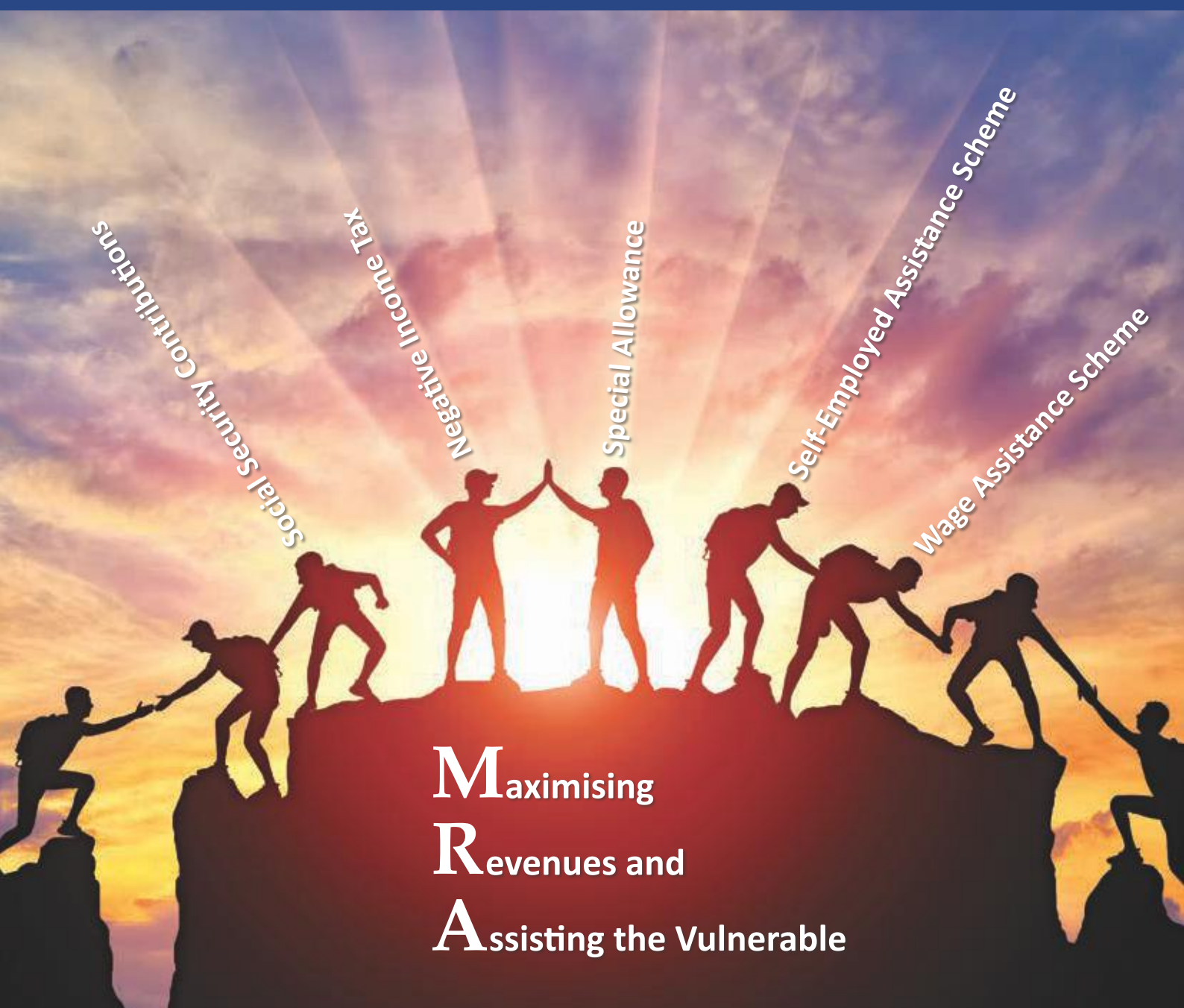


Integrated Annual Report

2018/19



Reaching New Milestones Together



Our Vision

To be a world class Revenue Authority respected for its professionalism, efficiency, fairness, integrity and its contribution to our economic and social development.

Our Mission

To continually reform and modernise Revenue Administration in order to manage and operate an effective and efficient Revenue organisation comprising of highly motivated and skilled staff.

Our Core Values

Integrity – MRA upholds the highest standards of integrity and honesty so as to gain the respect and confidence of taxpayers, stakeholders and the public at large.

Responsiveness – MRA endeavours to provide a prompt, efficient, effective and quality service to taxpayers, stakeholders and the public at large in an effort to exceed their expectations.

Fairness – MRA is committed to apply revenue laws impartially and objectively and treat everyone in an equitable manner.

Transparency and Accountability – MRA efforts are geared towards the development of the Authority in a manner which promotes a transparent and accountable administration.

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CHAIRPERSON'S FOREWORD

I feel greatly honoured and have the great privilege to present to you the Annual Report of the MRA for the year ended 30 June 2019.

Mauritius being a small open economy, it is not immune from the uncertainties worldwide such as the escalating US-China trade disputes, risks of financial stress and volatility, no-deal Brexit and an undercurrent of geopolitical tensions in the Middle east. However, the Mauritian economy continues to be resilient from external factors and generates a real economic growth rate exceeding 3 per cent annually. Our revenue collection performance is even better than the real or nominal economic growth rate as the MRA has collected 7.7% more revenues in FY 2018/19 than in the preceding income year. As Chairperson of the MRA Board, it is a matter of pride that the MRA is able to bring in sustained increases in revenues, year in year out, to finance socio-economic projects and improve the well-being of each and every citizen of this country.



Besides revenue collection and ensuring that all citizens pay their fair share of taxes, over the recent years, the MRA has been re-engineering its service delivery to taxpayers and the business community. It now takes only a few minutes to e-file an income tax return and e-pay any tax due. Similarly, more than 90% of income tax refunds are being effected in less than 10 days which is a remarkable achievement that very few countries in the world can emulate. The business community is also a key beneficiary of the reforms in the quality of services provided by the MRA whether in terms of expeditious tax registration, fast track VAT refunds, deferred payment of import taxes at Customs, reduced dwell time for cargo, etc. All these reforms have culminated into Mauritius being ranked at the 6th position worldwide – out of some 190 countries – in the World Bank Ease of Paying Taxes Index.

By virtue of the position I occupy, I have also been privileged to witness the recent surge in narcotics seizures in the country. The contribution of the MRA, through its Customs Department, in detecting several cases of drugs at the Port and the Airport has been instrumental. During the financial year under review, more than Rs 700 million worth of drugs and narcotics has been seized by the MRA Customs. The MRA Board has always fully supported the initiatives and projects implemented in recent years to improve the efficiency of the MRA Customs in tracking drugs such as reinforcing the K9 Unit, acquisition of additional scanners, drones and fast interceptor boats. But, the fight against drug trafficking is a continuous battle and the MRA will have to gear itself to face the new challenges and techniques/methods used by drug traffickers to bring in illegal substances in the country.

MRA's continued success in delivering on its mission, upholding its values and realising its vision is down to the dedication, adaptability and professionalism of its staff. Therefore, on behalf of the MRA Board, I would like to thank the Director General, the Management Team and the staff across different departments for their determination and strong work ethics which have enabled the Authority to report on the achievements and results as outlined in this year's report.

Let me seize the opportunity to once again show my appreciation to the taxpayer community for their commitment towards honouring their tax obligations on time. At the MRA, we value the taxpayer community. To meet their future needs, change is inevitable, but we must embrace that change. New ways of working and delivering services are constantly being devised to enhance the taxpayers experience at the MRA. The pre-population of Income Tax returns is one example where the MRA has worked towards making filing of returns simpler, easier and faster for taxpayers.

Finally, I would like to conclude by thanking the Board members for their contribution and commitment over the last twelve months. I am encouraged by the progress we have made, and I am looking forward to working with you all to make sure that together, we will take the Authority to even greater heights in the next financial year.



N. K. Ballah, G.O.S.K
Chairperson

DIRECTOR-GENERAL'S REVIEW

In the financial year 2018/19, the MRA has completed its thirteenth year of operations and we have, once again, delivered on a multitude of commitments to our esteemed stakeholders, including the Government, taxpayers and the business community.

Our primary purpose at the MRA is to collect taxes that are used to pay for public services and support the country's infrastructural needs. During the year under review, we have collected Rs 89.5 billion for the Consolidated Fund which represents a growth of 7.7% over the previous year. We have also collected some Rs 8.9 billion as agency taxes for various other Funds resulting into total MRA collections of Rs 98.4 billion, that is 12.5% more than in the preceding year.



The sustained growth in revenues would not have been possible without the concerted action of MRA staff to widen and deepen the taxpayer base. In FY 2018/19, there were 24,807 new income taxpayers on our register and 2,110 new VAT registered persons. These figures include enforced registration of many individuals and companies who were recipient of various types of income as per our information database and intelligence work but failed to submit their tax returns. During the year under review, our Non-Filers Unit has issued assessments to the tune of Rs 250 million on some 1,100 companies. Our constant efforts to track non-filers have also resulted into some 2,000 returns being received from these taxpayers.

The deepening of our tax base remains another top priority for the MRA as we need to ensure that every liable taxpayer not only pays taxes, but also pays his fair share of tax. In FY 2018/19, we have issued some Rs 5.1 billion of tax assessments on taxpayers who under declared their taxes.

Our audit and investigations activities can only be judged as effective if after the tax appeal processes, the MRA is able to collect substantial additional revenue from the assessment raised in the form of arrears collections. Recently, collection of arrears by the MRA has been outstanding with unprecedented figures being realised every year since the last three years. Financial Year 2018/19 was no exception to this rising trend as we collected Rs 3.7 billion which is almost ten times the amount we collected in our first year of operation, that is, in Financial Year 2006/07.

In terms of taxpayer facilitation and the ease of paying taxes, we have pursued our long term strategy of using information technology as a key partner in the reform process. The issuance of almost 90% of income tax refunds within 10 days and 87% of VAT refunds within 20 days has become a reality through a blending of process reforms, automation and a change in mindset of taxpayers to e-file their return and e-submit relevant VAT documentation. Similarly, our customer service has been enhanced through the setting up of a dedicated call centre at the nearby BSP Tower. In terms of statistics, in FY 2018/19, we have answered 93% of incoming calls, received some 66,000 taxpayers at our help desks and ensured a customer serving time of 5.4 minutes only.

At the level of Customs, our focus has been on enhanced trade facilitation with several new projects, initiatives and processes implemented during the year. I will mention two of them. First, the deferred payment scheme in respect of VAT on capital goods which is operational since October 2018 and aims at improving the cash flow of importers. Second, the coordinated border management (single window) project which is close to completion with already nine ministries and agencies responsible for the clearance of goods at imports hooked on the system for expeditious clearance.

Our Customs Department also plays an important role in border control and promotion of legitimate trade. During the year under review we have seized more than Rs 800 million of narcotics, under declared currencies and counterfeit goods. The introduction of the electronic seal for the transfer of goods under customs custody, mobile scan van in Customs controlled areas where there are no scanners and one-time password for brokers and freight forwarders also demonstrate our commitment to ensure legitimate transactions, prevent tax evasion and illicit entry of goods in the country.

In the field of international taxation, we continue to face formidable challenges that put a lot of pressure on our limited human resources and call for major changes in our tax processes and legislations. We have introduced new substance requirements for outsourcing of services, the Controlled Foreign Company rule to meet EU requirements and will soon ratify the Multi-Lateral Instrument (MLI) thereby reviewing 44 treaties entered with our treaty partners. At the same time, we have published the guidelines on the appropriate use of Country by Country Reports on the MRA Website and are currently drafting the guidance note on Mutual Agreement Procedures.

I am comforted that our hard work and dedication is being appreciated and acclaimed by our stakeholders. The taxpayers' satisfaction survey which was carried out during the income tax filing season was responded by some 25,000 taxpayers and revealed that 85% of the respondents viewed the service delivery of the MRA over the past five years as good/very good. Similarly, the World Bank Doing Business Survey ranked Mauritius at the 6th place in the World, out of 190 countries, in terms of the ease of paying taxes index – an achievement which is well beyond our expectations. On the international front, I am pleased to state that the European Union has moved Mauritius from the "grey" list to the "white" list of cooperative tax jurisdictions - a tremendous achievement, as a result of strenuous efforts by the MRA and other stakeholders.

Looking forward, the new financial year 2019/20 presents another host of challenges for the MRA. We will have to make the three tax incentives schemes on debt collection, voluntary declaration of income for SMEs and voluntary disclosure of foreign assets from locally-sourced income, a success both in terms of greater tax compliance and additional revenues for Government. We will continue to ensure that we meet our international tax commitments to the OECD and to the EU through active participation in international forum. We will also contribute to the fight against money-laundering, given the recent focus in the ESAAMLG Report on tax evasion as being a predicate offence to money laundering.

As Director General of the MRA since its inception in 2006, I have been very fortunate to benefit from the guidance of so many wise men and women at the MRA. Together, we have built a strong and efficient organisation which continues to earn local and international acclaim. I am so grateful to all MRA staff for this journey and I rely on their unflinching support as we set foot on yet another challenging year.

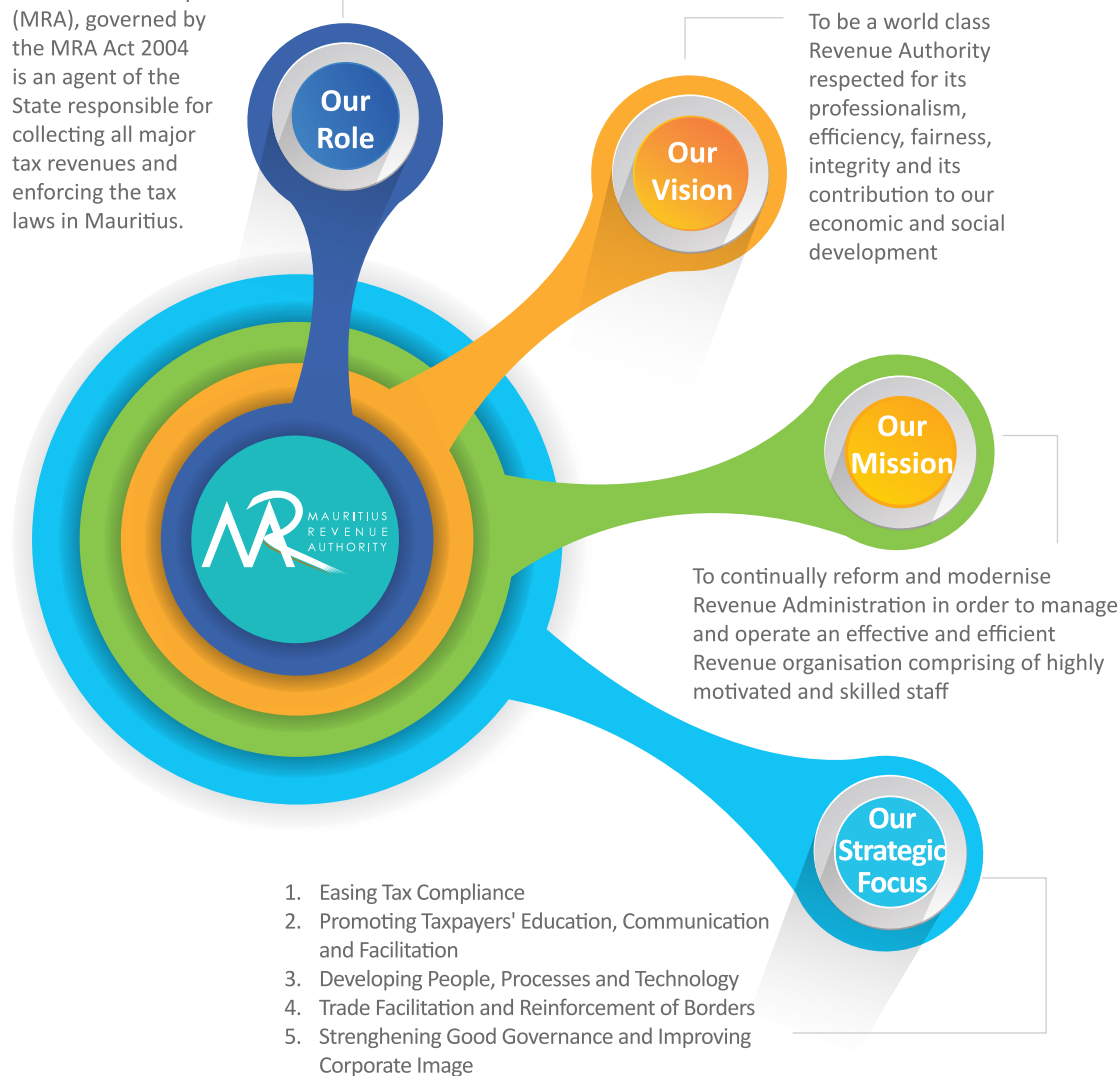
The MRA Board has provided the strategic direction and leadership to ensure that the organisation treads along the path of success and innovation. I am thankful to the Chairperson and all members of the MRA Board for their guidance, comprehension and the flexible approach adopted during the year. By working together, the MRA Board, the Management Team and all MRA staff can bring in even more value addition for our esteemed stakeholders. We are blessed to be in a position where our actions and efforts can bring a meaningful change in our country and we can contribute to making Mauritius an even better place to live.



M. S. Lal, C.S.K
Director-General

WHO WE ARE

The Mauritius Revenue Authority (MRA), governed by the MRA Act 2004 is an agent of the State responsible for collecting all major tax revenues and enforcing the tax laws in Mauritius.



Our Core Values

Integrity

MRA upholds the highest standards of integrity and honesty so as to gain the respect and confidence of taxpayers, stakeholders and the public at large.

Responsiveness

MRA endeavours to provide prompt, efficient, effective and quality service to taxpayers, stakeholders and the public at large in an effort to exceed their expectations.

Fairness

MRA is committed to apply revenue laws impartially and objectively and treat everyone in an equitable manner.

Transparency and Accountability

MRA efforts are geared towards the development of the Authority in a manner which promotes a transparent and accountable administration.



TAXPAYER'S CHARTER



INTEGRITY POLICY STATEMENT

MRA'S OBLIGATIONS

Integrity will prevail in every decision making process at MRA with a view to providing an accountable, transparent, equitable and fair service to our stakeholders.

We will

Not solicit or accept any gift, benefit or any offer of hospitality.

We have

To act within the parameters of the law and the principles of the MRA Code of Conduct and Ethics.

We shall

Ensure the protection of employees, stakeholders and the public who report malpractices and unethical behaviours of our staff.

We shall ensure

Good Governance in the management of the organisation.

We are

Resolute to condemn and take appropriate action against any illegal or criminal acts or acts in violation of our Revenue Laws, Rules and Policies.

We will

In our day to day dealing with stakeholders, act within our area of responsibility and competence and as far as possible ensure that our stakeholders and their representatives receive the correct information.

We are going

To be fair and impartial in the assessment of tax/duties and not let any conflict of interest compromise the professional discharge of our duties.

We will ensure that

You will always find us adopting the highest standards of integrity in all our operations and delivery of services to our clients and stakeholders.

STAKEHOLDERS' OBLIGATIONS

Integrity must be at the forefront of your positive relationship that you maintain with the MRA.

We rely on you for

Not falsifying your tax returns or Customs declaration or give such false or misleading information or data with a view to misleading the MRA.

We expect you

To comply with the laws and regulations of the MRA and to work within its legal framework.

We expect you to

Ensure that you will never misuse your authority or position or status for your personal gain and interest or the interest of those connected to you when dealing with the MRA.

We expect you to

Give the assurance that you will disclose to the MRA any situation of conflict of interests or situation that may be seen by others to affect impartiality in decision making by the MRA.

We expect you to

Report to the MRA or other relevant authorities any situation where you have been solicited or attempted to be solicited for a bribe with a view to obtaining any favour or benefit of any kind.

We expect you to

Impress on your close associates or representatives or advisers dealing with the MRA not to engage in any type of corrupt practices.

We expect you

To provide the requested documents as and when required in order to enable the MRA to give you the highest standards of service.

We rely on you to take the engagement that

You will always adopt a culture of utmost integrity during your dealings with the MRA.



MRA GENDER STATEMENT



The MRA is fully committed to promote a diverse workforce and an inclusive culture where its people are valued, motivated, and empowered to contribute to the achievement of its objectives.

The commitment of the MRA to be an Equal Opportunity Employer is already spelt out in its Human Resource Management Manual.

This has been further strengthened with the implementation of the MRA Equal Opportunity Policy whereby the MRA reiterates its engagement to make best use of its people regardless of their colour, creed, caste, ethnic, origin, impairment, age, gender, sexual orientation, marital status or political opinion. Gender equality is, therefore, already embedded in the MRA Equal Opportunity Policy.

In this respect, policies, procedures and measures are in place to harness the potential of everyone, regardless of gender, by:

- Attracting, developing and retaining the right people with the necessary capabilities,
- Ensuring all genders are equally included, valued, empowered and rewarded,
- Fostering an environment of authenticity and openness which allows all employees to fully participate and have every opportunity to succeed,
- Promoting a supportive work environment and providing appropriate flexible work options for all employees to balance professional and personal commitments, and
- Having a Gender Focal Point in the MRA to feed information pertaining to gender issues, to Management.

The MRA will continue to encourage a culture whereby all its employees are treated in an equitable and fair manner regardless of gender.