

TIWB Programme N° F2018-0009

Host Administration:
Zambia Revenue Authority (ZRA)

Expert source:
South African Revenue Service (SARS)

Programme Dates:
June 2018 – December 2019

Zambia requested TIWB tax audit assistance for transfer pricing (TP) and international taxation issues in March 2018. SARS deployed two experts under this TIWB programme to assist ZRA auditors. They conducted a total of six onsite missions and provided ad-hoc remote assistance from June 2018 to December 2019. A total of nine audit cases were progressed in the extractives sector. Tax issues covered under this TIWB programme included assets and depreciation, hybrid instruments, intangibles, intragroup services and TP. ZRA and the TIWB Experts rated the support provided by the TIWB Secretariat highly.

Impact of the practical audit assistance programme

The TP audit assistance programme helped Zambia achieve the following results:

- **Human Resource development - Skill and knowledge transfer:** Nine ZRA tax officials furthered their skills in information gathering and analysing publicly available information beyond annual financial statements of the audit taxpayers through the programme. They applied the knowledge acquired for selecting audit cases based on risk assessments and strengthened their interview skills. The auditors learned to extrapolate information and data to provide a clearer picture of the audit case and to request specific and relevant information from the taxpayer. Furthermore, the TIWB Expert observed that the ZRA officials' confidence increased – this was reflected in their meetings and interviews with taxpayers. Lastly, the ZRA officials acquired a detailed understanding of business and process flows of the extractive sector, enabling them to better understand individual businesses and assess risks.
- **Institutional Development – Legislative changes, tools, process and procedures:** Under the TIWB programme, the TIWB Experts and ZRA officials developed internal working procedures, processes and guidelines regarding audit techniques. Specific risk selection methods and criteria for the extractives industry were identified.
- **Lessons Learned:** The flexibility of TIWB support facilitates adaptation to the situation on ground for a more effective and demand-led assistance and knowledge transfer.