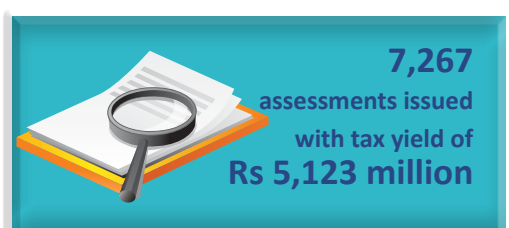
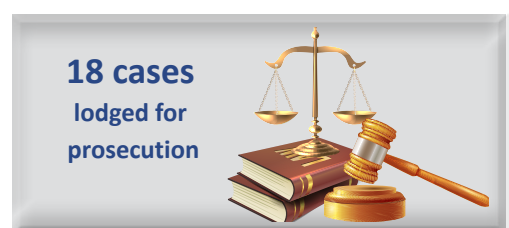
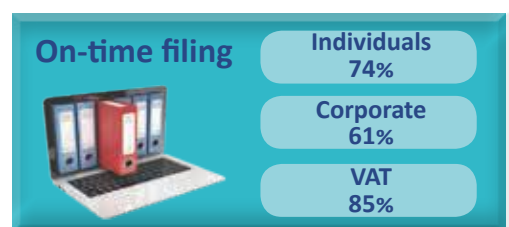


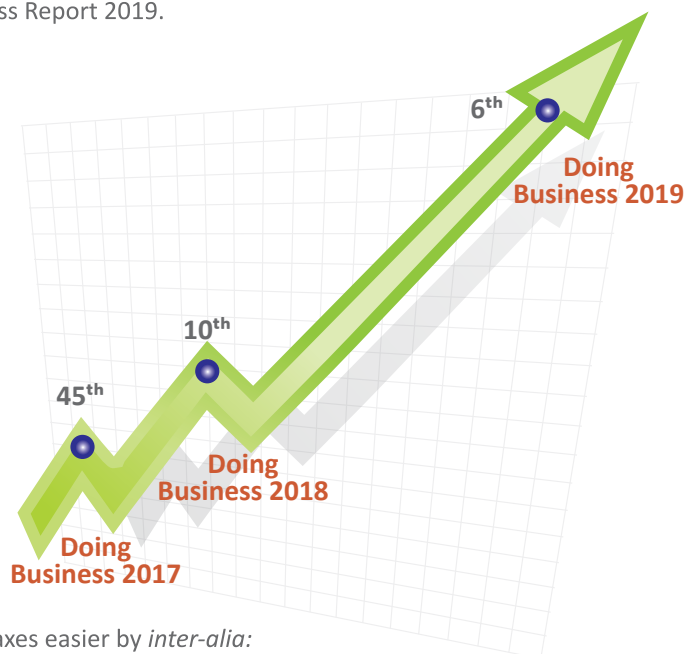
11. STRATEGIC OUTCOME: EASING TAX COMPLIANCE

We engage with our taxpayers by making their tax compliance right from the start. Our strategic intent has been to continually improve our systems and approaches to facilitate compliance of our taxpayers.



11.1. WORLDWIDE RANKING IN TERMS OF EASE OF PAYING TAXES

Mauritius improved its Paying Taxes ranking by moving from the 10th to 6th position in the World Bank Doing Business Report 2019.

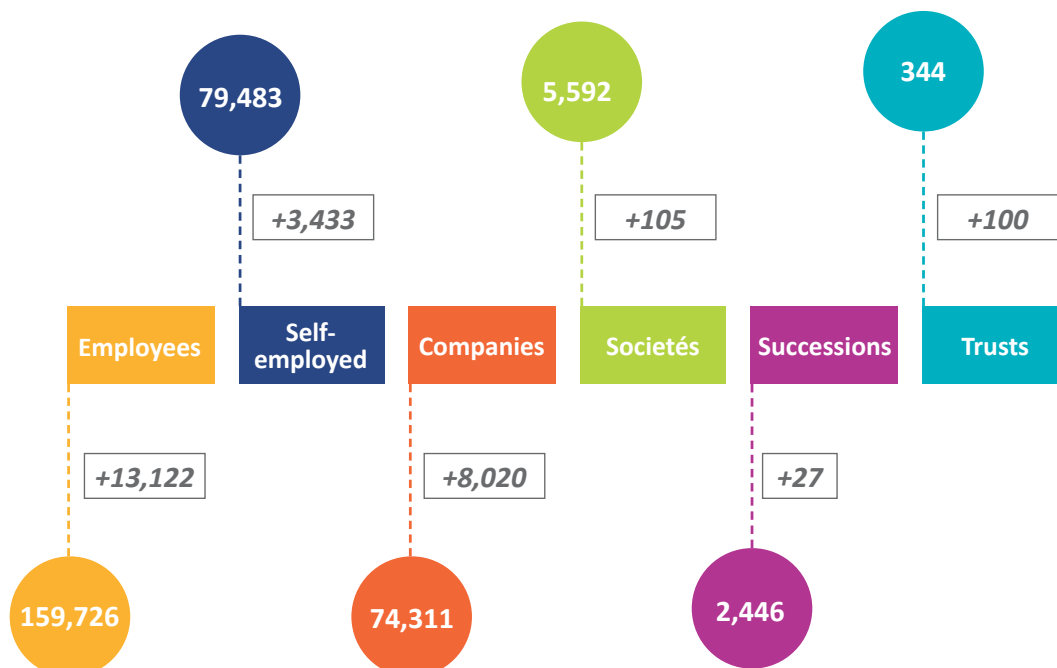


We made paying taxes easier by *inter-alia*:

- (i) Engaging with our stakeholders;
- (ii) By introducing an expedited processing system for VAT repayments; and
- (iii) By upgrading our platform for the online submission of amended corporate tax returns.

11.2. TAXPAYER REGISTRATION

11.2.1. Taxpayers on Income Tax Register as at 30.06.2019



Tax Compliance

As at end of FY 2018/19, the income tax register grew by 5% to reach 322,262 taxpayers. The growth was on account of a higher number of individual taxpayers complying with their registration obligation and actions taken by our Information Unit by matching information from third party sources and officers therein undertaking visits on field for widening of tax base.

11.2.2. VAT register

The VAT register grew by 4% and was propelled by more VAT payers submitting returns on a quarterly basis, i.e. those with taxable supply of less than Rs 10 million.



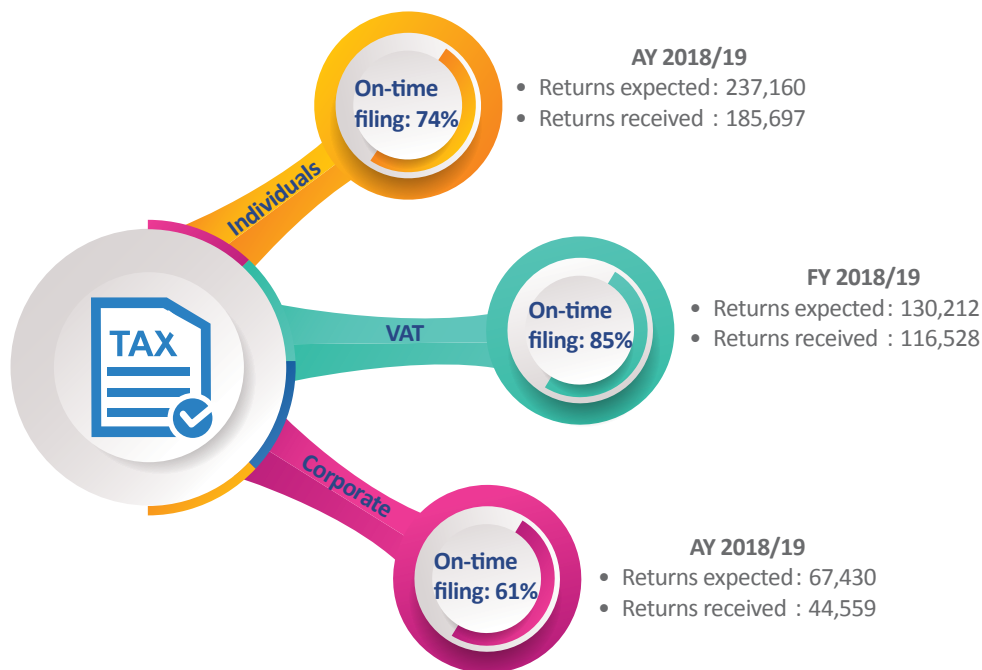
11.2.3. Employers register

With the collection function of the Social Security Contribution (SSC) being taken over by the tax administration in early 2018, the MRA pursued with its strategy to facilitate small businesses by developing an application, the MRAeasy for joint filing and payment of PAYE and NPF/NSF. Employers may now file a single return for PAYE and SSC on a 24/7 basis and therefore enhancing their compliance. For the year in review, our PAYE register grew by 9% while NPF/NSF register grew by 14%.

Table 3: Employers register – FY 2018/19

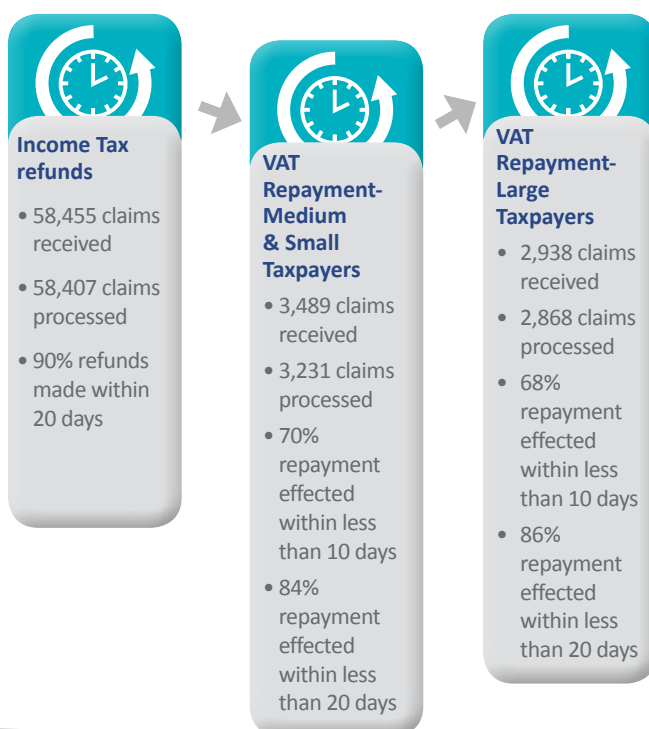
Details	Number on register		New registration	Growth
	30.6.2018	30.6.2019		
Employers				
PAYE	31,946	34,669	3,376	9%
NPF/NSF	25,699	29,352	3,976	14%

11.3. RETURN FILING COMPLIANCE



Non-filers are closely monitored by the Non-Filers Unit of the Medium and Small Taxpayers Department. Officers attached to the Unit undertook 75 on-site visits. 377 companies which were under the radar of the Unit submitted 2,037 returns, including returns due for previous years and the assessable tax amount was Rs 242 million. In addition, 7,576 entities which were found to have no filing obligation were sent to the Registration Section of the Operational Services Department to process for deregistration.

11.4. PROCESSING OF REFUNDS AND REPAYMENTS

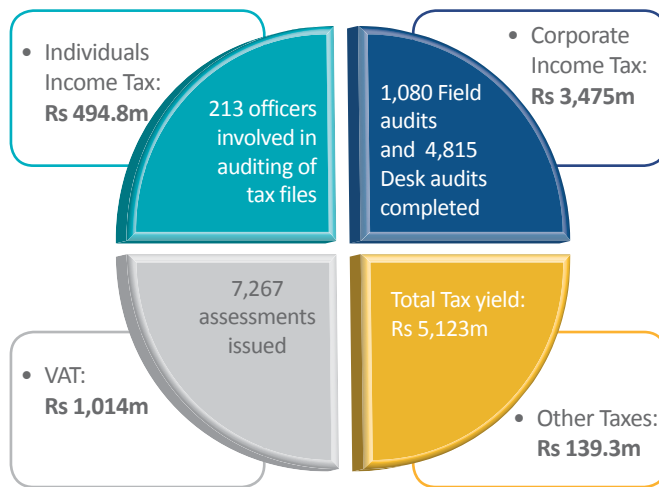


The MRA has expedited income tax refunds by leveraging on information technology for the benefits of individual taxpayers. For the year 2018/19, 91% of claims that we processed were auto-refunded, i.e. without examination of the tax returns.

For a speedy VAT repayment, we also operate a fast track system for the processing of repayment claims in cases where the returns have been filed electronically.

Tax Compliance

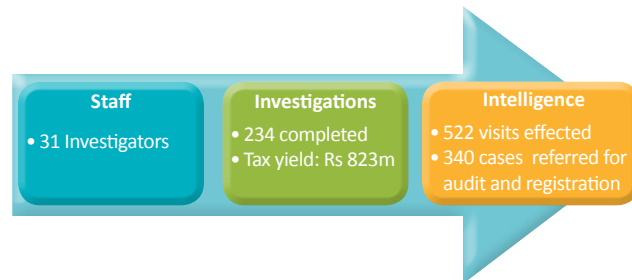
11.5. TAX YIELDS FROM AUDITS COMPLETED



The MRA has an automated process for selecting cases for audit and during FY 2018/19 a total of 14,169 audits were completed of which 8,274 related to refunds and repayments.

The MRA also had 2,000 High Networth Individuals (HNWIs) on register at end of the financial year and their tax compliance is monitored by the HNWI Unit. Many HNWIs were subject to audit and the amount assessed was Rs 266.3 million.

11.6. FISCAL INVESTIGATION



During the course of the FY 2018/19, the Special Measures Unit of the Fiscal Investigation Department uncovered the case of a company which although officially defunct, was still in operation. Claim was issued on the company for a tax amounting to Rs 4 million.

11.7. OBJECTION AND APPEALS

Objection lodged by taxpayers against claims and assessments issued by the MRA as per various tax legislations is dealt with independently by Objection, Appeals and Dispute Resolution Department (OADRD) which is staffed by 66 officers.



Where a person is dissatisfied with a determination of an assessment, then he may make a representation to the Assessment Review Committee (ARC). As from September 2018, a person lodging a representation to ARC is required to pay 5% of the amount determined as specified in the notice of determination. In FY 2018/19, 1,926 representations were made at ARC with tax amount of Rs 6,238 million.

Table 4: Status of objection and appeal cases – FY 2018/19

Details	Objection				ARC				Supreme Court			
	Individual		Companies		Individual		Companies		Individual		Companies	
	No.	Amount (Rs)	No.	Amount (Rs)	No.	Amount (Rs)	No.	Amount (Rs)	No.	Amount (Rs)	No.	Amount (Rs)
Cases as at 1 July 2018	398	128,545,884	360	833,821,233	1,092	923,204,666	1,614	12,675,238,450	21	20,541,749	24	280,663,706
Cases lodged	1,048	547,112,840	1,200	5,402,011,594	748	532,083,803	1,178	5,706,265,377	8	20,949,187	6	23,960,987
Cases determined	1,199	324,348,034	1,275	5,596,312,407	942	528,286,540	1,071	3,807,918,122	9	7,291,987	8	10,764,895
Cases as at 30 June 2019	247	351,310,690	285	639,520,420	898	927,001,929	1,721	14,573,585,706	20	34,198,949	22	293,859,798

11.8. PROSECUTION



Tax evasion is a serious offence and a person on conviction by the Court may be liable to a fine or even to imprisonment. During the FY 2018/19, 18 cases with tax amount of Rs 58.7 million were lodged for prosecution while for the same period the Court gave its decision in 22 cases.

Table 5: Taxpayers prosecuted during 2018/19

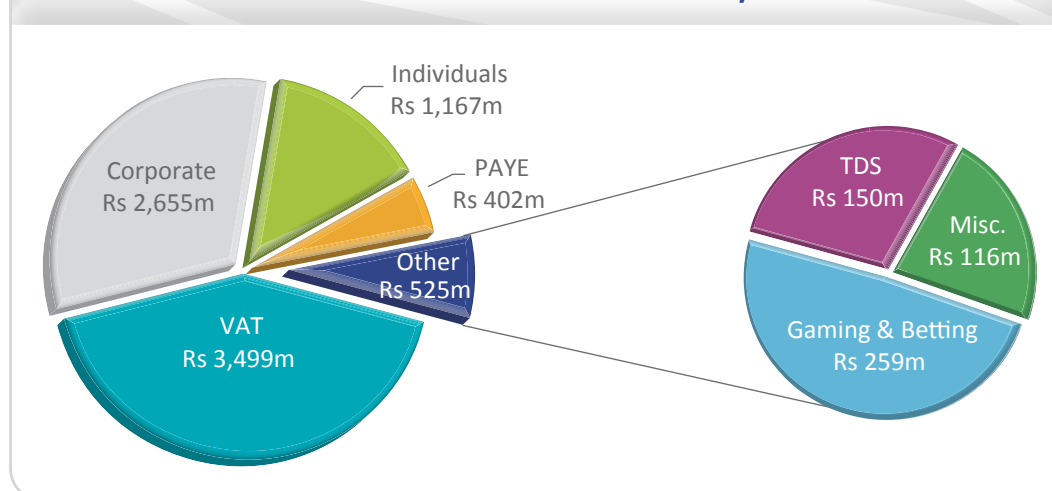
By types of offences under respective Acts	Cases lodged for prosecution during the year		Number of cases where decision given by Court*			Cases under prosecution at 30 June 2019	
	No.	Tax amount (Rs)	No.	Tax Amount (Rs)	Fine Imposed (Rs)	No.	Tax Amount (Rs)
Customs	2	47,692,831	4	449,806	13,200	11	49,730,360
Excise	9	-	8	-	32,800	5	-
Value Added Tax	4	9,809,546	2	978,784	-	11	32,617,204
Income Tax	3	1,204,409	7	2,051,671	960,600	3	15,815,501
Gambling	-	-	1	4,004,548	-	-	-
Total	18	58,706,786	22	7,484,809	1,006,600	30	98,163,065

* include cases lodged in previous year

11.9. COLLECTIBLE DEBT STATUS

During FY 2018/19, arrears collections were Rs 3,712 million, while collectible debt of Rs 8,248 million was 22% higher than the preceding financial year. The ratio of total collectible debt to total revenue collection was higher than in FY 2017/18 at 9.2%.

Chart 9: Collectible Debt FY 2018/19

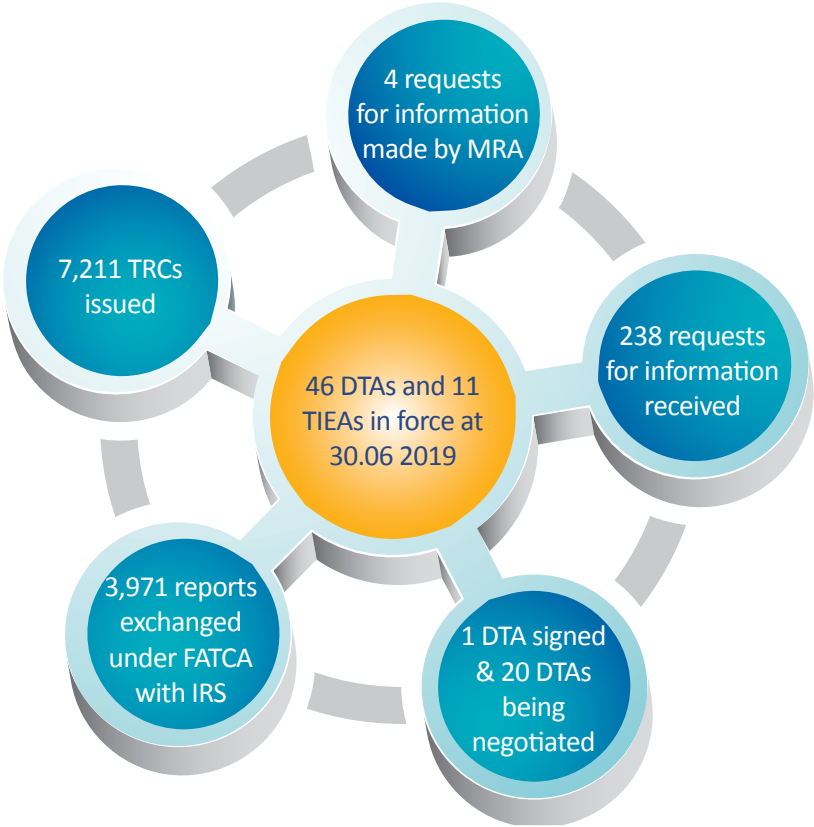


11.10. INTERNATIONAL TAXATION AND ENGAGEMENT WITH INTERNATIONAL STAKEHOLDERS

11.10.1. Reinforcing global networks



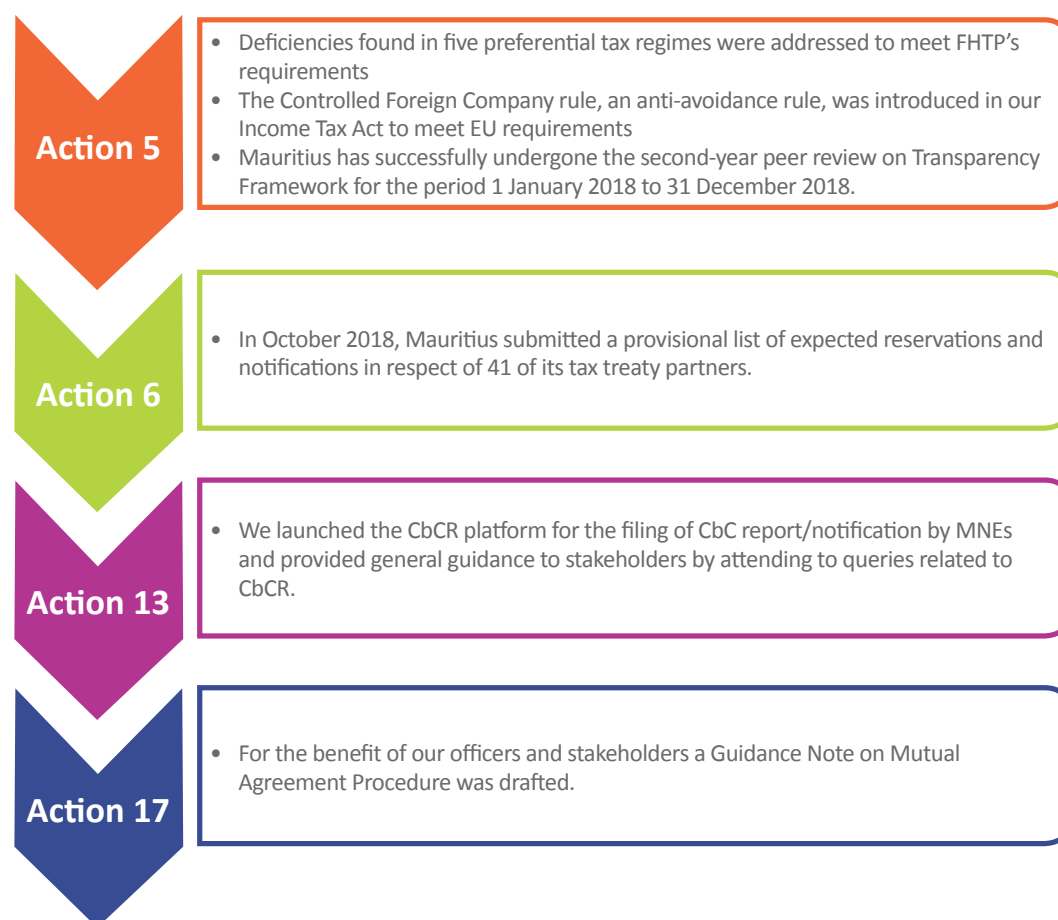
15 officers were attached to the International Taxation Unit during FY 2018/19. The main achievements for the year were as follows:



11.10.2. Effective exchange of information/reports

- The CRS Reporting Platform was launched in July 2018 for the automatic exchange of information and during the FY 2018/19, 20,849 records were exchanged with 63 countries.
- The Country by Country Reporting (CbCR) Platform for the filing of Country by Country report/notification by MNEs for the accounting year ending 30 June 2019 onwards was also launched.

11.10.3. Implementation of BEPS Action Plan



11.11. MRA RODRIGUES

Our branch in Rodrigues is responsible for the monitoring and facilitating compliance of taxpayers in Rodrigues. To assist individual taxpayers in fulfilling their fiscal obligations, the MRA offered the Free Income Tax Assistance Rodrigues again this year. Some of the key tax indicators for MRA Rodrigues are provided in Table 6.

Table 6: MRA Rodrigues –Some key indicators FY 2018/19

Indicators	New taxpayers registered	Number of assessments issued	Amount Assessed (Rsm)	Revenue Collected (Rsm)
Income Tax	253	73	3.2	18.8
VAT	11	1	0.52	45.0
Employers (PAYE)	49	2	0.31	29.1

11.12. OUR PRIORITIES FOR FY 2019/20**(a) Enhancing compliance**

- The two Disclosure Schemes namely the Voluntary Disclosure Scheme for SMEs and Voluntary Disclosure of Income Scheme-Foreign Assets will be implemented.

(b) Enhancing quality of audits

- A sector-wise analysis will be carried out to identify lucrative sectors which are more prone to tax evasion and international tax avoidance. The high risk areas will be targeted and the outcome of the analysis will be used for more efficient audit.
- The Large Taxpayer Department in collaboration with the Tax Risk Management Unit will carry out a risk scoring exercise in respect of cases for which repayment has already been effected. From the report generated, cases with higher risk profile will be selected for audit.
- The Medium and Small Taxpayers Department will also strengthen its risk-based selection process for audit taking into account information received from third party sources such as corporate bodies, financial institution, etc.
- Data from financial institutions and international tax authorities(CRS) will be used for tax audit selection.

(c) Enhancing our engagement with stakeholders

- Cooperative compliance being an essential part of MRA's goal, necessary programmes will be designed for large taxpayers who are well structured and aware of the impact of tax risks on their operations.
- A SME Corner will be made available on the MRA website where all tax matters relating to SMEs will be posted.



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