



# Managing ZIMRA Audits and Investigations ICAZ: Tax Update Seminar



**EY**

Building a better  
working world

# ZIMRA's Mandate

---

## Functions and powers of Authority per section 4 of the Revenue Authority's Act

shall be—

- ▶ (a) to act as an agent of the State in assessing, collecting and enforcing the payment of all revenues; and
- ▶ (b) to advise the Minister on matters relating to the raising and collection of revenues; and
- ▶ (c) to perform any other function that may be conferred or imposed on the Authority in terms of this Act or any other enactment.
- ▶ Therefore Zimra has a mandate to collect revenue on behalf of government within the confines of the law (the Income Tax Act; VAT Act; CGT Act etc).
- ▶ Zimra has got a right to collect – notwithstanding any disputes only in terms of the law.

# ZIMRA's Mandate (continued)

---

- ▶ As part of enforcement, ZIMRA is empowered to conduct Audits and Investigations through various Acts such as -
  - ▶ Income Tax Act Chapter 23:06 (section 44)
  - ▶ VAT Act Chapter 23:12 (Compliance sections 57 to 66)
  - ▶ Customs and Excise Act Chapter 23:02 (various sections)
  - ▶ Revenue Authority Act (section 34F)

# Tax Function

---

- ▶ Determination of tax
- ▶ Completion of returns
- ▶ Remittance of tax on prescribed dates.
- ▶ Proper record keeping.
- ▶ Accessibility of records
- ▶ Liaison with ZIMRA

# Dealing with ZIMRA

---

- ▶ Maintaining professional conduct-impacts on penalty determination.
- ▶ Public officer or designated persons to deal with ZIMRA
- ▶ Be prepared and do not panic
- ▶ Cooperate with Zimra officials (know that Zimra can make mistakes)

# Dealing with ZIMRA (continued)

---

- ▶ Burden of proof rests with taxpayer in all instances (guilty till proved innocent)
- ▶ Avoid contradicting oneself
- ▶ Be assertive when answering questions
- ▶ Provide Zimra officials with all the requested information timeously.

# Dealing with ZIMRA (continued)

---

- ▶ Seek professional guidance
- ▶ Voluntarily disclose and explain any anomalies.

# ZIMRA access to information

---

- ▶ Access powers in terms of Section 9 of the Customs and Excise Act, Section 44 of Income Tax Act and section 34F of the Revenue Authority Act.
- ▶ The Acts allow Zimra to access client premises with or without appointment depending on circumstances but during working hours.



# ZIMRA access to information (continued)

---

## ▶ Revenue Authority Act section 34F (8) provide for access powers

- ▶ Access any time of the day with search warrant signed by magistrate. Any time include during the night. This covers even residential properties where they should be accompanied by Police.
- ▶ With reasonable grounds for enforcement of the Act, an officer may enter business premises during reasonable time of the day and require a person to produce books ,records, schedules, working papers etc
- ▶ The officer can search and or seize valuables, money, plans, books, records etc
- ▶ In terms of section 9 (5) of Customs Act if access is denied the officer can break the door, window, wall to gain entry for purposes of entry and search.

# ZIMRA access to information (continued)

---

- ▶ Independent 3<sup>rd</sup> parties,
- ▶ Government Institutions,
- ▶ Local Authorities,
- ▶ Suppliers
- ▶ Banks,
- ▶ Deeds offices etc,
- ▶ Aggrieved ex employees.

# ZIMRA access to information (continued)

---

- ▶ Ex spouses,
- ▶ Former friends
- ▶ National Economic Conduct Inspectorate (NECI)
- ▶ Central Bank.
- ▶ **Whistle blower facility**

# Objections

---

- ▶ **Any taxpayer aggrieved by the decision of the Commissioner may object or appeal against an assessment, decision or determination.**
  - ▶ Lodge within 30 days
  - ▶ In writing
  - ▶ Clearly state grounds of objection
  - ▶ Objection considered disallowed if Commissioner fails to make decision within 3 months. Taxpayer can then take the case to Court.
  - ▶ Objection disallowed then can appeal to Court (21 days notification of appeal; 60 days appellant case).

# Advance Tax Rulings

---

- ▶ “Advance tax ruling” means a written statement in the form of a binding general ruling, binding private ruling and binding class ruling issued by the Commissioner-General regarding the interpretation or application of the relevant Act;
- ▶ Application made on a prescribed form and is to include
  - a) Proposed ruling being sought
  - b) Citation of relevant statutory provisions
  - c) Reasons supporting the proposed ruling
  - d) Commitment by applicant that the application is not in response to an investigation, audit or examination
  - e) Proposed binding ATR must indicate confidential areas that must be removed when published

# Advance Tax Rulings

---

## ▶ **Binding general ruling**

1. Issued by the Commissioner General
2. Issued in advance
3. Peculiar to a specific transaction

## ▶ **Binding private ruling**

1. Issued in response to a specific application
2. Issued in advance i.e. before transaction takes place

## ▶ **Binding class ruling**

1. Issued in response to an application
2. Applies to a class of persons/taxpayers on how the law applies to their situation
3. May be ideal to a lot of business scenarios

# Caveat

---

This document was compiled by Ernst & Young Zimbabwe (EY) as a source of general information and notification and should not be construed as a formal professional / legal opinion. Although reasonable skill and care is taken when providing information, EY offer no warranties or representations as to the information's accuracy. The document is not intended to replace the need for an expert/ legal opinion and companies or individuals wishing to act on the basis of the above material provided should first seek professional / expert/ legal opinion on interpretation, application and consequences of the relevant legal, technical or regulatory provisions. EY does not accept responsibility for any loss or damage you or any third party may suffer as a result of utilising the information provided.

The views expressed by an outside presenter are entirely their own, and should not be construed as necessarily being the views of EY.