



**THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE**



TANZANIA REVENUE AUTHORITY

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
REVENUE AND COMPLIANCE AUDIT FOR THE FINANCIAL
YEAR ENDED 30 JUNE 2023**

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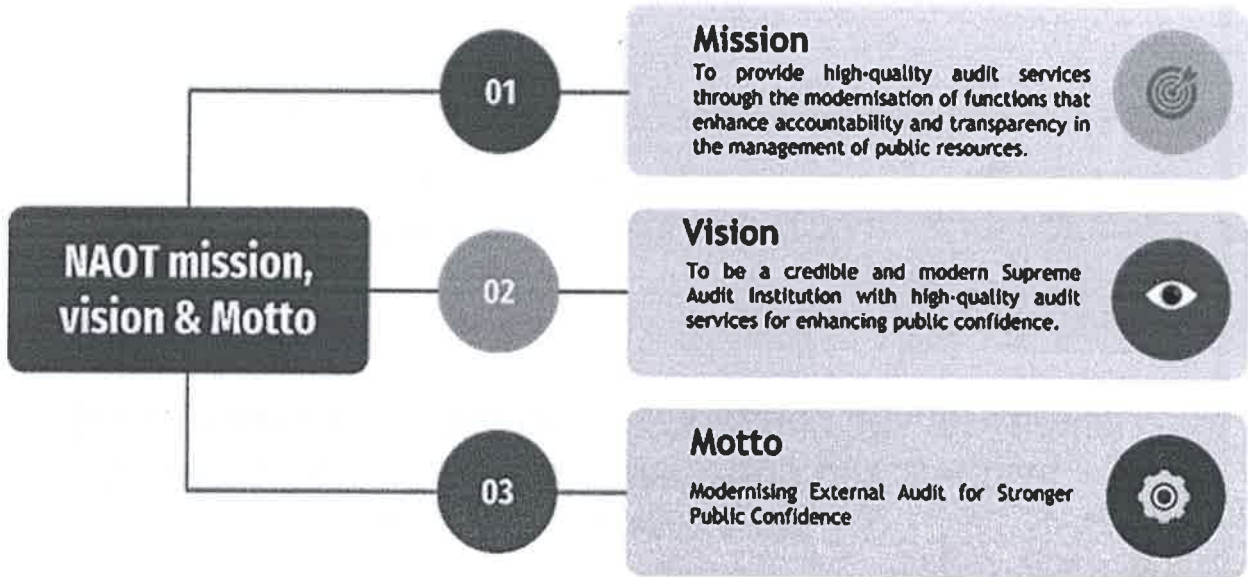
February 2024

AR/NA/TRA-REVENUE/2022/23

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 [R.E 2021].



Independence and objectivity

We are an impartial public institution, independently offering high-quality audit services to our clients in an unbiased manner.

Teamwork Spirit

We value and work together with internal and external stakeholders.

Results-Oriented

We focus on achievements of reliable, timely, accurate, useful, and clear performance targets.



Professional competence

We deliver high-quality audit services based on appropriate professional knowledge, skills, and best practices

Integrity

We observe and maintain high ethical standards and rules of law in the delivery of audit services.

Creativity and Innovation

We encourage, create, and innovate value-adding ideas for the improvement of audit services.

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Abbreviations

AIDS	Acquired Immunodeficiency syndrome
AIP	Application Infrastructure Provider
API	Application Programming Interface
BCM	Business Continuity Management
BOT	Bank of Tanzania
CAG	Controller and Auditor General
CCTV	Closed-circuit television
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
COVID	Coronavirus Disease
CP6	6th Corporate Plan
CPA	Certified Public Accountant
CPF	Customs Processing Fees
DCG	Deputy Commissioner General
DPs	Development Partners
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
HIV	Human Immunodeficiency Virus
HMRC	His Majesty Revenue and Customs
HQ	Headquarters
IAD	Internal Audit Department
ICT	Information and Communication Technology
IDRAS	Integrated Domestic Revenue Administration System
IECDB	Import/Export Commodity Database
IPSAS	International Public Sector Accounting Standards
ISO	International Organisation for Standardization
ITA	Institute of Tax Administration
JNIA	Julius Nyerere International Airport
KPIs	Key Performance Indicators

LTD	Large Taxpayers Department
MBA	Master of Business Administration
MoU	Memorandum of Understanding
NBAA	National Board of Accountants and Auditors
NCDs	Non-Communicable Diseases
NHIF	National Health Insurance Fund
OGDs	Other Government Departments
OSBP	One Stop Border Post
OSHA	Occupational Safety and Health Authority
PhD	Doctor of Philosophy
PFMRP	Public Financial Management Reform Programme
PO-PSM	President's office- Public Services Management
PPE	Property, Plant and Equipment
PPRA	Public Procurement Regulatory Authority
PSSSF	Public Service Social Security Fund
QMS	Quality Management System
RGS	Revenue Gateway System
SACCOS	Savings and Credit Co-Operative Society
SHIMIWI	Shirikisho la Michezo ya Wizara na Idara za Serikali
SHIMUTA	Shirikisho la Mashirika ya Umma na Makampuni Binafsi Tanzania
SRS	System Requirement Specifications
TANCIS	Tanzania Customs Integrated System
TANePS	Tanzania National Electronic Procurement System
TANROAD	Tanzania National Roads Agency
TAREWU	Tanzania Revenue Workers Union
TCs	Tax Consultants
TFRS	Tanzania Financial Reporting Standard
TIC	Tanzania Investment Centre
TIN	Taxpayer Identification Number
TMP	Tax Modernisation Programme
ToR	Terms of Reference
TPA	Tanzania Port Authority
TRA	Tanzania Revenue Authority
TRAB	Tax Revenue Appeal Board
TRAHQ	TRA Headquarters
TRAT	Tax Revenue Appeal Tribunal
TZS	Tanzanian Shillings
USD	United States Dollar
UMVVS	Used Motor Vehicle Valuation System
VAT	Value Added Tax
VERO	Finnish Tax Administration
WCF	Workers Compensation Fund
WIP	Work in progress
ZSSF	Zanzibar Social Security Fund



1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairperson of the Board,
Tanzania Revenue Authority,
P.O. Box 11491,
Dar Es Salaam,
Tanzania.

1.1 REPORT ON THE AUDIT OF REVENUE STATEMENTS

Unqualified Opinion

I have audited the revenue statements of Tanzania Revenue Authority, which comprise the statement of financial position as at 30 June 2023, and the statement of financial performance, the 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 revenue statements, including a summary of significant accounting policies.

In my opinion, the accompanying revenue statements present fairly in all material respects, the financial position of Tanzania Revenue Authority as at 30 June 2023, and its financial performance and its cash flows for the year that ended in accordance with International Public Sector Accounting Standards (IPSAS) 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 Revenue Statements”. I am independent of the 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 revenue statements of the current period. I have determined that there are no key audit matters to communicate in my report.

Other Information

Management is responsible for the other information. The other information comprises the Director’s Report, statement of management responsibility, Declaration by the Head of

Finance, but does not include the revenue statements and my audit report thereon which I obtained prior to the date of this auditor's report.

My opinion on the revenue statements does not cover the other information, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the revenue statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the revenue statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed on the other information that I obtained prior to the date of this audit report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

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


In preparing the revenue 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 Revenue Statements

My objectives are to obtain reasonable assurance about whether the revenue 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 revenue 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 revenue 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 revenue 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 revenue statements, including the disclosures, and whether the revenue 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 revenue 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 [R.E 2021] 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, Cap 410 [R.E 2022] 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 LEGISLATION


1.2.1 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 2022/23 as per the Budget Act and other Budget Guidelines.

Conclusion

Based on the audit work performed, I state that the Budget formulation and execution of the 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.
February 2024





TANZANIA REVENUE AUTHORITY

ISO 9001: 2015 Certified

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED
30TH JUNE 2023**

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

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

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 2023. 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 key 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. MISSION, VISION AND CORE VALUES

In financial year 2022/2023, TRA commenced implementation of its five years (2022/2023 - 2026/2027) Sixth Corporate Plan (CP6). The CP6 provides an opportunity for TRA to align strategic direction that provides long term solution to the prevailing challenges in operation. Consequently, attaining optimal revenue mobilization in line with national and international development agenda. Implementation of the plan is guided by the following key components:

2.1 TRA Vision

The CP6 is guided by an inspirational vision to become "***A Trusted Revenue Administration for Socio-Economic Development***". This intends to build coalition with stakeholders in order to improve Authority's ability in raising more revenue for economic development. In daily operations, the Vision Statement provides Authority's future directions that allows staff to carry out their tasks with a shared corporate goal.

2.2 TRA Mission

Along with the defined TRA Vision, the Authority has described a Mission Statement that summarizes TRA's purpose of existence and how customers' expectations will be met. TRA mission is "***We Make It Easy to Pay Tax and Enhance Compliance for Sustainable Development***". The mission blends well with TRA vision as easiness/simplicity and voluntary compliance culture to tax payment will increase revenue collection and enable various national development strategies to come into reality and sustainable.

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

2. MISSION, VISION AND CORE VALUES (Continued)

2.3 TRA Core Values

TRA core values are a set of moral guidelines by which TRA holds in its operation and the way staff interact. They define TRA's identity and serve as ethical benchmarks by which TRA and its personnel are valued. The values are committed to the stakeholders and are infused into all of the organization's actions. TRA upholds the following Core Values:

(a) Professionalism

TRA is dedicated to implement law consistently, ethically, and credibly; and to utilise skills and expertise as a prerequisite for administering TRA obligations with high level of accuracy, innovativeness and customer focus culture.

(b) Integrity

TRA believes in being fair and honest to taxpayers and other stakeholders in all of its operations while observing ethical and moral principles to be free from corruption malpractices.

(c) 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. In absence of trust, TRA cannot create coalitions with taxpayers.

(d) Accountability

TRA creates and maintains a culture that appreciates and encourages responsibility, clarity and transparency. Every employee is expected to be responsible for his/her actions.

3. NATURE OF TRA OPERATIONS

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 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 the 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;

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

3. NATURE OF TRA OPERATIONS (Continued)

3.1 Functions of TRA (Continued)

- (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 on a quarterly basis; and
- (i) Perform such other functions as the Minister responsible for Finance may determine

3.2 The Legislative and Regulatory Environment in which TRA Operates

In execution of its noble function of assessing, collecting and accounting for Government revenue, TRA is guided by tax laws. The tax laws are made by Supreme Legislature of the country i.e. Tanzania Parliament. Any decision to amend existing tax laws or enact new tax laws has direct impact to TRA performance; laws that expand tax base have positive impact towards TRA performance while the ones that narrow the tax base are likely to have adverse impact. Therefore, TRA is striving to ensure enactment and/or amendment of tax laws and statutes are in line with Government's desire to increase revenue collection and improve the business environment. Also, TRA is enhancing its engagement in the National Tax Task Force Forum together with other tax multi-stakeholders in reforming the tax space regularly.

For the case of East Africa Community (EAC) framework, Tanzania like any other member is using effectively available legal opportunity to apply for stay of application or request for remission pertaining to a specific product. This is normally done in situation where there is a likelihood of an economic advantage to charge a different duty rate from the Common External Tariff (CET). Further, 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. This is one of the factors that contributes towards attainment of Authority's objectives.

3.3 The Industry in which TRA Operates

TRA is a tax administrator who administer both international taxes and domestic taxes across all sectors in Mainland Tanzania as well as in Tanzania Zanzibar in respect of tax laws which apply to both parts of the United Republic of Tanzania. The Authority's operational offices are distributed in various areas as indicated in **Para 3.7**. This enables the Authority to position itself in a manner that ease accessibility of its services and minimise tax evasions. Consequently, enhancing voluntary compliance which is among key elements in boosting revenue collections for tax administrator.

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

3 NATURE OF TRA OPERATIONS (Continued)

3.4 Main Tax Types, Key TRA Business Processes and Segmentation of Taxpayers

TRA being a tax administrator has legal mandate to administer a number of taxes. In order to ensure attainment of its objective, the Authority has devised key business process and segment its customers (taxpayers) as described hereunder:

3.4.1 Main Tax Types that are administered by TRA

The Authority administer various taxes as described below:

(a) Domestic taxes

These are taxes that are chargeable on profits or gains under the laws of Tanzania for entities established in Tanzania or for resident persons in Tanzania. They include Corporate Income Tax, Value added tax (local), Personal Income Tax, Pay As You Earn, Skills and development levy, Excise duty (local), Withholding taxes, Capital gain taxes, Gaming taxes and other taxes. The taxes are administered by Domestic Revenue department (for small and medium taxpayers) and Large Taxpayers department (for large taxpayers).

(b) International taxes

These are taxes that are levied on international trade. They include import duties, excise duty on imports, VAT on imports, Fuel levy, Petroleum levy, customs processing fees and export levy, motor vehicle transit charges and other taxes. These are administered by Customs and Excise department.

3.4.2 Key TRA Business Processes

In discharging its responsibilities, the Authority has a number of documented processes that guide in its day to day operations. Further, the Authority is ISO 9001:2015 certified. This assists the Authority in monitoring performance of key processes. Also, the Authority has taken advantage of technological advances in automating its key processes. This has improved Authority's efficiency and effectiveness. Details relating to TRA processes are provided in Para 10.

3.4.3 Segmentation of Taxpayers

Taxpayers that are administered by TRA have been segmented into Large, medium and small taxpayers. The segmentation eases management of taxpayers' affairs and ensure proper strategy are in place for each segment. The segmentation is done in line with predefined criteria as follows:

(a) Large Taxpayers - these are the ones who met any of the following criteria:

- (i) Annual turnover of TZS 50 billion or above
- (ii) Average annual tax contribution of TZS 2.5 billion or above
- (iii) Business operations under special economic sectors (Finance, Insurance, telecommunication and extractive industries)
- (iv) Individuals of High Net worth

(b) Medium taxpayers - these are the ones with average annual tax contribution of TZS 250 million and above but not exceeding TZS 2.5 billion

(c) Small taxpayers are those with average annual tax contribution below TZS 250 million per annum.

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

3. NATURE OF TRA OPERATIONS (Continued)

3.5 Structure of TRA Operations

The Authority is structured in a manner that enables it to execute its functions effectively and efficiently country wide. The Authority is structured in the following manner:

3.5.1 Management of TRA

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

The CG is assisted by Deputy Commissioner General (DCG) and 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.

3.5.2 TRA Departments

The Authority is organized into Revenue and Support departments as follows:

(i) Revenue Departments

These are departments that administer and give effect to the laws or the specified provisions of the laws set out in the First Schedule of the TRA Act. The Authority has four Revenue departments namely:

- (a) Customs and Excise
- (b) Domestic Revenue
- (c) Large Taxpayers
- (d) Tax Investigations

(ii) Support Departments

These are departments that provide support services to enable smooth execution of TRA core functions. The Authority has eight support departments namely:

- (a) Board Secretariat and Legal Services
- (b) Finance
- (c) Human Resources and Administration
- (d) Information and Communication Technology
- (e) Internal Affairs
- (f) Internal Audit
- (g) Research, Policy and Planning
- (h) Taxpayers' Services and Education

It is worth noting that, effective from 1st July 2023 TRA will be implementing a new organisation structure. Among others, the structure aims at enhancing revenue collection, reducing

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

3. NATURE OF TRA OPERATIONS (Continued)

3.5 Structure of TRA Operations (Continued)

3.5.2 TRA Departments (Continued)

operational cost, removing duplication of duties and streamlining reporting relationship. In this regard, two additional support departments (Risk and Compliance department; and Procurement Management department) have been established. Further, responsibilities of some departments have been reorganised and thus resulted into restructuring of some divisions, sections and units.

3.6 TRA Model

The semi-autonomous revenue model has been used in designing TRA. This implies that TRA is a body corporate with perpetual succession and a common seal. Therefore, TRA is capable of suing and being sued in its corporate name; may acquire and dispose of property; and may do all other things which a body corporate may lawfully do.

Moreover, TRA is operating under a TRA Board of Directors whose members are nominated from a diversity of sources from both inside and outside government as stipulated in the TRA Act. The autonomy under this model does not make TRA fully independent of the government and cease to be part of the public sector. Thus, general oversight on the part of Minister responsible for Finance is involved.

3.7 Overview of Main TRA Operating Offices and their Locations

The main 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
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Website www.tra.go.tz

In addition to TRA HQ where key administrative matters are handled, the Authority has other operational offices for Large Taxpayers, Domestic Revenue department HQ, Customs and Excise department HQ, TRA Zanzibar, Tax regions, District offices, Tax centres, Border stations and check points located countrywide. The offices are directly dealing with tax matters.

Further, TRA has operational offices in EAC Partner States that are operating under Single Customs Territory arrangement. By being under this arrangement, restrictive regulations involving goods moving between the Partner States are removed/ minimised. This results into reduction of cost of doing business by eliminating duplication of process and consequently, enhance attraction of foreign, domestic and cross border investment. Also, TRA has an institute namely Institute of Tax Administration (ITA). The institute is located in Dar es salaam and it offers specialised courses mainly on tax matters to TRA staff and public.

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

3. NATURE OF TRA OPERATIONS (Continued)

3.8 Accountability for Effectiveness and Efficient Utilization of Resources

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 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:

(a) 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).

(b) 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.

3.9 Macro and Micro Economic Conditions Correlating with TRA Operations

3.9.1 Macro-Economic Conditions Correlating with TRA Operations

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 2022/2023, performance of macro-economic factors is as analysed hereunder:

(a) General Overview of the Economy

Tanzania's economy continues to maintain a positive growth rate in 2022 despite the challenges caused by the war in Ukraine and the residual impact of COVID - 19. Real GDP grew by 4.7% in 2022 compared with 4.9% recorded in 2021. This performance was attributed to interventions

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

3. NATURE OF TRA OPERATIONS (Continued)

3.9 Macro and Micro Economic Conditions Correlating with TRA Operations (Continued)

3.9.1 Macro-Economic Conditions Correlating with TRA Operations (Continued)

(a) General Overview of the Economy (Continued)

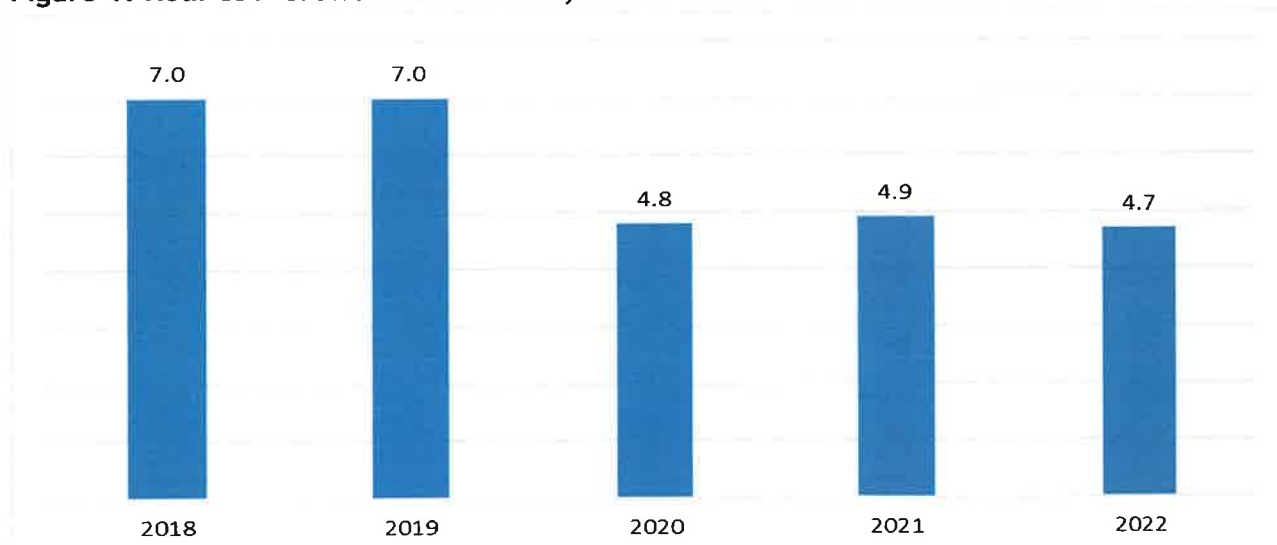
made to cushion the economy from the effect of global shocks; implementation of prudent fiscal and monetary policies; increase in private sector investment associated with improved business environment and Government measures to improve business climate; and ongoing public and private investment in strategic areas especially in energy, water, health, education, road construction and railways.

Sectors that recorded higher growth rates in 2022 include: arts and entertainment (19.0%), mining (10.9%); financial and insurance (9.2%), accommodation (9.0%); electricity supply (7.6%) and information and communication (7.4%). **Figure 1** indicates trend of real GDP growth for Tanzania from 2018 to 2022 while **Figure 2** depicts growth of major economic activities for 2021 and 2022.

In year 2023, the economy is expected to grow by 5.2%. This is supported by implementation of strategic projects and successful implementation of FYDP III that is expected to stimulate industrialization. The main risk to the economy is the negative effects on trade due to disruption in supply chains caused by ongoing war in Ukraine.

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).

Figure 1: Real GDP Growth for Tanzania, 2018 - 2022



Source: National Bureau of Statistics (2023)

TANZANIA REVENUE AUTHORITY

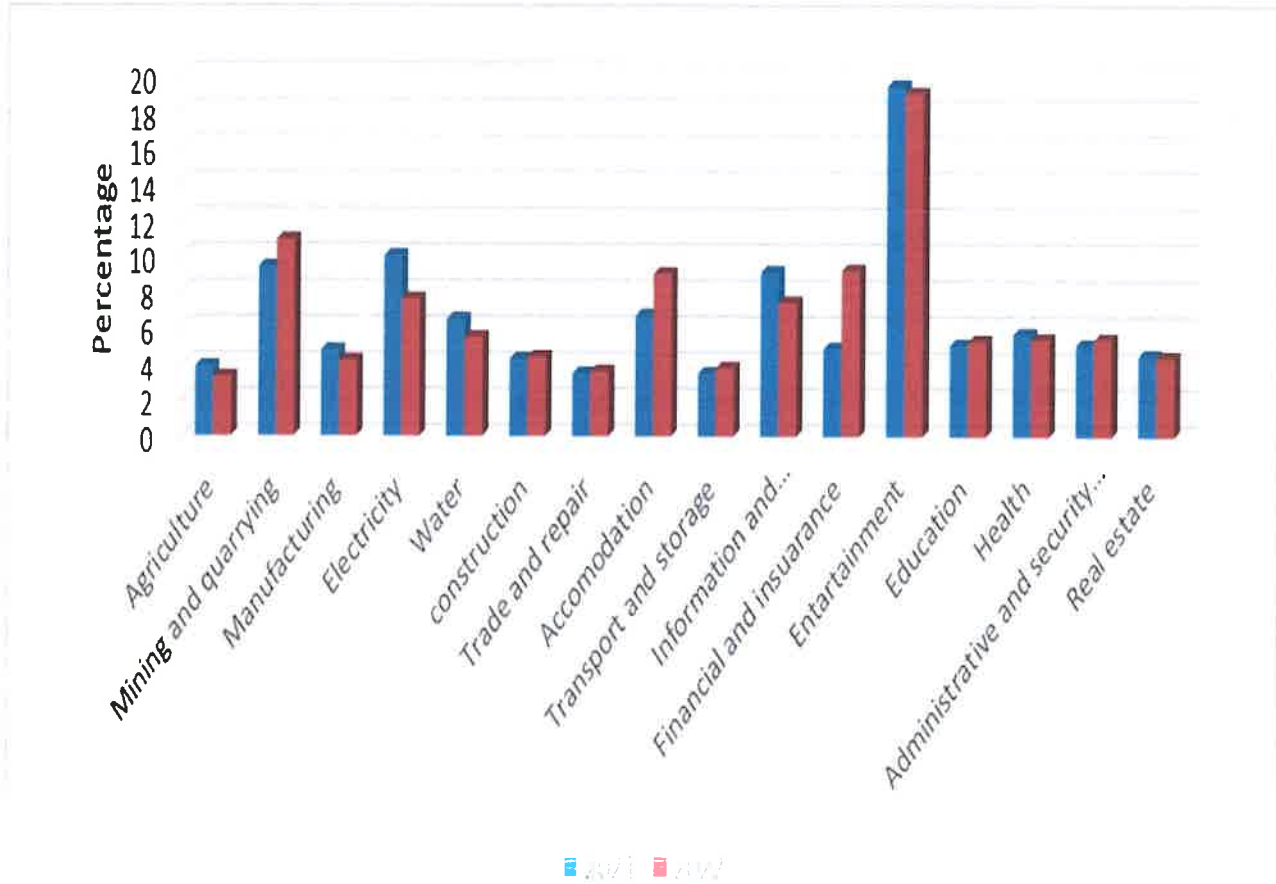
THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED
30TH JUNE 2023 (Continued)

3. NATURE OF TRA OPERATIONS (Continued)

3.9 Macro and Micro Economic Conditions Correlating with TRA Operations (Continued)

3.9.1 Macro-Economic Conditions Correlating with TRA Operations (Continued)

Figure 2: Growth of Major Economic Activities (2021 and 2022)



Source: National Bureau of Statistics (2023)

(b) Sectoral Revenue Contribution

Sectorial data for revenue collection during the period under review indicates that manufacturing economic activity contributed highest share of 17.1% to total domestic gross revenue collections. This was followed by financial and insurance (15.7%); administrative and support services (10.8%); information and communication (9.0%); mining and quarrying activities (8.4%); wholesale and retail trade (7.5%); transport and storage (6.9%); public administration and defence (6.4%); and construction (5.2%). Sectorial revenue contribution for financial year 2022/2023 is indicated in the Table 1.

TANZANIA REVENUE AUTHORITY

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED
30TH JUNE 2023 (Continued)**

3. NATURE OF TRA OPERATIONS (Continued)

3.9 Macro and Micro Economic Conditions Correlating with TRA Operations (Continued)

3.9.1 Macro-Economic Conditions Correlating with TRA Operations (Continued)

(b) Sectoral Revenue Contribution (Continued)

Table 1: Sectorial Revenue Contribution Financial Year 2022/2023

(Amount in TZS Millions)

Economic Activity	2022/23		2021/22		Growth	
	Actual amount	Contribution %	Actual amount	Contribution %	Amount	%
Manufacturing	2,451,957.3	17.1	2,347,523.3	17.8	104,434.0	4.4
Financial and Insurance	2,249,736.0	15.7	1,774,161.2	13.4	475,574.8	26.8
Information and Communication	1,287,117.3	9.0	1,167,240.6	8.8	119,876.7	10.3
Administrative and Support Service	1,550,152.6	10.8	1,092,510.4	8.3	457,642.2	41.9
Wholesale and Retail Trade; Repair of Motor Vehicles And Motorcycles	1,068,288.8	7.5	910,922.5	6.9	157,366.3	17.3
Public Administration and Defence; Compulsory Social Security	911,203.7	6.4	730,585.1	5.5	180,618.6	24.7
Mining And Quarrying	1,197,354.7	8.4	2,091,256.4	15.8	-893,901.7	-42.7
Transportation And Storage	991,412.9	6.9	656,309.8	5.0	335,103.1	51.1
Construction	738,190.3	5.2	724,601.7	5.5	13,588.6	1.9
Professional, Scientific and Technical	338,224.3	2.4	268,509.5	2.0	69,714.8	26.0
Other Services	141,080.8	1.0	188,648.8	1.4	-47,568.1	-25.2
Electricity, Gas, Steam and Air Condition Supply	262,590.6	1.8	214,778.7	1.6	47,811.9	22.3
Accommodation And Food Service	188,415.2	1.3	126,326.4	1.0	62,088.8	49.1
Human Health and Social Work	159,357.9	1.1	163,132.4	1.2	-3,774.5	-2.3
Education	146,924.6	1.0	141,775.8	1.1	5,148.8	3.6
Real Estate	214,230.7	1.5	111,591.3	0.8	102,639.4	92.0
Activities Of Households as Employers; Undifferentiated Goods- And Services-Producing Activities of Households For Own Use	110,762.7	0.8	103,075.1	0.8	7,687.6	7.5
Agriculture, Forestry and Fishing	113,522.5	0.8	107,656.4	0.8	5,866.1	5.4
Arts, Entertainment and Recreation	184,281.6	1.3	255,115.7	1.9	-70,834.1	-27.8
Water Supply; Sewerage, Waste Management and Remediation	18,786.0	0.1	18,797.6	0.1	-11.6	-0.1
Activities Of Extraterritorial Organizations and Bodies	5,425.8	0.0	4,924.0	0.0	501.8	10.2
Total	14,329,016.3	100.0	13,199,442.7	100.0	1,129,573.6	8.6

Source: TRA's Research, Policy and Planning Department

(b) Inflation

During the financial year 2022/23, annual headline inflation averaged to 4.6% compared to an average of 4.0% recorded in the preceded financial year 2021/22. The increase in average headline inflation was attributed to the increase in prices mainly on energy and food items. Inflation for food averaged 8.9% compared to 5.2% recorded in the financial year 2021/22. On the other hand, non-food inflation averaged at 2.9% in the financial 2022/23 compared to 3.5% recorded in 2021/22. **Figure 3** indicates inflation growth rates for financial year 2022/2023. In financial year 2023/2024, annual headline inflation is projected to remain within the medium-term target of 3% - 5%. This is in line with EAC convergence criteria of not more than 8.0%. 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.

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

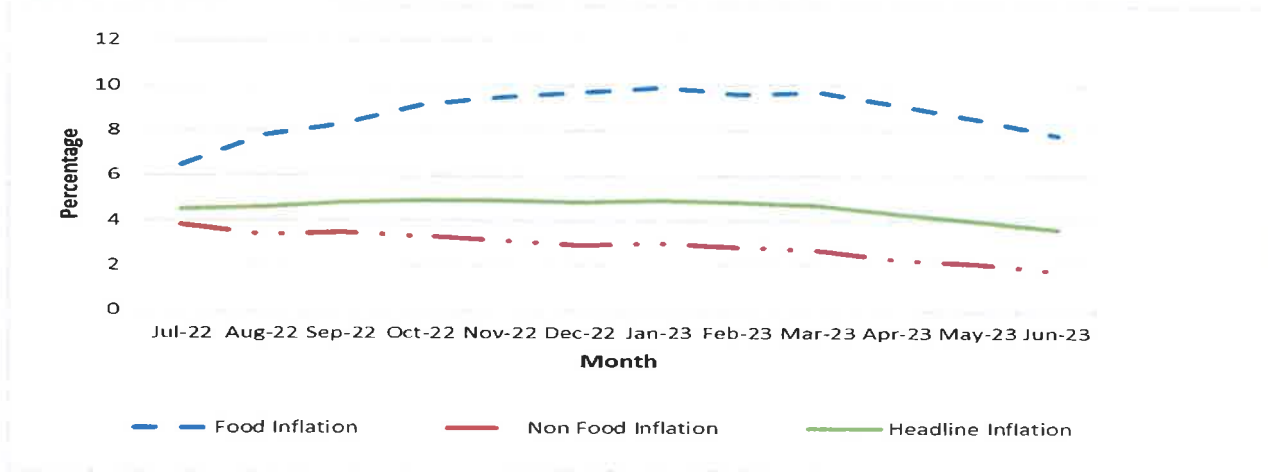
3. NATURE OF TRA OPERATIONS (Continued)

3.9 Macro and Micro Economic Conditions Correlating with TRA Operations (Continued)

3.9.1 Macro-Economic Conditions Correlating with TRA Operations (Continued)

(b) Inflation (Continued)

Figure 3: Inflation Growth Rates for Financial Year 2022/23

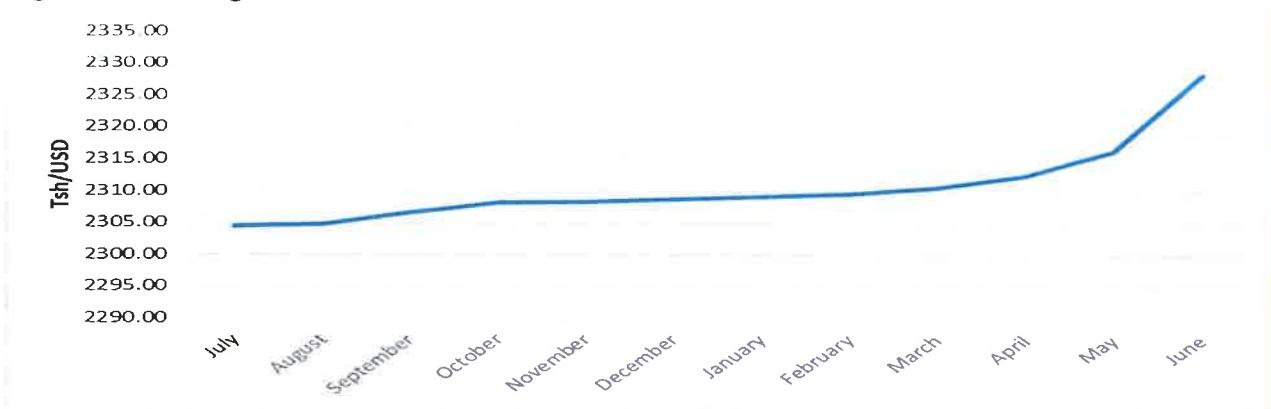


Source: National Bureau of Statistics

(c) Exchange Rate

The Tanzanian Shilling was exchanged at an average rate of TZS 2,310.22 per US Dollar in 2022/2023 compared to the average rate of TZS 2,298.12 per US Dollar in the corresponding period of 2021/2022. During the year ended 30th June 2023, the Tanzanian Shilling depreciated at the rate of 0.5% compared to an appreciation rate of 0.001% registered in the corresponding period of financial year 2021/2022. The depreciation of Tanzanian Shilling against US dollar was largely due to increase in demand for foreign exchange in the market. The increased demand emanated from high commodity prices in the world market and low foreign exchange inflow attributable to monetary policy tightening in advanced economy. Exchange Rate Movement for the period under review is shown in Figure 4.

Figure 4: Exchange Rate Movement for Financial Year 2022/23



Source: Bank of Tanzania

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

3. NATURE OF TRA OPERATIONS (Continued)

3.9 Macro and Micro Economic Conditions Correlating with TRA Operations (Continued)

3.9.2 Micro Economic Conditions Correlating with TRA Operations

Microeconomic factors refer to individual economic elements that can impact a specific organization, industry, or sector. TRA being the Authority responsible for collecting and managing revenue on behalf of the Government of the United Republic of Tanzania has several microeconomic factors that influence its operations as explained hereunder:

(a) Tax Policies and Regulations

Changes in tax policies, rates, and regulations can significantly impact TRA's operations. Alterations in tax codes or the introduction of new taxes can affect revenue collection and necessitate adjustments to administrative processes. TRA operations are influenced by amendments of various legislations through Finance Acts.

(b) Informal Economy

The size of the informal economy can impact TRA's operations. A large informal sector might lead to revenue leakage as transactions occur outside the tax net. TRA has been implementing various strategies in an effort to formalize businesses so as to widen up tax base.

(c) Tax Compliance

The willingness of taxpayers to comply with tax regulations influences TRA's effectiveness. Factors such as tax evasion, avoidance, and loopholes can affect attainment of revenue collection targets. TRA has been taking measures to fix the loopholes by proposing amendment of various tax laws.

3.10 Market Forces

Market forces such as technological advancements, economic growth, and government policies/regulations have direct impact to TRA operations. The effects are mainly in TRA operations as well as in the way taxpayers respond to the changes. The effect of technological change is provided in Para 3.11 while that government regulations and economic growth are provided in Para 3.9.2(a) and Para 3.9.1(a) respectively.

3.11 Speed and Effect of Technological Changes in TRA Operations

Technological developments have exposed Tax administrations to rapid changes through digitalization of the economy and 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 bases and reduce administrative burdens. TRA has seized the opportunities and is currently enhancing its ICT and tax administration systems. Upon completion of the enhancements, it is anticipated that efficiency and effectiveness in administering domestic and customs operations will improve. Eventually, this will increase revenue collections and reduce cost of collection. TRA is also taking advantage of having a dedicated e-Government Agency (eGA) in advancing its service delivery platforms and offer state-of-the art product to the taxpayers.

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

NATURE OF TRA OPERATIONS (Continued)

3.11 Speed and Effect of Technological Changes in TRA Operations (Continued)

On the other hand, new technologies such as Digitalized Economy; Advanced Data Analytics; Cyber-Attacks; Cloud Computing; and Block Chain Technology impact the way TRA is conducting its core business. In this regard, the Authority has been necessitated to closely monitor and enhance staff capacity on key technological advances so as to cope with the changes. This will ensure the Authority is in a position of curbing tax evasion facilitated by technological advancements.

3.12 Societal Issues

Taxpayers as part of the society are benefiting directly or indirectly from services financed through taxes that are collected by TRA. Most taxpayers' behaviours towards taxation depend on 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.

TRA's desire is to have a society with positive attitude toward paying taxes through creating awareness on their rights and obligations in carrying out this civic duty. This includes adopting a comprehensive business compliance strategy with combination of enforcement, facilitation, awareness, education campaigns and Corporate Social Responsibility that encourage and promote voluntary compliance among taxpayers.

In recent years, many Tax administrations around the world are employing behavioural strategies to enhance tax compliance. In this endeavour, social media has brought a new platform for interaction between taxpayers and Tax authorities. Ultimately, this can attribute to enhanced tax compliance. Also, enhanced usage of social media provides TRA with an opportunity to learn more about taxpayers, how to improve tax awareness, services and compliance efforts. Additionally, other factors that may affect the ability to pay tax are such as change of consumption pattern, emerging of diseases and demographic change.

3.13 Environmental Challenges

The natural environment directly or indirectly affects the operations of TRA by influencing the economy, trade, and tax base. Changes in agriculture, natural resources, tourism, manufacturing industries due to factors like weather events and climatic change can impact economic activities, exports, and imports. These changes in turn affect tax revenue collected by TRA. To minimise the mentioned effects, the Authority adapts its strategies, forecast revenue changes and collaborate with other Government agencies to ensure a stable revenue stream.

In addition, the Authority is implementing Government measures that aim at addressing environmental challenges. One of them being through tax measures such as imposition of extra Excise duty for imported used vehicles that are aged eight years or more from manufacturing date. The measure intends to increase costs of imported used vehicles that pollute environment and subsequently discourage their importation. Along with this, the Authority continues to

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

3. NATURE OF TRA OPERATIONS (Continued)

13.3 Environmental Challenges (Continued)

protect country's borders in order to control importation of products that are likely to pollute environment. Further, the Authority is in the process of establishing customs laboratory where among others it will assist in environmental protection (e.g. controlling trade of ozone depleting substances).

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

In the Geopolitical environment, prevailing peace and security within 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 even if it is not happening in Tanzania may affect the investors perception on EAC as a single investment destination. This distorts merchandise flow across the countries and affects tax collection performance.

3.15 Compliance with Laws and Regulation

TRA is committed to uphold highest standard of compliance with all applicable laws and regulations. Further, the Authority recognises that non-compliance with applicable laws and regulations tarnishes Authority's reputation. This impair Authority's trust and affects its relationship with taxpayers and other key stakeholders (Government, General public, Development Partners etc.). Consequently, affecting Authority's performance and its contribution to the growth and development of the national economy. The said Laws and Regulations are mainly grouped into:

- (i) Laws and regulations governing core business of the Authority (i.e. assessing, collection and accounting of revenues listed in the First Schedule of the TRA Act). These include:
 - (a) Main Tax Laws - These are the fundamental laws that are read in conjunction with their respective Regulations (Tax Administration Act, Income Tax Act, Value Added Tax, East African Community Customs Management Act, Customs (Management and Tariff) Act, Excise (Management and Tariff) etc.). Among others, the laws and regulations provides obligations of the Authority in administering tax collection operations and obligations of taxpayers
 - (b) Finance Acts - These provide changes in tax laws made during a particular fiscal year.

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

3. NATURE OF TRA OPERATIONS (Continued)

3.15 Compliance with Laws and Regulation (Continued)

(ii) Laws and respective regulations governing control and management of Authority's resources (Financial resources, human resources, capital resources, intellectual resources, Social and Relationship Resources and Other Resources). These include:

- (a) Those that are issued by central Government to provide general guidance on control and management of Government Resources (Public Finance Act, Public Procurement Act, Budget Act, Public Service Act, Workers Compensation Act, Occupational Health and Safety Act, Workers' compensation Act etc.)
- (b) Internal Regulations - These are cascaded from main Acts/ Regulations that are issued by central Government and are focusing in addressing TRA specific issues (Financial regulations and Staff regulations)

In addition to the aforementioned main groups, the Authority is complying with laws and regulations pertaining to cross cutting issues in areas such as:

- (a) Corruption - To comply with Government laws and regulations in fighting corruption, the Authority's policy affirms zero tolerance to all acts of corruption and enhance compliance to laws, regulations and guidelines.
- (b) HIV/AIDS Policy and Non Communicable Diseases (NCD) - TRA as a Public Institution is observing Government directives issued via President's office- Public Services Management (PO-PSM) through Circular No. 2 of 2014 followed by the Guidelines of 2014 to address HIV/AIDS and NCDs. To ensure implementation of the given directive the Authority has a policy in place that create an equal opportunity for all employees, regardless of their sero-status. Also, the Authority is meeting costs of medical services as stipulated in the PO-PSM guideline for employees who have disclosed their health status
- (c) Environment - the Authority is observing requirements of the Environmental Management Act in its dealings.

Further to the laws and regulations explained in the preceded paragraphs, the Authority is observing the Constitution of the United Republic of Tanzania 1977 in its dealings.

Compliance to the aforementioned Laws/Regulations is assessed by internal audit department and internal affairs periodically as part of their routine activities. Further, the assessment is done by independent organs (Controller and Auditor General (CAG), Public Procurement Regulatory Authority; Occupational Safety and Health Authority etc.).

The Authority is continuing to comply with existing laws and regulations pertaining to its operations. This is evidenced by CAG audit report for the period ended 30th June 2021/2022 where there was no key audit matter communicated by CAG and he issued unqualified audit opinion on both Statement (Financial and Revenue Statements). Further, CAG concluded that procurement of goods, services and works of the Authority is generally in compliance with the requirements of Public Procurement Laws in Tanzania.

TANZANIA REVENUE AUTHORITY

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED
30TH JUNE 2023 (Continued)**

3. NATURE OF TRA OPERATIONS (Continued)

3.15 Compliance with Laws and Regulation (Continued)

Also, CAG concluded that Budget formulation and execution of TRA is generally in compliance with the requirements of Budget Act and other Budget Guidelines.

Further, in its efforts to ensure highest compliance level of applicable Laws and Regulations is maintained, the Authority has established a dedicated department that among others, is responsible for overseeing compliance to applicable laws and regulations. The department is operational effective from financial year 2023/24.

4. SERVICE PERFORMANCE INFORMATION

In addition to KPIs described in Para 11, TRA has other quantified measures for measuring and assessing operations, efficiency and effectiveness of tax administration. Definition of the measures, calculation, results for year ended 30th June 2023 are shown in **Table 2**.

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

4 SERVICE PERFORMANCE INFORMATION (Continued)
Table 2: TRA Summarised Service Performance for the Period Ended 30th June 2023

Objectives	Strategies	Target	Risk	Risk Impact	Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementation Status	Budget	Actual		
												(TZS 'Million')	(TZS 'Million')		
Enhancement of Tax Compliance	(a) Enforcement on issuance of EFD receipts, Strengthening taxpayer's services and education, Strengthen field tax audit, Implementation of Compliance Risk Management Plan,	Examine 100% of Returns as per approved Annual Examination Business Plan	Low coverage of number of potential returns for examination	High	a) Annual examination business plan b) Examination manual c) Utilization of tax laws and regulations d) Adherence to QMS Process e) In house trainings	Financial resources, Human Resources, Assets (Software, Machines, Computers, Boats, Buildings, Motor vehicles etc.) and Other Resources	Examination of Tax Returns	Increased accurate filed returns	Increased Government Revenue	% of Returns Examined against approved Annual Examination Business Plan	Implemented	14,627.48	14,281.05		
	(b) Strengthening taxpayer's services and education, Strengthen field tax audit, Implementation of Compliance Risk Management Plan,	Audit 100 % of approved cases as per approved Annual Tax Audit Business Plan	Undetected tax malpractices	High	a) Audit manual b) Quality Assurance Audit c) Adherence of QMS Process d) In house trainings	Tax Audit	Increased Revenue Growth	% of Completed Audit cases against approved Plan		Implemented					
	(c) Strengthen field tax audit, Implementation of Compliance Risk Management Plan,	Timely conduct all planned post clearance audits	Ineffective Audit operations	High	a) Conduct in-house training. b) using contacts information available in TIN program to auditees on Customs Laws and Regulation	Post Clearance Audit	Enhanced compliance	% of planned post clearance audits conducted		Implemented					
	(d) Strengthen field tax audit, Implementation of Compliance Risk Management Plan,														
	(e) Effective block management and door to door campaigns. Strengthen management of tax arrears and debt recovery														
	(f) Strengthen management of tax arrears and debt recovery														
	(g) Monitoring and strengthen checkpoint operations. Enhance administration of withholding														
	(h) Enhance administration of withholding														

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

Objectives	Strategies	Target	Risk	Risk Impact	Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementation Status	Budget	Actual
												(TZS 'Million')	(TZS 'Million')
Enhancement of Taxpayers Declaration	tax from Government institutions	Process and issue 100% UIN/Activation code within 2 days from date of receipt	Failure to cancel EFDs after business closure	High	Close follow up of closed businesses		EFD Registration	Enhanced Compliance		% of UIN/Activation code processed and issued within time.	Implemented	663.70	744.08
	(i) Enhancement of staff supervision	Speed up of settlement of tax disputes											
Ensure proper usage of EFDs	(k) Provide high quality customer care and services	Enforce 100% EFD acquisition by eligible taxpayers	a) identification of erroneously issued receipts b) monitoring of stocks	High	a) Prevailing tax laws, regulations and their respective sanctions therein b) Block Management c) Awareness campaigns d) EFD surveillance		EFD Compliance Monitoring	Increased Revenue Growth		% of EFD acquired by eligible taxpayers	Implemented	7,838.03	7,635.57
	(l) Effective use of risk management in customs operations	Conduct at least 50 and 90 EFD surveillance per month for small and big regions respectively								Number of EFD surveillance conducted per month.	Implemented		
Ensuring resolution of disputes		Settle 100% Tax disputes within 6 months from the date of receipt	a) Delays in determination of tax disputes b) Wrong determination of tax disputes	High	a) Prevailing tax laws and regulations b) Out of court settlement c) Retreat programs		Tax Dispute Resolution	Timely Collected Taxes		% of Tax disputes settled within time.	Implemented	4,736.71	4,722.86

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

Objectives	Strategies	Target	Risk	Risk Impact	Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementation Status	
											Budget (TZS 'Million')	Actual (TZS 'Million')
Ensuring timely payment of taxpayer's money		Process 100% Tax Refund Claims within 60 working days from the date of receipt	Delays in processing applications within prescribed time	High	a) Prevailing tax laws, regulations and manuals b) Adherence to QMS processes c) Enhanced VAT E-filing systems and EFDMS		Tax Refunds	Increased taxpayers' compliance on tax matters		% of Tax Refund Claims processed within time	398.93	391.10
		Increase new Taxpayers by 15% from registered business TIN in the previous year.	Failure to register eligible taxpayers	High	a) Block Management System. b) Information exchange programmes with other Government Institutions c) Online registration d) Special program of Taxpayers registration		Taxpayers (TIN & VAT) Registration and Verification	Increased Taxpayer's registration	Implemented	% of new taxpayers registered against previous year.	749.77	722.96
Expand Tax base		Increase VAT registered traders by 10% from VAT traders registered in the previous year	Unregistered eligible persons	High	a) Block Management System b) Deregistration of ineligible Taxpayers c) Improvement and integration of TRA systems					% of VAT traders registered against previous year		

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

Objec tives	Strategies	Target	Risk	Risk Impact	Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementation Status	
											Budget (TZS 'Million")	Actual (TZS 'Million")
Identification of Motor Vehicle		Process 100% Motor Vehicles Registration Applications within 2 working days from the date of receipt	Registration of untaxed motor vehicles	Medium	a) Utilization of MV10 form b) Training and ethics controls of staff.		Motor Vehicle Registration	Increased taxpayers' compliance on tax matters		% of Motor Vehicles Registered within time		
Protection of Society		Monitor movement and account for all transit goods within 30 days	Dumping of Transit goods related to community protection.	High	Enhancement of ECTS (Electronic Cargo Tracking System) for monitoring transit goods.		Transit Control			% of transit goods monitored & accounted for.	2,270.62	2,211.51
Recovery of tax arrears		Collect 85% of Collectable Current Tax Assessed during the year. Collect 65% of collectable previous tax arrears within the year.	a) mismatch b) Failure to collect collectable arrears Data to arrears	High	a) Validation and updating of tax positions b) Institute recovery measures c) Enforcement on compliance to honour instalment arrangements d) Quality Assurance checks e) Utilization of data clean up module		Collection & Enforcement	Reduction of Tax Arrears		% of Current Tax Assessment collected. % of previous Tax Assessment collected.	3,624.22	3,471.40

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

Objectives	Strategies	Target	Risk	Risk Impact	Risk Mitigation	Input	Processes	Outputs	Outcome	KPIs	Implementation Status	Budget	Actual
												(TZS 'Million')	(TZS 'Million')
Trade Facilitation		Complete documentary verification of all TANSADS within twenty-four hours from time of lodgement.	Undervaluation, misclassification, under declaration, Rules of Origin	High	Effective use of valuation database i.e., Price guideline, IECDB, UMWVS, Pre-verification. Automation of issuance if certificate of Origin		Customs Clearance	Reduced clearance time		% of TANSADS verified within twenty-four hours.	Implemented	1,904.07	1,752.93
			Possibility of exempted items being used differently from its intended purposes	High	Frequent inspection and monitoring of the exempted projects/items		Customs Exemptions	Increased taxpayers' compliance on tax matters		% of eligible TIC exemptions approved within 14 days from the date of submission.	Implemented		
GRAND TOTAL												36,813.52	35,933.46

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

5. OBJECTIVES AND STRATEGIES

In its conducts, TRA is guided by series of five-years Corporate Plans. The plans have aided the Authority to have a common strategic direction in the course of discharging its mandate. This approach of managing TRA corporate affairs has enabled the Authority to achieve remarkable performance in mobilization of the Government revenues over the years.

The Authority commenced implementation of its five years 6th Corporate Plan (CP6) on 1st July 2022. The CP6 is built on four Strategic Themes which form TRA business model. The Themes form 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 that focus in provision of long term solution to the prevailing Authority's challenges. 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 3**.

In line with law that establishes TRA, funding plans to support the crafted strategies with a focus of attaining Corporate objectives are mainly focusing on obtaining funds from Ministry of Finance and Planning as per 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. Further details relating to resources for implementation of the strategies are provided in **Para 8**.

5. OBJECTIVES AND STRATEGIES (Continued)

Table 3: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 Branding of TRA 	<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"> Development of Enterprises Service Delivery Management 	<ul style="list-style-type: none"> Improved public reputation Increased taxpayers compliance on tax matters
<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"> 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 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

6. 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/concerns and take action to respond on them as described in Table 4.

Table 4: List of TRA's key Stakeholders, their needs/concerns and actions taken by TRA to address them

S/N	Stakeholder	Services Offered by TRA to Stakeholders	TRA Needs Stakeholders	Legitimate from Stakeholders	Stakeholders' Legitimate needs /interest	How TRA takes into account and responds to Stakeholders' legitimate needs /interest
1.	Taxpayers	(a) Register TIN (b) Tax Education (c) Assessment of tax (d) Tax clearance (e) Trade facilitation (f) Tax Advisory services	(a) Compliance with tax laws (b) Honest in business dealings (c) Transparency and accountability (d) Feedback All these have significant influence towards attainment of TRA targets.	(a) Prompt and Quality Service - Taxpayers need prompt and quality service when dealing with TRA	(i) TRA has automated key process such as registration, filing of returns, customs clearance operations and payments (ii) TRA has Code of Ethics that outlines the standard of behaviour for TRA employees including being responsive to TRA customers (iii) TRA is implementing a Comprehensive Service Culture Program to Staff that aimed at changing staff attitude towards satisfying customers and consequently promote customer care culture (iv) TRA is implementing effective Taxpayer's feedback mechanism (v) TRA has put in place a responsive call centre that respond to taxpayers	

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

S/N	Stakeholder	Services Offered by TRA to Stakeholders	TRA Needs Stakeholders	Legitimate from Stakeholders	Stakeholders' Legitimate needs /interest	How TRA takes into account and responds to Stakeholders' legitimate needs /interest
					<p>(b) Fair and Proper Assessment - Taxpayers need to be fairly and professionally treated when are assessed for tax purpose</p>	<p>queries. Also, TRA is using social media platform to respond to customer queries</p> <p>(i) 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.</p> <p>(ii) TRA has a compressive annual training plan that focus on imparting required knowledge to TRA staff</p> <p>(iii) TRA has code of ethics that requires TRA employees to be neutral and impartial while delivering service. Along with this, there is internal mechanism for handling staff who violates the requirement</p> <p>(iv) TRA has instituted different review and approval levels to control quality of assessments</p>
					<p>(c) Confidentiality - Taxpayers needs confidentiality of key information pertaining to</p>	<p>TRA has a mechanism in place where confidentiality of taxpayers' information is maintained and the information obtained are used for tax purpose only.</p>

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED

30TH JUNE 2023 (Continued)

S/N	Stakeholder	Services Offered by TRA to Stakeholders	TRA Needs Stakeholders	Legitimate from Stakeholders	Stakeholders' Legitimate needs /interest	How TRA takes into account and responds to Stakeholders' legitimate needs /interest
					<p>their business that are availed to TRA.</p> <p>(d) Tax Updates and Awareness</p> <ul style="list-style-type: none"> - 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 	<p>To enforce this, TRA has clear internal disciplinary mechanism for handling staff who violates the set rule.</p> <p>(i) TRA is implementing 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</p> <p>(ii) TRA has also considered special group needs and distribute braille booklets and video clips for taxpayers with sight and hearing disabilities respectively.</p> <p>(iii) TRA is publishing tax laws and other related laws in its website so as to ease accessibility of referencing materials</p>

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED

30TH JUNE 2023 (Continued)

S/N	Stakeholder	Services Offered by TRA to Stakeholders	TRA Needs from Stakeholders	Stakeholders' Legitimate needs /interest	How TRA takes into account and responds to Stakeholders' legitimate needs /interest
2.	Government Ministries, Departments and its Agencies	<p>(a) Collection and accounting of revenue</p> <p>(b) Advice on fiscal issues</p> <p>(c) Provision of Revenue Statistics</p> <p>(d) Provision of Performance Reports</p> <p>(e) Administration of Tax Laws</p> <p>(f) Provision of various tax related information</p>	<p>(a) Conducive environment to facilitate tax and non-tax collection operations</p> <p>(b) Resources that are used in day to day operations (Financial, human, infrastructure)</p> <p>(c) Clear mandate</p> <p>(d) Security Directives on budget and public finance oversight and management</p> <p>(e) Development project directives and assistance</p> <p>Considering nature of TRA operations, the aforementioned Government provisions have critical impact</p>	<p>(a) Administration and enforcement of tax laws and other related laws</p>	<p>The need is mainly addressed through TRA staff who are directly dealing with implementation of the tax laws and other related laws. In this regard, the Authority has devise means to ensure that staff are implementing tax and related laws consistently, ethically and credibly. Among others, the means include:</p> <p>(i) Ensuring staff have clear understanding of the laws. This is done through Authority's comprehensive five years' capacity building programme where each staff is scheduled to attend mandatory training. Execution of the plan is done on yearly basis. Also, the Authority is implementing coaching and mentoring programme where experienced staff are imparting tax knowledge to inexperienced staff. Further, the Authority is implementing on job trainings. Along with this, the Authority is ensuring availability of referencing materials for the laws and timely provision of awareness sessions for amended/new laws.</p>

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THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED

30TH JUNE 2023 (Continued)

S/N	Stakeholder	Services Offered by TRA to Stakeholders	TRA Needs Stakeholders towards performance	Legitimate from TRA Stakeholders	Stakeholders' Legitimate needs /interest	How TRA takes into account and responds to Stakeholders' legitimate needs /interest
			towards performance	TRA		<p>(ii) Auditing relating to application of tax laws and related laws are done regularly by Internal Audit department and corrective measures are taken where there is deviations.</p> <p>(iii) TRA has mechanism in place whereby disciplinary measures are taken to staff who do not follow the laws.</p>
					(b) Honest, Transparency and Accountability	<p>(i) TRA is maintaining a culture that appreciates and encourages responsibility, clarity and transparency. In this environment, each employee is obliged to be responsible for his/her action. To instil the culture, awareness sessions are conducted regularly</p> <p>(ii) The Authority has designated department that handle integrity matters and advise appropriate measures to address the matter.</p> <p>(iii) TRA is regularly sharing various information relating to tax issues with the Government including awareness sessions on tax matters</p>
					(c) Proper utilisation of Funds - TRA being agency of the Government is required to	<p>(i) TRA has internal financial regulations that clearly defined how financial matters are handled within</p>

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THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED

30TH JUNE 2023 (Continued)

S/N	Stakeholder	Services Offered by TRA to Stakeholders	TRA Needs Stakeholders	Legitimate from Stakeholders	Stakeholders' Legitimate needs /interest	How TRA takes into account and responds to Stakeholders' legitimate needs /interest
					ensure proper utilisation of funds	<p>the Authority. Implementation of these regulations go hand in hand with other Government policies, regulations and directives</p> <p>(ii) TRA has a mechanism in place whereby auditing on funds utilisation is done regularly by internal audit department</p> <p>(iii) TRA has internal mechanism for handling disciplinary matters relating to staff who contravenes the policies, regulations and directives relating to proper utilisation of funds.</p>
					(d) Accurate and timely technical advice on tax related issues	TRA has streamlined the procedure for handling matters relating to provision of technical advice on tax related issues. Under this, the matters are channelled to designated department, analysed and responded accordingly within a set timeframe
					(e) Timely dissemination of Information - TRA is required to timely furnish information that are needed by Government. The information mainly relates	TRA has documented procedures that guide submission of periodic reports including the ones required by Government. Monitoring on compliance is done regularly and corrective actions are taken accordingly.

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

S/N	Stakeholder	Services Offered by TRA to Stakeholders	TRA Needs Stakeholders	Legitimate from Stakeholders	Stakeholders' Legitimate needs /interest	How TRA takes into account and responds to Stakeholders' legitimate needs /interest
					<p>to tax collection operations and budget implementation</p> <p>(f) Compliance to national policies and legislations</p>	<p>TRA is committed to uphold highest standard of compliance with applicable policies and legislation. In this regards,</p> <p>(i) The Authority is regularly conduct awareness sessions to staff</p> <p>(ii) The Authority has compliance assessment mechanism whereby internal designated departments are periodically assessing compliance as part of their routine activities. Further, some assessments are done by independent organs (CAG, PPRA, OSHA etc.). Thereafter, appropriate measure are taken to address any noted deviation</p>
					<p>(g) 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 budge</p>	<p>(i) TRA has set a number of short and long term strategies to meet the set collection targets. Among others, the strategies include widening tax base, automation of TRA key operations to ease tax payment process and taxpayer education</p> <p>(ii) TRA ensures efficiently administration and enforcement of tax laws, measure results thereon</p>

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THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

S/N	Stakeholder	Services Offered by TRA to Stakeholders	TRA Needs Stakeholders	Legitimate from Stakeholders	Stakeholders' Legitimate needs /interest	How TRA takes into account and responds to Stakeholders' legitimate needs /interest
3.	TRA Employees	<p>(a) Payment of salaries and other benefits</p> <p>(b) Working tools</p> <p>(c) Promotions</p> <p>(d) Training and development, Staff welfare,</p> <p>(e) Career development and progression,</p> <p>(f) Counselling, coaching and mentoring</p> <p>(g)</p>	<p>TRA employees are strategic resources that facilitate transformation of TRA strategies into actions in order to realize the predefined objectives. The employees are the ones that exhibit TRA's identity in service delivery and consequently impact needs of other stakeholders. In the regard, TRA needs the following:</p> <p>(a) Commitment in delivery of services</p> <p>(b) Exercise professionalism</p> <p>(c) Attaining of the set targets</p> <p>(d) Accountability</p>	<p>(a) Financial benefits (Good Salaries; Attractive Package after retirement; Payment of terminal benefit)</p> <p>(b) Non-financial benefits (Motivation and recognition; Conducive working condition; fair treatment; Job security; Job safety; Timely Confirmation and promotion; Timely payment of terminal benefits; Recognition for outstanding performance; and High-quality counselling, coaching and mentoring)</p>	<p>(i) TRA has staff regulations that spell out terms and conditions of service including rewarding procedures to avoid unfair treatments. Further, TRA is observing, other Government guidelines and directives relating to staff matters.</p> <p>(ii) TRA has a scheme of service that clearly define career development and progression for each cadre</p> <p>(iii) TRA is implementing a comprehensive training plan basing on identified training needs. To supplement the plan, TRA is implementing coaching and mentoring programme</p> <p>(iv) 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.</p>	<p>and take corrective actions where necessary</p>

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THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

S/N	Stakeholder	Services Offered by TRA to Stakeholders	TRA Needs Stakeholders	Legitimate from Stakeholders	Stakeholders' Legitimate needs /interest	How TRA takes into account and responds to Stakeholders' legitimate needs /interest
4.	Suppliers	(a) Provide terms of References (b) User Requirement (c) Service level Agreements (d) Prompt Payment	(e) Improved productivity (f) Demonstration of high level of integrity (g) Complying to staff rules and regulations (h) Innovativeness (i) Customer service culture		(a) Fair treatment and Transparency	(v) TRA is in the process of developing various policies relating motivation and recognition of staff with outstanding performance (vi) TRA has documented procedure for payment which stipulates time to be taken to process payment after lodgement of the claim. Performance of the procedure is reviewed regularly and appropriate measure are taken
			TRA has engaged a number of suppliers to supply goods/services that are needed for its daily operations. In this regard TRA requires (a) Quality service - as quality of goods and/or outsources services have		(i) Fair treatment and Transparency (b) On time payment	(i) TRA is adhering to Procurement Act and its regulations which clearly stipulate suppliers' engagement procedures (ii) TRA is using online procurement system (TANePS) where transparency of procurement process has been enhanced (iii) TRA staff are observing code of ethics and whenever there is deviation, appropriate measures are taken by the Authority (i) During engagement of contractors, the Authority is ensuring that terms

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THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED

30TH JUNE 2023 (Continued)

S/N	Stakeholder	Services Offered by TRA to Stakeholders	TRA Needs Stakeholders	Legitimate from Stakeholders	Stakeholders' Legitimate needs /interest	How TRA takes into account and responds to Stakeholders' legitimate needs /interest
5.	Tax Consultants (TCs) and Clearing and Forwarding Agents (CFAs)	(a) Registration and Licensing (b) Platform to interact with TRA (c) Provision of information on client affairs (d) Provision of technical advice. (e) Tax education and services	These customers are acting as middlemen between Taxpayers and TRA. Therefore, they have significant influence towards attainment of TRA strategic objectives (a) TRA requires them to comply with tax laws	direct impact on TRA operations. (b) Tax Compliance - the suppliers are among taxpayers who contribute in attainment of TRA collection targets through tax payments	(c) Extension of service - whenever there is a need for contract extension, the same should be done timely. (d) Recognition - Suppliers need to be valued for the contracted services (a) Prompt and Quality service (b) Automated and simplified systems of filing returns and lodging declaration; (c) Minimal cost of compliance	of payments are in line with Authority's expected funds inflow. (ii) During payment, TRA is observing contractual payment terms coupled with internal documented payment procedure to ensure payment are done within stipulated time TRA has a contract management unit to ensure contractual obligations are implemented as agreed including appraising of Suppliers and contract extension where necessary are done on time. (i) TRA is continuing with automation of key tax administration process (ii) Periodically review its internal procedures relating to tax administration in order to remove duplicated /redundant ones. (iii) TRA staff are observing code of ethics which outlines standard of behaviour for TRA employees including being responsive to TRA customers. Whenever there is deviation, appropriate measures are taken.

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THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

S/N	Stakeholder	Services Offered by TRA to Stakeholders	TRA Needs Stakeholders	Stakeholders' Legitimate needs /interest	How TRA takes into account and responds to Stakeholders' legitimate needs /interest
		(f) Tax Laws (g) Tax Administration services (Tax Assessment, Tax Refund payments etc.)	(b) To be honest, transparency and accountable in business dealings (c) To communicate about client affairs (d) To comply with their codes of conduct		(iv) TRA has put in place a responsive call centre that respond to taxpayers queries. Also, TRA is using social media platform to respond to customer queries
				(d) Tax Advising services; (e) Tax updates and awareness	(i) TRA is implementing taxpayer education programmes that are tailored specifically for TCs and CFAs (ii) TRA is publishing tax laws and other related laws in its website so as to ease accessibility of referencing materials
				(f) Fair treatment	(i) Uphold core value of TRA staff; (ii) Observing compliance to code of ethics
6.	Financial Institutions (FI)	(a) Systems interface (b) Provision of technical advice. (c) Tax education and services	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	To be able to yield maximum results from FIs, TRA needs to address FIs specific needs. These are: (a) Confidentiality, (b) Prompt and Good Customer Service (c) Effective response to queries/complaints.	(i) TRA is observing implementation of TRA code of conduct where provision of prompt service and confidentiality are among values that need to be observed by TRA employees. (ii) TRA regularly conducts meetings with FIs to discuss various matters including complaints/queries with a focus of resolving raised matters amicably

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THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

S/N	Stakeholder	Services Offered by TRA to Stakeholders	TRA Needs Stakeholders	Legitimate from Stakeholders	Stakeholders' Legitimate needs /interest	How TRA takes into account and responds to Stakeholders' legitimate needs /interest
			TRA operations. Therefore, TRA requires (a) Reliability and efficiency of FIs network as this improve efficiency of TRA operations (b) Timely provision of information pertain to tax matters. The information assist TRA in curbing tax evasion (c) Confidentiality (d) Effective response to queries and complaints			(iii) TRA has put in place a responsive call centre that respond to taxpayers queries. Also, TRA is using social media platform to respond to customer queries
7.	General Public	(a) Tax education (b) Facilitation of business operation	(c) Willingness to formalize their business - this plays key role in attainment of	(a) Tax Education (b) Integrity	(d) Reliable network (e) Stable System	Authority has enhanced TRA network through implementation of High Availability Data Centre. This has significantly improved availability of TRA systems

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THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

S/N	Stakeholder	Services Offered by TRA to Stakeholders	TRA Needs Stakeholders	Legitimate from Stakeholders	Stakeholders' Legitimate needs /interest	How TRA takes into account and responds to Stakeholders' legitimate needs /interest
8.	Development Partners (DPs)	(a) Processing and Refunds and Exemptions (b) Trade facilitations (c) Provision of revenue and project performance and reports information. (d) Proposal for Projects funding	(a) Financial and technical assistance to TRA (b) Accuracy and completeness of exemption requests (c) International networking and alliances (d) Benchmarking regionally and internationally	TRA goals especially on widening of tax base as it brings more business into tax net. (d) Whistle blowing - this assist TRA in fighting against tax evaders. (e) Honest and Transparency	(c) Feedback on collection performance	receiving and handling information relating to unethical behaviours TRA has a practice in place where collection performance reports are shared with the public regularly through various media
					(a) Achieving targeted plan (b) Proper use of fund (c) Timely refund and Tax Exemptions	Close monitoring of agreed plan and taking appropriate measures to ensure implementation is on track In addition to adherence to existing regulations guiding financial matters in TRA, the Authority is adhering to financial management requirements stipulated in respective DPs agreement In handling exemptions, TRA has dedicated a 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.

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THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED

30TH JUNE 2023 (Continued)

S/N	Stakeholder	Services Offered by TRA to Stakeholders	TRA Needs Stakeholders	Legitimate from Stakeholders	Stakeholders' Legitimate needs /interest	How TRA takes into account and responds to Stakeholders' legitimate needs /interest
9.	Media	Provision of information regarding operations	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.	<p>(d) Accurate and timely reports/ Information.</p> <p>(e) Well analysed and justified Project write-ups.</p> <p>(f) Project Implementation report</p> <p>(g) Supervision of projects (Physical verification)</p> <p>(h) Project Evaluation report</p>	<p>TRA has documented procedures that guide submission of periodic reports including the ones required by DPs. Monitoring on compliance is done regularly and corrective actions are taken accordingly.</p> <p>TRA has a dedicated unit for Project monitoring which closely monitor project (financial and physical implementation) and prepares reports periodically as per agreement with DPs. In addition, in each project there is a project manager who supervise day to day implementation of the project</p> <p>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.</p>	

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THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

S/N	Stakeholder	Services Offered by TRA to Stakeholders	TRA Needs Stakeholders	Legitimate from Stakeholders	Stakeholders' Legitimate needs /interest	How TRA takes into account and responds to Stakeholders' legitimate needs /interest
			For the Authority to be able to disseminate right message at right time, it requires Media: (i) To accurately report matters relating to TRA (ii) To observe professionalism (iii) To support tax education to public (iv) To effectively (accurately and timely) disseminate information to public (v) To publicise TRA activities in General			
10.	Tax Appellate Machineryes and Other Courts of Law (TRAB, TRAT and Court of Appeal)	(i) Cooperation in responding to enquiries (ii) Reliable audit evidence,	Timely hearing of the objected cases as well as ruling and judgement of the cases that are	For TRA to be benefited from existence of this stakeholder, the Authority is required to: (a) Allocate human resources to be involved in hearing;	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	

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THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

S/N	Stakeholder	Services Offered by TRA to Stakeholders	TRA Needs Stakeholders handled by stakeholder 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. In this regard, the Authority requires:	Legitimate from Stakeholders	Stakeholders' Legitimate needs /interest	How TRA takes into account and responds to Stakeholders' legitimate needs /interest
11.	Non-Governmental Organizations	(i) Facilitation on tax exemptions (ii) Processing of tax refunds	These are among TRA taxpayers who are also enjoying tax exemptions. Therefore, to ensure appropriate taxes are	(a) Fair and unbiased decisions (b) Timely hearing of registered cases (c) Fair and timely rulings and judgements	(b) Provide reliable and admissible evidence and authentic testimony (c) comply with professional standards, guidelines and regulations (d) Adhere to decisions made	(a) TRA is observing the following: (b) Adherence to TRA Code of Ethics. (c) Implementation of effective Taxpayer's feedback mechanism. (d) Automation of TRA key processes.

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THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

S/N	Stakeholder	Services Offered by TRA to Stakeholders	TRA Needs Stakeholders	Legitimate from Stakeholders	Stakeholders' Legitimate needs /interest	How TRA takes into account and responds to Stakeholders' legitimate needs /interest
		(iii) Provision of technical advice on tax matters. (iv) Registration (v) Tax education and services	collected and given exemptions are utilised for the intended purpose. In this regard, Authority requires; (a) Tax compliance (b) To be honest and demonstrate a high level of compliance. (c) Strategic collaboration in tax related activities		(g) Convenient tax systems (h) Effective response to queries and complaints (i) Timely processing of tax exemptions & refunds	(e) Provision of quality customer care services. (f) Ensures timely and effective response to queries and complaints (g) Provide tax education through seminars, media, tax forums, tax publications, billboard adverts and other means. (h) Ensure prompt processing of tax exemptions and refunds
12.	Regional Economic Groupings	(i) Enforcement of Laws, Procedures and Regulations (ii) Sharing of information	(a) Trade facilitation (b) Fair Negotiation and agreement (c) Information (d) Prepared meetings	(a) Cross boarder information (b) Protocol Implementation and (c) Fair Negotiation and agreement	(a) Shares cross boarder information that provides benefits to both members (b) Participates in various meeting coordinated by Regional Economic Groupings	

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

7. OPERATING AND FINANCIAL REVIEW

This section provides narrative explanations on main trends and factors underlying developments, performance, financial position, cash flows of the Authority during the financial year covered by both Financial Statements and Revenue Statements; and those which are likely to affect the Authority's future developments, operations, performance, financial position and cash flows. The explanations are categorised as shown below:

7.1 Financial Review

The analysis under this part discloses results of operations and state of affairs of the Authority included in Financial Statements and those of Authority's stewardship role of collecting revenues on behalf of the Government shown in Revenue Statements. The respective results are analysed hereunder:

7.1.1 Analysis of Financial Statements

This part analysed items relating to TRA operations included in Financial Statements as indicated below:

7.1.1.1 Financial Performance - Authority's Operations

This part analyses items included in the Statement of Financial Performance relating to TRA operations. During the year ended 30th June 2023, TRA closed with a surplus of TZS 92,557.90 million (2022: Surplus of TZS 12,841.87 million). The noted significant increase of TZS 79,716.04 million equivalent to 620.75% emanated from:

(a) Increase in Revenue Earned During the Period - TZS 223,416.79 million

Revenue earned during the period has increased by TZS 223,416.79 million equivalent to 57.65 % compared to TZS 387,519.31 million earned in preceded year 2021/2022. The increase is contributed by:

(i) Increase in Revenue from Non-Exchange Transactions - TZS 223,456.44 million

The noted change resulted from:

- Increase of Income from Government - TZS 123,414.02 million

These are monthly allocations receipted from Treasury to finance TRA's budget for day to recurrent expenditures, personnel emoluments and development projects. Following increase of Authority's personnel and other operational costs, budget approved to finance TRA operations in year 2022/23 was increased compared to that of year 2021/2022. Accordingly, amount released was increased by TZS 123,414.02 million to align with the increased budget. Details relating to Income from Government including comparative figures for 2021/2022 are provided in **Note 22.1** to the Financial Statements.

- Increase in Other Revenue - TZS 115,903.93 million

These are internally generated income from customs processing fees that are imposed on dry cargo, programmes that are conducted by ITA to external stakeholders; and registration of tax consultancy. During the period under review, amount earned from this source has increased from TZS 1,840.60 million in year 2021/22 to TZS 117,744.53 million as detailed in **Note 22.2** to the Financial Statements. This has resulted into increase of TZS 115,903.93 million. 99.81% of noted increase is contributed by Customs processing fees on dry cargo following changes introduced in

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

7. OPERATING AND FINANCIAL REVIEW (Continued)

7.1 Financial Review (Continued)

7.1.1 Analysis of Financial Statements (Continued)

7.1.1.1 Financial Performance - Authority's Operations (Continued)

(a) Increase in Revenue Earned During the Period - TZS 223,416.79 million (Continued)

- Increase in Other Revenue - TZS 115,903.93 million (Continued)

Finance Act 2022. The changes allow TRA to retain the fees to finance its budget instead of remitting the collected fees to Paymaster General. Further, it is worth noting that in year 2022/2023 the entire collected amount was allocated to various TRA development projects (upgrade of tax administration systems, acquisition of working tools, construction/rehabilitation of residential/office building etc.).

- Decrease in Released Grants - TZS 15,861.52 million

The amount released has decreased from TZS 19,488.69 million in 2022/2021 to TZS 3,627.17 million in 2022/2023. The noted decrease of 81.39 % is mainly due to the fact that major contributors to Tax Modernisation Programme (TMP) ended their financial support during the period ended 30th June 2022. Details of released grants are provided in Note 22.3 to the Financial Statements.

(ii) Decrease in Revenue from Exchange Transactions - TZS 39.65 million

These are internally generated income from renting of TRA buildings, interest income, consultancy and other miscellaneous income. During the period, amount earned has decreased from 1,473.29 million in year 2021/2022 to TZS 1,433.64 million. This has resulted into a decrease of TZS 39.65 million equivalent to 2.69%. The noted decrease resulted mainly from decrease in rental income, consultancy and miscellaneous income as well as increase in interest income as indicated in Note 23 to the Financial Statements.

(b) Increase in Recurrent Expenses During the Period - TZS 145,111.68 million

During the year, recurrent expenditure of TRA amounted to TZS 519,313.76 million (2022: TZS 374,202.08 million). This is an increase of TZS 145,111.68 million equivalent to 38.78 % compared to expenditures for 2021/2022. The noted increase is contributed by:

(i) Increase in Employment Benefits Expenses- TZS 65,148.12 million

During the period under review, expenses under this category has increased by 28.95% compared to TZS 225,061.79 million incurred in year 2021/22. The increase is mainly contributed by four items that accounted for 95.65% of the total increased amount (TZS 65,149.99 million). The items involved are Salaries that account 62.96% of the increased amount; followed by extra duty allowances 17.60%; Transfer benefit 9.21%; and medical expenses 5.88%. Reasons for increase in costs for the aforementioned items as well as movements for remaining items are provided in Note 24 to the Financial Statements.

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED
30TH JUNE 2023 (Continued)

7. OPERATING AND FINANCIAL REVIEW (Continued)

7.1 Financial Review (Continued)

7.1.1 Analysis of Financial Statements (Continued)

7.1.1.1 Analysis of Financial Performance - Authority's Operations (Continued)

(b) Increase in Recurrent Expenses During the Period - TZS 145,111.68 million (Continued)

(ii) Increase in Travelling Expenses - TZS 44,702.43 million

Travelling expenses incurred during the period has increased by TZS 44,702.43 million equivalent to 101.01 % compared to TZS 44,254.57 million for 2021/2022. The increased amount is contributed by increase in costs for local travels that accounted 83.33 % and remaining portion 16.67% is contributed by foreign travel expenses. Reasons for such variations are provided in **Note 25** to the Financial Statements.

(iii) Increase in Fuel and Lubricants Expenses - TZS 2,831.64 million

In financial year 2022/2023 expenses for fuel and lubricants amounted to TZS 8,625.48 million compared to TZS 5,793.84 million incurred in 2021/2022. This is an increase of TZS 2,831.64 million equivalent to 48.87 %. Out of the increased amount, 88.77% is attributed to increase in expenses for Motor vehicle fuel and lubricants; followed by generator fuel (10.84%) and remaining portion (fuel for boats and motorcycles) accounts for 0.39%. Reasons for such increase are given in **Note 26** to the Financial Statements.

(iv) Increase in Repairs and Maintenance Expenses - TZS 6,924.88 millions

During the period under review repair costs have increased by TZS 6,924.88 million (equivalent to 51.50 %) compared to TZS 13,445.78 million incurred in year 2021/2022. Repairs of buildings accounts for 36.15 % of the increased amount, followed by Software license 26.13%; repairs of computers 16.22 % and remaining items contribute 21.50%. Details of main causes for such increase as well as movements of the remaining items are provided in **Note 27** to the Financial Statements.

(v) Increase in General Services and Other Expenses - TZS 16,725.63 million

General services and other expenses have increased from TZS 62,622.21 million reported in year 2021/2022 to TZS 79,347.84 million. The increased amount is mainly contributed by five items namely Staff uniforms (24.87%); Refreshments/Entertainment (24.86%); Office rent (9.13%); Seminar fees (7.56 %); and Tuition fee (foreign) 7.23 %. Reasons for increase of the aforementioned items as well as changes for other remaining items under this category are given in **Note 28** to the Financial Statements.

(vi) Increase in Depreciation and Amortisation - TZS 8,778.98 million

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

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

7.1 OPERATING AND FINANCIAL REVIEW (Continued)

7.1.1 Financial Review (Continued)

7.1.1.1 Analysis of Financial Performance - Authority's Operations (Continued)

(c) Increase in Other Losses - TZS 1,410.92 million

74.29 % of the noted increase resulted from gain on disposal of Authority's Property, Plant and Equipment followed by gains on foreign currency translation 27.25 % and a decrease of 1.55 % on impairment. Details for disposal are provided in **Note 10** and **Note 32** to the Financial Statements. Further, details for gains on foreign currency translation and impairment losses are provided in **Note 30** and **Note 31** respectively.

7.1.1.2 Analysis of Financial Position - Authority's Operations

This part provides an overview of financial position relating to TRA operations as set out in the Statement of Financial Position included in TRA Financial Statements for the period ended 30th June 2023. During the year, total assets of the Authority have increased by TZS 110,413.37 million (2022: increased by TZS 5,371.13 million) while total liabilities have increased by TZS 17,855.47 million (2022: decreased by TZS 7,470.73 million). The changes have resulted into increase of Authority's net assets by TZS 92,557.90 million (2022: increased by TZS 12,841.87 million). The components of financial position of the Authority have been impacted by various normal operational factors as explained hereunder:

(a) Increase in Authority's Assets - TZS 110,413.37 million

At the closure of the reporting period, total Authority's assets stood at TZS 369,033.30 million compared to TZS 258,619.93 million reported on 30th June 2022. This is an increase of TZS 110,413.37 million equivalent to 42.69 %. The noted change emanated from:

(i) Increase of Non -Current Assets - TZS 56,044.94 million

At the beginning of the financial year 2022/2023, the Authority had Non-Current Assets with net book value of TZS 155,862.74 million but at the closure of the financial year the net book value stood at TZS 211,907.68 million. The increase of TZS 56,044.94 million equivalent to 35.96 % resulted mainly from additional assets acquired during the period following availability of Customs Processing Fees. Major non- current assets categories were changed as follows:

- **Increase of Property, Plants and Equipment (PPE) - TZS 34,528.16 million**

Authority's PPEs position stood at TZS 137,375.38 million at the beginning of financial year 2022/2023 while at the closure it raised to TZS 171,903.54 million. The noted increase of TZS 34,528.16 million equivalent to 25.13 % emanated from acquisition of PPEs costing TZS 58,379.00 million (including donated assets) as part of implementation of the TRA strategy for improvement of working environment. Along with this, capital construction projects costing TZS 2,355.77 million were finalised and hence transferred to PPE. Further, PPEs with net book value of TZS 732.00 million that met disposal criteria were disposed through auction 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 25,361.35 million. Additionally, impairment loss of TZS 113.26 million was realised on motor vehicle. Details relating to changes for each Authority's asset category is shown in **Note 10** to Financial Statements.

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED
30TH JUNE 2023 (Continued)

7. OPERATING AND FINANCIAL REVIEW (Continued)

7.1 Financial Review (Continued)

7.1.1 Analysis of Financial Statements (Continued)

7.1.1.2 Analysis of Financial Position - Authority's Operations (Continued)

(a) Increase in Authority's Assets - TZS 110,413.37 million (Continued)

(i) Increase of Non -Current Assets - TZS 56,044.94 million (Continued)

- **Increase of Works in Progress (WIP) - TZS 14,057.29 million**

At the beginning of reporting period, the Authority had ongoing capital projects relating construction/rehabilitation of office and residential buildings amounting to TZS 3,329.07 million. Out of the rolled over projects, buildings costing TZS 2,355.77 million were completed and reclassified to PPEs. Additionally, TRA continued with implementation of its strategy for improvement of working environment. In this regard, additional costs to the tune of TZS 16,413.06 million were incurred for ongoing and new scheduled projects. This resulted into net increase of TZS 14,057.29 million during the period. List of projects included in WIP at the closure of financial year 2022/2023 is provided in **Note 10.4**.

- **Increase of Intangibles - TZS 7,459.49 million**

TRA intangibles are made up of computer software only which stood at TZS 15,158.29. million at the beginning period. In year 2022/23, TRA continued with automation of its key operational processes where software costing TZS 13,901.02 million were added. In addition, Intangible position during the period has been affected by normal wear and tear that resulted into amortisation amounting to TZS 6,441.53 million. Existing intangibles are listed in **Note 11**.

(ii) Increase of Current Assets - TZS 54,368.43 million

On 1st July 2022 TRA had current assets amounting to TZS 102,757.19 million but at the closure of the year, the current assets increased to TZS 157,125.62 million. The increase of TZS 54,368.43 million equivalent to 52.91 % emanated mainly from:

- **Increase of Cash and Cash Equivalent - TZS 37,620.08 million**

At the beginning of financial year 2022/2023, the Authority had Cash and Cash equivalent amounting to TZS 86,339.48 million but at the closure of the period the amount increased to TZS 123,959.55 million. The increase of TZS 37,620.08 million equivalent to 43.57 % resulted mainly from partial utilisation of funds received from Customs Processing Fees (CPF) as some of the capital projects were in progress at the closure of the period. Details of the Cash and Cash Equivalent including comparative figures for 2021/2022 are provided in **Note 12** to the Financial Statements.

- **Increase of Loans and Receivables - TZS 4,282.76 million**

Financial year 2022/2023 began with Loans and receivables totalling to TZS 1,873.93 million but the same was increased to TZS 6,156.69 million at the closure of the period. This resulted into an increase of TZS 4,282.76 million equivalent to 228.54 %. Out of the increased amount, TZS 2,949.87 million equivalent to 68.88 % emanated from debtors (others) category following

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

7. OPERATING AND FINANCIAL REVIEW (Continued)

7.1 Financial Review (Continued)

7.1.1 Analysis of Financial Statements (Continued)

7.1.1.2 Analysis of Financial Position - Authority's Operations (Continued)

(a) Increase in Authority's Assets - TZS 110,413.37 million (Continued)

(ii) Increase of Current Assets - TZS 54,368.43 million (Continued)

- **Increase of Loans and Receivables - TZS 4,282.76 million (Continued)**

recognition of CPF collected by TRA in year 2022/23 but at the closure of the period was yet to be transferred to designated TRA Commissioner General account. This is followed by Motor Vehicle loans that accounted for TZS 895.09 million equivalent to 20.90% emanated from disposal of TRA motor vehicles through auction to TRA staff on credit during the period. Further, the change is contributed by increase of staff imprest that account for TZS 400.15 million equivalent to 9.34 %. Details of receivables including comparative figures for 2021/2022 are provided in **Note 13** to the Financial Statements.

- **Increase of Inventories - TZS 1,602.71 million**

At the beginning of the period, stock status stood at TZS 3,714.99 million and later increased to TZS 5,317.70 million at the closure of the period. This is an increase of TZS 1,602.71 million equivalent to 43.14%. The variation resulted from increase of stock for materials (TZS 2,203.53 million) mainly due to increase in stock of driver's license smart cards procured during the period and remained unspent at the closure of the period. Further, the stock for accountable documents has decrease by TZS 318.60 million while that of Stationery has increased by TZS 11.55 million 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 314.45 million was made during the period. Further, stock amounting to TZS 20.68 million was written off during the period. Details relating to inventories including comparative amount for 2021/2022 and impairment are provided in **Note 14** to the Financial Statements.

- **Increase of Prepayments - TZS 10,862.88 million**

The Authority commenced financial year 2022/2023 with prepayments amounting to TZS 10,828.79 million but at the closure of the period, the prepayments increased to TZS 21,691.67 million. This is an increase of TZS 10,862.88 million equivalent to 100.31%. The increase resulted from increase in advance payment and prepaid expenses amounting to TZS 5,555.09 million and TZS 5,307.80 million respectively due to payments made in advance for acquisition of motor vehicles and services such as rent and software licenses; and ongoing construction/rehabilitation of TRA buildings in line with contract terms. Further details including comparative figures for 2021/2022 are provided in **Note 15** to the Financial Statements.

(b) Increase in Authority's Liabilities - TZS 17,855.47 million

At the closure of the reporting period, total Authority's liabilities stood at TZS 66,085.35 million compared to TZS 48,229.88 million reported on 30th June 2022. This is an increase of TZS 17,855.47 million equivalent to 37.02 %. The noted change emanated from:

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

7. OPERATING AND FINANCIAL REVIEW (Continued)

7.1 Financial Review (Continued)

7.1.1 Analysis of Financial Statements (Continued)

7.1.1.2 Analysis of Financial Position - Authority's Operations (Continued)

(b) Increase in Authority's Liabilities - TZS 17,855.47 million (Continued)

(i) Increase of Non-Current Liabilities - TZS 578.55 million

On 1st July 2022, TRA had Non-Current liabilities amounting to TZS 6,305.14 million but at the closure of financial year 2022/2023 the Non- Current liabilities increased to TZS 6,883.68 million. The increase of TZS 578.55 million equivalent to 9.18 % is attributed to:

- **Increase in Deferred Income - TZS 1,455.08 million**

At the closure of year 2022/2023 TRA had deferred income amounting to TZS 6,876.28 million compared to opening balance of TZS 5,421.20 million. This is an increase of TZS 1,455.08 million equivalent to 26.84%. The increase emanated from receipt of additional grants as described in **Note 19** to the Financial Statements.

- **Decrease in Gratuity Payable - TZS 876.53 million**

At the beginning of the period under review, the gratuity payable stood at TZS 883.93 million but at the closure of the period the amount dropped to TZS 7.40 million as indicated in **Note 20** to Financial Statements. The significant decrease of TZS 876.53 million equivalent to 99.16% resulted from release of amount due for settlement within the coming twelve months to current gratuity. Further, there was no additional gratuity recognised during the period.

(ii) Increase in Current Liabilities - TZS 17,276.92 million

At the closure of financial year 2022/2023 the Authority had current liabilities amounting to TZS 59,201.66 million compared to TZS 41,924.75 million recorded at the beginning of financial year 2022/2023. The increase of TZS 17,276.92 million equivalent to 41.21 % is attributed to:

- **Increase in Financial Liabilities - TZS 15,799.10 million**

Financial liabilities stood at TZS 40,511.37 million at the beginning of the year and increased to TZS 56,310.47 million at the end of the reporting period. This is an increase of TZS 15,799.10 million equivalent to 39.00%. Majority of the claims relating to goods received/service rendered were received towards end or after closure of financial year. Therefore, at the closure of the period were not settled instead were settled in subsequent period. Details relating Financial liabilities including comparative figures for the preceded year are provided in **Note 16** to the Financial Statements.

- **Increase of Gratuity Payable - TZS 1,374.18 million**

Closing balance of gratuity payable has increased to TZS 1,599.69 million compared to opening balance of TZS 225.51 million. The increase of TZS 1,374.18 equivalent to 609.37% emanated mainly from receipt of amount released from long term gratuity and expected to be settled within the coming twelve months. Details of gratuity are provided in **Note 17** to the Financial Statements.

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

7. OPERATING AND FINANCIAL REVIEW (Continued)

7.1 Financial Review (Continued)

7.1.1 Analysis of Financial Statements (Continued)

7.1.1.2 Analysis of Financial Position - Authority's Operations (Continued)

(b) Increase in Authority's Liabilities - TZS 17,855.47 million (Continued)

(ii) Increase in Current Liabilities - TZS 17,276.92 million (Continued)

- Increase in Provision - TZS 103.64 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 643.39 million provided in previous periods were derecognised after being time barred in line with TRA Staff Regulations while TZS 98.62 million was paid to respective staff. Further, additional TZS 845.66 million was provided during the period. Detailed movement is provided in **Note 18** to the Financial Statements.

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

Financial position for subsequent period is likely to be mainly affected by:

(a) Implementation of Capital Projects

In addition to committed capital projects that will be rolled over from 2022/23 and be implemented in year 2023/24, the Authority has planned to undertake major capital projects with estimated cost of TZS 146,625.90 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.

7.1.1.3 Analysis of Cash Flows - Authority's Operations

This part provides movement of cash and cash equivalents pertaining to Authority's operation as set out in the Cash Flow Statement included in Financial Statements. On 30th June 2023 TRA closed with cash and cash equivalents of TZS 123,959.55 million (2022: TZS 86,339.48 million). The entire closing amount is available for TRA use. The noted increase of TZS 37,620.08 million equivalent to an increase of 43.57 % is attributed to:

(a) Cash realised from operating activities - TZS 122,492.60 million.

The Authority's operations are financed by various sources such as Government Subventions, CPF, External Stakeholders Training fees and Tax Consultants Registration Fees. The excess was realised mainly due to partial utilisation of funds relating to projects that were still in progress at the closure of the reporting period.

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

7. OPERATING AND FINANCIAL REVIEW (Continued)

7.1 Financial Review (Continued)

7.1.1 Analysis of Financial Statements (Continued)

7.1.1.3 Analysis of Cash Flows - Authority's Operations (Continued)

(b) Utilization of funds for investing activities TZS 89,853.32 million

In financial year 2021/2022 TRA closed with outstanding contracted capital commitments amounting to TZS 35,164.85 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 2022/2023 and respective payments were made. Also, implementation of some new projects that were scheduled in year 2022/23 commenced and respective payments were made during the period. All these have resulted into significant increase in utilisation of funds for investing activities from TZS 34,002.69 million in year 2021/2022 to TZS 91,913.70 million in year 2022/23. 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 2,060.38 million as shown in **Note 32** to the Financial Statements.

(c) Cash realised from Financing activities - TZS 4,849.41 million

During the period under review, the Authority received funds from TMP holding account (TZS 154.55 million) for settlement of outstanding liabilities relating to TRA 5th corporate plan initiatives under TMP arrangement; TZS 600.00 million for initiatives financed by Public Finance Management Reform Programme (PFMRP); and CPF funds from Revolutionary Government of Zanzibar for financing TRA Zanzibar operations (TZS 4,094.86 million). During the period under review there was significant decrease in cash realised from financing activities compared to year 2021/2022 where TZS 11,260.54 million was received. The variation emanated mainly from non-receipt of anticipated funds from DPs to finance TRA Sixth Corporate Plan initiatives under TMP Basket Funding arrangement as there was no firm DPs financial commitment during the period.

(d) Exchange Rate Gain TZS 131.38 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 as translating respective balances at the reporting period to TZS are the causes for the reported loss.

7.1.1.3.1 Future Cash Flows - Authority's Operations

(a) Plans for utilisation of unutilised Cash reported on 30th June 2023

The Authority is anticipated to utilise the funds mainly for settlement of current liabilities at the closure of year 2022/2023 totalling to TZS 59,201.66 million shown in **Note 16 - 18** to the Financial Statements. Further, the Authority is expecting that the remaining funds will be utilised to liquidate part of liabilities that will emanate from execution of activities relating to contracted commitments shown in **Note 36** to Financial Statements.

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

7. OPERATING AND FINANCIAL REVIEW (Continued)

7.1 Financial Review (Continued)

7.1.1 Analysis of Financial Statements (Continued)

7.1.1.3 Analysis of Cash Flows - Authority's Operations (Continued)

7.1.1.3.1 Future Cash Flows - Authority's Operations (Continued)

(b) Other Factor Likely to impact Cash Flows for 2023/2024

- **Implementation of Projects Committed on 30th June 2023**

Implementation of the Committed projects referred in Table 9 and settlement of respective liabilities in year 2023/2024 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 2023/2024**

Total budget for 2023/24 has been increased to TZS 698,071.13 million compared to TZS 655,438.58 million for 2022/2023 excluding rolled over funds. The increased budget implies increase in cash inflows as well as cash outflows provided budget utilisation pace remained as projected earlier during planning. 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 2023/2024.

- **Retention of Customs Processing Fees**

Following changes introduced in Public Finance Act 2023 where TRA was granted approval to continue with retention of the fees for financing its operations, inflows for other generated income is expected to increase to TZS 123,125.90 million compared to by TZS 115,681.69 million realised in year 2022/23.

7.1.1.4 Budget Performance - Authority's Operations

This part examines budget performance relating to Authority's operations as provided in the Statement for Comparison of TRA Actual Expenditures and Approved Budget for the year ended 30th June 2023 enclosed in Financial Statements of the respective period.

The actual expenditure for the period ended 30th June 2023 amounted to TZS 573,974 million (2022: TZS 392,756 million) against the budget of TZS 673,987 million (2022: TZS 418,814 million), thus resulting into a positive variance of TZS 100,013 million (2022: positive TZS 26,058 million), which is equivalent to 14.8%. The summary of TRA actual expenditure against the approved estimates for five consecutive years is shown in Table 5. Detailed budget performance for 2022/2023 is provided in the Statement for Comparison of TRA Actual Expenditures and Approved Budget for the year ended 30th June 2023. Further, details including basis for budget preparation, differences between original and final approved budget, reasons for variances on amount realised and expenditures are provided in Note 39 to the Financial Statements for the period ended 30th June 2023.

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED
30TH JUNE 2023 (Continued)

7. OPERATING AND FINANCIAL REVIEW (Continued)

7.1 Financial Review (Continued)

7.1.1 Analysis of Financial Statements (Continued)

7.1.1.4 Budget Performance - Authority's Operations (Continued)

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

Financial Year	Approved Estimates	% of increase/ (decrease)	Actual Expenditure	% of Increase/ (decrease)	Amount in TZS Millions	
					Variance	
					Amount	%
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
2022/23	673,987	60.9	573,974	46.1	100,013	14.8

Source: TRA Expenditure Reports

7.1.2 Analysis of Revenue Statements

This part analyses items relating to Authority's Stewardship Role of collecting Revenue on behalf of the Government included in Revenue Statements. The respective components are analysed below:

7.1.2.1 Analysis of Financial Performance - Authority's Stewardship Role

This part examines items included in the Statement of Financial Performance relating to TRA stewardship role of collecting revenue on behalf the Government. During the year ended 30th June 2023, a surplus of TZS 1,941,836.77 million was recorded (2022: deficit TZS 459,348.05 million) as shown in the Statement of Financial Performance. The performance for 2022/23 has increased by TZS 2,401,184.83 million compared to that of year 2021/2022 due to the following reasons:

(a) Increase in Revenue - TZS 5,040,456.99 million

In year 2022/2023 TRA implemented a number of strategies to increase revenue collections as a result there was increase in revenue for Mainland and Zanzibar by TZS 4,871,270.10 million and TZS 85,799.14 million respectively. Details of revenues are provided in **Note 18 - Note 21** to the Revenue Statements for the year 2022/2023 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 83,387.76 million compared to the amount released in 2021/2023.

(b) Increase in Expenses - TZS 114,174.77 million

During the period under review, the Authority continued with its efforts in clearance of tax refund claims backlogs as well as new claims. In this regard, total claims amounting TZS 1,073,032.34 million were verified and approved during the period compared to TZS 958,857.57 million

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

7. OPERATING AND FINANCIAL REVIEW (Continued)

7.1 Financial Review (Continued)

7.1.2 Analysis of Revenue Statements (Continued)

7.1.2.1 Analysis of Financial Performance - Authority's Stewardship Role (Continued)

(b) Increase in Expenses - TZS 114,174.77 million (Continued)

approved in year 2021/2022. This results into an increase of TZS 114,174.77 million equivalent to 11.91 %. Movement of claims during the period is shown in **Note 35** to Revenue Statements.

(c) Increase in Other Losses - TZS 537,154.36 million

The losses emanated mainly from provision of impairment after assessing status of outstanding receivables and observing objective evidences that the tax receivables have been impaired. The evidences used in assessing the status are provided in **Note 5(xii)** to the Revenue Statements. Further impairment details are provided in **Note 30** to the Revenue Statements.

(d) Increase in Transfers - TZS 1,987,943.03 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. In this regard, major portion of the collected amount was transferred during the period. Details relating to transfers are provided in **Note 26** to **Note 28** to the Revenue Statements.

7.1.2.2 Analysis of Financial Position - Authority's Stewardship Role

This covers an overview of financial position relating to TRA stewardship role as set out in the Statement of Financial Position included in TRA Revenue Statements for the period ended 30th June 2023.

During the year, total assets of the Authority have increased by TZS 1,904,548.72 million while total liabilities have decreased by TZS 37,288.06 million. The changes have resulted into increase of Authority's net assets by TZS 1,941,836.77 million. The components of financial position for the stewardship role have been impacted by various to normal tax and non-tax collection operational factors as explained hereunder:

(a) Increase in Total Assets - TZS 1,904,548.72 million

The noted increase emanated from:

(i) Increase in Receivables - TZS 1,977,439.04 million

At the closure of the reporting period, total Receivable stood at TZS 7,603,933.35 million compared to TZS 5,630,369.22 million reported on 30th June 2022. This is an increase of TZS 1,977,439.04 million equivalent to 35.15 %. Major part of the noted change emanated from Tax receivables following proactive efforts undertaken in auditing and assessment during the period. Details of Receivables including comparative amounts for 2021/2022 are provided in **Note 16** to the Revenue Statements.

TANZANIA REVENUE AUTHORITY

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED
30TH JUNE 2023 (Continued)**

7. OPERATING AND FINANCIAL REVIEW (Continued)

7.1 Financial Review (Continued)

7.1.2 Analysis of Revenue Statements (Continued)

7.1.2.2 Analysis of Financial Position - Authority's Stewardship Role (Continued)

(a) Increase in Total Assets - TZS 1,904,548.72 million (Continued)

(ii) Decrease in Cash and Cash Equivalent - TZS 72,890.32 million

Opening balance at the beginning of the period under review stood at TZS 185,187.58 million while at the closure of the period the amount decreased to TZS 112,297.25 million. This resulted into a decrease of TZS 72,890.32 million equivalent to 39.36 %. The noted decrease resulted mainly due to transfer of the major portion of the amount collected in year 2022/2023 unlike in year 2021/2022 where system glitches hindered transfer of some funds collected on 30th June 2022. Details of Cash and Cash Equivalent comparative amounts for 2021/2022 are provided in **Note 15** to the Revenue Statements.

(b) Decrease in Total Liabilities - TZS 37,288.06 million

The noted decrease emanated from decrease in current payables mainly tax received in advance and tax deposits. The variations are part of normal tax operations. Details of Payables including comparative amounts for 2021/2022 are provided in **Note 17** to the Revenue Statements.

7.1.2.3 Analysis of Cash Flows

7.1.2.3.1 Current Cash Flows from Authority's Stewardship Role

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 30th June 2023 amounting to TZS 112,297.25 million compared to TZS 185,187.58 million reported in the previous period ended 30th June 2022 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 72,890.32 million emanated from effective follow-up and cooperation with collecting agents to ensure prompt transfer of Government collections to Pay-Master General (PMG).

7.1.2.3.2 Future Cash Flows from Authority's Stewardship Role

In financial year 2023/2024, the Authority's targeted collections net of refund has increased by TZS 4,206,324.84 million compared to actual amount recorded in 2022/23. The Authority has set strategies to ensure the target is surpassed and the collected amounts are transferred to Pay-Master General or other beneficiaries within the year. Apart from negative balance that will result from transfer of balance remained on 30th June 2023 TZS 112,297.25 million, the Authority is not expecting significant change in net cash flows from operating activities for year 2023/2024.

TANZANIA REVENUE AUTHORITY

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED
30TH JUNE 2023 (Continued)**

7. OPERATING AND FINANCIAL REVIEW (Continued)

7.1 Financial Review (Continued)

7.1.2 Analysis of Revenue Statements (Continued)

7.1.2.4 Budget Performance for Authority's Stewardship Role

This part examines budget performance relating to Authority's stewardship role of collecting revenue on behalf of the Government as provided in the Statement for Comparison of TRA Actual Expenditures and Approved Budget for the year ended 30th June 2023 enclosed in Revenue Statements of the respective period.

Gross collections for both Mainland and Zanzibar as at 30th June 2023 amounted to TZS 24,118,774 million against a target of TZS 24,764,648 million, reflecting a performance rate of 97.4%. On the other hand, total refunds amounted to TZS 1,079,046 million equivalent to an increase of 64.0% compared to the budgeted TZS 657,833 million. This has resulted into net actual collections amounting to TZS 23,039,728 million against targeted net of TZS 24,106,814 million reflecting under performance of 4.4%. Detailed budget performance for 2022/2023 is provided in the Statement of Comparison of Budget and Actual Amounts for the year ended 30th June 2023.

Further, details including basis for budget preparation, differences between original and final approved budget and reasons for variances are provided in **Note 13** to the Revenue Statements for the period ended 30th June 2023. Summarised actual net collections for Mainland and Zanzibar are shown below:

(a) Actual Net Collection Results - Mainland

Actual collections during the year under review amounted to TZS 22,583,536 million (2022: TZS 20,944,674 million) net of refunds against a target of TZS 23,652,758 million (2022: TZS 21,778,103 million) reflecting a performance rate of 95.5 % for Mainland. The actual net collections versus Targets - Mainland for the year 2018/19-2022/23 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 2023.

Table 6: Actual Net Collections versus Targets- Mainland for the Financial Year 2018/2019 - 2022/2023

Amount in TZS Millions

Details	Years				
	2018/19	2019/20	2020/21	2021/22	2022/23
Target	18,031,190	19,100,933	20,325,780	21,778,103	23,652,758
Actual (Net)	15,505,331	17,646,024	17,598,781	20,944,674	22,583,536
Performance (%)	86	92	87	96	95

Source: TRA Revenue Reports

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED
30TH JUNE 2023 (Continued)

7. OPERATING AND FINANCIAL REVIEW (Continued)

7.1 Financial Review (Continued)

7.1.2 Analysis of Revenue Statements (Continued)

7.1.2.4 Budget Performance for Authority's Stewardship Role (Continued)

(b) Actual Collection Results - TRA Zanzibar

During the financial year 2022/23, TRA actual collections in Zanzibar amounted to TZS 456,192 million against the target of TZS 454,057 million equivalent to performance rate of 100%. The actual collections versus Targets - TRA Zanzibar for the year 2018/19 - 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 2023.

Table 7: Actual Collections versus Targets- TRA Zanzibar for the year 2018/2019 - 2022/2023 Amount in TZS Millions

Details	Years				
	2018/19	2019/20	2020/21	2021/22	2022/23
Target	301,476	350,192	383,541	413,064	454,057
Actual (Net)	290,331	281,852	299,078	359,192	456,192
Performance (%)	96	80	78	87	100

7.2 Implementation Status of TRA CP6 Planned Initiatives for 2022/2023

In year 2022/2023 the Authority was implementing its first year of its CP6. During the period, implementation of the plan was mainly financed through Government funds as there was no firm financial commitment from Development Partners (DPs) to support the plan. Instead, the DPs provided technical support in various areas as indicated in Note 32 to the Financial Statements.

During the period under review, 17 initiatives were scheduled for implementation where majority of them cut across more than one financial year. At the closure of the period, none of the initiative was completed as all of them were in different implementation status. Table 8 summarises implementation status of CP6 initiatives scheduled in year 2022/2023.

Table 8: Implementation Status of the CP6 initiatives for 2022/2023 by Strategic Themes

Strategic Theme	Planned Initiatives	Completed Initiatives	Ongoing Initiatives
Operational Excellence	8	0	8
Taxpayer's Engagement	2	0	2
Automation	3	0	3
Innovation	4	0	4
Total	17	0	17

Source: TRA's Research, Policy and Planning Department

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

7. OPERATING AND FINANCIAL REVIEW (Continued)

7.2 Implementation Status of TRA CP6 Planned Initiatives for 2022/2023 (Continued)

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

7.2.1 Operational Excellence Theme

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

(a) Develop and Implement Medium and Long-term Revenue Mobilization Strategy

The initiative intends to provide a clear plan or path for a country to ensure adequate resources are generated to meet its fiscal needs. The Domestic Revenue Mobilization Strategy will bring transparency and certainty to the direction of tax policy in Tanzania for the next five years and strengthen the administrative support.

During the year under review a draft medium term Revenue Mobilization Strategy was developed. The implementation of the developed strategy will commence in year 2023/24.

(b) Re-enactment of Stamp Duty and Excise Duty Act and Regulations

The initiative intends to prepare legislative proposals and advise the Government on enactment of new Excise and Stamp Duty Act. This will conform to modern business environment and international best practices for operational excellence and enhancement of revenue collection. The new legislations are expected to do away with the challenges encountered by various stakeholders with respect to tax administration and duty rate imposition.

In year 2022/2023, TRA in collaboration with other stakeholders reviewed the Act and respective regulations. The proposals resulted thereof were submitted to relevant authorities for approval. Implementation of the initiative will proceed in financial year 2023/2024.

(c) Improve Taxpayers' Compliance through Behavioural Science and Risk-Based Compliance Approaches

The initiative aims to increase voluntary tax compliance through application of behavioural insights and risk-based compliance measures. The initiative will assist the Authority to analyse taxpayer's behavioural patterns in the country and develop Taxpayer Behavioural Management Strategy. Implementation of this initiative during the period under review was done in two perspectives namely:

(i) Improve Taxpayers' Compliance through Behavioral Science

The Authority in collaboration with World Bank conducted a quantitative survey on registered taxpayers in all Tanzania Mainland regions to identify risks and main structural/behavioural bottlenecks to tax compliance.

(ii) Improve Taxpayers' Compliance through Risk-Based Approach

Risk identification and analysis was done in domestic revenue tax administration processes (Tax Audit and Examination of Tax Returns). Further, risk parameters to be incorporated in the automated tax administration processes were developed through technical assistance from the Finnish Tax Administration (VERO) and eventually System Requirement Specifications (SRS) were prepared. At the closure of the reporting period, implementation of the initiative was in progress.

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED
30TH JUNE 2023 (Continued)

7. OPERATING AND FINANCIAL REVIEW (Continued)

7.2 Implementation Status of TRA CP6 Planned Initiatives for 2022/2023 (Continued)

7.2.1 Operational Excellence Theme (Continued)

(d) Develop and Implement an Integrated Domestic Revenue Administration System (IDRAS)

The initiative aims to enhance efficiency and effectiveness in administering domestic revenue collection and reducing cost of collection. This will be achieved by introducing System which shall interface with other existing TRA Systems (TANCIS, GePG, EFDMS) and other external Systems. The initiative is planned to be implemented in two phases;

(i) Enhancement of AS- IS Modules in the Current System

During the period under review, three modules were completed out of eight modules that were planned to be implemented under phase one. Implementation of the remaining five modules will continue in financial year 2023/24.

(ii) Development of Comprehensive Domestic Revenue System - This will commence in subsequent period.

(e) High Availability Data Centre (HADC)

The initiative aims to implement efficient and effective storage for a High Availability Data Centre. Upon completion of the project, high availability of systems will be assured; ICT systems recovery time will be reduced; security of ICT systems will be improved, systems capacity will be enhanced and aged core infrastructure will be replaced.

Implementation of the project is done in phases whereby implementation of Phase one was done in year 2021/2022. In year 2022/23, three critical applications that were not migrated to HADC in year 2021/2022 were migrated. This marked completion of Phase I. Further, in year 2022/2023 the Authority commenced implementation of Phase II whereby Consultants for implementation of the project were engaged and preliminary activities were initiated. Implementation of the Phase II will continue in year 2023/2024.

(f) Modernization of Customs Processes (TANCIS modules, classification and valuation of goods)

The initiative aims to improve TANCIS modules to address the current problems faced by TANCIS users, both internal and external. During the period under review, Consultant for implementation of the project was engaged and at the closure of the period Business Process Re-engineering (BPR) of the Customs Process was conducted. Implementation of the project will continue in subsequent period.

(g) Enhancement of Systems Monitoring Control Centre (Dashboards)

The initiative aims to enable provision of effective and efficient monitoring system through dashboards to display taxpayers-centric information for TRA employees and management for making appropriate decisions. Following emerging of other critical activities that necessitated reallocation of human resources initially allocated to the project, implementation of the project has been rescheduled to year 2023/24.

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

7. OPERATING AND FINANCIAL REVIEW (Continued)

7.2 Implementation Status of TRA CP6 Planned Initiatives for 2022/2023 (Continued)

7.2.1 Operational Excellence Theme (Continued)

(h) Establishment of Customs Laboratory

The initiative aims to enable TRA to determine nature of goods for tariff classification and other level of duties and taxes. Also, customs laboratories play an important part in environmental protection (e.g. controlling the trade of ozone depleting substances), endangered species protection, control of dangerous goods such as pesticides, persistent organic pollutants, chemical weapon, as well as narcotics and drug originators. At the closure of the period, the initiative was still in initial stage (Review of TOR for procurement of Consulting service). Implementation of the project will continue in subsequent period.

7.2.2 Taxpayer's Engagement

Implementation status of two planned initiatives under this theme is as follows:

a) Branding of TRA

The initiative aims to enable the organization to consistently deliver its services and maintain positive image that gives taxpayers reason to trust the organization hence build a number of loyal taxpayers. During the period under review the following activities were conducted;

- (i) MoU between TRA and His Majesty Revenue and Customs (HMRC) of the United Kingdom was signed for provision of technical support on organizational identity and culture as part of branding aspect.
- (ii) Procurement for provision of consultancy service for implementation of the TRA branding was in progress and it is expected to be concluded in year 2023/2024.

b) Development of Enterprise Service Delivery Management (ESM)

The initiative aims to improve the efficiency of operations, mitigate risks, facilitate strategic planning to support business needs on service delivery.

During the period under review, benchmarking visits were conducted to Other Government Departments (OGDs) and various commercial banks to get familiarization and sharing of experiences. Thereafter, review of TRA Service Delivery functional requirements documentation was conducted and ESM strategy document was developed. Implementation will commence in the financial year 2023/24.

7.2.3 Automation

Implementation status of three planned initiatives under this theme is as follows:

a) Develop Architecture for System Integrations (Internal and External)

The initiative aims to enhance system integrations for both internal and external systems to allow automatic data matching to share tax related information for improvement of tax compliance. During the period under review, benchmark visits to Public institutions and commercial banks with integration architecture was conducted. Also, Application Programming Interface (API) guideline for external stakeholders was prepared. Further, a Consultant for preparation of

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

7. OPERATING AND FINANCIAL REVIEW (Continued)

7.2 Implementation Status of TRA CP6 Planned Initiatives for 2022/2023 (Continued)

7.2.3 Automation (Continued)

a) Develop Architecture for System Integrations (Internal and External) - Continued)

Application Infrastructure Provider (AIP) guideline for external stakeholders document and preparation of information exchange management working instructions document was engaged. Implementation of the initiative will proceed in year 2023/24.

b) Implement Enterprise Resource Planning (ERP)-ICT Application to Integrate all Support Functions

The initiative aims at increasing efficiency of the organization by managing and improving access and sharing of information system resources. In year 2022/2023, ERP system requirement specifications (SRS) and ToR were updated. At the closure of the reporting year, approval process was in progress. Implementation will continue in year 2023/2024.

c) Enhance Data Governance and Risk Profiling Analytical Tools

The initiative aims to enable TRA to ensure that high data quality exists throughout the complete lifecycle of the data and to integrate newly operational systems for better decision making and sharing of information between TRA and its stakeholders.

During the period under review, the assessment of internal data source was performed through identification of missing information; reviewing of duplicate records; identification of shared identities; check record type mismatch; and review of data granularity. At the end of the year, designing of Data Model prototype was in progress and is expected to proceed in year 2023/2024.

7.2.4 Innovation

Implementation status of four initiatives under this theme is as follows:

a) Strengthen Knowledge Management Practices (Emerging Areas)

The initiative aims to strengthen institutional capacity by ensuring that the Authority has a specific focus on defining the right knowledge to support business and developing effective ways of identifying, disseminating and retaining such knowledge to support achievement of the Sixth Corporate Plan. During the period under review, draft knowledge management framework and inception report were prepared. Implementation of the initiative will continue in subsequent periods.

b) Improve Employee Engagement Practices to Enhance Performance

The initiative aims to address various Human Resources management challenges through measuring employee's satisfaction on various practices such as compensation and benefits schemes, training and development policy, work life policy, motivation and compliance on various laws and regulations. During the period under review, inception report and data collection tools for baseline survey were prepared. Further, staff satisfaction and perception surveys were conducted. Implementation will continue in year 2022/2023.

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

7. OPERATING AND FINANCIAL REVIEW (Continued)

7.2 Implementation Status of TRA CP6 Planned Initiatives for 2022/2023 (Continued)

7.2.4 Innovation (Continued)

c) Improve Working Environment and Facilities

The initiative aims to improve working environment at TRA offices in order to enhance staff productivity. During the period under review, the Authority continued with various initiatives to improve working environment including construction and rehabilitation of offices and staff residential houses; procurement of furniture and fittings; generators; customs scanners; motor vehicles; patrol speed boats; and computers including related equipment. The initiative will proceed in financial year 2023/2024.

d) Modernize Physical and Digital Security System

The initiative aims to create a safe, secure working environment for TRA employees, stakeholders and other members of the public visiting TRA premises. During the period under review, procurement for installation and commissioning of checkpoint inspection system, CCTV and Access Control System at various TRA offices, staff residential houses and OSBP was initiated. At the closure of the period, procurement was in progress. Implementation of the initiative will continue in financial year 2023/24.

7.3 TRA Future Plans

7.3.1 Plans for Attainment of 2023/2024 Revenue Collection Targets

During the year 2023/24, TRA is expected to collect TZS 27,246,052.98 million net of refunds. Out of the targeted amount, TZS 26,725,409.0 million is for Mainland Tanzania and TZS 520,644.0 million is for Zanzibar. The set target has exceeded actual collections for 2022/2023 by TZS 4,206,324.84 million (equivalent to 18.3 %). 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, the Authority has planned to:

- (a) Increase number of registered taxpayers through effective block management and door to door campaigns. This will go hand in hand with exploration of new revenue sources through research.
- (b) Ensure effective use of risk management in customs operations including anti-smuggling, anti-dumping, enforcement, transit monitoring, valuation and classification.
- (c) Strengthen taxpayers' services and education, field tax audit, close monitoring of checkpoint operations and provision of high quality customer care and services,
- (d) Implement activities scheduled in Compliance Risk Management Plan for 2023/2024
- (e) Conduct enforcement activities on issuance of EFD receipts and proper usage of Electronic Tax Stamps (ETS)
- (f) Strengthen management of tax arrears and debt recovery by promoting sufficient taxpayers' engagement, improving filing and payment rate. For successful implementation of this plan, TRA will ensure system availability; send customized
- (g) Reminder notifications; enhance revenue administration systems; and enhance administration of withholding tax from Government institutions.
- (h) Enhance exchange of information with other institutions through systems' interface
- (i) Enhance staff supervision and ensure adherence to TRA core values

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

7. OPERATING AND FINANCIAL REVIEW (Continued)

7.3 TRA Future Plans (Continued)

7.3.1 Plans for Attainment of 2023/2024 Revenue Collection Targets (Continued)

- (j) Speed up settlement of tax disputes
- (k) Implement TRA training programme for year 2023/2024, coaching and on job training to ensure TRA staff have necessary expertise to cope with ever changing environment

7.3.2 Plans under TRA 6th Corporate Plan scheduled in year 2023/2024

TRA is planning to implement initiatives scheduled in the second year of its CP6. According to implementation matrix of the CP6, majority of the scheduled initiatives are the ones that have already commenced in year 2022/2023 and implementation will continue in year 2023/2024. The initiatives are:

- (a) Development and implementation of medium and long-term revenue mobilization strategy
- (b) Re-enactment of Stamp Duty and Excise Duty Act and Regulations
- (c) Enhancement of voluntary tax compliance
- (d) Improvement of taxpayers' compliance through behavioral science and risk-based compliance approaches
- (e) Development and implementation of an Integrated Domestic Revenue Administration Systems
- (f) Modernization of Customs processes (TANCIS modules, classification and valuation of goods)
- (g) Enhancement of Systems Monitoring control center (Dashboards)
- (h) Establishment of Custom Laboratory
- (i) Branding of TRA
- (j) Development of Enterprise Service Delivery Management (ESDM)
- (k) Development of Architecture for system integrations (Internal and external)
- (l) Implementation of Enterprise Resource Planning (ERP) - ICT application to integrate all support functions
- (m) Enhancement of data governance and risk profiling analytical tools
- (n) Strengthen Knowledge Management practices (Emerging Areas)
- (o) Improvement of employee engagement practices to enhance performance.
- (p) Improvement of working environment and facilities
- (q) Modernize physical and digital security system

7.3.3 Main Trends and Factors That are Likely to Affect the Future Development Plans and Performance

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

(a) Non - Realisation of Funds for Implementation of Plans

TRA's main sources of income to finance its operations are the annual budget allocations from the Ministry responsible for Finance and internally generated income. Non- realization of the projected income will affect implementation of the plans 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.

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

7. OPERATING AND FINANCIAL REVIEW (Continued)

7.3 TRA Future Plans (Continued)

7.3.3 Main Trends and Factors That are Likely to Affect the Future Development Plans and Performance (Continued)

(b) Russia and Ukraine War

TRA performance in Financial Year 2023/24 is likely to be affected by global crisis triggered by the ongoing Russia-Ukraine war which, among other things, has disrupted the global trade and investment networks. On the other hand, global and domestic supply chain have negatively affected commodity prices such as energy and other imports hence affecting the business community at large and subsequently affecting their tax compliance behaviour in the coming future. To minimise the effects, TRA shall continue to engage taxpayers in all issues related to their tax affairs and cultivate conducive environment to promote tax compliance in accordance to the prevailing tax laws.

(c) Inflation

The 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 projected costs. Consequently, deter implementation of some plans. To minimise the effects, the Authority shall continue to monitor inflation trend and take appropriate actions.

7.4 TRA Capital Structure

7.4.1 Authority's Operations

This part provides capital structure for Authority operations as disclosed in the Statement of Changes in Equity comprised in Financial Statements. Status of capital structure is as follows:

(i) Capital Structure as at 30th June 2023

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.

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

(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 281,224.58 million (2022: TZS 188,666.68 millions).

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

7. OPERATING AND FINANCIAL REVIEW (Continued)

7.4 TRA Capital Structure (Continued)

7.4.1 Authority's Operations (Continued)

(ii) Capital Structure for Subsequent Periods

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 view of the aforementioned, 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.

7.4.2 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 7,529,377.77 million (2022: TZS 5,587,541.00 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 implementation of plans set out in Para 7.3.

7.5 TRA Treasury Policies and Objectives

(i) Treasury Policies and Objectives - Current Financial Year

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.
- (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 and its stewardship role of collecting revenues on behalf of the Government are provided in Note 7 to the Financial Statements and Revenue Statements. 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.

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

7. OPERATING AND FINANCIAL REVIEW (Continued)

7.5 TRA Treasury Policies and Objectives (Continued)

(ii) Treasury Policies and Objectives Future Financial Years

Basing on the nature of TRA Operations, the Authority is expecting to maintain the existing Treasury Policies and Objectives in subsequent periods.

7.6 Liquidity

7.6.1 Liquidity Position for Authority's Operations

(i) Liquidity Position for Current Financial Year

The funding of Authority's operations including Corporate and Operational strategies is mainly contributed by Government, internally generated income (fees, rent, interest, sales of goods etc.) and development partners.

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 2022/23, the Authority did not have any outstanding borrowings or undrawn committed borrowing facilities (2022: NIL).

At the closure of financial year 2022/2023, the Authority had total liabilities amounting to TZS 66,085.35 million (2023: TZS 48,229.88 million) resulted in course of its normal operations. Out of the outstanding liabilities, TZS 59,201.66 million (2022: TZS 41,924.75 million) are current liabilities and remaining balance TZS 6,883.68 million (2022: TZS 6,305.14 million) are non-current liabilities. Sub-classes of each category are provided in the Statement of Financial Position as at 30th June 2023. Further, age analysis of the current liabilities is provided in **Note 7** to the Financial Statements.

On the other hand, at the closure of financial year 2022/2023, the Authority had Cash and Cash equivalent amounting to TZS 123,959.55 million (2022: TZS 86,339.48 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 2023. The liquidity position of TRA for the period ended 30th June 2023 is supported by favourable financial ratios shown in **Table 9**.

TANZANIA REVENUE AUTHORITY

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED
30TH JUNE 2023 (Continued)**

7. OPERATING AND FINANCIAL REVIEW (Continued)

7.6 Liquidity (Continued)

7.6.1 Liquidity Position for Authority's Operations (Continued)

(i) Liquidity Position for Current Financial Year (Continued)

Table 9: Financial Ratio to Support TRA Liquidity Position as at 30th June 2023

S/N	Ratio	Calculation method	Results 2022/23	Results 2021/22	Implication
1.	Cash Ratio	$\frac{\text{Total Cash and Cash Equivalent}}{\text{Current Liabilities}}$	2.09	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. 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 278,544.08 million (2022: TZS 41,397.44 million) as detailed in Note 36 to the Financial Statements. These are contractual obligations and respective projects were under implementation at the closure of the period. Therefore, the funds will supplement budgeted amount for 2023/2024 in fulfilling TRA contractual obligations
2.	Quick Ratio	$\frac{\text{Current Assets - Inventory - Prepaid}}{\text{Current Liabilities}}$	2.20	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	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	2.65	2.45	This indicates that TRA is able to cover its short - term liabilities with its current assets

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

7. OPERATING AND FINANCIAL REVIEW (Continued)

7.6 Liquidity (Continued)

7.6.1 Liquidity Position for Authority's Operations (Continued)

(ii) Prospective Liquidity Position in Year 2023/2024

In the financial year 2023/2024, the Authority is expecting to experience healthy liquidity position. During the period, the Authority is expecting to receive TZS 698,071.14 million. Out of the expected amount, TZS 563,651.43 (80.74%) is from Government subvention; other income TZS 126,831.33 million (18.17%); Revolutionary Government of Zanzibar TZS 1,969.86 million (0.28%); Development Partners TZS 5,018.51 million (0.72%) and PFMRP TZS 600.00 million (0.09%). The expected amount is sufficient to finance planned Corporate strategies and other operational activities for 2023/2024. 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.

7.6.2 Liquidity Position for Authority's Stewardship Role

(i) Current Position i.e. as at 30th June 2023

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 112,297.25 million (2022: TZS 185,187.58 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 186,852.83 million (2022: TZS 224,140.89 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.

(ii) Prospective Liquidity Position in Year 2023/2024

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.

8. RESOURCES

TRA depends on a number of existed resources that complement each other in attainment of its strategic objectives. Resources available at the closure of financial year 2022/2023 are explained below:

8.1 Financial Resources

These are resources which finance plans for attainment the Authority's objectives. 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 (80.12%); Other Income (18.70%); Revolutionary Government of Zanzibar (0.70%); Grants from

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

8. RESOURCES (Continued)

8.1 Financial Resources (Continued)

Development Partners (0.40 %); and PFMRP (0.09%). 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 90.72% of the budgeted financial resources (excluding roll over) as explained in **Note 39.3.1** 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 2023/2024 are made available. Along with this, the Authority shall continue to monitor performance of other income and take appropriate actions to ensure the targeted income is realised.

8.2 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:

- (i) involvement of staff in development and implementation of TRA Corporate plans, departmental plans, management of risks and improvement of TRA operations.
- (ii) implementation of capacity building programs including coaching and mentoring with a focus of ensuring staff competences cope with ever changing business environment.
- (iii) fairness in handling staff matters whereby terms and conditions of services are clearly defined in TRA Staff regulations; Relevant provisions in the Public Service Act Cap 298; and Employment and Labour Relations Act Cap 366.

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

8.2.1 Staffing Position

Following completion of Job Listing exercise in year 2022/2023, optimal staffing levels of minimum 6930 and maximum of 8374 staff up to 2023/24 was established. Due to financial constraints and other Government plans, bridging of the gap is done in phases. In year 2022/2023 TRA in collaboration with the Government recruited additional staff so as to partly bridge the gap. In this regard, at the closure of financial year 2022/2023 the Authority staffing level increased to 6,509 staff compared to 6066 staff in year 2021/2022. This has resulted into a gap ranging from 421 to 1,865 staff as at 30th June 2023. It is anticipated that efforts to bridge the

TANZANIA REVENUE AUTHORITY

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED
30TH JUNE 2023 (Continued)**

8. RESOURCES (Continued)

8.2 Human Resources (Continued)

8.2.1 Staffing Position (Continued)

remaining gap will continue in subsequent periods. The existing staff at the closure of the reporting period are located in different operational areas as indicated in Table 10.

Table 10: TRA Staff Position as at 30th June 2023

S/N	COMMISSIONER GENERAL OFFICE/ DEPARTMENT	FEMALE	MALE	TOTAL	% OF TOTAL EMPLOYEES
1	Commissioner General's Office	23	64	87	1.34
2	Board Secretariat and Legal Services	22	41	63	0.97
3	Customs and Excise	606	1,212	1818	27.93
4	Domestic Revenue	1,049	1,824	2873	44.14
5	Finance	46	117	163	2.50
6	Human Resources and Administration	292	519	811	12.46
7	Information Communication and Technology	37	260	297	4.56
8	Internal Audit	10	19	29	0.45
9	Large Taxpayers	45	86	131	2.01
10	Research, Policy and Planning	20	41	61	0.94
11	Tax Investigations	27	58	85	1.31
12	Taxpayer Services and Education	22	32	54	0.83
13	Internal Affairs	10	27	37	0.57
	TOTAL	2,209	4,300	6,509	100.00

Source: TRA Human Resources and Administration Department

8.3 Intellectual Resources

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

8.3.1 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 22,617.78 million (2022: TZS 15,158.29 million) available at the closure of the reporting period is provided in Note 11 to the Financial Statements. Successful operation of the software entails efficiency and effectiveness in service delivery and consequently attainment of the set objectives. Due to technological changes coupled with ever changing business environment, some of the software functionalities are lagging behind the current business requirements. Therefore, impair efficiency and effectiveness in service delivery. To address this, the Authority is in the process of upgrading its core tax administration systems as explained in Para 7.5. Upon successful completion of the project, the value addition of the existing software in TRA performance will be increased.

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

8. RESOURCES (Continued)

8.3 Intellectual Resources (Continued)

8.3.2 Management Systems

The Authority is implementing Management System namely Quality Management System based on ISO 9001:2015 International Standard; Gemba Kaizen Management System; Enterprise-wide Risk Management System (ERMS); and Business Continuity Management System (BCM). Under Quality Management System (QMS) ISO 9001:2015 key Authority's procedures are documented, reviewed periodically and appropriate actions are taken to respond on the noted deviations. The Quality Objectives have been the basis of TRA commitment to stakeholders in the Client Service Charter. Hence implementation of Management Systems has improved quality services that are offered by TRA to its Customers.

Further, under Gemba Kaizen management system, wasteful elements that are causing inefficiency are identified in TRA procedures and eliminated, consequently enhance efficiency. Also, ERMS enables the Authority to manage risks as described in **Para 9** while BCM gives assurance for business continuity whenever there is occurrence of events that is likely to disrupt Authority's operations.

During the period under review incidences of deviation from set standards were noted. To address the noted anomalies and ensure compliance with the standards, the Authority shall continue to conduct 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 periods.

8.4 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, Non-Governmental Organizations, Regional Economic Groupings, 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 6**.

During the period under review, involvement of the stakeholders has contributed positively in the attained net revenue collection of 95.6% depicted in Revenue Statements for the period ended 30th June 2023. In this regard, the Authority shall continue to engage with key stakeholders in subsequent periods including addressing their needs effectively and gain their trust.

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

8. RESOURCES (Continued)

8.5 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** of Financial Statements for the period ended on 30th June 2023. 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 2022/2023, the Authority had PPEs with total net book value amounting to TZS 171,903.54 million (2022: 137,375.38 million) as indicated in **Note 10** to the Financial Statements.

8.6 Others Resources

Under this area, the identified resource are Government policies and regulations. These 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 to 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.

9. 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 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; and is committed to adopting good practices to ensure that risks are minimized to an acceptable level. With the same commitment, TRA Management and all employees are charged with responsibilities of ensuring risk management is kept constantly under review and becomes a culture of the Authority”.

The Authority’s principal risks, treasury risks, opportunities and uncertainties during the period are explained hereunder:

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

9. PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES (Continued)

9.1 Principal Risks

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

9.1.1 Institutional Risks

These are risks that relate with strategic and operational functions that may be interrupted or jeopardised due to internal or external factors. TRA ability to realize its strategic objectives as envisaged in the 6th Corporate Plan (CP6) depends on how it manages risks. 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 risks - 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 risks- 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 11** provide details of TRA Institutional risks as at 30th June 2023.

9. PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES (Continued)

Table 11: TRA Institutional Risks as at 30th June 2023

S/N	CP6 Strategic Objectives	Risk Description	Risk Category	Probability (P)	Impact (I)	Risk Ranking (Severity) (P x I)	Risk Appetite	Risk Mitigation
1	To Enhance Revenue Collection	System Unavailability	Information and Technology	2	2	4 - Moderate	Low	Likelihood of the risk to come to fruition is medium and the magnitude of its effect if it does is medium. Factors such as outmoded ICT infrastructure, server storage capacities and network availability accelerate the risk to come to fruition. To mitigate the risk, the Authority is implementing High Availability Data Centre (HADC) as described in Para 7.5.1 (e)
2	To Enhance Voluntary Tax Compliance	Improper Assessment of Correct Income	Operational	2	3	6 - High	Low	Likelihood of the risk to come to fruition is moderate and the magnitude of its effect if it does is high. Factors such as inadequate knowledge to match with ever-changing business environment; partial integration of TRA core business systems; shortcomings in core existing business systems; and inadequate compliance risk management accelerate the risk to come to fruition. To mitigate the risks, the Authority is: (a) Investing in TRA ICT systems to ensure end to end integration is achieved and consequently reduce human intervention which is subject to error. This is going hand in hand with enhancement of the core business systems as explained in Para 7.5. (b) Implementing TRA Multi-Year Compliance Strategy 2021/22-2023/24. The strategy is executed on annual basis through implementation of annual Compliance

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

S/N	CP6 Strategic Objectives	Risk Description	Risk Category	Probability (P)	Impact (I)	Risk Ranking (Severity) (P x I)	Risk Appetite	Risk Mitigation
3	To Improve Operational Efficiency	Delays in Disposal of Goods Cleared on Time; Impounded Goods; Obsolete Stores and Non-Current Assets and Documents	Legal and Regulatory Requirements	3	3	9 - High	Low	<p>Risk Management Plan. Specifically, the plan seeks to improve voluntary tax compliance under pillars of domestic taxes namely Registration, Filing, Payment and Declaration/Reporting; as well as attainment of international trade taxes strategic objectives of Revenue Collection, Trade Facilitation and Protection of Society.</p> <p>(c) Conducting training needs assessment, develop a comprehensive five years training plan. The plan is implemented on annual basis. Among others, it covers training on emerging areas and specialised sector.</p> <p>Likelihood of the risk to come to fruition is high and the magnitude of its effect if it does is high. Factors such as inadequate public awareness on auctioned goods; inefficient automated auction system; and lack of streamlined procedure for identification of goods/documents that are due for disposal accelerate the risk to come to fruition.</p> <p>To mitigate the risk, the Authority:</p> <p>(a) Has developed online auction system and is ensuring its effective use so as to ease auction process</p> <p>(b) Ensuring timely issuance of Public notices and disposal (auction, destruction and donation) of overstayed goods in line with respective law.</p>

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

S/N	CP6 Strategic Objectives	Risk Description	Risk Category	Probability (P)	Impact (I)	Risk Ranking (Severity) (P x I)	Risk Appetite	Risk Mitigation
								(c) Put in place a procedure for identification of goods/documents that are due for disposal. Along with this, monitoring of compliance to the procedure is done periodically.
		Delays in Procurement Process	Legal and Regulatory Requirements	2	3	6 - High	Low	Likelihood of the risk to come to fruition is medium and the magnitude of its effect if it does is high. Factors such as delays in preparation of Terms of Reference (TOR); spending more time than legally required time set in respective procurement law; and non-responsive tenders accelerate the risk to come to fruition. To mitigate the risk, the Authority is (a) Ensuring a ground work is adequately done by user department to ensure TORs are reflecting current reality and sufficient budget are allocated to avoid non responsive tenders (b) Conducting periodic review of procurement plan implementation and take appropriate corrective action where necessary (c) Using Tanzania National Electronic Procurement System (TANePS) to fast track procurement process.
4	To Create Strong Positive	Inadequate Mechanism for Change Management	Strategic	3	2	6-High	High	Likelihood of the risk to come to fruition is high and the magnitude of its effect if it does is medium. Factors such as inadequate involvement of players in change process; and inadequate knowledge on the changes; accelerate

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

S/N	CP6 Strategic Objectives	Risk Description	Risk Category	Probability (P)	Impact (I)	Risk Ranking (Severity) (P x I)	Risk Appetite	Risk Mitigation
	Image and Perception							<p>the risk to come to fruition. To mitigate the risk, the Authority:</p> <p>(a) Has developed a change management policy and framework and currently is implementing the same.</p> <p>(b) Has developed TRA Communication Policy and Strategy. Currently is implementing the same.</p> <p>(c) Is conducting awareness on tax law changes to focus group.</p>
		Non-Adherence to Laws, Regulations & TRA Quality System Procedures (QSPs)	Staff Integrity	1	2	2 - Low	Zero	<p>Likelihood of the risk to come to fruition is low and the magnitude of its effect if it does is medium. Factors such as inadequate knowledge on ethical matters, laws, regulations and procedures; and insufficient mechanism to identify areas prone to misconducts accelerate the risk to come to fruition.</p> <p>To mitigate the risk, the Authority is:</p> <p>(a) Conducting Ethics and Anti-corruption programs including ethics and anti-corruption sensitization programs to staff at all levels</p> <p>(b) Ensuring Quality Management System (QMS) is implemented by conducting QMS awareness sessions; surveillance QMS audit and take appropriate corrective actions thereof.</p> <p>(c) Conducting proactive investigation in areas prone to misconduct and take appropriate actions</p> <p>(d) Conducting awareness programs on service culture.</p>

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

S/N	CP6 Strategic Objectives	Risk Description	Risk Category	Probability (P)	Impact (I)	Risk Ranking (Severity) (P x I)	Risk Appetite	Risk Mitigation
5	To Build Taxpayers Confidence and Satisfaction	Improper Management of VAT Refund	Operational	1	2	2 - Low	Low	<p>(e) Conducting in house training on laws, regulations and policies pertaining to TRA operations including the ones relating to tax matters. . .</p> <p>Likelihood of the risk to come to fruition is low and the magnitude of its effect if it does is medium. Factors such as insufficient funds for settlement of the approved claims; non automation of refund process including verification; and 100% verification of the claims accelerate the risk to come to fruition. To mitigate the risk, the Authority:</p> <p>(a) is conducting risk based verification procedure on the submitted claims. In this regard the extent of verification is guided by risk categorisation of taxpayers instead of 100% verification</p> <p>(b) is engaging with Government to ensure sufficient funds are released to liquidate approved refund claims</p> <p>(c) has enhanced its core business systems to facilitate mass verification of suppliers' receipts that are submitted along with Taxpayer VAT returns</p> <p>is in the process of automating VAT refund process. This intends to have end to end automated process i.e. from submission to end point (payment or rejection as the case may be) of the claim</p>
6	To Automate and Integrate Processes	Vulnerability of TRA ICT Systems	Information and Technology	2	3	6 - High	Low	<p>Likelihood of the risk to come to fruition is medium and the magnitude of its effect if it does is high. Factors such as insufficient security mechanism for TRA ICT Systems; outmoded ICT infrastructure; and inadequate knowledge</p>

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

S/N	CP6 Strategic Objectives	Risk Description	Risk Category	Probability (P)	Impact (I)	Risk Ranking (Severity) (P x I)	Risk Appetite	Risk Mitigation
7	To Improve Quality of Data	Data Integrity	Strategic	3	2	6-High	High	<p>on matters that impair security of ICT system to TRA staff accelerate the risk to come to fruition. To mitigate the risk, the Authority:</p> <p>(a) is implementing high availability data centre as explained in Para in Para 7.5.1 (e)</p> <p>(b) has implemented secure TRA Network infrastructure by implementing secure network zones and environment for deploying TRA system</p> <p>(c) has implemented a continuous vulnerability management and remediation in TRA systems</p> <p>(d) has developed and implementing secure access solution</p> <p>(e) is periodically reviewing security controls and enhance them accordingly</p> <p>(f) is conducting awareness sessions on ICT systems security to users of the systems</p>
								<p>Likelihood of the risk to come to fruition is high and the magnitude of its effect if it does is medium. Factors such lack of robust enterprise data warehouse; lack of common identifier of taxpayers across licensing authorities; and deficiencies in data governance structure accelerate the risk to come to fruition. To mitigate the risk, the Authority:</p> <p>(a) is enhancing data governance, standards and control. This is done through implementation of the project for enhancement of Data Governance and Risk Profiling Analytical Tools.</p>

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

S/N	CP6 Strategic Objectives	Risk Description	Risk Category	Probability (P)	Impact (I)	Risk Ranking (Severity) (P x I)	Risk Appetite	Risk Mitigation
8	To Strengthen Institution Capacity	Inability to Identify Sectors with High Revenue Yield	Operational	2	3	6 - High	Low	<p>(b) is enhancing enterprise data warehouse</p> <p>(c) is exploring possibility of making taxpayer identification number (TIN) a common identifier to all licensing authorities</p> <p>Likelihood of the risk to come to fruition is medium and the magnitude of its effect if it does is high. Factors such as inadequate skills; existing of informal sectors; and insufficient scientific tax gap analysis accelerate the risk to come to fruition. To mitigate the risk, the Authority:</p> <p>(a) is implementing TRA annual training plan including training on specialised and emerging areas</p> <p>(b) is cooperating with Government and respective institutions for purpose of enhancing formalization of informal sector.</p> <p>(c) conducted tax gap analysis 2018/19-2020/21 and is using the findings to address the risks</p>
		Loss of Skills, Knowledge and Expertise for Specialized Business Operations	Human Capital	1	2	2 - Low	Moderate	<p>Likelihood of the risk to come to fruition is low and the magnitude of its effect if it does is medium. Factors such as inadequate skills and knowledge in specialised business operations; and retirement of staff with vast knowledge and skills in specialised business operations accelerate the risk to come to fruition. To mitigate the risk, the Authority is:</p> <p>(a) implementing TRA annual training plan including training on specialised business operations</p> <p>(b) implementing Succession Planning program specifically, coaching and mentoring program</p>

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THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

S/N	CP6 Strategic Objectives	Risk Description	Risk Category	Probability (P)	Impact (I)	Risk Ranking (Severity) (P x I)	Risk Appetite	Risk Mitigation
		Inadequate Physical Security for TRA Staff and Other Stakeholders; Assets and Hard Copy Data	Operational	1	2	2 - Low	Low	<p>Likelihood of the risk to come to fruition is low and the magnitude of its effect if it does is medium. Factors such as inadequate security systems in operational areas; lack of updated security policies to address current environment; inadequate security in movement of office document; and insufficient monitoring of outsourced services accelerate the risk to come to fruition. To mitigate the risk, the Authority:</p> <p>(a) is implementing a project for modernizing physical and digital security systems</p> <p>(b) has developed physical security policy and procedure. Currently, the policy and procedures are under implementation. Further, TRA is periodically reviewing policy, guideline and documented physical security process so as to match with environment.</p> <p>(c) has rolled out e-office system</p> <p>(d) is printing Identity/ Access cards internally instead of outsourcing the service.</p> <p>(e) is regularly conducting inspection of outsourced service providers.</p>
		Inadequate Project Management	Strategic	1	2	2 - Low	Low	<p>Likelihood of the risk to come to fruition is low and the magnitude of its effect if it does is medium. Factors such as inadequate knowledge on project management; inadequate prioritisation of projects to match with available resources; and inadequate monitoring of project implementation accelerate the risk to come to fruition. To mitigate the risk, the Authority:</p>

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THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

S/N	CP6 Strategic Objectives	Risk Description	Risk Category	Probability (P)	Impact (I)	Risk Ranking (Severity) (P x I)	Risk Appetite	Risk Mitigation
								(a) has established a specific office for Project Management at corporate level. (b) is conducting capacity building programs on Project management to project managers (c) is prioritising projects to ensure they match with available resources (manpower, funds etc.). In this regard, TRA CP6 has 18 only compared to 40 projects planned in CP 5

*Key 1= Low; 2=Medium; 3=High

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**THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED
30TH JUNE 2023 (Continued)**

9. PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES (Continued)

9.1.2 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 coordinated at Head Quarters and managed at respective offices i.e. at department/region/district or station. Identified Authority's Compliance Risks at the closure of reporting period are shown in **Table 12**.

Table 12: TRA Compliance Risks as at 30th June 2023

Risk Type	Risk Description	Mitigation Measures
Compliance	Failure to register eligible taxpayers	<p>The risk has direct impact on TRA core business and is classified as priority risk. Factors such as existence of outdated block management manual and guidelines; not conducting periodic block management visits; non-inclusion of life style details into a note of interview form; partial integration of systems with other institutions for data exchange; and inadequate knowledge on digital taxation accelerate the risk to come to fruition.</p> <p>To mitigate the risk, the Authority is:</p> <ul style="list-style-type: none"> (a) providing awareness on digital taxation to all staff so as to enhance their capacity in identifying and registering traders dealing with online business (b) conducting Block Management visits regularly (c) integrating TRA systems with those of other institutions to facilitate data exchange for ease traceability of eligible taxpayers (d) reviewing Block Management Manual and Guidelines (e) improving note of interview form to include life style details
	Filing risks Payment risks Declaration risks Dumping of transit goods	<p>The risks have direct impact on TRA core business and are classified as priority risks. Factors such as non-integration of systems coupled with partial automation of the processes; infrequent reminder to taxpayers to fulfil their obligations; and non-existence of multi-year compliance strategy accelerate the risks to come to fruition. To address the risks, the Authority is:</p> <ul style="list-style-type: none"> (a) Strengthening architecture for system integration as well as improving capabilities of TRA systems (b) Conducting awareness sessions to taxpayers on matters relating to their obligations on filing, payment and declarations.

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THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED
30TH JUNE 2023 (Continued)

Risk Type	Risk Description	Mitigation Measures
		<ul style="list-style-type: none"> (c) Sending bulk SMS reminder for payment to taxpayers before due dates (a) Enhancing Electronic Cargo Tracking system and integrating TANCIS with TANROAD systems at weighbridge to combat dumping of transit goods (b) Implementing Multi-Year Compliance Strategy and Plan
	Digital economy risks	<p>The risk has direct impact on TRA core business and due to technological advances it is among Authority's priority risks. Factors such as inadequate knowledge on digital economy; non-existence of collaboration with digital platforms; failure to register traders dealing with digital platforms; and existence of laws that do not support taxation of digital economy; and non-existence of multi-year compliance strategy accelerate the risks to come to fruition. To address the risk, the Authority:</p> <ul style="list-style-type: none"> (a) has invested in capacity building programmes on areas relating to taxation of digital transaction, digital technology and data science (b) in collaboration with responsible organs has facilitated in ensuring existence of laws and regulations that support taxation of digital economy (c) is planning to enter into Memorandum of Understanding (MoU) for exchange of information with digital platforms (d) is planning to register traders dealing with digital platforms (e) is implementing Multi-Year Compliance Strategy
	Stakeholders' engagement risks	<p>Considering value creation of stakeholders explained in Para 6, the risk has direct impact to TRA performance. Factors such as inconsistency in service delivery; and negative image accelerate the risks to come to fruition. To address the risk, TRA is implementing branding project as explained in Para 7.5.2</p>

9.1.3 Treasury Risks

Details relating to Treasury risks including mitigating measures relating to Authority's operations and its stewardship role of collecting revenues on behalf of the Government are provided in **Note 7** to Financial Statements and Revenue Statements for the year ended 30th June 2023 respectively.

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THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED
30TH JUNE 2023 (Continued)

9. PRINCIPAL RISKS, UNCERTAINTIES AND OPPORTUNITIES (Continued)

9.2 Opportunities

In course of assessing TRA's risks, the Authority has identified a number of key opportunities. If the Authority take full advantage of the identified opportunities, then there is likelihood of adding value towards attainment of its Corporate objectives. The identified opportunities are shown in Table 13.

Table 13: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 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	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.

9.3 Uncertainties

Uncertainties refer to factors or variables that can affect TRA's ability to accurately predict and collect Government revenue. This can be derived from changes in external factors such as natural disasters, political instability, and other external events that can disrupt economic activities and tax collections. During the period under review, there was no uncertainty that threatened the ability of the Authority to perform its core functions.

10. TRA OPERATING MODEL

10.1 Overview of 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, unlock their potentials and come up with innovative ideas that improve operation efficiency and effectiveness. This is aided by advancements in technology that brings new ways of doing business. The TRA operating model has been designed in such manner that it is capable of adopting the changes with a focus of easing accessibility of its services and enhance voluntary compliance culture to tax payment. Inputs and other components of TRA operating model, Output and Outcomes are shown in Table 14.

Table 14: TRA Operating Model

Strategic Theme	Strategic Objective	Inputs	Other Components	Business Processes	Output	Outcome
Operational Excellence	To enhance revenue collection	(a) Financial Resources (b) Human Resources (c) Software (d) Capital Resources (e) Other Resources	(a) Structure and Accountabilities (b) Management Systems (c) Leadership and Culture (d) Talent Engine (e) Technology and Stakeholders (f) Teams	(a) Registration (b) Filing of tax returns (c) Assessment/ declaration (d) Payment (e) Supporting processes	<ul style="list-style-type: none"> Increased Revenue Collected Revenue Growth 	Effectiveness in revenue collection
	To Enhance voluntary tax compliance			(a) Enforcement (b) Trade Facilitation (c) Awareness and education (d) Corporate Social Responsibility (e) Other Supporting processes	<ul style="list-style-type: none"> Increased Returns Timely Collected Taxes Increased Revenue Collected 	Timely availability of funds for the government operations

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THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

Strategic Theme	Strategic Objective	Inputs	Other Components	Business Processes	Output	Outcome
Taxpayers' Engagement	To improve operational efficiency			(a) Tariff classification (b) Goods clearance (c) Improvement of TRA core ICT systems including network (d) Other supporting processes	<ul style="list-style-type: none"> • Reduction of Tax Arrears • Increased accurate returns • Reduced cost of collection • Increased system users • Increased Taxpayer's registration • Reduced clearance time 	<ul style="list-style-type: none"> • Reduced human and physical interaction • Efficiency of collecting tax is enhanced • Increased number of compliant traders
	To create a strong positive image and perception			(a) Branding of institution (b) Dialogue/consultation with customers (c) Perception surveys (d) Other supporting processes	Improved public reputation	<ul style="list-style-type: none"> • Increased customer satisfactions • harmonious working relationship with taxpayers.
	To build taxpayers' confidence and satisfaction			(a) Developing interactive enterprise service management system (b) TRA Call centre management (c) Handling of objections	Increased taxpayers compliance on tax matters	<ul style="list-style-type: none"> • Increased customer satisfactions • Improved integrity of Staff

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THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

Strategic Theme	Strategic Objective	Inputs	Other Components	Business Processes	Output	Outcome
Automation	To automate and integrate processes			(d) Ruling of integrity cases supporting processes	Increased number of core business processes integrated	<ul style="list-style-type: none"> • Organization's operational efficiency improved • Uninterrupted ICT services are offered to taxpayers
				(e) Other processes		
				(a) System integration process		
Innovation	To improve quality of data			(b) Signing of MoUs for system integration with other institutions	<ul style="list-style-type: none"> • Reduced incidents of data inaccuracy and inconsistency • Increased number of cleaned databases 	<ul style="list-style-type: none"> • Data integrity enhanced • Efficiency in corporate decision-making is enhanced
				(c) Other Supporting processes		
				(a) Data governance		
				(b) Enterprise Data warehouse management		
Innovation	To Strengthen Institutional Capacity			(c) Improve Environment	<ul style="list-style-type: none"> • Improved staff performance and productivity • Adequacy of working force • Increased skilled staff • Staff Retention 	<ul style="list-style-type: none"> • Job satisfaction among employees increased • Staff attrition rate is reduced
				(d) Other Supporting processes		
				(a) Knowledge Management		
				(b) Employee Engagement Working Environment		

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THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

10. TRA OPERATING MODEL (Continued)

10.2 Detailed information of TRA Operating Model Components

10.2.1 Strategic Themes

The themes constitute high level areas of focus which form the TRAs' business model. The themes form the pillars over which the organization leans in its endeavour towards attainment of the vision. Description of each Theme is provided in Table 3.

10.2.2 Strategic Objectives

These are high-level measurable goals outlining what TRA intends to accomplish within the life span of CP6. The identified strategic objectives aim at aligning TRA with international good practice.

10.2.3 Inputs

These are resources that are blended together to facilitate attainment of TRA strategic objectives. Detailed information regarding the resources is provided in Para 8.

10.2.4 Other Components

These are enablers that facilitate realisation of expected output from the assigned inputs. The involved components are explained hereunder:

(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 their roles and responsibilities.

(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.

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THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

10. TRA OPERATING MODEL (Continued)

10.2 Detailed information of TRA Operating Model Components (Continued)

10.2.4 Other Components (Continued)

(b) Management Systems (Continued)

(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. In managing staff performance, the Authority has adopted Balance score card approach.

(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. Thereafter, 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. In recognition of the importance of this aspect, TRA has established a full-fledged department responsible for Risks and Compliance in new organization structure which will be operational on 1st July 2023.

(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.

(viii) 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.

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THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

10. TRA OPERATING MODEL (Continued)

10.2 Detailed information of TRA Operating Model Components (Continued)

10.2.4 Other Components (Continued)

(b) Management Systems (Continued)

(ix) 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.

(x) Internal Affairs

TRA has a designated department for monitoring and provision of assurance on staff ethical and integrity matters. This aims at ensuring that TRA staff maintains highest degree of integrity in their dealings.

(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.

(d) 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 innovation management structure including specific policy for rewarding innovators who contributes in improving TRA operations.

(e) 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, attainment of TRA objectives requires concerted efforts involving key stakeholders who provide vital inputs as described in **Para 6**.

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THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

10. TRA OPERATING MODEL (Continued)

10.2 Detailed information of TRA Operating Model Components (Continued)

10.2.4 Other Components (Continued)

(f) Teams

These are grouped TRA staff, who are working together to attain 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.

10.2.5 Business Processes

This is a component where actual transformation of inputs into outputs is done. TRA has documented business process that are interlinked to ensure efficiency and effectiveness in service delivery and consequently attainment of its objectives. Majority of TRA business processes have been automated and various ICT systems are in use. The processes are categorised mainly into two parts namely;

(a) Core Business Processes

These are directly relating to core functions of the Authority i.e. Assessing and Collection of Taxes and Non Taxes. This part covers processes such as registration of taxpayers; data processing and returns; assessment/declarations; payment; trade facilitation; objection; enforcement; and clearance of goods in ports/boarders.

(b) Supporting Business Process

These are the ones that support core function of the Authority. This element covers processes relating to taxpayer's services and education; ICT; human and financial resources management; staff integrity; auditing and procurement.

10.2.6 Output

These are results that are expected to be achieved following attainment of strategic objective. To measure this, the Authority has set a number of KPI's for each objective.

10.2.7 Outcome

These are overall impact or value created by outputs on TRA operations.

11. 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.

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THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

11. KEY PERFORMANCE INDICATORS (Continued)

Financial year 2022/23 was the first year of implementing TRA 6th five years Corporate Plan (CP6). The CP6 has a number of strategic objectives and KPIs to measure performance. These include Revenue collection against target, percentage of on-time filing, percentage of timely paid taxes, percentage decrease of objection cases, Customer Satisfaction Index and number of systems integrated. Details such as definitions, purpose, sources of data and calculation method for each indicator relating to CP6 KPIs are provided in Table 15.

Table 15: CP6 Key Performance Indicators

Strategic Objective	Output	KPI Strategic Level of Indicators	KPI Definition	Purpose	Performance Data					Calculation Method	Means of Verification		Assumptions	
					Baseline	Outturn	Target	Actual	Future Target		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	86.7%	94%	100%	105%	100.0%	Amount of revenue collected divide by revenue target times 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 	
					17.0%	17.0%	17.0%	14.5%	100.0%					<ul style="list-style-type: none"> Taxpayers continue to improve trust to TRA Sufficient audit knowledge
					86.7%	94%	100%	92%	100.0%					
		% of tax revenue collected from additional	Revenue realised from additional assessment as percentage of	Ensuring the objectives of post audits are achieved	17.0%	17.0%	17.0%	14.5%	16.5%	Actual realized additional assessment divide	Audit Reports	Quarterly		

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THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

Strategic Objective	Output	KPI - Strategic Level of Indicators	KPI Definition	Purpose	Performance				Calculation Method	Means of Verification		Assumptions				
					Baseline	Outturn	Target	Actual		Future Target	Data source		Frequency			
Strategic Objective	Revenue growth	assessment raised in tax audits	total revenue collected	Measuring performance growth	2020/21	2021/22	2022/23	2022/23	2023/24	by total revenue collected times 100	Data source	Frequency	<ul style="list-style-type: none"> Macro-economic variables remained as expected Availability of competent staff Compliance strategy effectively implemented 			
					13.5%	16.4%	7.0%	24.2%	6.3%					Difference between revenue collected in current period and similar period of previous year divide by revenue collected in similar period of previous year time 100	Monthly Revenue collection Report	Monthly
					LTD	17.0%	17.0%	10.0%	16.5%							
To enhance voluntary tax compliance	Filed returns	% of on-time filling	Percentage of taxpayers filling before due date	monitoring of filling returns	2020/21	2021/22	2022/23	2022/23	2023/24	Number of returns filled before due date divide by total number of returns filled times 100	Manual registers/e-filing	Quarterly	<ul style="list-style-type: none"> Taxpayers sensitization is done Late fillers are aware of the consequences of late filling. 			
					90.0%	92.0%	93.0%	87.0%	93.0%					Difference between revenue collected in current period and similar period of previous year divide by revenue collected in similar period of previous year time 100	Monthly Revenue collection Report	Monthly
					DRD	9.4%	7.8%	7.0%	93.0%							
LTD	18.8%	9.4%	7.4%	7.4%												

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THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

Strategic Objective	Output	KPI Strategic Level of Indicators	KPI Definition	Purpose	Baseline	Outturn	Target	Actual	Future Target	Calculation Method	Means of Verification		Assumptions
											Data source	Frequency	
	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	93%	93%	93%	94.0%	Amount of tax paid on time divide by total assessment over specified period times 100	Data source	Quarterly	<ul style="list-style-type: none"> Correctly tax assessment are done and communicated timely to taxpayers Low level of tax objections
					LTD	93%	89%	94.0%	Revenue collected without intervention divide by total revenue collected times 100	IDRAS, TANCIS	Monthly	Timely reminder sent to taxpayers for their requirement to pay their dues	
	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	81.90%	83%	80%	83.0%	Stock of arrears at the end of last year divide by total	Monthly Revenue collection Report	Annually	<ul style="list-style-type: none"> Tax arrears are free of incumbancers
					LTD	91%	94.50%	91%	96.5%	Stock of arrears at the end of last year divide by total	Departmental Report	Annually	<ul style="list-style-type: none"> Tax arrears are free of incumbancers

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THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

Strategic Objective	Output	KPI - Strategic Level of Indicators	KPI Definition	Purpose	Baseline	Outturn	Target	Actual	Future Target	Calculation Method	Means of Verification		Assumptions
											Data source	Frequency	
To improve operational efficiency	Increased accurate filed returns	over total revenue collected for the year	year over total revenue collection for the year	s of tax arrears	45% 2020/21	38% 2021/22	<30% 2022/23	39% 2022/23	>25% 2023/24	revenue collection for the year times 100	Data source	Frequency	<ul style="list-style-type: none"> ●Taxpayers liquidity position is stable
		Amount of Tax collected v/s current assessment	Total tax collected compared to assessment issued for a given period of time	Measures effectiveness of Tax Assessment	60%	65%	70%	62%	75.0%	Total amount of tax collected divide by value of assessment times 100	IDRAS, TANCIS	Monthly	<ul style="list-style-type: none"> ●Assessment is fair and equitable ●Stable System
		% of returns filed electronically	Taxpayers file their returns through online platform	<ul style="list-style-type: none"> ●Reducing error in filing; ●shorter services turnaround ●Reducing human intervention and physical interaction 	76% LTD	82%	84%	32%	86.0%	Number of returns filed electronically divide by total number of returns filled times 100	e-filing system	Quarterly	<ul style="list-style-type: none"> ●Taxpayers 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
					98%	99%	99%	92%	99.0%				

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THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

Strategic Objective	Output	KPI Strategic Level of Indicators	KPI Definition	Purpose	Performance					Calculation Method	Means of Verification		Assumptions
					Baseline	Outturn	Target	Actual	Future Target		Data source	Frequency	
	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 revenue	1.80% 2020/21	1.77% 2021/22	<3% 2022/23	2.16% 2022/23	<3% 2023/24	Annual total Operation expenditure divide by total revenue collected per year times 100	RGS/Epicor	Annually	Revenue to grow at faster rate than expenditure Macro-economic variables remained as expected
	Increased system users	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	850,000	2,000,000	Portal counter Reading	TRA self-help Portal	Quarterly	•Taxpayers sensitization is done; •Taxpayers have facilities to access the portal •Availability of the portal
	Increased taxpayer registration	Number of registered taxpayers	Total registered active business excluding non-business TIN	To determine number of compliant taxpayers in the year of income	1,500,936	1,620,568	1,705,074	1,655,920	1,796,940	Physical count of Business TIN that transacted within a year	TIN System	Quarterly	•Taxpayer awareness sustained

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

Strategic Objective	Output	KPI - Strategic Level of Indicators	KPI Definition	Purpose	Performance Indicators				Calculation Method	Means of Verification		Assumptions
					Baseline	Outturn	Target	Actual		Future Target	Data source	
	Reduced clearance time	Average time taken to clear goods (lodgement to issuance of Release order) -	Total dormant business (TIN) excluding non-business TIN	To determine number of non-compliant taxpayers in the year of income for follow-up	2020/21	2021/22	2022/23	2022/23	2023/24	Physical count of Business TIN that did not transact within a year	Data source	Effective enforcement
					130,564	136,117	145,128	131,888	152,380		TIN System	
	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	2020/21	2021/22	2022/23	2022/23	2023/24	Number of days counted from lodgement to issuance of release order	TANCIS System	<ul style="list-style-type: none"> No system breakdown All the required documents for clearance of a consignment have been attached No power outage All government agencies needed for clearance of goods played their role All declaration are error free
					1.5	1.5	1.2	1.23	1.2		DSM port	

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

Strategic Objective	Output	KPI Strategic Level of Indicators	KPI Definition	Purpose	Performance Data					Calculation Method	Means of Verification		Assumptions
					Baseline	Outturn	Target	Actual	Future Target		Data source	Frequency	
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	62	68	73	86.5	78.0	Satisfied respondent v/s total respondents times 100	Survey	Every 2 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 customer dissatisfactions with services supplied	Increase customer satisfactions	3,061	3,001	2,951	1,348	2,901	Physical count from Register	Complaints register	Quarterly	<ul style="list-style-type: none"> Complaints maintained All complaints recorded into the register

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

Strategic Objective	Output	KPI Strategic Level of Indicators	KPI Definition	Purpose	Performance Data					Calculation Method	Means of Verification		Assumptions
					Baseline	Outturn	Target	Actual	Future Target		Data source	Frequency	
		Increased 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	87,990	123,725	Counting number of enquiries received and responded within seven days	TRA website, call centres and enquiry Register	Quarterly	<ul style="list-style-type: none"> Enough and competent staff Well-functioning call centres and website
		% Increase in number of consultations/ dialogues and frameworks	Percentage increase of current number of dialogues and consultation engaged with stakeholders compared to the number of dialogues and consultation engaged with stakeholders in same period in the previous year	<ul style="list-style-type: none"> To increase awareness to taxpayers and understanding their behaviours. To create harmonious working relationship with taxpayers. 	75%	80%	85%	121%	88%	Difference between number of dialogues and consultations conducted in current period and similar period of previous year divide by number of dialogues and consultations conducted in similar period of previous year time 100.	Consultation Proceedings	Quarterly	<ul style="list-style-type: none"> Availability of facilities Responsiveness of the stakeholders

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

Strategic Objective	Output	KPI Strategic Level of Indicators	KPI Definition	Purpose	Baseline	Outturn	Target	Actual	Future Target	Calculation Method	Means Verification	Assumptions
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 	22.00% 2020/21	22.00% 2021/22	22.00% 2022/23	19% 2022/23	20.0% 2023/24	Number of objections recorded divided by total number of assessment times 100	Data source	<ul style="list-style-type: none"> No system downturn Skilled and competent staff Level of integrity maintained
					19%	17%	15%	16%	13.0%		IDRAS System	
Building taxpayers' confidence and satisfaction	Increased taxpayers' compliance on tax matters	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	14	10	Number of staff given disciplinary action	Disciplinary inquiry committee minutes	<ul style="list-style-type: none"> Disciplinary committee conducted as scheduled Integrity awareness to staff provided effectively Internal investigations conducted
					19%	17%	15%	16%	13.0%		IDRAS System	

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

Strategic Objective	Output	KPI Strategic Level of Indicators	KPI Definition	Purpose	Baseline		Outturn	Target	Actual	Future Target	Calculation Method	Means of Verification		Assumptions	
					2020/21	2021/22	2022/23	2022/23	2023/24	Data source		Frequency			
To automate and integrate processes	Increased number of core business processes integrated	Number of systems integrated	Number of internal and external system integrated	To improve organization's operational efficiency To facilitate exchange of information	60	60	60	65	63	68	Count number of systems integrated	ICT reports	Annually	<ul style="list-style-type: none"> Skilled and competent staff are needed resources available 	
					60	60	65	90.88%	98.0%	Dashboard Report					
					99%	98%	98%	offer uninterrupted ICT services to taxpayers	Proper maintenance of systems in time						
					84%	77%*	≤70%	To reduce redundancy							System is available and running <ul style="list-style-type: none"> Availability of network Accessibility of facilities staff are aware and capable to use systems
					10	11	12	66.80%							
			MoU signed with other									Counting number of signed MoUs	ICT reports	Quarterly	Successful negotiations of MoUs

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

Strategic Objective	Output	KPI Strategic Level of Indicators	KPI Definition	Purpose	Performance Data				Calculation Method	Means of Verification		Assumptions	
					Baseline	Outturn	Target	Actual		Future Target	Data source		Frequency
To Improve Quality of Data	-Increased number of cleaned databases -Reduced incidents of data inaccuracy and inconsistency	Number of databases cleaned	Number of incidents with data inaccuracy and inconsistency	Number of incidents whereby requested data from systems realised to be inaccurate and inconsistent	To ensure TRA has clean databases	2020/21	2021/22	2022/23	2022/23	2023/24	TRA systems	Quarterly	Stable Systems, no power outage, system users are skilled and competent
						550	500	400	420	300			
		Number of integration MoU signed	organisation for system integration	To improve operational efficiency To facilitate exchange of information		2020/21	2021/22	2022/23	2022/23	2023/24	Data source	Frequency	

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

Strategic Objective	Output	KPI Strategic Level of Indicators	KPI Definition	Purpose	Performance				Calculation Method	Means of Verification		Assumptions
					Baseline	Outturn	Target	Actual		Future Target	Data source	
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% 2020/21	91% 2021/22	92% 2022/23	89% 2022/23	94.0% 2023/24			
		Staff attrition rate	Number of employees leaving TRA for various reasons	To facilitate planning for replacement of human resources	3.90%	4.50%	≤5%	3%	≤5%	Training plan implementation report	Quarterly	<ul style="list-style-type: none"> •Availability of resource person in different specialties
	Adequacy of working force									LAWSON System	Quarterly	<ul style="list-style-type: none"> •Attractive retention scheme •Improve health packages •No exogenous shocks

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

Strategic Objective	Output	KPI - Strategic Level of Indicators	KPI Definition	Purpose	Baseline		Outturn	Target	Actual	Future Target	Calculation Method	Means of Verification		Assumptions
					2020/21	2021/22						Data source	Frequency	
	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%	79%	90.0%	2023/24	Number of staff trained on short courses divide by training plan targets times 100	Data source	Frequency	<ul style="list-style-type: none"> Staff nominated to attend training are released by employer
	Increased Staff				73%	73%	73%	73%	73.0%		Number of staff satisfied with TRA working environment divided by Total number of staff surveyed times 100	Training plan implementation report	Quarterly	<ul style="list-style-type: none"> Motivation scheme is followed objectively Surveys conducted
	Staff retention		Employee Satisfaction Index	Number of staff who perceive TRA as employer of choice	To determine job satisfaction among employees	73%	73%	73%	73%	73.0%		Number of staff satisfied with TRA working environment divided by Total number of staff surveyed times 100	Survey report	After 3 years

Source: TRA Research, Policy and Planning Department

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

12. CORPORATE GOVERNANCE MATTERS

12.1 Corporate Governance Statement

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.

12.2 How TRA Complies with the Principles and Codes of Best Practice

To ensure existence of good Corporate Governance in TRA, among others the Authority upholds the following key best practices for good Corporate Governance:

12.2.1 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:

(i) Diversity Composition of the TRA Board

The appointment of TRA Board members is guided by Section 10 of TRA Act. In this regard, the composition of the Board involves ex-officio and non-ex-officio members with different academic discipline. Details regarding membership of the TRA Board are provided in **Para 12.3.**

(ii) 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;

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

12. CORPORATE GOVERNANCE MATTERS (Continued)

12.2 How TRA Complies with the Principles and Codes of Best Practice (Continued)

12.2.1 Existence of an Effective Board of Directors (Continued)

(iii) 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. The Committees of the TRA Board of Director is shown in **Para 12.5**.

(iv) 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

12.2.2 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 6th Corporate Plan for the period ended 30th June 2023 is provided in **Para 7.5** while results of key performance indicators are provided in **Para 11**.

12.2.3 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 9**.

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

12. CORPORATE GOVERNANCE MATTERS (Continued)

12.2 How TRA Complies with the Principles and Codes of Best Practice (Continued)

12.2.4 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.
- (b) Integrity of Financial Statements, Revenue 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, Revenue Statements and advise TRA Management and Board accordingly. Also, Financial Statements, Revenue 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 and Revenue 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) 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.

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

12. CORPORATE GOVERNANCE MATTERS (Continued)

12.2 How TRA Complies with the Principles and Codes of Best Practice(Continued)

12.2.4 Integrity, Transparency and Accountability (Continued)

- (i) 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.
- (ii) 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.
- (iii) 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

12.3 Membership of TRA Board of Directors

The Board consists of ten members including the Chairperson. 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.

TRA Board members and Secretary who served the Board during the financial year 2022/2023 are shown in Table 16. Further, all Board members and Secretary who served during the period were Tanzanians.

TANZANIA REVENUE AUTHORITY

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED
30TH JUNE 2023 (Continued)**

12 CORPORATE GOVERNANCE (Continued)

12.3 Membership of TRA Board of Directors (Continued)

Table 15: List of TRA Board Members and Secretary who served the Board in the Financial Year 2022/2023

S/N	Name	Position	Age	Gender	Date of Appointment	Qualification	Remarks
1.	Mr. Uledi Abbas Mussa	Chairman	64	Male	Dec-21	Master Degree in Economics	Non-Ex – Officio Member First term to serve TRA Board of Directors
2.	Mr. Aboud Hassan Mwinyi	Member	46	Male	Jun-21	Master Degree in Economics	Ex – Officio Member Representing Principal Secretary of the Ministry of Finance of the Revolutionary Government of Zanzibar
3.	Dr. Elineema Kennedy Kisanga, PhD	Member	46	Male	May-21	PhD in Economics	Non-Ex – Officio First term to serve TRA Board of Directors
4.	Dr. Albina Andrew Chuwa, PhD	Member	62	Female	May-21	PhD in Population Statistics- Demography	Non-Ex – Officio First term to serve TRA Board of Directors
5.	Dr. Ngulingw'a Philip Balele, PhD ¹	Member	54	Male	Jun-21	PhD in Economics	Ex – Officio Representing Governor of Bank of Tanzania Representation ended in January 2023
6.	Mr. Emmanuel Mpawe Tutuba	Member	50	Male	Jan-23	MBA in Corporate Management	Ex officio Governor of Bank of Tanzania
7.	Mr. Alphayo Japan Kidata	Member	60	Male	Apr-21	Master Degree in Economics	Ex officio TRA Commissioner General
8.	Mr. Elijah Greenton Mwandumba	Member	46	Male	Jun-22	CPA(T) Master of Arts in Revenue Laws & Administration	Ex – Officio Representative from the Ministry of Finance in the Government of the United Republic of Tanzania responsible for fiscal policy
9.	Dr. Muhajir Abubakar Kachwamba, PhD	Member	50	Male	Jun-22	PhD in International Management - Economics	Ex – Officio Representative from the Ministry of Finance in the Government of the United Republic of Tanzania responsible for national planning
10.	Dr. Mariam Idabaga Nchimbi, PhD.	Member	62	Female	Jun-22	CPA(T) PhD in Business Administration & Entrepreneurship	Non-Ex – Officio First term to serve TRA Board of Directors
11.	Mr. Brown Obeligwe Shimwela	Member	51	Male	Jun-22	CPA(T) Master Degree in Business Administration on Corporate Management	Non-Ex – Officio First term to serve TRA Board of Directors
12.	Mr. Elisha Elias Shigella	Secretary	56	Male	Apr-21	Master Degree in Laws	TRA Director responsible for 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

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED
30TH JUNE 2023 (Continued)**

12 CORPORATE GOVERNANCE (Continued)

12.4 Meetings of the TRA Board in Year 2022/2023

In the financial year 2022/2023, the Board planned to have four ordinary meetings but at the closure of the period the Board held three ordinary meetings and three extra ordinary meetings. The attendance of each Board member is as shown in Table 17 while key matters deliberated are listed hereunder:

- (i) Quarterly Tax and Non-Tax Collection Performance Reports for the year 2022/2023
- (ii) Reports on matters deliberated by Board Committees (Audit Committee and Corporate Affairs Committee) which cover various matters including Risk management; ethics; and internal audit reports
- (iii) Staff Matters
- (iv) Proposed Annual Plan and Budget for 2023/2024
- (v) Proposed Tax reforms for 2023/2024
- (vi) Write-Off and Disposal of Non-Current Assets.
- (vii) Authorization of Audited TRA Final Accounts for Financial Year Ended 30th June 2022.
- (viii) Management Letters on the Financial Statements, Revenue Statements and Compliance Audit for the Financial Year Ended 30th June 2022.
- (ix) Proposal for Re-Enactment of the Excise Duty Act.
- (x) TRA's Customs Management Systems and measures taken to strengthen them in collaboration with South Korean experts.
- (xi) Status of Interface and Compatibility of TRA and TPA Systems in line with the Instructions of Her Excellency President Dr. Samia Suluhu Hassan made when receiving CAG report.

Table 17: Attendance of the Board Members - 2022/2023

S/N	NAME	MEETINGS						
		359 th (Ordinary)	360 th (Ordinary)	361 st (Ordinary)	362 nd (Extraordinary)	363 rd (Extraordinary)	364 th (Extraordinary)	365 th (Ordinary)
		19 th Aug, 2022	10 th Nov, 2022	10 th Feb, 2023	24 th Feb, 2023	21 st March, 2023	13 th April 2023	16 th June, 2023
1	Mr. Uledi Abbas Mussa	P	P	P	P	P	P	P
2	Mr. Aboud Hassan Mwinyi	P	P	P	A	A	P	P
3	Dr. Elineema Kennedy Kisanga, PhD	P	A	P	P	P	P	P
4	Dr. Albina Andrew Chuwa, PhD	A	P	A	P	P	A	P
5	Dr. Nguling'wa Philip Balele, PhD	P	P	NA	NA	NA	NA	NA
6	Mr. Emmanuel Mpawe Tutuba	NA	NA	ALT	ALT	ALT	ALT	P
7	Mr. Alphayo Japan Kidata	P	P	P	P	ALT	P	P
8	Mr. Elijah Greenton Mwandumba	P	P	P	P	A	A	P
9	Dr. Muhajir Abubakar Kachwamba, PhD.	P	P	P	P	ALT	ALT	P
10	Dr. Mariam Idabaga. Nchimbi, PhD	P	P	P	P	A	P	P
11	Mr. Brown Obeligwe Shimwela	P	P	P	P	P	P	P
12	Mr. Elisha Elias Shigella	P	P	ALT	P	P	ALT	P

KEY: P= Present ALT= Present through an alternate NA = Not a Member A=Absent

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

12 CORPORATE GOVERNANCE MATTERS (Continued)

12.5 Committees of the TRA Board of Directors

In the financial year 2022/2023 there were two Committees, namely Audit Committee and Corporate Affairs Committee. The Committees served during the entire period of financial year 2022/2023. Details regarding each Committee are provided below:

12.5.1 Audit Committee

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. The roles and responsibilities of the Audit Committee are stipulated in the TRA's Audit Committee Charter

12.5.1.1 Membership of Audit Committee

The Board's Audit Committee comprises of at least three (3) members (but not more than five members) and Secretary. Table 18 provides list of members and Secretary who served in the Audit Committee in year 2022/2023.

Table 16: List of Members and Secretary who served in the Audit Committee in the Financial Year 2022/2023

S/N	Name	Position	Appointment Date	Remarks
1	Dr. Mariam Idabaga. Nchimbi, PhD	Chairperson	July, 2022	First term to serve the Committee
2	Mr. Emmanuel Mpawe Tutuba	Member	Jan, 2023	First Term to Serve the Committee
3	Dr. Nguling'wa Philip Balele, PhD	Member	July, 2022	Representing Governor of of Bank of Tanzania. Representation ended in January 2023
4	Mr. Brown Obeligwe Shimwela	Member	July, 2022	First Term to Serve the Committee
5	Mr. Elijah Greenton Mwandumbya	Member	July, 2022	First Term to Serve the Committee
6	Mr. Alphayo Japan Kidata	Member	June, 2021	TRA Commissioner General
7	Mr. Elisha Elias Shigella	Secretary	June, 2021	First Term to Serve the Committee

12.5.1.2 Audit Committee Meetings

The Audit Committee planned to have four ordinary meetings during the financial year 2022/2023. At the closure of the period, the Committee convened four ordinary meetings as planned. The attendance of each member and secretary during the period under review is as shown in Table 19.

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED
30TH JUNE 2023 (Continued)

- 12 CORPORATE GOVERNANCE MATTERS (Continued)
12.5 Committees of the TRA Board of Directors (Continued)
12.5.1 Audit Committee (Continued)
12.5.1.2 Audit Committee Meetings (Continued)

Table 17: Attendance of the Audit Committee Members - 2022/2023

S/N	Name	MEETINGS			
		124 th	125 th	126 th	127 th
		17 th Aug, 2022	7 th Nov, 2022	7 th Feb, 2023	12 th June, 2023
1	Dr. Mariam Idabaga. Nchimbi, PhD	P	P	P	P
2	Mr. Elijah Greenton Mwandumba	P	P	P	A
3	Mr. Emmanuel Mpawe Tutuba	NA	NA	ALT	P
4	Mr. Alphayo Japan Kidata	P	P	P	P
5	Dr. Nguling'wa Philip Balele, PhD	P	P	NA	NA
6	Mr. Brown Obeligwe Shimwela	P	P	P	P
7	Mr. Elisha Elias Shigella	P	P	ALT	P

Key: P = Present ALT = Present through an alternate A= Absent NA = Not a Member

Key matters deliberated during the meetings were:

- (i) Quarterly Internal Audit Reports.
- (ii) Revised Audit Committee Charter.
- (iii) Revised Internal Audit Manual, Charter and Declaration of Code of Ethics.
- (iv) Revised Internal Control Policy.
- (v) Revised Framework of the Corporate Assurance Committee.
- (vi) Quarterly Status on Implementation of ERMS.
- (vii) Interim Financial Statements.
- (viii) Internal Audit Strategic Plan for Five Years 2023/2024 to 2028/2029.
- (ix) Internal Audit Annual Plan for 2023/2024.
- (x) Implementation status of CAG recommendations.

12.5.2 Corporate Affairs Committee

The Corporate Affairs Committee deals with all corporate issues, organizational and human capital issues including recruitment, ethics, integrity and staff disciplinary matters.

12.5.2.1 Membership of Corporate Affairs Committee

The Board's Corporate Affairs Committee comprises not more than five members and secretary. The roles of the Committee are stipulated in Corporate Affairs Committee Charter. **Table 20** indicates list of members and secretary who served in the Corporate Affairs Committee for the period ended 30th June 2023.

TANZANIA REVENUE AUTHORITY

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED
30TH JUNE 2023 (Continued)**

12 CORPORATE GOVERNANCE MATTERS (Continued)

12.5 Committees of the TRA Board of Directors (Continued)

12.5.2 Corporate Affairs Committee (Continued)

12.5.2.1 Membership of Corporate Affairs Committee (Continued)

Table 18: List of Members and Secretary who served in the Corporate Affairs Committee for the period ended 30th June 2023

S/N	Name	Position	Appointment Date	Remarks
1	Dr. Elineema Kennedy Kisanga, PhD	Chairperson	July, 2022	First Term
2	Dr. Mhajir Abubakar Kachwamba, PhD	Member	July, 2022	First Term
3	Mr. Aboud Hassan Mwinyi	Member	July, 2022	First Term
4	Dr. Albina Andrew Chuwa, PhD	Member	July, 2022	First Term
5	Mr. Alphayo Japan Kidata	Member	April, 2021	First Term
6	Mr. Elisha Elias Shigella	Secretary	April, 2021	First Term

12.5.2.2 Corporate Affairs Committee Meetings

The Committee planned to have four ordinary meetings in financial year 2022/23. 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 21.

Table 19: Attendance of the Corporate Affairs Committee Members - 2022/2023

S/N	NAME	MEETINGS			
		7 th	8 th	09th	10 th
		16 th Aug,2022	08 th Nov,2022	08 th Feb, 2023	13 th June,2023
1	Dr. Elineema Kennedy Kisanga, PhD	P	P	P	P
2	Mr. Aboud Hassan Mwinyi	P	P	P	P
3	Dr. Mhajir Abubakar Kachwamba, PhD	P	P	P	P
4	Mr. Alphayo Japan Kidata	P	P	P	P
5	Dr. Albina Andrew Chuwa, PhD	A	A	A	P
6	Mr. Elisha Elias Shigella	P	P	ALT	P

Key: P = Present

ALT = Present through an alternate

A= Absent

Key matters deliberated during the meeting were:

- (i) Approval of Corporate Affairs Committee Charter.
- (ii) Quarterly performance reports from supporting departments. Among others, the reports cover staff integrity and other ethical related matters
- (iii) Quarterly Status on Implementation of Corporate Plan.
- (iv) Quarterly Procurement Performance Reports.
- (v) Quarterly Budget Performance Reports.
- (vi) Fifth Strategic Plan (2022/23 - 2026/27) of the Institute of Tax Administration.
- (vii) Write-off and Disposal of TRA Assets.
- (viii) TRA Communication Policy Revised Edition of 2023.

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

12 CORPORATE GOVERNANCE MATTERS (Continued)

12.6 Environmental Matters

The Authority recognizes its responsibility to conduct its operations in an environmentally sustainable manner. In this regard, the Authority, is dedicated to conducting its operations in a manner that minimize environmental impact and promote sustainable practices in all aspects of its activities.

12.6.1 Fulfilment of Authority's Commitment on Environmental Matters

In fulfilling its commitment on environmental matters, TRA adheres to environmental laws and regulations pertaining to its operations; manage waste responsibly by ensuring that operational offices have proper facilities for waste management; support "green" initiative by taking advantage of technology in transforming its processes to paperless so as to minimize paper usage and consequently protect environment; participating in various tree planting activities that are organised by communities surrounding TRA offices; and implement controls measures on importation of dangerous goods that are unfriendly to environment. In addition, the Authority is in the process of establishing customs laboratory where among others it will assist in environmental protection (e.g. controlling trade of ozone depleting substances).

12.7 Employees' Welfare

The Authority is committed to ensure existence of harmoniously productive relationship with its employees.

12.7.1 Fulfilment of the Authority's Commitment on Employees' Welfare

In fulfilling its commitment on employees' welfare matters, the Authority is undertaking various initiatives that focused on increasing employees' welfare and consequently enhancing harmonious relationship and TRA performance. Such initiatives include:

12.7.1.1 Ensuring Existence of Guideline for Handling Staff Grievances

TRA has staff regulations in place, 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. Through this, transparency in handling of staff grievances is enhanced and consequently a good relationship continued to be maintained between Management and staff in year 2022/2023. During the period, there were 14 staff cases (2022: 7 staff cases) out of a standing workforce of 6,509 staff (2022: 6,066 staff) this is equivalent to 0.22% (2020/21: 0.12%). All cases were concluded as detailed in Table 22. The disciplinary cases mainly emanated from performing duties without following the laid down procedure; absconding from duty; and negligence in the performance of duties.

TANZANIA REVENUE AUTHORITY

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED
30TH JUNE 2023 (Continued)**

12 CORPORATE GOVERNANCE MATTERS (Continued)

12.7 Employees' Welfare (Continued)

12.7.1 Fulfilment of the Authority's Commitment on Employees' Welfare (Continued)

12.7.1.1 Ensuring Existence of Guideline for Handling Staff Grievances (Continued)

Table 20: Status of Staff Cases for the Period Ended 30th June 2023

S/N	Results	Number of Cases	% of Concluded Cases
1	Dismissed	11	78.6
2	Cleared from the charges	Nil	Nil
3	Given written warning	2	14.3
4	Demoted in rank and salary	1	7.1
5	Staff Salary deducted	Nil	Nil
6	Cases referred outside TRA	Nil	Nil
Concluded staff cases		14	100
Total Cases		14	

12.7.1.2 Existence of TRA Workers' Council (TAWC)

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. During the year under review, the Council held its second meeting in February, 2023. The meeting involved Members from the Management, representatives from Tanzania Revenue Workers Union (TAREWU) and representatives of staff from various operational levels. Issues that were deliberated including TRA 6th Strategic Corporate Plan; TRA Proposed Expenditure budget for 2023/24; working environment; and staff matters. From the deliberations, agreed action points were developed. It is Authority's expectation that implementation of the agreed actions will enhance partnership with TRA employees and contribute positively towards attainment of TRA strategic objectives.

12.7.1.3 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.

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

12 CORPORATE GOVERNANCE MATTERS (Continued)

12.7 Employees' Welfare (Continued)

12.7.1 Fulfilment of the Authority's Commitment on Employees' Welfare (Continued)

12.7.1.4 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.

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. In year 2022/2023, the Authority conducted a total of 92 training programs to Officers, Managers including Pre-retirement programme. 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.

12.7.1.5 Health and Safety

TRA recognises healthy work force and safe 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 implemented the following initiatives in year 2022/2023:

- (a) Conducted awareness session on HIV - AIDS and Non-Communicable Diseases (NCDs) as part of addressing HIV & NCDs health challenges facing employees.
- (b) Provide financial support to employees who declared their HIV status to employer as per Government circular regarding management of HIV/AIDS at work place.
- (c) Provide medical services through National Health Insurance Fund (NHIF)
- (d) Coordinated provision of health services to TRA employees who were referred abroad for medical treatment. (Three Employees under private arrangement and one employee under NHIF arrangements).
- (e) Conducted Occupation Health inspection to assess working environment in TRA offices. The inspection was conducted in Mwanza, Geita, Shinyanga, Mara, Kahama, Tabora and Dodoma Tax Regions. The inspection aims at enabling the Authority to analyse and identify workplace potential safety and health risks for the purpose of deploying appropriate mitigation measures.

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

12 CORPORATE GOVERNANCE MATTERS (Continued)

12.7 Employees' Welfare (Continued)

12.7.1 Fulfilment of the Authority's Commitment on Employees' Welfare (Continued)

12.7.1.5 Health and Safety (Continued)

(f) 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.

12.7.1.6 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 is done by central Government through the Ministry responsible for Finance. 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 relating to the aforementioned events, the compensations are provided to staff dependants. In addition to this, TRA staff who are working under single customs territory in neighbouring countries are insured under a separate arrangement.

12.8 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 responsible for Finance.

12.9 Social and Community Issues

TRA recognises that its role extends beyond revenue collection, hence committed to be a responsible corporate citizen by actively engaging with and contributing to the well-being of the communities we serve. In this regard TRA is committed to foster and maintain a culture that encourages interaction and engagement in social and community related concerns and obligations.

12.9.1 Fulfilment of Authority's Commitment in Social and Community Issues

The Authority is actively engaged with local communities and other stakeholders through open communication, collaboration and consultation. Through this engagement, TRA always seeks to understand their needs and concerns as well as working together to address them. In addition, during the period under review, the Authority organised Taxpayers' appreciation day as a way of appreciating and rewarding taxpayers and other stakeholders who contributed towards TRA achievement.

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

12 CORPORATE GOVERNANCE MATTERS (Continued)

12.9 Social and Community Issues (Continued)

12.9.1 Fulfilment of Authority's Commitment in Social and Community Issues (Continued)

Further, the Authority participated in social and community events such as SHIMIWI and SHIMUTA tournaments; international women's day; and tax clubs' activities in secondary schools. In addition, the Authority provided financial support in a way of donation to various groups in community as described in Para 16.

12.10 Gender Parity

12.10.1 TRA Gender Policy

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"

12.10.2 TRA Staff Position by Gender

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 2022/2023 where at the closure of the period there were 2,210 females equivalent to 34.0%(2022: 2084 females) of total TRA work force of 6,509 staff (2022: 6,066 staff). Distribution of TRA staff by Gender as at 30th June 2023 is as shown in Table 23.

Table 21: Distribution of TRA Staff by Gender as at 30th June 2023

S/ N	COMMISSIONER GENERAL OFFICE/ DEPARTMENT	FEMALE	MALE	TOTAL	% OF MALE EMPLOYEES	% OF FEMALE EMPLOYEES
1	Commissioner General's Office	23	64	87	73.6	26.4
2	Revenue Departments	1700	3122	4822	64.7	35.3
3	Support Departments	487	1113	1600	69.6	30.4
Total - Financial Year 2022/2023		2,210	4,299	6,509	66.0	34.0
Total - Financial Year 2021/2022		2,084	3,982	6,066	65.6	34.4

Source: TRA Human Resources and Administration Department

Further, female employees in decision making team (From Commissioner General to Managers) are underrepresented where out 241 staff (2022: 217 staff) in decision making position, 200 staff (2022: 175 staff) equivalent to 83.0% are males and 41 staff (2022: 42 staff) equivalent to 17.0% are females as shown in Table 24. The number of staff in decision making position includes staff with Superlative posts and those in acting capacity.

TANZANIA REVENUE AUTHORITY

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED
30TH JUNE 2023 (Continued)**

12.10 Gender Parity (Continued)

12.10.2 TRA Staff Position by Gender (Continued)

Table 22: Staff in Managerial Position by Gender 30th June 2023

POSITION	FEMALE	MALE	TOTAL	% of Male Employees	% of Female Employees
CG/DCG		2	2	100	0
Heads and Deputy Heads of Departments	9	22	31	71.0	29.0
Managers and Assistant Managers	32	176	208	84.6	15.4
Managerial Staff - 2022/2023	41	200	241	83.0	17.0
Managerial Staff - 2021/2022	42	175	217	80.6	19.4
Other Staff - 2022/2023	2,169	4,099	6,269	65.4	34.6
Other Staff - 2021/2022	2,042	3,807	5,849	65.1	34.9
Total Staff- Financial Year 2022/2023	2,210	4,299	6,509	66.0	34.0
Total Staff - Financial Year 2021/2022	2,084	3,982	6,066	65.6	34.4

Source: TRA Human Resources and Administration Department

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 in implementing the TRA policy on gender balance through actions that are geared towards attainment of gender equality as indicated in **Para 12.10.3**.

12.10.3 Implementation of Gender Policy

To implement the gender policy, the Authority has a number of strategies that are scheduled for implementation in a span 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.

12.11 Essential Contractual and Other Arrangements

TRA is committed to exercise highest degree of transparency, fairness, confidentiality, customer services and compliance in all its dealings with contracted parties.

During the period under review, the Authority entered into contractual agreement with various suppliers to facilitate its operations. This involve contracts for office services;

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

12 CORPORATE GOVERNANCE MATTERS (Continued)

12.11 Essential Contractual and Other Arrangements (Continued)

office supplies; enhancement of various ICT systems; construction and rehabilitation of TRA buildings; and office equipment and machines. The contracted suppliers include those in Tanzania as well as from abroad.

In addition, the Authority is among implementers of the contracts that have been entered between the Ministry responsible for Finance and various financial institutions for collection of Government revenue through Government Electronic Payment Gateway (GePG). This facilitate collection of Taxes and Non-Taxes under TRA administration. List of financial institutions that traded with TRA in year 2022/2023 is provided in **Appendix 1**.

In all of the aforementioned dealings, the Authority continued to fulfil its commitments towards contracted parties.

12.12 Receipts from, and Returns to, Primary Users of the Entity in Respect of Shares Held by Them

The law that established TRA does not provide for issuance of shares. In this regard, there is no receipts from, and returns to, primary users in respect of shares held by them. The Authority is merely an agency of the Government that collect revenue (listed in the First Schedule of the TRA Act) on behalf of the Government.

12.13 Effectiveness and Efficiency Utilization of Resources

The Authority is operating in environment where resources are limited. In this regard, the Authority is determined to ensure appropriate decisions are made on acquisition, utilization and allocation of resource to attain the its objectives In most efficient and effective way.

To attain the aforementioned commitment, the Authority is:

- (a) Obtaining its resources to finance its operations mainly from Treasury and internally generated income. In this regard, the Authority is not incurring any borrowing cost.
- (b) Allocating its resources judiciously, ensuring they are directed towards initiatives that align with TRA strategic objectives, deliver measurable outcomes, and enhance TRA overall effectiveness and efficiency.
- (c) Diligently manage its financial resources, adhering to transparent budgeting practices through activity based budgeting approach, responsible spending, and prudent fiscal management. In this regard, waste and unnecessary expenditures are eliminated.
- (d) TRA is continuously exploring innovative technologies and solutions that streamline its operations, improve accuracy, and enhance effectiveness and efficiency of its processes. In this regard, TRA is investing in digital transformation initiatives that enable the Authority to do more with fewer resources.

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

12 CORPORATE GOVERNANCE MATTERS (Continued)

12.14 Other Matters

12.14.1 Accounting Policies

Summary of key accounting policies relating to Financial Statements and Revenue Statements are provided in **Note 5** to the Financial Statements and Revenue Statements for the period ended 30th June 2023 respectively.

12.14.2 Related Party Transactions

Related party transactions and balances relating to Authority's normal operations during the period are provided in **Note 33** to the Financial Statements for the period ended 30th June 2023 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 2023.

12.14.3 Events Subsequent to the Reporting Date

Significant events subsequent to 30th June 2023 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 2023.

13. APPOINTMENT OF AUDITORS

Section 26(2) of the TRA Act, Cap 399 requires annual accounts of TRA to be audited by the Controller and Auditor General (CAG). This is in line with Article 143 of Constitution of the United Republic of Tanzania (Cap. 2) as amplified under the Public Audit Act No.11 of 2008. 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

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

14. RESPONSIBILITY OF THE AUDITOR

The responsibilities of CAG are stipulated in article 143 (2) of the Constitution of United Republic of Tanzania (Cap.2). In this regard, CAG has been assigned the responsibility of auditing and reporting on the accounts, financial statements and financial management of TRA. This includes responsibility of providing assurance of the correctness and consistency of the information contained in the report by those charged with governance with the ones provided in the Financial and Revenue Statements. Along with this, CAG has responsibility of satisfying himself on matters listed under Section 10 of the Public Audit Act, Cap 418.

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

15. STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

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.

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

15. STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE (Continued)

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 2023, 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.

16. 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:

16.1 Charitable Donations

The activities involved support on educational activities; water and sanitation, women in entrepreneurship programs; small industries development; business and investments including youth in agribusiness; cultural activities, sports and art; youth; Health campaigns; exhibitions (Agriculture and tourism) and promotion of peace and security. The supports were provided in monetary form with a total of TZS 1,255.53 million (2022: TZS 445.23 million).

16.2 Political Donations

During the period under review, there was no donations directed to political affiliated group (2022: Nil)

17. 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.

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2023 (Continued)

17. DISABLED PERSONS (Continued)

17.1 TRA Policy on 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*”

17.2 TRA Policy on Staff who become disabled whilst employed by TRA

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. 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 and fairly compensated. 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, entitled family members and transportation of personal effect to place of domicile. Also, the staff is paid pension benefits from respective social security scheme.

17.3 TRA Training Policy on Staff with Disability

It is a policy of TRA to train disabled staff basing on identified needs during training needs analysis.

In implementing the policy, the Authority identifies needy areas during training need analysis that is done along with that of other staff periodically. Thereafter, the required trainings are scheduled in Authority’s training plan. Implementation of the plan is done on annual basis.

TANZANIA REVENUE AUTHORITY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED
30TH JUNE 2023 (Continued)

18. PREJUDICIAL ISSUES

During the year ended 30th June 2023 there was no serious prejudicial matters to be reported (2022: NIL).

19. 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 became effective from 1st January 2021 as well as relevant statutory legislations applicable to TRA.

20. APPROVAL

The Report by Those Charged with Governance has been approved by TRA Board of Directors for issue on 15th February 2024 and 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

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED
30TH JUNE 2023 (Continued)**

Appendix 1: List of Financial Institutions Traded with TRA in Financial Year 2022/2023

S/N	Bank Name & Address	S/N	Bank Name & Address
1.	ABSA Bank Tanzania Limited, P.O. Box 5137, Dar es Salaam, Tanzania	15.	Equity Bank (Tanzania) Limited, P. O. Box 110183, Dar es Salaam, Tanzania
2.	African Banking Corporation Tanzania Limited, P.O. Box 31, Dar es Salaam, Tanzania.	16.	Exim Bank (T) Ltd, P. O. Box 1431, Dar es Salaam, Tanzania
3.	Akiba Commercial Bank Tanzania Limited, P.O. Box 669, Dar es Salaam, Tanzania.	17.	Guaranty Trust Bank Tanzania Limited, P.O. Box 31111, Dar es Salaam, Tanzania
4.	Amana Bank Limited P.O. Box 9771, Dar es Salaam, Tanzania	18.	Habib African Bank Limited, P. O. Box 70086, Dar es Salaam, Tanzania
5.	Azania Bank Limited, P. O. Box 9271, Dar es Salaam, Tanzania	19.	I & M Bank Tanzania Limited, P.O. Box 1509, Dar es Salaam, Tanzania
6.	Bank of Baroda Tanzania Limited, P.O. Box 5356, Dar es Salaam, Tanzania	20.	KCB Bank Tanzania Limited, P O Box 9363, Dar es Salaam, Tanzania
7.	Bank of Africa Tanzania Limited, P.O. Box 3054, Dar es Salaam, Tanzania	21.	National Bank of Commerce, P. O. Box 1863, Dar es Salaam, Tanzania.
8.	Bank of Tanzania, P.O Box 2939, Dar es Salaam, Tanzania	22.	NCBA Bank Tanzania Limited, P. O. Box 20268, Dar es Salaam, Tanzania
9.	Canara Bank Tanzania Limited, P.O. Box 491, Dar es Salaam, Tanzania	23.	NMB Bank Plc, P.O. Box 9213, Dar es Salaam, Tanzania..
10.	Citibank Tanzania Limited, P.O. Box 71625, Dar es Salaam, Tanzania	24.	Peoples' Bank of Zanzibar Limited, P.O. Box 1173, Dar es Salaam, Tanzania
11.	CRDB Bank Plc, P.O. Box 268, Dar es Salaam, Tanzania	25.	Stanbic Bank Tanzania Limited P.O. Box 72647, Dar es Salaam, Tanzania
12.	DCB Commercial Bank P.O. Box 19798, Dar es Salaam, Tanzania	26.	Standard Chartered Bank Tanzania Limited, P.O. Box 9011, Dar es Salaam, Tanzania
13.	Diamond Trust Bank (T) Ltd, P. O. Box 115, Dar es Salaam, Tanzania	27.	TPB Bank Plc, P.O. Box 9300, Dar es Salaam, Tanzania
14.	Ecobank Tanzania Limited, P. O. Box 20500, Dar es Salaam, Tanzania	28.	United Bank for Africa (T) Ltd, P. O. Box 80514, Dar es Salaam, Tanzania.

TANZANIA REVENUE AUTHORITY

DECLARATION OF THE HEAD OF FINANCE ON THE TRA REVENUE STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2023

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 Revenue Statements for the year ended 30th June 2023 have been prepared in compliance with Accrual Basis International Public Sector Accounting Standards (IPSAS) and statutory requirements. Further, I confirm that the Revenue Statements give a true and fair view position of the TRA's Stewardship role of collecting revenues on behalf of the Government on that date and that they have been prepared based on properly maintained financial records.

Signed by:

Name: Dinah Edward

Signature: 

Title: Director for Finance

NBAA Membership No.: FCPA 1074

Date: 15th February 2024



TANZANIA REVENUE AUTHORITY

ISO 9001: 2015 Certified

**AUDITED REVENUE STATEMENTS FOR FINANCIAL YEAR ENDED
JUNE 2023**

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

TANZANIA REVENUE AUTHORITY


STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

		<u>2022/2023</u>	<u>2021/2022 (Restated)</u>
	Note	TZS	TZS
ASSETS			
Current Assets			
Cash and Cash Equivalents	15	112,297,254,680	185,187,575,871
Receivables	16	7,603,933,348,116	5,626,494,310,096
TOTAL ASSETS		7,716,230,602,796	5,811,681,885,967
LIABILITIES			
Current Liabilities			
Payables	17	186,852,831,803	224,140,887,681
TOTAL LIABILITIES		186,852,831,803	224,140,887,681
NET ASSETS		7,529,377,770,993	5,587,540,998,286
NET ASSETS			
Public Fund	7	7,529,377,770,993	5,587,540,998,286
		7,529,377,770,993	5,587,540,998,286

These Revenue Statements were approved by TRA Board of Directors for issue on 15th February 2024 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 30 JUNE 2023

	Note	<u>2022/2023</u> TZS	<u>2021/2022</u> TZS
REVENUE			
Tax and Non-Tax Revenues			
Mainland			
Domestic Revenue Department	18	6,116,916,601,312	4,620,034,914,579
Large Taxpayers Department	19	10,842,979,047,884	8,257,123,645,581
Customs and Excise Department	20	9,421,420,982,841	8,637,140,332,686
		26,381,316,632,037	21,514,298,892,846
Treasury Voucher Cheques	21	17,155,898,855	12,903,538,981
Total - Mainland		26,398,472,530,892	21,527,202,431,827
Zanzibar			
Domestic Revenue	23	262,869,623,541	206,352,627,700
Customs and Excise	24	220,844,434,056	191,562,291,215
Total - Zanzibar		483,714,057,597	397,914,918,915
Total Tax and Non-Tax Revenues		26,882,186,588,489	21,925,117,350,742
Other Revenues			
Refund Funds Released by Treasury	34	1,079,045,755,663	995,658,000,000
TOTAL REVENUE		27,961,232,344,153	22,920,775,350,742
EXPENSES			
Tax Refund Claims Approved during the period	35	1,073,032,342,126	958,857,572,273
TOTAL EXPENSES		1,073,032,342,126	958,857,572,273
OTHER GAINS/(LOSSES)			
Impairment Loss	30	(748,097,967,583)	(210,943,604,032)
Gain on Foreign exchange	43	4,021	3,869
		(748,097,963,561)	(210,943,600,164)
TRANSFERS			
Transfers to Central Government	26	21,547,827,020,910	20,023,163,330,867
Other Transfers	27	2,194,346,346,209	1,827,965,056,656
Transfers to Government of Zanzibar	28	456,091,898,639	359,193,844,784
		24,198,265,265,758	22,210,322,232,307
Revenue Surplus/(Deficit) For the Year		1,941,836,772,707	(459,348,054,002)

TANZANIA REVENUE AUTHORITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

		<u>2022/2023</u>	<u>2021/2022</u>
	Note	TZS	TZS
Cash flows from operating activities			
Receipts			
Tanzania Mainland			
Tax & Non Tax Collections	22	23,663,399,598,320	21,940,376,531,684
Deposits	36	23,505,701,005	37,545,475,913
Refunds Funds	33	32,174,891,472	22,115,641,690
Refunds Funds released by Treasury	34	1,079,045,755,663	995,658,000,000
Other receipts	40	1,485,209,724,367	1,351,970,840,540
Subtotal		26,283,335,670,828	24,347,666,489,827
Zanzibar			
Taxes and Duties	25	456,192,226,327	359,192,151,084
Grand Total Receipts		26,739,527,897,155	24,706,858,640,911
Payments			
Transfer to Central Government	26	21,548,580,333,319	20,023,163,330,867
Other transfers	27	2,194,346,346,209	1,827,965,056,656
Transfers to Government of Zanzibar	28	456,091,898,639	359,193,844,784
Refund Funds	33	30,502,743,544	181,028,530,688
Refunds paid by Treasury Funds	34	1,039,227,157,548	986,848,906,143
Deposits	36	39,455,368,027	84,404,696,314
Other payments	40	1,504,214,371,059	1,334,458,847,438
Grand Total Payments		26,812,418,218,345	24,797,063,212,890
Receipt over payments		(72,890,321,191)	(90,204,571,979)
Cash and Cash Equivalents			
At the beginning of the period		185,187,575,871	275,392,147,849
At the end of the period (Note 15)		112,297,254,680	185,187,575,871

TANZANIA REVENUE AUTHORITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023

	Note	Public Funds TZS
Balance as at 30th June 2021 as previously reported		6,708,252,183,770
Correction of Error	41	<u>(661,363,131,483)</u>
Balance as at 30th June 2021 (Restated)		6,046,889,052,288
Revenue Deficit for the year ended 30th June 2022		<u>(459,348,054,002)</u>
Balance as at 30th June 2022 (Restated)	7	5,587,540,998,286
Revenue Surplus for the year ended 30th June 2023		1,941,836,772,707
Balance as at 30th June 2023	7	7,529,377,770,993

TANZANIA REVENUE AUTHORITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

		2022/2023				
Note	TZS	TZS	TZS	TZS	TZS	TZS
	Original Approved Budget (A)	Final Approved Budget (B)	Difference (B-A)	Actual Amount on Comparable Basis (C)	Difference (C-B)	Percentage (%)
Tanzania Mainland:						
18	5,024,148,852,268	5,024,148,852,268	-	5,287,189,079,876	263,040,227,608	5.2
19	9,801,570,922,221	9,801,570,922,221	-	9,032,309,313,037	(769,261,609,184)	(7.8)
20	9,432,272,836,086	9,432,272,836,086	-	9,325,506,719,377	(106,766,116,709)	(1.1)
	24,257,992,610,576	24,257,992,610,576	-	23,645,005,112,290	(612,987,498,286)	(2.5)
21	52,598,222,277	52,598,222,277	-	17,576,558,329	(35,021,663,948)	(66.6)
	24,310,590,832,852	24,310,590,832,852	-	23,662,581,670,619	(648,009,162,233)	(2.7)
34	657,833,266,418	657,833,266,418	-	1,079,045,755,663	421,212,489,245	64.0
	23,652,757,566,434	23,652,757,566,434	-	22,583,535,914,956	(1,069,221,651,478)	(4.5)
Mainland Net Collections						
Zanzibar:						
23	226,019,214,000	226,019,214,000	-	231,846,491,685	5,827,277,685	2.6
24	228,037,626,000	228,037,626,000	-	224,345,734,642	(3,691,891,358)	(1.6)
	454,056,840,000	454,056,840,000	-	456,192,226,327	2,135,386,327	0.5
	24,764,647,672,852	24,764,647,672,852	-	24,118,773,896,946	(645,873,775,906)	(2.6)
	24,106,814,406,434	24,106,814,406,434	-	23,039,728,141,283	(1,067,086,265,151)	(4.4)

¹Grand Total Gross Collections = Mainland Gross Collections (Including TVCs) + Zanzibar Gross Collections

²Grand Total Net Collections = Mainland Net Collections + Zanzibar Gross Collections

Note: Details relating to the Statement of Comparison of Budget and Actual Amounts are provided in Note 13.

Controller and Auditor General

AR/NA/TRA-REVENUE/2022/23

TANZANIA REVENUE AUTHORITY

NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. AUTHORITY INFORMATION

The Tanzania Revenue Authority (TRA) was established by the TRA Act, Chapter 399 of the Laws which came into effect on 7 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 of the 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 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 on a quarterly basis; and
- (i) 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 responsible for Finance. In this regard controlling entity and ultimate controlling entity do not exist. Thus, there are no members who have power to amend TRA Revenue 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 Revenue Statements are mainly prepared to disclose information relating to TRA's stewardship role of collecting revenues on behalf of the Government of Tanzania. The Statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. The cash flows statement is prepared using

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

2. BASIS OF PREPARATION (Continued)

the direct method. The Revenue Statements are prepared on an accrual basis. The Revenue Statements are presented in Tanzanian Shillings (TZS), which is the functional and presentation currency of TRA and all values are presented in full figures.

Statement of Compliance

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

3. CHANGES IN ACCOUNTING POLICIES AND ADOPTION OF NEW STANDARDS

3.1 Change in Accounting Policies

During the period under review there were no changes in policies. Therefore, the accounting policies adopted by the Authority were consistent with those of the financial year 2021/22.

3.2 Adoption of New Standards

In the financial year 2022/23, there were no new/amended standards and interpretations which affected the Authority.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following new standards were issued by International Public Sector Accounting Standards Board (IPSASB) but not yet effective up to the date of issuance of the Authority's Revenue Statements. The Authority will adopt them for the purpose of the preparation of the future Revenue 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. The 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 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:

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE (Continued)

a) IPSAS 41 'Financial Instruments (Continued)

- 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 strategy and the accounting treatment for instruments held as part of the risk management strategy.

The standard is effective from periods commencing on or after 1 January 2023. The standard will have impact on Revenue Statements as it will affect carrying amount of financial assets (Cash balances) to the tune of TZS 40,522,909, being expected credit loss. In determination of the expected loss, the Authority has assumed that there is no significant deterioration in credit risk since origination when the financial asset has remained for 30 days. Further, for cases where banks have parent banks outside United Republic of Tanzania, the rating of parent bank has been used in rating of the bank. For remaining banks, the Authority has used Moody's rating or credit rating below the country's rate (Government of Tanzania) as the case may be. The Authority plans to adopt the standard in financial year commencing on 1 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 1 January 2023. The standard will have no impact on the Revenue Statements of the Authority as Social Benefits are not applicable to the Statements. Therefore, the Authority will not adopt the standard for preparation of future Revenue Statements.

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

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE (Continued)

c) IPSAS 43 - Leases (Continued)

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 that 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. The standard is effective from 1st January 2025. The Standard does not have impact on Revenue Statements as they do not cover any lease arrangement. Thus, the Standard will not be adopted for preparation of future Revenue Statements.

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 1 January 2025. The standard does not impact Revenue Statements as there are no Non - current assets relating to the issued standard.

e) IPSAS 45 'Property, Plant and Equipment'

In May 2023, IPSASB issued IPSAS 45, Property, Plant and Equipment which replaces IPSAS 17, Property, Plant, and Equipment by adding current operational value as a measurement basis in the updated current value model for assets within its scope, identifying the characteristics of heritage and infrastructure assets, and adding new guidance on how these important types of public sector assets should be recognized and measured. The objective of the standard is to update principles drawn from IPSAS 17, Property, Plant and Equipment by adding new guidance for heritage assets, infrastructure assets and measurement of property, plant and equipment. The standard prescribes the accounting treatment for property, plant, and equipment so that users of financial statements can discern information about an entity's investment in its property, plant, and equipment and the changes in such investment. The principal issues in accounting for property, plant, and equipment are the recognition of the assets, the determination of their carrying amounts, and the depreciation charges and impairment losses to be recognized in relation to them.

TANZANIA REVENUE AUTHORITY

NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE (Continued)

e) IPSAS 45 'Property, Plant and Equipment (Continued)

This standard is effective from period beginning on January 1, 2025. The Standard does not have impact on the Authority's Revenue Statements as they do not cover Plant, Property and Equipment. Thus, the Standard will not be adopted for preparation of future Revenue Statements.

f) IPSAS 46 'Measurement

In May 2023, IPSASB issued IPSAS 46, Measurements which provides new guidance in a single standard addressing how commonly used measurement bases should be applied in practice. It brings in generic guidance on fair value for the first time, and introduces current operational value, a public sector specific current value measurement basis addressing constituents' views that an alternative current value measurement basis to fair value is needed for certain public sector assets. The objective of this standard is to improve measurement guidance across IPSAS by: -

- (i) Providing further detailed guidance on the implementation of commonly used measurement bases, and the circumstances under which they should be used;
- (ii) Clarifying transaction costs guidance to enhance consistency across IPSAS; and
- (iii) Amending, where appropriate, guidance across IPSAS related to measurement at recognition, subsequent measurement, and measurement-related disclosures.

This standard is effective from period commencing on 1 January 2025. The standard will have impact on Revenue Statement as it provides measurement of Assets and Liabilities. The Authority plans to adopt it in the financial year commencing on 1 July 2025.

g) IPSAS 47 'Revenue

In May 2023, IPSASB issued IPSAS 47, Revenue. IPSAS 47 is a single source for revenue accounting guidance in the public sector, which presents two accounting models based on the existence of a binding arrangement. This new Standard provides focused guidance to help entities apply the principles to account for public sector revenue transactions. IPSAS 47 replaces IPSAS 9, Revenue from Exchange Transactions, IPSAS 11, Construction Contracts, and IPSAS 23, Revenue from Non-Exchange Transactions (Taxes and Transfers). The standard aimed at improving revenue reporting in public sector by;

- (i) Presenting revenue guidance in a single Standard;
- (ii) Clarifying and refining the accounting principles and concepts to account for revenue transactions in the public sector; and
- (iii) Providing non-authoritative guidance to help preparers use professional judgment in applying the accounting principles consistently

The standard effective date is 1 January 2026, with earlier application permitted. This standard has impact in preparation of Revenue Statements in future as it provides basis and guidelines for revenue recognition, measurement and reporting. The Authority plans to adopt it in the financial year commencing on 1 July 2026.

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE (Continued)

h) IPSAS 48 'Transfer Expenses

In May 2023, IPSASB issued IPSAS 48, Transfer Expenses. The standard provides accounting guidance for transfer expenses, which account for a significant portion of expenditures for many public sector entities. This new standard fills a significant gap in the IPSASB's literature and provides guidance to help entities account for public sector transfer expense transactions. IPSAS 48 presents two accounting modules based on the existence of a binding arrangement. The standard includes comprehensive guidance for an entity to determine whether their transaction arises from a binding arrangement, and consequently, which accounting module to apply. The objective of this standard is to provide accounting requirements for transfer expenses. A transfer expense is an expense arising from a transaction, other than taxes, in which an entity provides a good, service, or other asset to another entity, without directly receiving any good, service, or other asset in return. The effective date of IPSAS 48 is January 1, 2026. This standard will have impact in preparation of revenue statements in future as it provides basis and guidelines for treatment of transfer expenses. The Authority plans to adopt it in the financial year commencing on 1st July 2026.

i) IPSAS 49 - Retirement Benefits Plan

In November 2023, IPSAB issued IPSAS 49, Retirement Benefits Plan. The Standard provides accounting and reporting requirements for public sector retirement benefit plans, which provide retirement benefits to public sector employees and other eligible participants. This enhances accountability to participants of the plan and other users. The standard is applicable to retirement benefit plan that prepares and presents Financial Statements under the accrual basis of accounting. The effective date of IPSAS 49 is January 1, 2026 and will have no impact on Authority's Revenue Statements as it does not relate to stewardship role of the Authority.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Key accounting policies are included in the specific notes to which they relate. However, significant accounting policies that do not relate to a specific note are outlined below:

(i) Cash and Cash equivalent

Cash and Cash equivalent are stated in the Statement of Financial Position at cost. Cash is comprised of balances held with banks.

(ii) Revenue Recognition

Revenue is recognized to the extent that it is probable the economic benefits or service potential will flow to the Authority and fair value can be reliably measured. The Authority assesses its revenue arrangements against specific criteria in the form of taxable events for each revenue stream in order to determine if it is acting as principal or agent. **Table 1** provides specific recognition criteria that must also be met before revenue is recognized.

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
(ii) Revenue Recognition (Continued)

Table 1: Specific Recognition Criteria that must be met before Revenue is Recognised

No.	Tax	Taxable Event
(i)	(a) Airport and Port Departure Charge (b) Pay-As-You-Earn (PAYE) (c) Payroll/Skills and Development Levy (d) Bed Night Levy (e) Excise Duty on Goods and Services - Local (f) Value Added Taxes (VAT) on Goods and Services - Local (g) Gaming Tax	Recognized as revenue when return is submitted/when assessment is made. Additional revenues, identified after review of taxpayer returns, are recognized upon adjusted/amended assessment.
(ii)	(a) Assessed Income Tax - Individual (b) Corporate Tax (c) Presumptive Income Tax	Recognized as revenue upon submission of estimates/amended estimates that relates to the fiscal year ended 30th June, and revenues assessed or re-assessed during the year. Revenues do not include estimates on unreported taxes, or the impact of future reassessment that cannot yet be reliably measured
(iii)	(a) Custom License Fees (b) Customs - Transit Fees (c) Customs - Warehouse Rent (d) Motor Vehicle Foreign Vehicle Permit (FVP) Fees (e) Motor Vehicle Transit Charges	Recognized when it is probable that future economic benefits will flow to the Authority and the amount can be measured reliably.
(iv)	(a) Driving License Fees (b) Driving Test Fees (c) Provisional License fees	Recognized when it is probable that future economic benefits will flow to the Authority and the amount can be measured reliably.
(v)	Withholding Taxes	Recognized when it is probable that future economic benefits will flow to the Authority and the amount can be measured reliably. Additional revenues, identified after Commissioner's review of Taxpayers information are recognized upon issuance of adjusted/amended assessment.

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ii) Revenue Recognition (Continued)

No.	Tax	Taxable Event
(vi)	(a) Export Levy (b) Export Duty	Recognized upon assessment/ declaration for export, provided the goods are under Custom control
(vii)	(a) Motor Vehicle licensing fees - on locally manufactured vehicles (b) Motor Vehicle Registration Fees - on locally manufactured vehicles (c) Personalized Plate Numbers	Recognized as revenue when assessment is issued
(viii)	(a) Customs Penalties (b) Income Tax Interest and Penalties (c) Motor Vehicle Penalties (d) Motor Vehicle Transfer Tax (e) Property Rate (f) Stamp Duty on Sale of Vehicles (g) VAT Interest and Penalties (h) Capital Gain (i) Advertising (Receipts from Sign/Bill Board Fee) (j) Stamp Duty Other than Stamp Duty on Receipt	Recognized as revenue when assessment is issued
(ix)	(a) Customs Processing Fee - Dry Cargo (b) Customs Processing Fee - Wet Cargo (c) Excise Duty on Imports (d) Fuel Levy (Road Toll) (e) Import Duty (f) Petroleum Levy (g) Railway Development Levy (h) Value Added Tax on Imports (i) Trade Levy (j) Motor Vehicle Registration Fees - on imported vehicles (k) Motor Vehicle licensing fees - for imported vehicles (l) Trade levy (m) Water supply and sanitation (n) Other Customs' Collection	(a) On importation Recognized upon assessment/declaration for home use provided manifest has been compared for (Pre-Arrival Declaration (PAD) & Post Manifest Declaration (PMD)). (b) For goods located in United Republic of Tanzania Recognized upon assessment provided that goods are under Customs control
(x)	Tourism and Non-Tourism Revenue	Recognized when it is probable that future economic benefits will flow to the Authority and the amount can be measured reliably

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(iii) Related Parties

Related parties refer to entities, which are subject to common control with TRA i.e. controlled by the Government of Tanzania. The Authority and the other entities are either in substance or in legal form relationship. These are Ministries, Departments, Agencies and Parastatals under the control of the Government.

Related party transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged or not. Basing on assessment done by the Authority only transactions relating to Treasury Voucher Cheques (TVC) and receipts for tax refund qualified as related party transactions. Other transactions with related parties occurred in the normal Taxpayer - Tax Authority relationship. Related party transactions for current reporting period and its respective preceded period are disclosed in **Note 10** to the Revenue Statements.

(iv) Tax Deposits

Taxpayers may be required to deposit funds with TRA under the following circumstances;

- (a) When goods are temporarily imported;
- (b) When goods are on transit;
- (c) Requirement by the law to make payments upfront pending other legal requirements for clearance of tax liability; and
- (d) When Taxpayer apply to the Commissioner for Customs and Excise to be allowed to clear goods entering the country before duties are determined.

In all above cases, the taxpayer is required to deposit a certain amount of money as a cover for the tax as required by tax law and will be utilized at a later date once the actual taxes are established or refunded to the taxpayer after fulfillment of certain conditions. Tax deposits include Customs & Excise Deposits, Container Deposits, Industrial Sugar Deposits, Mining Companies Deposits and any other Customs Tax Deposits.

Recognition criteria for the deposits shall be as follows:

(a) Custom Deposits - Security for Transaction

These are recognized as deposits upon receipts. Revenue is recognized when tax is assessed on transaction.

(b) Custom Deposits - Provision on Clearance

These are recognized as deposits upon receipts. Revenue is recognized when tax is assessed on transaction. Excess deposit, if any, is refundable to the taxpayer.

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(iv) Tax Deposits (Continued)

(c) Custom Deposits - Temporary Admission

These are recognized as deposits upon receipts. Revenue is recognized when the purpose for which they have been admitted is terminated and the goods have not been re-exported. When the goods are re-exported, the taxpayer will receive a refund of the deposit.

(d) Other Customs Tax Deposits

These are customs deposit other than those mentioned in item (a) to (c) above. They are recognized as deposits on receipts. Upon successful completion of the laid down legal requirements on tax matter in favor of TRA, the deposits are recognized as revenue. Otherwise, the deposit is refunded to the taxpayer.

(v) Tax Refund Funds

Tax refund funds are recognized as liability when the Authority has a present legal obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made for the amount of the obligation. The Authority's obligation is based on received funds through escrow arrangements or any arrangements other than funds received from Treasury to cater for Refund payments.

(vi) Tax Refundable and Repayable

Tax Refundable and Repayable are approved unpaid Refund claims awaiting funds from Treasury. These occur when the taxpayer has overpaid the tax liability and the liability has been approved for payment by Commissioner General. The liability is recognized for the amount to be refunded or utilized against any other tax liabilities. The liability is measured at cost.

(vii) Refund Funds Released by Treasury

These are funds that are released by Treasury for settlement of approved refund claims. They are recognized as revenues when it is probable that future economic benefits will flow to the Authority and the amount can be measured reliably.

(viii) Tax Refund Claims Approved during the period

These are refund claims approved for payment by Commissioner General during the financial year to be settled through funds that are released by Treasury. They are recognised as expense in the Statement of Financial Performance in the period in which they are approved.

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ix) Tax Receivables

Tax receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are initially recorded at fair value. After initial measurement, such financial assets are subsequently measured at amortized cost less impairment. Amortized cost is calculated by taking into account any interest or penalties in accordance with the tax laws. The losses arising from impairment are recognized in the statement of Financial Performance.

Receivables expected to be realized within twelve months after the reporting date are shown as current assets. On the other hand, where there are legal agreements that the amounts will be collected for a period longer than twelve months from the reporting date, the receivables are recognized as non-current assets.

(x) Tax Received in Advance

Tax Received in advance occurs when the taxpayer has either paid tax prior to the occurrence of taxable event or there is clear evidence that the amount is paid for future tax liability. The amount of tax received in advance is recognized as liability and measured at amortized cost.

(xi) Treasury Voucher Cheques

Treasury Voucher Cheques (TVCs) are expenses paid through the tax system. These are cheques written/TISS instructions issued by Treasury to TRA for covering import and excise duties of exempted persons. The exempted persons in this regard are Civil servants and Public officials, Non-Governmental organizations, Religious organizations and any other person as may be approved by relevant Authority. The amount due from Treasury at the end of the year is recognized as an asset.

(xii) Impairment of Financial Assets

The Authority assesses at each reporting date whether there is any objective evidence that tax receivables are impaired. Tax receivables are 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 receivable and the loss can be reliably estimated.

Evidence and indicators of impairment may include;

- (a) Indications that the Taxpayer or group of Taxpayers are experiencing significant financial difficulty;
- (b) Taxpayer default or delinquency in interest or principal payments;
- (c) The probability that taxpayers will enter bankruptcy or other financial reorganisation;
- (d) Taxpayer whose whereabouts are unknown/untraceable and has no estate;

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(xii) Impairment of Financial Assets (Continued)

- (e) Death of individual Taxpayer who has no estate; and
- (f) Where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. e.g. Goods in Customs Warehouses which failed to realise original value during auction sale; perishable goods or other goods which have become obsolete or Commissioner donates based on the powers conferred upon him.

(xiii) Transfers

These are remittance made during the year to the Central Government, Government of Zanzibar and other Public institutions where the Authority is acting as a collecting agent.

(xiv) Revenue Surplus /Deficit

The amount represents periodic difference between Revenue (Tax/Non- Tax revenues and other revenues) and summation of expenses, other gain/losses and transfers. When Revenue is greater than summation of expenses, other gain/losses and transfers, the difference is regarded as Revenue surplus and when is vice versa, the difference is regarded as Revenue deficit.

(xv) Budget Information

The annual budget is prepared based on tax type estimates/target. The annual revenue budget is prepared on cash basis by the Ministry responsible for Finance and approved by the Parliament. The final annual budget presented in the Revenue Statements is a consolidated revenue estimates for the entire Authority as approved by Parliament.

(xvi) Comparative Figures

Figures for the previous Revenue Statements have been regrouped whenever necessary in order to make them comparable with current year's figures. The regrouping aims at assisting users of Revenue Statements in evaluating and making informed decision.

6. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Authority's Revenue 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.

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

6. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

In the process of applying the Authority's accounting policies, Management has made the following significant judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

6.1 Recognition of Tax Revenue

Tanzanian tax system is based on self-assessment where taxpayers are expected to understand the tax laws and comply with them. This has an impact on the completeness of tax revenues when taxpayers fail to comply with tax laws, for example, if they do not report all of their income. Tax revenue is recognized on accrual basis in the period the taxable event occurs. It is deemed to accrue evenly over the period to which it relates. Where tax returns have not been filed for the relevant period, accrued tax revenue receivable or payable has been estimated based on current provisional assessments, prior year final assessments or any other information available to the Commissioner General at that particular time. The outcome of tax revenue and refunds is not known with certainty until income tax returns for the period have been filed. This usually occurs sometime after the publication of these Revenue Statements.

The measurement of the tax revenue accruals requires significant estimates where final tax assessments are not yet available for the period.

Key features of the estimation used are:

- (a) Where taxpayers have made payments to the Authority but have not submitted a provisional tax assessment for the period, their credit balance is accrued as revenue. At year-end this is not considered to be material as provisional assessments should have been filed for the year; and
- (b) For individual taxpayers not subject to provisional tax, an estimate is made of the tax revenues receivable and refundable based on prior year returns adjusted for current year experience.

Tax revenue for current reporting period and its comparative for preceded period is detailed in **Notes 18 to Note 24** of these Revenue Statements.

6.2 Impairment of Tax Receivables

Tax receivables are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recovered. An impairment loss is recognized for the amount by which the carrying amount of the tax receivable exceeds its recoverable amount. Tax receivables are recognized on the assumption that the taxpayers will pay the tax assessed, and the amount can be measured reliably. If the assumptions with regard to recoverability changes, the impairment is recognized. The movement of provision for impairment of tax receivables is explained further in **Note 30.2** to these Revenue Statements.

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

6. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

6.3 Foreign Currency Transactions and Balances

Foreign currency transactions are initially translated to Tanzanian Shillings using the exchange rate used by bank of Tanzania (BOT) at the date on which the collected amounts are transferred to TZS account. Subsequently, monetary assets and liabilities are translated into Tanzanian Shillings using the ruling exchange rate (BOT closing buying rate) at the Statement of Financial Position date. 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.

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, operational risks, 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. TRA mitigates the credit risk by maintaining cash balances with banks that have been approved and contracted by Ministry responsible for Finance to collect Government funds; and recovering tax receivables in line with the applicable laws and respective regulations directly from the taxpayers' bank accounts or any other person holding asset of the taxpayer whenever the taxpayer fails to honor his obligation. The maximum exposure to credit risk at the reporting date is as shown below:

	<u>June 2023</u> <u>TZS</u>	<u>June 2022 (Restated)</u> <u>TZS</u>
Financial Assets		
Tax Revenue Receivables ¹	7,603,788,865,268	5,625,929,167,774
Treasury Voucher Cheques	144,482,848	565,142,322
Cash and Cash Equivalent	112,297,254,680	185,187,575,871
Total	7,716,230,602,796	5,811,681,885,967

¹Balance for 2021/22 has been restated as explained in Note 41.

Based on the nature of operational activities of the Authority and the nature of tax revenue receivables above, there is no collateral held as security for prudent application of tax laws. The Authority evaluates the concentration of risk with respect to tax receivables as shown below: -

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

7. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(i) Credit Risk (Continued)

	Tax amount	Amount in TZS					Past due and impaired	
		Neither past due nor Impaired		Past due but not impaired				
		Under 30 Days	31-60 Days	61-90 Days	91-180 Days	181-360 Days		> 1 Year
30-Jun-23 Tax Receivable	9,118,581,656,526	832,611,488,117	685,565,494,969	427,555,615,920	1,033,905,788,739	989,032,399,527	3,635,118,073,996	1,514,792,791,258
30-Jun-22 Tax Receivable	6,392,623,991,449	985,003,386,166	260,863,541,938	420,989,959,355	569,159,312,294	211,652,616,251	3,178,260,351,769	766,694,823,676

Balance for 2021/22 has been restated as explained in Note 41.

The age analysis of the tax receivables which are past due and impaired is shown below:

	Tax amount	Amount in TZS			
		Past due and impaired		> 1 Year	
		31-60 Days	61-90 Days		181-360 Days
30-Jun-23 Tax Receivable	1,514,792,791,258	748,097,967,583		766,694,823,676	
30-Jun-22 Tax Receivable	766,694,823,676	210,943,604,032		555,751,219,643	

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

7. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(ii) Operational Risk

This is a risk facing the Authority when it fails to collect amounts due from goods which have been abandoned, ceased or became obsolete. This occurs when auction proceeds are less than storage costs that have been incurred by the Authority. TRA mitigates this operational risk by ensuring that they get the best price during the auction to recover all costs incurred and the tax thereon in accordance with tax laws. Among others, this involves fast tracking auction of the goods so as to ensure they are actioned before being damaged in order to obtain best prices.

Furthermore, there is a risk that the Authority can auction the goods, only to be known later that the auctioned goods were stolen like in the case of motor vehicles or being auctioned without following proper laid down procedures. The Authority mitigates this risk by ensuring that the goods to be auctioned have been imported or stored through proper channels or proper information are sought from relevant authorities for abandoned, ceased or obsolete goods before being auctioned.

(iii) Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. In July 2021 TRA commenced collection and accounting of Tourism sector collections in line with Finance Act, 2020. Some of the collections for the sector are denominated in USD and are finally transferred to Pay Master General account denominated in TZS. In this regard, the Authority is likely to be exposed to effect of exchange rate fluctuations that have an impact on cash flows. In this regard, the loss may arise from translation of bank balances. To minimize the risk, the Authority is closely following up to ensure timely transfer of the collections denominated in USD into TZS account for onward transfer to PMG account. With all other variables held constant, a shift in foreign exchange rate by 5% on United States Dollar (US\$) denominated asset would have resulted in lower or higher deficit of approximately TZS 4,021 (2022: TZS 3,869).

(iv) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet obligations associated with financial instruments. TRA has been managing its liquidity risk to ensure it is able to meet the estimated refunds and deposits requirements. This is achieved through prudent liquidity risk management which includes maintaining sufficient cash and cash equivalents. The main source of funds for discharging obligations relating to refunds is allocation from the Ministry responsible for Finance. Management is optimistic that in collaboration with the Treasury the risk is properly managed. For the case of deposits, Management is ensuring sufficient funds are maintained to cater for deposit obligations.

The Authority has no non-derivative financial liabilities including issued financial guarantee contracts.

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

7. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iv) Liquidity Risk (Continued)

Maturity profile of tax Payables is shown hereunder:

	Total	Under 30 Days	Days				Amounts in TZS >1 Years
			31 - 60	61 - 90	91 - 180	181 - 360	
30th June 2023							
Tax Refund Funds	5,209,165,794	5,209,165,794					
Tax Deposits	40,722,155,714	26,125,430	6,906,795,916	61,577,656	205,013,985	3,013,968,320	30,508,674,408
Tax Refundable and Repayable	89,417,751,419	89,417,751,419					
Tax Received in Advance	49,972,015,935	49,972,015,935					
Other Payables	1,531,742,941	1,531,742,941					
Total	186,852,831,803	146,156,801,519	6,906,795,916	61,577,656	205,013,985	3,013,968,320	30,508,674,408
30th June 2022							
Tax Refund Funds	3,537,017,866	325,678,645	696,964,968	3,771,682	892,728,459	1,134,116,724	483,757,187
Tax Deposits	56,671,822,736	904,405,875	1,563,911,036	230,017,861	4,230,755,213	3,628,542,896	46,114,189,856
Tax Refundable and Repayable	55,612,566,841	55,612,566,841					
Tax Received in Advance	88,876,617,669	88,876,617,669					
Other Payables	19,442,862,569	19,442,862,569					
Total	224,140,887,681	165,162,131,799	2,260,876,005	233,789,543	5,123,483,671	4,762,659,620	46,597,947,043

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

7. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(v) Management of Public Funds

Public Funds is the net equity under administration of TRA which may comprise of revenue to be remitted to the Pay Master General, 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 7,529,377,770,993 (2022 (Restated): TZS 5,587,540,998,286).

The primary objective of the Authority's Public Funds management is to ensure that it fulfills its statutory obligations and meet collection targets set by Ministry of Finance and Planning.

No changes were made in the objectives, policies and processes relating to Management of Public funds during the year ended 30 June 2023 and 30 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: -

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; and
- (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.

None of the assets or liabilities relating to Revenue Statements has been measured using the above techniques rather a reasonable approximation of fair value has been applied.

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

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
Financial Assets			
	30-Jun-23		
Bank Balances	112,297,254,680	112,297,254,680	-
Tax Receivables	7,603,788,865,268	-	7,603,788,865,268
Treasury Vouchers	144,482,848	-	144,482,848
	7,716,230,602,796	112,297,254,680	7,603,933,348,116
	30-Jun-22		
Bank Balances	185,187,575,871	185,187,575,871	-
Tax Receivables ¹	5,625,929,167,774	-	5,625,929,167,774
Treasury Vouchers	565,142,322	-	565,142,322
	5,811,681,885,967	185,187,575,871	5,626,494,310,096

¹Balance for 2021/22 has been restated as explained in Note 41.

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

	Carrying Value	Other Financial Liabilities
	TZS	TZS
Financial Liabilities		
	30-Jun-23	
Tax refunds funds	5,209,165,794	5,209,165,794
Tax deposits	40,722,155,714	40,722,155,714
Tax refundable and payable	89,417,751,419	89,417,751,419
Tax received advance	49,972,015,935	49,972,015,935
Other Payables	1,531,742,941	1,531,742,941
	186,852,831,803	186,852,831,803
	30-Jun-22	
Tax Refunds Funds	3,537,017,866	3,537,017,866
Tax Deposits	56,671,822,736	56,671,822,736
Tax Refundable and Repayable	55,612,566,841	55,612,566,841
Tax Received in Advance	88,876,617,669	88,876,617,669
Other Payables	19,442,862,569	19,442,862,569
	224,140,887,681	224,140,887,681

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

10. RELATED PARTY TRANSACTIONS

	<u>2022/2023</u>	<u>2021/2022</u>
	TZS	TZS
This involves the following:		
(a) Treasury Vouchers		
Central Government	17,576,558,329	12,885,445,887
	<u>17,576,558,329</u>	<u>12,885,445,887</u>
(b) Other transaction with related entities		
Receipts from Treasury for Refunds	1,079,045,755,663	995,658,000,000
	<u>1,079,045,755,663</u>	<u>995,658,000,000</u>
Grand Total	<u>1,096,622,313,992</u>	<u>1,008,543,445,887</u>

11. EVENTS SUBSEQUENT TO THE REPORTING DATE

There are no significant events subsequent to 30 June 2023 affecting Revenue Statements that require disclosure (2022: NIL).

12. COMMITMENTS AND CONTINGENCIES

12.1 Commitments

There were no commitments in relation to tax revenue as at 30 June 2023 (2022: NIL).

12.2 Contingent Assets

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the TRA. In line with TRA operations, contingent assets result from: -

12.2.1 Court Cases

According to Tax Administration Act, CAP. 438. "A person who is aggrieved by an objection decision or other decision or omission of the Commissioner General may appeal to the Board in accordance with the provisions of the Tax Revenue Appeals Act". Upon filing of the appeal, Commissioner General loses control over appealed amount. Therefore, receivable amounts fail to meet the assets recognition criteria, hence reported as contingent assets.

At the closure of financial year 2022/23, TRA had 967 tax cases (2022: 904 tax cases) at various appellate machineries with a total value of TZS 10,444,095,004,544 and USD 19,261,725 (2022: TZS 4,800,346,804,398 and USD 15,713,232) for Mainland while Zanzibar had 96 tax cases (2022: 34 tax cases) with a total value of TZS 20,752,610,380 (2022: TZS 3,428,011,417) as shown in **Table 2A and 2B** respectively.

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

12. COMMITMENTS AND CONTINGENCIES (Continued)

12.2 Contingent Assets (Continued)

12.2.1 Court Cases (Continued)

Table 2A: TRA Cases at Appellate Machineries as at 30 June 2023 for Mainland

YEAR	NUMBER OF CASES	COURT OF APPEAL (CAT)		TAX REVENUE APPEALS TRIBUNAL (TRAT)		TAX REVENUE APPEALS BOARD (TRAB)		TOTAL	
		TZS	USD	TZS	USD	TZS	USD	TZS	USD
2018	4	-	-	586,364,625	-	8,893,085,680	-	9,479,450,305	-
2019	6	-	-	-	-	7,528,564,872	-	7,528,564,872	-
2020	15	10,495,589,534	-	49,729,889,875	-	82,856,439,100	-	143,081,918,509	-
2021	157	60,655,103,403	-	58,129,654,062	-	417,941,067,045	2,926,107	536,725,824,510	2,926,107
2022	398	124,426,326,016	3,983,358	115,079,098,431	-	2,409,893,268,511	254,761	2,649,398,692,959	4,238,119
2023	387	9,210,118,218	-	60,630,791,328	-	7,028,039,643,845	12,097,500	7,097,880,553,390	12,097,500
TOTAL	967	204,787,137,171	3,983,358	284,155,798,321	-	9,955,152,069,052	15,278,367	10,444,095,004,544	19,261,725
		204,787,137,171	3,983,358	284,155,798,321	-	9,955,152,069,052	15,278,367	10,444,095,004,544	19,261,725

Table 2B: TRA Cases at Appellate Machineries as at 30 June 2023 for Zanzibar

YEAR	NUMBER OF CASES	TRAB		TRAT		TOTAL	
		TZS	USD	TZS	USD	TZS	USD
2019	9	553,356,112.85	-	-	-	553,356,113	-
2020	1	-	-	19,696,833	-	19,696,833	-
2022	1	-	-	125,366,562	-	125,366,562	-
2023	85	20,054,190,872	-	-	-	20,054,190,872	-
TOTAL	96	20,607,546,984.50	-	145,063,395	-	20,752,610,380	-

12.2.2 Goods in Customs Warehouses (Un-entered Goods)

These are goods which have been abandoned/seized/detained in customs area, and have remained un-entered for more than twenty-one days from the day of importation/seizure/detention. These goods are then moved to customs warehouses. The goods are undergoing auction/disposal procedures after lapse 30 days of advertising to the public as per requirement of the law.

During the year ended 30 June 2023 there were 774 transactions (2022: 252,787 transactions) with estimated taxes amounting to TZS 15,954,756,101 (2022: TZS 2,687,471,866) at various stages of auctions after it was found that importers of such goods have not shown up to clear their consignments after elapsing of statutory period. The goods are at various Customs controlled areas as shown in **Table 3**.

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

12. COMMITMENTS AND CONTINGENCIES (Continued)

12.2 Contingent Assets (Continued)

12.2.2 Goods in Customs Warehouses (Un-entered Goods) - Continued

Table 3: Goods in Customs Warehouses (Un-entered Goods) as at 30th June 2023

S/N	Descriptions	2022/23		2021/22	
		Number of Items	Estimated Taxes	Number of Items	Estimated Taxes
1	Goods at TPA & TICTS	89	2,691,592,452	-	-
2	Goods at ICDs	134	10,732,860,270	36	4,443,996
3	Goods at Bonded Warehouses	81	801,982,511	-	-
4	Goods at the Regions	470	1,728,320,868	252,751	2,683,027,871
Total		774	15,954,756,101	252,787	2,687,471,867

12.2.3 Goods Awaiting Clearance Procedures

These are goods that have been imported in the country through various entry points at manifest level. The goods await Clearing Agent /Importers to lodge declarations through clearance system (TANCIS) for assessment of duties and taxes before release is issued by Customs. During the year ended 30 June 2023 there were 65,535 transactions at ports, airports and border posts (2022: 54,707 transactions) waiting for initiation of clearance procedures as depicted in Table 4.

Table 4: Goods Awaiting Clearance Procedures as at 30 June 2023 by Entry Point

S/N	Entry Point	Number of transactions as at 30 th June 2023	Number of transactions as at 30 th June 2022
1	Sea Ports	24,796	27,140
2	Airports	6,469	8,352
3	Land Border Posts	34,270	19,215
Total		65,535	54,707

For these types of goods, particularly containerized cargo, it is not possible to determine its value and taxes since the goods have been imported but not declared in the clearance system. Tax to be collected on these kinds of goods will depend on the assessments that will be issued after accomplishment of clearance procedures.

12.2.4 Goods Subjected to Suspense Procedures

These are goods imported and stored in the licensed Custom Bonded Warehouses, Manufacturing under Bond (MUB) and Exports Processing Zones (EPZ) under Suspense Procedures. It should be noted that the goods could be re-exported to another country hence no taxes can be collected for such transaction. It is not possible to determine the taxes to be collected since the goods can be imported in the country or re-exported to another country. The assessment of taxes to be collected is determined when intention to enter such goods into home use is made by the licensee. There were 15,277 transactions (2022: 11,767 transactions) with estimated taxes amounting to TZS 317,973,325,206 (2022: TZS 200,204,212,255) under Customs control as at 30th June 2023 as shown in Table 5.

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

12. COMMITMENTS AND CONTINGENCIES (Continued)

12.2 Contingent Assets (Continued)

12.2.4 Goods Subjected to Suspense Procedures (Continued)

Table 5: Estimated Taxes for Goods Subjected to Suspense Procedures

S/N	Descriptions	Amount in TZS					
		2022/23			2021/22		
		Number of Items/ Transactions	Stock Value	Estimated Taxes	Number of Items/ Transactions	Stock Value	Estimated Taxes
1	Goods Imported for MUB	1,287	121,358,528,211	23,268,115,772	606	44,096,018,095	12,516,803,155
2	Goods Warehoused	13,626	944,297,694,770	291,849,673,181	9828	438,556,839,099	135,137,727,966
3	Goods Imported for EPZ	364	8,231,172,976	2,855,536,253	1333	221,068,424,499	52,549,681,134
	Total	15,277	1,073,887,395,956	317,973,325,206	11,767	703,721,281,692	200,204,212,255

12.3 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of TRA, or present obligation that do not meet the recognition criteria set out by IPSAS 19 because either it is not probable that an outflow of resources embodying economic benefit or service potential will be required to settle the obligation or a sufficiently reliable estimate of the amount of the obligation cannot be made.

In this case, TRA has contingent liability resulted from un approved refund claims under various verification levels where possibility of an outflow of economic resources was considered and the fair value of the contingent liability was estimated to be TZS 264,677,783,092 (2022: TZS 827,539,804,625). Depending on nature of the claim, upon completion of verification and approval process, the approved amount shall be settled either through Treasury funds, escrow account or Commissioner General Refund Others account. Table 6 analyses contingent liabilities as at 30 June 2023 by departments.

Table 6: Contingent Liabilities as at 30 June 2023 by Departments

S/N	Location	2022/2023		2021/2022	
		Amount in TZS	Amount in USD	Amount in TZS	Amount in USD
1	Large Taxpayers Department (LTD)	184,169,273,633	-	592,982,923,707	
2	Domestic Revenue Department(DRD)	68,146,525,010	-	189,420,413,694	
3	Customs and Excise Department(CED)	12,361,984,449	-	44,848,358,561	
4	Headquarters (HQ)	-	-	288,108,664	
	Total	264,677,783,092		827,539,804,625	-

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

13. NOTES FOR STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

13.1 Basis for Preparation of Budget

The basis for preparation of budget differs with the one for accounting. The presented Annual Approved budget is prepared on Cash basis approach while the Revenue Statements are prepared on Accrual basis. The budget is for one year and it covers the same period as that of Revenue Statements i.e. from 1 July 2022 to 30 June 2023. Reconciliation of Actual Amounts on Comparable cash basis and Actual Amounts in the Revenue Statements is provided in **Note 38**.

13.2 Changes from Original Approved Budget to Final Approved Budget

During the period under review, there was no budgetary changes that resulted into change of original approved budget for the period ended 30 June 2023.

13.3 Comparison of Final Approved Budget and Actual Amounts

Gross collections for both Mainland and Zanzibar as at 30 June 2023 amounted to TZS 24,118,773,896,946 against a target of TZS 24,764,647,672,852, reflecting a performance rate of 97.4 %. On the other hand, total refunds amounted to TZS 1,079,045,755,663 equivalent to an increase of 64% compared to the budgeted TZS 657,833,266,418. This has resulted into net actual collections amounting to TZS 23,039,728,141,283 against targeted net of TZS 24,106,814,406,434 reflecting under performance of 4.4%.

The noted underperformance resulted mainly from non-attainment of targets for excise duty, withholding taxes, Fuel levy, Value Added Tax (VAT) and Corporate Tax. Further, the noted performance is contributed by over performance in Refunds following increase in pace of verifying submitted claims. This resulted into increase in eligible amount refunded to taxpayers during the period under review compared to planned amount.

14 OTHER DISCLOSURES

14.1 Assets Pledged as Security for Liabilities

As at 30 June 2023 none of the Authority's assets was pledged as security for liabilities (30 June 2022: NIL).

14.2 Tax Exemptions and Relief

Tax exemptions are reductions or eliminations of the taxes normally imposed on individuals and organizations by the United Republic of Tanzania as provided for by tax laws. In order to be eligible for tax exemption, an organization must meet certain criteria that are specifically provided in tax laws.

Exemptions and relief are generally incentives, waiver and/or benefits granted to taxpayers for payment of Import Duty, VAT, Excise Duty, income tax and Fuel levy under the Tanzania Investment

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

14. OTHER DISCLOSURES (Continued)

14.2 Tax Exemptions and Relief (Continued)

Act, the Mining Act, and relevant Government Notices applicable to Religious and Charitable Organizations, Donor Funded Projects and Investors. Exemptions and relief granted during the financial year under review are shown below: -

14.2.1 Summary of Tax exemptions and Relief

Total exemption and relief granted during financial year 2022/23 is TZS 2,389,358,393,161. This is an increase of TZS 487,135,794,006 equivalent to 25.6% compared to TZS 1,902,222,599,155 granted in year 2021/22. Further, Reliefs granted under Domestic Revenue (DRD & LTD) recorded a decrease of TZS 122,582,574,429 while exemptions under Customs and Excise recorded an increase of TZS 609,718,368,435. Exemptions and relief granted during the period are as shown hereunder:

Descriptions	2022/23	2021/22
	TZS	TZS
Customs and Excise	1,694,330,939,253	1,084,612,570,818
Domestic Revenue (DRD & LTD)	695,027,453,908	817,610,028,337
Grand Total	2,389,358,393,161	1,902,222,599,155

14.2.2 Categories of Beneficiaries by Department

Categories of exemptions and relief granted during the period are as shown below:

14.2.2.1 Customs and Excise

Customs and Excise beneficiaries are categorized as follows:

Descriptions	2022/2023	2021/2022
	TZS	TZS
Government Institutions	60,552,761,853	39,470,057,538
Parastatal Organisations	78,024,769	50,091,819
Religious Institutions	1,090,930,588	409,896,315
Non-Governmental Organisations (NGOs)	1,181,405,263	649,245,297
Foreign Embassies/UN	51,101,707,781	28,518,638,187
Donor Funded Projects (DFP)	315,611,534,001	122,093,512,518
Private Companies & Individuals	1,028,304,307,783	755,407,903,176
Mining Sector	164,660,427,461	82,728,980,117
Oil/Gas Exploration	22,014,460,628	24,677,115,820
Tanzania Investment Centre (TIC)	49,440,300,225	19,906,664,909
Association/clubs	205,078,901	700,465,122
Total CED	1,694,330,939,253	1,084,612,570,818

Note:

The noted growth in exempted amount is attributed to increase in importation of exempted goods such as capital goods under Tanzania Investment Centre, Healthy equipment under International Agencies, Food material under Refugees, aircraft engine and excess consumption of exempted fuel by Mining companies.

14.2.2.2 Domestic Revenue (DRD & LTD)

Exemptions granted during the period under Domestic revenue are as shown hereunder:

Descriptions	2022/23	2021/22
	TZS	TZS
VAT relief granted under VAT Act CAP 148	695,027,453,908	817,610,028,337
Total DRD & CLT	695,027,453,908	817,610,028,337

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

		2022/23	2021/22
		TZS	TZS
15. CASH AND CASH EQUIVALENTS			
	Note		
Revenue Floats	29	17,213,302,835	96,640,056,355
Bank - Deposit	36	40,722,155,714	56,671,822,736
Bank - Commissioner General Other Refunds & Mining Deposits	33	5,209,165,794	3,537,017,866
Bank - Commissioner General Refund Account	34	48,714,414,461	8,895,816,346
Bank - Others	40	438,215,876	19,442,862,569
TOTAL - CASH AND CASH EQUIVALENTS		112,297,254,680	185,187,575,871

The reported Cash and Cash Equivalents at the closure of the reporting period are not available for TRA use (2021/22: NIL). The Authority is merely performing a stewardship role of collecting revenues on behalf of the Government of Tanzania. In this regard, the amounts will either be transferred to Paymaster General or other institution accounts or refunded to Taxpayers upon approval of submitted claims.

16. RECEIVABLES

Tax Revenue Receivables ¹	30	7,603,788,865,268	5,625,929,167,774
Treasury Voucher cheques	21	144,482,848	565,142,322
TOTAL - RECEIVABLES		7,603,933,348,116	5,626,494,310,096

¹Balance for 2021/22 has been restated as explained in Note 41

17. PAYABLES

Tax Refund Funds	33	5,209,165,794	3,537,017,866
Tax Deposit	36	40,722,155,714	56,671,822,736
Tax Refundable and Repayable	35	89,417,751,419	55,612,566,841
Tax Received in Advance	32	49,972,015,935	88,876,617,669
Other Payables	40	1,531,742,941	19,442,862,569
TOTAL - PAYABLES		186,852,831,803	224,140,887,681

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

18. DOMESTIC REVENUE DEPARTMENT (MAINLAND) -OVERALL TAX COLLECTIONS/REVENUE BY TAX TYPES

	2022/23 TZS	2021/22 TZS
18.1 Collections		
Excise Duty Local	181,205,118,441	132,908,724,555
VAT Local - Goods	204,526,363,189	157,278,082,098
VAT Local - Services	897,865,689,382	579,828,539,483
VAT- Others	4,054,142,768	2,814,472,621
Motor Vehicle Taxes ²	100,136,431,808	154,419,827,876
Departure Charges	48,157,973,463	32,765,135,096
Corporate and Individuals Income Taxes	807,486,977,195	758,182,430,196
Pay-As-You-Earn (PAYE)	964,079,591,246	791,130,034,408
Skills and Development Levy	141,440,151,484	119,087,854,558
Withholding Taxes	540,224,920,150	526,051,306,451
Lincence Fee to manufacture Excisable Goods	64,658,107	98,226,822
Gaming Taxes	160,637,704,380	131,874,860,293
Tax Interest and Penalties	185,451,974,688	182,871,708,420
Electronic money transactions levy	4,942,196,383	201,817,791
Tourism Sector	627,368,298,508	347,922,725,154
Other Taxes	22,269,961,412	12,020,476,879
Total Tax Collection	<u>4,889,912,152,605</u>	<u>3,929,456,222,700</u>
Non tax collection		
Property Rate	37,004,266,961	32,446,716,778
Advertising Fees	14,219,514,997	15,811,825,059
Total Non Tax Collection	<u>51,223,781,959</u>	<u>48,258,541,837</u>
Total Collection (Tax and Non Tax)	<u>4,941,135,934,564</u>	<u>3,977,714,764,537</u>

In cause of its operations, there are some incidences where collections relating to Large Taxpayers Department (LTD) were deposited into Domestic Revenue Collection (DRD) accounts and vice versa. In this regard, the following adjustments have been done in determination of departmental budgetary performance: -

	Amount in TZS
Total collections deposited into DRD Account	4,941,135,934,564
Less: Amount collected on behalf of LTD	74,250,521,415
Add: Amount collected by LTD on behalf of DRD	420,303,666,727
Actual departmental collections for budgetary performance measurement 2022/2023	<u>5,287,189,079,876</u>

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

18. DOMESTIC REVENUE DEPARTMENT (MAINLAND) -OVERALL TAX COLLECTIONS/REVENUE BY TAX TYPES (Continued)

	2022/23 TZS	2021/22 TZS
18.2 Revenue		
Excise Duty Local	206,931,896,350	138,301,671,501
VAT Local - Goods	456,924,181,929	319,598,431,456
VAT Local - Services	1,076,853,866,559	593,176,675,697
VAT- Others	62,437,532,438	49,589,980,105
Motor Vehicle Taxes	100,136,431,808	154,419,877,876
Departure Charges	48,157,233,463	32,110,022,542
Corporate and Individuals Income Taxes	1,232,236,073,346	993,873,086,072
Pay-As-You-Earn (PAYE)	1,006,756,719,905	814,564,096,048
Skills and Development Levy	179,993,305,917	135,959,156,375
Withholding Taxes	604,619,608,658	540,420,027,212
License Fee to manufacture Excisable Goods	65,858,107	98,226,822
Gaming Taxes	160,711,996,454	130,765,800,539
Tax Interest and Penalties	267,413,449,496	307,497,560,675
Electronic money transactions levy	4,942,196,383	201,817,791
Tourism Sector	627,368,298,508	347,922,725,154
Other Taxes ³	28,981,381,011	13,563,671,136
Total Tax Revenue	<u>6,064,530,030,333</u>	<u>4,572,062,827,001</u>
Non Tax Revenue		
Property Rate	37,004,266,961	32,446,716,778
Advertising Fees	15,382,308,039	15,525,374,669
Total Non Tax Revenue	<u>52,386,575,000</u>	<u>47,972,091,446</u>
Total Revenue (Taxes and Non Taxes)	<u>6,116,916,605,333</u>	<u>4,620,034,918,447</u>
Less: Gain on Foreign exchange reported separately in the statement of Financial Performance	4,021	3,869
Net Revenue	<u>6,116,916,601,312</u>	<u>4,620,034,914,579</u>

²Out of TZS 100,136,431,808 reported under Motor Vehicle Taxes, TZS 63,681,480,950 relates to Motor vehicle registration fees collected and transferred by Customs department but reported under Domestic revenue department where the tax type is budgeted. For convenience, the registration fees are paid along with other taxes and duties during importation of the vehicles. Further, Motor Vehicle tax has decreased significantly following removal of transit charges from motor vehicle taxes and reporting it separately under Customs and excise department revenues where the item is budgeted during the period.

³Revenue reported under "Other taxes" category comprises other types of taxes not included in the list that are collected by Domestic Revenue Department for specific objectives. Among others, it includes sales of revenue stamps and stamp duty other than revenue stamps.

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

19. LARGE TAXPAYERS DEPARTMENT (MAINLAND) - OVERALL TAX COLLECTIONS/REVENUE BY TAX TYPES

	2022/23 TZS	2021/22 TZS
19.1 Collections		
Excise Duty Local	1,397,058,129,093	1,277,771,286,946
VAT Local - Goods	550,568,538,346	557,562,990,399
VAT Local - Services	1,289,290,877,179	1,079,276,075,795
VAT- Others	125,222,360,189	131,363,915,248
Departure Charges	21,441,699,738	13,437,553,760
Corporate and Individuals Income Taxes	2,264,679,419,506	2,781,182,707,563
Pay-As-You-Earn (PAYE)	1,912,001,878,324	1,586,343,615,274
Skills and Development Levy	232,880,898,771	171,828,089,566
Withholding Taxes	1,031,446,733,320	1,005,553,564,183
Licence Fee to manufacture Excisable Goods	30,200,553	176,713,831
Gaming Taxes	7,903,999,164	9,574,650,876
Tax Interest and Penalties	239,291,908,561	234,800,113,500
Electronic money transactions levy	298,396,189,594	357,847,316,094
Other Taxes	3,583,044,165	6,015,559,345
Total Tax Collection	<u>9,373,795,876,503</u>	<u>9,212,734,152,379</u>
Non Tax Collection		
Advertising Fees	5,319,894,255	3,590,677,740
Total Non Taxes	<u>5,319,894,255</u>	<u>3,590,677,740</u>
Total Collection (Tax and Non Tax)	<u>9,379,115,770,758</u>	<u>9,216,324,830,119</u>

Note

In course of its operations, there are some incidences where collections relating to DRD were deposited into LTD accounts and vice versa. In this regard, the following adjustments have been done in determination of departmental budgetary performance: -

	Amount in TZS
Total collections Tax and Non Tax deposited into LTD Account	9,379,115,770,758
Less: Amount collected on behalf of DRD	420,303,666,727
Amount receipted from ZRA for onward transfer to Treasury	753,312,409
Add: Amount collected by DRD on behalf of LTD	74,250,521,415
Actual departmental collections for budgetary performance measurement 2022/2023	<u>9,032,309,313,037</u>

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

19. LARGE TAXPAYERS DEPARTMENT (MAINLAND) - OVERALL TAX COLLECTIONS/REVENUE BY TAX TYPES (Continued)

	2022/23 TZS	2021/22 TZS
19.2 Revenue		
Excise Duty Local	1,405,151,084,401	1,303,119,756,549
VAT Local - Goods	638,471,076,548	577,485,002,840
VAT Local - Services	1,482,605,574,366	1,151,464,050,370
VAT- Others	224,442,826,175	165,186,159,063
Departure Charges	22,169,525,799	14,644,583,644
Corporate and Individuals Income Taxes	3,092,106,423,258	2,435,284,247,390
Pay-As-You-Earn (PAYE)	1,923,372,129,882	1,604,099,060,894
Skills and Development Levy	223,672,997,617	183,151,764,039
Withholding Taxes	1,043,779,338,780	146,823,739,821
License Fee to manufacture Excisable Goods	30,200,553	176,713,831
Gaming Taxes	7,903,999,164	9,574,650,876
Tax Interest and Penalties	457,465,332,679	297,519,389,224
Electronic money transactions levy	317,214,582,597	357,854,456,266
Other taxes ⁴	27,374,220	7,149,393,034
Total Tax Revenue	<u>10,838,412,466,038</u>	<u>8,253,532,967,841</u>
Non Tax Revenue		
Advertising Fees	5,319,894,255	3,590,677,740
Total Non Tax Revenue	<u>5,319,894,255</u>	<u>3,590,677,740</u>
Total Revenue (Tax and Non Tax)	<u>10,843,732,360,293</u>	<u>8,257,123,645,581</u>
Less: Amount received from ZRA for onward transfer to Treasury	753,312,409	-
Net Tax Revenue	<u>10,842,979,047,884</u>	<u>8,257,123,645,581</u>

⁴Revenue reported under "Other taxes" category comprises other types of taxes not included in the list that are collected by Large Taxpayers Department for specific objectives. Among others, it includes sales of revenue stamps and stamp duty other than revenue stamps.

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

20. CUSTOMS AND EXCISE DEPARTMENT (MAINLAND) - OVERALL TAX COLLECTIONS/REVENUE
BY TAX TYPES

	2022/23 TZS	2021/22 TZS
20.1 Collections		
Import Duty	1,690,785,847,638	1,526,517,952,220
Excise Duty on Imports	1,387,228,447,079	1,490,951,584,334
VAT on Imports	3,549,934,307,214	3,278,313,930,516
Fuel Levy	1,321,320,788,180	1,353,080,513,546
Customs processing fees	115,681,692,984	84,183,742,984
Energy Levy Customs processing fees	784,370,450	9,082,572,592
Petroleum Levy	375,843,940,197	246,897,959,490
Wharfage fees ⁵	64,615,292	45,014,916
Export Levy	63,097,167,211	83,512,232,646
Motor Vehicle Transit Charges	61,774,233,297	-
Others ⁶	759,055,925,127	660,865,987,898
Total Collection	<u>9,325,571,334,669</u>	<u>8,733,451,491,142</u>

⁵The reported Wharfage fees for 2022/23 of TZS 64,615,292 (2022: TZS 45,014,916) relate to portion that was collected along with other TRA collections and transferred directly to Pay Master General Account. The amount for 2022/23 is part of the Wharfage collections (TZS 593,526,444,498) reported in Note 42. Since Wharfage collections are not among budgeted items for Customs and excise department, the following adjustment has been done in determination of departmental budgetary performance: -

	Amount in TZS
Total collections deposited into Customs Account	9,325,571,334,669
Less: Wharfage Collections	64,615,292
Actual departmental collections for budgetary performance measurement 2022/2023	<u>9,325,506,719,377</u>

⁶ Collections reported under "Others" category comprises other types of fees and charges entrusted to be collected by Customs & Excise for specific objectives. Among others it includes; railway development levy, water and sanitation fees, export duty and Customs agency fees.

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

20. CUSTOMS AND EXCISE DEPARTMENT (MAINLAND) - OVERALL TAX COLLECTIONS/REVENUE BY TAX TYPES (Continued)

	2022/23 TZS	2021/22 TZS
20.2 Revenue		
Import Duty	1,697,825,018,895	1,519,190,265,680
Excise Duty on Imports	1,396,822,931,794	1,434,472,655,622
VAT on Imports	3,613,411,836,868	3,246,078,449,483
Fuel Levy	1,320,681,871,489	1,359,443,410,803
Customs processing fees	117,739,067,536	83,144,569,616
Energy Levy Customs processing fees	784,370,450	9,082,572,592
Petroleum Levy	379,627,495,246	245,696,550,121
Wharfage fees	64,615,292	45,014,916
Export Levy	63,097,167,211	83,512,232,646
Motor Vehicle Transit Charges	61,774,233,297	-
Others	769,592,374,763	656,474,611,208
Total Revenue	9,421,420,982,841	8,637,140,332,686

21. TREASURY VOUCHER CHEQUES (TVC)

21.1 TVC Collections and Revenues

Treasury Voucher cheques - Customs and Excise	17,576,558,329	12,885,445,887
Total Collection	17,576,558,329	12,885,445,887
Add: Unpaid taxes for current year		
Customs and Excise	144,482,848	565,142,322
Less: Tax Recoveries	565,142,322	547,049,228
Total Revenue	17,155,898,855	12,903,538,981
Total TVC Outstanding	144,482,848	565,142,322

21.2 TVC Revenue by Beneficiary Categories

Public Officials	2,555,315,278	2,050,129,369
Non-Governmental Organisations	981,885,036	553,665,173
Religious Organisations	13,459,748,284	10,152,784,793
Association/Club	158,950,257	116,699,114
Limited Company	-	30,260,532
TOTAL	17,155,898,855	12,903,538,981

2022/23

2021/22

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

	TZS	TZS
22. TAX AND NON-TAX COLLECTION SUMMARY - MAINLAND		
Domestic Revenue Department	4,941,135,934,564	3,977,714,764,537
Large Taxpayers Department	9,379,115,770,758	9,216,324,830,119
Customs and Excise Department ⁷	9,343,147,892,998	8,746,336,937,029
TOTAL	<u>23,663,399,598,320</u>	<u>21,940,376,531,684</u>

⁷Total collections for Customs and Excise department includes TVC collections reported in Note 21.

23. DOMESTIC REVENUE DEPARTMENT (ZANZIBAR) - OVERALL TAX COLLECTIONS/REVENUE BY TAX TYPES

23.1 Collections

Corporate & Individuals Income Taxes	63,502,761,997	48,667,825,350
Withholding Taxes and Others	48,235,479,230	51,036,791,776
PAYE; and Skills and Development Levy	116,420,919,677	66,801,056,937
Excise Duty on Local Produce	875,053,547	1,937,076,616
Tax Interest and Penalties	2,812,277,233	1,054,192,512
Electronic Money Transactions Levy ⁸	-	3,935,333,836
Total Collection	<u>231,846,491,685</u>	<u>173,432,277,028</u>

23.2 Revenue

Corporate & Individuals Income Taxes	82,534,704,006	55,768,289,482
Withholding taxes and others	44,536,472,297	67,876,745,615
PAYE and Skills and Development Levy	119,212,122,625	70,839,583,194
Excise Duty on Local Produce	5,958,337,987	3,925,671,157
Tax Interest and Penalties	10,627,986,626	4,007,004,416
Electronic Money Transactions Levy ⁸	-	3,935,333,836
Total Revenue	<u>262,869,623,541</u>	<u>206,352,627,700</u>

⁸Following changes introduced by National Payment Systems (Electronic Money Transaction Levy) Regulations (2022), collection of the levy is administered by Zanzibar Revenue Board effective from July 2022. In this regard, there was no levy collected by TRA Zanzibar in year 2022/23.

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

24. CUSTOMS AND EXCISE DEPARTMENT (ZANZIBAR) - OVERALL TAX COLLECTIONS/REVENUE BY TAX TYPES

	2022/23 TZS	2021/22 TZS
24.1 Collections		
Import Duty	95,479,709,476	92,280,695,982
Excise Duty on Imports	34,677,274,383	11,345,427,093
VAT on Imports	84,497,881,627	74,724,789,994
Miscellaneous Taxes	4,932,657,777	3,898,354,900
Customs Processing Fee	4,758,211,380	3,510,606,088
Total Collection	224,345,734,642	185,759,874,056
24.2 Revenue		
Import Duty	93,852,733,970	94,942,775,760
Excise Duty on Imports	34,541,520,392	11,873,721,020
VAT on Imports	82,932,701,845	77,783,104,449
Miscellaneous Taxes	4,943,697,179	3,343,794,044
Customs Processing Fee	4,573,780,669	3,618,895,942
Total Revenue	220,844,434,056	191,562,291,215

25. TAX COLLECTION SUMMARY - ZANZIBAR

Domestic Revenue	231,846,491,685	173,432,277,028
Customs and Excise	224,345,734,642	185,759,874,056
Total	456,192,226,327	359,192,151,084

26. TRANSFERS TO CENTRAL GOVERNMENT

Domestic Revenue Department	4,862,835,324,639	3,879,536,339,467
Large Tax Payers Department	9,379,176,788,053	9,211,842,906,141
Customs and Excise Department	7,306,568,220,628	6,931,784,085,260
Sub Total	21,548,580,333,319	20,023,163,330,867
Less: Transfer to PMG From ZRA ⁹	753,312,409	-
Sub Total (Refund inclusive)	21,547,827,020,910	20,023,163,330,867
Less: Transfers From PMG to TRA for Refund	1,079,045,755,663	995,658,000,000
Net Transfers to Central Government	20,468,781,265,247	19,027,505,330,867

⁹The amount was supposed to be refunded to Treasury but the same was remitted to TRA. Since it is not part of TRA collections during the period, the same was transferred to proper destination i.e. Treasury. Consequently, deducted in determination of TRA net collections for the period.

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

	2022/23 TZS	2021/22 TZS
27. OTHER TRANSFERS		
Fuel Levy	1,373,515,524,172	1,300,379,594,783
Zanzibar Revenue Authority	692,295,115	4,481,923,978
Petroleum Levy	380,480,289,751	252,075,195,165
Water Supply and Sanitation	182,440,196,237	172,945,640,960
Railways Development Levy	142,878,731,643	98,082,701,769
Customs Processing Fees ¹⁰	114,299,234,682	-
Float transferred to Receivable ¹¹	40,074,610	-
	<u>2,194,346,346,209</u>	<u>1,827,965,056,656</u>

¹⁰Following changes introduced by Public Finance Act (2022), Customs Processing Fees that are collected by TRA from dry cargo are retained by TRA to finance TRA operations. In this regard, a total of TZS 114,299,234,682 was transferred to TRA Commissioner General in year 2022/23. Out of the transferred amount, TZS 15,711,493,251 was transferred directly to TRA Commissioner General expenditure account. The remaining TZS 98,587,741,431 was transferred to Commissioner General deposit others account whereby TZS 97,065,306,630 was paid to TRA Commissioner General expenditure account as shown in **Note 40**.

¹¹Following conclusion of the matter whereby it has been confirmed that the amount previously reported as float in **Note 29** cannot be credited to PMG account, the amount has been reclassified to receivables for further write-off procedures in line with TRA Financial Regulations.

28. TRANSFERS TO GOVERNMENT OF ZANZIBAR

(i) Domestic Revenue (Transfer to PMG Zanzibar)	231,846,816,685	173,433,978,228
(ii) Customs & Excise		
Transfer to PMG Zanzibar	219,927,470,194	182,249,260,469
Transfer to Customs Processing Fees Account	4,317,611,760	3,510,606,088
Total Transfers to Government of Zanzibar	<u>456,091,898,639</u>	<u>359,193,844,784</u>

Note

TOTAL NET TRANSFERS

Total Transfers (Mainland and Zanzibar)	24,198,265,265,758	22,210,322,232,307
Less: Transfers From PMG to TRA for Refund	1,079,045,755,663	995,658,000,000
TOTAL NET TRANSFER (MAINLAND AND ZANZIBAR)	<u>23,119,219,510,095</u>	<u>21,214,664,232,307</u>

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

29. REVENUE FLOAT

These are balances relating to tax collections that were not credited to Paymaster General (PMG) Account as at 30 June 2023

S/N	Location	2022/2023		2021/2022		Total
		Domestic Revenue TZS	Customs & Excise TZS	Domestic Revenue TZS	Customs & Excise TZS	
1	Centralised collections (Note 29.1)	16,283,891,174	573,950,150	159,369,595	219,969,296	379,338,891
2	Kilimanjaro	-	-	-	40,074,610	40,074,610
3	Customs Headquarters (Note 29.2)	-	-	-	94,650,957,983	94,650,957,983
4	Commissioner General-Miscellaneous	252,189,397	-	1,566,740,445	-	1,566,740,445
	Sub Total	16,536,080,571	573,950,150	1,726,110,040	94,911,001,889	96,637,111,929
5	Zanzibar (Note 29.3)	2,366,643	100,905,471	2,691,643	252,783	2,944,426
	Total	16,538,447,214	674,855,621	1,728,801,683	94,911,254,672	96,640,056,355

29.1 Revenue Floats - Centralised Tax Collections

These are collections that are solely collected through centralised TRA collection bank accounts managed at TRA Headquarters. The amount has significantly increased at the closure of financial year 2022/23 mainly due to system challenges encountered by some commercial banks during transfer of the collected funds. In this regard, the funds were transferred in subsequent period.

29.2 Revenue Floats - Customs Headquarters

These relate to amount deposited into bank accounts that are maintained at Customs Headquarters for fuel importation. At the closure of the period under review, there were no challenges encountered during transfer of funds. Thus, transfers from fuel deposit accounts were credited to respective receiving accounts maintained at BOT before closure of the year. This is contrary to the situation faced at the closure of year 2021/22 where some of the amounts were not credited to respective receiving accounts maintained at BOT due to system misbehaviour.

29.3 Revenue Floats - Zanzibar

These are collections for the Government of Zanzibar. The Authority Collects Income Tax and Customs duties in Zanzibar Islands for the Government of Zanzibar. The collections are done through the People's Bank of Zanzibar and Bank of Tanzania Zanzibar Branch.

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

30. TAX RECEIVABLES
30.1 Tax Receivables by Centres

S/N Centre	2022/2023			2021/2022 (Restated)			Total TZS
	Large Taxpayers TZS	Customs & Excise TZS	Domestic Revenue TZS	Large Taxpayers TZS	Customs & Excise TZS	Domestic Revenue TZS	
1 Tembeke	-	-	418,272,904,623	-	-	266,543,771,179	266,543,771,179
2 Ilala	-	-	1,269,442,383,016	-	-	1,063,952,641,583	1,063,952,641,583
3 Kinondoni	-	-	912,403,405,075	-	-	664,432,805,835	664,432,805,835
4 Large Taxpayers Service Center	3,958,528,932,471	-	3,958,528,932,471	2,493,871,342,937	-	2,493,871,342,937	2,493,871,342,937
5 Customs Service Center	-	224,670,157,450	224,670,157,450	175,369,634,491	-	175,369,634,491	175,369,634,491
6 Julius Nyerere International Airport	-	9,484,121,473	9,484,121,473	2,799,005,824	-	2,799,005,824	2,799,005,824
7 Arusha	591,396,582	-	295,248,125,561	1,196,794,807	-	44,907,845,261	44,907,845,261
8 Manyara	-	-	50,760,712,299	-	-	249,042,154,149	249,042,154,149
9 Coast	-	-	78,491,759,119	-	-	55,903,676,666	55,903,676,666
10 Dodoma	324,596,246	-	69,343,216,538	5,742,265	-	44,062,456,202	44,062,456,202
11 Iringa	5,753,871	-	82,789,596,224	39,539,642	-	64,335,300,900	64,335,300,900
12 Kagera	39,539,642	-	32,919,192,775	152,063,367	-	22,879,254,531	22,879,254,531
13 Kigoma	116,552,920	-	14,709,960,114	1,473,065	-	9,312,938,068	9,312,938,068
14 Kilimanjaro	1,473,065	-	134,576,663,078	212,443,643	-	86,812,531,127	86,812,531,127
15 Lindi	486,512,645	-	11,807,570,616	378,690,771	-	26,743,509,037	26,743,509,037
16 Mara	1,018,387,597	-	36,784,018,492	13,455,035	-	21,014,560,518	21,014,560,518
17 Mbeya	130,081,292	-	45,977,203,767	1,431,876	-	20,254,523,144	20,254,523,144
18 Morogoro	24,952,405	-	26,269,975,205	99,630,295	-	199,315,468,843	199,315,468,843
19 Mwanza	43,256,070	-	285,986,323,407	80,915,588	-	12,928,921,880	12,928,921,880
20 Ruvuma	150,353,329	-	21,770,520,556	-	-	12,652,274,941	12,652,274,941
21 Shinyanga	28,182,318	-	14,638,291,319	-	-	17,623,072,793	17,623,072,793
22 Tabora	-	-	117,238,776,917	-	-	61,465,863,175	61,465,863,175
23 Tanga	-	591,538,396	43,985,561,165	410,715,905	-	8,100,272,218	8,100,272,218
24 Tanga	-	-	14,812,546,552	-	-	375,966,794,318	375,966,794,318
25 Singida	-	-	8,942,337,142	22,495	-	14,575,035,542	14,575,035,542
26 Rukwa	-	-	404,320,282,726	-	-	26,433,877,399	26,433,877,399
27 Kariakoo	-	-	18,727,423,620	-	-	1,915,986,111	1,915,986,111
28 Geita	-	-	33,436,489,812	-	-	18,957,453,938	18,957,453,938
29 Kahama	-	-	3,604,283,563	-	-	4,418,934,943	4,418,934,943
30 Katavi	-	-	22,234,471,634	-	-	9,207,383,033	9,207,383,033
31 Niombwe	-	-	6,374,464,336	-	-	117,501,625,245	117,501,625,245
32 Simiyu	-	-	11,895,694,588	-	-	41,605,141,982	41,605,141,982
33 Songwe	-	60,507,229	182,172,751,504	-	-	-	-
34 Tegeta	-	-	42,842,227,098	-	-	-	-
35 Non Tax Revenue	-	-	-	138,253,737	-	-	-
36 Customs and Excise	-	40,074,510	-	-	-	-	-
37 TPA ¹²	-	1,093,527,065	-	-	-	-	-
Sub Total	3,958,528,932,471	239,238,940,591	4,773,577,016,160	2,493,871,342,937	181,326,750,073	3,597,362,765,752	6,272,560,878,761
38 Zanzibar	-	14,370,098,876	132,865,668,028	-	-	101,527,870,612	120,093,112,698
Sub-Total	3,958,528,932,471	253,609,039,867	4,906,443,684,188	2,493,871,342,937	185,552,420,076	3,698,890,656,364	6,392,623,991,449
Less: Provision for impairment of Receivables (Note 30.2)	-	-	-	-	-	-	-
Total Receivables (Net)	3,253,735,017,845	250,198,481,911	4,099,855,365,512	2,071,599,150,192	185,552,420,076	3,567,838,568,779	5,623,929,167,774

¹²Customs processing fees and Wharfage are collected through a single designated bank account. During transfer of funds from the designated bank account to TPA, TZS 1,093,527,065 relating to Customs Processing fees was erroneously transferred to TPA. The erroneously transferred amount has been recognized as part of receivables reported in year 2022/23.

Note: The balances of receivables for 2021/2022 have been restated as explained in Note 41. Further, the increase in Receivables during the period resulted mainly from proactive efforts undertaken in issuing assessments following recruitment of additional staff.

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

30. TAX RECEIVABLES (Continued)

30.2 Impairment of Receivables

Following assessment done during the period under review, additional impairment amounting to TZS 748,097,967,583 was provided (2022: TZS 210,943,604,032). Further, in year 2022/23 write off of the amount previously provided was not concluded and nothing was recovered from previously provided amount. In this regard, movement of impairment is as shown hereunder:

	2022/2023			2021/2022		
	Large Taxpayers TZS	Customs & Excise TZS	Domestic Revenue TZS	Large Taxpayers TZS	Customs & Excise TZS	Domestic Revenue TZS
Movement of Provision for Impairment of Receivables						
Opening balance	422,272,192,745	3,370,483,346	341,052,147,585	422,272,192,745	3,370,483,346	130,108,543,552
Add: Provisions during the period	282,521,721,882	40,074,610	465,536,171,091	•	•	210,943,604,032
Less: Amount written-off	•	•	•	•	•	•
Released provision	•	•	•	•	•	•
Closing balance	704,793,914,626	3,410,557,956	806,588,318,676	422,272,192,745	3,370,483,346	341,052,147,585
			1,514,792,791,258			766,694,823,676

30.2.1 Provisional for impairment

The reported opening balances for impairments relating to Domestic and Large Taxpayers departments include those relating to Tax Amnesty. Section 70 of the Tax Administration Act (TAA) Cap.438 empowered Commissioner General to remit penalty or interest in whole or in part provided He is satisfied that there is good cause to do so. Section 5 of the Tax Administration (Remission of Interest and Penalty) ORDER, 2018 issued by GN. No. 282A through the Government Gazette No.6 Vol.99 dated 30 June 2018, further empowered the Commissioner to remit the whole of interest or penalty in respect of eligible tax payable by an eligible person. Under such arrangements conditions for interest and penalties amounting to TZS 299,553,504,712 have been fulfilled however, write off is awaiting fulfilment of write off requirements provided by Public Finance Act. Thus, the amount is reported as part of impaired amount as at 30 June 2023.

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

30. TAX RECEIVABLES (Continued)
30.3 Receivables by Tax Types (Mainland)

No.	Tax Type	2022/2023				2021/2022 (Restated)					
		Large Taxpayers		Customs & Excise		Large Taxpayers		Customs & Excise		Total	
		TZS		TZS		TZS		TZS			
			Domestic Revenue		Domestic Revenue		Domestic Revenue		Domestic Revenue		Total
1	Excise Duty Local	38,694,811,450	56,518,118,294	-	30,601,856,142	30,601,856,142	-	30,711,440,025	-	61,313,296,166	
2	VAT Local - Goods	167,992,661,300	926,807,802,595	-	79,890,865,011	694,440,631,114	-	694,440,631,114	-	774,331,496,124	
3	VAT Local - Services	395,049,249,414	532,178,049,373	-	201,934,035,315	360,387,806,317	-	360,387,806,317	-	562,321,841,632	
4	VAT - Others	303,124,219,921	270,987,657,030	-	203,903,753,935	213,448,062,546	-	213,448,062,546	-	417,351,816,481	
5	Motor Vehicle Taxes	-	-	-	-	50,000	-	50,000	-	50,000	
6	Departure Charges	22,500,620,045	1,235,380,918	-	21,772,793,984	478,843,849	-	478,843,849	-	22,251,637,833	
7	Corporate and Individuals Income Taxes	2,154,445,173,124	1,959,170,384,781	-	1,328,204,231,348	1,529,423,369,543	-	1,529,423,369,543	-	2,857,627,600,891	
8	Pay-As-You-Earn (PAYE)	286,119,437,691	251,886,702,874	-	274,749,186,133	206,396,149,887	-	206,396,149,887	-	481,145,336,020	
9	Skills and Development Levy	62,909,270,389	176,463,589,591	-	72,033,939,869	134,065,302,549	-	134,065,302,549	-	206,099,242,418	
10	Property Rate	-	34,651,238,146	-	-	34,651,238,146	-	34,651,238,146	-	34,651,238,146	
11	Withholding Taxes	225,773,542,475	293,882,163,952	-	210,696,881,715	226,672,069,398	-	226,672,069,398	-	437,368,951,112	
12	Advertising Fees	-	6,914,735,949	-	-	5,751,942,908	-	5,751,942,908	-	5,751,942,908	
13	Licence Fee to manufacture Excisable Goods	-	1,200,000	-	-	-	-	-	-	-	
14	Gaming Taxes	-	1,276,253,002	-	-	1,201,960,928	-	1,201,960,928	-	1,201,960,928	
15	Other Taxes - Domestic and LTD	3,814,364,260	61,347,410,838	-	8,970,034,205	43,007,731,292	-	43,007,731,292	-	51,977,765,498	
16	Electronic money transactions levy	18,824,904,440	-	-	6,511,437	-	-	-	-	6,511,437	
17	Tax Interest and Penalties	279,280,677,963	200,257,128,815	-	61,107,253,845	116,726,187,250	-	116,726,187,250	-	177,833,441,095	
18	Import Duty	-	113,086,205,685	-	-	114,196,263,032	-	114,196,263,032	-	114,196,263,032	
19	Excise Duty on Imports	-	14,213,233,730	-	-	10,866,265,030	-	10,866,265,030	-	10,866,265,030	
20	VAT on Imports	-	85,921,046,606	-	-	41,435,329,223	-	41,435,329,223	-	41,435,329,223	
21	Fuel Levy	-	7,810,496,120	-	-	6,639,743,305	-	6,639,743,305	-	6,639,743,305	
22	Customs processing fees	-	4,154,345,125	-	-	1,307,892,094	-	1,307,892,094	-	1,307,892,094	
23	Petroleum Levy	-	2,279,746,611	-	-	2,543,230,149	-	2,543,230,149	-	2,543,230,149	
24	Other Taxes - Customs	-	11,773,860,095	-	-	4,338,027,240	-	4,338,027,240	-	4,338,027,240	
	Total	3,958,528,932,471	4,773,577,016,160	239,238,940,991	2,493,871,342,937	3,597,362,785,752	181,326,750,073	3,597,362,785,752	6,272,560,878,761		

Controller and Auditor General

AR/NA/TRA-REVENUE/2022/23

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

30.4 Receivables by Tax Types (Zanzibar)

No. Tax Type	2022/2023		2021/2022	
	Customs & Excise TZS	Domestic Revenue TZS	Customs & Excise TZS	Domestic Revenue TZS
1 Corporate and Individuals Income Taxes	-	58,569,586,890	-	40,779,308,508
2 Pay-As-You-Earn (PAYE)	-	34,291,962,888	-	31,429,949,202
3 Skills and Development Levy	-	4,015,052,985	-	2,473,499,941
4 Withholding Taxes	-	19,139,148,994	-	22,838,155,926
5 Gaming Taxes	-	10,445,078,088	-	-
6 Other Taxes - Domestic and LTD	-	6,405,838,183	-	1,322,553,744
7 Tax Interest and Penalties	-	-	-	2,684,403,291
8 Import Duty	5,115,171,030	5,115,171,030	7,518,438,425	7,518,438,425
9 Excise Duty on Imports	2,024,437,696	2,024,437,696	1,811,788,802	1,811,788,802
10 VAT on Imports	6,157,679,328	6,157,679,328	7,993,534,991	7,993,534,991
11 Customs Processing Fees	250,035,584	250,035,584	402,685,198	402,685,198
12 Other Taxes - Customs	822,775,239	822,775,239	808,794,660	808,794,660
Total	14,370,098,876	132,866,668,028	18,535,242,076	101,527,870,612
		147,236,766,904		120,063,112,688

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

30. TAX RECEIVABLES (Continued)

30.5 Current Year Receivables by Tax Type (Mainland)

No.	Tax Type	2022/2023			2021/2022			Total
		Large Taxpayers	Customs & Excise	Domestic Revenue	Large Taxpayers	Customs & Excise	Domestic Revenue	
		TZS	TZS	TZS	TZS	TZS	TZS	
1	Excise Duty - Local	15,391,760,090	-	27,989,147,221	25,419,501,794	-	10,022,929,835	35,442,431,630
2	VAT Local - Goods	114,263,825,808	-	373,492,407,681	46,646,636,101	-	226,563,598,338	273,210,234,438
3	VAT Local - Services	215,522,130,156	-	247,802,255,146	111,477,942,510	-	70,736,224,825	182,214,167,334
4	VAT - Others	154,074,070,620	-	99,452,496,449	44,081,425,306	-	65,535,288,120	109,616,713,427
5	Motor Vehicle Taxes	-	-	-	-	-	50,000	50,000
6	Departure Charges	727,826,061	-	-	1,719,863,084	-	102,164,516	1,822,027,600
7	Corporate and Individuals Income Taxes	1,007,718,854,375	-	688,158,675,501	724,872,409,963	-	479,089,852,025	1,203,962,261,987
8	Pay-As-You-Earn (PAYE)	99,499,109,914	-	94,547,790,128	40,430,690,902	-	60,423,661,421	100,854,352,323
9	Skills and Development Levy	17,811,055,240	-	75,626,389,221	12,857,560,584	-	29,747,894,936	42,605,455,520
10	Withholding Taxes	73,493,067,326	-	90,116,976,293	80,472,487,504	-	58,527,091,984	138,999,579,488
11	Advertising Fees	-	-	1,592,094,758	-	-	1,018,517,648	1,018,517,648
12	Licence Fee to manufacture Excisable Goods	-	-	1,200,000	-	-	-	-
13	Gaming Taxes	-	-	957,374,232	-	-	604,304,374	604,304,374
14	Other Taxes - Domestic and LTD	1,281,110,241	-	11,805,115,666	6,360,688,603	-	4,169,913,501	10,530,602,104
15	Electronic money transactions levy	18,824,682,821	-	-	7,140,172	-	-	7,140,172
16	Tax Interest and Penalties	227,705,794,510	-	92,476,391,734	62,719,275,725	-	124,625,852,255	187,345,127,980
17	Import Duty	-	56,869,064,947	-	-	54,022,794,921	-	54,022,794,921
18	Excise Duty on Imports	-	10,539,717,277	-	-	7,984,217,553	-	7,984,217,553
19	VAT on Imports	-	78,039,734,343	-	-	33,222,221,601	-	33,222,221,601
20	Fuel Levy	-	6,939,145,155	-	-	5,655,328,589	-	5,655,328,589
21	Customs processing fees	-	2,624,616,583	-	-	897,868,532	-	897,868,532
22	Petroleum Levy	-	1,706,996,319	-	-	2,228,720,652	-	2,228,720,652
23	Other Taxes - Customs	-	10,965,806,194	-	-	3,540,693,769	-	3,540,693,769
	Total	1,946,313,287,161	167,685,080,319	1,804,018,314,031	1,157,065,622,247	107,551,845,617	1,131,167,343,779	2,395,784,811,643

Controller and Auditor General

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TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

30.6 Current Year Receivables by Tax Type (Zanzibar)

No.	Tax Type	2022/2023			2021/2022		
		Customs & Excise	Domestic Revenue	Total	Customs & Excise	Domestic Revenue	Total
		TZS	TZS	TZS	TZS	TZS	TZS
1	Corporate and Individuals Income Taxes	-	25,973,432,647	25,973,432,647	-	12,909,539,234	12,909,539,234
2	Pay-As-You-Earn (PAYE)	-	3,687,662,677	3,687,662,677	-	3,333,808,991	3,333,808,991
3	Skills and Development Levy	-	1,801,628,463	1,801,628,463	-	1,028,551,266	1,028,551,266
4	Withholding Taxes	-	2,405,573,133	2,405,573,133	-	17,509,480,162	17,509,480,162
5	Other Taxes - Domestic and LTD	-	5,173,006,759	5,173,006,759	-	1,989,348,658	1,989,348,658
6	Tax Interest and Penalties	-	7,954,106,113	7,954,106,113	-	2,952,811,904	2,952,811,904
7	Import Duty	1,407,325,009	-	1,407,325,009	5,618,856,037	-	5,618,856,037
8	Excise Duty on Imports	647,711,171	-	647,711,171	699,354,446	-	699,354,446
9	VAT on Imports	1,476,343,373	-	1,476,343,373	5,631,713,501	-	5,631,713,501
10	Customs processing fees	68,876,702	-	68,876,702	199,761,783	-	199,761,783
11	Other Taxes - Customs	58,443,214	-	58,443,214	10,778,379	-	10,778,379
	Total	3,658,699,470	46,995,409,791	50,654,109,261	12,160,464,146	39,723,540,215	51,884,004,361

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

31. TAX RECOVERIES

31.1 Recoveries by Centres

No.	Centre	2022/2023			2021/2022			Total
		Large Taxpayers	Customs & Excise	Domestic Revenue	Large Taxpayers	Customs & Excise	Domestic Revenue	
		TZS	TZS	TZS	TZS	TZS	TZS	TZS
1	Temeke	-	-	12,737,210,564	-	-	11,287,193,768	11,287,193,768
2	Ilala	-	-	187,989,875,337	-	-	24,256,084,130	24,256,084,130
3	Kinondoni	-	-	71,697,246,148	-	-	70,339,559,195	70,339,559,195
4	Large Taxpayers	220,917,338,274	-	-	496,240,857,801	-	-	496,240,857,801
5	Customs Service Center	-	78,842,740,140	-	-	226,798,418,407	-	226,798,418,407
6	Julius Nyerere International Airport	-	1,137,256,660	-	-	1,879,018,918	-	1,879,018,918
7	Anusha	-	699,641,406	-	-	608,059,558	-	8,553,928,891
8	Manyara	-	-	5,869,775,417	-	-	7,945,869,333	1,208,011,142
9	Coast	-	24,040,359	1,285,110,506	-	-	1,208,011,142	2,236,053,781
10	Dodoma	-	-	5,971,878,737	-	8,917	2,236,053,781	3,655,423,107
11	Iringa	-	-	3,864,671,615	-	-	6,789,419,652	2,868,468,627
12	Kagera	-	96,522,393	7,201,157,652	-	-	744,792,318	4,942,185,202
13	Kigoma	-	-	2,412,492,098	-	458,794,831	542,388,791	2,597,405,537
14	Kilimanjaro	-	193,459,381	1,023,582,887	-	1,387,868	2,666,616,127	6,356,423,041
15	Lindi	-	-	5,389,095,410	-	1,414,237,839	4,942,185,202	746,180,186
16	Mara	-	-	949,332,199	-	-	542,388,791	542,388,791
17	Mbeya	-	311,479,258	5,345,566,935	-	440,176,795	2,157,228,742	2,597,405,537
18	Morogoro	-	198,396	2,755,943,011	-	121,450,007	2,666,616,127	2,788,066,134
19	Mtwara	-	13,389,848	1,227,320,481	-	26,889,939	603,911,462	630,801,401
20	Mwanza	-	85,502,626	2,438,833,679	-	23,665,914	2,573,988,910	2,597,654,824
21	Ruvuma	-	121,356,562	10,026,940,897	-	366,758,488	5,605,179,593	5,971,938,081
22	Shinyanga	-	80,915,588	1,801,815,955	-	947,000	885,946,782	886,893,782
23	Tabora	-	-	2,789,245,918	-	-	3,742,676,162	3,742,676,162
24	Tanga	-	319,561,560	1,990,932,060	-	-	1,976,668,984	1,976,668,984
25	Singida	-	-	2,498,560,209	-	1,172,010,526	5,100,478,134	6,272,488,660
26	Rukwa	-	-	755,921,162	-	-	456,124,282	456,124,282
27	Kariakoo	-	-	1,875,436,832	-	-	2,387,987,782	2,387,987,782
28	Geita	-	-	21,662,240,902	-	-	12,261,718,225	12,261,718,225
29	Kahama	-	-	4,402,677,100	-	-	3,112,041,005	3,112,041,005
30	Katavi	-	-	1,814,043,952	-	-	1,118,559,069	1,118,559,069
31	Njombe	-	-	542,192,398	-	-	1,081,153,799	1,081,153,799
32	Simiyu	-	4,216,183,511	4,216,183,511	-	-	2,743,448,615	2,743,448,615
33	Songwe	-	119,767,004	546,427,191	-	-	571,704,175	571,704,175
34	Tegeta	-	-	1,419,464,848	-	496,959,556	754,663,065	1,251,622,621
35	Non Tax Revenue	-	-	4,199,024,378	-	-	4,453,628,532	4,453,628,532
Sub Total		220,917,338,274	82,045,831,181	380,012,583,862	496,240,857,801	233,808,784,563	193,628,709,827	923,678,352,191
36	Zanzibar	-	7,470,765,717	11,333,961,460	-	5,435,210,035	1,970,758,223	7,405,968,258
Total		220,917,338,274	89,516,596,898	391,346,545,323	496,240,857,801	239,243,994,599	195,599,468,049	931,084,320,449

Controller and Auditor General

AR/NA/TR-A-REVENUE/2022/23

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

31. TAX RECOVERIES (Continued)

31.2 Recoveries by Tax Type (Mainland)

No. Tax Type	2022/2023				2021/2022			
	Large Taxpayers	Customs & Excise	Domestic Revenue	Total	Large Taxpayers	Customs & Excise	Domestic Revenue	Total
	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS
1 Excise Duty Local	6,833,546,144	-	2,135,486,324	8,969,032,467	-	1,225,347,361	1,225,347,361	1,225,347,361
2 VAT Local - Goods	3,867,160,087	-	100,347,358,706	104,214,518,793	3,730,066,907	22,572,502,648	26,302,569,555	26,302,569,555
3 VAT Local - Services	8,817,710,876	-	58,975,642,195	67,793,353,071	5,903,007,744	19,277,473,759	25,180,481,503	25,180,481,503
4 VAT - Others	35,802,588,947	-	11,895,480,118	47,698,069,065	1,140,017,462	6,595,971,656	7,735,989,119	7,735,989,119
5 Departure Charges	-	-	740,000	740,000	512,833,200	-	512,833,200	512,833,200
6 Corporate and Individuals Income Taxes	106,601,722,216	-	111,803,499,268	218,405,221,484	474,329,994,175	107,302,780,728	581,632,774,903	581,632,774,903
7 Pay-As-You-Earn (PAYE)	23,615,128,073	-	42,881,355,719	66,496,483,791	5,674,745,971	14,578,146,545	20,252,892,516	20,252,892,516
8 Skills and Development Levy	22,746,095,344	-	19,556,677,396	42,302,772,740	444,880,979	5,425,415,660	5,870,296,640	5,870,296,640
9 Withholding Taxes	9,962,334,606	-	19,920,966,808	29,883,301,414	4,430,428,573	11,641,309,295	16,071,737,868	16,071,737,868
10 Advertising Fees	-	-	429,301,717	429,301,717	-	1,304,968,039	1,304,968,039	1,304,968,039
11 Gaming Taxes	-	-	883,082,157	883,082,157	-	1,713,364,128	1,713,364,128	1,713,364,128
12 Other Taxes - Domestic and LTD	234,295,394	-	3,668,309,336	3,902,604,730	74,882,789	1,991,430,008	2,066,312,797	2,066,312,797
13 Electronic money transactions levy	6,289,818	-	-	6,289,818	-	-	-	-
14 Tax Interest and Penalties	2,430,466,768	-	7,514,684,120	9,945,150,888	-	-	-	-
15 Import Duty	-	37,075,204,221	-	37,075,204,221	-	58,355,305,458	58,355,305,458	58,355,305,458
16 Excise Duty on Imports	-	4,295,336,048	-	4,295,336,048	-	44,748,748,165	44,748,748,165	44,748,748,165
17 VAT on Imports	-	32,640,264,609	-	32,640,264,609	-	66,489,201,211	66,489,201,211	66,489,201,211
18 Fuel Levy	-	2,938,069,262	-	2,938,069,262	-	40,663,264,238	40,663,264,238	40,663,264,238
19 Customs processing fees	-	835,206,463	-	835,206,463	-	2,551,542,307	2,551,542,307	2,551,542,307
20 Petroleum Levy	-	1,021,583,671	-	1,021,583,671	-	13,067,449,268	13,067,449,268	13,067,449,268
21 Other Taxes - Customs	-	3,240,166,907	-	3,240,166,907	-	7,933,273,917	7,933,273,917	7,933,273,917
Total	220,917,338,274	82,045,831,181	380,012,583,862	682,975,753,318	496,240,857,801	233,808,784,563	923,678,352,191	923,678,352,191

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

31. TAX RECOVERIES (Continued)

31.3 Recoveries by Tax Types (Zanzibar)

No. Tax Type	2022/2023			2021/2022		
	Customs & Excise	Domestic Revenue	Total	Customs & Excise	Domestic Revenue	Total
1 Corporate and Individuals Income Taxes	-	2,303,174,163	2,303,174,163	-	976,643,781	976,643,781
2 Pay-As-You-Earn (PAYE)	-	2,482,448,547	2,482,448,547	-	241,641,747	241,641,747
3 Skills and Development Levy	-	215,639,645	215,639,645	-	82,192,253	82,192,253
4 Withholding Taxes	-	6,104,580,065	6,104,580,065	-	669,526,323	669,526,323
5 Other Taxes - Domestic and LTD	-	89,722,320	89,722,320	-	754,117	754,117
6 Tax Interest and Penalties	-	138,396,721	138,396,721	-	-	-
7 Import Duty	3,656,004,258	-	3,656,004,258	2,027,824,622	-	2,027,824,622
8 Excise Duty on Imports	408,194,202	-	408,194,202	453,086,210	-	453,086,210
9 VAT on Imports	3,176,176,159	-	3,176,176,159	2,216,156,431	-	2,216,156,431
10 Customs processing fees	218,744,450	-	218,744,450	67,299,686	-	67,299,686
11 Other Taxes - Customs	11,646,648	-	11,646,648	670,843,086	-	670,843,086
Total	7,470,765,717	11,333,961,460	18,804,727,177	5,435,210,035	1,970,758,223	7,405,968,258

Controller and Auditor General

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TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

32. TAX RECEIVED IN ADVANCE

32.1 Tax Received in Advance by Centres

No.	Centre	2022/2023			2021/2022			Total TZS
		Large Taxpayers TZS	Customs & Excise TZS	Domestic Revenue TZS	Large Taxpayers TZS	Customs & Excise TZS	Domestic Revenue TZS	
1	Temeke	-	-	75,374,926	-	-	217,333,294	217,333,294
2	Ilala	-	-	1,689,878,911	-	-	313,500,177	313,500,177
3	Kinondoni	-	-	238,533,049	-	-	166,076,601	166,076,601
4	Large Taxpayers	41,000,000	-	41,000,000	-	-	-	-
5	Customs Service Centre	-	43,414,209,541	43,414,209,541	-	70,579,855,646	70,579,855,646	70,579,855,646
6	Julius Nyerere International Airport	-	442,244,547	442,244,547	-	1,295,323,247	1,295,323,247	1,295,323,247
7	Arusha	-	58,293,497	70,088,414	-	559,384,099	114,858,855	674,242,954
8	Manyara	-	-	27,907,110	-	-	59,989,207	59,989,207
9	Coast	-	-	42,197,133	-	-	270,756,200	270,756,200
10	Dodoma	-	-	89,009,164	-	-	78,369,630	78,369,630
11	Iringa	-	13,304,906	43,820,450	-	-	55,795,443	55,795,443
12	Kagera	-	34,676,402	60,212,474	-	-	86,544,873	142,610,142
13	Kigoma	-	456,994	17,666,093	-	56,065,269	23,401,821	26,034,907
14	Kilimanjaro	-	98,218,225	74,054,357	-	832,797,088	184,014,234	1,016,811,322
15	Lindi	-	-	11,103,245	-	-	36,016,525	36,016,525
16	Mara	-	86,930,877	45,570,585	-	523,948,736	33,164,136	557,112,872
17	Mbeya	-	81,733,795	48,535,439	-	172,507,014	104,486,259	276,993,273
18	Morogoro	-	-	48,618,207	-	-	155,702,220	155,702,220
19	Mtwara	-	54,320,635	45,229,055	-	-	44,818,029	44,818,029
20	Mwanza	-	150,922,406	101,679,780	-	805,184,139	104,106,043	909,290,182
21	Ruvuma	-	313,003	54,430,399	-	-	68,885,072	68,885,072
22	Shinyanga	-	-	33,757,806	-	-	50,231,254	50,231,254
23	Tabora	-	-	14,516,180	-	-	57,439,184	57,439,184
24	Tanga	-	216,816,697	40,800,307	-	8,794,687,431	180,368,477	8,975,055,908
25	Singida	-	-	44,398,736	-	-	45,409,724	45,409,724
26	Rukwa	-	-	16,148,580	-	-	16,339,233	16,339,233
27	Karakoo	-	2,817,932	59,344,952	-	-	103,459,943	103,459,943
28	Geita	-	13,294,112	52,736,694	-	-	80,620,925	80,620,925
29	Kahama	-	-	34,196,217	-	-	39,327,467	39,327,467
30	Katavi	-	-	17,955,467	-	-	15,045,665	15,045,665
31	Njombe	-	-	63,913,282	-	-	56,161,849	56,161,849
32	Simiyu	-	-	21,932,149	-	-	22,902,420	22,902,420
33	Songwe	-	49,391,882	50,417,816	-	-	54,044,847	180,588,861
34	Tegeta	-	-	102,069,344	-	-	63,367,078	63,367,078
	Sub Total	41,000,000	44,717,945,451	3,336,096,323	-	83,748,929,769	2,902,536,685	86,651,466,454
35	Zanzibar	-	1,351,750,387	525,223,774	-	2,015,593,001	209,558,214	2,225,151,215
	Total	41,000,000	46,069,695,838	3,861,320,097	-	85,764,522,770	3,112,094,899	88,876,617,669

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TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

32. TAX RECEIVED IN ADVANCE (Continued)

32.2 Tax Received in Advance by Tax Type (Mainland)

No.	Tax Type	2022/2023			2021/2022			Total
		Large Taxpayers	Customs & Excise	Domestic Revenue	Large Taxpayers	Customs & Excise	Domestic Revenue	
1	Corporate and Individuals Income Taxes	41,000,000	-	3,336,096,323	-	-	2,902,536,685	2,902,536,685
2	Import Duty	-	3,244,481,104	-	-	11,393,706,708	-	11,393,706,708
3	Excise Duty on Imports	-	12,413,644,140	-	-	18,661,158,135	-	18,661,158,135
4	VAT on Imports	-	7,582,145,355	-	-	26,573,957,627	-	26,573,957,627
5	Fuel Levy	-	14,505,384,475	-	-	12,695,714,900	-	12,695,714,900
6	Customs processing fees	-	618,086,143	-	-	922,532,734	-	922,532,734
7	Energy Levy Customs processing fees	-	-	-	-	-	-	-
8	Petroleum Levy	-	3,589,299,613	-	-	7,636,338,200	-	7,636,338,200
9	Other Taxes - Customs	-	2,764,904,685	-	-	5,865,521,465	-	5,865,521,465
	Total	41,000,000	44,717,945,451	3,336,096,323	48,095,041,774	83,748,929,769	2,902,536,685	86,651,466,454

32.3 Tax Received in Advance by Tax Type (Zanzibar)

No.	Tax Type	2022/2023			2021/2022			Total
		Customs & Excise	Domestic Revenue	Total	Customs & Excise	Domestic Revenue	Total	
		TZS	TZS	TZS	TZS	TZS	TZS	
1	Corporate and Individuals Income Taxes	-	525,223,774	525,223,774	-	209,558,214	209,558,214	
2	Import Duty	349,714,087	-	349,714,087	1,126,005,976	-	1,126,005,976	
3	Excise Duty on Imports	432,735,186	-	432,735,186	84,332,302	-	84,332,302	
4	VAT on Imports	490,304,604	-	490,304,604	760,980,484	-	760,980,484	
5	Customs processing fees	66,673,553	-	66,673,553	34,892,457	-	34,892,457	
6	Other Taxes - Customs	12,322,957	-	12,322,957	9,381,781	-	9,381,781	
	Total	1,351,750,387	525,223,774	1,876,974,161	2,015,593,001	209,558,214	2,225,151,215	

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TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

33. TAX REFUND FUNDS

33.1 Tax Refund Funds Movements

	<u>2022/2023</u>	<u>2021/2022</u>
	TZS	TZS
At the beginning of the year:		
Mining Companies Deposits for VAT ¹³	-	161,913,295,934
Commissioner General Other Refund Account	<u>3,537,017,866</u>	<u>536,610,929</u>
Sub-Total Beginning Balance (b/f)	<u>3,537,017,866</u>	<u>162,449,906,864</u>
 Add: Funds received during the period		
Commissioner General-Other Refunds Account	<u>32,174,891,472</u>	<u>22,115,641,690</u>
Sub-Total Funds Received	<u>32,174,891,472</u>	<u>22,115,641,690</u>
Total Funds available for refunds	<u>35,711,909,338</u>	<u>184,565,548,554</u>
 Less: Refunds made during the year	 30,502,743,544	 181,028,530,688
 Balance at the end of the year	 <u>5,209,165,794</u>	 <u>3,537,017,866</u>

¹³ Since VAT refunds relating to mining companies are handled in similar manner to that of other VAT refunds, respective refund funds are released by Treasury. In this regard, the scheme that necessitated Mining companies to deposit VAT amount into escrow account and payment of respective VAT refunds to be done from the escrow account is no longer operational.

**TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)**

33. TAX REFUNDS FUNDS (Continued)
33.2 Tax Refund Funds by Bank Account
33.2.1 Commissioner General - Other Refunds Bank Account

2022/23

Month	RECEIPTS		PAYMENTS			Closing Balance		
	Opening Balance	Receipts	Total Amount	Other Debits	To Beneficiaries		Total Payments	Tax refunds Returned
	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS
Jul-22	3,537,017,866	819,193,937	4,356,211,803	-	698,295,115	698,295,115	-	3,657,916,688
Aug-22	3,657,916,688	184,973,380	3,842,890,067	-	153,166,997	153,166,997	-	3,689,723,070
Sep-22	3,689,723,070	652,303,894	4,342,026,904	-	317,975,851	317,975,851	-	4,024,051,053
Oct-22	4,024,051,053	99,157,771	4,123,208,825	-	774,865,847	774,865,847	-	3,348,342,978
Nov-22	3,348,342,978	192,796,240	3,541,139,218	-	5,235,079	5,235,079	-	3,535,904,139
Dec-22	3,535,904,139	10,573,928,266	14,109,832,405	-	161,435,728	161,435,728	-	13,948,396,678
Jan-23	13,948,396,678	135,593,694	14,083,990,372	-	10,447,235,311	10,447,235,311	-	3,636,755,061
Feb-23	3,636,755,061	5,507,271,738	9,144,026,799	-	5,047,363,443	5,047,363,443	-	4,096,663,356
Mar-23	4,096,663,356	377,465,532	4,474,148,888	-	478,574,529	478,574,529	-	3,995,574,358
Apr-23	3,995,574,358	353,322,549	4,348,896,907	-	8,009,328	8,009,328	-	4,340,887,579
May-23	4,340,887,579	320,190,169	4,661,077,748	-	701,260,207	701,260,207	-	3,959,817,541
Jun-23	3,959,817,541	12,958,674,363	16,918,491,904	-	11,709,326,110	11,709,326,110	-	5,209,165,794
Total	32,174,891,472	32,174,891,472	87,945,941,840	-	30,502,743,544	30,502,743,544	-	30,502,743,544

2021/22

Month	RECEIPTS		PAYMENTS			Closing Balance		
	Opening Balance	Receipts	Total Amount	Other Debits	To Beneficiaries		Total Payments	Tax refunds Returned
	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS
Jul-21	536,610,929	769,516,381	1,306,127,311	-	62,545,062	62,545,062	-	1,243,582,249
Aug-21	1,243,582,249	1,251,731,586	2,495,313,835	-	101,986,132	101,986,132	-	2,393,327,703
Sep-21	2,393,327,703	10,540,603	2,403,868,305	-	19,878,339	19,878,339	15,110,768	2,399,100,734
Oct-21	2,399,100,734	128,332,359	2,527,433,093	-	127,190,231	127,190,231	-	2,400,242,861
Nov-21	2,400,242,861	393,985,255	2,794,228,116	63,599,900	535,178,982	598,778,882	-	2,195,459,234
Dec-21	2,195,459,234	11,284,694,775	13,480,154,008	11,212,117,437	28,262,377	11,240,379,814	97,926	2,239,872,120
Jan-22	2,239,872,120	2,966,914,069	5,206,786,189	1,123,966,191	1,653,327,538	2,777,293,728	-	2,429,492,461
Feb-22	2,429,492,461	814,055,931	3,243,548,392	-	105,731,860	105,731,860	-	3,137,816,532
Mar-22	3,137,816,532	137,893,268	3,275,709,800	-	177,953,664	177,953,664	-	3,097,756,135
Apr-22	3,097,756,135	33,778,549	3,131,534,685	9,395,086	7,443,912	16,838,998	-	3,114,695,687
May-22	3,114,695,687	3,987,088,185	7,101,783,873	-	3,304,968,568	3,304,968,568	5,320,884	3,802,135,189
Jun-22	3,802,135,189	337,100,729	4,139,235,919	-	602,219,053	602,219,053	-	3,537,017,866
Sub total	22,115,641,690	22,115,641,690	67,726,685,718	12,409,078,613	6,726,685,718	19,135,764,331	20,529,578	67,726,685,718

33.2 Tax Refund Funds by Bank Account (Continued)

Controller and Auditor General

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TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

33.2.2 Mining Companies Deposit for VAT Escrow Bank Account

2022/23

NIL as the scheme is no longer operational

2021/22

Month	RECEIPTS		PAYMENTS				Closing Balance
	Opening Balance	Receipts	Total Amount	Other Debits	To Depositors	Total Payments	
	TZS	TZS	TZS	TZS	TZS	TZS	TZS
Jul-21	161,913,295,934	-	161,913,295,934	93,851,375,973	-	93,851,375,973	68,061,919,962
Aug-21	68,061,919,962	-	68,061,919,962	35,779,334,495	-	35,779,334,495	32,282,585,467
Sep-21	32,282,585,467	-	32,282,585,467	15,651,031,590	-	15,651,031,590	16,631,553,877
Oct-21	16,631,553,877	-	16,631,553,877	-	-	-	-
Nov-21	-	-	-	-	-	-	-
Dec-21	-	-	-	-	-	-	-
Jan-22	-	-	-	-	-	-	-
Feb-22	-	-	-	-	-	-	-
Mar-22	-	-	-	-	-	-	-
Apr-22	-	-	-	-	-	-	-
May-22	-	-	-	-	-	-	-
Jun-22	-	-	-	-	-	-	-
Sub Total	-	-	-	161,913,295,934	-	161,913,295,934	-
Grand Total	22,115,641,690	-	22,115,641,690	161,913,295,934	-	161,049,060,266	20,529,578
Total Payment						161,049,060,266	
Less: Tax refunds Returned						20,529,578	
Net payment						161,028,530,688	

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TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

33. TRA Commissioner General Refund

34.1 TRA Commissioner General Refund Movement

	<u>2022/2023</u>	<u>2021/2022</u>
	TZS	TZS
At the beginning of the year:		
Commissioner General Refund Account	8,895,816,346	86,722,489
Sub-total Beginning Balance (b/f)	<u>8,895,816,346</u>	<u>86,722,489</u>
Add: Funds received during the period		
From the Treasury	1,079,045,755,663	995,658,000,000
Sub-Total Funds received	<u>1,079,045,755,663</u>	<u>995,658,000,000</u>
Total funds available for refunds	<u>1,087,941,572,009</u>	<u>995,744,722,489</u>
Less: Tax refunds made during the year	1,039,227,157,548	986,848,906,143
 Balance at the end of the year	<u>48,714,414,461</u>	<u>8,895,816,346</u>

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

34. TRA Commissioner General Refund (Continued)
34.2 TRA Commissioner General Refund Bank Account

2022/23

Month	RECEIPTS		PAYMENTS		HQ	Total Payments	Tax refunds Returned	Closing Balance
	Opening Balance	Receipts	Large Taxpayers	Domestic Revenue				
Jul-22	6,895,816,346	106,616,000,000	92,227,338,204	20,824,572,502	1,873,893,034	114,925,803,740	586,012,606	586,012,606
Aug-22	586,012,606	11,699,000,000	3,521,903,606	8,520,444,305	152,501,392	12,198,849,303	85,163,303	85,163,303
Sep-22	85,163,303	117,745,000,000	102,306,744,323	15,090,787,797	272,086,849	117,713,806,821	116,356,482	116,356,482
Oct-22	116,356,482	199,233,423,897	161,403,471,169	32,374,326,810	429,414,806	194,977,718,894	277,480	4,372,338,965
Nov-22	4,372,338,965	41,834,000,000	5,763,989,087	22,758,581,906	3,111,607,923	38,986,976,943	5,187,228,767	12,406,590,789
Dec-22	12,406,590,789	113,198,133,940	93,810,254,787	22,718,804,960	1,327,237,633	117,926,641,753	7,678,082,977	7,678,082,977
Jan-23	7,678,082,977	51,882,000,000	30,273,447,673	21,283,945,042	530,161,718	52,622,845,539	6,937,237,438	6,937,237,438
Feb-23	6,937,237,438	30,791,535,320	17,119,641,882	18,821,419,575	285,254,729	36,445,496,959	1,283,275,799	1,283,275,799
Mar-23	1,283,275,799	170,195,000,000	144,787,638,265	23,383,983,354	2,707,465,686	170,955,471,093	2,702,322,775	2,702,322,775
Apr-23	2,702,322,775	20,000,000,000	39,132,070,216	2,182,030,859	696,406,948	42,020,066,873	1,861,255,902	1,861,255,902
May-23	1,861,255,902	20,000,000,000	17,364,713,082	4,165,433,539	27,947,106	21,587,299,126	273,956,776	273,956,776
Jun-23	273,956,776	174,672,662,506	115,768,961,236	10,455,564,797	-	126,232,204,821	48,714,414,461	48,714,414,461
Total		1,079,045,755,663	823,480,193,510	202,580,915,446	11,413,977,823	9,119,095,085	7,367,024,315	48,714,414,461

Total payment for Commissioner General Refund Account
Less Tax refunds Returned
Net payment during the year

1,046,694,181,864
7,367,024,315
1,039,227,157,548

2021/22

Month	RECEIPTS		PAYMENTS		HQ	Total Payments	Tax refunds Returned	Closing Balance
	Opening Balance	Receipts	Large Taxpayers	Domestic Revenue				
Jul-21	86,722,489	102,719,000,000	77,930,275,574	17,898,025,142	121,940,937	96,125,434,843	47,586,187	6,727,873,833
Aug-21	6,727,873,833	6,727,873,833	4,721,470,201	1,988,847,731	6,941,811	6,719,397,943	17,593,616	26,069,506
Sep-21	26,069,506	273,082,069,506	195,271,127,044	25,296,305,832	123,700,399	221,186,027,087	314,322,174	52,210,364,593
Oct-21	52,210,364,593	24,781,000,000	69,652,133,718	6,514,070,343	436,328,203	76,849,014,285	408,459,297	550,809,605
Nov-21	550,809,605	54,169,000,000	6,802,116,142	8,102,064,469	480,358,804	16,737,689,066	360,128,558	38,342,239,096
Dec-21	38,342,239,096	169,857,000,000	105,009,790,991	21,433,848,276	462,724,375	127,510,069,316	3,939,460	80,693,109,241
Jan-22	80,693,109,241	72,413,000,000	152,509,509,673	186,778,708	133,488,558	153,002,115,936	103,993,305	103,993,305
Feb-22	103,993,305	43,470,000,000	39,712,994,093	2,385,312,370	174,769,240	42,409,527,416	1,164,465,889	1,164,465,889
Mar-22	1,164,465,889	58,662,000,000	32,801,414,063	24,692,543,859	1,488,192,697	59,103,604,621	254,487,802	977,349,070
Apr-22	977,349,070	19,732,000,000	15,589,728,099	3,850,757,256	1,128,656,954	20,660,475,628	20,626,052	48,873,442
May-22	48,873,442	65,214,000,000	52,844,862,000	4,377,326,947	550,000	57,152,882,368	8,130,617,127	8,130,617,127
Jun-22	8,130,617,127	111,585,000,000	93,838,968,127	15,369,317,848	286,722,591	110,822,397,645	2,596,864	8,896,816,345
Total		985,655,000,000	846,655,189,725	131,695,198,779	4,846,374,569	988,278,646,151	1,429,740,008	8,896,816,345

Total payment for Commissioner General Refund Account
Less Tax refunds Returned
Net payment during the year

986,278,646,151
1,429,740,008
985,848,906,143

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

35. TAX REFUNDABLE AND REPAYABLE

	2022/2023 TZS	2021/2022 TZS
Outstanding Approved Refund claims at the beginning of the year	55,612,566,841	83,603,900,711
Add: Approved Refund Claims added during the year	<u>1,073,032,342,126</u>	<u>958,857,572,273</u>
Total Outstanding Approved Refund Claims	1,128,644,908,967	1,042,461,472,984
Less: Tax Refund Claims paid during the year	<u>1,039,227,157,548</u>	<u>986,848,906,143</u>
Outstanding Approved Refund Claims as at 30th June	89,417,751,419	55,612,566,841

36. TAX DEPOSITS

36.1 Tax Deposit Movement

	CUSTOMS DEPOSITS TZS	DOMESTIC DEPOSITS TZS	TOTAL DEPOSITS TZS
2022/2023			
Balance at the beginning of the year	56,441,501,123	230,321,613	56,671,822,736
Add: Receipts			-
Tax deposits added during the period	23,311,560,350	194,140,655	23,505,701,005
Total Available Deposits	<u>79,753,061,473</u>	<u>424,462,268</u>	<u>80,177,523,741</u>
Less: Payments			
Tax deposits recognized as Revenue during the year	24,616,257,624	325,699,873	24,941,957,497
Amount refunded to Depositors during the year	14,501,794,105	11,126,395	14,512,920,500
Charges	490,030	-	490,030
Total Payments	<u>39,118,541,758</u>	<u>336,826,268</u>	<u>39,455,368,027</u>
Balance as at 30th June 2023	<u>40,634,519,714</u>	<u>87,636,000</u>	<u>40,722,155,714</u>
2021/2022			
Balance at the beginning of the year	103,531,043,137	-	103,531,043,137
Add: Receipts			-
Tax deposits added during the period	37,304,692,821	240,783,092	37,545,475,913
Total Available Deposits	<u>140,835,735,958</u>	<u>240,783,092</u>	<u>141,076,519,050</u>
Less: Payments			
Tax Deposits recognized as Revenue during the year	59,138,427,998	-	59,138,427,998
Amount refunded to Depositors during the year	25,255,493,355	10,461,479	25,265,954,834
Charges	313,483	-	313,483
Total Payments	<u>84,394,234,835</u>	<u>10,461,479</u>	<u>84,404,696,314</u>
Balance as at 30th June 2022	<u>56,441,501,123</u>	<u>230,321,613</u>	<u>56,671,822,736</u>

36.2 Tax Deposits by Location

S/N	Location	2022/2023 TZS	2021/2022 TZS
1.	DRD(Head Office) - Auction	87,636,000	230,321,613
2.	Customs (Head Office) - Mining Companies Deposits	6,167,370,537	3,913,595,269
3.	Customs (Head Office) - Industrial Sugar	24,547,439,905	40,880,204,486
4.	Customs (Head Office) - Other Deposits	1,660,249,482	10,154,616,354
5.	Customs(Head Office) - Auction	6,646,225,755	39,100,500
6.	Mwanza	166,242,801	7,200,000
7.	Dodoma	1,173,057	1,173,057
8.	Tanga	11,898,010	11,534,010
9.	Kilimanjaro	38,896,280	26,088,869
10.	Morogoro	100,000	100,000
11.	Arusha	71,557,650	1,500,000
12.	Mbeya	179,484,457	168,200,588
13.	Kigoma	47,887,790	40,087,790
14.	Zanzibar	1,095,993,990	1,198,100,199
	Total	<u>40,722,155,714</u>	<u>56,671,822,736</u>

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TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

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

	<u>2022/2023</u> TZS	<u>2021/2022</u> TZS
Revenue Surplus (Deficit)	1,941,836,772,707	(459,348,054,002)
Adjustments for Non-cash movements		
Impairment of receivables	748,097,967,583	210,943,604,032
Adjusted Revenue Surplus (Deficit) for the year before Working Capital Changes	<u>2,689,934,740,290</u>	<u>(248,404,449,970)</u>
(Increase)/Decrease in Tax Revenue Receivables	(2,725,957,665,077)	468,304,863,335
Decrease/(Increase) in Treasury Voucher cheques	420,659,474	(18,093,094)
Increase/(Decrease) in Tax Refund Funds	1,672,147,929	(158,912,888,998)
(Decrease)/Increase in Tax deposits	(15,949,667,022)	(46,859,220,402)
(Decrease)/Increase in Tax Refundable and Repayable	33,805,184,577	(27,991,333,870)
(Decrease)/Increase in Tax Received in Advance	(38,904,601,734)	(93,835,442,083)
(Decrease)/Increase in Other payables	(17,911,119,628)	17,511,993,103
Net Increase/(Decreases)	<u>(2,762,825,061,480)</u>	<u>158,199,877,991</u>
Net Cash Flows From Operating Activities	<u>(72,890,321,191)</u>	<u>(90,204,571,979)</u>

38. REVENUE AND COLLECTION RECONCILIATION

38.1 Mainland

		<u>2022/2023</u> TZS	<u>2021/2022</u> TZS
Reported Collections in the Statement of Comparison of Budget and Actual Amounts	Note	22,583,535,914,956	20,944,673,516,768
Add: Actual collection on Wharfage fee	20	64,615,292	45,014,916
Amount received from ZRA for onward transfer to Treasury	19	753,312,409	
Sub-Total		<u>22,584,353,842,657</u>	<u>20,944,718,531,684</u>
Add: Funds released by Treasury for Refund	34	1,079,045,755,663	995,658,000,000
Actual collection as per Cash flow Statement		<u>23,663,399,598,320</u>	<u>21,940,376,531,684</u>
Add : Tax receivables for the current year	30	3,918,016,682,011	2,395,784,811,643
TVC receivable for the current year	21	144,482,848	565,142,322
Previous received in advance	32	86,651,466,454	181,425,381,700
Less :Tax Received in Advance	32	48,095,041,774	86,651,466,454
Tax Recovery	31	682,975,753,318	923,678,352,191
Other adjustments, Vacated and Discharged	39	537,350,444,897	1,980,072,563,781
Tax Recoveries (TVC)	21	565,142,322	547,049,228
Amount received from ZRA for onward transfer to Treasury	19	753,312,409	-
Total Revenue		<u>26,398,472,534,913</u>	<u>21,527,202,435,695</u>
Less: Gains on Foreign Exchange reported separately in the Statement of Financial Performance		4,021	3,869
Total Revenue (Mainland) Reported in the Statement of Financial Performance		<u>26,398,472,530,892</u>	<u>21,527,202,431,827</u>

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

38. REVENUE AND COLLECTION RECONCILIATION (Continued)

38.2 Zanzibar

		2022/2023 TZS	2021/2022 TZS
Reported Collections in the Statement of Comparison of Budget and Actual Amounts	Note	456,192,226,327	359,192,151,084
Add: Tax receivables for the current year	30	50,654,109,261	51,884,004,361
Previous received in advance	32	2,225,151,215	1,286,678,052
Less Recoveries	31	18,804,727,177	7,405,968,258
Other adjustments	39	4,675,727,868	4,816,795,110
Less :Tax Received in Advance	32	1,876,974,161	2,225,151,215
Total Revenue Reported in the Statement of Financial Performance		<u>483,714,057,597</u>	<u>397,914,918,915</u>

39. ADJUSTMENTS (VACATED, DISCHARGED, APPEALED ASSESSMENTS AND OTHER ADJUSTMENT)

The reported amount comprises the following: -

(a) Tax Vacated

This is an adjustment made on the full assessed amount by TRA Commissioner General following objection by Taxpayers. Vacation powers are granted by Tax Administration Act Section 50 and 52 when there are valid grounds to vacate.

(b) Tax Discharged

This is an adjustment made on part of the assessment (reduction of the assessed amount) made on tax charged by the Commissioner as a result of objection lodged by the Taxpayers. Power to adjust assessment is granted by Tax Administration Act. 2015.

(c) Appealed assessment

This is an adjustment made as result of appealed assessments that relates to assessments previously reported as Tax receivables.

(d) Other Adjustments

These include waiver or remission of assessments on Tax receivables made by the Commissioner General as per Section 70 of Tax Administration Act.

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

39. ADJUSTMENTS (VACATED, DISCHARGED, APPEALED ASSESSMENTS AND OTHER ADJUSTMENT) - Continued
39.1 Adjustments (Vacated, Discharged, Appealed Assessments and other adjustments) by Location

No.	Tax Regions	2022/2023			2021/2022			Total TZS
		Large Taxpayers TZS	Customs & Excise TZS	Domestic Revenue TZS	Large Taxpayers TZS	Customs & Excise TZS	Domestic Revenue TZS	
1	Temeke			1,890,863,634			1,890,863,634	26,215,153,035
2	Ileala			44,462,315,281			44,462,315,281	143,443,089,217
3	Kinondoni			11,932,975,612			11,932,975,612	6,142,338,982
4	Large Taxpayers	260,738,359,352					260,738,359,352	1,620,025,948,984
5	Customs Service Center		28,496,057,053				28,496,057,053	65,371,380,987
6	Julius Nyerere International Airport					9,715,702		9,715,702
7	Arusha		294,494,357	24,825,554,568		32,198,705	25,120,048,925	34,980,111,423
8	Manyara			703,359,511			703,359,511	7,422,240,888
9	Coast		2,942,161	10,913,637,847			10,916,580,008	19,988,407,526
10	Dodoma			186,286,470			186,286,470	2,185,440,363
11	Iringa			203,982,359			203,982,359	2,055,791,380
12	Kagera			3,076,816,640			3,076,816,640	298,251,545
13	Kigoma			24,049,339			24,049,339	
14	Kilimanjaro			5,852,733,804			5,852,733,804	11,875,986,510
15	Lindi			107,562,703			107,562,703	
16	Mara		23,075,572	1,168,691,685		128,119,163	1,191,767,257	
17	Mbeya		1,650,693	1,325,535,854			1,327,186,547	1,390,449,670
18	Morogoro			439,085,049			439,085,049	5,297,746,777
19	Mtwara			696,217,282			696,217,282	54,248,659
20	Mwanza		2,365,948	15,567,491,598			15,569,857,546	2,488,744,132
21	Ruvuma			15,176,960			15,176,960	314,812,065
22	Shinyanga			106,678,006			106,678,006	
23	Tabora			1,323,588,483			1,323,588,483	5,048,672,040
24	Tanga			33,422,655,323			33,422,655,323	2,423,836,441
25	Singida			215,539,830			215,539,830	
26	Rukwa			184,216,014			184,216,014	131,339,603
27	Kariakoo			76,603,437,035			76,603,437,035	11,502,283,127
28	Geita			1,224,850,982			1,224,850,982	231,957,478
29	Kahama			4,411,884,342			4,411,884,342	8,406,229,002
30	Kalavi			83,143,051			83,143,051	586,500
31	Njombe			109,835,651			109,835,651	
32	Simiyu			673,473,594			673,473,594	66,071,040
33	Songwe			2,410,036,095		116,362,579	2,410,036,095	381,012,262
34	Tegela			3,639,855,158			3,639,855,158	2,030,768,628
35	Non Tax Revenue							
	Sub Total	260,738,359,352	28,820,585,784	247,791,499,761		65,671,046,504	537,350,444,897	294,375,568,293
								1,980,072,563,761
36	Zanzibar		353,076,953	4,322,650,915			4,675,727,868	4,816,795,110
	Total	260,738,359,352	29,173,662,737	252,114,150,676		65,671,046,504	542,026,172,765	299,192,363,402
								1,984,889,358,890

Controller and Auditor General

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TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

39. ADJUSTMENTS (VACATED, DISCHARGED, APPEALED ASSESSMENTS AND OTHER ADJUSTMENT) - Continued
39.2 Adjustments (Vacated, Discharged, Appealed Assessments and other adjustments) by Tax Type- Mainland

No.	Tax Type	2022/2023			2021/2022			Total
		Large Taxpayers	Customs & Excise	Domestic Revenue	Large Taxpayers	Customs & Excise	Domestic Revenue	
		TZS	TZS	TZS	TZS	TZS	TZS	Total
1	Excise Duty Local	465,258,638	-	126,882,989	592,141,627	-	3,404,635,529	3,475,667,720
2	VAT Local- Goods	22,494,127,519	-	20,747,230,235	43,241,357,754	-	41,670,746,332	64,666,303,085
3	VAT Local- Services	13,389,722,093	-	9,838,435,775	23,228,157,867	-	38,110,614,852	71,497,575,042
4	VAT- Others	19,051,015,686	-	29,173,626,660	48,224,642,347	-	12,163,808,980	21,282,973,009
5	Departure Charges	-	-	-	-	-	757,277,070	757,277,070
6	Corporate and Individuals Income Taxes	73,649,128,407	-	151,172,520,445	224,821,648,852	-	135,253,503,672	731,694,379,632
7	Pay-As-You-Earn (PAYE)	64,513,730,283	-	8,989,305,750	73,503,036,033	-	22,411,453,236	39,411,952,548
8	Skills and Development Levy	4,272,861,049	-	17,516,557,392	21,789,418,441	-	7,451,177,459	8,540,182,590
9	Withholding Taxes	51,198,127,260	-	5,801,320,977	56,999,448,238	-	32,517,061,928	967,288,945,220
10	Interest & Penalty	7,101,903,624	-	3,000,232,807	10,102,136,430	-	-	-
11	Other Taxes - Domestic and LTD	4,602,484,792	-	1,425,386,731	6,027,871,523	-	635,289,237	5,787,261,361
12	Import Duty	-	20,903,915,074	-	20,903,915,074	-	5,480,029,695	5,480,029,695
13	Excise Duty on Imports	-	2,897,404,509	-	2,897,404,509	-	57,602,767,150	57,602,767,150
14	VAT on Imports	-	913,754,362	-	913,754,362	-	2,153,455,281	2,153,455,281
15	Fuel Levy	-	2,830,327,076	-	2,830,327,079	-	92,353,223	92,353,223
16	Customs processing fees	-	36,482,154	-	36,482,154	-	67,297,280	67,297,280
17	Petroleum Levy	-	948,896,186	-	948,896,186	-	29,505,822	29,505,822
18	Other Taxes - Customs	-	289,806,430	-	289,806,430	-	245,638,054	245,638,054
Total		260,738,359,352	28,820,585,764	247,914,499,761	537,350,444,897	1,620,025,948,984	294,375,568,293	1,980,072,563,781

39.3 Adjustments (Vacated, Discharged, Appealed Assessments and other adjustments)- by Tax Types - Zanzibar

No.	Tax Type	2022/2023		2021/2022		Total
		Customs & Excise	Domestic Revenue	Customs & Excise	Domestic Revenue	
		TZS	TZS	TZS	TZS	TZS
1	Corporate and Individuals Income Taxes	-	4,322,650,915	-	4,816,795,110	4,816,795,110
2	Import Duty	154,588,146	-	-	-	154,588,146
3	Excise Duty on Imports	26,868,075	-	-	-	26,868,075
4	VAT on Imports	136,022,878	-	-	-	136,022,878
5	Customs processing fees	2,781,866	-	-	-	2,781,866
6	Other Taxes - Customs	32,815,988	-	-	-	32,815,988
Total		353,076,953	4,322,650,915	-	4,816,795,110	4,816,795,110

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

40. WHARFAGE, CUSTOMS PROCESSING FEES (DRY CARGO) AND MISCELLANEOUS MOVEMENT

	<u>2022/2023</u>	<u>2021/2022</u>
	TZS	TZS
At the beginning of the year		
Commissioner General - Wharfage	19,365,165,120	32,319,853
Commissioner General - Miscellaneous	77,697,448	1,898,549,614
Sub Total Beginning Balance (b/f)	<u>19,442,862,568</u>	<u>1,930,869,467</u>
Add: Additions during the year		
Add: Wharfage fees	593,461,829,206	473,665,881,119
Custom Processing fees ¹⁴	98,587,741,431	
Miscellaneous (Note 40.1)	793,160,153,729	878,304,959,421
Sub Total funds received	<u>1,485,209,724,367</u>	<u>1,351,970,840,540</u>
Total Balance Available	<u>1,504,652,586,935</u>	<u>1,353,901,710,007</u>
Less :Payments - Wharfage & Customs Processing Fees		
Commissioner for Large Taxpayers ¹⁵	265,465,736,175	137,889,656,284
Tanzania Ports Authority	348,454,785,217	316,443,379,568
TRA Commissioner General ¹⁴	97,065,306,630	-
:Payments - Miscellaneous		
Collection Accounts	770,679,694,741	852,268,361,803.04
Previous Collection	(1,781,213,514)	(5,880,085,914.64)
Transfers Account	5,747,095,796	15,726,174,617.45
Refund Account	18,330,075,617	16,437,248,038.47
Amount Recognized as Revenue	252,890,398	1,574,113,041.47
Total Payments	<u>1,504,214,371,059</u>	<u>1,334,458,847,438</u>
Outstanding balance - Wharfage	(1,093,527,065)	19,365,165,120
Outstanding balance - Custom Processing fees	1,522,434,802	-
Outstanding balance -Miscellaneous	9,308,139	77,697,448
Total Balance as at 30th June	<u>438,215,876</u>	<u>19,442,862,569</u>
Add: payable from Customs processing fees	1,093,527,065	-
Total amount for other payables	<u>1,531,742,941</u>	<u>19,442,862,569</u>

¹⁴Following changes introduced by Public Finance Act (2022), Customs Processing Fees that are collected by TRA from dry cargo are retained by TRA to finance TRA operations. In this regard, a total of TZS 98,587,741,431 was deposited into Commissioner General deposit others account, out of which TZS 97,065,306,630 was paid to TRA Commissioner General to finance various planned projects. The remaining balance of TZS 1,522,434,802 will be transferred to TRA Commissioner General in year 2023/24.

¹⁵Tanzania Ports Authority is a taxpayer registered under Large Taxpayers department. During financial year 2022/23 a total of TZS 265,465,736,175 was utilized to clear his outstanding tax liabilities.

40.1 Commissioner General - Miscellaneous

On 1 July 2020, TRA started to collect Taxes and Non- Taxes through Government Electronic Payment Gateway (GePG). During integration of TRA systems with GePG, the collection accounts were configured in such a manner that only transactions that met predefined system validation criteria are credited directly into respective tax/non-tax collection account. After considering various payment channels that are used by contracted banks including online platforms and agents, existence of transactions that failed to pass validation stage was inevitable.

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

40. WHARFAGE, CUSTOMS PROCESSING FEES (DRY CARGO) AND MISCELLANEOUS MOVEMENT (Continued)

Thus, a means of handling transactions that failed to pass validation stage at BOT level was devised. Among others, it involved maintenance of a designated bank account (Commissioner General - Miscellaneous) at BOT to receive all payments that failed at validation stage for subsequent analysis and transfer to respective Commissioner Account or refund to taxpayer as the case may be. Majority of the transactions that were credited to the account during the period under review emanated from:

- (a) Duplicated payments;
- (b) Discrepancy in amount between actual payment and the one in respective control number;
- (c) Payments made without control numbers; and
- (d) Transfers that are made by contracted commercial banks with improper mapping particulars.

41. RESTATEMENT OF OPENING BALANCE

Restatement of Opening balance emanated from correction of error as narrated hereunder: -

a) Financial Year 2020/2021

Correction of Reported Receivables for 2020/21

In the financial year 2022/23, the Authority continued with data clean up exercise. During the assignment, it was found that the reported receivables for year 2020/21 included some of the debts that were not qualifying to be part of the receivables (duplicates, recovered receivables etc.). In view of that, adjustments have been made for year 2020/21 as shown hereunder:

Amount in TZS

SN	Account Description	Original amount 30th June 2021	Restated amount 30th June 2021	Difference Increase/Decrease)	Reason for Restatement
a.	Tax Revenue Receivables	7,522,291,986,267	6,860,928,854,784	(661,363,131,483)	Removal of receivable not qualifying to be part of the receivables (duplicates, recovered receivables etc) erroneously reported as part of receivables.
b.	Public Fund	6,708,252,183,770	6,046,889,052,288	(661,363,131,483) (a)	Removal of overstated surplus emanated from erroneously capturing of revenue resulted from wrongly captured receivables adjusted in part

b) Financial Year 2021/22

Tax Revenue Receivables

Correction of error described in Para 41.1(a) has resulted into the following changes in the Tax Receivables and Public funds reported figures for year 2021/22.

Amount in TZS

	Tax Revenue Receivables before consideration of impairment	Public Funds
Original amount reported on 30th June 2022	7,053,987,122,932	6,248,904,129,769
Decrease of Opening balance resulted from correction of error narrated in note 41(a)	<u>(661,363,131,483)</u>	<u>(661,363,131,483)</u>
Restated amount-30th June 2022	6,392,623,991,449	5,587,540,998,286

TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

42. COLLECTIONS ON BEHALF OF OTHER INSTITUTIONS FOR FINANCIAL YEAR 2022/23

SN	Type of Fee/Levy/Charges	Beneficiary	Department	Opening Balance	Cumulative Collections July 2022 - June 2023	Collections Transferred Directly by TRA to respective institutions BOT Accounts Maintained by Treasury	Collections Transferred Directly by TRA to respective institutions (Wharfage collection)	Balance Transferred to BOT Paymaster General Account (PMG) No. 9921133301	Amount in TZS	
									A	B
1	Skills and Development Levy	VEITA - 1/3	DRD/LTD		124,773,683,418.36	-		124,773,683,418.36		
2	Skills and Development Levy	HESLB-2/3	DRD/LTD		249,547,366,836.72	-		249,547,366,836.72		
		Total Skills and Development Levy			374,321,050,255.08			374,321,050,255.08		
3	Bed Night Levy	Ministry of N Res. and Tourism	DRD/LTD		7,940,601,882.24	-		7,940,601,882.24		
4	Fuel Levy	Road Fund Board	CED	38,179,624,718.01	967,320,571,050.21	995,136,591,893.10		363,603,875.11		
		TARUFA	CED	14,516,967,573.39	364,000,217,129.36	378,517,187,702.75		138,252,424.00		
5	Transit Charges	Road Fund Board	CED		61,774,233,296.78	-		61,774,233,296.78		
		Total to Road Fund Board		52,696,592,291.40	1,383,095,021,476.34	1,373,515,524,174.85		62,276,089,995.89		
6	Petroleum Levy	REA	CED	3,839,715,187.88	375,843,940,196.83	379,683,480,384.71		175,000.00		
7	Energy Levy	REA	CED	12,438,916.01	784,370,450.00	796,809,366.01		-		
		Total to Rural Energy Agency (REA)		3,852,154,103.89	376,628,310,646.83	380,480,289,750.72		175,000.00		
8	Water Supply and Sanitation	Ministry of Water and Irrigation	CED	3,182,998,870.15	179,257,197,366.37	182,440,196,236.52		-		
9	Railways Development Levy	Ministry of Works, Transport & Communication	CED	4,448,204,934.13	437,610,110,481.50	142,878,731,642.82		299,179,583,772.81		
10	CPF Dry	TRA	CED		115,681,692,984.21	114,299,234,661.85		-		1,382,458,302.36
11	Fire Inspection Fees	Fire and Rescue Force	DRD		2,300,000.00	-		2,300,000.00		
12	Excise Duty on Telecom.	TEA (2.5%)	DRD		67,396,817,855.15	-		67,396,817,855.15		
13	Airport Departure Charges	Tanzania Airport Authority	DRD/LTD		65,412,178,331.74	-		65,412,178,331.74		
14	Port Departure Charge	Tanzania Port Authority	DRD/LTD		4,187,494,869.64	-		4,187,494,869.64		
15	Wharfage Fees	Tanzania Port Authority	CED	19,365,165,120.25	593,526,444,496.00	-	612,826,994,326.25	64,615,292.00		
16	Property Rate	Local Government Authority	DRD		37,004,266,961.30	-		37,004,266,961.30		
17	Cashewnut	Tanzania Cashewnut Board	CED		63,097,167,211.00	-		63,097,167,211.00		
18	Hides & Skins	Ministry of N Res. and Tourism	CED		6,350,398,774.00	-		6,350,398,774.00		
19	Receipt from sign Board Fees	Local Government Authority	DRD		219,481,421.49	-		219,481,421.49		
20	Advertising Fees	Local Government Authority	DRD/LTD		19,159,047,285.31	-		19,159,047,285.31		
21	Roads Reserve User Charge	Local Government Authority	DRD/LTD		160,880,545.65	-		160,880,545.65		
22	Sports Betting Tax	Ministry of Culture, Arts and Sports	DRD/LTD		5,076,534,327.04	-		5,076,534,327.04		
		Total		83,545,115,919.82	3,736,126,997,172.89	2,193,613,976,483.76	612,826,994,326.25	1,011,846,683,360.34		1,392,458,302.36

Controller and Auditor General

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TANZANIA REVENUE AUTHORITY
NOTES TO THE REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023 (Continued)

42. COLLECTIONS ON BEHALF OF OTHER INSTITUTIONS FOR FINANCIAL YEAR 2022/23
(Continued)

42.1 Wharfage Collected and Transferred Direct to TPA

- (a) Total Wharfage fees collected in year 2022/23 (TZS 593,526,444,498) comprises of amount collected through normal TRA collection accounts and transferred to PMG account along with other taxes that are collected by TRA (TZS 64,615,292) and those collected through special designated account (TZS 593,461,829,206) indicated in Note 40; and
- (b) Out of the amount reported as collections transferred by TRA to TPA (TZS 612,826,994,326), only TZS 347,361,258,151 was transferred directly to TPA Account maintained by Treasury at the Bank of Tanzania. The remaining portion (TZS 265,465,736,175) was used to liquidate TPA tax liabilities.

43 Gain on Foreign Currency Translation

At the closure of year 2021/22, balance remained in USD account (USD 16,247) was translated into reporting currency (TZS) using BOT closing buying rate of 1\$=TZS 2,292.7327. However, actual transfer of the remained balance was done by BOT to TZS account in year 2022/23 using exchange rate of 1\$= 2,292.9802. Thus, resulting into a gain of TZS 4,021 (2022: Gain TZS 3,869).