







## VISION, MISSION, **CORE VALUES**



## alo OUR VISION

Centre of Excellence in Revenue Mobilisation and Border Management



### OUR MISSION

To enable the fair payment of taxes, facilitate trade and manage borders for the transformation of Botswana

#### **OUR VALUES**



We subscribe to the national aspiration of Botho, embracing trust and respect for one another.



#### Integrity:

We uphold strong moral principles in all our dealings.



#### **Accountability:**

We take responsibility for all our actions.



#### Innovation:

We strive to improve our work - always seeking to introduce new ideas, methods and ways to improving our levels of service to our customers.



#### Teamwork:

We work as a team, breaking silos and collaborating to improve our efficiencies and effectiveness







#### **Composition of the Board**

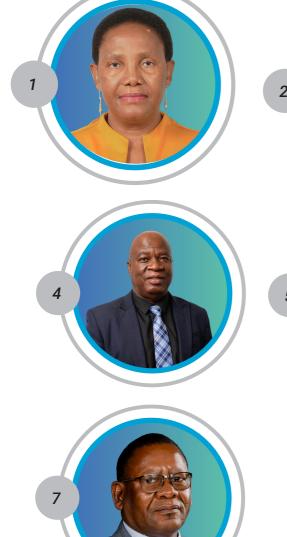
The Board of Directors consists of a Non-Executive Chairperson, and other Members from the Public, Parastatal, Private sector, and the Commissioner General. The Board is appointed by the Minister of Finance and Economic Development in accordance with the provisions of Section 6 of the BURS Act, 2003 (No. 17 of 2004).

The Board's primary responsibility is to give strategic directions to BURS. This include amongst others; the approval of the business and corporate plans of BURS, determining BURS' vision and values identifying key risk areas and key performance indicators of BURS' business, monitoring the performance of BURS against agreed objectives, prescribing such administrative measures as may be required to safeguard the tax revenues, approving a code of conduct for the Revenue Service, advising on

significant financial matters pertaining to BURS and reviewing the performance of the Commissioner General against defined objectives and other applicable performance standards.

Pursuant to its statutory mandate, the Board is required to meet at least four (4) times in a year to ensure proper and effective control of the Revenue Service's operations as well as to carry out periodic evaluation of the Revenue Service's operational performance. Members make declarations of interest and assets at the beginning of every year. Further, at every sitting, members make declarations of interest in respect of matters before them. During the year under review, the Board met eight (8) times as shown on Table 1 below:

## **BOARD OF DIRECTORS**









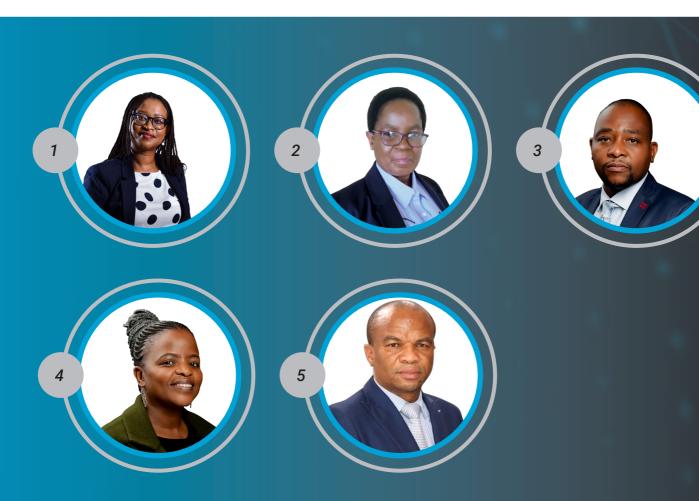




- 1. Ms. Ellen Richard Madisa | Chairperson and Board Member SECTOR REPRESENTED • MINISTRY OF FINANCE & ECONOMIC DEVELOMENT
- 2. Ms. Ontlametse B. Ward | Board Member SECTOR REPRESENTED • MINISTRY OF INVESTMENT, TRADE & INDUSTRY
- 3. Mr. Gaamangwe Lebele | **Board Member** SECTOR REPRESENTED • PUBLIC
- 4.Mr. Wankie B. Wankie | Board Member SECTOR REPRESENTED • PRIVATE
- 5.Ms Keletso Mothusi | **Board Member** SECTOR REPRESENTED • BANK OF BOTSWANA
- 6.Ms. Gaongalelwe G.P Mosweu | Board Member SECTOR REPRESENTED • PRIVATE
- 7.Mr. Segolo Lekau | **Board Member** SECTOR REPRESENTED • BOTSWANA UNIFIED REVENUE SERVICE



# IBOARD COMMITTEE MEMBERS



- 1. | Ms. Rorisang Modikana BAFC CO-OPTED MEMBER
- 2. | Ms. Elisah M. Mosesane BTC CO-OPTED MEMBER
- 3. Mr. Bright-Moses Motsu BAFC CO-OPTED MEMBER
- 4. | Ms. Mercy B. Conlon-Phuthego BTC CO-OPTED MEMBER
- 6. Mr Gabriel T. Mosinyi
  BHRC CO-OPTED MEMBER

**Table 1: Attendance of Meetings by the Board of Directors:** 

	Mrs. Ellen Richard- Madisa	Ms. Elaina Gonsalves	Mr. W. B. Wankie	Mr. G. Lebele	Ms. O.B. Ward	Ms. K. Mothusi	Ms. G.G.P. Mosweu	Mr. S. Lekau	Mr. P.P. Valashia	Ms. B. Tumiso
	Chairperson	Chairperson	Vice Chairperson	Member	Member	Member	Member	Ag. Commissioner General	Ag. Commissioner General	Board Secretary and Director Legal Services
EO Chair brief 27/05/2019	<b>V V V</b>	×	<b>///</b>	V V V	<b>///</b>	V	<b>✓</b>	<b>///</b>	n/a	<b>///</b>
10/06/2019	V V V	×	<b>/ / /</b>	<b>///</b>	V V V	V V V	V V V	n/a	V V V	V V V
CS 10/06/2019	V V V	×	<b>/ / /</b>	V V V	V V V	V V V	V V V	n/a	n/a	<b>///</b>
05/08/2019	<b>✓</b>	×	V V V	V V V	V V V	✓	V V V	n/a	V V V	V V V
CS 05/08/2019	<b>√</b>	×	V V V	<b>V V V</b>	V V V	✓	V V V	n/a	V V V	V V V
12/08/2019	<b>✓</b>	×	V V V	V V V	✓	✓	V V V	n/a	<b>/ / /</b>	V V V
E0 10/09/2019	V V V	×	V V V	<b>///</b>	V V V	V V V	V V V	V V V	n/a	<b>/ / /</b>
E0 CS 10/09/2019	<b>///</b>	×	V V V	<b>///</b>	V V V	V V V	V V V	n/a	n/a	V V V
04/11/2019	✓	×	V V V	<b>/ / /</b>	V V V	V V V	V V V	V V V	n/a	<b>///</b>
CS 04/11/2019	<b>√</b>	×	V V V	<b>/ / /</b>	V V V	V V V	V V V	V V V	n/a	<b>V V V</b>
EO JOINT 13/11/2019	×	✓	V V V	<b>///</b>	✓	✓	V V V	V V V	n/a	V V V
E0 CS 11/12/2019	X	<b>///</b>	V V V	<b>/ / /</b>	<b>√</b>	V V V	n/a	×	×	<b>√</b>
E0 CS 27/03/2020	X	V V V	V V V	V V V	✓	V V V	n/a	×	×	V V V
Sitting Allowance (PULA)	P6,750.00	P4,500.00	P18,000.00	P16,000.00	P10,800.00	P9.000.00	P14.400.00			

#### KEY

**√√√** Attended Apology
Closed Session
Not applicable.
Extra Ordinary Board/Committee meeting
Pre/Post term CS n/a

EO

10

X

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#### 2. Board Committees and their mandate

Section 15 (1) of the BURS Act empowers the Board to appoint Committees. The Committees may be of a general or special nature, consisting of a number of Members, with such qualifications, as the Board may determine. Further, the Board may delegate any of its powers, functions or duties under the Act to the appointed Committees. The Board has appointed the following committees, namely; the Board Audit and Finance Committee (BAFC), the Board Human Resources Committee (BHRC) and the Board Tender Committee (BTC).

The Board Audit and Finance Committee oversees the review of financial performance in line with corporate strategy and budgets, as well as the review of audited financial statements with the external auditors prior to the approval by the Board. It is also charged with the oversight responsibilities and providing direction in the assessment of effectiveness of BURS systems of Risk Management Internal Controls, Governance and Compliance. The Committee is also functionally responsible for the Internal Audit Function.

The Board Tender Committee is responsible for adjudication of tenders in respect of the procurement of goods and services valued at above P5,000,000.00 (P5 million), as well as all matters incidental to procurement. The committee is the final arbiter in the adjudication and award of tenders.

The Board Human Resources Committee deals with the recruitment of senior members of staff and remuneration policy of all BURS staff, as well as all staff welfare and human resources related matters.

In terms of Section 16 of the BURS Act, the Board may further appoint co-opted members who are specialists in identified fields of the respective committees.

The following table sets out the composition of the Board Committees and their mandates. Members marked in asterisk (\*) are co-opted Members.

**Table 2: Composition of Board Committees** 

BOARD MEMBER/CO-OPTED COMMITTEE MEMBER	BOARD FINANCE & AUDIT	BOARD TENDER COMMITTEE	BOARD HUMAN RESOURCES COMMITTEE	SECTOR
Mr. Wankie B. Wankie		✓	✓	Private
Mr. Gaamangwe Lebele	<b>✓</b>			Public
Ms. Keletso Mothusi	✓			Bank of Botswana
Ms. Ontlametse B. Ward		<b>✓</b>	<b>√</b>	Ministry of Investment Trade & Industry
Ms. Gaongalelwe G.P. Mosweu		✓	✓	Private
Mrs. Rorisang Modikana*	✓			Private
Mr. Bright-Moses Motsu*	<b>√</b>			Private
Ms. Elisah M. Mosesane*		<b>√</b>		Public
Ms. Mercy B. Conlon-Phuthego*		<b>✓</b>		Private
Mr. Gabriel T. Mosinyi*			✓	Private
Mr. Segolo Lekau	<b>√</b>		<b>√</b>	Botswana Unified Revenue Service

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**Table 3: Board Tender Committee Meetings:** 

Name	Position	EO JOINT BTC & BAFC 06/06/19	EO BTC 06/06/19	EO BTC & BAFC 12/06/19	11/07/19	E0 25/07/19	14/10/19	17/12/19	EO BTC 07/01/20	BTC 14/01/20	Sitting Allowance (PULA
Mr. W. B. Wankie	Chairperson	<b>///</b>	<b>///</b>	V V V	V V V	<b>///</b>	V V V	<b>///</b>	<b>V V V</b>	V V V	P20, 250.00
Ms. O.B. Ward	Member	<b>✓</b>	<b>√</b>	<b>✓</b>	✓	✓	<b>///</b>	~	V V V	V V V	P5, 400.00
Ms. G.G.P. Mosweu	Member	V V V	<b> </b>	V V V	<b>///</b>	<b>V V V</b>	V V V	<b>V V V</b>	V V V	<b>///</b>	P16, 200.00
Ms. E. Mosesane	Member	<b>✓</b>	<b>√</b>	V	✓	<b>/ / /</b>	×	×	×	X	P1,800.00
Ms. M.B Conlon- Phuthego	Member	<b>///</b>	<b>/ / /</b>	<b>///</b>	V V V	<b>V V V</b>	V V V	V V V	<b>///</b>	V V V	P16, 200.00
Mr. P.P. Valashia	Ag. Commissioner General	<b>///</b>	<b>///</b>	<b>///</b>	<b>///</b>	<b>///</b>	×	×	×	×	
Mr. S. Lekau	Ag. Commissioner General	×	×	×	×	×	<b>/ / /</b>	<b>///</b>	<b>/ / /</b>	V V V	
Ms. B. Tumiso	Board Secretary and Director Legal Services	V V V	<b>V V V</b>	V V V	V V V	<b>/ / /</b>	V V V	×	<b>V V V</b>	<b>V V V</b>	
Mr. K. Tshane	Ag. Board Secretary and Director Legal Services	×	X	X	×	×	×	V V V	X	×	

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**Table 4: Board Audit and Finance Committee Meetings** 

Name	Mr. G. Lebele	Ms. K. Mothusi	Ms. R. Modikana	Mr. Bright- Moses Motsu	Mr. S. Lekau	Mr. T. Bakwena	Mr. P. Valashia	Ms. B. Tumiso
Position	Chairperson	Member	Member	Member	Acting Commissioner, Generall	Acting Commissioner, General	Acting Commissioner, General	Board Secretary and Director Legal Services
EO 12/04/19	<b>/ / /</b>	V V V	V V V	V V V	<b>/ / /</b>	n/a	n/a	V V V
EO CS 12/04/19	V V V	V V V	V V V	V V V	V V V	n/a	n/a	V V V
EO 07/05/19	V V V	<b>/ / /</b>	V V V	V V V	V V V	n/a	n/a	V V V
E0 24/05/19	<b>/ / /</b>	V V V	V V V	V V V	n/a	<b>///</b>	<b>√</b>	<b>√</b> √ √
CS 24/05/19	<b>///</b>	V V V	V V V	V V V	n/a	<b>///</b>	<b>✓</b>	<b>√ √ √</b>
EO JOINT BTC & BAFC 06/06/19	V V V	V V V	V	V V V	n/a	n/a	<b>V V V</b>	<b>√</b> √ √
EO BTC & BAFC 12/06/19	<b>///</b>	<b>√</b>	<b>√</b>	V V V	n/a	n/a	V V V	<b>V V V</b>
09/07/19	V V V	<b>/ / /</b>	V V V	V V V	n/a	n/a	V V V	<b>√</b> √ √
CS 09/07/19	<b>///</b>	<b>///</b>	V V V	V V V	n/a	n/a	V V V	<b>√</b> √ √
EO 26/07/19	V V V	<b>✓</b>	V	V V V	n/a	n/a	<b>///</b>	V V V
EO 30/07/19	V V V	<b>✓</b>	<b>/ / /</b>	V V V	n/a	n/a	V V V	<b>√ √ √</b>
EO CS 30/07/19	V V V	✓	V V V	V V V	n/a	n/a	V V V	V V V
17/10/19	V V V	<b>/ / /</b>	<b>✓</b>	V V V	n/a	n/a	<b>/ / /</b>	<b>√</b> √ √
EO 21/10/19	V V V	V V V	<b>✓</b>	<b>/ / /</b>	<b>///</b>	n/a	×	V V V
21/01/20	<b>///</b>	<b>///</b>	V V V	V V V	<b>///</b>	n/a	×	V V V
CS 21/01/20	<b>///</b>	V V V	<b>/ / /</b>	V V V	V V V	n/a	X	<b>✓ ✓ ✓</b>
EO 27/02/20	<b>V V V</b>	<b>///</b>	<b>✓</b>	<b>√</b>	V V V	n/a	X	<b>√</b> √ √
Sitting allowance	P27,000.00	P16,200.00	P10,800.00	P19,800.00				

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Table 5: Board Human Resources Committee Meetings:

ime	Ms. O. B. Ward	Mr. W. B. Wankie	Ms. GGP. Mosweu	Mr. G. Mosinyi	Mr. S. Lekau	Mr. P.P. Valashia	Mr. K. Kgosidintsi	Ms. B. Tumiso	Mr. K. Tshane
sition	Chairperson	Member	Member	Member	Acting Commissioner, General	Acting Commissioner, General	Acting Commissioner, General	Board Secretary and Director Legal Services	Board Secretary and Director Legal Services
09/04/19	$\checkmark$ $\checkmark$	<b>V V V</b>	<b>~</b>	<b>/ / /</b>	<b>/ / /</b>	×	×	<b>/ / /</b>	×
27/04/19	$\checkmark$ $\checkmark$ $\checkmark$	V V V	<b>~</b>	V V V	V V V	×	×	<b>✓</b>	V V V
CS 04/19	<b>///</b>	<b>V V V</b>	V V V	<b>///</b>	n/a	×	×	<b>✓</b>	V V V
BHRC 06/19	<b>/ / /</b>	<b>///</b>	V V V	<b>///</b>	×	×	<b>///</b>	V V V	×
07/19	<b>V V V</b>	<b>/ / /</b>	<b>/ / /</b>	<b>✓</b>	×	V V V	×	V V V	×
11/7/19	<b>/ / /</b>	<b>/ / /</b>	V V V	<b>√</b>	×	V V V	×	V V V	×
07/19	<b>√</b>	<b>/ / /</b>	V V V	<b>///</b>	×	V V V	×	V V V	×
23/07/19	<b>√</b>	V V V	V V V	<b>/ / /</b>	×	V V V	×	<b>///</b>	×
10/19	$\checkmark$ $\checkmark$	V V V	V V V	<b>√</b>	×	V V V	×	<b>///</b>	×
17/10/19	$\checkmark$ $\checkmark$	V V V	V V V	<b>√</b>	×	V V V	×	<b>/ / /</b>	×
CS 10/19	$\checkmark$ $\checkmark$	V V V	<b>///</b>	<b>√</b>	V V V	×	×	<b>///</b>	×
01/20	<b>/ / /</b>	<b>/ / /</b>	V V V	V V V	<b>/ / /</b>	×	×	<b>/ / /</b>	×
16/3/20	<b>/ / /</b>	<b>/ / /</b>	<b>/ / /</b>	<b>√</b>	V V V	×	×	<b>/ / /</b>	×
CS 23/3/20	$\checkmark$ $\checkmark$	<b>/ / /</b>	V V V	<b>///</b>	n/a	×	×	<b>///</b>	×
TING -OWANCE	P16,200.00	P18,450.00	P16,200.00	P10,800.00					

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# BURS OPERATIONAL STRUCTURE

BURS is made up of nine Divisions namely: Customs Services Division (CSD), Domestic Taxes Division (DTD), Operations Division (OD), Finance & Administration Division (FAD), Human Resources Division (HRD), Information Technology Division (ITD), Internal Audit and Ethics Division (IAED), Legal Services Division (LSD) and the Office of the Commissioner General (OCG).

#### Office of the Commissioner General

The Office of the Commissioner General provides strategic and operational leadership needed to ensure that the organisation meets its revenue targets, as well as enhance the ability of Government to broaden the tax base and thereby increase revenues from domestic tax sources. The Office of the Commissioner General houses the Communications, Transformation and Modernisation, Research and Reporting and Enterprise Risk Management functions.

#### **Customs Services Division**

The Customs Services Division has responsibilities that include: To provide strategic direction for the customs and excise service; To develop policies, strategies and programs and provide guidance in all aspects of customs and excise administration; To provide leadership in the negotiation and facilitation of regional and international trade and customs agreements to safeguard the Botswana's interests; To further coordinate all policy matters with the Botswana Government, international bodies such as IMF, World Bank, and liaise with intergovernmental organisations such as WCO, WTO, and SACU.

#### **Domestic Taxes**

This Division is charged with the following responsibilities: To provide strategic direction in the development of Domestic Taxes legislation, policies and strategies; to ensure consistency in the interpretation of the tax laws, mainly the Income Tax, VAT, Transfer Duty and Capital Transfer Acts; to further provide leadership and advice in the determination and negotiation of the international tax landscape.

#### **Internal Audit and Ethics**

The Internal Audit and Ethics is an independent function charged with the responsibility of helping BURS to accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve effectiveness of risk management, control and governance processes. This is done through monitoring, reviewing, investigating and verifying the activities

and operations of BURS to ensure integrity, effectiveness and compliance with internal control systems and procedures, as well as promote ethical behaviour within the organisation.

#### **Legal Services**

The Legal Services Division plays a dual role in the administration of the BURS Act and the Revenue Laws. The Secretary to the Board is responsible for the legal affairs of the Revenue Service and heads the Division. The Legal Services Division is responsible for advising and assisting the Commissioner General on legal matters which arise under the BURS Act, the Revenue Laws and other legislation impacting on BURS's activities.

#### **Finance and Administration**

The Finance and Administration Division is responsible for accounting for the revenue collected by BURS according to the various revenue and non-tax statutes and accounting for subventions received from the Government and related expenditure transactions. It is also responsible for planning, organising and managing the delivery of cost effective, value for money support services, in the areas of: Infrastructure Development Projects; Facilities Management; Fleet Management; General Administration and Security Services.

#### **Human Resources**

The Human Resources Division ensures that BURS has policies and a strategic approach to the acquisition, motivation, development and management of the organisation's human resources. It is devoted to creating an appropriate organisational culture, and introducing programmes which echo and support the core values of the Revenue Service.

#### **Information Technology**

The Information Technology Division provides information technology services to BURS service delivery functions. This role encompasses technology planning, establishment of standards and procedures and technology acquisition service in a support and oversight role for the quality of the IT component of all business system initiatives.

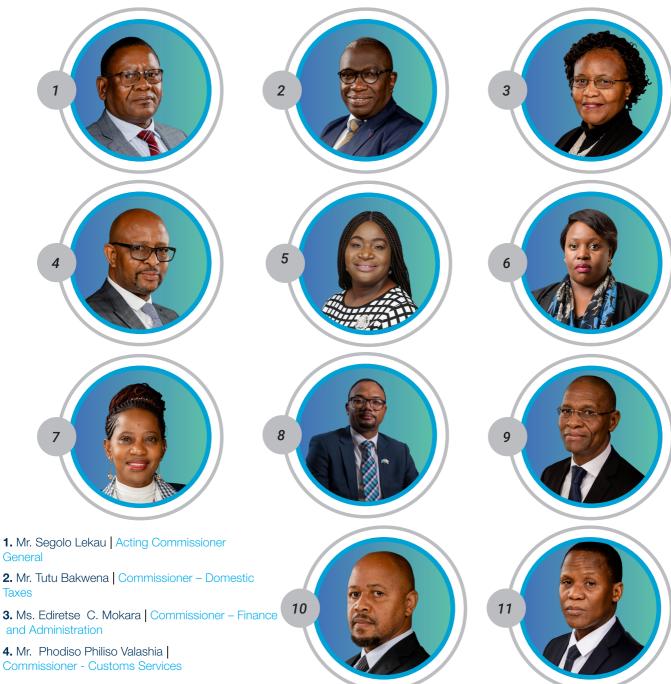
#### **Operations Division**

The Operations Division is responsible for field delivery of BURS services and it comprises of the Compliance Section, Processing of Returns/Declarations Section, Taxpayer Service Section and oversight of Regional and Inland offices as well as Border Post operations.





## **BURS EXECUTIVE COMMITTEE**



- 3. Ms. Ediretse C. Mokara | Commissioner Finance
- and Administration
- Commissioner Customs Services
- **5.** Ms. Mama Maite | Director Human Resources
- 6. Ms. Bame Tumiso | Director Legal Services & Board Secretary
- 7. Ms. Lebesani C. Mosweu | Director Information **Technology**
- 8. Mr. Lovemore Katukula | Acting Director Internal Audit and Ethics
- 9. Mr. Gaitsiwe Mmoloki Motsewabagale | General Manager - Research and Reporting
- 10. Mr. Ephraim T. Kentse | General Manager -Transformation and Modernisation
- 11. Mr. Obakeng Okgethile | General Manager Enterprise Risk Management

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# BOARD CHAIRPERSON'S REVIEW

#### INTRODUCTION

I am delighted to submit to the Honourable Minister of Finance and Economic Development the Botswana Unified Revenue Service (BURS) Annual Report for the financial year ended 31st March, 2020.

The report presents the operational performance of the Revenue Service and covers the following broad areas; tax revenue collection performance, operational performance, challenges encountered and subsequent strategies employed to improve the performance of the Revenue Service.

#### **GOVERNANCE MATTERS**

On behalf of the Board, I wish to express my heartfelt appreciation to the members of the BURS Board and Board Committees for having fulfilled their mandate with utmost professionalism, dedication and commitment during financial year 2019/20. I therefore urge them to continue their excellent work in the forthcoming years.

### **PERFORMANCE HIGHLIGHTS FOR THE YEAR**REVENUE PERFORMANCE

The financial year 2019/20 marked the first year of implementation of the BURS 2019-2024 Strategic Plan. During the year, BURS collected total tax revenue amounting to P38.278 billion against a target of P40.047 billion. This represents a performance of 95.6% against the target for the year under review. Compared to the previous financial year, revenue declined from P38.286 billion in 2018/19 to P38.278 billion in 2019/20 signifying a 0.02% decrease.

#### **BURS PROJECTS**

During the financial year 2019/20, BURS completed one of its flagship projects namely, the construction of the BURS Head Office building. As a result, BURS Head Office staff relocated to the new building in November 2019. It is therefore, expected that the improved office accommodation and better working environment will ultimately improve service delivery. Another strategic project that BURS was undertaking and nearing its completion was the acquisition of a modern Tax Management and Revenue Collection System which is also expected to enable BURS to more effectively and efficiently carry out its mandate once completed.

#### **CHALLENGES**

The Revenue Service is faced with challenges of complying with the ever-changing domestic and international obligations. The most prominent issues which continue to confront BURS in the execution of its mandate include money laundering, compliance with requirements for exchange of information for tax purposes, and transfer pricing. In addition, BURS continues to experience low tax compliance. In order to strategically deal with these challenges, the Revenue Service continued to prioritise capacity building, public education, recruitment of specialists and broadening the use of information technology in its operations.

#### **ACKNOWLEDGEMENTS**

On behalf of the BURS Board, I would like to extend my sincere gratitude to all the stakeholders who continued to support BURS in executing its mandate of collecting taxes and managing the borders of Botswana. I would like to particularly acknowledge the BURS Management team and the entire staff for diligently carrying out their work despite the challenges they faced.

BURS' good performance could not have been achieved without the cooperation of taxpayers who complied with the revenue laws and regulations. Therefore, I would like to applaud the BURS clientele, stakeholders, and the public for their outstanding cooperation.

I would also like to thank our international cooperating partners for their continued technical and material assistance during the year under review. Without their support the Revenue Authority could not have achieved its objectives.

Lastly, let me take this time to thank the Honourable Minister of Finance and Economic Development in providing direction to the Revenue Service.

Ms. E. Richard-Madisa
Acting Board Chairperson

# COMMISSIONER GENERAL'S REVIEW



## PEOPLE PERSPECTIVE – LEARNING AND GROWTH

#### THE PEOPLE STRATEGY

The BURS five-year Strategic Plan 2019 to 2024 envisions a transformational Revenue Service capable of operating in an uncertain and volatile environment. Latest challenges such as money laundering and illicit trade require a high-performance workforce that is agile and abreast with economic, social and technological developments to be able to develop and implement bespoke solutions.

As a result, BURS developed the People Strategy to support the BURS Corporate Strategy. The strategy positions the human resource as the most valuable asset in the attainment of the Revenue Service's strategic goals. Amongst other things, it prioritises the attraction and retention of high caliber staff as well as cultivation of a high performing culture.

#### **HUMAN RESOURCES CAPACITY TO DELIVER**

BURS remains committed to the development of all staff in recognition of the crucial role they collectively play in the achievement of organisational strategic objectives. The BURS learning and development strategies therefore remain aligned to the organisational strategy and business needs. Most importantly, in an era of continuous change and transformation it is essential that staff development is prioritised and geared towards ensuring that employees are abreast with latest developments and changes in their fields of expertise. For this reason, for the financial year 2019/20, BURS committed an amount of P9, 504,289.00 towards staff development which is a 13% increase over the 2018/19 budget of P8, 410 875.00.

By the end of the 2019/20 financial year, four hundred and thirty-two (432) employees were trained and eight-four (84) training interventions were conducted. These training interventions

encompassed short and long term programmes, coaching, leadership and graduate development programmes. Of the 432 employees, fifty-eight (58) were enrolled on long term training of which thirty-four (34) employees were pursuing postgraduate programmes; six (6) is Master's Degree and twenty-eight (28) is Postgraduate Diploma and twenty-four (24) employees were enrolled for a flagship degree programme developed by the BURS in partnership with Ba Isago University.

#### THE BURS GRADUATE DEVELOPMENT PROGRAMME

In line with the capacity building objectives of the BURS Strategy, the Revenue Service continued to offer the Graduate Trainee Programme (GTP) which seeks to develop, accelerate and build agile total tax persons. The programme is offered to newly recruited graduate staff. As at end of September, 2020, twenty-eight (28) employees who formed the fifth (5th) cohort of the GTP completed the Programme.

#### **MANAGEMENT DEVELOPMENT PROGRAMME**

To improve the management capability within the organisation, the BURS has over the years partnered with the University of Stellenbosch (USB) Business School to deliver an intensive Management Development Programme (MDP) for its managers. The purpose of the MDP is to equip BURS Managers with skills that would not only enhance the attainment of the organization's mandate but to also effectively deal with the daily managerial challenges and lead teams effectively. For the financial year 2019/2020 twenty-three (23) managers were enrolled for the Programme.



Increase in funds allocated towards staff development -P9, 504,289.00 for 2019/20

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BURS implemented initiatives to inculcate one of the BURS values of "BOTHO."

#### **INDUSTRIAL ATTACHMENT**

BURS plays a role in the general development of skilled personnel in Botswana and to that end has a student attachment programme. Through this programme, the Revenue Service during the reporting period admitted fifteen (15) students from various academic institutions in Botswana to undertake their industrial attachment under its various divisions.

#### **CONDUCT AND CULTURE**

BURS is engaged in the process of building a high-performance culture. In pursuit of this, the Revenue Service implemented some initiatives to inculcate the BURS value of Botho which included the monthly competition to identify and reward employees who displayed the positive attributes of Botho. Furthermore, there was an initiative to promote leadership visibility: the Meet and Greet session dubbed Botho for Better Business. On the performance management front, there was notable improvement in adherence to appraisals submission which registered a performance level of 96%.

#### **WORK ENVIRONMENT**

Signaling a positive change to a better working environment during the 2019/20 financial year, BURS moved into its new Head Office building. This not only enriched the BURS brand, but it contributed to improving the employees' work environment through enhanced ambience. BURS also continues to offer an outsourced employee counselling service to employees to deal with social and private issues that they may be facing.

#### **RESOURCING THE REVENUE SERVICE**

In pursuance of responding to emerging trends, BURS continued to strengthen human resources capacity especially at the border posts. During the year under review, 116 new positions were created to augment staff capacity at three major border posts. Additionally, 72 new positions were targeted to strengthen areas of critical need mostly in the compliance and investigation function. The BURS human resources establishment was 1771, with 1518 in post.

## PROCESS PERSPECTIVE – ENTERPRISE EFFECTIVENESS

#### STRATEGIC PLAN IMPLEMENTATION

The BURS Strategic Plan is executed incrementally through Annual Business Plans, with a periodic annual review exercise. The Annual Business Plan captures strategic imperatives of the Revenue Service for the year under review. The strategic imperatives are characterised by strong emphasis on maximising revenue collection, enhancing voluntary compliance and maximising customer satisfaction. The enablers that were employed to deliver the 2019-2020 strategic priorities are deployment of effective process and technology, implementation of projects and highly capacitated employees. This was the first year of the 5-year 2019-24 Strategic plan.

## PERFORMANCE AGAINST THE 2019/20 ANNUAL BUSINESS PLAN

The implementation of the 2019-2024 Strategic Plan with specific reference to the Annual Business Plan for the period ending 31st March 2020 was as follows:

#### **Objective 1 - Maximize Revenue Collection:**

Revenue performance for the year under review stood at 95.6% where BURS collection was P38.278 billion missing the target by P1.769 billion.

#### **Objective 2 - Promote Voluntary Compliance:**

As part of efforts to support Voluntary Compliance, BURS reviewed the following revenue laws; Customs Act, the Income Tax Act and the Transfer Duty Act. BURS also continued to undertake Public Education and promote e-services uptake.

#### Objective 3 - Strengthen strategic partnerships:

BURS continued to work with her Technical Partners like African Tax Administration Forum (ATAF), International Monetary Fund (IMF), World Customs Organization (WCO) and others to develop strategies to enhance revenue collection. BURS also continued to work with other partners such as Statistics Botswana and Non-Bank Financial Institution Regulatory Authority (NBFIRA), Directorate on Corruption and Economic Crime (DCEC), Financial Intelligence Agency (FIA) on improving modalities on information exchange and implementing existing Memoranda of Understanding (MOU).

#### **Objective 4 - Improve Enterprise Effectiveness:**

Achievements under this Objective included completion of the BURS Head Office in Central Business District (CBD) and relocation from the rented building to CBD which contributed to improving BURS' effectiveness by according BURS employees better office accommodation and working environment. A mobile phone application, M-Tax was introduced for filing the individual tax returns and it gives improved accessibility to clients through their mobile phones.

#### MODERNISATION OF BORDER CONTROL PROCESSES

## Procurement of Additional Cargo Scanners and related equipment

In keeping up with international best practices of combating cross border customs offences, BURS continued with its customs modernising efforts by procuring a Central Image Analysis solution to enhance optimization of the cargo scanners equipment during the year under review. The solution will enable the images and associated data generated from the scanners at the borders to be sent to the Central Image Analysis Centre which will be installed at BURS Headquarters for analysis. The solution will minimize corruption since image analysts will not interact with the traders and to get value from the use of the solution, thirteen (13) Customs Officers were trained in Advanced Image Analysis and Threat Recognition.

#### **REVIEW OF REVENUE LAWS**

#### **Customs Legislation**

The period under review saw the commencement of implementation of the new Customs Act (No. 33 of 2018), which was passed by Parliament in 2018, and measures were put in place to ensure its proper and consistent implementation. As a result, BURS conducted Customs Act Awareness Workshops to all Customs officers during the year under review with the objective of inducting them on the new legislation to promote consistency in application.

The processes of drafting the Customs Regulations also commenced during the year under review and is expected to be completed by December 2021.

#### Transfer Duty (Amendment) Act 2019

During the year under review, BURS took over the assessment and collection of Transfer Duty which was previously done by

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the Registrar of Deeds. This followed the enactment in September 2019 of the Transfer Duty (Amendment) Act, 2019 and subsequently took effect in March 2020. The necessary processes were developed and resources were allocated to support implementation and all the key stakeholders were engaged to ensure a smooth transition and consistency of application of the Act.

### Capital Transfer Tax (Amendment) Act, 2019

The Capital Transfer Tax (Amendment) Act, 2019 was amended during the year under consideration. The main purpose of the amendment was to align the Act with the Transfer Duty Act and to revise outdated provisions.

#### Income Tax (Amendment Act), 2018

During financial year 2019/20 the provisions within the Income Tax (Amendment) Act relating to interest deductibility and transfer pricing rules came into effect following the enactment of the Income Tax (Amendment) Act, 2018.

### TECHNICAL ASSISTANCE PROGRAMMES

## WCO Mercator Programme Diagnostic Mission for the BURS

Botswana is a signatory to the World Trade Organization - Trade Facilitation

Agreement (WTO-TFA) and as such BURS is responsible for implementing the TFA on behalf of Botswana. To prepare for this implementation. BURS conducted a diagnostic support mission on the implementation of the WTO-TFA with the support of the Customs Cooperation Fund (CCF) of Finland during the year under review. The mission was conducted under the framework of the WCO Mercator Programme and included engagements with all the relevant departments within BURS along with major stakeholders from both the public and private sector.

The mission was able to make a comprehensive assessment of the situation with regard to TFA implementation, highlighting some areas where further capacity building and technical assistance support is required. The mission also developed a multi-year Implementation Plan that will form the basis of future WCO input and will facilitate enhanced engagement with relevant public and private sector stakeholders involved in trade facilitation reforms.

## DEVELOPMENT & MAINTENANCE PROJECTS

For the financial year 2019/20, BURS undertook multiple infrastructural and maintenance projects aimed at

improving the existing infrastructure. This improvement is expected to enhance the working environment within the organisation and to improve service delivery thus making it easy for the taxpayers to comply with the tax obligations. The infrastructural projects are outlined below.

#### **Completed Projects**

The following projects were completed during the reporting period: Construction of the BURS Head Office Building; Maintenance and refurbishment of Tlokweng Border Gate; Design and construction of water supply tanks at Makopong Border Post; Supply and installation of Porta cabins at Lobatse, Palapye & Maun offices.

#### **Ongoing Projects**

The following projects were ongoing during the period under review: Kazungula Bridge Project; Comprehensive Maintenance of Martins Drift Border Post and Kazungula Road Border Post; Design and construction of a One Stop Border at Pioneer Gate and General maintenance of Mamuno Border Post.



## **CUSTOMER PERSPECTIVE – FOCUS AND NEEDS**

#### **INCOME TAX COMPLIANCE**

Compliance to income tax return filing obligations continued to be a challenge during the period of review with 66 per cent of taxpayers filing their returns. Although this is an improvement from previous years, BURS continues to introduce new interventions such as increasing the filing threshold so that taxpayers falling within a defined income bracket whose only source of income is from employment and such income has been subjected to tax through the pay-as-you-earn system are not required to file returns. It is anticipated that these interventions together with increased taxpayer education efforts will improve taxpayers' responsiveness to their filing obligations.

Table: Income tax Filing Rate

Tax Year	2016	2017	2018	2019	2020
Number of registered					
taxpayers	328 655	360 006	415 878	450 797	473 641
Number of registered					
taxpayers required to file					
tax returns	328 655	360 006	400 878	439 592	290 392
Number of income tax					
returns filed	161 040	183 603	266 085	291 768	194 703
% of all taxpayers filed					
returns	49%	51%	66,38%	66,37%	67,05%

Source: BURS Lekgetho Live system

#### **TAXPAYER EDUCATION AND COMPLIANCE**

Public education on tax matters remains one of the main interventions for improving tax compliance. During the 2019/20 financial year, BURS conducted several taxpayer education workshops, to both individuals and the businesses/companies. These workshops were either initiated by BURS or on request by the taxpayers. These workshops covered a wide range of topics such as tax obligations and rights for new registrants, tax on terminal benefits and the BURS mandate. BURS also leveraged on radio interviews to share information regarding the implementation of transfer duty collection by the Revenue Service. During the year under review, BURS translated three (3) educational pamphlets into Setswana to enhance outreach. BURS also participated at various shows such as the Youth Business Expo, Botswana Consumer Fair, Global Expo and Agricultural shows across the country.

To complement the role of taxpayer education in improving tax compliance, BURS continued to promote the usage of e-services during the period under review. As depicted in Table 6 below there has been an overall marked improvement in the utilisation of e-services by taxpayers.

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Table 6: 2019-20 E-services Usage Statistics - Return filing

Тах Туре	Individual	PAYE	OWHT	Corporate	VAT
Usage (%)	83.3	36.5	99	28.7	44.6
Targets (%)	60	30	40	20	55
Performance (%)	138.8	121.7	247.5	143.5	81.1
		Large Taxpay	ers		
Usage (%)	n/a	80	100	39.2	74.2
Targets (%)	n/a	60	80	30	75
Performance (%)		133	125	130.7	98.9

#### **Stakeholder Engagement**

#### **Private Sector Stakeholders**

BURS forged formal relationships with key private sector stakeholders as part of efforts to attain its mandate. These stakeholders include the Botswana Institute of Chartered Accountants (BICA) and the two Associations representing the Customs Clearing and Forwarding Agents. In terms of these relationships, BURS holds regular meetings with them to discuss issues of mutual interest centering around service delivery and adherence to Customs and Tax laws. Through these engagements, Customs Clearing and Forwarding Agents were kept abreast of the latest developments within the Southern African Customs Union (SACU), such as the Customs Modernisation Programme, that has a direct bearing on their operations.

#### **Public Sector Stakeholders**

Public sector stakeholders play a critical and collaborative role to assist BURS provide services to the public and the taxpaying community. To this end, BURS participates in various cooperative forums with key public sector stakeholders such as the Department of Immigration and Citizenship, Botswana Police Service and the Botswana Defence Force. The cooperation is done at organisational level as well as under the auspices of the Joint Permanent Commissions on Cooperation between Botswana and its neighbouring countries.

#### **Compliance with International Obligations**

During the period under review, BURS continued to participate in various relevant regional, continental and international engagements with the view to keeping abreast with developments in the international fora. The following is a summary of international activities in which BURS was involved, including as part of the Botswana delegation during financial year 2019/20;

#### Global Forum on Transparency and Exchange of Information for Tax Purposes

As a member of the Global Forum on Transparency and Exchange of Information for Tax Purposes Botswana is required to undergo various peer review processes to determine its compliance with the standards of the Forum. Therefore, in June 2019, Botswana underwent a peer review focused on testing Botswana's ability to exchange tax information reliably within the standard. In addition, the review tested the reliability of Botswana's Beneficial Ownership regime. Botswana was rated partially compliant. BURS continues to work with other stakeholders in order to correct areas where weaknesses were identified.

## Hosting of the World Customs Organisation East and Southern Africa (ESA) Governing Council Meetings

During the year under consideration, BURS successfully hosted the 24th World Customs Organisation East and Southern Africa (WCO-ESA) Governing Council (GC) meeting on 23rd – 24th May 2019. The Governing Council is the decision making body of the region comprising Commissioners of Customs from Member Administrations. The meetings were officially opened by the then Minister of Finance and Economic Development, Honourable Kenneth Matambo and attended by, amongst other dignitaries, the WCO Secretary General Dr. Kunio Mukuriya.

The GC considered and provided strategic direction on the implementation of the Regional Strategic Plan, noting the importance of costing the strategy for further engagements with development partners on funding of modernisation programmes within the Member States. At the Governing Council, Botswana was elected to assume the Regional Vice Chairpersonship and would represent the WCO-ESA region on WCO matters. The Vice Chair plays a key role as the Secretary General's principal interlocutor on regional interests and concerns.

#### World Customs Organisation (WCO) Council Session - Brussels, Belgium

BURS took part at the WCO Council Sessions, the Organization's supreme decision-making body, in Brussels, Belgium in June 2019. The Council considered the work progress and mapped the way forward for the next financial year with a view of building a stable, predictable, safe and transparent trade facilitation environment.

The Council adopted the new WCO Strategic Plan for 2019/2022 with its nine priority areas, namely: Coordinated border management; Security and safety; Revised Kyoto Convention; E-commerce; Harmonized System; Capacity Building Strategy; Performance measurement; Integrity; and Digital Customs and data analysis. Among the important tools adopted by the Council was the 2022 version of the Harmonised System of classification of goods for Customs purposes.

BURS participated in the 82nd WCO Policy Commission in Seoul, Republic of Korea in December 2019. The Policy Commission discussed a wide range of subject matters including the strategic review of the Harmonised System of classification of goods for Customs purposes; Free Trade Zones; Cruise ships; Customs-Financial Intelligence Units (FIU) cooperation; Capacity building and the use of technology and data analytics; the 2020 Environmental Scan; and the WCO Communications Strategy.

One of the main highlights of the meetings was a presentation on the use of data analytics for various purposes within Customs, noting that possibilities offered by data analytics were wide-ranging. The WCO has in this regard launched several initiatives to provide Members with basic knowledge on data analytics and BURS participated in one of them namely, the Data Analytics for Customs Seminar in January 2020.

#### **WCO ESA Project II Steering Committee Meeting**

BURS as the Chairperson of the World Customs Organisation – East and Southern Africa (WCO-ESA) Project II Steering Committee, participated in the Steering Committee meeting in February 2020, in Port Louis, Mauritius. The Steering Committee considered the project progress report and budget and further considered the findings and recommendations from the Mid Term Evaluation of the Project. In view of the fact that the WCO-ESA Project II was to end in September 2020 the meeting noted the process to extend the project to the third phase. The third phase is expected to further strengthen the capacities in the ESA region in their modernisation efforts to implement the Revised Kyoto Convention and World Trade Organisation Trade Facilitation Agreement measures.

#### **WCO-ESA Management Committee (MC) Meeting**

BURS participated in and chaired the first meeting of the WCO ESA Management Committee in February 2020 in Port Louis, Mauritius. The Management Committee met to consider decisions from Governing Council (GC) and make decisions on the Regional Steering Group Report on the Implementation of the Regional Strategy, Governance Matters, Financial Report, External Auditors Report, Regional

**82nd WCO POLICY COMMISSION MEETING** 

BURS through the office of the Vice Chair will coordinate and ensure implementation of the Management Committee decisions by both the ROCB and regional structures.

#### **Southern African Customs Union (SACU)**

BURS participated in meetings of the 50th SACU Commission and 38th Council Meetings which were held in Windhoek, Namibia in December 2019. The meetings decided on a wide range of issues including; allocation of Revenue Shares for Member States for the 2020/21 financial year, surplus/deficit for 2018/19 financial year, Trade Negotiations, the Customs Modernisation Programme to be funded by the United Kingdom. The meetings also approved the Finance and Audit report of the affairs of the SACU Secretariat.

#### **Trade Agreements**

Motivated by the desire to adhere to international standards of taxation and customs administration and to apply international best practices, BURS continued to participate in the implementation of various international agreements to which Botswana is a member. These agreements include the African Continental Free Trade Area Agreement which Botswana has signed and is yet to ratify and the SACU-European Free Trade Association Agreement whose 6th Joint Review Meeting was hosted by Botswana in Maun in December 2019.



## **FINANCIAL PERSPECTIVE**

#### **Tax and Customs Collections**

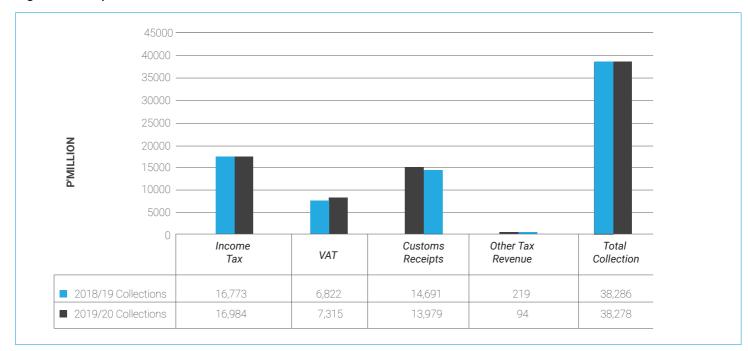
During financial year 2019/20, BURS collected total tax revenue amounting to P38.278 billion. The collection was below the target of P40.047 billion by P1.769 billion. This translates into a performance of 95.6% against the target for the financial year. When compared to the previous year, the 2019/20 revenue collections were lower mainly because of the decline in Customs Receipts. Specifically, Customs Receipts went down from P14.691 billion in 2018/19 to P13.979 billion for 2019/20 depicting a decline of P712 million.

Other revenue streams registered increases; VAT experienced a significant increase of P493 million from P6.822 billion in 2018/19 to P7.315 billion during the period under review while Income Tax increased from P16.773 billion to P16.984 billion. The 2019/20 collection of P38.278 billion therefore, was lower than the 2018/19 collection of P38.286 by P8 million which translates to a 0.02% decrease.

7.2%

increase in VAT revenue compared to previous year

Figure 1: Comparison of Revenue collection

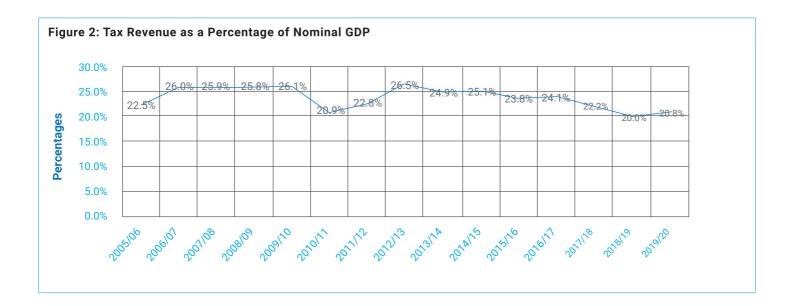


#### **Cost of Collection**

For the period under review, BURS spent P761.5 million to collect P38.278 billion, which translates into a cost to collection ratio of P1.00/P50.30. This means that during financial year 2019/20, for every P1.00 that Government spent on BURS, the benefit to the Government was P50.30. Compared to the previous year's cost to collection ratio, which was P1.00/P51.87, this indicates that the return per Pula spent was lower by P1.57 in 2019/20. The decline in the ratio reflects a need for BURS to come up with strategies for not only improving revenue collection but also for containing costs.

#### Tax Revenue as a Percentage of GDP

Although the total tax revenue was lower in 2019/20 compared to the previous year, the indicator of tax revenue as a percentage of GDP increased slightly to 20.8% in 2019/20 from the 20% registered in the previous year, representing an increase of 0.8%. The trend of tax revenue as percentage of GDP for the period from 2005/06 to 2019/20 is shown in the figure below.



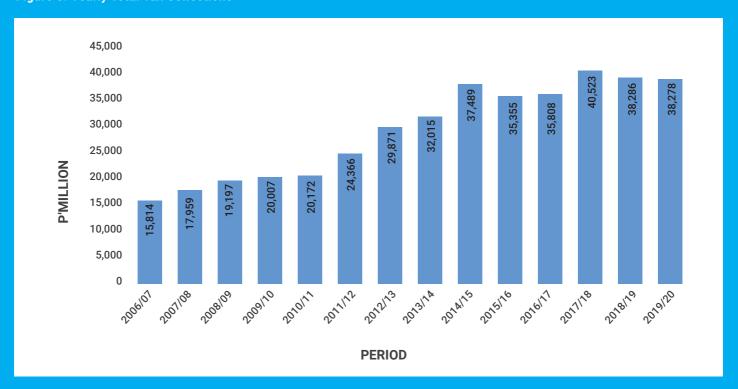
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## Comparison of Tax Revenue Collection with the Previous Years

Over the years BURS total revenue collections continue to show an increasing trend since the establishment of the Revenue Service. From 2006/07 to 2014/15, revenue collections increased from P15.814 billion to P37.489 billion. Over this period, significant increase was realised from 2011/12 to 2014/15 where an increase of over P13

billion was recorded. Subsequent to that, a decrease in revenue collections was experienced in the years 2015/16 and 2016/17 which was mainly as a result of a decline in SACU receipts and poor performance in the mineral sector. However, the tax collections increased in 2017/18, while for 2018/19 and the year under review, lower collections were recorded mainly driven by a decrease in SACU Receipts and Income Tax

**Figure 3: Yearly Total Tax Collections** 



#### **Tax Revenue Collection Against the Targets**

A comparison between actual revenue collections and targets shows that BURS collections for the period under review was below the target of P40.047 billion by P1.769 billion or 4.4%. Customs Receipts exceeded the target of P13.794 billion by P185 million or 1.34% while VAT and Income Tax were below their targets. VAT was below the target of P7.920 billion by P605 million translating to 7.64% whereas Income Tax collection was below the target of P18.333 billion by P1.349 billion or 7.36%.

45000 -40000 -35000 — 30000 -25000 -P'MILLION 20000 -15000 -5000 0 -5000 Other Tax Income Customs Total VAT Tax Receipts Revenue Collection Actual Performance 19/20 16,984 7,315 13,979 94 38,278 ■ Collection Targets 19/20 18,333 7,920 13,794 0 40,047 -1,349 -605 185 94 -1,769 ■ Difference ■ Difference (%) -7.36 -7.64 1.34 -4.42

Figure 4: Tax Revenue Collections by Tax Type and Targets

#### **Income Tax Revenue Collection**

The total Income Tax collection for the period under review was P16.984 billion, which was an increase of P211 million compared to P16.773 billion collected in 2018/19. Income tax revenue collection for the year under review was derived from various sources as shown in the table below. Pay As You Earn (PAYE) was the major contributor to Income tax collection with P7.44 billion collected. This was an increase of P1.493 billion compared to the 2017/18 collection of P5.951 billion. Assessed Tax which is usually the main contributor of Income Tax collection experienced a significant decrease of P835 million compared to the previous year. Capital Transfer Tax collection went down from P11.293 million to P3.593 million collected in 2017/18. Withholding Tax also went down by P263 million from P3.072 billion in 2018/19 to P2.809 billion in 2019/20.

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**Table 7: Income Tax Collections by Source** 

Type of Tax	2018/19 Collections (P' 000)	2019/20 Collections (P' 000)
Withholding Tax	3,071,557	2,809,070
Deducted Tax (Pay As You Earn)	5,951,465	7,444,024
Assessed Tax	8,168,849	7,334,036
Penalty Interest	76,845	58,235
Capital Transfer Tax	11,293	3,593
Transfer Duty	-	118
Gross Income Tax Receipts	17,280,009	17,649,076
Less: Refunds	(506,925)	(665,190)
Total Income Tax	16,773,084	16,983,885

#### **Value Added Tax Revenue Collection**

For the year under review, VAT collected was P7.315 billion which was an increase of P493 million over the P6.822 billion collected in 2018/19. The increase in VAT was mainly due to significant increase in import and internal VAT collections. Import VAT collection increased from P4.660 billion in 2018/19 to P5.191 billion in 2019/20 while Internal VAT increased from P4.474 billion in 2018/19 to P4.731 billion in 2019/20. On the other hand, Fuel Levy collection registered an increase of P6 million.

**Table 8: VAT Collections by Source** 

Type of Tax	2018/19 Collections (P' 000)	2019/20 Collections (P' 000)
VAT Import	4,659,509	5,191,049
VAT Internal	4,474,038	4,731,299
VAT Interest & Penalties	38,383	48,180
Fuel Levy	122,557	128,872
Gross Collection	9,294,487	10,099,400
Less Refunds	(2,472,234)	(2,784,399)
Net VAT Collection	6,822,253	7,315,001

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### **SACU Revenue Shares**

On a quarterly basis, SACU Member States remit their Customs and Excise Duty Collections to the SACU Revenue Pool from which they subsequently share the revenue according to an agreed revenue sharing formula. The SACU Revenue Pool remittances from Member States for the year 2019/20 amounted to R96.326 billion which is an increase of R1.123 billion compared to the previous year's remittance of R95.203 billion. At the time of sharing, Botswana received R18.744 billion which is 19.5% of the total Revenue Pool. This was a decrease of R2.058 billion compared to R20.802 billion received in the previous year. The remaining amount was shared among other SACU member states as shown in the table below.

Table 9: SACU Revenue Pool Shares by Country (Rands)

Member States	2018/19 shares (in Rands)	2019/20 shares (in Rands)	Percentage of the Total Pool
Botswana	20,802,309,303	18,744,288,132	19.5%
Eswatini	6,173,462,371	6,318,153,384	6.6%
Lesotho	5,857,255,394	6,226,210,187	6.5%
Namibia	18,565,069,879	18,922,264,883	19.6%
South Africa	43,804,877,328	46,115,286,469	47.9%
Total	95,202,974,276	96,326,203,055	100%

### **Customs and Excise Duty Collections**

By virtue of its membership of SACU, Botswana is expected to pay all the collections of customs and excise duties into SACU Common Revenue Pool (CRP). For the year under review, Botswana collected and paid a total amount of P644.3 million into the CRP compared to P647.9 million which was collected in 2018/19. This depicts a decrease of P3.6 million or 0.56%. Import Customs Duty, in spite of being the only component which decreased compared to the previous year, contributed the largest portion of the remittances followed by Excise Duty.

Table 10: Botswana's Customs and Excise Duty Collections paid to the CRP

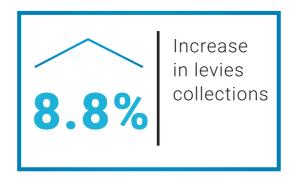
CUSTOMS DUTIES	2018/19 (P)	2019/20 (P)	VARIANCE (P)
Customs Duty	334 661 049.29	312 258 265.40	(22 402 783.89)
Excise duty	285 174 108.99	298 921 562.59	13 747 453.60
Ad valorem Duty	16 469 243.48	18 846 690.85	2 377 447.37
Additional Customs Duty	11 595 684.55	14 287 849.85	2 692 165.30
TOTAL	647,900,086.31	644,314,368.69	(3,585,717.62)

### **Collections on Behalf of Government Departments and Agencies**

For the year 2019/20, BURS collected levies amounting to P857.4 million on behalf of Government departments and agencies compared to P787.9 million which was collected in 2018/19 as shown in Table 11 below. This was an increase of P69.5 million or 8.8%. Alcohol Levy continued to be the major contributor to levies collections with a collection of P501.7 million which is an increase of 7.4% from the previous year collection of P467.1 million. Transport Permits and Tobacco Levy also contributed significantly to the levy collections. Flour Levy collection continued to go down due to the reduction in the rate of flour levy by 1.5% during 2018/19. Collections on Road Safety Tokens also experienced a decline of 21.3% during the year under review.

Table 11: Collection of Levies on Behalf of Government Departments and Agencies

Type of Levy	Gross Coll	ections	Variance
	2018/19 P'000	2019/20 P'000	P'000
Copyright Levy	8,153	8,810	657
Tobacco Levy	60,107	73,248	13,141
Transport Permits	240,975	264,269	23,294
Road Safety Tokens	10,448	8,226	(2,222)
Flour Levy	1,110	1,082	(28)
Alcohol Levy	467,144	501,736	34,592
Total	787,937	857,371	69,434



### **Customs Controls**

**Customs Declarations** 

Financial year 2019/20 saw a significant decline in the number of customs declarations processed for both the importation and exportation of goods. The total number of import declarations for the year 2019/20 stood at 639,480 as compared to 2,941,264 processed in the previous financial year. Export declarations stood at 61,135 for 2019/20 compared to 181,343 processed in 2018/19. The table below shows the number of customs declarations processed as well as the number of those which were subjected to enforcement measures.

**Table 12: Customs Declarations** 

Declarations	2018/19	2019/20	Variance
Import	549,123	639,480	90,357
Export	50,967	61,135	10,168
Physical Examination	15,642	6,608	(9,034)
Documentary check	2	665	663

### **Customs Detentions**

A total of 598 customs detentions were recorded during financial year 2019/2020. The detained goods were mainly vehicles, various food items including agricultural products, medicaments, second hand clothing, perfumes, beauty products, hand bags building tools, alcohol beverages, etc. The main reasons for detentions were either pending submission of proper documents/permits or pending proper clearance or payment of taxes/penalties or re-exportation or investigation.

### **Customs Seizures**

For the year under review, BURS recorded 431 customs seizures. The seized goods were mainly cigarettes, tobacco leaves, vehicles & parts, assorted clothing, building tools, cell phones and its accessories, currency, bottled water, cement, medicaments, substances suspected to be dagga, food items including agricultural products, electronic appliances, alcoholic beverages, aluminum pots etc. The main reasons for seizing the goods were due to non-declaration or detentions being transferred to seizures or false declaration or smuggled or illicit goods or restricted goods.

Table 13: Summary Statistics for Detentions & Seizures by Region

Region	Detention	ıs	Seizures		
	2018/19	2019/20	2018/19	2019/20	
North	628	455	521	264	
South	152	143	199	167	
Total	780	598	720	431	

### **CHALLENGES**

In executing its mandate, BURS faces challenges of non-compliance to tax and customs requirements arising from new trends of evading tax such as smuggling schemes, under-valuation, transfer pricing, false declaration etc. The non-compliance is exacerbated by emerging economic difficulties which make it difficult for some taxpayers to comply with their tax obligations. Therefore, while BURS prefers to use measures which ensure voluntary compliance it is also compelled to impose stringent enforcement measures to deter tax evasion and to re-direct its limited resources towards achieving this.

During the year under review BURS introduced a Mobile Tax Application (M-Tax) for filing tax returns in order to reduce queues during the filing season. However, BURS continued to experience long queues for manual submission of tax returns due to low uptake of e-services and under-utilisation of the M-Tax application. This compelled the Revenue Service to assign part of its limited resources towards addressing manual submission of tax returns. In that regard, BURS is committed to continue raising awareness on the use of the e-services and the M-Tax Application to increase their utilisation and minimise queues at its offices.

### **CONCLUSION**

The continued economic hardships have had an adverse impact on BURS mandate since BURS continued to register underperformance in revenue collection. This is evidenced by the diminishing revenue trend for the past two years. BURS developed and implemented, during financial year 2019/20, the 2019 to 2024 Strategic Plan and among the critical elements included within that Plan is a robust strategy for reversing the trend of declining revenue collections. The Plan also seeks to address any challenges that could hinder BURS to fully discharge its mandate and realise its Vision. I therefore urge all BURS staff to work harder in executing the Strategic Plan in the remaining years of the planning period so that we can realise the Vision that we have set for ourselves initially. Looking at the amount of work that has been done so far, I take this opportunity to thank all BURS staff for their contribution, commitment and the dedication that they have shown in their work over the years. I would also like to extend my gratitude to all taxpayers for continuing to pay their taxes despite the difficult economic conditions. This reflects their appreciation of the necessity of paying tax for the development of our country. I therefore urge them to continue to comply in order to help BURS optimise revenue that can be used by Government to develop the country.

Let me also take this opportunity to acknowledge our stakeholders in particular, Government Ministries, other Government Agencies, Botswana Institute of Chartered Accountants and Customs Clearing Agents. We would also like to thank all our other stakeholders who continue to cooperate with BURS in the execution of its mandate. We thank them for being available at all times when we need their assistance.

Special appreciation is extended to our technical partners among others; International Monetary Fund (IMF), African Tax Administration Forum (ATAF), Organisation for European Cooperation and Development (OECD), World Customs Organisation (WCO) who continue to provide technical assistance in tax and customs administration.

Lastly, I would like to recognise the support and oversight leadership provided by our Honourable Minister of Finance and Economic Development and the BURS Board throughout the reporting period. With such guidance I strongly believe BURS will continue to realise its strategic objectives in the execution of the 2019-2024 Strategic Plan.

Mr. Segolo Lekau

Acting Commissioner General





### BOTSWANA UNIFIED REVENUE SERVICE (OWN ACCOUNTS) GENERAL INFORMATION 31 MARCH 2020

### **BOARD OF DIRECTORS**

Kelapile Ndobano :Chairperson (Appointed 1 December 2018, resigned 30 April 2019)

Ellen Richard-Madisa :Chairperson (Appointed 1 May 2019)

Wankie B. Wankie :Non-executive Director

Segolo Lekau :Commissioner General-Acting (Appointed 1 December 2018)

Gaamangwe Lebele :Non-executive Director
Ontlametse B. Ward :Non-executive Director
Keletso Mothusi :Non-executive Director
Gaongalelwe G.P. Mosweu :Non-executive Director

### **BOARD SECRETARY**

Bame A. Tumiso

### **NATURE OF BUSINESS**

The Botswana Unified Revenue Service ("BURS") was established by the Botswana Unified Revenue Service Act, 2003. BURS is responsible for the assessment and collection of tax on behalf of the Government of Botswana.

### **AUDITOR**

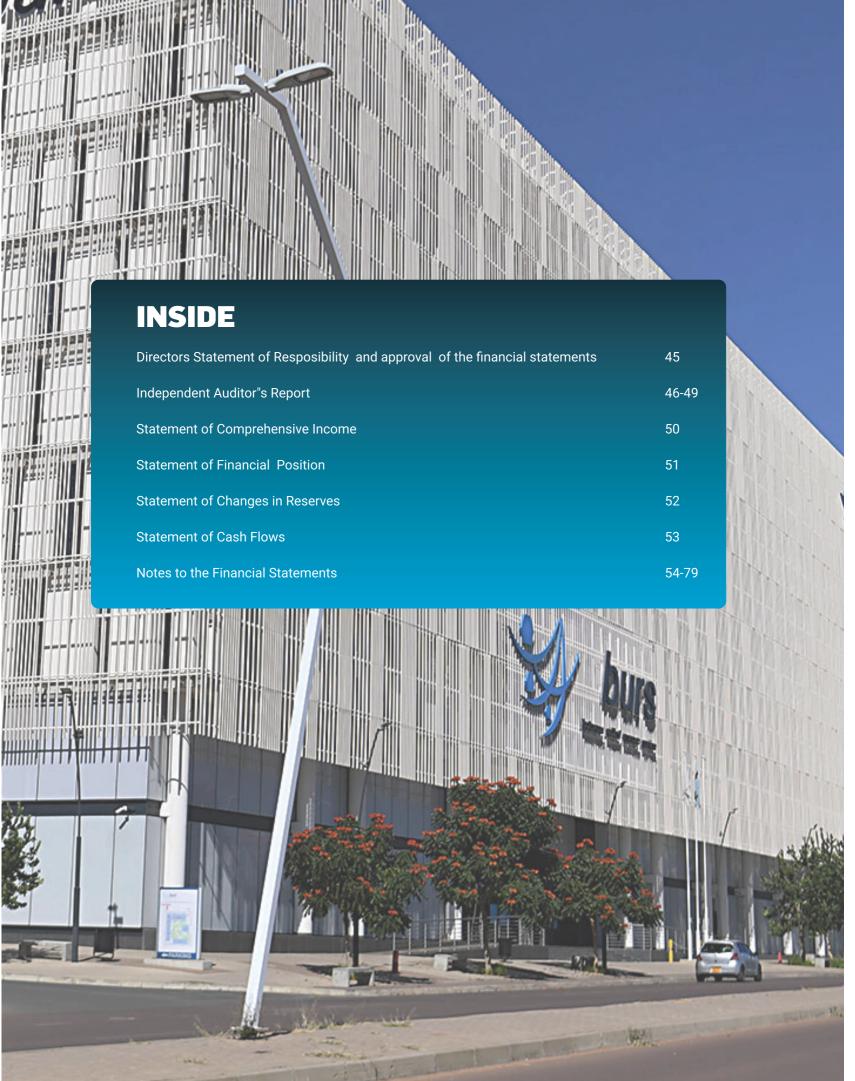
PricewaterhouseCoopers Botswana

### **BANKERS**

First National Bank of Botswana Limited



**ANNUAL REPORT 2020** 



### BOTSWANA UNIFIED REVENUE SERVICE (OWN ACCOUNTS) GENERAL INFORMATION

31 MARCH 2020

### DIRECTORS' STATEMENT OF RESPONSIBILITY

The Directors are responsible for the preparation and fair presentation of the financial statements of Botswana Unified Revenue Service ("BURS"): Own Accounts, comprising the statement of financial position as at 31 March 2020, the statements of comprehensive income, changes in reserves, and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards ("IFRS)" and in manner required by the Botswana Unified Revenue Service Act (Chapter 53:03). The Directors are required by the Botswana Unified Revenue Service Act, 2003 to maintain adequate accounting records and are responsible for the content and integrity of and related financial information included in this report, and for such internal control as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error. The auditors are engaged to express an independent opinion on the financial statements and their report is presented on pages 2 to 3.

The financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. The Directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by BURS and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of

responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout BURS and all employees are required to maintain the highest ethical standards in ensuring BURS's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in BURS is on identifying, assessing, managing and monitoring all known forms of risk across BURS. While operating risk cannot be fully eliminated, BURS endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors state that, for the year ended 31 March 2020, BURS has not complied with the following paragraphs of the Botswana Unified Revenue Service Act:

- Paragraph 28 (2) which requires the Revenue Service to submit its books of accounts and statement of accounts to an auditor appointed by the Board within 60 days of the year-end and requires that the accounts be audited no later than 3 months after the year-end; and
- Paragraph 29 (1) which requires the Revenue Service to submit, to the Minister, a comprehensive report on the operations of the Revenue Service during that financial year, within 6 months of the end of that year.

Dispite the effects of COVID 19, the Directors' have made an assessment of BURS' ability to continue as a going concern and there is no reason to believe BURS will not be a going concern in the year ahead. The Directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

### DIRECTORS' APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements set out on pages 50 to 79, which have been prepared on the going concern basis, were approved by the Board on **29-06-2021** and were signed on its behalf by:

Board Chairperson

Commissioner General

For the year ending 31 March 2020



### Independent Auditor's Report To the Minister of Finance and Economic Development

### Our Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Botswana Unified Revenue Service ("the Revenue Service") as at 3 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

### What we have audited

Botswana Unified Revenue Service's financial statements set out on pages 6 to 34 which comprise: o the statement of financial position as at 3i March 2020;

- the statement of comprehensive income for the year then ended;
- the statement of changes in reserves for the year then ended;
- the statement of cash flows for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We are independent of the Revenue Service in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Botswana.

### *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Country Senior: Partner: B D Phirie

Partners: R Binedell, A S Edirisinghe, L Mahesan, I D Molebatsi, S K K Wijesena

For the year ending 31 March 2020



### Key Audit Matter

### Fair valuation land and buildings

The Revenue Service subsequently measures land and buildings using the revaluation model in International Accounting Standard 16 'Property, plant and equipment' ("IAS 16").

The land and buildings were externally valued by an independent valuation expert ("valuer"), qualified for the purpose of the valuation.

Revaluation of land and buildings are performed with sufficient regularity such that the carrying amounts do not differ materially with the fair value of the revalued assets at the end of each reporting period.

The open market value and insurance replacement value of the land and buildings were determined using market comparable inputs of indicative construction cost, economic useful life and residual value of the properties. The market comparable inputs were adjusted for differences in the nature, location or condition of the specific properties.

The fair value of land and buildings as at 31 March 2020 was P 1 232 169,000, which resulted in a gain on revaluation of 43 880 000 for the year then ended.

The fair valuation of land and buildings was considered to be a matter of most significance to the current year audit due to the following:

- The degree of judgements and estimates involved in determining the fair value of land and buildings;
- · The magnitude of the fair value adjustment recognised.

Refer to the following notes to the financial statements for detail:

• Note 31 "Significant accounting policies- Property, plant and equipment";

We performed the following audit procedures:

- We assessed the Revenue Service's accounting policies relating to the revaluation of land and buildings with reference to the requirements of IAS 16.
- We evaluated whether there are any matters that might have affected the valuer's objectivity or may have imposed scope limitations on the work performed by the valuer by obtaining written confirmation from the valuer that:
- · all professional staff involved in the valuation process are in good standing with the relevant professional bodies;
- · they are free from any direct or indirect shareholding or financial interest in the Revenue Service;
- The Revenue Service did not place any restrictions on the valuation process; and
- they are not aware of any information relevant to the valuation which had been withheld by the Revenue Service.
- · We assessed the valuation methodology used by the valuer against the requirements of IFRS 13 'Fair value measurement' and industry practice. We noted no matters requiring further consideration.
- · We compared a sample of data inputs used in the independent valuations to the relevant underlying documents. We noted no material differences.
- · We tested the mathematical accuracy of the valuer's listing of all the properties' fair values and noted no differences. We further agreed the total fair value per this listing to the valuation report.
- We tested the mathematical accuracy of management's calculated fair value gain. No differences were noted.

For the year ending 31 March 2020



- Note 4 "Critical judgement areas and key sources of estimation uncertainty - Fair value of investment property, land and buildings"; and
- Note 13 "Property, Plant and Equipment".
- For the property representing a significant value of the total value of all properties, we performed a sensitivity analysis of the indicative construction cost with reference to market comparable rental values under the income valuation approach. No material variations were noted between the results of the construction cost approach and the results of the income approach.
- We evaluated the adequacy of disclosures made in the financial statements with reference to the requirements of IAS 16 and IFRS 13. No matters requiring further consideration were identified.

### Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report comprises the information included in the document titled "Botswana Unified Revenue Service Financial Statements 31 March 2020 (Own Accounts)". The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Revenue Service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Revenue Service or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial

For the year ending 31 March 2020



statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Revenue Service's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Revenue Service's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Revenue Service to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Individual practicing member: Butler Phirie

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Registration number: 19900312

Date: 30 June 2021

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### STATEMENT OF COMPREHENSIVE INCOME

For the year ending 31 March 2020

	Notes	2020 P'000	2019 P'000
Income		<u> </u>	F 000
		6.645.000	604050
Government funding for recurrent expenditure		6 645,820	634,059
Revenue from contract with customers	7	87,191	81,012
Other income	8	83,711	57,475
Total income		816,722	772,546
Expenses			
Administrative expenses	10	(305,635)	(244,705)
Staff costs	11	(550,419)	(503,429)
Total expenses		(856,054)	(748,134)
Operating (deficit) / surplus for the year		(39,332)	24,412
Finance Income	12	2,062	2,834
Finance cost		(1,809)	-
Total (deficit) / surplus for the year		(39,079)	27,246
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Gain on revaluation of land and buildings	18	43,880	67,925
Other comprehensive income for the year		43,880	67,925
Total comprehensive income		4,801	95,171

### STATEMENT OF FINANCIAL POSITION

For the year ending 31 March 2020

	Notes	2020 P'000	2019 P'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	1,676,678	1,507,404
Right of use asset	23	29,935	-
Intangible assets	14	139,936	79,216
		1,846,549	1,586,620
Current assets			
Inventories	15	3,453	2,486
Trade and other receivables	16	41,743	39,846
Cash and cash equivalents	17	296,490	307,375
		341,686	349,707
Total assets		2,188,235	1,936,327
RESERVES AND LIABILITIES			
Reserves			
Properties revaluation reserve	18	289,395	245,515
Accumulated (deficit) / surplus		(16,534)	22,545
		272,861	268,060
Non-current liabilities			
Capital grants	19	1,735,510	1 ,547,494
Lease liability	23	13,339	
		1,748,849	1,547,494
Current liabilities			
Trade and other payables	20	145,441	120,773
Lease liability	23	21,084	
		166,525	120,773
Total reserves and liabilities		2,188,235	1,936,327

### **BOTSWANA UNIFIED REVENUE SERVICE (OWN ACCOUNTS)**STATEMENT OF CHANGES IN RESERVES

For the year ending 31 March 2020

	Notes	Properties revaluation reserve	Accumulated surplus	Total
		P'000	P'000	P'000
Balance at 1 April 2018		177,757	(4,653)	173,104
Previous year adjustment on Bank interest		-	( 215)	(215)
Transfer of gains realised on assets		(167)	167	-
Surplus for the year		-	27,246	27,246
Other comprehensive income for the year		67,925		67,925
Balance at 31 March 2019		245,515	22,545	268,060
Transfer of gains realised on assets	9	-	-	-
Deficit for the year		-	(39,079)	(39,079)
Other comprehensive income for the year	18	43,880		43,880
Balance at 31 March 2020		289,395	(16,534)	272,861

### **STATEMENT OF CASH FLOWS**

For the year ending 31 March 2020

	Notes	2020 P'000	2019 P'000
Cash flows from operating activities		F 000	F 000
Surplus/(deficit) for the year		(39,079)	27,246
Interest income	12	(2,062)	(2,834)
Lease Accrual reversed	23	5,096	
Adjustment for non-cash items -			
- Depreciation of property, plant and equipment (Note 13)		79,521	34,387
- Amortisation of intangible assets (Note 14)		19,143	16,767
- Amortisation of grants (Note 19)		(74,186)	(46,471)
- Other non cash items	22	5,528	784
Operating surplus/(deficit) before working capital changes		(6,039)	29,879
Changes in working capital			
Decrease/(increase) in inventories		(967)	300
(Increase)/decrease in trade and other receivables		(1,897)	7,077
Increase/(decrease) in trade and other payables		24,668	(39,110)
Net cash generated from operating activities		21,804	<b>(31,733</b> )
Cash flows from investing activities			
Interest received	12	2,062	2,834
Purchase of property, plant and equipment	13	(135,342)	(170,547)
Purchase of intangible assets	14	(135,447)	(28,886)
Proceeds on disposal of property, plant and equipment		562	506
Net cash used in investing activities		(268,165)	(196,093)
Cash flows from financing activities			
Capital grants adjustment on disposal of property, plant and equipment	19	(624)	(1,154)
Lease payments	23	(20,687)	-
Net development funding received from the Government of Botswana	19	262,826	197,556
Net cash generated from financing activities		241,515	196,402
Net decrease in cash and cash equivalents		(10,885)	(1,545)
Cash and cash equivalents at beginning of year		307,375	308,920
Cash and cash equivalents at end of year	17	296,490	307,375
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For the year ending 31 March 2020

### 1. GENERAL INFORMATION

Botswana Unified Revenue Service ("BURS") is a body corporate established by an Act of Parliament (Botswana Unified Revenue Service Act, 2003) as part of the Government of Botswana's reform strategy for revenue administration. BURS is charged with the mandate of:

a) assessing and collecting tax on behalf of the Government; and

b) administering and enforcing the revenue laws, which include the Customs and Excise Act, Income Tax Act, the Capital Transfer Act and the Value Added Tax Act, respectively.

For financial reporting purposes, the financial statements of BURS are reported as: Administered Government Revenue Accounts and Own Accounts. The financial statements – Administered Government Revenue Accounts cover transactions relating to the revenue collected on behalf of the Government.

The financial statements – Own Accounts cover those operational transactions, such as funding received from Government, which are managed by BURS and utilised in running the organisation. The purpose of the distinction between the two sets of financial statements is to facilitate, among other things, the assessment of the administrative efficiency of BURS in achieving its mandate. The financial statements are reported in Botswana Pula and in thousands (P'000).

### 2 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

These policies have been consistently applied to all years presented, unless otherwise stated.

### 2.1 Basis of preparation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention except for the revaluation of certain property plant and equipment.

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are

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based on the board of directors' best knowledge of the current events and actions, actual results may ultimately differ from those estimates. It also requires the board of directors to exercise its judgment in the process of applying the BURS accounting policies.

Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

### 2.11 Adoption of standards in the current financial year (a) Application of IFRS 16, Leases

In the current year, BURS has adopted IFRS 16 Leases (as issued by the IASB in January 2016) with the date of initial application being 1 January 2019. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC 27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in the accounting policy for leases. The impact of the adoption of IFRS 16 on the BURS annual financial statements is described below

BURS has applied the practical expedient available in IFRS 16 which provides that for contracts which exist at the initial application date, an entity is not required to reassess whether they contain a lease. This means that the practical expedient allows an entity to apply IFRS 16 to contracts identified by IAS 17 and IFRIC 4 as containing leases; and to not apply IFRS 16 to contracts that were not previously identified by AS 17 and IFRIC 4 as containing leases. IFRS 16 has been adopted by applying the modified retrospective approach, whereby the comparative figures are not restated.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a

**ANNUAL REPORT 2020** 

### NOTES TO THE FINANCIAL STATEMENTS

For the year ending 31 March 2020

lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

BURS applies the definition of a lease and related guidance set out in IFRS 16 to all contracts entered into or changed on or after 1 April 2019. In preparation for the first-time application of IFRS 16, BURS has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for BURS.

BURS assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is identified, which means that the asset is either specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once concluded that the contract deals with an identified asset, the right to control the use is considered. Control over the use of an identified asset exists only when the company has the right to all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

### **Lease liability**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate. The lease liability is presented as a separate line item on the Statement of Financial Position and subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to

reflect lease payments made. Interest charged on the lease liability is a finance costs.

### **Right-of-use assets**

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

The lease payments included in the measurement of the lease liability comprise of:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred:
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, if BURS has the obligation to do so, unless these costs are incurred to produce inventories;
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter of lease term period and useful life (2-5 years) of the underlying asset on a straight line basis. For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment.

The depreciation charge for each year is recognised in the Statement of Comprehensive Income unless it is included in the carrying amount of another asset.

### Leases where the BURS is lessee

### Leases previously classified as operating leases

IFRS 16 changes how BURS accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet

BURS undertook the following at the date of initial application for leases which were previously recognised as operating leases:

- recognised a lease liability, measured at the present value of the remaining lease payments, discounted at BURS incremental borrowing rate at the date of initial application;
- recognised right-of-use assets measured at an amount equal to the lease liability adjusted for accruals or prepayments relating to that lease prior to the date of initial application;
- recognised depreciation of right-of-use assets and interest on



For the year ending 31 March 2020

lease liabilities in profit or loss.

BURS applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases in terms of IAS 17 Leases. Where necessary, they have been applied on a lease by lease basis:

- leases which were expiring within 12 months from 1 April 2019 were treated as short term leases, with remaining lease payments recognised as an expense on a straight-line basis or another systematic basis which is more representative of the pattern of benefits consumed;
- hindsight was applied where appropriate. This was specifically the case for determining the lease term for leases which contained extension or termination options.

### Impact on financial statements

On adoption of IFRS 16, BURS recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17: Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 4.195%. There were no leases previously classified as finance leases by BURS as at 31 March 2019

The total lease liability recognised on 1 April 2019 can be reconciled back to the operating lease commitments at 31 March 2019 as follows:

	P'000
Operating lease commitments disclosed at 31 March 2019	52,398
Less: amount relating to short term leases per IFRS16	-5
Restated operating lease commitment sat 31 March 2019	52,393
Adjustment as a result of treatment of extension and termination options	909
Lease liability on 1 April 2019 per IFRS16	53,302
	P'000
Current lease liabilities	17,198
Non-current lease liabilities	36,104
Total	53,302

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by any prepaid or accrued lease payments relating to leases recognised in the balance sheet as at 31March 2019 where applicable. The recognised right-of-use assets relate to the following types of assets:

Description	31 March 2020 P'000	1 April 2019 P'000
Office buildings	29,935	48,206
Total right-of-use assets	29,935	48,206

There was no impact on retained earnings from the adoption of IFRS 16 on 1 April 2019.

### NOTES TO THE FINANCIAL STATEMENTS

For the year ending 31 March 2020

### 2.1.1.Adoption of standards in the current financial year

### (b) New and amended standards applicable to the current period

A number of International Financial Reporting Standards, Interpretations and amendments have become effective for the first time for the year ended 31 March 2020.

BURS has applied the following amendment for the first time for the current reporting period that had a significant impact on the current and prior period:

• IFRS 16 – Leases - This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of -use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. This amendment was effective on 1 January 2019.

This new standard has a significant impact on the financial statements of BURS.

### (c) New standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by BURS

The following new standards, amendments and interpretations to existing standards are mandatory for BURS. These are not yet effective and have not been early adopted by BURS.

- Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material. These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs: (i) use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting; (ii) clarify the explanation of the definition of material; and (iii) incorporate some of the guidance in IAS 1 about immaterial information will be effective on or after 1 January 2020. From the initial assessment, these will not have material impact on the financial statements of BURS.
- Amendments to IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement and IFRS 7, Financial Instruments: Disclosure Interest rate benchmark reform. These amendments provide certain reliefs in connetion with interest rate benchmark reform (IBOR). The reliefs relate to hedge accounting and have the effect that IBOR should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. These amendments will be effective on or after 1 January 2020. From the initial assessment, these will not have material impact on the financial statements of BURS.

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### 3. SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Property, plant and equipment

### Land and buildings

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated

impairment losses.

Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period. Any revaluation increase arising on the revaluation of such land and buildings is credited as equity to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss. A decrease in the carrying amount arising on the revaluation of such land and buildings is charged to the statement of comprehensive income to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to profit and loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties

revaluation reserve is transferred directly to the accumulated surplus/(deficit).

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

### Motor vehicles, computer and office equipment, leasehold improvements, and porta-camps

Computers and office equipment, plant and machinery, office furniture, leasehold improvements and portacamps, are stated at cost less accumulated depreciation and accumulated impairment losses.

### Depreciation

Depreciation is charged, using the straight-line basis to write off the cost or valuation of assets, other than freehold land and properties under construction, over their estimated useful lives.

The revised estimated useful economic lives used in the calculation of depreciation are set out below:

Category	Economic life (in years)
Leasehold land and buildings	the shorter of 50 years or remaining lease period
Freehold property	50
Motor vehicles (light vehicles)	6
Motor vehicles (vans and trucks)	8
Office furniture	10
Computer and office equipment	5
Porta-camps	10-15
Plant and machinery	6
Cargo scanners	13
Sewerage systems	15
Security dogs	8
Computer Software	4
Leasehold improvements	the shorter of 6.67 years or remaining lease period remaining

For the year ending 31 March 2020

The estimated useful lives, residual values and depreciation methods are reviewed at end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### Repairs and maintenance

Repairs and maintenance are charged to profit and loss during the financial period in which they are incurred.

### 3.2 Intangible assets

### Computer software costs

Costs that are directly associated with the development of identifiable software products controlled by BURS, that will probably generate economic benefits beyond one year that can be measured reliably, are recognised as intangible assets. Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs associated with maintaining computer software programmes are recognised as an expense as they are incurred. Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as capital improvements and added to the original cost of the software. The intangible assets are amortised over 4 years using straight line method.

Computer software is capitalised at cost when its probable that the expected future economic benefits attributable will flow to the BURS and the costs can be reliably measured. These costs include employee costs incurred as a result of developing software and an appropriate proportion of relevant overheads. These costs are amortised over their estimated useful lives (four years), effectively, the computer software development costs are measured at cost less accumulated amortisation and impairment charges. An item of intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and are recognised in profit or loss when the asset

is derecognised.

Amortisation and impairment charges are recognised in statement of comprehensive income.

### 3.3 Revenue

### Revenue recognition

The core principle of IFRS 15 "Revenue from Contracts with Customers" requires an entity to recognise revenue to depict the

transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to in exchange for transferring those goods or services to the customer. Revenue is recognised when, or as, the performance obligations to the customer are satisfied. Consideration received in advance of recognising the associated revenue from the customer is recorded within contract liabilities (deferred income). Bad debt on bills raised in the year considered uncollectable based on historic experience, is excluded from IFRS 15 revenue to ensure revenue is recorded at the amount which BURS expects to receive, for providing its services to customers. The following services are recorded within "Revenue" in the Income Statement since they relate to BURS's obligation as a revenue services provider to provide these services to customers:

### Government funding for recurrent expenditure

In terms of the Memorandum of Understanding signed between BURS and the Ministry of Finance and Economic Development ("MFED") in 2007, BURS should remit all revenue collected to the Government Remittance Account. However, subsequent to the signing of this Memorandum, the MFED has, through the Notice of Funds of the Revenue Service Order, 2012, authorised the Revenue Service to retain, not more than 2 percent (2%) of the revenue collected per annum to fund the recurrent budget and not more than 1 percent (1%) of the total revenue collected be used for the development budget and that annual ceilings should be approved, on an annual basis, by the MFED. The Revenue Service implemented such notice with effect from 1 April 2013.

Government funding relating to the recurrent expenditure of BURS, disbursed for the purpose of giving immediate financial support to BURS with no future related costs, is recognised in the Statement of Comprehensive Income in the period in which they become receivable.

Government grant accounting under IAS 20 permits grant income to be recognized when it is probable that the entity will receive the grant as they will likely fulfil the conditions thereof. IAS 20, therefore, results in recognition upon approval of BURS expenditure budget, supported by historical success in executing the mandate of the institution, as at this stage the probability test is achieved. On the contrary, IFRS 15 recognition is driven by fulfilment of performance obligations and not probability of fulfilment. Due to the timing of inflows or drawdown of the recurrent budget, there is less no impact on the timing of recognition. The financial statements presentation and disclosures, including comparatives are amended to reflect the change in classification and presentation in accordance with IFRS 15



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### Commission/Agency fees

Agency comimission represents fees charged by BURS in line with service level contracts for administration over collection of levies on behalf of Government Departments and Parastals.. Whilst the obligations appear to be to collect and remit, the substance is that the agency role is to execute collection activities, and the agent fulfils this obligation by assigning resources and processes. The business model interpretation is that BURS fulfils its performance obligation during the collection process and remittance is not fundamental to the timing of recognition of revenue. Consequently, there is a single obligation and no split of collection and remittance as these are incidental to each other, the former being the lead

BURS recognises contract assets with corresponding revenue entry in the event of commission not being settled by the customer at the reporting date. Such receivable is scoped onto IFRS 9.

### Other Income

obligation.

Other income relates to amortization of development grant to match the depreciation of the related capital expenditure over the life of the assets. It also includes other non recurring income that may arise in the course of business, however management consider such income not to be attributable to the administered government funds consistent with the prescribed list of income reported in the Government of Botswana Accounts

### 3.4 Government Capital grants

Grants are recognised when there is reasonable expectation that the grant will be received and all attached conditions will be complied with. BURS may receive grants relating to capital projects in form of cash or physical assets and towards income expenditure. Grant income related to capital projects or in physical assets is initially recognised as deferred income in the statement of financial position with a corresponding asset recognised in property, plant and equipment or development expenditure, whichever is relevant. Subsequently, the deferred income is amortised to the statement of comprehensive income in a manner consistent with epreciation of the related asset.

### 3.5 Foreign currencies

The financial statements of BURS are prepared and presented in Botswana Pula, the currency of the primary economic environment in which BURS operates and the functional currency. Transactions in currencies other than Botswana Pula are recorded at functional currency rate ruling at the date of the transaction. Monetary

items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting

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period. All differences are taken to the profit and loss. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

### 3.6 Employee benefits

### Short term employee benefits

All BURS employees are paid salaries and allowances monthly in arrears while the employee is in service.

When an employee has rendered service to the entity during a reporting period, the BURS recognises the amount of short-term employee benefits expected to be paid in exchange for that service:

• as an accrued expense, after deducting any amount already paid. If the amount already paid exceeds

the amount of the benefits, the BURS recognises that excess as a prepaid expense to the extent that

the prepayment will lead to, for example, a reduction in future payments.

### Retirement benefits

BURS operates a defined contribution pension fund for its entire pensionable and permanent citizen staff. The fund is registered under the Pension and Provident Funds Act (Chapter 27:03) of the Laws of Botswana. BURS contributes 15% of the pensionable earnings of the members to the fund while employees contribute an additional 5% of their pensionable earnings. BURS's contributions to the pension fund are recognised as an expense in the profit and loss when employees have rendered the service entitling them to the contributions.

### Terminal gratuities

Employees on contract employment terms receive terminal gratuities in accordance with their contracts of employment. An accrual is made for the estimated liability towards such employees up to the end of the reporting period. For employees on daily rate terms, an accrual is made for the severance benefits.

### Employee bonus plans

BURS has an approved bonus payment plan to pay a performance incentive to its employees who have met or exceeded agreed levels of performance and are entitled to the bonus payment in accordance with principles outlined in the performance management system. The expected cost of the bonus payment is recognised during the year which the agreed level of performance was exceeded.

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### 3.7 Inventory

Inventories for BURS represent supplies to be consumed in the rendering of services and are measured at the lower of cost, determined on a First-in-First-out basis, and net realisable value and consumable stores are expensed to the statement of comprehensive income as they are utilised unless they satisfy the recognition criteria as critical spares, which are capitalised as property, plant and equipment. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and variable selling expenses. Write-downs to net realisable value and inventory losses are expensed in the statement of financial performance in the period in which the write-downs or losses

### 3.8 Finance Income and expense

Interest income or interest expense is recognised for all interest-bearing financial instruments on an accrual basis, using the effective interest rate method. Interest income or interest expense is recognised in profit or loss except for interest expense capitalised as part of the construction of a qualifying asset. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

### 3.9 Financial Instruments

A financial instrument is defined as a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

BURS recognises financial assets and financial liabilities at the trade date when it becomes a party to the contractual provisions of the instrument.

### Initial recognition

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial instruments are grouped into classes that are appropriate taking into account the characteristics and risks of those financial instruments. Classes of financial instruments have been determined by referring to the nature and extent of risks arising from the financial instruments and how these are

managed.

BURS generally does not reclassify financial instruments between different categories subsequent to initial recognition.

### Classification

### Financial assets

Financial assets are classified into the following categories:

- Amortised cost:
- At fair value through other comprehensive income; debt investments or equity investments;
- At fair value through profit or loss.

A financial asset is measured at amortised cost if:

- The financial Asset is held in order to collect contractual cash flows
- The contractual terms of The financial ASSET give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost comprise of trade and other receivables, rent security deposits and cash and cash equivalents.

### Financial liabilities

Financial liabilities are classified into the following categories:

- financial liabilities At fair value through profit or loss
- financial liabilities At Amortised cost.

Financial liabilities at amortised cost

Financial liabilities are classified as measured at amortised cost using the effective interest method and comprise of trade and other payables.

### Financial instrument

### FINANCIAL INSTRUMENTS: IFRS 9

Financial instruments held by BURS are classified in accordance with provisions of IFRS 9 Financial Instruments.

### Financial assets

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of BURS's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are



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measured subsequently at amortised cost;

Financial assets that are held within a business model whose objective is both to collect the contractual cash flows and to sell the financial assets, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);

All other financial assets are measured subsequently at fair value through profit or loss (FVTPL) Under the old IAS 39 Financial Assets were classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.initial recognition.

### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

### At fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current if expected to be settled within 12 months, otherwise they are classified as noncurrent. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transactions costs are expensed in the income statement. Financial assets are derecognised when the right to receive cash flows from the investments have expired or have been transferred and BURS has transferred substantially all risks and rewards of ownership. Gains and losses arising from the changes in the fair value of the FVTPL are presented in the income statement in the period in which they arise.

### Financial Assets at Amortised Cost

Trade receivables, and other receivables are classified as Financial Assets at Amortised Cost. They are measured at amortised cost using the effective interest method, less any

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impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

### Impairment of financial assets

BURS adopted IFRS 9 - Financial Instruments ("IFRS 9") to measure the allowance for impairment of trade receivables for the first time in the 2019 reporting period. The introduction of the impairment requirements of IFRS 9 require impairment allowances to be considered on an expected credit loss basis as opposed to the incurred credit basis previously adopted by BURS. This change in accounting policy required BURS to develop an impairment model to calculate Expected Credit Losses ("ECLs") and changes in those ECLs at each reporting date to reflect changes in credit risk since initial recognition of the trade receivable. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Specifically, IFRS 9, BURS recognises a loss allowance for expected credit losses on: Financial assets measured subsequently at amortised cost; and Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

### Provision for expected credit losses of trade receivables

Trade receivables constitute of amounts due from related parties as a result of agency commissions not deducted from gross collections. The Simplified Expected Credit Loss (ECL) model is applicable to non-interest bearing financial assets, regardless of being due from related parties. Ordinarily these are settled within a month, as such the presumption of low credit risk is assumed and given historical pattern of recovery, no ECL is applied, in event of observable pattern in default on payment terms, a loss factor reflective of the short term government bond active at the time of reporting is applied.

### Derecognition of financial assets

BURS derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If BURS neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, BURS recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If BURS retains substantially all the risks and rewards of ownership of a transferred financial asset, BURS continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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### NOTES TO THE FINANCIAL STATEMENTS

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### Financial liabilities and equity instruments issued by BURS

### Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

### **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by BURS are recorded at the fair value received, net of direct issue costs. In BURS's case, there is no equity issued, however the Government of Botswana, which is the owner through the Botswana Unfied Revenue Service Act - (Laws of Botswana Chapter 53:03) has a residual interest in the assets of the entity after deducting all of its liabilities.

### Financial liabilities

Under IFRS 9, Financial liabilities are classified and measured at amortised cost

### 3.10 Cash and Cash Equivalents

BURS considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalent. These largely includes fixed deposits with fixed or determinable payments and fixed maturity dates that BURS has the positive intent and ability to hold to maturity are classified as investment at amortised cost. These investments are recorded at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

### 3.11 Trade receivables

### Classification

Trade and other receivables, excluding, when applicable, prepayments, are classified as financial assets and subsequently measured at amortised cost.

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and BURS's business model is to collect the contractual cash flows on trade and other receivables.

### Recognition and measurement

Trade and other receivables are recognised when BURS becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair

value plus transaction costs, if any. Subsequently they are measured at amortised cost.

The amortised cost is the amount recognised on the receivables initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance. BURS does not have any trade receivables, thus no loss allowance for expected credit losses are made.

### 3.12 Trade and other payables

### Classification

Trade and other payables, excluding, amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost

### Recognition and Measurement

Trade and other payables are recognised when BURS becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any. Trade and other payables are subsequently measured at amortised cost using the effective interest method. If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs.

### 3.13 Provisions

Provisions claims are recognised when BURS has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provisions are reviewed at the end of each reporting date and adjusted to reflect the current best estimate. If it is no longer



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probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

### 3.14 Leases

BURS assesses whether a contract is, or contains a lease, at the inception of the contract. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when BURS has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

### BURS as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which BURS is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, BURS recognises the lease payments as an

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operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

BURS applies a practical expedient which allows entities to account for a lease contract which contains both lease and non-lease components as a single lease contract.

Details of leasing arrangements where BURS is a lessee are presented in note 12.

The current lease payments included in the measurement of the lease liability comprise the fixed lease payments and not subject to any variable rents.

### Lease liability

The lease liability is presented as a separate line item in the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on thelease liability, using the effective interest method, and by reducing the carrying amount to reflect leasepayments made. Interest charged on the lease liability is included in finance costs.

BURS remeasures the lease liability, when applicable, in accordance with the following table:

Lease liability remeasurement scenario	Lease liability remeasurement methodology
Change to the lease term.	discounting the revised lease payments using a revised discount rate.
Change to the lease payments as a result of a change in an index or a rate.	discounting the revised lease payments using the initial discount rate unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used;
Change in expected payment under a residual value guarantee.	discounting the revised lease payments using the initial discount rate.
Lease contract has been modified and the lease modification is not accounted for as a separate lease.	discounting the revised payments using a revised discount rate.

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When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

### Right-of-use assets

Right-of-use assets are presented as a separate line item in the Statement of Financial Position.

The right-of-use assets are measured at the amount equal to the lease liability, adjusted for any prepaid oraccrued lease payments. Rent security deposits are recognised as financial assets in accordance with IFRS 9 Financial Instruments.

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- · any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when BURS incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- · less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over useful life of the underlying assets on a straight-line method.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

### Leases (Comparatives under IAS 17)

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

### Related party transactions

BURS enters into various transactions with the Government of Botswana and related entities, its key management personnel, and the Board of Directors.



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### 4.CRITICAL JUDGEMENT AREAS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgements are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual estimates can differ from these estimates.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### Impairment of property, plant and equipment

At each reporting date, BURS reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, BURS estimates the recoverable amount of the cash-generating unit to which it belongs. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or company's of assets.

### Fair value of land and buildings

The fair value of investment property, land and buildings is arrived at on the basis of a valuation conducted by independent professional valuers not related to BURS and qualified for the purpose of the valuation. For Valuation refer to note 13.

### **Determining incremental borrowing rate**

BURS determines the incremental borrowing rate which is used in discounting future lease payments when determining lease liability by considering its financing model. BURS is fully funded by the Governmental of Botswana. In the event that it wishes to acquire or build its own office buildings, the acquisition or construction of such buildings will be financed through government grants. As such, BURS uses an incremental borrowing rate at which governement would borrow, using government bonds, when determining lease liability.

### NOTES TO THE FINANCIAL STATEMENTS

For the year ending 31 March 2020

### **5.FINANCIAL RISK MANAGEMENT**

BURS is exposed to certain financial risks. Financial risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on BURS's financial performance.

### Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. BURS operations utilise various foreign currencies and consequently, are exposed to exchange rate fluctuations that have an impact on cash flows and financing activities.

However, at year-end there were no significant foreign currency exposures.

### Interest rate risk

Financial instruments that are sensitive to interest rate risk are bank balances and cash. Interest rates earned on financial instruments compares favourably with those currently available in the market.

A 1% increase in interest rates would result in the surplus for the year of P2,964,896 (2019: P3,073,755), while a decrease in interest rates by a similar margin would result in an equal opposite effect.

### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. BURS is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments as follows:

- i. Cash and cash equivalents all deposits and cash balances are placed with reputable financial institutions.
- **ii.** Staff debts are recovered in terms of the applicable policy and procedures directly from the employees salary.
- iii. Where BURS has guaranteed housing and motor vehicle loans, on termination of employment, the bank is alerted and guarantees are recovered from the employees terminal salaries and other benefits.

There are no significant concentrations of credit risk.

### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. BURS manages its liquidity risk to ensure it is able to meet expenditure requirements. This is achieved through prudent liquidity risk management which includes maintaining sufficient cash resources.

Since BURS is funded through a subvention from the Government, BURS does not regard there to be any significant liquidity risk. All of BURS liabilities are current and will be settled within three months of the year end with the exception of certain employee benefits which are linked with employment contracts.

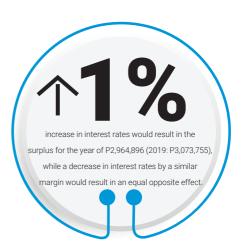
2020	Up to 1 year P'000	2 to 5years P'000
Trade and other payables	78 080	-
Right to use liability	20 740	12 258

2019	Up to 1 year P'000	2 to 5years P'000
Trade and other payables	56 946	-
Right to use liability	-	-

### Capital risk management

There is no active capital risk management process in place primarily because BURS was established under the Botswana Unified Revenue Service Act, 2003. Under this Act, the Government of Botswana provides grants for both capital and operational expenditure based on detailed budgets submitted by the Board of Directors.

The capital of BURS comprises the capital reserve, the properties revaluation reserve, and accumulated funds as disclosed in the statement of changes in reserves.





### NOTES TO THE FINANCIAL STATEMENTS

For the year ending 31 March 2020

5. FINANCIAL RISK MANAGEMENT	2020 P'000	2019 P'000
Categories of financial instruments		
Financial assets at amotised cost Loans and receivables Cash and Cash equivalent	41,743 296,490	39,846 307,375
Financial liabilities at amotised Trade and ther liabilities Right of use liability	145,441 34,423	120,773
6. GOVERNMENT FUNDING FOR RECURRENT EXPENDITURE		
Funding for recurrent expenditure(Note21) Transfer from development expenditure(Note19) Transfer to development expenditure(Note19)	615,765 33,037 -2,982	631,522 2,537 -
	645,820	634,059
7. REVENUE FROM CONTRACT WITH CUSTOMERS	2020 P'000	2019 P'000
Agency fees	87,191	81,012

### Disaggregation of revenue

BURS derives some of its revenue from the transfer of services overtime and at a point in time in the following service lines. In the following table, revenue is disaggregated by service lines and timing of revenue recognition.

### 2020

Revenue Service	transferred overtime	Service transferred at point in time	Total
Agency fees and commissions		87,191	87,191

### 2019

Revenue Service	transferred overtime	Service transferred at point in time	Total
Agency fees and commissions		81,012	81,012

### 8. OTHER INCOME

Amortisation of capital grants(Note19)	74,186	46,471
Rental income	1,367	1,441
Profit on disposal of property,plant and equipment Sundry income	8,158 	9,563
	83,711	57,475

Agency commissions represent fees charged by BURS for collecting revenues on behalf of the following respective Government Departments and Parastatals:

i.Road safety and permit fees(Ministry of Transport and Communications-Department of Road Transport and Safety)

ii.Flour levy and Alcohol levy (MinistryofInvestment, Trade and Industry-Department of Trade and Consumer Affairs)

iii. Motor vehicle road insurance (Motor Vehicle Accident Fund)

iv. Training levy (Human Resource Development Council)

v.Copyright levy (Ministry of Investment, Trade and Industry-Registrar of Companies)

### Rental Income

BURS has housing fascilities at boarders hence provide accomodation to its employees as well as other Government departments as Botswana Police, Botswana Defenece Force at an agreed fee.



### NOTES TO THE FINANCIAL STATEMENTS

For the year ending 31 March 2020

### 9. OTHER GAINS AND LOSSES

Revaluation gains realised	-	167

	2020	2019
10. ADMINISTRATIVE EXPENSES	P'000	P'000
A Production of the state of th	0.500	4 450
Auditor's remuneration -current year	2,682	1,450
-prior year	31,301	18,024
Computer support	10,848	6,858
Consultancy costs and legal costs	79,521	34,387
Depreciation of property, plant and equipment	19,143	16,767
Amortisation of intangible assets	228	658
Loss on disposal of property plant and equipment	12,438	12,619
Electricity and water	51,610	35,578
Printing, stationery and office expenses	4,690	29,961
Operating lease rentals	16,517	12,893
Repairs and maintenance	10,517	12,090
-Development expenditure (Note14)	16,517	12,893
-Recurrent expenditure	5,570	4,705
Motor vehicle fuel	50,277	
Seminars, workshops, travelling and other administrative expenses	50,277	48,751
-Development expenditure(Note14)	50,277	- 40.7E1
-Recurrent expenditure		48,751
Telephone and postage	14,244	14,483
Training expenses	6,566	7,571
	305,635	244,705
11. STAFF COSTS		
Salaries and wages	481,354	435,930
Annual Performance Bonus	-	6,964
Current Year	-	
Previous year	-	6,964
Employee benefits:	58,427	50,857
-Gratuity and severance	4,008	3,515
-Pension contribution	42,833	39,334
-Leave Medical aid contribution	11,586	8,008
Medical and contribution	10,638	9,678
	550,419	503,429
12. FINANCE INCOME/COST		
Finance Income		
Bank interest	2,062	2,834
Finance cost		
Finance cost Finance cost	1,809	_
	1,009	

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ending 31 March 2020

### 13. PROPERTY, PLANT AND EQUIPMENT

						Computers					
	Leasehold Land	Buildings	Leasehold improvements	Motor vehicles	Office furniture	& office equipment	Plant & machinery	Porta camps	Work-in- progress	Security dogs	Total
Cost/valuation	P,000	P'000	P'000	P'000	P'000	P,000	P'000	P'000	P,000	P'000	P'000
At 31March 2019	116,777	442,132	25,243	49,729	21,658	80,648	142,708	33,493	756,453	232	1,669,073
Additions	1	685	151	7,000	5,730	27,716	8,951	2,211	82,898	1	135,342
Disposals	,	1	(195)	(800)	(27)	(13)	,	ı	(69)	1	(1,094)
other additions	,	1	,	1	1	,	,	1	,	1	
Revaluationsurplus	4,331	39,549		1	,	1	1	1		,	43,880
Transfers	1	689,416	1	,	51,655	1	289	1,946	(746,478)		(3,172)
Transfers from Intangible assets	ets -				,	55,265	1		1		55,265
At 31March 2020	121,108	1,171,782	25,199	55,929	79,016	163,616	151,948	37,650	92,814	232	1,899,294
Accumulated depreciation											
At 31March 2019	1,451	19,554	22,012	20,423	12,199	42,264	35,541	8,167	ı	58	161,669
Current year charge	928	16,616	791	3,730	7,156	22,268	7,036	2,667	ı	28	61,250
Disposals	,	1	(141)	(136)	(18)	(8)	,	,	,	,	(303)
At 31March 2020	2,409	36,170	22,662	24,017	19,337	64,524	42,577	10,834	1	98	222,616

### Work-in-progress is made up of the following:

Residential and office accommodation

92,814

1,676,678

146

92,814

26,816

109,371

99,092

59,679

31,912

2,537

118,699 1,135,612

Carrying amount At 31March 2020

## NOTES TO THE FINANCIAL STATEMENTS

For the year ending 31 March 2020

## 13.PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold Land	Buildings	Leasehold improvements	Motor vehicles	Office furniture	Computers & office equipment	Plant & machinery	Porta y camps	Work-in- progress	Security dogs	Total
	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Cost/valuation At 31March 2018	100.846	368,954	24.070	50,208	18.086	79,460	83.417	12,369	696,633	232	1,434,275
Additions	172	3,895	64	786	3,688	3,510	43,577		114,855		170,547
Disposals	(80)	(186)	1	(1,265)	(116)	(2,322)	ı	1	1	ı	(3,969)
other additions	295	. 1	1	1	1	1	1	1	1	1	295
Revaluation surplus	15,544	52,381	ı	1	1	1	1	,	1	ı	67,925
Transfers	1	17,088	1,109	1	1	1	15,714	21,124	(55,035)	1	ı
At 31March 2019	116,777	442,132	25,243	49,729	21,658	80,648	142,708	33,493	756,453	232	1,669,073
Accumulated depreciation											
At 31 March 2018	1,004	12,311	19,964	16,814	11,028	33,516	29,478	5,942	1	30	130,087
Current year charge	449	7,278	2,048	4,124	1,235	10,937	6,063	2,225	1	28	34,387
Disposals	(2)	(32)	1	(515)	(64)	(2,189)	ı	,	ı	,	(2,805)
At 31 March 2019	1,451	19,554	22,012	20,423	12,199	42,264	35,541	8,167	1	28	161,669
Carrying amount											
At 31 March 2019	115,326	422,578	3,231	29,306	9,459	38,384	107,167	25,326	756,453	174	1,507,404

## Work-in-progress is made up of the following:

Residential and office accommodation

## NOTES TO THE FINANCIAL STATEMENTS

For the year ending 31 March 2020

#### 13 .PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### Land and buildings carried at fair value

The properties carried at fair value comprise all owner occupied land and buildings in various locations. The property is recognised as property, plant and equipment under IAS 16. The fair valuation was performed as per the requirements of IFRS 13 "Fair value measurements". The Open Market Value and Insurance Replacement Value of the land and buildings were determined using market comparable inputs of indicative construction cost, Economic Useful Life and Residual Value of the properties. The open market value of the properties was deemed to be the fair value of the properties. The market comparable inputs were adjusted for differences in the nature, location or condition of the specific properties.

The fair value assessment was performed by a qualified Land economist, Valuation Serveyor, recognised by relevant professional bodies in Botswana and abroad. The valuation report which was adopted by BURS without adjustments indicates compliance with guidelines prescribed by several bodies including the Real Estate Institute of Botswana, the Appraisal and Valuation Manual, all of which are considered to be consistent with the guidance issued in IFRS 13. The fair value of Land and Building as at 31 March 2020 was at P1,232million (Land P118m and building P1,114million).

Fair value measurements indicated a slight increase in land and buildings in March 2020 as follows:

Property Type	Net Book Value	Valuation	Increase	% Increase
	P'000	P'000	P'000	%
Land	114,207	118,538	4,331	3.8
Building	1,074,082	1,113,631	39,549	3.7
Total	1,188,289	1,232,169	43,880	4

#### IFRS 13 fair value hierachy

The following table analyses the nonfinancial assets carried at fair value, by revaluation method. The different levels have been defined as follows:

#### Fair value measurement as at 31st March 2020

	Level 1 P'000	Level 2 P'000	Level 3 P'000	Total P'000
Land and buildings			1,232,169	1,232,169
Fair value measurement as at 31st March 2019				
	Level 1 P'000	Level 2 P'000	Level 3 P'000	Total P'000
Land and buildings			517,666	517,666

<sup>-</sup>Level 1 inputs are quoted prices in active markets for identical assets or liabilities tand it is accessible to the entity -Level 2 are inputs other than quoted (included within level 1) that are observable for the asset or liability eitherdirectly or indirectly .

<sup>-</sup>Any other inputs for the asset and liability that are not based on observable market-data are classified as Level 3

# NOTES TO THE FINANCIAL STATEMENTS

For the year ending 31 March 2020

#### The following table summarises the quantitative information about the significant unobservable inputs

D	n I Ilnoheoryahla I		Relationship of unobservable inputs to	
Description	Inputs	2020	2019	fair value
Buildings	Indicative cost of construction	P13, 000 per sq m to P660 per sq m	P7, 275 per sq m to P640 per sq m	The higher the indicative cost of construction, the higher the fair value

Had the land and buildings been measured on a historical cost basis, their carrying amounts would have been as follows:

Land	2020 P'000	2019 P'000
-Cost -Accumulated depreciation	55,666 (6,959) 48,707	51,335 (6,786) 44,549
Buildings: -Cost -Accumulated depreciation	1,126,519 (42,613) 1,083,906	396,869 (31,311) 365,558

Land includes Plaatjan and Zanzibar with a fair value of P300,000 each. Ownership of this land is currently in dispute with third parties and as a result a contingent liability has been disclosed in Note 22.

14. INTANGIBLE ASSETS	Computer software P'000	Work-in- progress P'000	Total P'000
Cost At 31 March 2018 Additions Adjustments for non-capital expenditure -Consultancy(Note10) -Seminars and workshops(Note10) Transfer to property,plant and equipment At31March2019	76,340 6,159 - - - - - - 82,499	10,497 22,727 (341) (341) -	86,837 28,886 (341) (341) - - 115,382
Additions Transfers Adjustments for non-capital expenditure -Computer Maitenance (Note10) Transfer to property,plant and equipment At 31 March 2020	14,524 1,409 - - - - 98,432	120,923 (1,409) - (319) (55,265) 96,813	135,447 - - (319) (55,265) 195,245
Accumulated amortisation At 31 March 2018 Charge for the year At 31 March 2019 charge for the year At 31 March 2020	19,399 16,767 36,166 19,143 55,309	- - - -	19,399 16,767 36,166 19,143 55,309
Carrying amount at 31 March 2020	43,123	96,813	139,936
Carrying amount at 31 March 2019	46,333	32,883	79,216

burs botavana united revenue service

# BOTSWANA UNIFIED REVENUE SERVICE (OWN ACCOUNTS) NOTES TO THE FINANCIAL STATEMENTS

For the year ending 31 March 2020

Intangible assets consists of Computer software (the Human Resources SAP module, e-Filing, e-Payment, Withholding Tax ("WHT"), Customs Management System ("CMS"), Lekgetho live and the Auto Capturing Scanner) which is a purchased asset and also that there were no individual asset that is material to the annual financial statement of BURS as a whole. Amortisation is calculated using the straight-line method to allocate their cost net of their residual values, over their estimated useful lives. As at year end the remaining amortization period for these assets is 4 years.. Work-in-progress consists of the IP Based cabling project. There are no intangible assets that have been pledged as security.

	2020	2019
15. INVENTORIES	P'000	P'000
Printing and stationery Office supplies	2,993 460	2,253 230
Uniform and protective clothing	3,453	2,486

Inventories represent unconsumed supplies held in store at year-end to be consumed in the rendering of services, pending issuance to different cost-centres. Inventories are stated at cost on a First-in-First-out basis.

### 16. TRADE AND OTHER RECEIVABLES

Trade receivables Less provision for impairment	29,717	29,511 -
Advance payments -Advance payments made for capital expenditure -Transfer to property,plant and equipment(Note13) Prepayments Staff receivables	29,717 - - - - 8,798 1,828	29,511 - - - - - 8,272 1,082
Other receivables	1,400 41,743	981 39,846
Trade receivables comprise of:		
Agency fees	29,717 29,717	29,511 29,511

The Directors consider that the carrying amount of trade and other receivables approximates their fairvalue. Receivables are provided for based on estimated irrecoverable amounts determined by reference to each debtor's financial position. In determining the recoverability of receivables, BURS considers the change in the quality of the receivable from the date the credit was granted up to the reporting date. The Directors believe that there is no credit provision required as at end of the financial reporting period (2019:P Nil).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ending 31 March 2020

17. CASH AND CASH EQUIVALENTS	2020 P'000	2019 P'000
Cash in hand Trust call account Business call and current account Fixed deposit account Development funds call account	35 90,552 - 205,903 296,490	40 1 103,025 - 204,309 307,375
18. PROPERTIES REVALUATION RESERVE		
Revaluation gains Balance at beginning of the year -Revaluation losses reversed (Note9)* Gainon revaluations of properties(Note13) Balanceat end of year	245,515 - 43,880 289,395	177,757 (167) 67,925 245,515

#### Nature and purpose of revaluation reserve

The property, plant and equipment revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings.

#### 19. CAPITAL GRANTS

Balance at beginning of the year Net development funding receivable from the Government of Botswana	1,547,494 262,826	1,397,268 197,556
-Transfer to recurrent expenditure (Note6)	(30,054)	(2,537)
-Government funding for development expenditure(Note21)	292,880	200,093
Land From Government	-	-
Other adjustments	-	295
Net book value of disposals of property, plant and equipment	(624)	(1,154)
Amortisation of capital grants for the year (Note8)	(74,186)	(46,471)
Balance at end of the year	1,735,510	1,547,494

Capital grant-Capital grant is made up of funds received from the Government of the Republic of Botswana to fund residence and office accommodation projects. The grants are amortised over the useful lives of the respective assets acquired to match with the depreciation costs for the constructed assets.

#### 20. TRADE AND OTHER PAYABLES

13,832	3,325
64,249	53,621
67,360	58,329
-	-
	5,498
145,441	120,773
20,740	-
13,683	
34,423	
	64,249 67,360 - - 145,441 20,740 13,683

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# NOTES TO THE FINANCIAL STATEMENTS

For the year ending 31 March 2020

#### 21. RELATED PARTY TRANSACTIONS

Related parties transactions comprise the following:

The Ministry of Finance and Economic Development has, through the Notice of Funds of the Revenue Service Order, 2012, Section 26 (1) (d) of the Botswana Unified Revenue Service Act, authorised the Revenue Service to retain 2 percent (2%) of the revenue collected per annum to fund the recurrent budget with the minimum being set and 1 percent (1%) of the total revenue collected be used for the development budget.

The Revenue Service has with effect from 1 April 2013 implemented such notice. The amount transferred to BURS Own accounts from Revenue accounts during the financial year ended 31 March 2020 is as follows:

	2020 P'000	2019 P'000
Amount transferred from Revenue Accounts to Own Accounts	908,645	831,615
Utilised as follows:		
Recurrent expenditure (Note 6) Development expenditure (Note 19)	615,765 292,880 908,645	631,522 200,093 831,615
Executive management personnel compensation		
Executive management		
Salaries and other short term employee benefits Post employment benefits Total executive management personnel compensation	10,185 254 10,439	6,597 852 7,449
Executive Management personnel compensation covers personal emoluments and post employment benefits. Post employment benefits include pension and gratuities.		
Board members sitting allowances	420	361

Transactions with the Board members represent sitting allowances paid to the members for attending meetings of the Board and Board sub-committees.

#### Government departments

BURS' related parties include Government departments for which BURS collects levies on the departments' behalf and earns agency fees and commissions in return. The commission rate is negotiated between the parties, minimum being 5%, the rates are not based on the market as BURS mandate is to collect taxes and levies for the Government .The following business transactions were conducted with related parties:

Agency fee	es and co	mmissions:

Ministry of Investment, I rade and Industry (alcohol levy,flour levy and		
copyright levy)	37,332	34,245
Ministry of Transport and Communications-Department of Road Transport		
and Safety(road safety tokens and permits)	32,699	30,172
Human Resource Development Council(training levy)	16,120	15,503
Motor Vehicle Accident Fund (motor vehicle road insurance)	1,039	1,092
	87,190	81,012
Other income:		
Public Procurement and Asset Disposal Board(rental income)	-	-

# NOTES TO THE FINANCIAL STATEMENTS

For the year ending 31 March 2020

21. RELATED PARTY TRANSACTIONS (CONTINUED)	2020 P'000	2019 P'000
Balances receivable from/(payable to) related parties Agency fees receivable from Department of Road Transport and Safety Commissions and other receivables from Revenue Accounts Fluctuation of foreign exchange rates receivable from Revenue Accounts Total receivable from related parties Net bank charges payable to Revenue Accounts(Note20) Net due from related parties	7,133 22,584 - 29,717 (121) 29,596	7,604 21,907 29,511 - 29,511
22. ADJUSTMENT FOR NON-CASH ITEMS		
(Profit)/loss on disposal of property, plant and equipment(Note10) Amounts transferred from advance payments (Note16) Adjustments for non-capital expenditure (Note13,14) lease finance costs Adjustments of previous year interest income	228 - 3,491 1,809 - 5,528	658 - 341 - (215) 784
Right of use assets		
Buildings	48,206	-
23. LEASE COMMITMENTS		
At the end of the year, BURS had outstanding commitments for future minimum lease payments undernon-cancellable leases, which fall due as detailed below:		
Current Non-current	21,084 13,339	- - -
<b>Depreciation charge of right-of-use assets</b> Buildings	34,423 18,271	<u> </u>
Interest expense(included infinance cost) Expense relating to short-term leases (included in administrative	1,809	-
expenses)	5	-
The total cashout flow for leases as at March 2020 was P20.687million		
LEASE PAYMENTS CHELFORD ADVENT GRADED TRADERS FISTAR BPOPF	20,687 298 177 1,125 18,838 249	- - - - -
LEASE ACCRUAL REVERSED	5,096	-

Right of use assets relate to properties with lease terms between 2 and 5years with an average yearly rental escalation of 10%.BURS does not have an option

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# BOTSWANA UNIFIED REVENUE SERVICE (OWN ACCOUNTS) NOTES TO THE FINANCIAL STATEMENTS

For the year ending 31 March 2020

#### **24. CONTINGENT LIABILITIES**

As documented in note11, BURS is in a dispute with third parties regarding the ownership of Zanzibar and Plaatjan. The fair value of the land indispute is P600,000 (2019:P600,000). As these third parties hold the legal title BURS may need to purchase the land from the third parties.

BURS has no material obligations as at March 2020 (2019:P Nil) in respect of litigation matters, which existed at the financial year end.

25. CAPITAL COMMITMENTS	<u>2020</u> P'000	<u>2019</u> P'000
Commitments for the acquisition of property, plant and equipment	409,950	401,775
Capital expenditure approved at the statement of financial position date but not recognised inthe financial statements is as follows:		
Approved and contracted for Approved but not yet contracted for	344,450 65,500	306,775 95,000

The commitments are expected to be financed from internally generated funds and funding from the Government of the Republic of Botswana.

#### 26. EVENTS AFTER THE REPORTING PERIOD

Management identified events and circumstances that arose since the reporting date to the date of authorisation of the financial statements. The matters were evaluated for whether they require an adjustment to the amounts recognised in the financial statements or disclosure in line with guidance in IAS 10 "Events after the reporting date".

The following are noted:

#### Covid 19

On 28 March 2020, the Government of Botswana initiated action towards the global fight against Covid19, a virus that was declared a pandemic by the World Health Organisation in January 2020. The initiatives entailed economic and social lockdown and other amendments to legislation including those with a direct impact on the income tax, customs and levies that are administered by BURS

Management have completed the going concern impact assessment to assess the impact of COVID 19 on BURS. Based on the assessment done, BURS have had no impact on going concern as a result of COVID 19.

The matter does not require an adjustment to amounts recognised on the current and comparative financial statements as itrepresents an event that did not exist at the reporting date.

#### Launch of Lekgetho live

On the 3rd of April 2020, BURS launched the Lekgetho Live, an online information technology program that is expected to expedite the administrative roles of BURS. The project cost are capitalised at Pula 23 million within Capital work in progress for IT included in note 14. Lekgetho live is undergoing post implementation reviews and is expected to be fully functional and compatible with both BURS and tax payer user requirements in due course.

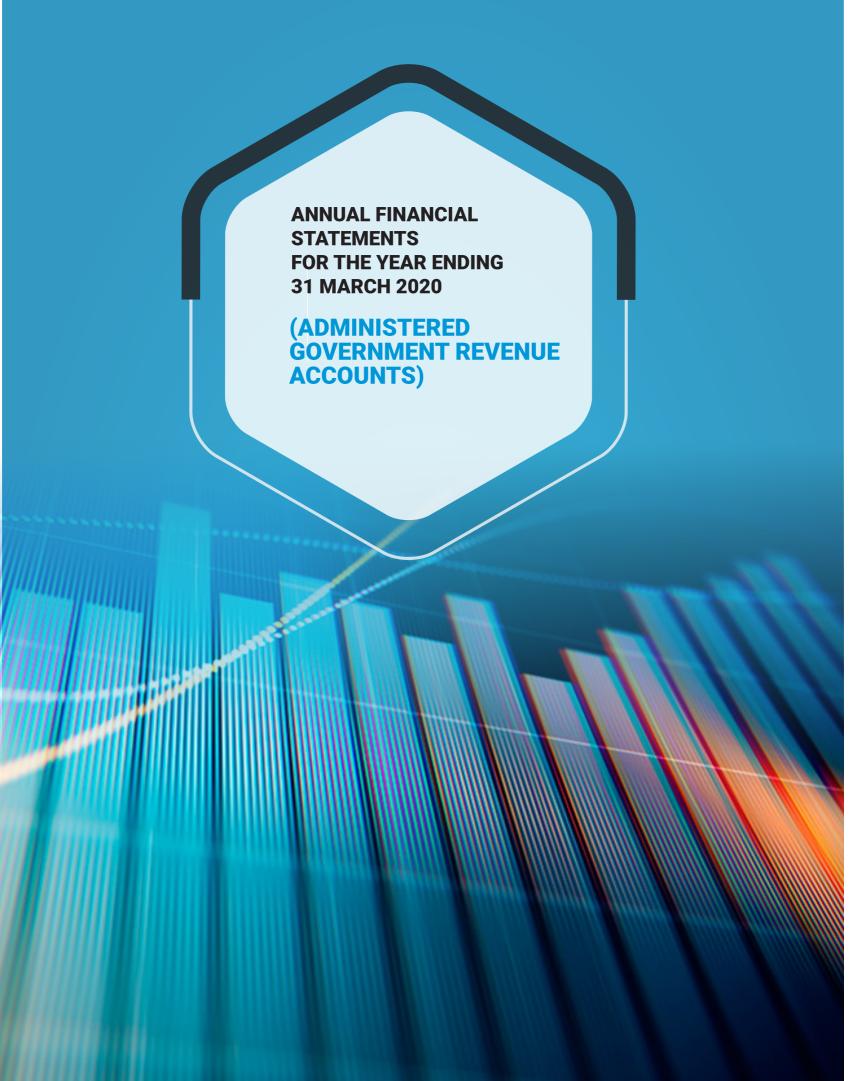
# NOTES TO THE FINANCIAL STATEMENTS

For the year ending 31 March 2020

# 27. For the year ended 31 March 2020, BURS has not complied with the following paragraphs of the Botswana Unified Revenue Service Act:

- Paragraph 28 (2) which requires the Revenue Service to submit its books of accounts and statement of accounts to an auditor appointed by the Board within 60 days of the year-end and requires that the accounts be audited no later than 3 months after the year-end; and
- Paragraph 29 (1) which requires the Revenue Service to submit, to the Minister, a comprehensive report on the operations of the Revenue Service during that financial year, within 6 months of the end of that year.





ADMINISTERED GOVERNMENT REVENUE ACCOUNTS

## **GENERAL INFORMATION**

31 March 2020

#### **BOARD OF DIRECTORS**

Kelapile Ndobano Chairperson (Appointed 1 December 2018, resigned 30 April 2019)

Ellen Richard-Madisa Chairperson (Appointed 1 May 2019)

Wankie B. Wankie Non-executive Director

Segolo Lekau Commissioner General - Acting (Appointed 1 December 2018)

Gaamangwe Lebele Non-executive Director
Ontlametse B. Ward Non-executive Director
Keletso Mothusi Non-executive Director
Gaongalelwe G.P. Mosweu Non-executive Director

#### **BOARD SECRETARY**

Bame A. Tumiso

#### **NATURE OF BUSINESS**

The Botswana Unified Revenue Service ("BURS") was established by the Botswana Unified Revenue Service Act, 2003. BURS is responsible for the assessment and collection of tax on behalf of the Government of Botswana.

#### **ADDRESS**

Plot 54379

CBD

Private Bag 0013

Gaborone

#### **AUDITOR**

PricewaterhouseCoopers

#### **BANKERS**

Bank of Botswana

Barclays Bank of Botswana Limited

First National Bank of Botswana Limited



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ADMINISTERED GOVERNMENT REVENUE ACCOUNTS

## **GENERAL INFORMATION**

31 March 2020

# DIRECTORS' STATEMENT OF RESPONSIBILITY

# **AND APPROVAL OF THE FINANCIAL STATEMENTS**

The Directors are responsible for the preparation and fair presentation of the financial statements of Botswana Unified Revenue Service ("BURS"): Administered Government Revenue Accounts, comprising the statement of financial position as at 31 March 2020, the statements of financial performance, changes in net assets, and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, prepared on the modified cash basis of accounting as outlined in the "Basis of preparation" paragraph under significant account policies.

The Directors are required by the Botswana Unified Revenue Service Act, 2003 to maintain adequate accounting records and are responsible for the content and integrity of and related financial information included in this report, and for such internal control as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error. The auditors are engaged to express an independent opinion on the financial statements and their report is presented on pages 2 to 3.

The financial statements are prepared in accordance with the modified cash basis and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements. The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by BURS and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of

responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout BURS and all employees are required to maintain the highest ethical standards in ensuring the Revenue Service's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in BURS is on identifying, assessing, managing and monitoring all known forms of risk across BURS. While operating risk cannot be fully eliminated, BURS endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors state that, for the year ended 31 March 2020, BURS has not complied with the following paragraphs of the Botswana Unified Revenue Service Act:

•Paragraph 28 (2) which requires the Revenue Service to submit its books of accounts and statement of accounts to an auditor appointed by the Board within 60 days of the year-end and requires that the accounts be audited no later than 3 months after the year-end; and •Paragraph 29 (1) which requires the Revenue Service to submit, to the Minister, a comprehensive report on the operations of the Revenue Service during that financial year, within 6 months of the end of that year.

The Directors' have made an assessment of BURS's ability to continue as a going concern and there is no reason to believe the entity will not be a going concern in the year ahead.

The Directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

DIRECTORS' APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements set out on pages 88 to 103, which have been prepared on the going concern basis, were approved by the Board on **29-06-2021** and were signed on its behalf by:

Board Chairperson

Commissioner General

For the year ending 31 March 2020



## Independent auditor's report To the Minister of Finance and Economic Development

## Our opinion

In our opinion, the financial statements of Botswana Unified Revenue Service ("the Revenue Service"): Administered Government Revenue Accounts are prepared, in all material respects, in accordance with the modified cash basis of accounting described in note 1 to the financial statements and the requirements of the Botswana Unified Revenue Service Act, 2003.

#### What we have audited

The Revenue Service's financial statements comprise:

- •the statement of financial position as at 31 March 2020;
- •the statement financial performance for the year then ended;
- •the statement of changes in net assets the year then ended;
- •the statement of cash flows for the year then ended;
- •notes to the financial statements, which include significant accounting policies and other explanatory information.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Revenue Service in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Botswana.

## Emphasis of matter – Basis of accounting and restriction on distribution and use

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared to meet the financial reporting requirements of the Ministry of Finance and Economic Development, in terms of the Botswana Unified Service Act, 2003. As a result, the financial statements may not be suitable for another purpose.

Our report is intended solely for the Revenue Service and Ministry of Finance and Economic Development and should not be distributed to or used by parties other than Botswana Unified Revenue Service and the Ministry of Finance and Economic Development. Our opinion is not modified in respect to this matter.

PricewaterhouseCoopers Plot 50371, Fairground Office Park, Gaborone, P O Box 294, Gaborone, Botswana T: (267) 370 9700, www.pwc.com/bw

Country Senior: Partner: B D Phirie

Partners: R Binedell, A S Edirisinghe, L Mahesan, I D Molebatsi, S K K Wijesena



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For the year ending 31 March 2020



## Key audit matter

Key audit matter are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matters.

## **Key Audit Matter**

# Recognition of tax revenues and other revenue collected on behalf of Government Departments

The Revenue Service collects taxes such as income tax, Value Added Tax and Customs – Southern African Customs Union ("SACU") Pool Receipts on behalf of the Government of Botswana ("tax revenue") such as copyright levy, tobacco levy, road safety tokens, transport permits, flour levy and alcohol levy.

Tax revenues, except for Customs – SACU Pool receipts, are recognised on the cash basis in the statement of financial performance when all of the following conditions are satisfied:

- A receipt in the form of cash or cash equivalent is notified to the administrator; and
- The identity of the taxpayer is known and specific tax legislation from which the tax revenue is attributed is known; and
- The amount received or notified does not relate to temporary deposits, to the effect that there is a minimum likelihood of reimbursement of the amount.

Customs – SACU Pool Receipts, and other revenue are recognised on the cash basis in the statement of financial performance.

For the year ended 31 March 2020, the other revenue are recognised on the cash basis in the statement of financial performance.

For the year ended 31 March 2020, the Revenue Service recognised, amongst others, the following revenues collected:

- BWP 26.984 billion for income taxes;
- BWP 7.315 billion for Value Added Taxes;
- $\bullet$   $\,\,$  BWP 13.979 billion for Customs SACU Pool Receipts; and
- BWP 857 million for other revenue.

# How our audit addressed the key audit matter

We performed the following audit procedures;

- Inspected the Revenue Service's accounting policy to obtain an understanding of revenue recognition policies as of 31 March 2020.
- Obtain a detailed schedule of tax revenue and other revenue and tested the mathematical accuracy of the schedule. We noted no exceptions.
- Evaluated a sample of tax revenue and other revenue transactions recorded in the general ledger against the transaction details per the underlying documentation, in order to assess whether the tax revenues met the required conditions to be recognised. Based on our work performed we accepted management clarification of these revenues and their recognition of the tax revenues in the general ledger.
- Obtained a confirmation from the Ministry of Finance and Economic Development in respect of the total tax revenue and total other revenue received in cash from the Revenue Service, as collected on their behalf for the 12 months ended 31 March 2020. We agreed the amounts confirmed to the revenue amounts recognised for the current year in the general ledger. No differences were noted.
- Agreed all the tax revenue and other revenue as recorded in the Revenue Service's bank statements to the amounts recorded in the Revenue Service's general ledger.
- Agreed all of the tax revenue and other revenue as recorded in the general ledger to the amounts disclosed in the financial statements.



For the year ending 31 March 2020



We considered this to be a matter of the most significance to the current year audit due to the tax revenues and other revenue amounts recognised being a substantial portion of financial statements, as well as the significant impact which a potential error in the recognition of the revenue could have on the financial statements.

Refer to the following notes to the financial statements for details:

- Note 1 Significant accounting policies;
- Note 2 Income Tax;
- Note 3 Value Added Tax;
- Note 4 Customs receipts; and
- $\bullet$   $\,$   $\,$  Note 8 Revenue collected on behalf of Government Departments.

## Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report comprises the information included in the document titled "Botswana Unified Revenue Service Financial Statements 31 March 2020 (Administered Government Revenue Accounts)". The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Other matter

The Revenue Service has prepared a separate set of financial statements for the year ended 31 March 2020 in accordance with International Financial Reporting Standards on which we issued a separate auditor's report to the Minister of Finance and Economic Development of the Revenue Service dated 30/06/2021.

## Responsibilities of the directors for the financial statements

The directors are responsible for preparation of these financial statements in accordance with the modified cash basis of accounting described in note 1 to the financial statements and the requirements of the Botswana Unified Revenue Service Act, 2003, and for such

For the year ending 31 March 2020



internal control as the directors determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Revenue Service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Revenue Service or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- •Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, are the override of internal control.
- •Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
- •Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- •Conclude on the appropriateness of the directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Revenue Service's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Individual practicing member: Butler Phirie

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Registration number: 19900312

Date: 30 June 2021 Gaborone

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ADMINISTERED GOVERNMENT REVENUE ACCOUNTS

## **STATEMENT OF FINANCIAL PERFORMANCE**

For the year ending 31 March 2020

		2020	2019
	Notes	P'000	P'000
Revenue collected on behalf of the Government of Botswan	a		
Tax revenues and customs receipts			
Income tax	2	16,983,885	16,773,084
Value Added Tax ("VAT")	3	7,315,001	6,822,253
Customs - SACU Pool receipts	4	13,979,412	14,690,887
Other tax revenue	5	94	219
Total tax revenues and customs receipts		38,278,392	38,286,443
Non-tax revenue	6	20,263	695
Provision for doubtful debts	9	(453)	(2,389)
Total revenue collected on behalf of the Government of Bots	swana	38,298,203	38,284,749
Amount retained for BURS funding	7	(908,646)	(831,615)
Net revenue collected on behalf of Government of Botswan	a	37,389,557	37,453,134
Revenue collected on behalf of Government Departments	8	857,371	787,937
Effects of currency gains/(losses) of Customs remittances	4	10,586	8,482
Total net revenue collected for the year		38,257,514	38,249,553

ADMINISTERED GOVERNMENT REVENUE ACCOUNTS

## **STATEMENT OF FINANCIAL POSITION**

For the year ending 31 March 2020

		2020	2019
ADMINISTERED ASSETS	Notes	P'000	P'000
Current assets			
Amounts due from related parties	13	96	-
Accounts receivable	9	13	9
Cash and cash equivalents	10	297,892	303,299
Total administered assets		298,001	303,308
ADMINISTERED LIABILITIES			
Current liabilities			
Amounts due to Related parties	13	180,728	180,718
Accounts payable	11	117,273	122,590
Total liabilities		298,001	303,308

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ADMINISTERED GOVERNMENT REVENUE ACCOUNTS

## **STATEMENT OF CHANGES IN NET ASSETS**

For the year ending 31 March 2020

#### Amounts due to /(from)Government Remittance Account

Balance at 1 April 2018	(113,520)
Total net revenue collected for the year	38,249,553
Net transfers to Government Remittance Account	(38,046,911)
Balance at 31 March 2019	89,122
Total net revenue collected for the year	38,257,514
Net transfers to Government Remittance Account	38,268,407)
Balance at 31 March 2020	78,229

The amount due to the Government Remittance Account represents collections awaiting transfer to Government, this is the default and ideal net asset position. This is included as part of Note 13 -Amounts due to Related parties.

The amount due from the Government Remittance Account represents collections transferred in excess to the Government as at year

ADMINISTERED GOVERNMENT REVENUE ACCOUNTS

## **STATEMENT OF CASH FLOWS**

For the year ending 31 March 2020

	2020	2019
	P'000	P'000
Cash flows from operating activities:		
Total net revenue collected for the year	38,257,514	38,249,553
Total net transfers to Government Remittance Account	(38,268,407)	(38,046,911)
Net collections of transfers to Government Remittance Account	(10,893)	202,642
Movement in assets and liabilities		
(Increase)/decrease in administered non -cash assets	(100)	38,835
(Decrease)/increase in administered non- cash liabilities	5,586	180,279)
Net movement in assets and liabilities	5,486	(141,444)
Increase in cash and cash equivalents	(5,407)	61,198
Cash and cash equivalents at beginning of year	303,299	242,101
Cash and cash equivalents at end of year	297,892	303,299

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ADMINISTERED GOVERNMENT REVENUE ACCOUNTS

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ending 31 March 2020

#### 1. SIGNIFICANT ACCOUNTING POLICIES

#### Statement of accounting policies

#### The reported activity - revenue collection accounts

These financial statements are reported as Administered Government Revenue Accounts. They cover transactions relating to the tax revenues collected on behalf of the Government and its related parties. The financial statements covering those operational revenues, such as funds received from the Government, which are managed by BURS and utilized in meeting the operational costs of BURS are reported in a different set of financial statements BURS Own Accounts. The purpose of the distinction between the two sets of financial statements is to facilitate, among other things, the assessment of the administrative efficiency of BURS in achieving its mandate.

The financial statements are presented in Botswana Pula and in thousands P`000 except for Annexure 1 – schedule of arrears of revenue and Annexure 2-schedule of movements in collections and payments to third parties, which are reported in units of Pula.

#### **Basis of preparation**

The financial statements are required in terms of Sections 28 and 29 of the Botswana Unified Revenue Service Act, 2003. The financial statements are prepared on the modified cash basis of accounting.

The cash basis of accounting recognizes transactions and events only when cash (including cash equivalents) is received or paid by the reporting entity. The modification to the cash basis is an attempt towards more relevant and faithful presentation of those events and/or transactions whose substance may be concealed by the cash basis. Modifications entail recognition of short term assets and liabilities. The recognition of assets and liabilities results in increasing or decreasing amounts due to or from the Government of Botswana compared to amounts that would otherwise, be reported if the cash accounting framework was solely used.

BURS is putting in place measures to prepare for future implementation of International Public Sector Accounting Standards ("IPSAS"). BURS is engaging with the Ministry of Finance and Economic Development in order to develop detailed guidelines which will outline the procedures and timelines to be followed in Botswana for Government owned enterprises in converting to the accrual basis of accounting. Consequently, BURS has prepared the financial statements on a modified cash basis in line with the accounting principles of the Government of Botswana.

#### **General accounting policies**

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Cash and cash equivalents principally represents funds held by BURS pending transfer to the Government Remittance

ADMINISTERED GOVERNMENT REVENUE ACCOUNTS

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ending 31 March 2020

Account, settlement of related party payables and also constitute of tax payer deposits and unclaimed but approved tax refunds.

#### Tax revenue and modifications to payables/receivables

Tax revenue primarily constitutes of non-exchange gross receipts from tax payers in fulfillment of tax legislation applicable in Botswana. Tax revenue also includes penalties and interest charges in line with the relevant tax legislation. Where the tax payer has a statutory right to settlement of taxes on a net basis, the revenue is recognized on a net basis.

Tax revenue is recognized in the statement of financial performance when all the following conditions are satisfied;

- -a receipt in the form of cash or cash equivalent is notified to the administrator and;
- -the identity of the tax payer is known and the specific tax legislation from which the revenue is attributed is known and;
- -the amount received or notified does not relate to temporary deposits, to the effect, that there is minimum likelihood of reimbursement of the amount.

#### The following modifications to the cash basis to tax revenue recognition apply

-a receivable is recorded separately from cash and cash equivalents where notifications of tax receipts remain unreported in the administered fund bank statements for a period of more than 120 days up to the reporting date. The lifetime of these receivables is deemed to be 2 years, subsequent to which, the balances are considered delinquent and included in the dishonoured cheques provision as impaired.

Subsequent recovery of such funds is recorded in the year of recovery as a reversal of the allowance for doubtful debts and not as tax revenue for that period.

- -a current liability is recognized for receipts that are not matched to a tax payer and relevant tax legislation. A reconciliation process is conducted from date of identification of such receipts in effort to match them to the relevant tax revenue or non tax revenue category. The amounts are refunded or reclassified to the statement of financial performance as tax revenues or unmatched revenue after due effort is exhausted and this is considered to be period of up to 2 years.
- -tax refunds relating to previous and current periods are accounted for in the period in which the refund is approved for payment and paid. Unclaimed refunds are accounted for as a liability to tax payers.

Included in payables are temporary deposits whose likelihood of settlement is considered more probable than not, at the reporting date. These payables are non interest bearing and they expire at the earlier of redemption by the tax payer or the life determined by the relevant tax legislation and approval by the Commissioner General.

-inherent to the tax administration process is that assessments may be disputed, both in favour or unfavourable to the

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ADMINISTERED GOVERNMENT REVENUE ACCOUNTS

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ending 31 March 2020

Government of Botswana, the degree of estimation uncertainty and confidentiality of pending favourable/unfavourable disputed tax assessments is considered too high, as such no disclosures are made in the financial statements.

-subsequent events may provide a conclusive and precise amount due to/from tax payers, materiality is considered for disclosure notes as contingent liabilities or contingent assets with no changes in actual amounts received or paid during the financial period.

#### Other tax revenue

Other tax revenue consists of cash received from tax payers in settlement of dishonoured cheques that had been previously considered as delinquent and impaired.

#### Non tax revenue

Non-tax revenue consists of license fees and customs fines. License fees are paid by companies and individuals registered with BURS to transact various types of customs businesses such as the operation of bonded warehouses and customs clearing agents. Customs fines are received in respect of detected non-compliance with the Revenue Laws, usually at border posts or other ports of entry.

#### Customs revenue, currency fluctuations and remittances

Customs – "SACU pool receipts" constitutes of non –exchange amounts received by the reporting entity by virtue of Botswana's membership with the Southern African Customs Union 'SACU'. The amounts are determined in line with relevant provisions of the SACU agreement. Customs revenue is recognized on a cash basis with due consideration for the business model underpinning the customs process, to the effect that; some modifications apply as follows;

The customs collections and remittances process entails translation of currency units of Pula and other currencies collected from tax payers at the average foreign currency exchange rates prevailing at time of collection which may differ from the spot rate at remittance date. Such realized exchange gains/losses are accounted for within administered funds and included in the statement of financial performance as they are inherent to the customs revenue attributable to the Government of Botswana.

Whereas all customs collections must be accurately and completely remitted to the SACU pool, as the Government of Botswana contribution, differences may arise between amounts collected and amounts remitted, the effect being over or under remittances. Such overpayment/under payments remittances are offset against SACU receipts in the year they arose. This is considered to be the legal and substance of the underlying guidelines underpinning the SACU Agreement's Customs sharing formulae per Annexure A, Clause 1(b) of the SACU Agreement

ADMINISTERED GOVERNMENT REVENUE ACCOUNTS

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ending 31 March 2020

2. INCOME TAX	2020	2019
	P'000	P'000
Income tax revenue collected during the year was derived from the	ne following sources:	
		0.074.55
Withholding tax	2,809,070	3,071,557
Deducted tax (Pay-As-You-Earn)	7,444,024	5,951,465
Assessed tax	7,334,036	8,168,849
Penalty interest	58,235	76,845
Transfer duty tax	118	-
Capital transfer tax	3,593	11,293
Gross income tax receipts	17,649,076	17,280,009
Refunds	(665,190)	(506,925)
Net income tax receipts	16,983,885	16,773,084

## 3.VALUE ADDED TAX ("VAT")

VAT is recognized in the statement of financial performance on a net basis. VAT is structured in such a manner that companies are also entitled to claim refunds; hence the breakdown of gross receipts and refunds is disclosed. VAT refunds arise when the input tax for any tax period is greater than the output tax for that period, or when tax paid is in excess of the amount properly charged to tax under the VAT Act. The refunds are paid from the VAT collections. VAT refunds reported in the statement of financial performance for the years ended 31 March 2020 and 31 March 2019 represent the actual cash paid out as VAT refunds. The net VAT revenue received during the year is analysed as follows:

VAT import	5,191,049	4,659,509
VAT internal	4,731,299	4,474,038
VAT interest and penalties	48,180	38,383
Fuel levy	128,872	122,557
Gross receipts	10,099,400	9,294,487
Refunds	(2,784,399)	(2,472,234)
Net VAT receipts	7,315,001	6,822,253

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ADMINISTERED GOVERNMENT REVENUE ACCOUNTS

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ending 31 March 2020

#### 4. CUSTOMS RECEIPTS

The customs receipts represent monies received by the Government of Botswana by virtue of membership to the Southern African Customs Union ("SACU"). SACU member states collect customs and excise duties and deposit the revenue into the SACU Common Revenue Pool in accordance with the provisions of the SACU Agreement and its respective amendments that have been approved by member states.

The member states annually calculate and distribute the share due to each member state in accordance with a revenue sharing formula in accordance with provisions of the SACU Agreement. SACU pool customs cut-off transactions are accounted for in the statement of financial position to the Government Remittance Account whilst effects of foreign currency translation differences are recorded in the statement of financial performance.

The adjustment of the overpayments to SACU is inline with the new accounting policy (Customs Revenue - SACU Pool Receipts) described under the Significant Accounting Policies which was adopted in financial year 2019.

	2020	2019
	P'000	P'000
Customs - SACU pool receipts	13,975,728	14,788,519
SACU (over)/under payment adjustment	3,684	(97,632)
	13,979,412	14,690,887
Effects of currency gains/losses of Customs remittances	10,586	8,482

5.OTHER TAX REVENUE	2020 P'000	2019 P'000
Other tax revenue reported includes collection from the replacement of prior year		
Replacement of prior years' dishonoured cheques (Note 9)	94	219

### **6. NON-TAX REVENUE**

Non-tax revenue consists of license fees customs fines. License fees are paid by companies and individuals registered with BURS to transact various types of customs businesses such as the operation of bonded warehouses and customs clearing agents. Customs fines are received in respect of detected non-compliance with the Revenue Laws, usually at border posts or other points of entry.

The amount reported as non-tax revenue in the statement of financial performance is made up of the following:

License fees

25
41

Customs fines

20,239
654

20,263
695

ADMINISTERED GOVERNMENT REVENUE ACCOUNTS

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ending 31 March 2020

#### 7. AMOUNT RETAINED FOR BURS FUNDING

The Ministry of Finance and Economic Development has, through the Notice of Funds of the Revenue Service Order, 2012, issued in accordance with Section 26 (1) (d) of the Botswana Unified Revenue Service Act, 2003, authorized the Revenue Service to retain a maximum of 2 percent (2%) of the revenue collected per annum to use for recurrent budget and 1 percent (1%) of the total revenue collected to use for the development budget. The Revenue Service implemented such notice with effect from 1 April 2013.

BURS has complied with provisions of the retention guidelines and the amount transferred to BURS Own accounts from Administered Government Revenue Accounts during the comparative financial years

		2020 P'000	2019 P'000
Amount retained for BURS funding		908,646	831,615
Consisting of:			
Amount retained for use in recurrent expenditure	(Note 13)	615,766	631,522
Amount retained for use in development expenditure	(Note 13)	292,880	200,093
		908,646	831,615
The limits for the comparative years were as follows:			
Recurrent expenditure - 2 percent (2%) of total revenu	e collected	765,964	765,695
Development expenditure - 1 percent (1%) of total reve	nue collected	382,982	382,847
		1,148,946	1,148,542

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ADMINISTERED GOVERNMENT REVENUE ACCOUNTS

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ending 31 March 2020

#### 8. REVENUE COLLECTED ON BEHALF OF GOVERNMENT DEPARTMENTS

BURS collects revenue on behalf of Government departments, these include;

i)Roads safety and permit fees (Ministry of Transport and communications - Department of Road, Transport and Safety) ii)Flour levy and Alcohol levy (Ministry of Investment, Trade and Industry - Department of Trade and Consumer Affairs) iii)Copyright levy (Ministry of Investment, Trade and Industry - Registrar of Companies)

The amounts reported as revenue collected on behalf of other Government departments is as follows:

	2020	2019
Revenue collected	P'000	P'000
O a service let le con	0.010	0.150
Copyright levy	8,810	8,153
Tobacco levy	73,248	60,107
Road safety tokens	8,226	10,448
Transport permits	264,269	240,975
Flour levy	1,082	1,110
Alcohol levy	501,736	467,144
	857,371	787,937

#### 9. ACCOUNTS RECEIVABLE

Accounts receivable represent debtors in respect of cheques dishonoured by banks and payments due from BURS Own Accounts.

	2020	2019
	P'000	P'000
Other receivables	13	9
Dishonoured cheques	94,583	94,224
Provision for doubtful debts	(94,583)	(94,224)
Accounts receivable	13	9

#### The movement in the provision for doubtful debts is as follows:

Balance at beginning of the year	(94,224)	(92,054)
Movement in the provision for dishonoured cheques		
- Provision made for dishonoured cheques during the year	(453)	(2,389)
- Replacement of prior years' dishonoured cheques (Note 5)	94	219
Balance at end of the year	(94,583)	(94,224)

ADMINISTERED GOVERNMENT REVENUE ACCOUNTS

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ending 31 March 2020

#### 10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are held in non interest bearing short term deposits representing cut off deposits yet to be transferred to the Government remittance accounts or third parties that are reported as payables

Bank and cash balances	297,892	303,299
11. ACCOUNTS PAYABLE		
Amounts due to tax payers	87.794	98,723
Unallocated tax payer receipts	29,479	18,706
Amounts due to FNB	,	5,161
	117,273	122,590

#### Amounts due to tax payers

These constitute of receipts for temporary import taxes that are refundable upon export, convenience advance deposits by agencies for customs clearance and tax refunds that remain unclaimed by the tax payer whilst the refunds have been approved.

#### Unallocated tax payer receipts

These constitute of tax payer receipts that have no specific tax payer identity or identifiable tax legislation to which the receipt is attributed.

#### **Amounts due to FNB**

These constitute of contractual reimbursements due to FNB Botswana as a consequence of the tax collection arrangement. FNB Botswana remitted tax collections to Government of Botswana through the Administered Funds prior to tax payers' bank transfer clearance. The tax payer transfers failed and FNB Botswana has a contractual claim over the uncleared collections.

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ADMINISTERED GOVERNMENT REVENUE ACCOUNTS

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ending 31 March 2020

#### 12. COVID 19 PANDEMIC

The Covid 19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by the Government to contain the virus have affected economic activity and BURS administrative effectiveness in revenue collection.

At date of preparation of these financial statements, revenue collection is estimated at approximately 90% of budgeted and normal collection and this is linked to Covid 19. The lockdown which entailed social distancing, travel restrictions and various State of Emergency law ammendments affected various revenue streams, notable Value Added Tax and Corporate Income Tax earned from SAT companies.

Whereas there is a significant uncertainty with regards to the impact of Covid 19 on administered revenue collection, management believe in an imminent economic turnaround as the Government has an economic recovery plan that will stimulate growth and therefore allow for stabilisation of the revenue collection. Consequently, the table below summaries the forecast revenue collection based on observable current trends and broad based economic overview for Botswana over the next 3 years. These estimates may vary from actual however management consider their inclusion in the historical financial statements fundamental to understanding the impact of Covid 19.

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	Historical Actual	Best Case	Average Case	Worst Case
		Return to normalcy expected within 12 months from reporting date and growth consistent with post Covid 19 economic recovery plans	Current trends at approximately 90% of normal collection continue beyond 12 months from reporting date and return to normalcy with growth consistent with post-Covid 19 economic plans towards end of FYE 2022.	Covid 19 recurs with severe impact on collection until FYE 2023 but incremental growth consistent with post Covid 19 economic receovery plans being experienced during the pandemic.
FYE 2019	38,284,749			
FYE 2020	38,298,203			
FYE 2021		37,940,000	34,498,842	34,297,760
FYE 2022		41,240,780	37,500,241	37,281,665
FYE 2023		43,014,134	39,112,752	38,884,777

As of the prior year financial statements, management could not reliably estimate the impact of Covid 19 as it was premature to quantify the financial performance

ADMINISTERED GOVERNMENT REVENUE ACCOUNTS

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ending 31 March 2020

#### 13. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise BURS as reported in BURS Own Accounts and Government Entities whose statutory collections are executed by BURS. Transactions with related parties are in the normal course of business and on terms consistent with Memoranda of Agreements. Due to the nature of BURS's business, there are a large number of transactions, relating to tax collection income with Government departments and other Government entities, these are not included in these financial statements as related party transactions and balances.

The following are transactions and balances with related parties:

	2020	2019
BURS - As reported in BURS Own Accounts	P'000	P'000
Amount retained for BURS funding		
Recurrent expenditure	615,766	631,522
Development expenditure	292,880	200,093
	908,646	831,615
Amounts due from BURS		
Point of sale and other bank charges	96	-
Amounts due to Government Entities	(102,499)	(91,596)
Human Resource Development Council	(79,956)	(69,438)
Motor Vehicle Accident Fund	(1,758)	(2,046)
BURS -Commissions payable	(20,785)	(20,112)
Amount (due to)/from Government Remittance:	(78,229)	(89,122)
Amounts due to:	(78,229)	(89,122)
Amount due from:	-	
	(180,728)	(180,718)

ADMINISTERED GOVERNMENT REVENUE ACCOUNTS

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ending 31 March 2020

#### 14. SUBSEQUENT EVENTS

On 1st February 2021, the Minister of Finance and Economic Development announced several fiscal updates including amendments of taxation rates and introduction of new levies. BURS is in the process of enusuring that there are updates to the information systems, and also enters into service level agreements with respective related parties. Sharing of knowledge amongst personnel within BURS and taxpayers, as applicable for each significant amnendment is also being undertaken. At the time of authorisation of these financial statements management cannot reliably quantify the impact of these amendments in the subsequent reporting period.

This annexure does not form part of the audited financial statements. It is presented as additional information.

	SACU Common Revenue Pool	Motor Vehicle Accident Fund	Human Resource Development Council	Total
31 March 2020	Р	Р	Р	Р
Balance at 1 April 2019	-	2,046,059	69,438,376	71,484,435
Collections	647,998,398	10,388,524	322,399,360	980,786,282
Payments to third parties	(644,314,369)	(9,637,379)	(295,761,694)	(949,713,442)
Payments - BURS Commission	-	(1,038,852)	(16,119,968)	(17,158,820)
SACU Contract alignment	(3,684,029)			(3,684,029)
Balance at 31 March 2020	0	1,758,352	79,956,074	81,714,426
31 March 2019				
Balance at 1 April 2018	-	2,197,718	97,861,649	100,059,367
Collections	550,268,633	10,924,525	310,057,987	871,251,145
Payments to third parties	(647,900,086)	(9,983,732)	(322,973,369)	(980,857,187)
Payments - BURS Commission	0	(1,092,452)	(15,507,891)	(16,600,343)
SACU Contract alignment	97,631,453			97,631,453
Balance at 31 March 2019	-	2,046,059	69,438,376	71,484,435

Collections to third parties represent funds that had not been transferred at year end from collections due from service level agreements. BURS have entered into service level agreements with parastatals to collect revenue on their behalf. The agreements are as follows:

- Motor Vehicle Accident Fund ("MVA Fund") for the collection of the fuel levy; and
- Human Resource Development Council ("HRDC") for the collection of the training levy.

ADMINISTERED GOVERNMENT REVENUE ACCOUNTS

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ending 31 March 2020

The SACU contract alignment is attributable to differences arising from transactions recorded in the Customs Management System (CMS) and cash transactions recoded in the General Ledger. This amounts arise from over/under remittances that are not refundable or payable to the SACU pool in line with the SACU agreement. The differences are netted against SACU pool receipts in profit or loss.

This annexure does not form part of the audited financial statements. It is presented as additional information.

	Other payables	Unremitted collections	Refundable deposits	Total
31 March 2020	P'000	P'000	P'000	P'000
Temporary deposits			18,435	18,435
Payable to BURS Own Accounts (Note 14)				-
Gross payments				-
Training levy (Human Resource Development Council)		79,956		79,956
Assurance levy (Motor Vehicle Accident Fund)		1,758		1,758
Unallocated Electronic Funds Transfer ("EFT") transactions		29,479		29,479
Unpresented cheques	42,074			42,074
Income Tax refund account	21,605			21,605
Cash gains and losses control account		1,683		1,683
Various suspense accounts		3,997		3,997
	63,679	116,874	18,435	198,987
31 March 2019				
Temporary deposits	-	-	28,733	28,733
Payable to BURS Own Accounts (Note 14)	-	74,575	-	74,575
Gross payments	-	-	1,658	1,658
Training levy (Human Resource Development Council)	-	69,438	-	69,438
Assurance levy (Motor Vehicle Accident Fund)	-	2,046	-	2,046
Unallocated Electronic Funds Transfer ("EFT") transaction	-	18,706	-	18,706
Unpresented cheques	41,317	-	-	41,317
Income Tax refund account	21,729	-	-	21,729
Cash gains and losses control account	-	1,905	-	1,905
Various suspense accounts	-	3,381	-	3,381
	63,046	170,051	30,391	263,488

