZS 383,144 million), thus resulting to a positive variance of TZS 26,058 million (2021: positive TZS 56,784 million), which is equivalent to 6.2%. The summary of TRA actual expenditure against the approved estimates for five consecutive years is shown in **Table 5**. Detailed budget expenditure performance for 2021/22 is provided in the Statement for Comparison of TRA Actual Expenditures and Approved Budget for the year ended 30th June 2022. Further, reasons for variances are provided in **Note 40** to the Financial Statements for the period ended 30th June 2022.

Table 5: Summary of TRA Actual Expenditure against Approved Estimates for Five Consecutive Years

Amount in TZS Millions

Financial Year	Approved Estimates	% of increase/ (decrease)	Actual Expenditure	% of Increase/ (decrease)	Variance	
					Amount	%
2017/18	331,997	(6.4)	264,725	(4.8)	67,272	20.3
2018/19	379,985	14.5	267,969	1.2	112,016	29.5
2019/20	402,264	5.9	330,431	23.3	71,833	17.9
2020/21	383,144	(4.8)	326,360	(1.2)	56,784	14.8
2021/22	418,814	9.3	392,756	20.3	26,058	6.2

Source: TRA Expenditure Reports

10.1.2 Authority's Stewardship Role

Gross collections for both Mainland and Zanzibar as at 30th June 2022 amounted to TZS 22,299,524 million against a target of TZS 22,453,217 million, reflecting a performance rate of 99.3%. On the other hand, total refunds amounted to TZS 995,658 million equivalent to an increase of 280% compared to the budgeted TZS 262,050 million. This has resulted into net actual collections amounting to TZS 21,303,866 million against targeted net of TZS 22,191,167 million reflecting under performance of 4%. Detailed budget performance for 2021/22 is provided in the Statement of Comparison of Budget and Actual Amounts for the year ended 30th June 2022. Further, reasons for variances are provided in **Note 13** to the Revenue Statements for the period ended 30th June 2022.

Actual Net Collection Results – Mainland

Actual collections during the year under review amounted to TZS 20,944,674 million (2021: TZS 17,598,781 million) net of refunds against a target of TZS 21,778,103 million (2021: TZS 20,325,780 million) reflecting a performance rate of 96% for Mainland. The actual net collections versus Targets – Mainland for the year 2017/18-2021/22 are shown in **Table 6**. Further, reconciliation of collections between amount reported in the Statement of Comparison of Budget and Actual amounts, Cash flow Statement and Statement of Financial Performance is provided in **Note 38** to Revenue Statements for the period ended 30th June 2022.

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10. TRA PERFORMANCE FOR FINANCIAL YEAR 2021/22 (Continued)

10.1 Budget Performance (Continued)

10.1.2 Authority's Stewardship Role (Continued)

Actual Net Collection Results – Mainland (Continued)

Table 6: Actual Net Collections versus Targets- Mainland for the financial year 2017/18 – 2021/22

Details	Amount in TZS Millions				
	Years				
	2017/18	2018/19	2019/20	2020/21	2021/22
Target	17,106,336	18,031,190	19,100,933	20,325,780	21,778,103
Actual (Net)	15,149,475	15,505,331	17,646,024	17,598,781	20,944,674
Performance (%)	89	86	92	87	96

Source: TRA Revenue Reports

Actual Collection Results – TRA Zanzibar

During the financial year 2021/22, TRA actual collections in Zanzibar amounted to TZS 359,192 million against the target of TZS 413,064 million equivalent to performance rate of 87%. The actual collections versus Targets – TRA Zanzibar for the year 2017/18-2021/22 are shown in **Table 7**. Further, reconciliation of collections between amount reported in the Statement of Comparison of Budget and Actual Amounts, Cash flow Statement and Statement of Financial Performance is provided in **Note 38** to Revenue Statements for the period ended 30th June 2022.

Table 7: Actual Collections versus Targets- TRA Zanzibar for the year 2017/18 – 2021/22

Details	Amount in TZS Millions				
	Years				
	2017/18	2018/19	2019/20	2020/21	2021/22
Target	258,724	301,476	350,192	383,541	413,064
Actual (Net)	255,966	290,331	281,852	299,078	359,192
Performance (%)	99	96	80	78	87

10.2 Financial Performance

10.2.1 Authority's Operations

During the year ended 30th June 2022, TRA closed with a surplus of TZS 12,841.87 million (2021 (Deficit of TZS 73,752.96 million) as shown in the Statement of Financial Performance. The financial results for 2021/22 has increased by TZS 86,594.83 million compared to the one reported in year 2020/21. The increase is attributed to:

a) Increase in Revenue earned – TZS 46,686.43 million

The Authority total recognised revenue during the year ended 30th June 2022 was TZS 387,519.31 million (2021: TZS 340,832.88 million). Revenue earned during the period has increased by TZS 46,686.43 million compared to that of 2020/21 due to:

(i) Increase in Revenue from Non – Exchange Transaction – TZS 46,680.47 million

The recorded increase in revenue from non-exchange transactions resulted mainly from:

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10.2 Financial Performance (Continued)

10.2.1 Authority's Operations (Continued)

(i) Increase in Revenue from Non – Exchange Transaction (Continued)

• **Increase in Income from Government TZS 31,438.12 million.**

During the period under review, the Government released funds for both recurrent and capital expenditure as per approved budget. Further, during the period under review the Authority recruited additional 1544 staff. This resulted into increase in costs including personnel emoluments and consequently, the Government provided additional funds to cater for such expenses. Details relating to Income from Government including comparative figures for 2020/21 are provided in **Note 22.1** to the Financial Statements.

• **Increase in Released Grants – TZS 14,794.36 million**

During the period under review there was improvement in implementation pace of initiatives planned under Tax Modernisation Programme (TMP). This has increased release of funds from differed grant to finance the implemented initiatives. Details of released grants are provided in **Note 23** to the Financial Statements for the period ended 30th June 2022.

• **Increase in Other Revenue – TZS 447.99 million**

The increase emanated from increase in ITA external stakeholders training fees (TZS 448.59 million and decrease in Tax Consultancy fees (TZS 0.60 million). Details relating to Other Revenue including comparative amount for 2020/21 are provided in **Note 22.2** to the Financial Statements for the period ended 30th June 2022.

(ii) Increase in Revenue from Exchange Transaction – TZS 5.97 million

The noted increase resulted from:

• **Decrease in Rental Income – TZS 199.38 million**

Some tenants who occupied part of TRA buildings vacated the buildings during the period and at the closure of the period the buildings were still vacant.

• **Increase in Interest Income – TZS 79.12 million**

Interest income are earned on TRA cash balances remained in TRA expenditure accounts maintained at commercial banks. During the period, bank accounts that earned interest have increased and consequently increase interest earned.

• **Increase in Consultancy Income – TZS 86.51 million**

The increase emanated from increase in number of consultancy projects undertaken by Institute of Tax Administration (ITA).

• **Increase in Miscellaneous Income – TZS 39.71 million**

The increase emanated from increase in income from miscellaneous sources such as sales of stores and obsolete items.

Details of Revenue from Exchange transactions including comparative figures for 2020/21 are provided in **Note 24** to the Financial Statements for the period ended 30th June 2022.

b) Increase in Expenses incurred – TZS 35,754.55 million

During the year, the operating expenditure of TRA amounted to TZS 374,202.08 million (2021: TZS 338,447.54 million). The recorded expenditures have increased by TZS 35,754.55 million equivalent to 10.56 % compared to expenditures for 2020/21. The noted increase is contributed by:

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10.2 Financial Performance (Continued)

10.2.1 Authority's Operations (Continued)

b) Increase in Expenses incurred (Continued)

(i) Increase in Employment Benefits – TZS 20,436.88 million

The increase emanated mainly due to increase of Basic salary (TZS 18,690.75 million) resulted from recruitment of 1544 additional staff in April 2022; confirmation of staff who were acting in managerial position; and salary increments and promotions awarded to staff who met criteria defined by Government. Other changes that contributed to the increase of Employees benefits in year 2021/22 are provided in **Note 25** to the Financial Statements for the period ended 30th June 2022.

(ii) Increase in Travelling Expenses - TZS 11,865.74 million

The increase resulted mainly from increase of local travel expenses TZS 9,917.74 million due to increased number of activities that were carried outside the working stations. Among others, the activities involved special tasks and EFD enforcement activities. Also, day allowances have increased following payment of the allowance to 1,544 newly recruited staff. Other remaining factors that contributed to increase in travelling costs are provided in **Note 26** to the Financial Statements for the period ended 30th June 2022.

(iii) Increase in Fuel and Lubricants Expenses - TZS 1,630.80 million

The increase emanated mainly from increase in expenses for Motor vehicle fuel and lubricants (TZS 1,528.28 million) due to increase in activities involving traveling, increase in TRA's fleet of vehicles and increase in fuel prices. Other expenses that contributed to increase in fuel and lubricants are provided in **Note 27** to the Financial Statements for the period ended 30th June 2022.

(iv) Increase in Repairs and Maintenance Expenses – TZS 514.07 millions

The increase is mainly contributed by increase in costs for repairs and maintenance of motor vehicles, computers and buildings due to wear and tear of the assets. Detailed costs that contributed to the noted change are provided in **Note 28** to the Financial Statements for the period ended 30th June 2022.

(v) Increase in General Services and other expenses – TZS 1,049.91 million

The change is mainly contributed by normal increase in Other office expenses and Cleaning services. Also, the change is contributed by decrease in Printing and Stationery costs, Utilities costs and Insurance costs. Details of the changes are provided in **Note 29** to the Financial Statements for the period ended 30th June 2022.

(vi) Increase of Depreciation and Amortisation – TZS 257.15 million

The increase emanated from charging of depreciation in newly acquired assets during the period under review. **Note 10** and **Note 11** to the Financial Statements provides details of depreciation and amortisation charged respectively.

c) Decrease of Other Losses – TZS 75,662.94 million

The decrease is mainly attributed to decrease in impairment loss by TZS 76,562.58 million resulted from decrease in impairment provided for PPEs. In year 2020/21 the Authority tested its assets for impairment and realised a total impairment loss amounting to TZS 77,064.93 million for PPEs other than land while in year 2021/22 only TZS 16.92 million was realised for boats. Details of changes in other losses are provided in **Note 30,31** and **32** to the Financial Statements for the period ended 30th June 2022.

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10.2 Financial Performance (Continued)

10.2.2 Authority's Stewardship Role

During the year ended 30th June 2022, a deficit of TZS 459,348.05 million was recorded (2021: surplus of 3,536,637.89 million) as shown in the Statement of Financial Performance. The financial results for 2021/22 has decreased by TZS 3,995,985.94 million compared to the one reported in 2020/21. The decrease is attributed to:

(a) Increase in Revenue – TZS 1,010,766.13 million

In year 2021/22 TRA implemented a number of strategies to increase revenue collections as a result there was increase in revenue for Mainland and Zanzibar by TZS 188,605.67 million and TZS 56,357.57 million respectively. Details of revenues are provided in **Note 18 – Note 21** to the Revenue Statements for the period ended 30th June 2022 for Mainland and **Note 23** and **Note 24** for Zanzibar. Further, during the period under review TRA speed up verification and approval of tax refunds. This effort has increased refund funds released by Treasury by TZS 765,802.88 million compared to the amount released in 2020/21.

(b) Increase in Expenses – TZS 706,122.77 million

Due to efforts undertaken by the Authority in clearance of tax refund claims backlogs, total claims valued at TZS 958,857.57 million were verified and approved during the period compared to TZS 252,734.80 approved in year 2020/21.

(c) Increase in Other Losses – TZS 210,943.60 million

The losses mainly emanated from provision impairment after assessing status of outstanding receivables and noting there are objective evidences that the tax receivables have been impaired. The evidences used are the ones provided in **Note 5(xii)** to the Revenue Statements for the period ended 30th June 2022. Further details of impairment are provided in **Note 30** to the Revenue Statements for the period ended 30th June 2022.

(d) Increase in Transfers – TZS 4,089,685.70 million

During the period under review, the Authority continued with its efforts in monitoring collecting agents to ensure the collected amounts are transferred to BOT and ultimately to respective beneficiaries. This resulted into increase in transferred amount during the period.

10.3 Implementation of CP5 Planned Initiatives for 2021/22

A. Financing of CP5 Implementation

Implementation of CP5 initiatives during the period under review was supported by Government of United Republic of Tanzania in collaboration with Development Partners (DPs) namely DANIDA; Finland; European Union; Royal Norwegian Embassy and Norwegian Tax Administration (NTA); US Treasury; IMF (HQ and East AFRITAC); World Bank Group; and JICA. The DPs support involved both monetary (Totalling to TZS 11,260.54 mil. channelled through Basket Fund arrangement) and non-monetary supports. Non - monetary support granted during the period relates to Technical support in areas pertaining to:

- (a) Development of strategy and mechanism for strengthening timely filing and payment process.
- (b) Revision of the process of tax refund verification and automation of respective procedures.

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10.3 Implementation of CP5 Planned Initiatives for 2021/22 (Continued)

A. Financing of CP5 Implementation (Continued)

(c) Capacity building on debt management and collection; Transfer Pricing; Permanent Establishment; Capital Gain; One Stop Border Post (OSBP) operations; Risk Management; intellectual property right; Post clearance audit; and Border control including Program Global Shield (PGS)

Details of Technical support provided by each DP are provided in **Note 33** of Financial Statements.

Also, JICA denoted assets as indicated in **Note 19** to the Financial Statements.

B. Implementation Status of CP5 Planned Initiatives for 2021/22

During the period under review, TRA completed implementation of 11 initiatives out of the planned 15 initiatives equivalent to performance of 73.3%. Implementation status of the CP5 initiatives for 2021/22 by strategic themes is shown in **Table 8**

Table 8: Implementation Status of the CP5 initiatives for 2021/22 by Strategic Themes

Strategic Theme	Planned Initiatives	Completed Initiatives	Ongoing Initiatives
Convenience	5	4	1
Compliance	7	4	3
Continual Improvement	3	3	0
Total	15	11	4

Source: TRA's Research, Policy and Planning Department

Brief implementation status of the initiatives clustered along the three strategic themes is provided hereunder:

Convenience Theme

Implementation status of **five** initiatives under this theme is as follows:

(a) Establish Centralized Scanner Image Analysis Capability

The initiative aimed at establishing a centralized scanner image analysis and interface with TANCIS to enhance transparency and pooling of resources for more efficient utilization of the image analysis. Considering importance of this initiative in national security and the need of safeguarding Government revenue, implementation of the initiative was done in collaboration with other Government agencies. In financial year 2021/22 development of Centralized Scanner System (CSS) was completed and interfaced with TANCIS to almost 95%. TANCIS-CSS Import module was developed and launched for containerized goods discharged at TPA Terminal. At the closure of the period, nine scanners were connected to CSS of which seven scanners are stationed in Dar es Salaam Port, one scanner at Tanga Port and one scanner at Mtwara Port. This marked end of the project.

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10.3 Implementation of CP5 Planned Initiatives for 2021/22 (Continued)

B. Implementation Status of CP5 Planned Initiatives for 2021/22 (Continued)

Convenience Theme (Continued)

(b) Develop and Implement Comprehensive Taxpayers Communication Strategy

The main objective of this initiative was to ensure that there is an in-depth availability of tax information through all TRA communication channels and taxpayers outreach programs to cater for taxpayers' needs and requirements for information. Hence, the initiative intended to maximize number of taxpayers who are aware of and conversant with tax related matters. During the year under review, the following were done:

- (i) Production of four tax education video clips and dissemination to public
- (ii) Distribution of tax education materials in braille booklets to impart tax knowledge to people with sight disabilities
- (iii) Production of four short documentary films for taxpayers' voice, uploading the documentary to TRA online TV on YouTube and airing on TV screens located in TRA offices
- (iv) Installation of four billboard adverts on main road junctions relating to use of Electronic Tax Stamps
- (v) Production and airing of two TV programmes for University Tax Clubs
- (vi) Procurement of working tools (Professional cameras and laptop)

Execution of the aforementioned activities coupled with others implemented in previous periods concluded implementation of the initiative. At the closure of the period, preparation of closure reports was in progress.

(c) Develop and Implement a Comprehensive Service Culture Program to All Staff

The initiative aimed at changing staff attitude towards satisfying both internal and external customers. It was expected to build customer service culture that strengthens partnership between TRA, taxpayers and other stakeholders for the benefit of both parties. In year 2021/22, the following were executed:

- (i) Service culture in-house trainings were conducted to 1,412 staff
- (ii) Assessment on service delivery involving 97 Service Champions

Implementation of the initiative was in phases and activities implemented in 2021/22 marked completion of the initiative. Closure reports will be finalised in subsequent period.

(d) Develop an Effective Taxpayer's Feedback Mechanism

The initiative intended to harmonize the existing feedback mechanism that will keep taxpayers more up-to-date and enable them to easily access key information to improve their compliance level. The project was implemented in phases and during the year under review, TRA implemented the following activities that marked finalisation of the initiative:

- (i) Engaged a Consultant for conducting Small and Medium Enterprises (SMEs) perception Survey and participated in preparation of questionnaires as well as conducting data collection workshop for enumerators. The perception survey was conducted and report submitted in June 2022.
- (ii) Conducted awareness sessions on enhancement of feedback mechanisms to 31 lake zone staff.

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10.3 Implementation of CP5 Planned Initiatives for 2021/22 (Continued)

B. Implementation Status of CP5 Planned Initiatives for 2021/22 (Continued)

Convenience Theme (Continued)

(e) Implementation of the Electronic Single Window System (TeSWs) Capability

The system intends to facilitate import/export community to lodge standardized information and documents once and viewed/handled by all players involved in the procedures and processes related to Importations/Exportations of goods. Successful implementation of the system will eliminate traditional paper systems of filing import and export documents to different regulatory authorities which tend to be complex, time-consuming and labour intensive. Implementation of the project is executed in phases and in financial year 2021/22 the following were done:

- (i) Deficiencies noted in Phase 1 were resolved and upgraded version was implemented in live environment where 877 Clearing and Forwarding agents are using the modules to receive and process Customs declarations.
- (ii) Five cargo management modules planned in phase II were developed and User Acceptance Test (UAT) plan was prepared.
- (iii) User requirements for Phase III of the system were identified and development of the modules is in progress

At the closure of financial year, the implementation of the initiative was incomplete. Therefore, the initiative will be rolled over to year 2022/23.

Compliance Theme

At the closure of financial year 2021/22, status of **seven** initiatives planned for implementation is narrated hereunder:

(a) Full Implementation of an Integrated Domestic Revenue Administration System (IDRAS)

The purpose of this initiative is to enhance efficiency and effectiveness in managing and administering domestic revenue collection operations and reducing cost of collection by introducing the system which shall interface with other existing TRA systems (TANCIS, RGS, EFDMS, and CMVRS etc.) and other external systems. This initiative will lead to broadened tax base; increased arrears recoveries of non-compliant taxpayers; improved quality services provided to taxpayers; reduced turnaround time for processing returns; and updated taxpayer's records and obtaining accurate, reliable and timely information. Implementation of the project is done in phases whereby at the closure of the period under review, status of the initiative is as follows:

- (i) data clean up tool was developed deployed in live environment
- (ii) development of five modules scheduled for development in 2021/22 was in different status

Given the magnitude of the remaining tasks and resource requirements, the initiative has been rolled over to subsequent period.

(b) Implement Internal Audit Strategy

The objective of this initiative was to set out Internal Audit's approach for delivery of assurance and consulting services to the Management and Audit Committee of the TRA Board which will lead to value adding Internal audit assignments. During the year under review, network topology mapper and ACUNETIX was commissioned. Further, IT auditors and ICT officers were trained on fraud detection, investigation and prevention. Following successful implementation of the activities scheduled in previous and current periods, the initiative has been completed.

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10.3 Implementation of CP5 Planned Initiatives for 2021/22 (Continued)

B. Implementation Status of CP5 Planned Initiatives for 2021/22 (Continued)

Compliance Theme (Continued)

(c) Enhance Revenue Gateway System (RGS) to Accommodate Accounting of Non-Tax Revenue

The initiative aimed at enabling TRA to effectively monitor and ensure proper collection of Non-Tax Revenue in line with Government laws and regulations. Following changes introduced in the Finance Act, 2020 whereby TRA was mandated to collect and account for revenues relating to Tourism sector, RGS was enhanced to facilitate collection of such revenues. At the closure of the period, enhancement of RGS/GePG to automate reconciliation process has been partly completed and is expected to be finalised in subsequent period.

(d) Strengthen Marine and Border Patrol Operations

The initiative is geared towards strengthening of marine and border operations. Its benefits among others, include control of illicit trade; improvement of compliance and voluntary payment of duties and taxes on imports and exports; and limit free entry of restricted, contraband materials and narcotics into our society from foreign countries.

During the year under review, the following were done:

- (i) Construction of one enclosed Aluminium boat for Dar-es-Salaam Port reached 75% and is expected to be completed by December 2022. The delay resulted from manufacturing queue of engines and auxiliary parts emanated from COVID-19 Outbreak.
- (ii) Construction of three Open Hull fibre boats for Tanga, Kigoma and Mwanza ports. At the closure of the period the constructions reached 54.1%.

Considering the noted status, completion of the initiative will be done in year 2022/23.

(e) Modernize TRA Physical and Digital Security System

The initiative focuses on enhancement of Authority's physical and digital security by setting a range of security controls that will ensure security of TRA Assets and personnel against any security threats. At the closure of financial year 2021/22, implementation of the project for supply and installation of equipment for modernising physical and digital system at TRA offices (Kariakoo, Temeke, Kinondoni, Dodoma, Kagera, Morogoro and Tanga) was in progress. Also, execution of consulting service for centralisation of digital security system was in progress. In this regard, the initiative has been rolled over to financial year 2022/23.

(f) Develop and Implement Multi-Year Compliance Strategy and Plan

The objective of the initiative was to streamline risk-based compliance for mobilization of tax revenue. The strategy involves utilization of gathered and interpreted data from both external and internal sources. Successfully implementation of the initiative will lead to increase in revenue collections and reduction of compliance costs.

During the year under review, the following activities that concluded the initiative were done:

- (i) Awareness sessions were conducted to TRA staff on approved tax examination manual, multi-year risk management plan (2021/22-2023/24) and Annual Risk Management Plan for 2021/22;
- (ii) Training on valuation of intangible assets
- (iii) Preparation of Annual Compliance Risk Management Plan for 2022/23
- (iv) Revision of compliance policy and framework.

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10.3 Implementation of CP5 Planned Initiatives for 2021/22 (Continued)

B. Implementation Status of CP5 Planned Initiatives for 2021/22 (Continued)

Compliance Theme (Continued)

(g) Implement Business Continuity Plan (BCP)

The project aimed at operationalization of Business Continuity Plans developed in the preceding project. Further the project aimed at executing Business Continuity strategies to improve TRA's capability to deal with business disruptions and continue to offer its services even under adverse conditions. Successful implementation of the project will enable TRA to optimize its revenue collection and provide reliable services to its stakeholders. During the period under review, the following activities were done:

- (a) Crisis management team meeting was convened with a focus of discussing measures to be taken to prevent impact of COVID -19 (3rd wave) threats on TRA operations
- (b) Awareness sessions on Business Continuity Management (BCM) were conducted including ICT Disaster Recovery Plan and Emergence Evacuation Plans
- (c) Revision of TRA Business Continuity documents including Business Continuity Plan (BCP), Crisis Management Plan (CMP) and TRA Staff Backup Plans
- (d) Disaster Recovery Tests were successfully conducted for ARUTI, Active Directory, Electronic Fiscal Devices Management System (EFDMS) and Electronic Cargo Tracking System (ECTS).

Implementation of the aforementioned activities and the ones implemented in prior financial years have marked completion of the initiative.

Continual Improvement Theme

Three initiatives scheduled for execution in year 2021/22 were implemented as described hereunder:

(a) Implement High Availability Data Centre (HADC) – Phase 1

Most of TRA mission critical services are now online and efforts to put more services online are underway. However, the existing outmoded infrastructure poses a challenge as it is not capable of supporting systems that are highly available, scalable, secure and also quickly recoverable in case of a disaster. In this regard, the objectives of the project are to: ensure high availability of systems; reduce ICT systems recovery time; achieve improved security, provide systems capacity and replace aged core infrastructure.

Implementation of the project is done in phases and in year 2021/22 delivery of equipment scheduled in Phase 1 was completed and necessary configurations were done. Further, five out of eight TRA critical applications were migrated to HADC and technical training were conducted as scheduled.

(b) Improve Working Environment and Tools in TRA offices and at ITA

The initiative is specifically focusing on improving office infrastructure and facilities for efficient delivery of services. Also, the initiative is geared towards increasing the Institute of Tax Administration's (ITA) capacity to handle more trainees at a time and to provide more training opportunities to staff, enhance training cost-efficiency and improve quality of service delivery.

During the year under review office furniture, computers and related equipment were acquired. Also, library books were supplied to ITA.

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10.3 Implementation of CP5 Planned Initiatives for 2021/22 (Continued)
B. Implementation Status of CP5 Planned Initiatives for 2021/22 (Continued)
Continual Improvement Theme (Continued)

(c) Develop Sixth Corporate Plan (CP6)

The initiative aimed at developing a five-year strategic plan that provides high level guidance and shared future direction of the Authority; fulfil modern and best practice requirements; and aligns the organization strategic undertakings with national and international development agendas.

The initiative was implemented as scheduled using bottom up approach i.e. internal stakeholders were involved from low level up to high level (TRA Board of Directors). Further, during preparation of CP6 operating environment scanning was conducted through existing documentations (literature review), brainstorming sessions and interactions with a number of stakeholders both internal and external. Preparation of the CP6 was completed in March 2022 and will be in use effective from July 2022. Key information of the developed CP6 are provided in **Para 5**.

10.4 CP5 KPIs Performance Results for Financial Year 2021/22

During the year under review, there has been an overall improvement of KPIs performance where all Revenue departments recorded performance above 90%. This improvement contributed to the total growth of 13.16% compared to total revenue collected by TRA in 2020/21. Also, percentage of written enquiries attended within seven days attained performance of 100% while that of taxpayer's awareness on tax education program record 95%. Detailed performance of the KPI's for financial year 2021/22 and comparative figures for 2020/21 are detailed in **Table 9**

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Table 9: Results of CP5 Key Performance Report for 2021/22

Department	KPI	Actual	Targets	Actual	
		2020/21	2021/22	2021/22	
DOMESTIC REVENUE	Registered Taxpayers	Active	3,264,798	3,550,260	
		Dormant	815,585	904,768	
	Revenue Collection performance%	82.9	100	98.2	
	Number of taxpayers accounting for 80% of revenue	12,681	12,263	3,487	
LARGE TAXPAYERS	Total revenue realized from audits/revenue collected%	17	17%	17%	
	% of verified VAT refunds made within a month	93	100	44	
	Administered Taxpayers	504	500	507	
	Number of taxpayers accounting for 80% of revenue	75	73	75	
CUSTOMS AND EXCISE	Revenue Collection performance%	87.3	100	99.2	
	Revenue Collection performance%	90.3	100	100.4	
	% of declaration subjected to Customs Intervention	DSM Port	99	50	99
		Airport	99	30	99
	Average Time Taken to clear goods - Arrival to Removal (days)	Land stations	1	1	1.17
		Border stations			
	Average Time Taken to accomplish Customs Clearance - Lodgements to issuance of Release Order (days)	Airport-JNIA	3.8	1.3	3.56
		DSM Port	7.0	4	8.2
		Land Border stations	0.01	1	0.01
		Airport -JNIA	1.12	1	2.46
% of Cargo Manifests submitted/registered before arrival of vessel/flight	DSM Port	1.5	1	1.49	
	Airport JNIA	36	60	46	
	DSM Port	95	100	88	
INTERNAL AFFAIRS TAXPAYER SERVICES AND EDUCATION	Corruption Perception Index%	63	68	63	
	Percentage of taxpayer's awareness on tax education programs	100	98	95	
	Percentage of written enquiries attended within seven days	100	100	100	

Source: TRA Research, Policy and Planning Department

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10.5 SERVICE PERFORMANCE INFORMATION

In addition to KPIs described in **Para 8**, TRA has other quantified measures for measuring and assessing operations and assessing operations, efficiency and effectiveness of tax administration. Definition of the measures, calculation, results for year ended 30th June 2022 and for preceded year are shown in **Table 10**. Further, due to nature of TRA operations where one resource serves more than one strategic objectives at a go, coupled with difficulties in apportionment of the resources pose a challenge in determination of actual cost for each type of service rendered by the Authority. In this regard, actual cost indicated in the Statement of Financial Performance (Authority's Operations) for the period ended 30th June 2022 amounting to TZS 374,202.08 million is regarded as a total cost for the services offered by TRA during the period ended 30th June 2022.

Table 10: Other Quantified Measures for Measuring and Assessing Operations, Efficiency and Effectiveness of Tax Administration

Strategic Objective	Output	Strategic Measures	Measure definition	Purpose	Actual		Calculation Method	Means of Verification			Assumption
					2020/21	Target 2021/22		Actual 2021/22	Data source	Data collection method	
Support Voluntary Compliance	Increased accurate filed returns	% of returns filed electronically	Taxpayers file their returns through online platform	Reducing error in filing; shorter services turnaround	98	94	99	e-VAT filing system	Retrieval from the system	Quarterly	<ul style="list-style-type: none"> •Taxpayer's sensitization is done; •Taxpayers are conversant to use online platform for filing of returns •Network availability; •Taxpayers have the facilities to access the online service; •E-filing system is user friendly
	Timely filing of returns	% of on time filing	Number of taxpayers file returns before due date	monitoring to what extent filing of returns is done on time	96	94	95	Manual registers/e-VAT filing system	Retrieval from the system	Quarterly	<ul style="list-style-type: none"> •Taxpayer's sensitization is done; •late filers are aware of the consequences of late filing;

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Strategic Objective	Output	Strategic Measures	Measure definition	Purpose	Actual 2020/21	Target 2021/22	Actual 2021/22	Calculation Method	Means of Verification			Assumption
									Data source	Data collection method	Frequency	
Enhance Trade Facilitation	Clearance of time of goods is reduced	Average time taken to clear goods (Lodgment to issuance of Release Order) - DSM Port	Average number of days taken to clear goods at ports/border post from date of lodgment to issuance of release order	To measure the efficiency of clearance of goods in terms of time	1.3	1	1.49	Number of days counted from lodgment to issuance of release order	TANCIS system	Retrieval from the system	Quarterly	<ul style="list-style-type: none"> No system breakdown No power outage All the required genuine documents for clearance of a particular consignment have been attached; All other government agencies needed for the clearance of goods are available and act timely; All required fields in TANSAD have been correctly filled
	Reduction of false declarations by importers	% of goods subject to intervention- DSM Port	Number of declaration subject to inspection compared to total number of declarations in percentage	To confirm what has been declared against what has been verified	99	40	99	Number of declarations inspected divide by total number of declarations times 100	TANCIS system	Retrieval from the system	Quarterly	Full implementation of Risk Management System in clearance of goods.
Improve Compliance Management	Increased amount of tax recoverable	% of arrears collected v/s stock of arrears	Amount of tax arrears collected compared to total tax arrears in percentage	To measure organization's effectiveness in recovering tax arrears	88.5	96	72	Amount of arrears collected divided by total arrears times 100	Departmental Manual records	Extraction from records	Quarterly	<ul style="list-style-type: none"> Tax arrears are free of incumbancers; Taxpayers' liquidity position is stable

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Strategic Objective	Output	Strategic Measures	Measure definition	Purpose	Actual	Target	Actual	Calculation Method	Means of Verification			Assumption
									Data source	Data collection method	Frequency	
	Tax collected within accounting period	% of timely paid taxes	Amount of tax paid before or on due date	Timely availability of funds for the Government operations	2020/21	2021/22	2021/22	Amount of taxes paid on time over total taxes assessed in the specified period times 100	ITAX	Extraction	Quarterly	<ul style="list-style-type: none"> •Correctly assessment is done and communicated timely to taxpayers; •Low level of tax objections;
Enhance Risk Management and Good Governance	Increased number of objections settled timely	% of objection cases settled on time	Number of objection cases settled timely over total number of objections received within a stipulated period time	To improve efficiency of the process	85.6	95	109.7	Number of objection cases settled within six months from date of receipt of objection over total number of cases registered within same period times 100	Departmental manual records	Extraction	Quarterly	<ul style="list-style-type: none"> •Competent and sufficient staff have been employed to assess objection •taxpayer correspond timely
	Improved integrity of TRA Staff	Number of staff involved in integrity cases	Number of staff committed offences against organizational core values	To improve the integrity of TRA staff	2.5	13	4	Number of staff terminated plus staff given warning letters	Disciplinary Inquiry Committee Minutes	Extraction	Quarterly	Disciplinary Inquiry Committee meetings are conducted as scheduled

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Strategic Objective	Output	Strategic Measures	Measure definition	Purpose	Actual 2020/21	Target 2021/22	Actual 2021/22	Calculation Method	Means of Verification			Assumption
									Data source	Data collection method	Frequency	
Improve Operational Efficiency	Reduced incidence of smuggling	% hit rate of Customs Interventions	Number of incidences intercepted against intelligence information gathered	To measure level of accuracy of the intelligence information	**	70	**	Number of successful interventions divided by total number of customs interventions times 100	FAST report	Literature review	Quarterly	<ul style="list-style-type: none"> No leakage of intelligence information; The interventions included are those which were made after receiving genuine prior intelligence information
	Reduced cost of collection	% cost of collection	Operational expenditure divide by total revenue collection in percentage	To determine the efficiency of collecting tax revenue	1.64	1.7	1.61	Annual operation expenditure divide by total revenue collected per year times 100	RGS/Epic or	Retrieval from the system	Annually	<ul style="list-style-type: none"> Revenue to grow at faster rate than expenditure
	marginal productivity of workers increased	Ratio of revenue to number of staff (Shs. in Bn)	Total revenue collected divided by number of TRA staff	To understand the contribution of each staff to revenue	3.8	6.3	3.6	Total revenue collected divided by total number of staff	RGS/ Epicor	Retrieval from the system	Annually	<ul style="list-style-type: none"> Motivated workforce High staff integrity Availability of adequate working tools
	Increased system availability	% of system availability	Duration within which ICT systems are available	To offer uninterrupted services to taxpayers	91.2	99	93.5	Uptime hours divide by 24hrs times 100	dashboard report	Observation	Quarterly	<ul style="list-style-type: none"> Proper maintenance in time;

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Strategic Objective	Output	Strategic Measures	Measure definition	Purpose	Actual	Target	Actual	Calculation Method	Means of Verification			Assumption
									Data source	Data collection method	Frequency	
Strengthen Institutional Capacity	Increased number of usages	% of ICT utilization	Extent to which installed capacity of ICT systems are used	to reduce redundancy	2020/21	2021/22	2021/22	Actual capacity of ICT systems used divide by installed ICT capacity	ICT report	observation	Quarterly	•System are available and running•Availability of network•Accessibility of facilities•Staffs are aware and capable to use
	Increased normal flow	Ratio of normal flow v/s total revenue collection	Revenue collected with minimal intervention divided by total revenue collected	Taxpayers pay without maximum intervention of TRA	64	87	76	Amount collected with minimal TRA intervention divided by Total revenue collected times 100	ITAX	Retrieval from the system	Annually	•Timely reminder are sent to taxpayers for their requirement to pay their dues;
	Increased number of skilled staff	% of staff trained on specialized and emerging sectors	Number of staff trained on specialized and emerging sectors divide by total number of staff trained	To capacitate staff with skills gap on specialized and emerging sectors	67	80	86	Number of staff trained on specialized and emerging sectors divide by total number of staff trained times 100	Training Plan Implementation report	Extraction	Annually	•Availability of experts in the respective area of specialization

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Strategic Objective	Output	Strategic Measures	Measure definition	Purpose	Actual 2020/21	Target 2021/22	Actual 2021/22	Calculation Method	Means of Verification			Assumption
									Data source	Data collection method	Frequency	
		% of staff attended short courses against training plan	Total number of staff trained on short courses as per training plan (both ITA & Non-ITA)	To enhance staff skills in different areas of Tax administration	67.4%	95%	95%	Number of staff trained on short courses divide by training plan targets times 100	Training Plan Implementation report	Extraction	Annually	*staff nominated to attend the trainings are released by employer
	Increased level of staff satisfaction	% of employee satisfaction Index	Number of staff who perceive TRA as employer of choice	To determine job satisfaction among employees	76	76	76	Number of staff satisfied with TRA working environment divided by total number of staff surveyed times 100	Survey report	Extraction	After 3 years	motivation scheme is followed appropriately
	Reduced number of staff exits	Staff turnover rate	Number of employees resigning or leaving TRA voluntarily	To facilitate planning for replacement of human resources	1	2.7	0.02	Number of staff resigned or left divide by total number of employees times 100	ARUTI	Extraction	once per year	Attractive scheme retention

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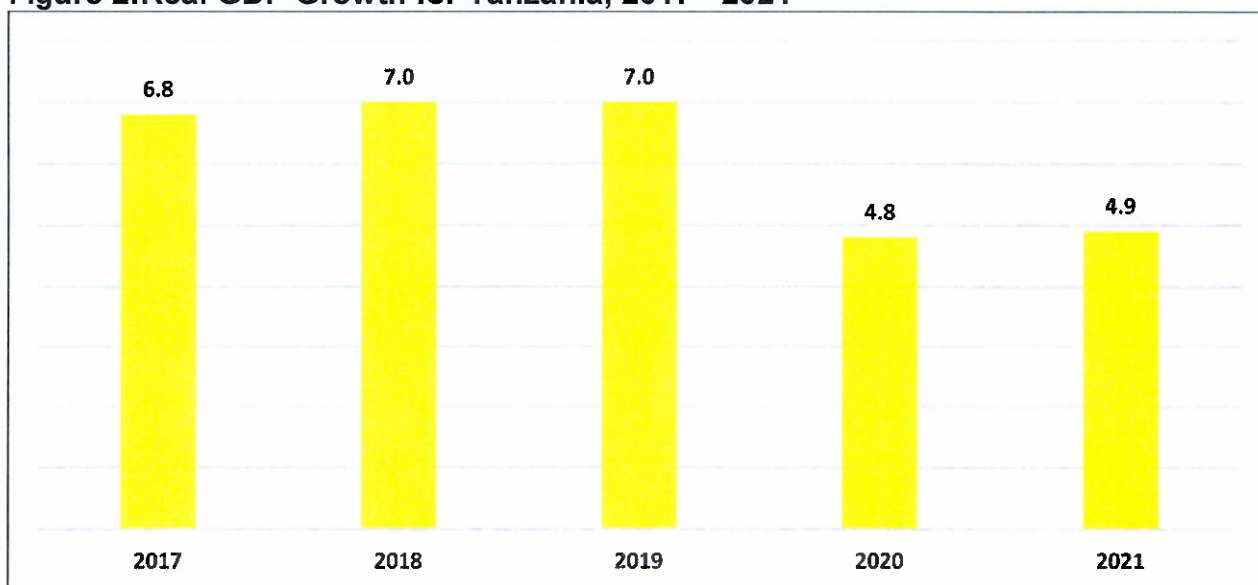
11. PERFORMANCE OF MACROECONOMIC PARAMETERS CORRELATING WITH TRA OPERATIONS IN YEAR 2021/22

The macro-economic analysis is meant to monitor performance of the economy at the aggregate level and correlate it with tax revenue performance recorded by TRA. It gives an early indication of the trend of the economy and assists in determining the course of action to be undertaken as regards to desired fiscal policy interventions and administrative reforms. This enables the Authority to mobilize Government revenues that commensurate with taxable capacity of the economy. In year 2021/22, performance of macro-economic factors is as analysed hereunder:

11.1 General Overview of the Economy

Tanzania's economy continues to maintain a positive growth rate in 2021 as business and investment recover from the effect of COVID-19 pandemic. Real GDP grew by 4.9% in 2021 compared with 4.8% recorded in 2020. The performance was attributed to investment in strategic areas especially in energy, water, health, education, road construction and railways, increased production of minerals especially gold and coal, increased in personal loan for investment purposes and implementation of prudent fiscal and monetary policies. The sectors that records higher growth rates in 2021 includes: arts and entertainment (19.4%), Electricity (10.0%); Mining (9.6%), Information and Communication (9.1%). **Figure 2** indicates trend of real GDP growth for Tanzania from 2017 to 2021 while **Figure 3** depicts growth of major economic activities for 2020 and 2021.

Figure 2: Real GDP Growth for Tanzania, 2017 - 2021



Source: National Bureau of Statistics (2021)

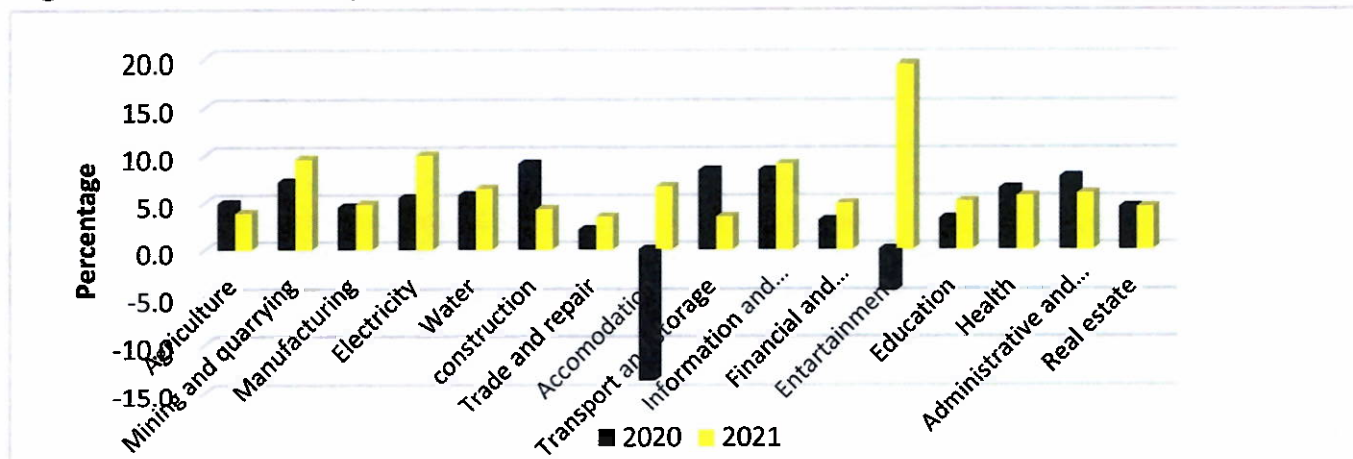
The economy is expected to grow by 5.1% in 2022 supported by reopening of the global trade from the effect of COVID-19, implementation of strategic projects and successful implementation of FYDP III that is expected to promote industrialization. However, the major downside risk to the economy is the spill over effects on trade due to disruption in supply chains caused by the effect of war in Ukraine.

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11 PERFORMANCE OF MACROECONOMIC PARAMETERS CORRELATING WITH TRA OPERATIONS IN YEAR 2021/22 (Continued)

11.1 General Overview of the Economy (Continued)

Figure 3: Growth of Major Economic Activities (2020 and 2021)



Source: National Bureau of Statistics

11.2 Sectoral Revenue Contribution

Sectorial data for revenue collection during the period under review indicates that Manufacturing economic activities contributed the highest share of 17.8% to the total domestic gross revenue collections. This was followed by Mining and Quarrying Activities ranked the second with a contribution of 15.8%, followed by Financial and Insurance Economic (13.4%), Information and Communication (8.8%), Administrative and support services (8.3%), Wholesale and Retail trade (6.9%), construction (5.5%), Public Administration and defence (5.5%) as well as Transport and Storage (5.0%) as indicated in the Table 11.

Table 11: Sectorial Revenue Contribution July 2021 - June 2022
Amount in TZS Millions

Economic activity	2020/21	2021/22	Cont.(%)
Manufacturing	2,131,291.20	2,347,523.30	17.79
Mining And Quarrying	1,081,982.30	2,091,256.40	15.84
Financial And Insurance Activities	1,385,642.00	1,774,161.20	13.44
Information And Communication	1,019,555.50	1,167,240.60	8.84
Administrative And Support Service Activities	681,089.40	1,092,510.40	8.28
Wholesale And Retail Trade; Repair Of Motor Vehicles And Motorcycles	824,192.50	910,922.50	6.90
Public Administration And Defense; Compulsory Social Security	619,866.00	730,585.10	5.53
Construction	632,238.80	724,601.70	5.49
Transportation And Storage	595,752.40	656,309.80	4.97
Professional, Scientific And Technical Activities	243,266.40	268,509.50	2.03
Arts, Entertainment And Recreation	99,548.80	255,115.70	1.93
Electricity, Gas, Steam And Air Conditioning Supply	210,857.30	214,778.70	1.63
Other Service Activities	324,396.70	188,648.80	1.43
Human Health And Social Work Activities	159,466.00	163,132.40	1.24
Education	137,272.40	141,775.80	1.07
Accommodation And Food Service Activities	87,917.50	126,326.40	0.96
Real Estate Activities	85,027.70	111,591.30	0.85
Agriculture, Forestry And Fishing	77,540.10	107,656.40	0.82
Activities Of Households As Employers; Undifferentiated Goods- And Services	74,991.50	103,075.10	0.78
Water Supply; Sewerage, Waste Management And Remediation Activities	16,061.00	18,797.60	0.14
Activities Of Extraterritorial Organizations And Bodies	4,615.50	4,924.00	0.04
TOTAL	10,492,571.00	13,199,442.70	100.00

Source: TRA's Research, Policy and Planning Department

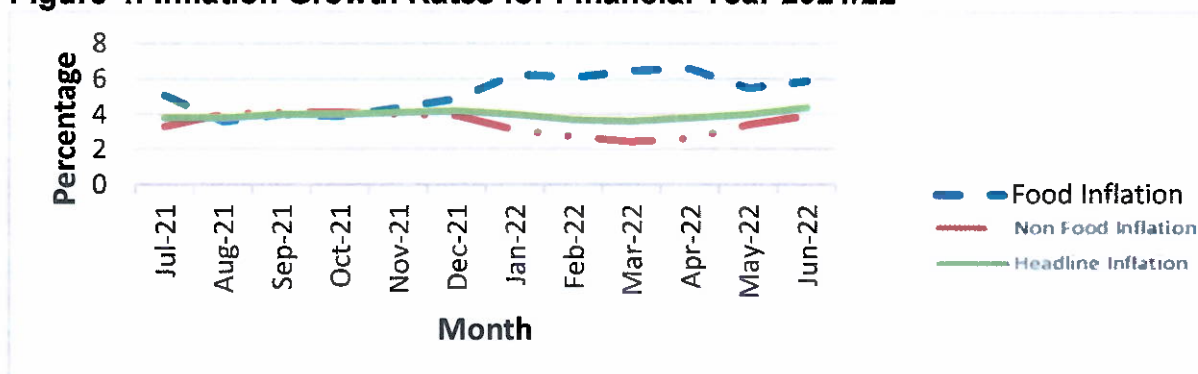
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11 PERFORMANCE OF MACROECONOMIC PARAMETERS CORRELATING WITH TRA OPERATIONS IN YEAR 2021/22 (Continued)

11.3 Inflation

During financial year 2021/22, average annual headline inflation was 4.0% compared to an average of 3.3% recorded in year 2020/21. The increase in average headline inflation was attributed to the increase in prices of energy, food and non-food consumer goods. Inflation for food averaged 5.2% compared with 3.8% recorded in 2020/21. On the other hand, non-food inflation averaged at 3.4% in the financial year 2021/22 compared with 3.1% recorded in 2020/21. **Figure 4** indicates inflation growth rates for financial year 2021/22. Headline inflation is projected to remain within the medium term target of 3% - 5% in 2022/23, supported by implementation of prudent fiscal and monetary policy and stability of the exchange rate. However, the upward risk to the inflation remains due to increased oil prices in the world market resulted from Russia – Ukraine conflict and prolonged dry weather condition on food harvest that might have effect on domestic food prices.

Figure 4: Inflation Growth Rates for Financial Year 2021/22

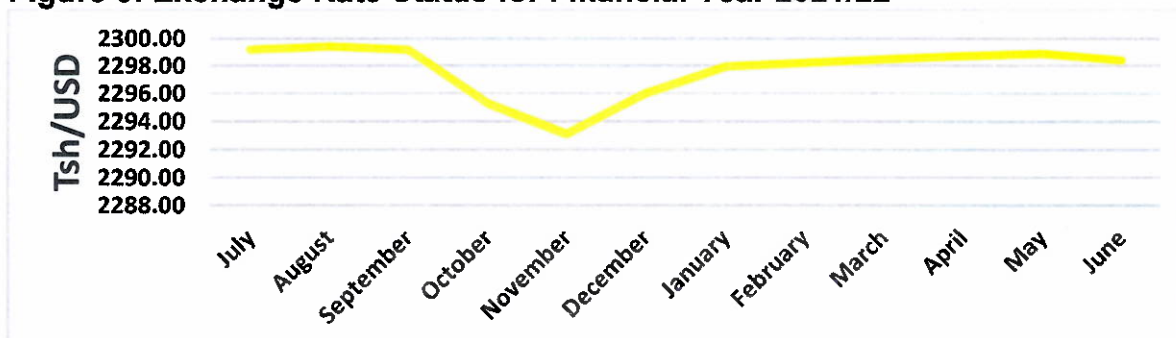


Source: National Bureau of Statistics

11.4 Exchange Rate

The value of the Tanzanian shilling against the US dollar remained stable throughout financial year 2021/22. The stability of the shilling was a result of low and stable inflation and adequate foreign exchange reserve to cushion any unprecedented volatility in the interbank foreign exchange market. The Tanzanian Shilling was exchanged at an average rate of Shs. 2,298.12/USD in 2020/21. **Figure 5** indicates exchange rate status for financial year 2021/22. Further, the shilling is expected to remain stable among major currencies in 2022/23, supported by low inflation expectations and sustained implementation of prudent fiscal and monetary policies

Figure 5: Exchange Rate Status for Financial Year 2021/22



Source: Bank of Tanzania

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12 RESOURCES

TRA depends on a number of existed resources that complement each other in attainment of its objectives. Resources available at the closure of financial year 2021/22 are explained below:

12.1 Human Resources

These are TRA staff whose competence, capabilities and experience define Authority's vision, set strategic objectives, craft strategies for attainment of the objectives and implement the developed strategies. Also, TRA staff are the ones who upholds set of moral guidelines that define TRA's identity when the Authority interacts with its stakeholders.

Considering the aforementioned importance of TRA staff in attainment of Authority's objectives, TRA has devices means of engaging its staff so as to improve their contribution towards attainment set objectives. Among others, these include:

- involvement of staff in development and implementation of TRA Corporate plans, departmental plans, management of risks and improvement of TRA operations.
- implementation of capacity building programs including coaching and mentoring with a focus of ensuring staff competences cope with ever changing business environment.
- fairness in handling staff matters whereby terms and conditions of services are clearly defined in TRA Staff regulations; Relevant provisions contained in the Public Service Act; and Employment and Labour Relations Act.

Also, to ensure TRA staff adhere to TRA core values the Authority is implementing specific program for management of ethical behaviour of its staff.

During the period under review, the Authority completed Job Listing exercise which established a required optimal staffing levels of minimum 6930 and maximum of 8374 staff up to 2023/24. At the closure of financial year 2021/22 the Authority had 6066 staff (2021: 4,728 staff) distributed in different areas as indicated in **Table 12**. This has resulted into a gap ranging from 864 to 2063 staff as at 30th June 2022. Recruitment of TRA staff are done by Central Government in line with available financial resources and at the closure of the period recruitment of 556 staff has already been initiated. Depending on availability of financial resources, it is anticipated that the Government will bridge the remaining staff gap in year 2022/23.

Table 12: TRA Staff Position as at 30th June 2022

S/N	COMMISSIONER GENERAL OFFICE/ DEPARTMENT	FEMALE	MALE	TOTAL	% OF TOTAL EMPLOYEES
1	Commissioner General's Office	23	59	82	1.35
2	Board Secretariat and Legal Services	25	39	64	1.06
3	Customs and Excise	527	1151	1678	27.66
4	Domestic Revenue	969	1638	2607	42.98
5	Finance	64	134	198	3.26
6	Human Resources and Administration	297	469	766	12.63
7	Information Communication and Technology	34	187	221	3.64
8	Internal Audit	11	28	39	0.64
9	Large Taxpayers	50	102	152	2.51
10	Research, Policy and Planning	15	44	59	0.97
11	Tax Investigations	31	68	99	1.63
12	Taxpayer Services and Education	25	33	58	0.96
13	Internal Affairs	13	30	43	0.71
	TOTAL	2,084	3,982	6066	100

Source: TRA Human Resources and Administration Department

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12 RESOURCES (Continued)

12.2 Financial Resources

These are resources which finance plans that are implemented by Human resources. The resource acts as a catalyst that complement Human resources in the process of transforming the Authority's plan into actual implementation in order to realise the anticipated value. The Authority's sources of finance and respective average contribution are Government Subvention (91.6%); Grants from Development Partners (7.6%); and Other Internally Generated Sources (0.8%). Since the Authority is operating in environment where the financial resources are limited, TRA has a practice of prioritising its plans to ensure plans with higher contribution towards attainment of its objectives are given first charge during allocation of available limited resources. Further, the Authority has monitoring mechanism to ensure the allocated funds are utilised solely for implementation of the agreed plan and intended objectives are attained.

In the financial year under review, TRA receipted 99.8% of the budgeted financial resources (excluding roll over) as explained in **Note 40.3.1** to the Financial Statements. The Authority will continue to engage with Government and Development partners to ensure funds anticipated to finance Plan and Budget for 2022/23 are made available. Along with this, the Authority shall continue to monitor performance of internally generated income and take appropriate actions to ensure the source realise the targeted income.

12.3 Social and Relationship Resources

In line with TRA operations, the resource comprises external key stakeholder relationships that are likely directly or indirectly to influence TRA performance. The key stakeholder relationship involve relationship between TRA and Government, Taxpayers, Tax Consultants, Clearing and Forwarding Agents, Financial Institutions, Suppliers, Development Partners, General Public, Tax Appellate Machineries and Other Courts of Law and Media. Since the stakeholders have ability to influence TRA's performance, the Authority has identified main needs of each stakeholder, device and implement mechanism for fulfilling their needs as detailed in **Para 14**.

During the period under review, involvement of the stakeholders has contributed positively in the attained revenue collection of 96% depicted in Revenue Statements for the period ended 30th June 2022. In this regard, the Authority shall continue to engage with key stakeholders in subsequent periods including addressing their needs effectively and gain their trust.

12.4 Capital Resources

The Authority has Properties, Plant and Equipment (PPE) that are used in day to day operation. The PPEs are classified into different categories as shown in **Note 10**. Proper utilisation of this resource is enhancing operational efficiency and effectiveness in service delivery. In this regard, TRA has Financial Regulations which provide guidance on management of PPEs starting from acquisition up to disposal point. Additionally, the Authority has specific guideline for fleet management. At the closure of financial year 2021/22, the Authority had PPEs with total net book value amounting to TZS 137,375.38 million as indicated in **Note 10** to the Financial Statements.

12.5 Intellectual Resources

Basing on TRA operations, the resource comprises Computer Software and Implemented Management Systems as explained below:

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12 RESOURCES (Continued)

12.5 Intellectual Resources (Continued)

12.5.1 Software

The Authority has automated most of its operations in order to enhance efficiency and effectiveness in service delivery. To attain this, the Authority has deployed a number of ICT applications (software) that ease its operations. List of software with net book value of TZS 15,158.29 million available at the closure of the period is provided in **Note 11** to the Financial Statements for the period ended 30th June 2022. Successful operation of the software entails efficiency and effectiveness in service delivery and consequently attainment of the set objectives. Despite achievement attained in this area during the period under review, the Authority experienced incidences of system unavailability especially in due dates. To address the matter, the Authority is implementing High Availability Data Centre as explained in **Note 10.3**. Upon successful completion of the project, the value addition of the existing software in TRA performance will be increased.

12.5.2 Management Systems

The Authority is implementing Management System such as ISO 9001:2015 and Gemba Kaizen Management System. Under ISO 9001:2015 key Authority's procedures have been documented, reviewed periodically and appropriate actions are taken to respond on the noted deviations. This has improved quality of services that TRA offers to its Customers.

Further, the Authority has implemented Gemba Kaizen management system through which wasteful elements that are causing inefficiency were identified in TRA processes/procedures and eliminated, consequently enhance efficiency. During the period under review incidences of deviation from set standards were noted. To address the noted anomalies, the Authority shall continue to conduct QMS awareness sessions, surveillance audit and take appropriate corrective actions. With these actions, the Authority is confident that expected benefits of implementing the Management systems will be fully realised in subsequent period.

12.6 Others Resources

Under this area, the identified resource is Government policies/regulations. The Government Policies/Regulations provide conducive environment to facilitate tax collection operations; provide guidance on resources that are used in day to day operations; and provide clear TRA mandate. Considering nature of TRA operations, the aforementioned areas have critical impact towards TRA performance. During the period under review, the Government policies/regulations continued to support positively in TRA operations by providing conducive environment for tax collection operations. To sustain the conducive environment in subsequent periods, the Authority shall continue to collaborate with the Government in developing or amending existing policies/regulations with a focus of enhancing tax collection operations.

13. PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES

TRA Board is vested with the overall responsibility for risk management and it recognizes that management of risk is an integral part of a sound management system. Therefore, the Board ensures that effective risk management is embedded in all management processes within the Authority. The risk management is coordinated through the Enterprise-wide Risk Management System (ERMS) with a Policy, Framework and Operational Manual as

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13. PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES (Continued)

reference documents for consistency. The Heat Map is applied as a standard measure of risk levels. In this regard, TRA has formulated and adopted the following policy statement:

“TRA shall identify and manage enterprise risks in support of its vision, mission, and objectives as set out in the Corporate Plan by adopting best practices to ensure that risks are minimized to an acceptable level”.

The principal risks, uncertainties and opportunities comprise the following:

13.1 Principal Risks and Uncertainties

According to existing framework, TRA Corporate risks are categorised into Institutional risks and Compliance risks. Explanations for each risk category are provided below:

13.1.1 Institutional Risks

These are risks that relate with strategic and operational functions that may be interrupted or jeopardised due to internal or external factors. The risks are categorised as outlined in the Corporate Plan. TRA is managing institutional risks to ensure that they do not have a negative effect on its ability to realize its strategic objectives and overall vision as envisaged in its Corporate Plan.

To ease reporting of Corporate risks seven risk categories are used as explained below:

- (a) Strategic risks – these are risks relating to achievement of strategic objectives of TRA particularly implementation of the Corporate plan.
- (b) Operational risks – these relate to risks that people, processes, systems or external events that may impede TRA ability to meet its objectives
- (c) Information and Technology – these are ICT related risks as most of TRA services depends on ICT
- (d) Staff integrity risks – these are risks pertaining to staff integrity as in revenue collection lack of integrity will results into loss of government revenue
- (e) Security and Safety – these are risks that relate to physical security which involve protection of staff, TRA's and stakeholders' assets
- (f) Human Capital Risks – these are risks that relate to talent management, staff retention, career and leadership development and succession
- (g) Legal and regulatory requirements relate to risks that may impact on TRA ability to comply with laws, regulations or contract as well as organisational policy and procedures

The identified risks categories are reviewed periodically to ensure their relevance. At the closure of financial year under review, 13 Corporate risks have been identified and categorised into the aforementioned risks categories. **Table 13** provide details of TRA Institutional risks as at 30th June 2022.

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Table 13: TRA Institutional Risks as at 30th June 2022

S/N	Risk Category	Risk Description	Probability (P)	Impact (I)	Risk Ranking (Severity) P x I	Risk Appetite	Risk Treatment
1.	Security and Safety	Inadequate Physical Security for TRA Staff and Other Stakeholders, Assets and Hardcopy Data	1	2	2 - Low	Low	<ul style="list-style-type: none"> Implementation of the project to modernise Physical/Digital security Implementation of Physical Security Policy and Procedures In-house printing of Identity/Access cards
2.	Staff Integrity	Non-adherence to Laws, Regulations and TRA Quality System Procedures	1	2	2 - Low	Zero	<ul style="list-style-type: none"> Conducting Ethics and Anti-corruption programs including ethics and anti-corruption sensitization programs to staff at all levels; and carrying out proactive investigation in areas prone to misconduct and take appropriate actions Ensure Quality Management System (QMS) is implemented by conducting QMS awareness sessions; and surveillance QMS audit and take appropriate corrective actions
3.	Strategic	Inadequate Management Project	1	2	2 - Low	Low	<ul style="list-style-type: none"> Establishment of specific office for Project Management at corporate level Conducting capacity building programs on Project management to project managers Prioritisation of projects to ensure they match with available resources (manpower, funds etc.)
4.	Human Capital	Loss of Skills, Knowledge and Expertise for Specialized Business Operations	1	2	2 - Low	Moderate	<ul style="list-style-type: none"> Implementation of succession planning programs specifically the coaching and mentoring programs Implementation of training plan with programs that address the needy areas
5.	Information and Technology	System Unavailability	2	2	4 - Moderate	Low	Implementation of High Availability Data Centre as explained in Para 10.3.
6.	Operational	Improper Management of VAT Refunds	2	2	4 - Moderate	Low	<ul style="list-style-type: none"> Finalisation of enhancement of EFDMS/ITAX to enable mass verification of suppliers' receipts that are submitted along with Taxpayers VAT returns Reintroduction of risk based verification of submitted refund claims Allocation of more funds for settlement of verified claims
7.	Legal and regulatory requirements	Delays in disposal of Goods Not Cleared from Customs on Time; Impounded/seized Goods; Obsolete Stores, Non-current Assets and Documents	3	3	9 - High	Low	<ul style="list-style-type: none"> Effective use of automated auction sale system Speed up identification of overstayed goods and timely issuance of respective Public Notices Speed up disposal of obsolete items through appropriate means (auction, donation, destruction etc.)
8	Legal and regulatory requirements	Delays in Procurement Process	2	3	6 - High	Low	<ul style="list-style-type: none"> Conducting monthly review of procurement plan and take appropriate corrective action where necessary Use of Tanzania National Electronic Procurement System (TANePS) to fast track procurement process

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S/N	Risk Category	Risk Description	Probability (P)	Impact (I)	Risk Ranking (Severity) P x I	Risk Appetite	Risk Treatment
9.	Strategic	Data Integrity	2	3	6 – High	High	<ul style="list-style-type: none"> Enhance data governance, standards and control Enhance enterprise data warehouse
10.	Strategic	Inadequate Mechanism for Change Management	3	2	6 - High	High	<ul style="list-style-type: none"> Development and implementation of change management policy and framework Implementation of TRA communication policy and strategy
11.	Information and Technology	Vulnerability of TRA ICT Systems	2	3	6 - High	Low	<ul style="list-style-type: none"> Implementation of high availability data centre Implementation of secure network zones and environments for deploying TRA systems Implementation of continuous vulnerability management and remediation in TRA systems Development of Secure Access solutions Security controls review and enhancement
12.	Operational	Inability to Identify Sectors with High Revenue Yield	2	3	6 - High	Low	<ul style="list-style-type: none"> Conduct tax gap analysis (2018/19 - 2020/21) Implementation of TRA annual training plan including training on specialised and emerging areas Implementation of recommendations on study for identification of sectors with high revenue yield hence conducted a study to determine economic activities of each region and district for tax base expansion
13.	Operational	Improper Assessment of Correct Income	2	3	6 - High	Low	<ul style="list-style-type: none"> Implementation of Compliance risk management plan 2021/22 Continue investment in ICT to reduce human interventions in processes Strengthening handling, monitoring and analysis of tax disputes resolutions. Implementation of TRA annual training plan

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13. PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES (Continued)

13.1.2 Compliance Risks

These are risks concerning with understanding taxpayers' behaviours whereby revenue may be lost if businesses and individuals fail to meet their revenue obligations. The risks have direct impact on the processes and other business operations at departmental, regional, district and station levels. The risks are managed at respective offices i.e. at department/region/district or station. Compliance Risks are shown in **Table 14**.

Table 14: TRA Compliance Risks as at 30th June 2022

Risk Type	Risk Description	Mitigation Measures
Compliance	Failure to register Eligible taxpayers	Widening of tax base strategies
	Filing risks Payment risks Declaration risks	<ul style="list-style-type: none"> • Implementation of Multi-Year Compliance Strategy and Plan • Implement Medium and Long-term Revenue Mobilisation Strategy • Strengthening architecture for system integration
	Digital economy risks	<ul style="list-style-type: none"> • Invest on capacity building of TRA staff on areas of data science • Amendment of laws and regulations to accommodate digital economy
	Stakeholders' engagement risks	<ul style="list-style-type: none"> • Branding of TRA

13.2 Treasury Risks

Details relating Treasury risks including mitigating measures relating to Authority's operations are provided in **Note 7** to the Financial Statements for the period ended 30th June 2022 while those relating to its stewardship role of collecting revenues on behalf of the Government are provided in **Note 7** to the Revenue Statements for financial year 2021/22.

13.3 Opportunities

In course of assessing TRA's risks, the Authority has identified key opportunities indicated in **Table 15** that are likely to add value towards attainment of Corporate objectives once the Authority take the advantage of the opportunities.

Table 15: Key Authority's Opportunities

Area	Identified Opportunity
Information and Technology	<p>Advancement of Digital Economy Advancement of digital economy pose a risk to TRA in assessing proper correct income but if TRA builds capacity to its staff on proper tracking and taxing transactions involved in digital economy, then TRA can increase revenue contribution from this area.</p> <p>Availability of the National ICT Broadband Backbone The availability of the national ICT broadband backbone provides avenue for TRA to enhance efficiency in service delivery by providing services online in remote areas without necessitating taxpayers to visit TRA offices physically. This can be achieved by having appropriate system infrastructures in remote areas that are connected to the backbone</p> <p>Information Sharing Integration of TRA tax administration systems with other external parties' systems pose security risks to TRA systems. However, due to their legal mandate, some of the Government agencies have vital information that will assist TRA in curbing tax evasion. Therefore, if TRA integrates its tax administration systems in a secured manner with the respective agencies' systems, then TRA will enhance efficiency in curbing tax evasion.</p>
Legal and regulatory framework	<p>Implementation of Blue Print for regulatory reforms to improve business environment will harmonise and ease business operations, eliminate duplication of functions, abolish nuisance taxes/fees and remove multiple fees. This will bring more investors into tax net and consequently increase tax revenue.</p>

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14. STAKEHOLDERS' RELATIONSHIP

In executing its noble core function of assessing, collecting and accounting for Government revenue, the Authority interacts with various stakeholders who are likely, directly or indirectly, to influence TRA performance. In this regard, the Authority has identified key stakeholders, understood their needs and set strategies for addressing the needs as described hereunder:

14.1 Government (Including Ministries, Departments and Agencies)

The stakeholder provides conducive environment to facilitate tax collection operations; resources that are used in day to day operations; clear mandate; security; directives on budget and public finance oversight and management; and development project directives and assistance. Considering nature of TRA operations, the aforementioned Government provisions have critical impact towards TRA performance. Thus, TRA has identified key Government needs described below:

(a) Adequate Revenue Collection to Finance Government Expenditure

Government requires TRA to meet the set revenue collection targets as it comprises major portion of internal resource that finance National budget. To fulfil this, TRA has set a number of short and long term strategies to meet the set targets. The strategies include widening tax base, automation of TRA key operations to ease tax payment process and taxpayer education. Also, TRA ensures efficiently administration and enforcement of tax laws, measure results thereon and take corrective actions where necessary.

(b) Proper Utilisation of Resources

TRA being agency of the Government is required to ensure proper utilisation of resources. To fulfil this requirement TRA has internal financial regulations that clearly defined how financial matters are handled within the Authority. Additional, TRA has Staff regulations that guide matters relating to staff including their performance. Implementation of these regulations go hand in hand with other Government policies, regulations and directives. Moreover, TRA has internal mechanism for handling disciplinary matters relating to staff who contravenes the policies, regulations and directives.

(c) Timely dissemination of Information

TRA is required to timely furnish information that are needed by Government. The information mainly relates to tax collection operations and budget implementation including donor funded projects. To address the matter, TRA has documented procedures that guide submission of weekly, monthly, quarterly and annual reports. Monitoring on compliance is done regularly and corrective actions are taken accordingly.

14.2 Taxpayers

These are TRA customers whose compliance with tax laws, honest in business dealings, transparency, accountability and feedback have significant influence towards attainment of TRA targets. The identified key taxpayers' needs are:

(a) Confidentiality

In dealing with TRA, Taxpayers avail to TRA key information pertaining to their business. To that effect, it is Taxpayers' expectation that the information will remain confidential. To address the need, TRA has a mechanism in place where confidentiality of taxpayers' information is maintained and the information obtained are used for tax purpose only. To enforce this, TRA has clear internal disciplinary mechanism for handling staff who violates the set rule.

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14. STAKEHOLDERS' RELATIONSHIP (Continued)

14.2 Taxpayers (Continued)

(b) Prompt and Quality Service

Taxpayers need prompt and quality service when dealing with TRA. To address this need, among others TRA has automated key process such as registration, filing of returns, customs clearance operations and payments. Also, TRA has Code of Ethics that outlines the standard of behaviour for TRA employees including being responsive to TRA customers. Further, TRA has developed and implemented a Comprehensive Service Culture Program to Staff that aimed at changing staff attitude towards satisfying customers and consequently promote customer care culture. Along with this, TRA has developed and implemented effective Taxpayer's feedback mechanism.

(c) Fair and Proper Assessment

Taxpayers need to be fairly and professionally treated when are assessed for tax purpose. To address the need, TRA has defined Professionalism as one of the core values that describe TRA's identity and serve as ethical benchmarks by which TRA and its personnel are valued. In this regard, TRA staff are required to apply tax law consistently, responsibly and with credibility using their skills and knowledge. To complement this, TRA has a compressive annual training plan that focus on imparting required knowledge to TRA staff. Further, TRA has code of ethics that requires TRA employees to be neutral and impartial while delivering service

(d) Tax Updates and Awareness

Tax laws change from time to time due to various factors that are considered necessary for National development. Therefore, for taxpayers to be able to promptly fulfil their tax obligations, education on tax matters is paramount. To fulfil this need, TRA has developed and implement a Comprehensive Taxpayers Communication Strategy. The strategy ensures in-depth availability of tax information through all TRA communication channels and taxpayers outreach programs in line with taxpayers' needs. In this regards, TRA is providing tax education through seminars, media (television, radio, magazine, social media), door to door campaigns, tax forums, tax clubs, tax publications and billboard adverts. Also, TRA has considered special group needs and distribute braille booklets and video clips for taxpayers with sight and hearing disabilities respectively.

14.3 TRA Employees

TRA employees are strategic resources that facilitate transformation of TRA strategies into actions in order to realize the predefined objectives. Commitment in delivery of services, professionalism, accountability, level of integrity and innovativeness of TRA employees exhibit TRA's identity in service delivery and consequently impact needs of other stakeholders. TRA employees need financial and non-financial benefits such as motivation, recognition basing on performance, fair treatment, attractive package, career growth, conducive working condition, job security, couching and mentoring. In responding to TRA employees' needs, TRA has staff regulations that spelt out terms and conditions of service including rewarding procedures to avoid unfair treatments. Also, TRA has a scheme of service that clearly define career development and progression for each cadre. Additionally, TRA is implementing a comprehensive training plan basing on identified training needs. To supplement the plan, TRA is implementing couching and mentoring programme. For the case of conducive working condition, TRA is continuing with implementation of specific strategy which focuses on ensuring necessary working tools are available in TRA offices, availability of adequate office space and rehabilitation/construction of TRA offices/ staff residential houses.

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14. STAKEHOLDERS' RELATIONSHIP (Continued)

14.4 Tax Consultants (TCs) and Clearing and Forwarding Agents (CFAs)

These are TRA customers who are acting as middlemen between Taxpayers and TRA. Therefore, their compliance with tax laws, honest in business dealings, transparency, accountability, communication about client affairs and compliance to their codes of conduct have significant influence towards attainment of TRA strategic objectives. TCs and CFAs need TRA Cooperation; Prompt and Quality service; Automated and simplified systems of filing returns and lodging declaration; Tax Advising services; Tax updates and awareness; Fair treatment; Minimal cost of compliance; and convenient tax system. To address the needs of TCs and CFAs, TRA continues with automation of key tax administration process; uphold core value of TRA staff; and observe compliance to code of ethics. Also, TRA has taxpayer education programmes that are tailored specifically for TCs and CFAs.

14.5 Financial Institutions

Financial Institutions (FIs) play dual role in TRA operations; one FIs are collecting agents appointed to collect revenues on behalf of TRA through Government Electronic Gateway(GePG); and second facilitating TRA expenditure operations. The list of FIs who are performing these roles is provided in **Appendix 1**. Reliability and efficiency of FIs network improve efficiency of TRA operations. Also, FIs assist TRA in curbing tax evasion through provision of business intelligence information. To be able to yield maximum results from FIs, TRA needs to address FIs specific needs such as confidentiality, reliable network and prompt response to queries/complaints. To address the needs, TRA is enhancing network through implementation of High Availability Data Centre project. Also, TRA continues to observe implementation of TRA code of conduct where provision of prompt service and confidentiality are among values that need to be observed by TRA employees. Further, TRA is conducting meetings regularly with FIs to discuss various matters including complaints/queries.

14.6 Suppliers

As an institution, TRA needs various services/goods to facilitate daily operations. In this regard, TRA has engaged a number of suppliers for the needed goods/services. Quality of the outsources services and goods has direct impact on TRA operations. On the other hand, the suppliers are taxpayers who contribute in attainment of TRA collection targets through tax payments. For TRA to engage qualified suppliers there is a need of having a transparent and fair procurement process. Further, once engaged TRA is required to fulfil their contractual obligations including adherence to contractual payment terms. Also, Suppliers need to be valued for the rendered services and whenever there is a need for contract extension, the same should be done timely. To address the need, TRA is adhering to Procurement Act and its regulations which clearly stipulate suppliers' engagement procedures. To compliment this, TRA is using online procurement system (TANePS) where transparency has been enhanced. Also, TRA has internal documented payment procedure to ensure payment are done within stipulated time. Further, TRA has a contract management unit to ensure contractual obligations are implemented as agreed including appraising of Suppliers and contract extension where necessary.

14.7 Development Partners (DPs)

DPs provide financial and technical assistance to Tax Modernization Programme (TMP) through Basket Fund arrangement. In this regard, DPs are playing vital role in implementation of TRA Corporate Plans. Additionally, basing on the existing tax laws, DPs (including projects that are financed by DPs) are exempted from paying Value Added Taxes that are administered

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14. STAKEHOLDERS' RELATIONSHIP (Continued)

14.7 Development Partners (Continued)

by TRA. This calls for close monitoring of the exemptions granted by TRA to ensure are used for intended purpose in order to avoid revenue loss. In turn, DPs are expecting TRA to ensure proper management of funds that are provided for implementation of TRA Corporate plan so as to attain the intended objectives. Also, DPs are expecting timely processing of the requested exemptions and tax refunds. In fulfilling DPs needs, TRA has Project monitoring unit which closely monitor project implementation. Along with this, TRA is adhering to financial management requirements stipulated in TMP agreement. Additionally, TRA prepares progress reports that are tabled and discussed during Joint Steering Committee meetings. In handling exemptions, TRA has specific unit for handling tax exemptions including monitoring usage of the granted exemptions. Further, in handling tax refund requests, TRA has a specific unit for handling refund cases and DPs are given priority.

14.8 General Public

General public willingness to formalize their business plays key role in attainment of TRA goals especially on widening of tax base as it brings more business into tax net. Also, general public are whistle blowers who assist TRA in fighting against tax evaders. General public needs to be given awareness on tax matters; TRA staff to exhibit high level of integrity; involvement of TRA on corporate social responsibility activities; timely payment of rewards once they provide information that uncover evaded taxes; and feedback on collection performance. To address General public needs, TRA is providing awareness sessions on tax matters through various media. Also, TRA has code of ethics that guide TRA staff on their day to day conduct. Along with this, TRA has specific channels for receiving and handling information relating to unethical behaviors. For the case of rewards payment, TRA has established a documented procedure for receiving intelligent information and rewarding informers. On the issue of feedback, TRA has a practice in place where collection performance reports are shared with the public regularly. Also, TRA has specific annual Corporate Social Responsibility programme through which the Authority is involved in various social programs organized by communities for social economic development in areas where TRA offices are located.

14.9 Tax Appellate Machineries and Other Courts of Law (TRAB, TRAT and Court of Appeal)

Timely hearing of the objected cases as well as ruling and judgement of the cases that are handled by the stakeholder affect attainment of TRA targets as they facilitate untying of tax revenues tied up in objected cases. Also, some of the concluded cases form a base for future practice on controversial tax matters. For TRA to be benefited from existence of this stakeholder, the Authority is required to allocate human resources to be involved in hearing; to provide reliable and admissible evidence and authentic testimony; and comply with professional standards, guidelines and regulations. To address the needs, TRA is observing code of ethics and core values where professionalism is of paramount importance. Also, TRA has specific department for handling legal matters through which appropriate admissible evidence are reviewed, compiled and submitted before court by registered advocates.

14.10 Media

Media is one of the channel used by TRA in disseminating information relating to TRA operations to Public. In this regard, TRA is using media for tax education programmes, public notices, press releases and advertising on various tax matters as well as operational matters. Thus, with professionalism of media people, TRA is able to accurately and timely disseminate

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14. STAKEHOLDERS' RELATIONSHIP (Continued)

14.10 Media (Continued)

information to public. For TRA to reap from existence of this stakeholder is required to cooperate with the media and to timely provide accurate information. To address the needs, TRA has communication policy which set a clear communication channel within and outside the Authority. Also, TRA has designated department that is responsible for handling media matters including providing timely accurate information to media. Further, to enhance partnership with media, TRA is participating in various events that are organized by media organs.

15. CAPITAL STRUCTURE AND TREASURY POLICIES

15.1 Analysis of TRA Current Financial Position

15.1.1 Authority's Operations

The financial position of the Authority's operations is as set out in the Statement of Financial Position as at 30th June 2022. During the year, total assets of the Authority have increased by TZS 5,371.13 million (2021: decreased by TZS 64,415.77 million) while total liabilities have decreased by TZS 7,470.73 million (2021: increase by TZS 10,851.30 million). The changes have resulted into increase of Authority's net assets by TZS 12,841.87 million (2021: decreased by TZS 75,267.07 million). The components of financial position of the Authority have been impacted by various normal operational factors as explained hereunder:

15.1.1.1 Changes in Assets

The increase of Total Authority's assets by TZS 5,371.13 million during the period under review is attributed to:

(a) Increase of Non –Current Assets – TZS 17,264.80 million

At the beginning of the financial year 2021/22, the Authority had Non-Current Assets with net book value of TZS 138,597.94 million but at the closure of the financial year the net book value stood at TZS 155,862.74 million. The increase of TZS 17,264.80 million is attributed to:

(i) Increase of Property, Plants and Equipment (PPE) – TZS 13,729.37 million

The increase emanated from Acquisition of PPEs costing TZS 31,658.04 million (including donated assets) as part of implementation of the TRA strategy for improvement of working. Along with this, capital construction projects costing TZS 685.00 million were finalised and hence being ready for use. Further, PPEs with net book value of TZS 45.30 million that met disposal criteria were disposed during the period. Also, the PPEs position during the period has been affected by normal wear and tear that resulted into depreciation amounting to TZS 18,551.45 million. Further, the Authority carried out seaworthiness assessment for its fleet of boats and realised impairment loss of TZS 16.92 million.

(ii) Increase of Works in Progress (WIP) – TZS 1,755.33 million

During the period under review, TRA continued with implementation of its strategy for improvement of working environment. In this regard, implementation of construction/rehabilitation continued where by additional cost of TZS 2,440.33 million was incurred. Further, some of the projects with a total cost of TZS 685.00 million were completed and transferred from WIP to Building category. List of projects included in WIP at the closure of financial year 2021/22 is provided in **Note 10.1** to the Financial Statements for the period ended 30th June 2022.

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15 CAPITAL STRUCTURE AND TREASURY POLICIES (Continued)

15.1 Analysis of TRA Current Financial Position (Continued)

15.1.1 Authority's Operations (Continued)

15.1.1.1 Changes in Assets (Continued)

(a) Increase of Non –Current Assets – TZS 17,264.80 million (Continued)

(iii) Increase of Intangibles – TZS 1,780.10 million

TRA intangibles are made up of computer software only. In the financial year 2021/22 TRA continued with automation of its key operational processes. In this regard, the Authority incurred additional cost amounting to TZS 6,252.55 million for acquisition of software in 2021/22. In addition to this, Intangible position during the period has been affected by normal wear and tear that resulted into amortisation amounting to TZS 4,472.44 million.

(b) Decrease of Current Assets – TZS 11,893.67 million

On 1st July 2021 TRA had current assets amounting to TZS 114,650.86 million but at the closure of the financial year 2021/22, the current assets dropped to TZS 102,757.19 million. The drop of TZS 11,893.67 million emanated mainly from:

(i) Decrease of Cash and Cash Equivalent – TZS 13,345.05 million

The decrease resulted mainly from normal routine operation coupled with settlement of some long outstanding liabilities and commitments that were under implementation at the closure of financial year 2020/21. Details of the Cash and Cash Equivalent including comparative figures for 2020/21 are provided in **Note 12** to the Financial Statements for the period ended 30th June 2022.

(ii) Decrease of Loans and Receivables – TZS 897.65 million

The change emanated from decrease of receivables from Exchange Transactions and Non-Exchange transactions by TZS 553.13 million and TZS 344.52 million respectively due to recovery efforts undertaken during the period. Additionally, during the period under review existence of impairment indicators necessitated testing of impairment where additional impairment amounting to TZS 354.22 million was provided. This resulted mainly from debts relating to ITA students who were discontinued. Also, due to change of circumstances, the previously impaired amount TZS 13.00 million was recovered during the year under review. Details of receivables including comparative figures for 2020/21 are provided in **Note 13** to the Financial Statements for the period ended 30th June 2022.

(iii) Increase of Inventories – TZS 216.68 million

The variation resulted from increase of stock for accountable documents (TZS 710.24 million) mainly due to increase in stock of Motor vehicle registration cards purchased during the period. Further, the stock for materials and stationaries have decrease by TZS 326.31 million and TZS 22.45 million respectively due to normal utilisation in daily operations. Also, due to change of laws that are governing tax administration some of the inventories are no longer in use and impairment provision amounting to TZS 144.81 million was made during the period. Details relating to inventories including comparative amount for 2020/21 and impairment are provided in **Note 14** to the Financial Statements for the period ended 30th June 2022.

TANZANIA REVENUE AUTHORITY
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15 CAPITAL STRUCTURE AND TREASURY POLICIES (Continued)

15.1 Analysis of TRA Current Financial Position (Continued)

15.1.1 Authority's Operations (Continued)

15.1.1.1 Changes in Assets (Continued)

(b) Decrease of Current Assets – TZS 11,893.67 million (Continued)

(iv) Increase of Prepayments – TZS 2,132.36 million

The increase resulted from increase in advance payment and prepaid expenses amounting to TZS 504.61 million and TZS 1,627.75 million respectively due to payments made in advance for acquisition of motor vehicles, boats and services such as rent and software licenses. Further details including comparative figures for 2020/21 are provided in **Note 15** to the Financial Statements for the period ended 30th June 2022.

15.1.1.2 Changes in Liabilities

The drop of TZS 7,470.73 million recorded at the closure of financial year 2021/22 resulted from:

(a) Decrease of Non-Current Liabilities – TZS 5,661.58 million

On 1st July 2021, TRA had Non-Current liabilities amounting to TZS 11,966.72 million but at the closure of financial year 2021/22 the Non- Current liabilities dropped to TZS 6,305.14 million. The decrease of TZS 5,661.58 million is attributed to:

(i) Decrease in deferred income - TZS 6,204.58 million

At the closure of year 2020/21 TRA had capital commitments whose implementation was in progress and the respective funds remained as part of deferred income due to unfulfilled conditions. Implementation of the said projects continued in year 2021/22 and respective liabilities were settled within the period. This has resulted into decrease of the differed grants. Detailed movement of the Deferred income is provided in **Note 19** to the Financial Statements for the period ended 30th June 2022.

(ii) Increase in Gratuity Payable – TZS 543.00 million

The amount has increased due to recognition of gratuity payable to senior Management staff who are employed on fixed contract term and the contracts have provision for payment of gratuity. Current amount and that of comparative year are provided in **Note 20** to the Financial Statements for the period ended 30th June 2022.

(b) Decrease of Current Liabilities – TZS 1,809.16 million

At the closure of financial year 2021/22 the Authority had current liabilities amounting to TZS 41,924.75 million compared to TZS 43,733.90 million recorded at the beginning of financial year 2021/22. The decrease of TZS 1,809.16 million is attributed to:

(i) Decrease of Financial Liabilities – TZS 1,350.52 million

The decrease arose from normal operations that resulted into fluctuations of payables from exchange and non-exchange transactions. Details relating Financial liabilities including comparative figures for the preceded year are provided in **Note 16** to the Financial Statements for the period ended 30th June 2022.

**TANZANIA REVENUE AUTHORITY
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15 CAPITAL STRUCTURE AND TREASURY POLICIES (Continued)

15.1 Analysis of TRA Current Financial Position (Continued)

15.1.1 Authority's Operations (Continued)

15.1.1.2 Changes in Liabilities (Continued)

(b) Decrease of Current Liabilities – TZS 1,809.16 million (Continued)

(ii) Decrease of Gratuity Payable – TZS 22.25 million

This emanated mainly due to clearance of outstanding liabilities during the period. Details of gratuity are provided in **Note 17** to the Financial Statements for the period ended 30th June 2022.

(iii) Decrease in Provision – TZS 436.39 million

The provision relates to an estimate of the amount due to staff at the end of financial year, based on the value of the statutory leave. During the period provision amounting to TZS 1,230.31 million provided in previous periods were derecognised after being time barred in line with TRA Staff Regulations while TZS 170.55 million was paid to respective staff. Further, additional TZS 964.48 million was provided during the period. Detailed movement is provided in **Note 18** to the Financial Statements for the period ended 30th June 2022.

15.1.2 Authority's Stewardship Role

The financial position of the Authority's Stewardship role is as set out in the Statement of Financial Position as at 30th June 2022 under Revenue Statements. During the year, total assets and total liabilities of the Authority have decreased by TZS 769,434.95 million and TZS 310,086.89 million respectively due to normal tax and non-tax collection operations. The changes have resulted into decrease of net assets by TZS 459,348.05 million. The decrease in total assets resulted from decrease of receivables TZS 679,230.37 million and Cash and Cash equivalent TZS 90,204.57 million. Details of Cash and Receivables including comparative amounts for 2020/21 are provided in **Note 15** and **Note 16** to the Revenue Statements respectively.

On the other hand, decrease in liabilities resulted from decrease in Payables by TZS 310,086.89 million. Details of Payables including comparative amounts for 2020/21 are provided in **Note 17** to the Revenue Statements.

15.2 Future Factors that are likely to affect the Financial Position for Subsequent Periods (Authority's Operations)

(a) Implementation of Capital Projects

In addition to committed capital projects that will be rolled over from 2021/22 and be implemented in year 2022/23, the Authority has planned to undertake major capital projects with estimated cost of TZS 141,813.98 million that are focused towards improvement of working environment. Successful implementation of the planned projects will improve asset position of the Authority.

(b) Routine Operations

Routine TRA operations including wear and tear, disposal and revision of useful life of Non – Current Assets will impact the financial position.

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FOR THE YEAR ENDED 30TH JUNE 2022 (Continued)

15 CAPITAL STRUCTURE AND TREASURY POLICIES (Continued)

15.3 Capital Structure of TRA

15.3.1 Authority's Operations

The capital structure for Authority's operations is made up of:

(a) Capital Contributed by Government of United Republic of Tanzania

This part comprises:

- Initial capital (TZS 14,723.36 million)

These are properties that were vested to TRA during its establishment in line with Section 32 of TRA Act Cap 399. Category of assets provided and respective values are detailed in Note 21 to the Financial Statements for the period ended 30th June 2022.

- Capital provided specifically for Non-current asset replacement reserve (TZS 7,000.00 million) as detailed in **Note 21**.

(b) Accumulated Surplus/Deficit

This emanated from accumulation of periodic TRA financial performance results i.e. accumulation of surplus or deficit obtained periodically after deducting expenses and other losses from revenues and gains earned during the period. At the closure of the period under review, the accumulated surplus stood at TZS 188,666.68 million (2021: TZS 175,824.81 millions).

Considering the law that establishes TRA, there is no provision for raising capital of the Authority through other means such as issuance of shares or borrowing. In this regard, the capital structure of TRA will continue to be financed by components provided in the preceded paragraph. In this regards, the funding plans to support the crafted strategies with a focus of attaining Corporate objectives will mainly focus on obtaining funds from Ministry of Finance and Planning in line with planned budgets; raising internally generated income mainly through fees charged on services that are rendered by TRA, renting out excess office space, obtaining interest from TRA bank accounts that are maintained in commercial bank for routine operations, timely disposal of PPEs that met disposal criteria through auction sales; and soliciting Development Partners to support implementation of Corporate plans through Tax Modernisation Programme under Basket fund arrangements.

15.3.2 Authority's Stewardship Role

In this area, the Capital Structure is made up of Public funds. This may comprise funds to be remitted to the Pay Master General or to other institutions which TRA collects on their behalf or to be refunded to the taxpayers on satisfaction of certain requirements. Public funds stood at TZS 6,248,904.13 million (2021: TZS 6,708,252.18 million).

Since Authority is obliged to meet the revenue targets set by the Government through Ministry of Finance and Planning, the Authority shall continue to take measures including recovery of receivables so as to improve collection performance.

15.4 TRA Treasury Policies and Objectives

TRA operations are exposed to certain financial risks that necessitated the Authority to formulate policies that define how it responds to the identified financial risks. Specifically, the Authority has defined policy to respond on the following risks:

- (a) Liquidity Risks – the objective of the policy is to ensure the Authority has ability to meet its obligations in a timely and cost effective manner.
- (b) Currency Risks - the objective of having the policy in place is to minimise adverse effect when the value of a financial instrument fluctuates due to changes in foreign exchange rates.

TANZANIA REVENUE AUTHORITY
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15 CAPITAL STRUCTURE AND TREASURY POLICIES (Continued)

15.4 TRA Treasury Policies and Objectives (Continued)

(c) Credit Risks – the objective of the policy is to minimise financial loss to TRA when its counterparties to financial instruments fails to discharge their obligation.

Further details relating to the aforementioned policies on Treasury relating to Authority's operations are provided in **Note 7** to the Financial Statements for the period ended 30th June 2022 while those relating to its stewardship role of collecting revenues on behalf of the Government are provided in **Note 7** to the Revenue Statements for financial year 2021/22.

Also, it is worth noting that during the period under review there were no financing transactions with interest implication undertaken by the Authority and as a result there were no interest cost incurred.

16. CASH FLOWS

16.1 Cash Flows from Authority's Operations

16.1.1 Current Period ended 30th June 2022

The Authority's cash flow is as set out in the Cash Flow Statement. On 30th June 2022 TRA closed with cash and cash equivalents of TZS 86,339.48 million (2021: TZS 99,684.53 million). The entire closing amount is available for TRA use. The noted decrease of TZS 13,345.05 million is mainly attributed to:

(a) Cash realised from operating activities - TZS 9,324.81 million.

The Authority's current operating activities and Personnel Emoluments are financed by revenue from non- exchange transactions (Government Subventions, External Stakeholders Training fees and Tax Consultants Registration Fees). The excess was realised mainly due to partial utilisation of funds relating to projects of recurrent nature that were still in progress.

(b) Utilization of funds for investing activities TZS 33,677.25 million

In financial year 2020/21 TRA closed with outstanding contracted capital commitments amounting to TZS 31,008.09 million whose funds were available in bank accounts under TRA control. Implementation of major projects such as High availability data centre and improvement of working environment including construction/rehabilitation projects continued in year 2021/22 and respective payments were made. In this regard, utilisation of funds for investing activities has significantly increased in year 2021/22. Also, implementation of some new projects that were scheduled in year 2021/22 commenced and respective payments were made during the period. Further, during the period, the Authority disposed some of its Properties, Plants and equipment (PPE) that met predefined disposal criteria. The affected PPE category are shown in **Note 10** to the financial Statements. The disposal was done through auction and realised proceeds amounting to TZS 325.44 million as shown in **Note 32** to the Financial Statements.

(c) Cash realised from Financing activities - TZS 11,260.54 million

During the period under review, the Authority received TZS 11,260.54 million for financing activities under Tax Modernisation Programme (TMP). The funds were released basing on projected cash outflow. During the period under review there was significant improvement in implementation pace of projects under TMP and consequently increased funding needs.

(d) Exchange rate loss TZS 253.16 million

In its normal daily operations, the Authority uses currencies other than the one applicable in primary economic environment i.e. Tanzanian Shillings (TZS). Under such circumstances, fluctuations in exchange rates that are used in settlement of monetary liabilities and assets denominated in foreign currency as well translating respective balances at the reporting period to TZS are the causes for the reported loss.

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FOR THE YEAR ENDED 30TH JUNE 2022 (Continued)

16. CASH FLOWS (Continued)

16.1 Cash Flows from Authority's Operations (Continued)

16.1.2 Future Cash Flows

(a) Plans for utilisation of unutilised Cash reported on 30th June 2022

The Authority is anticipated to utilise the funds mainly for settlement of current liabilities at the closure of year 2021/22 totalling to TZS 41,924.75 million shown in **Note 16 - 18** to the Financial Statements. Further, the Authority is expecting that implementation of Capital and Recurrent contracted commitments (**Note 37** to Financial Statements) amounting TZS 41,397.44 will be done in year 2022/23 and therefore the available cash balance will be used to liquidate the respective liabilities as and when arise.

(b) Other Factor Likely to impact Cash Flows for 2022/23

• **Implementation of Projects Committed on 30th June 2022**

Implementation of the Committed projects referred in **Para 17** and settlement of respective liabilities in year 2022/23 will have negative impact on cash flows from operating and investing activities. This is due to the fact that funds will be utilised during the period but respective inflows were received in prior periods.

• **Authority's Plan and Budget for 2022/23**

The Plan and Budget for 2022/23 has been significantly increased to cater for operational needs including additional 1,544 staff recruited in 2021/22 and 556 staff anticipated to be recruited in year 2022/23. Total budget for 2022/23 has been increased to TZS 651,065.81 million compared to TZS 373,548.11 million for 2021/22 excluding commitments. The increased budget imply increase in cash inflows as well as cash outflows provided budget utilisation pace remained as projected earlier. If the projected income is received but implementation pace is not as anticipated, then there will be a significant increase in Cash and Cash equivalent balance at the closure of year 2022/23.

• **Retention of Customs Processing Fees**

Following changes introduced in Public Finance Act 2022 that granted power to TRA to retain the fees and utilise the amount for TRA operations, inflows for internally generated income is expected to increase by TZS 91,087.36 million in year 2022/23.

16.2 Cash Flows from Authority's Stewardship Role

16.2.1 Current Position i.e. as at 30th June 2022

In executing its stewardship role of collecting revenues on behalf of the Government, the Authority recorded Cash and Cash equivalent at the closure of the period ended June 2022 amounting to TZS 185,187.58 million compared to TZS 275,392.15 million reported in the previous period ended 30th June 2021 as shown in Revenue Statements. The entire cash and cash equivalent balances held, is not available for use by TRA as it will either be transferred to Treasury, other institutions or refunded to taxpayers upon fulfilment of certain conditions. The noted decrease of TZS 90,204.57 million emanated from operating activities. Apart from changes attributed to current year collection performance and respective payments (TZS 39,966.68 million), the change is also attributed to payment/ transfer of Cash remained on 30th June 2022 TZS 50,237.89 million.

16.2.2 Future Cash Flows

Though in financial year 2022/23, the Authority's collection target has increased by TZS 1,915,647.44 million compared to TZS 22,191,166.96 million for 2021/22 and with the set strategies TRA is anticipated to surpass the set target, the Authority will take appropriate actions to ensure the collected amounts are transferred to respective beneficiaries and taxpayers' refund are paid within the year. Therefore, apart from negative balance that will result from transfer of balance remained on 30th June 2022 TZS 185,187.58 million, the Authority is not expecting significant change in net cash flows from operating activities for year 2022/23.

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17 LIQUIDITY

17.1 Liquidity Position for Authority's Operations

17.1.1 Current Position i.e. as at 30th June 2022

The funding of Authority's operations including Corporate and Operational strategies is mainly contributed by Government, Development Partners through Tax Modernization Programmed (TMP) and internally generated income (fees, rent, interest, sales of goods etc.) with average contribution of 91.6%, 7.6% and 0.8% respectively.

The funds from the aforementioned sources are sufficient to cover annual plans and budget that are prepared under Activity Based Budgeting approach with an extensive planning and governance process focused on the Corporate Plan to determine operational and capital requirements. In this regard, at the closure of financial year 2022, the Authority did not have any outstanding borrowings or undrawn committed borrowing facilities (2021: NIL).

At the closure of financial year 2021/22, the Authority had total liabilities amounting to TZS 48,229.88 million (2021: TZS 55,700.62 million) resulted in course of its normal operations. Out of the outstanding liabilities, TZS 41,924.75 million (2021: TZS 43,733.90 million) are current liabilities and remaining balance TZS 6,305.14 million (2021: TZS 11,966.72 million) are non-current liabilities. Sub-classes of each category are provided in the Statement of Financial Position as at 30th June 2022. Further, age analysis of the current liabilities is provided in **Note 7** to the Financial Statements for the period ended 30th June 2022.

On the other hand, at the closure of financial year 2021/22, the Authority had Cash and Cash equivalent amounting to TZS 86,339.48 million (2021: TZS 99,684.53 million). The entire amount of Cash and Cash equivalents is available to TRA for use in its normal operation and as per laid down procedures. Distribution of the available Cash and Cash equivalent by locations is provided in **Note 12** to the Financial Statements for the period ended 30th June 2022. The liquidity position of TRA for the period ended 30th June 2022 is supported by favourable financial ratios shown in **Table 16**.

Table 16: Financial Ratio to Support TRA Liquidity Position as at 30th June 2022

S/N	Ratio	Calculation method	Results	Implication
1.	Cash Ratio	$\frac{\text{Total Cash and Cash Equivalent}}{\text{Current Liabilities}}$	2.06	Since the computed ratio is greater than 1, it implies that the available Cash and Cash equivalent is sufficient to fulfil TRA's short term obligations. Also, in business perspective, holding substantial cash denotes that the institution has not utilised funds to their fullest extent. However, for the case of TRA, at the closure of the period TRA had Commitments relating to capital and recurrent expenditure amounting to TZS 41,397.44 million as detailed in Note 37 to the Financial Statements. These are contractual obligations and respective projects were under implementation at the closure of the period. Therefore, the funds will be utilised in subsequent year to fulfil contractual obligation
2.	Quick Ratio	$\frac{\text{Current Assets} - \text{Inventory} - \text{Prepaid}}{\text{Current Liabilities}}$	2.10	This implies that TRA is in a better liquidity and financial health. Therefore, it is unlikely for TRA to struggle in discharging its short term liabilities.
3.	Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	2.45	This indicates the TRA is able to cover its short – term liabilities with its current assets

TANZANIA REVENUE AUTHORITY
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FOR THE YEAR ENDED 30TH JUNE 2022 (Continued)

17 LIQUIDITY (Continued)

17.1 Liquidity Position for Authority's Operations (Continued)

17.1.2 Prospective Liquidity Position in Year 2022/23

In the financial year 2022/23, the Authority is expecting to continue experiencing healthy liquidity position. During the period, the Authority is expected to receive Government subvention amounting to TZS 536,635.88 million; Development Partners funds TZS 19,637.14 million; and internally generated income TZS 3,705.43 million. Also, following changes in Public Finance Act 2022, the Authority has been given power to retain Customs Processing Fees that are imposed on dry cargo estimated at TZS 91,087.36 million for 2022/23. In totality, the Authority is expected to receive TZS 651,065.81 million. The expected amount is sufficient to finance planned Corporate strategies and other operational activities for 2022/23.

To ensure the healthy liquidity position is maintained, the Authority shall continue to monitor availability of expected funds and amends the planned strategies where necessary in order to avoid committing the Authority without funds and consequently encountering financial difficulties.

17.2 Liquidity Position for Authority's Stewardship Role

17.2.1 Current Position i.e. as at 30th June 2022

Under this situation where the Authority is collecting revenues on behalf of the Government, the Cash and Cash equivalents indicated in **Note 15** to the Revenue Statements amounting to TZS 185,187.58 million (2021: TZS 275,392.15 million) are not available for TRA use in normal operations. In subsequent period, the entire amount will either be transferred to Paymaster General or other institution accounts or refunded to Taxpayers as the case may be. Also, settlement of current liabilities amounting to TZS 224,140.89 million (2021: TZS 534,227.78 million) indicated in **Note 17** to the Revenue Statements will be done either through funds deposited by Taxpayer as explained in **Note 5(iv)** to the Revenue Statements or through funds expected to be released by Treasury for clearance of Taxpayers liabilities.

17.2.2 Prospective Liquidity Position in Year 2022/23

TRA is optimistic that in collaboration with the Treasury, the Authority will be availed with sufficient funds for settlement of Taxpayers' liabilities emanated from verification and approval of tax refunds claims other than the ones to be settled from Deposits accounts.

18. RESOURCE ACCOUNTABILITY REQUIREMENTS

In fulfilling its statutory obligations, the Authority is using resources (financial, human resources, software, hardware etc.). The resources are financed mainly by the Government of United Republic of Tanzania Authority (Approximately 92%) and the remaining portion by Development Partners through Tax Modernisation Programme (TMP). In utilising the given resources, the Authority is accountable for ensuring that the resources made available are utilised efficiently and effectively for attainment of the intended objectives. Both Government of United Republic of Tanzania and Development Partners have specific resource accountability requirements as explained here under:

18.1 Government of United Republic of Tanzania Requirement

The Authority is accountable for ensuring the given resources are utilised efficiently and effectively in attainment of predetermine objectives and that the given resources are maintained and utilised in line with provisions of relevant Government Acts (Public Finance Act, Public Procurement Act, Public Service Act etc.). Among others, the provisions include preparation of annual accounts and auditing of the same by Controller and Auditor General (CAG).

TANZANIA REVENUE AUTHORITY
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FOR THE YEAR ENDED 30TH JUNE 2022 (Continued)

18 RESOURCE ACCOUNTABILITY REQUIREMENTS (Continued)

18.2 Development Partners Requirements

The Memorandum of Understanding (MoU) between the Government of the United Republic of Tanzania (GoT) and Development Partners concerning support to the TMP has set a comprehensive description of the robust financial management system that will be maintained to ensure effective control of funds and absolute integrity in all aspects of their management. TRA is required to ensure all staff involved in management of funds, conform in every aspect with the defined procedures. Along with this, GoT and DPs have agreed to adopt an accountability arrangement where TMP Implementation reports reflecting all sources and utilisation of funds are required to be prepared by TRA and audited separately by CAG. Further, the MoU requires CAG/ Public Procurement Regulatory Authority (PPRA) to undertake review of TMP procurement activities.

19 CORPORATE GOVERNANCE

TRA is committed to the principles of effective Corporate Governance across the organisation. This is fostered by undisputed support from the TRA Board of Directors which is committed to the principles of good Corporate Governance.

To ensure existence of good Corporate Governance in TRA, among others the Authority upholds the following key best practices for good Corporate Governance:

19.1 Existence of an Effective Board of Directors

TRA Act provides for establishment of a Board that gives the overall guidance and direction of the Authority. The effectiveness of the existing Board is exhibited by:

19.1.1 Diversity Composition of the TRA Board

The Board consists of ten members including the Chairperson. Finance Act 2021 amended the Principal TRA Act in Section 10 (1) by substituting some ex-officials. The changes have been effected in year 2021/22 where number of representative from Ministry responsible for finance in the Government of the United Republic has been increased to two (one responsible for National Policy and another for National Planning). Further, the Permanent Secretary of the Ministry of Planning is no longer a member of the TRA Board of Directors. In this regards, new appointments were effected during the period under review.

The Chairperson of the Board is appointed by the President of the United Republic of Tanzania for a term of three years. Out of the remaining nine members, five members are ex-officio and other four are non- ex officio appointed by the Minister for Finance and Planning. The appointment of four non-ex-officio members is based on their professional knowledge and experience in finance, commerce, economics or law from among institutions of financial, commercial, legal or economic nature having no vested interests in the Authority. Further, TRA Director for Board Secretariat and Legal Services sits on the Board as the Secretary.

The five members, who sit on the Board by virtue of their positions as stipulated by Section 10 of the TRA Act, are:

- a) Two representatives from the Ministry responsible for finance in the Government of the United Republic to be appointed by the Minister, one responsible for national policy and another responsible for national planning
- b) The Principal Secretary of the Ministry of Finance of the Zanzibar Government;
- c) The Governor of the Bank of Tanzania; and
- d) Commissioner General of TRA.

TANZANIA REVENUE AUTHORITY
REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 30th JUNE 2022

19 CORPORATE GOVERNANCE (Continued)

19.1 Existence of an Effective Board of Directors (Continued)

19.1.1 Diversity Composition of the TRA Board (Continued)

TRA Board members and Secretary who served the Board during the financial year 2021/22 are shown in **Table 17**. Further, all Board members and Secretary who served during the period were Tanzanians.

Table 17: List of TRA Board Members and Secretary who served the Board in the Financial Year 2021/22

S/N	Name	Position	Age	Gender	Date of Appointment	Qualification	Remarks
1	Dr. Suleiman Magesa Missango, PhD	Chairman	49	Male	Jul-19	Economist	Non Ex - Officio Appointment ended in December 2021
2	Mr. Uledi Abbas Mussa	Chairman	63	Male	Dec-21	Economist	Non Ex - Officio First term to serve TRA's Board of Director
3	Mr. Aboud Hassan Mwinyi	Member	45	Male	Jun-21	Economist	Ex Officio Representing Principal Secretary of the Ministry of Finance of the Zanzibar Government First term to serve TRA's Board of Director
4	Dr. Elineema Kennedy Kisanga, PhD	Member	45	Male	May-21	Economist	Non Ex - Officio First term to serve TRA's Board of Director
5	Dr. Albina Andrew Chuwa, PhD	Member	61	Female	May-21	Statistician	Non Ex - Officio First term to serve TRA's Board of Director
6	Dr. Nguling'wa Philip Balele, PhD ¹	Member	53	Male	Jun-21	Economist	Ex Officio Representing Governor of Bank of Tanzania First term to serve TRA's Board of Director
7	Mr. Shogholo Charles Msangi	Member	63	Male	May-21	Economist	Non Ex - Officio First term to serve TRA's Board of Director Appointment ended in June 2022
8	Mr. William Michael Mhoja	Member	52	Male	Jun-21	Economist	Ex Officio On of the representatives from the Ministry responsible for finance Appointment ended in June 2022
9	Mr. Alphayo Japan Kidata	Member	59	Male	Apr-21	Economist	Ex Officio TRA Commissioner General
10	Mr. Elijah Greenton Mwandumbya	Member	45	Male	Jun-22	Accountant	Ex Officio Representatives from the Ministry responsible for finance in the Government of the United Republic responsible for national policy First term to serve TRA's Board of Director
11	Dr. Muhajir Abubakar Kachwamba	Member	49	Male	Jun-22	Economist	Ex Officio Representatives from the Ministry responsible for finance in the Government of the United Republic responsible for national planning First term to serve TRA's Board of Director
12	Dr. Mariam Idabaga Nchimbi	Member	61	Female	Jun-22	Accountant	Non Ex - Officio First term to serve TRA's Board of Director
13	Mr. Brown Obeligwe Shimwela	Member	50	Male	Jun-22	Accountant	Non Ex - Officio First term to serve TRA's Board of Director
14	Mr. Elisha Elias Shigella	Secretary	55	Male	Apr-21	Lawyer	TRA Director for Board Secretariat and Legal Services

Source: TRA's Board Secretariat and Legal Services Department

¹ "Delegate" to represent Governor who is the ex- officio member of the Board

TANZANIA REVENUE AUTHORITY
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FOR THE YEAR ENDED 30th JUNE 2022

19 CORPORATE GOVERNANCE (Continued)

19.1 Existence of an Effective Board of Directors (Continued)

19.1.2 Clearly Defined Functions of the Board

There is clear distinction between the roles of the TRA Management and that of the Board. The functions of the Board of Directors have been clearly defined in the TRA Act. In this regard, the Board:

- a) is a statutory organ responsible for the formulation and implementation of the policy of the Authority;
- b) formulates and devises a system, which provides assurance on the correctness of the processes carried out within the Authority in accordance with laws and the relevant directions.
- c) establishes such organisational structures as may be submitted by the Commissioner-General as he may consider necessary for the discharge of the functions of the Authority;
- d) determines, subject to the approval of the Minister responsible for Finance, the terms and conditions of service, salaries and other allowances including any other fringe benefits for the Commissioner General, Revenue Commissioners or other Commissioners, officers and staff of the Authority.

In discharging the aforementioned roles, the Board has been given powers to:

- direct TRA Commissioner General to furnish the Board with any information, reports or other documents which the Board considers necessary for the performance of its functions;
- give lawful instructions and orders to the Commissioner-General in connection with the management, performance and operational policies of the operating departments;

In all such circumstances, the Board has no power to intervene in the determination of tax liabilities of particular taxpayers;

19.1.3 Existence of Specific TRA Board Committees

TRA is operating in a complex and dynamic environment which calls for existence of specific Committees that analyse matters in depth and reports to the Board. Through this, the Board has become more effective in overseeing specific areas of interest. Consequently, give more time to the Board for handling more complex issues in a more efficient manner. In the financial year 2021/2022 there were two Committees, namely Audit Committee and Corporate Affairs Committee. The Committees served during the entire period of financial year i.e. from July 2021 to June 2022.

19.1.3.1 Audit Committee

The Board's Audit Committee comprised at least three (3) members (but not more than five members) and Secretary. The roles and responsibilities of the Audit Committee are stipulated in the TRA's Audit Committee Charter and in the TRA Financial Regulations. The Audit Committee assists the Board in fulfilling its oversight responsibilities on risk management, financial reporting process, system of internal control, audit process and the Authority's process for monitoring compliance with laws and regulations. **Table 18** provides list of members and Secretary who served in the Audit Committee in year 2021/22.

TANZANIA REVENUE AUTHORITY
REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 30th JUNE 2022

19 CORPORATE GOVERNANCE (Continued)

19.1 Existence of an Effective Board of Directors (Continued)

19.1.3 Existence of Specific TRA Board Committees (Continued)

19.1.3.1 Audit Committee (Continued)

Table 18: List of Members and Secretary who served in the Audit Committee in the Financial Year 2021/22

S/N	Name	Position	Remarks
1.	Dr. Elirehema Kennedy Kisangani, PhD	Chairperson	Appointed in June 2021
2.	Mr. Alphayo Japan Kidata	Member	Appointed in June 2021
3.	Dr. Albina Andrew Chuwar, PhD	Member	Appointed in June 2021
4.	Mr. Aboud Hassan Mwinyi	Member	Appointed in June 2021
5.	Mr. Elisha Elias Shigella	Secretary	Appointed in June 2021

19.1.3.2 Corporate Affairs Committee

The Board's Corporate Affairs Committee comprised not more than five members and secretary. The Corporate Affairs Committee deals with all corporate issues, organizational and human capital issues including recruitment, ethics, integrity and staff disciplinary matters. **Table 19** indicates list of members and secretary who served in the Corporate Affairs Committee for the period ended 30th June 2022.

Table 19: Table 19: List of Members and Secretary who served in the Corporate Affairs Committee for the period ended 30th June 2022

S/N	Name	Position	Remarks
1	Mr. Shogholo Charles Msangi	Chairperson	Appointed in June 2021
2	Mr. William Michael Mhoja	Member	Appointed in June 2021
3	Dr. Nguling'wa Philip Balele, PhD	Member	Appointed in June 2021
4	Mr. Alphayo Japan Kidata	Member	Appointed in June 2021
5	Mr. Elisha Elias Shigella	Secretary	Appointed in June 2021

19.1.4 Organizing and Holding Effective Board and Committee Meetings

Among others, the effectiveness of the Board and its Committees depends on the organisation of their meetings. Thus, the Board Secretary is observing the following key elements when convening the meetings in order to ensure effectiveness of the Board:

- (i) Agenda are clearly defined
- (ii) Complete set of materials to be discussed are sent to the Directors in advance to enable them to make informed decisions
- (iii) Advance notifications regarding the meetings are sent to Directors
- (iv) Quorum of the meetings are observed.
- (v) Proper recording of the meeting minutes and timely communication of matters arising

During the financial year 2021/22 the TRA Board and its Committees held the following meetings:

TANZANIA REVENUE AUTHORITY
REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 30th JUNE 2022

19 CORPORATE GOVERNANCE (Continued)

19.1 Existence of an Effective Board of Directors (Continued)

19.1.4 Organizing and Holding Effective Board and Committee Meetings (Continued)

19.1.4.1 TRA Board Meetings

In the financial year 2021/22, the Board planned to have four ordinary meetings but at the closure of the period the Board held four ordinary meetings and one extra ordinary meeting. The attendance of each Board member is as shown in **Table 20** while key matters deliberated are listed hereunder:

- (a) Staff matters
- (b) Tax and Non-Tax collection performance Reports
- (c) Revised TRA Annual Plan and Budget for the year 2021/2022
- (d) Reports on matters deliberated by Board Committees (Audit Committee and Corporate Affairs Committee)
- (e) Management letter on the Revenue Statements; Financial Statements and Compliance Audit of Tanzania Revenue Authority for the Financial Year Ended 30th June 2021;
- (f) Consideration and authorisation for issue of Audited Director's Report, Financial Statement and Revenue Statement for 2020/2021
- (g) Proposal of Tax Reforms for the financial year 2022/2023
- (h) Tax Baseline Projections for 2022/23
- (i) TRA Procurement Plan for the financial year 2022/2023
- (j) Proposed TRA Annual Plan and Budget for the year 2022/23
- (k) Proposal for Establishment of new Tax Region
- (l) Proposed TRA Sixth Corporate Plan
- (m) Request for Opening New Bank Account
- (n) Payment of Sitting Allowance to Board Members, Management and Secretariat during Board and Committee Meetings
- (o) Matters arising from the Budget Presentation Speech of the Ministry of Finance and Planning;

Table 20: Attendance of the Board Members – 2021/22

S/n	Name	MEETINGS				
		354 th	355 th	356 th	357 th	358 th
		10 th Sept 2021	19 th Nov 2021	7 th Jan 2022	17 th Mar 2022	10 th June 2022
1	Dr. Suleiman Magesa Missango, PhD	P	P	P	NA	NA
2	Mr. Uledi Abbas Mussa	NA	NA	NA	P	P
3	Dr. Albina Andrew Chuwa, PhD	P	P	A	P	P
4	Mr. William Michael Mhoja	P	P	P	P	P
5	Mr. Aboud Hassan Mwinyi	P	P	P	P	P
6	Dr. Nguling'wa Philip Balele, PhD	P	P	P	P	P
7	Mr. Shogholo Charles Msangi	P	P	P	P	P
8	Dr. Elineema Kennedy Kisanga, PhD	P	P	P	P	P
9	Mr. Alphayo Japan Kidata	P	P	P	P	ALT
10	Mr. Elisha Elias Shigella	P	P	P	P	ALT

KEY: P= Present ALT= Present through an alternate NA = Not a Member A=Absent

TANZANIA REVENUE AUTHORITY
REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 30th JUNE 2022

19 CORPORATE GOVERNANCE (Continued)

19.1 Existence of an Effective Board of Directors (Continued)

19.1.4 Organizing and Holding Effective Board and Committee Meetings (Continued)

19.1.4.2 Audit Committee Meetings

The Audit Committee planned to have four ordinary meetings during the financial year 2021/22. At the closure of the period, the Committee convened all four ordinary meetings as planned. The attendance of each member and secretary during the period under review is as shown in **Table 21**.

Key matters deliberated during the meeting were:

- (a) Quarterly Internal Audit Departmental Performance Reports for the year 2021/22
- (b) Status of implementation of Enterprise Risk Management System
- (c) External Quality Assessment of Internal Audit Report
- (d) Quarterly Internal Audit Reports
- (e) Internal Audit Annual Plan for 2022/2023
- (f) CAG recommendations submitted to PAC.

Table 21: Attendance of the Audit Committee Members – 2021/22

S/N	Name	MEETINGS			
		120 th	121 th	122 th	123 th
		17 th Aug 2021	17 th Nov 2022	15 th Mar 2022	9 th June 2022
1	Dr. Elineema Kennedy Kisanga, PhD	P	P	P	P
2	Dr. Albina Andrew Chuwa, PhD	P	P	P	A
3	Mr. Aboud Hassan Mwinyi	P	P	P	P
4	Mr. Alphayo Japan Kidata	P	P	P	ALT
6	Mr. Elisha Elias Shigella	P	P	P	ALT

Key: P = Present ALT = Present through an alternate A= Absent

19.1.4.3 Corporate Affairs Committee Meeting

The Committee planned to have four ordinary meetings in financial year 2021/22. During the period under review, all four meetings were convened as scheduled. The attendance of each member and secretary during the period under review is as shown in **Table 22**.

Key matters deliberated during the meeting were:

- (a) Performance Report for Supporting Departments
- (b) Staff matters
- (c) Quarterly Budget Performance Report and Interim Financial Statements
- (d) Approval of Innovation Management Policy and Framework
- (e) Approval for Disposal of Obsolete Assets
- (f) Payment of Sitting Allowance to Board Members, Management and Secretariat during Board and Committee Meetings

TANZANIA REVENUE AUTHORITY
REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 30th JUNE 2022

19 CORPORATE GOVERNANCE (Continued)

19.1 Existence of an Effective Board of Directors (Continued)

19.1.4 Organizing and Holding Effective Board and Committee Meetings (Continued)

19.1.4.3 Corporate Affairs Committee Meeting

Table 22: Attendance of the Corporate Affairs Committee Members – 2021/22

S/N	NAME	MEETINGS			
		3 rd	4 th	5 th	6 th
		19 th Aug 2021	18 th Nov 2021	16 th March 2022	8 th June 2022
1	Mr. Shogholo Charles Msangi	P	P	P	P
2	Mr. William Michael Mhoja	P	A	P	P
3	Dr. Nguling'wa Philip Balele, PhD	P	P	P	P
4	Mr. Alphayo Japan Kidata	P	ALT	P	ALT
7	Mr. Elisha Elias Shigella	P	P	P	ALT

Key: P = Present ALT = Present through an alternate A= Absent

19.2 Purpose and Strategy

The Authority has clearly articulated its vision and purpose that have been endorsed by the TRA Board of Directors. The Vision and Mission of the Authority are indicated in **Para 2**. Along with this, TRA has developed five years Corporate Plan comprising of initiatives that are geared towards attainment of its vision. Details relating to the approved TRA Corporate Plan, Strategic Themes and objectives are provided in **Para 5**. Further, implementation status of the initiative under the 5th Corporate Plan for the period ended 30th June 2022 is provided in **Para 10** while results of key performance indicators are provided in **Para 8**.

19.3 Recognition and Management of Risks

TRA Board of Directors recognises Risk Management as an integral aspect of good Corporate Governance. In this regard, the Board has put in place an appropriate system of risk oversight and internal controls. TRA has adopted Enterprise-Wide Risk Management system which enables the Authority to deal effectively and efficiently with uncertainties and associated risks. The Board oversee implementation of the system on quarterly basis through its Audit Committee. The adopted Risk Management System including Authority's Risk Appetite statement are frequently reviewed to ensure the risk tolerances of the Authority are appropriate at all times. Detailed information regarding risk management is provided in **Para 13**.

19.4 Integrity, Transparency and Accountability

The TRA Board of Directors has in place a system whereby:

- (a) There is a flow of information to the Board that assists Directors to fulfil their role and carry out their responsibilities with integrity and ensure appropriate accountability. Under such system, TRA Management is obliged to provide various performance reports that aid in assessing financial and non-financial position and performance of TRA. The reports are provided on quarterly basis through Committees of the Board and later the Chairpersons of the respective Committee inform the Board on key deliberated matters.

TANZANIA REVENUE AUTHORITY
REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 30th JUNE 2022

19 CORPORATE GOVERNANCE (Continued)

19.4 Integrity, Transparency and Accountability (Continued)

- (b) Integrity of Financial Statements and other key information is safeguarded. The Board is achieving this through existence of Internal Audit department that is guided by internal Audit Charter and international auditing standards. The department reviews operations including the Financial Statements and advise TRA Management and Board accordingly. Also, Financial Statements and other key information are subjected to an independent external auditing through the office of Controller and Auditor General. The Audit Committee of the Board is responsible for overseeing the system for safeguarding the integrity of Financial Statements.
- (c) There is transparency and accountability to Stakeholders. This is achieved through existence of Taxpayers Charter. The Charter clearly sets out the respective rights and obligations of both taxpayers and TRA by spell out the service standards that TRA will observe when dealing with taxpayers and other stakeholders. Further, the Authority has developed and implement a Comprehensive Taxpayers Communication Strategy. The strategy ensures in-depth availability of tax information through all TRA communication channels and taxpayers outreach programs in line with taxpayers' needs.
- (d) There are integrated tools for promoting staff and corporate integrity. These include:
- (i) TRA Code of Ethics – this helps TRA employees to understand the right and wrong conducts and behaviour in their day to day decisions and actions.
 - (ii) TRA Anti-Corruption Policy - this declares zero-tolerance to corruption. It enhances compliance to all laws, regulations and guidelines and maintenance of honest staff in all functional areas. The policy promotes internal controls and involvement of external stakeholders in the fight against corruption.
 - (iii) Ethics Committees – these are responsible for enhancement of staff compliance to laws, regulations and the Code of Ethics; oversee implementation of the Authority's Anti-Corruption Strategy and Action Plan; devise an effective complaint handling mechanism for integrity related cases as well as advising Management on proactive and reactive ethics and anti-corruption initiatives that will help the Authority to attain the desired level of ethical compliance.
 - (iv) Whistle Blowing Mechanism – This is a strategic tool that involves TRA stakeholders in the fight against corruption, fraud, embezzlement and other malpractices. Stakeholders lodge their integrity related concerns through available reporting avenues (letters, emails, physical contacts, telephone, mobile and text messages). The Authority protects whistle blowers by treating the reported information in a highly confidential manner.
 - (v) Ethical Climate and Corruption Risk Assessments – These are conducted regularly to get insights on the "As-Is" situation and actions to be taken to remedy the situation.
 - (vi) Background Check - it involves verification of certificates and conducting background checks on criminal records, residential status, previous work history and the general lifestyle of prospecting candidates

TANZANIA REVENUE AUTHORITY
REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 30th JUNE 2022

20 APPOINTMENT OF AUDITORS

In line with Article 143 of Constitution of the United Republic of Tanzania as amplified under the Public Audit Act No.11 of 2008, Controller and Auditor General (CAG) is the statutory auditor of the Tanzania Revenue Authority. In view of that, the TRA auditor during the reporting period is CAG whose address is provided below:

Controller and Auditor General,
National Audit Office,
Audit House,
4 Ukaguzi Road,
P.O. Box 950,
Tel: +255 (026) 2321759,
Fax: +255(026) 2117527,
41104, Tambukareli,
Dodoma, Tanzania.
E-mail ocag@nao.go.tz
Website: www.nao.go.tz
TIN:104-962-444

21 POLITICAL AND CHARITABLE DONATIONS

TRA considers Corporate Social Responsibility (CSR) as one of the activities which arouse voluntary tax compliance and creates partnership between the Tax administration and the society through various stakeholder groups. In view of that, TRA carried out a number of CSR activities during the period under review as described here under:

• **Charitable Donations**

The activities involved support on educational activities; women leadership and entrepreneurship programs; small industries development; sports and art; business and investment; Health campaigns; and population and housing 2022 census. The supports were provided in monetary form with a total of TZS 445.23 million (2020/21: TZS 210.45 million).

• **Political Donations**

During the period there was no donations directed to political affiliated group (2021: Nil)

22 EMPLOYEES' WELFARE

22.1 Management and Employees' Relationship

In year 2021/22, a good relationship continued to be maintained between Management and staff. TRA has staff regulations, which elaborate procedures for solving grievances of employees. It clearly elaborates system of handling disciplinary cases and resolving grievances of employees through their immediate supervisors to highest level. An employee who is discontented is discussing the matter with his/her immediate supervisor first before going up the ladder.

During the period under review, there were 7 staff cases (2020/21: 47 staff cases) out of a standing workforce of 6,066 staff (2020/21: 4,728 staff) this is equivalent to 0.12% (2020/21: 0.99%). All cases were concluded as detailed in **Table 23**. The disciplinary cases mainly emanated from performing duties without following the laid down procedure; absconding from duty; forgery of academic certificates; negligence in the performance of duties; and alcoholism.

TANZANIA REVENUE AUTHORITY
REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 30th JUNE 2022

22. EMPLOYEES' WELFARE (Continued)

22.1 Management and Employees' Relationship (Continued)

Table 23: Status of Staff Cases for the Period Ended 30th June 2022

S/N	Results	Number of Cases	% of Concluded Cases
1	Dismissed	4	57.14
2	Cleared from the charges	3	42.86
3	Given written warning	Nil	Nil
4	Demoted	Nil	Nil
5	Staff Salary deducted	Nil	Nil
6	Cases referred outside TRA	Nil	Nil
Concluded staff cases		7	100
Total Cases		7	

22.2 Actions Taken to Enhance Employees' Welfare

During the accounting period under review, TRA continued to undertake various initiatives that focused on increasing employees' welfare and consequently enhancing harmonious relationship and TRA performance. Such initiatives include:

22.2.1 Inauguration of TRA's Workers' Council

In November 2021, the Authority signed a contract with TAREWU (Representing TRA staff) for establishment of TRA Workers Council. This aimed at enhancing involvement of TRA staff in decision making process. The signed contract was registered by Labour Commissioner in December 2021. The established Council involved a number of staff representatives and it was inaugurated in March 2022. The first meeting was convened in the same period and a number of issues were deliberated including proposed TRA 6th Strategic Corporate Plan; TRA Proposed Expenditure budget for 2022/23; working environment; and staff matters. It's Authority's expectation that implementation of the agreed actions will enhance partnership with TRA employees and contribute positively towards attainment of TRA strategic objectives.

22.2.2 Provision of Financial Assistance to TRA Employees

Advances are available to employees depending on the needs and availability of funds. It is a policy of TRA to provide salary advances with zero interest of up to three months' salary to an employee under emergency event. Also, the Authority has signed agreements with financial institutions that provide loans to TRA staff. Under these arrangements, the Authority guarantees to remit monthly staff salaries to the financial institutions where the staff maintain bank accounts or to recover the agreed instalment from staff salaries and remit the same to respective financial institution. Further, Management continued to influence TRA staff to join TRA Staff SACCOS which provides loans at affordable interest rates to TRA staff.

22.2.3 Capacity Building

TRA recognises that human capital is the most important resource and as such it is committed to training, development and education of its workforce. This is achieved through cost effective programmes aiming at providing relevant skills, knowledge and attitude or behaviour necessary to reach their full potential.

TANZANIA REVENUE AUTHORITY
REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 30th JUNE 2022

22. EMPLOYEES' WELFARE (Continued)

22.2 Actions Taken to Enhance Employees' Welfare (Continued)

22.2.3 Capacity Building (Continued)

The Authority believes that in doing so it will be able to produce highly qualified, confident, professional and competent staff working as an effective and productive team. Consequently, this will enhance effectiveness and efficiency in service delivery. During the period under review, the Authority came up with a comprehensive training plan comprising of 102 programs. The training plan focused on addressing gaps that needed to be bridged for successful attainment of the Authority's strategic goals. Some of the identified trainings were conducted at the Institute of Tax Administration (ITA) while others were conducted by other institutions within and outside the country. At the end of the period under review, majority of the programs were conducted as scheduled.

Along with the aforementioned efforts, the Authority continued to improve training facilities at ITA. In this endeavour, the Authority continued to modernise training delivery methodologies including introduction of online training platform. Also, TRA continued to improve other ITA infrastructures.

22.2.4 Health and Safety

TRA recognises healthy work force and safety working environment are among factors that have impact on relationship with employees and consequently productivity. Thus, the Authority is undertaking various measures to ensure healthy workforce and safety working environment are maintained. In this regard, the Authority reviewed its HIV/AIDS policy to incorporate Non-Communicable Diseases (NCDs) and align with the Authority's strategic Corporate Plan. The revised policy has established key statements that emphasise on creation of equal opportunity for all employees regardless of their serostatus; ensuring no direct or indirect pre-employment test for HIV; ensuring HIV and NCDs status are not among factors that are considered for job status, promotion, dismissal, retrenchment or termination unless under medical ground; ensuring no employee is using HIV/AIDS or NCD status as an excuse for failure to fulfil his/her responsibilities; and encouraging Authority's employees to undergo regular medical check-ups and adhere to therapeutic counselling to improve the quality of life.

In addition to the aforementioned, the Authority took various measure to ensure maintenance of healthy workforce. These include:

- Provision of financial support to four employees who declared their HIV status to employer as per Government circular regarding management of HIV/AIDS at work place.
- Organising awareness sessions to staff on healthy guidelines to be observed in fighting COVID 19 pandemic. This went hand in hand with provision of protective gears (masks, sanitizers and detergents) costing TZS 25.71 million.
- Provision of medical services through National Health Insurance Fund (NHIF)

Regarding safety in workplaces, TRA has adopted Occupational Safety and Health Authority (OSHA) standard among its Human Resources Policy and Strategy. This enables the Authority to analyse all its work processes, identify potential risks to employees and deploying appropriate mitigation measures. Some of the measure that were implemented during the period under review, include installation of necessary systems to facilitate execution of operations in safe manner; replacement of worn out working equipment; and renovation of TRA offices and residential staff houses.

TANZANIA REVENUE AUTHORITY
REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 30th JUNE 2022

22.EMPLOYEES' WELFARE (Continued)

22.2.5 Provision of Insurance Services to TRA Staff

TRA is a registered member of Workers Compensation Fund (WCF). The Fund is a social security scheme established in accordance with Section 5 of the Workers Compensation Act (Cap.263 revised edition of 2015). The contribution to the funds are done by central Government through the Ministry of Finance and Planning. By being a member to WCF, TRA staff are provided with adequate and equitable compensation once they suffer occupational injuries or contract occupational diseases arising out of and in the course of their employment. In case of death emanated from the aforementioned events, the compensations are provided to staff dependants."

22.3 Pension Funds in which TRA Staff Belong

TRA staff are under defined contribution scheme. During the period under review, pension contributions for TRA staff from Mainland were paid to Public Service Social Security Fund (PSSSF) while those from TRA Zanzibar were paid to Zanzibar Social Security Fund (ZSSF). The total contribution is partly contributed by staff (5% of staff basic salary for Mainland and 7% for Zanzibar) and employer's contribution (15% of staff basic salary for Mainland and 13% for Zanzibar) is settled by central Government through Ministry of Finance and Planning.

23 DISABLED PERSONS AND GENDER BALANCE

23.1 Disabled Persons

TRA has been considering importance of attracting top talent and driving innovative results by recruiting and developing staff with different experiences on merit basis. In this regard, prospective and existing staff are assured of having equal rights and opportunities. To implement this, TRA is implementing the following policies:

23.1.1 Employment of Disabled Person

TRA is implementing 'an equal opportunity to all' policy whereby employment opportunities are advertised and follow a competitive process. In the process, the Authority has been getting staff of all calibres including the ones with disabilities. This is in line with Regulation 26 of the TRA Staff Regulations 2009 (Revised Edition of 2016) which states that *"The Authority is an equal opportunity employer. It will therefore provide equal access to employment and ensure that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribe, religion, political affiliation or disability which does not impair ability to discharge duties"*

23.1.2 TRA Policy on Staff who become disabled whilst employed by TRA

Further, it is a policy of the Authority to retain staff who become disabled whilst employed by TRA. In the event, the staff is incapable of continuing with employment and the same is confirmed by Medical Officer or Medical Board appointed by Chief Medical Officer or by Regional Medical Officer, the staff is retiring on medical grounds.

For staff that become disable and is able to continue with employment, the Authority ensures the staff is adequately and equitably compensated by OSHA. Also, TRA provides necessary facilities and support to enable the staff to discharge his/her obligations including provision of health related rehabilitation. On the other hand, where the staff is necessitated to retire on medical grounds, the Authority ensures the staff is adequately

TANZANIA REVENUE AUTHORITY
REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 30th JUNE 2022

23. DISABLED PERSONS AND GENDER BALANCE (Continued)

23.1 Disabled Persons (Continued)

23.1.1 TRA Policy on Staff who become disabled whilst employed by TRA(Continued)

and equitably compensated by OSHA. Further, TRA provides benefits such as six months' free medical care; severance pay; three months' notice or payment in lieu of notice; fare for staff and entitled family members and transportation of personal effect to place of domicile. Also, the staff is paid pension benefits from respective social security scheme.

23.1.2 TRA Training Policy on Staff with Disability

TRA trainings are provided to staff in line with training objective approach. Under such approach, needy areas are identified during training need analysis. Therefore, disabled staff are trained basing on the identified needs.

23.2 Gender Balance

TRA is an equal gender employer who does not discriminate staff by gender. Despite providing equal access to employment, for many years, the number of female employees has remained low compared to their male counterpart. The situation still persists in year 2021/22 where at the closure of the period there were 2,084 females equivalent to 34.36% of total TRA work force (2021: 1,493 or 31.58%) and 3,982 males equivalent to 65.64% (3,235 or 68.42%) as depicted in **Table 24**.

Table 24: TRA Staff Position as at 30th June 2022

S/N	COMMISSIONER GENERAL OFFICE/ DEPARTMENT	FEMALE	MALE	TOTAL	% OF TOTAL EMPLOYEES
1	Commissioner General's Office	23	59	82	1.35
2	Revenue Departments	1577	2959	4536	74.78
3	Support Departments	484	964	1448	23.87
TOTAL		2,084	3,982	6,066	100.00

Source: TRA Human Resources and Administration Department

Further, female employees in decision making team (From Commissioner General to Managers) are underrepresented where out 217 staff in decision making position, 175 staff equivalent to 80.65% are males and 42 staff (19.35%) are females as shown in **Table 25**. The number of staff in decision making position includes staff with Superlative posts and those in acting capacity.

Table 25: Staff Distribution by Position/Gender as at 30th June 2022

POSITION	FEMALE	MALE	TOTAL
CG/DCG	-	2	2
Heads and Deputy Heads of Departments	8	22	30
Managers and Assistant Managers	34	151	185
Managerial Staff	42	175	217
Other Staff	2,042	3,807	5,849
Total	2,084	3,982	6,066

Source: TRA Human Resources and Administration Department

TANZANIA REVENUE AUTHORITY
REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 30th JUNE 2022

23. DISABLED PERSONS AND GENDER BALANCE (Continued)

23.2 Gender Balance (Continued)

In view of the aforementioned, it is clearly evidenced that TRA just like many other working places in Tanzania is still struggling to address gender imbalances. In this regard, TRA has gone on board and formulated specific policy to ensure that gender equality is fully attained.

The formulated TRA Gender Policy commands that:

“Tanzania Revenue Authority shall strive towards instituting gender responsiveness structures and processes by putting in place a mechanism for increased women participation in governance and management process, with a long-term goal of attaining the ratio of 50:50 between women and men”

23.2.1 Actions to be taken by TRA to Maintain Gender Balance

To implement the gender policy, the Authority has a number of strategies that will be implemented in a period of three years. Among others, the strategies include establishment of TRA gender desk, appointment of focal persons and building capacity on gender matters; Establishment of a framework for coordinating, monitoring and evaluating implementation of the policy; Translating Gender Policy into implementable programmes; Instituting response structures and processes by putting in place a mechanism for increased women participation; Establishing networks with other institutions/organisations working in gender related issues; and preparation and dissemination of TRA gender guidelines.

24 ENVIRONMENTAL MATTERS

In its daily normal operations, the Authority is required to communicate in writing with internal and external stakeholders. This has impact on paper usage and environment at large. To address the matter, the Authority is continuing to take advantage of technology in transforming its processes to paperless so as to minimize paper usage and consequently protect environment.

Further, the Authority is monitoring carefully its operations to ensure wastes generated by its operational offices are properly managed and do not affect the environment. This is achieved by ensuring that operational offices have proper facilities for waste management.

25 ACCOUNTING POLICIES

Summary of key accounting policies relating to Financial Statements are provided in **Note 5** to the Financial Statements and those relating to Revenue Statements are provided in **Note 5** to the Revenue statements for the period ended 30th June 2022.

26 RELATED PARTY TRANSACTIONS

Related party transactions and balances relating to Authority’s normal operations during the period are provided in **Note 34** to the Financial Statements for the period ended 30th June 2022 while those pertaining to Authority’s stewardship role of collecting revenues on behalf of the central Government during the period are disclosed in **Note 10** to the Revenue Statements for the period ended 30th June 2022.

27 PREDJUCIAL ISSUES

During the year ended 30th June 2022 there was no serious prejudicial matters to be reported (2021: NIL).

TANZANIA REVENUE AUTHORITY
REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 30th JUNE 2022

28 EVENTS SUBSEQUENT TO THE REPORTING DATE

Significant events subsequent to 30th June 2022 relating to Revenue Statements are disclosed in Note 11 to the Revenue Statements while the one relating to Financial Statements is in Note 35 to the Financial Statements for the period ended 30th June 2022.

29 APPROVAL

The Report by Those Charged with Governance was approved by TRA Board of Directors for issue on 21st March 2023 and were signed on its behalf by:

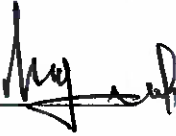
Name: Mr. Alphayo J. Kidata

Title: Commissioner General

Signature: 

Name: Mr. Uledi A. Mussa

Title: Chairman of the TRA Board

Signature: 

Appendix 1: List of Financial Institutions Traded with TRA in Financial Year 2021/22

S/N	Bank Name & Address	S/N	
1.	ABSA Bank Tanzania Limited, P.O. Box 5137, Dar es Salaam, Tanzania	15.	Exim Bank (T) Ltd, P. O. Box 1431, Dar es Salaam, Tanzania
2.	Akiba Commercial Bank Tanzania Limited, P.O. Box 669, Dar es Salaam, Tanzania.	16.	Guaranty Trust Bank Tanzania Limited, P.O. Box 31111, Dar es Salaam, Tanzania
3.	Amana Bank Limited P.O. Box 9771, Dar es Salaam, Tanzania	17.	Habib African Bank Limited, P. O. Box 70086, Dar es Salaam, Tanzania
4.	Azania Bank Limited, P. O. Box 9271, Dar es Salaam, Tanzania	18.	I & M Bank Tanzania Limited, P.O. Box 1509, Dar es Salaam, Tanzania
5.	Bank of Baroda Tanzania Limited, P.O. Box 5356, Dar es Salaam, Tanzania	19.	KCB Bank Tanzania Limited, P O Box 9363, Dar es Salaam, Tanzania
6.	Bank of Africa Tanzania Limited, P.O. Box 3054, Dar es Salaam, Tanzania	20.	National Bank of Commerce, P. O. Box 1863, Dar es Salaam, Tanzania.
7.	Bank of Tanzania, P.O Box 2939, Dar es Salaam, Tanzania	21.	NCBA Bank Tanzania Limited, P. O. Box 20268, Dar es Salaam, Tanzania
8.	Canara Bank Tanzania Limited, P.O. Box 491, Dar es Salaam, Tanzania	22.	NMB Bank Plc, P.O. Box 9213, Dar es Salaam, Tanzania..
9.	Citibank Tanzania Limited, P.O. Box 71625, Dar es Salaam, Tanzania	23.	Peoples' Bank of Zanzibar Limited, P.O. Box 1173, Dar es Salaam, Tanzania
10.	CRDB Bank Plc, P.O. Box 268, Dar es Salaam, Tanzania	24.	Stanbic Bank Tanzania Limited P.O. Box 72647, Dar es Salaam, Tanzania
11.	DCB Commercial Bank P.O. Box 19798, Dar es Salaam, Tanzania	25.	Standard Chartered Bank Tanzania Limited, P.O. Box 9011, Dar es Salaam, Tanzania
12.	Diamond Trust Bank (T) Ltd, P. O. Box 115, Dar es Salaam, Tanzania	26.	TPB Bank Plc, P.O. Box 9300, Dar es Salaam, Tanzania
13.	Ecobank Tanzania Limited, P. O. Box 20500, Dar es Salaam, Tanzania	27.	United Bank for Africa (T) Ltd, P. O. Box 80514, Dar es Salaam, Tanzania.
14.	Equity Bank (Tanzania) Limited, P. O. Box 110183, Dar es Salaam, Tanzania		

TANZANIA REVENUE AUTHORITY

STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2022

The Authority is required by the Tanzania Revenue Authority Act, Chapter 399 of the Laws of Tanzania, to prepare Financial and Revenue Statements for each financial year that give a true and fair view of the Authority at the end of the financial year. In complying with this requirement, TRA Board members wish to state that these Financial and Revenue Statements comply with Accrual Basis International Public Sector Accounting Standards (IPSAS) and statutory requirements; and reflect amounts that are based on the best estimates and informed judgment of the TRA Board members with an appropriate consideration to materiality. The Financial and Revenue Statements, in this regard, are presented in a manner consistent with Accrual Basis International Public Sector Accounting Standards (IPSAS) and statutory requirements.

The Board of TRA is responsible for establishing and maintaining a system of effective internal control designed to provide reasonable assurance that transactions recorded in the accounts are within the statutory authority and that they contain the receipt and use of all public financial resources by the Authority. Although there are inherent limitations to the effectiveness of any system of accounting controls, TRA Board members believe that the TRA's system provides reasonable, but not absolute, assurance that assets are safeguarded from unauthorized use or disposition and that the accounting and the underlying records are sufficiently reliable to permit the preparation of the Financial and Revenue statements that conform in all material respect with IPSAS and statutory requirements.

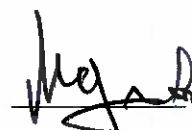
To the best of the Board members' knowledge, the system of internal control has operated adequately throughout the reporting period. Thus, TRA Board members accept the responsibility for the integrity of the Financial and Revenue statements for the year ended 30 June 2022, the information they contain, and their compliance with the required reporting framework.

Nothing has come to the attention of the Board members to indicate that the Government of the United Republic of Tanzania shall wind up the operations of the Authority, thus, not to remain a going concern for at least twelve months from the date of this Statement.

Name: Mr. Uledi A. Mussa

Title: Chairman of the TRA Board

Signature:



Date: 21st March 2022

TANZANIA REVENUE AUTHORITY

DECLARATION OF THE HEAD OF FINANCE ON THE TRA FINANCIAL AND REVENUE STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2022

Pursuant to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, the National Board of Accountants and Auditors (NBAA) requires Financial Statements to be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of Financial Statements of the entity concerned. However, full legal responsibility for the preparation of Financial Statements rests with the Board of Directors as stated in the Statement of Responsibility by Those Charged with Governance on an earlier page.

To comply with this requirement, I, **Dinah Edward** being Head of Finance of Tanzania Revenue Authority (TRA) hereby acknowledge my responsibility of ensuring that TRA's Financial and Revenue Statements for the year ended 30th June 2022 have been prepared in compliance with Accrual Basis International Public Sector Accounting Standards (IPSAS) and statutory requirements. Further, I confirm that the Financial and Revenue Statements give a true and fair view position of TRA on that date and that they have been prepared based on properly maintained financial records.

Signed by:

Name: Dinah Edward

Signature: *Dinah Edward*

Title: Director for Finance

NBAA Membership No.: FCPA 1074

Date: 21st March 2023.