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.

- World Bank Ease of Paying Taxes Ranking: 6th Place
- On-time filing: Individuals 74%, Corporate 61%, VAT 85%
- Refund & Repayment: 90% of tax refund and 69% of VAT repayment effected within 10 days
- Exchange of Information: 20,849 CRS Records exchanged, 3,971 FATCA reports to IRS
- Field Audit completed: 1,080, Desk Audit completed: 4,815
- Arrears Collected: Rs 3,712 million
- Global Networks: 46 DTAs and 11 TIEAs in force
- 18 cases lodged for prosecution
- 7,267 assessments issued with tax yield of Rs 5,123 million
- Objections finalised: 2,474 cases with tax amount of Rs 5,921 million
11.1. WORLDWIDE RANKING IN TERMS OF EASE OF PAYING TAXES


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

- Employees: 159,726 (+13,122)
- Self-employed: 74,311 (+8,020)
- Companies: 5,592 (+105)
- Sociétés: 344 (+100)
- Successions: 2,446 (+27)
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.

![Diagram of VAT register growth](image)

### 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>
<thead>
<tr>
<th>Details</th>
<th>Number on register</th>
<th>New registration</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30.6.2018</td>
<td>30.6.2019</td>
<td></td>
</tr>
<tr>
<td>Employers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PAYE</td>
<td>31,946</td>
<td>34,669</td>
<td>3,716</td>
</tr>
<tr>
<td>NPF/NSF</td>
<td>25,699</td>
<td>29,352</td>
<td>3,653</td>
</tr>
</tbody>
</table>

![Table 3: Employers register – FY 2018/19](image)
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.
11.5. TAX YIELDS FROM AUDITS COMPLETED

- **Individuals**
  - Income Tax: Rs 494.8m
  - 213 officers involved in auditing of tax files

- **VAT**
  - Rs 1,014m
  - 7,267 assessments issued

- **Corporate**
  - Income Tax: Rs 3,475m
  - 1,080 Field audits and 4,815 Desk audits completed

- **Other Taxes**
  - Rs 139.3m

**Total Tax yield:**
- Rs 5,123m
- 7,267 assessments issued

11.6. FISCAL INVESTIGATION

**Staff**
- 31 Investigators

**Investigations**
- 234 completed
- Tax yield: Rs 823m

**Intelligence**
- 522 visits effected
- 340 cases referred for audit and registration

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 (OADR&D) which is staffed by 66 officers.

- **Staff**
  - 66 Officers

- **Objections Received**
  - Cases: 2,248
  - Tax Amount: Rs 5,949m

- **Objections Finalised**
  - Cases: 2,474
  - Tax Amount: Rs 5,921m

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>
<thead>
<tr>
<th>Details</th>
<th>Objection</th>
<th>ARC</th>
<th>Supreme Court</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Individual</td>
<td>Companies</td>
<td>Individual</td>
</tr>
<tr>
<td>No.</td>
<td>Amount (Rs)</td>
<td>No.</td>
<td>Amount (Rs)</td>
</tr>
<tr>
<td>Cases as at 1 July 2018</td>
<td>398</td>
<td>128,545,884</td>
<td>360</td>
</tr>
<tr>
<td>Cases lodged</td>
<td>1,048</td>
<td>547,112,840</td>
<td>1,200</td>
</tr>
<tr>
<td>Cases determined</td>
<td>1,199</td>
<td>324,348,034</td>
<td>1,275</td>
</tr>
<tr>
<td>Cases as at 30 June 2019</td>
<td>247</td>
<td>351,310,690</td>
<td>285</td>
</tr>
</tbody>
</table>
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>
<thead>
<tr>
<th>By types of offences under respective Acts</th>
<th>Cases lodged for prosecution during the year</th>
<th>Number of cases where decision given by Court*</th>
<th>Cases under prosecution at 30 June 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>Tax amount (Rs)</td>
<td>No.</td>
</tr>
<tr>
<td>Customs</td>
<td>2</td>
<td>47,692,831</td>
<td>4</td>
</tr>
<tr>
<td>Excise</td>
<td>9</td>
<td>-</td>
<td>8</td>
</tr>
<tr>
<td>Value Added Tax</td>
<td>4</td>
<td>9,809,546</td>
<td>2</td>
</tr>
<tr>
<td>Income Tax</td>
<td>3</td>
<td>1,204,409</td>
<td>7</td>
</tr>
<tr>
<td>Gambling</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>18</td>
<td>58,706,786</td>
<td>22</td>
</tr>
</tbody>
</table>

* 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%.
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:

- 46 DTAs and 11 TIEAs in force at 30.06 2019
- 238 requests for information received
- 4 requests for information made by MRA
- 7,211 TRCs issued
- 1 DTA signed & 20 DTAs being negotiated
- 3,971 reports exchanged under FATCA with IRS
- 1 DTA signed & 20 DTAs being negotiated
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

Action 5
- Deficiencies found in five preferential tax regimes were addressed to meet FHTP’s requirements
- The Controlled Foreign Company rule, an anti-avoidance rule, was introduced in our Income Tax Act to meet EU requirements
- Mauritius has successfully undergone the second-year peer review on Transparency Framework for the period 1 January 2018 to 31 December 2018.

Action 6
- In October 2018, Mauritius submitted a provisional list of expected reservations and notifications in respect of 41 of its tax treaty partners.

Action 13
- We launched the CbCR platform for the filing of CbC report/notification by MNEs and provided general guidance to stakeholders by attending to queries related to CbCR.

Action 17
- For the benefit of our officers and stakeholders a Guidance Note on Mutual Agreement Procedure was drafted.

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.
HELP US...TO HELP YOU

...USE OUR “STOP DRUGS” PLATFORM TO REPORT ANYTHING SUSPICIOUS

STOP DRUGS
Have you seen or heard anything suspicious?

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ALERT US

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Free Call: 8958