



## MALAWI REVENUE AUTHORITY

# REVENUE PERFORMANCE REPORT FOR FEBRUARY 2015

### TAX REVENUE OUTTURN FOR THE PERIOD: FEBRUARY 2015 (UNAUDITED)

(All figures in Millions of Malawi Kwacha)

Type of Tax	Jan-15	Feb-15			Cumulative 2014/15 FY		
	Actual	Actual	Projection	Variance	Actual	Projection	Variance
<b>Income and Profits</b>	<b>29,033.74</b>	<b>17,553.17</b>	<b>16,929.76</b>	<b>623.41</b>	<b>153,040.21</b>	<b>144,767.58</b>	<b>8,272.63</b>
Individual	9,491.48	11,795.29	9,778.28	2,017.01	78,153.20	73,912.56	4,240.64
Pay As You Earn (PAYE)	9,491.48	11,795.29	9,778.28	2,017.01	78,153.20	73,912.56	4,240.64
Other	<b>1,544.56</b>	<b>571.69</b>	<b>409.14</b>	<b>162.55</b>	<b>6,474.80</b>	<b>6,571.22</b>	<b>(96.43)</b>
Fringe Benefits Tax (FBT)	1,194.41	52.86	152.77	(99.91)	4,078.74	3,883.67	195.07
Non Resident Tax (NRT)	350.15	518.82	256.36	262.46	2,396.06	2,687.56	(291.50)
Corporate	<b>14,886.25</b>	<b>2,222.27</b>	<b>3,601.83</b>	<b>(1,379.57)</b>	<b>42,333.28</b>	<b>37,867.94</b>	<b>4,465.34</b>
Company Assessments	605.89	1,117.34	702.39	414.95	8,087.05	5,135.91	2,951.15
Provisional Tax	14,280.36	1,104.92	2,899.44	(1,794.52)	34,246.23	32,732.03	1,514.19
Withholding Tax	3,111.44	2,963.93	3,140.51	(176.58)	26,078.93	26,415.86	(336.93)
<b>Goods and Services</b>	<b>14,155.23</b>	<b>13,495.75</b>	<b>16,490.10</b>	<b>(2,994.34)</b>	<b>123,070.55</b>	<b>134,702.06</b>	<b>(11,631.51)</b>
<b>Value Added Tax (VAT)</b>	<b>11,217.43</b>	<b>11,542.35</b>	<b>12,014.89</b>	<b>(472.54)</b>	<b>93,271.72</b>	<b>100,584.83</b>	<b>(7,313.11)</b>
Domestic	5,833.14	5,601.87	5,875.38	(273.52)	41,962.86	44,885.14	(2,922.28)
Import	5,384.29	5,940.49	6,139.51	(199.02)	51,308.86	55,699.69	(4,390.83)
Excise Duties	<b>2,937.80</b>	<b>1,953.40</b>	<b>4,475.20</b>	<b>(2,521.80)</b>	<b>29,798.83</b>	<b>34,117.23</b>	<b>(4,318.40)</b>
Local	1,200.37	986.92	1,550.57	(563.65)	11,081.58	11,682.31	(600.72)
Import	1,737.43	966.48	2,924.63	(1,958.16)	18,717.25	22,434.92	(3,717.68)
<b>International Trade</b>	<b>3,056.30</b>	<b>3,214.12</b>	<b>4,101.25</b>	<b>(887.13)</b>	<b>31,103.16</b>	<b>33,496.50</b>	<b>(2,393.34)</b>
Import Duty	3,049.72	3,213.51	4,101.25	(887.74)	31,055.89	33,496.50	(2,440.61)
Prepayment	6.58	0.61	-	0.61	47.27	-	47.27
<b>Other</b>	<b>364.53</b>	<b>186.97</b>	<b>252.20</b>	<b>(65.23)</b>	<b>2,775.43</b>	<b>2,982.54</b>	<b>(207.11)</b>
Miscellaneous Duties	55.81	110.63	52.48	58.15	371.91	336.76	35.16
Penalties	45.35	64.28	56.55	7.73	257.88	335.70	(77.82)
Dividend Tax	262.44	10.93	142.70	(131.77)	2,137.54	2,300.58	(163.04)
Turn-over Tax	0.93	1.14	0.47	0.66	8.11	9.51	(1.40)
<b>Gross Tax Revenues</b>	<b>46,609.79</b>	<b>34,450.02</b>	<b>37,773.31</b>	<b>(3,323.29)</b>	<b>309,989.35</b>	<b>315,948.69</b>	<b>(5,959.34)</b>
Tax Refunds	(55.34)	(1,241.13)	(919.33)	(321.79)	(7,277.10)	(7,823.72)	546.62
<b>Net Tax Revenues</b>	<b>46,554.45</b>	<b>33,208.89</b>	<b>36,853.97</b>	<b>(3,645.08)</b>	<b>302,712.25</b>	<b>308,124.97</b>	<b>(5,412.72)</b>

Gross tax revenues collected during the month of February 2015 amounted to MK 34.45 billion, falling below the month's target of MK37.77 billion by 9.9 percent. Cumulatively, gross tax revenues collected during FY2014/15 to date amounted to MK309.99 billion; which is 1.89 percent lower than its projection. The overall monthly under-performance is explained by poor performance on the customs taxes (import duty and import excise) as they failed to meet the target by MK2.98 billion, some 22.6 percent.

#### FEBRUARY 2015 OUTTURN

**Income and Profits:** A total of MK17.55 billion collected against a projection of MK 16.93 billion representing 3.7 percent over-performance.

**Pay As You Earn (PAYE):** At MK11.795 billion, PAYE performed above its monthly target of MK 9.77 billion by 20.6 percent. This was due to high compliance amongst employers who remitted PAYE to MRA in good time.

**Fringe Benefits (FBT) and Non-Resident Taxes (NRT):** A total of MK571.69 million was collected from Fringe Benefit and Non-Resident taxes, registering a 39.7 percent surplus over the monthly projection. The 102 percent over-collection in NRT at MK518.82 million outweighed the 67 percent deficit in FBT at MK52.86 million resulting in overall positive performance. Fringe Benefit tax, being a quarterly tax, underperformed because February 2015 is not an anniversary month. A lot of Fringe benefit tax was collected in the month of January 2015.

**Corporate Tax:** Notwithstanding an over-performance of 59.1percent in company assessments, company taxes totaled MK5.18 billion against a projection of MK 6.74 billion. Both Withholding and Provisional taxes fell short of their monthly targets by 5.6 percent and 61.9 percent respectively. An underperformance in withholding tax could be due to a decline in disposable income by many players in the economy during the period under review resulting into reduced payments for various supplies. This is the time when most agricultural inputs for next farming season are stocked and a lot more is spent on food supplies. Provisional tax payment depends on the company's assessment of its profit as such there is a possibility that companies are projecting lower profits

and are adjusting their quarterly payments following their large payments in the first two quarters. There is a general hope that more will be collected during the anniversary months from the sale of agricultural products like tobacco.

**Goods and Services:** A total of MK13.49 billion was collected from goods and services against a target of MK 16.49 billion registering a shortfall of MK2.99 billion for the month. All tax components in this category under-performed their targets.

**Value Added Tax (VAT):** In the month under review, VAT raked in a total of MK11.54 billion against a projection of MK 12.01 billion which was 3.9 percent lower. This was the case due to increases in crediting of the output VAT payable most especially in the construction and manufacturing industries.

**Excise tax:** A total of MK1.95 billion was collected from excise tax compared to a target of MK4.48 billion. Both Local Excise and Import Excise were below their targets by 36.4 percent and 67.0 percent respectively. Local Excise did not perform well due to continued court restraint on plastic products while import excise was down as a result of importation of few excisable products.

**Import Duty:** At MK3.21billion, import duty registered a deficit of 21.6 percent below the monthly target of MK 4.10 billion due to a reduction in dutiable imports as key stations witnessed increased importation of relief items for flood victims. Besides the reduction in import volume, the appreciation of the Kwacha against major trading currencies coupled with the reduction in fuel prices have played a significant role in the Kwacha yield on import duties.

**Other taxes:** Total revenue collected on account of other taxes amounted to MK186.97million against a projection of MK252.20 million. All the taxes under this category performed above their respective targets except for Dividend tax which registered a 92.3 percent deficit far outweighing over-performance in all other taxes due to non-distribution of profits by companies hence the reduction in dividends paid out to shareholders.