



MAURITIUS REVENUE AUTHORITY

## ANNUAL REPORT 2007-08



**PROUD PARTNERS IN PROGRESS**

# PAYING taxes for **PROSPERITY**





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## CHAIRPERSON'S FOREWORD



**V. HASSAMAL**  
*Chairperson*

The Mauritius Revenue Authority has completed its first two successful years of operations, mobilising resources for the Government's reform programme and serving taxpayers and the business community at large.

There is no doubt that the second year of MRA has consolidated the strong foundation laid in the first year by successfully implementing the Government's tax reform programme announced in 2007. By exceeding the revenue target set by the Ministry of Finance and Economic Empowerment, the MRA has succeeded in a critical area since the Government's reform agenda hinges on the resources mobilised by the MRA. Be it Government's education and health programmes or the development of infrastructure so crucial for economic development, the successful implementation of Government policy in all these areas is possible only if adequate finances are available. And by providing adequate financial resources for Government policies and programmes, MRA has the distinction of being a proud partner in progress.

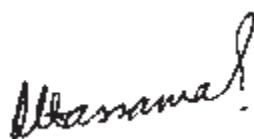
The MRA has injected freshness into the style of tax administration. I am sure that prompt services to taxpayers, together with transparent and accountable interaction between the organisation and taxpayers, have boosted taxpayers' confidence in the institution.

## CHAIRPERSON'S FOREWORD

However, I and my colleagues on the MRA Board understand that a good and successful beginning should not make us complacent and we must strive to work harder in order to meet the stiff challenges we are facing at present – the international financial crisis, the extreme volatility in petroleum prices, threat of a global recession and domestic inflationary pressures. All these factors will have varying repercussions on economic activities and hence revenue collections.

The second Annual Report of the MRA encapsulates its achievements during 2007-08 and enables the reader to evaluate and appreciate its performance in diverse areas, ranging from revenue collections, efficiency, and effectiveness to corporate governance and the enhancement of the MRA's corporate image.

Finally, I would like to express my heartfelt thanks and appreciation to the members of the MRA Board, the Director-General, Management Team and all MRA staff members for a successful second year. I am sure, with the co-operation of all stakeholders, that the MRA is well prepared to rise up to the challenges we are facing in the current year.



**V. Hassamal**

*Chairperson*

## MEMBERS OF THE BOARD



**Vasdev Hassamal**  
*Chairperson*



**Dheeren Kumar Dabee**  
*Board Member*



**Jagnaden Padiaty Coopamah**  
*Board Member*



**J. M. Louis Rivalland**  
*Board Member*

## MEMBERS OF THE BOARD

### **Vasdev Hassamal**

#### *Chairperson*

Vasdev Hassamal became Chairperson of the MRA in November 2005. He is also an Adviser to the Ministry of Finance and Economic Empowerment, particularly on the setting up and monitoring of Audit committees in ministries. He was the Chief Accountant of the Development Bank of Mauritius from 1974 to 1982, and was selected to be the Financial Controller of the Secretariat of the African, Caribbean and Pacific Group of States (the ACP Group) in Brussels from 1982 to 2000, becoming Assistant Secretary-General of the Group in 2000, until his retirement from service in 2005. In that role, he attended many Council of ACP Ministers' meetings in Togo, Zimbabwe, Mauritius, the Dominican Republic, Gabon and elsewhere, and was responsible for the organisation of many international conferences, including those of the Heads of State and Government of the ACP Group in Fiji (2002) and Botswana (2004). Vasdev Hassamal is a Fellow of the Institute of Chartered Accountants of England and Wales. He is also a member of the Mauritius Institute of Professional Accountants (MIPA).

### **Dheeren Kumar Dabee**

#### *Board Member*

Dheeren Dabee, a Senior Counsel, was appointed to the Board in October 2004. He is currently Solicitor-General in the Attorney-General's Office. He is also Chairman of the Medical Tribunal and of the Cane Planters & Millers Arbitration and Control Board, as well as being legal adviser to a number of public organisations. He previously held the post of Parliamentary Counsel and has been closely involved in the drafting of many pieces of legislation. He has participated on a number of occasions in talks on the conclusion of Double Taxation Agreements and led delegations at talks on Air Services Agreements. As the Government's legal advisor, he has advised regularly on tax-related issues and represented Government in various types of litigation, including tax cases. He is a former Laureate, a Graduate in Law and Political Science from Birmingham University and, since 1981, a Barrister-at-Law of the Middle Temple.

### **Jagnaden Padiaty Coopamah**

#### *Board Member*

Jagnaden Coopamah was appointed to the Board in October 2004. He is presently a member of the Monetary Policy Committee of the Bank of Mauritius and previously served for a number of years on the boards of the State Bank, the Development Bank of Mauritius, Mauritius Telecom and the National Investment Trust. He also served as Deputy Chairman of the National Economic Development Council and also for a brief period as Chairman. After a stint in the private sector, Jagnaden Coopamah spent most of his career in the Civil Service. He started as an Economist in the Ministry of Economic Planning and Development, becoming Deputy Director of the Ministry in 1980. In the same year, he was posted to the Ministry of Finance, where he worked for 16 years, the first five years as Head, Economic Intelligence Unit, and the subsequent period as Director, Budget Bureau. He also worked for a few years as Advisor in the Ministry of Finance. He is an Honours Economics graduate of the University of London.

### **J. M. Louis Rivalland**

#### *Board Member*

Louis Rivalland was first appointed to the Board in November 2005. He is currently the Group Chief Executive of Swan Insurance and Anglo-Mauritius Assurance. He was previously part of the management team of Commercial Union in South Africa and conducted several assignments for Commercial Union in Europe. He then worked as Actuary and Consultant for Watson Wyatt in Johannesburg. He is a director of several listed companies and also sits on a number of Corporate Governance and Audit committees. He is a Past-President of the Insurers' Association of Mauritius, and is a member of the Financial Services Consultative Council. He holds a BSc (Hons) in Actuarial Science and Statistics from South Africa, and is a Fellow of the Institute of Actuaries, UK.

## MEMBERS OF THE BOARD



**Aisha C. Timol C.O.S.K**  
*Board Member*



**Patrick Yip Wang Wing**  
*Board Member*



**Sudhamo Lal**  
*Director-General*

## MEMBERS OF THE BOARD

### **Aisha C. Timol G.O.S.K**

#### *Board Member*

Aisha Timol G.O.S.K was appointed to the Board in October 2004. She is the first Chief Executive of the Mauritius Bankers Association and has been occupying this post since 2003.

Prior to that, she worked in the public service from 1981, becoming Deputy Director of the Budget Bureau of the Ministry of Finance and then Director, Financial Services. She has also been involved in the academic field, both on a part-time basis and as a full-time Senior Lecturer in Mathematical Economics and Econometrics at the University of Mauritius from 1992 to 1995. She is on a number of boards in both the public and private sectors, including the Joint Economic Council, the Mauritius Chamber of Commerce and Industry and the Mauritius Employers' Federation. She holds a BSc (Hons) degree in Economics from the University of St Andrews, a Post-Graduate Diploma (with Distinction) in Development Planning Techniques from the Institute of Social Studies in The Hague and a Diplôme d'Etudes Approfondies in Economie Mathématique et Économétrie from the University of Aix-Marseille.

### **Patrick Yip Wang Wing**

#### *Board Member*

Patrick Yip was appointed to the Board in October 2004. He has been Director of Fiscal Policies in the Ministry of Finance since 2001 and is currently in charge of Budget Strategy and Management Directorate which includes taxation policy issues. He is on a number of public sector boards, including the Development Bank of Mauritius and the State Investment Corporation, and has also served as a member of the former Stock Exchange Commission and the Unified Revenue Board. After studying in Dijon, France, for a Maitrise in Économétrie and a Diplôme d'Etudes Approfondies in Politique et Analyse Économique, he first worked in the private sector for a few years before joining the Civil Service in 1986 as an Economist at the Ministry of Economic Planning and Development.

### **Sudhamo Lal**

#### *Director-General*

Sudhamo Lal was appointed Director-General of the Mauritius Revenue Authority in May 2005, thereby also becoming a member of the Board. Since then, he has led a complete organisational transformation, with the merging of four revenue departments into an integrated revenue administration. Prior to working with the MRA, he 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 a US\$150 million World Bank funded tax administration reform programme. He has frequently interacted with European Union, Asian Development Bank, IMF and other international finance institutions. Sudhamo Lal's 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.

## MANAGEMENT TEAM

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**Director-General**

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### **Mr Beeharry Atmanand** **Information Systems**

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*Left services on 01<sup>st</sup>  
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by Mr Soobhash Sonah)*

### **Mr Cunningham Bert Clair** **Customs**

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*Left services on 08<sup>th</sup>  
August 2008*

## DIRECTOR-GENERAL'S REVIEW



**SUDHAMO LAL**  
*Director-General*

The Mauritius Revenue Authority, launched in July 2006, has completed its first two productive and eventful years and is now marching into its third year of operation.

The acumen of the MRA Board members and the Management Team, the diligence and perseverance of the staff, and the competence of the implementation team contributed immensely towards coping with the teething problems that are usually encountered while setting up and nurturing a new organisation.

All these efforts gave the organisation a strong foundation from its very first year. A major initial achievement was the successful transition from a Civil Service Establishment to an autonomous body, without disrupting essential services for taxpayers. Other major milestones were the migration and recruitment of some 1,000 staff from both the public and private sectors, the opening of a new Centralised Customer Service Centre at Efram Court in Port Louis and the start of the infrastructure improvement project for the new Customs House at Mer Rouge. On the revenue collection front, with a total collection of Rs 34.2 billion in the first year, the MRA was successful in achieving the target set by the Ministry of Finance for the financial year 2006-07.

In its second year of operation, the MRA's managerial proficiency and abilities were seriously put to the test, as the revenue collection target was raised from Rs 34.3 billion to Rs 38.2 billion, an increase of around 12% against a background where corporate tax and income tax rates were drastically reduced to a single rate of 15%. New measures were therefore introduced in the form of the Voluntary Disclosure Incentive Scheme (VDIS) and the Tax Arrears Payment Incentive Scheme (TAPIS), to encourage tax compliance and the settlement of tax arrears. A 12% increase in tax revenues was accordingly projected.

The MRA stood up to the challenge and realised almost all the targets set for it, the most tangible being total revenue collection. During 2007-08, MRA collections totalled Rs 42.1 billion compared to the initial budgeted estimates of Rs 38.2 billion and revised estimates of Rs 41.6 billion. MRA collections thus exceeded both the budgeted and revised estimates projected by the Ministry of Finance. Another feather in MRA's cap was the successful implementation of the VDIS and TAPIS schemes. These schemes resulted in the widening and deepening of the taxpayer base, as well as facilitating the collection of old debts. To be more precise, under VDIS, 1,368 taxpayers opted to pay taxes on undisclosed income/turnover of Rs 1.05 billion, spread over a maximum period of four years. Under TAPIS, 2,100 taxpayers agreed to settle their outstanding dues and paid Rs 114 million.

## DIRECTOR-GENERAL'S REVIEW

Apart from the significant successes registered with revenue collection, VDIS and TAPIS, prominent achievements resulted from the MRA's reform and modernisation programme:

- Broadening the VAT taxpayer base by 13% and registering 22,208 new income taxpayers;
- A reduction in applications for refunds from 91,480 in 2006-07 to 42,727 in 2007-08 and disposing of 89% of refund applications within 90 days;
- Issuance of tax residence certificates within one week;
- Issuance of VAT repayments within 7 days for fast-track cases;
- Setting up of an Intelligence and Business Survey Unit in the FID;
- Removal of 41% of individual taxpayers from the tax net, resulting in a saving of Rs 155 million for them;
- Launching of e-filing facilities for individual taxpayers;
- Launching the Fast-Track Cargo Initiative (Blue Channel) in Customs;
- Initiating e-filing and e-payment of excise declarations;
- Effecting Rs 122.6 million worth of Narcotics seizures;
- Simplifying 8 forms, including the income tax form, the CPS form and operational forms at Customs;
- Conducting educational seminars and briefing sessions for targeted audiences, such as Education Officers, Farmers, Planters and Women Entrepreneurs;
- Updating the MRA website 354 times, with 9 million hits recorded;
- Issuing an e-newsletter 6 times during the year;
- Issuing 64 press releases and using 353 Radio & Television publicity spots;
- Conducting 149 training programmes and organising the CATA workshop;
- Investing 4,368 staff days in training;
- Introducing a new and open interactive approach to performance appraisal;
- Setting up a fully-fledged Documentation Centre with modern library management software;
- Conducting 15 training sessions on integrity management;
- Successfully organising a workshop on integrity development in December 2007;
- Facilitating the conduct of the Public Perception Survey of Integrity for the MRA;
- Conducting seven internal audits in sensitive areas involving mainly cash inflows and outflows;
- Conducting training for staff on corporate governance;
- Collecting 663 pints of blood on the 2<sup>nd</sup> anniversary of the MRA;
- Training 42 unemployed graduates under the Empowerment Programme, of which 26 (62%) have found employment, including 10 at the MRA; and
- Installing Standard Application Programme (SAP) software and conducting training on different SAP modules.

## DIRECTOR-GENERAL'S REVIEW

The positive results obtained from the effective implementation of the Tax Reform Programme reinforced the Government goals of tax efficiency and economic buoyancy, with more and more salaried people moving out of the tax net but those having to pay being encouraged to be more compliant, resulting in higher revenue collections. The MRA's performance on the revenue collection front during 2007-08 contributed positively to creating the much needed fiscal space the Government required to meet its heavy wages and salaries commitments resulting from the PRB report, implemented from July 2008.

2008-09 therefore marks the MRA's third year of operation and I can safely say that the organisation has now reached cruising speed. The implementation of tax reform programmes will be further consolidated. Revenue collections will be optimised but, more importantly, every effort will be made to achieve and even surpass Government projections, as last year. Taxpayer services will be further improved and taxpayers will be encouraged to make greater use of IT facilities for interaction with the MRA.

A new Information System, presently being tested, will certainly increase the MRA management's overall efficiency. The three-year Corporate Plan incorporates these objectives and the ways and means of achieving them by 2010. It is my aim that the MRA will once again shoulder and deliver the responsibilities with which Government has entrusted it and will realise the goals it has set itself. And it is my hope that the MRA will do so whilst at the same time enhancing and enriching its human resources, so vital to the organisation, through regular training and workshops.

Whatever success the MRA has achieved since its launching would not have been possible without the hard work and dedication of its employees. I wish here to say a big 'Thank You' to all MRA staff and employees and I look forward to the same commitment for even more success in the future.

Finally, I am grateful for the assistance received from the Management Team and the collaboration from each member of the Board, as well as the guidance and support from the Ministry of Finance and Economic Empowerment.



**Sudhamo Lal**

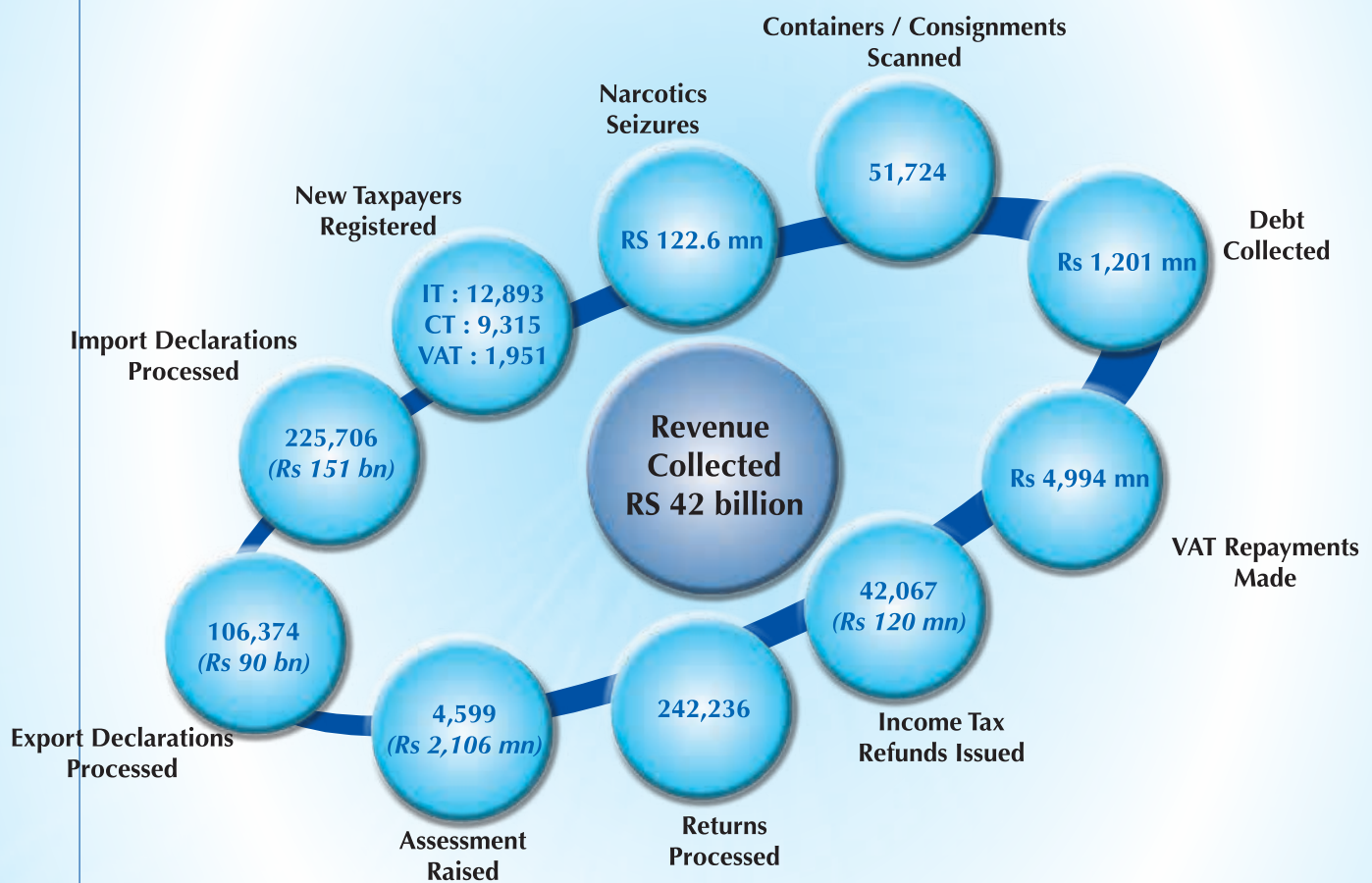
*Director-General*



# 1

The MRA  
in **Figures**

## THE MRA IN FIGURES





# 2

Our  
**Role**



## OUR ROLE

The Mauritius Revenue Authority (MRA) is a body corporate, set up to manage an effective and efficient revenue-raising system. It administers and collects taxes due in Mauritius within an integrated organisational structure.

The MRA is an agent of State and, as such, the Ministry of Finance and Economic Empowerment continues to have overall responsibility for the organisation and monitors its performance.

The MRA is responsible for collecting approximately 90% of all tax revenues and for enforcing tax laws in Mauritius.

It manages and collects:

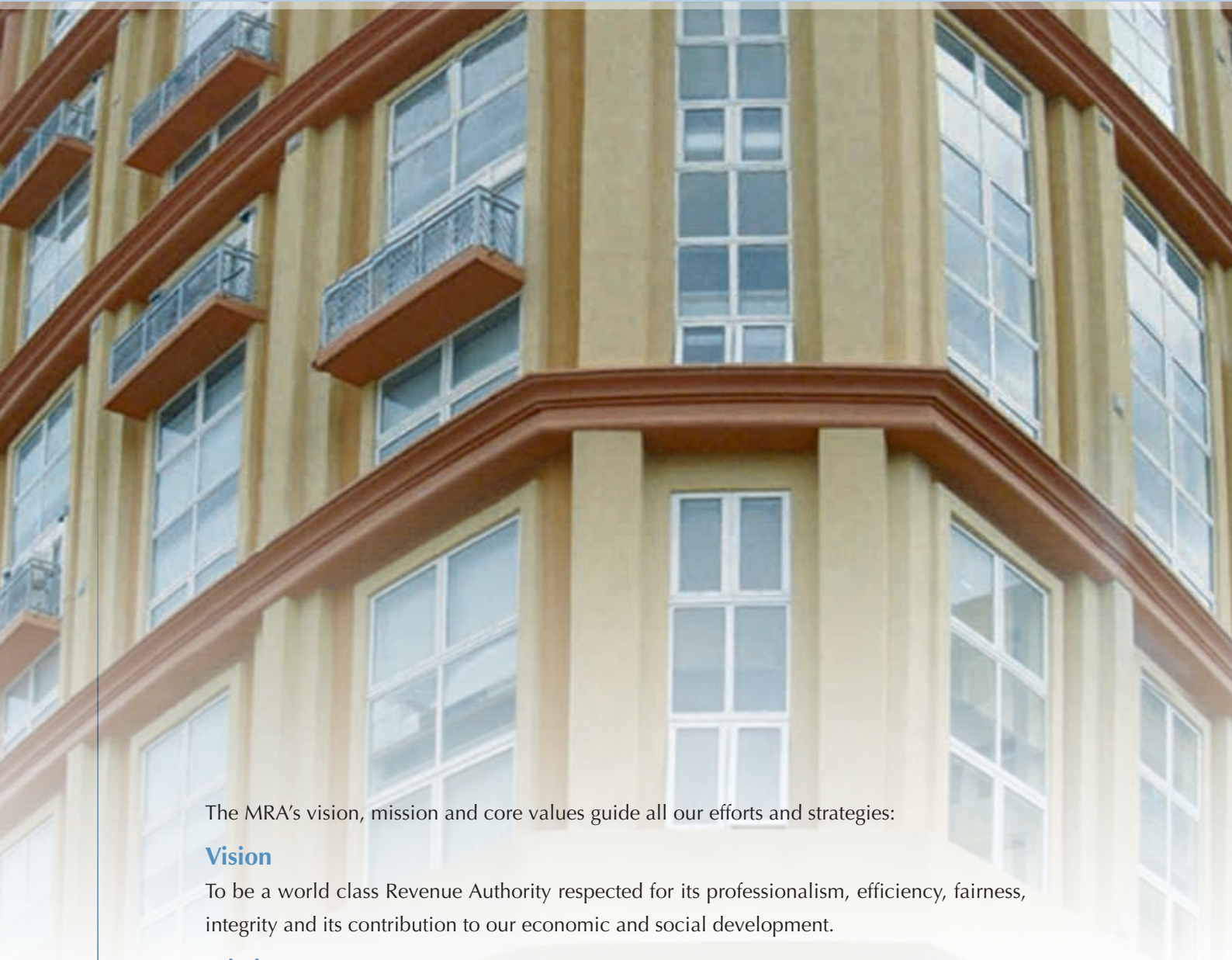
- Corporate and Personal Income Tax;
- Tax Deduction at Source on certain specific types of payment;
- Value-Added Tax;
- Customs duties;
- Excise duties;
- Gambling taxes, including taxes on lotteries, betting and gaming;
- Temporary Solidarity Levy;
- Issuance/renewal of several types of licence (liquor and freeport);
- Passenger fees;
- Passenger solidarity fees;
- Special levy on banks;
- Environment Protection Fees; and
- National Residential Property Tax (NRPT).

The background is a solid blue color with a pattern of faint, concentric circles radiating from the center. There are several white and blue arrows pointing in various directions, including a large white arrow pointing up and to the right in the top right corner, and a blue arrow pointing up and to the right in the bottom right corner. A thick blue line runs horizontally across the top of the image, and a thick white line runs horizontally across the bottom of the image.

# 3

## Vision, Mission and Core Values

## VISION, MISSION AND CORE VALUES



The MRA's vision, mission and core values guide all our efforts and strategies:

### **Vision**

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

### **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.

### **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.

The background features a blue gradient with faint, concentric circular lines. Several thick, dark blue arrows point upwards and to the right, with one white arrow at the bottom right.

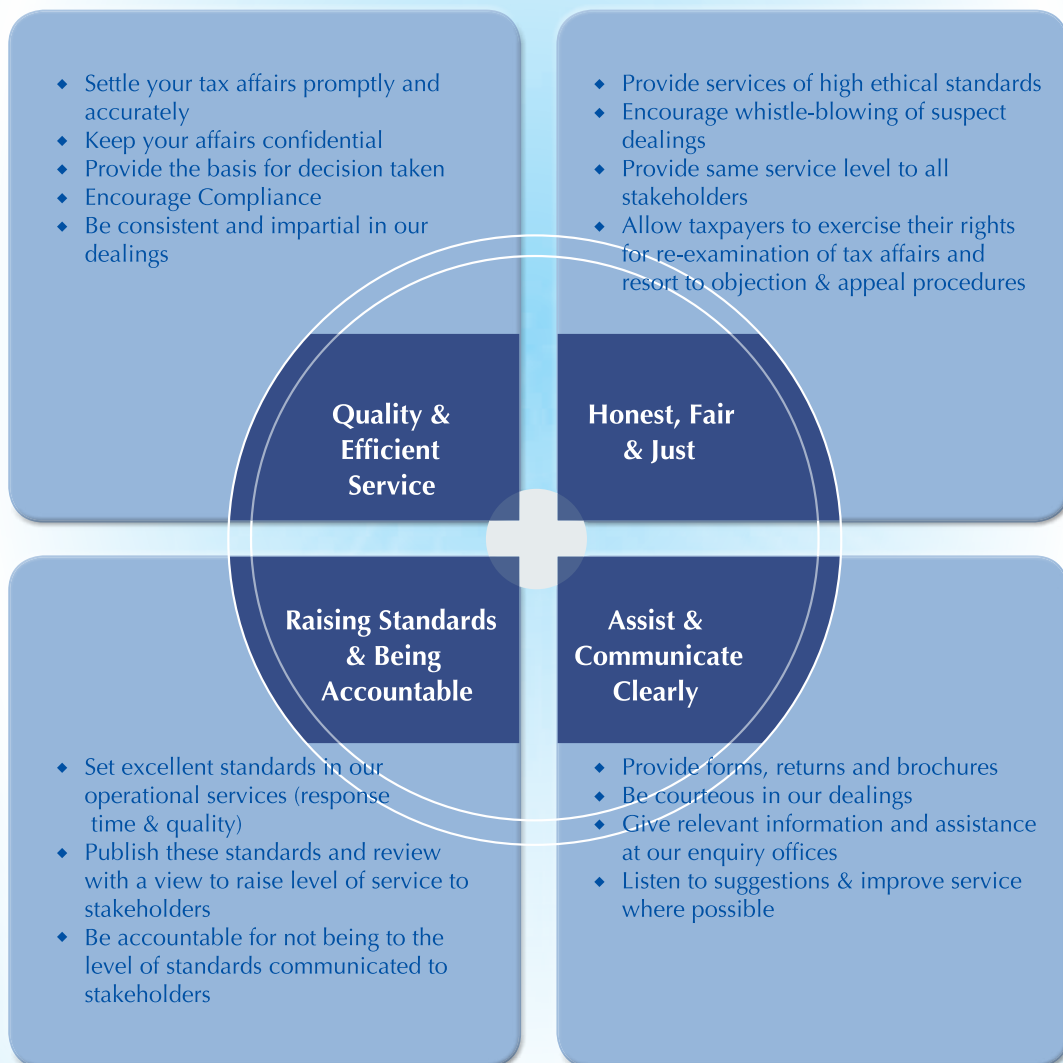
# 4

## Taxpayer's **Charter**

## TAXPAYER'S CHARTER

### TAXPAYER'S CHARTER

**You can expect from us to :**



## TAXPAYER'S CHARTER

### YOUR RIGHTS

Knowing your rights is essential for the entire revenue collection system to function properly and efficiently.

You have the following RIGHTS:

- To seek clarification on any rule or legislation and its implementation;
- To seek and receive information on all issues pertaining to our operation;
- To be treated with respect and common courtesy by all our officials;
- To question and constructively criticise our service levels and the manner in which we have communicated with you;
- To only pay taxes that you should truly pay according to the law;
- To receive your refunds promptly and within deadlines set;
- To challenge and question our decisions and level of taxes you are paying;
- To expect us to promptly accept if we have made a mistake in our decisions or dealings and courteously apologise for the same;
- To expect full confidentiality within legal provisions in respect to your personal right to privacy; and
- To expect fair and just treatment regardless of whether you have agreed with our decisions, complained, committed offence or criticised us.

## TAXPAYER'S CHARTER

### YOUR OBLIGATIONS

Revenue collection system, in every country, is based on mutually accepted rights and obligations. To assist us in performing our duties and delivering you World Class Service, you should abide by the following guidelines.

You should:

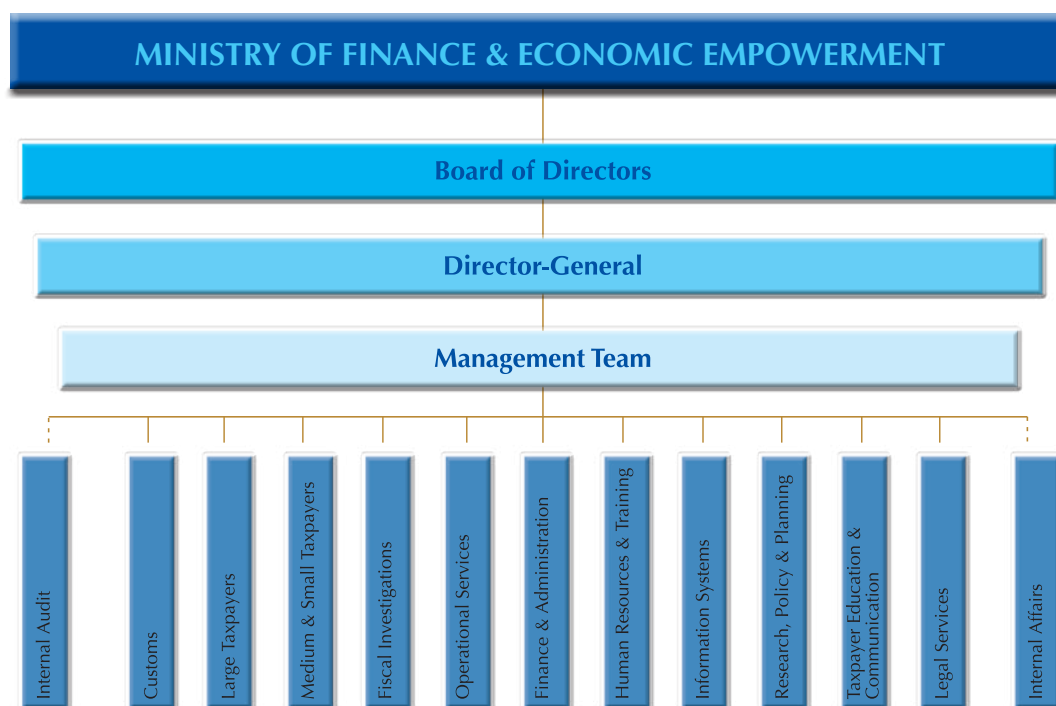
- Keep up-to-date and accurate records on all matters that may be relevant to your dealings with MRA;
- Not misrepresent or omit any information that may prevent us from assessing your tax obligations correctly within the current law;
- Pay all your tax dues on time to avoid any penalties or interests that may be levied according to the current law;
- Know your rights, obligations and our services, so that you may achieve the most efficient and effective interaction with the MRA;
- Promptly report on any dealings that you may believe are contrary to current legislation;
- Promptly report in detail any wrong doing by any officer of Mauritius Revenue Authority; and
- Contact us immediately if you have realised that you may have acted contrary to any of the above points. We will be able to assist you in rectifying the situation to everybody's best interest.



5

# Organisational **Structure**

## ORGANISATIONAL STRUCTURE



The following are the key roles and responsibilities at the MRA:

**The Ministry of Finance and Economic Empowerment** provides an overall monitoring and supervisory role and has final responsibility for setting fiscal policy, proposing revenue targets based on fiscal policies, and amendment and approval of expenditure budgets presented by the MRA Board.

**The MRA Board** has ultimate responsibility for the administration and management of the MRA. It consists of a Chairperson, the Director-General, a representative of the Ministry of Finance and Economic Empowerment and four other members with appropriate experience in accountancy, economics, taxation, law or business administration. The Board is responsible for the selection and recruitment, on fixed-term performance contracts, of the officers who form the Management Team.

**The Director-General** is the Chief Executive Officer of the Authority, responsible for implementing MRA policy. He is required to comply with Board decisions and with directions given to him by the Board. The Director-General is employed on a fixed-term performance contract and leads the organisation in achieving its overall strategy and objectives. The MRA Act authorises the Director-General to delegate to a Head of a Department, or to any officer of a Department, any of his powers or duties under the Revenue Laws.

**The MRA Management Team** consists of the Director-General and the Heads of the Departments and Divisions defined in Section 3 (4) of the MRA Act and other departments set up by the Board under Section 6 of that Act. At present, there are 11 Heads of Departments/Divisions in post at the MRA responsible for Customs, tax operations and various shared-service functions.

## ORGANISATIONAL STRUCTURE

The MRA's Management Team works together to ensure the organisation fulfils its strategy and objectives. The structure enables the MRA to co-ordinate and prioritise all activities, and decide where to focus resources and efforts.

There are two specialised divisions, **Internal Affairs** and **Internal Audit**, which report directly to the Board. Internal Affairs is responsible for integrity management within the MRA and is charged with improving staff integrity and the public perception of the organisation's integrity. Internal Audit is responsible for highlighting and improving weaknesses in the integrity of our internal controls, processes, procedures and systems.

The specific roles and functions of the remaining members of the Management Team are grouped into three main categories: Customs and tax operations, the provision of shared operational services, and shared corporate services.

### Customs and Tax Operations

The directors of the Customs Department, Large Taxpayers Department and Medium & Small Taxpayers Department are responsible for the efficient and effective assessment and collection of duties and taxes relevant to their respective departments. **The Customs Department** manages the administration of Customs and Excise duties and aims to facilitate trade through efficient border-control procedures, whilst the **Large Taxpayers and Medium & Small Taxpayers Departments** manage the administration of all other taxes, including Income Tax, Value-Added Tax and Gaming taxes. The Director

of Fiscal Investigations ensures that the **Fiscal Investigations Department** conducts investigations into potential tax evasion cases, collects evidence relative to these cases and submits reports to prosecuting authorities for final assimilation and decision. It also deals with international enquiries or requests for assistance from overseas investigative agencies.

### Shared operational services

The Director of Operational Services manages the **Operational Services Department** and 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.

### Shared corporate services

The Director of the **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.

The functions of the Director of the **Finance and Administration Department** 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 ensures that all the statutory reporting responsibilities of the MRA are fulfilled.

## ORGANISATIONAL STRUCTURE

The Director of the **Taxpayer Education and Communication Department** is responsible for promoting MRA's mission and activities, providing taxpayers with information and assistance regarding the payment of tax, and liaising with the media and other external stakeholders.

The Director of the **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.

The Director of the **Legal Services Department** initiates, prepares, defends and assists in prosecution of cases on behalf of the MRA, reviews tax laws, submits proposals for amendments and provides general legal assistance on matters such as contract, liability or employment issues.

The Director of **Information Systems** is responsible for the set-up and development of the MRA's Information System Strategy, identifying its present, medium and long-term computer requirements, and providing technical guidance on MRA computer systems and software.

A collage image representing social commitment through various life stages and community activities. It features a smiling woman in a light blue uniform, an elderly woman in a green floral sari, a doctor examining an elderly man's arm, and a young girl in a school uniform writing. The background includes a busy market scene and a poster for Losartan.

# Raising Taxes to meet **Social Commitment**



# 6

## Revenue Collections **An Overview**

- ❑ 6.1. Total Collections
- ❑ 6.2. Direct Taxes
- ❑ 6.3. Indirect Taxes

## REVENUE COLLECTIONS: AN OVERVIEW

### 6.1. TOTAL COLLECTIONS

Revenue collections totalled Rs 42.1 billion for the 2007-08 fiscal year, that is Rs 3.9 billion (10%) ahead of the budgeted target and Rs 531 million (1%) above revised estimates. Table 1 details 2007-08 revenue collections by tax type.

**Table 1: Revenue Collection for the year ended 30 June 2008 (Rs m)**

	Budgeted Estimates	Revised Estimates	Actual collections <sup>1</sup>	% increase/ decrease over budgeted estimates
Corporate Tax	5,495	6,150	6,234	13
Personal Income Tax	3,005	3,430	3,425	14
Tax Deduction at Source	305	770	800	162
NRPT	60	119	119	98
Value-Added Tax	17,150	18,150	18,508	8
Customs Duties	2,250	2,600	2,636	17
Excise Duties	7,668	7,885	7,900	3
Taxes on Gambling	1,223	1,420	1,399	14
Temporary Solidarity Levy	210	200	202	-4
Licences	78	88	41	-48
Customs & Excise Fees & Fines	122	33	23	-81
Environment Protection Fees <sup>2</sup>	210	200	209	-0.4
Passenger Fees <sup>2</sup>	400	500	542	36
Special Levy on banks	75	68	67	-10
Passenger Solidarity Fees	-	-	25	-
Miscellaneous <sup>3</sup>	-	-	12	-
<b>Total</b>	<b>38,251</b>	<b>41,613</b>	<b>42,144</b>	<b>10</b>

<sup>1</sup> MRA figures are on a collections basis and may vary from figures reported by the Accountant-General which are on a cash basis.

<sup>2</sup> Includes collections made by the Ministry of Environment & Accountant-General.

<sup>3</sup> Includes collections from (a) Sales Tax (b) Hotels & Restaurants (c) Surcharge on Rum & Liquor (d) Miscellaneous for Customs.

## REVENUE COLLECTIONS: AN OVERVIEW

The yardstick for measuring performance in respect of taxes, duties, fees and licences collected by the MRA is the initial budgetary estimates. As can be seen from Table 1, actual collections under all major revenue heads have exceeded their benchmarks, resulting in additional receipts of Rs 3.9 billion. VAT and Corporate tax alone accounted for more than half of the additional amount (Rs 1,358 million & Rs 739 million respectively). The performance of Tax Deduction at Source and NRPT also need to be highlighted as they registered exceptional increases over their budgetary estimates (162% and 98%).

**Table 2: Trends in Tax Collections (Rs m)  
– 2004-05 to 2007-08**

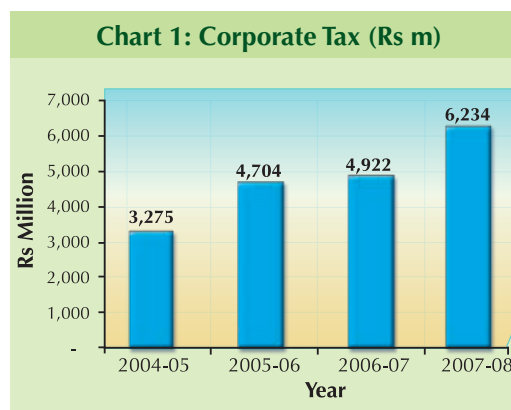
	2004-05	2005-06	2006-07	2007-08
Corporate Tax	3,275	4,704	4,922	6,234
Personal Income Tax	2,554	2,768	2,405	3,425
TDS	N/A	N/A	410	800
NRPT	N/A	N/A	N/A	119
Value-Added Tax	12,524	13,710	15,492	18,508
Customs Duties	3,899	3,046	2,157	2,636
Excise Duties	6,670	6,618	7,440	7,900
Gambling Tax	897	993	1,133	1,399
Solidarity Levy	N/A	N/A	156	202
Miscellaneous	N/A	N/A	N/A	921
<b>Total collections</b>	<b>29,819</b>	<b>31,839</b>	<b>34,115</b>	<b>42,144</b>

In FY 2007-08, all major sources of revenue, excluding excise duties, have registered two-digit growth, ranging from a low of 19% in the case of VAT to 95% for TDS. Total collections from these major revenue sources increased by 24% in 2007-08 as compared to only 7% in the preceding two years. Clearly the year's revenue performance has been exceptional on all fronts and a more detailed analysis of

direct and indirect taxes is essential, *inter-alia* to understand the sources of growth.

### 6.2. DIRECT TAXES

#### 6.2.1. Corporate Tax



For the year under review, tax payable by non-tax incentive companies was at the rate of 22.5% as compared to 25% in the preceding year. In spite of the rate reduction, tax receipts from companies were buoyant, registering an increase of 27% as compared to 5% last year. The high growth rate is primarily attributable to:

- robust collections from companies in telecommunications, trading, manufacturing and hotel sectors;
- receipts from disclosure of income under the Voluntary Disclosure Incentive Scheme and payment of tax arrears under the Tax Arrears Payment Incentive Scheme; and
- improvement in tax administration and strong enforcement action by the MRA, deterring taxpayers from under-declaring income and evading tax. A sector-wise analysis of tax collections revealed that, in almost all sectors, corporate taxpayers have declared substantially higher income and paid much higher taxes.

## REVENUE COLLECTIONS: AN OVERVIEW

The fact that the growth in tax receipts in these sectors was at least twice their nominal growth rates indicates that improvement in the business climate alone cannot explain the surge in income declared. It is clear, therefore, that the “MRA Effect” has deepened the corporate tax base.

### 6.2.2. Personal Income Tax

**Table 3: Personal Income Tax Collections  
(Rs m) – 2004-05 to 2007-08**

	2004- 05	2005- 06	2006- 07	2007- 08
PAYE	2,185	2,393	2,038	2,464
CPS	145	141	153	210
Self- assessment	340	403	443	561
Refunds	-314	-331	-383	-120
Arrears	198	161	154	310
<b>Total</b>	<b>2,554</b>	<b>2,767</b>	<b>2,405</b>	<b>3,425</b>

Receipts from personal income tax registered a 42% increase in 2007-08. This performance can be attributed to the following:

- payment of under-declared/undeclared income for the 4 preceding years under the Voluntary Disclosure Incentive Scheme (VDIS);
- receipts from taxation of interest income as declared in the September 2007 returns;
- better tax compliance by Current Payment System (CPS) taxpayers following MRA enforcement efforts and disclosure of TDS information to the MRA;

- reduction in the number and amount of refunds with the introduction of cumulative PAYE; and
- taxation of fringe benefits under a revised system covering a twelve-month period as opposed to only six-months last year.

It is worth noting that the collections were made against a backdrop of a fall in tax rates. Advance payment under PAYE and CPS were on the basis of a single tax rate of 15% as opposed to a dual rate of 22.5% and 15% last year. Similarly, the top tax rate at which additional tax was paid on self-assessment in September 2007 was 22.5% as compared to 25% in the preceding year.

### 6.2.3. National Residential Property Tax

National Residential Property Tax (NRPT) is payable by any resident owning a residential property and whose total income during the year exceeded Rs 385,000. The amount of NRPT payable by an individual resident is capped at 5% of his total income. As regards non-residents, they are subject to NRPT irrespective of their level of income. Any tax paid under the Local Government Act in respect of the property is deductible from NRPT. The rate of NRPT applicable is shown in Table 4:

**Table 4: Tax rate under NRPT**

Type of Residential Property	Rate
Apartment, flat or tenement	Rs30 per square metre of floor area
Any other residential property	Rs10 per square metre of surface area of land

## REVENUE COLLECTIONS: AN OVERVIEW

For the year 2007-08, an amount of Rs 119 million was collected under NRPT, of which Rs 101 million was paid by individuals and Rs 18 million by companies and *sociétés*. The following are the main features of collections received under NRPT:

- 16,844 individual taxpayers and 147 companies paid NRPT;
- of the individuals paying NRPT, 936 were non-residents;
- the average NRPT paid by taxpayers with yearly income ranging between Rs 385,000 and Rs 500,000 was Rs 3,832. For other taxpayers, the average was Rs 7,389; and
- 73% of NRPT collections from individual taxpayers were generated from those earning more than Rs 38,000 monthly.

### 6.2.4. Tax Deduction at Source

**Table 5: TDS collections (Rs m)**

	2006-07	2007-08
Interest	173	356
Rent	131	221
Payment to contractors / subcontractors	81	173
Payment to providers of specified services	17	34
Royalties	8	16
<b>Total</b>	<b>410</b>	<b>800</b>

Collections under Tax Deduction at Source (TDS) registered a 95% increase in 2007-08 although it should be observed that the 2006-07 collections only covered a 9-month period. Even with a comparison of a 9-month period in the year under review, the growth in TDS collection is as high as 46%. The solid growth may be attributed to the TDS system gathering momentum in 2007-08 as payers became more aware of their legal obligations to deduct tax and remit the same to the MRA. In terms of the performance of the main constituents of the TDS system, growth rate has varied between 69% and 113%. Receipts from interest and rent contributed to approximately 75% of TDS collections. However, while the share of interest and payments to contractors/sub-contractors rose by 2% during the year, that of rent fell by around 4%.

## 6.3. INDIRECT TAXES

### 6.3.1. Value-Added Tax

**Table 6: Total VAT collections (Rs m) – 2004-05 to 2007-08**

	2004-05	2005-06	2006-07	2007-08
VAT at office	7,752	8,340	10,110	12,039
VAT at importation	7,676	8,468	9,600	11,463
Total repayments	-2,905	-3,098	-4,218	-4,994
<b>Net VAT</b>	<b>12,523</b>	<b>13,710</b>	<b>15,492</b>	<b>18,508</b>

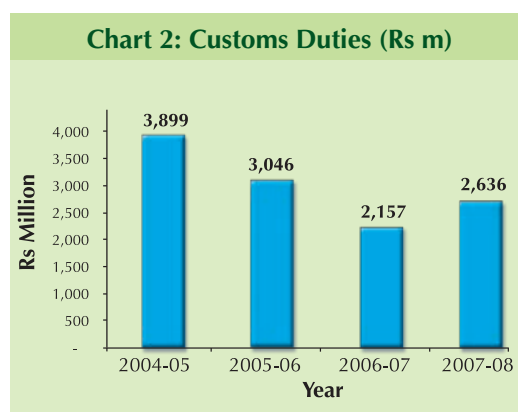
## REVENUE COLLECTIONS: AN OVERVIEW

Collections from VAT at office and at importation grew at the rate of 19% each in 2007-08. A number of cumulative factors had a significant impact on VAT collections:

- improvement in the economic situation which is reflected in increases in output/value added in various sectors;
- increases in international prices and freight charges;
- enlargement of the tax base as new operators start business or gather momentum; and
- increased voluntary compliance as a result of the MRA's effective enforcement efforts aimed at tax evaders.

### 6.3.2. Customs Duties

Customs duties registered a significant 22% increase in 2007-08 after falling successively since 2004-05. The collections from Customs duties for the last 4 years are shown in Chart 2.



The surge in Customs duties in 2007-08 is mainly attributable to maintaining the top duty rates and bands. In the year under review, the three rates (30%, 15% and 10%) were maintained as compared to the preceding year where the top tariff rates of 65%, 55% and 40% were reduced to 30%. Other factors that have contributed to the increase in Customs duties include:

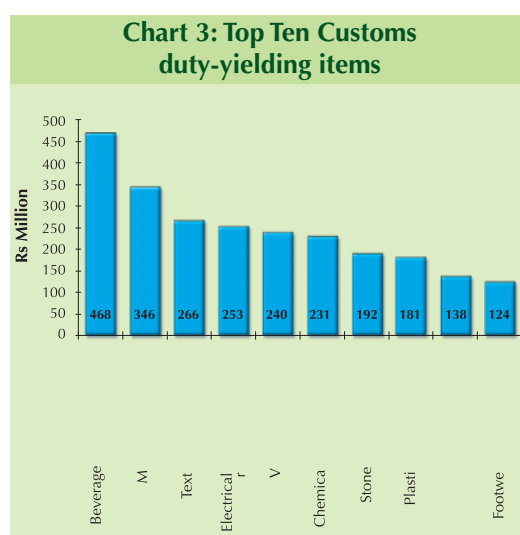
- increase in importation both in terms of prices and volumes;
- raising of freight charges following the increase in petroleum prices;
- gradual economic recovery translating into more imports; and
- greater voluntary compliance as low duty rates and improved administrative machinery reduced incentive & scope for duty evasion.



*Auctions of unclaimed/seized  
goods at Customs*

## REVENUE COLLECTIONS: AN OVERVIEW

The ten categories of items yielding the highest amount of Customs duties are shown in Chart 3.



These categories of items have yielded Rs 2.4 billion of Customs duties which represent 93% of total collection. Imports of beverages, spirits and tobacco, manufactured goods, textile products and electrical appliances contribute to half of Customs duties receipts. Compared to the previous year, Customs duties receipts from manufactured goods registered a significant growth of 74% whereas receipts from stone, cement and ceramic products grew steadily by 36%.

### 6.3.3. Excise Duties

Collections from Excise duties rose by 6%, triggered by growth in receipts from tobacco products and motor vehicles (6.7% and 16.7% respectively). Receipts from alcoholic beverages grew by only 3.3% driven by imported alcoholic products (53.4%) whilst collection from duties on locally-manufactured alcoholic products fell

by 9.3%. Overall, the sharp drop in excise duty receipts from locally-manufactured goods resulted from the closure of the local manufacturing plant of British American Tobacco. Thus, Excise duty on tobacco was exclusively collected from imports.

**Table 7: Total Excise Duties collections (Rs m)  
– 2004-05 to 2007-08**

	2004-05	2005-06	2006-07	2007-08
<b>Excise Duties on:</b>				
<b>Locally manufactured goods</b>	<b>2,838</b>	<b>2,468</b>	<b>3,176</b>	<b>1,495</b>
Alcoholic Beverages	1,220	1,316	1,536	1,393
Tobacco	1,617	1,151	1,539	-
Plastic Products	-	-	100	102
Other	1	1	1	-
<b>Imports</b>	<b>3,832</b>	<b>4,150</b>	<b>4,264</b>	<b>6,405</b>
<b>Total Excise Duties collected</b>	<b>6,670</b>	<b>6,618</b>	<b>7,440</b>	<b>7,900</b>



***Taxing environmentally harmful plastic products***

## REVENUE COLLECTIONS: AN OVERVIEW

### 6.3.4. Gambling

**Table 8: Tax collections on Gambling activities (Rs m) – 2004-05 to 2007-08**

Type of Gambling activity	2004-05	2005-06	2006-07	2007-08
Tax on Gaming (Casinos)	614	689	745	940
Tax on Betting	269	291	374	445
<i>B/makers</i>	204	213	268	283
<i>Tote</i>	47	57	85	140
<i>Pool</i>	18	20	21	22
Tax on Lotteries	14	13	14	14
<b>Taxes on Gambling</b>	<b>897</b>	<b>993</b>	<b>1,133</b>	<b>1,399</b>

Tax receipts from gambling activities have been increasing at a fast pace over the years. Recent developments, such as wider coverage of off-course betting and the licensing of bookmakers to accept bets on football matches, is expected to maintain this growth momentum in future years. For the year under review, receipts from gaming (casino) taxes grew markedly by 26% and betting taxes grew by 19%. Under betting taxes, receipts from totalisors continued to grow rapidly, up from 49% in 2006-07 to 65% in 2007-08.



*Betting taxes gaining prominence*

### 6.3.5. Solidarity Levy

Receipts from the Solidarity Levy in 2006-07 grew by 30% to reach Rs 202 million. The solid growth is attributable to the exceptional increase in tourist arrivals in the second half of the calendar year. Table 9 shows receipts under the Solidarity Levy from hotel, tour and other operators.

**Table 9: Solidarity Levy collected (Rs m) – 2006-07 to 2007-08**

Categories	2006-07	2007-08
Hotels	147.3	190.7
Tour Operators	6.5	10.0
Others	2.1	1.4
<b>Total</b>	<b>155.9</b>	<b>202.1</b>

### 6.3.6. Licence Fees

Licence Fee collection is down by 30 per cent. This year's shortfall in collection is mainly attributable to the collection of Gaming licence fees by the Gambling Regulatory Authority as from January 2008.

**Table 10: Licence fees (Rs m) 2004-05 to 2007-08**

Type of licence	2004-05	2005-06	2006-07	2007-08
Liquor	10.2	10.6	9.9	10.2
Gaming licences	32.7	42.4	46.2	28.9
Other	1.2	1.3	2.1	1.4
<b>Total</b>	<b>44.1</b>	<b>54.3</b>	<b>58.2</b>	<b>40.5</b>

### 6.3.7. New Levy/Fees administered by MRA during the year

In the Finance Act 2007, the collection and administration of the Environment Protection Fee, Passenger Fee and Passenger Solidarity Fee was transferred to the Mauritius Revenue Authority. The Act also provided for the introduction of a special levy on profitable banks. The amount collected in 2007-08 under each fee/levy is as follows:

## REVENUE COLLECTIONS: AN OVERVIEW

**Table 11: Type of Fee/Levy and payments made in 2007-08 (Rs m)**

Type of Fee/Levy	Under MRA administration as from	Collections
Environment Protection Fee <sup>4</sup>	1 September 2007	209
Passenger Fee <sup>4</sup>	1 December 2007	542
Passenger Solidarity Fee <sup>4</sup>	1 December 2007	25
Special Levy on Banks	1 July 2007	67

<sup>4</sup> Includes collections by Ministry of Environment and Accountant-General

### 6.3.7.1. Environment Protection Fee (EPF)

The Environment Protection Fee is levied on designated establishments engaged in the following activities/sectors:

**Table 12: Tax rates under EPF**

Enterprise or activity	Fee payable
Hotel	0.85 % of monthly turnover
Guest house or tourist residence	0.85 % of monthly turnover
Stone crushing enterprises	0.75 % of monthly turnover
Manufacturing, assembly or importation of:	
(a) mobile phones	Rs50 per unit
(b) batteries for vehicles	
(c) pneumatic tyres	

The fee is payable to the MRA within 20 days after the end of every month. For the year under review (i.e. taxable period starting September 2007), EPF collected by the MRA amounted to Rs 175 million, which represents 83 % of total EPF collections for the financial year.

### 6.3.7.2. Passenger Fee

The Passenger Fee is payable by every passenger leaving Mauritius by air, other than those whose journey originally starts from Mauritius<sup>5</sup>. The fee payable by every liable passenger varies according to his/her age and country of embarkation as follows:

**Table 13: Payments and fees payable under Passenger Fee**

FEE PAYABLE (Rs)		
Passengers	Journey starting from Reunion, Madagascar, Seychelles or Comoros	Any Other Passenger
Under 2 years	Nil	Nil
Above 2 but less than 12 years	150	350
Above 12 years	300	700

<sup>5</sup> Heads of State and their families, passengers in transit for less than 24 hours, airline crew members and other diplomatic agents & their families are also exempted from the passenger fee

For the period 1 December 2007 to 30 June 2008, the MRA collected Rs 313 million in passenger fees, which represents 58% of collections for 2007-08. During the year, an amount of Rs 2 million was also refunded to 3,288 Mauritian citizens who had paid passenger fees when booking their tickets from overseas.

### 6.3.7.3. Passenger Solidarity Fee

Every passenger leaving Mauritius by air is subject to a Passenger Solidarity Fee at the rate of Rs 40 if he/she is travelling in economy class and Rs 80 in any other class. As is the case for the Passenger Fee, airlines or their agents are responsible for collecting the Passenger Solidarity Fee (PSF) and remitting the monthly amount collected to the MRA within 30 days of the end of each month.

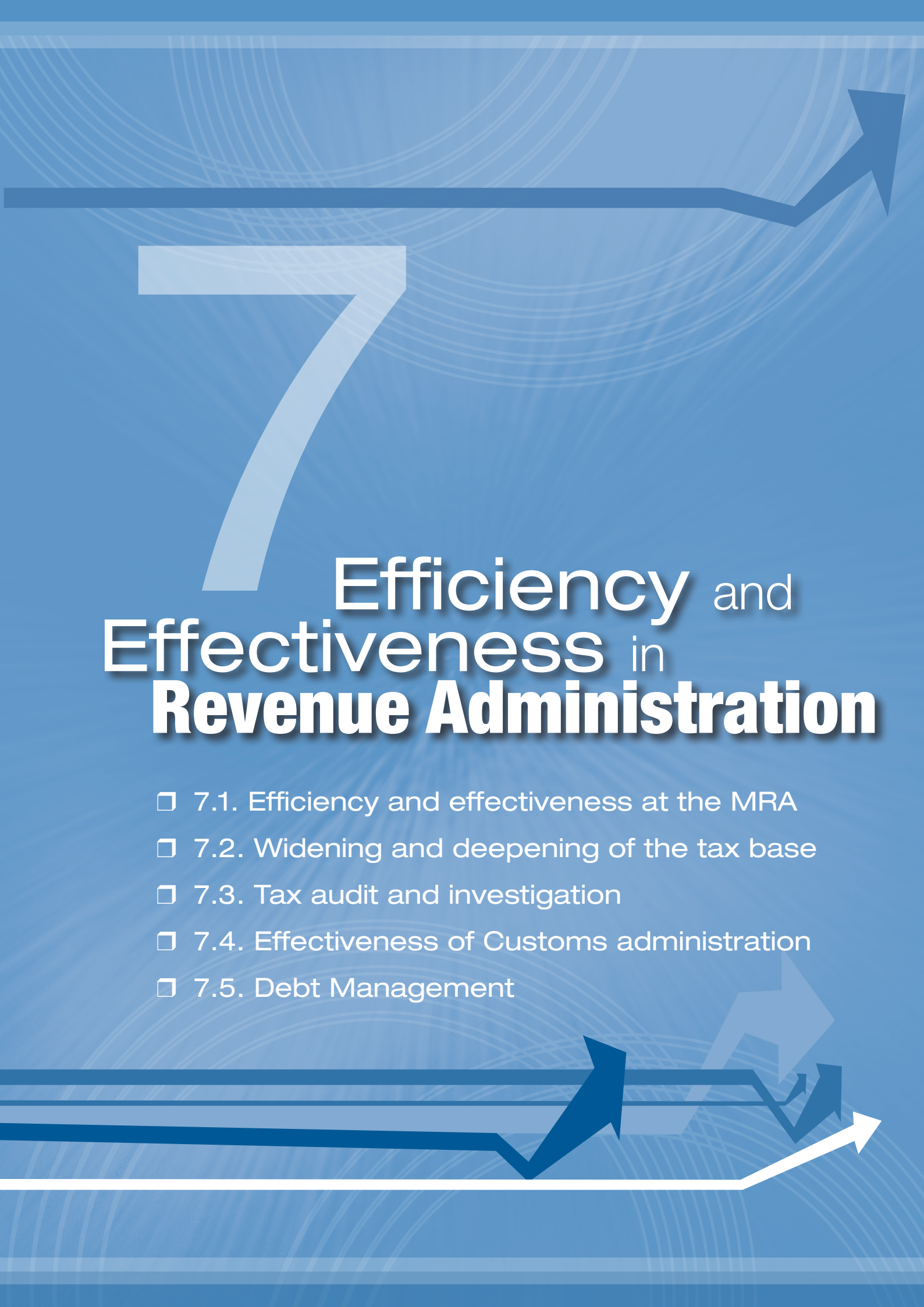
## REVENUE COLLECTIONS: AN OVERVIEW

For the year under review, that is, taxable period starting 1 December 2007, PSF collections amounted to Rs 25 million. Collections from PSF do not generate additional revenue for Government. The amount collected is paid into a deposit account with the Accountant-General for subsequent transfer to the International Drug Purchase Facility (IDPF) – UNITAID Trust Fund whose objective is to increase efforts to combat HIV/AIDS, tuberculosis and malaria in poor countries.

### 6.3.7.4. Special Levy on banks

In the 2007-08 Budget Speech, a Special Levy on profitable banks was introduced. The levy rate was set at the rate of 0.5 percent of a bank's turnover and 1.7 percent of its book profits. In 2007-08, the first year in which the levy was applied, the amount payable was limited to only 30 percent of the full annual rate.

During the year under review, 12 banks paid the special levy, which raised Rs 67 million.

The background features a blue gradient with concentric circles and several arrows. A large, light blue arrow points from the top left towards the center. Another large, dark blue arrow points from the bottom left towards the top right. A smaller, white arrow points from the bottom left towards the bottom right. The overall design is modern and professional.

# 7 Efficiency and Effectiveness in Revenue Administration

- ☐ 7.1. Efficiency and effectiveness at the MRA
- ☐ 7.2. Widening and deepening of the tax base
- ☐ 7.3. Tax audit and investigation
- ☐ 7.4. Effectiveness of Customs administration
- ☐ 7.5. Debt Management

## EFFICIENCY AND EFFECTIVENESS IN REVENUE ADMINISTRATION

### 7.1. EFFICIENCY AND EFFECTIVENESS AT THE MRA

The underlying objective behind the setting up of the MRA was *inter-alia* to enhance the effectiveness of and efficiency in revenue administration. In its drive to improve organisational performance, the MRA moved away from a structure based on tax types towards a functional organisation structure.

This involved creating specialised units for taxpayer assistance, processing tax returns and payments, tax audits, investigation and intelligence, recovery of tax arrears, financial management, human resource management etc. The end result of such an institutional revamping is reflected in the improved performance of the MRA in terms of the following Key Performance Indicators (KPIs):

**Table 14: Efficiency at the MRA**

Key Performance Indicators	Targets	2007-08 Results
Registration of taxpayers	3 days	3 days
Income Tax refunds	90 days	89% of refunds effected within 90 days
VAT repayments	10 days for fast-track cases	Within 7 days
Issue of Tax Residence Certificates	Within 1 week	Less than 7 days
Issue of tariff rulings	3 days	3 days
% of returns filed electronically	LTD: 100% MSTD: 100% increase	LTD: 82.9% MSTD: 150.8%
Time taken to determine objections	Within 4 months	Within 4 months
Average dwell time for cargo (Green channel)	Sea: 4 hrs Air: 1 hr	Sea: 4 $\frac{1}{3}$ hrs Air: 7/8 hr
Exports clearance time	8 mins	Sea: 8 mins Air: 50 mins
Cost of collections as a % of receipts	Not more than 2% of revenue receipts	1.6% of revenue receipts

Table 14 shows that the MRA has met most of its efficiency targets in 2007-08. The following analysis gives an insight into the MRA's efficiency in three important areas of activity, namely taxpayer registration, income tax refunds and VAT repayments and business facilitation and electronic service delivery.

salaried persons with income up to Rs 215,000 from the taxpayer register. The widening of the tax base specially targeted individuals with income from self-employment or those having mixed income and corporate bodies. A vigorous exercise was also undertaken to prune the taxpayer register by trying to remove non-liaable taxpayers from the register.

#### 7.1.1. Updating taxpayers' register

During 2007-08, the emphasis was on widening the tax base whilst removing

## EFFICIENCY AND EFFECTIVENESS IN REVENUE ADMINISTRATION

Table 15 gives a breakdown of taxpayers on the register according to tax type following the registration and deregistration exercise.

**Table 15: Registered Taxpayers,  
2006-07 and 2007-08**

Details	2006-07	2007-08	% Change
Companies	39,431	47,896	21
Individuals -Emoluments only	292,468	157,601	-46
Individuals -Self- employed/ Mixed income	49,209	59,214	20
<i>Sociétés</i>	3,856	4,239	10
<i>Successions</i>	1,688	1,813	7
<b>Total</b>	<b>386,652</b>	<b>270,763</b>	<b>-30</b>

The Table shows that during 2007-08 there has been:

- a 30% reduction in the number of registered taxpayers;
- a 46% fall in the number of registered salary earners; and
- a 20% increase in registered corporate bodies & self-employed/mixed income individuals.

### 7.1.2. Issue of refunds and repayments

#### (i) Income Tax refunds

The introduction of cumulative PAYE in July 2006 resulted in a drastic reduction in income tax refunds, from 90,989 in 2006-07 to 42,067 in 2007-08. Consequently, the amount refunded was reduced to Rs 120 million, 69% lower than in the preceding year.

As regards disposal of refunds, MRA achieved its target of 3 months in 89% of cases. In the remaining cases, refunds have not been effected, as they are under investigations or have been converted into assessments after proper verification of returns and their matching with third party information available at the MRA.

#### (ii) VAT Repayment

Claims for VAT repayments are received from VAT payers either on a monthly or quarterly basis. At the MRA the objective is to effect repayments within 45 days of receipt of the claim. A fast-track system has also been put into place to effect repayment within 10 days from the date of receipt of the claim to export enterprises satisfying certain conditions (such as electronic filing of returns and having no outstanding returns to be filed or taxes to be paid). During the period from July 2007 to June 2008, 4,926 repayment claims were processed, amounting to Rs 4,994 million.

### 7.1.3. Business facilitation and Electronic service delivery

In line with the Government's strategy for business facilitation as laid down in the Business Facilitation Act 2006, the MRA streamlined its ways of doing business by upgrading its infrastructure and automating its processes. An essential element in this strategy was the promotion of E-filing by making it mandatory for Large Taxpayers to file returns electronically and providing all possible facilities to individual taxpayers to use the electronic filing of returns system. The MRA's success in its strategy concerning e-filing and e-payment is reflected in:

## EFFICIENCY AND EFFECTIVENESS IN REVENUE ADMINISTRATION

- a more than 150% increase in the number of returns filed electronically compared with the previous year by taxpayers in MSTD;
- receipt of 4,000 electronic annual PAYE returns from employers; and
- an increase in the amount collected electronically by 23% from Rs 14.4 billion in 2006-07 to Rs 17.8 billion in 2007-08 as shown in Table 16.

**Table 16: Trends in Electronic payment**

Financial Year	No. of Corporate users	Total Revenue (Rs m)
2004-05	697	10,726.3
2005-06	733	12,916.1
2006-07	916	14,355.9
2007-08	1,182	17,848.9

Increased use of electronic filing and electronic payment needs to be encouraged further since it not only reduces compliance costs for taxpayers and administrative costs for the MRA but also, and more importantly, reduces the contact between taxpayers and tax administrators, resulting in a more objective and transparent tax system.

### 7.2. WIDENING AND DEEPENING OF THE TAX BASE

#### 7.2.1. The MRA's strategy to widen and deepen the tax base

The comprehensive widening and deepening of the tax base is essential to enhance revenue collections, especially after the significant reduction in tax rates. Besides audit and investigation, the MRA's strategy in widening and deepening its taxpayer base comprises four essential components:

- collecting, collating and disseminating information;

- conducting business surveys;
- engaging in intelligence work; and
- carrying out research in specified sectors.

#### 7.2.1.1. Collection, collation and dissemination of information

Through its Operational Services Department, the MRA collects information from various sources, such as the Registrar-General, the National Transport Authority, Local Authorities and financial institutions, as well as private companies issuing contracts for the provision of goods/services etc. The automation of various processes within the MRA has ensured that information gathered is collated and disseminated to MRA staff engaged in verification of returns, auditing and investigation. During tax audits, the matching of third party information with information disclosed in returns submitted, if any, often results in raising of assessments in respect of undeclared/under-declared income, i.e. the widening and deepening of the tax base. Table 17 summarises information gathered from third parties during the year.

**Table 17: Information from third parties  
(number of items)**

Third parties	2006-07	2007-08
Contracts for goods and services	28,855	32,665
Morcellement permits	315	418
Land purchases	2,041	4,831
Building permits	1,610	5,044
Motor vehicles	888	5,450
Driving schools	376	167
Professionals	500	434
Pleasure craft	307	1,149
Other sources	793	1,499
<b>Total</b>	<b>35,685</b>	<b>51,657</b>

## EFFICIENCY AND EFFECTIVENESS IN REVENUE ADMINISTRATION

### 7.2.1.2. Intelligence Work

To enhance the effectiveness of investigations, an Intelligence Unit has been set up within the Fiscal Investigations Department. The Intelligence Unit has been established to:

- assist in identifying appropriate cases suitable for fiscal investigation;
- gather intelligence information from various sources in connection with investigations;
- set up and maintain a system for dealing with allegations of tax evasion from public complaints received; and
- maintain a system for referral of cases to the Investigation or other MRA compliance departments.

### 7.2.1.3. Business Surveys

During the year, a business survey programme was implemented to increase voluntary compliance and expand the tax base. The business survey was carried out through visits to the business premises of persons in various locations. The survey also served to:

- collect information on a person's business through observation and filling of survey forms during the visits;
- educate people on their tax obligations;
- detect cases suitable for desk audits; and
- add to the MRA's information database.

### 7.2.1.4. Research

Another essential element in the MRA's

strategy to tackle tax evasion is the conduct of research on a sectoral basis. The aim is to assist and empower officers so that the quality of audits can be enhanced. Sector-wise research studies aim at focusing on the following aspects:

- various lines of business within a particular sector;
- the mode of conducting business by the operators;
- the recipients of income within and outside the sector;
- ways and means of gathering/verifying data on income/turnover of the operators; and
- strategies used to evade tax.

During the year, the Research, Policy & Planning Department conducted a study on the Hospitality Sector as a part of the above objective.

### 7.2.2. Widening of the Tax Base-Achievements

**Table 18: New taxpayers registered during the year**

Category	2006-07	2007-08
Companies	3,584	9,315
Sociétés	105	394
Successions	52	128
Individuals	14,477	12,893
<b>Total</b>	<b>18,218</b>	<b>22,730</b>

## EFFICIENCY AND EFFECTIVENESS IN REVENUE ADMINISTRATION

The following are the main features of new registrations during the year:

- most new registration was amongst individuals, with 12,893 new taxpayers. However, compared to 2006-07, registration of new taxpayers fell by 2%;
- new corporate taxpayers increased by

160% in 2007-08 to reach 9,315 after registering a fall of 33% in 2006-07; and

- growth in the registration of *sociétés* and *successions* exceeded 140%.

Similarly, VAT performance in terms of new VAT payers joining the MRA register has been positive, as shown in Table 19.

**Table 19: Increase in VAT Register of Taxpayers - 2007-08**

Details	Registrations at the start of the year	Net registrations during the year	Registrations at the end of the year	% Change
Individuals	2,235	104	2,339	13.5
Companies	9,519	1,478	10,997	

For the year 2007-08, an increase of 13.5% over the previous year has been noted in the VAT register. In absolute terms, 1,179 and 406 new VAT payers were successfully registered amongst those required to furnish quarterly and monthly returns respectively.

The key to the year's increases can be attributed to:

- (a) 118 visits made for compulsory registration; and
- (b) Business surveys to identify non-compliant taxpayers.

### 7.2.3. Deepening of the Tax Base - Achievements

Since the setting up of the MRA, significant efforts have been made to encourage taxpayers to comply with their tax obligations. Whilst on the one hand the MRA has been focusing on promoting voluntary compliance through taxpayer education and awareness campaigns, on the other hand it has been reinforcing its audit and investigation activities by focusing on cases of suspected tax evasion and raising assessments in a number of such cases, so as not only to recover tax due but also deter taxpayers from resorting to tax evasion in future.

These efforts have culminated in a deepening of the tax base as evident from the following information in respect of returns filed in 2007:

- self-employed/mixed income earners declared interest income of Rs 1,027 million (compared to Rs 26 million in the preceding year) and paid tax thereon of Rs 130 million;
- 1,377 self-employed people engaged in rental activities disclosed higher income of Rs 740 million and paid additional tax of Rs 72.4 million;
- 720 professionals disclosed higher income of Rs 515 million and paid additional tax of Rs 85 million; and
- the overall increase in total income (earned income as well as unearned income) declared by liable taxpayers was as follows:
  - Total income increased by Rs 5 billion (31%)
  - Earned income (emoluments & business income) increased by Rs 3.7 billion (23%)
  - Unearned income (interest and rental income) increased by Rs 1.3 billion

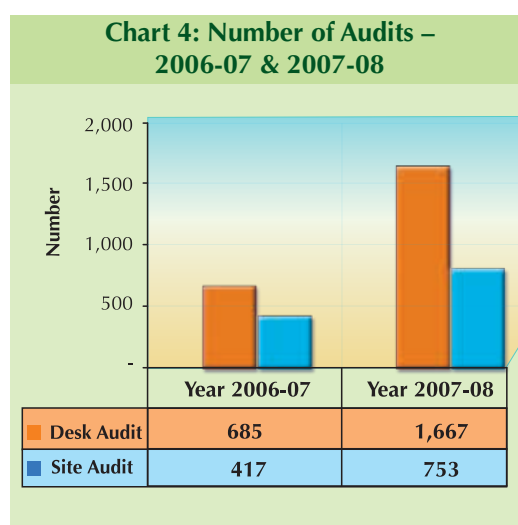
## EFFICIENCY AND EFFECTIVENESS IN REVENUE ADMINISTRATION

### 7.3. TAX AUDIT AND INVESTIGATION

Our tax and customs system is built on a system of self-assessment and voluntary compliance. However, no matter how simple the system may be, there are always some taxpayers who fail to declare all their income/turnover and thus reduce their tax burden. Tax audits and investigations are used not only to detect tax evasion in potential cases of non-declaration and under-declaration of income/turnover but more importantly as a deterrent for other taxpayers who are engaged in tax evasion and fraud.

#### 7.3.1. Tax Audit: Overall results

In 2007-08, 2,420 audits were completed, representing a more than two fold increase over the previous year's 1,102 audits. Out of these audits, 1,667 were completed at office and the remaining 753 were performed on site. Chart 4 shows the audit performance in 2006-07 and 2007-08.



In 2007-08, audit outcome resulted in the MRA issuing 4,599 assessments for a total

amount of Rs 2,105.7 million compared to 3,178 assessments for Rs 963.7 million in 2006-07. This represents a more than 118% increase over the latter period in terms of assessments raised.

**Table 20: Summary of sums raised through Assessments**

	2006-07		2007-08	
	Number	Amount (Rs m)	Number	Amount (Rs m)
Individuals	2,645	195.0	3,306	450.1
Companies	351	580.6	879	754.9
VAT	182	188.1	414	900.7
<b>Total</b>	<b>3,178</b>	<b>963.7</b>	<b>4,599</b>	<b>2,105.7</b>



*Field visits to enhance effectiveness of audits*

#### 7.3.2. Objections and Appeals

Under the revenue laws, taxpayers can object to an assessment raised by the MRA within 28 days from the date of issue of the notice of assessment. If an objection is accepted, then the assessment may be reviewed, allowed or disallowed in part or amended before its determination. If a taxpayer is still aggrieved with the determination, then he may make a written representation to the Assessment Review Committee.

## EFFICIENCY AND EFFECTIVENESS IN REVENUE ADMINISTRATION

The number of objections handled by the objection units of different departments is shown in Table 21.

**Table 21: Objections received during 2007-08**

Details	Income Tax		Corporate Tax		VAT & Others		Total	
	No	Amount (Rs m)	No	Amount (Rs m)	No	Amount (Rs m)	No	Amount (Rs m)
Objections at start of the year	115	49.8	3	10.7	36	50.6	154	111.1
Objections received	484	234.9	59	390.2	101	343.7	644	968.8
Objections at the end of the year	85	76.4	11	56.7	26	97.5	122	230.6
Objections processed	514	208.3	51	344.2	111	296.8	676	849.3
Objections determined	514	204.3	51	336.1	111	241.9	676	782.38

During 2007-08, 644 objections concerning Rs 968.8 million were lodged compared to 439 cases concerning Rs 417.3 million in the previous year. Overall, the objection units determined 676 cases within the statutory time limit of four months. The efficacy of audit activities is evident from the amount determined at objection stage. In fact, 92% of the amounts originally assessed were maintained on determination which clearly shows that assessments are well-founded and are capable of standing up to objection.

### 7.3.3. Investigation

The MRA has a fully functioning Fiscal Investigations Department in operation vested with specific powers as per the MRA Act 2004. Investigators from this Department conduct in-depth investigations into suspected tax evasion cases and take appropriate action, including prosecution proceedings to deter tax evasion. The highlights of the Department's achievements during 2007-08 are as follows:

#### ➤ Investigation

- Investigations completed 123
- Completed investigations with tax raised 108
- Serious offences detected 28
- Cases agreed 99
- Assessment raised from investigation Rs 145.3m



*MRA Officers attending session of Assessment Review Committee (ARC)*

## EFFICIENCY AND EFFECTIVENESS IN REVENUE ADMINISTRATION

The efforts of the department were targeted towards a number of trades/professions as shown in Table 22.

**Table 22: Investigation performance by trades/professions**

Activity	2006-07		2007-08	
	Investigations initiated	Investigations completed	Investigations initiated	Investigations completed
Traders	70	19	42	23
Professionals	32	14	62	64
Company directors	32	8	5	4
Property developers	22	8	13	17
Service providers	14	9	18	15
Total	170	58	140	123
% of investigation completed / initiated	34%		49%*	

\*Includes 112 cases brought forward from previous year

### ➤ Prosecution

Tax evasion is a serious offence which may entail prosecution. In the year under review, 4 cases were referred for prosecution compared to only one in 2006-07.

is then verified in detail at Post Control and Clearance Audit Section. Any discrepancy observed is sanctioned by way of a Customs Offence Report.

Table 23 summarises the results of Post Clearance Audits

## 7.4. EFFECTIVENESS OF CUSTOMS ADMINISTRATION

### 7.4.1. Post Control and Clearance Audit at Customs

In order to provide maximum facilities to importers, the Customs Management System provides for speedy delivery of goods through green channel whereby goods are delivered only upon documentary control at the compliance section. The declaration

**Table 23: Summary of Post Clearance Audits**

	2005-06	2006-07	2007-08
Number of audits	19	41	71
Revenue and penalties assessed (Rs m)	30.8	59.7	17.5
Amount collected (Rs m)	18.6	17.8	6.2

## EFFICIENCY AND EFFECTIVENESS IN REVENUE ADMINISTRATION

The Customs Department completed 71 Post Control and Clearance Audits during 2007-08, up by 30 audits from the preceding year. Total revenue and penalties assessed from these audits amounted to Rs 17.5 million, i.e. a decline of Rs 42 million compared to 2006-07. However, in 2007-08, 35% of revenue and penalties assessed were collected in comparison with 30% in 2006-07.

### 7.4.2. Customs Offence Reports

CORs are raised during different enforcement activities of the Customs Department, such as Compliance and Physical Inspection, Post Control and Clearance Audit, Investigation and Valuation. A summary of achievements of the Customs Department in the field of CORs is highlighted in Table 24.

**Table 24: Duties and Taxes from CORs**

Details	2005-06	2006-07	2007-08
No. of Customs Offence Reports issued	759	481	595
Assessed duties and taxes (Rs m)	46.4	35.5	15.1
Assessed penalties (Rs m)	65.3	23.2	26.8
Duties and Taxes collected from CORs (Rs m)	27.3	10.1	10.2
Penalties collected from CORs (Rs m)	17.0	15.5	13.8

In 2007-08, the number of Customs Offence Reports (CORs) raised was 595, i.e. 114 more than in 2006-07. Similarly, in 2007-08 the amount of duties, taxes and penalties raised from CORs was Rs 41.9 million out of which 57% was collected. In the preceding year, assessments raised from CORs was higher at Rs 58.7 million but only 44% of that amount was collected.

### 7.4.3. Detection of Prohibited and Smuggled goods

In 2007-08, the MRA continued to play a key role in its fight against illicit drugs and the

smuggling of prohibited goods. To effectively and efficiently combat the import of illicit drugs, sophisticated equipment was put to optimum use both in Port Louis harbour and at SSR International Airport. The Customs Drug Unit also worked closely with the Police Department's Anti-Drug Smuggling Unit in the sharing of information and technical support. Table 25 summarises narcotics seizures made during the year.

## EFFICIENCY AND EFFECTIVENESS IN REVENUE ADMINISTRATION

**Table 25: Narcotics seizures**

Narcotics	2005-06		2006-07		2007-08	
	Weight /Qty	Value (Rs)	Weight / Qty	Value (Rs)	Weight /Qty	Value (Rs)
Heroin	4,137g	41,400,000	5,632g	56,300,000	4,198g	47,230,000
Hashish/ Cannabis	1,504g	451,000	330g	98,700	29,800g	75,256,540
Cocaine	2,400g	24,000,000	3g	30,000	-	-
Magic Mushrooms	-	-	618g	6,000	-	-
Subutex	2,464 tabs	1,900,000	52,035 tabs	41,600,000	70 tabs	70,000
Psychotropes	90 tabs	900	179,739 tabs	17,900,000	33 tabs	330
<b>Total</b>		<b>67,751,900</b>		<b>115,934,700</b>		<b>122,556,870</b>

Similarly, state-of-the-art x-ray scanners were used extensively during the year to prevent the entry of smuggled/prohibited goods and tackle duty/tax evasion. The number of containers scanned was 51,724, i.e. more

than a two fold increase over the preceding year. Offences detected numbered 266 and duties and taxes collected amounted to Rs 1.05 million.

**Table 26: Summary of containers scanned, 2006-07 and 2007-08**

Details	2006-07		2007-08	
	Port	Airport	Port	Airport
Number of containers x-rayed	19,176	5,207	38,330	13,394
Number of suspect containers	474	547	507	992
Number of offences detected	80	28	146	120
Duties and taxes collected	-	-	Rs 677,397	Rs 379,986

## EFFICIENCY AND EFFECTIVENESS IN REVENUE ADMINISTRATION

### 7.5. DEBT MANAGEMENT

During the year, the MRA collected Rs 1.2 billion in unpaid taxes, commonly known as tax arrears. This includes an amount of Rs 515 million collected under VDIS and Rs 114 million under TAPIS. Compared with the preceding year, a three-fold rise in debt collection was registered. However, debt raised during the year was almost three times the debt raised during the preceding year, resulting in a higher stock of debt at the end of the year.

Table 27 below shows arrears collection in 2007-08.

**Table 27: Collection of arrears (Rs m)**

Details	Income Tax	Corporate Tax	VAT	Gambling & Others	Total
Collectible and non-collectible debts at start of the year	713.6	739.7	721.0	283.0	2,457.3
Non-collectible debt	307.8	304.8	255.7	146.4	1,014.6
Collectible arrears	405.8	434.9	465.3	136.7	1,442.7
Additions to debt during the year	420.3	586.2	917.2	44.3	1,968.0
Collections during the year	308.4	446.0	411.0	35.6	1,201.0
Collectible Arrears at the end of the year	517.7	575.1	971.5	145.4	2,209.7

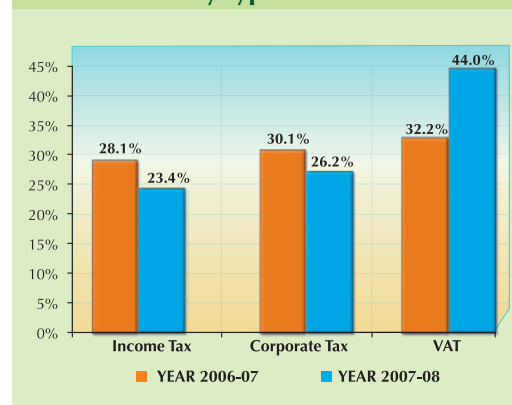
The increase in arrears collections and tax arrears at the end of the year is largely attributable to the successful implementation of the Voluntary Disclosure Incentive Scheme.

#### 7.5.1. Composition of Debt

A further analysis of outstanding debt by type of tax, as shown in Chart 5, indicates:

- a fall in Income Tax and Corporate Tax arrears in the composition of total arrears from 28.1% and 30.1% in the previous year to 23.4% and 26.2% respectively in 2007-08; and
- a rise in VAT arrears from 32.2% in 2006-07 to 44.0% in the year under review.

**Chart 5: Collectible Arrears by type of tax**



## EFFICIENCY AND EFFECTIVENESS IN REVENUE ADMINISTRATION

### 7.5.2. Voluntary Disclosure Incentive Scheme (VDIS)

Under the scheme, 1,368 taxpayers made total commitments of Rs 1.05 billion over four years, out of which MRA collected Rs 515 million during the previous year. The following table shows the commitments made under VDIS by taxpayers in specified business activities.

**Table 28: VDIS by business activity**

Activity	No of taxpayers	Amount committed (Rs m)
Hotels & Restaurants	62	211
Trading	407	175
Construction	50	160
Medical Practitioners	115	65
Financial intermediation	17	82
Manufacturing	84	52
Interest income	25	43
Real estate & renting	87	41
Consultancy services	54	26
Sugar & other agriculture	22	10
Other professional areas	26	7
Education	38	3
Others	381	175
<b>Total</b>	<b>1,368</b>	<b>1,050</b>

Table 28 indicates that:

- taxpayers in the sectors of Hotels and Restaurants, Trading and Construction together accounted for more than 50% of the overall commitments;
- taxpayers in the Hotels and Restaurants sectors made the highest commitments, i.e. Rs 211 million; and
- maximum number of persons (407) coming under VDIS are engaged in trading activities.

### 7.5.3. Tax Arrears Payment Incentive Scheme (TAPIS)

The MRA also came up with a new scheme known as the Tax Arrears Payment Incentive Scheme (TAPIS) in 2007-08, to mop up outstanding arrears and claims under litigation. The Scheme which was operational only for the first six months of the year under review registered 2,100 cases involving Rs 114 million. TAPIS had a positive effect on long-outstanding arrears, as debts outstanding for more than 24 months fell from 64% in 2006-07 to 44% in 2007-08.

### 7.5.4. Payment of Arrears by Instalment

During 2007-08, taxpayers facing cashflow problems were also granted payment facilities to settle their outstanding tax liabilities on an instalment basis as shown in Table 29.

## EFFICIENCY AND EFFECTIVENESS IN REVENUE ADMINISTRATION

**Table 29: Payment of Arrears  
by Instalment**

Details	2006-07	2007-08
Number of taxpayers under instalment programme	235	933
Amount involved (Rs m)	175.5	188.1

The number of taxpayers on the instalment programme increased by nearly four fold in 2007-08, compared with 2006-07.

### 7.5.5. Recovery of Arrears - Other initiatives

The following action was taken against taxpayers who failed to settle their taxes within the stipulated period:

- 331 cases were registered with the Courts involving arrears amounting to Rs 176.4 million;
- 173 attachment of salary orders were issued under Section 137 of the Income Tax Act;

- 336 orders for attaching other income under Section 138 of the Income Tax Act and Section 43 of the VAT Act were issued; and
- 68 taxpayers, with a combined tax debt of Rs 44.4 million, were prevented from leaving Mauritius on account of their defaulting on tax payments.

Table 30 gives an indication of recovery action taken during 2007-08.

**Table 30: Recovery action**

Details	2006-07		2007-08	
	Number	Rs m	Number	Rs m
<b>Claims issued</b>	1,677	873.1	3,872	1,482.8
<b>Distress warrants</b>	107	110.0	65	33.1
<b>Objections to departure</b>	78	56.1	68	44.4



CUSTOMS

*Trade facilitation –  
Customs services under one roof*



# 8

## Enhancing Customer **Service**

- ❑ 8.1. Education
- ❑ 8.2. Customer Care
- ❑ 8.3. Communication

## ENHANCING CUSTOMER SERVICE

The Mauritius Revenue Authority (MRA) is fully committed towards providing a world-class service to the public, thereby promoting voluntary tax compliance amongst both existing and prospective taxpayers. To achieve this ambitious and desirable objective, the MRA has come forward with a three-pronged approach which hinges on taxpayer education, high quality customer care and effective communication with taxpayers.



During the year, the MRA has engaged in a number of measures to convert these strategies into concrete activities, some of which are explained in detail in this chapter.

### 8.1. EDUCATION

Taxpayers' education is of paramount importance given the intricate nature of tax laws and procedures and the positive relationship observed between taxpayer education on the one hand and voluntary compliance on the other. As part of the plan for taxpayer education, the former Taxpayer Services Department (TSD) of the MRA was renamed the Taxpayer Education and Communication Department (TECD). During the year, the TECD took the following steps to educate taxpayers:

- conducted educational seminars and

briefing sessions for targeted audiences. The seminars/briefing sessions covered a wide range of topics and were intended for a variety of people. For instance, Education Officers of the Royal College of Port Louis were briefed on VDIS and TAPIS and farmers and planters were explained the basics of taxation of cooperative societies. In addition, as part of its commitment towards business facilitation and encouraging potential entrepreneurs to set up their own businesses, the MRA conducted educational seminars at the request of the National Women Entrepreneur Council (NWECC) in 8 different regions. The objective was to enlighten women entrepreneurs about their tax responsibilities;

- published taxpayer leaflets/brochures on the following topics:
  - (i) *Tax Arrears Payment Incentive Scheme (July 2007)*
  - (ii) *Voluntary Disclosure Incentive Scheme (July 2007)*
  - (iii) *National Residential Property Tax (December 2007)*
  - (iv) *Tax Rulings (January 2008)*
  - (v) *Guide on employees taking up employment (February 2008)*
  - (vi) *Guide on starting business (February 2008)*
  - (vii) *Integrated Tax Administration Solution (February 2008).*

## ENHANCING CUSTOMER SERVICE



*Empowering taxpayers through awareness*

- undertook advisory visits to large taxpayers at their request and clarified certain complicated issues;
- frequently posted Advance Rulings on the MRA website; and
- organised educational tours for Lower and Upper VI students as part of the Careers Guidance Programme of the Ministry of Education. In this case, the rationale was to enlighten future taxpayers / entrepreneurs about their rights, obligations and duties

under the Revenue Laws. In April 2008, a first batch of students from the Muslims Girls College was taken on a guided tour of the Eham Court offices.

### 8.2. CUSTOMER CARE

One of the core values of the MRA is to provide a prompt, efficient, effective and quality service to taxpayers, stakeholders and the public at large. During the course of the year, the organisation has tried to ensure that these commitments are translated into concrete realisations.

## ENHANCING CUSTOMER SERVICE

### 8.2.1. Monitoring prompt and effective delivery of services

Quality service is often measured in terms of the time within which a service is delivered. At the MRA we have ensured the monitoring

of timely services to the public through the laying down of Key Performance Indicators (KPIs) for service-oriented departments. Below is a list of some prominent KPIs relating to service delivery, along with targets and achievements during the year:

**Table 31: Selected KPIs for the year 2007-08**

Key Performance Indicators (KPIs)	Target set			Achievements		
Maximum number of months for issuing income tax refunds	3 months			89% of tax refunds processed & issued within 90 days from date returns were submitted		
Maximum number of days for issuing VAT repayments	45 days			48 days		
Fast-track system for VAT repayments	10 days			7 days		
Maximum time taken to issue Tax Residence Certificates (TRC)	7 days			Less than 7 days		
Updating of MRA website	As and when needed			Updated 354 times		
Exports clearance time	8 mins			8 mins (sea) & 50 mins (air)		
	<b>Channels</b>	<b>Sea</b>	<b>Air</b>	<b>Channels</b>	<b>Sea</b>	<b>Air</b>
Average dwell-time for cargo (in hours)	Green	4 hrs	1 hr	Green	4 $\frac{1}{3}$ hrs	7 $\frac{7}{8}$ hr
	Yellow	8 hrs	2 hrs	Yellow	8 $\frac{1}{2}$ hrs	1 hr
	Red	20 hrs	15 hrs	Red	28 hrs	27 $\frac{3}{4}$ hrs
Maximum time taken to issue tariff rulings	3 days			3 days		

As Table 31 shows, almost all targets in respect of service delivery were achieved by the MRA during the year.

## ENHANCING CUSTOMER SERVICE

### 8.2.2. Tax-Help Services for completion of Tax Returns – FITA

The MRA conducted Free Income Tax Assistance (FITA) programmes during the month of September 2007 to facilitate and assist taxpayers, particularly individuals in filling up their income tax returns and thus fulfilling their tax obligations. This programme was extended over 2 weekends (22<sup>nd</sup> & 23<sup>rd</sup> and 29<sup>th</sup> & 30<sup>th</sup> September 2007) in 14 centres (including Rodrigues). 8,144 taxpayers availed themselves of this service.



*Taxpayers' facilitation  
at Rodrigues FITA centre*

### 8.2.3. Simplification of forms

With a view to facilitate the task of taxpayers, a series of 8 forms – ranging from Income tax return, CPS statement and operational forms at Customs – were simplified during the year. The guiding principle was to make the forms simple enough for an individual taxpayer to complete without any outside assistance, thereby reducing compliance costs. In so doing, the MRA aims at achieving the twin objectives of boosting voluntary compliance

and reducing the number of people queuing up at the Head Office and FITA centres.

### 8.2.4. Improvement in customer facilities

The Customer Service Centre, situated on the ground floor of the MRA, not only provides taxpayers with a modern and comfortable waiting area but is also equipped with LCD TV screens on which useful information is displayed. Staff at the counter of the Centre provides continuous assistance to all taxpayers who drop in, without any need for them to go to different departments/sections. To facilitate the provision of quality service at the counters, the Centre is also equipped with an electronic queuing system.



*Taxpayers' assistance at the ground floor*

Customer services have also been improved during 2007-08 at Customs. For the benefit of all incoming passengers (both by sea and air), improved displays informing passengers of their obligations and rights were used. Moreover, the single window inspection office at the New Container Terminal (NCTM) and the one-stop shop at Dragon House have led to a marked improvement in customer service.

## ENHANCING CUSTOMER SERVICE

### 8.2.5. Trade facilitation at Customs

During the year, several major projects were initiated at Customs to enhance the quality of service towards the business community:

- Cargo Community System – This system, which is one of the core elements of the WCO Framework, will link all parties involved in the supply chain leading to simplification, rationalising and streamlining of all cargo logistics processes. It will help to cut down unnecessary delays and improve cargo dwell-time. The objective is to have it fully operational during 2008-09;
- Cargo fast-track programme (Blue Channel) – Customs is encouraging voluntary compliance by rewarding compliant traders with new, expedited cargo clearance processes. In fact, Blue Channel declarations are not subject to normal clearance procedures, valuation checks and physical inspections prior to cargo clearance being granted. Instead, Customs ensures compliance only through periodic post-clearance compliance audits of books and records. During the year, the system has been tested and some compliant importers have already started benefiting from the new fast-track cargo clearing processes;
- Single window project – The project, which is being finalised, will enable all concerned Government agencies (such as the departments of Health and Agriculture) to give on-line cargo clearance. This will help to avoid any delay in cargo clearance because of other Government agencies' involvement;
- e-filing and e-payment of excise declarations – The CMS has been recently enhanced to allow excise operators to submit paperless excise returns as well as use the system's e-payment facility. This has greatly helped in cutting down on red tape and in boosting economic competitiveness; and
- Scanning plant for small packages at the new Express Courier Hub at PATS warehouse – Express courier represents over 40% of air cargo as it is widely used by many stakeholders and the manufacturing sector for their imports and exports. To expedite service delivery to them, Customs has recently installed a scanning plant for quicker clearance.



*Facilitating passengers at the Airport*

### 8.3. COMMUNICATION

An effective communication strategy is a prerequisite for building a relationship with taxpayers based on trust and respect for each other. Since its inception, the MRA has always attached great importance to having an effective communication strategy for its external stakeholders, particularly taxpayers.

## ENHANCING CUSTOMER SERVICE



### 8.3.1. MRA's website

The MRA's website (<http://mra.gov.mu>) provides a platform *inter-alia* for the dissemination of information concerning taxes to the taxpaying public. Taxpayers can use it to:

- file their returns electronically;
- download forms, tax returns, tax guides, brochures and occasional in-house publications;
- browse through all the updated tax laws and regulations; and
- find solutions to common tax issues through the Rulings posted online.

The information on Customs matters is also extremely useful for incoming passengers and returning residents. There is information regarding the procedures for clearing goods, returning citizens' allowances, tariff

information, classification of goods and concessions/exemptions granted under the laws.

During the year, the website was updated 354 times, to ensure access to the latest information. There were 9 million website hits during the year, compared to one million hits in 2006-07 which shows the ever-increasing use of the MRA's website.

### 8.3.2. E-Newsletter



During the year, the MRA came out with an E-Newsletter as a monthly feature (<http://www.gov.mu/portal/sites/mra/newsletter.html>). The Newsletter enables MRA staff to keep abreast of developments taking place within the organisation. It also provides a suitable platform for communicating effectively with taxpayers and registering valuable comments and suggestions. In the long run, it is expected that this E-Newsletter will provide for interactive on-line discussion between taxpayers and the MRA.

## ENHANCING CUSTOMER SERVICE



*Assisting taxpayers at Eham Court*

### 8.3.3. Taxpayer Mailing Service

With the aim of efficiently disseminating information to all taxpayers, the MRA introduced the Taxpayer Mailing Service in April 2007. Through this service, all subscribers receive MRA publications, information updates, leaflets and guides free of cost via e-mail. During the year under review, this facility was further extended and there are currently 215 users.

### 8.3.4. Communicating through mass media

During the year, the MRA has made extensive use of the mass media as part of its communication strategy. 64 press releases were issued highlighting important issues for taxpayers ranging from the e-filing Service

Centre, FITA, the MRA Hotline, Customs Auction Sales and payment of Environment Protection Fees at the MRA to Vacancy Notices. 353 radio and television advertising spots were also used for awareness raising, and sensitisation campaigns were also held. The positive impact of communication was evident particularly during the operation of VDIS and TAPIS last year. The radio programmes, which were followed by newspaper advertisements for these schemes, finally culminated in a television programme, which included some of the MRA directors. Feedback was instantaneous and exceeded expectations, evidenced by the number of people queuing up the next morning at the Customer Services Centre and paying taxes under these two Schemes.



# Keeping Pace with **Technology**



MAURITIUS REVENUE AUTHORITY





# 9

## Improving Organisational Performance

- ❑ 9.1. Human Resources & Training Department
- ❑ 9.2. Research, Policy & Planning Department
- ❑ 9.3. Finance & Administration Department
- ❑ 9.4. Information Systems Department

## IMPROVING ORGANISATIONAL PERFORMANCE

Within the MRA's organisational structure, there are departments that have primary responsibility of monitoring and improving organisational performance, meeting all administrative and statutory reporting responsibilities and managing the MRA's Information Systems. These four key support departments are Human Resources and Training, Research, Policy & Planning, Finance & Administration and Information Systems.

### 9.1. HUMAN RESOURCES & TRAINING DEPARTMENT

In its second year of operation, the Human Resources & Training Department strategies moved its focus from recruitment and redeployment of staff to the business objectives of the MRA.

HR strategies were designed, developed and implemented to assist the organisation in its core activities of revenue collection and administration of revenue laws, as well as to contribute to making the MRA a World Class Revenue Authority. The four areas of focus were:-

- (i) Capacity Building – through staff training and professional development;
- (ii) Resourcing – to fill remaining vacancies;
- (iii) Performance Appraisal & Reward Management; and
- (iv) Enhancing Operational Effectiveness through the Information System.

#### 9.1.1. Training and Professional Development

The main highlights of the MRA's capacity

building programme in 2007-08 were as follows:

- 149 training programmes covering a wide range of issues and topics (see appendix);
- an International Workshop on "Combating Tax Evasion in a Developing Economy" – organised on behalf of The Commonwealth Association of Tax Administrators (CATA), from 17 to 28 March 2008. 30 delegates (including 12 from the Mauritius Revenue Authority) from 9 countries attended the workshop;
- Rs 8.5 million invested in training;
- around 70% of MRA staff given the opportunity to follow a training programme in-house, locally or overseas;
- 4,368 staff-days invested in training and developmental activities. Training on "Designing and Implementing Performance Management Systems" targeted at Directors and Section Heads, the "Management Development Programme" for Section Heads and Team Leaders, "Auditing in a Computerised Environment" to enhance the performance of Technical Officers, and "Customer Care and Effective Communication Skills" for front-line staff illustrate the wide coverage of training and staff development programmes; and
- a Learning and Development Plan to cover the period 2008-09 to 2010-11 so as to better respond to staff training and development needs in a structured manner.

## IMPROVING ORGANISATIONAL PERFORMANCE

### 9.1.2. Recruitment

The MRA recruited 102 officers at various levels through internal as well as external advertisements during the year. As at 30 June

2008, there were 1,176 employees in post in the MRA. The MRA's Human Resource Structure is given in Table 32.

**Table 32: Human Resource Structure**

Grade	Job Title	MRA Critical Requirements	Number of employees	
			In Post	
			2006-07	2007-08
	Director General	1	1	1
7	Director	13	11	11
6	Assistant Director / Section Head	30	26	27
5	Team Leader	101	97	98
4	Technical Officer	245	219	230
3	Officer/Customs Officer 2	369	335	340
2	Customs Officer 1 /Support Officer 2	366	341	340
1	Support Officer 1	124	84	129
<b>Total</b>		<b>1,249</b>	<b>1,115</b>	<b>1,176</b>

### 9.1.3. Human Resource Management System (HRMS)

The development of a Human Resource Management System (HRMS) was completed in February 2008. The main aims of the HRMS are to collect, process and disseminate information to MRA staff, while at the same time to assist the Human Resources and Training Department in staff management, recruitment processes and staffing. In 2007-08, the HRMS focused on:

- managing basic staff details on the Oracle System;
- computerising the payroll system;
- uploading Leave & Training Records;
- time & Labour Management on a pilot basis; and
- HR Self-Service on a pilot basis.

#### *CATA Training - Commonwealth Management Development Programme*



## IMPROVING ORGANISATIONAL PERFORMANCE

### 9.1.4. Performance Appraisal for 2007-08

In its first year of operation, the MRA had designed and implemented, a simple and easy-to-use appraisal system, to gather feedback on staff performance. The exercise had also assisted in identifying staff training and development needs, as well as in determining salary rewards.

In 2007-08, the MRA revised its Performance Appraisal System to make it more interactive. The new open, fully-fledged and interactive approach to performance appraisal aimed at ensuring effective staff involvement in

performance evaluation in terms of Key Performance Indicators and Performance (behavioural) Factors. This system provided opportunities for greater communication, exchange of ideas and sharing of experience between officers and their immediate supervisors.

An Interim Performance Review was conducted in February and March 2008, in order to test the new interactive system, and identify weaknesses and loopholes that needed to be rectified. After its review, the system was used in a fully-fledged manner in the 2007-08 performance appraisal exercise.

## IMPROVING ORGANISATIONAL PERFORMANCE

### EMPOWERING OUR STAFF: THE MRA DOCUMENTATION CENTRE

Taxation is dynamic and keeps evolving rapidly. It is therefore essential that MRA staff are kept abreast of the latest developments taking place in tax laws and administration throughout the world. With this in mind, a fully-fledged Documentation Centre was set up in February 2008.

The Documentation Centre supports and empowers MRA staff by collecting, organising and disseminating relevant information to them. To keep pace with improvements in technology and to save time, space and resources, as well as reach a wider staff population, the MRA Documentation Centre aims at sharing tax information/articles through electronic media. It has already subscribed to on-line publications and magazines of international organisations such as the International Bureau of Fiscal Documentation (IBFD), the Organisation for Economic Co-operation and Development (OECD), and the Chartered Institute of Personnel Development (CIPD).

At the Documentation Centre, the cataloguing and lending of materials is carried out using ALICE library management software for improved efficiency and effectiveness. There is also an On-line Public Access Catalogue (OPAC) which enables MRA staff to access the list of materials available at the Documentation Centre from their respective workstations. Topics covered by the Documentation Centre include:

- **Regular Magazines such as:**
  - Finance & Development
  - Accountancy
  - Taxation
  - The New Law Journal
  - Internal Auditor
  - The Harvard Business Review
  - The Economist
  - People Management
- **Revenue Laws – Mauritius, UK, Singapore**
- **ARC, Supreme Court and Privy Council Decisions**
- **UK and Australian Tax cases**
- **Books on the following issues:**
  - Tax Fraud
  - Corruption
  - Money Laundering
  - Human Resource Management
  - Customs valuation



*Documentation Centre - Empowering MRA staff*

## IMPROVING ORGANISATIONAL PERFORMANCE

### 9.2. RESEARCH, POLICY & PLANNING DEPARTMENT (RPP)

The monitoring of departmental performance is a pre-requisite for any performance-driven organisation like the MRA. During the year, the RPP team played a key role in laying down all departmental objectives, finalising their Key Performance Indicators and related targets/benchmarks and monitoring them on a monthly basis. Deviations from set targets were highlighted for corrective action.

The Department also analysed revenue collections on a monthly and cumulative basis, the objective being to determine trends in tax collections and highlight any major deviations from projections, for appropriate action.

The Department also prepared the MRA's first Annual Report. It was submitted to the Minister of Finance and Economic Empowerment within the set time frame and thereafter tabled at the National Assembly. A Corporate Plan, which lays down the MRA's aims and strategic plans for the years 2008 to 2010, was also prepared.

The Department conducted a study on

the hospitality sector, which focused on identifying the operators in the sector, their mode of conducting business, the recipients of income within and outside the sector as well as strategies used by operators to evade tax. The study has served as an information base for auditors working in different compliance departments.

Other key contributions were:

- preparing and consolidating budgetary measures pertaining to improvements in tax administration for onward submission to the Ministry of Finance & Economic Empowerment (MOFEE);
- assisting the MOFEE in preparing revised estimates, forecasts of tax revenue and tax expenditure;
- preparing papers on tax policy and administration on a wide range of topics such as insurance taxation, Islamic financing arrangements, value addition by compliance departments, and the performance of key taxes such as corporate tax, VAT, Customs and Excise; and
- setting up the Documentation Centre.



*Annual Report 2006-07 being presented to the VPM and Minister of Finance and Economic Empowerment*

## IMPROVING ORGANISATIONAL PERFORMANCE

### 9.3. FINANCE & ADMINISTRATION DEPARTMENT

The Finance & Administration Department is responsible for the day-to-day administration, and setting up and maintaining expenditure control procedures within the MRA. During the year, it has ensured that statutory and administrative functions, such as the disbursement of salaries by the due date, the preparation and submission of final accounts to the Director of Audit within 3 months of the accounting year end, and submitting the MRA's expenditure budget to the Board, have been performed smoothly and on-time.

The Department has also met Key Performance Indicators, critical to the proper functioning of the MRA. In particular, it has:

- (a) ensured that the time taken to process procurement orders from requisition until the award of tenders is within the prescribed limit of 2-4 months;
- (b) taken appropriate actions to ensure that procurement work meets schedule, price and quality targets; and
- (c) limited the cost of revenue collections to below 2% of revenue receipts.

### 9.4. INFORMATION SYSTEMS DEPARTMENT

The Information Systems Department is responsible for the development,

implementation and management of information systems at the MRA. It also assists other departments in identifying their system needs and finding hardware and software solutions.

The Department devoted considerable time and human resources to the operation of the Integrated Tax Administration Solution (ITAS). By the end of the year, the Standard Application Product (SAP) software had already been installed and training on different modules of SAP started in July 2008. The system is expected to go live shortly after information from the former stand-alone information systems has been uploaded.

Key projects such as the Financial and Human Resources Management Systems and the setting up of the underlying IT infrastructure for the Customs House were undertaken during the year. Other achievements included:

- increasing the level of automation in the MRA by providing widespread LAN and WAN coverage;
- enhancing information systems in line with recent legislative changes; and
- supporting the Customs Department in implementing CMS II.



# 10

## Enhancing **Corporate Governance** and **Corporate Image**

- ❑ 10.1. Enhancing Internal Systems and Processes
- ❑ 10.2. Corporate Governance Report
- ❑ 10.3. Corporate Social Responsibility
- ❑ 10.4. Related Party Transactions

## ENHANCING CORPORATE GOVERNANCE AND CORPORATE IMAGE

### 10.1. ENHANCING INTERNAL SYSTEMS AND PROCESSES

The MRA is one of the few institutions that are statutorily required to set up two dedicated departments to **oversee** its internal systems and staff integrity. Oversights, weaknesses, loopholes and malpractices are identified and appropriate officials informed so that corrective or disciplinary action can be taken. By promoting greater transparency and accountability in revenue administration, Internal Affairs and Internal Audit Divisions contribute significantly to enhancing the MRA's corporate image.

#### 10.1.1. Internal Audit

The Internal Audit Division adds value to the organisation by systematically evaluating current practices and recommending improvements and the implementation of best practices. It also helps the Board to discharge its responsibilities in maintaining and strengthening the internal control framework.

During the year, the Internal Audit Division conducted nine audits in core and sensitive areas, involving mainly cash inflows and outflows such as VAT repayments, Revenue Collections, Filing of Customs Declarations, Non-Examination of containers, Excise stations and tax audits. The other key achievements of the Division included:

- (a) preparing and implementing an Annual Audit Plan using a risk based methodology;
- (b) finalising the Annual Internal Audit Report 2006-07;
- (c) conducting training for staff on corporate governance;
- (d) conducting 12 transaction audits in nine areas, mainly involving large volumes of transactions in compliance departments; and
- (e) driving the whistleblowing programme.

#### 10.1.2. Internal Affairs

The Internal Affairs Division has the responsibility for inculcating a culture of integrity and promoting the highest ethical standards amongst MRA staff. The Internal Affairs Division adopted a three-pronged strategy for ensuring integrity:

- (a) educating MRA staff on expected standards of conduct and ethics;
- (b) investigating alleged cases of malpractice; and
- (c) recommending disciplinary action/prosecution where malpractice has been established.

## ENHANCING CORPORATE GOVERNANCE AND CORPORATE IMAGE

The education of MRA staff on integrity management continued to be emphasised through the conduct of 15 training sessions during the year. A workshop on Integrity Development was held in December 2007 for 125 participants, including both MRA staff and other stakeholders involved in promoting integrity. A public perception survey of Integrity was also conducted for the MRA by SOFRES during the year. The major findings of the survey have been duly considered with a view to devising an Anti-Corruption strategy for the MRA.

In the field of investigations, 286 declarations of assets were processed, 177 pre-employment integrity checks carried out, 172 complaints or allegations examined and 49 completed during the year. In addition, 69 integrity checks were conducted on MRA employees in high risk postings. Following these investigations, 11 cases of disciplinary action against staff were recommended, 5 cases were referred to ICAC and 4 cases to the Police.

*Workshop on Integrity Development in December 2007*



## ENHANCING CORPORATE GOVERNANCE AND CORPORATE IMAGE

### 10.2. CORPORATE GOVERNANCE REPORT

The MRA is fully committed to quality corporate governance to ensure that its activities are managed ethically and responsibly. In this respect, it stands guided by the Code of Corporate Governance of Mauritius and complied with the code for the year under review.

At the centre of the MRA's corporate governance structure is the MRA Board. The Board administers and manages the MRA and has key responsibility for its performance and affairs.

#### 10.2.1. Composition of the Board

Mr. V. Hassamal – Chairperson

Mr. D. K. Dabee

Mr. J. P. Coopamah

Mr. J. M. L. Rivalland

Mrs. A. C. Timol G.O.S.K.

Mr. P. Yip Wang Wing

Mr. M. S. Lal – Director-General

The profile of the Chairperson and members of the Board are set out at pages 6 and 9.

With the exception of the Director-General, all members are non-executive Directors.

#### 10.2.2. Roles and Functions of the Board

The roles and functions of the Board include:

- providing strategic direction and leadership;
- monitoring and evaluating the implementation of strategies, policies and implementation plans;
- giving guidance and maintaining effective control over the Authority;
- recruiting competent staff to form part of the Management Team and laying down their terms and conditions of service;
- approving the budget of the Authority for submission to the Ministry of Finance;
- ensuring that effective internal control systems are in place; and
- ensuring that strategies for identifying and managing risk are developed and implemented effectively.

#### 10.2.3. Board Fees

Chairperson	– Rs 40,000 per month
Members	– Rs 20,000 per month

## ENHANCING CORPORATE GOVERNANCE AND CORPORATE IMAGE

### 10.2.4. Attendance at Board meetings

The members are expected to attend each Board meeting unless there are exceptional circumstances that prevent them from doing so. Attendance for the year under review is set out in Table 33.

**Table 33: Board Meeting Attendance  
for the year ended 30 June 2008**

Members	Board Meeting
Mr. V. Hassamal – Chairperson	17 / 17
Mr. P. Yip Wang Wing	16 / 17
Mr. D. K. Dabee	13 / 17
Mr. J. P. Coopamah	17 / 17
Mrs. A. C. Timol G.O.S.K.	15 / 17
Mr. J. M. L. Rivalland	11 / 17
Mr. M. S. Lal	17 / 17

Board members also attended recruitment and selection committees during the year, as per Section 6 and 11 of the MRA Act.

### 10.2.5. Board Committees

The Board has entrusted specific responsibilities to Board Committees. The Principal Board Committees are:

#### Corporate Governance Committee

- **Chairperson** - Mr V. Hassamal
- **Members** - Mr J.M.L. Rivalland and Mrs A.C. Timol G.O.S.K.
- **Acting Secretary** - Ms C. Fijac

Corporate Governance Committee duties relate to the remuneration and nomination of directors and senior management

and corporate governance reporting requirements.

#### Audit and Oversight Committee

- **Chairperson** - Mr P. Yip Wang Wing
- **Members** - Mr J.P. Coopamah and Mr D.K. Dabee
- **Acting Secretary** - Ms C. Fijac

The responsibility of the Audit and Oversight Committee is to assist the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate control systems, ethics and integrity management, and to monitor and supervise the effective functions of Internal Audit, External Audit and Internal Affairs.

### 10.2.6. Corporate Governance Framework

#### 10.2.6.1. The MRA Act

Sound corporate governance practices are already laid down in the MRA Act. Section 5 of the MRA Act 2004 provides that:

- The Chairperson shall be a person who has not been, or is not, actively engaged in any political activity. 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 that the President thinks fit;
- Board members are appointed by the Minister of Finance and Economic Empowerment for a period of not less than three years;

## ENHANCING CORPORATE GOVERNANCE AND CORPORATE IMAGE

- (iii) The Director-General shall not have the right to vote; and
- (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 considered.

Furthermore, Section 6 (6) of the MRA Act 2004 stipulates that the Board shall not concern itself with any matter relating to the application or execution of the Revenue laws, nor will it have access to information concerning the liability or otherwise of any person to tax.

### 10.2.6.2. Procurement Policies and Procedures

The MRA has prepared a Procurement Manual that lays down in detail its policy and procedures regarding procurement, including opening of tenders, evaluation of tenders and variations to contract price. The Manual also stipulates the role and functions of committees set up to look into procurement matters:

- (i) The Central Tender Committee chaired by a member of the MRA Board; and
- (ii) The Departmental Tender Committee, chaired by Director, Finance & Administration.

The MRA also complies with provisions of the Public Procurement Act 2006.

### 10.2.6.3. Internal Audit

The Board reviews all Internal Audit reports and Management is advised through the Director-General of remedial action to be taken. The Board is kept informed of progress on the implementation of Audit reports either through feedback reports from management or from follow-up exercises carried out by Internal Audit.

### 10.2.6.4. External Audit

The MRA's financial statements are submitted for audit to the Director of the National Audit Office not later than 3 months after the end of each financial year as required under Section 8(6) of the MRA Act 2004.

The Director of the National Audit Office submits his report on the financial statements to the Board as soon as practicable. The Board reviews the report and ensures that information, clarification and replies are submitted as requested.

The audited accounts, together with a report on the activities of the MRA, are submitted to the Minister not later than 7 months after the close of each financial year.

### 10.2.6.5. Internal Affairs

The Director Internal Affairs submits to the Board a quarterly report outlining the results of internal affairs investigations during the period.

## ENHANCING CORPORATE GOVERNANCE AND CORPORATE IMAGE

### 10.3. CORPORATE SOCIAL RESPONSIBILITY

The strategy of the MRA is to 'do good and be seen doing good' so that the Authority is associated with good causes and its image enhanced. Key achievements included:

- preparatory work for the second blood donation was initiated during the year.



*Blood Donation Campaign at the MRA*

The blood donation exercise was held on 2 July 2008 and 663 pints of blood were collected. Some 889 people, mostly MRA staff, volunteered to give blood;

- participating in Government's Empowerment Programme through enlisting 42 graduates and diploma holders for training at the MRA, out of which 10 were offered employment in the MRA itself after open competition; and
- enlisting 4 batches of Lower Six students for training at the MRA, in collaboration with the HRDC.

### 10.4 RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in Note 14 to the Accounts.



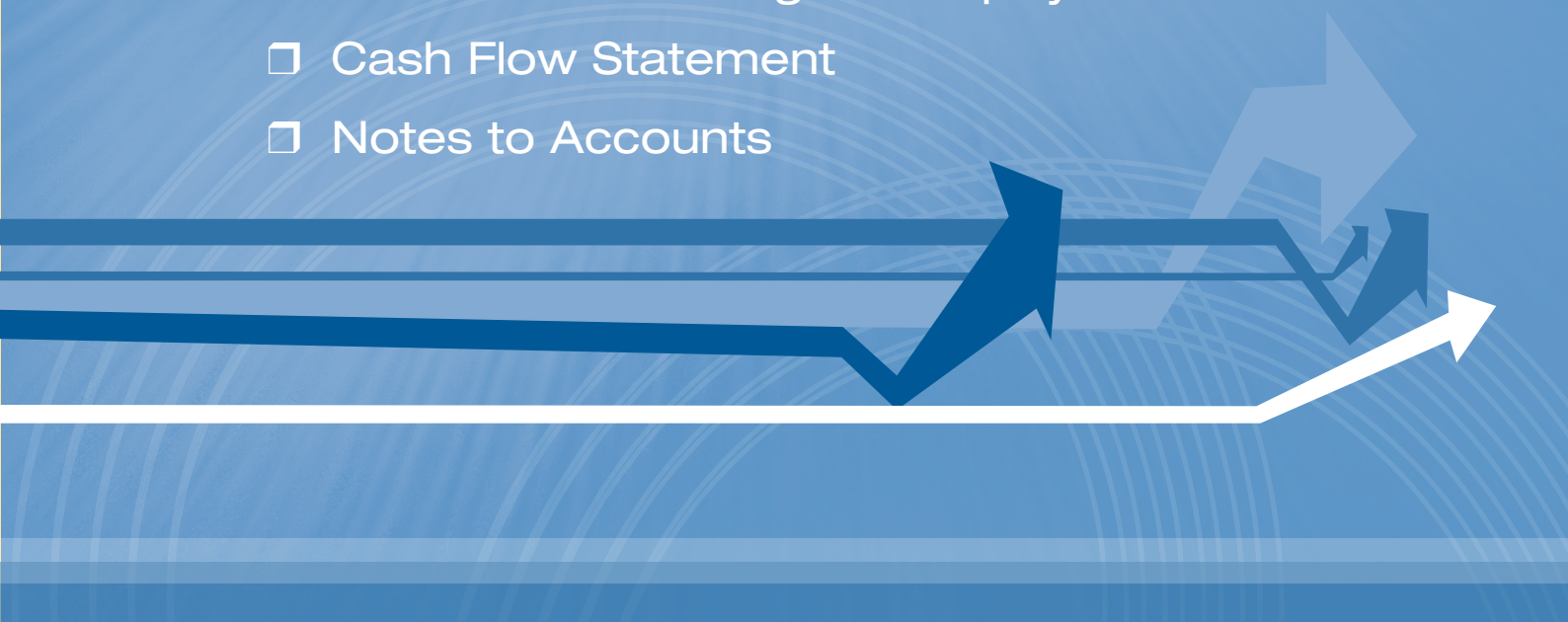
*Best Blood Donation Organiser Certificate  
awarded to MRA in 2008*





# 11

# MRA Financial Statements

- ☐ Board's Report
  - ☐ Auditor's Report
  - ☐ Balance Sheet
  - ☐ Income Statement
  - ☐ Statement of Changes in Equity
  - ☐ Cash Flow Statement
  - ☐ Notes to Accounts
- 

# MRA 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 2008.

The Mauritius Revenue Authority is a body corporate established under the MRA Act 2004 as the agent of State for the purposes of the assessment of liability to, collection of and the accountability for tax and the management, operation and enforcement of the Revenue Laws.

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

MRA Board is responsible for the preparation of the financial statements for each financial year, which gives a true and fair view of the state of affairs and income and expenditure account of the Authority. As per Section 9(1) of MRA Act 2004, the MRA Board shall, not later than seven months after the close of every financial year, forward to the Minister a report on the activities of the Authority together with its audited accounts in respect of that financial year.

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

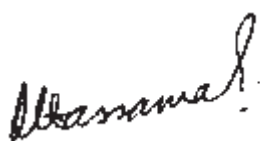
In preparing these financial statements, the Board ensures that:

- 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 and 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 in preparing the financial statements.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority. They are also responsible for safeguarding the assets of the Authority and hence for taking responsible steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the MRA Board



**V. Hassamal**

Chairperson

## MRA FINANCIAL STATEMENTS

### REPORT OF THE DIRECTOR OF AUDIT TO THE CHAIRPERSON OF THE MAURITIUS REVENUE AUTHORITY

#### Report on the Financial Statements

I have audited the financial statements of the Mauritius Revenue Authority which comprise the balance sheet as of 30 June 2008, the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Mauritius Revenue Authority and for the presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with Mauritius Revenue Authority Act 2004 and the Statutory Bodies (Accounts and Audit) Act 1972. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those Standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. I believe that my audit provides a reasonable basis for my opinion.

#### Opinion

In my opinion, the financial statements give a true and fair view of the state of affairs of the Mauritius Revenue Authority as of 30 June 2008, and of its income and expenditure and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Statutory Bodies (Accounts and Audit) Act 1972.



**(DR R. JUGURNATH)**

Director of Audit  
National Audit Office  
14<sup>th</sup> Floor, Air Mauritius Centre  
**PORT LOUIS.**  
5 December 2008

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## MRA FINANCIAL STATEMENTS

## BALANCE SHEET AS AT 30 JUNE

	Notes	2008 Rs	2007 Rs
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	2	136,007,297	150,036,239
Intangible Assets	3	10,781,716	3,621,742
Payments on Account	4	56,685,406	-
<b>Total Non-Current Assets</b>		<b>203,474,419</b>	<b>153,657,981</b>
<b>Current Assets</b>			
Inventories	5	9,049,066	1,684,637
Trade and Other Receivables	6	16,114,943	26,047,123
Cash and Cash Equivalents	7	50,112,827	89,510,459
<b>Total Current Assets</b>		<b>75,276,836</b>	<b>117,242,219</b>
<b>TOTAL ASSETS</b>		<b>278,751,255</b>	<b>270,900,200</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Capital Grant	9	220,686,259	165,280,480
Accumulated Surplus		19,310,408	18,659,160
<b>Total Equity</b>		<b>239,996,667</b>	<b>183,939,640</b>
<b>Current Liabilities</b>			
Trade and Other Payables	8	38,754,588	86,960,560
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>278,751,255</b>	<b>270,900,200</b>

Approved by the Board on 28 August 2008

Chairman



Director-General



The Notes on pages 90 to 101 form part of the financial statements.

## MRA FINANCIAL STATEMENTS

### INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

		2008	2007
	Notes	Rs	Rs
<b>Revenue</b>			
Grant From Government	10	631,914,053	589,176,565
Other Income	11	54,694,318	33,614,175
		<b>686,608,371</b>	<b>622,790,740</b>
Administrative Expenses	12	685,903,299	608,798,070
Finance Cost	13	53,824	12,897
		<b>685,957,123</b>	<b>608,810,967</b>
<b>Surplus For The Year</b>		<b>651,248</b>	<b>13,979,773</b>

### STATEMENT OF CHANGES IN EQUITY

	Capital Grant Rs	Accumulated surplus Rs	Total Rs
At 1 July 2007:			
As previously reported	165,280,480	18,659,160	183,939,640
Movement during the year	101,432,845		101,432,845
Transfer to other income	(46,027,066)		(46,027,066)
	<b>220,686,259</b>	<b>18,659,160</b>	<b>239,345,419</b>
Net Surplus for the year		651,248	651,248
	<b>220,686,259</b>	<b>19,310,408</b>	<b>239,996,667</b>

## MRA FINANCIAL STATEMENTS

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	2008 Rs	2007 Rs
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Net Surplus</b>	<b>651,248</b>	<b>13,979,773</b>
<b>Adjustments for :</b>		
Depreciation and Amortization	46,027,066	31,622,392
Transfer from Capital Grant	(46,027,066)	(31,622,392)
Loss on Disposal/Scrap	189,450	-
Interest Income	(3,485,798)	(1,991,783)
<b>Operating Surplus/(Deficit) Before Working Capital Changes</b>	<b>(2,645,100)</b>	<b>11,987,990</b>
(Increase)/Decrease in Inventories	(7,364,429)	(711,394)
(Increase)/Decrease in Trade & Other Receivables	9,023,176	(9,442,214)
Increase / (Decrease) in Trade & Other Payables	(48,205,972)	85,788,879
<b>NET CASH INFLOW / (OUTFLOW ) FROM OPERATING ACTIVITIES</b>	<b>(49,192,325)</b>	<b>87,623,261</b>
<b>Cash flows from Investing Activities</b>		
Purchase of Property, Plant and Equipment	(80,978,105)	(73,119,772)
Proceeds from Sale of Property, Plant and Equipment	15,000	-
Interest Received	3,485,798	1,991,783
<b>Net Cash used in Investing Activities</b>	<b>(77,477,307)</b>	<b>(71,127,989)</b>
<b>Cash Flows from Financing Activities</b>		
Government Grant Received	87,272,000	37,573,330
<b>Net Cash Inflow from Financing Activities</b>	<b>87,272,000</b>	<b>37,573,330</b>
<b>Net Increase/(decrease) in Cash &amp; Cash Equivalents</b>	<b>(39,397,632)</b>	<b>54,068,602</b>
<b>Cash &amp; Cash Equivalents at Start</b>	<b>89,510,459</b>	<b>35,441,857</b>
<b>Cash &amp; Cash Equivalents at End</b>	<b>50,112,827</b>	<b>89,510,459</b>

## MRA FINANCIAL STATEMENTS

### NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2008

#### 1.1. Principal Activities

The Mauritius Revenue Authority (MRA), a body corporate, was established on 20th october 2004 to serve the purpose described in The Mauritius Revenue Authority Act 2004. It is operational since 1st July 2006. The MRA has been established as a body corporate for the purposes of managing and operating an effective and efficient revenue raising organisation acting as agent of the State for the collection of revenue under the revenue laws and for matters incidental thereto.

#### 1.2. Accounting Policies

##### (a) Basis of Preparation

The financial statements have been prepared under the historical cost convention.

##### (b) Statement Of Compliance

The financial statements of the Mauritius Revenue Authority (MRA) have been prepared in accordance with International Financial Reporting Standards.

#### Adoption of New and Revised International Financial Reporting Standards

At the date of authorisation of these financial statements, certain standards, amendments to published standards and interpretations were in issue but not yet effective as follows:

- IFRS 1: First-time Adoption of International Financial Reporting Standards
- IFRS 2: Share Based Payments
- IFRS 3: Business Combinations
- IFRS 5: Non-current Assets Held for Sale and Discontinued Operations
- IFRS 7: Financial Instruments:Disclosures
- IFRS 8: Operating Segments
- IAS 1: Presentation of Financial Statements
- IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors
- IAS 10: Events after the Reporting Period
- IAS 16: Property, Plant and Equipment
- IAS 18: Revenue
- IAS 19: Employee Benefits
- IAS 20: Accounting for Government Grants and Disclosure of Government Assistance

## MRA FINANCIAL STATEMENTS

- IAS 23: Borrowing Costs
- IAS 27: Consolidated and Separate Financial Statements
- IAS 28: Investments in Associates
- IAS 29: Financial reporting in Hyperinflationary Economies
- IAS 31: Interests in Joint Ventures
- IAS 32: Financial Instruments :Presentation
- IAS 34: Interim Financial Reporting
- IAS 36: Impairment of Assets
- IAS 38: Intangible Assets
- IAS 39: Financial Instruments : Recognition and Measurement
- IAS 40: Investment Property
- IAS 41: Agriculture

It is anticipated that in future periods, adoption of the standards, amendments to published standards and interpretations which are relevant to MRA's operations will have no material impact on the financial statements of the Authority.

### (c) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and are depreciated using the straight-line method over the estimated useful lives of the assets.

Full year depreciation is charged in the year of acquisition and none in the year of disposal. However, some assets transferred from Ex-Revenue Departments have been charged 100% depreciation either because they are unserviceable or the value is less than Rs1000 per unit.

The annual rates of depreciation are as follows:

**Table 34: Annual Rates of Depreciation**

	2007-08 %
Computer Equipment	20 % - 100 %
Furniture & Fittings	10 % - 100 %
Scanners	12.50%
Vehicles & Equipment	20%, 25% -100 %

## MRA FINANCIAL STATEMENTS

### (d) Intangible Assets

Computer software development costs are recognised as intangible assets and amortized using the straight-line method over their useful lives, not exceeding a period of 4 years.

### (e) Inventories

All consumables and accessories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### (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

#### Taxes

MRA is an agent of Government for the collection of revenue under the Revenue Laws. Consequently, the revenue collected on behalf of the Government is not reported in the financial statements.

#### Revenue Grant and other Income

These are recognised on an accrual basis.

### (j) Government Grant

#### Revenue Grant

Grant received from Government to meet recurrent expenditure is reported in the financial statements as revenue grant.

#### Capital Grant

Grant received from Government to finance capital expenditure is reported in the financial statements as capital grant. An amount equal to the depreciation charge for the year is transferred from the capital grant to other income in the income statement.

## MRA FINANCIAL STATEMENTS

### (k) Pension and other benefits

#### (i) Pension and retirement scheme

MRA contributes to a defined benefit scheme for its employees, whereby it pays contributions to a pension fund administered by SICOM. The regular contributions constitute net periodic costs for the year in which they are due and are included in administrative expenses.

#### (ii) State plan

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

### (l) Impairment

At each balance sheet 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, if any, 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 income statement, 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 income statement, 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.

### 1.3. Accounting Judgements and key Sources of Estimation Uncertainty

The preparation of financial statements in accordance with IFRS 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.

# MRA FINANCIAL STATEMENTS

## NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2008

### 2. Property, Plant & Equipment

	Computer Equipment <b>Rs</b>	Furniture & Fittings <b>Rs</b>	Vehicles & Equipment <b>Rs</b>	Total <b>Rs</b>
<b><u>COST / VALUATION</u></b>				
AT 1 JULY 2007	33,190,894	32,413,326	148,544,566	<b>214,148,786</b>
ADJUSTMENT	283,150		(283,150)	
AT 1 JULY 2007, AS RESTATE	33,474,044	32,413,326	148,261,416	<b>214,148,786</b>
ADDITIONS	209,585	2,640,958	16,660,901	<b>19,511,444</b>
TRANSFER FROM EX-REVENUE DEPT	0	0	9,160,845	<b>9,160,845</b>
SCRAPS	(246,962)	0	0	<b>(246,962)</b>
DISPOSALS	0	0	(20,000)	<b>(20,000)</b>
<b>AT 30 JUNE 2008</b>	<b>33,436,667</b>	<b>35,054,284</b>	<b>174,063,162</b>	<b>242,554,113</b>
<b><u>DEPRECIATION</u></b>				
AT 1 JULY 2007	6,708,747	3,982,145	53,421,655	<b>64,112,547</b>
ADJUSTMENT	65,990		(65,990)	
AT 1 JULY 2007, AS RESTATE	6,774,737	3,982,145	53,355,665	<b>64,112,547</b>
CHARGE FOR THE YEAR	6,681,351	4,269,361	31,546,069	<b>42,496,781</b>
SCRAPS	(58,512)	0	0	<b>(58,512)</b>
DISPOSALS	0	0	(4,000)	<b>(4,000)</b>
<b>AT 30 JUNE 2008</b>	<b>13,397,576</b>	<b>8,251,506</b>	<b>84,897,734</b>	<b>106,546,816</b>
<b><u>NET BOOK VALUE</u></b>				
<b>AT 30 JUNE 2008</b>	<b>20,039,091</b>	<b>26,802,778</b>	<b>89,165,428</b>	<b>136,007,297</b>
<b>AT 30 JUNE 2007</b>	<b>26,765,297</b>	<b>28,431,181</b>	<b>94,839,761</b>	<b>150,036,239</b>

## MRA FINANCIAL STATEMENTS

## NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2008

## 3. Intangible Assets

	Computer Software Rs
<b><u>COST</u></b>	
AT 1 JULY 2007	4,828,989
ADDITIONS	10,690,259
<b>AT 30 JUNE 2008</b>	<b>15,519,248</b>
<b><u>AMORTIZATION</u></b>	
AT 1 JULY 2007	1,207,247
CHARGE FOR THE YEAR	3,530,285
<b>AT 30 JUNE 2008</b>	<b>4,737,532</b>
<b><u>NET BOOK VALUE</u></b>	
<b>AT 30 JUNE 2008</b>	<b>10,781,716</b>
<b>AT 30 JUNE 2007</b>	<b>3,621,742</b>

## 4. Payments on Account

Payments on account represent payment made for the "Integrated Tax Administration Solution" (ITAS) project. Works under the project are still in progress and costs incurred have been recognised as an asset as future economic benefits associated with the item will flow to the Authority and the costs of the item have been measured reliably and have been incurred in bringing the asset to its current condition and location.

## MRA FINANCIAL STATEMENTS

	2008 Rs	2007 Rs
<b>5. Inventories</b>		
Stationery	3,413,956	1,483,644
Excise Stamps	5,174,017	-
Spare parts	461,093	200,993
<b>Total</b>	<b>9,049,066</b>	<b>1,684,637</b>
<b>6. Trade &amp; other receivables</b>		
Trade Receivables	1,819,899	778,517
Other Receivables	8,687,464	8,384,664
Excise Stamps	2,587,022	-
Receivables from Government	-	10,974,938
	<b>13,094,385</b>	<b>20,138,119</b>
Prepayments	3,020,558	5,909,004
<b>Total</b>	<b>16,114,943</b>	<b>26,047,123</b>
<b>7. Cash and Cash Equivalents</b>		
Cash at Bank	50,097,673	89,510,459
Cash in Hand	15,154	-
<b>Total</b>	<b>50,112,827</b>	<b>89,510,459</b>
<b>8. Trade and Other Payables</b>		
Trade Payables	9,330,890	68,110,386
Other Payables	29,423,698	18,850,174
<b>Total</b>	<b>38,754,588</b>	<b>86,960,560</b>
<b>9. Capital Grant</b>		
Capital Grant - (Cash)	176,174,070	83,902,070
Capital Grant -(Assets)	122,161,647	113,000,802
	<b>298,335,717</b>	<b>196,902,872</b>
Transfer to revenue	(77,649,458)	(31,622,392)
<b>Net Capital Grant</b>	<b>220,686,259</b>	<b>165,280,480</b>

## MRA FINANCIAL STATEMENTS

## NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2008

	2008 Rs	2007 Rs
<b>10. Grant from Government</b>		
Grant From Government	<b>631,914,053</b>	<b>589,176,565</b>
<b>11. Other Income</b>		
Transfer from Capital grant	46,027,066	31,622,392
Refund of expenses	5,181,454	-
Interest Receivable	3,485,798	1,991,783
<b>Total</b>	<b>54,694,318</b>	<b>33,614,175</b>
<b>12. Administrative Expenses</b>		
Staff Costs	524,143,545	470,279,003
Training of Staff	5,949,229	278,072
Board Members Fees and Expenses	2,011,316	2,092,978
Missions /Training Abroad	2,073,286	2,385,959
Professional Fees	3,864,666	2,928,145
Office Expenses & Services	16,100,060	13,427,203
Rent	36,810,655	40,044,313
Cost of Utilities	18,391,296	18,098,442
Motor Vehicles Expenses	5,306,238	5,642,545
Advertising and Publications	7,887,830	3,100,925
Materials, Supplies and Consumables	10,135,743	7,002,664
IT Expenses	5,448,043	7,552,954
Conference on C A T A	-	1,503,189
Contributions /Subscriptions to Other Organisations	1,564,876	1,425,220
Loss on Disposal/Scrap	189,450	-
Other Operating Expenses	-	1,414,066
	<b>639,876,233</b>	<b>577,175,678</b>
Depreciation and Amortization	46,027,066	31,622,392
	<b>685,903,299</b>	<b>608,798,070</b>

## MRA FINANCIAL STATEMENTS

### NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2008

	2008 Rs	2007 Rs
<b>13. Finance Cost</b>		
Bank Charges	53,824	12,897
<b>14. Related Party Transactions</b>		
Short term benefits:		
Fees to Board Members	1,920,000	1,680,000
Compensation to key Management Personnel	28,653,539	29,314,195
Post-employment benefits contribution	-	-
Termination benefits	907,148	-
	<b>31,480,687</b>	<b>30,994,195</b>

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.

## MRA FINANCIAL STATEMENTS

## NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2008

	2008 Rs	2007 Rs
<b>15. Retirement Benefit Obligation</b>		
<b>Amounts recognized in balance sheet at end of year:</b>		
Present value of funded obligation	853,473,570	621,934,828
(Fair value of plan assets)	(767,329,404)	(628,280,959)
	86,144,166	(6,346,131)
Present value of unfunded obligation	0	0
Unrecognized actuarial gain/(loss)	(86,144,166)	6,346,131
Unrecognized transition amount	0	0
<b>Liability recognized in balance sheet at end of year</b>	<b>0</b>	<b>0</b>
<b>Amounts recognized in income statement:</b>		
Current service cost	33,793,585	25,938,324
Fund expenses	821,753	727,808
Interest cost	69,967,668	66,439,125
(Expected return on plan assets)	(74,048,234)	(2,037,706)
Actuarial loss/(gain) recognized	10,552,856	(54,677,130)
Past service cost recognized	0	0
Transition effect of adopting IAS 19	0	0
<b>Total, included in staff costs</b>	<b>41,087,628</b>	<b>36,390,421</b>
<b>Movements in liability recognized in balance sheet:</b>		
At start of year	0	0
Total staff cost as above	41,087,628	36,390,421
(Contributions paid)	(41,087,628)	(36,390,421)
At end of year	0	0
<b>Actual return on plan assets:</b>	<b>107,814,994</b>	<b>2,272,600</b>
<b>Main actuarial assumptions at end of year:</b>		
Discount rate	11.25%	11.25%
Expected rate of return on plan assets	11.50%	11.50%
Future salary increases	8.00%	8.00%
Future pension increases	6.00%	6.00%

# MRA FINANCIAL STATEMENTS

## NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2008

	2008 Rs	2007 Rs
<b>Reconciliation of the present value of defined benefit obligation</b>		
Present value of obligation at start of period	621,934,828	590,570,000
Current service cost	33,793,585	25,938,324
Employee contributions	53,810	-
Interest cost	69,967,668	66,439,125
(Benefits paid )	(9,086,234)	(224,254)
Liability (gain)/loss	136,809,913	(60,788,367)
Present value of obligation at end of period	853,473,570	621,934,828
<b>Reconciliation of fair value of plan assets</b>		
Fair value of plan assets at start of period	628,280,959	590,570,000
Expected return on plan assets	74,048,234	2,037,706
Employer normal contributions	41,087,628	36,390,421
Employee contributions	53,810	-
(Benefits paid + other outgo)	(9,907,987)	(952,062)
Asset gain/(loss)	33,766,760	234,894
Fair value of plan assets at end of period	767,329,404	628,280,959
<b>Distribution of plan assets at end of period</b>		
Percentage of assets at end of year	<b>2008</b>	<b>2007</b>
Government securities and cash	46.84%	54.5%
Loans	8.19%	9.0%
Local equities	30.19%	17.6%
Overseas bonds and equities	13.78%	17.9%
Property	0.99%	1.0%
Debenture stocks	0.01%	0.0%
Total	100%	100%
<b>Additional disclosure on assets issued or used by the reporting entity</b>		
Percentage of assets at end of year	<b>2008 (%)</b>	<b>2007 (%)</b>
Assets held in the entity's own financial instruments	0	0
Property occupied by the entity	0	0
Other assets used by the entity	0	0
<b>History of obligations, assets and experience adjustments</b>		
<b>Year</b>	<b>2008</b>	<b>2007</b>
Currency	Rs	Rs
Fair value of plan assets	767,329,404	628,280,959
(Present value of defined benefit obligation)	(853,473,570)	(621,934,828)
Surplus/(deficit)	(86,144,166)	6,346,131
Asset experience gain/(loss) during the period	33,766,760	234,894
Liability experience gain/(loss) during the period	(136,809,913)	60,788,367
<b>Year</b>	<b>2009</b>	<b>2008</b>
Expected employer contributions	42,531,141	39,290,799

## MRA FINANCIAL STATEMENTS

### NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2008

#### 16. Capital Commitments

Capital Expenditure (ITAS project) contracted for at the balance sheet date but not recognised in the Financial Statements is Rs 29 million.

#### 17. Controlling Party

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

#### 18. 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) The Authority is not exposed to foreign currency risk as all its financial assets and financial liabilities are denominated in Mauritian Rupees.

(iii) Except for cash held at bank in savings/current account, the Authority does not have investment in term deposits nor any loan commitments. Hence, it is not exposed to interest rate risk.

(iv) The Authority's credit risk is primarily attributable to its trade receivables. Management reviews all outstanding amounts at year end to determine doubtful receivables.

#### 19. Income Tax

The Authority is not liable to income tax.





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MRA's  
Performance  
Record - **A Summary**

## MRA'S PERFORMANCE RECORD - A SUMMARY

Objectives	Indicators	Targets		Achievements	
<b>1. Improving prospects for sustained economic growth by reducing revenue and fiscal deficit through buoyant tax revenues</b>	<ul style="list-style-type: none"> <li>Tax revenue collected</li> </ul>	<b>Tax</b>	<b>Rs million</b>	<b>Tax</b>	<b>Rs million</b>
		Corporate Tax	5,495	Corporate Tax	6,234
		Income Tax	3,005	Income Tax	3,425
		TDS	305	TDS	800
		NRPT	60	NRPT	119
		VAT	17,150	VAT	18,508
		Customs Duties	2,250	Customs Duties	2,636
		Excise Duties	7,668	Excise Duties	7,900
		Gambling	1,223	Gambling	1,399
		Others	1,095	Others	1,123
		<b>Total</b>	<b>38,251</b>	<b>Total</b>	<b>42,144</b>
	<ul style="list-style-type: none"> <li>Percentage of actual tax collections to budgeted tax collections</li> </ul>	98% - 100%-Good Above 100%-Excellent		110%	
	<ul style="list-style-type: none"> <li>Percentage of actual tax collections to revised tax collections</li> </ul>	100%- Good Above 100%- Excellent		101.3%	
<b>2.Enhanced organisational efficiency and effectiveness of tax administration</b>	<ul style="list-style-type: none"> <li>Average no. of days for registering taxpayers</li> </ul>	3		3	
	<ul style="list-style-type: none"> <li>Maximum time taken to process returns and issue refunds</li> </ul>	3 months for Income Tax;		89% of Income Tax returns processed and refunds issued within 90 days from the date of submission of returns.	
		10 days for Fast Track cases in VAT		For Fast Track cases repayments effected within 7 days.	
	<ul style="list-style-type: none"> <li>Number and amount of refunds</li> </ul>	N/A		42,067 income tax refunds were effected amounting to Rs 120 million (compared to 90,989 refunds amounting to Rs 385 million last year.)	

## MRA'S PERFORMANCE RECORD - A SUMMARY

Objectives	Indicators	Targets		Achievements	
	• Percentage of interest paid on refunds to total amount of refunds	0%		No interest paid	
	• Percentage of returns filed electronically to total no. of returns	100% for LTD; 100% increase for MSTD		82.9% for LTD; 150.8% increase for MSTD	
<b>3.Improved enforcement machinery through strengthening of audit capacity and greater emphasis on liquidation of debt both old and new</b>	• Percentage of cases selected for audit	<b>LTD</b>	25%	<b>LTD</b>	11.1%
		<b>MSTD:-</b>		<b>MSTD:-</b>	
		Income Tax	2.5%	Income Tax	0.19%
		VAT	10%	VAT	3.3%
		PAYE	10%	PAYE	0.5%
		Gaming	20%	Gaming	18.0%
		Horse Racing	100%	Horse Racing	Nil
	• No. of cases identified for Fiscal Investigation following department's intelligence work	150		53	
	• No. of Investigations completed	80		123	
	• Amount agreed under assessments & compounding	Rs 60 million		Rs 98.3 million	
	• No. of assessments raised by Fiscal Investigations	55		99	
	• Average additional demand created for Fiscal Investigation	Rs 1.6 million		Rs 1.2 million	
	• No. of cases where compounding agreement reached	5		3	
	• Percentage of number of cases recommended for prosecution to the total number of cases investigated	2%		3.3%	

## MRA'S PERFORMANCE RECORD - A SUMMARY

Objectives	Indicators	Targets			Achievements		
	<ul style="list-style-type: none"> <li>Percentage of the no. of cases where business audit is completed within 3 months of its beginning to the total no. of audits</li> </ul>	10% - LTD 50% - MSTD			1.0% - LTD 55.8% - MSTD		
	<ul style="list-style-type: none"> <li>Percentage of the no. of cases where business audit is completed within 6 months of its beginning to the total no. of audits</li> </ul>	75% - LTD 75% - MSTD			9.3% - LTD 77.7% - MSTD		
	<ul style="list-style-type: none"> <li>Assessments Raised</li> </ul>	<b>No target fixed. Last year's position:-</b>					
		<b>Tax</b>	<b>No. of Assessments</b>	<b>Tax raised (Rs million)</b>	<b>Tax</b>	<b>No. of Assessments</b>	<b>Tax raised (Rs million)</b>
		Income Tax	2,645	195.0	Income Tax	3,306	450.1
		Corporate Tax	351	580.6	Corporate Tax	879	754.9
		VAT	182	188.1	VAT	414	900.7
		<b>Total</b>	<b>3,178</b>	<b>963.7</b>	<b>Total</b>	<b>4,599</b>	<b>2,105.7</b>
	<ul style="list-style-type: none"> <li>Percentage of the no. of cases where the order is not objected to by the taxpayer to the total no. of assessments issued</li> </ul>	65%			63.2%		
	<ul style="list-style-type: none"> <li>Arrears collected</li> </ul>	N/A			Rs 1,201 million		
	<ul style="list-style-type: none"> <li>Total amount of collectible debt collected as a percentage of total collectible debt at the start of the year</li> </ul>	N/A			83%		
	<ul style="list-style-type: none"> <li>Total amount of collectible debt collected as a percentage of total collectible debt</li> </ul>	65%			61%		

## MRA'S PERFORMANCE RECORD - A SUMMARY

Objectives	Indicators	Targets			Achievements		
4. Boosting tax revenues through widening of tax base	• Number of visits for widening of tax base	40			105		
5. Improving trade facilitation through modern and internationally accepted customs procedures	• Percentage of import declarations selected for physical inspection	18%			19%		
	• Average dwell time for cargo	<b>Channels</b>	<b>Sea</b>	<b>Air</b>	<b>Channels</b>	<b>Sea</b>	<b>Air</b>
		Green	4 hrs	1 hr	Green	4 <sup>1</sup> / <sub>3</sub> hrs	7 <sup>7</sup> / <sub>8</sub> hr
		Yellow	8 hrs	2 hrs	Yellow	8 <sup>1</sup> / <sub>2</sub> hrs	1 hr
		Red	20 hrs	15 hrs	Red	28 hrs	27 <sup>3</sup> / <sub>4</sub> hrs
	• Maximum time taken to issue a tariff ruling	3 days			3 days		
6. Effective enforcement through audit and other stringent measures in customs	• Number of e-payment users	75			77		
	• Exports clearance time	8 minutes			Sea 8 minutes & Air 50 minutes		
	• Total number of post clearance audits during the year	65			71		
	• Percentage of audits completed within 3 months to the total number of audits	75%			67%		
	• Total number of Customs Offence Reports (CORs) raised	400			595		
	• Duties and Taxes assessed	Rs 38 million			Rs 15.1 million		
	• Duties & Taxes collected from CORs	Rs 6.5 million			Rs 10.2 million		
	• Penalty assessed	Rs 25 million			Rs 26.8 million		
	• Penalty collected from CORs	Rs 9.8 million			Rs 13.8 million		
	• Total amount of duties and taxes raised as a result of value upliftments	Rs 25 million			Rs 15.3 million		
	• Value of goods forfeited	Rs 0.7 million			Rs 1.7 million		

## MRA'S PERFORMANCE RECORD - A SUMMARY

Objectives	Indicators	Targets	Achievements		
<b>7.Enhanced organizational efficiency and effectiveness for collection of excise duties</b>	• Number of errors/offences detected on excise declarations	40	220		
<b>8.Improvement in enforcement at excise stations</b>	• Average number of visits at excise stations	50 per month	61 per month		
<b>9.Protecting society against illicit trades and related criminal activities</b>	• Narcotics seizure	N/A	<b>Narcotics</b>	<b>Weight/Qty</b>	<b>Value (Rs)</b>
			Heroin	4,198g	47.2 m
			Hashish / Cannabis	29,800g	75.3 m
			Subutex / Psychotropes	103 Tabs	0.070 m
			<b>TOTAL VALUE</b>		122.6 m
	• Other seizures	N/A	Gold : 1kg058g - Value Rs 0.89m		
<b>10.Fostering voluntary compliance and better operational and taxpayer services</b>	• Number of awareness raising campaigns organized	40	6		
	• % of advisory visits to large taxpayers at their request	100%	100%		
	• Number of forms simplified	5 during the year	8 Comprising of:- - CPS Statement - Income Tax Form 1 - Income Tax Form 1A - Company Returns - VAT Returns 3 - PAYE Remittance Voucher - Operational Forms at Customs - Advance Payment System		
	• Number of educational seminars conducted	At least 25 during the year	20		

## MRA'S PERFORMANCE RECORD - A SUMMARY

Objectives	Indicators	Targets	Achievements
	• Number of taxpayer information leaflets issued	At least 20 during the year	9 Comprising of:- - NRPT - TAPIS - VDIS - CPS - Tax Rulings - Guide on Employee taking up employment - Guide on starting business - ITAS
	• Number of times MRA website is updated	As and when needed	354 times
	• No. of telephone enquiries (Hotline)	N/A	36,697
	• No. of Taxpayers having visited MRA to get information/file returns	N/A	33,222
	• Number of applications processed for Rum and Liquor	N/A	583
	• Time within which tax payers' queries are answered on office visits	Immediately	Simple and direct queries answered immediately and complex ones take slightly more time
	• Maximum time of waiting	20 minutes	Off Peak : 5 minutes Peak Time: 10-20 minutes

## MRA'S PERFORMANCE RECORD - A SUMMARY

Objectives	Indicators	Targets	Achievements	
<b>11. Improving integrity and fairness</b>	• Number of cases where declaration of assets are verified and reports produced	300	286	
	• Number of cases of complaints/allegations where enquiries initiated	100	172	
	• Percentage of the number of cases where enquiries were brought to a conclusion to the total number of cases where such enquiries were initiated	50%	8.7%	
	• Number of cases where disciplinary action was recommended	2	11	
	• Number of training sessions held with staff to promote integrity culture	5	13	
	• Annual Internal Audit Report	September 2007	Finalised – September 2007	
	• Annual Audit Plan	October 2007	Finalised – October 2007	
	• Audit of Revenue Systems	2 each for LTD, MSTD, Customs, OSD, Finance & Administration; and,  1 for HR and Fiscal Investigations  (Total = 12)	<b>Completed projects</b>  4 Customs - Control over Excise stations, Filing of Customs Declarations, Non - examination of containers, Customs - Auction sales 1 MSTD - VAT repayment 1 LTD - Tax Audit 1 Finance & Administration - Revenue Collection	<b>Projects in pipeline</b>  1 HR - Control over attendance 1 MSTD - Tax Audit 1 Customs - audit on suspected cases of post entries
	• Transaction Audits	Once yearly in areas of high volume of transactions	12	
	• Follow-up exercises to ensure sustainability of audit reporting through implementation of audit recommendations	4	4	
	• Investigation of complaints for detection of malpractices due to non-adherence to procedures	N/A	5	
	• Cases referred for further investigation or disciplinary action	5	6	

## MRA'S PERFORMANCE RECORD - A SUMMARY

Objectives	Indicators	Targets	Achievements
<b>12. Adoption of responsive IT system</b>	• Building underlying IT Infrastructure.	June 2008	95% - New Customs House project delayed
	• Users enabled and empowered to act as agents of change in IT management	100% up to June 2008	90% - ITAS Team are being trained for the project
<b>13. Establishment of Integrated Tax Administration Solution for Revenue Departments</b>	• Start of ITAS Project	October 2007	Started on 1 <sup>st</sup> Oct 2007 SAP software received Hardware installed
	• Completion of ITAS Project	October 2008	Expected to be completed soon
<b>14. Increased level of automation</b>	• 100% LAN and WAN coverage	100% by June 2008	95% completed
	• Report on data and systems security architecture and backup methodologies	November 2007	Completed in October 2007
	• Use of electronic data storage maximized and paper records reduced to minimal levels	December 2008	70% completed
<b>15. Information Systems Enhancement with Legislative changes</b>	• Changes in Returns	June 2008	Returns being finalized
	• Changes in Acts	June 2008	Gaming Act – 95% Under user testing
	• Collection of new fees	June 2008	100%
	• Support for new schemes	June 2008	100%
<b>16. Financial and Human Resources Management System</b>	• Financial System- Go live	August 2007	Live in August 2007
	• HR System - Go Live	October 2007	Live in October 2007
<b>17. Customs Support</b>	• Implementation of CMS II	Feb 08	90% Functional testing in progress
	• Set up of hardware infrastructure for CMS II	June 08	50% Procurement delayed
	• New Customs House IT Infrastructure	June 08	50% Procurement delayed

## MRA'S PERFORMANCE RECORD - A SUMMARY

Objectives	Indicators	Targets	Achievements
<b>18. Managing Performance and Research</b>	<ul style="list-style-type: none"> <li>Revenue Monitoring and Forecasting</li> </ul>	Monthly	Analysis of revenue collection done on a monthly basis and if there are any shortfalls, concerned departments are suggested for suitable remedial action.
	<ul style="list-style-type: none"> <li>Finalization of Performance Indicators and targets / benchmarks for different departments in MRA</li> </ul>	September 2007	Completed in September 2007 by <ul style="list-style-type: none"> <li>- Modifying targets/benchmarks based on first year's performance</li> <li>- Including new KPIs &amp; deleting some of the earlier ones</li> <li>- Exercise done in association with different Directors</li> </ul>
	<ul style="list-style-type: none"> <li>Monitoring performance of different departments against set targets/ benchmarks</li> </ul>	Monthly monitoring	Being done on a monthly and cumulative basis.
	<ul style="list-style-type: none"> <li>Implementation of an effective management information system</li> </ul>	September 2007 for 2007/08	Completed in September 2007
	<ul style="list-style-type: none"> <li>Contribution to the Budget Exercise</li> </ul>	On Annual basis	Completed in June 2008 with inputs on <ul style="list-style-type: none"> <li>- Budgetary proposals with rationale</li> <li>- Forecasts for different revenue items for 2008/09</li> <li>- Proposed amendments to revenue laws (Finance Bill)</li> </ul>
	<ul style="list-style-type: none"> <li>Preparation of Papers in connection with taxation issues</li> </ul>	8	10 Papers completed and are as follows: <ul style="list-style-type: none"> <li>- The Hospitality &amp; Leisure Industry – A tax perspective</li> <li>- Taxation of Insurance Companies</li> <li>- Islamic Banking Business</li> <li>- Taxation of Global Business Companies</li> <li>- Understanding &amp; reviewing Environment Protection fee &amp; Passenger Fee</li> <li>- 2 MRA value addition reports (Period July 06 – June 07 &amp; July 07 – April 08)</li> <li>- Role of taxation in economic development</li> <li>- Analysis of VAT collections</li> <li>- Analysis of Excise Collections</li> </ul>

## MRA'S PERFORMANCE RECORD - A SUMMARY

Objectives	Indicators	Targets	Achievements
<b>19. HR Reforms</b>	• No. of Training Programmes conducted and training opportunities abroad 'capitalised'	60	134
	• % staff who completed Induction Training	100%	49.7%
	• % utilization of amount allocated for training	100%	93%
	• Training Needs Analysis & Update thereof.	1	Final draft of the Learning & Development Plan circulated to all the Directors in June 2008.
	• No. of Training Days provided	2,000	4,368
	• No. of Meetings with Staff Association	10	6
	• % of posts vacant against total posts	5%	5.6%
	• Time Taken (months) to fill in vacancies after advertisement	2	2
	• No. of monthly health and safety inspections conducted	12	Nil – Health & Safety officer joined on the 16 <sup>th</sup> June 2008
	• No. of Health & Safety Committees held	6	
	• Setting up of Medical Scheme	June 2008	Medical scheme was retendered and technical evaluation carried out - Delayed
	• Implementation of the Performance Appraisal System based on KPIs for all MRA staff	Yearly	Ongoing
	• Implementation of electronic attendance system	February 2008	Tenders received are presently being evaluated - Delayed
	• Provision of HR service on line to staff through HRMS	January 2008	The service was in pilot testing in the HR & Training Department. There were shortcomings and consultant was notified. - Delayed



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## APPENDICES

### DIRECT TAXES

#### Appendix 1 – Corporate Tax: Number of taxpayers

	Number of taxpayers			
	2004-05	2005-06	2006-07	2007-08
Corporate Tax	3,760	4,334	4,735	5,685

#### Appendix 2 – Personal Income Tax: Information on Returns & Refunds

	Number of taxpayers			
	2004-05	2005-06	2006-07	2007-08
PAYE	119,521	116,993	113,804	27,057
CPS	5,509	5,373	4,009	10,294
Self Assessment	28,717	26,644	28,855	37,351
Refunds	95,955	94,242	90,089	42,635

### INDIRECT TAXES

#### Appendix 3 – Number of taxpayers on VAT register

	Number of taxpayers			
	2004-05	2005-06	2006-07	2007-08
VAT register	8,645	9,645	11,754	13,336

## APPENDICES

### Appendix 4 – Briefing sessions in 2007-08

	Stakeholders	Subject
1	Education Officers, RCPL	VDIS & TAPIS
2	Farmers Cooperative Union – St-Pierre	Taxation & Cooperatives, NRPT
3	Farmers Cooperative Union – Union Park	Taxation & Cooperatives, NRPT
4	F.U.E.L	NRPT & Interest
5	National Institute for Cooperative Entrepreneurship	Cooperatives in a globalised economy
6	Chinese Business Chamber	VDIS, TAPIS, EDF & PAYE
7	Small Planters Welfare Fund	Taxation of Cooperative Societies
8	Groupe Mon Loisir	NRPT
9	Groupe Mon Loisir	Interest
10	Mauritius Cooperative Union	Taxation & Vegetable Growers
11	Ministry of Industry	Income Tax Computation
12	National Women Entrepreneur Council-Triolet	Income Tax & VAT
13	National Women Entrepreneur Council-Terre Rouge	Income Tax & VAT
14	National Women Entrepreneur Council-Le Morne	Income Tax & VAT
15	National Women Entrepreneur Council-Quatre Bornes	Income Tax & VAT
16	National Women Entrepreneur Council-Cité Vallijee	Income Tax & VAT
17	National Women Entrepreneur Council-Port Louis	Income Tax & VAT
18	National Women Entrepreneur Council-Plaine Magnien	Income Tax & VAT
19	National Women Entrepreneur Council-Sebastopol	Income Tax & VAT
20	National Institute for Cooperative Entrepreneurship	Taxation & Cooperative Law

## APPENDICES

### Appendix 5 – Local Training & Workshops conducted in MRA

Training/Workshop	
1	Accounts Payable
2	Accounts Receivable
3	Advance Payment System
4	AGOA Entry Visa
5	Auditing in a Computerised Environment
6	Auditing Techniques
7	Awareness Session on ISO
8	Bio Safety Clearing House
9	Briefing Session on Transfer Pricing
10	CMSII Awareness
11	Computer Generated Assessment of SH Vehicles
12	Customer Care Course
13	Customs Preventive Duties
14	Disciplinary Action
15	Drug Investigation
16	Effective Communication Skills
17	Excise Procedures
18	Fixed Assets
19	Fraudulent Travel Documents
20	Goods Examining Techniques
21	Harmonized Commodity Description and Code
22	Human Resource Management System
23	Illicit Nuclear Trafficking
24	Immigration & Customs Enforcement & Drug
25	Import Banking Related Matters
26	Induction Programme
27	Integrity Workshop
28	Intellectual Property Rights
29	Interim Agreement on EPA
30	Inventory Management
31	Management Development Programme
32	Mauritius Cargo Community System
33	Nissan Branded Products in Relation to IPR
34	Office Skills
35	OFS -Purchasing
36	Origin Control Procedures
37	Overview of Different Taxes
38	Performance Appraisal
39	Performance Management System
40	Preventive Duties
41	Risk Management in Customs
42	Special permission Online System
43	Train the Trainers
44	Valuation Database

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### Appendix 6 – Local Training & Workshops conducted outside MRA

Training/Workshop	
1	Accounting Framework for Islamic Banking
2	Achieving Business Excellence
3	Change Management
4	Combating Emerging Threats in Money Laundering
5	Conference Impact of International Taxation
6	Coxwain for Customs Patrol Boat
7	Digital Seminar on Digital Investigation
8	Launching E-services
9	Mediation & Negotiation
10	Methodologies for Examination and Evaluation
11	National ICT Strategic Plan 2007
12	New Trends in Competitive Strategy
13	Occupational Safety & Health
14	Procurement Methods and Standard Bidding
15	Third Meeting on Sensitive Products
16	Workshop on IFRS Update

## APPENDICES

### Appendix 7 – Training & Workshops conducted Abroad

	Training/Workshop	Beneficiary Department	Country
1	16th SCC Meeting on Customs Cooperation	Customs	Botswana
2	25th Session of the WCO - Technical Committee	Customs	Brussels
3	4th Global Congress - Combating Counterfeiting & Piracy	Customs	Dubai
4	6th NCP Meeting	Customs	Maputo
5	6th SADC Tax Sub Committee Meeting	Medium and Small Taxpayers	Botswana
6	7th Round Pakistan - Mauritius Joint Working Group	Customs	Pakistan
7	Anti Piracy Training For Trainers	Customs	Tanzania
8	Caribbean Customs Law Enforcement Council	Customs	Cayman Islands
9	CATA Annual Management Committee	Large Taxpayers	London
10	CEN Training	Customs	Maputo
11	CENMAT Meeting	Customs	Brussels
12	Customs Modernisation and Management	Medium and Small Taxpayers	Singapore
13	Diplome Universitaire Master Douane et Logistiques	Customs	France
14	EU Mission / WCO Council Meeting	Customs	Brussels/ Hungary
15	Executive Precursor Chemical Investigative Strategy Seminar	Customs	Gaborone, Botswana
16	Extra Ordinary Meeting-WCO ESA Governing Council	Customs	Swaziland
17	First Meeting of the Customs Sub Committee and Meeting of the working Groups on Customs Procedures and Legislation	Customs	Zambia
18	Fraud and Corruption Conference	Internal Affairs	South Africa
19	Heightened International Cooperation to Combat Drug Trafficking	Customs	Brussels
20	Inwent International Leadership Training	Customs	Germany
21	Inwent International Leadership Training	Customs	South Africa
22	ITD Global Conference on taxation of SME'S	MSTD/DG	Buenos Aires
23	Law Enforcement Executive Development Programme	Customs	Botswana
24	Malaysian Technical Cooperation	Customs	Malaysia
25	Meeting SADC Customs Union Technical Working Group	Customs	Botswana
26	OECD Global Forum on Taxation	Large Taxpayers	Paris

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	Training/Workshop	Beneficiary Department	Country
27	OECD Subgroup Meeting	Medium and Small Taxpayers	London
28	OECD Sun Group on Level Playing Field	Large Taxpayers & Director-General	London , UK
29	Regional Workshop on Implementation of COMESA External Tariff	Customs	Madagascar
30	Rules of Origin	Customs	South Africa
31	SADC- Customs ICT Advisory Working Group	Customs	Botswana
32	SADC Tax Sub-Committee Indirect Tax Work	Customs	South Africa
33	Seminaire de Formation au Controle Fiscal	Medium and Small Taxpayers	Noisy Le Grand, France
34	Seminaire de Formation au Recouvrement de L'Impôt	Operational Services	France
35	Seminar for Customs Officials	Customs	China
36	Seminar on Entry and Exit Administration	Customs	China
37	South African Revenue Services- Transfer Pricing Seminar	Fiscal Investigations	South Africa
38	Sub Regional Workshop on Illicit Nuclear Trafficking Information Management	Customs	South Africa
39	Succession Planning and Talent Management	Human Resources & Training Department	South Africa
40	Tax Agreements Working Group Meeting	Medium and Small Taxpayers	Botswana
41	Tax Treaty Course	Medium and Small Taxpayers	Malaysia
42	Technical Aspects of the Transfers Regime of Chemical Weapon	Customs	Zambia
43	Technical Assistance in X Ray Scanner	Customs	Australia
44	The General Tax Training Administration	Customs	Malaysia
45	Third Meeting on Sensitive Products and Tariff Alignment Schedules	Customs	Zambia
46	Training on X-Ray Scanners	Customs	China
47	WCO -1st Meeting of the SAFE Working Group	Customs	Brussels
48	WCO Framework of Standards Conference	Customs	Brussels
49	WCO Interpol International Conference	Customs	France
50	WCO IT Conference	Customs	Korea
51	World Customs Commercial Fraud	Customs	Brussels

## APPENDICES

### Appendix 8 – Summary of Objections 2006-07 and 2007-08

Details		2006-07			2007-08		
		Income Tax	Corporate Tax	VAT & Others	Income Tax	Corporate Tax	VAT & Others
Objections at start of the year	No.	73	-	23	115	3	36
	Amount (Rsm)	34.4	-	22.3	49.8	10.7	50.6
Objections Received	No.	351	17	71	484	59	101
	Amount (Rsm)	172.2	61.2	183.9	234.9	390.2	343.7
Objections Determined	No.	309	14	58	514	50	98
	Amount (Rsm)	154.2	18.7	138.4	204.3	336.1	241.9
Objections Withdrawn	No.	-	-	-	-	1	13
	Amount (Rsm)	-	-	-	-	0.2	17.6
Cases at end of the year	No.	115	3	36	85	11	26
	Amount (Rsm)	49.8	10.7	50.6	76.4	56.7	97.5

### Appendix 9 – Representations to the Assessment Review Committee 2006-07 and 2007-08

Details		2006-07			2007-08			
		Income Tax	Corporate Tax	VAT & Others	Income Tax	Corporate Tax	VAT & Others	Customs
Cases at the start of the year*	No.	189	11	141	196	12	85	40
	Amount (Rsm)	464.5	197.5	268.7	416.9	209.4	208.4	13.4
Cases Lodged	No.	127	9	36	102	28	70	41
	Amount (Rsm)	146.3	18.3	44.0	114.6	247.7	145.8	1.2
Cases Withdrawn	No.	-	-	2	-	-	-	-
	Amount (Rsm)	-	-	0.5	-	-	-	-
Cases Struck Out	No.	-	-	3	-	-	1	-
	Amount (Rsm)	-	-	5.8	-	-	0.2	-
Cases Agreed/ Allowed	No.	-	-	27	1	-	12	-
	Amount (Rsm)	-	-	29.6	0.27	-	5.6	-
Cases Determined	No.	120	8	60	116	10	48	46
	Amount (Rsm)	135	6.4	62.0	150.8	7.3	68.5	0.7
Cases at the end of the year	No.	196	12	85	181	30	94	35
	Amount (Rsm)	416.9	209.4	208.4	38.4	449.9	207.9	13.9

\* Includes figures from Fiscal Investigations Department

## APPENDICES

## Appendix 10 – Representations to the Supreme Court 2006-07 and 2007-08

Details		2006-07			2007-08			
		Income Tax	Corporate Tax	VAT & Others	Income Tax	Corporate Tax	VAT & Others	Customs
Cases at the start of the year*	No.	37	10	39	50	11	35	41
	Amount (Rsm)	143.9	45.3	37.4	145.8	46.4	43.8	16.3
Cases Lodged	No.	20	1	9	13	2	7	26
	Amount (Rsm)	63.7	1.1	13.9	73.3	0.7	23.1	1.2
Cases Withdrawn	No.	-	-	6	-	-	2	-
	Amount (Rsm)	-	-	13.2	-	-	0.7	-
Cases Agreed/ Allowed	No.	-	-	1	-	-	-	-
	Amount (Rsm)	-	-	1.0	-	-	-	-
Cases Determined	No.	7	-	6	10	5	5	21
	Amount (Rsm)	12.1	-	6.5	45.8	28.5	2.5	0.1
Cases at the end of the year	No.	50	11	35	53	8	35	46
	Amount (Rsm)	145.8	46.4	43.8	169.3	18.6	48.7	17.4

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## GLOSSARY

<b>ARC</b>	Assessment Review Committee
<b>CMS</b>	Customs Management System
<b>COMESA</b>	Common Market for Eastern and Southern Africa
<b>COR</b>	Customs Offence Report
<b>CPS</b>	Current Payment System
<b>CT</b>	Corporate Tax
<b>DTAA</b>	Double Taxation Avoidance Agreement
<b>EDF</b>	Employee Declaration Form
<b>EPF</b>	Environment Protection Fee
<b>FID</b>	Fiscal Investigations Department
<b>FITA</b>	Free Income Tax Assistance
<b>FY</b>	Financial Year
<b>HR</b>	Human Resource
<b>HRDC</b>	Human Resource Development Council
<b>HRMS</b>	Human Resource Management System
<b>IBFD</b>	International Bureau of Fiscal Documentation
<b>ITAS</b>	Integrated Tax Administration Solution
<b>KPI</b>	Key Performance Indicator
<b>LTD</b>	Large Taxpayers Department
<b>MOFEE</b>	Ministry of Finance & Economic Empowerment
<b>MRA</b>	Mauritius Revenue Authority
<b>MSTD</b>	Medium & Small Taxpayers Department
<b>N/A</b>	Not Applicable
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OPAC</b>	Online Public Access Catalogue
<b>OSD</b>	Operational Services Department
<b>PATS</b>	Plaisance Airport Transport Services Ltd
<b>PAYE</b>	Pay As You Earn
<b>PCA</b>	Post Clearance Audits
<b>PIT</b>	Personal Income Tax
<b>PSF</b>	Passenger Solidarity Fee
<b>RPP</b>	Research, Policy & Planning Department
<b>SADC</b>	Southern African Development Community
<b>SICOM</b>	State Insurance Company of Mauritius Ltd
<b>SSR</b>	Sir Seewoosagur Ramgoolam
<b>TAPIS</b>	Tax Arrears Payment Incentive Scheme
<b>TECD</b>	Taxpayer Education & Communication Department
<b>TDS</b>	Tax Deduction at Source
<b>TRC</b>	Tax Residence Certificate
<b>VAT</b>	Value-Added Tax
<b>VDIS</b>	Voluntary Disclosure Incentive Scheme
<b>VPM</b>	Vice Prime Minister
<b>WCO</b>	World Customs Organisation

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