



MALAWI REVENUE AUTHORITY

REVENUE PERFORMANCE REPORT FOR MAY 2015

TAX REVENUE OUTTURN FOR THE PERIOD: MAY 2015 (UNAUDITED)

(All figures in Millions of Malawi Kwacha)

Type of Tax	Apr-15	May-15			Cumulative 2014/15 FY		
	Actual	Actual	Projection	Variance	Actual	Projection	Variance
Income and Profits	24,469.67	19,233.37	19,655.44	(422.07)	213,526.37	209,984.01	3,542.37
Individual	12,592.20	13,883.66	12,906.78	976.88	116,771.07	109,053.64	7,717.43
Pay As You Earn (PAYE)	12,592.20	13,883.66	12,906.78	976.88	116,771.07	109,053.64	7,717.43
Other	1,235.18	563.23	297.53	265.70	8,579.12	9,059.30	(480.18)
Fringe Benefits Tax (FBT)	1,083.77	50.67	65.96	(15.29)	5,236.22	5,342.48	(106.25)
Non Resident Tax (NRT)	151.40	512.56	231.57	280.99	3,342.90	3,716.83	(373.93)
Corporate	7,895.96	1,525.01	2,849.05	(1,324.04)	53,134.34	55,719.37	(2,585.03)
Company Assessments	976.66	861.99	963.32	(101.33)	10,475.40	8,068.69	2,406.71
Provisional Tax	6,919.30	663.02	1,885.73	(1,222.71)	42,658.94	47,650.67	(4,991.74)
Withholding Tax	2,746.33	3,261.47	3,602.09	(340.61)	35,041.84	36,151.69	(1,109.85)
Goods and Services	18,439.88	16,511.28	18,244.37	(1,733.08)	171,983.28	187,316.95	(15,333.68)
Value Added Tax (VAT)	15,304.95	13,386.46	13,238.70	147.76	133,771.68	139,302.96	(5,531.28)
Domestic	8,948.72	6,135.02	5,826.65	308.37	61,758.45	62,512.96	(754.51)
Import	6,356.22	7,251.44	7,412.05	(160.61)	72,013.23	76,790.00	(4,776.77)
Excise Duties	3,134.94	3,124.82	5,005.67	(1,880.84)	38,211.60	48,014.00	(9,802.40)
Local	1,108.08	1,129.01	1,346.06	(217.04)	14,289.31	15,810.39	(1,521.08)
Import	2,026.86	1,995.81	3,659.61	(1,663.80)	23,922.29	32,203.61	(8,281.31)
International Trade	3,714.63	3,542.86	4,254.63	(711.77)	41,712.30	45,783.01	(4,070.70)
Import Duty	3,668.78	3,549.71	4,254.63	(704.92)	41,600.09	45,783.01	(4,182.92)
Prepayment	45.85	(6.86)	-	(6.86)	112.21	-	112.21
Other	434.14	197.23	482.52	(285.28)	3,650.55	3,829.63	(179.08)
Miscellaneous Duties	41.19	41.92	74.40	(32.48)	507.48	498.59	8.90
Penalties	198.79	125.33	27.72	97.61	624.10	420.57	203.53
Dividend Tax	193.04	28.72	379.94	(351.22)	2,507.34	2,899.52	(392.18)
Turn-over Tax	1.12	1.27	0.45	0.81	11.63	10.95	0.68
Gross Tax Revenues	47,058.32	39,484.75	42,636.96	(3,152.21)	430,872.51	446,913.60	(16,041.09)
Tax Refunds	(635.39)	-	(1,040.92)	1,040.92	(8,367.16)	(11,022.84)	2,655.68
Net Tax Revenues	46,422.93	39,484.75	41,596.04	(2,111.29)	422,505.35	435,890.76	(13,385.41)

MAY 2015 REVENUE PERFORMANCE REPORT

Total tax revenue in the month of May 2015 amounted to MK39.48 billion against the revised estimate of MK42.64 billion translating to a 7.0% underperformance. This May, 2015 collection figure represents a revenue growth of 28% over previous May, 2014 collection which is higher than the nominal growth for the period under consideration. The deficit of MK3.15 billion in meeting the target was on account of underperformance from corporate tax and international taxes which could not be compensated by the strong performance from individual income tax receipts.

MAY 2015 OUTTURN

Income and Profits: A total of MK 19.23 billion collected from income and profits fell short of the monthly projection by 2 percent owing to negative performance in provisional tax. Both Withholding and Provisional Taxes underperformed by large margins suggesting that not many suppliers of goods and services have been paid their dues and that businesses are scaling down their profit estimates as the year draws to an end when profits estimates are almost known.

Pay As You Earn (PAYE): At MK13.88 billion, PAYE exceeded the MK 12.91 billion target by 8 percent. The positive variance reflects administrative efficiencies in the enforcement of PAYE as well as some PAYE operators honoured their PAYE arrears in the month of May 2015.

Fringe Benefits (FBT) and Non-Resident Taxes (NRT): A collective total of MK563.23 million of FBT and NRT was above the target by 89 percent. This was due to exceptional performance in Non-Resident tax. The stability of the Kwacha and availability of forex which led to increase in remittances are factors contributing to the good performance of NRT.

Corporate Tax: Corporate tax trailed its target by 46 percent. This was on account of underperformance in all the tax lines under this category which are: provisional tax, withholding tax and company assessments. Company assessments and withholding tax fell short of their monthly

targets by 11 percent and 9 percent respectively. This is characteristic of slowdown in domestic economic activities in the month of May 2015.

Goods and Services: At MK 16.51 billion, goods and services collection represented a shortfall of 9 percent below the monthly target owing to underperformance in all tax lines under this category except Domestic VAT.

Value Added Tax (VAT): A collective total of MK 13.39 billion was recorded under VAT representing a surplus of 1 percent above the target. Domestic VAT registered a 5 percent over-performance at MK 6.13 billion which outweighed a 2 percent under-performance of Import VAT at MK7.25 billion.

Excise tax: A collection of MK 3.12 billion was recorded. Both local and import excise underperformed resulting in a total deficit of 38 percent. The continued dismal performance in local excise is due to the erosion of the base. Currently, no excise tax is payable on many of the assumed excisable products due to interpretation challenges. Such matters are still in court pending judicial review.

Import Duty: At MK3.55 billion, import duty fell short of the monthly target by 17 percent. This is because some importers withheld importations while awaiting for the announcement of the new tax measures in the 2015/16 Budget Statement. The measures on Customs are with immediate effect suggesting that the realized underperformance of this tax could be the removal of import duty on all goods from South Africa for part of May, 2015.

Other taxes: Other taxes recorded a total deficit of MK 285.28 million in the month under review largely driven by an underperformance of MK 351.22 million in Dividend taxes. Almost all the tax lines underperformed except for penalties and Turnover-tax. There is a proliferation of penalties under the Electronic Fiscal Devices project for not using an EFD in selling goods by the taxpayers.