



e-Filing ★



e-Payment ★


EASE OF
PAYING TAXES
— THROUGH —
DIGITAL
EXCELLENCE



Taxpayer Portal
 MRaeasy
 e-Objection



Automatic Tax Refund ★



Robotic Surveillance ★



Seamless Trade ★





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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THE MRA: MOVING TOWARDS DIGITAL EXCELLENCE







TAXPAYER'S CHARTER



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.

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.

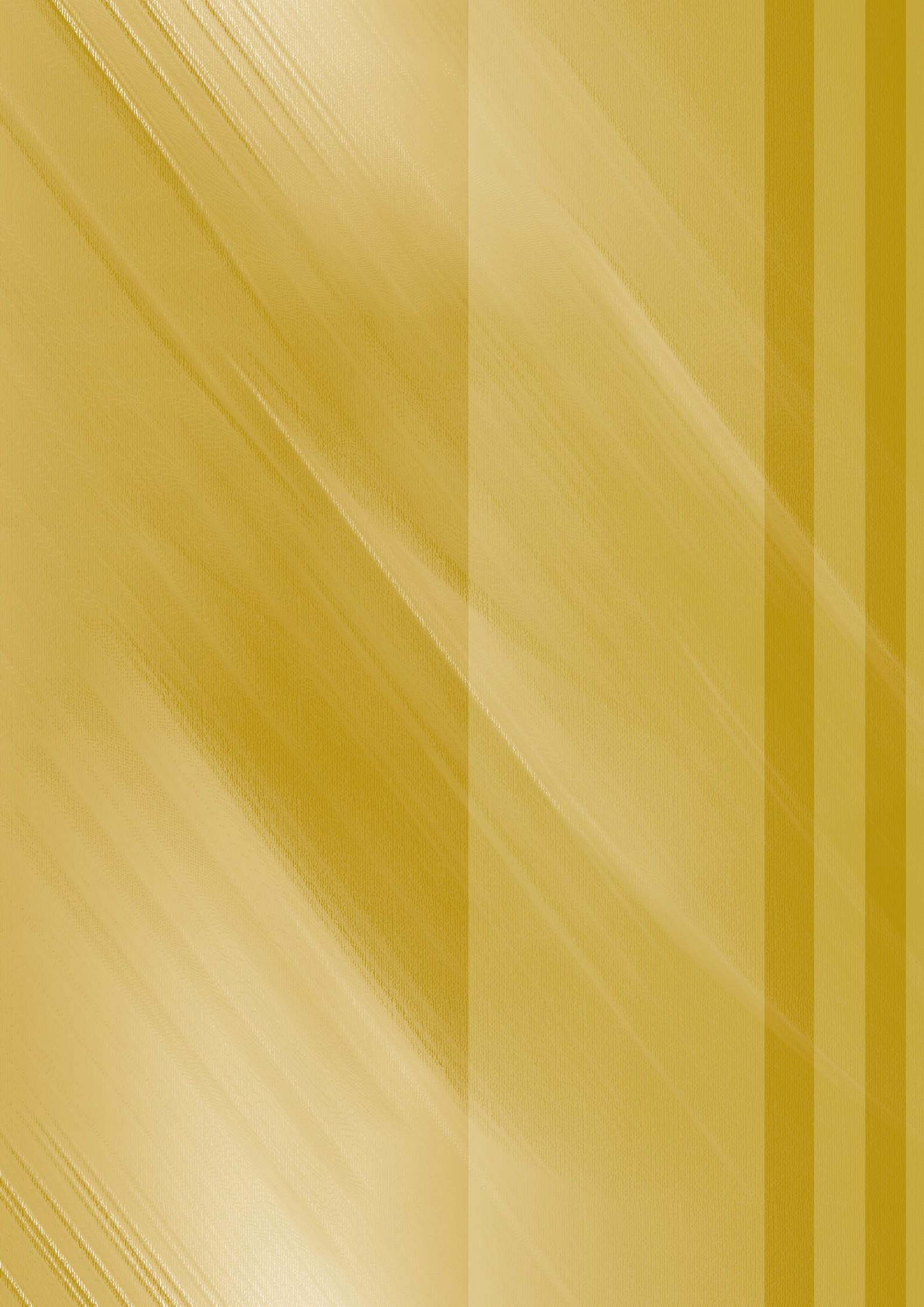
The commitment of the MRA to be an Equal Opportunity Employer is already spelt out in its Human Resource Management Manual.

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.



It gives me great pleasure to present the 2017/18 Annual Report of the MRA for the financial year ended 30 June 2018. During this period, the MRA has also launched its three-year strategic plan 2018/20 centred on the theme '**Sharing Prosperity Nationwide**'.

The global tax environment is fast changing and revenue authorities worldwide, including the MRA, are having to adapt to changes in international taxation. Hence, during the course of the financial year 2017/18, a number of initiatives at international tax level have been initiated to adhere to the BEPS initiative such as the implementation of the Common Reporting Standards, signing of the Multilateral Instrument for rapid amendment of tax treaties, amendment of tax treaties for a better dispute resolution mechanism and signature of Country by Country Multilateral Competent Authority Agreement.



At the domestic level, the Mauritian economy grew at a constant pace during the financial year 2017/18 and is expected to expand further, bolstered by the growth rebound globally. With an estimated GDP growth of 3.8% in Mauritius, backed by stronger investment, a declining unemployment rate coupled with a stable economic environment and an effective tax administration system, the MRA was able to collect 99.9% of its targeted budgeted revenue for the year.

Our commitment to continuously improving tax administration has been rewarded during the year with Mauritius moving from the 45th position in the 2017 World Bank Ease of Paying Taxes Index to the 10th ranking. All our employees should take pride of such an achievement as being amongst the top ten countries of the World, recognises our efforts in terms of taxpayer facilitation, transparency, embracing digitalisation, value creation and adoption of a fair taxation system.

As chairperson of the MRA, it is a matter of pride that the organisation has been chosen by Government to carry out some non-revenue functions during the financial year. The MRA has implemented two social measures of Government, namely the payment of the Negative Income Tax Allowance and the Special Allowance to low income earners as from November 2017 and January 2018 respectively. It is to be recalled that the beneficiaries who earn a basic salary of less than Rs 10,000 monthly were not registered taxpayers and therefore unknown to the MRA previously and that sustained efforts have been made to register them, obtain their bank accounts and ensure monthly payment into these accounts. In the same vein, I am pleased to note the successful transfer to the MRA of collections of NPF/NSF contributions, HRDC training Levy and Workfare Program Fund respectively. Already the results are very positive with NPF/NSF returns received electronically rising from 35% to 97% within six months whilst electronic payments have reached 88%.

The MRA is considered as a strategic player in helping the government to achieve its 'Vision 2030' for turning Mauritius into a high income country. Hence, moving into 2018/19, the MRA needs to maintain its focus on its core functions which is to achieve revenue collection targets and improve tax compliance. As our revenue collection target increases, we shall need concerted effort from both the MRA as well as a greater cooperation from our different stakeholders. Our plan in the long run is to turn the MRA into a data driven organisation, build an environment for continuous improvement and promote the authority as an employer of choice. For this to be achievable, we need to inculcate change management in our people, improve our processes, adopt new technology and fine tune our operating model to be able to deliver on our vision to be a 'world class Revenue Authority'.

On behalf of the MRA Board, I would like to express my renewed appreciation to the Director General, the Management Team and the staff of MRA across different areas of the organisation for their dedication and hard work in ensuring that the MRA attains its various objectives, including revenue collection. Let me also seize this opportunity to congratulate the Director General of the MRA, Mr Sudhamo Lal, for being made Commander of the Order of the Star and Key of the Indian Ocean (C.S.K), an award well deserved for his dedication towards the Authority and optimising revenue collections for the development of Mauritius.

Most importantly, I would like to thank the taxpayer community of Mauritius for honouring their tax obligations in due time. Without the combined efforts of all stakeholders involved, the MRA would not have been able to successfully meet its revenue targets while continuing to serve the community to the best of its abilities.

Finally, I would like to express my heartfelt gratitude to my fellow board members for their work during this year. I am confident that the team will continue to deliver on its commitments and guide the authority to an even better performance in the next financial year 2018/19.



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

It is with immense pleasure that I present to you the 11th Annual Report of the MRA for the FY 2017/18. In the 12 years that the MRA has been operational, the FY 2017/18 has proved to be one of the most challenging one. During the year under review, our role as collector of agency taxes has been further extended to cover social security contributions for the National Pension Fund, National Savings Fund, the Welfare Program and the HRDC Levy. Another major landmark for the MRA in 2017/18 was the payment of the Negative Income Tax and Special Allowance in November 2017 and January 2018 respectively. Meeting these challenges to the satisfaction of our stakeholders has been a major achievement for the MRA.



Another important event during the year saw the launching of the MRA's fourth Corporate Plan for the period 2018/20. The new corporate plan is a continuation from the MRA's previous corporate plan which was centred around five main strategic goals namely:

- Easing Tax Compliance
- Promoting Taxpayers' Education, Communication and Facilitation
- Developing People, Processes and Technology
- Trade Facilitation and Reinforcement of Borders
- Strengthening Good Governance and Improving Corporate Image

Building on the successful implementation of the previous corporate plan, we hope to maintain this momentum for the coming three years. This will only be achievable if we continuously monitor and review our existing methodologies to incorporate best practices from revenue authorities' worldwide, adopt innovative technologies and last but not least, invest in our people.

Ever since its creation, despite challenging economic conditions, the MRA has always been able to maintain a solid growth in revenue collection especially when compared to GDP growth. For the FY 2017/18, the MRA collected Rs 87.5 billion compared to Rs 76 billion for last year, representing an increase of nearly 15% and exceeding nominal GDP growth for the year 2017/18.

The preparation of the Annual Report, after the close of the financial year, gives us a unique opportunity to review our achievements in terms of some key parameters and to chart the way forward. For the year under review, as at 30th June 2018, some of MRA's major achievements were as follows:

- Debt collections reached a record high of Rs 2.6 billion, an increase of 37.7% over the preceding year
- Tax yields from assessments increased by approx. Rs 140 million from Rs 7.0 billion over the past year to approx. Rs 7.2 billion
- Reduction in the stock of debts by some Rs 2.3 billion through the operation of the Alternative Tax Dispute Resolution, Expeditious Dispute Resolution and Tax Arrears Settlement Schemes with more than Rs 550 million already collected

- Non-compliant taxpayers who failed to respond to computer generated emails were issued automatic tax claims resulting in:
 - o 1,557 returns received showing Rs 47 million as tax payable
 - o the issue of 854 notices of assessments to non-filers for an amount of Rs 117 million
 - o tax claims for a total sum of Rs 60 million to non-compliant companies
- The average rate of e-filing amongst the different stakeholders was around 99.3% while the rate for e-payments reached 91%, following a recent surge in electronic payment by Customs operators
- Rs 286 million was paid to 81,367 beneficiaries of Negative Income Tax and Special Allowance
- Successful start of social security collections beginning of January 2018 with some Rs 3.5 billion collected by June 2018
- Reduction in time taken for VAT repayments to 17 days for Small and Medium Taxpayers and 10 days for Large Taxpayers
- 87% of Income Tax refunds to Individuals being made within 10 days
- Implementation of a National Single Window Project with 8 agencies already connected to the system
- Achieved an overall rating of 'Compliant' following an evaluation undertaken by OECD Global Forum on the implementation of the exchange of information on request

The Income Tax filing season represents one of MRA's biggest engagement with taxpayers. To enable our taxpayers to meet their tax obligations with ease, the MRA has come up with a number of electronic services. It has been encouraging to note that 99.6% of taxpayers have filed their returns electronically. In a bid to gauge the taxpayer's level of satisfaction towards the MRA, an Online Taxpayer Satisfaction Survey (TSS) was conducted. 37,322 taxpayers participated in the survey representing 22% of the target population. Overall, 84% of taxpayers rated MRA's service delivery as being Very Good/Good while only 2% of the target population rated the MRA as being bad. Again, the score is an indication of MRA's commitment towards continuous development within the organisation to improve on service delivery and hence make the taxpayer's journey with the organisation more pleasant.

To boost compliance among the Small and Medium Enterprises (SMEs), an SME Partnering Program was initiated by the MRA in April 2018. The program aims at engaging dialogues with representatives of SMEs, organising outreach programs for them, teaching them to become more tax compliant by educating them on record keeping/tax incentives/tax facilitation measures and raising awareness on obligations under the revenue legislation.

Officially launched in January 2017, the e-auction platform at Customs is operational on a 24-hour basis and enables bidders to bid for goods without being physically present at the Customs warehouse. During the FY 2017/18, 53 e-auction sales exercises were carried out that generated revenue sales of Rs 20.6 million.

In September 2017, the IMF carried out an assessment of the tax administration system for the Authority using the Tax Administration Diagnostic Assessment Tool (TADAT). The findings of the report were such that, out of the 9 performance outcome areas split into 28 high level indicators, the MRA scored 13 'A's on 13 attributes, 'B+'s on 2 attributes, 'B's on 7 attributes, 'C+' on 1 attribute, 'C's on 4 attributes and 'D' on 1 attribute. Overall, MRA's performance was highly commendable and I would like to thank the Management Team and the staff for contributing towards the improvement of our tax administration.

Technological advancement and globalisation call for greater co-operation with foreign Customs and tax authorities both at the regional and international level. During the year, the MRA not only hosted several capacity building missions for delegates from different countries but the authority also sent key staff members on overseas missions to gain from the experience of other regulatory bodies/ revenue authorities.

At the MRA, we are always trying to innovate and improve on our existing processes with a view to become more efficient and make the different stakeholders' journey with us enjoyable. Despite the various challenges faced by the Authority, we strive to work to the best of our abilities while delivering beyond expectations. The ranking of Mauritius at the 10th position in the World Bank Ease of Paying Taxes Index out of some 190 economies is testimony of the contribution of the organisation in facilitating the payment of taxes in Mauritius.

Our achievements on the local and international scene would not have been possible without the contribution of our staff. As an organisation, we continuously aim at creating an ergonomic work environment that supports employees' professional and personal growth. We also ensure that the staffs are trained with the necessary skills and expertise to be able to carry out their duties efficiently while meeting the requirements of the Authority. I would like to express my gratitude to all MRA staff who have worked diligently to ensure that we realise our goals in FY 2017/18.

I would also like to thank the Management Team for their unflinching commitment and professionalism towards the Authority. I also thank the MRA Board for their guidance and continuous support throughout the years. I am greatly humbled by the dedication of each and every stakeholder that has helped build the MRA as an institution of integrity and trust. I believe that hand in hand, we shall be able to meet the challenges that lie ahead of us.



Sudhamo Lal, C.S.K
Director- General



1.

THE MRA AT A GLANCE



1,429 Staff

Fiscal Investigations: Rs 828 million

Value of Assessment Raised: Rs 7,186 million

Debt Collected: Rs 2,612 million

New Taxpayers Registered

Income Tax : 30,093

VAT : 2,211

Consignments & Containers Scanned

Port : 28,894

Airport : 441,321

Refunds Claim Processed

Income Tax : 58,304

VAT : 6,011

Refunds & Repayments

Personal Income Tax : Rs 406 million

VAT : Rs 6,187 million

E-Payment: 91 %

Narcotics Seizures

Rs 508.2 million (78 seizures)

**Revenue
Collected**

**Rs 87.5
Billion**



2.

OUR ROLES & RESPONSIBILITIES

Our Roles & Responsibilities

The Mauritius Revenue Authority (MRA) was established by an Act of Parliament – The MRA Act 2004 – and officially came into operation on 1st July 2006. The MRA has taken over the roles and responsibilities of the former departments of taxes – Income Tax, VAT and Large Taxpayers – and Customs & Excise Department under one single entity.

The MRA is the agent of the State responsible for collecting all major tax revenues and enforcing tax laws in the Republic of Mauritius. It is a semi-autonomous organisation with the Ministry of Finance and Economic Development (MoFED) assuming the overall responsibility for monitoring its performances and outcomes.

The MRA collects:

- **Direct taxes:**
 - *Corporate Tax*
 - *Personal Income Tax*
 - *Tax Deduction at Source (TDS)*
- **Indirect taxes:**
 - *Value Added Tax (VAT)*
 - *Customs Duties*
 - *Excise Duties*
 - *Gambling Taxes*
- **Fees & Levies:**
 - *Passenger Fees*
 - *Passenger Solidarity Fees*
 - *Environment Protection Fees*
 - *Advertising Structure Fee*
 - *Special Levy on Banks*
 - *Special Levy on Telecommunications Companies*
 - *Fees payable in respect of several licences & for the issue of Tax Residence Certificates (TRCs)*

The MRA has additional responsibility for collecting:

- **National Pension Fund (NPF) / National Savings Fund (NSF) contributions**
- **HRDC Training Levy**
- **Workfare Program Fund**
- **Contributions payable under the Mauritius Cane Industry Authority Act**
- **Net proceeds for the Lotto Fund**
- **Corporate Social Responsibility levies**
- **Levy payable by gambling operators to the Responsible Gambling & Capacity Building Fund**

The MRA also administers and pays:

- **Negative Income Tax**
- **Special Allowance**

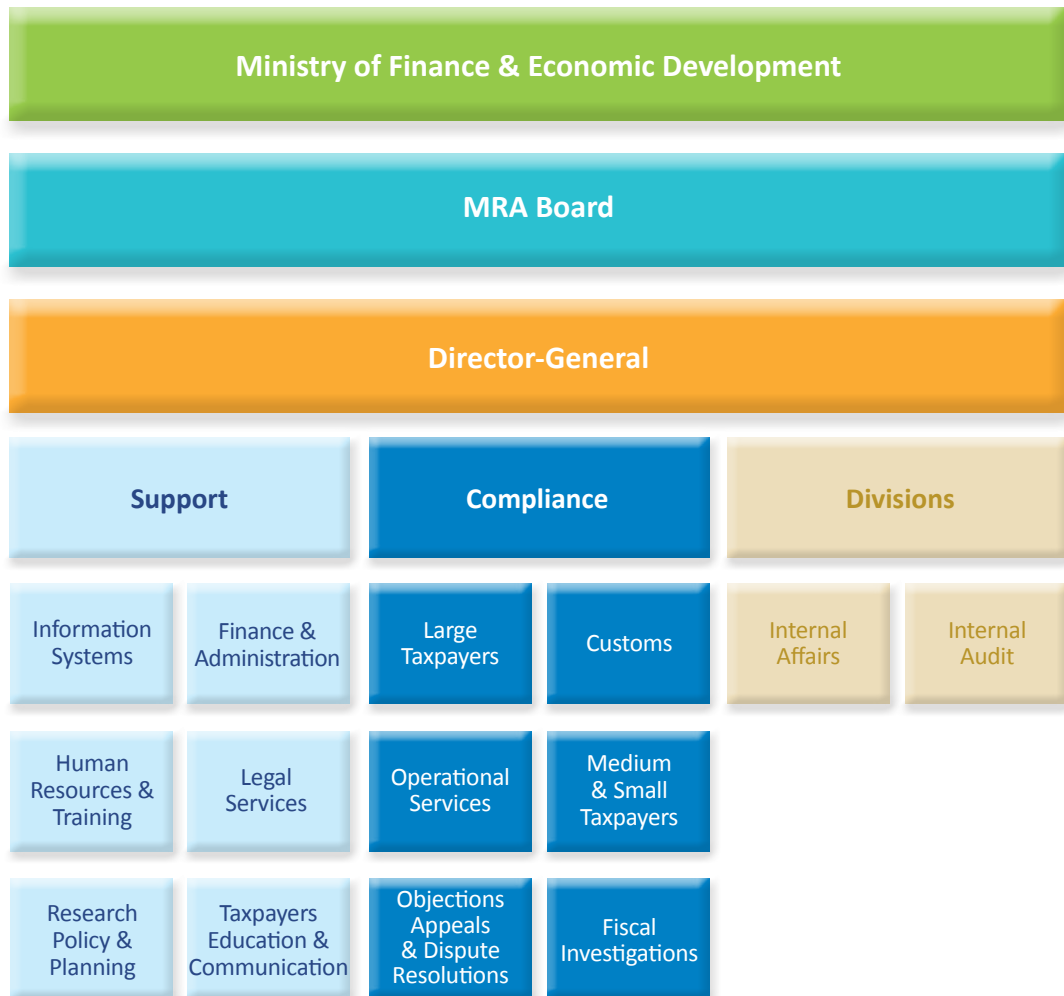
IMPLEMENTING
NEGATIVE INCOME TAX
for a fairer society





3.

ORGANISATIONAL STRUCTURE



The following are the key roles and responsibilities of the Departments/Divisions at the MRA:

1. Divisions

- Internal Audit** assists the MRA in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's governance, risk management and control processes. The MRA has implemented a Quality Management System (QMS) based on the ISO 9001:2015 quality standard. The maintenance and upgrading of this certification is under the responsibility of the Internal Audit Division.
- Internal Affairs** is mandated under the MRA Act to deal with allegations of malpractice or other complaints against any MRA officer/employee. It also processes and verifies the declaration of assets made by an officer/employee on a regular basis. The Division has the power to make enquiries or investigations as it thinks necessary, call for any records and information and request any person to provide such information as may be necessary for any enquiry.

2. Compliance Departments

- **Customs Department** manages the administration of Customs and Excise duties and aims to facilitate trade through efficient border-control procedures. Customs has three basic functions:
 - o Fiscal function – consists of collecting and protecting government revenue in the form of customs duty, excise duty, VAT and other taxes under Customs Laws.
 - o Protection / security function – ensures the security and protection of the country against transnational crimes and acts of terrorism.
 - o Economic function – provides trade facilitation measures for legitimate trade across the border in order to boost up import/ export, promote foreign direct investment and boost economic activity.
- **Large Taxpayers Department** (LTD) is responsible for the management and administration of income tax and value added tax in respect of taxpayers whose annual turnover is above 100 million rupees. It also has the responsibility for all international taxation issues including negotiation of DTAA's, attending meetings on international taxation and exchange of information with foreign competent authorities.
- **Medium & Small Taxpayers Department** (MSTD) manages the administration of all other taxes, including Income Tax, Value-Added Tax and Gaming taxes.
- **Operational Services Department** (OSD) ensures that the key shared services of registration, service delivery, processing & e-filing and debt management are performed efficiently and effectively, and that those services fully support the Customs and tax operational departments in their work.
- **Fiscal Investigations Department** (FID) conducts investigations into potential tax-evasion cases, collects evidence relative to these cases, raises assessments and recommends prosecution for certain types of offences.
- **Objections, Appeals and Dispute Resolutions Department** (OADR) ensures that all objections to assessments are properly dealt with in accordance with the relevant provisions of the Tax & Customs Laws. The OADR, which is an independent Unit, gives assurance to taxpayers/stakeholders that all objections are dealt objectively, fairly and in a transparent manner.

3. Support Departments

- **Finance and Administration Department's** assignments include budget preparation for submission to the Board, the recording and monitoring of revenue and expenditure, and the production of financial and management accounts. The Department also provides administrative support and effect refund of income tax, VAT and payments of Negative Income Tax and Special Allowance.
- **Information Systems Department** is responsible for the set-up and development of the MRA's Information System Strategy, identifying the current, medium and long-term computer requirements, and providing technical guidance on MRA computer systems and software.
- **Legal Services Department** initiates, prepares and prosecutes/defends cases on behalf of the MRA and provides general legal assistance on matters such as contract, liability or employment issues.
- **Human Resources and Training Department** is required to design and implement best-practice human resources management and training and develop policies so that the MRA is regarded as a leading employer and can attract, motivate, develop and retain high-quality staff.
- **Taxpayer Education and Communication Department** is responsible for promoting MRA's mission and activities, providing taxpayers with information and assistance regarding their tax compliance requirements, and liaising with the media and other external stakeholders.
- **Research, Policy and Planning Department** oversees the MRA's research, policy, planning and monitoring activities, and ensures that quality management information is provided to the Board, Management Team and other key decision-makers.

4.

CORPORATE GOVERNANCE

4.1. PRINCIPLE ONE – GOVERNANCE STRUCTURE

The MRA is a body corporate set up under the Mauritius Revenue Act 2004 to manage an effective and efficient revenue raising system. It is an agent of the State responsible for collecting revenue and managing, operating and enforcing Revenue Laws. The MRA collects around 90% of all taxes for the benefit of the State.

The MRA Board strongly believes that a good Corporate Governance framework is amongst the fundamental objectives of the organisation which helps to maintain a sound Corporate Image of the organisation.

The role of the MRA Board is to ensure that the principles of the National Code of Corporate Governance ('the Code') are fully adhered to. The revised 'Code' is based on eight principles using an 'Apply & Explain' methodology.

This chapter provides an insight on MRA's main corporate governance framework as stipulated per the eight principles of the Code.

MRA's Corporate Governance Structure hinges on the following pillars:

- The MRA Act which lays down specific criteria for the appointment of the Chairperson & Board members and requires disclosures in cases of conflict of interest, etc.;
- The MRA Board;
- Board sub-committees set up to closely oversee corporate governance, auditing, risk management, procurement and integrity management;
- Risk management framework with clear responsibility for risk identification, assessment and monitoring;
- Auditing and accounting framework with particular emphasis on the role of internal and external audit;
- Integrated sustainability initiatives pertaining to ethics, environment, health & safety and corporate social responsibility;
- Standard operating procedures for all MRA processes through the ISO9001:2015 project, thus enhancing transparency and accountability;
- Systematic computerisation of all MRA functions with emphasis on e-filing & e-payment both for tax and customs purposes;
- Continuously educating and communicating with its stakeholders together with standing meetings with main stakeholders; and
- Accountability for results through the Performance Management System which is being monitored on a monthly basis and published on an annual basis in the Annual Report.

4.1.1. Functions of the Board

The roles and functions of the Board include:

- giving strategic direction and providing leadership;
- overseeing the implementation of strategies, policies and plans;
- giving guidance and maintaining effective control over the Authority;
- selecting and recruiting competent staff to form part of the Management Team;
- laying down the terms and conditions of service of officers of the Management Team;

- approving the annual budget of the Authority for submission to the Ministry of Finance and Economic Development;
- putting in place an effective internal control systems;
- ensuring that risk management strategies are developed and implemented effectively;
- Section 12 of the MRA Act also provides that the Head of the Internal Affairs and Internal Audit Divisions shall report on, and be directly accountable to the Board for, the execution of the duties assigned to them;
- Section 6 (6) of the MRA Act stipulates that the Board shall not have access to any information concerning the liability or otherwise of any person to tax.

4.2. PRINCIPLE TWO – STRUCTURE OF THE BOARD AND ITS COMMITTEES

4.2.1. The Board and its Composition

The MRA Board is chaired by Mr. N.K. Ballah, *G.O.S.K*, Secretary to Cabinet and Head of Civil Service and comprises of five non-executive members and one executive member who is the Director-General of the organisation.

During the FY 2017/18, the composition of the MRA Board was as follows:

Chairperson

- Mr. N. K. Ballah, *G.O.S.K*

Members

- Mr. M. Bheekhee
- Mr. A. Nilamber
- Mr. M. Oozeer, *P.D.S.M, C.S.K*
- Mr. K.N. Reddy
- Mr. S.J. Suhootorah
- Mr. M. S. Lal, Director-General, *C.S.K*

Secretary

- Mr. R. Oree

The profile of each Board Member is at Section 4.9 of this Report.

4.2.2. Board Committees

As at date, the MRA Board has set up three sub-committees to support the Board in performing its duties and responsibilities. These sub-committees operate within clearly defined charters which have been approved by the Board and published on the MRA's website. The sub-committees are as follows:

1. Audit & Oversight/Risk Management Committee;
2. Corporate Governance Committee; and
3. Tender Committee.

The Board is kept informed about all the items that are discussed and approved at the level of each sub-committee.

The compositions, key responsibilities together with main actions taken by each sub-committee are given in the following table.

Committee	Key Responsibilities
<p>Audit & Oversight / Risk Management Committee</p> <p>Members: Mr. K. N. Reddy (Chair) Mr. M. Oozeer, P.D.S.M, C.S.K Mr. S. J. Suhoothorah</p>	<p>The main functions of the Committee are as follows:</p> <ul style="list-style-type: none"> overseeing the Internal Audit & Internal Affairs Divisions; reviewing any significant matters raised by the external auditors; reviewing effectiveness of MRA's internal control systems; and overseeing the management of risk, integrity & ethics within the MRA. <p>During the period under review, the Committee has met 5 times and has <i>inter-alia</i>,</p> <ul style="list-style-type: none"> reviewed internal audit reports; approved the Annual Internal Audit Plan & Internal Audit Annual Report; ensured the implementation of the Audit Recommendations and Proposals for enhancement to the Internal Control System; reviewed progress made in respect of Risk Management Project; discussed issues raised by the external auditors; agreed to write off of old irrecoverable debts; and reviewed reports submitted by the Internal Affairs Division.
<p>Corporate Governance Committee</p> <p>Members: Mr. A. Nilamber, (Chair) Mr. S. J. Suhoothorah Mr. M. S. Lal, C.S.K</p>	<p>The main functions of the Committee are as follows:</p> <ul style="list-style-type: none"> making recommendations on all Corporate Governance provisions; ensuring compliance with the requirements of the National Code of Corporate Governance; preparing Corporate Governance report to be published in the Authority's Annual Report; and responsible for the effectiveness of the Board. <p>During the period under review, the Committee has met twice and the issues discussed were as follows:</p> <ul style="list-style-type: none"> compliance with Corporate Governance requirements for MRA's Annual Report 2016/17; presentation on the revised Code of Corporate Governance 2016; implementation of the requirements of the revised Code of Corporate Governance 2016.
<p>Tender Committee</p> <p>Members: Mr. M.Oozeer, P.D.S.M, C.S.K Mr. M. S. Lal, C.S.K Director, Finance and Administration</p>	<p>The Committee is made up of a Central Tender Committee (CTC) and a Departmental Tender Committee (DTC).</p> <p>Any procurement above Rs 1 million and up to Rs 5 million is approved by the DTC, and for procurement in excess of Rs 5 million the approval of the CTC is sought. During the period under review, 26 CTC meetings were held.</p>

4.3. PRINCIPLE THREE – DIRECTORS' APPOINTMENT PROCEDURES

4.3.1. Appointment

Section 5 of the MRA Act 2004 stipulates comprehensive corporate governance practices for the Board which are summarised as follows:

- I. The Chairperson shall be a person who has not been, or is not, actively engaged in any political activity;
- II. The Chairperson of the Board is appointed by the President, after consultation with the Prime Minister and the leader of the Opposition, for a period of not less than three years and on such terms and conditions as the President thinks fit;
- III. Board members are appointed by the Minister of Finance and Economic Development for a period of not less than three years;
- IV. Where a member of the Board, or a close relative of his, has a direct or indirect interest in any matter which is, or is to be, raised at a meeting of the Board, he shall, as soon as he is aware of the fact, notify the Secretary of the Board. The Board shall then determine that the member shall not be present or shall not vote while the matter is being considered.

4.3.2. Induction

Regarding the Induction programme for Board Members, upon appointment to the Board, the MRA provides a complete set of induction pack containing all the appropriate information that will enable the newly appointed Board Members to have sufficient knowledge and understanding of the organisation. Accordingly, during the period under review, the induction pack was submitted to Mr. M.Bheekhee who joined the MRA's Board in July 2017.

4.4. PRINCIPLE FOUR – DIRECTORS' DUTIES, REMUNERATION & PERFORMANCE

4.4.1. Board Meetings

The Chairperson and the Secretary to the Board are responsible for scheduling the Board meetings. These meetings are usually conducted on a monthly basis. Special and/or additional meetings can also be convened at any time, whenever deemed necessary. The Secretary to the Board also ensures that all the necessary documents are circulated in a timely manner to the Board Members, prior to the meetings, so as to facilitate discussions and take appropriate decisions during the meetings. During the period under review, twelve meetings were held.

The duties of the Board Members are laid down in paragraph 4.1.1 'Functions of the Board' of this report.

The attendance of each Board Member at Board meetings & Sub-committees, together with the Board Members' fees for the FY 2017/18 and duration of their respective appointment are provided in Table 1 below:

Table 1: Attendance of the Board, Board Committees, Fees & Duration of Appointment for the period July 2017 to June 2018							
Number of meetings	Board of Directors	Board Committees			Fees & Duration of Appointment		
		AO/RMC*	CGC**	TC***	Board Fees (Rs)	Date of last Appointment	Duration of office
	12	5	2	26			
Meetings attended:							
Mr. N. K. Ballah, G.O.S.K (Chairperson)	12				840,000	Dec 2016	3 years
Mr. M. Bheekhee	11				300,000	July 2017	3 years
Mr. A. Nilamber	6		2		300,000	Dec 2016	3 years
Mr. M. Oozeer, P.D.S.M, C.S.K	8	3		26	300,000	March 2015	3 years
Mr. K. N. Reddy	11	5			300,000	March 2015	3 years
Mr. S.J. Suhootoarah	11	5	2		300,000	Dec 2016	3 years
Mr. M. S. Lal, C.S.K (Director-General)	10		2	26	300,000	By Designation	n/a

*AO/RMC: Audit & Oversight/Risk Management Committee **CGC: Corporate Governance Committee

***TC: Tender Committee

n/a: not applicable

4.5. PRINCIPLE FIVE – RISK GOVERNANCE AND INTERNAL CONTROL

The Enterprise Risk Management Framework is an essential strategic tool to ensure that MRA achieves its objectives. Risk Management is embedded in both MRA operations and the organisation's culture.

The MRA Board has the ultimate responsibility for risk management. This responsibility is then cascaded to line management for day to day management. All departments have their risk registers and reports which are regularly reviewed and updated by the process owners.

Auditing of risk management across the MRA is done on a regular basis by the Internal Audit Division. This exercise provides assurance on the effectiveness of Risk Management Framework. It also enables the identification and upgrading of risks and desired controls. Various interactions and working sessions are held with departmental Risk Officers and process owners for continuous enhancement. Results of audits are also discussed at the level of the Audit and Oversight/Risk Management Committee.

The MRA also has in place a Risk Monitoring Committee chaired by the Director-General with its members being the MRA Management Team. The objective of the Committee is to ensure that risk management is functioning as per set policies and that all key risks are identified, measured and actions taken accordingly.

Following peer review of the MRA Risk Management Framework in 2016 by representatives of the Inland Revenue Board of Malaysia (IRBM) and further research, enhancement was brought to the MRA framework for greater user friendliness. During the financial year 2017-2018, Risk Registers were upgraded and the MRA high level Risk Register was reviewed.

An important component of the Enterprise Risk Management approach is to ensure that top and emerging risks are appropriately identified, managed, and incorporated into existing risk management assessment, measurement, monitoring and escalation processes. In line with this forward-looking practice, Risk Registers and MRA high level risks have been reviewed.

The 9 top risks identified for continuous monitoring and management are as follows:

1. Risk of not achieving revenue targets;
2. Risk of inefficient border protection and protection of society;
3. Risk of poor trade facilitation and Customer Service;
4. Risk of organisational priorities not being set;
5. Governance and Integrity Risk;
6. Tax Compliance Risk;
7. Information Technology Risk;
8. Human Resources and Finance Risk; and
9. Disaster and Crisis Management.

4.6. PRINCIPLE SIX – REPORTING WITH INTEGRITY

4.6.1. Accounting and Auditing

The Board is responsible for maintaining adequate accounting records and preparing the financial statements in accordance with International Public Sector Accounting Standards (IPSAS), for each financial year. These statements include the Board's report, the report of the Director of Audit to MRA's Board, statement of financial position, statement of financial performance, statement of changes in net assets/equity, cash flow statement and notes to accounts which reflect a true and fair picture of the financial position of the MRA.

With regard to MRA's Financial Statements, the Director-General shall not later than 3 months after the end of the financial year prepare and submit the accounts to the Board for approval. After approval by the Board, the Director-General shall, not later than 4 months, submit the Annual Report, including the financial statements, to the National Audit Office.

After having audited the statements, the Director of Audit, must within 6 months of the date of receipt of the Annual Report, submit the Annual Report and the Audit Report to the MRA. On receipt of the Annual Report including the audited financial statements and the audit report, the MRA shall, not later than one month from the date of receipt, furnish to the Minister of Finance and Economic Development such reports and financial statements. Once the Annual Report is tabled in the National Assembly, a copy of the same is posted on the MRA's website.

4.6.2. Ethics and Integrity

The Internal Affairs Division was created at the MRA with the aim of inculcating its core values such as integrity, transparency and accountability to all staff in view of achieving its mission. Accordingly, the prime objective of the Internal Affairs Division is to continuously promote integrity and ethics within the organization and to ensure that staff is performing their duties with professionalism and due diligence.

The Division has also designed a clear set of procedures and practices which acts as a useful tool for promoting integrity amongst the employees. These documents include the 'Code of Conduct and Ethics', the 'Prevention of Malpractice Manual' and the 'Disciplinary Code'.

The initiatives undertaken by the Division in view of promoting integrity during the period under review are as follows:

Achievements	1 July 2017 – 30 June 2018
Declaration of Assets verified	96
Training courses dispensed on Code of Conduct & Ethics	16
Investigation completed	48
Integrity Checks	16
Cases where disciplinary, remedial actions or cases referred to Police/ICAC recommended	12
Cases referred for tax audit	5
Cases where recommendations were made to review procedures	10

Vigilance Activities

Surveillance and vigilance activities are carried out in order to detect irregularities/malpractices through surprise visits/inspections/checks/reviews in high risk areas as well as areas targeted by stakeholders' complaints/allegations undertaken by the Divisions.

During the period under review, 7 vigilance audits/activities were conducted by both Divisions in the following areas:

- a) Use of dedicated Vehicles;
- b) Clock in of Cards;
- c) Vigilance Exercises of Freight Station;
- d) Filing of Tax Return by MRA Employees;
- e) Vigilance Activities at the Port Area;
- f) Vigilance Activities at the Freight Forwarder; and
- g) Vigilance Activities at the Airport Arrival Hall.

Corruption Risk Management

With a view to implementing the Corruption Risk Management function at the MRA, the Fiscal Investigations, Customs and Medium and Small Taxpayers Departments have been selected in priority for this exercise and discussions have already started with the relevant officers from these Departments. Corruption risks in specific units of these Departments and the control mechanism already in place or to be implemented that would nullify their impact on the organization have been identified and are being discussed with the process owners.

Whistle Blowing / Complaints Management

In its endeavour to continuously improve its services, the MRA has put in place a web-based Whistle Blowing / Complaints Management System which is operational since June 2016. Through this system, suggestions, feedbacks and complaints including cases of tax evasion are received directly from taxpayers / stakeholders.

The system is accessible through the MRA website. It caters for 9 categories of complaints such as Customer Service, Refund and Repayment, HR issues, Customs Issues, Tax Evasion/Fraud Issues, Compliments/Suggestions/Feedback etc. All complaints including letters, walk-in customers, social network or phone calls are recorded in the system, hence managed through a central database.

4.6.3. Environment

The MRA is an organisation which is committed to protect the environment and to promote a green economy. In its drive to sustain a greener growth, the MRA has incorporated several environmental concerns into its decision-making processes and operations. Since its inception, a series of environmentally friendly projects have been implemented with the ultimate aim of protecting and sustaining our natural environment. They include the proper monitoring and controlling of electricity, water, safe disposal of ICT equipment, reduction of paper printing, automation of several processes, planting of trees, reduction of carbon emissions and recycling of papers. Some of these projects are on-going while a new initiative introduced during the FY2017/18 was the sorting of waste. Eco bins have been installed at the Custom House for the sorting and collection of recyclable waste. An education session was also held to sensitise staff at Custom House on the importance of recycling waste.

4.6.4. Safety and Health

The MRA's Safety and Health Committee is chaired by the Director, Human Resources & Training with the objective of providing a sound and safe working environment for the benefit of the staff. The Committee meets every 2 months so as to review the existing procedures and to ensure continuous improvement regarding the safety and health measures of the MRA.

During the period under review, besides the on-going initiatives that have already been embedded in the organisation, the MRA has also embarked on certain new projects which will contribute to a good working environment for its people.

These are listed as follows:

- Renewed the yearly Medical Scheme membership of staff and their family members which was implemented since November 2008. As at 30 June 2018, 1,319 staff members and 694 dependents have registered for the service;
- Renewed the Group Personal Accident (GPA) Scheme which provides insurance cover over a 24-hour basis, worldwide, to all MRA employees who are injured in an accident on duty as well as outside working hours;
- Conducted regular Fire Drills on all MRA's premises;
- Conducted awareness campaigns on:
 - the prevention of plague;
 - the provision of gloves and mosquito repellents for plague disease;
 - Manual Handling;
 - healthy lifestyle; and
 - Seasonal Flu

Other initiatives also include:

- Provision of Personal Protective Equipment (PPE) to staff working in outposts and Anti-Narcotics Section;
- Provision of monaural headsets to Receptionists and conducted an audiometric test to Receptionists
- Emergency Evacuation Procedures for Lux Shed finalised and training provided to staff;

- Provision of dosimeters and medical check-up for staff working in Scanning Units; and
- Ergonomic chairs provided to staff at Eham Court & Custom House.

4.6.5. Corporate Social Responsibility

In line with the Government's strategy for alleviating poverty, the MRA firmly believes in both the social welfare and economic well-being of its employees and society. As such the commitments towards Corporate Social Responsibility (CSR) have been strongly embedded within the organisation. Year on year, the MRA ensures that its contributions for CSR activities which revolves around empowerment of university students and activities towards needy and vulnerable groups are successfully accomplished.

The CSR projects undertaken by the MRA during the FY2017/18 were as follows:

- The organisation of a Blood Donation Day, in collaboration with the Ministry of Health and Quality of Life and the Blood Donors Association. A total record of 1,368 pints was collected. The success behind the blood donation event is that it regroups not only MRA Staff but also Management Team and Board Members;
- Continued to cooperate with the University of Mauritius (UOM) so as to offer training placement to university students;
- MRA staff have voluntarily contributed to provide dinner for homeless at Marie Reine de la Paix and offered cakes on 'Assumption Day' to the 'Groupe Movement Sociale of Roche Bois' and food for the benefit of needy and poor people; and
- Remitted a cheque of Rs 25,000 to the representatives of the Lois Lagesse Trust Fund.

4.7. PRINCIPLE SEVEN – AUDIT

4.7.1. Internal Audit

The Internal Audit Division is an important function of the MRA whose objective is to provide independent and objective assurance to the Board and Management on MRA's internal controls, risk management systems and governance.

A risk-based approach is adopted by the Internal Audit Division whereby its resources, is focussed on high risk areas. It also provides regular assurance on continued effectiveness of control with respect to core MRA activities on a rotational basis. Whilst keeping its independence, the Division also ensures that a participatory approach is adopted, whereby Senior Management is invited to contribute to the yearly Action Plan by suggesting main areas of concern. The Annual Action Plan is approved by the Audit Committee.

With respect to control, the Division conducts system audits to assess adequacy of control in the various systems to enable MRA achieve its objectives and properly manage its risks. Transaction audits are then constantly carried out to provide assurance on the effectiveness of those controls. Where there have been recommendations for improvements, follow-up exercises are performed to ascertain implementation of those recommendations.

The Director of the Internal Audit Division reports administratively to the Director-General and functionally to the Audit and Oversight Committee.

Achievements

During the period under review, the Internal Audit Division has successfully contributed in achieving the following:

System of Control

Audits conducted by the Division during 2017/18 were as follows:

	Number
System Audits	6
Transaction Audits	20
Follow-up Exercise	8
Vigilance Audits	4

Some core areas audited included: Air Cargo Operations, E-Auction, Write Off of Arrears, Liquor Licences, Register of Taxpayers, Amnesty Scheme, Integrity Management through Investigations, Overseas Training and Revenue Collection, Ethics and Integrity issues.

Code of Corporate Governance (2016)

Following the release of the 2016 National Code of Corporate Governance for Mauritius, the Division has initiated actions regarding the implementation of the requirements of the new Code as follows:

- Board Members were apprised of the requirements of the Revised Code of Corporate Governance and actions to be taken at the MRA to be in line with the new requirements;
- The IT Security policy has been reviewed and published on the Intranet and the relevant parts on the MRA website;
- The Terms of Reference of the Audit and Oversight / Risk Management Committee and the Corporate Governance Committee were reviewed and published on MRA website; and
- The function of the Internal Audit Division together with the qualification of its key members were published on the MRA website.

IT Security Audit

Cyber security is considered to be among the challenges facing many organisations. In order to protect all its IT infrastructure, the MRA has embarked on performing an IT Security Audit by enlisting the services of a Service Provider. In this context, a 'Terms of Reference' (TOR) was prepared for the conduct of a Vulnerability Assessment and Penetration Testing.

An expression of interest exercise, incorporating the TOR was carried out to identify potential Service Providers. The contract has been awarded and the audit will be conducted in the next Financial Year.

Implementation of Quality Assurance Improvement Program (QAIP)

The Division has initiated work on the IIA Quality Assurance & Improvement Programme (QAIP). This initiative not only ensures adherence to globally recognized internal audit practices and enhancement to the professionalism of the Internal Audit Division but also consolidates MRA's endeavour towards improved Corporate Governance.

Quality Management System (QMS)

MRA is an ISO Certified organisation which places a high emphasis on its Quality Management System (QMS). Since Certification in 2012, the MRA has ensured the continual improvement of its internal processes and maintenance of its QMS through internal quality audits and surveillance audits by the Mauritius Standard Bureau (MSB).

Furthermore, with the revised version of the standard from 9001:2008 to 9001:2015, the MRA has been working towards certification to the new standard which integrates, inter-alia, the adoption of a risk-based approach. The recertification process to the new standard is on-going.

4.7.2. External Audit

Section 8 (5) of the MRA Act stipulates that the external auditor for the MRA shall be the Director of Audit. The Statutory Bodies (Accounts and Audit) Act provides that once the Annual Report of the MRA has been submitted to the Director of Audit, the latter, shall furnish the audited report to the MRA within a period of 6 months from the date of receipt.

In addition to the audited report, the Director of Audit also audits the operations of the MRA and presents its findings in its own Annual Report which is tabled at the National Assembly every year. These findings and recommendations, as well as MRA's Action Plan for implementing the recommendations, are discussed at the level of the Audit & Oversight/Risk Management Committee of the MRA Board. As from FY 2018/19, there is a requirement for all Ministries, Departments and Statutory Bodies to include the Action Plan for the implementation of the Director of Audit's recommendations in their Annual Report. The Plan is laid down at Chapter 14 of this Annual Report.

4.8. PRINCIPLE EIGHT – RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

The MRA interacts regularly with its key stakeholders with a view to sharing knowledge, best practices and changes in Revenue legislations. The interactions with the key stakeholders were through the holding of:

- Technical Working Groups with representatives of global sector operators, Bank of Mauritius, Financial Services Commission and Ministry of Financial Services and Good Governance;
- Integrity Advisory Committee meetings with private sector representatives;
- Customs Stakeholders meetings;
- Educational sessions to various stakeholders, for the updates on the Finance Act, such as Business Mauritius, MEXA, ATMC; MCCI, ENL, Rogers Capital, etc...
- Other educational sessions to taxpayers to increase voluntary tax compliance;
- SMEs Partnering Programme for dedicated groups of SMEs; and
- Regular meetings with MRASA to discuss employee-related issues.

The Authority regards the Government of Mauritius as its controlling party and has disclosed at Note 21 to the Financial Statements the Related Party Transactions for the period under review in accordance with IPSAS 20 (Related Party Disclosures). The related party transactions for the MRA for the period under review include:

1. Grants (capital & revenue) of Rs 1,913,886,277 from Government;
2. Fees paid to Board Members for an amount of Rs 2,640,000; and
3. Payment to key management personnel for an amount of Rs 54,657,549.

As per provisions of the Act constituting the Authority, the Board members represent the interest of Stakeholders. However, the Board considers that such representation does not trigger any other related party transactions that would require any further disclosure.

DIRECTORS' RESPONSIBILITY FOR RISK MANAGEMENT, SYSTEM OF INTERNAL CONTROL AND GOVERNANCE

In its leadership role, the Board is responsible for approving, monitoring, reviewing and evaluating the implementation of strategies, policies and plans. The Directors of the Board are aware of their legal duties.

The Directors are also responsible for ensuring that the MRA complies with the Code of Corporate Governance and that all material information be communicated to the stakeholders in a transparent way and the Annual Report is published on the MRA website.

Directors of the Board oversee that the organisation develops and executes a comprehensive and robust system of risk management. The Board also ensures that appropriate frameworks and effective processes are in place for sound management and continual monitoring of risks. The Board monitors and evaluates the organisation's strategic, financial, operational and compliance risk.

The Board ensures the maintenance of a comprehensive internal control systems relevant to the Authority's functions including controls relevant to the preparation and presentation of the financial statements.

The Authority has an Internal Audit Division which assists the Board and Management in effectively discharging the above responsibilities. The structure and qualifications of key members of the Internal Audit Function are listed on the MRA's website.

Controls are reviewed on an on-going basis by Internal Audit using a cycle-based risk approach and any material weaknesses or irregularities detected are rectified within a reasonable time-frame.

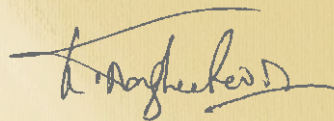
The Audit and Oversight/Risk Management Committee reviews all internal audit reports and Management is advised through the Director-General of remedial action to be taken. The Committee is also kept informed of progress on the implementation of audit recommendations either through feedback reports from Management or follow-up exercises carried out by Internal Audit.

The Board is apprised of all deliberations and decisions taken by the Audit and Oversight/Risk Management Committee.

The Board also ensures the safeguarding of the assets of the Authority and that steps are taken for the prevention and detection of fraud and other irregularities, including compliance to the Code of Ethics.



N. K. BALLAH, G.O.S.K
Chairman MRA Board



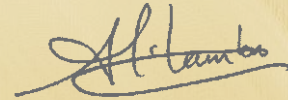
K. N. REDDY
Chairman Audit & Oversight/Risk
Management Committee

STATEMENT OF COMPLIANCE

Throughout the year ended 30 June 2018, to the best of the Board's knowledge, the MRA has complied with the requirements of the Code of Corporate Governance for Mauritius (2016) in all material aspects.



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N. K. BALLAH, G.O.S.K
Chairman MRA Board



.....
A. NILAMBER
Chairman Corporate
Governance Committee

4.9. BOARD MEMBERS' PROFILES



Mr Nayan Kumar BALLAH, G.O.S.K
Chairperson

Appointment

Appointed as Chairperson of the MRA Board in December 2016

Committee member

Chairperson of the Corporate Governance Committee (Up to September 2017)

Skills and previous experience

He holds a Diploma in Public Administration and Management, Bachelor of Arts in Political Science and Economics and Bachelor of Arts (Honours) in English. He has a long career in the public service and has been the Secretary of the Public Service Commission and the Disciplined Forces Service Commission. He has served in senior positions in various Ministries, such as Ministry of Agriculture, Fisheries and Natural Resources, Ministry of Arts and Culture, Ministry of Youth and Sports, Ministry of Public Infrastructure, Land Transport & Shipping and the Prime Minister's Office. He has also served as Chairperson and Member on various Boards and Committees.

External appointments

- Chairperson - State Bank of Mauritius
- Chairperson - Mauritius Telecom
- Chairperson - Multi Carrier (Mauritius) Ltd
- Director - Mauritius Duty Free Paradise
- Director- Air Mauritius



Mr Mahensingh BHEEKHEE
Board Member

Appointment

Appointed as Board member in July 2017

Committee member

Skills and previous experience

He is currently Lead Analyst at the Ministry of Finance and Economic Development. He started his career as Education Officer and he has worked at the Ministry of Finance for more than 24 years.

He holds a Bsc (Hons) in Economics from the University of Mauritius and a Master in Financial Economics from the University of London.

External appointments

- Board Director at the Mauritius Civil Service Mutual Aid Association Ltd
- Board Director at the State Investment Finance Corporation Ltd
- Member of the Managing Committee of the Responsible Gambling and Capacity Building Fund at the Gambling Regulatory Authority



Mr Mohamad OOZEER, P.D.S.M, C.S.K
Board Member

Appointment

Appointed as Board Member in March 2015

Committee member

Chairperson of the Central Tender Committee
Member of the Audit & Oversight/Risk Management Committee

Skills and previous experience

He had a long career in tax administration and has wide experience in the preparation of tax and other legislation. He has been an Adviser to the Ministry of Finance and Economic Development since his retirement from the public service in 1995.

External appointments

- Mauritius Network Services Ltd
- Maurinet Investment Ltd



Mr Kritananda Naghee REDDY
Board Member

Appointment

Appointed as Board Member in March 2015

Committee member

Chairperson of the Audit & Oversight/Risk Management Committee

Skills and previous experience

He has worked as Principal Accountant at the Ministry of Finance. He has studied law and on completion of his Bar Vocation Course, joined the Attorney General's Office as State Counsel. He is currently Acting Principal State Counsel and in that capacity is advising ministries, conducting litigation before the Courts, handling tax cases before the ARC and the Supreme Court.

His formal qualifications include an MBA, LLB and LLM (international tax and insurance law) & FCCA.

External appointments

- SIC Management Services Co Ltd



Mr Javed SUHOOTOORAH
Board Member

Appointment

Appointed as Board member in December 2016

Committee member

Member of Corporate Governance Committee and Audit & Oversight/Risk Management Committee.

Skills and previous experience

He is a Lead Analyst at the Ministry of Finance and Economic Development. He holds a BSc (Hons) in Economics and is a fellow of the ACCA. He has worked at the Ministry for more than 15 years.

External appointments

- Board Member at the Board of Investment
- Board Member at Landscape (Mauritius) Ltd



Mr Anoop NILAMBER
Board Member

Appointment

Appointed as Board member in December 2016

Committee member

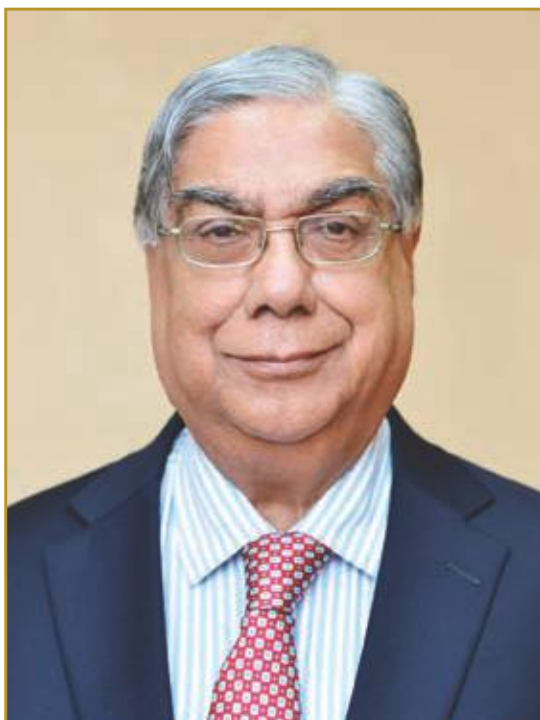
Chairperson of Corporate Governance Committee

Skills and previous experience

He is currently an Economic Advisor at the Ministry of Finance and Economic Development. Prior to joining the Public sector, he worked in the Banking sphere for almost ten years at HSBC in France and MCB in Mauritius. He graduated in Banking & Finance from University Pantheon Assas Paris II.

External appointments

- Board member at MauBank
- Board member at SIC



Mr Sudhamo LAL, C.S.K
Board Member

Appointment

Appointed as Director-General in May 2005

Committee member

Member of the Central Tender Committee and Corporate Governance Committee

Skills and previous experience

He has previously worked in direct tax administration in Pakistan, progressing from Commissioner of Income Tax and Wealth Tax and Director-General (Withholding taxes), to Member (Tax Policy and Administration) in the Central Board of Revenue, Islamabad. In this role he was responsible for leading US\$150 million World Bank funded tax administration reform programme. He acted as the president of the Commonwealth Association of Tax Administrators (CATA) from 2009 to 2012, Vice chairman for the World Customs Organisation's Eastern and Southern African Region from 2011 to May 2013. He was elected Council member of African Tax Administration Forum (ATAF) in September 2014 and in November 2018 he was elected President CATA for the next three years. In October 2018, he was elected to serve as Vice-Chairman of the ATAF.

His formal qualifications include a first degree in law and a postgraduate degree in Agri-Economics and Soil Science. He has also undergone training in public Administration, National Management, Tax Fraud Administration and Revenue Forecasting.

External appointments

None

4.10. MANAGEMENT TEAM'S PROFILES

**Sudhamo Lal, C.S.K**

Director-General of the MRA since May 2005

Qualifications*(See Board Members' Profiles)***Date of Appointment on Management Team**

15 May 2005

Experience*(See Board Members' Profiles)***Contact Details**

Tel: 207 5941 | Fax: 207 6041

Email: sudhamo.lal@mra.mu

**Ishwarduth Beeson**

Director, Fiscal Investigations

Fellow member of the Association of Chartered Certified Accountants

He joined the Public Service in 1972 and later the VAT Department in 1984 as Assistant Finance Officer. He served as Senior Finance Officer, Investigating officer and acting Deputy Commissioner. He joined the MRA as Section Head in July 2006. He became Director, Fiscal Investigations in April 2013.

Date of Appointment on Management Team

8 April 2013

Contact Details

Tel: 207 5914 | Fax: 207 6016

Email: ishwar.beeson@mra.mu

**Nily Bunwaree**

Director, Finance & Administration

Fellow member of the Association of Chartered Certified Accountants and Associate of the Institute of Chartered Accountants in England and Wales, MBA from the University of Birmingham

She joined a Manufacturing Company in the private sector as Finance Manager. Worked as Financial Controller in a large conglomerate from 1992 to 2011. Also worked on a number of projects in the shipping and aviation fields. Joined MRA as Director, Finance & Administration in January 2013.

Date of Appointment on Management Team

3 January 2013

Contact Details

Tel: 207 5922 | Fax: 207 6022

Email: nily.bunwaree@mra.mu



Champawatee Gunnoo

Director, Medium and Small Taxpayers

Fellow member of the Association of Chartered Certified Accountant

She joined the Public Service in 1975 and later the Income Tax Department as Inspector of Taxes in 1975. She was posted at the VAT Department in 1988 where she served in the capacity of Senior Investigation Officer, Deputy Commissioner and Commissioner. Joined MRA as Director, Fiscal Investigations up to April 2013 and is now Director, Medium and Small Taxpayers

Date of Appointment on Management Team

1 July 2006

Contact Details

Tel: 207 5959 | Fax: 210 3472

Email: champa.gunnoo@mra.mu



Michel Mario Hannelas

Director, Large Taxpayers

Fellow member of the Chartered Association of Certified Accountants, Post Graduate degree in Tax Administration – University of Paris Dauphine, France

He joined the public service in 1974 and later joined as Inspector of Taxes in the Income Tax Department. He climbed the corporate ladder and served as Chief Investigating Officer, Deputy Commissioner of Income Tax and Commissioner of Large Taxpayers. He joined the MRA on 01 July 2006 as Director, Medium & Small Taxpayers. He is presently Director, Large Taxpayers and also responsible for all international tax matters. In addition, he is a member of the Mauritian Team for Tax Treaty negotiations.

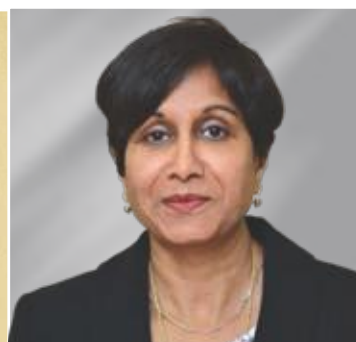
Date of Appointment on Management Team

1 July 2006

Contact Details

Tel: 207 5904 | Fax: 207 6053

Email: mario.hannelas@mra.mu



Sumita Devi Moorooogen

Director, Internal Audit

Fellow member of the Chartered Association of Certified Accountants, MBA in Finance & Administration- University of Wales and Manchester

She joined the National Audit Office in 1985 and held various positions there and was Assistant Director of Audit from 1995 to 2003. From 2003 to 2006, she was Assistant Director at the ICAC and responsible for corruption prevention and system enhancement. She joined the MRA as Director, Internal Audit in June 2006. Was a member of the Audit Review Panel of the Financial Reporting Council from December 2008 to December 2012 and is presently an active member of Institute of International Auditors, Mauritius.

Date of Appointment on Management Team

14 June 2006

Contact Details

Tel: 207 5942 | Fax: 207 6042

Email: sumita.moorooogen@mra.mu



Soopayah Narrainen
Director, Internal Affairs

**DESS (Paris Dauphine), MBA – University of Technology,
Mauritius**

He joined the Income Tax Department as Inspector of Taxes in 1975 and climbed the corporate ladder as Principal Inspector, Chief Inspector and Assistant Commissioner of Taxes. He joined the MRA as Section Head on 01 July 2006 in the Compliance Department. Appointed Director, Internal Affairs in June 2014.

Date of Appointment on Management Team

1 June 2014

Contact Details

Tel: 207 5012 | Fax: 216 0097

Email: soopayah.narrainen@mra.mu



Dhanraj Ramdin
Director, Operational Services

**Fellow member of the Chartered Association of Certified
Accountants, Post Graduate Degree in Tax Administration-
University of Paris – Dauphine, France**

He joined the Public Service in 1978 and later joined the Income Tax Department as Inspector of Taxes in 1983. He served there in the capacity of Senior Investigating Officer, Chief Investigating Officer and Deputy Commissioner of Income Tax. In 2006, he joined the MRA as the Director of Operational Services Department.

Date of Appointment on Management Team

1 March 2006

Contact Details

Tel: 207 5948 | Tax 207 6048

Email: dhanraj.ramdin@mra.mu



Vivekanand Ramburun
Director, Customs

**Fellow member of the Chartered Association of Certified
Accountants, MBA with specialisation in Finance**

He joined HM Customs & Excise on 04 January 1982 before taking employment at the Management Audit Bureau (MAB) of the Ministry of Finance in 1991. After 10 years at MAB, where he held the post of Senior Financial & Management Analyst, he worked as advisor to the Comptroller of Customs from 2002 to 2006. He was Section Head at MRA for 11 years and acted as Director of Customs on several occasions. He is an accredited expert for the implementation of the WTO Trade Facilitation Agreement. He has extensive experience in consulting and capacity building for Customs administrations in Europe, Central Asia, Caribbean, Africa and Middle East on behalf of the WCO, IMF, Asian Development Bank, SADC, COMESA, and Canada Customs.

Date of Appointment on Management Team

February 2016

Contact Details

Tel : 2020500 | Fax : 2167601

Email : vivekanand.ramburun@mra.mu



Vaydavadee Ramdin

Director, Objections, Appeals & Dispute Resolution

Fellow member of the Chartered Association of Certified Accountants

She joined the Public Service in 1980 and later joined the Income Tax Department in 1983 as Inspector of Taxes. She climbed the corporate ladder and served as Senior Investigating Officer, Chief Investigating Officer and Deputy Commissioner. She joined the MRA in 2006 as Section Head in the Large Taxpayers' Department (LTD). She is the Director of Objections, Appeals & Dispute Resolutions (OADR) since the creation of the department in 2012

Date of Appointment on Management Team

2 April 2012

Contact Details

Tel: 207 5000 | Fax: 207 5050

Email: vayda.ramdin@mra.mu



Vijay Kumar Ramnundun

Director, Human Resources & Training

MSc in HR Management – University of Surrey, UK

He joined the Public Service in 1973. He served as Human Resource Executive at the Central Electricity Board, HR Manager at the Central Water Authority and Assistant Manager (HR) at the Mauritius Institute of Training & Development (previously known as IVTB). He joined the MRA as Director of Human Resources and Training in February 2007.

Date of Appointment on Management Team

2 February 2007

Contact Details

Tel: 2020 502 | Fax: 2164 317

Email: vijay.ramnundun@mra.mu



Soobhash Sonah

Director, Information Systems

BSc (Hons) in Mathematics and Computer Science MSc in Computer Science, MBA – University of Mauritius

Prior to joining the MRA he held the post of Technical Leader and Senior Consultant in Canada. He also held the post of Manager- Information Systems in the public utilities sector and at Univeristy of Mauritius. He joined the MRA as Director, Information System in 2008.

Date of Appointment on Management Team

13 October 2008

Contact Details

Tel: 207 6077 | Fax: 207 6063

E-mail: soobhash.sonah@mra.mu



Amick Teeluckdharry

Assistant Director, Taxpayer Education & Communication

Master in Business Administration

He was Head of TV Production at the Mauritius Broadcasting Corporation (MBC). He has proven experience in the production, management and marketing of audio visual programmes for television. He worked as Newspaper Reporter, TV Producer & Executive Producer. He is also a Lecturer in Organisational Management and Audio Visual Production and Technology.

Date of Appointment on Management Team

1 June 2017

Contact Details

Tel: 207 6000 Ext: 2985 | Fax : 207 6033 | Mobile: +23052502246
Email: amick.teeluckdharry@mra.mu



Roshan Oree

Ag. Assistant Director, Research, Policy & Planning

BSc (Hons) Economics, MBA in Finance

He started his career in the global business sector before joining the Ministry of Finance, as Economic Analyst in 1998. In that capacity he has been actively involved in the budget preparation exercise, in particular, tax policy formulation. He has also served as Board Member on a number of parastatal bodies. He joined the MRA in January 2007.

Date of Appointment on Management Team

January 2017

Contact Details

Tel: 207 6091
Email: roshan.oree@mra.mu



Smita Shersingh

Legal Counsel, Legal services

Barrister-at-Law, called to the Bar of England and Wales and the Honourable Society of Middle Temple in 2010, Postgraduate Diploma in 'International Dispute Resolution' and a Postgraduate Certificate in 'Equity and Trusts' – University of London

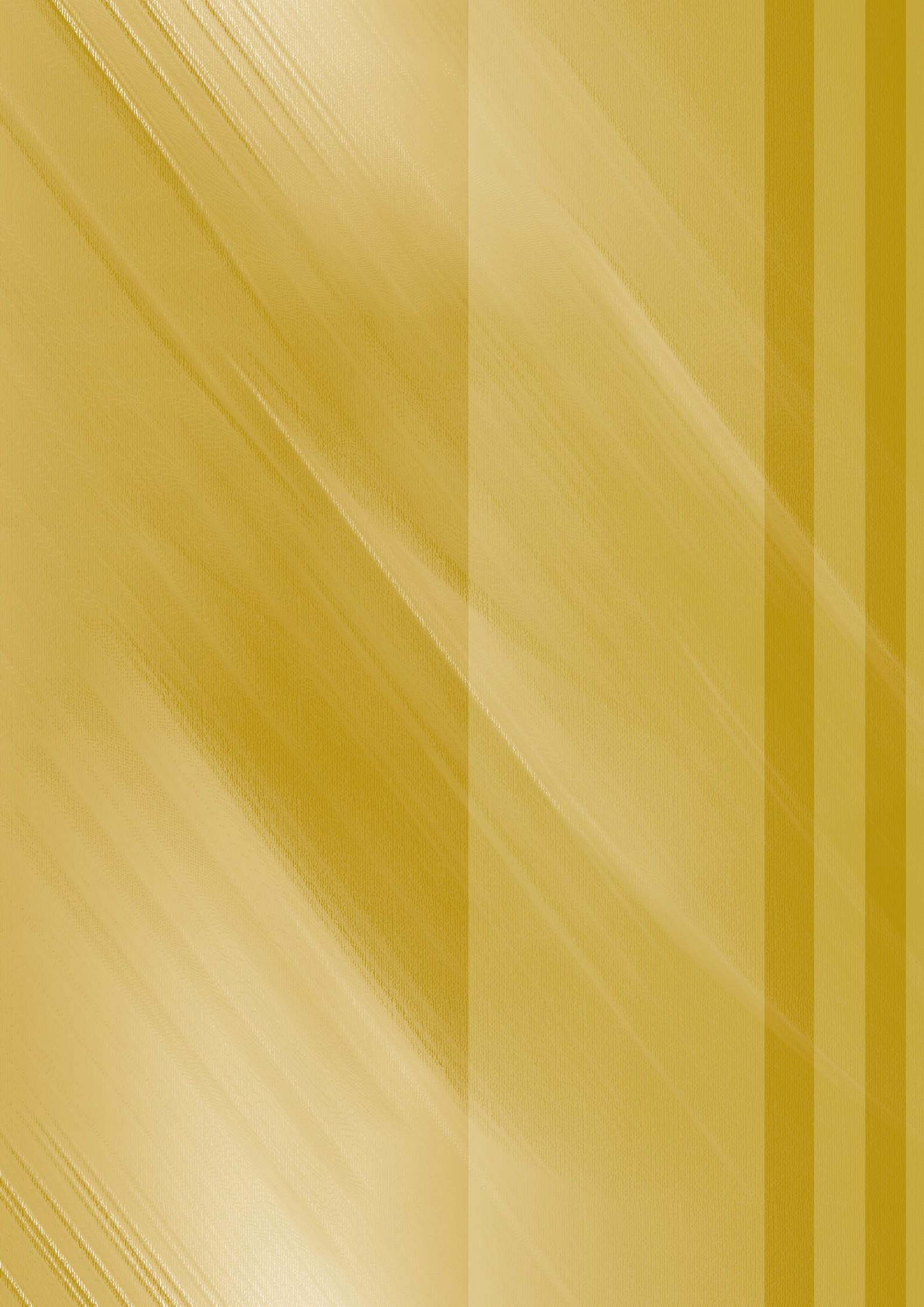
Prior to joining the MRA, she occupied the post of Senior Legal Executive at Banymandhub Boolell Chambers (Mauritius). Her practice areas covered civil, corporate, employment and commercial law. She now appears regularly before the Courts, Tribunals and in Disciplinary Committees, representing the MRA.

Date of Appointment on Management Team

October 2016

Contact Details

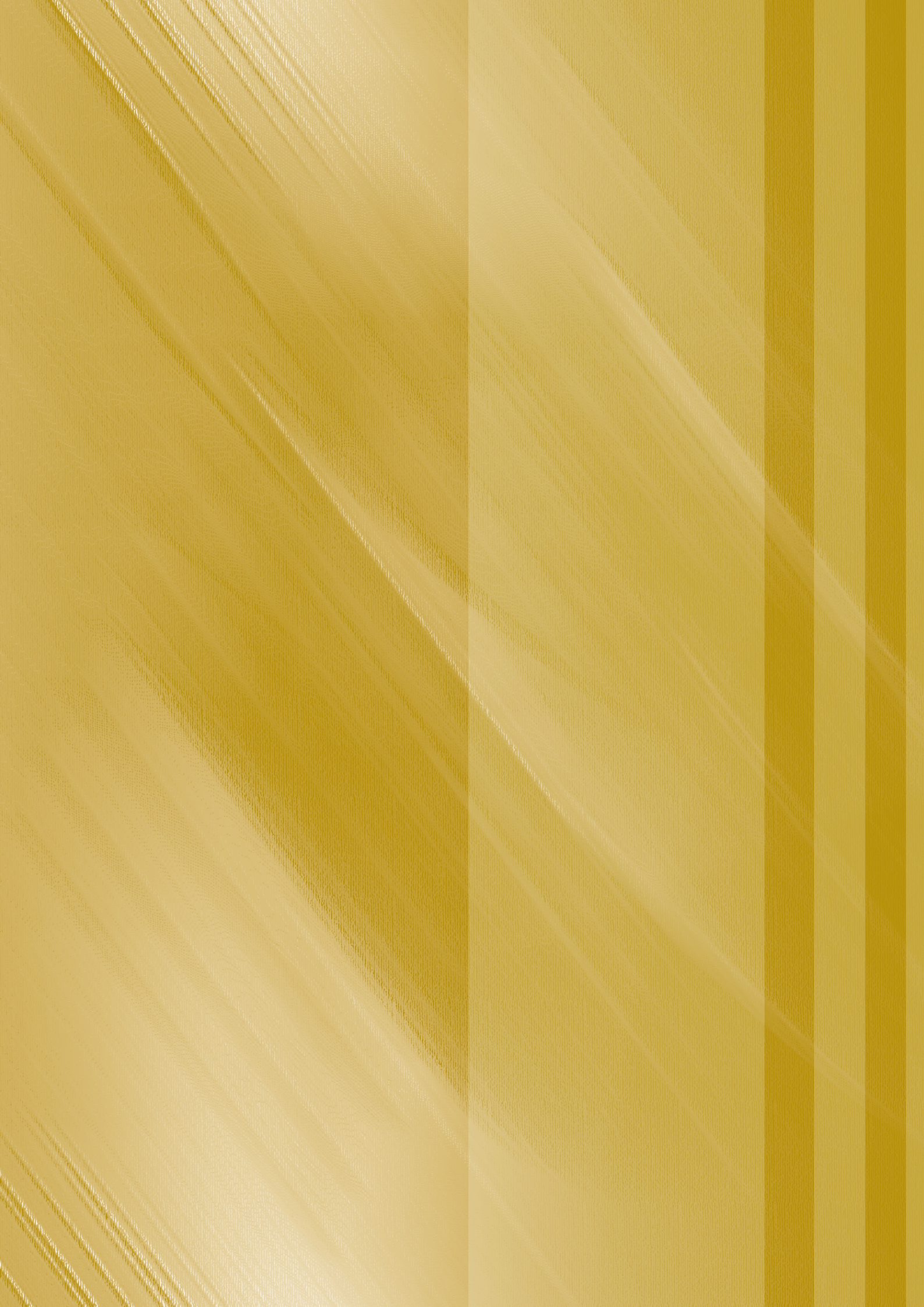
Tel: 2020500 Ext: 7570 | Fax : 216 4198
Email: smita.bhujohory@mra.mu



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National Pension contributions



5.

REVENUE COLLECTIONS

Revenue collections

Revenue collected by the Mauritius Revenue Authority (MRA) accounts for slightly more than 90% of the total Revenue of the Government. In FY 2017/18, the total amount collected, inclusive of collections for special funds, grew by 15% and was to the tune of Rs 87.5 billion out of which Rs 83.1 billion was transferred to the Consolidation Fund i.e. Rs 7 billion more than the previous financial year.

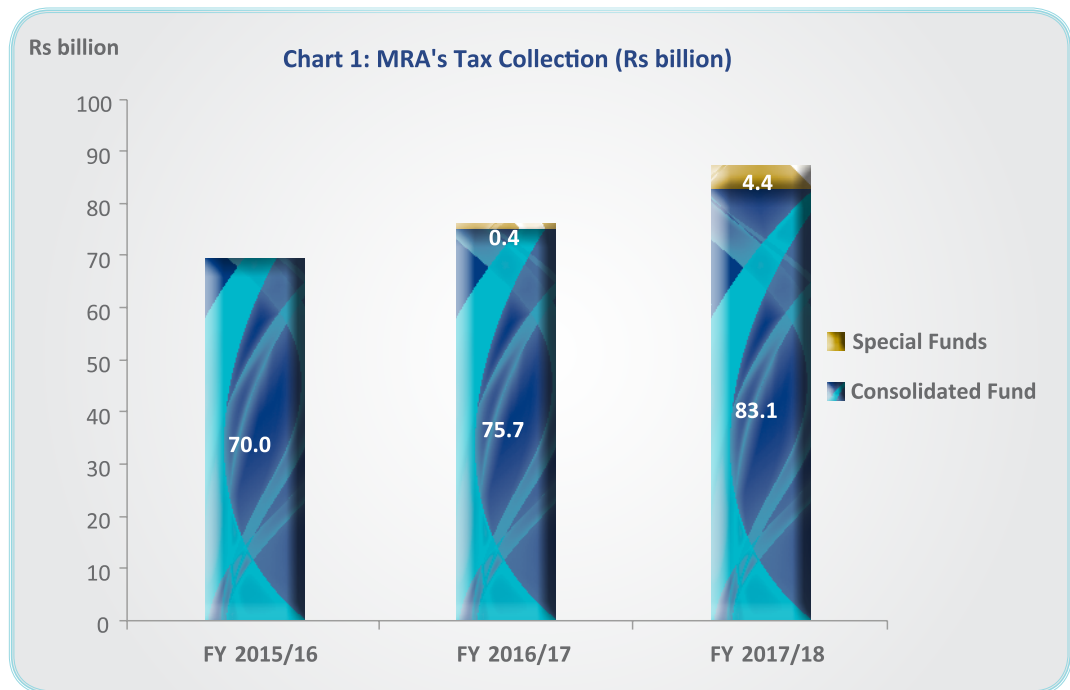


Table 2: Revenue collections (Rs m)

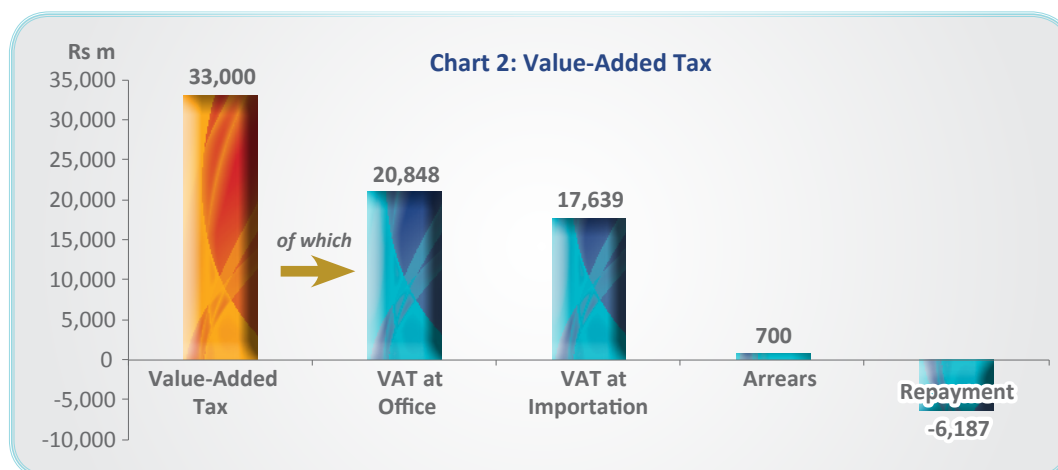
TAX	July 2016- June 2017 Actual (Rs m)	July 2017- June 2018 Actual (Rs m)	Growth %	July 2017- June 2018 Projected (Rs m)
Corporate Tax	11,861	12,392	4.5%	12,525
Personal Income Tax	8,674	9,518	9.7%	9,467
Tax Deducted at Source	1,247	1,382	10.8%	1,290
Value-Added Tax	30,189	33,000	9.3%	32,835
Customs Duties	1,172	1,344	14.7%	1,305
Excise Duties	17,256	20,111	16.5%	20,180
Taxes on Gambling	1,885	1,975	4.8%	2,015
Environment Protection Fees	385	399	3.6%	405
Passenger Fee	1,473	1,556	5.6%	1,810
Special Levy on Banks	846	846	0.0%	950
Special Levy on Telecommunication	313	158	-49.5%	355
Advertising Structure Fee	59	54	-8.5%	70
Miscellaneous ²	346	332	-4.0%	55
Total to Consolidated fund	75,706	83,067	9.7%	83,262
Ministry of Social Security	-	3,509	-	-
Mauritius Cane Industry Authority	-	85	-	-
Lotto Fund	143	215	50.3%	-
National CSR Foundation	171	511	198.8%	-
Responsible Gambling and Capacity Building Fund	49	79	61.2%	-
Total MRA Revenue Collections	76,069	87,466	15.0%	-
Negative Income Tax	-	-174	-	-
Special Allowance	-	-112	-	-

¹ MRA figures are on a collection basis and may vary from figures reported by the Accountant-General which are on a cash basis.

² Includes collections from Licences, Customs & Excise Fees and Fines, Miscellaneous Customs, Passenger Solidarity Fee, Processing Fee, Tax Residency Certificates and tax rulings, Revenue from Excise Stamps.

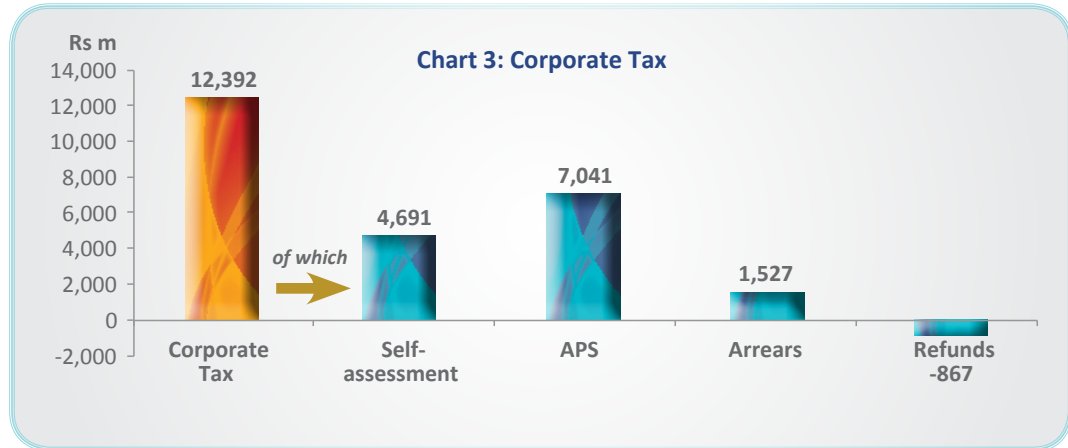
2017/18 Revenue Performance - General Observations

Value Added Tax, which represented 40% of MRA collections, grew by 9.3% in FY 2017/18 and was above expectations. VAT receipts were triggered by a rise in CIF value of vatable imports of 8% during the year.

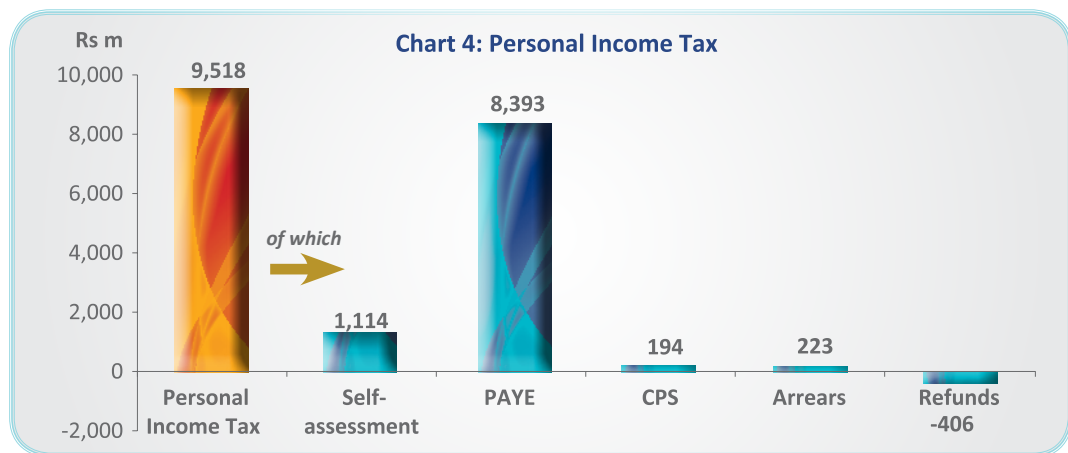


Revenue collections

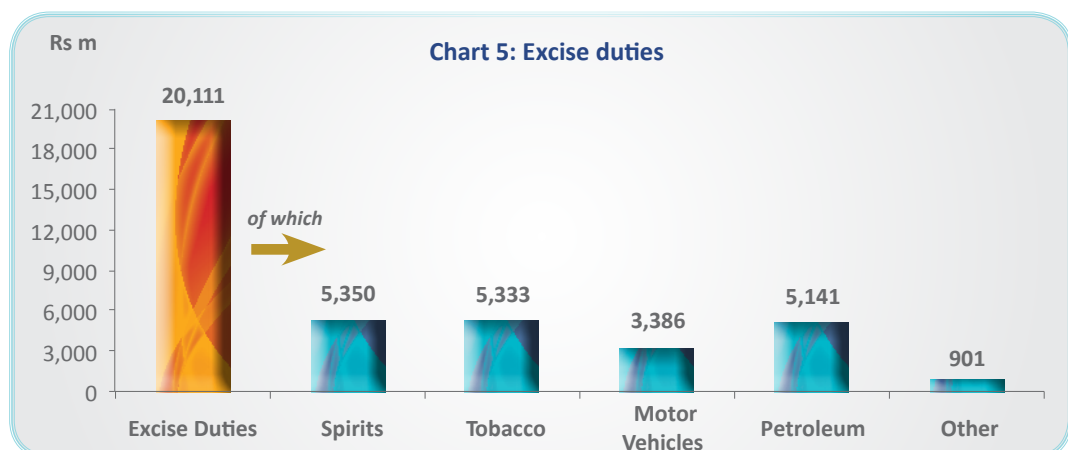
Corporate Income Tax grew by 4.5% which was below the expected growth of 5.6%. This performance may be attributed to lower than expected collections from global business companies and manufacturing enterprises.



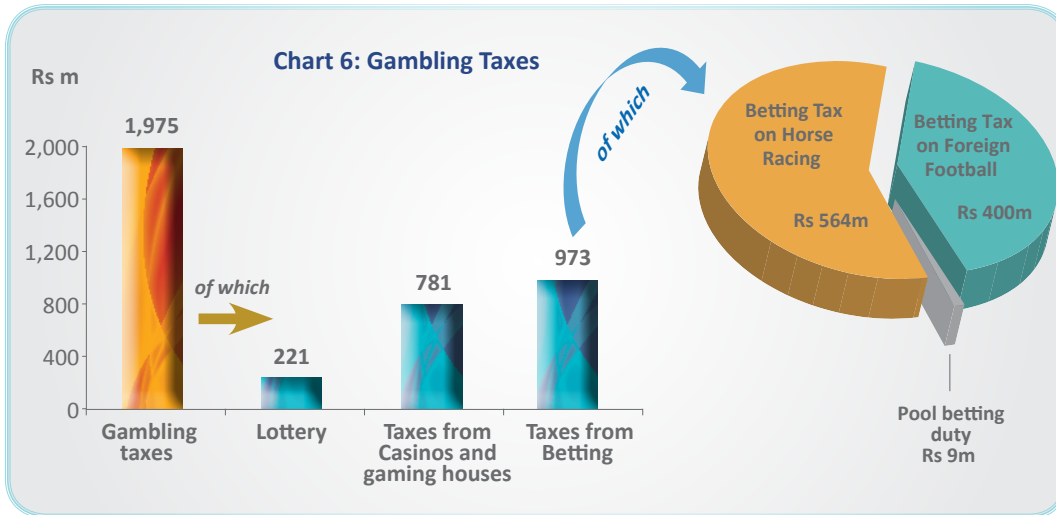
Personal income tax collections were 10% higher than in the preceding year and 1% above the projections. PAYE proceeds rose by 9%, advance tax from self-employed taxpayer were 3% higher whilst collection from self-assessment returns and arrears were 16% more than in the preceding year.



Excise collections increased by 17% during the year under review and were almost on target. In terms of excisable items, a shortfall of 6.7% over the expected petroleum product collections was compensated by higher than anticipated proceeds from spirits and tobacco products.



Proceeds from taxes on gambling were 5% higher in FY 2017/18 but 2% lower than anticipated. This is explained mainly by the stagnation in collection of betting taxes on foreign football at Rs 400 million for each of the last two financial years.



Social Security contributions

As from January 2018, MRA has been entrusted with the responsibility for collections of NPF and NSF contributions. For the six months period January-June 2018, an amount of Rs 3.5 billion has been remitted to the Ministry of Social Security for these mentioned funds.

Negative Income Tax and Special Allowance

With effect from November 2017 and January 2018, MRA also started effecting payment to eligible persons under the Negative Income Tax and Special Allowance schemes. Both Schemes aim at giving direct financial support to salaried taxpayers earning less than Rs 9,900/ Rs 9,000 and as at 30 June 2018, 81,367 persons have benefitted.



The Prime Minister remitting NIT payment to a beneficiary

Salient Features of NITA/SPA

Negative Income Tax Allowance (NITA)	Special Allowance (SPA)
<ul style="list-style-type: none"> ▪ Assistance to low income earners - less than Rs 9,900 monthly ▪ Assistance can vary between Rs 100 and Rs 1,000 monthly and is subject to pension contributions being made and a minimum number of hours of work 	<ul style="list-style-type: none"> ▪ Aims at topping up wages of low income earners so that they receive a minimum of Rs 9,000 monthly ▪ Maximum monthly amount payable is Rs 860 for employees of export enterprises (including expatriates) and Rs 500 for other employees

Rationale of the NITA/SPA

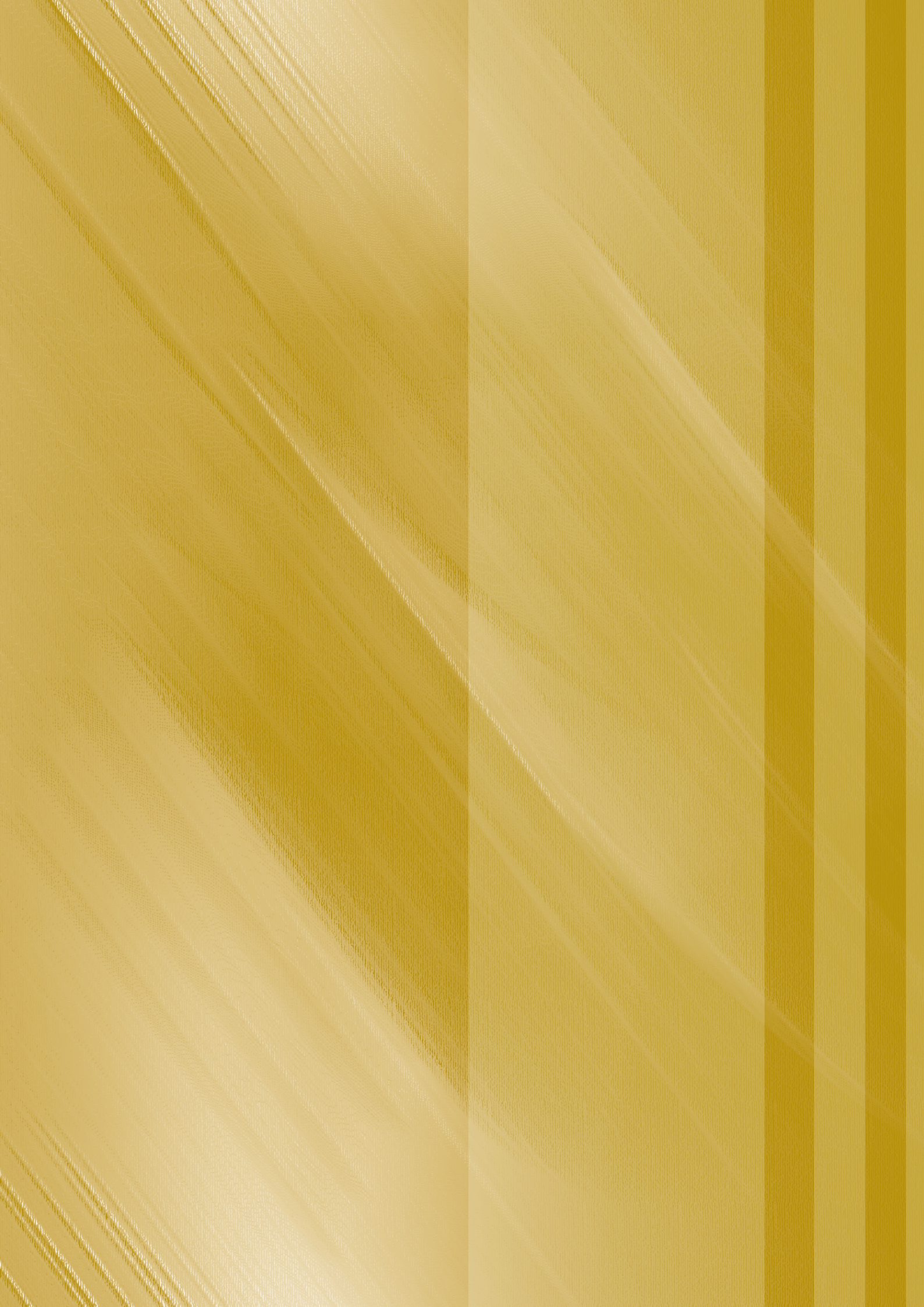
- Direct financial support to the needy
- Reduces income inequality – New income tax system is as follows:
 - o 20% income tax (including 5% solidarity levy on high income earners with Chargeable income > Rs 3.5 m annually)
 - o 15% income tax for upper middle income earners (Income above Rs 50,000 monthly)
 - o 10% tax for middle income earners (Income between Rs 23,500 and Rs 50,000 monthly)
 - o No income tax for lower middle income group (Income below Rs 23,500 monthly)
 - o Negative Income Tax Allowance for those earning less than Rs 10,000 monthly

NITA/SPA Implementation Process and Results

- Payment of quarterly NITA started in November 2017
- Payment of monthly Special Allowance introduced in January 2018
- NPF/NSF contributions data used to operate NITA/SPA
- MRA improved both Schemes over time through:
 - o Shift to monthly payment
 - o Removal of registration requirement under NITA
 - o Online facility & SMS service for submission of bank details directly to MRA
 - o Eligible employees not receiving NITA/SPA can contact MRA directly
 - o Simple & easy procedures: all payments made directly to the employees' bank account
- 81,367 persons have benefitted from NITA/SPA up to 30 June 2018
- Total amount disbursed up to 30 June 2018 was Rs 286 million

EMPOWERING OUR STAKEHOLDERS





6.

PROVIDING QUALITY
SERVICES TO OUR
STAKEHOLDERS

The MRA has always strived to provide stakeholders with the best possible service standards and collaborative support in order to boost voluntary compliance levels. During the year under review, various initiatives were implemented to concur with that objective.

6.1. TAX EDUCATION

6.1.1. Educating our taxpayers

The gist of conducting several educational sessions with the stakeholders is to shift their attitude from “an obligation to pay” to that of “willingness to pay” taxes. In short, the aim is to encourage a “tax culture” through tailor-made sensitization and taxpayer education campaigns. During the year under review, the MRA has conducted the following educational and sensitization campaigns.

Table 3: Awareness & Educational campaigns conducted	
Details	Number of sessions
Awareness Raising Campaign	9
<i>Of which</i> (a) VAT Lucky Draw Scheme	
(b) Taxpayer Portal	
(c) E-Auction	
(d) Stop Drug Platform	
(e) E-Filing	
(f) Negative Income Tax	
(g) NSF/NPF	
(h) TASS	
(i) Special Allowance	
Educational Seminars	50
<i>Of which</i> (a) Colleges	3
(b) SMEs	11
(c) Ministries	10
(d) Associations/Institutions	26
Total	59

6.1.2. Publications

With a view to better disseminate important information on tax and other pertinent issues, the following publications were made available to the taxpayers during the year.



Table 4: Publications	
Details	Number of sessions
Information leaflets	22
<i>Of which (a) TASS</i>	
<i>(b) VAT</i>	
<i>(c) ATDR</i>	
<i>(d) EDRTS</i>	
<i>(e) NIT</i>	
<i>(f) VLDS</i>	
<i>(g) NSF/NPF</i>	
<i>(h) Special Allowance</i>	
<i>(i) Passenger Information</i>	
<i>(j) Currency Declaration</i>	
<i>(k) Customs Information</i>	
<i>(l) Deferred Payment</i>	
Brochures	6
<i>Of which (a) Registration</i>	
<i>(b) PAYE</i>	
<i>(c) Employees taking up employment</i>	
<i>(d) Starting business guide</i>	
<i>(e) VAT</i>	
Other Publications	2
<i>(a) Corporate Governance Committee charter</i>	
<i>(b) Audit & Oversight / Risk Management Committee</i>	
Total	30

6.1.3. Study tours from foreign delegations

During the year under review, various foreign officials – mainly from our African peers – visited us to learn from our best practices, existing policies and procedures. The list of the visiting delegations is shown in Table 5:

Table 5: Educational/Study tours by foreign delegations		
Date	Delegations	Purpose of visit
31 August 2017	Madagascar	MRA's Good Governance and International Taxation
18 & 19 September 2017	Lesotho Revenue Authority	Sharing of knowledge on MRA's practices in the handling of objections, rulings, Quality Management System and MRA e-Services
20 to 24 November 2017	Lesotho Revenue Authority	Deferral Regimes, Trade Facilitation, & Customs Management System
13 April 2018	Ivory Coast	Courtesy visit to identify avenues of fiscal cooperation between Mauritius and Ivory Coast

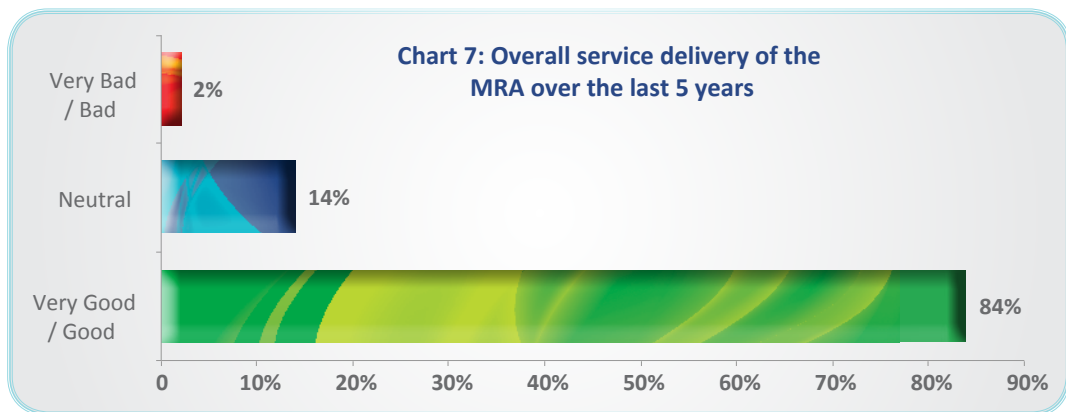
6.2. CUSTOMER CARE

At the MRA, we highly encourage our stakeholders to provide us with their feedbacks on the services being provided so that corrective measures may be implemented in a timely manner. Therefore, various initiatives were implemented during the year with a view to better assess the needs of the taxpayers through feedbacks and thus proactively improve our service standards.

6.2.1. Taxpayer Satisfaction Survey (TSS)

The MRA has carried out an online Taxpayer Satisfaction Survey (TSS) during the September/October 2017 filing season through the MRA portal where 37,322 taxpayers participated (i.e.; 22% of the target population). During that survey, taxpayers were invited to rate the following MRA services: e-services, payment facilities at Cash Office, Customer Services, Telephony services and the overall MRA performance during the last five years.

Overall, taxpayers are quite satisfied with the services delivered at the MRA with 84% of them assigning a good/very good rating as illustrated in Chart 7.



Moreover, the respondents have also highly rated some of our services, namely; instruction for e-filing, online submission for returns, online services, prefilled return and website. However, the level of satisfaction was slightly lower in terms of the time taken to effect payment, waiting time to be served, response to written correspondence and telephone waiting time.

In line with the existing practice, the results of the Survey and suggestions from taxpayers have been scrutinized and a plan of action was drawn up to enhance the quality of certain identified services by taxpayers.

6.2.2. Customer Service Feedbacks

The MRA has also made available at all its public offices and places Customer Service Feedback Terminals (CSFTs) and Suggestion Boxes. In addition, with the implementation of the Online Citizen Support Portal (CSP) by the Prime Minister's Office, the MRA receives queries and feedback through Citizens Advice Bureaus. The number of feedbacks/complaints received is shown in Table 6.

Table 6: Customer satisfaction, feedback & complaints received	
Details	Number
Total number of Complaints/Feedback received	345
<i>Of which</i> (a) via Suggestion Box	6
(b) via Customer Service Feedback Terminals (CSFTs)	222
(c) via Citizen Support Portal (CSP)	117

All the Complaints/Feedbacks received internally (i.e.; through the Suggestion Box and CSFTs) were reviewed and appropriate actions taken accordingly. The status as at 30th June 2018 of those received from the Citizen Support Portal (CSP) was as follows:-

- 98 complaints/feedbacks replied to and closed on portal
- 19 complaints/feedback under progress

6.2.3. Complaints Management System

The Online Complaint Management System, which was launched on 17 June 2016, provides ease of access for members of the public to send their complaints electronically to the MRA. The utilisation of this electronic platform for the year 2017/18 is shown in Table 7.

Details	Number of Complaints received	Number of complaints already resolved
Internal Complaints	5	4
External Complaints	739	558
Tax-Related Issues	616	427
Non-Tax Related Issues	128	85

6.2.4. Assistance to taxpayers in fulfilling their filing obligations

To enable taxpayers to fulfil their income tax filing obligations, the MRA provides assistance through dedicated Free Income Tax Assistance (FITA) centres around the island of Mauritius and Rodrigues. The number of taxpayers served and the number of returns filed in these dedicated FITA centres, which were opened during the weekend 23-24 September 2017, are indicated in Table 8.

Name of FITA Centre	Number of Taxpayers served	Number of Returns filed
1. Head Office, Eham Court	632	544
2. Louis Nellan Govt. School	541	499
3. Baichoo Madhoo Govt. School	390	305
4. Royal College Curepipe	847	759
5. Mesnil Govt. School	511	447
6. Aryan Vedic Hindu Aided School	914	673
7. St Pierre RCA	376	342
8. Philippe Rivalland RCA	504	447
9. Notre Dame des Victoires RCA	605	538
10. Bambous 'A' Govt. School	275	244
11. Maheshwarnath Govt. School	723	645
12. D. Hurry Govt. School	560	501
13. Bheewa Mahadoo Government School	468	418
14. R. Gujadhur Govt. School	1,318	1,126
15. R. Edward Walter Govt. School	435	378
16. Willoughby Govt. School	561	530
17. Riviere des Anguilles Govt. School	368	326
18. Seegoolam Torul Govt. School	474	370
19. Rodrigues	412	337

6.3. COMMUNICATION

In the wake of digitalisation of MRA services, the MRA has reinforced its communication processes with its stakeholders through innovative ways without foregoing the existing traditional channels for those who are not computer savvy.

6.3.1. MRA YouTube Channel

One noticeable achievement during the year was the realisation of short video clips on very pertinent and salient topics for the benefit of the stakeholders, namely:-

- Tax Arrears Settlement Scheme (TASS),
- e-Filing,
- Free Income Tax Assistance (FITA),
- Negative Income Tax (NIT),
- NSF/NPF,
- Special Allowance,
- MRAeasy,
- K9 Unit

These videos were posted on the MRA YouTube channel and shared on the MRA Twitter account. The number of times these short clips were viewed is shown in Table 9.

Video clips	Number of views
MRA e-Filing 2015	1,398
Negative Income Tax	1,275
MRA e-Filing 2016	1,246
PAYE and NSF/ NPF contributions	1,166
TASS and Special Allowance	1,142

Currently, there are 280 subscribers to the MRA YouTube channel. As it is the case with social media, all videos posted on the MRA YouTube channel may be shared online on other social networks, namely Facebook and Twitter, thereby increasing their reach. The above explanatory videos were also sent to local media houses for uploading on their respective websites for viewing by the population.

6.3.2. Effective use of the media

The MRA has adopted a pragmatic approach by making effective use of the media in the dissemination of important information to the general public. Likewise, representatives from all media houses are regularly invited to attend MRA events where they are provided with first-hand information which may be published/ broadcast in their respective outlets.

Moreover, all the communiqués issued by the MRA bear a QR Code so as to help stakeholders access the relevant information on MRA website, by simply scanning the code with their smart phones. Table 10 provides the statistics of the communiqués issued by the MRA during the year 2017/18.

Table 10: Communiqués issued

Details	Number
TV/Radio	18
Press	78
Government Gazette	27
Other Channels	75

6.3.3. Website

The MRA website plays a very pivotal link in establishing a permanent availability and accessibility of 24/7/365 between the organization and its stakeholders. During the year 2017/18, the number of times the website was updated and visited by taxpayers were as follows.

Table 11: Website

Details	Number
Number of times the MRA’s website was updated	815
Number of visits on MRA’s Website (Page Hits)	2,021,083

Initiatives have already been undertaken to revisit the current website so as to enhance the online experience of the taxpayers, and new Add-ons – such as the tax chat, embedded videos from MRA YouTube channel and embedded tweets from the MRA Twitter account – shall be hosted soon on the new platform.

6.3.4. Twitter

The MRA Twitter has ushered great opportunities for more global audience outreach in providing instantaneous information to the stakeholders. It is accessible through the following link http://twitter.com/MRA_services. There were 716 taxpayers who were following MRA twitter as at 30th June 2018.

6.3.5. Taxpayer mailing service

Since its launching in April 2007, the Taxpayer Mailing Service has made great strides in providing to the subscribers with the latest information and publications free of charge. There were 96,388 taxpayers who have subscribed to that service as at 30th June 2018.

6.3.6. E-newsletter

The MRA e-newsletter has now become an essential monthly feature where the taxpaying public are apprised of the activities being conducted by the MRA. The readers are also provided with useful tax and non-tax matters alike.

6.3.7. Other means of communication

(a) Press conference

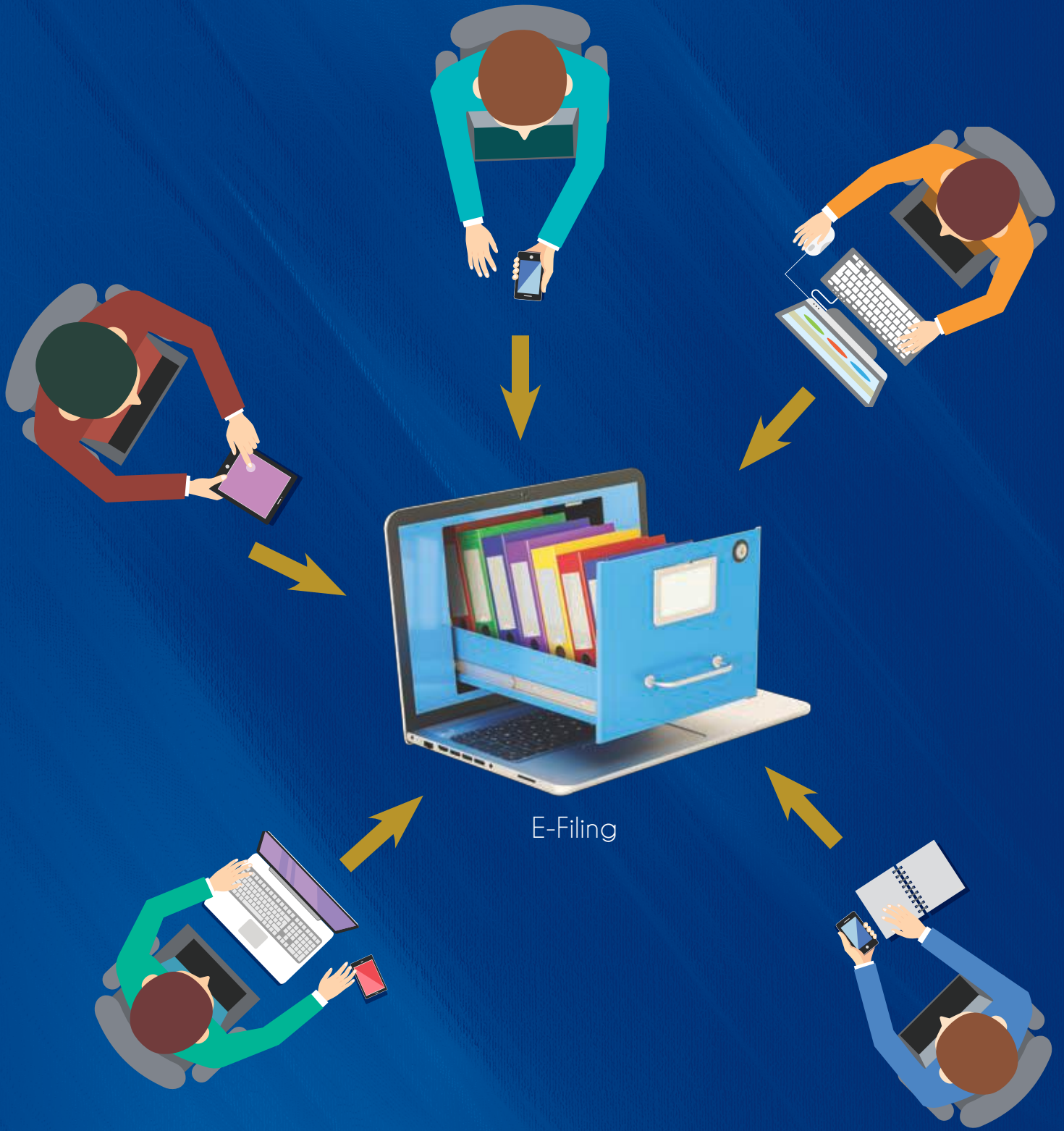
At the closing of each financial year, it has now become the norm and practice for the MRA to hold a press conference. This annual event provides the Director-General and his Management Team with the appropriate forum to interact with a roomful of journalists and thus partaking with them in an effective way the organisational performance and strategic directions for the year. The Annual Press conference was held at the seat of the organisation on Wednesday 16th August 2018 in respect of achievements for the year 2017/18.

(b) Publication of the Annual Report

The MRA has a statutory requirement to publish an annual report, highlighting its performances and achievements for the year. Therefore, the MRA Annual report 2016/17, exceptionally covering an 18-month period, was officially presented to the Honourable Prime Minister and Minister of Finance and Economic Development, Mr Pravin Kumar Jugnauth, on Thursday 31st May 2018.



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7.

MONITORING TAX COMPLIANCE – OUR PERFORMANCE

Amongst the core functions of the MRA is the collection of duties and taxes in accordance with the tax legislations. The performance of this key function entails taxpayers meeting their tax obligations in the following areas: registration; filing of tax returns and payment of the right amount of tax on time. This chapter outlines the MRA's achievements in these areas for the FY 2017/18. Our performance in terms of meeting international tax commitments for the year under review is also covered in this chapter.

7.1. MOVEMENT IN TAXPAYER REGISTERS

The maintenance of an updated taxpayer register is prerequisite for providing a prompt service to taxpayers and the monitoring of their compliance to tax by a tax administration. The MRA, though its Registration Unit is responsible for the upkeep of the Register Database for the different categories of taxpayers.

7.1.1. Income Tax

During the FY 2017/18, there were 30,093 new taxpayers registered under Income Tax amongst which 19,390 were individuals. The negative growth in the number of employees was on account of deregistration of 24,512 salary earners with no tax obligation from the tax register.

Table 12: Tax Register as at 30 June 2018

Income Tax	Number on register		Growth (%)	New registration
	30.6.2017	30.6.2018		
Individuals				
<i>Employees</i>	161,091	149,285	-7.3	12,706
<i>Self-employed</i>	70,783	77,036	8.8	6,684
Companies	67,547	72,488	7.3	10,311
Sociétés	5,635	5,858	4.0	244
Successions	2,397	2,419	0.9	22
Trusts	176	279	58.5	126
Unit Trusts	2	0	-	-
Total	307,631	307,365	-0.1	30,093

7.1.2. Value Added Tax

VAT registered persons submit returns either on a quarterly or monthly basis. VAT registered persons with annual turnover of taxable supplies exceeding Rs 10 million submit monthly VAT returns. However, where the annual turnover does not exceed Rs 10 million, then a VAT payer submits quarterly return. In FY 2017/18, the number of persons registered for VAT grew by 4.3% to reach 18,976.

Table 13: VAT Register as at 30 June 2018

Category of VAT payers	Number on register		Growth (%)	New registration
	30.6.2017	30.6.2018		
Monthly				
<i>Individuals</i>	235	261	11.1	34
<i>Companies</i>	5,778	6,185	7.0	603
Quarterly				
<i>Individuals</i>	2,086	2,231	7.0	264
<i>Companies</i>	10,103	10,299	1.9	1310
Total	18,202	18,976	4.3	2,211

During the year, data gathered through the VAT Lucky Draw Scheme was analyzed by the Tax Risk Management Unit and the analysis revealed:

- 4 cases of non-VAT registered persons charging VAT;
- 9 cases of VAT deregistered persons charging VAT; and
- 99 cases of non-filers

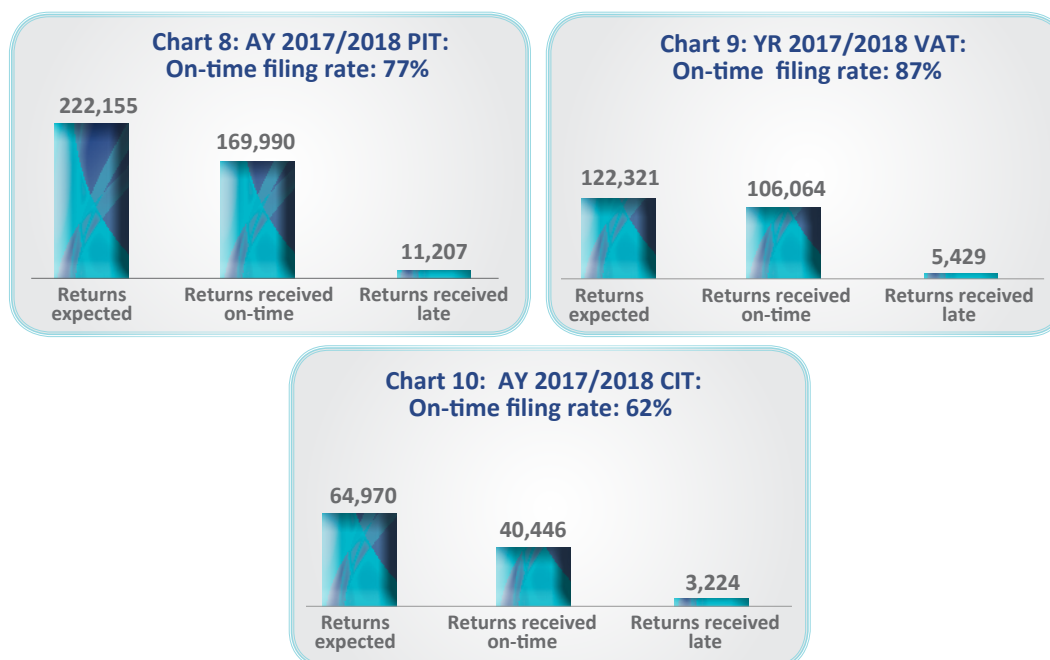
7.1.3. Gambling

Table 14: Register of Gambling Tax at 30 June 2018

Category of taxpayers	Number on register		New registration
	30.06.2017	30.06.2018	
Casino	5	4	0
Gaming House A	20	20	0
Bookmaker - Horse racing	42	34	4
Totalisator	2	2	0
Horse racing organiser	1	1	0
Bookmaker – Any event	9	7	0
National lottery	1	1	0
Sweepstake organiser	3	3	0
Local pool promoter	1	1	0
Agent of foreign pool promoter	1	1	0
Other gaming	100	110	13
TOTAL	185	184	17

7.2. FILING COMPLIANCE

Return filing is a procedure through which a taxpayer computes the amount of tax payable, files the return and pays the taxes. As filing performance has a direct impact on tax collection, the MRA keeps track on taxpayers with a filing obligation. The filing performance for the main taxes for the year under review is provided in the charts which follow.



7.3. TRACKING OF NON-FILERS

As part of its enforcement strategy, the MRA's Non-Filers Unit keeps track of taxpayers who have not responded to the computer generated reminders issued to them. For the FY 2017/18, the Unit:

- Selected 704 non-filers for audit purposes;
- Issued 854 notices of assessments for an amount of Rs 117m to non-filers;
- Sent 1,900 automatic tax claims to non-compliant companies for a total sum of Rs 60.3m;
- Received 1,557 returns with tax payable of Rs 47m from non-filers; and
- Earmarked 8 persistent non-filers for prosecution.

7.4. INCOME TAX REFUNDS AND VAT REPAYMENTS

Return filing is not only a requirement for registered taxpayers; all those claiming an income tax refunds or VAT repayments also file their returns so that the MRA can effect these refunds promptly.

7.4.1. Income Tax Refunds

During the FY 2017/18, the MRA processed 58,304 claims of refunds from individual taxpayers and a sum of Rs 406m were refunded to them, i.e. 4% higher than the Rs 390m of FY 2016/17. With the operation of the automatic refund system, taxpayers are able to obtain their refunds quickly through electronic transfer in their respective bank account. Table 15 shows that 87% of the refunds were made by the MRA within less than 10 days.

Time taken to make Income Tax Refunds- Individuals	% of Refunds
Within less than 10 days	87%
Above 10 days	13%

7.4.2. VAT Repayments

Delay in repayments represents hidden costs to the persons making the claims and may act as a disincentive to investment. To facilitate VAT registered persons in obtaining an expeditious refund, the MRA has posted guidelines for 'VAT Repayment Claim' on its website. A fast track system is in place for those VAT registered persons submitting returns and relevant documentation electronically.

For the year under review, 6,307 claims for VAT repayment were received. After processing 6,011 of the claims, the MRA repaid Rs 6,187m against Rs 6,307m in the FY 2016/17. Table 16 shows the efficiency of MRA's VAT refund system.

Table 16: Time taken to make VAT Repayment

Time Taken	Small and Medium Taxpayers	Large Taxpayers
	% of Total Repayments	% of Total Repayments
Less than 10 days	68%	72%
Between 10 to 20 days	14%	19%
Above 20 days	18%	9%
TOTAL	100%	100%
Average Time Taken to effect repayment	17 days	10 days

7.4.3. VAT Refund Schemes

In the FY 2017/18, the MRA continued to administer the two VAT Refund Schemes introduced by the government. The number of persons and amount refunded under these Schemes are as shown in Table 17.

Table 17: Refund under VAT Schemes, FY 2016/17 and FY 2017/18

Details	Construction of residential building and purchase of house or apartment		Small Planters	
	FY 2016/17	FY 2017/18	FY 2016/17	FY 2017/18
Number of persons claiming refund	33	227	275	250
Amount repaid (Rs)	3.3m	16.2m	8.05m	7.5m

The increase in the number of persons claiming refund under the VAT Refund Scheme on Residential Building or Apartment is explained by the relaxation of certain applicable conditions to benefit from the Scheme.

7.5. AUDIT CAPACITY

7.5.1. Audit Staff Capacity

In FY 2017/18, there were 242 officers assigned to audit function in the MRA's Compliance Departments.

Table 18: Staff assigned to audit activities as at 30 June 2018

	Large Taxpayers Department	Medium and Small Taxpayers Department	Fiscal Investigation Department	Customs Department	Total
Total number of staff	73	198	56	658	985
Officers in audit function	30	155	29	28	242

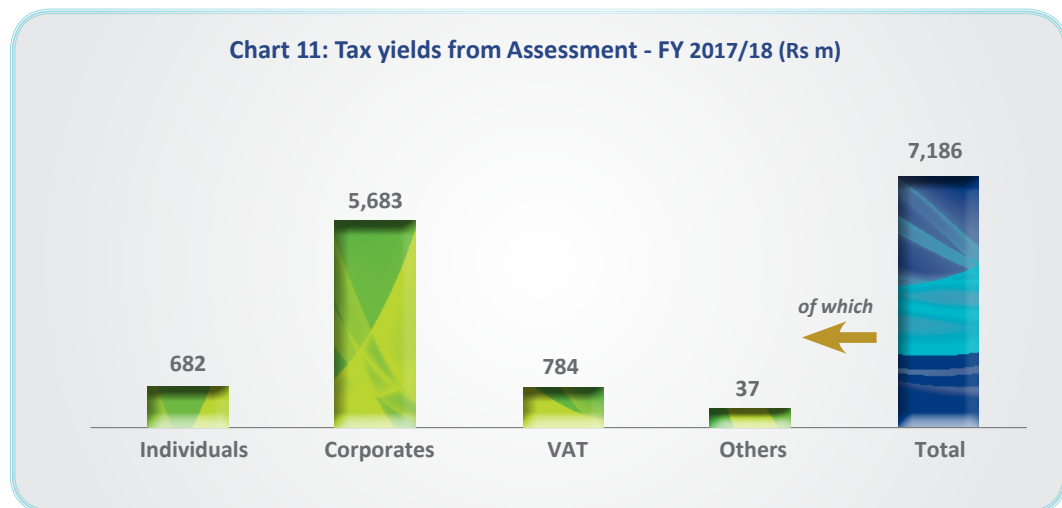
7.5.2. Tax Audits per auditor

For the year under review, 15,948 audits (including refunds/repayments) were completed of which 1,277 related to Field Audits. The number of audits completed was 14% higher than in FY 2016/17.

	FY 2016/17	FY 2017/18
Number of tax audits completed	13,995	15,948
Number of tax auditors	212	242
Audits to auditor ratio	66	66

7.5.3. Tax yields from audit

During the FY 2017/18, both the medium & small taxpayers and the large taxpayers were subject to audit from the MRA's Compliance Departments. There were 4,466 audits with tax yield and the MRA issued 8,379 assessments for a total tax payable of Rs 7,186m, i.e. 2% up from the Rs 7,043m recorded last year.



7.5.4. Investigation and Intelligence

The MRA's Fiscal Investigation Department is responsible for conducting investigation into suspected cases of tax evasion and for an effective investigation it gathers information from various sources through intelligence visits. In FY 2017/18, 290 investigations were completed and the tax yield per investigation stood at Rs 2.85m as compared to Rs 1.50m in FY 2016/17.

Details	FY 2016/17	FY 2017/18
Number of intelligence visits conducted	482	500
Number of investigations completed	304	290
Tax yields (Rsm)	457.5	827.6
Number of cases referred for registration and audit	386	333

7.5.5. Audit of High Networth Individuals (HNWIs)

Similar to many tax administrations in developed economies, the MRA has a Unit to monitor the tax compliance of HNWIs. A HNWI is an individual who in an income year derives net income and exempt income exceeding Rs 15 million or own assets the cost of which exceeds Rs 50 million. At the end of 30 June 2018, the Unit had:

- 1,316 taxpayers in its HNWI Register, i.e. 1,003 more from FY 2016/17;
- Selected 54 HNWIs for audit; and
- Issued 17 assessments for a total tax amount of Rs 2.4m.

7.5.6. Tax compliance in Rodrigues

Indicators	FY 2016/17	FY 2017/18
New taxpayers registered		
<i>Income Tax</i>	554	323
<i>VAT</i>	8	6
<i>Employers (PAYE)</i>	10	129
Number of assessments issued		
<i>Income Tax</i>	52	18
<i>VAT</i>	4	2
<i>PAYE</i>	-	1
Amount assessed (Rsm)		
<i>Income Tax</i>	2.13	3.05
<i>VAT</i>	4.12	2.37
<i>PAYE</i>	-	0.08
Revenue collected (Rsm)		
<i>Income Tax</i>	16.32	17.66
<i>VAT</i>	21.40	41.79
<i>PAYE</i>	14.65	34.59

7.6. PROSECUTION

Tax evasion is a serious offence which warrants punishment. A tax system without prosecution for tax fraud may hit the morale of compliant taxpayers. During July 2017- June 2018, the MRA had lodged 39 cases for prosecution. Similarly over the same period, the Court gave its decision in 55 cases with a total fine amounting to Rs 10.5 million.

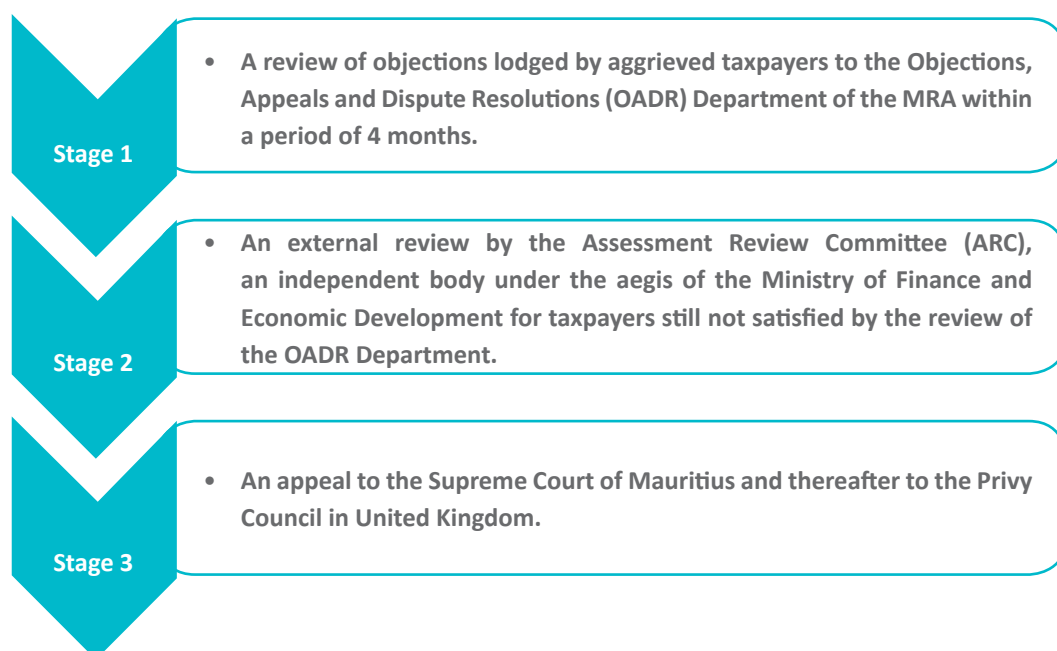
Table 22: Status of prosecution cases, FY 2017/18

Offences under various Revenue Act	Cases lodged for prosecution during the financial year		Decisions by Court*			Cases under prosecution at 30 June 2018	
	Number	Amount (Rs)	Number	Amount (Rs)	Fine imposed (Rs)	Number	Amount (Rs)
VAT Act	2	2,381,332	8	10,657,364	9,137,452	9	23,786,442
Income Tax Act	7	638,491	17	11,267,201	98,300	7	16,662,763
Gambling Act	-	-	-	-	-	1	4,004,548
Customs Act	10	603,679	12	607,777	1,022,370	13	2,487,335
Excise Act	20	0	18	0	274,802	4	0
Total	39	3,623,502	55	22,532,342	10,532,924	34	46,941,088

*includes cases lodged in previous period

7.7. OBJECTIONS AND APPEALS

To protect taxpayers' right and interest, a graduated mechanism of administrative and judicial review to taxpayers exists and comprises 3 stages as follows:



For the FY 2017/18, there were 2,503 cases of objections for a total tax amount of Rs 6,715.8m determined by the OADR Department. For the same period, 1,631 representations were made to the ARC for a sum of Rs 5,675.7m.

Table 23: Objections by tax types – FY 2017/18

Description	Income Tax			VAT			Gambling & Others			Customs and Excise						
	Individuals		Corporates	Individuals		Corporates	Individuals		Corporates	Individuals		Corporates				
	No.	Amount (Rsm)	No.	Amount (Rsm)	No.	Amount (Rsm)	No.	Amount (Rsm)	No.	Amount (Rsm)	No.	Amount (Rsm)				
Objection at start of the Year	271	45.60	226	2,564.3	12	8.3	72	228.6	0	0	58	14.2	3	1.3	15	2.2
Cases Lodged	1,298	260.7	839	2,809.0	45	59.3	246	463.0	0	0	82	1,105.5	18	2.4	76	113.5
Cases Determined	1,190	196.4	811	4,762.6	39	48.9	252	583.4	0	0	116	1,089.3	20	3.8	75	31.4
Objection at year end	379	109.9	254	610.8	18	18.7	66	108.3	0	0	24	30.4	1	-	16	84.3

Table 24: ARC Cases by tax types – FY 2017/18

Description	Income Tax			VAT			Gambling & Others			Customs and Excise						
	Individuals		Corporates	Individuals		Corporates	Individuals		Corporates	Individuals		Corporates				
	No.	Amount (Rsm)	No.	Amount (Rsm)	No.	Amount (Rsm)	No.	Amount (Rsm)	No.	Amount (Rsm)	No.	Amount (Rsm)				
Cases pending at start of the Year	1,485	976.4	1,307	9,244.3	74	232.6	439	2,024.2	36	181.1	189	555.1	23	14.0	184	56.2
Cases Lodged	677	139.5	615	4,558.4	37	64.1	192	246.8	0	0	45	653.8	18	1.6	47	11.5
Cases Determined	1,180	521.8	934	3,506.3	62	153.5	304	1,035.7	1	3.2	138	117.8	15	7.7	28	15.3
Cases pending at year end	982	594.1	988	10,296.4	49	143.3	327	1,235.3	35	177.9	96	1,091.1	26	7.9	203	52.4

Monitoring Tax Compliance – Our performance

Table 25: Status of Supreme Court Cases, FY 2017/18

Description	Income Tax						VAT						Gambling & Others						Customs and Excise					
	Individuals			Corporates			Individuals			Corporates			Individuals			Corporates			Individuals			Corporates		
	No.	Amount (Rsm)	No.	Amount (Rsm)	No.	Amount (Rsm)	No.	Amount (Rsm)	No.	Amount (Rsm)	No.	Amount (Rsm)	No.	Amount (Rsm)	No.	Amount (Rsm)	No.	Amount (Rsm)	No.	Amount (Rsm)	No.	Amount (Rsm)		
Cases pending at start of the Year	58	16.7	17	267.4	0	0	12	20.45	1	2.6	0	0	3	0.73	1	0.57	0	0	3	1.50	2	1.24		
Cases Lodged	3	0	2	0.5	0	0	1	50.18	0	0	0	0	1	1.03	1	0.67	0	0	1	0.26	0	0		
Cases Determined	44	0.3	0	0	0	0	10	59.1	0	0	0	0	1	0.26	0	0	0	0	1	0.26	0	0		
Cases pending at year end	17	16.4	19	267.9	0	0	3	11.53	1	2.6	0	0	3	1.50	2	1.24	0	0	3	1.50	2	1.24		

7.7.1. Alternative Tax Dispute Resolution

The Alternative Tax Dispute Resolution (ATDR) Panel continued in FY 2017/18 to deal with applications for review from taxpayers with assessment in excess of Rs 10m and who had lodged an objection or appeal to the Assessment Review Committee, Supreme Court/Privy Council. As at 30 June 2018, the status of ATDR cases was as follows:

- 140 applications were received;
- 22 of the applicants were not eligible;
- 91 cases were heard; and
- Agreement was reached in 52 cases for tax amounting to Rs 496m.

7.7.2. Expeditious Dispute Resolution Tax Scheme

The Expeditious Dispute Resolution Tax Scheme (EDRTS) was reintroduced in 2017 by the Finance Act 2017. EDRTS provides for the settlement of tax disputes of less than Rs 10 million by allowing the MRA to review the assessed amount on the condition that the applicant has not objected to the assessment/s or has lodged representations at ARC or appealed to the Supreme Court or to the Judicial Committee of the Privy Council. During the period July 2017-June 2018:

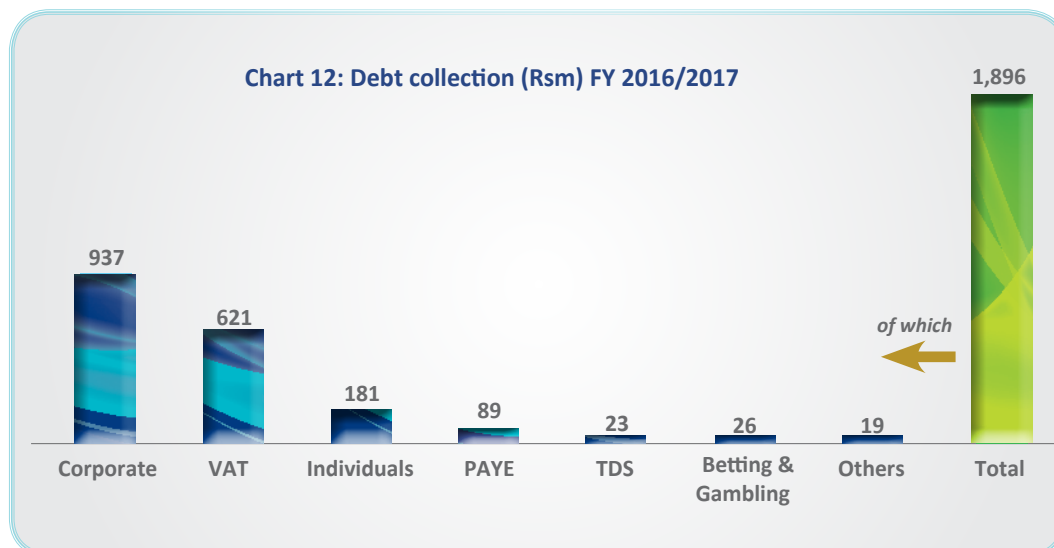
- 357 applications were received; and
- 142 cases were heard and agreed with total tax amounting to Rs 103m.

7.8. DEBT MANAGEMENT

Arrears collection is a critical function of any tax administration worldwide as the older a debt is, the more difficult it becomes to recover. At the MRA, the Debt Management Unit within the Operational Services Department with its 52 staff is responsible for collecting arrears from tax debtors and in enforcing recovery actions.

7.8.1. Arrears Collection

In FY 2017/18, arrears collection amounted to Rs 2,611.9m, i.e. an increase by 38% from FY 2016/17. This year’s collection represents an all-time record for the MRA since its set up in July 2006. The collection was mostly driven by corporate tax arrears receipts which increased by 63% from Rs 937m in FY 2016/17 to Rs 1,527m in FY 2017/18.



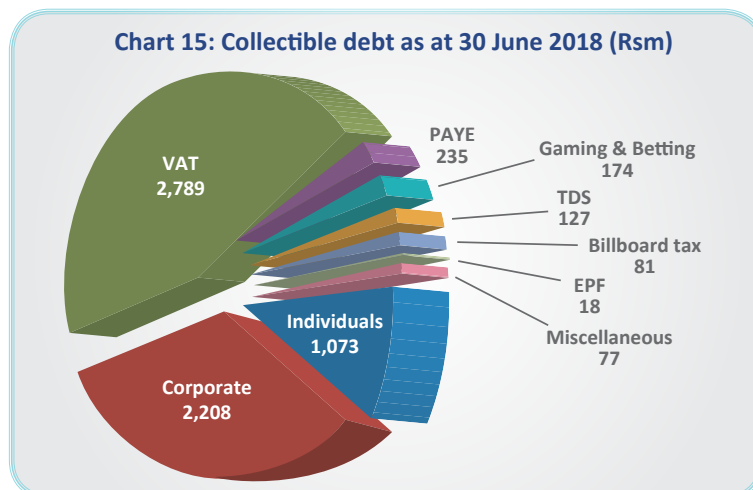
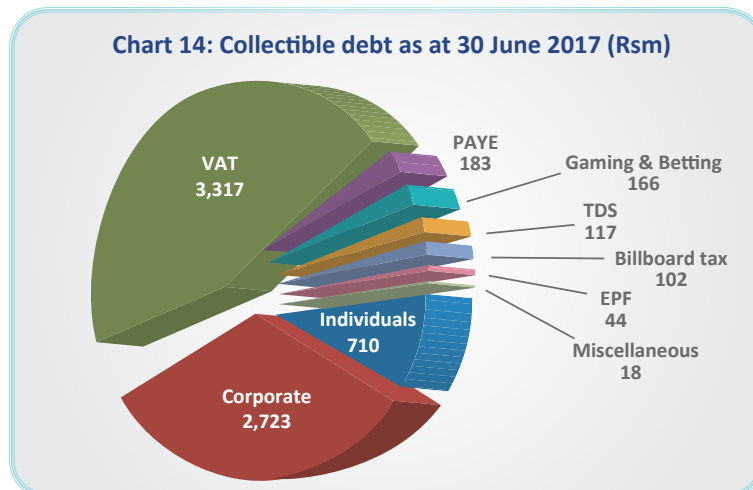


7.8.2. Arrears recovery ratio

The international good practice requires that the ratio of the stock of tax arrears to total revenue should be below 10% (ATO 2018). At end of FY 2017/18, the tax debt available for collection stood at Rs 6,782m and was 8.1% below the stock of Rs 7,380m from previous corresponding year. With Rs 83,067m of tax revenue collected by MRA, the share of collectible debt to total tax receipts fell to 8.2% from 9.7% in FY 2016/17.

7.8.3. Collectible Debt by tax types

The fall in the stock of collectible was driven mostly by significant reduction in the composition of debt from corporate and VAT taxpayers as shown in the Charts below.



7.8.4. Age Analysis

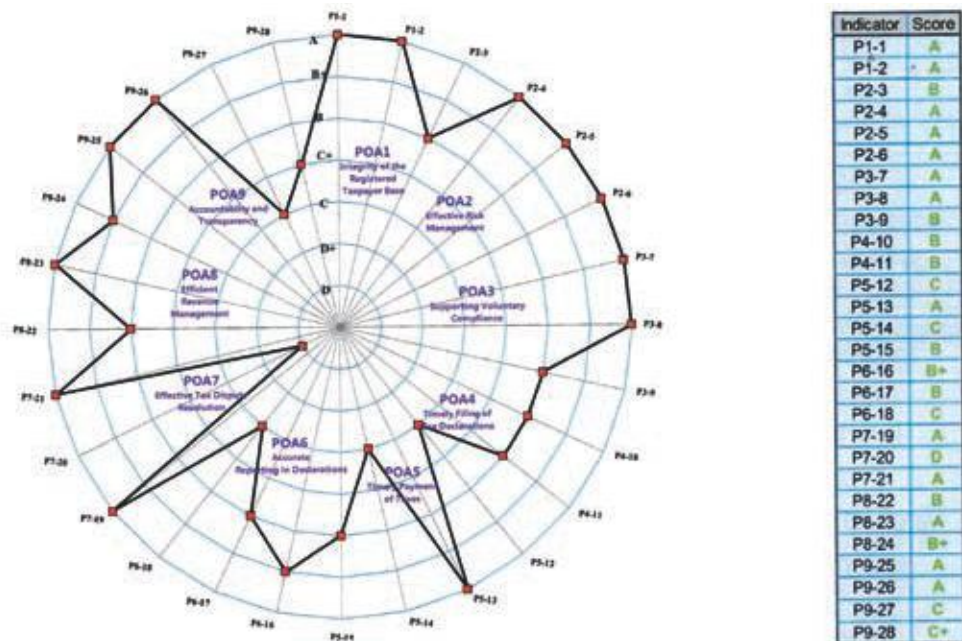
Table 26 detailed the age of debt by major taxes at the end of June 2018. Debt more than 12 months old accounted for 66% of total collectible debt which is an improvement from the 75% of last year.

Table 26: Age of collectible debt as at end June 2018

Length of time	Individuals		Corporate		VAT		PAYE		TDS		Others	
	No. of debtors	Amount (Rsm)	No. of debtors	Amount (Rsm)	No. of debtors	Amount (Rsm)	No. of debtors	Amount (Rsm)	No. of debtors	Amount (Rsm)	No. of debtors	Amount (Rsm)
01. LESS THAN 3 MONTHS	662	403.1	3,388	795.6	1,018	240.4	2,175	41.4	164	2.3	2,559	40.6
02. 3 TO 6 MONTHS	741	49.9	1,215	90.0	1,220	116.4	298	23.8	163	3.2	3,287	34.6
03. 6 TO 12 MONTHS	3,573	61.8	2,115	100.9	2,123	212.8	2,240	64.4	1,694	30.3	264	18.4
04. MORE THAN 12 MONTHS	15,475	558.4	9,448	1,221.4	7,083	2,219.6	3,211	105.3	3,513	91.0	824	256.8
Total	20,451	1,073.2	16,166	2,207.9	11,444	2,789.2	7,924	234.9	5,534	126.8	6,934	350.4

7.9. BENCHMARKING OF MRA PERFORMANCE: TADAT

A team from the IMF was at the MRA from 23 August to 5 September 2017 to undertake an objective and standardized performance assessment of our tax administration system through TADAT. TADAT is a global tool being used to assess the performance by reference to nine outcome areas and linked to 28 high-level indicators applicable to a Revenue Authority. Following this assessment, the MRA was assigned an ‘A’ in 13 Performance Outcome Areas and ‘B+’ in 2 others.



The IMF concluded that the MRA had made excellent progress in implementing modern tax administration practices and has embraced technology to raise its overall level of performance. The MRA is also attuned to international good practice and has been making every effort to adopt emerging practices that are beneficial to the organization and its stakeholders.

7.10. INTERNATIONAL TAXATION

The international tax landscape is always changing and recently gained greater momentum especially with the OECD BEPS related measures. There is now a desire for enhanced cooperation amongst tax administrators. At the MRA, international related tax issues are dealt by our International Taxation Unit which is manned with 15 officers.

7.10.1. Treaty Negotiations

Over the FY 2017/18, the Unit pursued treaty negotiations with Zambia, Singapore (Protocol), Egypt (Protocol), Senegal and Comoro Islands. During the same period, the treaty with Cabo Verde came into force.

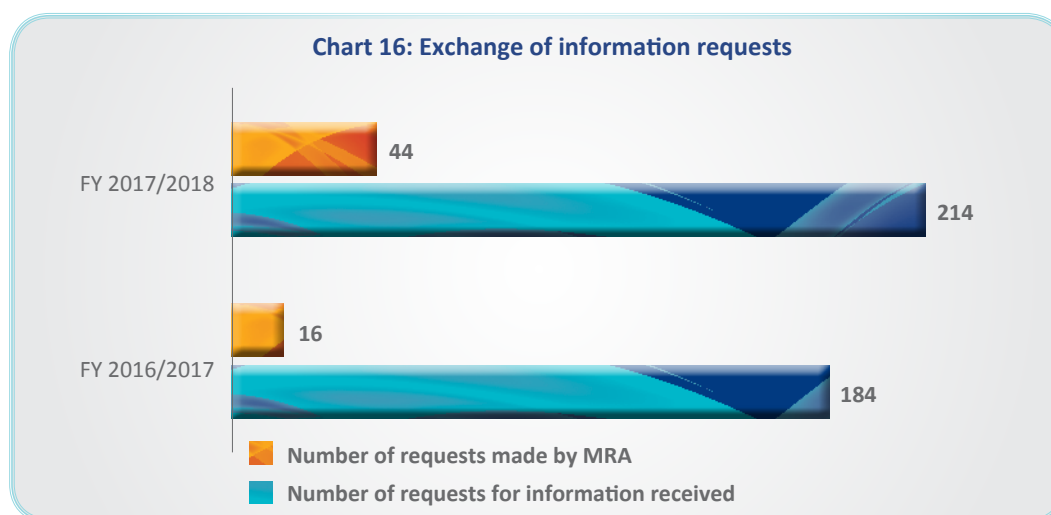
Table 27: Status of DTAs and TIEAs, FY 2016/17 and FY 2017/18

Details	30 June 2017		30 June 2018	
	DTAs*	TIEAs**	DTAs	TIEAs
In force	43	9	44	11
Signed & Awaiting Ratifications	5	1	7	-
Awaiting signature	2	-	4	3
Being negotiated	17	-	21	-

*DTA-Double Taxation Agreement **TIEA-Tax Information Exchange Agreement

7.10.2. Exchange of Information

Exchange of information can be on request, spontaneous or automatic basis. The achievements with regard to exchange of information are shown in Chart 16.



7.10.3. Tax Residence Certificate

Our Income Tax Regulations 1996 provides for the payment of a service fee when applying for a Tax Residence Certificate (TRC) and the applicable fee which has been set as are follows:

- (i) In the case where the applicant is a collective investment scheme, an amount of USD 1,000;
- (ii) Where the applicant is an individual, an amount of 1,000 rupees; or
- (iii) In any other case, an amount of USD 200.

For the period July 2017- June 2018, 7,812 TRCs were issued compared to 7,635 in the corresponding previous year thus representing an increase of 2.3%.

7.10.4. (Second Round) Mauritius Peer Review-2017

For the purpose of this review, the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) evaluated Mauritius for its implementation of the Exchange of Information on request (EOIR) standard against the 2016 Terms of Reference (ToR). The Second Round Peer Review Report was published in August 2017 and Mauritius was assigned an overall rating of ‘Compliant’ by the Global Forum.

7.10.5. International Commitments

To meet Mauritius commitment to the international standards on the matters of tax transparency and cooperation, the MRA undertook a number of initiatives during the year under review as provided in the table below.

Table 28: International initiatives achievements, FY 2017/18

International Commitments	Actions/Achievements
Foreign Account Tax Compliance Act (FATCA)	For its second FATCA reporting , the MRA exchanged 4,574 reports with the Inland Revenue Service (IRS)
Common Reporting Standard (CRS)	With Mauritius commitment for the automatic exchange of information under CRS, the MRA took several steps for putting in place the appropriate legal and administrative framework through: <ul style="list-style-type: none"> • Passing the CRS Regulations • The development of the CRS Platform • Updating the CRS Guidance Notes • Conducting CRS workshops for external stakeholders
OECD BEPS Action 5: Exchange of Rulings	The MRA exchanged with other Tax Authorities: <ul style="list-style-type: none"> • 20 ‘past’ rulings in scope before December 2017 • 1 ‘future’ rulings in scope within 3 months of the date of issue
OECD BEPS Action 6: Preventing the granting of Treaty Benefits in inappropriate Circumstances	On 5 July 2017, Mauritius signed the Multilateral Convention (MLI) to implement tax treaty related measures to prevent Base Erosion and Profit Shifting (BEPS) and listed 23 treaties under the MLI. During the FY 2017/18, bilateral negotiations took place with a number of countries with a view to include the minimum standards under the MLI in those treaties.
OECD BEPS Action 13: Country-by-Country Reporting (CbCR)	<ul style="list-style-type: none"> • CbCR Regulations • Signature of the CbC Competent Authority Agreement with the United States
OECD BEPS Action 14 – Improving dispute resolutions mechanism	<ul style="list-style-type: none"> • Updated the Mutual Agreement Procedure Article in various tax treaties through bilateral negotiations so as to improve the dispute resolution mechanism • Compilation and submission of MAP Statistics to the OECD for publication on the OECD’s website



FACILITATING TRADE ACROSS BORDERS

Sniffer Dog



SMS Alert



Drone



Paperless Customs



Scanner



Risk-based Examination of Goods



8.

FACILITATING LEGITIMATE TRADE AND SECURING OUR BORDERS

8.1. EFFICIENCY AT CUSTOMS

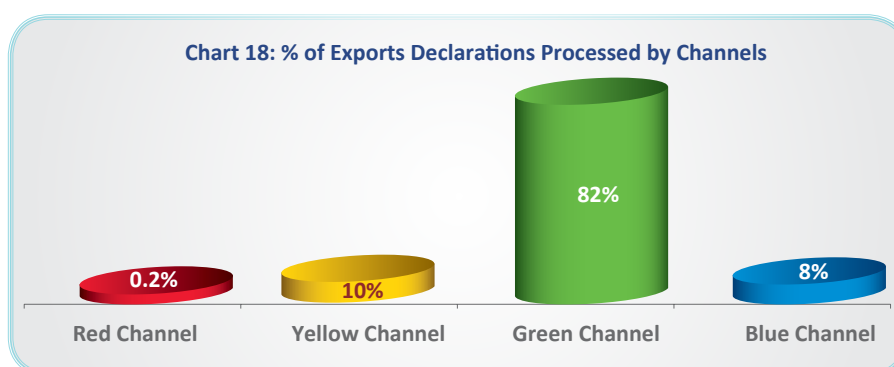
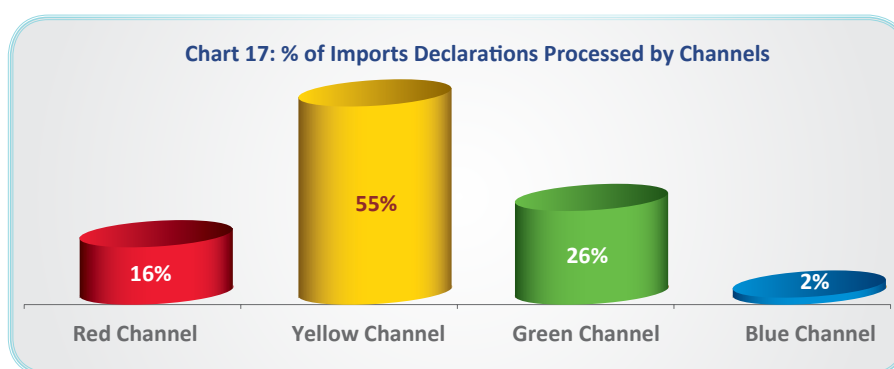
There is a wealth of published research that empirically shows that Customs, through its effective intervention at the borders, can slash down trade transaction costs and thus contribute to economic growth and welfare improvements. On the other hand, Customs also seeks to prevent infractions cataclysms that can negatively impact economic competitiveness. Therefore, all the actions and interventions undertaken by Customs shall inevitably impact – either positively or negatively – on businesses, trade and economy. This is why the MRA has devised such a strategy in striking a fine balance between facilitation and compliance, where fast-track clearances of consignments are provided along with extensive reliance on Post Clearance Control Audits.

The main achievements of the MRA Customs for the year 2017/18 are enumerated hereunder.

8.1.1. Declarations Processed

Table 29: Import Declarations processed	
Total Number of Import Declarations processed	258,890
<i>Of which</i> (a) Red Channel	41,954
(b) Yellow Channel	143,100
(c) Green Channel	68,495
(d) Blue Channel	5,341

Table 30: Export Declarations processed	
Total Number of Export Declarations processed	94,602
<i>Of which</i> (a) Red Channel	221
(b) Yellow Channel	9,755
(c) Green Channel	77,389
(d) Blue Channel	7,237



8.1.2. Narcotics seizures

Table 31: Narcotics seizures

Details	FY 2017/18		
	Number of Seizures	Weight / Qty	Value (Rs)
Heroin	17	18,536.05 g	278,052,450
Hashish	4	524.93 g	1,571,450
Cannabis	21	24,301 g	14,578,200
Cannabis Seeds	7	225 units + 7.19 g	88,400
Subutex	2	2,645.7 g	39,685,500
Psychotropic Substances	6	986 units	98,325
Synthetic Cannabinoids	15	13,485.26 g	174,002,700
Others	6	47 tabs + 51.53 g	115,500
Total	78	-	508,192,525

Table 32: K9 Unit - Narcotics seizures made by each sniffer dog

Name of Dog	FY 2017/18			
	Drug Type	Number of seizures	Weight (grams)	Street Value (Rs)
ZEUS	Cannabis	2	13,902.53	8,341,518
	Heroin	1	350.00	5,250,000
	Methamphetamine	1	148.00	2,210,000
	Cocaine	1	2,600.00	39,000,000
	Synth.Cannabis.	1	1,300.00	19,500,000
	Ecstasy	1	10 tabs.	15,000
SCEUNTJIE	Cannabis	2	85.84	51,504
	Hashish	1	5.05	12,625
	Cannabis (seeds)	1	30 units	3,000
MILO	Synth.Cannabis.	1	86.20	129,300
	Cocaine	1	45.70	685,500
	Ecstasy	1	35 tabs.	52,500
	Cannabis	1	518.25	1,554,350
MAX	Cannabis	1	29	2,900
	Cannabis (seeds)	1	10 units	1,000
MILAN	Heroin	5	4,702.98	66,044,700
	Cannabis	2	549	329,400
	Cannabis (seeds)	1	131 units	50,000
	Synth.Cannabis	1	1,250.00	18,750,000
SNIPPET	Cannabis	2	274.07	164,442
	Heroin	1	1,570.00	23,550,000
	Crystal Meth.	1	1,040.00	15,000,000
	Hashish	1	0.93	2,325
CASSIDY	Cannabis	2	4,092.80	2,455,566
	Heroin	1	62	930,000
	Synth.Cannabis	2	363.00	5,475,000
	Ecstasy	1	25 units	37,500
CEZAR	Heroin	1	260.00	3,900,000
	Cannabis (seeds)	1	5 units	500
OTTO	Heroin	1	2,280.00	34,200,000

8.1.3. Other contraband & seizures

Table 33: Breaches for non-compliance for the FY 2017/18

Details	FY 2017/18	
	Number of Cases	Value (Rs)
Currency – Undeclared	88	93,947,980
Currency – Falsely declared	5	915,830
IPR seizures	161	4,689,003
Alcoholic Beverages	12	149,770
Cigarettes	47	6,222,479
Offensive weapons	1	-
Roll your own cigarette paper	108	79,169
Others – Flavoured Tobacco, Laser Pointers, Toy guns with projectiles, etc..	78	2,013,659

8.1.4. Excise enforcement outcomes

Table 34: Excise stamps – Seizures for non-compliance:

Breaches or Offences	FY 2017/18	
	Number of cases	Amount involved (Rs)
Cigarettes	4	199,415
Alcoholic products	13	685,726

8.1.5. Containers/consignments scanned

Table 35: Outcomes for Containers/Consignments scanned

Details	FY 2017/18	
	Port	Airport
Number of containers / consignments x-rayed	28,894	441,321
Number of suspect containers/consignments	523	8,271
Number of offences detected	112	401
Duties and taxes collected from the offences detected (Rs)	346,192	635,574



8.1.6. Post-Control and Clearance Audits

Table 36: Outcomes for Post Control and Clearance Audits		
Details	FY 2017/18	
	Post-Control Audit	Post-Clearance Review of Declarations
Number of audits conducted	137	
<i>Of which</i> (a) Number of Desk audits	10	
(b) Number of Field audits	100	
(c) Number of Other audits	27	
Revenue Assessed (Rs)	28,391,409	71,049,660
<i>Of which</i> (a) Desk audits (Rs)	1,614,433	
(b) Field audits (Rs)	20,595,406	
(c) Other audits (Rs)	1,018,020	
(d) Royalties & Others (Rs)	5,163,550	
Revenue Collected (Rs)	14,473,492	10,750,465
<i>Of which</i> (a) Desk audits (Rs)	1,151,992	
(b) Field audits (Rs)	6,942,300	
(c) Other audits (Rs)	707,020	
(d) Royalties & Others (Rs)	5,672,180	

8.1.7. Customs Offence Reports (CORs) and Claims

Table 37: Duties, Taxes and Penalties from Customs Offence Reports (CORs)	
Details	FY 2017/18
Number of CORs raised	318
Assessed duties and taxes (Rs)	3,651,766
Assessed penalties (Rs)	6,516,071
Duties and Taxes collected from CORs (Rs)	2,835,787
Penalties collected (Rs)	6,497,941

Table 38: Duty, Excise Duty and Taxes, Penalty and Interest from Claims	
Details	FY 2017/18
Number of Claims raised	1,318
Assessed duties and taxes (Rs)	184,387,257
Assessed penalties (Rs)	41,958,560
Assessed Interest (Rs)	11,901,681
Total Amount Assessed (Rs)	238,247,498
Duties and Taxes collected from Claims (Rs)	80,181,140
Penalties collected (Rs)	3,936,964
Interest Collected (Rs)	1,026,463
Total Amount Collected (Rs)	85,144,567

8.1.8. Auction sales

Table 39: Auction Sales – Number and amount collected

Types of Goods	Number of Auctions held	Amount Collected (Rs)
Motor Vehicles & Parts	25	10,076,227
Jewellery	1	4,148,006
Alcoholic Beverages & General Goods	12	2,578,626
Composite Boards & Other Goods	4	1,863,444
General Goods	7	1,121,742
Furniture	1	420,920
Clothing & Other Apparels	2	258,904
Non-Alcoholic Beverages	1	129,600
Total	53	20,597,469

8.2. NEW TRADE FACILITATION MEASURES IMPLEMENTED

8.2.1. Motor Vehicle Corridor

In line with its E-Customs strategy, MRA Customs has implemented a One-Stop-Shop Motor Vehicle corridor. The main objective is to promote trade facilitation by reducing complicated procedures, which often lead to non-compliance of stakeholders due to limited guidance and lack of control on the operations. The basis of this initiative is to create a single unit in order to harmonize the clearance of motor vehicles and make procedures more simple, transparent and comprehensive for both Customs and its stakeholders.

8.2.2. Automatic Removal of lien on Motor vehicles

In order to further streamline procedures, the MRA Customs has stopped issuing paper-based “*removal of lien*” on motor vehicles as from 18th September 2017. Stakeholders may now proceed directly to the National Transport Authority (NTA) where removal is done electronically by NTA officers through the Mauritius Network Services (MNS) portal. A computer-generated document can also be printed by NTA with respect to information concerning an imported motor vehicle.

8.2.3. Mobile App for status of BOE

The Mobile Application for Bill of Entry (BOE) Status has been developed to allow Importers/Exporters to have an online real-time visibility of the status of their validated Bill of Entry on mobile devices such as mobile phones or tablets. To access the application, the importers/exporters have only to download and install same on their mobile devices and login by inserting their Tax Account Number (TAN) and the password used for the e-filing of tax return.

Once successfully logged-in, the importers/exporters shall, among others, be able to view the number of BOEs validated at Customs and also access the detailed listing of clearance stages completed for each of their BOEs, up to the latest status of a BOE.

This Mobile Application is in line with the MRA core dual objectives to provide further trade facilitation as well as enhancing Customs control, given that importers/exporters transactions shall be able to track BOEs submitted to Customs with their code for follow-up and also to alert Customs of any BOEs submitted without their consent/knowledge.

8.2.4. Online Currency Declaration

The Online Currency Declaration platform is an e-service developed to enable submission of online electronic Currency declaration by travellers who intend to transit, enter or leave Mauritius with more than 500,000 rupees in cash or Bearer Negotiable Instruments (BNI) or its equivalent in foreign currency. This facility removes the stress of last minute's Currency declaration allowing the traveller to make his/her declaration, at any time, well before the departing date. The initiative is in line with MRA's corporate objective to move towards a paperless environment. It also meets the MRA Customs department's dual objectives of furthering seamless movement of legitimate passengers by enabling them to avoid the hassle of completing declarations forms at the airport and enhancing Customs control with the collection of Currency declaration information in a more structured manner facilitating better management of associated risks.

8.3. BORDER SECURITY MEASURES

8.3.1. Drone Surveillance

With globalisation and the ever increasing movement of goods and persons to and from our country, protecting the borders and the population from transnational organized crime and acts of terrorism have assumed higher importance. To perform these functions effectively, the MRA Customs has acquired two drones for aerial surveillance of the port and the surroundings. These drones have reinforced the existing control within the port area and its surroundings in the fight against drug trafficking and for improving intelligence in remote areas, especially in high-risk, rugged or otherwise considered inaccessible for officers.



8.3.2. Setting up of an Anti- Money Laundering Unit

In its drive to enhance controls on money laundering at the borders, the MRA Customs has set up a dedicated team – trained by the French Customs – for better controlling physical transportation of cash and Bearer Negotiable Instruments (BNI) across borders by cash couriers and through containerized cargo, freight and courier services. The setting up of this Unit aims to enhance control on physical cross border transportation of cash and BNI and increase compliance of passengers in regards to their obligations and the implementation of best practices by the department in accordance with the FATF recommendations. The objectives of this new Unit are as follows:



- (a) Detection and countering of illicit physical cross border transportation of currency and BNIs; monitoring and processing the submitted online Electronic Currency Declarations
- (b) Coordination among agencies to ensure effective communication and exchange of information to support policy decisions
- (c) International Cooperation through coordination, sharing information and intelligence in respect of new developments in the framework of International Conventions to fight money laundering and countering financing of terrorism
- (d) Information, Research, Monitoring and Evaluation to provide comprehensive indications based on facts and assumptions for future policies and actions

8.3.3. The Vessel Tracking System

The Vessel Tracking System assists the gathering of information regarding vessels' real-time positioning, better targeting and scheduling of appropriate actions essential for enforcement. This tool allows the MRA Customs to proactively profile and anticipate arrivals of high risk vessels for more stringent controls.

8.3.4. Electronic Seal Project

MRA Customs has procured RFID and GPS Seals to be mainly used for securing transfer of Less-than-Truck-Load (LTL) also known as loose cargo. These electronic devices shall enable Customs to redeploy existing officers posted in Customs escort and control to other "risky" areas, thereby managing efficiently its limited human resource capacity. In addition to protecting the integrity of a container, E-seals, in comparison to traditional mechanical seals, provide the facility to track and trace a container/consignment along the supply chain and generate electronic instant alerts upon tampering.



9.

HUMAN RESOURCE MANAGEMENT

The MRA comprises some 1,400 men and women of goodwill and resilience. Their commitment, perseverance and loyalty towards the organisation have contributed to the making of the “MRA” brand. This chapter is dedicated to MRA’s human resources and the initiatives taken to improve the quality of people and their well-being.

9.1. HUMAN RESOURCE PROFILE

The MRA’s human resources – as categorised in terms of its grading structure, age group and gender – are shown in the following sections.

9.1.1. Establishment

The grading structure of the workforce is shown in Table 40.

Table 40: Human Resource Structure				
Grade	Job Title	In post as at 30 June 2018		
		Male	Female	TOTAL
-	Director-General	1	-	1
7	Director	7	4	11
6	Assistant Director / Section Head	27	9	36
5	Team Leader	81	35	116
4	Technical Officer	181	84	265
3	Officer / Custom Officer II	277	183	460
2	Custom Officer I / Support Officer II	225	153	378
1	Support Officer I	87	75	162
	Total	886	543	1,429

The head count at the MRA as at 30th June 2018 was 1,429, representing 90% of the critical requirements of 1,580 staff.



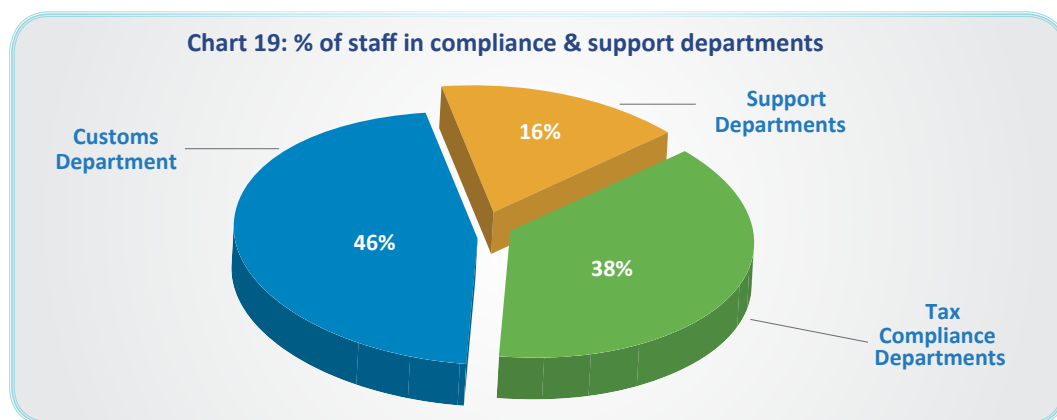
9.1.2. Employee demographics by departments

The distribution of the staff members across all the departments forming part of the MRA is shown in Table 41.

Table 41: Human Resource Distribution across Departments as at 30 June 2018								
Departments	TOTAL	Director	Asst Director / Section Head	Team Leader	Technical Officer	Officer / Customs Officer II	Customs Officer I / Support Officer II	Support Officer I
Total staff in Compliance Departments	1,197	6	28	99	225	421	353	65
<i>Customs</i>	<i>658</i>	<i>1</i>	<i>10</i>	<i>47</i>	<i>96</i>	<i>208</i>	<i>296</i>	
<i>Large Taxpayers</i>	<i>73</i>	<i>1</i>	<i>3</i>	<i>7</i>	<i>26</i>	<i>26</i>	<i>5</i>	<i>5</i>
<i>Medium & Small Taxpayers</i>	<i>198</i>	<i>1</i>	<i>6</i>	<i>21</i>	<i>42</i>	<i>105</i>	<i>15</i>	<i>8</i>
<i>Operational Services</i>	<i>151</i>	<i>1</i>	<i>4</i>	<i>9</i>	<i>16</i>	<i>47</i>	<i>29</i>	<i>45</i>
<i>Fiscal Investigations</i>	<i>56</i>	<i>1</i>	<i>2</i>	<i>6</i>	<i>16</i>	<i>21</i>	<i>3</i>	<i>7</i>
<i>Objections, Appeals & Dispute Resolutions</i>	<i>61</i>	<i>1</i>	<i>3</i>	<i>9</i>	<i>29</i>	<i>14</i>	<i>5</i>	
Departments	TOTAL	Director-General / Director	Asst Director / Section Head	Team Leader	Technical Officer	Officer / Customs Officer II	Customs Officer I / Support Officer II	Support Officer I
Total staff in Support Departments	232	6	8	17	40	39	25	97
<i>Director-General's Office</i>	<i>5</i>	<i>1</i>				<i>1</i>	<i>1</i>	<i>2</i>
<i>Finance & Administration</i>	<i>120</i>	<i>1</i>	<i>3</i>	<i>3</i>	<i>5</i>	<i>10</i>	<i>9</i>	<i>89</i>
<i>Information Systems</i>	<i>31</i>	<i>1</i>	<i>2</i>	<i>4</i>	<i>8</i>	<i>15</i>	<i>1</i>	
<i>Legal Services</i>	<i>2</i>			<i>1</i>	<i>1</i>			
<i>Human Resources & Training</i>	<i>23</i>	<i>1</i>	<i>2</i>	<i>2</i>	<i>1</i>	<i>6*</i>	<i>9</i>	<i>2</i>
<i>Taxpayers Educations & Communication</i>	<i>10</i>		<i>1</i>		<i>2</i>	<i>3</i>	<i>2</i>	<i>2</i>
<i>Research Policy & Planning</i>	<i>9</i>			<i>1</i>	<i>7</i>			<i>1</i>
<i>Internal Audit Division</i>	<i>17</i>	<i>1</i>		<i>4</i>	<i>7</i>	<i>4</i>	<i>1</i>	
<i>Internal Affairs Division</i>	<i>15</i>	<i>1</i>		<i>2</i>	<i>9</i>		<i>2</i>	<i>1</i>
TOTAL	1,429	12	36	116	265	460	378	162

* Includes one Psychologist on Part-Time

The distribution of staff in the Customs, tax compliance and support departments is illustrated in Chart 19.



The major share of MRA staff (84%) is allocated to MRA's core departments engaged in tax and Customs operations. 16% of staff are employed in MRA's support departments.

9.1.3. Age & gender profile

The age groups and gender profiles of the human resources are provided in Table 42.

Table 42: Age Distribution & Gender

Age Group / Gender	As at 30 June 2017			As at 30 June 2018		
	Male	Female	Total	Male	Female	Total
Below 25	4	14	18	2		2
25 to below 35	204	270	474	175	258	433
35 to below 45	242	137	379	239	141	380
45 to below 55	196	93	289	207	107	314
55 and over	273	35	308	263	37	300
Total	919	549	1,468	886	543	1,429

The following observations may be deduced from the above:-

- Gender balance**

The female to male staff ratio in 2017 was 1:1.67 (i.e.; for every 100 females there were 167 males) but for the year 2018, this ratio has dropped to 1:1.63 (i.e.; for every 100 females there were 163 males), which means that the gender gap has narrowed. This gender gap has been narrowing over these past years as can be seen in Table 43.

Table 43: Gender Ratio

Year	Male	Female
2016	1.76	1
2017	1.67	1
2018	1.63	1

- Age distribution**

The highest proportion of the staff members as at 30 June 2018 were in the age group of 25 to 35 years (i.e.; 30%), then immediately followed by the next age group of 35 to 45 years (i.e.; 27%).

9.2. STAFF TURNOVER

9.2.1. Recruitment

During the year under review, the number of advertisements issued, applications received, the number of candidates convened for a written assessment and interviews conducted can be seen in Table 44.

Details	Number
Advertisements issued	3
Applications received	3,758
Candidates convened for written examinations	518
Candidates convened for interview	401

The status of the written assessment which is conducted under the supervision of the MRA is shown in Table 45.

Post	Date of written assessment	Number of applications received	Number of candidates convened
Trainee Customs Officer I	13 January 2018	3,137	518

The number of post filled (both internally and externally) during the year 2017/18 is shown in Table 46.

Internal Recruits			External Recruits		
Posts	Grade	Number	Posts	Grade	Number
Section Head, Compliance	6	1	Research Analyst	4	1
Team Leader, Compliance	5	5	Technical Finance Officer	4	1
Team Leader, Customs	5	5	Assistant Systems Analyst	3	4
Team Leader, ISD	5	2	Psychologist*	N/A	1
Technical Officer, Compliance	4	16			
Technical Officer, Customs	4	3			
Systems Analyst	4	1			
Research Analyst	4	1			
Customs Officer II	3	3			
Support Officer II	2	1			
Total		38	Total		7

* Part-Time

9.2.2. Retirements, resignations and termination of contracts

Those staff members who retired from the service of the organisation are listed in Table 47.

S/N	Employee	Department	Post Held	Retirement Date
1	Mr. Jean Eddy Christian DANTIER	Customs	Technical Officer	31-Jul-17
2	Mr. Jean Claude Regis MARIETTE	Customs	Technical Officer	31-Jul-17
3	Mrs. Dharmila SESUNGKUR	Objections Appeals & Disputes Resolutions	Secretary	31-Jul-17
4	Mrs. Bibi Saheeda ABDOOL HAKIM	Customs	Technical Officer	30-Aug-17
5	Mr. Jeewanjee NEPAUL	Customs	Technical Officer	15-Sep-17
6	Mr. Balram SUKHOO	Customs	Technical Officer	16-Sep-17
7	Mr. Fakim BOODHUN	Customs	Customs Officer II	29-Sep-17
8	Mr. Samraj BOODHOO	Customs	Technical Officer	29-Oct-17
9	Mr. Ramoorti KAKARA ATCHAMAH	Customs	Customs Officer II	19-Nov-17
10	Mr. Sahajaye BHOLAH	Customs	Customs Officer II	31-Dec-17
11	Mr. Anand LUTCHMOODOO	Customs	Technical Officer	31-Dec-17
12	Mr. Roshan MOHUN	Finance & Administration	Office Attendant / Messenger	27-Jan-18
13	Mr. Assick Hossen DUSORUTH	Customs	Technical Officer	15-Jan-18
14	Mr. Raj PERIANEN	Finance & Administration	Office Attendant / Messenger	8-Feb-18
15	Mr. Anwar Osman MOHAMED	Customs	Team Leader	14-Feb-18
16	Mrs. Bina APPADOO	Medium & Small Taxpayers	Technical Officer	19-Feb-18
17	Mr. Aboo Bakar Siddiq HOSENBUX	Customs	Team Leader	22-Mar-18
18	Mr. Parsuram NUNDLOLL	Customs	Team Leader	23-Mar-18
19	Mr. Pradeep Mishra DABY	Customs	Customs Officer II	24-Mar-18
20	Mr. Surend RAMROOP	Customs	Customs Officer II	31-Mar-18
21	Mr. Vijaye Prakash UJODAH	Customs	Customs Officer II	13-Apr-18
22	Mr. Savarpali VENKATASAMY	Customs	Customs Officer II	16-Apr-18
23	Mr. Lindsay Herve PHILIPPE	Customs	Customs Officer II	19-Apr-18
24	Mr. Agneeswarnath SACCARAM	Customs	Customs Officer II	4-May-18
25	Mr. Marday RAMACHUNDREN	Customs	Technical Officer	15-May-18
26	Mr. Muhammad Bashyr JOOKHUN	Customs	Technical Officer	16-May-18

During the course of the year:-

- 14 staff submitted their resignations;
- 1 staff member completed his contract;
- 1 staff was dismissed; and,
- 2 staff members passed away.

The staff turnover ratio for the year 2017/18 was 1.04%, while in 2016/17 it was estimated at 0.76%.

9.3. STAFF DEVELOPMENT AND KNOWLEDGE MANAGEMENT

With a view of providing the staff members with the right balance of both technical and behavioural competencies, various tailor-made training and development programmes were implemented by the MRA during the course of the year. These are highlighted in Table 48.

Table 48: Training and development programmes	
Training types	Number
Local Training	109
<i>In-House</i>	73
<i>External</i>	36
Overseas	119
<i>Meeting/Workshops/Training</i>	87
<i>Missions</i>	29
<i>Scholarships</i>	3
Total	228

The total training contact hours, as measured in terms of man-days, devoted to the training and development of staff were **5,282**.

Likewise, the amount allocated and spent on training and development programmes are provided in Table 49:

Table 49: Training and development budget			
	Amount Allocated (Rs)	Amount Spent (Rs)	% Spent over allocated
Training Budget	6,200,000	5,969,817	96.3%
Mission Budget	4,400,000	4,341,857	98.7%

9.4. MEDICAL & GROUP PERSONAL ACCIDENT INSURANCE SCHEMES

(i) Membership status of staff and their families to Medical Scheme

The Medical Insurance Scheme has been implemented for the benefit of staff and their dependents since November 2008. The scheme also caters for staff who retires from the service of the MRA. 70% of the monthly premium for employees is subsidised by the MRA. Various benefits (inpatient and outpatient) are available for all the members enrolled. As at 30 June 2018, there was a membership of 1,319 MRA staff members and 694 dependents.

(ii) Group Personal Accident

The Group Personal Accident (GPA) Scheme provides insurance cover over a 24-hour basis, worldwide, to all MRA employees who are injured in an accident on duty as well as outside working hours. Death arising out of an accident is also covered. This scheme is an additional benefit/coverage for the benefit of staff.

9.5. EMPLOYMENT RELATIONS

9.5.1. Salary review and conditions of service

Following the salary and conditions of service review exercise conducted by BCA Consulting, the salary scale of all staff members was revised with effect from July 2017. Following litigations declared by the MRASA, the MRA has decided to effect payment of salaries on the scale recommended by BCA consulting.

The Management has also agreed to discuss, through collective bargaining, with the MRASA, on several issues related to salary and conditions of service.

9.5.2. Other initiatives

Payment of unutilised sick leave was effected to eligible staff in March 2018 and Performance bonus was paid in April 2018 to certain staff who have significantly contributed to the achievement of their Department.

9.6. WELFARE ACTIVITIES

The MRA encourages its staff to participate in the various sports activities which are organised every year by the Fédération Mauricienne des Sports Corporatifs (FMSC) and by the MRA itself. The activities held and the outcomes thereof are shown in Table 50.

Table 50: Sport events			
Events	Date held	Number of MRA participants	Outcome
External - FMSC			
Cross Country	02 July 2017	5	MRA won 1 Gold + 2 Bronze Medals + Trophies
Badminton Tournament	08 & 09 July 2017	20	MRA won 2 Gold + 7 Silver + 3 Bronze Medals + Trophies
Pool Tournament	01 October 2017	6	MRA successfully completed the 1 st round of the tournament
Athletics Meet	10 & 12 November 2017	18	MRA won 3 Gold + 3 Silver + 3 Bronze Medals
Swimming Competition	26 November 2017	11	MRA won 6 Gold + 7 Silver + 8 Bronze Medals + Trophies
Table Tennis Tournament	25 March 2018	10	MRA won 1 Gold + 2 Silver + 4 Bronze Medals + Trophies
Football Premier League	March-July 2018	25	MRA ranked at the 3 rd place and rewarded with Bronze Medals & Trophy
Internal activities			
Annual 7 A-Side Football Festival/Fun Games	11 November 2017	300	Winners rewarded with Medals & Trophies
Annual Domino Tournament	16 December 2017	100	Winners rewarded with Medals & Trophies

9.7. SAFETY AND HEALTH POLICY

(i) Sensitization and awareness campaigns

Table 51: Sensitization and awareness campaigns	
Awareness Campaign	Date
Sensitisation on the prevention of plague	October 2017
Provision of Gloves and Mosquito repellents for plague disease	October 2017
Training on Manual Handling	February 2018
Sensitisation on healthy lifestyle	April 2018
Sensitisation Paper on Seasonal Flu	June 2018

(ii) Fire drills

Table 52: Fire drills	
Fire Drill	Date
Fire Drill at Belfort Tower	December 2017
Fire Drill at Lux Shed	December 2017
Fire Drill at Eham Court	November 2017
Fire Drill at Custom House	April 2018

(iii) First Aid and other facilities provided to the staff members

Table 53: First Aid & Other Facilities
Staff working in outposts were provided with Personal Protective Equipment (PPE)
Ergonomic chairs were provided to staff at Eham Court and Custom House
Processing of Group Personal Accident claims.
Provision of Dosimeters to staff working in Scanning Units of the Customs Department
Medical Check-up for staff working in Scanning Units of the Customs Department
Receptionists were provided with monaural headsets
Receptionists conducted an audiometric test
Replenishment of First Aid Cabinets conducted
The Emergency Evacuation Procedures for Lux Shed has been finalized and staff trained
Staff in Anti-Narcotics Section have been provided with specialized Personal Protective Equipment

9.8. OTHER INITIATIVES

Various staff welfare activities were organised during the year, namely:-

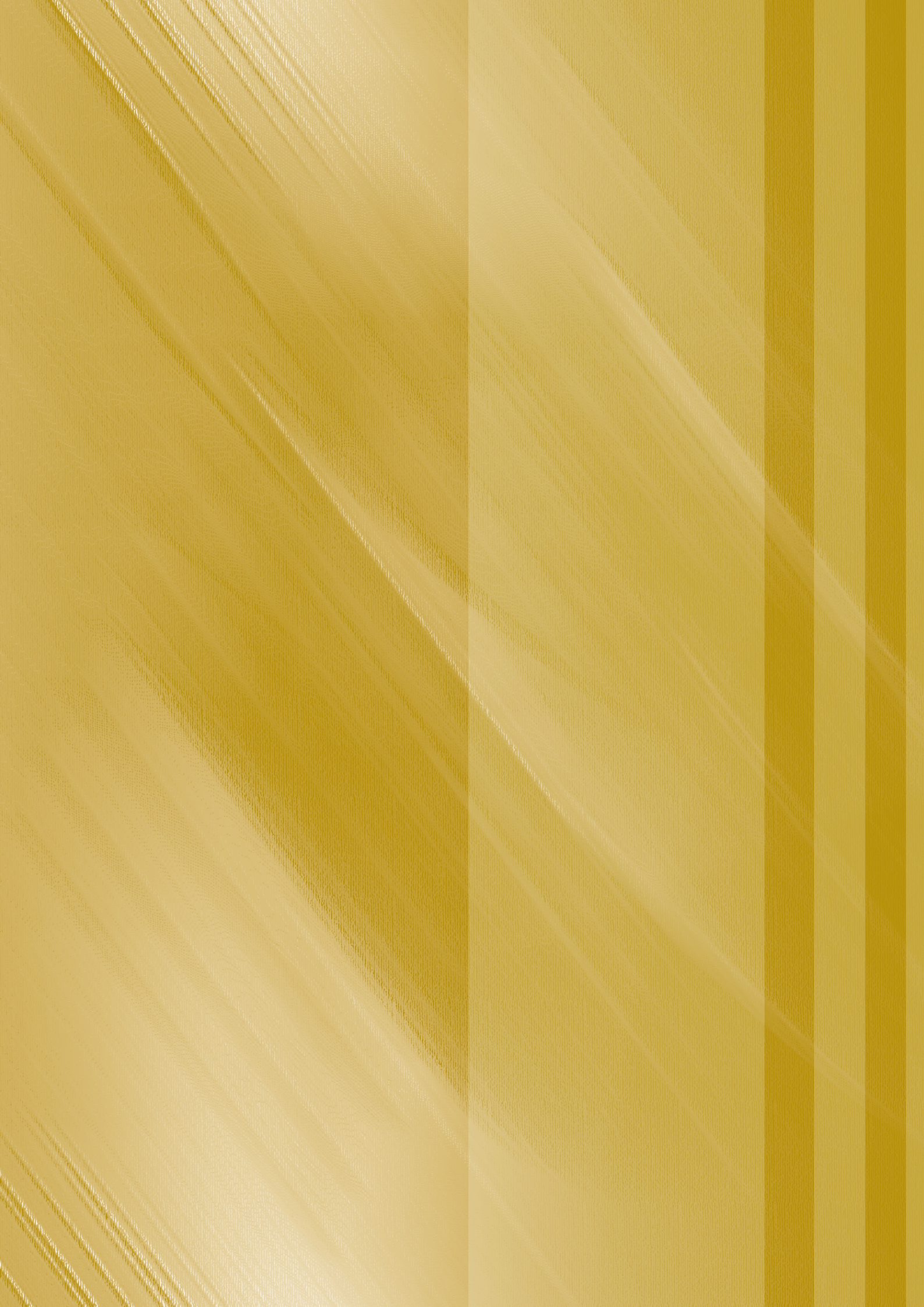
- Holding of the End of Year Get Together in December 2017,
- Opportunity given to participate in several sports activities like football, badminton, volleyball, swimming etc.
- Health & safety measures such as sensitisation campaign on the 'Prevention of Plague', 'Healthy Lifestyle' and 'Seasonal Flu' were organised
- Team Building exercise has been mounted in May 2018 with the Mauritius Police Force for officers of the Customs CMS Section
- The 50th Independence Day Anniversary was celebrated by MRA staff on 9 March 2018

Human Resource Management

- Customs Officers participated, for the first time, in the National Parade on 12 March 2018, in the context of the National Independence Day Celebration.
- The Employee Assistance and Wellness Programme have been initiated through the recruitment of a Psychologist whose aim is to sensitise staff on the application of Psychology and Counselling services at the workplace. The Psychologist will also assist staff having certain behavioural/psychological issues.







10.

MAIN TAX CHANGES

10.1. INCOME TAX- INDIVIDUALS

Tax measures			Implementation
Income Tax Thresholds Increase in the income exemption by Rs 5,000.			The new thresholds are effective as from income year starting on 1st July 2018.
Category	From	To	
A - Individual with no dependent	Rs 300,000	Rs 305,000	
B - Individual with one dependent	Rs 410,000	Rs 415,000	
C - Individual with two dependents	Rs 475,000	Rs 480,000	
D - Individual with three dependents	Rs 520,000	Rs 525,000	
E - Individual with four or more dependents	Rs 550,000	Rs 555,000	
F - Retired/disabled person with no dependent	Rs 350,000	Rs 355,000	
G - Retired/disabled person with one dependent	Rs 460,000	Rs 465,000	
New Tax Band of 10% Individual with annual net income not exceeding Rs 650,000 will pay tax at the rate of 10%.			Come into operation in respect of the income year commencing on 1 July 2018
Additional Deduction for Tertiary Education The additional exemption in respect of a dependent child pursuing non-sponsored full time undergraduate course will be as follows: (i) Rs 135,000 or the amount of tuition fees paid up to a maximum of Rs 175,000 for dependent studying in Mauritius; or (ii) Rs 200,000 for child studying abroad.			Come into operation in respect of the income year commencing on 1 July 2018
Income Exemption Threshold for retired person A retired person earnings emoluments not exceeding Rs 50,000 in an income year will be eligible to the enhanced income exemption thresholds, i.e. Category F or Category G.			Come into operation in respect of the income year commencing on 1 July 2018
Rainwater harvesting system investment allowance An individual having invested in the rainwater harvesting system shall be entitled to relief by way of deduction from his net income the amount invested in that income year.			Come into operation in respect of the income year commencing on 1 July 2018
Exempt Income The lump sum exemption threshold received as severance, pension or retiring allowance by employees increased from Rs 2 million to Rs 2.5 million.			Shall deemed to have come into operation on 14 June 2018
Tax on Winnings Final withholding tax of 10% on wins exceeding Rs 100,000 payable by Mauritius National Lottery Operator, a casino operator, a hotel casino operator or a gaming house operator			Take effect as from 1 September 2018
Expenditure incurred by artists A person registered with the Mauritius Society of Authors may opt to claim an amount equivalent to 50 percent of the gross income generated from his artistic work other than a literary work. This is not applicable where the gross income exceeds Rs 500,000 or constitutes emoluments.			Come into operation in respect of the income year commencing on 1 July 2018

10.2. INCOME TAX- COMPANIES

Tax measures	Implementation														
<p>Investment in crèches Company incurring capital expenditure on a crèche for the benefit of its employees will be allowed to deduct from its gross income twice the amount of such expenditure in that income year.</p>	Finance Act 2018														
<p>Companies treated as non-resident in Mauritius A company incorporated in Mauritius shall be treated as non-resident if its place of effective management is situated outside Mauritius.</p>	Come into operation on 1 October 2018														
<p>Solidarity levy on telephony service providers The Solidarity levy has been extended to year of assessment commencing 1 July 2019 and no levy shall be paid in a year, where, in the year immediately preceding that year, the operator has incurred a loss.</p>	Finance Act 2018														
<p>Investment Tax Credit Company engaged in the importation of goods in semi knocked-down form incurring capital expenditure in new plant and machinery, shall be allowed, in the year of acquisition and in each of the two subsequent income years, a tax credit of an amount equal to 5 per cent of the cost of the new plant and machinery</p>	Finance Act 2018														
<p>New Tax Regime for Banks</p> <p>(a) Subject to (b) & (c) Every bank shall be paying tax on its chargeable income as follows:</p> <table border="1" data-bbox="261 1352 919 1464"> <thead> <tr> <th>Chargeable income</th> <th>Rate of income tax</th> </tr> </thead> <tbody> <tr> <td>(a) first 1.5 billion rupees</td> <td>5 per cent</td> </tr> <tr> <td>(b) remainder</td> <td>15 per cent</td> </tr> </tbody> </table> <p>(b) Where, in an income year, a bank has a chargeable income exceeding 1.5 billion rupees and (i) its chargeable income of the base year exceeds 1.5 billion rupees; (ii) its chargeable income exceeds that of its base year; and (iii) the bank satisfies the prescribed conditions, then it shall be liable to tax on chargeable income as follows:</p> <table border="1" data-bbox="261 1823 919 2092"> <thead> <tr> <th>Chargeable income</th> <th>Rate of income tax</th> </tr> </thead> <tbody> <tr> <td>(a) first 1.5 billion rupees</td> <td>5 per cent</td> </tr> <tr> <td>(b) exceeding 1.5 billion rupees up to the amount equivalent to the chargeable income of the base year</td> <td>15 per cent</td> </tr> <tr> <td>(a) remainder</td> <td>5 per cent</td> </tr> </tbody> </table>	Chargeable income	Rate of income tax	(a) first 1.5 billion rupees	5 per cent	(b) remainder	15 per cent	Chargeable income	Rate of income tax	(a) first 1.5 billion rupees	5 per cent	(b) exceeding 1.5 billion rupees up to the amount equivalent to the chargeable income of the base year	15 per cent	(a) remainder	5 per cent	Come into operation in respect of year of assessment commencing on 1 July 2020
Chargeable income	Rate of income tax														
(a) first 1.5 billion rupees	5 per cent														
(b) remainder	15 per cent														
Chargeable income	Rate of income tax														
(a) first 1.5 billion rupees	5 per cent														
(b) exceeding 1.5 billion rupees up to the amount equivalent to the chargeable income of the base year	15 per cent														
(a) remainder	5 per cent														

Tax measures	Implementation
(c) Where, in an income year, a bank has a chargeable income exceeding 1.5 billion rupees and (i) its chargeable income of the base year does not exceed 1.5 billion rupees; (ii) its chargeable income exceeds that of its base year; and (iii) the bank satisfies the prescribed conditions, then then it shall be liable to tax on chargeable income at the rate of 5%.	

10.3. VALUE ADDED TAX

Tax measures	Implementation															
VAT Refund Scheme																
<p>(i) The list of equipment/services on which a planter may claim a VAT Refund extended to include:</p> <ul style="list-style-type: none"> Branch chopper Earth auger Fogging machine Handy blower Irrigation hose Land preparation works Mini tiller, including blade Rental of land leased for agricultural purposes <p>(ii) Artists registered with the Mauritius Society of Authors may claim refund of VAT paid on musical instruments comprising of:</p> <table border="0" data-bbox="432 1346 1107 1518"> <tr> <td>Accordion</td> <td>Electric keyboard</td> <td>Trumpet</td> </tr> <tr> <td>Clarinet</td> <td>Flute</td> <td>Violin</td> </tr> <tr> <td>Cymbal</td> <td>Guitar</td> <td></td> </tr> <tr> <td>Dhol</td> <td>Harmonica</td> <td></td> </tr> <tr> <td>Drum set</td> <td>Piano</td> <td></td> </tr> </table> <p>Part and accessories related to the musical instruments</p>	Accordion	Electric keyboard	Trumpet	Clarinet	Flute	Violin	Cymbal	Guitar		Dhol	Harmonica		Drum set	Piano		Effective from 15 June 2018
Accordion	Electric keyboard	Trumpet														
Clarinet	Flute	Violin														
Cymbal	Guitar															
Dhol	Harmonica															
Drum set	Piano															
Exempt supply																
<p>(a) Manual labour supplied by an individual to a VAT registered person for the purpose of making supplies in the agricultural sector or the construction sector.</p> <p>(b) Payment of subscription fees to –</p> <ul style="list-style-type: none"> (i) a trade union registered under the Employment Relations Act; (ii) statutory body as may be prescribed; (iii) such association registered under the Registration of Associations Act as may be prescribed. 	Effective from 15 June 2018															

Tax measures	Implementation
<p>Zero-rated supply</p> <p>(a) Services related to (i) upgrading; (ii) repairs and maintenance; (iii) patrol and monitoring; or (iv) rental of burglar alarm systems made zero-rated for VAT purposes.</p> <p>(b) The zero-rating of fees payable for examination of vehicles extended up to 30 June 2020.</p>	Effective from 15 June 2018
<p>Special Levy Banks</p> <p>Special levy shall be payable by banks on their leviable income at the rate of:</p> <p>(i) 5.5 per cent in the case of a bank having a leviable income of not more than 1.2 billion rupees</p> <p>(ii) 4 per cent in the case of a bank having a leviable income of more than 1.2 billion rupees.</p>	Finance Act 2018

10.4. OTHERS

Tax measures	Implementation
<p>Tax Deduction at Source</p> <p>(i) Commission subjects to TDS at the rate of 3%.</p> <p>(ii) TDS on rent payable to non-resident increased to 10%</p>	Finance Act 2018
<p>Deduction for employing homeworkers</p> <p>Employers employing homeworker allowed to deduct double the emoluments payable to the homeworker during the period 1 July 2018 to 30 June 2020.</p>	Finance Act 2018
<p>Payment of 5% on making written representations to the Assessment Review Committee (ARC)</p> <p>At the time of lodging written representations to the ARC, a person shall pay 5 per cent of the amount determined as specified in the notice of determination.</p>	Come into operation on 1 September 2018
<p>Statement of winnings</p> <p>Licensed operator shall submit a Statement of the amount of winnings exceeding Rs 100,000 paid to any person.</p>	Come into operation on 1 January 2019

10.5. CUSTOMS AND EXCISE

1. ALLOWANCES FOR PASSENGERS

(a) Duty-Free Allowances

The duty free allowances to passengers travelling to Mauritius have been increased and became effective as from **15th June 2018** as follows:

Description	From	To
Duty Free Allowance for passengers on International Flights:		
a) Mauritian Passport		
(i) Passenger under the age of 12	Rs 7,500	Rs 15,000
(ii) Passenger of age 12 years and above	Rs 15,000	Rs 30,000
b) Non-Mauritian Passport		
Any Passenger (No Age Limit)	Rs 7,500	Rs 15,000
Duty Free Allowance for Passengers arriving from Rodrigues to Mauritius:		
a) Passenger under the age of 12	Rs 5,000	Rs 10,000
b) Passenger of age 12 years and above	Rs 10,000	Rs 20,000

Note: Passengers leaving Mauritius for Rodrigues are not entitled to duty free allowances

(b) Allowances relating to Tobacco and Alcoholic Beverages

Passengers of age **18 years or above** benefit as allowance on importation of tobacco, spirit, wine, ale or beer in the following quantities free of duty, excise duty and taxes. As from **15th June 2018**, the passenger may choose from the following options:

Allowances relating to Tobacco and Alcoholic Beverages				
Allowance for passengers on International Flights:				
	Option	Tobacco (including cigars and cigarettes) not exceeding	Spirits not exceeding	Wine, ale or beer not exceeding
	A	250 grammes	1 Litre	2 Litres
	B	250 grammes	2 Litres	-
	C	250 grammes	-	4 Litres
Allowance for Passengers entering Rodrigues from Mauritius or leaving Rodrigues for Mauritius:				
	Option	Tobacco (including cigars and cigarettes) not exceeding	Spirits not exceeding	Wine, ale or beer not exceeding
	A*	250 grammes	1 Litres	2 Litres
	B*	250 grammes	2 Litres	-
	C*	250 grammes	-	4 Litres
* VAT shall be payable on the goods				

Note: Prior to 15th June 2018, Options A and A were the only ones being provided to passengers from international and domestic (Mauritius Rodrigues) flights, respectively.*

2. CUSTOMS DUTY

Measures	Effective Date
a) Abolition of 15% customs duty on acoustic doors	15 th June 2018
b) Abolition of 10% customs duty on iron bars	15 th June 2018
c) Customs duty exemption on goods imported in semi knocked-down condition, provided there is at least 20% value addition domestically	15 th June 2018
d) Rate of customs duty on sugar increased from 15% to 80% in order to support small planters	15 th June 2018
e) Rate of customs duty on blended oil aligned with that of non-blended oil – from 0% to 10%	15 th June 2018

3. EXCISE DUTY

Measures	Effective Date
a) 100% excise duty exemption on a motor car not exceeding 1,600cc granted to a disabled person (including deaf or blind persons) or a parent/legal guardian of a disabled person For residents of Rodrigues, a parent or legal guardian of any disabled person has the option to benefit from 100% excise duty exemption on a double space cabin vehicle	15 th June 2018
b) Full duty exemption on the purchase of a single/double space cabin vehicle extended to a planter engaged in hydroponic activities	Gazetting of Excise (Schedule) Regulations
c) Reduction in excise duty from 45% to 10% for a Utility Task Vehicles (also known as buggies).	15 th June 2018
d) Removal of 30 cents MID-Levy on Mogas and Gas Oils	15 th June 2018
e) Introduction of a specific Excise duty of Rs 2 per unit on non-biodegradable disposable plastic containers (take-away, plates, bowls, cups, and trays)	2 nd May 2019

4. VAT AT IMPORTATION

Measures	Effective Date
a) VAT-registered person will not pay VAT on importation of capital goods, being plant and machinery, provided that VAT payable is Rs 150,000 or more	1 st October 2018
b) VAT is now zero-rated on watch straps, watch bands and watch bracelets and parts thereof of HS Codes 9113.20.00 and 9113.90.00	15 th June 2018
c) VAT exemption on anti-smoking tablets and the like	15 th June 2018
d) VAT exemption on photovoltaic systems	15 th June 2018

5. AMENDMENTS TO CUSTOMS LAWS & OTHER ENACTMENTS

(a) Customs Act & Customs Regulations

Measures	Effective Date
a) Bill of Entry is no longer required for goods received by post and courier services for personal use irrespective of the value of the goods	15 th June 2018
b) The definition of security (i.e. guarantee) is being enlarged so that it covers not only payment of duty, excise duty and taxes but also instances where compliance with the conditions of the Customs laws which require a security	9 th August 2018
c) A definition of Single Window, which is an electronic platform for a single submission of data required to clear goods at the border, is being introduced	9 th August 2018
d) Validity of ruling on tariff and origin are time bound for a period of 3 years. Any dissatisfied person has the right to appeal against the ruling	9 th August 2018
e) Refund of duty and excise duty already paid by the importer in case the imported good is a 'Selected Prohibited Goods' and the importer exports the goods	9 th August 2018
f) To combat the sale of counterfeit goods, MRA Customs is empowered not only to seize counterfeit goods placed on the local market for sale but also those manufactured and stored in warehouses and other places	9 th August 2018
g) The agent of a landing aircraft be required to submit a cargo report of goods landed electronically instead of manually	1 st February 2019
h) MRA Customs is empowered to carry out security check on any person in the Customs area	9 th August 2018
i) MRA Customs is empowered to detain undeclared currency exceeding Rs 500,000 of an incoming, transit or outgoing passenger relating to suspected cases of money laundering for a reasonable time to carry out an investigation	9 th August 2018
j) Approved warehouses are required to be equipped with CCTV cameras to reinforce the control of movement of goods	1 st February 2019

(b) Excise Act and Excise Regulations

Measures	Effective Date
a) The definition of beer is amended to enable manufacturing of beer also from other agricultural products and its derivatives instead of the traditional process of manufacturing from malt	9 th August 2018
b) To promote local recycling of used PET bottles, the financial incentive in terms of refund given to local manufacturers has been increased from Rs 5 to Rs 15 per kilo of waste PET bottles recycled into reusable goods	9 th August 2018
c) Affixing of tax stamps, which is mandatory on bottles of spirits (such as whisky and rum), is being extended to include bottles of beer and wine with a moratorium of nine months	Gazetting of Excise (Amendment) Regulations
d) Allowances up to one per cent may be granted on excise tax stamps which are deemed to be spoiled or damaged on production of alcoholic products but have not been returned to the Director-General	Gazetting of Excise (Amendment) Regulations

e) No claim or refund of excise duty on sugar-sweetened non-alcoholic beverages on products used as sample for counter analysis by Chief Government Analyst where the difference is within a range of five percent	Gazetting of Excise (Amendment) Regulations
f) A returning citizen coming back to Mauritius with a collection of alcoholic products for personal use are exempted from the requirement to purchase and affix excise stamps on the alcoholic products	Gazetting of Excise (Amendment) Regulations

(c) Freeport Act

Measures	Effective Date
(a) The maximum period for warehousing of goods in the Freeport is being aligned to that of a bonded warehouse, that is 24 months as from 01 st October 2018. A moratorium period of 42 months is granted on goods warehoused in the Freeport before 30 th September 2018	9 th August 2018
(b) Quota has been abolished with respect to goods imported into the local market from Freeport	9 th August 2018

(d) Environment Protection Act

Measures	Effective Date
a) The Environment Protection Fee on imported mobile phones, batteries for motor vehicles and tyres shall be payable at MRA Customs at the time of clearance of goods instead of the MRA Head Office	1 st October 2018



11.

FINANCIAL STATEMENTS

BOARD'S REPORT

The Board of the Mauritius Revenue Authority presents the audited financial statements of the Mauritius Revenue Authority for the year ended 30 June 2018.

Statement of Board's responsibilities in respect of the financial statements

It is the responsibility of the MRA to prepare and submit an annual report which includes the financial statements to the MRA Board for approval. After approval by the MRA Board, the Chief Executive Officer shall, not later than 31 October after the end of every financial year, submit the annual report to the auditor. On receipt of the annual report including the audited financial statements and the audit report, the MRA Board shall, not later than one month from the date of receipt, furnish to the Minister such reports and financial statements.

The audited statements and audit opinion are appended to this report.

While approving the financial statements, the Board ensures that:

- Suitable accounting policies are selected and applied consistently;
- Judgements and estimates are reasonable and prudent;
- Applicable accounting standards have been followed, subject to any material departures explained in the financial statements;
- The financial statements have been prepared on the going concern basis.

The Board confirms that they have complied with the above requirements.

MRA is responsible for keeping proper accounting records for the purpose of recording all the transactions relating to its undertakings, funds, activities and property and hence for taking responsible steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the MRA Board



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

**REPORT OF THE DIRECTOR OF AUDIT
TO THE BOARD OF THE MAURITIUS REVENUE AUTHORITY**



**REPORT OF THE
DIRECTOR OF AUDIT**

**on the Financial Statements
of the Mauritius Revenue Authority
for the year ended 30 June 2018**

NATIONAL AUDIT OFFICE



NATIONAL AUDIT OFFICE

REPORT OF THE DIRECTOR OF AUDIT TO THE BOARD OF THE MAURITIUS REVENUE AUTHORITY

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of the Mauritius Revenue Authority, which comprise the statement of financial position as at 30 June 2018 and the statement of financial performance, the statement of changes in net assets/equity, the cash flow statement and the statement of comparison of budget for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Mauritius Revenue Authority as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Mauritius Revenue Authority in accordance with the INTOSAI Code of Ethics, together with the ethical requirements that are relevant to my audit of the financial statements in Mauritius, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I have determined that there are no key audit matters to communicate in my report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report of the Mauritius Revenue Authority for the year ended 30 June 2018, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards, and for such internal control as management determines 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, management is responsible for assessing the Mauritius Revenue Authority'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 management intends to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Mauritius Revenue Authority's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs, 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 ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Mauritius Revenue Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Mauritius Revenue Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Mauritius Revenue Authority 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.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Management's Responsibility for Compliance

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the laws and authorities which govern them.

Auditor's Responsibility

In addition to the responsibility to express an opinion on the financial statements described above, my responsibility includes expressing an opinion on whether the activities, financial transactions and information reflected in the financial statements are, in all material respects, in compliance with the laws and authorities which govern them. This responsibility includes performing procedures to obtain audit evidence about whether the Mauritius Revenue Authority's expenditure and income have been applied to the purposes intended by those charged with governance. Such procedures include the assessment of the risks of material non-compliance.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion on Compliance

Statutory Bodies (Accounts and Audit) Act

I have obtained all information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit.

In my opinion, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the Act.

Public Procurement Act

The Mauritius Revenue Authority is responsible for the planning and conduct of its procurement. It is also responsible for defining and choosing the appropriate method of procurement and contract type in accordance with the provisions of the Act and relevant Regulations. My responsibility is to report on whether the provisions of Part V of the Act regarding the Bidding Process have been complied with.

In my opinion, the provisions of Part V of the Act have been complied with as far as it appears from my examinations of the relevant records.



K.C.TSE YUET CHEONG (MRS)
Director of Audit

National Audit Office
Level 14
Air Mauritius Centre
PORT-LOUIS

21 March 2019

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

	Notes	30 JUNE 2018 Rs	30 JUNE 2017 Rs
ASSETS			
Current Assets			
Cash and Cash Equivalents	7	56,967,616	58,319,529
Receivables	8	1,231,055	2,203,718
Inventories	9	12,310,539	12,484,481
Prepayments	8	23,833,714	21,522,293
Loan	10	14,809,237	10,894,518
		<u>109,152,161</u>	<u>105,424,539</u>
Non-Current Assets			
Deposit	11	8,445,013	8,000,000
Loan	10	52,344,137	51,725,954
Property, Plant and Equipment	5	639,837,954	590,553,398
Intangible Assets	6	64,952,374	72,275,999
		<u>765,579,478</u>	<u>722,555,351</u>
TOTAL ASSETS		<u>874,731,639</u>	<u>827,979,890</u>
LIABILITIES			
Current Liabilities			
Payables	12	83,413,027	35,616,499
Advance Receipts - Transfers	13	-	240,810
Advance	14	14,809,237	10,894,518
		<u>98,222,264</u>	<u>46,751,827</u>
Non-Current Liabilities			
Advance	14	52,344,137	51,725,954
Provisions	15	6,418,390	6,628,380
Employee Benefits	22	521,652,582	416,265,344
		<u>580,415,109</u>	<u>474,619,678</u>
TOTAL LIABILITIES		<u>678,637,373</u>	<u>521,371,505</u>
NET ASSETS		<u>196,094,266</u>	<u>306,608,385</u>
NET ASSETS/ EQUITY			
Revaluation Surplus	25	98,783,411	99,017,302
General Fund		97,310,855	207,591,083
TOTAL NET ASSETS/ EQUITY		<u>196,094,266</u>	<u>306,608,385</u>

Approved by the Board on 28 September 2018



Chairman



Board Member

The Notes on pages 129 to 147 form part of the financial statements.

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018

	Notes	YEAR ENDED 30 JUNE 2018 Rs	18 MONTHS ENDED 30 JUNE 2017 Rs
Revenue			
Non-Exchange Transactions	16	1,913,920,382	2,573,700,796
Exchange Transactions	17	1,207,856	1,705,846
		1,915,128,238	2,575,406,642
Expenditure			
Administrative Expenses	18	2,017,163,783	2,524,003,053
Finance Cost	19	8,113,191	6,734,064
		2,025,276,974	2,530,737,117
		(110,148,736)	44,669,525
Loss on Disposal /Scrap	20	(365,383)	(203,565)
(Deficit) / Surplus for the period		(110,514,119)	44,465,960

STATEMENT OF CHANGES IN NET ASSETS / EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Revaluation Surplus Rs	General Fund Rs	Total Rs
Balance at 1 January 2016	41,166,501	151,475,123	192,641,624
Change in net assets/ equity for the period			
Transfer to Accumulated Surplus/(Deficit)	(11,650,000)	11,650,000	-
Impairment Loss	(130,000)	-	(130,000)
Revaluation Surplus for the period	69,630,801	-	69,630,801
Surplus for the period	-	44,465,960	44,465,960
Total recognised revenue and expense for the period	57,850,801	56,115,960	113,966,761
Balance at 30 June 2017	99,017,302	207,591,083	306,608,385
Balance at 1 July 2017	99,017,302	207,591,083	306,608,385
Change in net assets/ equity for the period			
Transfer to Accumulated Surplus/(Deficit)	(233,891)	233,891	-
Deficit for the period	-	(110,514,119)	(110,514,119)
Total recognised revenue and expense for the period	(233,891)	(110,280,228)	(110,514,119)
Balance at 30 June 2018	98,783,411	97,310,855	196,094,266

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

	YEAR ENDED 30 JUNE 2018 Rs	18 MONTHS ENDED 30 JUNE 2017 Rs
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus/(Deficit)	(110,514,119)	44,465,960
Adjustments for :		
Depreciation and Amortisation	90,662,128	118,503,738
Capital Grant Recognised in Surplus/Deficit	(132,586,277)	(226,520,136)
Capital Grant Received	132,586,277	226,760,946
Decrease in Provision for Dismantling Cost	(209,990)	-
Increase in Long Term Provision for Employee Benefits	105,387,238	73,644,626
Loss on Disposal/Scrap/Write-off	365,383	203,565
Liquidated Damages	(31,332)	(175,985)
Decrease in Inventories	173,942	2,505,778
Increase in Receivables	(5,253,477)	(12,064,136)
Increase / (Decrease) in Payables	51,470,437	(26,180,560)
Net Cash Flows from Operating Activities	132,050,210	201,143,796
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment (Note b)	(133,023,010)	(209,889,157)
Proceeds from Sale of Property, Plant and Equipment	65,900	735,565
Loan to Staff (Note c)	(18,215,650)	(73,893,396)
Repayment of Loan by Staff (Note c)	13,682,748	11,272,924
Deposit for Rent	(445,013)	-
Net Cash Flows from Investing Activities	(137,935,025)	(271,774,064)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advance Received	18,215,650	73,893,396
Repayment of Advance	(13,682,748)	(11,272,924)
Net Cash Flows from Financing Activities	4,532,902	62,620,472
Net Increase/(Decrease) in Cash & Cash Equivalents	(1,351,913)	(8,009,796)
Cash & Cash Equivalents at Start	58,319,529	66,329,325
Cash & Cash Equivalents at End (Note a)	56,967,616	58,319,529

Notes to the Cash flow Statement**(a) Cash and Cash Equivalents**

Cash and cash equivalents consist of cash in hand and balance with bank and comprise the following statement of financial position amounts.

	2018 Rs	2017 Rs
Cash at bank	56,826,135	58,222,778
Cash in hand	141,481	96,751
	<u>56,967,616</u>	<u>58,319,529</u>

(b) Property, Plant and Equipment

The aggregate cost of acquisitions was Rs 134,568,172 and includes:

- (i) Rs 1,513,830 for progress payment effected in previous period;
- (ii) Rs 31,332 retained for liquidated damages.

(c) Loan to staff and repayment of loan by staff has been reclassified from Financing Activities to Investing Activities.

STATEMENT OF COMPARISON OF BUDGET FOR THE YEAR ENDED 30 JUNE 2018

	RECURRENT BUDGET			Difference: Revised Budget and Actual Rs
	Budgeted Amounts		Actual Amount Rs	
	Original	Revised		
	Rs	Rs	Rs	
REVENUE	1,689,000,000	1,791,000,000	1,782,541,961	(8,458,039)
EXPENDITURE (Excluding Depreciation & Amortisation)				
Staff Costs	1,433,900,000	1,525,400,000	1,522,640,596	2,759,404
Training of Staff	5,400,000	6,200,000	5,989,602	210,398
Board Members Fees	2,700,000	2,700,000	2,640,000	60,000
Missions /Training Abroad	5,000,000	4,400,000	4,341,856	58,144
Professional Fees	7,000,000	9,000,000	8,892,690	107,310
Office Expenses & Services	41,800,000	46,600,000	46,552,733	47,267
Rent	42,300,000	41,600,000	41,565,621	34,379
Utilities	34,900,000	34,300,000	33,927,366	372,634
Motor Vehicles Expenses	16,000,000	23,000,000	22,711,015	288,985
Advertising and Publications	10,100,000	9,700,000	9,503,238	196,762
Materials, Supplies and Consumables	10,500,000	12,000,000	11,845,124	154,876
IT Expenses	53,700,000	47,000,000	45,637,674	1,362,326
Uniform	8,000,000	7,885,000	7,851,872	33,128
Conference	1,000,000	1,000,000	993,565	6,435
Contributions /Subscriptions	5,200,000	5,600,000	5,369,927	230,073
Service/Bank Charges	5,000,000	8,115,000	8,113,191	1,809
Tobacco & Alcohol Stamps	5,500,000	5,500,000	5,345,942	154,058
	1,688,000,000	1,790,000,000	1,783,922,012	6,077,988
Provision - Employee Benefits			150,248,531	(150,248,531)
Relocation Expenses (Transferred from Capital Budget)			444,303	(444,303)
Total Expenses	1,688,000,000	1,790,000,000	1,934,614,846	(144,614,846)
Budgeted/ Actual Surplus/ (Deficit)	1,000,000	1,000,000	(152,072,885)	(153,072,885)

CAPITAL BUDGET

	CAPITAL BUDGET			Difference: Revised Budget and Actual Rs
	Budgeted Amounts		Actual Amount Rs	
	Original	Revised		
	Rs	Rs	Rs	
Capital Expenditure	377,000,000	149,870,000	121,665,786	28,204,214

Material differences are explained at Note 24.

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2018**1. Principal Activities**

The Mauritius Revenue Authority (MRA), a body corporate, was established on 20 October 2004 to serve the purpose described in the Mauritius Revenue Authority Act 2004. It commenced operations on 1 July 2006 acting as agent of the State for the collection of revenue under the revenue laws and for matters incidental thereto.

Reporting Period

The financial statements have been prepared for the 12 months ended 30 June 2018 with comparative information for the 18 months ended 30 June 2017. Hence the amounts presented in the financial statements may not be entirely comparable.

2. Adoption of International Public Sector Accounting Standards (IPSASs)**2.1 Standards Adopted**

The Authority has adopted the International Public Sector Accounting Standards (IPSASs) issued by the International Public Sector Accounting Standards Board (IPSASB) as from the year 2011 in line with amendments made in the Statutory Bodies (Accounts and Audit) Act.

2.2 Standards Issued but not yet Effective

At the date of authorisation of the financial statements, the following IPSASs were in issue but not yet effective for financial statements beginning on 1 July 2017:

IPSAS 39 - Employee Benefits

IPSAS 40 - Public Sector Combinations

IPSAS 41 - Financial Instruments

IPSAS 39 replaced IPSAS 25 as from 1 January 2018 and has:

- (i) removed the corridor approach that is, the option that allowed an entity to defer the recognition of changes in the net defined benefit liability;
- (ii) introduced a net interest approach for defined benefit plans; and
- (iii) amended certain disclosure requirements for defined benefit plans

It is expected that its application may have an adverse effect on net assets/equity in view of removal of the corridor approach.

IPSAS 40 will be effective as from 1 January 2019 and provides accounting requirements that addresses the needs of public sector when accounting for combinations of entities and operations.

This standard is not applicable to MRA and will therefore have no impact on the financial statements.

IPSAS 41 will replace IPSAS 29 "Financial Instruments: Recognition and Measurement" as from 1 January 2022 and the objective is to establish new requirements for classifying, recognising and measuring financial instruments.

It is expected that adoption of the new principles based approach to classification and measurement will not have a major impact on the financial statements of MRA.

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2018**3. Accounting Policies**

The principal accounting policies adopted by the Authority are as follows:

(a) Basis of Preparation

The financial statements comply with International Public Sector Accounting Standards (IPSASs) for the accrual basis of accounting. The measurement base applied is historical cost adjusted for revaluation of assets.

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

(b) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and depreciation is calculated to write off the cost or valuation of tangible fixed assets less any estimated residual value on a straight-line basis over their expected useful lives. Depreciation is charged on a pro-rata basis in the year of acquisition and none in the year of disposal.

The annual rates of depreciation are as follows:

Building	1.45%
Computer Equipment	12.50%
Furniture & Fittings	10% - 12.50%
Scanners	12.50%
Vehicles	10% - 20%
Equipment	5% - 25%

Expenditure of a capital nature but costing less than Rs 5,000 is expensed to the statement of financial performance. However, bulk purchases of items costing less than Rs 5,000 per item are capitalised and fully depreciated in the year of acquisition.

In the year of revaluation, depreciation is calculated and charged on a pro-rata basis using date of revaluation as cut-off point. When an asset is revalued, the revalued amount net of any estimated residual value is depreciated over the asset's remaining useful life.

(c) Intangible Assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses. Computer software costs are recognised as intangible assets and amortised using the straight-line method over their useful lives, not exceeding a period of 8 years.

(d) Revaluation of Property, Plant and Equipment

Property, plant and equipment are revalued by internal or external valuers every 3 to 5 years. Increase in carrying amount of a class of assets is credited directly to revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same class of assets previously recognised in surplus or deficit.

If the carrying amount of a class of assets is decreased, the decrease is recognised in surplus or deficit. However the decrease is directly debited to revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that class of assets.

On retirement or disposal of a revalued asset, the whole revaluation surplus in respect of that asset is transferred directly to accumulated surplus or deficit.

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2018**3. Accounting Policies (Cont'd)****(e) Inventories**

Inventories consist of excise stamps, spare parts and consumables and are valued at the lower of cost or net realisable value (NRV), or replacement cost in the absence of NRV.

(f) Accounts Receivable

Accounts receivable are stated at original invoice amount less an estimate for doubtful receivables based on a review of all outstanding amounts at year end.

(g) Cash and Cash equivalents

Cash and cash equivalents comprise cash at bank and cash in hand.

(h) Accounts Payable

Accounts payable are stated at their fair value.

(i) Revenue recognition**(i) Exchange Transactions**

Revenue from exchange transactions are measured at the fair value of the consideration received or receivable and recognised as follows:

- Interest on a time proportion basis that takes into account the effective yield on the asset.
- Charges for use of assets (other than cash and cash equivalents) as they are earned in accordance with terms of the relevant agreement.

(ii) Non-Exchange Transactions

Assets and revenue arising from transfer transactions are recognised in accordance with the requirements of IPSAS 23, Revenue from Non-Exchange Transactions (Taxes and Transfers).

• Transfer Revenue

Assets and Revenue arising from transfer transactions are recognised in the period in which the transfer arrangement becomes binding and are measured at fair value at the date of recognition.

Monetary assets are measured at their nominal value.

Non-monetary assets are measured at their fair value which are determined by reference to observable market values or by independent appraisal by a member of the valuation profession.

Receivables are recognised when a binding transfer arrangement is in place but cash has not been received.

Where transfers are received prior to a transfer arrangement becoming binding, a liability is recognised for the advance receipt.

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2018**3. Accounting Policies (Cont'd)**

- **Taxes**

MRA is an agent of the Government for collection of revenue under the Revenue Laws and amounts collected do not represent economic benefits or service potential that flow to the entity and do not result in increase in assets or decrease in liabilities. Hence, taxes collected are excluded from revenue and are not reported in the financial statements.

However, statements are prepared in accordance with Section 10 of the MRA Act 2004 regarding the various taxes for the purpose of :

- (i) assessment of liability to, the collection of and accountability for tax; and
- (ii) the management, operation and enforcement of the Revenue Laws.

- (j) **Excise Stamps**

Fees collected from sale of excise stamps are treated as tax accruing to the Government and paid to the Consolidated Fund.

- (k) **Employee Benefits**

- **Retirement Benefits**

MRA operates both a defined benefit pension plan and a defined contribution pension scheme.

- (i) **Retirement Benefits under Defined Benefit Pension Plan**

The assets of the defined benefit pension plan are managed by the SICOM Ltd and the cost of providing the benefit is determined in accordance with actuarial review.

The present value of defined benefit obligations is recognised in the statement of financial position as a non-current liability or non-current asset after adjusting for fair value of plan assets, any unrecognised actuarial gains and losses and any unrecognised past service cost.

The current service cost and any unrecognised past service cost are included as an expense together with the associated interest cost, net of expected return on plan assets.

A portion of the actuarial gains and losses is recognised as income or expense if the net cumulative unrecognised actuarial gains or losses at the end of the previous accounting period exceeded the greater of:

- 10% of the present value of the defined benefit obligation at that date: and
- 10% of the fair value of plan assets at that date.

The excess determined is spread over the expected average remaining working lives of employees in the plan, which was determined as 19 years as at 30 June 2018.

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2018**3. Accounting Policies (Cont'd)****(ii) Public Pensions Defined Contribution Pension Scheme**

A public pension defined contribution pension scheme has been set up with effect from 1 January 2013 following amendment to the Statutory Bodies Pension Funds Act 1978. New entrants in MRA as from 1 January 2013 shall join the scheme and contribute 6% of their salaries. MRA's contribution to the scheme shall be 12% of salaries paid to the new entrants and such contributions are charged to the Statement of Financial Performance in the period to which they relate.

(iii) State plan

For those employees holding a permanent and pensionable post, MRA contributes to the Family Protection Scheme managed by SICOM Ltd and the Civil Service FPS Board. It also contributes to National Pension Scheme for those working on contract basis. The contributions are expensed to the Statement of Financial Performance in the period in which they fall due.

(iv) Leave

MRA employees are entitled to 21 days of sick leave per year and can accumulate their unutilised sick leave up to a maximum of 100 days in bank. Once the maximum is reached, they are entitled to encash up to 16 unutilised days of sick leave out of their annual entitlement. Sick leave accumulated in bank may either be cashed on retirement or taken as pre-retirement leave.

Liabilities for unutilised sick leave are recognised in surplus or deficit in the period in which they are earned and are measured at the amounts expected to be paid. Unutilised sick leave in bank is treated as a long term liability except for staff who are expected to retire within one year from year end. The provision for the latter is included in current liabilities.

(v) Car loan to staff

Employees who are entitled to duty deferred facilities are also eligible to a car loan on the following terms:

Loan amount	: Maximum of 15 months salary
Interest rate	: 4% except for employees who joined service as from 1 July 2013, the rate applicable is the prevailing repo rate.

Loan repayment period : Not more than 84 months.

The car loan scheme is effective as from January 2016 and funds are provided by Ministry of Finance and Economic Development (MOFED) by way of an advance to the MRA.

The advance from MOFED is initially recognised as a financial liability at the fair value of consideration received whereby loan granted to staff is initially recognised as a financial asset at the fair value of consideration given. Subsequent measurements are at amortised cost.

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2018**3. Accounting Policies (Cont'd)**

Repayment due by staff within one year is included under current assets and receivable due later than one year under non-current assets.

The portion of advance refundable within one year is included under current liabilities and advance payable later than one year under non-current liabilities.

(l) Foreign Currency Translation

Transactions in foreign currencies are translated into the functional and presentation currency, Mauritian Rupee, at the date of transaction using the spot exchange rate.

Monetary assets and liabilities denominated in foreign currencies in the Statement of Financial Position are translated into Mauritian Rupees using the closing rate.

Exchange differences are recognised in surplus or deficit in the period in which they arise.

(m) Impairment

At each reporting date, the Authority reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss and the carrying amount of the asset is reduced to its recoverable amount.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Financial Performance, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Financial Performance, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4. Accounting Judgements and key Sources of Estimation Uncertainty

The preparation of financial statements in accordance with IPSASs requires the Authority's management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2018

5. Property, Plant & Equipment

	Building	Computer Equipment	Furniture & Fittings	Motor vehicles	Equipment	Total
	Rs	Rs	Rs	Rs	Rs	Rs
COST / VALUATION						
At 1 July 2017	299,665,500	103,429,296	65,678,008	33,393,400	269,623,825	771,790,029
Additions	-	75,632,843	5,849,566	16,121,638	10,535,921	108,139,968
Disposals/Scrap	-	(311,920)	(63,237)	-	(4,192,515)	(4,567,672)
Impairment	-	-	-	-	(87,275)	(87,275)
Adjustment (Note a)	-	-	(86,591)	-	(155,825)	(242,416)
AT 30 JUNE 2018	299,665,500	178,750,219	71,377,746	49,515,038	275,724,131	875,032,634
DEPRECIATION						
At 1 July 2017	23,886,380	1,655,254	45,800,144	10,028,761	103,308,673	184,679,212
Charge for the period	4,342,978	22,551,800	4,687,739	5,340,574	31,451,960	68,375,051
Disposals/Scrap	-	(70,487)	(27,486)	-	(4,125,691)	(4,223,664)
Adjustment (Note a)	-	-	(86,591)	-	(155,825)	(242,416)
AT 30 JUNE 2018	28,229,358	24,136,567	50,373,806	15,369,335	130,479,117	248,588,183
NET BOOK VALUE						
AT 30 JUNE 2018	271,436,142	154,613,652	21,003,940	34,145,703	145,245,014	626,444,451
Progress payments on Tangible Non-Current Assets						13,393,503
						639,837,954
AT 30 JUNE 2017	275,779,120	101,774,042	19,877,864	23,364,639	166,315,152	587,110,817
Progress payments on Tangible Non-Current Assets						3,442,581
						590,553,398

NOTE:

- (a) Adjustment of Rs 242,416 represents bulk purchase of items costing less than Rs 5,000 per unit that have been capitalised and fully depreciated in year of acquisition in line with existing depreciation policy.
- (b) Equipment includes sniffer dogs with a Net Book Value of Rs 275,789 as at 30 June 2018 (Rs 121,312 as at 30 June 2017).

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2018

6. Intangible Assets

	Computer Software Rs
COST	
At 1 July 2017	116,715,862
Additions	16,229,932
AT 30 JUNE 2018	<u>132,945,794</u>
AMORTISATION	
At 1 July 2017	45,706,343
Charge for the period	22,287,077
AT 30 JUNE 2018	<u>67,993,420</u>
NET BOOK VALUE	
AT 30 JUNE 2018	<u>64,952,374</u>
AT 30 JUNE 2017	71,009,519
Progress payment	1,266,480
TOTAL	<u>72,275,999</u>

	30 JUNE 2018 Rs	30 JUNE 2017 Rs
7. Cash and Cash Equivalents		
Cash at Bank	56,826,135	58,222,778
Cash in Hand	141,481	96,751
Total	<u>56,967,616</u>	<u>58,319,529</u>
8. Receivables and Prepayments		
Receivables - Exchange Transactions	1,201,055	2,175,718
Deposit	30,000	28,000
	<u>1,231,055</u>	<u>2,203,718</u>
Prepayments	23,833,714	21,522,293
Total	<u>25,064,769</u>	<u>23,726,011</u>

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2018

	30 JUNE 2018 Rs	30 JUNE 2017 Rs
9. Inventories		
Consumables	6,075,434	5,933,658
Excise Stamps	4,693,864	5,116,526
Spare Parts	1,541,241	1,434,297
Total	12,310,539	12,484,481
10. Car Loan to staff		
Balance at start	62,620,472	-
Loan granted	18,215,650	73,893,396
Loan repaid	(13,682,748)	(11,272,924)
Balance at end	67,153,374	62,620,472
Receivable due not later than one year	(14,809,237)	(10,894,518)
Receivable due later than one year	52,344,137	51,725,954
Receivable due later than one year but within five years	46,933,826	42,127,318

Loan equivalent to a maximum of 15 months salary is granted to staff for purchase of vehicles at an interest rate of 4% or prevailing repo rate and refundable over a period not exceeding 7 years.

11. Deposit

Mauritius Chamber of Commerce and Industry (MCCI)	8,000,000	8,000,000
Airports of Mauritius Co Ltd (AML)	445,013	-
Total	8,445,013	8,000,000

- The deposit of Rs 8M represents a float advanced to MCCI to be used for refund of VAT and Customs duty incurred by non-residents.
- The deposit of Rs 445,013 to AML represents an interest free three months rental for lease of a plot of land of 11,867 m² for the purpose of construction of an Integrated Government Clearance Centre at Plaisance Airport. The deposit is fixed and refundable to Mauritius Revenue Authority on expiry of the lease in forty years.

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2018

	30 JUNE 2018 Rs	30 JUNE 2017 Rs
12. Payables		
Trade Payables	14,487,435	15,657,601
Other Payables	9,917,521	7,870,470
Employee Benefits	59,008,071	12,080,450
Deposits	-	7,978
Total	83,413,027	35,616,499
13. Advance Receipts - Transfers		
At 1 July	240,810	-
Refund to GOM	(240,810)	-
Capital grant received during the period	132,586,277	226,760,946
	132,586,277	226,760,946
Transfer to revenue	(132,586,277)	(226,520,136)
At 30 June	-	240,810
14. Advance from MOFED		
Balance at start	62,620,472	-
Advance received	18,215,650	73,893,396
Advance repaid	(13,682,748)	(11,272,924)
Balance at end	67,153,374	62,620,472
Payable not later than one year	(14,809,237)	(10,894,518)
Payable later than one year	52,344,137	51,725,954
Payable later than one year but within five years	46,933,826	42,127,318

The Ministry of Finance and Economic Development (MOFED) provide funds to MRA by way of an advance for grant of car loan to employees.

15. Provision for Dismantlement of Property, Plant and Equipment

The MRA acquired an X-Ray Gantry Scanner in April 2016. The initial provision of Rs 6,628,380 recognised for costs to be incurred for dismantling the equipment and restoration of site which is expected in 8 years from date of acquisition has been reviewed to Rs 6,418,390.

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2018

	YEAR ENDED 30 JUNE 2018 Rs	18 MONTHS ENDED 30 JUNE 2017 Rs
16. Revenue from Non-Exchange Transactions		
Grants received for Capital Expenditure	132,586,277	226,760,946
Advance Receipts - Transfers	-	(240,810)
	<u>132,586,277</u>	<u>226,520,136</u>
Grants received for Revenue Expenditure	1,781,300,000	2,345,600,000
Legal Costs received/receivable	34,105	1,580,660
Total	<u>1,913,920,382</u>	<u>2,573,700,796</u>

17. Revenue from Exchange Transactions

Liquidated Damages	132,734	372,277
Refund of Duty	218,177	-
Decrease in Provision - Dismantling Cost	209,990	-
Encashment of Bond	-	198,904
Reversal of Payables	588,071	1,060,990
Sundries	58,884	73,675
Total	<u>1,207,856</u>	<u>1,705,846</u>

NOTE: The decrease in provision for dismantling cost is due to difference in exchange rate.

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2018

	YEAR ENDED 30 JUNE 2018 Rs	18 MONTHS ENDED 30 JUNE 2017 Rs
18. Administrative Expenses		
Staff Costs	1,522,640,596	1,960,467,817
Increase in Provision- Employee Benefits	55,576,157	50,019,440
Increase in Provision - Leave	94,672,374	25,382,172
Training of Staff	5,989,602	9,192,482
Board Members Fees	2,640,000	3,535,000
Missions / Training Abroad	4,341,856	7,193,638
Professional Fees	8,892,690	15,760,313
Office Expenses & Services	46,552,733	66,676,853
Rent	41,565,621	61,232,958
Rental of Equipment	-	14,396,580
Relocation Expenses	444,303	-
Utilities	33,927,366	50,698,816
Motor Vehicle Expenses	22,711,015	23,116,281
Advertising and Publications	9,503,238	12,668,066
Materials, Supplies and Consumables	11,845,124	16,859,219
Excise Stamps	5,345,942	10,392,801
IT Expenses	45,637,674	58,628,957
Uniform	7,851,872	8,886,822
Conference	993,565	4,333,560
Contributions / Subscriptions to Other Organizations	5,369,927	6,057,540
	1,926,501,655	2,405,499,315
Depreciation and Amortisation	90,662,128	118,503,738
	2,017,163,783	2,524,003,053
19. Finance Cost		
Bank Charges	8,113,191	6,734,064

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2018**20. Loss on Disposal of Assets**

Loss on disposal of assets for the year ended 30 June 2018 includes an impairment charge of Rs 87,275 as a result of impairment of an X-Ray scanner.

The scanner was damaged and beyond repairs with the possibility of erratic errors if put into service.

The recoverable amount (trade in value) of the scanner was estimated at Rs 994,865 as compared to its carrying amount of Rs 1,082,140.

21. Related Party Transactions

The Authority regards the Government of Mauritius as its controlling party and discloses the following for the period under review in accordance with IPSAS 20 (Related Party Disclosures).

	30 JUNE 2018 Rs	30 JUNE 2017 Rs
(i) Grants Received from Government		
Grants for Capital Expenditure	132,586,277	226,760,946
Grants for Revenue Expenditure	1,781,300,000	2,345,600,000
	<u>1,913,886,277</u>	<u>2,572,360,946</u>
(ii) Compensation to Key Management Personnel		
Short Term Benefits:		
Fees to Board Members	2,640,000	3,535,000
Management Personnel Compensation	54,657,549	76,310,631
Post-Employment Benefits Contribution	-	-
Termination Benefits	-	-
	<u>57,297,549</u>	<u>79,845,631</u>

As per provisions of the Act constituting the Authority, the Board members represent the interest of Stakeholders. However, the Board considers that such representation does not trigger any other related party transactions that would require any further disclosure.

22. Employee Benefits

Retirement Benefit Obligation	222,821,322	167,245,165
Sick Leave	298,831,260	249,020,179
Total	<u>521,652,582</u>	<u>416,265,344</u>

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2018

22. Employee Benefits (Cont'd)

(1) Defined Benefit Pension Plan

The defined benefit pension plan is funded by both the MRA and its employees and the assets of the plan are invested in funds managed by SICOM Ltd.

	30 JUNE 2018 Rs	30 JUNE 2017 Rs
Amounts Recognised in Statement of Financial Position at end of year:		
Present Value of Funded Obligation	3,264,678,108	2,923,882,063
Fair Value of Plan Assets	(1,939,569,616)	(1,739,786,901)
	<u>1,325,108,492</u>	<u>1,184,095,162</u>
Present Value of Unfunded Obligation	-	-
Unrecognised Actuarial Gain/(Loss)	(1,102,287,170)	(1,016,849,997)
Liability Recognised in Statement of Financial Position at end of year	<u>222,821,322</u>	<u>167,245,165</u>

Amounts Recognised in Statement of Financial Performance:

Current Service Cost	88,807,477	123,575,955
Employee Contributions	(49,893,446)	(67,034,962)
Fund Expenses	3,150,807	4,052,795
Interest Cost	197,362,039	253,004,937
Expected Return on Plan Assets	(118,634,858)	(153,990,578)
Actuarial Loss/(Gain) Recognised	38,129,568	35,508,524
Past Service Cost Recognised	-	-
Total, included in Staff Costs	<u>158,921,587</u>	<u>195,116,671</u>

Movements in Liability Recognised in Statement of Financial Position:

At start of year	167,245,165	117,225,725
Total Staff Cost as above	158,921,587	195,116,671
Contributions paid by Employer	(99,786,892)	(134,003,159)
Special Contribution made by Employer	(3,558,538)	(10,666,242)
Actuarial Reserves In	-	(427,830)
At end of year	<u>222,821,322</u>	<u>167,245,165</u>

Main Actuarial Assumptions at end of period:

Discount Rate	6.75%	6.50%
Expected Rate of Return on Plan Assets	6.75%	6.50%
Future Salary Increases	4.00%	4.00%
Future Pension Increases	3.00%	3.00%

The overall expected rate of return on plan assets is determined by reference to market yields on bonds.

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2018

22. Employee Benefits (Cont'd)

	30 JUNE 2018 Rs	30 JUNE 2017 Rs
Reconciliation of the Present Value of Defined Benefit Obligation		
Present Value of Obligation at start of year	2,923,882,063	2,594,922,431
Current Service Cost	88,807,477	123,575,955
Interest Cost	197,362,039	253,004,937
Benefits Paid	(114,554,960)	(136,383,315)
Liability (Gain)/Loss	169,181,489	88,762,055
Present Value of Obligation at end of year	<u>3,264,678,108</u>	<u>2,923,882,063</u>

Reconciliation of Fair Value of Plan Assets

Fair Value of Plan Assets at start of year	1,739,786,901	1,543,542,506
Expected Return on Plan Assets	118,634,858	153,990,578
Employer Contributions	99,786,892	134,003,159
Employee Contributions	49,893,446	67,034,962
Special Contribution paid by Employer	3,558,538	10,666,242
Actuarial Reserves In	-	427,830
Benefits Paid + Other Outgo	(117,705,767)	(140,436,110)
Asset (Loss)/Gain	45,614,748	(29,442,266)
Fair Value of Plan Assets at end of year	<u>1,939,569,616</u>	<u>1,739,786,901</u>

Distribution of Plan Assets at end of year

<u>Percentage of Assets at end of year</u>	2018	2017
Government Securities and Cash	59.50%	56.60%
Loans	3.70%	4.40%
Local Equities	14.60%	15.80%
Overseas Bonds and Equities	21.60%	22.60%
Property	0.60%	0.60%
Total	<u>100%</u>	<u>100%</u>

Additional Disclosure on Assets issued or used by the Reporting Entity

<u>Percentage of Assets at end of year</u>	2018	2017
Assets held in the Entity's own Financial Instruments	%	%
Property occupied by the Entity	0	0
Other Assets used by the Entity	0	0

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2018

22. Employee Benefits (Cont'd)

History of Obligations, Assets and Experience Adjustments

Year Ended	30 JUNE 2018	30 JUNE 2017
Currency	Rs	Rs
Fair Value of Plan Assets	1,939,569,616	1,739,786,901
Present Value of Defined Benefit Obligation	(3,264,678,108)	(2,923,882,063)
Surplus/(Deficit)	<u>(1,325,108,492)</u>	<u>(1,184,095,162)</u>
Asset Experience Gain/(Loss) during the period	45,614,748	(29,442,266)
Liability Experience Gain/(Loss) during the period	(169,181,489)	(88,762,055)
Period	2018/19	
Expected Employer Contributions	Rs 103,778,368	

An actuarial valuation of the pension fund was carried out by SICOM Ltd as at 30 June 2017.

The Ministry of Finance and Economic Development has no objection to finance any cash deficit to ensure continuity of payment of pension on a pay as you go basis.

(ii) Public Pension Defined Contribution Pension Scheme

The contribution of the MRA to the defined contribution pension scheme for the year ended 30 June 2018 is Rs 18,302,526.

	30 JUNE 2018 Units	30 JUNE 2017 Units
Opening stock	64,141,580	90,264,000
Disposal of defective stamps	(3,880,000)	-
Purchases	62,000,000	107,000,000
	<u>122,261,580</u>	<u>197,264,000</u>
Sales	(62,949,651)	(133,122,420)
	<u>59,311,929</u>	<u>64,141,580</u>
Stamps earmarked for replacement of defective stamps	(5,465,000)	-
Closing stock	<u>53,846,929</u>	<u>64,141,580</u>
Defective stamps held at end	-	<u>3,880,000</u>

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2018**24. Comparison of Budget with Actual**

MRA presents its financial statements and expenditure budget on an accrual and cash basis respectively. The original expenditure budget covers the period 1 July 2017 to 30 June 2018 and was approved by the National Assembly as a one-line budget.

(i) Recurrent Budget

Actual amount includes an increase of Rs 55.6M in provision for retirement benefit obligation and an additional provision of Rs 94.7M for sick leave. An amount of Rs 0.4M provided for in the capital budget for relocation of one transformer has been expensed to the statement of financial performance.

The difference between revised recurrent expenditure budget and total actual (excluding increase in provision for employee benefits and transfer from capital budget) is less than 0.5% and there are no major variances as regards individual items of expenditure.

(ii) Capital Budget

The variance of Rs 28.2M is made up of:

- Rs 23.6M for capital projects carried over.
- Provision of Rs 2M made for study on monitoring system for gaming activities has been deferred to 2018/19.
- Savings of Rs 2.2M on other projects were made as costs incurred were less than expected.
- Rs 0.4M transferred to recurrent expenditure in respect of costs associated with relocation of a transformer.

25. Revaluation of Assets

	30 JUNE 2018 Rs	30 JUNE 2017 Rs
Equipment	12,764,220	12,764,220
Motor Vehicles	17,338,555	17,338,555
IT Equipment and Software	68,680,636	68,914,527
	<u>98,783,411</u>	<u>99,017,302</u>

An amount of Rs 233,891 was transferred to accumulated surplus/deficit upon disposal of revalued IT Equipment.

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2018**26. Exchange Differences**

A net gain on exchange amounting to Rs 293,440 has been recognised in surplus/deficit.

27. Lease of Land**(a) Mauritius Ports Authority**

The New Custom House has been constructed on a portion of land of the extent of 1.51 hectares initially leased by the Mauritius Ports Authority (MPA) to MOFED. The leasehold rights over the land was subsequently transferred to the MRA effective as from 1 January 2012 up to 30 June 2023. The rental payable is as follows:

- (i) Rs 2,250,000 per annum for the period January 2012 to December 2016
- (ii) Rs 2,812,500 per annum for the period January 2017 to December 2021
- (iii) Rs 3,515,625 per annum for the period January 2022 to June 2023.

The lease may be renewed at the option of the MRA for three further periods of 20 years on such terms and conditions (including revision of rent) as may be agreed between MPA and MRA.

(b) Airports of Mauritius Co Ltd

A plot of land of 11,867 m² has been leased by the Airports of Mauritius Co Ltd (AML) to the MRA for the construction of an Integrated Government Clearance Centre (IGCC) at Plaisance Airport. The lease covers an initial period of 40 years as from 26 April 2018 and subject to renewal for a further period of 20 years on terms and conditions to be decided by the AML and agreed by the MRA. The monthly rental is Rs 148,337.50 plus VAT and payable as from date of start of operations and shall be revised and increased by 3% after each period of five years as from 26 April 2018.

28. Contingent Liability**(i) Claims**

The MRA has some pending legal cases. However, it is not practical to give a prudent estimate of their financial effects, uncertainties relating to the amount or timing of any outflow.

(ii) Bank Guarantee

As at 30 June 2018, the Mauritius Revenue Authority provided a guarantee of Rs 210,000 for VAT Lucky Draw Scheme in favour of Gambling Regulatory Authority to meet licensing conditions as lottery organiser under the GRA Act 2007.

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2018**29. Capital Commitments**

MRA had capital commitments of Rs 139.4 M at 30 June 2018 but not recognised in the financial statements.

30. Controlling Party

The Authority regards the Government of Mauritius as its controlling party.

31. Risk

- (i) Except where stated elsewhere, the carrying amounts of the Authority's financial assets and financial liabilities approximate their fair values due to the short-term nature of the balances involved.
- (ii) Currency risk arises from purchase of goods and services which are denominated in foreign currencies and exposure is minimised by negotiating favourable exchange rates with the bank.
- (iii) Except for cash held at bank in current accounts, the Authority does not have any investment in term deposits nor any loan commitments. However, the Authority operates a car loan scheme for its staff and money for that purpose is advanced by the Ministry of Finance and Economic Development for onward remittance to staff at a fixed rate of interest of 4% or prevailing repo rate. Hence, it is not exposed to interest rate risk.
- (iv) The Authority's credit risk is primarily attributable to its receivables. Management reviews all outstanding amounts at year end to determine doubtful receivables. Furthermore, loan advanced to staff for purchase of car is secured against a lien on the car and an additional guarantee for recovery against retiring benefits of the employee in case of default.
- (v) The Authority does not have significant liquidity risk. All funds come from the Government and cash is drawn on a monthly basis for recurrent expenditure and as and when required for capital expenditure. Forecast cash requirements are closely monitored and a target level of available cash is maintained to meet liquidity requirements.

32. Income Tax

The Authority is not liable to income tax.



12.

THE WAY FORWARD

12.1. TRENDS AND CHALLENGES

The Ministry of Finance and Economic Development has issued revised guidelines on the format of Annual Reports which *inter alia* provide for Ministries and Parastatal Bodies to report on the trend and challenges that they will face moving forward. This chapter aims at highlighting these trends and challenges through a SWOT analysis as well as the strategic directions of the MRA.

12.1.1. Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis

1. Strengths

- A robust, secured and updated IT platform (i.e.; The Taxpayer Portal) which enables taxpayers to electronically file their tax returns and pay taxes online, thereby minimising compliance costs
- A good use of modern technology in offering a wide range of e-services to the stakeholders (e.g.; Mobile Apps for e-filing & e-payment; e-Auction sales, MRA easy, e-Objection, online currency declaration, SMS alert, etc.)
- A well-defined and flattened organisational structure which has ebbed in more organisational efficiency and wiped off the bad reputation associated with public institution (such as poor service, bottlenecks, complacency, bureaucracy and red-tapism)
- A very good public image and public perception of the organisation (as per the regular surveys conducted by the MRA)
- Good networking with other government agencies in the exchange of information and efficient data sharing by using TAN and BRN identifications of taxpayers
- A well-experienced workforce, versatile in various tax types
- Internationally-recognized organisation which has won many awards on the local & international scenes
- Top ten rating in the World Bank Ease of Paying Taxes out of some 200 countries

2. Weaknesses

- Lack of data analytics for improving tax case and container selection
- The ITAS and CMS are not yet integrated on the same IT platform. Therefore, limited efficiency gain and synergy between tax and Customs
- High number of tax assessments being appealed against leading to soaring number of non-collectible debts each year
- The telephone services not to the standard (as per the latest Taxpayer Satisfaction Survey 2017) and Customer Service Centre to be revamped so as to aspire to become a world class revenue authority
- Transfer of knowledge and know-how from experienced retiring staff to new ones need to be enhanced
- High rate of turnover within its Legal Services Department which impacts negatively on continuity and quality of legal advice tendered internally
- Difficulties to liquidate collectible revenue debts
- Prosecution of taxpayers not yielding desired results, particularly, as a disincentive to tax evasion

3. Opportunities

- The impending “Information Highway” project for sharing of information among public sector agencies provides an avenue of opportunities for the MRA to buckle up compliance rate and tackle fiscal evasion
- The forthcoming fully-integrated Single Window platform and full-fledge Cargo Community System shall provide more hassle-free clearance at Customs and thereby boost our international ranking in terms of trade facilitation
- The NPF/NSF which have been chaperoned by the MRA shall provide more potential synergies in the revenue collections for the government
- Good networking with fellow tax administrations and implementation of Common Reporting Standards (CRS) shall improve further the exchange of information in order to reinforce compliance and minimise fraud
- SME Partnership Programme to educate taxpayers being extended nationwide
- Development of new tax culture amongst the young generation through the inclusion of tax in the school curriculum
- Additional revenue potential through taxation of e-commerce and other digital services
- Capacity building through our affiliation with ATAF, CATA, OECD, IMF, etc.
- Development of a new module under SAP for expeditious debt recovery action
- Setting up of a Data Analytics Unit for enhancing organisational output

4. Threats

- Increasing use of advanced technology and sophisticated schemes by unscrupulous persons to beat the tax authority and Customs surveillance. Any lapse in vigilance by the MRA may undermine all the good works of the authority and scorch the good image of the organisation
- High dependency on IT support for core business processes both at Customs and tax operations. Any malware (or ransom ware) attack may seriously threaten the daily conduct of business at the MRA. The authority should always be on the lookout to perpetually update its Disaster Recovery Plan / Business Continuity Strategy
- Increasing pressures on the tax base every year, especially during budgetary consultations, from the taxpayers/Trade Unions/NGOs for more tax exemptions and concessions
- Budgetary constraints for implementation of planned modernization projects
- Resistance to change impacting on institutional flexibility which is a pre-requisite for continuous improvement in efficiency
- Brain drain especially for some key functions
- New techniques being used to launder money and bring drugs into the country
- Growth in the informal sector and its impact on tax evasion
- Several key MRA Management Team members with loads of experience and know-how nearing retirement age

12.2. STRATEGIC DIRECTION

The mission of MRA is to collect optimal tax revenues for the Government to implement its economic agenda and to promote inclusive growth. Therefore, the core challenge for the MRA in FY 2018/19 will be to meet its collection targets of Rs 90.5 billion, budgeted by the Ministry of Finance and Economic Development for the Consolidated Fund. An additional Rs 8 billion is expected to be generated in respect of Social Security Contributions, Lotto Fund, Responsible Gambling and Capacity Building Fund and the National Corporate Social Responsibility (CSR) Foundation.

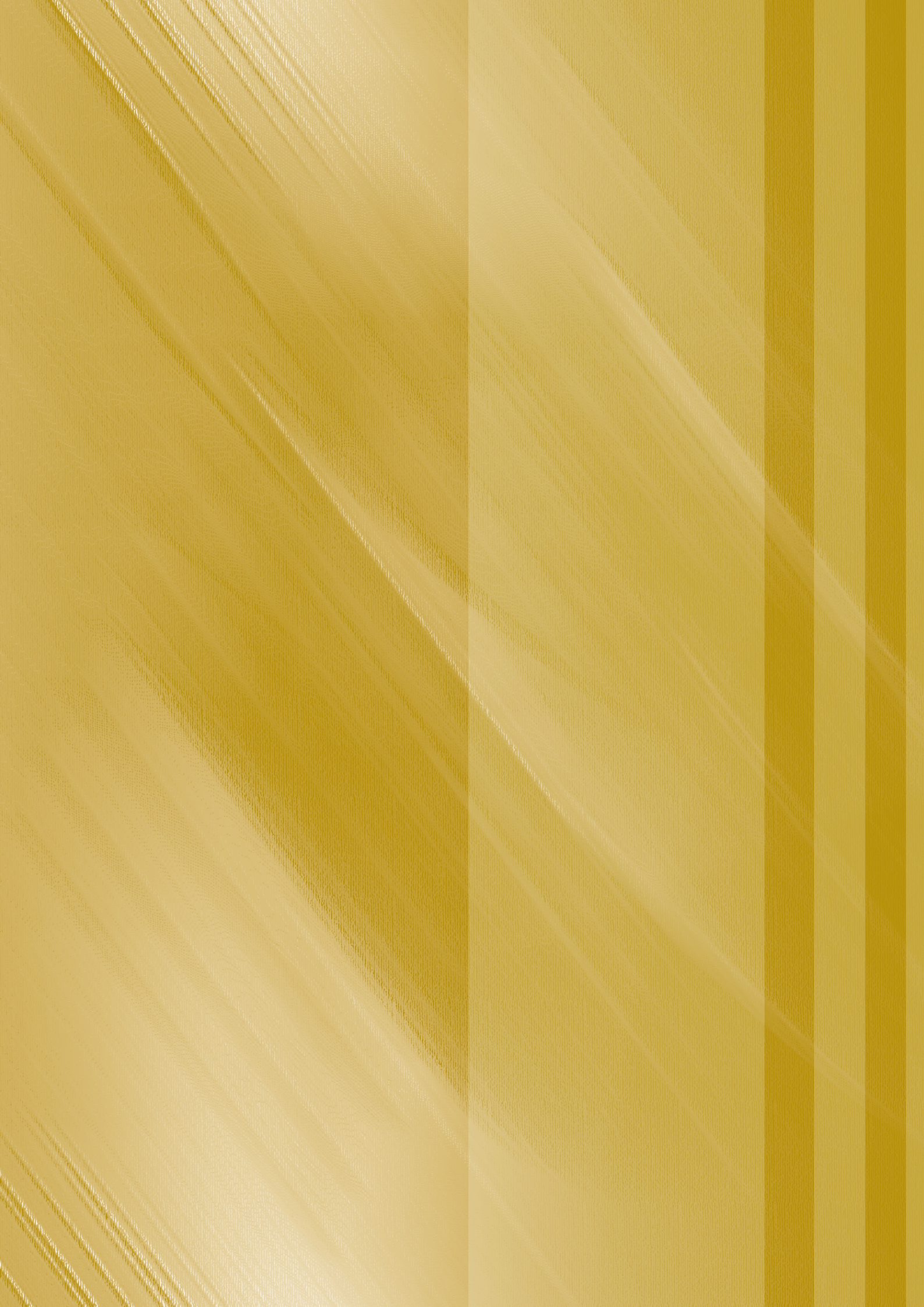
Type of Revenue	Actual Collections FY 2017/18 (Rs m)	Budgeted estimates FY 2018/19 (Rs m)	+/- (%)
Corporate Tax	12,392	14,750	19%
Personal Income Tax	9,518	9,800	3%
Tax Deduction at Source	1,382	1,535	11%
Value-Added Tax	33,000	36,125	9%
Customs Duties	1,344	1,440	7%
Excise Duties	20,111	20,932	4%
Taxes on Gambling	1,975	2,160	9%
Environment Protection Fees	399	405	2%
Passenger Fee	1,556	1,765	13%
Special Levy on Banks	846	1,060	25%
Special Levy on Telecommunication	158	340	115%
Advertising Structure Fee	54	55	2%
Miscellaneous	332	155	-53%
TOTAL TO CONSOLIDATED FUND	83,067	90,522	9%

During the year 2018/19, MRA will employ non-conventional measures to enhance tax compliance based on trust and to secure our borders for an efficient surveillance among many other key measures, as earmarked in the Corporate Plan 2018-2020. The complete strategic direction can be viewed on the link: <http://www.mra.mu/download/MRACorporatePlan2018.pdf>.

Seven key projects that have been earmarked for the FY 2018/19 are as follows:

1. Following the successful implementation of the automatic refund for individual income tax and VAT repayment, MRA will extend **automatic refund to corporates**.
2. **A one minute tax education program** will be played on radio daily in a view to educate the population about tax related issues/changes.
3. **Deferred VAT**. As from October 2018, VAT at importation in respect of Plant and Machinery will be deferred until the due date for submission of VAT returns, for persons satisfying the conditions laid down in the Customs Act. Thus, a VAT-registered person will not be required to pay VAT on import of machinery and equipment, if the amount payable is Rs 150,000 or more. The new system will relieve cash flow of VAT registered persons, improve the ease of doing business and ultimately reduce the number of repayment claims.
4. Implementation of **Customer Relationship Management (CRM)** system through an interaction centre that will serve as a strategic delivery channel for service efforts to improve customer interaction.

5. **Setting up of the SME's – Cooperative Compliance Project** which will support small businesses by assisting them with their tax obligations, review their book keeping to ensure that they are complete and accurate.
6. **Facilitating trade at the Customs** through a number of initiatives such as:
 - (a) no submission of bill of entry required for imports of goods through post or courier services which are not merchandise for sale;
 - (b) simplifying the electronic application and clearance of motor vehicle at the Customs, NTA and Registrar General; and
 - (c) extension of the examining bay to examine more containers simultaneously.
7. **Enforcing more control at the Customs** through:
 - (a) the creation of a dedicated anti-money laundering unit;
 - (b) introduction of a vessel tracking system;
 - (c) installation of security cameras, carrying out security checks on any person found within the Customs controlled area;
 - (d) detaining any undeclared currency exceeding Rs 500,000 of an incoming, transit or outgoing passenger for a reasonable time to carry out an investigation and the procurement of a weight machine to assess the correct weight of goods.



13.

THE MRA'S
PERFORMANCE
FOR THE PERIOD JULY
2017 TO JUNE 2018

The MRA's performance for the period July 2017 to June 2018

Objectives	Indicators	Targets		Achievements	
		Tax	Budget Estimates Rs m	Tax	Rs million
1. Promoting Tax Compliance	• Tax revenue collected	Corporate Tax	12,525	Corporate Tax	12,392
		Income Tax	9,467	Income Tax	9,518
		VAT	32,835	VAT	33,000
		Customs Duties	1,305	Customs Duties	1,344
		Excise Duties	20,180	Excise Duties	20,111
		Gambling	2,015	Gambling	1,975
		TDS	1,290	TDS	1,382
		Passenger fee	1,810	Passenger fee	1,556
		Others	1,835	Others	1,789
		Total	83,262	Total	83,067
	• Percentage of cases selected for audit	LTD (excl. GBL Companies)	25%	LTD (excl. GBL Companies)	26.71%
		MSTD:-		MSTD:-	
		Income Tax (Business)	3%	Income Tax (Business)	3.5%
		VAT	15%	VAT	8.5%
		PAYE	10%	PAYE	9.75%
	• Number of cases in which Investigations completed		200		290
		• Number of cases in which assessments are agreed / compounded	80		110
• Number of joint investigations by FID & Customs	25		32		
• Average additional tax demand created per fiscal investigation	Rs 3 million		Rs 2.85 million		
• Number of operators visited by Flying Squad	175		189		
• Number of cases recommended for prosecution	10		24		
• Number of cases identified for investigation following department's intelligence work	150		156		
• Number of intelligence visits conducted	500		500		
• Number of surprise visits conducted by the intelligence	100		93		

Objectives	Indicators	Targets			Achievements		
1. Promoting Tax Compliance <i>Cont'd</i>	• Assessments raised	<i>No target set, position in FY 2016/17</i>					
		Tax	No. of Assessments	Tax Yield (Rs million)	Tax	No. of Assessments	Tax Yield (Rs million)
		Income Tax	4,038	314	Income Tax	4,411	681.6
		Corporate Tax	1,855	5,305	Corporate Tax	2,845	5,683.3
		VAT & others	1,054	1,424	VAT & others	1,123	821
		Total	6,947	7,043	Total	8,379	7,185.9
	• Percentage number of cases where business audit is completed within 5 months of its beginning to the total no. of audits completed	60% - MSTD			56.5% - MSTD		
	• Percentage number of cases where business audit is completed within 9 months of its beginning to the total no. of audits completed	100% - MSTD			84.3% - MSTD		
	• Arrears collected	N/A			Rs 2,611 billion		
	• Percentage of total amount of old collectible debt collected to total collectible debt at the start of the year	20%			23.9%		
• Percentage of total collectible debts to total revenue collections	8%			8.42%			
• Number of visits for widening of tax base	100			74			
• Number of items of information placed on system	200,000			190,777			

The MRA's performance for the period July 2017 to June 2018

Objectives	Indicators	Targets	Achievements
1. Promoting Tax Compliance Cont'd	• Number of sources from which information is to be collected	2,600	2,169
	• Number of new taxpayers as a result of information matching	10,000	4,898
	• VAT Invoice & Lottery Scheme		
	➢ No. of VAT lucky draws effected	4	4
	➢ No. of taxpayers sending VAT receipts through SMS or MRA website.	50,000	61,177

Objectives	Indicators	Targets	Achievements
2. Promoting Taxpayer Education, Communication & Facilitation	• Average no. of days for registering taxpayers	3 days	2 days
	• Number and time taken to effect refunds of individual Income Tax	N/A	58,304 claims received and processed, out of which 87% processed within less than 10 days and 13 % above 10 days.
	• Percentage of returns filed electronically to total number of returns	100%	<ul style="list-style-type: none"> • Individual – 99.6% • CPS(self-employed) -99.9% • Corporate Income Tax – 98.4% • APS (Companies) – 85% • VAT – Monthly – 99.3% • VAT – Quarterly – 98.8% • Return of Employees – 100% • Passenger Fee – 100%
	• Number of awareness raising campaigns organized	150 Activities to be conducted for 4 Campaigns	VAT Campaign – 48 E-filing – 89 NSF/NPF – 28 NIT - 106 Special Allowance - 21 Others – 279 Total: 571 activities
	• Number of educational seminars/ workshops conducted	50	50
	• Number of taxpayer information leaflets/ tax bulletins issued, published & distributed	30	30
	• Number of times MRA website is updated	As & when needed	815 times
	• Number of subscribers to MRA Taxpayer Mailing Service	100,000	96,388
	• Time within which taxpayers calling at office are served (average waiting time)	5 minutes	15 minutes
	• Conducting Online Taxpayer Satisfaction Survey	November 2017	Completed

The MRA's performance for the period July 2017 to June 2018

Objectives	Indicators	Targets			Achievements		
3. Facilitating Trade and Ensuring Border and Society Protection	• Percentage of declaration subjected to physical examination – excluding compulsory inspections	10 %			6.32 %		
	• Average dwell time for cargo	Channels	Sea	Air	Channels	Sea	Air
		Green	30 mins	30 mins	Green	30.10 mins	32.26 mins
		Yellow	3 hrs	40 mins	Yellow	3.01 hrs	5.32 mins
		Red	15 hrs	12 hrs	Red	12.9 hrs	5.07 hrs
	• Maximum time taken to issue a (Binding) tariff ruling	2 days			2 days		
	• Exports clearance time	Sea: 2 minutes & Air: 10 minutes			Sea: 0.89 minutes & Air: 0.81 minutes		
	• Contraband Seizures	Drugs - 25 cases Other contraband – 50 cases Value of all contraband seizures – Rs 80 million			Drugs - 78 cases Other contraband – 89 cases Value of all contraband seizures – Rs 602.8 million (out of which Rs 508.2 million relates to value of drugs seized)		
	• Narcotics seizure	N/A			Weight / Qty	Value (Rs)	
			Heroin		18,536.05 g	278,052,450	
			Hashish		524.93 g	1,571,450	
			Cannabis		24,301 g	14,578,200	
			Cannabis Seeds		225 units + 7.19 g	88,400	
			Psychotropic Substances		986 units	98,325	
Synthetic Cannabinoids			13,485.26 g	174,002,700			
Subutex			2,645.7 g	39,685,500			
Others			47 tabs + 51.53 g	115,500			
Total				-	508,192,525		
• Total number of Customs Offence Reports(CORs) raised	300			318			
• Amount of revenue raised in CORs (duties, taxes & penalties)	Rs 5 million			Rs 10.2 million			
• Amount of duties collected from CORs raised (duties, taxes & penalties)	Rs 5 million			Rs 9.3 million			
• Total number of claims raised	750			1,318			
• Amount of revenue raised in claims	Rs 100 million			Rs 238.2 million			
• Amount of revenue collected from claims raised	Rs 80 million			Rs 85.1 million			

Objectives	Indicators	Targets	Achievements
3. Facilitating Trade and Ensuring Border and Society Protection (Cont'd)	• Total number of post clearance audits during the year	130	137
	• Duties and taxes raised as a result of value upliftments	Rs 20 million	Rs 29.5 million
	• Number of IPR Suspended Clearance	225	679
	• Number of excise offences detected	10 Fines & Underpayment for excise offences: Rs 300,000	17 Fines & Underpayment for excise offences: Rs 2.2 million
	• Number of control visits of excise operators	250	259
	• Number of e-Auction sales held	48	53
	• Online currency declaration form	September 2017	Completed
	• Automatic removal of lien on motor vehicles	October 2017	Completed
	• Procurement of 2 drones for port surveillance	December 2017	Completed
	• National Single Window ➤ National Plant Protection Office (NPPO) ➤ National Agricultural Plant Product Regulatory Office (NAPPRO) ➤ Agricultural Marketing Board (AMB) ➤ Food Import Unit	February 2018	Development has been completed for NPPO, NAPPRO and AMB. Training and awareness in progress. Development in progress at MNS for Food Import Unit

The MRA's performance for the period July 2017 to June 2018

Objectives	Indicators	Targets	Achievements
4. Strengthening Good Governance and Improving Corporate Image	• Number of declaration of assets verified and reports produced	100	96
	• Number of cases of complaints/ allegations where enquiries initiated	All	54
	• Number of investigations completed	25	48
	• Number of cases where disciplinary, remedial actions or cases referred to Police/ICAC recommended	All	12
	• Number of Integrity Checks conducted on new recruits, officers selected for promotion	All	16
	• Preparing & implementing Annual Audit Plan using a risk based methodology	September 2017	Completed
	• Number of system audits	8	6 system audits completed <ul style="list-style-type: none"> • Liquor licenses • PATS Operation • Complaint Management & Investigation Internal Affairs • E-Auction • Extra Attendance • Overseas Training
	• Number of Transaction audits in main areas of Revenue Systems	15	21 completed
	• Assessing requirements of the new code of Corporate Governance and application to MRA	June 2018	Completed
	• Launching of MRA's Corporate Plan for the period 2018/20	December 2017	Completed
	• Coordinate and assist the IMF Team on the TADAT Assessment Mission	September 2017	Completed

Objectives	Indicators	Targets	Achievements
5. Modernising IT	• Extending Paperless Initiative & EDRMS	December 2017	Completed
	• Migration to IPv6 network addressing scheme	June 2018	95% Completed
	• Leveraging on the Information Highway	Automatic Sharing of data with other agencies PIO, CSD by October 2017 BOI and Local Authorities by June 2018	80% Completed
	• E-services and Portal Enhancements	June 2018	Completed
	• Collection of Contributions by MRA	October 2017	Completed
	• Technical Upgrade to SAP HANA	December 2017	Completed
	• Implementation of Negative Income Tax	March 2018	Completed
6. Developing Processes & Technology -	• Finalization of Performance Indicators and targets / benchmarks for different departments in MRA	September 2017	Completed
	• Maintenance & Sustainability of ISO Certification ➢ Conducting training ➢ Monitoring the quality audits ➢ Attending & reporting on all meetings ➢ Transition plan to ensure compliance to new ISO Version 2018	On-going	All activities in respect of ISO projects completed during the Financial Year
	• Enhancements of E-services	June 2018	Completed
	• Enhancements to FINHRMS	June 2018 (a) Physical Inventory of stock items (b) Mobile App for Leave and time card application and approval (c) BO report for FINHRMS (d) OTL- shift for Customs and Daily timecard update	80% Completed
	• Monitoring performance of different departments against set targets/ benchmarks	Monthly	Monthly

The MRA's performance for the period July 2017 to June 2018

Objectives	Indicators	Targets	Achievements
7. Developing People	• Number of Internal Training Programmes conducted including Customer Care	60	73
	• Percentage staff who completed Induction Training	100%	100%
	• Number of man-days provided	15,000	5,282
	• Updating training needs analysis based on Performance Appraisal exercise	October 2017	Completed
	• Recruitment Plan / Staffing Requirements	Monthly	Discussed on a monthly basis during Management Team Meeting
	• Percentage of posts vacant against total posts	4%	3.9 %
	• Time Taken (months) to fill in vacancies after advertisement	<ul style="list-style-type: none"> • Grade I & II – 4 months • Others – 2 months 	<ul style="list-style-type: none"> • Within 4 months for Grade I & II • 2 months
	• Rate of staff turnover	2%	1.04%
	• Conducting Performance Appraisal (PA) Exercise	Every 6 months	Completed
	• Corporate Social responsibility <ul style="list-style-type: none"> ➢ Training placement for university students ➢ Food distribution/ donation to an orphanage ➢ Number of Health & Safety Committees held ➢ Number of health/ nutrition promotion programme for whole workforce ➢ Number of social events & welfare initiatives conducted 	<ul style="list-style-type: none"> • 15 • June 2018 • 6 • 3 • 10 	<ul style="list-style-type: none"> • 12 • 2 • 6 • 4 • 14
	• Number of informative HR circular communicated to staff & updates posted on the Intranet	• 15	• 19
	• Implementation of Employee Assistance programme	December 2017	Completed
	• Implementation of a mentoring programme	November 2017	Completed

14.

IMPLEMENTATION PLAN
– DIRECTOR OF AUDIT
(DOA) COMMENTS

14.1. CUSTOMS

Issues	DOA Comments	Proposed Measures	Status of Actions Taken / Implementation Date
Arrears of revenue	Had all avenues been explored on a timely basis for the recovery of the arrears, these would not have remained outstanding for such long period	<ul style="list-style-type: none"> Central monitoring being done by Debt Monitoring Unit (created in November 2010): <ul style="list-style-type: none"> ❖ Quarterly updates are requested from Regulatory Bodies (Police, ARC, etc.); ❖ Customs regularly liaises with the Court Managers ❖ With respect to cases at LSD, returns are submitted periodically 	Quarterly
		<ul style="list-style-type: none"> Writing off of time barred/irrecoverable cases under Section 17 of the MRA Act since Dec 2017 	Quarterly
		<ul style="list-style-type: none"> The Rs 8.1m relate to 11 cases which have been properly accounted for as "Pending Review" The cases were approved by the MRA Board on 15/12/2017 for writing off 	
Arrears of revenue <i>Time Barred Cases</i>	No written off exercise has been carried out for 244 time barred cases amounting to Rs 98.8m since the past three years	<ul style="list-style-type: none"> 242 of 244 cases already written off/settled 2 cases re-classified as "Under Receivership" 	<ul style="list-style-type: none"> Completed On-going
	Missing T-Shirts	In communication with the receiver-manager for any possibility of recovery of the debt of Rs 776,570	On-going
	Claim for Rs 48.9m to a company for unlawful removal of goods from warehouse	In communication with the receiver-manager for any possibility of recovery of the debt	On-going
	Three time barred case wrongly classified as "collectible debts"	<ul style="list-style-type: none"> 2 cases written off in SOAR (December 2017) 1 case written off in SOAR (June 2018) 	Completed
Arrears of revenue <i>Court Cases</i>	No evidence of follow-up in respect of 39 Court cases	<ul style="list-style-type: none"> 17 cases already settled 16 cases pending at court 5 cases under process at Debt Review Committee 	<ul style="list-style-type: none"> Completed On-going December 2018

Issues	DOA Comments	Proposed Measures	Status of Actions Taken / Implementation Date
<p>Arrears of revenue <i>Recommendation 1</i></p>	<p>There is a need to set up a Committee to review all “Pending Review” cases so as to clear the list of long outstanding debts and time barred cases</p>	<ul style="list-style-type: none"> • On 15/12/217, MRA Board set up a Debt Review Committee to examine, review and recommend adjustment to Customs debts • 155 (Rs 49.8m) – Written off (December 2017) • 87 (Rs 52.6m) – Written off (June 2018) • 28 (Rs 5.4m) – Settled • 35 (Rs 49.9m) – Referred to IAD by DRC for due diligence prior to writing off • 38 (Rs 2.4m) – Under process by DRC • 12 (Rs 4.3m) – Re-classified cases (referred to ITP, Court, Police, etc) 	<p>Implemented</p>
<p>Arrears of revenue <i>Evasion of duties and taxes</i></p>	<p>Due to lengthy enquire time and idleness of these luxury cars during the past five years, their market values have been reduced. Moreover, they were occupying valuable space in the Customs Warehouse</p>	<ul style="list-style-type: none"> • Legal advice from SLO not to dispose of the cars as they are exhibits • As per letter dated 13 June 2018, Customs is seeking advice from the DPP as to whether these cars can be disposed of • Director of Customs had a meeting with DPP on 22 June 2018 and MRA is going to take action on the advice received from the DPP 	<p>On-going</p>
<p>Arrears of revenue <i>Recommendation 2</i></p>	<p>The Police Department should be requested to speed up investigation, to avoid these luxury cars being subject to further wear and tear due to idleness and to resolve the storage problem at Customs Warehouse</p>	<ul style="list-style-type: none"> • Regular updates on a quarterly basis are sought from the Police Department with regards to these cases • A letter dated 14 June 2018 addressed to the Commissioner of Police with regards to the status of these cases 	<p>On-going</p>
<p>Arrears of revenue <i>Recommendation 3</i></p>	<p>Appropriate action should be taken to reinstate both companies and “<i>saisie conservatoire</i>” of the yacht applied to avoid further delay in recovery of the outstanding amount</p>	<ul style="list-style-type: none"> • Multiple meetings and up to 4 reminders have been sent on this issue to SLO • On 14/6/2018 SLO replied that the case still being considered for re-instatement 	<p>In Progress</p>

Implementation Plan – Director of Audit (DOA) Comments

Issues	DOA Comments	Proposed Measures	Status of Actions Taken / Implementation Date
Overlying Vehicles and Containers <i>Overlying vehicles</i>	Four cars were seen in deplorable state at Mauritius Multipurpose Terminal (MPT)	<ul style="list-style-type: none"> All 4 cars transferred to Customs Warehouse 3 cars (2 Mazda and VW Passat) already sold for Rs288,002 In communication with Police with respect to Starlet On clearance from the Police, Starlet will be put for sale 	Sold (September 2018 Auction Sales)
	There was no information in the CMS in respect of the fourth car (Toyota Starlet)	<ul style="list-style-type: none"> CHCL advised that the Starlet was kept upon instruction from Police Vehicle will be put for sale when cleared from the Police 	
	10 vehicles detained by the Commercial Fraud Unit (CFU), were kept at three Freight Stations since 2015	<ul style="list-style-type: none"> 8 of these 10 vehicles relate to the case Motor Vehicles Dealer's Association (MVDA) v/s MRA (second hand cars were declared as new); 1 of these 10 vehicles relate to an uncleared import permit (second-hand cars of less than 18 months was imported); 10th vehicle was not claimed by the importer, transferred to Customs warehouse and has already been sold by auction for Rs328,500; 	<ul style="list-style-type: none"> Third party dependent Third party dependent Sold
	Result in illegal removal of vehicles from Freight Stations	<ul style="list-style-type: none"> Customs uses a "Hold" system to stop delivery of goods which have already been cleared in CMS Delivery officers posted at freight stations ensure that goods placed on hold are not delivered The vehicles remain under Customs control in the freight stations 	Risk of removal very low

Issues	DOA Comments	Proposed Measures	Status of Actions Taken / Implementation Date
<p>Overlying Vehicles and Containers <i>Recommendations 1</i></p>	<p>Overlying vehicles, including the detained ones should be transferred to Customs Warehouse</p>	<ul style="list-style-type: none"> • Customs transfers overlying/seized/detained goods to the Customs warehouse giving priority to high value, perishable and saleable goods • Space at the Customs Warehouse is limited 	
<p>Overlying Vehicles and Containers <i>Recommendation 2</i></p>	<p>The CMS should be reviewed to incorporate data in respect of detained goods</p>	<ul style="list-style-type: none"> • Implementation of the detain module for cargo carried out in two phases: <ul style="list-style-type: none"> ❖ Phase 1 – Recording of all detained goods in CMS ❖ Phase 2 – Full integration into the CMS • Until the completion of the development, Customs has put in place a manual mechanism to record all detained goods in a ledger 	<ul style="list-style-type: none"> ❖ August 2018 ❖ December 2018 • Implemented
<p>Overlying Vehicles and Containers <i>Overlying Containers</i></p>	<p>As of 3 November 2017, 18 out of 140 containers were still overlying at MPT</p>	<ul style="list-style-type: none"> • Only 8 remaining containers are still lying under Customs control due to the following reasons: <ul style="list-style-type: none"> ❖ 6 containers relating to Court cases; ❖ 1 container still under Customs investigation; ❖ 1 container relate to a police case 	<p>On-going</p>
	<p>10 containers stuffed with beers in bladders were overlying since 2012</p>	<p>All the beer bladders in the 10 containers have already been disposed at Mare Chicose Landfill as per certificate of destruction.</p>	<p>Destroyed</p>

Implementation Plan – Director of Audit (DOA) Comments

Issues	DOA Comments	Proposed Measures	Status of Actions Taken / Implementation Date
	10 barrels of “Malt Alcoholic Spirit” were imported on 18 February 2012	<ul style="list-style-type: none"> The malt alcoholic spirit (as manifested on CMS) was sent to a local distiller-bottler for recycling The distiller-bottler agreed to recycle the alcoholic spirit Approximately 3000 litres of whisky spirits at 40% alc. were obtained from the 10 barrels Duties, excise duties and taxes will be paid on the goods manufactured from the recycled spirit at the time of ex-warehousing 	<ul style="list-style-type: none"> Recycled August 2018
Overlying Vehicles and Containers <i>Recommendation 3</i>	Customs should comply with the Customs Act to avoid incurring additional costs for destruction of these expired products	With effect from 24 July 2017, the Customs Act has been amended whereby cost of destruction of abandoned goods or any condemned goods has to be borne by the importer	Reform completed
Overlying Vehicles and Containers <i>Recommendation 4</i>	Liquid items, such as spirits and beers, among others, should be disposed of within a reasonable time	All goods of a perishable nature such as spirits or beer and which have become overlying are given priority by the Customs for sale by auction	Implemented
Overlying Goods at Freight Stations <i>Overlying at Freight Stations</i>	A large quantity of herbal products, namely toothpastes and Ayurvedic medicines were overlying for the past six years	<ul style="list-style-type: none"> All of the products (except shampoo) overlying in freight stations have already been disposed of by destruction; With respect to Shampoo, the freight station is liaising with Wastewater Management Authority (WMA) for its destruction; 	December 2018
	Seven salvage drums found in a Freight Station were not recorded in the CMS represent a potential health hazard	<ul style="list-style-type: none"> No records available at the freight station on these goods It is very difficult to destroy liquid products MRA Customs with the concurrence of the Ministry of Social Security, National Solidarity, and Environment and Sustainable Development Division will dispose of liquid wastes 	December 2018

Issues	DOA Comments	Proposed Measures	Status of Actions Taken / Implementation Date
	<p>Large quantities of different insecticides, medical products, e-cigarettes, batteries, amongst others, were overlying for more than 10 years</p>	<ul style="list-style-type: none"> The insecticides and medical products did not get necessary clearance from the relevant authorities Being prohibited and potentially dangerous, the goods were not transferred to the Customs Warehouse as they could contaminate other saleable goods 	
<p>Overlying Goods at Freight Stations <i>Recommendation 1</i></p>	<p>Appropriate measures should be taken in respect of the expired goods. Customs should ensure that these products are destroyed according to prescribed regulations</p>	<ul style="list-style-type: none"> Customs is taking appropriate action to remove overlying goods in a timely manner and taking into consideration the nature of the goods Already contacted Ministry of Social Security, National Solidarity, and Environment and Sustainable Development and latter has confirmed disposal of goods 	<p>December 2018</p>
<p>Overlying Goods at Freight Stations <i>Overlying at Freight Stations</i></p>	<ul style="list-style-type: none"> 30 kg of commint oil essence, classified as DGRs, were found overlying since July 2006 Four kg of disinfectant liquid solutions and 113 kg of another liquid classified as DGRs, were overlying since 2008 and 2010 	<ul style="list-style-type: none"> The contractor of the Ministry of Social Security, National Solidarity, and Environment and Sustainable Development performed a survey for disposal of these goods in November 2017 The agent informed Customs that as the price of the quotation was too high, they are looking for alternative methods to dispose of the goods 	

Implementation Plan – Director of Audit (DOA) Comments

Issues	DOA Comments	Proposed Measures	Status of Actions Taken / Implementation Date
Overlying Goods at Freight Stations <i>Recommendation 2</i>	Customs should ensure that these dangerous products are destroyed according to prescribed regulations	<ul style="list-style-type: none"> • Customs is liaising with handler for appropriate date to destroy these goods; • Customs is working closely with the agent to ensure that these dangerous products are destroyed according to prescribed regulations. All costs of destruction of these hazardous products will be borne by the agent. 	December 2018
Containers in CMS <i>Overlying at Freight Stations</i>	At 30 November 2017, 23 of the 35 containers were still overlying at MPT	Only the following 4 containers remain overlying at Customs: <ul style="list-style-type: none"> ❖ 2 Police Cases investigation under process; ❖ 1 container to be donated to Police (caps) ❖ 1 SLO advice not to dispose of goods 	On-going
Containers in CMS <i>Motorcycles & Autocycle Spare Parts</i>	No appropriate action was taken for the remaining 72 motorcycles	<ul style="list-style-type: none"> • 72 Motorcycles were disposed by auction in quotation 18 of 2018 upon advice from SLO • The motorcycles were sold for Rs 413,897 and delivered on 06/04/2018 and 21/05/2018 	Implemented
Containers in CMS <i>Highland Chief Scotch Whisky</i>	No decision has been taken for the remaining 5,430 bottles of whisky which were overlying for 13 years	<ul style="list-style-type: none"> • Whisky bottles were condemned by MOH • Given the high costs of destruction of liquid products, a sample of the whisky was sent to a local distiller-bottler for recycling • Approximately 3100 litres of whisky spirits at 40% alc. were obtained • Duties, excise duties and taxes will be paid on the goods manufactured from the recycled spirit at the time of ex-warehousing 	<ul style="list-style-type: none"> • Recycled • August 2018

Issues	DOA Comments	Proposed Measures	Status of Actions Taken / Implementation Date
<p>Containers in CMS <i>Recommendation 1</i></p>	<p>Detained containers should be securely kept under Customs control. In the event of inadequacy of space, Customs should consider acquiring additional space for the extension of the Customs Warehouse</p>	<ul style="list-style-type: none"> • Based on established procedures, all detained goods under Customs control are now systematically transferred to the Customs Warehouse depending on availability of space • Additional space has been rented to extend the capacity of the Customs Warehouse 	<p>Implemented</p>
<p>Freeport</p>	<p>A lack of Customs controls on goods imported by licensed Freeport Operators</p>	<p>The following controls are exercised in the Freeport based on Risk Management:</p> <ul style="list-style-type: none"> • 100% verification of goods for local market • Online Tracking System (OTS) • Online access to WMS • Surveys to tally WMS with CMS • Scanning of containers • Control by Freeport Monitoring Unit • Control by enforcement teams like BDM and CANS 	<p>On-going</p>
	<p>SOP Manual, applicable as from May 2017, makes no provision for the scanning of imported containers prior to their release to Freeport Zones</p>	<ul style="list-style-type: none"> • The SOP has been amended in April 2018 • Scanning of Freeport containers done on risk basis: <ul style="list-style-type: none"> ❖ 36 Containers scanned in 2017 ❖ 109 Containers scanned in 2018 	

Implementation Plan – Director of Audit (DOA) Comments

Issues	DOA Comments	Proposed Measures	Status of Actions Taken / Implementation Date
Freeport <i>Recommendation 1</i>	Examination of containers should be reinforced in the Freeport Zones	<ul style="list-style-type: none"> • High risk goods are subject to examination: <ul style="list-style-type: none"> ❖ Consignments Examined in 2017 – 797 ❖ Consignments Examined in 2018 – 333 • Other enforcement interventions at the time of import into Freeport are as follows: <ul style="list-style-type: none"> ❖ Interventions at Port - 141 in 2018 ❖ Interventions at Airport - 20 in 2018 	On-going
Freeport <i>Recommendation 2</i>	SOP Manual should be amended to include scanning of containers	<ul style="list-style-type: none"> • Mobile scanner being acquired; • Quality objective for 2018/19 – 25% containers scanned 	
Freeport	A high risk that prohibited goods might transit through the Freeport Zones	<ul style="list-style-type: none"> • Prohibitions and restrictions for local market and Freeport zones are different except for the following categories of goods for which special permissions/ permits are required: <ul style="list-style-type: none"> ❖ Arms and ammunitions (Police) ❖ Dangerous drugs (Government Pharmacist) ❖ Rough diamonds and bunker fuels (MICCP) ❖ Dangerous Chemicals (DCCB) ❖ Hazardous waste (Ministry of Environment) ❖ Fish and fish products (landing permit from Ministry of Fisheries) • 100% examination of Freeport goods imported for local consumption 	Very low risk

Issues	DOA Comments	Proposed Measures	Status of Actions Taken / Implementation Date
	A large quantity of 45 different expired medical products kept at the Freeport Zones since five years	<ul style="list-style-type: none"> • 2 batches of other expired freeport goods sent to Mare Chicose in May 2018; • Currently no warehousing limit for Freeport goods; • Budget 2018/19: Warehousing limits aligned with bonded warehouse; 	
Freeport Recommendation 3	Appropriate action should be initiated for the destruction of the expired medical products	<ul style="list-style-type: none"> • Expired medicines not easy to be destroyed • Re-exportation for disposal of these goods allowed • Goods stored to avoid possibility of health hazard • Customs is working closely with the Freeport developer to ensure that these dangerous products are destroyed according to prescribed regulations 	
	No action was taken against the Freeport Operator for the destruction of these expired medical products	<ul style="list-style-type: none"> • Freeport goods do not become overlying (no warehousing limit) • Reform to set warehousing limit for Freeport in progress 	

14.2. OTHER TAXES

Issues	DOA Comments	Proposed Measures	Status of Actions Taken / Implementation Date
Cases at the Assessment Review Committee	Age analysis of cases at ARC as at 30 June 2017 showed that cases were not being determined within the prescribed time limit of 6 months	Determination of cases within six month is dealt with at the level of the ARC.	N/A

Implementation Plan – Director of Audit (DOA) Comments

Issues	DOA Comments	Proposed Measures	Status of Actions Taken / Implementation Date
Collectible Debts	Arrears of revenue of the MRA, (excluding Customs and Excise), have increased from Rs 5.8 bn as of 30 June 2016 to Rs 7.4 bn as of 30 June 2017	As at 30 June 2018, arrears of revenue of the MRA for collectible debts was Rs 6.78bn, inspite of additions to such debts of Rs 7.19bn with assessments raised by the MRA. This is the result of effective debt collection strategies undertaken by the MRA and implementation of TASS & EDRTS Schemes.	O n - g o i n g work being undertaken by Objections, Appeals & Dispute Resolutions Department and ATDR Panel, to further reduce debt.
Recovery of Arrears	For debts prior to 2000, only 0.4 per cent of total arrears of Rs 175,835,911 was settled. For debts between 2000-2009 and 2010-2015, the rate of recovery of arrears was merely 1.28 per cent and 8.92 per cent respectively. Debt collection was fairly insignificant for taxes other than Environment Protection Fee (88%) and PAYE (45%).	Old debts are difficult to recover and the strategy to reduce them is mainly by way of writing off. The MRA Board has already written tax debts on three occasions and laid down criteria for writing off of debts based on age and amount parameters.	D e c e m b e r 2017 June 2018 July 2018 On-going
Debt Management	The effectiveness of the above Enforcement Tools could, however, not be measured. As of November 2017, the Debt Management module has still not been improved. The database of debts could not be searched by, for example, the number of recovery actions initiated, the time taken between enforcement actions and the amount recovered following these recovery actions.	Automation of the over whole system is being reconsidered with greater focus on modernisation of systems and processes. For this purpose an amount of Rs 10m has been provided under the capital budget of the MRA.	Project to start in FY 2018/19

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ARC	Assessment Review Committee
ATDR	Alternative Tax Dispute Resolution
BEPS	Base Erosion and Profit Shifting
BNI	Bearer Negotiable Instrument
BOE	Bill of Entry
CANS	Customs Anti-Narcotics Section
CIF	Cost Insurance Freight
CMS	Customs Management System
COR	Customs Offence Report
CRS	Common Reporting Standard
CSFT	Customer Service Feedback Terminal
CSP	Citizen Support Portal
DPP	Director of Public Prosecutions
EDRTS	Expeditious Dispute Resolution Tax Scheme
FATCA	Foreign Account Tax Compliance Act
FATF	Financial Action Task Force
FITA	Free Income Tax Assistance
FMSC	Fédération Mauricienne des Sports Corporatifs
FY	Financial Year
GPS	Global Positioning System
HNWI	High Networth Individual
HRDC	Human Resource Development Council
ICAC	Independent Commission Against Corruption
IET	Income Exemption Threshold
IMF	International Monetary Fund
ISO	International Organization for Standardization
MEXA	Mauritius Export Association
MID	Maurice Ile Durable
MNS	Mauritius Network Services
MoFED	Ministry of Finance and Economic Development
MPT	Mauritius Multipurpose Terminal

MRASA	Mauritius Revenue Authority Staff Association
MVDA	Motor Vehicles Dealer's Association
NITA	Negative Income Tax Allowance
NPF	National Pension Fund
NSF	National Savings Fund
NTA	National Transport Authority
OECD	Organisation for Economic Co-operation and Development
PAYE	Pay As You Earn
PIO	Passport and Immigration Office
RFID	Radio-Frequency Identification
SLO	State Law Office
SME	Small and Medium Enterprise
SPA	Special Allowance
TADAT	Tax Administration Diagnostic Assessment Tool
TASS	Tax Arrears Settlement Scheme
TDS	Tax Deduction at Source
TRC	Tax Residence Certificate
TSS	Taxpayer Satisfaction Survey
VAT	Value Added Tax
VLDS	VAT Lucky Draw Scheme

While every effort has been made to ensure that the information in this Annual Report is correct, the MRA accepts no legal responsibility for any shortcoming, defect, inaccuracy, error or omission.

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Mauritius Revenue Authority

Ehram Court, Cnr Mgr. Gonin & Sir Virgil Naz Streets,
Port Louis, Mauritius

Tel: +230 207 6000 | **Fax:** +230 211 8099 | **Hotline:** +230 207 6010

Email: headoffice@mra.mu | **Website:** <http://www.mra.mu>