



OECD COUNTRY PRESENTATION- ZIMBABWE

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Presentation Outline

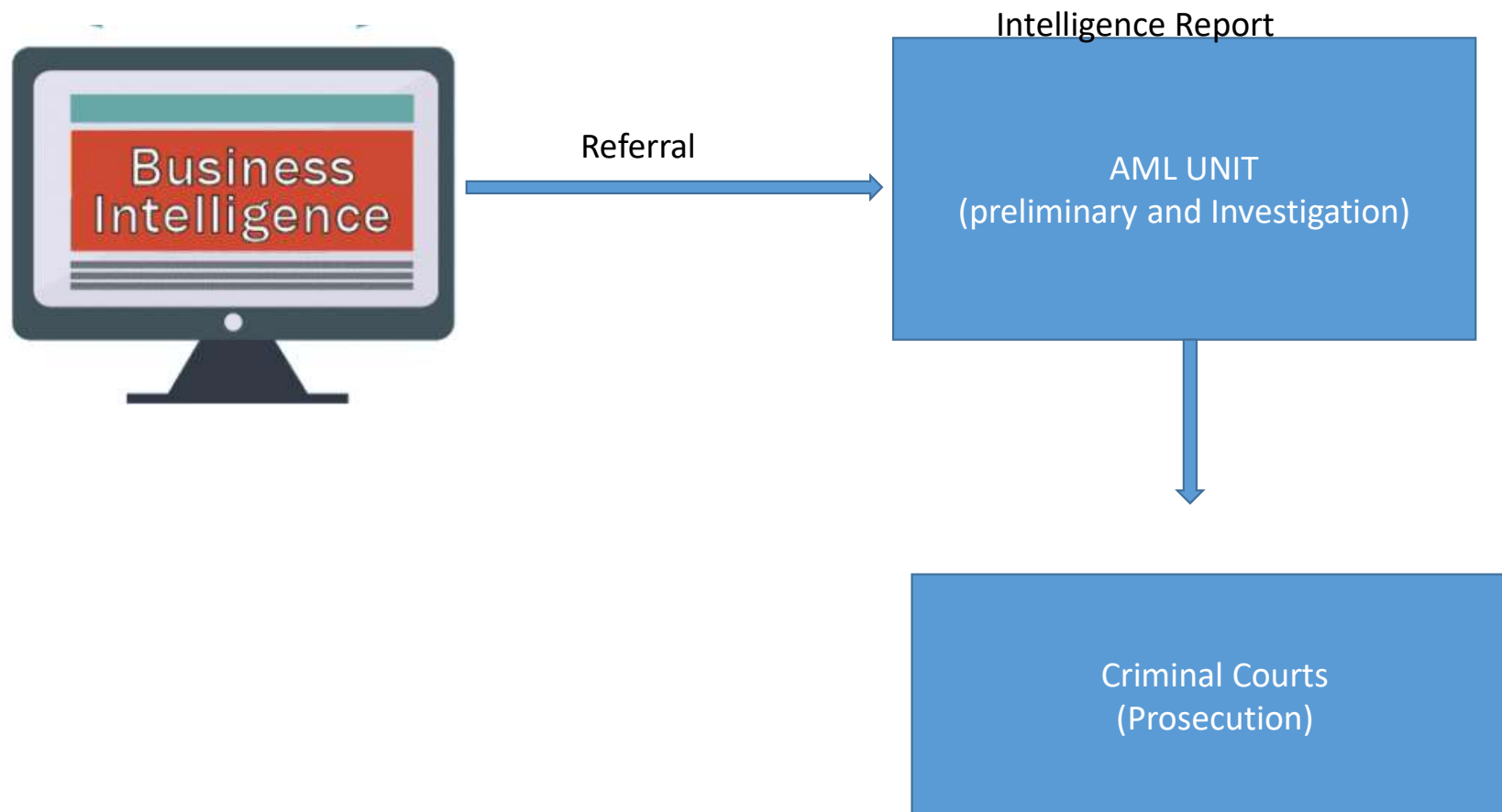


Background



- ZIMRA loses million of dollars in taxes through corruption every year.
- According to US-based Global Financial Integrity (GFI) 2021 report; Zimbabwe has lost US\$1 billion in the last 10 years through trade under-invoicing, which is just one form of tax fraud among many.
- Taxpayers are required to meet their tax obligations as prescribed by Law.
- Where they fail to do so, ZIMRA has the powers to address that failure using
 - a range of compliance improvement measures including prosecution.
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 - Apart from penalty for various defaults, the Income-tax Act also contains provisions for launching prosecution proceedings against the taxpayers for various offences.
 - The Revenue Assurance Investigation Division carries out criminal investigations regarding alleged violations of the tax and customs laws.

Case



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Josephine Chiwa, 2023-02-21

Case outline



- A case was referred by the Business intelligence Unit.
- It was alleged that the Company X was selling their goods in foreign currency and that they were evading tax

Cont....

Preliminary work

- The observations were that the shop opened early hours and despite having so many clients , they were not allowed to stand in long queues.
- The company sold blankets and bedding accessories.
- In the shop there was a counter where a Chinese lady operated from.
- The name of the shop was not written anywhere.
- No computer was seen to record the transactions.



Investigation Process



During the investigation we requested

- Company documents
- Sales Invoices and summary schedules
- Bills of entry
- Financial Statements
- The Company's Bank statements.
- And other relevant documents

Findings

The company did not record all the income on their tax returns.



The client used a cash system and did not bank the money

The client did not have a forex account

The client did not keep proper accounting records

The client did not have fiscalised invoiced

Offense

- **The Client was referred for prosecution for violating section 819(c)of the Income tax Act :**

Any person who—

(1) Any person who—

(a)

(b); or

(c) not being a person whose gross income consists solely of salary, wages or similar compensation for personal service, willfully fails to keep or cause to be kept in the English language, proper books and accounts

of all his transactions or, unless otherwise authorized by a competent court or by the Commissioner,

willfully fails to retain for a period of six years from the date of the last entry therein all ledgers, cash-books, journals paid cheques, bank statements and deposit slips, stock sheets, invoices and other

books of account relating to any trade carried on by him and recording the details from which his returns

for the purposes of this Act were prepared;

Challenges



- Informal market



- Penalties not too high



- Cash transactions



Tax
consultants



Conclusion

- After establishing that the Company X was evading tax, correct tax was charged and penalties were levied.
- Client was prosecuted
- The Income tax act also allows for attachment of property.



THE END

Thank You