



ANNUAL
REPORT
2021



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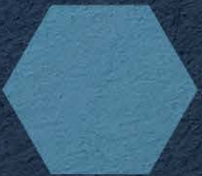


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VISION & MISSION



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 CORE VALUES



BOTHO

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



CORPORATE GOVERNANCE

The Botswana Unified Revenue Service (BURS) is responsible for the assessment and collection of taxes on behalf of the Government of Botswana.

Specifically, the Revenue Service is mandated to assess and collect the Income Tax, the Value Added Tax (VAT), the Capital Transfer Tax and the Transfer Duty. Further, it administers statutory controls at various border posts and other ports of entry. Furthermore, BURS collects Customs and Excise duties on behalf of the Southern African Customs Union (SACU). Other responsibilities include accounting for the revenue collected on behalf of other Government Agencies.

BOARD OF DIRECTORS



Mr. Kelapile M. Ndobano
Chairperson of the
Board of Directors
(8th May 2020 to 9th December 2020)
Ministry of Finance



Ms. Jeanette C. Makgolo
Chairperson of the
Board of Directors
(Appointed 10th December 2020)
Ministry of Finance



Mr. Wankie B. Wankie
Deputy Chairperson
& Board Member
(Expired 30th June 2020)
Legal Specialist



Mr. Gaamangwe Lebele
Board Member
Financial Specialist



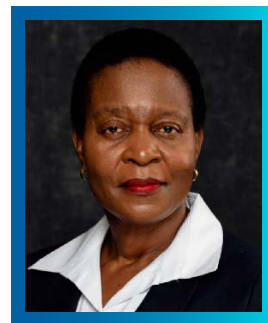
Ms. Ontlametse B. Ward
Board Member
(Retired: December 2020)
Ministry of Trade & Investment



Ms. Keletso M. Mothusi
Board Member
(Expired 30th June 2020)
Bank of Botswana



**Ms. Gaongalelwe
G.P. Mosweu**
Board Member
(Expired 30th June 2020)
Business Specialist



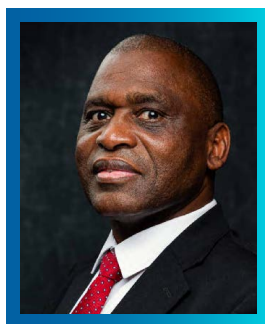
**Ms. Boitumelo S.
Gofhamodimo**
Board Member
(Appointed 10th December 2020)
Ministry of Finance



Dr. Pinkie G. Kebakile
Board Member
(Appointed 10th December 2020)
Botswana Institute of
Development Policy Analysis



Mr. Lameck Nthekela
Board Member
(Appointed 10th December 2020)
Ministry of Investment,
Trade and Industry



Dr. Lesedi S. Senatla
Board Member
(Appointed 10th December 2020)
Bank of Botswana

BOARD COMMITTEE MEMBERS



Mr. Bright Motsu
Co-opted Member
Board Audit and Finance
Committee
Finance Specialist



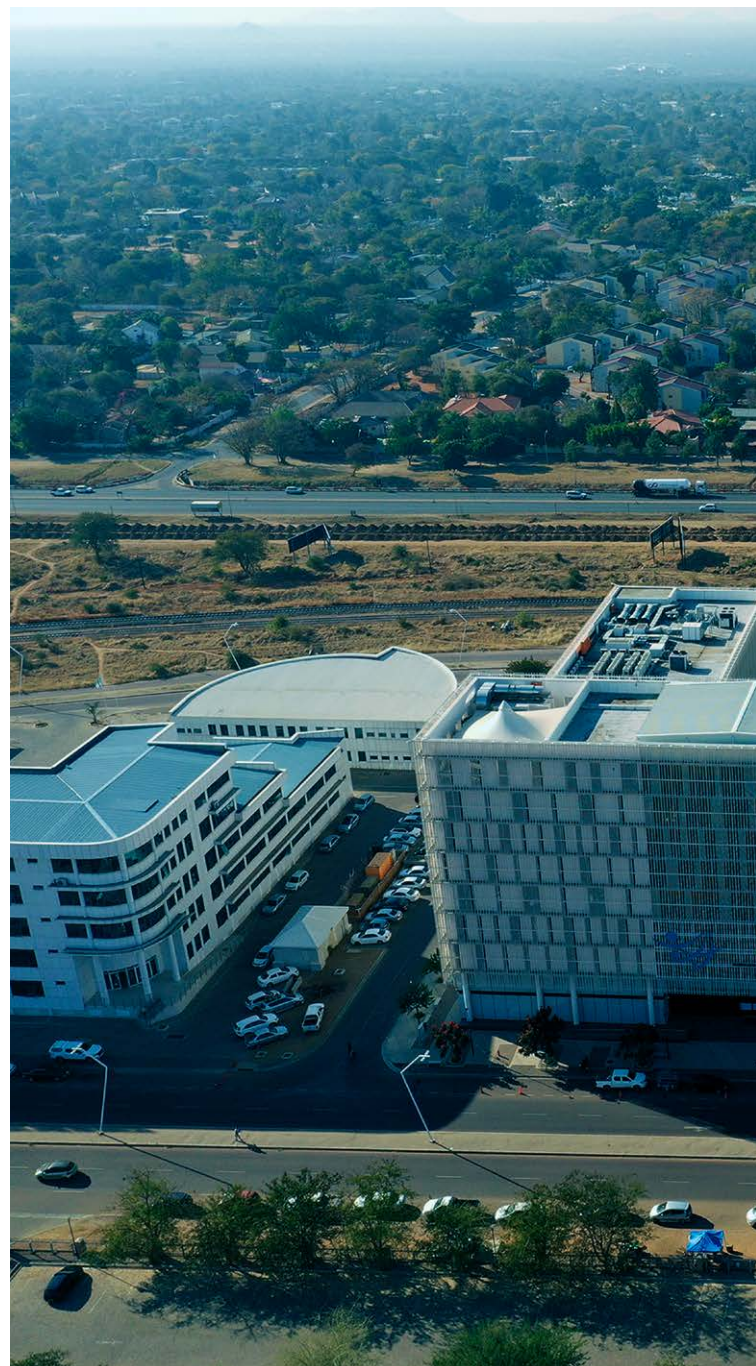
Mr. Gabriel T. Mosinyi
Co-opted Member
Board Human Resources
Committee
(Appointed 1st August 2020)
HR Specialist



Ms. Mercy B. Phuthago
Co-opted Member
Board Tender Committee
IT Specialist



Mr. Molefe Mokopakgosi
Co-opted Member
Board Tender Committee
Procurement Specialist



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).

During the year under consideration, the BURS Act was reviewed and the Amendment Act came into operation on 11th September, 2020. One of the key issues brought about by the BURS Amendment Act No. 6 of 2020 was the introduction of a ten-member Board, including the Commissioner General, and a new five-member quorum for Board meetings. In compliance with the BURS Amendment Act, the Minister of Finance and Economic Development appointed five (5) new Board Members in December, 2020.

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 seven (7) times as shown on Table 1 below:

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

Name	Position	02/06/20	19/06/20 EO, CS	26/06/20 EO, CS	23/07/20 & CS	24/08/20 EO	15/10/20 & CS	19/01/21 EO	Sitting Allowance (PULA)
Mr. K. Ndobano	Chairperson	√	√√	√√	√√	√√	√√	X	P11 250.00
Ms. J. C. Makgolo	Chairperson	X	X	X	X	X	X	√√	P2 250.00
Mr. W. B. Wankie	Vice Chairperson	√√	√√	√√	X	X	X	X	P5850.00
B. S. Gofhamodimo	Member	X	X	X	X	X	X	√√	P1800.00
Mr. G. Lebele	Member	√	√√	√√	√√	√√	√√	X	P9000.00
Ms. P. G. Kebakile	Member	X	X	X	X	X	X	√√	P1800.00
Mr. L. Nthekele	Member	X	X	X	X	X	X	√√	P1800.00
Dr. L. S. Senatla	Member	X	X	X	X	X	X	√√	P1800.00
Ms. O. B. Ward	Member	√√	√√	√√	√√	√√	√√	X	P10800.00
Ms. K. Mothusi	Member	√√	√	√√	X	X	X	X	P3600.00
Ms. G. G. P. Mosweu	Member	√√	√√	√√	X	X	X	X	P5400.00
Mr. S. Lekau	Ag. Commissioner General	√√	n/a	n/a	n/a	n/a	n/a	√√	N/A
Mr. T. Bakwena	Ag. Commissioner General	n/a	√√	n/a	√√	√√	√√	n/a	N/A
Ms. B. Tumiso	Board Secretary	√√	√√	√√	√√	√√	√√	√√	N/A

KEY

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

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: Board Tender Committee Meetings:

NAME	Position	29/06/20	21/09/20	30/03/21	Sitting Allowance (PULA)
Mr. W. B. Wankie	Chairperson	✓✓✓	X	X	P2 250.00
Mr. G. Lebele	Chairperson	X	✓✓✓	X	P2 250.00
Dr. P. G. Kebakile	Chairperson	X	X	✓✓✓	P2 250.00
Ms. B. S. Gofhamodimo	Member	X	X	✓✓✓	P1 800.00
Dr. L. S. Senatla	Member	X	X	✓✓✓	P1 800.00
Ms. O. B. Ward	Member	✓✓✓	✓✓✓	X	P3 600.00
Ms. G. G. P. Mosweu	Member	✓✓✓	X	X	P1 800.00
Ms. M. C. Phuthogo	Member	✓✓✓	✓✓✓	✓✓✓	P5 400.00
Mr. M. Mokopakgosi	Member	✓✓✓	✓✓✓	✓✓✓	P5 400.00
Mr. S. Lekau	Ag. Commissioner General	✓✓✓	✓✓✓	✓✓✓	N/a
Ms. B. Tumiso	Board Secretary and Director Legal Services	✓✓✓	✓✓✓	✓	N/a

Table 3: Board Audit and Finance Committee Meetings

NAME	Position	23/06/20	10/07/20	22/09/20	09/02/21	30/03/21	AMOUNT
Mr. G. Lebele	Chairperson	✓✓✓	✓✓✓	✓✓✓	X	X	6 750.00
Dr. L. S. Senatla	Chairperson	X	X	X	✓✓✓	✓✓✓	4 500.00
Dr. P. G. Kebakile	Member	X	X	X	✓✓✓	✓✓✓	3 600.00
Ms. K. Mothusi	Member	✓✓✓	X	X	X	X	1 800.00
Ms. R. Modikana	Member	✓✓✓	✓✓✓	X	X	X	3 600.00
Mr. Bright-Moses Motsu	Member	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	9 000.00
Mr. S. Lekau	Ag Commissioner General	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	N/a
Ms. B. Tumiso	Board Secretary & Director Legal Services	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	N/a

KEY

✓✓✓	Attended
✓	Apology
X	Pre/Post term
EO	Extra Ordinary Board/Committee meeting
CS	Closed Session
n/a	Not applicable

Table 4: Board Human Resources Committee Meetings

NAME	Position	22/05/20 EO, CS	10/06/20 EO, CS	15/06/20 EO, CS	23/06/20 EO, CS	14/08/20 EO	22/09/20	9/02/21 EO, CS	16/02/21 EO	19/03/21 EO	24/03/21 EO	AMOUNT
Ms. O. B. Ward	Chairperson	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	X	X	X	X	13 500.00
Ms. B. S. Gofhamodimo	Chairperson	X	X	X	X	X	X	✓✓✓	✓✓✓	✓✓✓	✓✓✓	9 000.00
Mr. W. B. Wankie	Member	✓✓✓	✓✓✓	✓✓✓	✓✓✓	X	X	X	X	X	X	7 200.00
Ms. G. G. P. Mosweu	Member	✓✓✓	✓✓✓	✓✓✓	✓✓✓	X	X	X	X	X	X	7 200.00
Mr. G. Mosinyi	Member	✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	16 200.00
Dr. P. G. Kebakile	Member	X	X	X	X	X	X	✓✓✓	✓✓✓	✓✓✓	✓✓✓	7 200.00
Mr. L. Nthekela	Member	X	X	X	X	X	X	✓	✓	X	X	0.00
Mr. S. Lekau	Acting Commissioner, General	N/a	N/a	N/a	N/a	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	N/a
Ms. B. Tumiso	Board Secretary and Director Legal Services	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	N/a

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



Mr. Segolo Lekau
Acting Commissioner
General



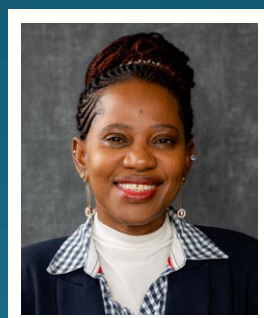
Mr. Phodiso P. Valashia
Commissioner Operations



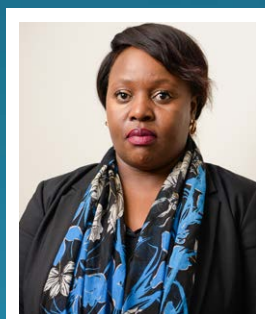
Mr. Tutu P. Bakwena
Commissioner, Domestic Taxes



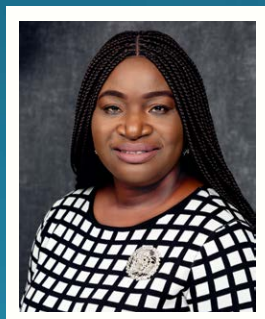
Ms. Ediretse C. Mokara
Commissioner Finance
and Administration



Ms. Lebesani C. Mosweu
Director, Information Technology



Ms. Bame Tumiso
Director Legal Services
& Board Secretary



Ms. Mama M. Maite
Director, Human Resources



Mr. Lovemore Katukula
Acting Director, Internal Audit
and Ethics



Mr. Gaitsiwe M. Motsewabagale
General Manager
Research & Reporting



Mr. Obakeng Okgethile
General Manager
Enterprise Risk
Management



Mr. Ephraim T. Kentse
General Manager
Transformation
and Modernisation

BOARD CHAIRPERSON'S REVIEW

Introduction

I am pleased 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, 2021.

The report outlines the operational performance of the Revenue Service pertaining to the following key 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 gratitude to the members of the BURS Board and Board Committees for their guidance in the delivery of BURS mandate with utmost professionalism, enthusiasm and commitment during financial year 2020/21. I therefore, encourage them to continue with the same energy and spirit in the coming years to ensure realization of BURS strategic objectives.

Performance Highlights for the Year

Revenue Performance

The year under review was the second year of the execution of the BURS 2019-2024 Strategic Plan where BURS collected total tax revenue amounting to P38.408 billion against a target of P37.308 billion. This depicts a performance of 103% against the target for the year under review. In comparison with the previous financial year, revenue increased from P38.278 billion in 2019/20 to P38.408 billion in 2020/21 showing a 0.34% increase.

BURS Projects

BURS Projects

The year under consideration marked the completion of the multi-million Pula Kazungula Bridge Project. The project constitutes a road and rail bridge over the Zambezi River that connects Botswana and Zambia; and the first ever One Stop Border Post in Botswana. The project is expected to greatly improve facilitation of trade in SADC and support SADC integration agenda as it provides a key trade route linkage between the northern and southern parts of the SADC region.

Another major project that was completed in the financial year 2020/21 was the acquisition of the modern Tax Management and Revenue Collection System dubbed "Lekgetho Live". The system went live in May 2020 and is expected to improve BURS efficiency.

One more key milestone achieved during the year under consideration was the ground breaking of the Pioneer Gate One Stop Border Post which is also expected to boost trade in the SADC region.



Challenges

BURS continued to experience tax compliance challenges. This was exacerbated by the outbreak of COVID-19 and measures imposed to contain the disease. As a result, BURS came up with strategies to address compliance issues such as the reinforcement of some units namely: Post Clearance Audit, Money-Laundering and Flexible Anti-Smuggling Teams (FAST).

BURS also continued with efforts to implement strategies to meet international obligations for exchange of information for tax purposes and transfer pricing. In this regard, the Revenue Service resourced and capacitated the relevant units to assist in meeting the international requirements.

During the year under review, BURS had to come up with interventions to minimize the impact and spread of COVID 19. Among these were: easing taxpayer obligations by deferring Self-Assessment Tax to ensure that taxpayers have enough cash flow to avoid collapse of businesses (business continuity); temporary suspension of payment of the training levy for six months; implementing the government wage subsidy scheme; expediting VAT refunds Payments; increasing Individual Income Tax Return threshold; implementing new staff working arrangement (working from home and shifts) and encouraging staff to adhere to all COVID 19 protocols.

Acknowledgements

On behalf of the BURS Board, I would like to express my sincere appreciation to all the stakeholders who continued to support the Revenue Service in carrying out its mandate of assessing and collecting tax revenue and managing the borders of Botswana. I would like to especially recognize the BURS Management team and the entire staff for meticulously executing their work. They managed despite the challenges they encountered especially during the unprecedented times of the COVID-19 era where they had to risk their lives considering that they are part of frontline staff.

The good performance by BURS could not have been realized without the willingness of taxpayers to continue complying with the revenue laws and regulations despite the impact of COVID-19 pandemic. Therefore, I would like to acknowledge the BURS stakeholders, the public and clientele at large for their commitment in ensuring realization of BURS mandate.

I would also express thanks to our international cooperating partners who in spite the disruptions caused by the COVID-19 pandemic continued to offer technical support. Their relentless support enabled the Revenue Service to achieve its strategic objectives even in these trying times.

Finally, let me take this opportunity to extend my gratitude to the Honourable Minister of Finance and Economic Development for providing guidance to the Revenue Service.



Jeanette C. Makgolo
Board Chairperson

COMMISSIONER GENERAL'S REVIEW

INTRODUCTION

I am happy to submit the Revenue Service's operational and financial performance report for the financial year ended 31st March, 2021.

The main thrust of the report is on BURS performance for financial year 2020/21. It is based on the Balanced Scorecard reporting approach focusing on; People, Processes, Customer, and the Financial perspectives. The report also outlines the challenges and strategies employed to mitigate the challenges that evolved during the year under review.

PEOPLE PERSPECTIVE – LEARNING AND GROWTH

In its quest to have productive human capital, BURS successfully developed and implemented a Human Resources strategy that is focused on empowerment of line managers, improving staff welfare, revamping BURS work culture, improving staff engagement as well as improving leadership capability. Furthermore, BURS promoted ethical conduct of its employees by raising awareness on workplace anti-corruption and whistle blowing programs.

Staff Empowerment and Development

BURS continues to recognize and value the importance of its employees in its service delivery. As a result, the Revenue Service ensures that its employees are abreast with the latest developments and get the requisite skills by prioritising training. For this reason, during the 2020/21 financial year, BURS committed an amount of P8,340,203.00 towards staff development which was a 12% decrease over the 2019/20 budget of P9, 504,289.00 in view of the fact that there were movement restrictions due to COVID-19. From the financial provision, BURS was able to conduct 48 courses against a target of 33 courses (145% against target), with a total of 896 employees trained against a target of 335 employees (275% against target). Out of the 896 employees trained, 819 were trained in the technical courses whereas 77 were trained in generic courses such as Customer Care and Competency Based Interview Skills. Despite the COVID 19 pandemic, BURS managed to surpass its targeted number of employees to be trained in the financial year by making use of the Virtual learning platform.

BURS introduced the coaching initiative in the year 2019/20 as a tool to instill and sustain a high- performance culture. The initiative initially targeted the Executive Leadership and it started with one-on-one coaching sessions and later moved to group coaching. During 2020/21, the initiative was then extended to senior management (14 officers), middle management (65 officers) and 41 officers below middle management.



To cement the impetus for change, BURS identified a need to enhance line management's capacity to manage their employees by implementing a Line Manager Development Program. Three hundred and twenty-nine (329) Line Managers were taken through a program to develop their management skills in areas such as Performance Management, Talent Management and Succession Planning, Delegation Skills, People Development and Disciplinary Procedures.

As part of support from partners, sixteen (16) managers were taken through a leadership development program facilitated by the International Monetary Fund (IMF).

Improving Work Environment

BURS pursued various initiatives to improve the work environment with a view of enhancing staff morale and promoting teamwork. In that regard, BURS undertook activities to create memories for staff through their participation in commemorating events such as the onset of spring, culture week, National Independence Day, cancer awareness month, etc.

Response to COVID -19

BURS put in place measures to mitigate the effects of COVID-19 in the organisation. Such interventions included introducing rotational shifts and working from home; all geared towards enabling social distancing and reducing the risk of infection. In addition, staff were provided with personal protective equipment such as face masks, personal protective equipment for those at the border posts, sanitisers, information posters in all relevant places. BURS employees affected by the virus were offered counselling in addition to the protocols such as quarantine and isolation defined by the World Health Organisation (WHO), and the Ministry of Health and Wellness.

The Culture Transformation Journey

As an objective to enable BURS employees to deliver exceptional results within a culture that is aligned to the organisation's values, BURS launched a culture transformation journey to improve the way things are done in the Revenue Service. The culture transformation journey dubbed 'Sedibeng' is underpinned by six desirable culture pillars namely; Customer Experience, Strategy Execution, Leadership, Employee Experience, Reputation and Image and Technology.

The Culture transformation programme has been cascaded to the rest of staff to enable synergy, unison, and common purpose as BURS moves towards the achievement of its strategic goals in 2024. To support the transformation journey, BURS ushered in an Employee Recognition Policy to enable recognition and appreciation of employees who excel in living the Values.

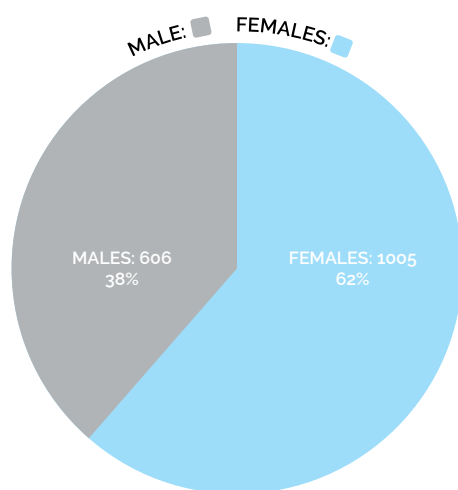
In addition, the BURS Values have also been embedded into the Performance Management System (PMS). In synchronisation with this, there is a Talent Management Programme where talent classification has been incorporated into the PMS.

Diversity in the workplace

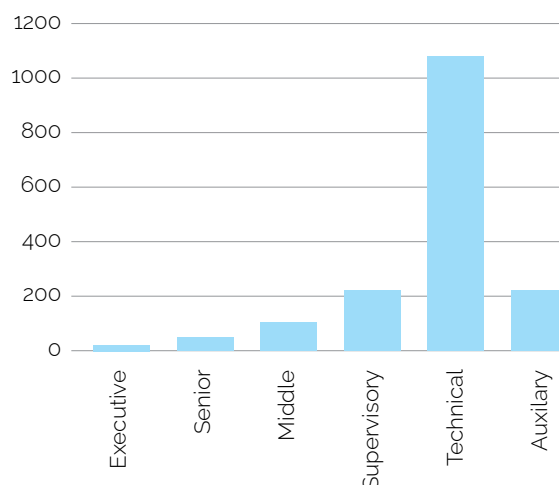
In ensuring diversity in the workplace, the Revenue Service continues to hire a wide range of diverse individuals to give it a competitive edge in its service delivery. This is shown by recruitment of staff of different gender, race, ethnicity, age, language, education, background, etc. For the year under review, the BURS staff complement stood at 1611 and out of this, 1005 were females compared to 606 males as shown in Figure 1 below. Both females and males occupy different levels of the hierarchical organisational structure including; executive management, senior management, middle management, supervisory, technical and auxiliary depending on their qualifications and experience/technical expertise as shown in Figure 2 below.



GENDER



STAFFING LEVELS

**Awareness on Workplace Corruption Issues**

The fulfilment of the Revenue Service's mandate of effectively collecting tax and customs revenue depends on the trust and reputation that it enjoys from its customers. BURS strives to maintain this trust by ensuring that its employees are aware of corruption issues to ensure that they keep away from corrupt activities. To this end, BURS continued to raise awareness on corruption issues by publishing articles in the BURS Newsletter. In addition, BURS inducted sixteen (16) newly appointed employees at Ramatlabama Border Post on Business Ethics, Conflict of Interest, Causes of Corruption and its manifestation in BURS, Work-related gifts, Hospitality and the mandate of Ethics and Investigations Unit. The officers were also trained on Ethics and Anti-Corruption platforms available in BURS. As a way of promoting ethical culture, BURS re-launched the Confidential Ethics Hotline in March 2020 so as to offer the public an improved, convenient and anonymous way to report any unethical conduct by BURS officials.

PROCESS PERSPECTIVE – ENTERPRISE EFFECTIVENESS**Strategic Plan Implementation & Achievements**

The BURS strategic plan is executed incrementally through yearly Corporate Annual Business Plans. For the year under consideration, the 2019-2024 five-year strategic plan was in the second year of implementation and this meant that BURS had to ensure that it made a noticeable progress in implementation of the strategy in view of the fact that the strategy was approaching midway of its implementation. In executing the strategic

plan, the set revenue target for the financial year was P37.3 billion and the identified strategic priorities (initiatives) for the year were selected based on; (a) the extent to which they help to directly drive strategic programs and set targets (b) the extent to which they have potential to mitigate risks encapsulated in the strategic plan.

In order to improve its effectiveness, BURS embarked on a number of initiatives such as review of revenue laws, infrastructure development and maintenance, participation in local and international fora so as to ensure compliance in implementation of agreed obligations. Furthermore, BURS enhanced its capacity to transform by incorporating change management in project delivery.

Review of Revenue Laws**Customs Legislation****Re-enactment of the Customs Act**

The Customs and Excise Act was reviewed in 2018 resulting in the enactment of the Customs Act (Act No. 33 of 2018) and the Excise Act (Act No. 34 of 2018). However, on implementation of the Customs Act (No. 33 of 2018), it was discovered that it had a number of shortcomings as it did not include some important provisions that need to be included in a modern Customs legislation such as those relating to money laundering. As a result, and due to the volume of amendments that had to be made, BURS requested for the re-enactment of the Customs Act (No. 33 of 2018) during the year under review. The request was ultimately approved by Cabinet and the process of re-enactment of the Act was to be undertaken by Attorney General Chambers.

Income Tax Amendment to Accommodate Government COVID-19 Incentives Package

During the reporting period, BURS reviewed the Income Tax Act legislation to accommodate the Government's COVID-19 incentives package. This was due to the fact that BURS was compelled to put in place processes to facilitate customers during this period. As part of this, BURS produced the relevant draft order and this work culminated in the Income Tax (COVID-19) (Deferment of Self-Assessment Tax) Order being passed on the 4th May 2020. Further, BURS developed the guidelines and a systems solution to allow customers to apply for this incentive online. BURS Officers were trained on the law and a guidance note on the amendment was made available to the public.

Value Added Tax (VAT) Act Amendment

Through the 2021 National Budget, the Value Added Tax (VAT) rate was increased from 12% to 14% and this necessitated the development of the VAT (Amendment) Act. In preparation for implementation of the VAT (Amendment) Act which was to effect on the 1st April 2021, BURS had to conduct staff training on the new amendments and produced transitional rules to guide taxpayers on the change in rate of VAT during the year under review. The National Budget also introduced an increase in Fuel Levy rates for Petrol and Diesel and these had to be effected through the amendment to the Control of Goods Act (Petroleum Products) and the development of Levy Regulations. Systems changes and amendment of forms were effected to accommodate the changes.

Comprehensive Review of the Revenue Laws

BURS and the Ministry of Finance and Economic Development (MFED) have, through the assistance of the International Monetary Fund (IMF), been working on the comprehensive review of the domestic revenue laws with a goal to modernise and simplify them. The work entails the following: Consolidating the Income Tax Act (ITA), which was originally enacted in 1995 and amended regularly thereafter; Modernising the ITA to deal with the evolving nature of the business environment in the global economy more effectively and; Modernising the VAT Act to enable the taxation of modern modes of doing business such as digital transactions.

As part of the review, all administrative and procedural provisions common to the ITA and the VAT Act were housed into a Tax Administration Bill (TAB) for ease of administration and to avoid duplication of efforts by taxpayers.

The VAT part of the TAB draft was finalized and submitted to the MFED during the period under review while work on the Income Tax continued. BURS intended to undertake

consultations on the TAB and VAT with Business Botswana and the Botswana Institute of Chartered Accountants (BICA).

Introduction of a Tax Amnesty

During the 2021 Budget Speech, Government pronounced introduction of a Tax Amnesty for implementation in the financial year 2021/22. This was expected to allow taxpayers with outstanding tax liabilities to clear their principal amounts in exchange for a waiver of interests and penalties charged. Therefore, BURS drafted regulations for the proposed tax amnesty and submission to the Ministry of Finance and Economic Development.

International Tax Amendments

As part of international tax compliance, BURS worked with the Ministry of Finance and Economic Development in the drafting of legislation that enabled Botswana to sign the Convention on Mutual Administrative Assistance in Tax Assistance (MAAC). As a result, section 5 of the Income Tax Act was amended through the Income Tax (Amendment) Act, No. 5 of 2020 to enable Botswana to engage in all forms of information exchange, whilst safeguarding the confidentiality of such information.

Cooperation and Technical Assistance Programmes

Signing of the Mutual Administrative Assistance Convention (MAAC)

During the period under review, Botswana signed the Mutual Administrative Assistance Convention (MAAC) with the Organisation for Economic Co-operation and Development (OECD) secretariat on the 29th September 2020. The MAAC entered into force on the 1st of October 2021.

The MAAC is a multilateral instrument designed to promote international co-operation for a better operation of national tax laws, while respecting the fundamental rights of taxpayers. It provides for all possible forms of administrative co-operation between states in the assessment and collection of taxes. The instrument was developed jointly by the OECD and the Council of Europe in 1988 and amended by Protocol in 2010.

Considering that the MAAC consists of more than 140 signatories, signing into the MAAC means widening of Botswana's exchange of information network. Botswana will be able to exchange information with many countries through this convention, thus enhancing Botswana's transparency in tax matters. In addition to the Double Taxation Avoidance Agreement (DTAA) and Tax Information Exchange Agreement signed by Botswana that can be used to exchange information, the MAAC becomes an additional option for exchanging information.

WCO-SIDA Trade Facilitation and Customs Modernisation Programme for Sustainable Development in Sub-Saharan Africa: 2020-2024

BURS is a beneficiary of the four-year WCO Trade Facilitation and Customs Modernisation Programme for Sustainable Development in Sub-Saharan Africa (2020-2024). This technical assistance is offered by the Swedish International Development Cooperation Agency (SIDA) and the World Customs Organisation (WCO), to jointly support Customs reforms and modernisation efforts in Sub-Saharan African (SSA) countries. The assistance provides a good opportunity for BURS to implement the initiatives in the Mercator Programme Implementation Plan, the BURS Strategy and the Customs Business Plan with a view to further improve the trade facilitation environment of the country. The initiatives agreed upon for implementation include delivery of Coordinated Border Management and Advance Ruling Frameworks, Readiness Assessment for Single Window among others.

Development & Maintenance Projects

During the financial year 2020/21, BURS carried out a number of infrastructural and maintenance projects aimed at enhancing the working environment and service delivery. It is expected that the better infrastructure resulting from the projects will improve staff working conditions, boost staff morale and facilitate trade and travel. The major projects are highlighted below.

Completed Projects

The following projects were completed during the financial year 2020/21: Design and construction of wastewater disposal and treatment plant at Ramokgwebana Border Post and Construction of yard paving and storm drainage at Tlokweng Border Gate.

Ongoing Projects

The following projects were on-going during the reporting period: Design and construction of a One Stop Border at Pioneer Gate, Water and Sanitation infrastructure for Pioneer Border Gate, Design of sports facilities at Tlokweng Border Gate, Re-design of Ramatlabama Border Post and Construction of a Canine Facility at Tlokweng Border Gate.

CUSTOMER PERSPECTIVE – FOCUS AND NEEDS

BURS implemented a variety of initiatives to enhance customer service. These included conducting taxpayer education workshops, raising awareness on utilisation of

e-services platforms and the establishment of the taxpayers' Contact Centre. BURS also continued to engage stakeholders on improving its service delivery and also renewed or entered into partnerships with relevant stakeholders to strengthen relationships and enhance the customer experience.

Simplification and Automation of Services

Launch of Lekgetho Live

During financial year 2020/21, the Revenue Service implemented a new tax management and revenue collection system, named Lekgetho Live, replacing the old legacy system. The system went live in May 2020 and its operation experienced some initial teething problems which were being addressed. The system was expected to ensure greater efficiency and better service to the taxpayers as well as to make available online all the critical taxpayer services such as registration, filing and payment.

Systems Interfacing

In cognizance of the importance of data exchange, BURS and the South African Revenue Service (SARS), entered into an arrangement in November 2018 to facilitate the automatic exchange of Customs information in accordance with the relevant Annex to the Southern African Custom Union (SACU) Agreement. The objective of this arrangement is to promote timely electronic exchange of data between Customs administrations in facilitating trade, allowing for assessment of risk prior to arrival of goods at the ports of entry, maximizing revenue collection and improving the quality of trade data.

During the year under consideration, Botswana finalised the Customs System interface and data exchange with South Africa and the two countries signed the MOU on Data Exchange. The interface went live on 1st November 2020. Under this arrangement, Customs declaration information submitted in one country will be used to create the corresponding Customs declaration in another country without having to capture all the details which is advantageous to both Customs Administrations and the trading community. This concept is known as "Your Export is my Import" and it has enhanced declaration traceability from both sides using a Unique Consignment Reference (UCR).

Botswana has also signed a similar agreement with Zambia and it is anticipated that the agreement will go a long way in ensuring that the benefits of the Kazungula Bridge One Stop Border Post are realized.

Automation of the Collection of Transfer Duty

Following the transfer of the mandate to assess and collect Transfer Duty from the Registrar of Deeds to the BURS Commissioner General in March 2020, BURS started a project to automate the process of examination of transfer duty applications and collections of transfer duty during the period under review. This project is expected to facilitate and expedite the transfer duty collection process once completed.

Taxpayer Education and Compliance

Public Education as one of the major drivers of compliance remains a priority. During the year 2020/21, BURS conducted several taxpayer education workshops. Owing to the Covid-19 protocols and movement restrictions, BURS had to leverage on technology to ensure continuous roll out of educational programs. The Teams application has proven to be the most popular mode of conducting the outreach programs. The Zoom application was also used, though not as much as Teams. Though there were several challenges around internet connectivity, this was the only available option.

The tax filing threshold for individuals was increased from the normal P36 000.00 to P144 000.00, with several conditions laid down. There was also a waiver of training levy and deferment of self-assessment payments. This therefore meant that the educational campaigns had to unpack these once-off dispensations.

Stakeholder Engagement

Private Sector Stakeholders

During the year under review, the Revenue Service continued to collaborate with key stakeholders including the Botswana Institute of Chartered Accountants (BICA) and the two Associations representing the Customs Clearing and Forwarding Agents in its endeavor to achieve its mandate. In this regard, BURS held two (2) consultative meetings during the period under consideration with the Customs Clearing Agents Associations. The first consultative meeting was held in June 2020 to discuss Customs Controls while the second meeting was held in October 2020 and focused on getting a better understanding on how to conduct business during the State of Public Emergency period.

Public Sector Stakeholders

In recognition of the importance of the public sector stakeholders, BURS continued to collaborate with these stakeholders especially the Department of Immigration and Citizenship, Statistics Botswana, Botswana Police Service and the Botswana Defence Force in the provision of services to the customers. Cooperation with border agencies is done at departmental level as well as under the auspices of the Joint Permanent Commission on Cooperation between Botswana and its neighbouring countries.

BURS has also formalised collaboration with public sector stakeholders by signing or reviewing Memoranda of Understanding/ Agreement with the following respective stakeholders during the period under review to strengthen the partnerships:

- **Botswana Medicines Regulatory Authority (BOMRA):** BURS and BOMRA signed a Memorandum of Agreement (MoA) on the 27th October 2020. The purpose of the MoA was to appoint BURS to be an agent of BOMRA to ensure that the import, export and transit of consignments of medicines and related substances are those duly authorised by BOMRA and to also enforce compliance with BOMRA requirements.
- **Department of Road Transport and Safety (DRTS):** BURS and DRTS signed the Memorandum of Agreement on the 23rd December 2020. The purpose of the MoA was to appoint BURS to collect road transport levy and road transport user charges on behalf of DRTS.
- **Ministry of Health and Wellness (MOHW):** BURS and MOHW renewed their Memorandum of Agreement on 13th May 2020. The purpose of the MoA was to appoint BURS to collect levy on locally manufactured and imported tobacco and tobacco products.
- **Botswana Post:** BURS and Botswana Post embarked on the process of reviewing the MoA with a view to signing an MOU and a Service Level Agreement (SLA) which will be finalised in the following financial year. The purpose of the MOU will be to provide a framework for cooperation between BURS and Botswana Post while the SLA will facilitate the collection of Customs duties, levies and taxes by Botswana Post for goods imported through the International Mail Exchange Centre.
- **Botswana Communications Regulatory Authority (BOCRA):** BURS and BOCRA commenced negotiations on a formal agreement between the two parties which is expected to be completed in the financial year 2021/22. The purpose of the MOA will be to provide a framework for cooperation.

Compliance with International Obligations

ATAF/OECD Engagements

During the review period, BURS continued to participate virtually in various African Tax Administration Forum (ATAF) technical meetings to keep abreast with international tax developments having an impact on taxation in Botswana and Africa. Some of the meetings attended were the Organization for Economic Co-operation and Development (OECD) Working Party meetings on Tax Policy Responses to the COVID-19 crisis, Tackling Coronavirus contributions to a Global Effort and the COVID-19 Tax Policy Roundtable. BURS also continued to follow developments on the taxation of the digital economy and provided input on the development of a VAT Toolkit for Africa. The toolkit provides guidelines on how to tax digital transactions. It will assist Botswana in implementing the proposed taxation of VAT on remote services, which includes digital transactions.

Botswana through BURS also participated in the African Tax Outlook (ATO) publication. The ATO publication provides valuable information on ATAF Member Countries' tax rates, tax bases, tax structure, revenue performance, tax administration, taxpayer service and compliance. This information is useful for comparisons across countries and in the implementation of tax reforms and policies to broaden the tax base, narrowing of tax gaps, improving of fairness in tax systems, enhancing voluntary compliance and keeping policy makers informed on tax matters.

Southern African Customs Union (SACU)

During the year under review, BURS participated in the SACU Commission and Council Meetings which were held virtually in July 2020, October 2020 and December 2020. The meetings considered a number of issues among which were the following: Allocation of Revenue Shares for Member States for the 2021/22 financial year; Trade Negotiations, Trade Facilitation and Common measures applied by Customs and Revenue Authorities to facilitate the movement of essential goods.

Implementation of Trade Agreements

BURS is the responsible entity for customs and tax issues in relation to implementation of various international agreements to which Botswana is a member. The Revenue Service therefore continued to participate in the relevant meetings and negotiations that are on-going. These agreements include;

- African Continental Free Trade Area Agreement (AfCFTA) which Botswana has signed and is yet to ratify. Once Botswana ratifies the agreement, BURS will be expected to implement the AfCFTA Rules of Origin and transit procedures, liberalized tariffs and trade facilitation measures, all these aimed at ensuring a smooth movement of goods across the continent.
- The Southern African Customs Union (SACU) and

Mozambique (SACUM) signed an Economic Partnership Agreement (EPA) with the United Kingdom (UK) which came into force on the 1st January 2021 and it has to be implemented with BURS assistance since the Agreement grants SACU and Mozambique exports duty free and quota free access to the UK market.

- African Growth and Opportunity Act (AGOA): Botswana has developed an AGOA national response strategy that will enable her to take advantage of the AGOA trade initiatives. To this end, BURS as part of the AGOA National Response Strategy Team is expected to participate in executing the strategy.

FINANCIAL PERSPECTIVE

Strategic Objectives and Initiatives under the Financial Perspective

Performance Against the Strategic Objective

The primary objective pursued by the Revenue Service is to maximise revenue collection through promotion of voluntary compliance to tax laws. During financial year 2020/21, P38.408 billion was collected against a target of 37.308 billion. This translates to a revenue performance level of 102.9%.

The Tax Gap Study Project

During the year under review, BURS undertook a Tax Gap Study with the assistance of a local consultant as one of the Strategic Initiatives aimed at maximising revenue collection. The main objective of the study was to determine Botswana's tax gap and to obtain useful information on the relative size and nature of non-compliance. Information obtained from the study would ultimately be used to develop strategies to minimize the tax gap and optimize revenue collection. The study is expected to be completed in the next financial year.

Revenue Collection Analysis

Tax and Customs Collections

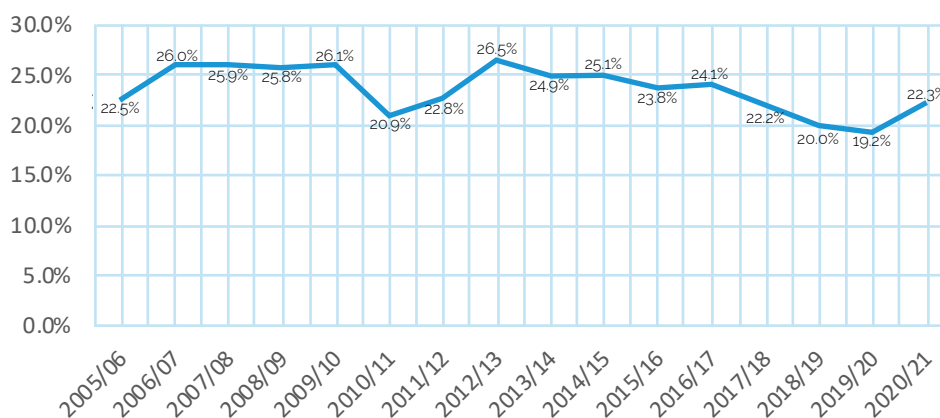
For the year under consideration, BURS' total tax revenue collection amounted to P38.408 billion against the tax revenue collection target of P37.308 billion. This depicts an overall performance of 102.9%. The 2020/21 revenue collection shows an improvement of 0.34% when compared to the 2019/20 tax revenue collections of P38.278. This was mainly due to an improved performance in Customs Receipts which experienced a significant increase from P13.979 billion in 2019/20 to P16.459 billion in 2020/21. Despite an increase in the overall tax revenue collection, both Income Tax and VAT experienced knocks as they went down from P16.984 billion to P14.993 billion and from P7.315 billion to P6.956 billion respectively.

Figure 3: Comparison of Revenue collection**Cost of Collection**

For the financial year 2020/21, BURS spent P784 million to collect P38.408 billion which translates into a cost to collection ratio of P1.00/P49. Therefore, for every P1.00 that BURS spent, the benefit to the Government in return was P49.00. Compared to the previous year's cost to collection ratio which was P1/50.30, this indicates that the return per Pula spent was lower by P1.30 in 2020/21. The decrease in the cost to collection ratio was as a result of the slight increase in costs.

Tax Revenue as a Percentage of GDP

The indicator of tax revenue as a percentage of GDP increased to 22.3% in 2020/21 from the 19.2% which was registered in the previous year, representing an increase of 3.1%. The trend of tax revenue as percentage of GDP for the period from 2005/06 to 2020/21 is shown in the figure below.

Figure 4: Tax Revenue as a Percentage of Nominal GDP**Comparison of Tax Revenue Collection with the Previous Years**

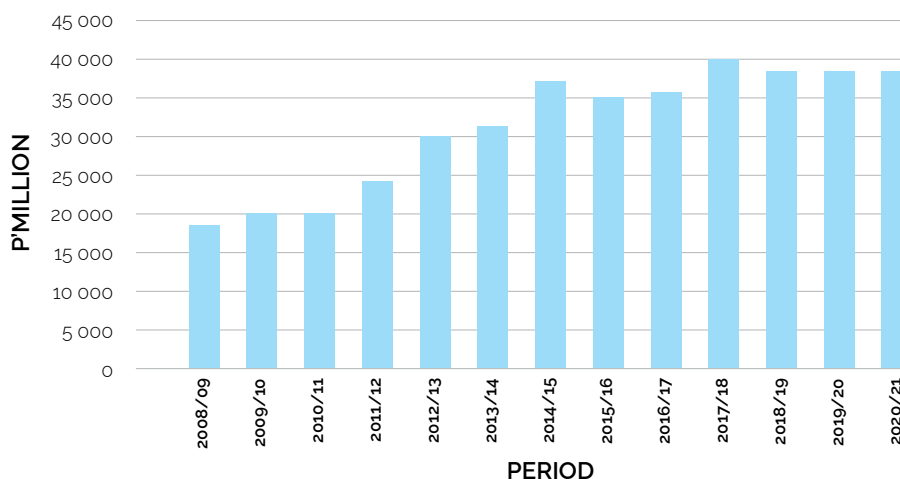
BURS total revenue collections continue to experience an increasing trend over the years since its establishment. A significant increase was realized between 2011/12 and 2014/15 while the two years that followed thereafter experienced a tumble due to a decline in SACU receipts

and poor performance of the mineral sector. However, the tax collections increased in 2017/18, while for 2018/19 and the year under review, lower collections were recorded due to decrease in SACU Receipts in 2019/20 and Impact of COVID 19 on business operations in 2020/21.

Comparison of Tax Revenue Collection with the Previous Years

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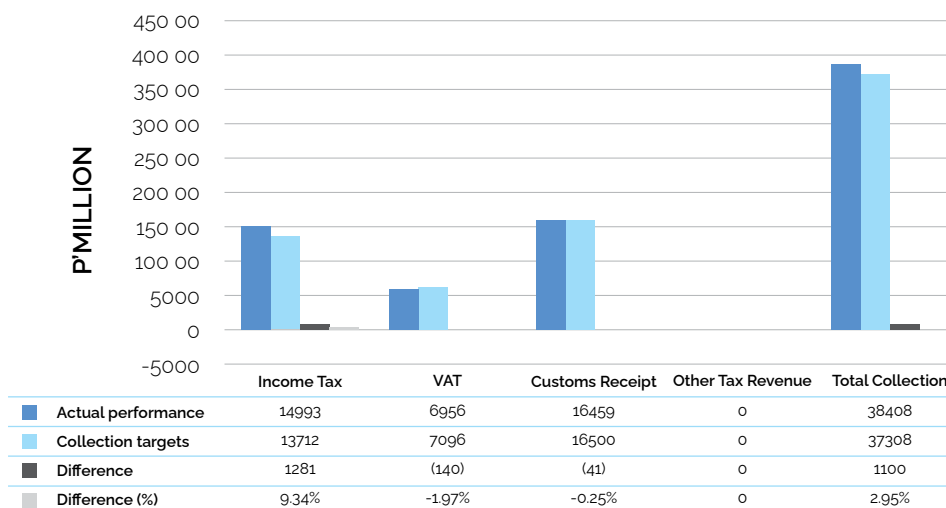
Figure 5: Yearly Total Tax Collections



Comparison of Tax Revenue Collection Against the Targets

For the year under review, BURS exceeded the overall target of P37.308 billion by P1.100 billion which translates into a 102.9% performance. This was mainly due to the fact that Income Tax performed well above the set target. Income tax exceeded the target of P13.712 billion by P1.281 billion or 9.3%. Customs Receipts were below the target of P16.5 billion by P41 million or 0.2%.

Figure 6: Tax Revenue Collections by Tax Type and Targets



Income Tax Revenue Collection

For the year under review, total Income tax amounted to P14.993 billion depicting a decrease of P1.191 billion when compared to the P16.984 billion collected in 2019/20. Income tax was derived from a combination of different sources as depicted by the table below. From the table, it is evident that the major contributor was Pay As You Earn (PAYE) which accounted for P7.458 billion or 49.7%. This is an increase of P14 million from the previous year performance of P7.444 billion. The increase in PAYE could be due to the 10% and 6% salary adjustment pronouncement made by government in 2020 and the start of other mega projects like the North South Carrier 2 Project which could have hired some people.

Assessed Tax continued to go down, experiencing a decrease of P2.141 billion in the 2020/21 financial year. This year's drop could be attributed to deferment of payment for Assessed Tax which was declared by government as a means of cushioning businesses from the effects of COVID-19. Capital Transfer Tax went up by P1.4 million or 39.3% for the period under review. This type of tax is very unpredictable as it depends on the number and amount of chargeable transfers or donations made during the financial year. Transfer Duty went up from P118 thousand to P32.8 million in the year under consideration.

Table 5: Income Tax Collections by Source

Type of Tax	2019/20 Collections (P' 000)	2020/21 Collections (P' 000)
Withholding Tax	2,809,070	2,454,474
Deducted Tax (Pay As You Earn)	7,444,024	7,458,170
Assessed Tax	7,334,036	5,193,084
Penalty Interest	58,235	9,105
Capital Transfer Tax	3,593	5,005
Transfer Duty	118	32,766
Gross Income Tax Receipts	17,649,076	15,152,604
Less: Refunds	(665,190)	(159,552)
Total Income Tax	16,983,885	14,993,052

Value Added Tax Revenue Collection

VAT for the period under review amounted to P6.956 billion which represents a decrease of P359 million or 4.91% over the previous year performance. For the year under consideration, all the traditional major contributors to VAT including Import VAT, Internal VAT and fuel Levy went down by 7.2%, 17.3% and 17.9% respectively. Interest and Penalties for the year experienced a sharp increase from P48.2 million to P222.8 million and this could be attributed to the negative effects of COVID-19 which slowed down business and made it difficult for companies to pay their VAT liabilities on time.

Table 6: VAT Collections by Source

Type of Tax	2019/20 Collections (P' 000)	2020/21 Collections (P' 000)
VAT Import	5,191,049	4,814,962
VAT Internal	4,731,299	3,912,272
VAT Interest & Penalties	48,180	222,772
Fuel Levy	128,872	105,844
Gross Collection	10,099,400	9,055,850
Less Refunds	(2,784,399)	(2,100,164)
Net VAT Collection	7,315,001	6,955,686

Customs and Excise Duty Collections

As a member of SACU, Botswana is expected to pay all the collections of customs and excise duties into SACU Common Revenue Pool (CRP). For the financial year under consideration, Botswana collected and paid a total amount of P559.2 million into the CRP compared to P644.3 million collected in 2019/20. This portrays a decrease of P85.1 million or 13.2%. This decrease was as a result of the significant decline of Excise Duty which fell by P111.2 million as well as the decline in Additional Customs Duty by P9.1 million. The significant decline in Excise Duty collection was attributed to the alcohol and tobacco sale ban imposed during the financial year on account of the Covid-19 pandemic.

Table 7: Botswana's Customs and Excise Duty Collections paid to the CRP

CUSTOMS DUTIES	2019/20 (P)	2020/21 (P)	VARIANCE (P)
Customs Duty	312 258 265.40	342 407 952.85	30 149 687.45
Excise duty	298 921 562.59	187 731 516.85	(111 190 045.74)
Ad valorem Duty	18 846 690.85	23 826 476.90	4 979 786.05
Additional Customs Duty	14 287 849.85	5 225 789.25	(9 062 060.60)
TOTAL	644 314 368.69	559 191 735.85	(85 122 632.84)

SACU Revenue Shares

The accumulated revenue remitted to CRP by SACU Member States, is then shared among Member States as per an agreed SACU revenue sharing formula. For the year under review, the SACU Revenue Pool remittances from Member States amounted to R120.977 billion which is an increase of R24.651 billion in comparison with the previous year's remittance of R96.326 billion. Botswana's share for the year was R23.743 billion which was 19.6% of the total Revenue Pool. This was an increase of R4.999 billion compared to R18.744 billion received in the previous year. The balance was shared among other SACU member states as shown in the table below.

Table 8: SACU Revenue Pool Shares by Country (Rands)

Member States	2019/20 shares (in Rands)	2020/21 shares (in Rands)	Percentage of the Total Pool
Botswana	18,744,288,132	23,742,845,477	19.6%
Eswatini	6,318,153,384	8,348,621,455	6.9%
Lesotho	6,226,210,187	8,980,526,918	7.4%
Namibia	18,922,264,883	22,251,886,451	18.4%
South Africa	46,115,286,469	57,653,366,001	47.7%
Total	96,326,203,055	120, 977,246,302	100%

Collections on Behalf of Government Departments and Agencies

During the financial year 2020/21, BURS collected levies amounting to P504.9 million on behalf of Government departments and agencies compared to P857.4 million which was collected in 2019/20 as shown in Table 9 below. This portrays a decrease of P352.5 million or 41.1%.

The significant decline in levies revenue collection was mainly due to a huge decrease in Transport Permits which registered a decrease of 49.3%, followed by Alcohol Levy and Road Safety Tokens. Alcohol Levy which has been the major contributor to levies collections over the years, performed dismally this year by registering a decrease of P210.6 million or 42% while Tobacco Levy also experienced a decline of 26.4%. This significant decrease in the various levies revenues was due to closure of borders; movement restrictions; alcohol and tobacco sale bans as a result of the COVID-19 pandemic.

Flour Levy collection which has been gradually declining over the past years, recorded a significant increase of P1.1 million or 104.6%. The increase is attributed to the rise in flour imports in response to the introduction of import restriction on baked goods during the year under consideration to stimulate establishment and development of Small Medium and Micro Enterprises (SMMEs) operating the bread and confectionery businesses in the country.

Table 9: Collection of Levies on Behalf of Government Departments and Agencies

Type of Levy	Gross Collections		Variance
	2019/20 P'000	2020/21 P'000	P'000
Copyright Levy	8,810	9,530	720
Tobacco Levy	73,248	53,930	(19,318)
Transport Permits	264,269	134,026	(130,243)
Road Safety Tokens	8,226	2,708	(5,518)
Flour Levy	1,082	2,214	1,132
Alcohol Levy	501,736	291,181	(210,555)
COVID Levy	-	11,312	11,312
Total	857,371	504,901	(352,470)

Customs Controls

Customs Declarations

The year under review experienced a significant decrease in the number of customs declarations processed for both imports and exports of goods. This decline is attributed to the slow trade during the financial year due to the COVID-19 pandemic. The total number of import declarations for the year 2020/21 stood at 533,089 in comparison to 639,480 processed in the previous financial year. Export declarations stood at 49,721 for 2020/21 compared to 61,135 processed in 2019/20. The table below shows the number of customs declarations processed as well as the number of those which were subjected to enforcement measures.

Table 10: Customs Declarations

Declarations	2019/20	2020/21	Variance
Import	639,480	533,089	(106,391)
Export	61,135	49,721	(11,414)
Physical Examination	6,608	4,646	(1,962)
Documentary check	665	129	(536)

Customs Detentions

For the financial year 2020/21, BURS recorded a total of 222 customs detentions. The detained goods were mainly comprised of beauty products, perfumes, vehicles, tractors, various food items including agricultural products, second hand clothing, 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 customs inspection/investigation or re-exportation.

Customs Seizures

For the year under consideration, BURS recorded 455 customs seizures. The seized goods were mainly alcoholic beverages, cigarettes, tobacco leaves, vehicles & parts, assorted clothing, television sets & electronic appliances, solar panels, beauty creams, currency, medicaments, substances suspected to be dagga, agricultural products including food items, electronic appliances, aluminum pots, petrol etc. The main reasons for seizing the goods were due to non-declaration or detentions being transferred to seizures or false declaration or smuggling or due to the goods being illicit or restricted.

Table 11: Summary Statistics for Detentions & Seizures by Region

Region	Detentions		Seizures	
	2019/20	2020/21	2019/20	2020/21
North	455	133	264	377
South	143	89	167	78
Total	598	222	431	455

Appeals Processes Against Tax Assessments

Objections and Appeals

Objections to tax assessments are a fundamental part of a fair and transparent tax system that gives taxpayers an opportunity to challenge the Commissioner General's decision under the revenue laws concerning their tax liabilities, thus placing upon the Commissioner General the obligation to review his/her decisions. BURS has appeal structures that enable taxpayers to enjoy further right to appeal the objections' decisions to an independent Board of Adjudicators and subsequently to the Courts. During the year under review, 30 objections were brought forward from the previous year and 29 were received. Out of the 59 objections, 34 objections were settled and 25 were not finalized and therefore carried forward to the following year.

CHALLENGES AND STRATEGIES EMPLOYED

BURS continued to experience challenges in carrying out her mandate during the year under review. The major challenges encountered were;

- **Slow Internet Connectivity:** Due to the COVID-19 pandemic, BURS encouraged taxpayers to access BURS services online to minimize the spread of COVID-19. As a result, BURS systems experienced congestion which resulted in slow internet and thus affecting BURS service delivery.
- **Physical Visits to BURS Offices:** Despite COVID-19, taxpayers continued to prefer physical visits to BURS offices for services that are available online. This undermined some COVID-19 protocols and posed danger to BURS staff.
- **Administration of Wage Subsidy:** In an effort to cushion companies against the effects of COVID-19, the Government introduced the Wage Subsidy which was implemented by BURS. In implementing the programme, BURS experienced challenges due to the high number of beneficiaries and non-compliance to the Wage Subsidy guidelines. This resulted in more time being devoted to administering the scheme and addressing issues relating to the scheme instead of doing the core mandate of the revenue service.
- **Staff Shortage due to Quarantine/Isolation and Deaths:** As a result of the increase in the spread of COVID-19 in Botswana, BURS also realized an increasing number of COVID-19 cases which resulted in a number of officers going into quarantine or isolation. On a sad note, BURS also lost some officers due to COVID-19 and this impacted on service delivery.
- **Reduced Revenue Collection:** For the year under review, business operations were heavily affected by movement restrictions, national lockdown, some commodity sale bans etc. As a result, Government took a decision to defer some payments as a means to cushion the affected sectors of the economy and this affected revenue collection.
- **Smuggling of Goods:** Due to sale ban imposed on some commodities and movement restrictions that were imposed to curb the spread of COVID-19, BURS realised increased smuggling of goods and high usage of un-gazetted points.

CONCLUSION

The advent of the coronavirus epidemic was not only a public health crisis but also posed a serious threat to the macro economy through the halt in production activities, interruptions of people's movement and cut-off of supply chains. As a result, the 2020/21 financial year was a difficult year as the productive capacity of most countries which rely on others for their intermediate inputs were significantly affected and therefore trade of any given country depending on how reliant its industries are on other industries declined. The demand for goods and services drastically decreased due to uncertainty about the future. Restrictions on international travel and increased border controls prevented tradeable services from being supplied on time or consumed.

Botswana like other countries was not spared from the abovementioned effects of COVID-19, despite drastic measures put in place to curb the spread of the disease. Being a landlocked and an importing country, Botswana was most hit as the entire sectors of the economy were closed or forced to operate at a fraction of their normal capacity. This had an impact on the BURS' revenue collection as evidenced by this year's revenue collection figures. Although BURS had developed the 2019 to 2024 Strategy to optimize revenue collection, COVID-19 has affected implementation of the strategy and as a result BURS has not yet started realising the goals of the new strategy because some of the challenges which had been affecting BURS are still prevailing.

I would like to thank BURS employees' contribution in ensuring business continuity, service delivery and realising the set objectives despite the hardship they went through during financial year 2020/21. I therefore, encourage all BURS employees to be resilient and put more effort towards realising BURS strategic goals despite the difficult times in this new normal.

I would also like to express my appreciation to all taxpayers for their voluntary compliance despite the difficult economic conditions. This shows their understanding of the importance of timely payment of taxes for the progress of our country. I therefore, encourage them to keep on making timely payments of what is due to BURS so as to maximise government revenue.

Let me also express my gratitude to our stakeholders in particular, Government Ministries, other Government Agencies, Botswana Institute of Chartered Accountants and Customs Clearing Agents. We recognize their cooperation that enabled BURS to achieve its strategic objectives.

I would also like to recognize the good work of our technical partners who continued to offer technical assistance in tax and customs administration and these include among others; International Monetary Fund (IMF), African Tax Administration Forum (ATAF), Organisation for European Cooperation and Development (OECD), World Customs Organisation (WCO).

Finally, I would like to thank Honourable Minister of Finance and Economic Development and the BURS Board for their support, guidance, leadership and oversight which has assisted the BURS to realize its strategic objectives.



Mr. Segolo Lekau
Acting Commissioner General



BOTSWANA UNIFIED REVENUE SERVICE FINANCIAL STATEMENTS

31 MARCH 2021 (OWN ACCOUNTS)



BOTSWANA UNIFIED REVENUE SERVICE

(OWN ACCOUNTS) GENERAL INFORMATION

31 March 2021

BOARD OF DIRECTORS

Kelapile Mabekho Ndobano
 Wankie B. Wankie
 Segolo Lekau
 Gaamangwe Lebele
 Ontlametse B. Ward
 Keletso Mothusi
 Gaongalelwe G.P. Mosweu
 Jeanette Chanda Makgolo
 Boitumelo Sandy
 Dr. Pinkie Gertrude Kebakile
 Dr. Lesedi Says Senatla

Chairperson - until 9 December 2020
 Non-executive Director - until 30 June 2020
 Acting Commissioner General
 Non-executive Director - until 10 December 2020
 Non-executive Director - until 30 December 2020
 Non-executive Director - until 30 June 2020
 Non-executive Director - until 30 June 2020
 Chairperson - appointed 10 December 2020
 Non-executive Director - appointed 10 December 2020
 Non-executive Director - appointed 10 December 2020
 Non-executive Director - appointed 10 December 2020

BOARD SECRETARY

Bame A. Tumiso

NATURE OF BUSINESS

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 Botswana

BANKERS

First National Bank of Botswana Limited

BOTSWANA UNIFIED REVENUE SERVICE (OWN ACCOUNTS) GENERAL INFORMATION

31 March 2021

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Statement of comprehensive income	42
Statement of financial position	43
Statement of changes in reserves	44
Statement of cash flows	45
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BOTSWANA UNIFIED REVENUE SERVICE (OWN ACCOUNTS) FINANCIAL STATEMENTS

31 March 2021

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 2021, 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 38 to 41.

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 endeavors to minimise it by ensuring that appropriate Infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The Directors state that, for the year ended 31 March 2021, BURS has not complied with the following paragraphs of the Botswana Unified Revenue Service Act:

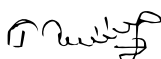
- Paragraph 28 (2) which requires the Revenue Service to submit its books of accounts and statement of accounts to an auditor appointed by the Board within 60 days of the year-end and requires that the accounts be audited no later than 3 months after the year-end; and
- Paragraph 29 (1) which requires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

Despite 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 42 to 76, which have been prepared on the going concern basis, were approved by the Board on 21-06-2022 and were signed on its behalf by:



Board Chairperson



Acting Commissioner General

INDEPENDENT AUDITOR'S REPORT

31 March 2021



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 the Botswana Unified Revenue Service (the "Revenue Service") as at 31 March 2021, 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

The Botswana Unified Revenue Service's financial statements set out on pages 42 to 76 comprise:

- the statement of financial position as at 31 March 2021;
- 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;
- notes to the financial statements which includes 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. We communicate the key audit matter that relates to the audit of the financial statements of the current period in the table below.

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

Country Senior Partner: R Binedell
Partners: A S Edirisinghe, I D Molebatsi, S K Wjjesena

INDEPENDENT AUDITOR'S REPORT

31 March 2021



Key audit matters	How our audit addressed the key audit matter
<p>Fair valuation of Land and Buildings</p> <p>The Botswana Unified Revenue Service (the "Revenue Service") measures land and buildings using the revaluation model in International Accounting Standard 16 'Property, plant and equipment' ("IAS 16").</p> <p>Valuations 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.</p> <p>During the current financial year, the land and buildings were valued by an independent valuation expert, utilising comparable market values, inputs of indicative construction cost, economic useful life and estimated residual value approaches to determine fair value at year-end. Where appropriate, market comparable inputs were adjusted for differences in the nature, location or condition of the specific properties.</p> <p>The fair value of land and buildings as at 31 March 2021 was P958,216,000, representing a P293,827,000 reduction in value from that reported at 31 March 2020, which reduction in value has been charged to income and other comprehensive income in the amounts of P219,720,000 and P74,107,000, respectively.</p> <p>The fair valuation of Land and Building was considered to be of most significance to the current year audit given judgements and estimates involved in the valuation process and the magnitude of the fair value adjustment made.</p> <p>This Key Audit Matter refers to the following key disclosures in the financial statements:</p> <ul style="list-style-type: none"> • Note 3.1 "Significant Accounting Policies- Property, plant and equipment" • Note 4 "Critical Judgement Areas and Key Sources Of Estimation Uncertainty" • Note 12 "Property, Plant and Equipment" 	<p>Our audit procedures included, amongst others, the following:</p> <ul style="list-style-type: none"> • We assessed the Revenue Service's accounting policies relating to the revaluation of land and buildings with reference to the requirements of IAS 16 and found no inconsistencies. • We evaluated whether the valuer has the appropriate expertise to perform such a valuation and whether there were any matters which impacted the valuer's objectivity or imposed scope limitations upon the work performed by the valuer by obtaining written confirmation from the valuer that: <ul style="list-style-type: none"> • 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; • they are not aware of any information relevant to the valuation which had been withheld by the Revenue Service. • We discussed the valuation process with the valuer, to understand the approach followed, inputs used and to assess the valuer's understanding of reasons for changes in values of a sample of properties. • We noted no matters indicating that the valuer was not appropriately qualified, was not objective or unduly influenced 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 tested the reconciliation of fair values determined by the valuer to the Revenue Services' fixed asset register and amounts recorded in the financial statements, including testing the allocation of fair value losses to income and other comprehensive income. We noted no exceptions. • 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.

INDEPENDENT AUDITOR'S REPORT

31 March 2021



Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Botswana Unified Revenue Service Financial Statements 31 March 2021 (Own Accounts)". 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 and will 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, 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 special purpose 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 management is responsible for assessing the entity'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 entity 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 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 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 entity's internal control.

INDEPENDENT AUDITOR'S REPORT

31 March 2021



- 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 entity'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.
- 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 matters 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.

A handwritten signature in black ink, appearing to read 'Rudi Binedell', written over a horizontal line.

PricewaterhouseCoopers
Firm of Certified Auditors
Individual practicing member: Rudi Binedell (CAP 003 2022)

27 July 2022
Gaborone

BOTSWANA UNIFIED REVENUE SERVICE (OWN ACCOUNTS) STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	2021 P'ooo	2020 P'ooo
Income			
Government funding for recurrent expenditure	6	654,893	645,820
Revenue from contracts with customers	7	46,620	87,191
Other income	8	92,548	83,711
Total income		<u>794,061</u>	<u>816,722</u>
Expenses			
Revaluation losses	9	(219,720)	-
Administrative expenses	9	(309,341)	(305,635)
Staff costs	10	(581,670)	(550,419)
Total expenses		<u>(891,011)</u>	<u>(856,054)</u>
Operating deficit for the year		(316,670)	(39,332)
Finance income	11	1,576	2,062
Finance cost	11	(1,011)	(1,809)
Total deficit for the year		<u>(316,105)</u>	<u>39,079</u>
Items that will not be reclassified to profit or loss			
(Loss)/ Gain on revaluation of land and buildings	17	(74,107)	43,880
Other comprehensive (loss)/income for the year		<u>(74,107)</u>	<u>43,880</u>
Total comprehensive (loss)/income		<u>(390,212)</u>	<u>4,801</u>

BOTSWANA UNIFIED REVENUE SERVICE (OWN ACCOUNTS) STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2021

	Notes	2021 P'ooo	2020 P'ooo	2019 P'ooo
ASSETS				
Non-current assets				
Property, plant and equipment	12	1,472,952	1,676,678	1,507,404
Right of use asset	22	12,339	29,935	-
Intangible assets	13	153,932	139,936	79,216
		<u>1,639,223</u>	<u>1,846,549</u>	<u>1,586,620</u>
Current assets				
Inventories	14	3,951	3,453	2,486
Trade and other receivables	15	49,648	41,743	39,846
Cash and cash equivalents	16	130,464	296,490	307,375
		<u>184,063</u>	<u>341,686</u>	<u>349,707</u>
Total assets		<u>1,823,286</u>	<u>2,188,235</u>	<u>1,936,327</u>
RESERVES AND LIABILITIES				
Reserves				
Properties revaluation reserve	17	203,442	289,395	233,669
Accumulated (deficit)/surplus		(320,790)	(16,534)	34,391
		<u>(117,348)</u>	<u>272,861</u>	<u>268,060</u>
Non-current liabilities				
Capital grants	18	1,760,852	1,735,510	1,547,494
Lease liability	22	10,217	13,339	-
		<u>1,771,069</u>	<u>1,748,849</u>	<u>1,547,494</u>
Current liabilities				
Trade and other payables	19	166,812	145,441	120,773
Lease liability	22	2,753	21,084	-
		<u>169,565</u>	<u>166,525</u>	<u>120,773</u>
Total reserves and liabilities		<u>1,823,286</u>	<u>2,188,235</u>	<u>1,936,327</u>

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

For the year ended 31 March 2021

	Notes	Properties revaluation <u>reserve</u> P'000	Accumulated <u>surplus</u> P'000	<u>Total</u> P'000
Balance at 31 March 2019		245,515	22,545	268,060
Transfer of gains realised on assets	9	-	-	-
Correction of prior year errors	17	-11,846	11,846	-
Balance as 31 March 2019 restated		233,669	34,391	268,060
Balance at 1 April 2019		233,669	34,391	268,060
Deficit for the year		-	(39,079)	(39,079)
Other comprehensive income for the year	17	43,880	-	43,880
Balance at 31 March 2020		277,549	(4,688)	272,861
Adjustments			3	3
Transfer of gains realised on assets	9	-	-	-
Deficit for the year		-	(316,105)	(316,105)
Other comprehensive loss for the year	17	(74,107)	-	(74,107)
Balance at 31 March 2021		203,442	(320,790)	(117,348)

BOTSWANA UNIFIED REVENUE SERVICE (OWN ACCOUNTS)

STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Notes	2021 P'000	2020 P'000
Cash flows from operating activities			
Deficit for the year		(316,105)	(39,079)
Interest income	11	(1,576)	(2,062)
Lease Accrual reversed	22	-	5,096
Adjustment for non-cash items	21	244,778	29,382
Operating deficit before working capital changes		(72,903)	(6,663)
Changes in working capital			
Increase in inventories		(498)	(967)
Increase in trade and other receivables		(7,905)	(1,897)
Increase in trade and other payables		21,371	24,668
Net cash generated from movement in working capital		12,968	21,804
Cashflow from operating activities		(59,935)	15,141
Cash flows from investing activities			
Interest received	11	1,576	2,062
Purchase of property, plant and equipment	12	(166,164)	(135,342)
Purchase of intangible assets	13	(26,417)	(135,447)
Proceeds on disposal of property, plant and equipment		1,002	562
Net cash used in investing activities		(190,003)	(268,165)
Cash flows from financing activities			
Lease pavments	22	(21,358)	(18,878)
Finance cost	11	(1,011)	(1,809)
Net development funding received from the Government of Botswana	18	106,281	262,826
Net cash generated from financing activities		83,912	242,139
Net decrease in cash and cash equivalents		(166,026)	(10,885)
Cash and cash equivalents at beginning of year		296,490	307,375
Cash and cash equivalents at end of year	16	130,464	296,490

BOTSWANA UNIFIED REVENUE SERVICE (OWN ACCOUNTS)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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).

The annual financial statements were approved on 21 June 2022.

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 the 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 based on 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.

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 BURS has not made early adoption, hence BURS has not conducted any impact assessments for these standards.

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

For the year ended 31 March 2021

Number	Effective date	Summary of amendments
IFRS 16, 'Leases' COVID-19- Related Rent Concessions Amendment	Annual periods beginning on or after 1 June 2020 (early adoption is permitted) (Published June 2020)	The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID- 19 is a lease modification, provided that the concession meets certain conditions. Lessees can elect to account for qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment.
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4	Annual periods beginning on or after 1 January 2021 (Published August 2020)	The Phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one.
Amendment to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 1 January 2022 (Published May)	The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).
Amendments to IAS 16 'Property, Plant and Equipment' on Proceeds before Intended Use	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts-Cost of Fulfilling a Contract	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.

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

For the year ended 31 March 2021

<p>Annual improvements cycle 2018 -2020</p>	<p>Annual periods beginning on or after 1 January 2022 (Published May 2020)</p>	<p>These amendments include minor changes to:</p> <ul style="list-style-type: none"> > IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS. > IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation. > IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives. > IAS 41, 'Agriculture' has been amended to align the requirements for measuring fair value with those of IFRS 13. The amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value.
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BOTSWANA UNIFIED REVENUE SERVICE (OWN ACCOUNTS) NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2021

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). There were no sales or retirement of land and building in the current year.

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, porta-camps and security dogs

Computers and office equipment, plant and machinery, office furniture, leasehold improvements and porta-camps, are stated at cost less accumulated depreciation and accumulated impairment losses. Cost consist of directly attributable costs to bringing the assets to present location and condition necessary for

BOTSWANA UNIFIED REVENUE SERVICE (OWN ACCOUNTS) NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 March 2021

3.1 Property, plant and equipment (continued)

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:

<u>Category</u>	<u>Economic life (in years)</u>
Buildings	50
Land - freehold	Infinity
Land - leasehold	50
Right of use asset	Shorter of useful life of asset and the lease period
Motor vehicles (light vehicles)	06-12
Motor vehicles (vans and trucks)	08-15
Office furniture	10-15
Computer and office equipment	05-10
Porta-camps	10-15
Plant and machinery	06-15
Leasehold improvements	Shorter of useful life of asset and the lease period
Security dogs	8
Intangibles	05-25

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.

impairment of Property, plant and equipment and Intangibles

The BURS conducts impairment reviews yearly. PPE and intangibles are considered impaired if they are any of the following: they have been physical damaged, they are obsolete, they are idle, they are held for sale or they have been abandoned. If the recoverable amount of an asset is below the carrying amount, the loss is written off to the income statement.

Repairs and maintenance

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

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

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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). 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.

Work in progress is not amortised until the asset is complete and ready for use.

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.

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

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Revenue (continued)

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 to no impact on the timing of recognition.

Commission/Agency fees

Agency commissions represent fees charged by BURS for collecting revenues on behalf of Government Departments and Parastatals. 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 obligation.

BURS recognises a receivable 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. Revenue is received quarterly in arrears. Fair value assessment is covered in 3.9.

Other Income

Other income constitutes ancillary services incidental to the conduct of revenue generating activities. The entity is entitled to the income as such collections are not

scoped within the income attributable to the principal, being the Government of Botswana income heads. In the absence of amendments to the income heads, BURS considers the income as administrative income earned by the agency business model.

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 depreciation 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 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.

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

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 after deducting any amount already paid. If the amount already paid exceeds the amount of the benefit, 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 and 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.

3.7 Inventory

Inventories for BURS represent supplies to be consumed in the rendering of services and are measured at cost, determined on a First-in-First-out basis. 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. Inventory losses are expensed in the statement of financial performance in the period in which the write-downs or losses occur.

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.

BOTSWANA UNIFIED REVENUE SERVICE (OWN ACCOUNTS) NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 value of the financial assets or financial liabilities, as appropriate, on initial recognition. Financial assets and liabilities are subsequently measured at amortised cost.

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 initially at fair value and 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 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).

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)

BURS does not have assets measured at fair value through profit and loss.

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 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

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

BOTSWANA UNIFIED REVENUE SERVICE (OWN ACCOUNTS)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Financial Instruments (continued)

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 the subsequent quarter, 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.

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.

Financial liabilities

Financial liabilities are classified as financial liabilities at Amortised cost.

Recognition

Financial liabilities at fairvalue through profit and loss are recognised at fair value and subsequently at fair value. Financial liabilities at amortised cost are recognised at fair value less cost and subsequently at amortised cost using effective rate method.

Derecognition of Financial Liability

Financial liability is derecognised only when, the liability is discharged or cancelled or expires, the result of which the terminated liability (or part of) should be presented in the income statement.

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.

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.

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

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Trade receivables (continued)

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 cashflows 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 trade receivables are internal, thus no loss allowance for expected credit losses are made.

3.12 Trade and other payables

Classification and recognition

Trade and other payables, excluding, amounts received in advance, are classified as financial liabilities and recognised at cost. Subsequently financial liabilities are recognised 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

A provision is recognised if BURS has a present obligation in which it is probable that there will be payment which can be measured reliably.

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 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

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

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Leases (continued)

and that the supplier does not have a substantial right of substitution throughout the period of use 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 operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the asset 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 22.

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 the lease liability, using the effective interest method, and by reducing the carrying amount to reflect lease payments 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	discounting the revised payments using a revised discount rate.

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.

BOTSWANA UNIFIED REVENUE SERVICE (OWN ACCOUNTS) NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Leases (continued)

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 or accrued lease payments. Rent security deposits are recognised as financial assets in

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 the shorter of useful life of an assets and lease term 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 classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

BURS as a lessor

The BURS provides accommodation to its employees and they sign a contract for monthly rentals to be deducted from payroll. These are accounted for as rental income from institutional houses.

The BURS provides accommodation as well as space in border posts to other government and private entities through memorandum of agreements. The amount paid is accounted for as rental income.

The houses are the BURS property hence maintained in the asset register and depreciated according to policy.

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.

BOTSWANA UNIFIED REVENUE SERVICE (OWN ACCOUNTS) NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 March 2021

4. CRITICAL JUDGEMENT AREAS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.14 Leases (continued)

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.

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 12.

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 Government 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 government would borrow, using government bonds, when determining lease liability.

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 an increase by P1,304,654 in 2021 (2020: P2,964,895). There is no fair value risk associated with interest rates, then risk is only associated with income earned.

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 employee's salary.
- iii. Trade receivable comprises of agency fees and other sundry income generated and are recovered quarterly through retention from revenue collected for respective agencies. There hasn't been any loss incurred for the year nor in the previous years.

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

BOTSWANA UNIFIED REVENUE SERVICE (OWN ACCOUNTS) NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 March 2021

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

	From 1-3 months	
	2021	2020
	P'ooo	P'ooo
Cash and cash equivalents	130,434	296,490
Staff Debts	1,052	1,829
Trade Receivables	18,001	29,717

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.

Below are details of the BURS remaining contractual maturity for its financial liabilities. The information provided is based on the earliest date on which the BURS can be required to pay.

	Up to 1 year	2 to 5 years
	P'ooo	P'ooo
2021		
Trade and other payables	81 991	-
Right to use liability	2 753	13 339
2020		
Trade and other payables	78 081	-
Right to use liability	21 084	13 339

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

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

For the year ended 31 March 2021

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

	2021 P'ooo	2020 P'ooo
Categories of financial instruments		
<i>Financial assets at amortised cost</i>		
Trade receivables	20,739	32,945
Cash and Cash equivalent	130,464	296,490
<i>Financial liabilities at amortised</i>		
Trade and other liabilities	84,487	78,081
Lease liability	12,970	34,423

6. GOVERNMENT FUNDING FOR RECURRENT EXPENDITURE

Funding for recurrent expenditure (Note 20)	646,174	615,765
Transfer from development expenditure (Note 18)	8,719	33,037
Transfer to development expenditure (Note 18)		(2,982)
	<u>654,893</u>	<u>645,820</u>

7. REVENUE FROM CONTRACT WITH CUSTOMERS

Agency fees	<u>46,620</u>	<u>87,191</u>
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Disaggregation of revenue

BURS derives some of its revenue from the transfer of services over time 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.

2021

Revenue	Service transferred overtime	Service transferred a tpoint in time	Total
Agency fees and commissions		46,620	46,620

2020

Revenue	Service transferred overtime	Service transferred a tpoint in time	Total
Agency fees and commissions		87,191	87,191

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

For the year ended 31 March 2021

8. OTHER INCOME

	<u>2021</u> P'ooo	<u>2020</u> P'ooo
Amortisation of capital grants (Note 18)	81,737	74,186
Rental income	1,737	1,367
Profit on disposal of property, plant and equipment	592	
Sundry income	8,482	8,158
	<u>92,548</u>	<u>83,711</u>

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

- i. iRoad 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. 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 facilities at borders hence provide accommodation to its employees as well as other Government departments such as Botswana Police, Botswana Defence Force at an agreed fee.

9. OTHER GAINS AND LOSSES

Revaluation gains realised	<u>-</u>	<u>-</u>
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BOTSWANA UNIFIED REVENUE SERVICE (OWN ACCOUNTS)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2021

9. ADMINISTRATIVE EXPENSES

	2021	2021
	P'ooo	P'ooo
Auditor's remuneration		
-current year	1,299	2,682
-prior year	-	-
Computer support	44,712	31,301
Consultancy costs and legal costs	3,754	10,848
Depreciation of property, plant and equipment (Note 12)	76,239	61,250
Depreciation - right of use asset	18,630	18,271
Amortisation of intangible assets (Note 13)	12,805	19,143
Loss on disposal of property plant and equipment	-	228
Electricity and water	14,199	12,438
Printing, stationery and office expenses	54,637	51,610
Operating lease rentals	4,827	4,690
Repairs and maintenance	22,995	16,517
Motor vehicle fuel	3,718	5,570
Seminars, workshops, travelling and other administrative expenses	32,522	50,277
Telephone and postage	11,567	14,244
Training expenses	7,437	6,566
	<u>309,341</u>	<u>305,635</u>

Operating lease rentals comprise of rent and rates. BURS has been paying rentals for occupying space where assessments of customs duty is performed; such as airports and post office hence the expense. These were short term leases.

9. REVALUATION LOSSES

220,913 -

10. STAFF COSTS

Salaries and wages	501,829	481,354
Annual Performance Bonus	-	-
Current Year	-	-
Previous year	-	-
Employee benefits:	68,157	58,427
- Gratuity and severance	4,136	4,008
- Pension contribution	48,522	42,833
- Leave	15,499	11,586
Medical aid contribution	11,684	10,638
	<u>581,670</u>	<u>550,419</u>

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

For the year ended 31 March 2021

11 Finance Income/Cost

Finance Income

Bank interest	1,576	2,062
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Finance cost

Finance cost	1,011	1,809
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BOTSWANA UNIFIED REVENUE SERVICE (OWN ACCOUNTS) **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **For the year ended 31 March 2021**

12 PROPERTY, PLANT AND EQUIPMENT

	Leasehold Land P'000	Buildings P'000	Leasehold improvements P'000	Motor vehicles P'000	Office furniture P'000	Computers & equipment P'000	Plant & machinery P'000	Porta camps P'000	Work-in- progress P'000	Security dogs P'000	Total P'000
Cost/valuation											
At 31 March 2020	121,109	1,171,782	25,199	55,929	79,016	163,616	151,948	37,650	92,814		1,899,295
Additions	-	11,448	-	3,686	4,013	20,390	1,360	79	125,188	232	166,164
Non cash additions	1,353	1,474	-	-	-	-	-	-	-	-	2,827
Disposals	-	(91)	(11,764)	(267)	(5,000)	(2,494)	-	-	-	-	(19,616)
Adjustments	46	(655)	-	-	322	(320)	-	654	-	-	47
Revaluation - reserve	(18,575)	(55,532)	-	-	-	-	-	-	-	-	(74,107)
Revaluation - income statement	(12,230)	(277,945)	-	-	-	-	-	-	-	-	(290,175)
Transfers	-	16,031	-	783	-	-	(1,092)	(250)	(16,249)	-	(777)
Transfers to Intangible assets	-	-	-	-	-	(384)	-	-	-	-	(384)
At 31 March 2021	91,703	866,512	13,435	60,131	78,351	180,808	152,216	38,133	201,753	232	1,683,274
Accumulated depreciation											
At 31 March 2020	2,409	36,170	22,662	24,017	19,337	64,524	42,577	10,834	-	86	222,616
Current year charge	-	31,978	303	2,353	6,971	27,030	4,353	3,223	-	28	76,239
Disposals	-	(19)	(11,732)	(169)	(4,366)	(1,793)	-	-	-	-	(18,078)
Revaluation - reserve	-	-	-	-	-	-	-	-	-	-	-
Revaluation - income statement	(2,409)	(68,046)	-	-	-	-	-	-	-	-	(70,455)
Adjustments	-	(84)	-	(3)	(1)	4	-	84	-	-	-
At 31 March 2021	-	(1)	11,233	26,198	21,942	89,765	46,930	14,141	-	114	210,322
Carrying amount											
At 31 March 2021	91,703	866,513	2,202	33,933	56,409	91,043	105,286	23,992	201,753	118	1,472,952

Work-in-progress is made up of the following:
 Residential and office accommodation

201,753

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

For the year ended 31 March 2021

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold Land P'000	Buildings P'000	Leasehold improvements P'000	Motor vehicles P'000	Office furniture P'000	Computers & equipment P'000	Plant & machinery P'000	Porta camps P'000	Work-in- progress P'000	Security dogs P'000	Total P'000
Cost/valuation											
At 31 March 2019	116,778	442,132	25,243	49,729	21,658	80,648	142,708	33,493	756,453	232	1,669,074
Additions	-	685	151	7,000	5,730	27,716	8,951	2,211	82,898	-	135,342
Disposals	-	-	(195)	(800)	(27)	(13)	-	-	(59)	-	(1,094)
other additions	-	-	-	-	-	-	-	-	-	-	-
Revaluation surplus	4,331	39,549	-	-	-	-	-	-	-	-	43,880
Transfers	-	689,416	-	-	51,655	-	289	1,946	(746,478)	-	(3,172)
Transfers from Intangible assets	-	-	-	-	-	55,265	-	-	-	-	55,265
At 31 March 2020	121,109	1,171,782	25,199	55,929	79,016	163,616	151,948	37,650	92,814	232	1,899,295
Accumulated depreciation											
At 31 March 2019	1,451	19,554	22,012	20,423	12,199	42,264	35,541	8,167	-	58	161,669
Current year charge	958	16,616	791	3,730	7,156	22,268	7,036	2,667	-	28	61,250
Disposals	-	-	(141)	(136)	(18)	(8)	-	-	-	-	(303)
At 31 March 2020	2,409	36,170	22,662	24,017	19,337	64,524	42,577	10,834	-	86	222,616
Carrying amount											
At 31 March 2020	118,700	1,135,612	2,537	31,912	59,679	99,092	109,371	26,816	92,814	146	1,676,679

Work-in-progress is made up of the following:
 Residential and office accommodation

92,814

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

For the year ended 31 March 2021

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Land and buildings carried at fair value

The properties valued as at 31st March 2021 comprise land and/or buildings including the ancillary in various locations. The valuation process determined that these constitute one class of Properties under IFRS 13, based on the nature, characteristics and risks of the property. Open Market Value and Insurance Replacement Value were determined using market comparable inputs of indicative construction costs, indicative rental value, economic useful life and residual value of the land and building. Valuations performed by the valuers were based on active market prices, significantly adjusted for differences in the nature, location or condition of the specific property. In FY 2021, income approach was applied for BURS Gaborone head office and construction cost approach was applied for all other buildings to determine the fair value. The income approach was deemed more appropriate for the main office since the building was not specialised and similar properties in the vicinity were available on rent. The fair value approach for other properties remain unchanged (construction cost basis).

The Investment Value was the basis of valuation and was deemed the best method as BURS is a public entity and does not actively participate in the property market buying and selling.

The Land and Building were independently valued at P958 million (Land P91m and building P867 million) and were reviewed by Benedict Kgosilentswe. He is a professional member of the Royal Institution of Chartered Surveyors and a professional member of Real Estate.

In FY 2020 the fair valuation was performed by Willy Kathurima and Associates. The construction cost approach was applied for determining the fair value for all buildings.

The valuation was undertaken and guided by the International Valuation Standards Guidance Notes, IFS 116 and IAS 16 and the Royal Institution Chartered Surveyors Valuation Standards (Red Book) The valuation which was conducted in accordance with the Appraisal and Valuation Manual and the Real Estate Institute of Botswana standards and assessed for consistency with provisions of IFRS 13. Fair value measurements indicated a slight increase in land and buildings in March 2021 as follows:

Property Type	Net Book Value P'000	Valuation P'000	Decrease P'000	Income Statement P'000	Revaluation Reserve P'000
Land	120,100	91,703	28,397	9,822	18,575
Building	1,131,944	866,513	265,430	209,898	55,532
Total	1,252,043	958,216	293,827	219,720	74,107

The loss to the Income Statement has been included in seminars, workshops and other administrative expenses.

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

For the year ended 31 March 2021

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

IFRS 13 fair value hierarchy

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

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities and 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 either directly or indirectly.
- Any other inputs for the asset and liability that are not based on observable market-data are classified as Level 3.

Fair value measurement as at 31st March 2021

	Level 1 P'000	Level 2 P'000	Level 3 P'000	Level 4 P'000
Land and buildings			958,216	958,216

Fair value measurement as at 31st March 2020

	Level 1 P'000	Level 2 P'000	Level 3 P'000	Level 4 P'000
Land and buildings			1,252,043	1,252,043

VALUATION INPUTS

Description	Significant unobservable Inputs	Range of inputs		Relationship of unobservable inputs to fair value
		2021	2020	
Building - all other offices	Cost of construction	P350 - P11,000 per sq metre	P660 - P13,000 per sq metre	The higher the indicative cost of construction the higher the fair value
Building - head office	Capitalisation rate	7.5%- 9%		The higher the capitalisation rate the lower the fair value
Building - head office	Rent per sq mt per month	P110- P600		The higher the Rent per sq mt per month the higher the fair value

BOTSWANA UNIFIED REVENUE SERVICE (OWN ACCOUNTS)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2021

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Had Land and Building been measured at historical cost basis, their carrying follows:

	2021	2020
Land		
- Cost	57,065	55,666
- Accumulated depreciation	(7,171)	(6,959)
- Impairment	(28,397)	-
	21,497	48,707
Buildings:		
- Cost	1,154,728	1,126,519
- Accumulated depreciation	(65,707)	(42,613)
- Impairment	(265,431)	-
	823,590	1,083,906

Land includes Plaatjan and Zanzibar with a fair value of P90,000 and P175,500 respectfully. Ownership of this land is currently in dispute with third parties and as a result a contingent liability has been disclosed in Note 24.

13 INTANGIBLE ASSETS

Cost	Computer software P'ooo	Work-in- progress P'ooo	Total P'ooo
At 31 March 2019	82,499	32,883	576,910
Additions	14,524	120,923	135,447
Transfers	1,409	(1,409)	-
Adjustments for non-capital expenditure			-
- Computer Maintenance (Note 9)	-	(319)	(319)
Transfer to property, plant and equipment	-	(55,265)	(55,265)
At 31 March 2020	98,432	96,813	195,245
Additions - Current Year	1,714	24,703	26,417
- Previous year			-
Transfers	108,047	(108,047)	-
Transfer from property, plant and equipment	384		384
At 31 March 2021	208,577	13,469	222,046

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

For the year ended 31 March 2021

13 INTANGIBLE ASSETS (CONTINUED)

	<u>Computer software</u>	<u>Work-in- progress</u>	<u>Total</u>
	<u>P'ooo</u>	<u>P'ooo</u>	<u>P'ooo</u>
Accumulated amortisation			
At 31 March 2019	36,166	-	36,166
Charge for the year	19,143		19,143
At 31 March 2020	55,309	-	55,309
charge for the year	12,805		12,805
At 31 March 2021	68,114	-	68,114
Carrying amount at 31 March 2021	140,463	13,469	153,932
Carrying amount at 31 March 2020	43,123	96,813	139,936

Intangible assets consists of Computer software (the Human Resources SAP module, e-Filing, e-Payment, Withholding Tax ("WHT"), Customs Management System ("CMS") and the Auto Capturing Scanner) which is a purchased asset. 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.

Work in progress is not depreciated until the asset is complete and ready for use.

14 INVENTORIES

	<u>2021</u>	<u>2020</u>
	<u>P'ooo</u>	<u>P'ooo</u>
Printing and stationery	1,728	2,993
Office supplies	2,212	460
Uniform and protective clothing	11	-
	<u>3,951</u>	<u>3,453</u>
Inventories written off	(354)	33

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.

BOTSWANA UNIFIED REVENUE SERVICE (OWN ACCOUNTS)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2021

15 TRADE AND OTHER RECEIVABLES

Trade Receivables	18,001	29,717
Less provision for impairment	-	-
	18,001	29,717
Advance payments	-	-
- Advance payments made for capital expenditure	-	-
- Transfer to property, plant and equipment (Note 12)	-	-
Prepayments	28,909	8,798
Staff receivables	1,052	1,828
Other receivables	1,686	1,400
	49,648	41,743
Trade receivables comprise of:		
Agency fees	18,001	29,717
	18,001	29,717

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. 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 (2020:P Nil).

16 CASH AND CASH EQUIVALENTS

	2021 P'000	2020 P'000	2019 P'000 Restated
Cash in hand	35	35	
Business call and current account	13,951	90,552	
Fixed deposit account	-	-	
Development funds call account	116,478	205,903	
	130,464	296,490	

17 PROPERTIES REVALUATION RESERVE

Revaluation gains

Balance at beginning of the year	277,549	233,669	177,757
- Revaluation losses reversed		-	(167)
Gain/(loss) on revaluations of properties (Note 12)	(74,107)	43,880	67,925
Prior year correction			(11,846)
Balance at beginning and end of year	203,442	277,549	233,669

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

For the year ended 31 March 2021

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.

Prior year restatement

A fair valuation gain of P 11.85Mn was recorded in the Properties Revaluation Reserve relating to 2011. This gain was erroneously recorded and did not relate to any asset. This constitutes a prior year error in terms of International Accounting Standards 8: Accounting policies, Changes in Accounting Estimates and Errors (IAS 8). The impact of this error has materially misstated Properties Revaluation Reserve and Accumulated Surplus in the Statement of changes in reserves for the prior years.

18 CAPITAL GRANTS

	1,735,510	1,547,494
Balance at beginning of the year	-	-
Transfer from accumulated surplus to finance capital expenditure	106,281	262,826
Net development funding received from the Government of Botswana	(8,719)	(30,054)
- Transfer to recurrent expenditure (Note 6)	115,000	292,880
- Government funding for development expenditure (Note 20)	2,828	-
Gains on release of capital grants	(2,030)	(624)
Net book value of disposals of property, plant and equipment	(81,737)	(74,186)
Amortisation of capital grants for the year (Note 8)	1,760,852	1,735,510
Balance at end of the year		

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.

19 TRADE AND OTHER PAYABLES

Trade payables	13,363	13,832
Accruals and other payables	71,124	64,249
Employee Benefit accruals	82,325	67,360
Payable to related parties (Note 20)	-	-
Rental accruals	-	-
	166,812	145,441

Accruals and payables include fixed asset creditors, provision for audit fees, unpaid payroll deductions, outstanding bank charges as well as unpaid insurance benefits.

BOTSWANA UNIFIED REVENUE SERVICE (OWN ACCOUNTS) NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 March 2021

19 TRADE AND OTHER PAYABLES (CONTINUED)

The fair value of payables is approximately equal to the carrying amount due to the short-term maturity nature.

RIGHT TO USE LIABILITY	2,753	21,084
Current	10,217	13,339
Long-term	12,970	34,423

20 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 2021 is as follows:

Amount transferred from Revenue Accounts to Own Accounts	2021 P'000	2020 P'000
	761,174	908,645

Utilised as follows:

Recurrent expenditure (Note 6)		
Development expenditure (Note 18)	646,174	615,765
	115,000	292,880
Executive management personnel compensation	761,174	908,645

Executive management

Salaries and other short term employee benefits	12,461	10,185
Other benefits accrued for the year	3,840	254
Total executive management personnel compensation	16,301	10,439

Executive Management personnel compensation covers personal emoluments and post employment benefits. Post employment benefits include pension and gratuities.

Board members sitting allowances	188	420
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Transactions with the Board members represent sitting allowances paid to the members for attending meetings of the Board and Board sub-committees.

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

For the year ended 31 March 2021

20 RELATED PARTY TRANSACTIONS (CONTINUED)

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 following business transactions were conducted with related parties:

	2021 P'ooo	2020 P'ooo
<i>Agency fees and commissions:</i>		
Ministry of Investment, Trade and Industry (alcohol levy, flour levy and copyright levy)	23,236	37,332
Ministry of Transport and Communications - Department of Road Transport and Safety (road safety tokens and permits)	16,381	32,699
Human Resource Development Council (training levy)	7,073	16,120
Motor Vehicle Accident Fund (motor vehicle road insurance)	250	1,039
	<u>46,940</u>	<u>87,190</u>

The receivables balance are in accordance with terms and conditions in the memorandum of agreement.

Balances receivable from/(payable to) related parties

Agency fees receivable from Department of Road Transport and Safety	4,819	7,133
Commissions and other receivables from Revenue Accounts	13,182	22,584
Total receivable from related parties	18,001	29,717
Net bank charges payable to Revenue Accounts (Note 19)	(2,515)	(121)
Net due from related parties	<u>15,486</u>	<u>29,596</u>

21 ADJUSTMENT FOR NON-CASH ITEMS

(Profit)/ loss on disposal of property, plant and equipment (Note 8)	(592)	228
Amounts transferred from advance payments (Note 16)	-	-
Depreciation of property, plant and equipment (Note 9)	76,239	61,250
Depreciation- Right to use asset	18,630	18,271
Adjustments for non-capital expenditure (Note 12, 13)	(461)	3,491
Amortisation of intangible assets (Note 13)	12,805	19,143
lease finance costs	1,011	1,809
Gains on release of capital grants	(2,030)	-
Loss on property valuation	220,913	-
Amortisation of grants (Note 18)	(81,737)	(74,186)
	<u>244,778</u>	<u>30,006</u>

BOTSWANA UNIFIED REVENUE SERVICE (OWN ACCOUNTS)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2021

	2021 P'ooo	2020 P'ooo
22 RIGHT OF USE ASSETS		
Opening cost	48,206	-
Additions	5,186	48,206
Disposals	(37,375)	-
Cost as at year end	<u>16,017</u>	<u>48,206</u>
Opening Accumulated Depreciation	18,271	-
Additions	18,629	18,271
Disposals	(33,222)	-
Closing Accumulated Depreciation	<u>3,678</u>	<u>18,271</u>
Opening Carrying amount	29,935	-
Closing carrying amount	12,339	29,935
Depreciation charge of right-of-use assets		
Buildings	18,629	18,271
Interest expense (included in finance cost)	1,011	1,809
Expense relating to short-term leases (included in administrative expenses)	-	5
LEASE COMMITMENTS		
At the end of the year, BURS had outstanding commitments for future minimum lease payments under non cancellable leases , which fall due as detailed below:		
Current	2,753	21,084
Non-current	10,217	13,339
	<u>12,970</u>	<u>34,423</u>

The carrying value of the lease liability approximate fair value due to short term maturity of the liability

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

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

For the year ended 31 March 2021

	2021 P'ooo	2020 P'ooo
--	---------------	---------------

23 CONTINGENT LIABILITIES

BURS is in a dispute with third parties regarding the ownership of Zanzibar AND Plaatjan. The fair value of the land in dispute is P265,500 (2020: P600,000). As these third parties hold the legal title, BURS may need to purchase the land from the third parties.

24 CAPITAL COMMITMENTS

Commitments for the acquisition of property, plant and equipment	368,700	409,950
--	---------	---------

Capital expenditure approved at the statement of financial position date but not recognised in the financial statements is as follows:

Approved and contracted for	225,076	344,450
Approved but not yet contracted for	143,624	65,500

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

25 EVENTS AFTER THE REPORTING PERIOD

Management evaluated 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".

There were no such events that required adjustments or disclosure

GOING CONCERN ASSESSMENT

The BURS management have assessed going concern status and despite COVID 19 impact the Management is confident that the BURS will continue its operations in the foreseeable future. The Ministry of Finance provided a letter committing to funding and supporting BURS to execute its mandate.

26 STATUTORY COMPLIANCE

For the year ended 31 March 2021, 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.

An aerial photograph of a modern office building complex. The main building is a large, rectangular structure with a facade of vertical slats and a grid of windows. It has 'burs' and 'BURS' logos on its side. To its right is a taller, more angular building. The foreground shows a parking lot with several cars and a few people. In the background, there is a residential area with houses and trees, and a city skyline under a hazy sky.

BOTSWANA UNIFIED REVENUE SERVICE FINANCIAL STATEMENTS

31 MARCH 2021

ADMINISTERED GOVERNMENT REVENUE ACCOUNTS

BOTSWANA UNIFIED REVENUE SERVICE

(ADMINISTERED GOVERNMENT REVENUE ACCOUNTS)

GENERAL INFORMATION

31 March 2021

BOARD OF DIRECTORS

Kelapile Mabekho Ndobano
Wankie B. Wankie
Segolo Lekau
Gaamangwe Lebele
Ontlametse B. Ward
Keletso Mothusi
Gaongalelwe G.P. Mosweu
Jeanette Chanda Makgolo
Boitumelo Sandy
Dr. Pinkie Gertrude Kebakile
Dr. Lesedi Says Senatla

Chairperson - until 9 December 2020
Non-executive Director - until 30 June 2020
Acting Commissioner General
Non-executive Director - until 10 December 2020
Non-executive Director - until 30 December 2020
Non-executive Director - until 30 June 2020
Non-executive Director - until 30 June 2020
Chairperson - appointed 10 December 2020
Non-executive Director - appointed 10 December 2020
Non-executive Director - appointed 10 December 2020
Non-executive Director - appointed 10 December 2020

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 53976 CBD
Kudumatse Drive
Private Bag 0013
Gaborone

AUDITOR

PricewaterhouseCoopers Botswana

BANKERS

Bank of Botswana
ABSA Bank of Botswana Limited
First National Bank of Botswana Limited

BOTSWANA UNIFIED REVENUE SERVICE

(ADMINISTERED GOVERNMENT REVENUE ACCOUNTS)

GENERAL INFORMATION

31 March 2021

CONTENTS	PAGES
Directors' statement of responsibility and approval of the financial statements	80
Independent auditor's report	81-84
Statement of financial performance	85
Statement of financial position	86
Statement of changes in net assets	87
Statement of cash flows	88
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BOTSWANA UNIFIED REVENUE SERVICE

(ADMINISTERED GOVERNMENT REVENUE ACCOUNTS)

GENERAL INFORMATION

31 March 2021

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 2021, 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 81 to 84.

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 endeavors to minimise it by ensuring that appropriate Infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The Directors state that, for the year ended 31 March 2021, BURS has not complied with the following paragraphs of the Botswana Unified Revenue Service Act:

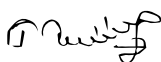
- Paragraph 28 (2) which requires the Revenue Service to submit its books of accounts and statement of accounts to an auditor appointed by the Board within 60 days of the year-end and requires that the accounts be audited no later than 3 months after the year-end; and
- Paragraph 29 (1) which requires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

Despite 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 85 to 97, which have been prepared on the going concern basis, were approved by the Board on 21-06-2022 and were signed on its behalf by:



Board Chairperson



Acting Commissioner General

INDEPENDENT AUDITOR'S REPORT

31 March 2021



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: 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.

What we have audited

The financial statements of the Botswana Unified Revenue Service: Administered Government Revenue Accounts set out on pages 85 to 97 comprise:

- the statement of financial position as at 31 March 2021;
- the statement of 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 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 Botswana Unified Revenue Service (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, and is based on agreement between the Revenue Service and the Ministry of Finance and Economic Development (the "Ministry") to meet the financial reporting requirements of the Ministry. As a result, the financial statements may not be suitable for another purpose.

Our report is intended solely for the Revenue Service and the Ministry and should not be distributed to or used by any other parties.

Our opinion is not modified in respect to these matters.

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

Country Senior Partner: R Binedell
Partners: A S Edirisinghe, I D Molebatsi, S K Wijesena

INDEPENDENT AUDITOR'S REPORT

31 March 2021



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

Key audit matter	How our audit addressed the key audit matter
<p>Recognition of tax revenues and other revenue collected on behalf of Government Departments</p> <p>The Revenue Service collects taxes such as income tax (including withholding taxes) and Value Added Tax (collectively "Tax Revenue") and Customs - Southern African Customs Union Pool Receipts ("SACU - Pool Receipts") on behalf of the Government of Botswana. It also collects amounts, such as copyright levy, tobacco levy, road safety tokens, transport permits, flour levy and alcohol levy on behalf of Departments and Ministries of the Government of Botswana ("Other Revenue").</p> <p>Tax Revenues, SACU - Pool Receipts and Other Revenue are included in the Statement of Financial Performance as Revenue Collected on behalf of the Government of Botswana.</p> <p>Tax Revenues are recognised in the Statement of Financial Performance when all of the following conditions are satisfied:</p> <ul style="list-style-type: none"> • A receipt in the form of cash or cash equivalent is recorded in a bank account operated by the Revenue Service; and • The identity of the taxpayer is known and the 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. <p>Customs - SACU Pool Receipts and Other Revenue are recognised in the Statement of Financial Performance when a receipt in the form of cash or cash equivalent is recorded in a bank account operated by the Revenue Service.</p> <p>For the year ended 31 March 2021, Revenue Collected on behalf of the Government of Botswana included the following amounts:</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> • Inspected the Revenue Service's accounting policy to obtain an understanding of revenue recognition policies as of 31 March 2021. • We performed a negative confirmation process with all commercial banks in Botswana to ensure that there are no bank accounts operated in the Revenue Service's name, which had not been identified as such by the Revenue Service. We noted no exceptions. • We obtained electronic downloads of all bank statements operated by the Revenue Service for receipts of Tax Revenue, SACU - Pool Receipts and Other Revenue and, using our expertise in data analytics: <ul style="list-style-type: none"> • recomputed the balances on such bank accounts at 31 March 2021 utilising balances reported at 31 March 2020 and transactions recorded in the bank statements, and reconciled the recomputed balances to those recorded in the Statement of Financial Position with no exceptions; • recomputed the total values of Tax Revenue, SACU - Pool Receipts and Other Revenue based on details of transactions recorded in the bank statements and reconciled these to values in recorded the • Statement of Financial • Performance, noting no material unexplained reconciling differences. • We tested a sample of individual Tax Revenue transactions as recorded to underlying supporting documents to assess whether these have been appropriately recognised based on the accounting policy and had been correctly classified as to underlying tax collected. We noted no significant exceptions. • We obtained a written confirmation of Customs - SACU Pool Receipts paid to the Revenue Service during the financial year from the Secretariate of the Southern African Customs Union and agreed these amounts to receipts credited to the bank accounts maintained by the Revenue Service. We noted no differences. • We tested a sample of individual Other Revenue

INDEPENDENT AUDITOR'S REPORT

31 March 2021



- BWP14.993 billion for income taxes;
- BWP6.956 billion for Value Added Taxes;
- BWP16.459 billion for Customs - SACU Pool Receipts; and
- BWP505 million for Other Revenue.

We considered the recognition of Tax Revenue, Customs and Other Revenue as a matter of most significance to the current year audit due to the high volume of individual transactions aggregated in the amounts and the significance of these amounts.

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
- Note 8 - Revenue collected on behalf of Government Departments.

transactions as recorded to underlying supporting documents to assess whether these have been correctly classified as to underlying nature. We noted no significant exceptions.

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 2021 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 a 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 2021 to present its own financial position, its financial performance and its cash flows in accordance with International Financial Reporting Standards on which we issued a separate auditor's report to the Minister of Finance and Economic Development dated 27 July 2022.

Responsibilities of the directors for the financial statements

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

INDEPENDENT AUDITOR'S REPORT

31 March 2021



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 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 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 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.

From the matters communicated with the 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 matters 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.

PricewaterhouseCoopers
Firm of Certified Auditors
Individual practicing member: Rudi Binedell (CAP 003 2022)

27 July 2022
Gaborone

BOTSWANA UNIFIED REVENUE SERVICE

(ADMINISTERED GOVERNMENT REVENUE ACCOUNTS)

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDING 31 MARCH 2021

	Notes	2021 P'ooo	2020 P'ooo
Revenue Collected on behalf of the Government of Botswana			
Tax revenue and customs receipts			
Income Tax	2	14,993,052	16,983,885
Value added tax ("VAT")	3	6,955,686	7,315,001
Customs - SACU Pool Receipts	4	16,458,974	13,979,412
Other Tax revenue	5		94
Total Tax revenue and customs receipts		38,407,712	38,278,392
Non tax revenue	6	2,930	20,263
Provision for doubtful debts	9	(475)	(453)
Total Revenue collected on behalf of Government of Botswana		38,410,167	38,298,202
Amount retained for BURS funding	7	(759,472)	(908,646)
Net Revenue collected on behalf of Government of Botswana		37,650,695	37,389,556
Revenue collected on behalf of Government Departments	8	504,901	857,371
Effects of currency gains/losses of Customs remittances	4	(11,135)	10,586
Total Net Revenue collected on behalf of Government of Botswana		38,144,461	38,257,513

BOTSWANA UNIFIED REVENUE SERVICE

(ADMINISTERED GOVERNMENT REVENUE ACCOUNTS)

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDING 31 MARCH 2021

	Notes	<u>2021</u> P'000	<u>2020</u> P'000
ADMINISTERED ASSETS			
Current Assets			
Amount due from related parties	12	2,498	96
Amount due from Government remittance	12	23,443	
Accounts receivable	9	9	13
Cash and Cash equivalents	10	214,268	297,892
Total Administered Assets		<u>240,218</u>	<u>298,001</u>
ADMINISTERED LIABILITIES			
Current Liabilities			
Amount due to related parties	12	140,067	180,728
Accounts payable	11	100,151	117,273
Total liabilities		<u>240,218</u>	<u>298,001</u>

BOTSWANA UNIFIED REVENUE SERVICE

(ADMINISTERED GOVERNMENT REVENUE ACCOUNTS)

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDING 31 MARCH 2021

2020**P'ooo****Amounts due to /(from) Government Remittance Account****Balance at 1 April 2019**

Total net revenue collected for the year

89,122

Net transfers to Government Remittance Account

38,257,514

Balance at 31 March 2020

(38,268,407)

Total Net collected for the year

78,229

Net transfer to Government Remittance Account

38,144,461

Balance at 31 March 2021

(38,246,133)

(23,443)

The amount due to the Government Remittance Account represents collections awaiting transfer to Government, this is the default and ideal net asset position.

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

BOTSWANA UNIFIED REVENUE SERVICE

(ADMINISTERED GOVERNMENT REVENUE ACCOUNTS)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDING 31 MARCH 2021

	2021 P'000	2020 P'000
Cash flows from operating activities:		
Total net revenue collected for the year	38,144,461	38,257,514
Total net transfers to Government Remittance Account	(38,246,133)	(38,268,407)
Net Collections of transfers to Government Remittance Account	(101,672)	(10,893)
Movement in assets and liabilities		
(Increase)/decrease in administered non-cash assets	(2,398)	(100)
(Decrease)/increase in administered non-cash liabilities	20,446	5,586
Net Movement in assets and liabilities	18,048	5,486
Increase in cash and cash equivalents	(83,624)	(5,407)
Cash and cash equivalents at the beginning of year	297,892	303,299
Cash and cash equivalents at the end of year	214,268	297,892

BOTSWANA UNIFIED REVENUE SERVICE

(ADMINISTERED GOVERNMENT REVENUE ACCOUNTS)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 MARCH 2021

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 movements in collections and payments to third parties and Annexure 2 - Detailed accounts payable listing, which are reported in units of Pula. These annexures do not form part of the audited financial statements. It is presented as additional information.

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.

2. 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 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;

BOTSWANA UNIFIED REVENUE SERVICE

(ADMINISTERED GOVERNMENT REVENUE ACCOUNTS)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 31 MARCH 2021

- 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 favor or unfavorable to the Government of Botswana, the degree of estimation uncertainty and confidentiality of pending favorable/unfavorable 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 dishonored 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.

BOTSWANA UNIFIED REVENUE SERVICE

(ADMINISTERED GOVERNMENT REVENUE ACCOUNTS)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 31 MARCH 2021

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.

2. INCOME TAX

	<u>2021</u>	<u>2020</u>
	P'ooo	P'ooo
Income tax revenue collected during the year was derived from the following sources		
Withholding tax	2,454,474	2,809,070
Deduct tax (Pay As You Earn)	7,458,170	7,444,024
Assessed tax	5,193,084	7,334,036
Penalty	9,105	58,235
Transfer duty	32,766	118
Capital transfer tax	5,005	3,593
Gross income tax receipts	<u>15,152,604</u>	<u>17,649,076</u>
Refunds	(159,552)	(665,190)
Net income tax receipts	<u>14,993,052</u>	<u>16,983,886</u>

BOTSWANA UNIFIED REVENUE SERVICE

(ADMINISTERED GOVERNMENT REVENUE ACCOUNTS)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 31 MARCH 2021

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 2021 and 31 March 2020 represent the actual cash paid out as VAT refunds. The net VAT revenue received during the year is analyzed as follows:

	2021 P'ooo	2020 P'ooo
VAT Import	4,814,962	5,191,049
VAT Internal	3,912,272	4,731,299
VAT interest and penalties	222,772	48,180
Fuel Levy	105,844	128,872
Gross receipts	9,055,850	10,099,400
Refunds	(2,100,164)	(2,784,399)
Net VAT receipts	6,955,686	7,315,001

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.

Customs- SACU pool receipts	16,458,974	13,975,728
SACU (Over)/under payment adjustment	-	3,684
	16,458,974	13,979,412
Effects of Currency gains/(losses) of customs receipts	(11,135)	10,586

BOTSWANA UNIFIED REVENUE SERVICE

(ADMINISTERED GOVERNMENT REVENUE ACCOUNTS)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 31 MARCH 2021

5. OTHER TAX REVENUE

	2021	2020
	P'ooo	P'ooo
Other tax revenue reported includes collection from the replacement of prior year cheques dishonoured by bank	-	94

6. 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 points of entry.

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

Licence Fees	4	25
Customs Fines	2,926	20,239
	2,930	20,264

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 financial year ended 31 March 2021 is as follows:

Amount retained for BURS funding	759,473	908,646
Consisting of:		
Amount retained for use of in recurrent expenditure (note 12)	644,473	615,766
Amount retained for use of in development expenditure (note 12)	115,000	292,880
	759,473	908,646

The limits for the comparative years were as follows:

Recurrent expenditure - 2 percent of total revenue collected	768,203	765,964
Development Expenditure - 1 percent of total revenue collected	384,102	382,982
	1,152,305	1,148,946

BOTSWANA UNIFIED REVENUE SERVICE

(ADMINISTERED GOVERNMENT REVENUE ACCOUNTS)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 31 MARCH 2021

8. REVENUE COLLECTED ON BEHALF OF GOVERNMENT DEPARTMENTS

BURS collects revenue on behalf of Government departments. These include:

- i. Road 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 amount reported as revenue collected on behalf of other Government departments is as follows:

	2021	2020
	P'000	P'000
Revenue collected		
Copyright levy	9,530	8,810
Tobacco levy	53,930	73,248
Road Safety tokens	2,708	8,226
Transport permit	134,026	264,269
Flour levy	2,214	1,082
Alcohol levy	291,181	501,736
Covid levy	11,312	
	504,901	857,371

9. ACCOUNTS RECEIVABLE

Accounts receivable represents debtors in respect of cheques dishonoured by bank and payments due from BURS Own Account.

Other receivable	9	13
Dishonoured cheques	95,058	94,583
Provision for doubtful debts	(95,058)	(94,583)
Accounts receivables	9	13

The movements in the provision for doubtful debts is as follows

Balance at the beginning of the year	(94,583)	(94,224)
Movement in the provision for dishonoured cheques		
- Provision made for dishonoured cheques during the year	(475)	(453)
- Replacement of prior year's dishonoured cheques (note5)		94
Balance at end of the year	(95,058)	(94,583)

BOTSWANA UNIFIED REVENUE SERVICE

(ADMINISTERED GOVERNMENT REVENUE ACCOUNTS)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 31 MARCH 2021

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	214,268	297,892
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11. ACCOUNTS PAYABLE

Amount due to tax payers	87,638	87,794
Unallocated tax payer receipts	12,513	29,479
	100,151	117,273

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.

12. 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:

BURS • As reported in Own Accounts

Amount retained for BURS funding

Recurrent Expenditure	644,473	615,766
Development expenditure	115,000	292,880
	759,473	908,646
Amount due from BURS		
Bank Charges	2,498	96

BOTSWANA UNIFIED REVENUE SERVICE

(ADMINISTERED GOVERNMENT REVENUE ACCOUNTS)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 31 MARCH 2021

Amount due to Government Entities

Human Resources Development Council
 Motor Vehicle Accident Fund
 BURS Commission payable
 Customs and Excise duties

(140,067)

98,268)
 (739)
 (17,798)
 (23,262)

(102,499)

779,956)
 (1,758)
 (20,785)
 -

Amount (due to)/ from Government Remittance

Amount due to:
 Amount due from:

23,443

-
 23,443

(116,624)**(78,229)**

(78,229)
 -

(180,728)

The amount due from the Government Remittance Account represents collections transferred in excess to the Government as at year end and loss resulting from fluctuation in foreign currency exchange when remitting to SACU, whereas the amount due to the Government Remittance Account represents collections awaiting transfer to Government.

13. SUBSEQUENT EVENTS

1. The world continued to be affected by the corona virus pandemic. Most economies went into "lockdowns" as a necessary protection measure to try to reduce the degree of the spread of the COVID-19 virus. Economic activity worldwide continued to be greatly affected, notably international trade and tourism.
2. Botswana developed a post COVID-19 economic recovery strategy (ERTP) which is expected to help the country to bounce back to growth. ERTP is expected to boost the non-mining sector especially agriculture, tourism, creative industry, and manufacturing.
3. The government has strengthened domestic revenue generation hence it proposed new tax law changes.
 - The VAT tax rate was increased from 12% to 14% with the main purpose of broadening the domestic revenue base. The increase in the rate will slightly increase prices of taxable goods and services and push up inflation, in the short term. The increase is anticipated to increase BURS revenue collection.
 - In order to alleviate the burden on taxpayers, Government has raised the threshold at which income earners become liable for income tax from P36,000 to P48,000. The change will reduce PAYE or Personal Income Tax for individuals' collection.
 - Government has introduced a levy of P0.02/g in excess of 4g/100ml on sugar saturated beverages such as fizzy drinks to reduce the consumption of sugar.

BOTSWANA UNIFIED REVENUE SERVICE

(ADMINISTERED GOVERNMENT REVENUE ACCOUNTS)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDING 31 MARCH 2021

- Taxpayers with outstanding tax amounts have been granted an opportunity to clear the principal amount owed in exchange for write off of interests and penalties. This was an effort to further ease the burden on taxpayers, during the Covid19 crisis. This is expected to help in debt recovery but will on the other hand reduce revenue usually collected as interest and penalties.
- Government has introduced levy on used vehicle imports. Government is still working on modalities of imposing the levy. This is expected to raise revenue and address environmental concerns regarding pollution.

With policies and strategies that countries are developing, we expect that most economic activities will bounce back towards normality in the coming years. This will boost business and help BURS achieve its mandate.

We also expect the introduction of new levies and increase of tax rates to increase revenue collection for government to fund the budget and reduce deficit.

BOTSWANA UNIFIED REVENUE SERVICE

(ADMINISTERED GOVERNMENT REVENUE ACCOUNTS)

ANNEXURE 1 - SCHEDULE OF MOVEMENTS IN COLLECTINGS AND PAYMENTS TO THIRD PARTIES

FOR THE YEAR ENDING 31 MARCH 2021

	SACU Common Revenue Pool	Motor Vehicle Accident Fund	Human Resources Development Council	Total
31 March 2021				
	p	p	p	p
Balance at 1st April 2020		1,758,352	79,956,074	81,714,426
Collections	582,448,780	2,512,891	228,208,286	813,169,957
Payment to third parties	(559,187,215)	(3,282,075)	(200,272,553)	(762,741,843)
Payments - BURS Commission		(249,825)	(9,623,639)	(9,873,464)
SACU Contract alignment				
Balance at 31 March 2021	23,261,565	739,343	98,268,168	122,269,076
31 March 2020				
Balance at 1st April 2019		2,046,059	69,438,376	71,484,435
Collections	647,998,398	10,388,524	322,399,360	980,786,282
Payment 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		1,758,352	79,956,074	81,714,426

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.

BOTSWANA UNIFIED REVENUE SERVICE

(ADMINISTERED GOVERNMENT REVENUE ACCOUNTS)

ANNEXURE 2 • DETAILED ACCOUNTS PAYABLE LISTING

FOR THE YEAR ENDING 31 MARCH 2021

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

ACCOUNTS PAYABLE	Other Payables P'000	Unremitted Collections P'000	Refundable Deposits P'000	Total P'000
31 March 2021				
Temporary Deposit			21,961	21,961
Payable to BURS Own Accounts	17,798			17,798
Training Levy (HRDC)		98,268		98,268
Assurance Levy (Motor Vehicle Accident Fund)		739		739
Unallocated Electronic Funds Transfers (EFT) transaction)		12,513		12,513
Unpresented cheques	42,068			42,068
Income Tax refund accounts	21,605			21,605
Cash gains and losses		2,004		2,004
	81,471	113,524	21,961	216,956
31 March 2020				
Temporary Deposit			18,435	18,435
Payable to BURS Own Accounts				
Training Levy (HRDC)		79,956		79,956
Assurance Levy (Motor Vehicle Accident Fund)		1,758		1,758
Unallocated Electronic Funds Transfers (EFT) transaction)		29,479		29,479
Unpresented cheques	42,074			42,074
Income Tax refund accounts	21,605			21,605
Cash gains and losses		1,683		1,683
Various suspense account		3,997		3,997
	63,679	116,873	18,435	198,987

