

ZANZIBAR REVENUE BOARD

THE FOURTH CORPORATE PLAN

2020/21 – 2024/25

JULY, 2020

VISION, MISSION AND VALUES

VISION:

To be a Centre of Tax Administration Excellence By 2025.

MISSION

To Promote Voluntary Compliance, Build Public Confidence and Providing Quality Customer Services through Fair Administration of Relevant Tax Laws by using Modern and Innovative Technology, with the Highest Degree of Integrity that Will Optimize Revenue Collection

VALUES:



The Zanzibar Revenue Board (ZRB) organisation structure as shown on the below organogram is led by Board of Directors whose main responsibility is to oversee operational performance and strategic management of the ZRB. The Commissioner is the Chief Executive assisted by Deputy Commissioner. ZRB has seven departments and six units, and an office in Pemba.

Figure 1: ZRB Organizational Structure

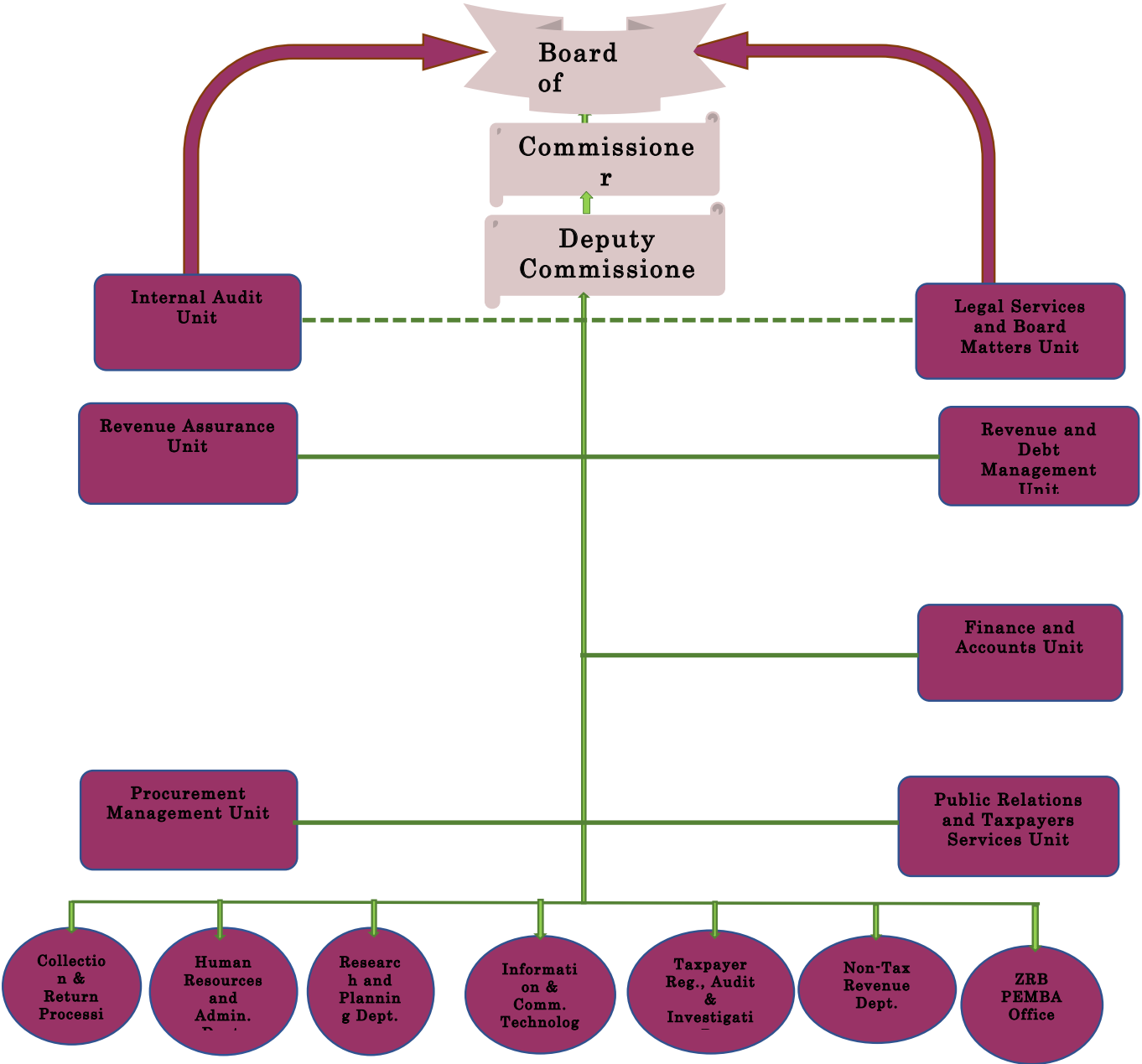


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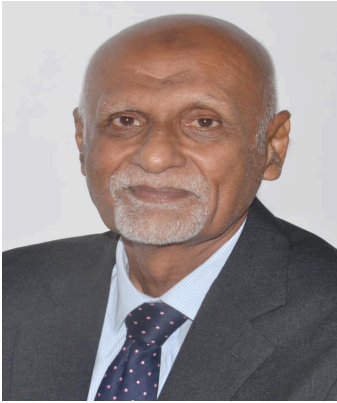
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FOREWORD BY THE BOARD CHAIRMAN



The launch of the 4th Corporate Plan (CP4) marks a fresh milestone for ZRB, whose Board of Directors bears an overarching responsibility of its performance and strategic management.

ZRB CP4 2020/21 – 2024/25 comes at a time that Zanzibar launches her new development agenda, the Zanzibar Vision 2050. Undoubtedly ZRB will have even more great responsibility towards realisation of its objectives through mobilization of the requisite domestic resources for implementations of its medium term and annual plans. I am fully confident that the strategic directions of CP4, reform priorities and actions within this Corporate Plan will propel ZRB into achieving her mandate and excel in tax administration service provision in Zanzibar.

The CP4 is also launched at a time that the globe continues to make optimal achievements on the technology front, which, with the right investment and governance could see ZRB leapfrog in recording high effectiveness on the most efficient manner. Certainly, there are no major changes expected on ZRB's mandate funding the CP4 implementation period. However, the rising demands for a modern and professional tax administration as well as for efficiency in mobilization of domestic resources while supporting economic transformation create a challenging but exciting time ahead.

These calls for proper alignment of thinking, desire and energy across ZRB, the board, management and individual members of staff. Our commitment to our stakeholders, more revenue to the government, courteous but firm services to the taxpayers and facilitating attitude to business and investment. We only ask for proactive fully and timely compliance.

I therefore feel privileged with an honour leading ZRB at this demanding but promising time. A major strength of this strategy is its flexibility with a room for adjustments during review to discard routine practices and embrace dynamism.

We shall count on our most skills, valuable assets, the staff supported by right technology, efficiently coordinated by the management and effectively overseen by the board to realise the CP4 aspirations.

A handwritten signature in blue ink, appearing to read 'S. Osman'.

Saleh Sadiq Osman
Board Chairman

MESSAGE BY THE COMMISSIONER



The 4th Corporate Plan (CP4) whose theme is ‘Strengthening Tax Administration through Modernization’, will be implemented between 2020/21 - 2024/25. CP4 has been developed in line with Government aspirations to enhance domestic revenue mobilisation. In this regard, the Plan is viewed as an important tool for achieving Vision 2050 objectives and Zanzibar’s development strategy (MKUZA III). CP 4 builds on the achievements made during implementation of CP3 with a greater focus on modernisation of systems and processes to enable ZRB attain its vision to be “a Centre of Tax Administration Excellence”.

During the implementation of CP3, revenue collection was impressive, with revenue growth increasing from 9.2% (TZS 193.3 billion) in 2014/15 to 38.1% (TZS 410.3 billion) in 2017/18. The fourth Corporate Plan (CP4) will continue to mobilise greater revenue by relying more on Information and Communication Technology (ICT) to support transformation of organisational processes, promote operational efficiency and improve service delivery. In this regard, CP4 aims to achieve the following strategic outcomes:

- 1) Optimise revenue through improved systems and processes;
- 2) Innovate in Digitalization and Technology Harness;
- 3) Modernise business processes through ICT and e-services;
- 4) Improve compliance through building taxpaying culture and reduced compliance costs;
- 5) Improve quality of services through taxpayer education;
- 6) Optimise stakeholder relations through increased stakeholder participation in revenue mobilisation; and
- 7) Improve staff performance to enhance staff productivity, increase integrity, and resolve the issue of inadequate staffing.

To achieve the outcomes above will require resolute commitment by management and all staff. I am confident that ZRB will be exemplary in public service delivery and as a Government institution firmly focused on delivering on its Mandate, Vision and Mission.



Joseph A. Meza
Commissioner

LIST OF ABBREVIATIONS

BPRA	-	Business and Properties Registration Agency
CP3	-	Third Corporate Plan
CP4	-	Fourth Corporate Plan
EAC	-	East African Community
EARAs-TC	-	EAC Revenue Authorities Technical Committee
GDP	-	Gross Domestic Product
ICT	-	Information and Communication Technology
M&E	-	Monitoring and Evaluation
MDAs	-	Ministry, Department and Agency
MoFP	-	Ministry of Finance and Planning
MKUZA	-	Mkakati wa Kukuza Uchumi na Kupunguza Umasikini Zanzibar
PESTEL	-	Political, Economic, Social, Technological, Environmental, Legal factors
R&D	-	Research and Development
RGoZ	-	Revolutionary Government of Zanzibar
SWOT	-	Strength, Weaknesses, Opportunities and Threats
TRA	-	Tanzania Revenue Authority
ZATI	-	Zanzibar Association of Tourist Investors
ZATO	-	Zanzibar Association of Tourist Operators
ZIPA	-	Zanzibar Investment Promotion Authority
ZRB	-	Zanzibar Revenue Board.

EXECUTIVE SUMMARY

The focus of Corporate Plan 2020/21 -2024/25 (CP4) is “***Strengthening Tax Administration Through Modernization***”. This is critical to enable ZRB attain its vision to become “A Centre of Tax Administration Excellence”. Modernisation of systems and processes through Innovation in Information and Communication Technology (ICT) will support transformation of organisational processes, promote operational efficiency and improve service delivery. In this regard, CP4 will build and fast-track implementation of the achievements made in previous corporate plans as well as implements the ICT strategic plan unveiled in 2019; bearing in mind the following overarching strategic objectives:

- **Optimise Revenue Collection** where the focus will be on: (i) *Increase Revenue Collection*, (ii) *Improve Resource Allocation and Re-allocation*, (iii) *Expand the Tax Base* (iv) *Strengthen Revenue Reporting and Reconciliation*, (v) *Management of Objections and Disputes Resolution* (vi) *Monitoring of Revenue Collections Risks*, (vii) *Update and Improve the legal framework*, (viii) *Develop and Monitor Strategic Planning* and (ix) *Develop, Implement and Monitor Statistics Strategic Plan* .
- **Improve Quality of Services and Compliance.** Key areas of focus will be to: (i) *Provide and Promote proper and fair assessment and collection of taxes* (ii) *Undertake and enhance education interventions to foster Voluntary compliance* and (iii) *Undertake awareness interventions to foster taxpayers’ obligations*. To implement the above Strategic Directions focus will be on fast tracking implementation of the Customer Service Charter, respond timely to taxpayer complaints and request for information, strengthen public relations, carry-out tax-related training, seminars and workshops, establishment of regional Offices and Participate in Regional and World Forums.
- **Innovate in Digitalization and Technology Harness** areas of focus will be to: (i) *Modernise Business Process* (ii) *Enhance Use of ICT and e-services*, (iii) *Introduce and Implement Online Registration Systems* (iv) *Introduce Online Filling Systems* (v) *Facilitate the Use of Electronic Payment System* (vi) *Improve and Strengthen Oversight of ZRB* (vii) *Improve ZRB ICT infrastructure*, and (viii) *Improve ZRB Information Security and Assurance*. ZRB will foster its operational efficiency through ICT-based service delivery using effective programme management of ICT projects and simplified procedures as well as consistency in audits and examination as well as improve staff IT capabilities and competencies.
- **Improve Staff Performance.** Staff are extremely important in achieving ZRB mandate because these interact with the business processes in order to deliver quality service that is desirable by Government and the esteemed taxpayers. Key focus areas will be to: (i) *Improve Staff Productivity*, (ii) *Improve (Enhance) Staff Integrity*, (iii) *Improve Institutional Capacity*, (vi) *Improve Staff Allocation*, (vii) *Improve Staff Remunerations*, and (viii) *Improve Working Environment*. To achieve the above initiatives ZRB will hire additional staff to fill manpower shortages in both at the Headquarters in Unguja as well as ZRB Pemba office, implement comprehensive staff training programme to upgrade skills, and provide better customer service and acquire relevant IT competencies.

Implementation of preceding actions is expected to increase ZRB revenue from TZS 439.3 billion in 2018/19 to TZS 829.2 billion in 2024/25 or progressive increase of tax revenue to GDP ratio from 11.2% to 17.00% at the closure of the 4th Corporate Plan. This good performance will help raise Zanzibar total revenue to GDP ratio from 24.8% to 26.4% during the 5-year period, putting Zanzibar among the highest revenue collection performers in Sub-Saharan Africa.

Implementation of CP4 will require about TZS 60.24 billion for 2020/2021-2024/25 period. This resource envelope will be mainly financed by the Government (75.1%) and other ZRB sources, including rental property (5.32%). The two sources leave a resource gap of TZS 35.68 billion or 19.55% of the required financing which ZRB will seek additional financing from Development Partners, especially those who have been supporting Zanzibar (and ZRB in particular), mainly Norway (The Royal Norwegian Embassy), The World Bank, UK (DfID), Sweden, AfDB, IMF-East AFRITAC and Denmark etc.

Furthermore, implementation of the corporate plan will be monitored on a continuous basis to gauge progress towards achieving objectives and targets. CP4 has four objectives: optimise revenue, improve quality of services and compliance, innovate in digitalization and technology harness and improve staff performance. These will be tracked using 13 indicator measures that will be monitored quarterly and annually over the 5-year plan period.

ZRB Board of Directors, management and staff's high commitment to implement the priority strategic objectives laid down in this corporate plan is expected to transform ZRB into a model of best practices in tax administration excellence that will meet the expectations of the Government and all stakeholders on a continuous and sustainable basis.

1.0 INTRODUCTION

1.1 Background

The Zanzibar Revenue Board (ZRB) was established under the ZRB Act No. 7 of 1996 as the prime agency of the Revolutionary Government of Zanzibar (RGoZ) for collection and administration of all taxes from Inland Revenue sources other than customs duties, excise duties for locally produced goods and income taxes that are administered by the Tanzania Revenue Authority (TRA) office in Zanzibar. ZRB became operational in July 1998. Since the existence the ZRB has been conducting its business guided by Five-year Corporate Plans, which has enabled the Board to achieve notable performance in mobilisation of the Government revenues.

1.2 ZRB Mandate

ZRB draws its mandate from Act no 7 of 1996 which assigns main functions of ZRB as follows:

- i. To administer and give effect to the laws and regulations concerning revenue collection in Zanzibar as set out in the ZRB establishment Act and for this purpose, to assess, collect and account for all revenues to which those laws apply;
- ii. To monitor, oversee, and coordinate the revenue collection work to ensure the fair, efficient and effective administration of revenue laws by concerned departments of the Government;
- iii. To advice the Minister and other relevant organs of the Government on matters pertaining to fiscal policy and tax administration;
- iv. To take necessary measures to improve the effectiveness of tax administration in Zanzibar including proper training of tax officials at different levels;
- v. To take effective steps to counteract fiscal frauds and various devices of tax evasion and leakage of revenue; and
- vi. To promote voluntary tax compliance and maximise revenue collection by widening the tax base.

Thus, in discharging her duties and responsibilities, ZRB is guided by its establishment law, National Strategic Plans i.e Zanzibar's Vision 2020, Zanzibar Strategy for Growth and Reduction of Poverty (MKUZA III); Zanzibar National Policies and other tax-related reforms.

2.0 THE THIRD ZRB'S CORPORATE PLAN (CP3) – AN UNFINISHED AGENDA

2.1 Introduction

CP3 was developed taking into consideration achievements and challenges observed during implementation of CP 1 (2004/05 -2009/2010) and CP2 (2010/11-2013/14). Overall, CP1 focused on improving revenue collections with the following four major reform initiatives: (i) Institutional and capacity building; (ii) Improvement of working environment; (iii) Revision of Tax laws; and (iv) Provision of quality service delivery to taxpayers. This Plan laid foundations for subsequent reforms undertaken during CP2. In particular, revision of tax laws enabled ZRB to begin collecting higher revenue during CP2, while beginning to address weaknesses associated with weak compliance by taxpayers observed during implementation of CP1. In brief, CP2 focused on: (i) Maximization of revenue collection; (ii) Reduction of compliance cost to ZRB and the taxpayers; (iii) Automation and integration of ZRB business operations; (iv) Provision of quality and efficient services to taxpayers; (v) Enhancement of ZRB audit capacity; and (vi) Improvement of working environment, staff skills, competence and motivation.

The achievements of CP1 and CP2, included: restructuring of ZRB into functional corporate lines to provide more effective business administration structure; reviewing scheme of service and staff regulations to make them more effective; construction of the new ZRB Head Office situated at Mazizini; installation of equipment in all offices; introduction of new more remuneration staff salary structure to improve staff motivation and performance; and minimizing customer compliance costs while enhancing customer service. These achievements provided good background for implementation of CP3.

CP3 was implemented over the period 2014/15 to 2018/19. The plan incorporated lessons learned during the first and second corporate plan, and identified the following four strategic objectives:

- 1) Optimize revenue collection,
- 2) Re- engineer Business Processes and Modernize Technology,
- 3) Provide Quality Service to Taxpayers and Promote Voluntary Compliance, and
- 4) Improve Working Environment, Staff Remuneration, Skills and Competence.

This part makes a review of the CP3 by highlighted the aspirations (goals and Objectives), Results (success and failure and the unimplemented initiatives which are spill over to CP4

The ZRB CP3 (2014/15 to 2018/19) had a total of 25 Strategic Directions where only one Strategic Direction (Develop Quality Management System-QMS) was not completely implemented this makes the implementation rate to be 96% of the planned activities in the five-year period. The CP3 Modernization Plan was implemented by 89.2% where out of 102 Main Initiatives, 91 initiatives were implemented from 2014/15 to 2018/19.

An Informal Sector survey which was conducted by ZRB in 2017 which involved taxpayers from various business sectors, the respondents expressed satisfaction with ZRB's performance in the areas of meeting the targets, implementation of tax reforms, taxpayer education but some improvement is needed in ethical behaviour and customer responsiveness.

The main highlights and achievements of CP3 are summarised below as follows.

2.2 Optimisation of Revenue

During the Third corporate plan period (2014/15-2018/19), revenue collections surpassed the target in the first four years. The estimates for 2018/19 were TZS 485 billion against actual collections of TZS 439.3 billion, hence a shortfall of 9.4% (Figure 1). Actual revenue growth has also been impressive, rising from 9.2% in 2014/15 to 38.1% in 2017/18, before growing more slowly at 7% in 2018/19, implying partly reaching the level at which existing tax bases cannot be taxed further without jeopardizing voluntary compliance.

During implementation of the 3rd corporate plan, revenue performance by tax category has also been good. Most tax categories performed well, with local VAT, ministries' collections, petroleum levy and airport service charge taking lead with yearly contribution of TZS 105.8 billion (33.6%), TZS 46.5 billion (14.8%) and TZS 38.6 billion (12.2%, and TZS 29.4 billion (9.3%), respectively (Figure 2).

Figure 2: ZRB Revenue Performance over the Period 2014-2019 (TZS, Bn)

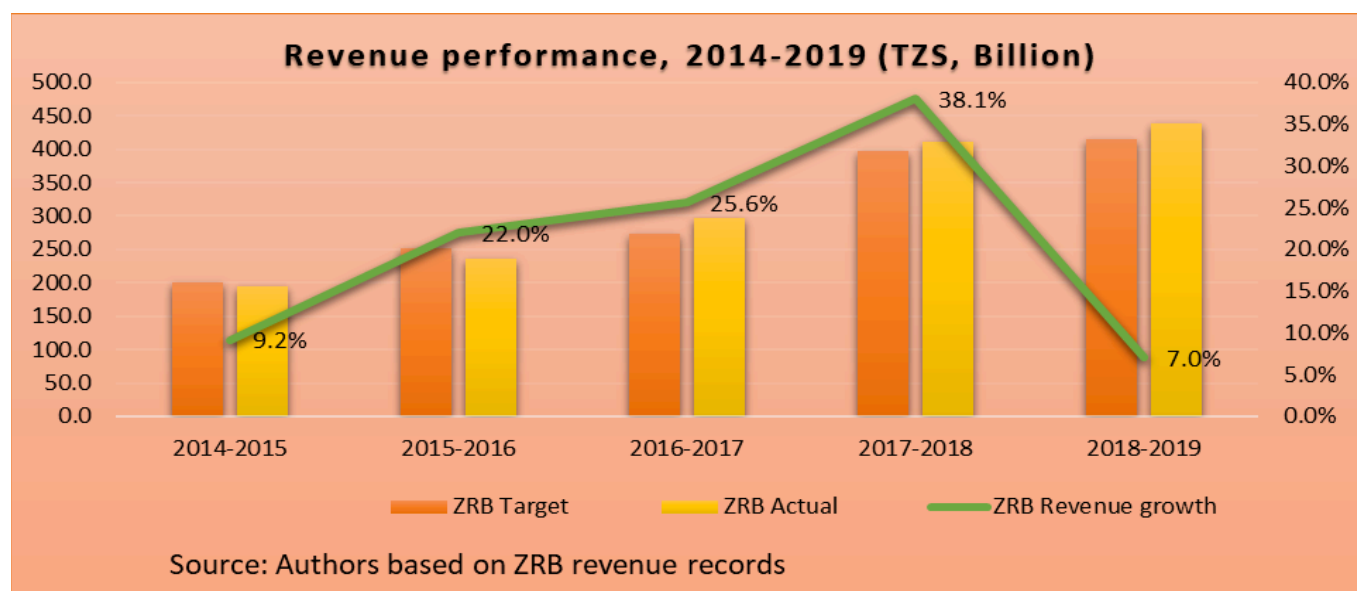


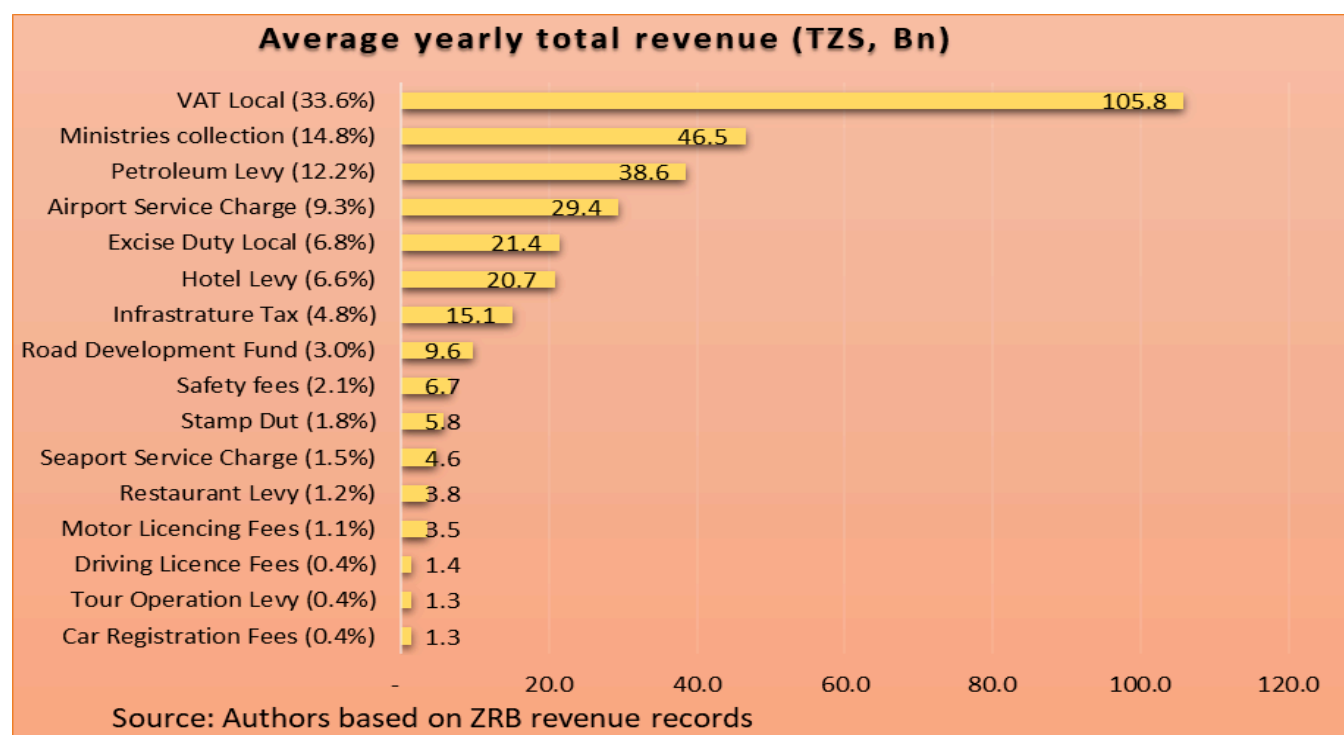
Table 1: Actual revenue performance by tax category in the past 5 years

Figure 3: Actual average yearly revenue performance by tax category over the past 5 years

	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	Total	As % of total
VAT Local	68.2	72.5	101.4	141.1	145.9	529.2	33.6%
Ministries collection	20.2	28.1	43.8	62.7	77.8	232.7	14.8%
Petroleum Levy	29.9	34.1	37.2	46.6	44.9	192.8	12.2%
Airport Service Charge	16.8	23.0	30.3	36.6	40.2	146.8	9.3%
Excise Duty Local	21.6	19.7	10.8	26.5	28.4	107.0	6.8%
Hotel Levy	11.4	13.7	20.8	26.9	30.8	103.6	6.6%
Infrastructure Tax	-	14.2	17.3	22.2	21.5	75.3	4.8%
Road Development Fund	7.4	8.6	9.1	11.8	11.1	47.9	3.0%
Safety fees	3.6	5.3	6.9	8.3	9.2	33.4	2.1%
Stamp Duty	3.1	3.9	4.4	7.8	9.5	28.8	1.8%
Seaport Service Charge	2.7	4.5	4.8	5.8	5.5	23.2	1.5%
Restaurant Levy	2.7	3.1	3.6	4.5	4.9	18.8	1.2%
Motor Licencing Fees	2.6	3.1	3.2	4.4	4.5	17.7	1.1%
Driving Licence Fees	1.2	1.0	1.5	1.5	1.6	6.9	0.4%
Tour Operation Levy	0.8	1.0	1.4	1.7	1.7	6.6	0.4%
Car Registration Fees	1.1	1.0	0.9	1.9	1.7	6.6	0.4%
Total	193.3	236.9	297.3	410.4	439.3	1,577.1	100.0 %

With regards to total Zanzibar revenue collection, it is worth noting that ZRB was established under the ZRB Act No. 7 of 1996 as the prime agency of the Government of Zanzibar for collection and administration of all taxes from Inland Revenue sources other than customs, excise duties for locally produced goods and income taxes that are administered by the Tanzania Revenue Authority (TRA). Thus, during the 3rd corporate plan, ZRB performance surpassed its target towards contributing its share to total revenue. The share of actual revenue contribution of ZRB to total Zanzibar revenue outturn increased from 53.5% of the total TZS 362.8 billion in 2014/15 to 60% of the TZS 685.5 billion realized in 2017/18 (Figure 4); largely due to improved revenue collection as a result of sustained pace of economic growth especially the favourable growth of the tourist industry.

Figure 4: Actual ZRB contribution to total Zanzibar revenue collections, 2014-2018 (TZS, Bn)



2.3 Improvement of Business Processes and Modernisation

Availability of modern technology in Zanzibar including fibre optic national backbone network and E-government project can connect ZRB with Government Ministries, Institutions and other stakeholders to exchange information that will increase revenue collection and improve compliance. The 3rd Corporate Plan envisaged the modernization of the ZRB by fostering automation of the institution, organized along functional lines, responsive to the needs of customers, efficient and effective and thus able to achieve increased compliance and revenue mobilization targets at minimum cost.

ZRB network infrastructure includes a wide area network with two locations, namely: at the headquarters in Unguja and ZRB Pemba office. The head office is connected via VSAT with the Pemba regional office. The link between the two sites is supported by Zantel. The internal network is connected with IPCop Firewall.

2.3.1 Progress of Modernization During the 3rd Corporate Plan

Building on CP3 modernisation efforts, ZRB currently have the following ICT systems in operation:

- 1) Zanzibar Integrated Tax Management System (ZITAS) is in place and operational. This is the system used by ZRB for revenue management functions. The primary function of ZITAS is to provide the registration, filing, billing, payment and collection of taxes and revenue from various sources. ZITAS is a network-based web application that runs on Ubuntu Linux OS supported by Oracle 10g database. The challenge facing the use of ZITAS is that ZRB has only one ICT staff well knowledgeable about ZITAS and some modules are not in

operations. During the 4th corporate plan, ZRB will need to hire adequate dedicated ICT staff to fill the ICT gap observed during the review.

- 2) ZRB has a software called ERP (Enterprise Resource Plan) that allows an organization to use a system of integrated applications to manage the business and automate many back-office functions related to procurement, registry (records management), administrative functions, asset registry, accounting functions, legal services (case management), human resource management and other support services. The challenge of using this software is that although the system is operational, there is no ZRB ICT staff dedicated to this software. In addition to human resources, ERP have notably low level of utilization and awareness across ZRB staff. During the 4th corporate plan, ZRB will make effort to hire at least 2 more staff dedicated to the operationalization of the ERP software, and enhance awareness and utilization of the system by the staff.
- 3) ZRB also use Electronic Revenue Collection System (e-RCS) – is a system that facilitates electronic capturing of all tax-related information directly from the telecom and Mobile Network Operators (MNOs). The system is a Union initiative under the National Data Centre that is developed and managed by the United Republic of Tanzania. The system is expected not only to improve tax assessment and collection, but also facilitate monitoring of revenue of the telecom operators in the industry. Currently there are two ICT staff at ZRB knowledgeable about the system but are not adequate. During the 4th corporate plan, ZRB will hire staff dedicated to ICT department to fill the current human resource gap.
- 4) ZRB has also put in place an electronic system called Pastel for conducting general accounting function.
- 5) ZRB developed its own revenue portal for providing electronic tax administration services including e-registration, e-filing and e-payment. The system will be launched soon.
- 6) Developed ZRB data centre and disaster recovery site to ensure business continuity.
- 7) Developed ZRB Taxpayer Block Management System (TBMS) for identifying physical location of Taxpayers. The system is in final pilot stages of development.
- 8) Developed a modern electronic investigation tool (forensic lab).
- 9) Developed and implementing the Hotel Tax Collection Management System (HTCMS) which provides such information as number of guests, sales made, stock management, etc.
- 10) Developed Information and Communication Technology Strategic Plan 2019-2022.

With regards to the aforementioned electronic systems, the following areas in ZRB are currently automated:

- a) Payment of land leases,
- b) Issuing driving licenses,
- c) Internal accounting processes of ZRB,
- d) Administrative, human resources, accounting and other support services,
- e) Entry of tax payer assessment information which is done by ZRB staff,
- f) Issuance of late payment penalties,
- g) Verification of revenue returns,
- h) Collection of motor vehicle fees,
- i) Collection of airport taxes, and
- j) Collection of sea port fees.

2.3.2 Challenges Observed during CP3 ZRB Automation and Modernisation

- a) ZITAS and Pastel are not yet integrated, a challenge that limit the potential efficiency gain from using the two systems, especially in terms of reporting and providing transactions history,
- b) The ZITAS system sometimes produces wrong penalty calculations due to the wrong formula built therein, hence the need to be done again manually, a challenge that increases staff workload unnecessarily,
- c) Deregistration of taxpayers is not done which results in a bigger number of tax payers than those that are actually filing returns,
- d) ZITAS is not yet interoperable (integrated) with ZRB partner organizations such as TRA, transport department of the Ministry of Transport and Ports, NIDA, Immigration, Commercial Banks etc.,
- e) Over 30 percent of ZRB departments' work is done manually such as in the Department of Human Resources and Administration and most departments clearly need further automation of their business processes during CP4 to move away from the tedious manual systems.
- f) Inadequate annual maintenance to ensure timely system upgrading and sustainability of the respective functionalities.
- g) Inadequate number of ICT Staff.

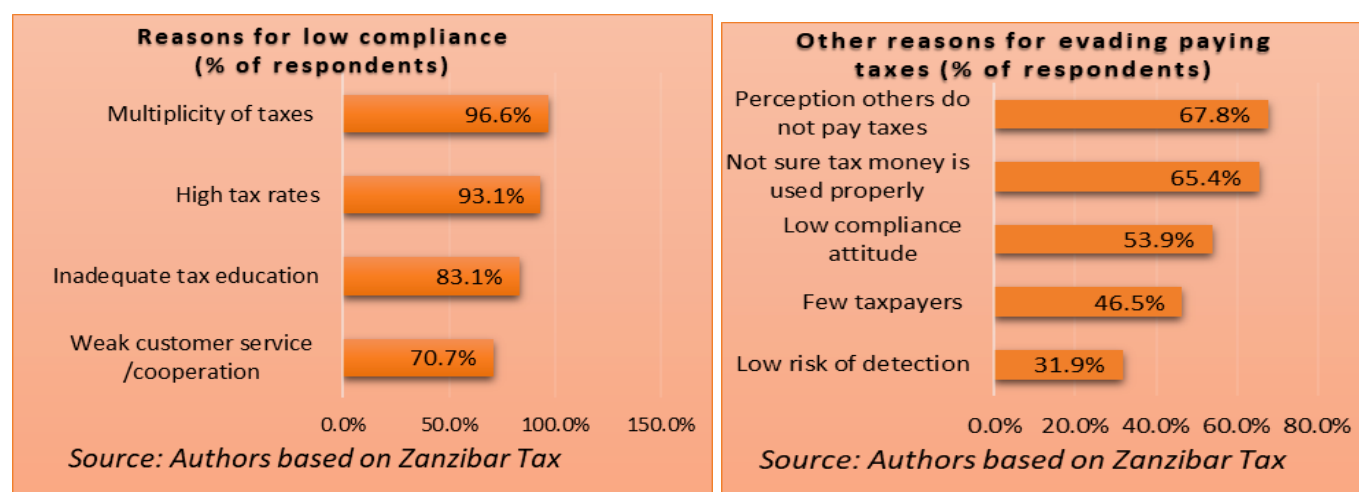
2.4 Improvement of Taxpayers' Services and Promotion of Voluntary Compliance

One of the challenges observed during implementation of CP3 was low taxpayer voluntary compliance. During CP3, priority was focussed on improving customer services and encouraging voluntary tax compliance. This is because the extent of compliance with the tax legal obligations imposes powerful effects on the revenue yield, efficiency and fairness of the Zanzibar tax system. The following are the main achievements during implementation of CP3.

2.4.1 Promotion of Voluntary Compliance

In 2018/2019, ZRB conducted a survey to determine causes of low compliance. The survey shows among the respondents, the main reasons for low compliance are: multiplicity of taxes (96.6 %); high tax rates (93.1%); inadequate taxpayer education (83.1%) and weak customer service/cooperation (70.7%). In addition, the perception that others are not paying taxes is high (67.8%), while taxpayers who are not certain about the use of their tax money are also many (65.4%), while just low compliance attitude accounted for 53.9% of the respondents. The perception that there are only few taxpayers also fuel low compliance (46.5%), while low risk of detection if someone does not pay taxes (31.9%) is also a contributing factor for low tax compliance (Figure 5).

Figure 5: Main reasons for low tax compliance



The information provided by the survey enabled ZRB to take several actions during CP3 to promote voluntary compliance as follows:

- 1) ZRB made efforts to apply the tax laws with integrity and fairness in order to promote voluntary compliance.
- 2) Conducted taxpayer education programs through outreach programs and dialogue with taxpayers and the public in general. The messages included the importance of paying taxes, benefits of the revenue collected in improving socio-economic services and risks to taxpayers for failure to comply with tax laws and regulations.
- 3) Carried out tax compliance survey in 2018 to identify, among other things, the main reasons for low tax compliance in Zanzibar.
- 4) Conducted a study on Tax gap analysis which included most of the fiscal years of the 3rd corporate plan (i.e. the 2013/14 – 2017/18 period).
- 5) Developed ZRB tax Compliance strategy 2018, which the authority has not yet begun to implement.

Overall, the efforts to promote voluntary compliance have begun to show success. Available data shows overall tax compliance increased from 50% in 2015/16 to 64% in 2017/18. However, a large tax gap still remained at the end of CP3 which implies ZRB has to continue to promote voluntary tax compliance during CP4 by implementing fully the compliance strategy.

2.5 Human Resources

The review of the 3rd Corporate Plan, observed that during the first year of implementation most of ZRB departments had a shortfall of staff compared to number of staff required to achieve the entire corporate mandate in cost effective and efficient manner. Effort has been made to recruit new staff and at the end of the CP3 56 new staff were recruited and allocated to both at the ZRB head office and Pemba ZRB office. During CP3 period 2 employees passed away, one employee left ZRB, three employees take leave without Pay, Ten Employees had their retirement, three employees had summary dismissal for misconduct, and 21 employees had transfers to other government institutions.

3.0 STRATEGIC ASSESSMENT FOR DEVELOPING THE FOURTH CORPORATE PLAN (CP4) -SITUATION ANALYSIS

3.1 SWOT Analysis

Organizational health assessment was done through interviews with various ZRB staff and key stakeholders engaged and reviewed several survey reports to identify organizational Strengths, Weaknesses, Opportunities and Challenges/threats (SWOT).

A SWOT analysis evaluates the internal strengths and weaknesses, and the external opportunities and threats in an organization's environment. The objective of a SWOT analysis is to use the knowledge of the organization on its internal and external environments to formulate its strategy. In developing CP4, an evaluation of ZRB's Strengths, Weaknesses, Opportunities and Challenges/Threats (SWOT) analysis was conducted, both from the existing documentation and from the interviews with stakeholders. The analysis of the organizational health assessment of ZRB identified several strategic issues that will be taken during implementation of CP4. The Strategic issues can be highlighted as follows

3.1.1 Internal Strength and Weaknesses

Based on the documentation review and views of the ZRB Management and consulted stakeholders, ZRB strength was identified on a number of areas. First, ZRB is viewed by stakeholders as an organisation with most educated workforce than many others in Zanzibar, placing ZRB on a track to raising productivity and fostering competencies needed to optimize revenue collection. As a result, the organisation has a notable potential to utilize her existing knowledge on key strategic areas to address key technical issues related to revenue collection in Zanzibar. Secondly, ZRB has adequate equipment, infrastructure and resources that are necessary to support its operational requirements and functioning for bolstering operational performance and effectiveness of the organisation. In particular, ZRB has a modern and large office facility with various ICT systems in place to facilitate its operations. Other administrative and logistics facilities are available including vehicles and working equipment. Third, ZRB has recently accomplished a number of strategic studies that provided a ready-made knowledge on technical or organisational issues. These include studies on the tourism industry, ICT for the recently prepared ICT Policy and Strategy, enterprise risk management, tax compliance etc. Forth and finally, ZRB has been pushing for active participation in the East Africa Community (EAC) revenue cooperation. The participation has provided useful learning opportunity for ZRB staff, and a platform for promoting tax harmonization practices in the region.

However, despite its various strengths, the review identified a number of areas for improvement, mainly threefold. The first is complexity in tax administration, given the number of various bands and rates especially on the tourism sector, and other regulatory charges. Going forward, this or future Corporate Plans should promote simplification of the tax regime to motivate voluntary compliance and efficiency in tax collection (by reducing tax administration costs) as part of the modernization objective. Unfortunately, Zanzibar has not yet established tax policy to guide various tax reforms or initiatives.

The second critical issue for improvement is the low voluntary compliance – which tend to increase cost of tax collection by resorting to manual inspections and coercive measures. Thirdly, the internal weakness of ZRB is also a result of missing/inadequate features, systems or procedures of a healthy organisation. These include, lack of procedure/process manual, M&E systems, Performance Management system (accountability to results) and inadequate coordination across key related agencies. For instance, lack of M&E framework has limited ability of ZRB to do self-assessment and track organisation performance based on pre-identified and measurable targets/indicators. Also, staff performance and productivity is reported to be much less than ideal, partly due to lack of Performance Management system. Inadequate coordination with other key relevant agencies has limited the potential for ZRB to collaborate with and harness the wealth of information in those organisations to improve its taxpayer database. Fourthly, lack of research capacity strengthening resulted to inadequate knowledge and skills in research functions, a challenge that holds back the efforts by ZRB to optimise revenue collection. Finally, compared to the needs on the ground, ZRB has inadequate number of Experts in specialized skills and knowledge on some modern technical sectors especially natural resources, telecoms sectors and most recently digital economy (e-commerce).

3.1.2 External Opportunities and Threat/Challenges

In addition to its internal resources and weaknesses, ZRB corporate plan needs to be geared towards harnessing a number of opportunities and address key challenges from its external environment.

Clearly, the Revolutionary Government of Zanzibar (RGoZ) is free to impose relevant taxes and levies other than those under the Union Matters, so as to bolster its own revenue sources through the ZRB. Thus, ZRB should be proactive and innovative in putting up strategies for exploring opportunities to broaden its tax base. Indeed, from the economic perspectives, Zanzibar has opportunity for higher economic growth given the vibrant tourism industry, potential arising from the blue economy, Digital Economy, oil and gas, telecommunication sectors, and infrastructure investments (sea and air ports, roads etc.). In addition, economic indicators show that the business sector (including informal sector) is growing amidst the sustained high GDP growth rate.

Existence of various Agencies and Organisations is also a great opportunity which ZRB can leverage to improve its information on taxpayer base. These include BPRA, TRA, Immigration, ZCT, ZPRA, ZIPA etc. In addition, the successful establishment of ZRB branches (sub-offices) in Pemba provides a good opportunity to roll out the initiative in the whole of Zanzibar. Finally, establishment of fibre optic backbone framework will be a critical lever for supporting ZRB initiative to promote digitization and increase level of ICT literacy.

Nonetheless, the review identified the following areas as posing challenges/threat for ZRB to achieve its strategic objectives. First, tax exemptions (revenue forgone due to tax holidays) are considered to be substantial in Zanzibar, which continue to erode tax revenue base for ZRB. Secondly, while Zanzibar expects to benefit from potential oil and gas revenue in the future, the country needs strategies for mitigating potential woes of resource curse and Dutch disease. More broadly, political economy factors may undermine reforms for potential revenue-enhancing sources given potential gainers and losers from such reforms. Another issue is effectiveness of Leadership factor in ensuring

successful implementation of the Corporate Plan. Consultations with ZRB Management show that, the current bottom-up leadership style is less effective, calling the need for more proactive engagement from the top so as to enhance ownership of initiatives from technical department, improve decision making structure (lines of power) and commitment for implementation.

Finally, ZRB needs engagement at a higher level to address three critical concerns that may threaten attainment of the strategic objectives if left unattended. The first one is the current differential VAT treatment between Tanzania Mainland and Zanzibar, for which taxpayers complain bitterly of the challenge of double taxation. Second is multiplicity of non-integrated systems which creates rather than solve inefficiency of ZRB in tax administration. Finally, is the institutional culture, hence the need to embark on institutional reforms to address the ‘business as usual’ model so as to improve effectiveness of ZRB. Such reforms include establishment of work flow process (currently not well defined), chain of command, results-based management etc. Such reforms will be important ingredients to institutional building and change management initiative for ZRB in this or future Corporate Plans.

The Strategic Factors framework generates an insightful snapshot of the prevailing, overall strategic situation in ZRB by first identifying, weighing, prioritizing & ranking Strategic Factors present in the Internal & External environment analysis matrix. The strategic factors are subsequently ranked on the basis of their perceived strategic significance & potential degree of impact on the ZRB followed by assessment of each respective ZRB’s corresponding degree of responsiveness to those factors and inform later steps in planning to achieve the ZRB’s strategic objectives. Summary of the analysis is shown on Table 2.

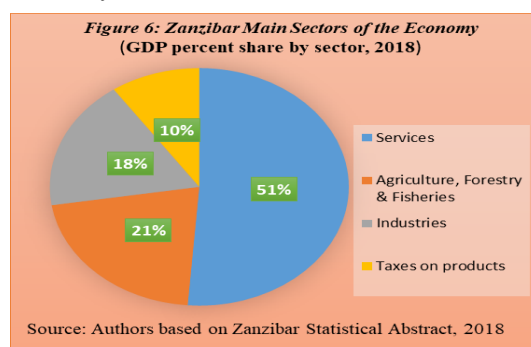
Table 2: SWOT Analysis for ZRB

STRENGTH	RANK	WEAKNESS	RANK
Educated Workforce	H	The complexity in Tax administration	M
Existing knowledge on key Strategic areas (Completed and on-going studies)	H	No tax policy to guide reforms/strategies	M
Availability of equipment, infrastructure and resources	H	Low level of (voluntary) tax compliance	H
Tourism tax revenue has more recently reflected tourism activities	H	Inadequate number/expertise in specialized skills and knowledge on key technical sectors especially tourism, natural resources, and telecoms industries	H
Recently prepared ICT Policy and Strategy	H	Coordination failures across key Agencies	M
Active participation in the East Africa Community (EAC) revenue cooperation	H	Inadequate systems and procedure manuals	M
An established Enterprise Risk Management Framework (ERMF)	H	Lack of incentive and results-based staff performance measurement scheme	H
		Lack of structured M&E framework	H
OPPORTUNITIES	RANK	CHALLENGES/THREATS	RANK
The RGoZ is free to impose taxes and levies other than union ones to boost own revenue sources through ZRB.	H	Generous tax exemptions (revenue forgone due to tax holidays)	H
A vibrant tourism industry	H	Potential woes of resource curse and Dutch disease from oil revenues	M
Growing business/private sector (including informal sector)	M	Political economy factors undermine reforms for potential revenue-enhancing sources	M
Sustained high economic growth rate of electronic ICT systems	H	Ineffective bottom-up Leadership style	H
Five-year training Plan	H	Differential VAT treatment between Tanzania Mainland and Zanzibar	H
Plenty of (unharnessed) information from existing databases of key MDAs (TRA, BPRA, Immigration, ZCT)	M	Multiplicity of non-integrated systems.	H
New revenue sources (oil and gas, expansion of sea and airports)	H		
Improved tax payer database	H		
Establishment of ZRB regional offices (referring to the successful experience of Pemba Office)	M		
Establishment of the fibre optic backbone framework.	H		

3.2 ZRB Operating Environment

CP4 has been developed based on both primary and secondary data. Primary data was collected using a consultative process that involved carrying out an environmental scanning exercise through a Political, Economic, Social, Technological, Environmental and Legal (PESTEL) analysis to anchor implementation in the realities of the Zanzibar operating environment. Summary of the findings are as follows:

Figure 6: Zanzibar Main Sectors of the Economy



3.2.1 Political Environment

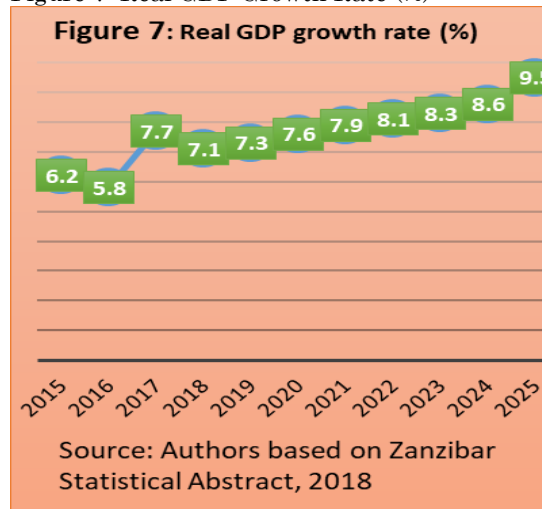
Zanzibar is politically stable. Experience shows political stability is essential for promoting economic development and growth of a nation. Stable political environment along with efficient use of government resources encourages production and investment which have a multiplier effect on revenue realisation. ZRB continues to rely on the RGoZ's support for future success in terms of financing, tax policy reviews and enforcement measures that have an impact on ZRB tax administration. In this regard, the Government is committed to continue supporting ZRB in implementing its CP4 strategic plan.

3.2.2 Economic Development

The macroeconomic outlook during implementation of CP4 is likely to be favourable for the whole period. Real GDP growth is projected to increase from 6.2% during CP3 to nearly 9.5% at the completion of CP4 (Figure 7). Similarly, as growth increases this is likely to translate into higher incomes (Figure 9), creating favourable environment for ZRB operations.

As during CP3, Zanzibar is likely to continue relying on the same sectors fuelling growth during CP4; mainly services (especially tourism) which are projected to contribute 51% of the growth, industries 21%, agriculture, forestry and fisheries 18% followed by taxes on products 10% (Figure 6). In 2018, for example, GDP at current prices stood at TZS 3,663 billion, resulting into the per capita income of TZS 2,323,000.

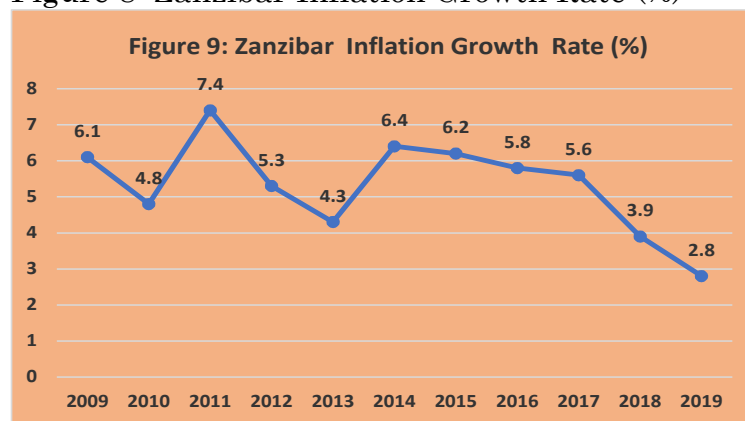
Figure 7: Real GDP Growth Rate (%)



Zanzibar economy continues to exhibit strong growth, averaging 7.1% per year and is expected to grow even stronger in the future due to the discovery of oil and gas; which authorities are hopeful will propel the economy into medium income status.

Inflation is expected to remain below 10 percent during most of the years of CP4 given past trends as projected by Bank of Tanzania and the Office of the Chief Government Statistician, Zanzibar. Past trends over the past 10 years show the highest annual inflation reached has been 7.4 percent in 2011 and the trend is downward for both 2017 and 2018. (Figure 8)

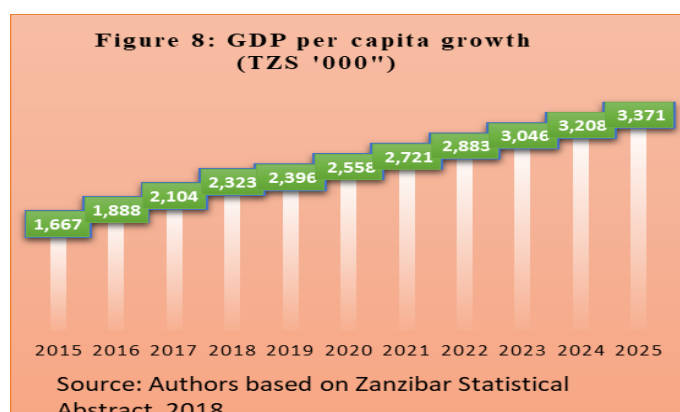
Figure 8: Zanzibar Inflation Growth Rate (%)



Government Budgetary Performance.

According to the Bank of Tanzania and Office of the Chief Government Statistician - Zanzibar, during the period July 2018 to April 2019, domestic revenue amounted to TZS 637.0 billion equivalent to 94.1 percent of the target for the period, with tax and non-tax revenues achieving 92.5 percent and 105.3 percent of the target, respectively. Good performance in revenue collection was largely attributed to increased tax collection efforts by Tanzania Revenue Authority (TRA) and Zanzibar Revenue Board (ZRB), as well as increased compliance. During the period, foreign grants amounted to TZS 32.3 billion.

Figure 9: GDP per Capital Growth



Zanzibar Government expenditure amounted to TZS 966.9 billion during July 2018 to April 2019. Recurrent expenditure was TZS 594.4 billion, while development expenditure amounted to TZS 372.5 billion, 58.4 percent higher than the amount recorded during the corresponding period of 2017/18. The overall budgetary operations recorded a deficit of TZS 281.7 billion after grants, which was financed through domestic borrowing and program loans.

Monetary Policy during CP4, will continue to support Zanzibar's broader macroeconomic objectives, in particular focussing on maintaining targeted single digit headline inflation rate by achieving specific monetary policy targets, while ensuring stability in the money market interest rates. According to the Bank of Tanzania, monetary targets are expected to be as follows:

- Annual growth of average reserve money of not more than 11.5 percent;
- Annual growth of broad money (M3) of not more than 12.2 percent;
- Annual growth of private sector credit not exceeding 10.2 percent; and
- Maintaining gross official reserves at levels adequate to cover at least 4 months of projected imports of goods and services, excluding foreign direct investment, (FDI) related imports.

3.2.3 Social Analysis

Zanzibar, like most Less-developed countries, is confronted with high unemployment rate, especially of youths – 65% for young women, and 43% for young men, partly due to slow growth of formal sector jobs. The Government’s resolve to embark on industrialisation should create jobs and expand the tax base. As observed in the preceding section, 53.9% of Zanzibar’s people have a low tax compliant attitude, while about 65.4% are not sure if taxes paid are being used properly. Thus, during implementation of CP4, ZRB’s education programmes will incorporate information on how taxes are utilised to ensure taxpayers are well informed as well as implement fully the tax Compliance strategy unveiled in 2018.

3.2.4 Technological Analysis

Zanzibar technology information system is gradually improving. Availability of modern technology in Zanzibar, including fibre optic national backbone network and e-government project to connect ZRB with Government ministries, institutions and other stakeholders to exchange information, is key to improving revenue collection and tax compliance. ZRB main focus during CP4 will be modernisation of systems and services to improve tax administration. In this regard, ZRB will implement the ICT Strategic Plan (2019-2022) to automate systems and services as well as improve revenue collection in a transparent, fair and accountable manner.

3.2.5 Legislative Environment

Zanzibar’s tax laws provide a clear role and mandate for ZRB to administer domestic tax revenue. Enforcement of tax laws is the backbone of revenue mobilization in any tax administration. As such, ZRB will take advantage of the tax laws in carrying out its mandate to ensure that both the tax administration and the taxpayers carry out their obligations in a fair and transparent manner. ZRB officials will put extra effort to ensure enactment and/or amendment of tax laws and statutes to satisfy themselves that these are in line with desire to increase revenue collection for the Government.

3.3 Strategic Risks and Treatments

The main strategic risks likely to impact on ZRB core business during CP4 period have been identified and the initiatives to mitigate the risks have been explored. Risk mitigation reduces the extent of exposure by ensuring that the strategic objectives are achieved. Table 3 below identifies the key risks and the interventions that will be put in place to manage the risks.

Overall, as Table 3(a) and 3(b) shows, the likelihood for strategic risk to occur is MEDIUM to HIGH, but the impact is universally HIGH. In the case of operational risks, the likelihood of occurring is LOW to MEDIUM and the impact is HIGH to MEDIUM. Thus, while most of the operational risks can be addressed on continuous bases as part of other processes and interventions for improving performance during CP4, there is urgent need for ZRB to put more attention in addressing and managing the strategic risks as these have high likelihood of occurring with high consequences on its organisational goals and objectives.

Table 3(a): Overall Strategic Risk Management Matrix

No	Strategic Risks	Mitigation Measures	Likelihood	Impact
1.	<p>Tax compliance risks – These relate to inaccurate taxpayer database including gaps in registration, filing, declaration, reporting and payment of taxes. In addition, diversion of cargo due to being an island, and existence of an informal sector, are risks that need to be mitigated.</p>	<ol style="list-style-type: none"> 1) Automate ZRB business operations in all departments to plug tax evasion loopholes, 2) Institutionalise corporate wide risk-based compliance management, 3) Issue simple tax payment cards to informal small-scale businesses to make them formal. In this regard, determine affordable uniform rate payable by all small-scale informal businesses; and 4) Develop and implement block management system 5) Implement operational model and strategy for widening tax base and compliance by engaging informal sector in Zanzibar 	HIGH	HIGH
2.	<p>Inadequate taxpayer knowledge about value of paying taxes and literacy level risks – These relate low awareness of why citizens should pay taxes and to low literacy levels which poses a challenge to effectively support the tax payers in fulfilling their tax obligations.</p>	<ol style="list-style-type: none"> 1) Intensify tax education as discussed under Section 2.2 above. 2) As discussed in the PESTEL analysis, the level of literacy is pretty high, but small and medium taxpayers voiced inadequate knowledge on the benefits of paying taxes. Addressing this challenge will require simplification of tax messages and better communication strategies. 	HIGH	HIGH
3	<p>Human Resource risks—This risk relates lack of specialised skills and knowledge on key technical sectors (tourism, natural resources and Telecoms); inadequate succession planning and sub-optimal staffing.</p>	<ol style="list-style-type: none"> 1) Initiate specialised training in key sectors as well as specific short-term training on several pre-identified topics such as in ICT, transfer pricing, etc. 2) Develop succession plan 3) Develop and Implement Knowledge Management Strategy in ZRB. 4) Address the acute shortage of manpower in each department and re-allocate existing staff more optimally – some departments have very high workloads necessitating working after hours after closure of business. 	MEDIUM	HIGH

No	Strategic Risks	Mitigation Measures	Likelihood	Impact
4.	Cybercrime and Cyber Security Risks: Increased automation has exposed revenue authorities to global cyber security threats that could undermine integrity of data systems and compromise confidentiality of information and the resultant business disruption due to unavailability of the organisation's systems	<ol style="list-style-type: none"> 1) Implement Cyber Security Management to detect, deter and prevent any intrusions, 2) In the planned establishment of ZRB Data Centre (see Section 2.3), install cyber-command system to achieve item (1) above, 3) Implement ZRB ICT Security Policy, 4) Develop Business Continuity and Disaster recovery planning 	MEDIUM	HIGH
5.	Digital Economy Risks: These relates to rapid global digitalization which has transformed the way businesses transact and increases the scope for certain activities that are not visible to the tax administration leading to potential revenue loss.	<ol style="list-style-type: none"> 1) Expand ICT infrastructure platform and automation of ZRB processes as discussed in Section 2.3 to exploit the growing digitalisation of the Zanzibar economy, 2) Leverage on automation and partnerships to develop an e-commerce strategy in close collaboration with Ministry of Finance and Planning and TRA Zanzibar. 3) Capacity building to ZRB Staff in Taxation of Digital Economy 	MEDIUM	HIGH
6.	Institutional cooperation risks. This relates to poor working relationship between ZRB and other MDAs, including with TRA	<ol style="list-style-type: none"> 1) Establish an MoU between ZRB and TRA for recovery of settlement of remittances 2) Establish MoU with other key MDAs that relevant for ZRB to improve its operations 3) Establish EFD collection mechanism. 4) Continue Participation in National, Regional and World Forum in Taxation 	HIGH	HIGH
7.	Organisational efficiency risks. These are related to lack of operational/procedure manuals and frameworks to ensure effective and efficiency in ZRB operations	<ol style="list-style-type: none"> 1) Review the Current ZRB Organisation Structure and Organisation Capacity (Organisation Development) 2) Review the Business Operation 3) Establish operational manuals. 	MEDIUM	MEDIUM

Source: Authors from various sources and stakeholder consultations.

Table 3(b): Main Operational Risk Management Matrix by Functions/Department

	Department	Operational Risk	Mitigation Measures	Likelihood	Impact
1.	Internal Audit	Existence of Audit-Expectation Gap	1) Carry out advocacy campaign to promote contemporary Internal Audit 2) Implement the Developed Enterprises Risks Management Framework (ERMF)	MEDIUM	MEDIUM
2.	Return, Processing and Collection	Inaccurate return and processing due to inadequate taxpayer knowledge; manual processing and delays due to inadequate staffing, submission of falsified information; discrepancy in tax payments and insufficient sharing of information across MDAs may lead to loss of tax revenue	1) Abandon manual processing to automation, establishing EFD and control number systems 2) Provide sufficient budget for follow ups to enhance enforcement; and for conducting taxpayer education 3) Initiate the process to amend tax laws and regulations based on VAT destination principles.	HIGH	HIGH
3.	Taxpayer Auditing	Lack of auditing and investigation skills and inadequate knowledge of the auditing process/plan leads to ad-hoc audit	1) Improve/increase training to enhance staff competence; and recruit adequate specialized individuals 2) Conduct risk-based auditing	MEDIUM	MEDIUM
4.	Taxpayer investigation	Weak compliance due to inadequate cooperation with tax defaulters, and lack of investigation function/skills	1) Establish laws related to tax investigation, establish investigation guidelines 2) Introduce investigation functions and increase investigation training 3) Enhance Investigation functions by Using Modern Investigation Tools	MEDIUM	HIGH
5.	Registration	Fictitious/ghost taxpayer due to inconsistency in unique identifier required for registration; inadequate visits to taxpayer; and non-capturing of informal sector	1) Use unique IDs 2) Conduct data cleaning 3) Establish electronic registration and use bio data 4) Strengthen taxpayer education	MEDIUM	HIGH
6.	Legal Affairs	Use of out-dated tax laws due to untimely review of tax laws and regulations	1) Perform timely review of tax laws and regulations including tax exemptions 2) Provide timely feedback on tax exemptions 3) Organize tax laws training for ZRB staff	HIGH	HIGH
7.	Debt Management	Overlapping roles in debt management compliance, revenue assurance, land lease and debt	1) Develop procedure manual for debt management 2) Introduce debt management information system	MEDIUM	MEDIUM

	Department	Operational Risk	Mitigation Measures	Likelihood	Impact
		management hence lack of ownership			
8.	Public Relations Management	Inadequate understanding of taxpayer needs/expectations	1) Conduct taxpayer perception survey and disseminate the results	LOW	MEDIUM
9.	Revenue Assurance	Late submission of working information for objected assessment leads to loss of revenue and delays in providing responses	1) Develop procedure/guidelines for information sharing in dealing with objected assessment	MEDIUM	MEDIUM
10.	Research and Planning	Low quality research due to lack of necessary data emanating from 2) inadequate resources for data collection. Inadequate dissemination and M&E for implementing research results	1) Establish guidelines for data collection, research dissemination and follow-ups 2) Increase investment in research by acquiring data analysis software and increasing data and research specialist staff 3) Establish a M&E unit 4) Establish data warehouse	MEDIUM	MEDIUM
11.	Human Resource Management	Low performance due to inadequate HR management and lack of staff performance incentive	1) Improve HR management planning, conduct staff awareness training 2) Implement ZRB scheme of service 3) Improve communication and relationship between Management and staff; and promote regular departmental meetings	MEDIUM	HIGH
12.	Administration	Loss of records due to ineffective use of records management system; Improper utilization of office resources and properties	1) Recruit adequate staff and promote use of records management system 2) Improve staff awareness in ERP 3) Introduce guidelines for effective utilization of office properties and resources	LOW	MEDIUM
13.	Finance and Accounts	Overspending due to unplanned expenditure; Loss of cash due to use of cash transaction; Loss of funds due to manipulation of accounting systems	1) Provide adequate financial support 2) Establish budget control mechanism 3) Upgrade and promote use of ERP 4) Promote use of inter-bank system	LOW	MEDIUM

	Department	Operational Risk	Mitigation Measures	Likelihood	Impact
14 .	ICT Department	Overlapping roles and inefficiency of systems due to lack of ICT policy and guidelines; inadequate ICT infrastructure, shortage of staff and inadequate use/utilization and weak knowledge of ICT systems of systems	1) Develop ICT policy, procedures and guidelines 2) Increase ICT infrastructure and staff 3) Enhance integration and maintenance of various ICT systems. 4) Improve the ICT Infrastructure (both Hardware and software)	HIGH	HIGH
15 .	PMU	Inadequate value for money (3Es) due to low capacity in drafting ToR and technical specifications; and poor performance due to inadequate due diligence and insufficient timeframes	1) Conduct more training on ToR, technical specifications, contract negotiation/management 2) Conduct sufficient background checks	LOW	MEDIUM

Source: Abridged from the Enterprise Risk Management Framework report, ZRB, July, 2019

3.4 Strategic Emerging Issues

3.4.1 Globalization and Regional Cooperation

Zanzibar is automatically entitled to benefit from the regional groupings to which Tanzania is a member. These include: (i) East African Community (EAC), (ii) Southern African Development Community (SADC), the two communities together have membership of sixteen countries with over 120 million people, which offer large opportunities for Zanzibar. In addition, since 2015, there has been an effort to establish COMESA-EAC-SADC Tripartite Free Trade Area (TFTA) which comprises the three largest regional economic communities (RECs) in Africa: The Common Market for Eastern and Southern Africa (COMESA), EAC, and SADC. TFTA once ratified by two-thirds of the 26 member states; will provide market for over 600 million people, with a combined GDP of over US\$ 1.0 trillion. Further, Tanzania is a member of WTO, which has qualified for Africa Growth Opportunity Act, which grants special access to African export to the US markets, and enjoys benefits from the extension of Lome V terms on non-reciprocal treatment for African, Caribbean and Pacific countries. All these groupings and others, provide opportunity for Zanzibar to tap the potential of this huge market to enhance its international trade earnings and foster faster economic growth.

During CP4 period, ZRB will undertake the following:

- 1) Strengthen cooperation between other EAC Revenue Authorities at two levels: First, at technical level, where ZRB will deepen cooperation and active participation through EACRTC (EAC Revenue Authorities Technical Committees); and secondly, at the Commissioner's level (EARCGs). This is important to ensure careful harmonization of taxes, and reap benefits of technology and skills transfer through exposure and meetings, enhance research and Development (R&D) and staff competency through learning from others.
- 2) Strengthening Cooperation with other African Countries on taxation issues through Africa Tax Administration Forum (ATAF). ZRB will participate in ATAF meeting and benefits from other ATAF benefits including Capacity Building.
- 3) Address issues of inter-trade between Zanzibar and Mainland. The most pressing issues are Double Taxation of VAT. The prevalence of the problem of double taxation of VAT for Zanzibar businesses is attributed to the 2014 reform of VAT Act in the mainland.

Recommendation:

Reinstate the previous refund system whereby ZRB would claim back the VAT paid in mainland. More generally, treat imports sourced from mainland as exports, so that, using destination principles, the goods will only be VAT charged on destination (Zanzibar) and not from the source. The current situation is like having one Custom territory but two countries in terms of VAT purposes. Usually, if Tanzania produces a product for export, such a product is VAT exempt. Before the reform, the importer would send invoice to Zanzibar for claiming back VAT payments from ZRB – a system which was easier to administer and logical to both Zanzibar and mainland traders.

3.4.2 Zanzibar Port

During CP4 ZRB will work with other Government authorities to address the issue of congestion at Zanzibar port. Recent observations show large ships have stopped docking in Zanzibar, preferring Mombasa instead, which denies the Government much needed revenue. Fast tracking construction of new port at Maruhubi is expected to meet Government's vision for Zanzibar to serve as a regional transshipment hub, catering to the needs of the oil and gas sector as it pursues exploration off the coast of Pemba, and to act as a processing hub for the deep-sea fishing industry.

3.4.3 Institutional Cooperation within Zanzibar

The review of CP3 revealed institutional cooperation between ZRB and other revenue collection agencies (TRA and Local Governments) is inadequate. During CP4, ZRB will develop mechanisms for strengthening Institutional cooperation between ZRB and TRA, and between ZRB and Local Government Authorities (LGA) in order to bridge the gap in information sharing as part of the strategy to widen and deepen tax bases. In particular, develop a new system of integration of VAT between ZRB and TRA to avoid double taxation and to share information on volume of goods imported by particular business persons/firms. Develop also a system of sharing information between ZRB and other Government agencies such as Immigration, Zanzibar Airports Authority (ZAA), Zanzibar Utility Regulatory Authority (ZURA), Zanzibar Petroleum Development Company (ZPDC), Zanzibar Petroleum (Upstream) Regulatory Authority (ZPRA), Zanzibar Commission for Tourism (ZCT), Zanzibar Investment Promotion Authority (ZIPA) and ZATO - Zanzibar Association of Tour Operators, Zanzibar Association of Tourism Investors (ZATI); and others to share information that is vital for ZRB to capture additional taxpayers and expand its tax base.

3.4.4 Gender and Other Cross-cutting Issues

CP4 will address cross Cutting Issues such as Gender, AIDS and Non-Communicable Diseases, Environment and related issues. The idea is to ensure CP4 promotes equality and combats exclusion, and is environmentally friendly. According to Zanzibar Vision 2020, the Government is resolute about encouraging sustainable policies and socio-economic systems based on integrated development approach, community participation, and genuine demand by the people and sustainable use of natural resources and protection of the environment. Similarly, the Vision aspires to remove gender bias in access to resources, participation in decision making and ownership of property. ZRB ascribes to these tenets and expects to mainstream gender in all its corporate plans.

4.1 Vision, Mission and Core Values

The strategic goals and direction of ZRB for CP4 is summarized by its Mission, Vision, and Core values as shown in Box 1.

Box1: Vision, Mission and Core Values

VISION:

“To be A Centre of Tax Administration Excellence By 2025”

MISSION STATEMENT:

“To Promote Voluntary Compliance, Build Public Confidence and Providing Quality Customer Services through Fair Administration of Relevant Tax Laws by using Modern and Innovative Technology, with the Highest Degree of Integrity that Will Optimize Revenue Collection.”

CORE VALUES:

- 1. Excellence** – ZRB pledges to offer quality service through continuous improvement and innovation in order to exceed client expectations.
- 2. Integrity** – ZRB shall consistently be customer-driven, serve clients with flawless conduct, paying attention to tax laws, rules and regulations and take responsibility for actions. In this regard, the ZRB Management and staff commit to promoting transparency, trust, honesty, reliability and consistency in the provision of services to customers.
- 3. Professionalism** - ZRB is committed to applying the tax laws and regulations consistently, responsibly and with credibility using available skills and knowledge as a precondition in administering tax administration.
- 4. Fairness** - ZRB is committed to ensuring eligible taxpayers pay a fair share of taxes, apply the laws consistently without discrimination and ensure taxpayers in similar financial condition pay similar amounts in taxes.
- 5. Teamwork** - ZRB will promote team effort, interdependence and trust in the execution of duties and build on partnerships to achieve set goals. This will help in harnessing individual efforts, competencies, talents and ideas to achieve a common goal, build partnership with groups, associations, agencies, ministries and other stakeholders and to foster learning, continuity and sustainability of knowledge.

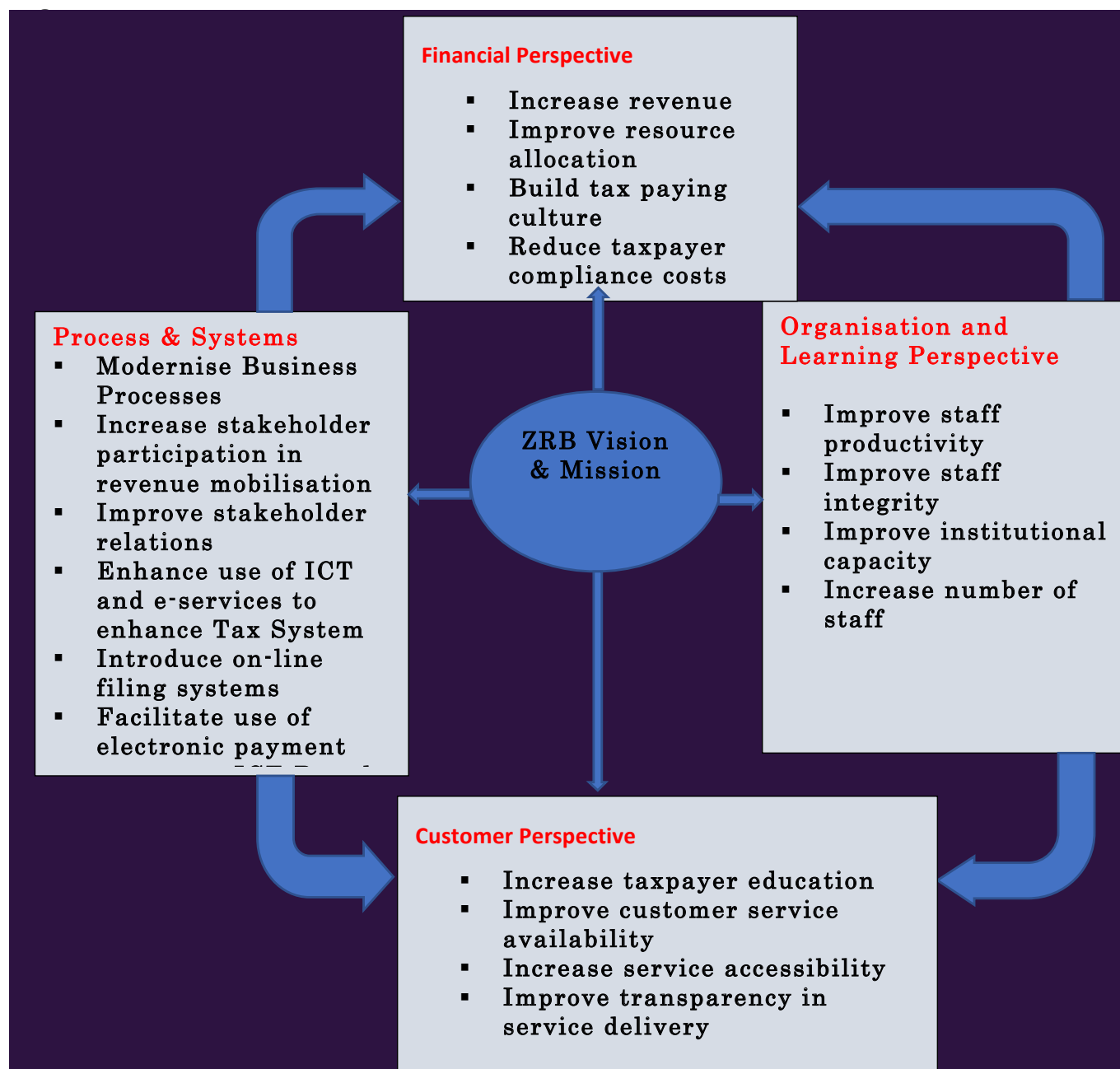
4.2 Strategic Objectives and Priority Actions

4.2.1 Balanced Scorecard and Strategic Mapping

The Strategic Objectives are shown on the Scorecard (Fig. 8) and associated Strategic map (Fig. 10). The Objectives are linked in a cause – effect relationship to create a Strategy Map. The ZRB Strategy Map shows the value generation chain through the identified linkages between Strategic Objectives. It is a communication tool and a visual representation of strategy. The combined theme

map indicates all areas of improvement that ZRB will perform to achieve the desired targets and results.

Figure 10: The Balanced Scorecard



4.2.2 Strategic Objectives and Priority Initiatives

Overall, CP4 will have four strategic objectives, namely to:

1. Optimise Revenue Collection;
2. Improve Quality of Service and Compliance;
3. Innovate in Digitalization and Technology Harness; and
4. Improve Staff Performance.

The four strategic objectives will be pursued through a number of priority initiatives. However, it is important to note that the overriding outcome objective is to maximise revenue, which is the main mandate of ZRB. The strategic objectives, alongside their respective priority initiatives are all linked with the Vision and Mission of ZRB as summarised in Figure 11.

Figure 11: ZRB Strategic Map for CP4 (2020/21 -2024/25)

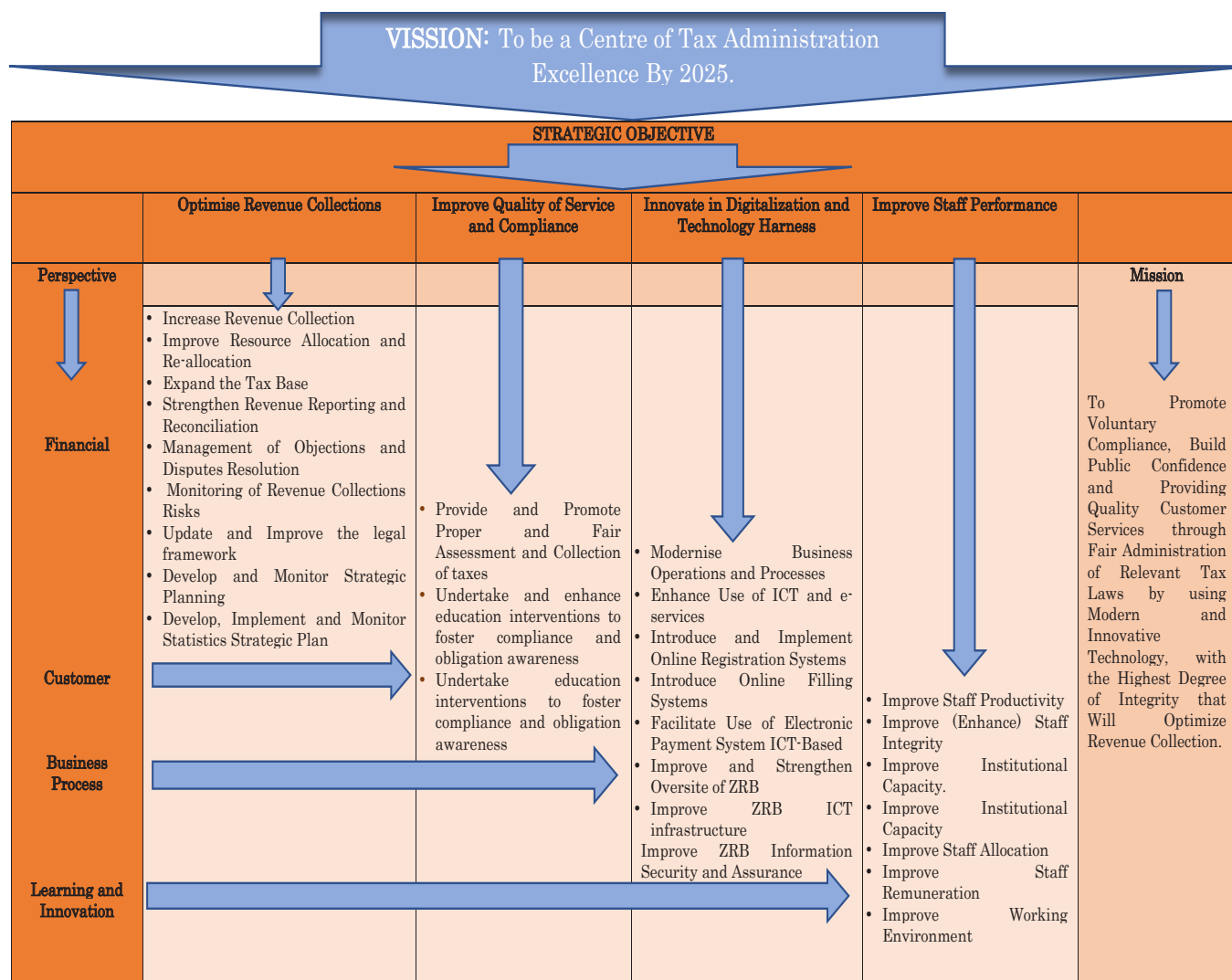


Table 4: Detailed Strategic Map CP4 2020/21 -2024/25

Perspective	ZRB Corporate Objectives	ZRB Strategic Directions	Main Initiatives to Achieve Corporate Objectives
Financial	A. Optimise Revenue	A1 Increase Revenue Collection	1 Collect Revenue Pursuant to Set Target and Regulatory Framework
			2 Measure revenue collected against annual GDP
			3 Conduct a Tax Gap study and implement interventions to reduce the revenue gap
			4 Measure revenue collected against targets and monitor revenue enhancing plans
			5 Carry-out a tax expenditure analysis and implement policy interventions.
			6 Develop and implement action plan to write-off unrecoverable debt
			7 Develop, Implement Monitor Debt Settlement Incentive Mechanism
			8 Develop and Implement Data Exchange Mechanism with Mainland Stakeholders.
			9 Monitor and report the variance between ZRB and Mainland Stakeholders Data and implement enforcement interventions to reduce the variance
			10 Monitor Risks and Loss of revenue in Main Tax Revenue Sector
			11 Provide Advice on Appropriate Tax Policy and Legislative Interventions
			12 Develop Property tax revenue enhancement strategy
			13 Enhance ZRB Investigation and Intelligence Functions
	A2	Improve Allocation and Resource Re-allocation	1 Monitor and reduced cost against revenue collected
			2 Plan, Monitor and Review ZRB Expenditure budget
			3 Determine and Plan scope of activities based on resource availability
			4 Improve resource Management skills
			5 Improve and Implement ZRB the financial framework

Perspective	ZRB Corporate Objectives	ZRB Strategic Directions	Main Initiatives to Achieve Corporate Objectives
Financial	A3	Expand the Tax Base	1 Establish, Manage and Implement Contemporary Permanent Taxpayer Register.
			2 Monitoring Voluntary Taxpayer Registration
			3 Develop and implement Information Sharing Strategy with Stakeholders to enhance taxpayer's registration.
			4 Identify New Sources of Revenue
			5 Develop and Implement Strategy on Taxation of Digital Economy
			6 Operationalize strategy on taxation of informal sector
			7 Establish and Implement ZRB Tax Clinic
			8 Implement a Geographic (Geospatial) Information System (GIS) to automatically link Taxpayer data on land and development with ZITAS
	A4	Strengthen Revenue Reporting and Reconciliation	1 Review and enhance default assessment return
			2 Determine baseline percentage of assessed tax returns.
			3 Identify and Manage Risks Areas in Return Assessment
			4 Develop and Implement Memorandum of Understanding with financial service providers and Government Authorities
			5 Enhance the uses of Control Number
	A5	Management of Objections and Disputes Resolution	1 Enhance taxpayer resolution standard and resolving complaints
			2 Resolving taxpayer complaints in accordance with the set standards
			3 Establish and Implement the Corporate Alternative Dispute Resolution (ADR)
			1 Develop, Propose and Implement Legal Framework to anchor ADR in law.
			2 Evaluate and profile pending disputes and cases suitable for ADR.
			3 Develop taxpayer objection and complaints standards

Perspective	ZRB Corporate Objectives	ZRB Strategic Directions	Main Initiatives to Achieve Corporate Objectives
			4Develop, Propose and Implement Legal Framework to anchor tax objection in law.
			5Enhance Management Skills of Tax Objections and Disputes Resolution
			1Enhance and Implement ZRB Risk Management Framework
	A6	Monitoring of Revenue Collections Risks	2Identify and Monitor Risks and Loss of revenue in Main Tax Revenue Sectors
			1Set up A Risks Management Committee.
			2Develop and Implement compliance strategy for the prioritised risks.
			3Improve management of the taxpayer account in ZITAS through Debt and Enforcement module.
			1Update and Improve the clarity of the laws and regulations
	A7	Update and Improve the legal framework	2Enhance legal department functions/mission
			3Improve Taxpayer Rights and security
			A8
	2Strengthen and Implement Research and Data Analytics functions		
	3Develop & Implement Data and Information Sharing Mechanism		
	4Optimize stakeholder relations		
	A9	Develop, Implement and Monitor Statistics Strategic Plan	1Develop and Implement ZRB Statistics Strategic Plan
			2Establish A Statistic Unit
			3Strengthening Statistical Advocacy
			4Strengthening Coordination and Management of Statistical System
			5Improve Usability and Dissemination of Statistics

Perspective	ZRB Corporate Objectives	ZRB Strategic Directions		Main Initiatives to Achieve Corporate Objectives
Customer	B. Improve Quality of Service and Compliance	B.1	Provide and Promote Proper and Fair Assessment and Collection of taxes	1 Enhance Implementation of better tax payment environment using ICT (e-Registration e-filing and e-payment)
				2 Provide and publicize easily understood and accurate information on legal and regulatory interpretations and procedures
				3 Respond quickly and accurately to inquiries/consultations from taxpayers
				4 Develop broad cooperation and participation of the related ministries, agencies, and citizens
				5 Develop and Implement ZRB Contact Centre
				6 Properly apply the relevant laws and regulations
				7 Enhance Proper tax filing, and reliably correct errors by conducting examinations and guidance for people who filed improper returns
				8 Develop and Implement Strategy to collect taxes from delinquent taxpayers.
				9 Implement and Monitor ZRB Compliance Strategy
				10 Carry out customer satisfaction survey.
				11 Review customer service standards (Taxpayer Chatter)
Customer	B. Improve Quality of Service and Compliance	B2	Undertake and enhance education interventions to foster compliance and obligation awareness	1 Conduct Tax training and seminars targeted to specific groups.
				2 Provide Education Through Media
				3 Distribute information packs/pamphlets with basic tax compliance issues and messages
				4 Make use of leaders (national and local authorities) and local celebrities in raising tax compliance
		B3	Undertake education interventions to foster compliance and obligation awareness	1 Develop ZRB as a client-focused and responsive organization.
				2 Enhance and Implement Customers Reward Scheme
				3 Develop and Provide Timely and Pro-active Education
				4 Develop and Implement ZRB Compliance Strategy

Perspective	ZRB Corporate Objectives	ZRB Directions	Strategic		Main Initiatives to Achieve Corporate Objectives
Business Process	C. Innovate in Digitalization and Technology harness	C1	Modernise Operations and Processes	1	Assess and Develop Business Process Re-Engineering Strategy.
				2	Implement Improved business processes program.
				3	Enhance IT systems to support & implement the Process re-engineering program
		C2	Enhance Use of ICT and e-services	1	Develop and Implement Strategy to promote the uses of online services.
				2	Enhance IT systems to support & implement the reform strategy and plans
				3	Develop a ZRB Tax Management Information System (MIS)
	C. Innovate in Digitalization and Technology harness C. Innovate in Digitalization and Technology harness	C3	Introduce and Implement Online Registration Systems	4	Develop and Implement A Strategy for automatic exchanges of data with other Stakeholders
				5	Implement ICT Policy and ICT Strategy
				6	Develop and Implement e-service sustainability Strategy
				1	Develop and Implement Strategy to promote the uses of online registration
Business Process	C. Innovate in Digitalization and Technology harness C. Innovate in Digitalization and Technology harness	C4	Introduce Online Filling Systems	2	Enhance e-Registration module and interfaces in ZITAS
				3	Develop and Enhance e-Registration procedures.
				1	Develop and Implement Strategy to promote the uses of online filing Services
		C5	Facilitate Electronic Use of Payment System ICT-Based	2	Develop and Enhance e-Filing module and interfaces
				3	Develop and Enhance e-Filing procedures.
				1	Develop and Implement Strategy to promote the uses of online payment.
	C. Improve and Strengthen Oversight of ZRB	C6	Improve and Strengthen Oversight of ZRB	2	Develop and Enhance e-payment module interfaces
				3	Develop and Enhance e-payment procedures.
				1	Develop and Implement ZRB Corporate Branding Strategy
				2	Enhance Corporate Social Responsibility (CSR)
			3	Develop and Implement delivery standards based on international Standards (ISO)	

Perspective	ZRB Corporate Objectives	ZRB Directions	Strategic		Main Initiatives to Achieve Corporate Objectives
	C. Innovate in Digitalization and Technology harness	C7	Improve ZRB infrastructure	ICT	4 Establish and Enhance Intelligence functions by Establish Strong Taxpayers Intelligence team,
					5 Enhance Risk management Unit by Establish Strong Internal Audit team.
					1 Enhance ICT infrastructure (Hardware) to support & implement the reform strategy and plans
					2 Develop and Enhance ICT systems (software) to support & implement the reform strategy and plans
					3 Develop and Enhance ICT Network (software) to support & implement the reform strategy and plans
					1 Enhance ZRB Business Continuity and Recovery Strategy
		C8	Improve Information Security and Assurance	ZRB Security	2 Capacity building and Support Cyber Security Staff
					3 Review policies and procedures on ZRB Data Handling
					4 Develop, Prioritise and Implement Information risk assessments
					5 Enhance ZRB Data Centre and Disaster Recovery Site
Learning and Innovation	D. Improve Staff Performance	D.1	Improve Productivity	Staff	6 Develop, Prioritise and Implement ZRB Firmware
					1 Develop and Implement ZRB Staff Performance Management System
					2 Develop and Implement, ZRB Performance Management Information System
					3 Review and implement ZRB Multi-year Training Programs -MTP
					4 Develop Staff Performance Contracts in line with KPI to enhance individual performance management
					5 Develop, Implement and Communicate the Knowledge Management Framework.
		D2	Improve (Enhance) Staff Integrity		1 Develop and Implement ZRB Anti-Corruption Strategy
					2 Improve and Implement ZRB Staff Code of Conduct
					3 Enhance Internal Control on Staff integrity

Perspective	ZRB Corporate Objectives	ZRB Directions	Strategic		Main Initiatives to Achieve Corporate Objectives
	D. Improve Staff Performance	D3	Improve Institutional Capacity.	1	Develop and Implement On-the-Job Training Program
				2	Develop and Implement the succession and retention policy
				3	Develop and Apply skills to carry out ZRB core functions
		D3	Improve Institutional Capacity.	1	Develop and Implement ZRB Employment and Recruitment Policy
				2	Develop and Implement ZRB Staff Retention Policy
				3	Design and implement a ZRB recruitment program
		D4	Improve Allocation Staff	1	Optimize staff allocation
				2	Identify current and future Staff needs
				3	Enhance Staff Job Rotation program
		D5	Improve Remuneration Staff	1	Develop and administer the ZRB Staff Remuneration framework
				2	Enhance Staff Competence and Satisfaction
				3	Develop and Implement ZRB Remuneration Policy
		D6	Improve Working Environment	1	Assess working environment (health and security)
				2	Improve and Strengthen Working Tools and working Environment
				3	Enhance visibility & improve working relationship within
				4	Build and Improve ZRB Offices
				5	Develop and Implement Asset Management Strategy

4.2.2 Optimise Revenue Collection

According to the Zanzibar Revenue Board Act No. 7 of 1996, Part II (6), the main function of ZRB is to collect revenue and monitor revenue collected “to ensure fair, efficient, and effective administration of revenue laws by concerned departments of the Government”. During implementation of CP4, ZRB will strive to increase revenue collection; improve resource allocation; expand the tax base; strengthen timely revenue reconciliation and reporting; timely management of objections and disputes resolution; and monitoring of revenue collections. Section 5 below provides revenue projections for CP4.

4.2.3 Improve Quality Of Service And Compliance

Quality of customer service and tax compliance is important for the provision of public services because without adequate tax revenue the quality of public services may deteriorate. Tax compliance means taxpayers fulfilling their obligations. During CP4, ZRB will build tax paying culture and reduce taxpayer compliance costs. More specifically, CP4 will carry out the following strategic interventions:

1. *Provide proper and fair assessment and collection of taxes*

- 1) Develop better tax payment environment using ICT.
- 2) Provide and publicize easily understood accurate information on legal and regulatory interpretations and procedures concerning tax filing and payment. A brief Kiswahili pamphlet is advisable.
- 3) Respond quickly and accurately to inquiries or consultations from taxpayers.
- 4) Make efforts to obtain broad cooperation and participation of the related ministries, agencies, and citizens in order to build cooperation with tax administration and understanding of the roles of taxes.

2. *Promote proper and fair tax administration*

- 1) Properly apply the relevant laws and regulations.
- 2) Work to achieve proper tax filing, and reliably correct errors by conducting examinations and guidance for people who filed improper returns.
- 3) Work to help taxpayers pay taxes by the due date, and implement procedures to collect taxes from delinquent taxpayers.
- 4) Respond properly and promptly to taxpayers’ requests for review, to address infringements of taxpayers’ legitimate rights and interests.

3. *Undertake education interventions to foster compliance and obligation awareness*

- 1) Tax training and seminars: well-planned training sessions targeted to specific groups, such as small businesses, farmers, traders, tour operators, middle and large taxpayers is likely to achieve desired results to increase compliance.
- 2) Provision of education through media: intensive, well planned media campaigns (radio, newspaper, television, etc.) can help provide much needed information on obligations of all

eligible citizens to pay taxes, how tax money is used, kinds, types and rates to be paid within a given period and penalties for failure to pay due taxes. The media campaigns should also be attitude changer and morale builder to foster trust in the government and a sense of civic duty to pay taxes.

- 3) Distribute information packs/pamphlets with basic tax compliance issues and messages that encourage compliance and strengthen online platforms for dissemination of mostly needed basic information to taxpayers. The messages and contents should be easy to understand and where appropriate use Kiswahili packs/pamphlets.
- 4) Make use of leaders: national and local authorities and even local celebrities are often highly effective in encouraging voluntary compliance.
- 5) ZRB should go beyond the technical: As the review of the 3rd Corporate Plan observed, some taxpayers in Zanzibar face technical constraints with how to file their taxes, and also have low awareness on what taxes are used for. Therefore, the content of the education programs will have to be improved by giving more attention to aspects of reciprocity, transparency and accountability.
- 6) Taxpayer service client charter: Fast track implementation of the charter during the CP4 period.
- 7) Strive to be a client-focused and responsive organization, particularly to the needs of taxpayer customers.

4.2.4 Innovate in Digitalization and Technology Harness

Automation of the ZRB tax administration and business operations is the theme, focus and burner of CP4. Modernisation of ZRB systems and services is critical both as a way of fulfilling its mandate to efficiently and transparently collect due revenue, as well as achieve greater transparency and accountability of revenue collected. Automation also reduces data processing inefficiencies that are currently being done manually and provides external stakeholders with more timely, transparent, and accurate data. As such, CP4 will fast-track implementation of the Information and Communication Technology Strategic Plan (2019-2022). In particular, ZRB will improve IT Governance, management processes and ICT security; reduce the cost of business operations through ICT enabled business solutions; foster operational efficiency through ICT-based service delivery using effective programme management of ICT projects and simplified procedures as well as consistency in audits and examination; improve ZRB IT infrastructure with the aim of achieving reliable, scalable, secure and manageable IT infrastructure; and develop ICT systems and processes to enhance ZRB organisational visibility as well as staff IT capabilities and competencies. Table 4 and 7 provides the main ZRB modernisation actions during implementation of CP4.

Table 5: Priority ZRB Automation in the 4th Corporate Plan

Department		Processes for automation and integration
1.	Research and Planning	<ol style="list-style-type: none"> 1) Forecasting for export, import and economic growth, 2) Revenue forecasting 3) Data warehousing
2.	Finance and Accounting	<ol style="list-style-type: none"> 1) Upgrade ERP to facilitate accounting function and subsequently replace Pastel with ERP, 2) Development of ZIDRAS to handle payment receipts and balances, 3) Make ZIDRAS interoperable with IFMIS for reporting of collections and remittances to Treasury and reconciliation with the IFMIS
3.	Return, Processing and Collection (RPC)	<ol style="list-style-type: none"> 1) Set up self-assessment portal to enable tax payers to perform the assessments online 2) Include procedures for this category of taxpayers in the self-assessment portal to enable tax payers to perform the assessments online
4.	Non-Tax Revenue	<ol style="list-style-type: none"> 1) Integration of various ZRB partners to share information, especially TRA for motor vehicle registration, Ministry of Transport and ports for drivers and road licenses 2) Reporting of line item revenue collections directly into ZIDRAS
5.	Tax Payer Registration, Audit and Investigation (TRAI)	<ol style="list-style-type: none"> 1) Integration of ZRB systems to hotels to maintain updated information to support spot checks 2) Integrate/access to ZIDRAS from which the department can get information about tax payers to perform compliance reviews.
6.	Internal Audit	Monitoring of internal controls
7.	Legal and Board Affairs	<ol style="list-style-type: none"> 1) Application to provide department access of taxpayer information/history 2) Register of tax exemptions from ZIDRAS
8.	ZRB Pemba	<ol style="list-style-type: none"> 1) Extend all automated processes in the Head office with the ZRB Pemba office 2) Extension of Pastel/ERP implementation 3) Integration with TRA, NIDA, Immigration
9.	Human Resources and Administration	Automation of: <ol style="list-style-type: none"> 1) Inventory Management 2) Procure to pay 3) Leave Management 4) Performance Management
10.	Revenue Assurance Unit	Application to detect revenue leakages and fraud
11.	Revenue and Debt Management Unit	Automation of Debt information and Debt Recovery System
12.	Procurement Management Unit	Automation of the system of procurement, including systems for acquisition of supplies and services

Table 6: Other ICT systems identified by ZRB for implementation during CP4

	ICT system	Description
1.	HTCMS	HTCMS is a web-enabled and secure application system that provides fully-integrated platform and automated solution for administration of tourism taxes and enables hotel revenue collection inquiries with real-time monitoring to assist decision-making process
2.	Virtual Fiscal Device Management System (VFDMS)	This is Electronic Fiscal Device (EFD) machine designated for use in business to provide efficient management control in areas of sales analysis and stock control system. The EFD provides a fully-integrated online platform which is an automated solution for administration of domestic revenue and enables revenue collection inquiries with real-time monitoring.
3.	Data centre and Disaster Recovery site	The envisaged data centre is expected to facilitate ZRB ICT operations and equipment as well as to store, manage and disseminate data. The Centre will also house ZRB most critical ICT systems that are vital to ZRB business operations (for storage, management and business continuity).
4.	Revenue Portal	This is the ZRB e-service tool
6.	Tax Block Management System (TBMS)	The system is expected to develop permanent taxpayer register based on their physical locations. The system will help manage tax affairs of all taxpayers by demarcating their areas in which they conduct business into sizeable and manageable blocks.

4.2.5 Improve Staff Performance

Staff are extremely important in achieving ZRB mandate because these interact with the business processes in order to deliver quality service that is desirable by government and the esteemed taxpayer customers. Recognizing the key role played by staff, during CP4, ZRB will undertake staff recruitment program to fill observed acute shortage of staff in both at the Headquarters in Unguja as well as ZRB Pemba office. In 2018, ZRB had 172 employees and employed 54 in 2019. An additional 74 employees are needed who will be employed during CP4 implementation, beginning as planned with 24 employee hire in 2020. Further, ZRB will review and implement a comprehensive staff training programme to upgrade skills, customer service and acquire relevant IT competencies; improve staff integrity; improve staff allocation within departments in both at the headquarters in Unguja and ZRB Pemba office to realign staff with the strategy; and improve staff working environment and remunerations.

4.3 Funding of Strategic Initiatives

4.3.1 Sources of Financing ZRB Activities

ZRB has been financing its activities from various sources as shown in Table 7. The main sources of financing is the Government, contributing over 90% of total funding envelop. The rest of the funding comes from the Development Partners (about 8%) while other (own) sources contribute about 2 percent. According to information from consultation with Donor Agencies, the contribution of Donor Support to ZRB during CP3 increased from TZS 2.3 billion in 2016/17 to about TZS 4.0

billion in 2017/18, before declining to only TZS 0.4 billion in 2018/19. Nonetheless, the amount of Donor support increased during the current year (2019/20) to TZS 0.8 billion and prospects for higher funding from Development Partners during CP4 are high.

4.3.2 Resource Envelop Required for Financing CP4

During the Fourth Corporate Plan period, ZRB would require resource envelop to the tune of TZS 213.05 billion for 2020/2021-2024/25. This resource envelop will be mainly financed by the Government to the tune of 137.03 billion over the five-year period (nearly 64.31%). Other revenue sources such as rental property will cover TZS 9.72 billion or 4.56 of the needed financing. The two sources leave a resource gap of TZS 66.30 billion (US\$28.9 million) or 31.11% of the required financing (Table 7). In order to close the resource gap, ZRB will seek additional financing from Development Partners, especially those who have been supporting Zanzibar (and ZRB in particular), mainly Norway (The Royal Norwegian Embassy in Tanzania) who has been supported ZRB in its major reforms for the past five years, The World Bank, UK (DfID), Sweden, AfDB, IMF-East AFRITAC and Denmark etc.

An important cost item during CP4 period will be modernization of ZRB systems and processes, through implementation of the Strategic ICT & CP4 Implementation Plan; whose estimated cost of implementation is about TZS 76.69 billion (US\$ 33.38 million).

Table 7: Projected Financial Resource Requirements 2020/21-2024/25 (TZS, billion)

A. Recurrent and Development Expenditure	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Wage	12.87	13.24	13.54	14.04	15.27	68.96
Non-wage recurrent and Development (Non-ICT)	13.32	12.32	12.92	13.92	14.92	67.4
Strategic ICT & CP4 Investment Expenditure	17.92	24.72	13.8	10.28	9.97	76.69
Total	44.11	50.28	40.26	38.24	40.16	213.05
B. Financing						
Government Subvention	23.23	26.4	27.9	29.04	30.46	137.03
Other (own) sources	1.46	1.81	1.98	2.15	2.32	9.72
Total	24.69	28.21	29.88	31.19	32.78	146.75
Financing gap (A-B)	19.42	22.07	10.38	7.05	7.38	66.30

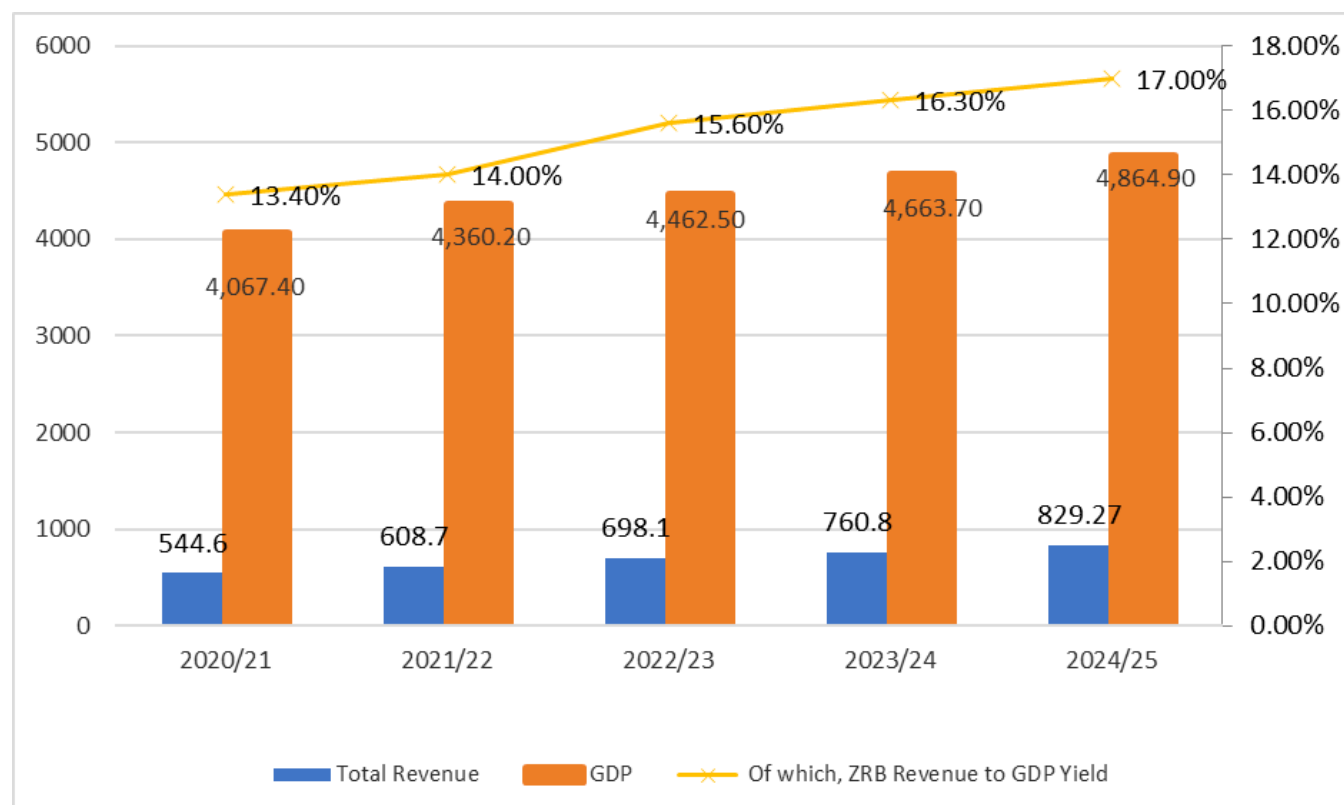
Source: Based on ZRB Finance and Accounts Unit Financial Accounts

5.0 REVENUE PROJECTIONS

5.1 Revenue Projections Assumptions for 2020/21-2024/25

ZRB revenue collections are projected to increase from TZS 439.3 billion in 2018/19 to TZS 829.2 billion in 2024/25 or progressive increase from 12.4% to 17.0% of GDP at the closure of CP4 (Figure 12).

Figure 12: Baseline Tax Revenue Projections for CP4 2020/20 – 2024/25



Source: Authors based on ZRB revenue data and Zanzibar Statistical Abstract, 2018

Sector contribution to revenue is shown in Table 8. The revenue projections depict historical pattern where VAT (local) is expected to continue to contribute a substantial proportion of the ZRB revenue yield (33.4%), followed by Ministries Collections (19.7%), Petroleum Levy (9.3%), Airport Service Charges (9.3%), Hotel Levy (6.7%), Excise Duty Local (4.9%) and Infrastructure Tax (4.8%). ZRB revenue outturn as a percent of GDP is expected to increase from 12.7% of GDP in 2019/20 to 17.0% of GDP at the closure of CP4 in 2024/25; which implies continued contribution to Zanzibar total revenue to GDP ratio which increases from 24.2 percent in 2019/20 to 26.4 percent in 2024/25 (Table 8).

1 GDP at current prices.

2 Projection assumptions: The projections are based on ZRB/TRAMoFP Tanzania Revenue Authority Fifth Corporate Plan 2017/18-2021/22 revenue projections for Zanzibar with adjustment factor extension to 2024/25; Zanzibar GDP growth based on Zanzibar Statistical Abstract 2018; sector distribution of revenue; and number of taxpayers required to raise the needed revenue, which in turn depends on ZRB number of active taxpayers. It is considered pre-mature to factor in anticipated oil and gas revenues

Table 8: Baseline Tax Item Revenue Projections for ZRB CP4 Plan 2019/20 – 2023/24 (TZS, Bn)

Tax category	2020/21	2021/22	2022/23	2023/24	2024/25	Total	As % of total
						2020/21 2024/25	
VAT Local	175.5	190.45	239.2	261.17	284.68	1151.00	33.44
Ministries collection	103.23	121.42	136.4	151.4	165.03	677.48	19.69
Petroleum Levy	55.54	59.79	64.04	68.29	74.44	322.10	9.36
Airport Service Charge	48.26	59.58	65.62	71.66	78.11	323.23	9.39
Excise Duty Local	29.56	31.6	33.64	35.68	38.89	169.37	4.92
Hotel Levy	38.6	42.5	46.4	50.3	54.83	232.63	6.76
Infrastructure Tax	28.18	30.86	33.54	36.22	39.48	168.28	4.89
Road Development Fund	13.84	14.9	15.96	17.02	18.55	80.27	2.33
Safety fees	12.34	13.76	15.18	16.6	18.09	75.97	2.21
Stamp Duty	12.42	14.09	15.76	17.43	19.00	78.70	2.29
Seaport Service Charge	8.77	9.73	10.69	11.65	12.70	53.54	1.56
Restaurant Levy	6.08	6.66	7.24	7.82	8.52	36.32	1.06
Motor Licencing Fees	5.6	6.11	6.62	7.13	7.77	33.23	0.97
Driving Licence Fees	1.88	2.01	2.14	2.27	2.47	10.77	0.31
Tour Operation Levy	2.32	2.57	2.82	3.07	3.35	14.13	0.41
Car Registration Fees	2.46	2.63	2.88	3.14	3.42	14.53	0.42
Total	544.6	608.7	698.1	760.8	829.27	3,441.55	100.00
GDP	4,067.40	4,360.20	4,462.50	4,663.70	4,864.90		
Zanzibar Revenue to GDP ratio [1]	24.80%	25.40%	25.80%	26.10%	26.40%		
Of which, ZRB Revenue to GDP contribution	13.40%	14.00%	15.60%	16.30%	17.00%		

3 Includes all domestic revenue from TRA, ZRB, MDAs and other domestic sources.

5.2 Potential New Revenue Sources for ZRB

There are two new revenue potential bases in the foreseeable future that ZRB could tap in opportune time: (1) Blue economy associated with exploitation of the Indian Ocean resources, and, (2) oil and gas.

5.2.1 The Blue Economy

Zanzibar is surrounded by the Indian Ocean. According to the Indian Ocean Rim Association (IORA), Blue economy refers to marine based environmentally sustainable economic growth and a driver of inclusive and sustainable economic growth and development in the Indian Ocean. Zanzibar is strategically placed to tap into the huge potential, being an island, particularly through interventions shown in Table 9. The Government has begun development of fish hatchery under the 'Korea-Zanzibar Marine Hatchery Centre' funded by Government, KOICA and FAO. The Government and FAO plans to continue to work with KOICA as a resource partner to establish modern fish hatchery and facilitate establishment of fresh water fisheries in Zanzibar and Pemba. The Government's resolve to exploit the ocean resources should provide avenue for ZRB new tax base related to domestic revenue towards the end of CP4 and beyond.

Table 9: Potential Areas of Consideration in the Zanzibar Blue Economy

	AREA	STRATEGIC INTERVENTIONS
1.	Fisheries and Aquaculture	1) Establish Fish hub 2) Establish fish Port infrastructure 3) Improve fish Storage and Processing Facilities 4) Establishment of Centre for Quality Certification of Fish and Fish Products 5) Utilization of the Coastal Area and Deep-Sea Fishing for Employment Creation and Revenue Generation
2.	Maritime Trade and Shipping	1) Investing in ship building targeting for new varieties of ships, ferry, small cruise and other forms of marine tourism 2) Developing ports and focusing on long-distance shipping lines 3) Expanding port capacity to become the centre for the blue economy activities and services
3.	Tourism and Resorts	1) Create links between tourism and fisheries sectors 2) Enhance High Quality Tourism and Leisure 3) Enhance Marine Heritage attractions in Marine Conservation Areas
4.	Renewable Energy	1) Exploration of Oil and Gas 2) Innovation of alternative sources of energy such as ocean wave, tidal, thermal, Offshore wind and solar energy
5.	Marine Research and biotechnology	1) Improve fisheries production through tissues culture and new aquaculture technology; 2) Establishment of appropriate pharmaceutical industries
6.	Marine Commerce and ICT	1) Develop maritime e-commerce infrastructure 2) Promote the use of advanced ICT for work and performing economic activity in maritime sector
7.	Governance	1) Create a Blue Economy Coordinating unit/commission/department within the Government Framework of administration

5.2.2 Potential Revenue from Oil and Gas Resources

Zanzibar is endowed with unexploited substantial oil and gas resources which have the potential to transform the economy into a high-income country. Explorations to date are encouraging and the fruits in terms of revenue to the Government coffers are in sight. Recently, RAKGas, through its international subsidiary RAKGas Zanzibar Limited, signed oil and gas Production Sharing Agreement (PSA) with the Revolutionary Government of Zanzibar, the first such agreement Zanzibar has signed following its implementation of the Oil and Gas (Upstream) Act of 2016.

The Government has established the Zanzibar Petroleum Development Company (ZPDC) and Zanzibar Petroleum (Upstream) Regulatory Authority (ZPRA), to pursue implementation of the signed PSA and other oil and gas revenue-related issues. According to discussions with ZPRA, based on international best practices, revenue from oil and gas can be expected to flow to the economy 10-15 years after discovery of adequate quantities for exploitation. Further, the recent legislation – the Petroleum Revenue Management Act, the law requires at least 9 years after signing the PSA for the country to obtain her first revenue from oil – which puts the timeframe to 2030. Another observation is that revenue from oil and gas is expected to be channelled directly to the Treasury and deposited in “Special account” as per the requirements of the Petroleum Oil Revenue Management Regulation, which implies even if the revenue were available sooner, these will not be collected by ZRB and therefore cannot be factored in the ZRB revenue projections for CP4.

Despite preceding observations, ZRB might tap into a new tax base that will be created in areas related to service provider fees which are taxable by ZRB. These could include some or all of the following services:

- i. Catering;
- ii. Security;
- iii. Berthing & Quay Facilities;
- iv. Bulk Storage, Mud Plant and Mixing facilities;
- v. Quay and Mud Plant Equipment;
- vi. Warehousing & Yard Storage Area;
- vii. Shipping Freight Clearance and Agency Services;
- viii. Bunkering & Potable Water Supply;
- ix. Personnel Recruitment Services;
- x. Office accommodation and office equipment;
- xi. Cargo Transportation Units;
- xii. Non-Destructive Testing Services;
- xiii. Vessel Fabrication and Structural Repair Services;
- xiv. Petroleum products related services; and
- xv. Premium threading, inspection and repair services of drill pipe, casing and tubing; etc.

In order to prepare well to take full advantage of this new tax base, ZRB will need capacity building skills and training related to oil and gas revenue management. In particular, the following competence skills are recommended:

- i. Petroleum Revenue and Macro-economic policy (Forecasting and modelling);
- ii. Macro-economic impacts of activities in the petroleum sector (Employment, cost, demography, etc);
- iii. Formulation of petroleum laws and regulations (PSA, Tax etc);
- iv. Budgeting (Petroleum sector competence);
- v. Accounting and Transparency (Reporting, Accounting standards in oil and gas activities, Extractive Industries Transparency Initiative (EITI);
- vi. Petroleum Fund, policy development and management (Ownership and control, strategic investment guideline, monitor performance, reporting);
- vii. Petroleum Tax Administration (e.g. Reporting, Audit and tax control, Transparency); and
- viii. Risk Management (Analysing risk exposure, including market and credit risks).

5.2.3 Potential Revenue from the Digital Economy

Digital economy refers to an economy that is based on digital computing technologies, although this may mean conducting business through markets based on the internet and the World Wide Web. According to Thomas Mesenbourg (2001) , three main components of the ‘Digital Economy’ concept can be identified:

- i. E-business infrastructure (hardware, software, telecom, networks, human capital, etc.);
- ii. E-business (how business is conducted, any process that an organization conducts over computer-mediated networks); and
- iii. E-commerce (transfer of goods, for example when a book is sold online).

Taxation of the ‘digital economy’ is problematic due to anonymity, difficulty to determine the amount of tax, lack of paper trail, tax havens, companies incurring liability in multiple countries, tax administration’s lack of capacity to identify companies and to manage VAT. These factors render it difficult for tax administrations to collect Value-Added Tax (VAT), especially due to Base Erosion and Profit Shifting (BEPS) risks stemming from exemptions for imports of low valued goods and remote digital supplies to consumers. In this regard, it is recommended that ZRB build internal capacity to acquire skills needed to tax the ‘digital economy’.

The diffusion of ICTs in the workplace is changing the way in which work is carried out and increasing the demand for new skills. These skills relate both to the effective use of new technologies and the ability to work in new working environments. In this regard, ZRB staff will need capacity building in human skills, business skills, and digital skills. Skills competency most relevant for revenue management purposes include:

- i. Taxation of e-business infrastructure;
- ii. Taxation of e-business;
- iii. Taxation of e-commerce;
- iv. Transfer pricing; and
- v. ICT usage in business administration; etc.

4 Mesenbourg, T.L. (2001). Measuring the Digital Economy. U.S. Bureau of the Census.

6.1 Introduction

Monitoring and Evaluation (M&E) is a continuous management function to assess if progress is being made in achieving expected results, to spot bottlenecks in implementation and to highlight whether there are any unintended effects (positive or negative) from an investment plan, programme or project (“project/plan”) and its activities. The processes of planning, monitoring and evaluation make up the Result-Based Management (RBM) approach, which is intended to aid ZRB authorities and staff in decision-making towards explicit goals and objectives of CP4.

6.2 Strategic Directions

During implementation of CP4, ZRB will establish a monitoring and evaluation section under Research and Planning Department and employ key competent M&E staff. The function of the M&E unit will be to:

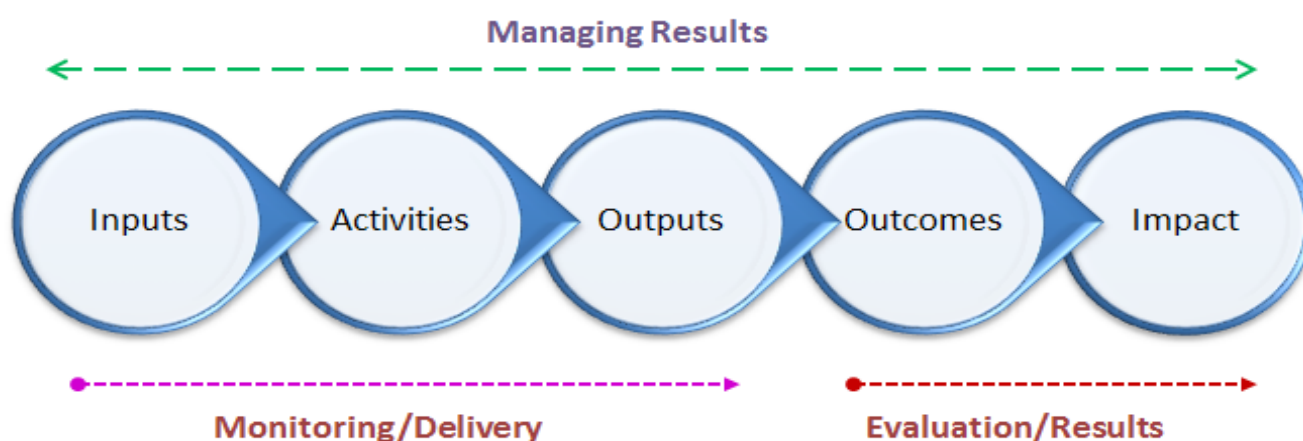
- 1) Provide standardized templates, for reporting on a quarterly, semi-annual and annual basis;
- 2) Generate, maintain and review a set of performance measures drawn from the M&E framework;
- 3) Carry out periodic visits to projects and business areas to ensure reported implementation conforms to facts on the ground;
- 4) Co-ordinate meetings to review progress and resolve issues that may arise in the implementation; and
- 5) Provide relevant reports to senior management to ensure that management is fully updated on progress being made in plan implementation.

In order to improve ZRB corporate accountability and enhance institutional efficiencies, continuous monitoring of CP4 strategy will be conducted to assess strategy execution and its relevance to the achievement of the planned results and outcomes. Each Department/Unit will have a focal person for monitoring of the implementation of departmental activities.

6.3 Strategic Objectives and Targets

ZRB M&E framework is based on the result value chain from inputs, processes, outputs and outcomes under each perspective that collectively deliver the intended strategic objectives as shown in Figure 13.

Figure 13: Results Chain



As discussed in Section 4.2, the Strategic Objectives of CP4 are to:

- 1) Optimise Revenue;
- 2) Improve Quality of Services and Compliance;
- 3) Innovate in Digitalization and Technology Harness; and
- 4) Improve Staff Performance.

CP4 identifies 4 Strategic Objectives with measurable Indicators that will be monitored over the 5-year plan period. As part of the Implementation Plan, M&E activities will be conducted on quarterly and annual basis and management reports will be prepared. The reports will rely mainly on data provided by the ZRB departments at the headquarters in Unguja and the ZRB Pemba office. In addition, field and impact evaluations will be conducted for selected initiatives: (i) to assess the level of implementation, (ii) identify challenges facing implementation, and (iii) verify actual performance on the ground. The field assessments will also provide qualitative information to supplement the quantitative data provided by departments. The summary of key performance indications is shown on Table 10.

Table 10: Monitoring and Evaluation by Key Performance Indicators (Balanced Score Card)

SN	Objective	Measure	Baseline	Projected Target				2024/25
			2019/20	2020/21	2021/22	2022/23	2023/24	
1	Optimise revenue	Total Revenue to be Collected (TZS, billion)	485Bn	544.6Bn	608.7Bn	698.1Bn	760.8Bn	829Bn
		Tax Administration Costs as % of Revenue ⁵	2.56%	3.0%	2.8%	2.3%	2.1%	1.9%
		Tax revenue as % of GDP	12.7%	13.40%	14.00%	15.60%	16.30%	17.0%
2	Improve quality of services and compliance	Compliance level (%)	55%	60%	68%	72%	75%	80%
		% of returns filed electronically	NA	42%	55%	64%	70%	75%
		% of declarations filed on time	55%	60%	65%	76%	80%	85%
5	Innovate Digitalization and Technology Harness	% of payments made on time	52%	55%	65%	75%	80%	85%
		% of ZRB functions automation	30%	45%	55%	65%	70%	80%
		% of system availability	60%	65%	67%	70%	85%	90%
6	Improve staff Performance	% of systems accessibility	30%	45%	60%	65%	75%	80%
		% of ZRB staff trained	70%	75%	78%	80%	85%	90%
		Staff turnover rate (%)	3.5%	2.5%	2.0%	1.5%	1.0%	1.0%
		Revenue per staff (TZS, Billion) ⁶	2.0	2.15	2.18	2.25	2.41	2.54

5 Tax Administration Costs as % of Revenue is calculated by excluding development budget.

6 Revenue per staff is calculated by taking revenue collected by ZRB divided by the number of existing staff.

7.0 INVESTMENT AND IMPLEMENTATION PLANS

7.1 Investment Plan

The Corporate Plan will be implemented by all Units and Department staff working together as a team to complement and support each other to achieve CP4 strategic objectives. Progress towards achieving desired results will be monitored closely by the M&E section to be established under the Research and Planning Department. It is expected that CP4 investments costs will be about TZS 60.24 billion (US\$ 26.5 million) over the five-year period. A large share of the investment costs (41%) or TZS 24.7 billion (US\$ 10.8 million) will be used to finance initiatives under the Improve Staff Productivity, Enhance Staff Integrity, Improve Institutional Capacity and Improve Working Environment theme. Over 25.7% or TZS 15.5 billion (US\$ 6.8 million) will cover investments that are related to improving revenue collection. In an attempt to improve voluntary compliance and improve the quality of customer services, an investment of TZS 7.4 billion (12.3%) or US\$ 3.2 million will be needed, while TZS 12.6 billion (20%) or US\$ 5.5 million will be used to finance CP4 theme of Innovate in Digitalization and Technology Harness through Implementing ZRB's ICT Strategic Plan. Table 11 provides detailed breakdown of the investment costs per year across the four strategic objectives.

7.2 Implementation Plan

Table 11 shows implementation plan by strategic objective. For each objective, the matrix shows the identified initiatives, indicators used to measure it, target date and responsible department or unit.

7.3 Planned Reviews

Planned reviews of CP4 will be carried out on annual basis or when management feels it is important to do so due to new development and emerging challenges in the operating environment. The reviews will largely be evaluating the magnitude and impact of developments and emerging issues to determine the necessity of reviewing the CP4 or make changes in implementation strategy to improve performance.

Apart from middle-term review of implementation of the 4th Corporate Plan, there will be review of the ZRB Institutional Structure due to closure of Zanzibar's Vision 2020 and the Party Manifesto, which might usher-in new policy and strategic directions that might necessitate review of the structure.

Table 11: ZRB CP4 Annual Investment Costs (US\$): 2020/21-2024/25

STRATEGIC OBJECTIVES	FINANCIAL YEAR IN TZS (billion)					TOTAL INVESTMENT COSTS	
	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	Total (TZS) Billion	Total (USD) Million
Optimise Revenue	3.380	3.895	3.200	2.495	2.540	15.510	6.832
Improve Quality of Service and Compliance	1.480	1.600	1.730	1.260	1.340	7.410	3.264
Innovate in Digitalization and Technology harness	2.680	3.420	2.710	2.010	1.780	12.600	5.550
Improve Staff Performance	3.450	6.280	6.160	4.520	4.310	24.720	10.889
TOTAL	10.990	15.195	13.800	10.285	9.97	60.240	26.54

*Based on the BoT official exchange rate of 2,278 shillings per US\$ as of 6th December 2019.

Table 12: Strategic Theme/Objective: Optimise Revenue

REF.	OBJECTIVES/INITIATIVE	INDICATORS	TARGET DATE	RESPONSIBLE DEPARTMENT/UNIT
1.0	Increase total revenue collected by ZRB	Total Revenue Collected (TZS, billion); Tax Administration Costs as % of Revenue; Tax revenue as % of GDP		Revenue and Debt Management Unit; Research and Planning
1.1	Expand the tax base by registering more informal businesses;		2020/20-2022/23	Taxpayer Reg., Audit & Investigation Dept.; Research and Planning
1.2	Identify greater number of middle- and large-income taxpayers;		2021/22-2024/25	Taxpayer Reg., Audit & Investigation Dept & Non-Tax Revenue Dept.
1.3	Incorporate “Blue” economy enterprises into ZRB tax base;		2021/22 - 2024/25	Research and Planning Dept. Taxpayer Reg., Audit & Investigation Dept & Non-Tax Revenue Dept.
1.4	Begin to capture any services being provided to the Oil and Gas industry and initiate due taxes.		2021/22-2024/25	Research and Planning Dept. Taxpayer Reg., Audit & Investigation Dept & Non-Tax Revenue Dept.
STRATEGIC THEME/OBJECTIVE: ENHANCE SERVICE QUALITY AND COMPLIANCE				
2.0	Improve quality of services and compliance	Compliance level (%); % of returns filed electronically; % of declarations filed on time; % of payments made on time.		Revenue Assurance Unit, Public Relations and Taxpayer Services & Research and Planning
2.1	Improve Resource Allocation including timely revenue reconciliation and reporting; timely management of objections and disputes resolution; and improve internal auditing.		2020/21-2023/24	Revenue and Debt Management Unit & Legal Service and Board Matters Unit
2.2	Improve Compliance, including developing better tax payment environment using ICT and plugging tax loopholes.		2020/21 - 2024/25	Public Relations and Taxpayers Services Unit and Information & Comm. Technology Dept
2.3	Build taxpaying culture by properly applying relevant laws and regulations fairly and with integrity, fostering electronic filing and paying taxes.		2020/21-2024/25	Public Relations and Taxpayers Services Unit & Legal Service and Board Matters Unit

REF.	OBJECTIVES/INITIATIVE	INDICATORS	TARGET DATE	RESPONSIBLE DEPARTMENT/UNIT
2.4	Reduce Taxpayer compliance Cost by automating entire taxation system to reduce taxpayer physical presence in revenue collection centres.		2023/24-2024/25	Information & Comm. Technology Dept.
2.5	Increase Taxpayer education through media tailor-made tax-related information in radio, newspaper, television, etc; seminars and workshops for small, medium and large taxpayers.		2021/22-2024/25	Public Relations and Taxpayers Services Unit
2.6	Improve customer service availability especially introducing electronic tax payment channels such as Internet portals, mobile-payment options, and ATMs.		2022/23 - 2024/25	Return Processing and Collection Dept.
STRATEGIC THEME/OBJECTIVE: INNOVATE DIGITALIZATION AND TECHNOLOGY HARNESS				
3.0	Modernise Business Processes	% of ZRB functions automation; % of system availability; % of systems accessibility		Information & Comm. Technology Dept. and Public Relations and Taxpayers Services Unit
3.1	Enhance use of ICT and e-services		2020/21 - 2024/25	Information & Comm. Technology Dept and Public Relations and Taxpayers Services Unit
3.2	Introduce online tax filing systems		2021/22	Information & Comm. Technology Dept and Public Relations and Taxpayers Services Unit
3.3	Facilitate use of ICT-based electronic payment systems		2022/23-2023/24	Information & Comm. Technology Dept.
3.5	Improve oversight of tax administration		2020/21-2022/23	Information & Comm. Technology Dept.
3.6	Undertake integration of ZRB ICT-based functions and systems.		2023/24 - 2024/25	Information & Comm. Technology Dept.

REF.	OBJECTIVES/INITIATIVE	INDICATORS	TARGET DATE	RESPONSIBLE DEPARTMENT/UNIT
STRATEGIC THEME/OBJECTIVE: IMPROVE STAFF PERFORMANCE				
4.0	Enhance Staff Performance	% of ZRB staff trained; Staff turnover rate (%); Revenue per staff (TZS, Billion)		Human Resources and Admin. Dept and Internal Audit Unit
4.1	Improve staff productivity especially HR management, planning, staff awareness training such as on ERP, and undertake comprehensive staff training programme to upgrade skills.		2021/22 - 2024/25	Human Resources and Admin. Dept and Internal Audit Unit
4.2	Improve staff integrity by implementing fully client's service charter and introduce guidelines for better procurement of services and effective utilization of office properties and resources.		2020/21 - 2023/24	Procurement Management Unit, Public Relations and Taxpayers Services Unit
4.3	Improve institutional capacity by implementing ZRB scheme of service; Develop succession plan and Automate all tax administrative and management systems.		2021/22-2023/24	Human Resources and Admin. Dept
4.4	Increase number of staffs to address the acute shortage of manpower in each department and re-allocate existing staff more optimally as well as promote use of ICT-enabled human resource management, records management system and other productivity-enhancing systems.		2020/21 - 2022/23	Human Resources and Admin. Dept

8.0 CONCLUSION

The Corporate Plan 2020/21 – 2024/25 puts forward robust strategies and initiatives to be implemented by ZRB in order to promote a taxpaying culture among all people of Zanzibar that will enable the collection of substantially higher revenue compared with past corporate plans. In particular, to increase ZRB revenue collection from TZS 439.3.4 billion in 2018/19 to TZS 829.27 billion in 2024/25 or progressive increase ZRB tax collection revenue to GDP ratio from 11.2% to 17% at the closure of the 4th Corporate Plan. This good performance will help raise Zanzibar total revenue to GDP ratio from 24.2% to 26.4 during the 5-year period, putting Zanzibar among the highest revenue collection performers in Sub-Saharan Africa.

The plan lays down strategies that will be implemented to transform business processes and modernise operational systems through implementation of the ICT strategic plan, improve the quality of customer service, cultivate a tax paying culture and improve staff performance through enhancing skills and embracing use of information and communication technology. This is envisaged to result into improved quality of services to clients, improved voluntary compliance and ultimately maximizing revenue.

This plan reflects the aspirations of the Government to raise greater revenue for financing development plans as amplified in MKUZA III as well as contribute towards achievement of Vision 2020. ZRB is therefore committed to addressing clients and stakeholders' concerns as well as implement fully all the strategic objectives laid down in this corporate plan.

The plan puts forward M&E strategic objectives and targets that will be monitored on quarterly and annual basis to ensure ZRB is achieving desired outputs and outcomes. As in previous corporate plans, ZRB is hopeful that the Government will continue to support the organisation by defraying most of her operational costs, while facilitating solicitation of additional funding from Development Partners to finance the plan's modernisation drive that will propel ZRB to become the "Centre of Tax Administration Excellence by 2025".