

ANNUAL REPORT 2014

We Raise Revenue ...



...to help build prosperous Mauritius

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Our Vision

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

Our Mission

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

Our Core Values

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

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

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

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

TAXPAYER'S CHARTER



INTEGRITY POLICY STATEMENT

MRA'S OBLIGATIONS

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

We will

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

We have

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

We shall

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

We shall ensure

Good Governance in the management of the organisation

We are

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

We will

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

We are going

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

We will ensure that

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

STAKEHOLDERS' OBLIGATIONS

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

We rely on you for

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

We expect you

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

We expect you to

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

We expect you to

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

We expect you to

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

We expect you to

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

We expect you

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

We rely on you to take the engagement that

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

CHAIRPERSON'S FOREWORD



It gives me immense pleasure to present the MRA's Annual Report 2014 which is an important vehicle to disseminate the performance of any organisation to the Government, employees and other stakeholders. First and foremost, I wish to express my deep appreciation to Government for assigning upon me, in March 2015, the chairmanship of the MRA. Over its short eight year history, the MRA has forged an excellent reputation, and I remain convinced that there is room for further enhancement of the administration of taxes and duties in Mauritius for the benefit of the nation.

In its 2015-2019 Programme, the Government has charted the path of a fundamental rethinking of a futuristic scenario to transform Mauritius into a truly forward looking, economically vibrant and innovative country with state-of-the-art infrastructure, global connectivity, high skills and technology. The MRA has the delicate task of gathering the financial resources that constitute a key pre-requisite for achieving the goals set out by our policy makers. To this end, we need to ensure that the culture of productivity, efficiency, good governance and transparency permeate across all levels of the organisation. Moreover, our employees, managers, and the Management Team, will all be called upon to constantly review the systems and processes in their work environment – innovative approaches are vital to unlock the future and to achieve measurable efficiency gains for any organisation.

CHAIRPERSON'S FOREWORD

The role and functions of the MRA impact directly on trade and businesses. Government has laid down clear directives in its programme for the facilitation of businesses, with particular emphasis on small and medium enterprises considered to be the engine of growth in the next phase of our economic development. We will need to live up to such expectations by facilitating taxpayers and the business community in overcoming what some stakeholders refer to as a major hurdle – the fulfilment of tax and Customs obligations.

A range of tax policy measures have already been taken in this direction in terms of raising of both the VAT threshold for submitting returns and payment of VAT, and the income tax threshold for making quarterly advance payment of tax. The MRA needs to introduce, in the near future, tax administration measures that will further streamline our business processes, remove any remaining red tape and bureaucracy, so that ultimately tax compliance becomes an easier task for our stakeholders. In the longer term, our actions and orientations shall ensure that we cross a milestone onto becoming a truly “service-oriented organisation” from the current “revenue raising authority” status.

For us to build upon our past achievements and engineer a solid future path for the organisation, everyone has a crucial role to play. It is also vital that all our employees cultivate a sense of belonging, and identify themselves as being an essential part of a common innovative vision, and share in the pride of MRA's achievements. Under my chairmanship, you may rest assured of the MRA's commitment to lead this innovative approach, and serve as a public sector model for other ministries, departments and para-statal organisations.

Finally, I would like to thank the Director-General of the MRA, the MRA Board members, the Management Team and all our employees for their dedication, invaluable support and hard work during the preceding year. I also wish to extend my appreciation to my predecessor, Mr. V. Hassamal, for his leadership over the past nine years. I know I can rely on Board Members, MRA Management and other employees, to assemble our committed efforts to fuel and oil the engine of this organisation to allow it to move smoothly towards new milestones which enable achievement of the development goals and targets set by Government.



S. Seebaluck, G.O.S.K
Chairperson

REPORT FROM THE FORMER CHAIRPERSON ON THE YEAR 2014



When I joined the MRA as Chairman in late 2005, the vision, mission, strategic objectives and strategic initiatives of the MRA were being devised. In a nutshell, the objective was to inject freshness in the style of administering taxes in Mauritius. There was a need for prompt services to taxpayers, transparent and accountable interaction between the MRA and its stakeholders and to instil renewed confidence in the institution. In 2014, we have travelled a long way in attaining some of the expectations of our stakeholders.

The 92% e-filing of income tax returns by individual taxpayers in March/April 2014 and the collection of 71% of our total tax proceeds through electronic mode during the year 2014 demonstrates the resounding success of our e-taxation strategy. Similarly, during the year we have launched the VAT Lucky Draw Scheme which is an integral part of our strategy to promote a tax culture in Mauritius. Our people's strategy in 2014 was characterised by some 160 local training programmes and 112 overseas training/workshops for our staff. The MRA also launched its e-recruitment portal in June 2014 and enhanced its IT systems to enable its officers to update their personal details online during the year. Indeed, in 2014, the MRA has been faithful to its continuous reform and modernisation agenda, with new projects and initiatives at various levels of the organisation.

I would like to place on record my deep thanks and sincere appreciation to the Director-General of the MRA and all MRA Board members, for having extended their full support and collaboration to me during my tenure as Chairperson of the MRA. It has been an honour and a privilege to serve such an organisation for nine full years and contribute to its development. The staff of the MRA has performed an excellent task all along, and they deserve my warmest congratulations as well.

Let me conclude by extending my sincere wishes to the new Chairman and MRA Board members, the Management Team and the staff of the MRA in their respective missions. I will follow the progress of the organisation with special care and attention, and shall pray for its continued success.

V. Hassamal

Chairperson (Dec 2005 – Feb 2015)

DIRECTOR-GENERAL'S REVIEW



I am proud and privileged to present the achievements of the MRA for the eighth year running. Since its inception in 2006, the MRA has built its reputation as a credible tax administration agency implementing sound and modern administrative practices for the benefit of its stakeholders, businesses and the public at large. Whilst we recognise that there is scope for the organisation to do more in certain specific areas, the achievements during the preceding year provide evidence of the strength of our core business expertise: administering taxes, facilitating trade and businesses and collecting revenue on behalf of the State.

During the year 2014, we pursued our strategy to encourage voluntary compliance with the tax legislations and make it harder for taxpayers and businesses not to comply. We have come up with a series of initiatives that have improved access to tax information, facilitated filing of tax returns and payment of tax. A tangible outcome of the actions taken at various ends is the strong levels of voluntary filing compliance demonstrated by individuals, corporations and businesses. For example, the filing compliance by individual income taxpayers and VAT registered persons as at the end of 2014 stood at 81% and 94% respectively.

DIRECTOR-GENERAL'S REVIEW

Early in 2014, I shared with the media our key objectives for the year, the projects that we intend to implement during the year and solicited their assistance in supporting us during the implementation process. I am pleased to report that the MRA has implemented the quasi totality of these projects which included such measures as: extending the payment of income tax through credit cards without commission up to an amount of Rs 25,000; amending the 1A income tax returns to facilitate the declaration of "other income" by certain categories of taxpayers; conducting advisory visits to SMEs to facilitate their tax compliance; establishing the framework for VAT refund to middle income households in respect of construction of residential building; setting up a Special Measures Unit (SMU) to focus on the hospitality & construction sectors; and, intensifying our close surveillance and monitoring of the gambling sector and raising assessments on operators within and associated with the sector.

MRA has embarked on a highly ambitious project to trigger a positive change in the mind set and tax culture of Mauritian citizens. The thrust consisted of fostering the education of existing and future taxpayers with respect to duties and responsibilities pertaining to tax compliance, and the manner in which they may assist the MRA in raising the awareness of other taxpayers to perform their civic duty through paying their fair share of taxes. One such major MRA initiative to reengineer our taxpayer culture was the VAT Lucky Draw Scheme, launched in February 2014, aimed at incentivising taxpayers to claim a VAT receipt for their purchases. Data from the VAT Receipts sent to the MRA made the taxpayer eligible for lottery prizes. The MRA uses the data from invoices received to verify the tax compliance status of VAT registered persons. For the year under review, four VAT Lucky draws were held and, 35,000 VAT invoice details from participants provided key data for MRA tax audits.

This 2014 Annual Report also provides the

reader information relating to the performance and achievements of the MRA during the year under review, in a concise and non-technical language, when feasible. Let me, highlight some of MRA's key realisations:

- raising some Rs 64 billion of revenue for Government, representing an increase of 4% over the preceding year;
- collecting Rs 1.9 billion of tax arrears and therefore surpassing last year's collections by some Rs 200 million and setting a new landmark in terms of debt collections;
- raising Rs 3.3 billion of tax assessments which is Rs 400 million less than last year but remains a remarkable achievement as it does not include Rs 1 billion of assessments in relation to the tax amnesty schemes as was the case in 2013;
- completing 192 investigations with an average tax yield of Rs 3 million per investigations;
- registering 43,593 new taxpayers decomposed into 41,609 income taxpayers and 1,984 VAT taxpayers;
- effecting Rs 6.8 billion of VAT refund within the statutory deadlines to ease the cash flow concerns of businesses as well as Rs 870 million and Rs 269 million of income tax refunds to corporate and individual taxpayers respectively;
- achieving a 92% e-filing rate by individual taxpayers in respect of the submission of income tax returns;
- effecting Rs 181 million of narcotics seizures with the assistance of sniffer dogs;
- ensuring that Mauritius remains in the top ranking in the Paying Taxes (13th) and Trading Across Borders (17th) indicators of the World Bank;

DIRECTOR-GENERAL'S REVIEW

- filling of 98 vacancies, of which 72 were by external candidates and 26 internally;
- conducting 64 activities in respect of three main awareness raising campaigns, 39 educational seminars, 427 press briefings / radio / tv interventions and issuing/updating 21 information leaflets; and
- conducting/organising 70 in-house training programmes and devoting 21,635 man-days to training.

The MRA is committed to its on-going modernisation and reform of the administration & collection of taxes and in 2015 it will pursue this task with the same vigour and determination as in preceding years. A few projects and initiatives have already been identified and will be given due consideration during the year. They include:

- revisiting our approach to tax compliance with greater focus on actions upfront i.e before a taxpayer files his tax returns;
- making tax compliance for SMEs easier and simpler;
- introducing Electronic Fiscal Devices in a phased manner in risky sectors from a tax perspective;
- continuing our enforcement action to monitor tax compliance on the field through the Special Measure Unit;
- encouraging the public to claim a VAT receipt for their purchases through the continuation of the VAT Lucky Draw Scheme and enforcing issue of receipts by VAT registered person through field verification and test purchases;
- revamping the International Taxation Unit with the enlistment of additional & experienced staff, consolidating all global business companies under this

Unit and putting in place the necessary IT infrastructure to comply with obligations under FACTA and exchange of information requirements under the DTAA's;

- enabling online objections to assessments and payment of the relevant objection amount through electronic mode;
- continuing the phased implementation of the electronic record management system; and,
- implementing a myriad of Customs projects including web-based Customs declarations, development of an e-auction system, web-based second hand vehicle valuation system, new K-9 unit at the Airport, etc.

I would like to extend my heartfelt gratitude and appreciation to the Management Team, Board members and staff of the MRA for yet another successful year in the short history of our organisation. I trust that they will remain proactive in their drive to innovate and modernise our business processes so as to usher the MRA amongst the leading Revenue Administrations in Africa and its peer organisations worldwide. I also have utmost confidence in the skills and expertise of the new MRA Board to provide strategic direction and leadership during 2015 as collectively we all aim to position the MRA as a role model and a strategic partner for all its valued stakeholders.



Sudhamo Lal

Director-General



1.

MRA AT A
GLANCE IN 2014

MRA AT A GLANCE IN 2014



Revenue Collected
Rs 63.98 billion



Staff
1,384



Fiscal Investigations
Rs 568 million



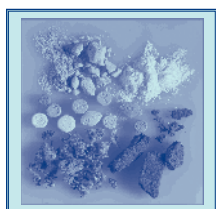
Value of assessment raised
Rs 3,278 million



Debt collected
Rs 1,909 million



New Taxpayers registered
Income Tax : 41,609
VAT : 1,984



Narcotics seizures
Rs 181 million



Containers scanned
Port : 38,277
Airport : 22,162



Electronics payment
70.8% of Total Revenue Collected



Refunds claim processed
Income Tax : 56,252
VAT : 5,804



Imports Declaration processed
210,736



Exports Declaration processed
107,966



Income Tax Refunds
Rs 269 million



VAT Repayment
Rs 6,794 million



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 Development 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:

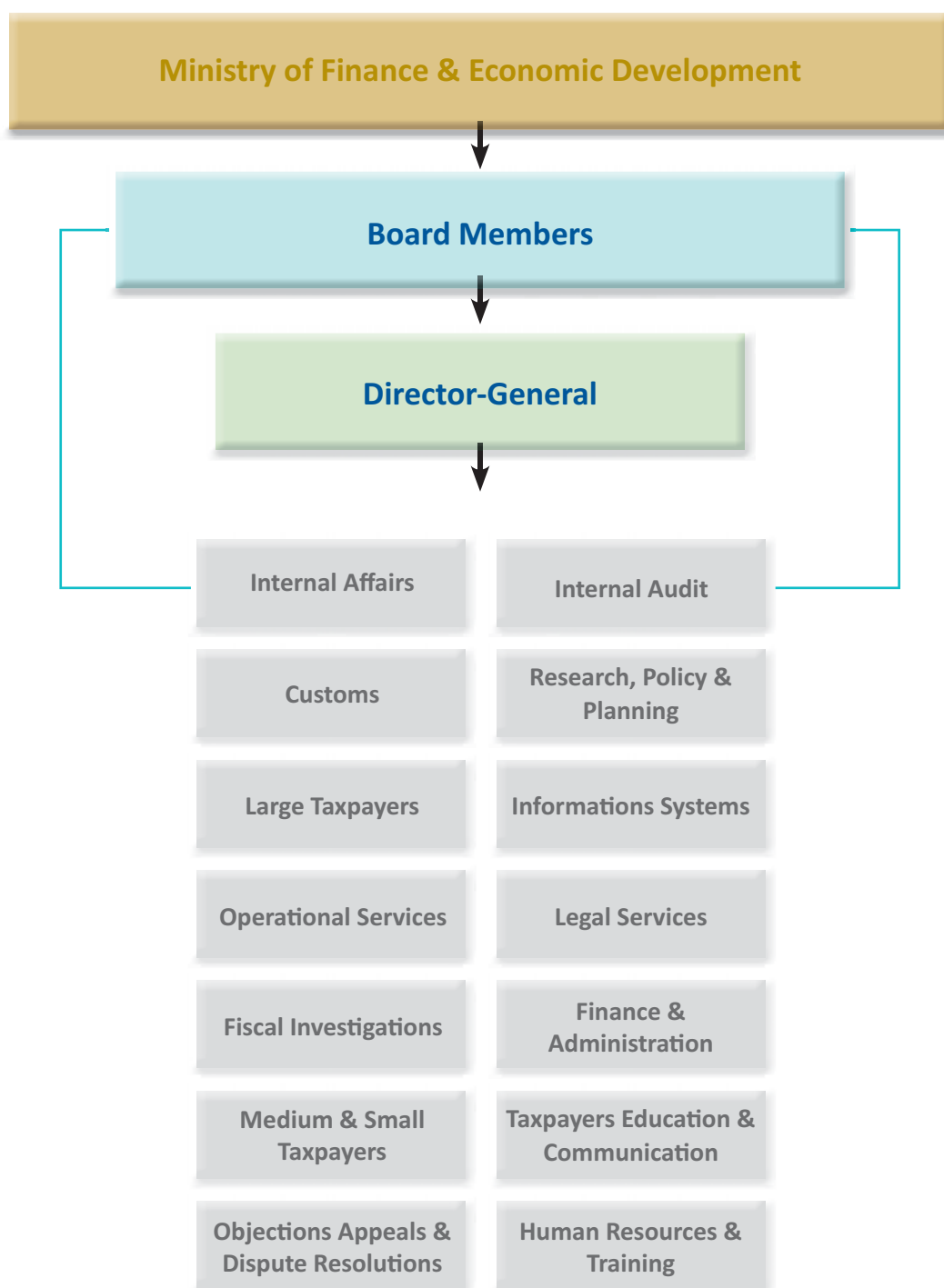
- Corporate Tax
- Personal Income Tax
- Tax Deduction at Source (TDS)
- Value-Added Tax (VAT)
- Customs Duties
- Excise Duties
- Gambling taxes
- Issue/Renewal of licences & Tax Residence Certificates (TRCs)
- Passenger Fees
- Passenger Solidarity Fees
- Special Levy on Banks
- Environment Protection Fees
- Corporate Social Responsibility (CSR) levies
- Special Levy on Telecommunications Companies
- Advertising Structure Fee
- Levy on Messaging Services



3.

ORGANISATIONAL STRUCTURE

ORGANISATIONAL STRUCTURE





e-Filing

Advance Rulings

Credit Card payment

Second-Hand Motor Vehicle Database

Single Window

e-Registration

e-Payment

e-Certificate of Origin

e-Customs

e-Audit System

SMS notifications

VLDS

Cargo Community System

Human Resource Management System

Record Management System

e-Learning Platform (WCO)

e-Recruitment

SMS notifications

nCEN

e-Objection

ITAS

e-Newsletter

CMS

e-Linkages with Government

Taxpayer Mailing Service



4.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

Since its setting up in 2006, the MRA acts as an agent of the State, responsible for collecting revenue, managing, operating and enforcing Revenue Laws. It is a body corporate set up by the Mauritius Revenue Authority Act 2004 and the Board has to ensure that all its business operations and decisions taken are in accordance with the MRA 2004.

The MRA is committed to attaining and sustaining the highest standards of corporate governance matters within the organisation. Hence, the MRA's Board is dedicated to continuously foster a corporate culture that emphasises good corporate governance. The Board is responsible to ensure that the MRA fully complies with the Code of Corporate Governance for Mauritius as issued by the National Committee on Corporate Governance under the Financial Reporting Act 2004 (the 'Code').

The MRA has been continually reviewing the implications of corporate governance best practices and ensuring that the MRA complies with the requirements of the Code in all material aspects.

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

- The MRA Act which lays down specific criteria for the appointment of the Chairperson & Board members and requires disclosures in cases of conflict of interest, etc.;
- The MRA Board;
- Board sub-committees set up to closely scrutinise the organisation's policy regarding corporate governance, auditing, risk management and procurement;
- Risk management framework with clear responsibility for risk identification, assessment and monitoring;
- Auditing and accounting framework with particular emphasis on the role of internal and external audit;
- Integrated sustainability initiatives pertaining to ethics, environment,

health & safety and corporate social responsibility;

- Standard operating procedures for all MRA processes through the ISO9001:2008 Certification, thus enhancing transparency and accountability;
- Systematic computerisation of all MRA functions with emphasis on e-filing both for tax and customs purposes;
- Continuously educating and communicating with its stakeholders together with standing meetings with main stakeholders; and,
- Accountability for results through the Performance Management System being monitored on a monthly basis and published on an annual basis in the Annual Report.

This chapter highlights the main areas of MRA's main corporate governance framework which includes the Board, Board Committees, Risk Management, Internal Control, Internal Audit, Auditing and Accounting, Quality Management System and the Integrated Sustainability Reporting, as stipulated by the Code of Corporate Governance.

4.1. THE MRA ACT

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

- (i) 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 as the President thinks fit;
- (ii) Board members are appointed by the Minister of Finance and Economic Development for a period of not less than three years;

CORPORATE GOVERNANCE

- (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 being considered.

Furthermore, Section 6 (6) of the MRA Act 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.

Section 12 of the MRA Act also provides that the Head of the Internal Affairs and Internal Audit Divisions shall report on, and be directly accountable to the Board for, the execution of the duties assigned to them.

4.2. THE BOARD

The MRA Board currently comprises six members and is chaired by Mr S. Seebaluck, G.O.S.K, Secretary to Cabinet and Head of Civil Service. The members of the Board are as follows:

- Mr. S. Seebaluck, G.O.S.K, Chairperson
- Mrs. S. D. Jugmohun
- Mr. M. Oozeer
- Mr. K. N. Reddy
- Mr. P. Yip Wang Wing
- Mr. M. S. Lal, Director-General

The profile of each Board Member and the Director-General can be found in Section 4.8 of this Report.

During the year 2014, the MRA Board was chaired by Mr V. Hassamal. The other Board members were:

- Mr. J. P. Coopamah
- Mr. D. K. Dabee G.O.S.K, S.C.
- Mr. J. M. L. Rivalland
- Mrs. A. C. Timol G.O.S.K
- Mr. P. Yip Wang Wing
- Mr. M. S. Lal, Director-General

Functions of the Board

The roles and functions of the Board include:

- giving strategic direction and providing leadership;
- overseeing the implementation of strategies, policies and plans;
- giving guidance and maintaining effective control over the Authority;
- selecting and recruiting competent staff to form part of the Management Team;
- laying down the terms and conditions of service of officers of the Management Team;
- approving the annual budget of the Authority for submission to the Ministry of Finance and Economic Development;
- putting in place an effective internal control systems; and,
- ensuring that risk management strategies are developed and implemented effectively.

4.2.1. Board Committees

In line with the Code, the Board has created three Board Committees to assist it in carrying out its oversight function. The three sub-committees are:

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

CORPORATE GOVERNANCE

The key responsibilities/activities of each of the sub committees are given below

Committee	Key Responsibilities
Audit & Oversight/ Risk Management Committee Members: Mr. P. Yip Wang Wing (Chair) Mr. J. P. Coopamah Mr. D.K. Dabee G.O.S.K., S.C. Ms C. Fijac, Ag. Secretary	<p>The main functions of the Committee are as follows:</p> <ul style="list-style-type: none"> evaluating the scope of the annual audit plan and the annual internal audit report; reviewing the quarterly reports submitted by the Internal Audit Division reviewing any significant matters raised by the external auditors; and reviewing, evaluating & approving accounting and internal control procedures implemented within the MRA. <p>During the year under review, the Committee has met 6 times and has <i>inter-alia</i>,</p> <ul style="list-style-type: none"> reviewed all internal audit reports; approved the Annual Internal Audit Plan & Internal Audit Annual Report; ensured the implementation of the Audit Recommendations and proposals for enhancement of the Internal Control System; and reviewed progress made in respect of Risk Management.
Corporate Governance Committee Members: Mr. V. Hassamal (Chair) Mr. J.M.L. Rivalland Mrs. A. C.Timol G.O.S.K. Ms C. Fijac, Ag. Secretary	<p>The main functions of the Committee are as follows:</p> <ul style="list-style-type: none"> ensuring that procedures are established to comply with regulatory requirements; enhancing the effectiveness of corporate governance within the MRA; being responsible for the remuneration and nomination of Directors (Management Team) and senior management; and monitoring of performance and succession planning. <p>During the year under review, the Committee has met twice to discuss the main initiatives taken with respect to governance, which were:</p> <ul style="list-style-type: none"> Hosting of the joint Commonwealth Association of Tax Administrators (CATA)/IMF workshop on Governance; Auditing of the MRA's Governance structure and practices; and Reviewing MRA's input for the forth-coming National Code of Corporate Governance.
Tender Committee Members: Mr. P. Yip Wang Wing (Chair) Director-General Director, Finance and Administration	<p>The Committee is made up of a Central Tender Committee (CTC) and a Departmental Tender Committee (DTC).</p> <p>Any procurement above Rs 1 million and up to Rs 5 million is approved by the DTC, and for procurement in excess of Rs 5 million the approval of the CTC is sought.</p>

CORPORATE GOVERNANCE

Commonwealth Association of Tax Administrators (CATA)/IMF workshop on Governance

In April 2014, the MRA hosted a three day international workshop with respect to governance organised by the Commonwealth Association of Tax Administrators (CATA) and the IMF.

The main topics were: (i) Assessing Board performance, (ii) Future of Customs administration in Revenue Authorities, (iii) Revenue Authorities budget and resources allocation, (iv) HR Management and (v) the role of the Board in RA modernisation and reform.

This workshop has provided a platform for Chairpersons and CEOs of various Revenue Authorities to discuss steps being adopted for reinforcing Governance in Revenue Authorities. This workshop has also provided the assurance that the MRA is on the right track with respect to governance and has already adopted the main recommended practices but there is still room for further improvement.

Auditing of the MRA Governance structure and practices

Over the years, much effort has been spared for putting in place recommended Corporate Governance structures and practices at the MRA. An audit of the Governance System (structures and practices) was effected in 2014 to give assurance that the MRA is compliant with the prevailing codes of Corporate Governance and for identifying areas for further improvement.

The audit was conducted through a survey questionnaire setting out the various requirements/Best Practices whereby the different components (Board and Directors, Board Committees, Risk Management, Internal Control, Internal Audit, IT Governance, Accounting and Auditing, Integrated Sustainability Reporting and Communication and Disclosure) were assessed.

Apart from the Code of Corporate Governance for Mauritius and Guidance Notes for SOEs,

requirements from the OECD Principles and the King III Report were also taken on board.

Most of the recommended structures and practices from the above four reports are already in place at the MRA and are continuously being improved. The audit has not revealed any material area of concern with respect to compliance to the Codes of Corporate Governance. Few areas highlighted for further improvement are: IT Governance, Evaluation of Board Committees and Management of Information Assets.

MRA's input for the forth-coming National Code of Corporate Governance

Given that National Committee on Corporate Governance was in the process of reviewing the 2005 Code, MRA seized the opportunity for requesting the Committee to encourage and promote responsible corporate tax behaviour, and reminding Corporates of the importance of being tax compliant and hence the risk and effect of same on overall governance level. MRA supported its request based on recent corporate scandals at international level with respect to aggressive tax schemes, the general change in attitudes towards tax planning, the need for greater transparency on tax strategies and initiatives being taken at the level of the OECD.

4.2.2. Board and Committee Membership

Board meetings are held on a monthly basis and in addition special meetings can be held at any time as determined by the needs of the business. As such, during the year 2014, thirteen Board meetings were held. All meetings were convoked within appropriate notice, whereby, the Acting Secretary is responsible for sending the agenda together with the relevant documents for all Board and subcommittee meetings prior to these meetings. Table 1 shows attendance at Board meetings & Committees, Board Member fees which are paid on a monthly basis and the duration of appointment of Board Members during the year 2014.

CORPORATE GOVERNANCE

Table 1: Attendance of the Board, Board Committees, Fees & Duration of Appointment for Year 2014

	Board of Directors	Board Committees			Fees & Duration of Appointment		
		AO/RMC*	CGC**	TC***	Board Fees (Rs)	Date of last Appointment	Duration of office
No. of meetings	13	6	2	3			
Meetings attended:							
Mr. V. Hassamal, Chairperson	13		2		600,000	22.11.2011	3 years
Mr. J. P. Coopamah	12	6			300,000	5.11.2013	3 years
Mr. D. K. Dabee G.O.S.K	12	6			300,000	5.11.2013	3 years
Mr. J. M. L. Rivalland	11		2		300,000	23.11.2011	3 years
Mrs. A. C. Timol G.O.S.K	12		2		300,000	5.11.2013	3 years
Mr. P. Yip Wang Wing	11	6		3	300,000	n/a	n/a
Mr. M. S. Lal, Director-General	12			3	300,000	n/a	n/a

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

***TC: Tender Committee n/a: not applicable

4.3. RISK MANAGEMENT

The Enterprise Risk Management project is fully functional since 2012. The objective of internalising risk management in the operations of the MRA from the Board member to the individual officer has been successful. Risk management is now an essential component of MRA operations to ensure that the organisation achieves its objectives.

The MRA Board has overall responsibility for risk management. This responsibility is then delegated to line-management for day-to-day management of risk and control and down the line in terms of section, unit or process.

Every department has its own Risk Register and Report which is regularly reviewed and updated by process owners. In addition, the audit of risk management of the various MRA departments by Internal Audit Division is now a regular feature. This exercise enables the identification and upgrade of risks and desired controls and provide assurance on the effectiveness of Risk Management Framework. Audit exercises have

allowed various interactions with departmental Risk Officers, process owners to drill down and consolidate the concept and structure in place.

The framework also provides for the Risk Monitoring Committee, chaired by the Director-General and comprising members of the Management Team. The objective of the Committee is to ensure that risk management is functioning as per set policies and that all key risks are identified, measured and actions taken accordingly. This committee met twice during the year to discuss risk management and the result of audits. The outcome of audits is also discussed at the level of the Audit and Oversight/Risk Management Committee.

Audit exercises, coupled with Risk Monitoring and Audit Committee meetings have helped to imbed Risk Management as a strategic tool to ensure that respective Department, and ultimately the MRA, achieves its objectives.

The 14 top risks identified and being constantly managed and monitored at Board and management level are as follows:

CORPORATE GOVERNANCE

1. Risk of not achieving Revenue targets

The MRA is the main revenue agent of the Government and plays a major role in protecting fiscal solvency. Achieving expectations in terms of budgetary provisions with respect to revenue collection remains a priority challenge for the MRA and therefore needs constant monitoring.

2. Risk of illicit drug trafficking

Drug trafficking, illegal arms importation and terrorism present major risks to national security. Through border control, the MRA has a vital responsibility to protect society from these transnational crimes. The MRA is constantly enhancing its operations by the extensive use of Information Technology and increased control and security mechanisms.

3. Risk of poor governance

Effective governance is a key element in monitoring the effectiveness of any organisation. At the MRA, every effort is deployed to take on board all the recommended structures, practices and principles of good corporate governance.

4. Integrity Risk

Projecting a positive corporate image is essential for a large revenue collection agency like the MRA. The perception of stakeholders is therefore important and inspiring trust and confidence remains one of the MRA's priorities. MRA manages integrity risk through a dedicated Internal Affairs division.

5. Risk of non-targeting high-risk taxpayers/importers

A proper risk-based methodology ensures that high-risk taxpayers/

importers are targeted for compliance audits/investigations. The MRA has put in place specific risk management units both in tax and Customs departments with emphasis on the use of third party information/intelligence to mitigate the risk of non-compliant taxpayers/importers evading the tax net.

6. IT Risk

Driving a modernisation programme through the enhanced usage of information technology inevitably exposes the organisation to IT risks such as loss, leakage or damage of data which may severely disrupt operations.

7. Risk of not achieving voluntary compliance

Increasing the voluntary compliance rate is a major MRA objective. Without regular monitoring and review of strategy, the MRA runs the risk of not narrowing the tax gap.

8. HR Risk

The success of our organisation is primarily dependent on the quality of our staff. In handling some 1,400 staff, inevitably HR issues may arise. To counter risk factors, employees are provided with a wide range of support and logistics mechanisms.

9. Risk of information leakage

Maintaining the confidentiality of taxpayers' affairs and information is one of the major expectations of taxpayers. Any failure would affect the organisation's reputation and might entail legal action.

CORPORATE GOVERNANCE

10. Risk related to staff security

The nature of the MRA's operational activities often exposes staff to the threat of moral or physical assault. If not adequately managed, this risk may severely impact on organisational performance.

11. Risk of not maintaining the Quality Management System

The MRA, being ISO certified, has to continue to make efforts in meeting and exceeding customer expectation. Furthermore, apart from complying with stated procedures, systems have to be in place for continual improvement and to comply with all ISO requirements.

The MRA, therefore, should always be on the alert with respect to its quality management system.

12. Risk of Poor Communication

Operating a self-assessment system, coupled with an on-going modernisation programme, warrants concerted taxpayer education and effective communication with our stakeholders. The risk management framework flags MRA communication as a strategic issue, which needs to be constantly improved.

13. Risk of events which may affect business continuity

There are many events that can prevent the organisation from continuing its normal operations. The MRA has identified events for which it is prepared and has put systems in place to enable continued service.

14. Risk of non-compliance to statutory requirements

The MRA Act has recently been amended requiring the yearly submission of detailed statements for assessing the efficiency of the Authority. Given the existence of various constraints which may hamper the achievement of this statutory obligation, MRA has recognised same as a new risk that should be managed.

CORPORATE GOVERNANCE

Directors' responsibility for the Internal Control System

Directors of the Board are responsible for designing, implementing and maintaining internal systems relevant to the Authority's functions including controls relevant to the preparation and presentation of the financial statements.

Such systems should ensure that all functions are in line with best practices, that all transactions are authorised and recorded and that any material weaknesses or irregularities are detected and rectified within a reasonable time-frame. The Authority has an Internal Audit function which assists the Board and Management in effectively discharging its responsibilities. Controls are reviewed on an on-going basis by Internal Audit using a cycle-based risk approach.

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

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



.....
P. YIP WANG WING
Chairman Audit & Oversight/Risk
Management Committee



.....
M.S. LAL
Director-General

CORPORATE GOVERNANCE

4.4. AUDITING AND ACCOUNTING

The Board is responsible for maintaining adequate accounting records and preparing the financial statements in accordance with International Public Sector Accounting Standards (IPSAS), for each calendar year. These statements include the board's report, balance sheet, statement of income, statement of changes in equity and statement of cash flow which reflect a true and fair picture of the financial position of the MRA.

With regards to the Financial Statements for the year ended 31 December 2014, the Director-General shall not later than 3 months after the end of every financial year submit the annual report to the Board for approval. After approval by the Board, the Director-General must, not later than 30 April 2015, submit the Annual Report, including the financial statements, to the National Audit Office.

After having audited the statements, the Director of Audit, must within 6 months of the date of receipt of the Annual Report, submit the Annual Report and the Audit Report to the Board. On receipt of the Annual Report including the audited financial statements and the audit report, the Board shall, not later than one month from the date of receipt, furnish to the Minister of Finance and Economic Development such reports and financial statements.

4.5. INTERNAL AUDIT

The Internal Audit Division is responsible for independently assuring the Board and Management on the adequacy and effectiveness of the MRA risk management, internal control and governance systems. The Division is headed by a Director and comprises a team of 16 staff of varied professional qualifications and experience. The Division reports functionally to the Audit & Oversight/Risk Management Committee and administratively to the Director-General.

Background

Internal Audit works on a risk-based approach, thus focussing its resources on high-risk areas and at the same time regularly providing assurance on continued effectiveness of control with respect to core MRA activities. Whilst keeping its independence, the Division also ensures that a participatory approach is adopted, whereby Senior Management is invited to contribute to the yearly Action Plan by suggesting main areas of concern. The Annual Action Plan is approved by the Audit Committee.

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

Achievements

The major achievements of Internal Audit for the year 2014 were as follows:

- System of Control - The Division has completed 6 system audits, 12 transaction audits and 12 follow-up exercises. Some core areas audited for the year were: Surveillance & enforcement at the Port and Airport, Customs control over parcel and couriers, Debt management, tax refund, compliance to filing obligations, revenue collections systems and write off of debts.
- 100 recommendations for further improvement of systems have been made during the year. Through these audit assignments, the Division ensures that operations are conducted according to the highest standards of best practices. One area where Internal

CORPORATE GOVERNANCE

Audit has devoted much resource in 2014 has been on follow-up exercises for ascertaining implementation of previous audit recommendations. These exercises have shown a very good rate of implementation of audit recommendations.

- With respect to Governance, the major achievement for the year has been a full audit on Governance structures and practices at the MRA as laid down at paragraph 4.2.1. The audit exercise has revealed a high rate of implementation/compliance to recommended structures/practices of the national Corporate Governance Report and international best practices.
- Risk Management - audits across all departments have shown improvement and much willingness to improve on the risk management framework. All stakeholders are seeing the link between organisational objectives, risks and controls.
- Culture of ownership and accountability for systems of control and risk management. During the year, MRA has started appraising senior management in respect of this parameter. The MRA, under the guidance of its Internal Audit Division, aims to raise its maturity level with respect controls, risk management and governance and the organisation has already started witnessing positive results.
- For enhanced efficiency, in 2014, the Division has moved towards automated Audit working paper management.

4.5.1. Quality Management System (QMS)

The MRA has been certified ISO 9001:2008 since July 2012. In its endeavour to maintain and improve the MRA's Quality Management

System (QMS), a dedicated team of 3 persons, headed by a Team Leader, has been put in place. The team has been performing internal audits regularly for the various departments of the organisation.

For the year 2014, two surveillance audits have been conducted by the external certification body, the Mauritius Standards Bureau (MSB), with no major non-conformity identified. Accordingly, the MRA continues to be an ISO 9001:2008 certified body which assures its QMS effectiveness.

As part of our continuous improvement initiatives and to enhance the quality of service being offered by the MRA, a review of the process for handling of customer complaints and customer satisfaction mechanism is being performed.

4.6. INTEGRATED SUSTAINABILITY REPORTING

4.6.1. Ethics

Integrity, fairness and transparency are amongst the Core Values of the MRA. The MRA has a dedicated Internal Affairs Division responsible for implementing & maintaining the highest level of integrity within the MRA, and enhancing public perception of the MRA's integrity.

The MRA has developed the following three codes for the basis of enforcing integrity. These codes, which are updated regularly, are as follows:

- (a) Code of Conduct and Ethics,
- (b) Prevention of Malpractice Manual,
- (c) Disciplinary Code.

The above codes act as a tool or guidance to the employees to understand the policies of the MRA towards maintaining the highest ethical standards and promoting a good corporate image.

Within the MRA's Integrity Framework, the Internal Affairs Division is responsible for:

CORPORATE GOVERNANCE

- dealing with allegations of malpractices or other complaints;
- processing and verifying declaration of assets;
- conducting integrity checks on new recruits and staff selected for promotion;
- conducting training courses and other sensitisation programmes with a view to fostering utmost integrity among MRA staff; and
- organising surveys and workshops on integrity perception at the MRA.

During the year under review the achievements of the Internal Affairs Division were as follows:

- Verified 166 Declaration Of Assets (DOAs) and reports produced;
- Initiated investigation in 31 complaints/allegations and completed 26 investigations;
- Recommended 5 cases for disciplinary action;
- Conducted 14 training programmes for integrity management;
- Conducted integrity checks on 117 recruited staff and candidates selected for promotion;
- Issued a circular on Gift and Other Benefit which highlights the steps to be taken in case MRA employees receive gifts of nominal value as protocol or for any cultural reason.

4.6.2. Environment

The MRA actively supports a clean environment policy. It is committed to providing a green office environment and ensuring that its operation is conducted in an environmentally conscious and responsible manner. In view of promoting and inculcating green habits and behaviours amongst its staff, the following eco-friendly projects were initiated during the year 2014:

- Implemented the GPS project in 2014 with a view to have a better

management of the transport section, reduce both fuel consumption and Co2 emissions. With the reduction of petrol and diesel emissions, the MRA has reduced its carbon emissions by 25,950 kg of Co2.

- Pursuing e-filing strategy so as to encourage taxpayers to file their returns electronically, hence reducing paper consumption. In 2014, 92% of individuals have filed their returns electronically;
- Encouraging e-payment through various mode of payment;
- Planting of 21 additional trees at Custom House;
- Participated in the Tree Planting for Clean Air Campaign organised by Ministry of Environment and Sustainable Development, National Emergency Centre & Beach Authority and distributed 1,500 plants to MRA staff;
- Using LED fog lights at Custom House which have low power consumption instead of using CFL lamps and halogens; and
- Replacing conventional tube lights with energy efficient LED lights at Ehram Court and Custom House.

4.6.3. Health and Safety

The MRA is fully committed to promote a health and safety culture within the organisation and continues to maintain and provide a very conducive working environment for all its employees and stakeholders visiting its premises. The MRA's Health and Safety Committee currently being chaired by the Director, Human Resources & Training meets every 2 months with the objective to maintain safe working conditions and to constantly monitor and improve health & safety standards in all its operations. In its dedication to maintaining and promoting a good working relationship across the whole organisation, the health and safety

CORPORATE GOVERNANCE

officer has ensured completion of the following assignments during the year 2014:

- Renewed the yearly Medical Scheme membership of staff and their family members and the Group Personal Accident Insurance Scheme;
- Organised 3 health programmes in collaboration with the Ministry of Health and Quality of Life, so as to increase awareness on the causes and preventive measures on the prevention of HIV/AIDS, the prevention of Breast and Cervical cancer and the prevention of Ebola Virus.
- Conducted 2 Fire Drills at Eham Court and Belfort Tower respectively;
- Provided the following First Aid and other facilities to staff members:
 - Customs Officers working in the Seaport Section were provided with new life jackets and were trained on their use at Les Salines Swimming Pool by the National Coast Guard;
 - Custom Officers were provided with new type of safety shoes, reflective waist coats, hard hats, impermeable coats and torches;
 - Air conditioners have been placed in all Custom Outposts found in the port area;
 - Ergonomic chairs were also provided to Custom outposts; and
 - Fire Wardens were trained in their roles of assisting staff.

4.6.4. Corporate Social Responsibility

Corporate Social Responsibility (CSR) is another aspect of the positive workplace environment which demonstrates our engagement towards the community. The MRA is continuously pursuing its commitment to CSR programmes and projects in Mauritius because it firmly

believes its importance for both the welfare of its employees and for that of the society. Accordingly during the year 2014, the MRA has been involved in the following projects/activities with regard to CSR activities:

- Organised its yearly blood collection, in collaboration with the Ministry of Health and Quality of Life and the Blood Donors Association. Staff, stakeholders and members of the public were invited to donate their blood and 847 pints of blood were collected;
- Collaborated with the University of Mauritius (UOM) for training placement of 20 students; and
- Enlisted 79 Lower Six students for work placement at the MRA in collaboration with the HRDC.

4.7. RELATED PARTY TRANSACTIONS

The Authority regards the Government of Mauritius as its controlling party and has disclosed at Note 17 to the Financial Statements the Related Party Transactions for the period under review in accordance with IPSAS 20(Related Party Disclosures). The related party transactions for the MRA for the year 2014 include:

1. Grants received from Government
 - Revenue - Rs 1, 299, 900, 000
 - Capital - Rs 61, 651, 510. 63
2. Fees paid to Board Members for an amount of Rs 2,400,000
3. Compensation to key management personnel for an amount of Rs 51,932,020

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.

CORPORATE GOVERNANCE

4.8. BOARD MEMBERS' PROFILES



Mr Sateaved SEEBALUCK, GOSK
Chairperson

Appointment

Appointed as Chairperson of the MRA Board in March 2015

Committee member/chairman

Chairman of the Corporate Governance Committee

Skills and previous experience

He holds a BA (Hons) Economics from the University of Delhi and a Diploma in Public Administration and Management from the University of Mauritius. He joined the Civil Service in January 1976 as Economist at the Ministry of Economic Planning and Development and shortly after joined the Administrative Cadre at the Ministry of Finance. He was promoted to the position of Principal Assistant Secretary in 1990 and in 2000 he was appointed Permanent Secretary. He is presently the Secretary to the Cabinet and Head of the Civil Service. He served various Ministries and has been Chairman and Director of many Boards and Statutory Committees during his career.

Current external appointments

- Director and Acting Chairperson Mauritius Telecom Ltd
- Director, Air Mauritius



Mr Patrick YIP WANG WING
Board Member

Appointment

Appointed as Board member in March 2015

Committee member/chairman

Chairman of the Audit & Oversight committee

Skills and previous experience

He is currently Deputy Financial Secretary at the Ministry of Finance and Economic Development where he has been closely associated with fiscal and public policies and preparation of the National Budget. After studying in Dijon, France for a *Maitrise en Econométrie* and a *Diplôme D'Études Approfondies (DEA) en Politique et Analyse Economique*, he first worked in the private sector for a few years before joining the Civil Service in 1986 as an Economist, becoming the Director for Fiscal Policies in 2001.

Current external appointments

- Board Director at SICOM group of companies
- Board Member at Statistics Mauritius

CORPORATE GOVERNANCE



Mrs Shakuntala Devi JUGMOHUN
Board Member

Appointment

Appointed as Board Member in March 2015

Committee member/chairman

Member of the Corporate Governance Committee

Skills and previous experience

She holds a Master in Business Administration and is currently Special Adviser to the Minister of Finance and Economic Development. She has extensive work experience in the Public Sector where she was actively involved in the reform of the Mauritius Financial Services Sector, the setting up of the Unified Revenue Board, Mauritius Revenue Authority & Tax Appeal Tribunal and the development of the Freeport Sector. She has also participated in the negotiations of several tax treaties and investment promotion agreements. Mrs Jugmohun has also served as Secretary, Unified Revenue Board, Director Taxpayer Services Department at the Mauritius Revenue Authority and Vice-Chairperson, State Property Development.

Current external appointments

- Chairperson of the State Property Development Company Ltd
- Member, Board of Investment



Mr Mohamad OOZEER
Board Member

Appointment

Appointed as Board Member in March 2015

Committee member/chairman

Chairman of the Central Tender Committee

Skills and previous experience

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

Current external appointments

- Mauritius Network Services Ltd
- Maurinet Investment Ltd

CORPORATE GOVERNANCE



Mr Kritananda Naghee REDDY
Board Member

Appointment

Appointed as Board Member in March 2015

Committee member/chairman

Member of the Audit & Oversight committee

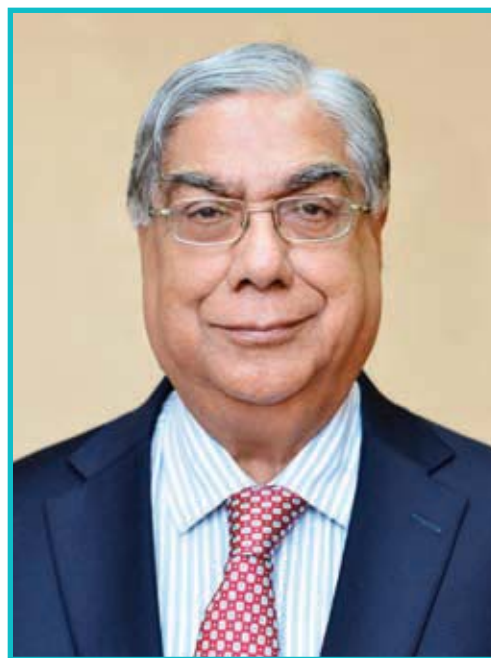
Skills and previous experience

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

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

Current external appointments

- SIC Management Services Co Ltd



Mr Sudhamo LAL
Board Member

Appointment

Appointed as Director-General in May 2005

Committee member/chairman

Member of the Central Tender Committee

Skills and previous experience

He has previously worked in direct tax administration in Pakistan, progressing from Commissioner of Income Tax and Wealth Tax and Director-General (Withholding taxes), to Member (Tax Policy and Administration) in the Central Board of Revenue, Islamabad. In this role he was responsible for leading US\$150 million World Bank funded tax administration reform programme. He has frequently interacted with European Union, Asian Development Bank, IMF and other international finance institutions. He is also the former President of The Commonwealth Association of Tax Administrators which has members in 47 countries. His formal qualifications include a first degree in Law and a postgraduate degree in Agri-Economics and Soil Science. He has also undergone training in Public Administration, National Management, Tax Fraud Administration and Revenue Forecasting.

CORPORATE GOVERNANCE

4.9. MANAGEMENT TEAM'S PROFILES

Sudhamo Lal

First degree in Law and a postgraduate degree in Agri-Economics and Soil Science.

Director-General

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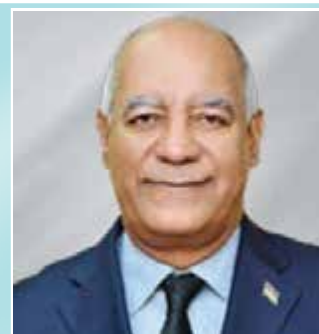
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CORPORATE GOVERNANCE



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5.

REVENUE COLLECTIONS

REVENUE COLLECTIONS

5.1. REVENUE COLLECTIONS

In 2014, the MRA's revenue collections reached Rs 63,980 million, 4% below budgetary estimates of Rs 66,906 million, and 4% above 2013 collections of Rs 61,740 million. The national budget was not presented in November 2014, and thus, revised budget estimates were not published, and absent from this Annual Report. Table 2 indicates the composition of tax revenue by tax type, and compares actual performance to 2013 and 2014 budget estimates. Around 70% of the Rs 3 billion shortfall was on account of the largest contributor – Value-Added Tax.

TAX	2014 Budgeted Estimates	2013 Actual Collections	2014 Actual Collections ¹	% of Actual 2014 over Actual 2013	% of Actual 2014 over Projected 2014
Corporate Tax	9,340	8,727	8,993	3%	-4%
Personal Income Tax	6,658	6,204	7,050	14%	6%
Tax Deduction At Source	1,050	978	1,068	9%	2%
Value-Added Tax	28,046	26,016	25,989	0%	-7%
Customs	1,586	1,389	1,240	-11%	-22%
Excise	14,938	13,557	14,427	6%	-3%
Taxes on Gambling	2,232	2,013	2,115	5%	-5%
Environment Prot. Fees	231	130	159	22%	-31%
Passenger Fee	1,245	1,219	1,213	0%	-3%
Special Levy on banks	730	473	772	63%	6%
Special Levy on Tele.	310	438	358	-18%	15%
CSR	130	125	149	19%	15%
Levy on Messaging Services	125	99	85	-14%	-32%
Advertising Structure Fee	65	68	67	-1%	3%
Miscellaneous ²	220	304	295	-3%	34%
Total	66,906	61,740	63,980	4%	-4%

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

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

5.2. DIRECT TAXES

5.2.1. Corporate Tax

During the year 2014, corporate tax collections grew by 3% to Rs 8,993 million, 4% below the projected estimates. The positive performances reported within the global business, insurance and banking sectors were relatively mitigated by fall in receipts from the construction, telecommunications and manufacturing sectors.

5.2.2. Personal Income Tax

Receipts under Personal Income Tax (PIT) amounting to Rs 7,050 million grew by 14% and exceeded target set by 6%. The higher proceeds under PIT were mainly on account of:

- (a) A rise of 11% in Pay As You Earn (PAYE) receipts when compared to the year 2013;
- (b) A surge of 39% in self-assessment receipts, i.e., tax paid with the income tax returns during March/April 2014, triggered mainly by a rise in the number of liable individual taxpayers; and,
- (c) A fall in the amount refunded to individual taxpayers from Rs 319 million to Rs 269 million in 2014.

On the other hand, tax collections under the Current Payment System continue to stagnate at around Rs 200 million.

REVENUE COLLECTIONS

CHART 1 : CORPORATE TAX (RS M)

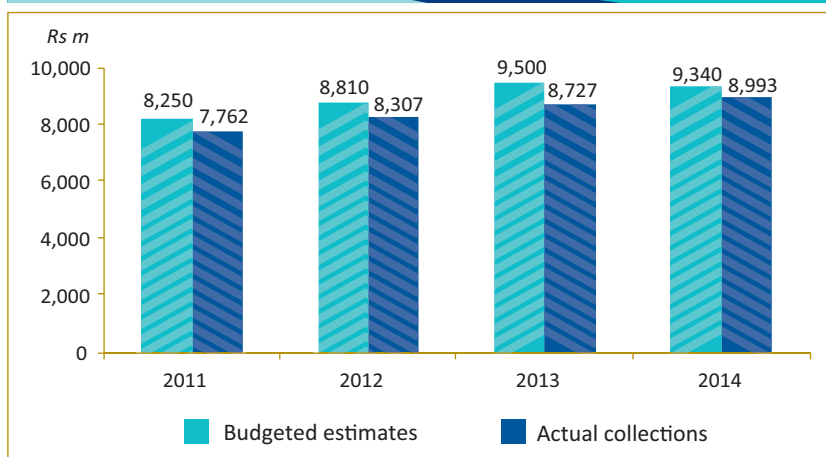


CHART 2 : PERSONAL INCOME TAX (RS M)

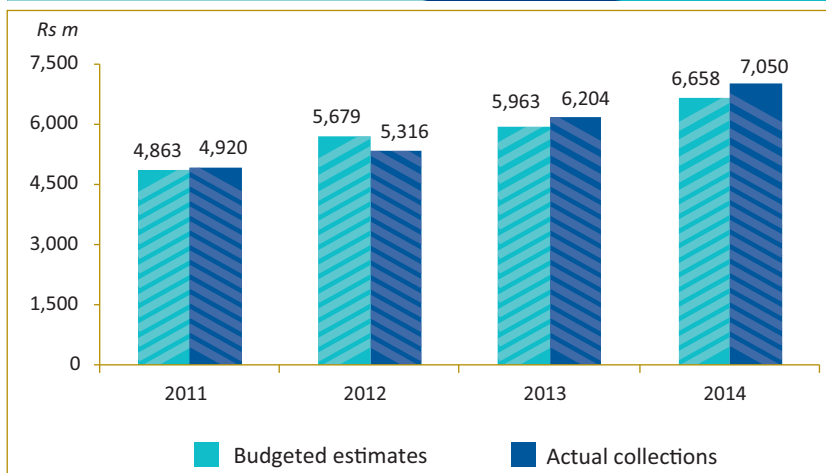
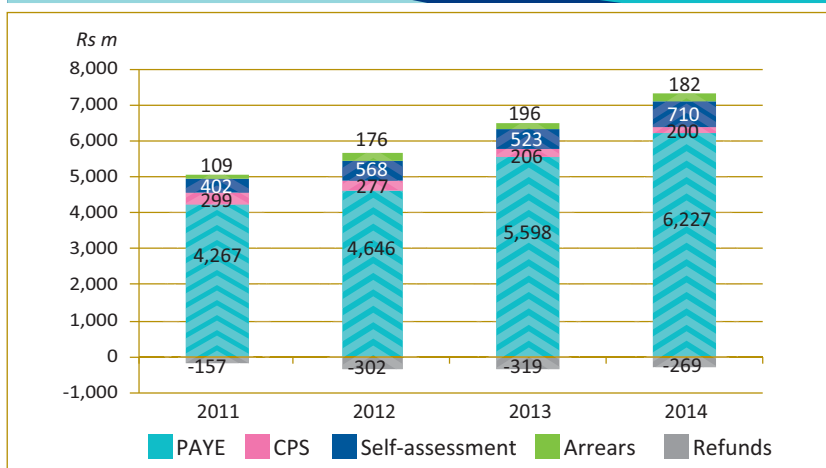


CHART 3: PERSONAL INCOME TAX BY ITEMS (RS M)



REVENUE COLLECTIONS

5.2.3. Tax Deducted At Source

TDS collections in 2014 amounted to Rs 1,068 million – a 9% increase over 2013 and were two percentage points above projected 2014 estimates. In the 2014 budget, the scope of TDS was extended to cover interest payments made by financial institutions and other companies to an individual where such interest is taxable.

In 2014, there were 6,430 payers remitting tax deducted at source to the MRA, of which 1,091 payers paid nearly 90% of the gross proceeds.

grew by 6%, receipts in VAT at imports were almost equivalent to last year's. The slight decline in net VAT collections was principally on account of a substantial one-off repayment effected during the year.

Receipts under VAT at importation in 2014 stood at Rs 15,202 million, almost level its 2013 corresponding value. Negative growths in collections were observed for the trading, manufacturing and construction sectors, with telecommunications sector remaining stagnant.

Conversely, VAT at office collections grew by Rs 1 billion, mainly sourced from positive performances recorded in the trading, hotel and manufacturing sectors though negated by a considerable shortfall within the construction sector.

5.3. INDIRECT TAXES

5.3.1. Value-Added Tax

Net VAT collections in 2014 reached Rs 25,989 million slightly less than corresponding amount in 2013 and 7% below the projections set at Rs 28,046 million. While VAT at office collections

CHART 4: TAX DEDUCTED AT SOURCE (RS M)

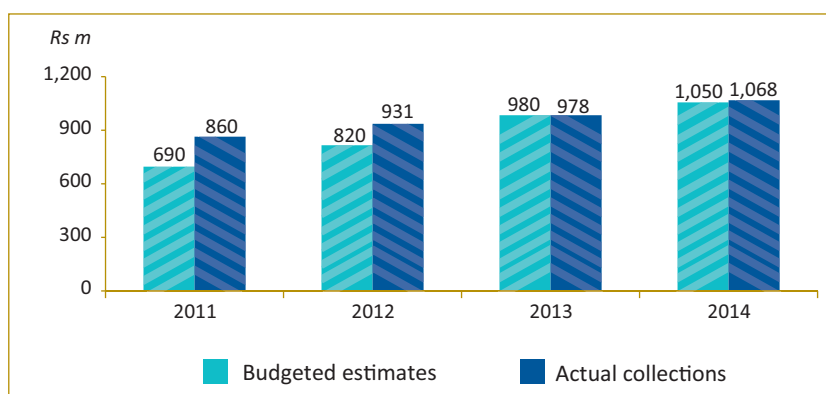
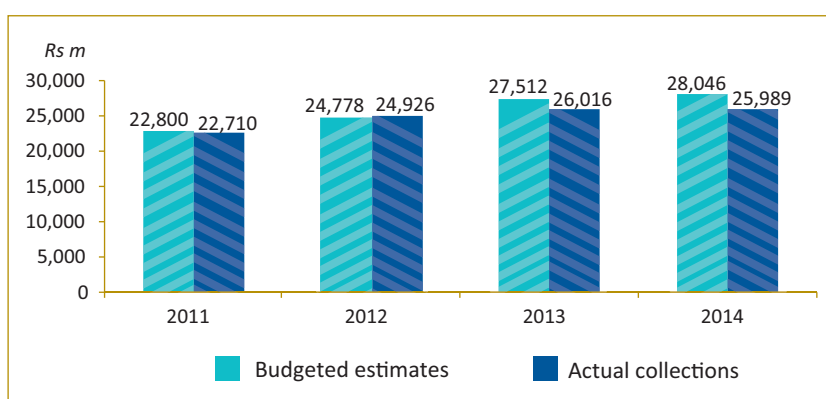
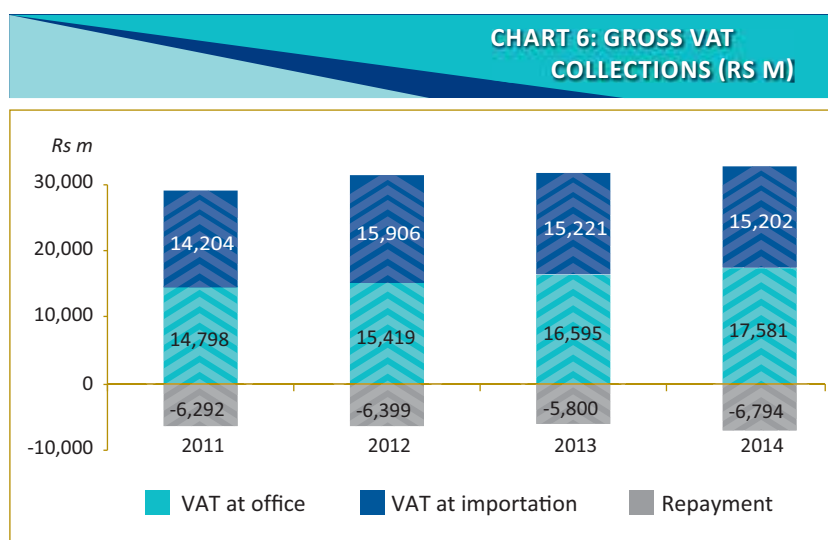


CHART 5: NET VALUE-ADDED TAX (RS M)



REVENUE COLLECTIONS



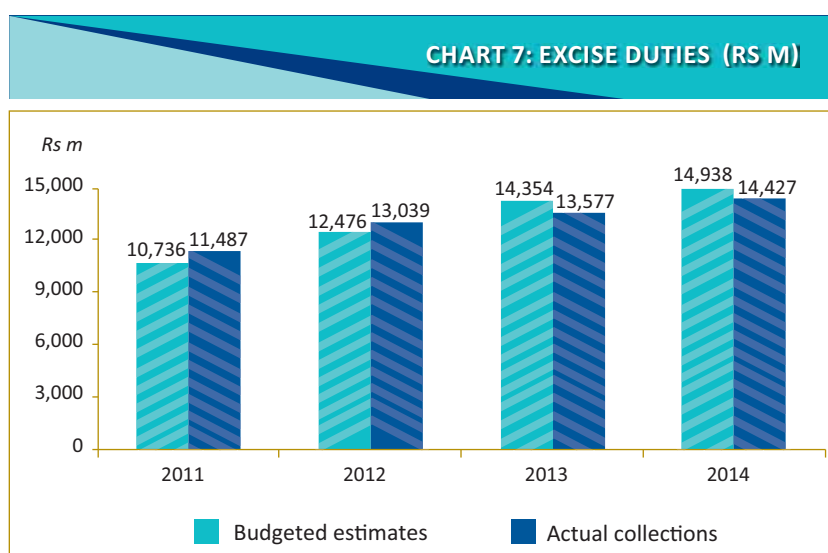
5.3.2. Excise collections

Excise duty collections, which represent 23% of total revenue collected by the MRA, grew by 6% and still 3% below target. All major excise duty items registered positive growth in 2014. However, only collections from petroleum products and sugar content achieved their expected target. Receipts under petroleum products were up by 5% and exceeded budgeted estimates by 4%. The surge in collections on sugar content of soft drinks by (87%) was mainly on account of increase in rate of duty on sugar content of soft drinks from 2 cents to 3 cents

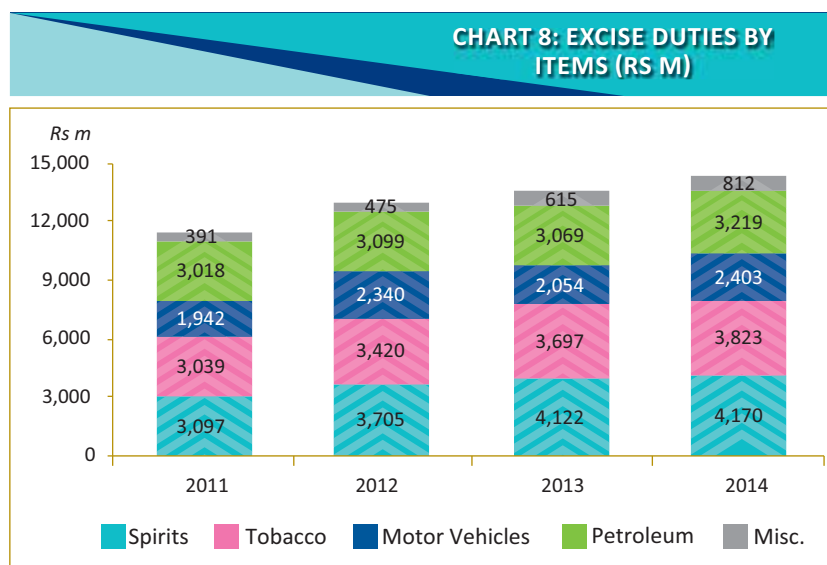
per gram effective November 2013.

The 2014 Budget, presented in November 2013, provided for a 5% increase in excise duty on alcoholic drinks and tobacco products. However collections from these two excisable items rose by 1.2% and 3.4% respectively as compared to a projected growth of 5% for each.

Excise duties from Motor Vehicles increased by 17% in 2014 boosted by the reform in the CO2 levy system in the 2014 Budget but still fell short of projections by 6%.



REVENUE COLLECTIONS



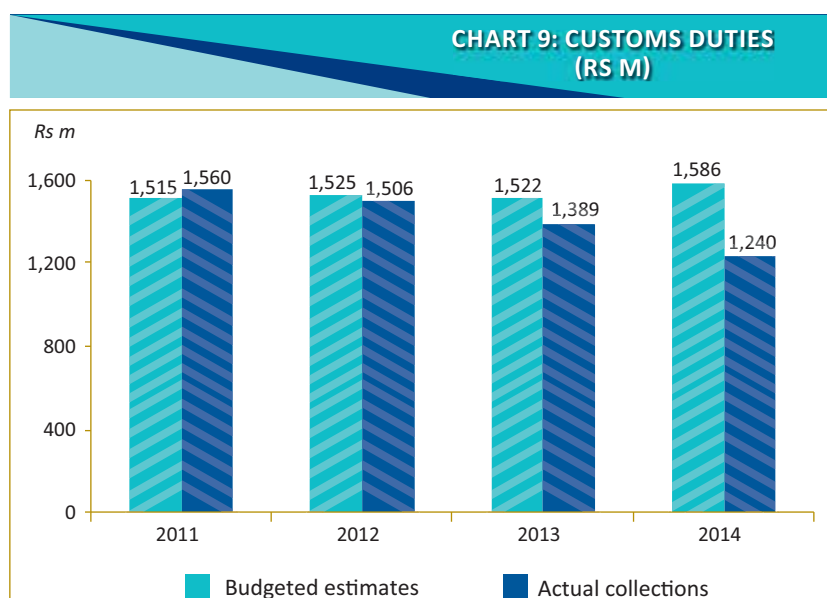
5.3.3. Customs collections

Consequent upon removal of Customs duty on a list of sensitive goods originating from SADC countries coupled with phasing down of certain tariff lines, receipts from Customs duty were down by 11% in 2014.

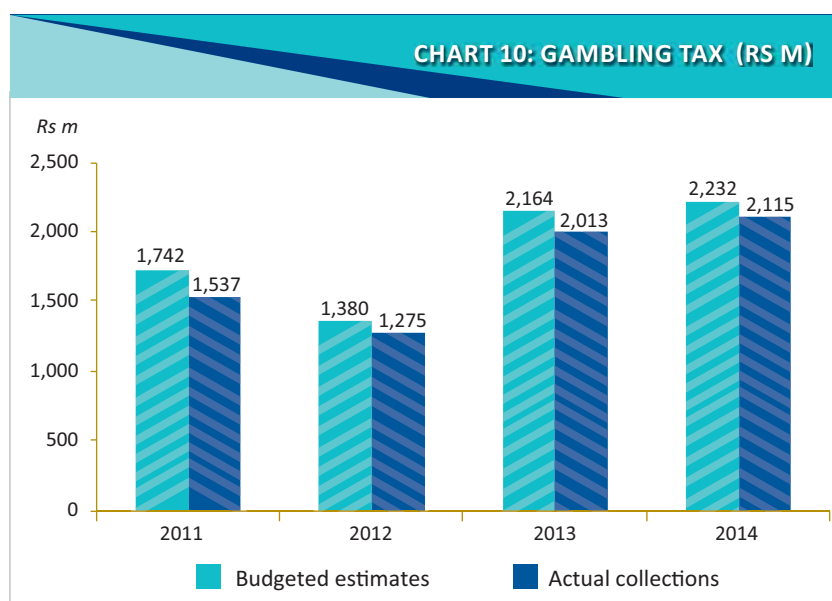
5.3.4. Gambling taxes

Collections under Gambling taxes stood at Rs 2,115 million in 2014, a rise of 5% over 2013, though 5% short of the Rs 2,232 million target.

Receipts from the national lottery operator during 2014 amounted to Rs 652 million – slightly higher than the Rs 625 million forecast proceeds. In 2014, a betting duty of Rs 24,000 per week was introduced in respect of football matches. It has contributed to the increase in total collections from football and horse racing activities from Rs 793 million to Rs 934 million. However, net proceeds from betting duties and tax still fell short of projections by some Rs 40 million.



REVENUE COLLECTIONS



5.3.5. Other fees and levies

During 2014, collection of other main fees and levies represented 5% of MRA's revenue, and the following features were observed:

- (a) Collections from Passenger Fee and Passenger Solidarity Fee remained constant over the past 3 years;
- (b) Receipts under special levy of banks amounting to Rs 772 million, exceeded the projected amount of Rs 730 million, and were 63% more than the 2013 collections. The sharp increase is partly explained by the levy computation for Segment A – initially based on 4% of book profit and 1% of operating income and now based on 10% of chargeable income of Segment A;
- (c) Special levy on telecommunications collections stood at Rs 358 million – 15% above projected target of Rs 310 million;

Table 3: Type of Fee/Levy and payments made (Rs m)

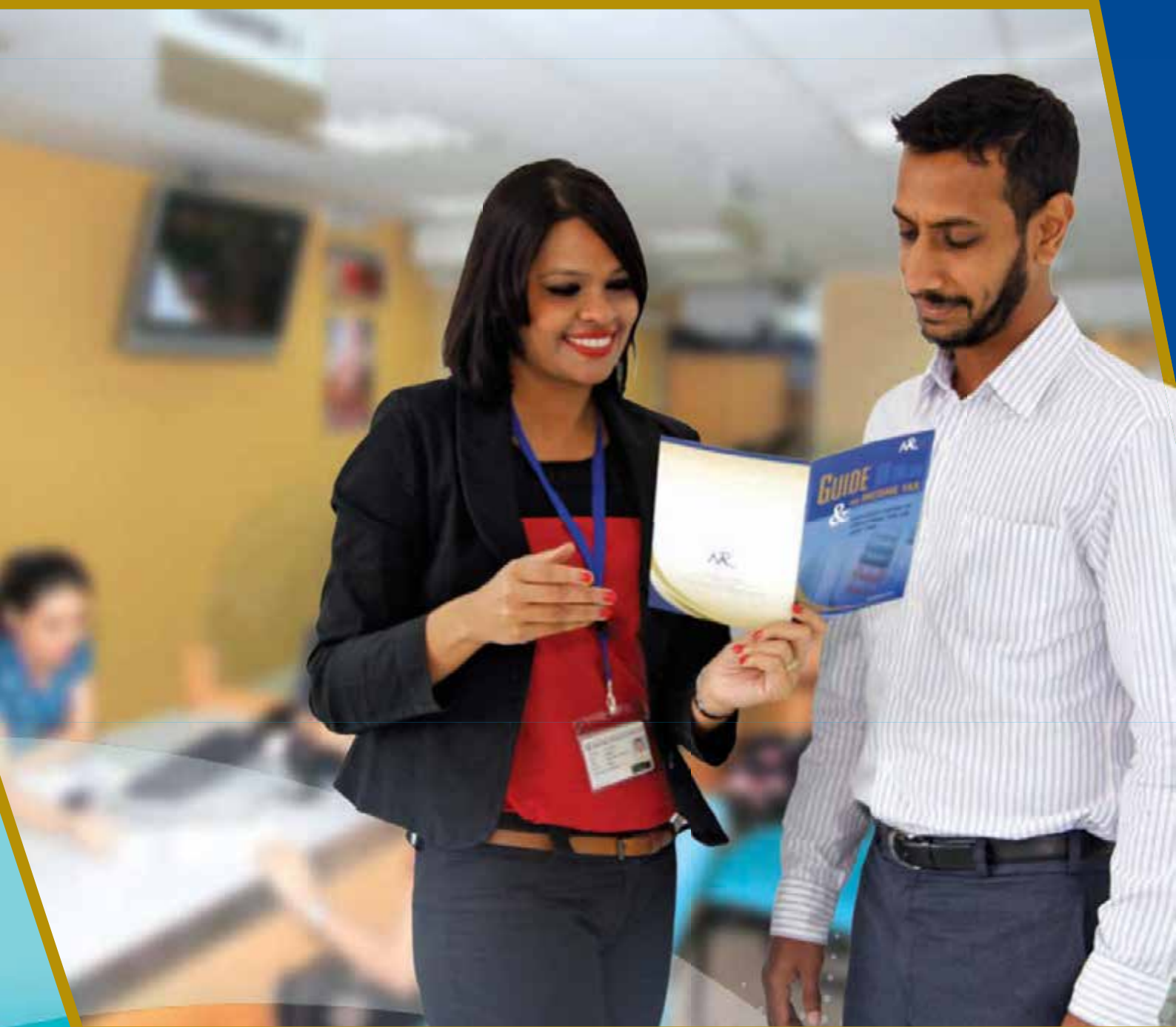
Fees/levies	Actual Collections (Rs m)			
	2011	2012	2013	2014
Passenger Fee	793	1,206	1,219	1,213
Passenger Solidarity Fee	51	50	51	53
Special Levy on Banks	448	482	473	772
Special Levy on Telecommunication	376	397	438	358
Corporate Social Responsibility Levy	116	130	125	149
Environment Protection Fee	302	145	130	159
Levy on Messaging Services	-	92	99	85
Advertising Structure Fee	-	62	68	67
Tax Residence Certificate & Tax rulings	-	-	51	64
Total	2,086	2,564	2,654	2,920

REVENUE COLLECTIONS

- (d) Levy on messaging services dropped by 14% and fell short of projections by 32%. This shortfall in collections may be partly due to more smartphone users switching from SMS to free social-messaging applications, such as WhatsApp, which allow local and international users to text and chat free of charge; and,
- (e) Receipts under the Advertising Structure fee in 2014 amounted to Rs 67 million, versus Rs 68 million collected in 2013, and exceeded the projected value of Rs 65 million.



Serve, Assist & Guide
our **Taxpayers**





6.

PARTNERING OUR
TAXPAYERS THROUGH
QUALITY SERVICES

PARTNERING OUR TAXPAYERS THROUGH QUALITY SERVICES

A self-assessment tax system entails that Revenue Authorities have a key role to ensure maximum compliance with tax laws. This is achieved through enforcement actions, coupled with a range of taxpayer education and sensitisation programmes.

Recent trends worldwide suggest that tax administrations increasingly opt for educational and sensitisation programmes to complement the traditional enforcement actions to promote and sustain a higher level of taxpayer compliance. The MRA's taxpayer education approach goes beyond a sensitisation drive about tax obligations, and aims at reengineering the taxpayer mind-set, and enhances the national tax compliance level through a change management approach to develop a positive attitude towards taxation rooted in civic and patriotic duty of all citizens.

6.1. EDUCATION

MRA's education programmes and initiatives emphasise the social value of taxation and shift the negative perception by inviting citizens to consider their tax payments as a vital contribution towards the social and economic welfare of the Nation. Citizens must no longer perceive taxation as a punitive legal obligation, but as an intrinsic part of the social contract between them and the State to finance Government expenditures.

6.1.1. Establishing a tax culture

After eight years of sustained tax administration reform and modernisation, the current phase revolves around instilling a proper tax culture nationwide through taxpayer education and sensitisation programmes in a bid to boost the compliance level.

The approach revolves around encouragement of taxpayers to nurture positive tax habits such as accurate transaction records, claiming and safekeeping of purchase receipts, early filing of tax returns, keeping up-to-date with tax laws, and, play an active role in the social debate on

Government's utilisation of their 'tax revenue contributions'.

6.1.2. Achieving a paradigm shift in the citizens' attitude to taxation through education

A benchmark to gauge the success of the MRA's tax education programme is the gradual mind-set evolution of the average income earning citizen pays his or her tax, be it income tax or VAT or any other tax, not out of legal obligation but out of civic duty. Such an evolution in attitudes is more complex with the ageing population who have grown accustomed to a negative attitude to taxation.

The MRA recognises that establishing a culture of positive tax habits stands better chances of success if we address the students, our future generation of tax 'contributors', who are at a critical stage in their socialization process. MRA's approach aims at reaching out to youngsters to build tax awareness and thus foster a positive attitude about taxation.

6.1.3. Tax Education at schools

The MRA has launched its programme of tax education at schools in 2014 for students of the primary, secondary and tertiary level, aimed at imparting to the youths the value of public goods and services and the social role of taxation in sustaining welfare provisions to society.

A series of educational sessions on 'Taxation in our daily life' was organised in several secondary colleges around the island, namely:

- Saddul College (Vacoas),
- Saint Marie College (Quatre Bornes),
- Mahatma Gandhi Institute (Moka),
- Hindu Girls College (Curepipe),
- Dr Maurice Curé Secondary School (Vacoas),
- Forest Side Secondary School (Curepipe)

PARTNERING OUR TAXPAYERS THROUGH QUALITY SERVICES

- Mahatma Gandhi Secondary School (Flacq),
- Seewa Bapoo State Secondary School (Vacoas),
- Loreto College (Curepipe),
- Modern College (Flacq),
- Imperial College (Curepipe) and
- Rabindranath Tagore Institute (Ilot).

6.1.4. Sensitisation campaign at tertiary level

Students from the University of Mauritius were sensitized on the social role and functions of taxation and the negative economic impact of tax evasion, especially from the loss of tax revenue under the Value Added Tax. In this context, the students were briefed about the importance of claiming a receipt for every purchase made from a VAT registered person, and how a receipt, once issued, is a record created which the tax authorities can consult to verify the VAT returns of the trader.



Sensitization Campaign At The University Of Mauritius

The MRA also launched a “YouTube Selfie Video Competition” whereby participants were asked to say in a video of 30 seconds what is their definition of “being a good citizen”. Within a 5-day period, 200 videos were posted on the MRA YouTube Channel on this theme. The campaign at the University of Mauritius ended with a seminar at the R Burrenchobay Lecture

Theatre, Réduit under the theme “Taxation in our daily life” and which saw the participation of 150 students.

6.1.5. VAT Lucky Draw Scheme 2014

MRA’s strong commitment to curtail tax evasion, specifically by VAT Registered taxpayers, is characterised by its VAT Sensitisation Campaign launched in 2014. This campaign aims at promoting a natural habit with our citizens to claim a receipt for every transaction and for VAT registered persons to ensure the issue of a VAT Invoice for every supply. The MRA introduced as from 1st February 2014 a “VAT Lucky Draw Scheme (VLDS)” to further consolidate this campaign. Individual consumers holding a VAT receipt are encouraged to forward the invoice details via SMS or website, and be eligible to win up to Rs 50,000.

For the year 2014, approximately 35,000 consumers participated in the VLDS and boosted its success and popularity. The key ingredients for this success rest upon:

- **Public Sensitisation Campaigns**

Public sensitisation campaigns were organised at two shopping malls, namely; the Bagatelle Shopping Mall and Jumbo Phoenix Mall involving staffs from TECD and Special Measures Unit (SMU). The PR activities aimed at deepening MRA’s visibility and sensitising the Mauritian public about the necessity of claiming a receipt. Around 1,000 consumers were thus sensitized.

- **Video clip in Cinemas**

A short video clip on the importance of claiming a receipt was broadcasted in Star Cinemas (Bagatelle, Caudan and Grand Baie) and Novelty Cinema ahead of movie projections over a 3-month period.

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- **Advertising on electronic billboards and back of buses**

The MRA designed an advertisement for display on electronic billboards in key locations such as Port Louis, Vacoas, Phoenix, Grand Baie and Flacq. This advertisement was also displayed on the back of buses on a national route network.

6.1.6. Sensitising the professionals and the business communities

Public perception about tax laws and operational procedures suggests that they are complex and cumbersome. MRA conducts regular tax sensitisation seminars with professionals and specific economic and business sectors, particularly SMEs and start ups and young entrepreneurs.

For the year 2014, the MRA conducted tax sensitisation seminars with various professional bodies, such as:-

- Institute for Judicial and Legal Services (IJLS)
- Association des contracteurs
- Mauritius Export Association (MEXA)
- Mauritius Chamber of Commerce and Industry (MCCI)

- Small Framers Welfare Fund- St Pierre
- SMEDA
- Middlesex University
- National Women Entrepreneur Council (NWECC):-

- | | |
|----------------------------------|-----------------------------|
| ➤ <i>Rivière du Rempart</i> | ➤ <i>Notre Dame</i> |
| ➤ <i>Le Morne</i> | ➤ <i>Terre Rouge</i> |
| ➤ <i>Vallée Pitot</i> | ➤ <i>Plaine des Papayes</i> |
| ➤ <i>Flacq</i> | ➤ <i>Coromandel</i> |
| ➤ <i>Pamplemousses</i> | ➤ <i>Mahebourg</i> |
| ➤ <i>Surinam</i> | ➤ <i>Floréal</i> |
| ➤ <i>Phoenix</i> | ➤ <i>Cité Vallijee</i> |
| ➤ <i>Caroline Social Welfare</i> | ➤ <i>Rose Hill</i> |

6.1.7. Study tours from foreign delegations

In the context of the MRA's policy for mutual assistance and regional cooperation, the MRA coordinated visits of several regional tax administrations at their request for a study tour to examine MRA's successful tax reform and modernization programmes.

For the year under review, the following foreign delegations visited the MRA:

Table 4: Educational/study tours by foreign delegations

Dates	Delegations
15 January, 2014	Ethiopia
18 February, 2014	Gambia and Malawi
12 June, 2014	Democratic Republic of Congo (DRC)
26 June, 2014	Mauritania
2 July, 2014	Republic of Guinea
4 August, 2014	Internal Revenue Services (IRS)
18 August, 2014	Rwanda
19 August, 2014	Madagascar
4 September, 2014	Cameroon
29 September - 10 October 2014	Seychelles
8 October, 2014	Mozambique and Djibouti

PARTNERING OUR TAXPAYERS THROUGH QUALITY SERVICES

6.2. CUSTOMER CARE

One of the prerequisites for enhancing voluntary compliance is to prioritise the highest standards of customer service. In 2014, several key MRA initiatives were undertaken to enhance the level and quality of the services provided to our taxpayers.

6.2.1. E-services

(a) E-filing and e-payment facilities

The MRA devised an effective communication media campaign to encourage taxpayers to file their individual income tax returns electronically. Over 117,000 tax returns were received electronically during the e-filing season of 2014, and only about 10,000 income tax forms were filled manually and submitted at the MRA Post Room – a 12% increase versus 2013 with 110,000 electronic returns filed. In a bid to further boost electronic filing of tax returns, the MRA operates a lucky draw which rewards 20 taxpayers with prizes worth Rs 210,000 every year.

(b) Enhanced electronic filing services

With a view to simplify the process of electronic tax returns filing, the MRA introduced a web-based interactive electronic form using a step by step wizard-driven approach. Taxpayers benefited from additional options to file their returns through their smartphones, tablets, iPad, and other mobile apps. Additional fields are available on the individual income tax return forms to cater for “other sources” of income received by salaried taxpayers. This will assist teachers, for instance, to declare all supplementary income from private tuition.

(c) Payment facilities

The MRA introduced additional payment methods for taxpayers over the years. Tax payments may now be effected to the MRA through cash, cheque, credit cards, direct debit, internet banking, ATM and SMS (Orange money).

6.2.2. Assistance to taxpayers in fulfilling their obligations

The MRA held its Free Income Tax Assistance (FITA) campaign in 16 centres around Mauritius which took place on 29th and 30th March 2014, and this facility were also extended to Rodrigues where a similar campaign was organised. Some 100 MRA staff members were deployed in the FITA centres to voluntarily assist taxpayers, who do not have Internet access, or experience other difficulties in filing their income tax returns electronically.

6.2.3. Trade facilitation at Customs

MRA Customs plays a fundamental role in ensuring seamless and hassle-free clearance of goods and passengers. The major initiatives implemented during the year were as follows:-

(a) National Single Window – The Single Window Project (Other Government Agencies –OGA Portal) in Mauritius is currently underway. The aim is to provide online, web-based facility to submit applications for import/export licenses and permits clearance from government agencies without replication of data entry. With this system in place, the application and payment for trade permit will be fully automated and traders will have the facility to track the progress of the application in real time. The project development has been closely monitored by a project technical committee comprising officers from the Ministry of Finance and Economic Development (MOFED), MRA Customs Department, MCCI, Central Informatics Bureau, various ministries as well as the service provider, Mauritius Network Services. External Single Window Consultants from the World Bank and WCO have also provided their assistance for the realisation of that project.

(b) Passenger Assessment & Clearance System (PACS) – The Passenger Assessment & Clearance System (PACS) has been introduced in CMS and is operational at Arrival Hall, SSR International Airport as from 11 November 2014. PACS caters for the assessment, calculation and

PARTNERING OUR TAXPAYERS THROUGH QUALITY SERVICES

collection of appropriate duty, excise duty and taxes on goods attracting duty and taxes found in excess of the normal allowances granted to *bona fide* passengers. The system also enables officers to issue Detain Receipts in the most efficient and timely manner to passengers;

(c) E-mail notification of statuses of BOE to Stakeholders – With a view to further facilitate trade and instil more transparency and predictability in the Customs processes, the MRA, in collaboration with the MNS, implemented the E-mail Notification Project in August 2014. The objective of this facility, which is free of charge, is to allow the declarants and the importers to insert their e-mail addresses in their Front End System at time of sending their declaration to Customs. Subsequently, the status granted to that BOE, such as query, scanning, examination, delivery/shipment, are communicated to them via the respective e-mail address;

(d) Notification to declarants for idle BOE – This facility which became operational since July 2014, provides notification to the declarant's Front End System on the 16th and 18th day, after date of validation of their BOEs, to make them aware and enable them to take needful action as to whether to further process or cancel the BOE. Through such a system in place, Customs is effectively addressing the problems linked with idle BOEs on the system;

(e) CMS enhancements and reports – CMS enhancements have been made during the year to cater for the new methodology of computation of the Dwell Time. The payment reports have also been reviewed and tailored according to users' requirements. New features to allow the possibility for attachment of documents in e-certificate of origin module was also implemented;

(f) Web-based Customs Declarations – A soft launch of this project was made with a few declarants. The implementation of the web-based Customs declarations will further facilitate trade as this portal will enable

online submission of Customs declarations and related electronic trade documents for expedited Customs clearance while payment of duties and taxes will be effected electronically. The service is available on a 24/7 basis and can be used anywhere. As the system is web based there is no need for a dedicated IT or communication hardware. Companies will be able to use this service in the way that best suits their business requirements. The cost of doing business will also be shrunk considerably with the elimination of costs related to rental of premises and transportation;

(g) Duty Officer System at PATS – The Duty Officer System was implemented and tested first at the Seaport since 8th November 2010. The purpose of this initiative was to establish a direct link with the external stakeholders by ensuring an experienced and ranking officer (Section Head) is on call 24/7 to help to resolve Customs clearance problems and, by extension, to give the department an insight into the areas that warrant improvement. Owing to its resounding success, that facility has been replicated at PATS to expedite the clearance of air cargo.

6.3. COMMUNICATION

The objective of the MRA's communication strategy is to ensure that every taxpayer is an informed person, optimally educated and sensitized of his/her responsibilities and rights and has easy access to information.

6.3.1. Effective use of the media

An efficient and effective communication strategy is essential in ensuring that taxpayers have easy and free-flow access to all pertinent information and assistance to meet their tax obligations. In order to attain this objective, the MRA has laid much emphasis on visual and printed media. For instance, during 2014, various communiqués and press releases on tax matters were issued through varied ways, as detailed in Table 5.

PARTNERING OUR TAXPAYERS THROUGH QUALITY SERVICES

Table 5: Number of communiqués issued

Communiqués	Number
TV / Radio spots	17
Press	57
Government Gazette	46
Others (clip in cinemas, billboards and posters)	4

6.3.2. Website

MRA web based approach to communication with its stakeholders on a regular basis implies frequent web page updates for reliability and accuracy of information to taxpayers. During the year, the website was updated 542 times and around 675,000 visits were recorded.

6.3.3. Intranet

The MRA intranets provide useful internal communication – horizontal and vertical – for staff members to perform their tasks optimally and efficiently. The MRA coordinates regular updates received from all Departments and Divisions and make necessary intranet amendments and SOPs updates to ensure efficiency at all levels.

6.3.4. Twitter

Twitter is a useful platform for disseminating live and real-time information to the taxpaying public. There were 557 followers as at 2014, and is expected to expand fast. Taxpayers may subscribe by clicking on the link http://twitter.com/MRA_services.

6.3.5. Taxpayer mailing service

The Taxpayer Mailing Service complements our range of communication tools to provide subscribers with latest information and publications free of charge. In 2014, 49,226 subscribers used this facility.

6.3.6. E-newsletter

The monthly e-newsletter provides staff and the public at large with information about the various activities, events and happenings at the MRA. The e-newsletter is posted on the MRA website, and keeps users abreast of all the latest events at the MRA.

6.3.7. Other means of communication

(a) Press conference

The Director-General and his Management Team hold regular meetings with the media to share with our stakeholders relevant and pertinent issues pertaining to fiscal matters, the organisational performance, and strategic objectives for the current year.

(b) Publication of the Annual Report

As per statutory requirements, at every financial year end, the MRA's Annual Report illustrates the achievements of the Revenue Administration. The Annual Report is tabled in the National Assembly and thereafter made available to the public via the MRA's website.



DELEGATIONS ON STUDY TOUR IN 2014

Ethiopia

Gambia

Malawi

Democratic Republic of Congo (DRC)

Mauritania

Republic of Guinea

Rwanda

Madagascar

Cameroon

Seychelles

Mozambique

Djibouti



7.

THE REVENUE ADMINISTRATION: EFFICIENCY AND EFFECTIVENESS ACHIEVEMENTS

THE REVENUE AMINISTRATION: EFFICIENCY AND EFFECTIVENESS ACHIEVEMENTS

The MRA's management approach has, since its inception in 2006, endeavoured to generate new initiatives and projects aimed at improving its efficiency and effectiveness in tax collection. MRA has endorsed the age of automation and e-processes, and took concrete steps to expand its e-services palette. MRA's core philosophy is reflected in its drive to enhance compliance and efficiency, coupled with its unfailing support for the Government's commitment to delivering on its socio and economic objectives through more effective national resource mobilisation.

We shall survey the efficiency and effectiveness achievements in the spectrum of MRA operations and activities, including the registration, the collection of tax (filling, processing and recovery), identification of tax

evasion strategies, prosecution for tax offences, handling of tax litigation and dealing with international tax issues.

7.1. TAX COLLECTION EFFICIENCY

A critical indicator used worldwide for evaluating the efficiency and effectiveness of revenue administrations, is the cost of collection – a ratio of the annual costs of administration incurred by a revenue body to the total net revenue collected in a fiscal year. It is now customary for revenue bodies to publish this indicator trend over a few years so as to reflect the evolution of efficiency and effectiveness of tax administration.

Table 6 shows this ratio for MRA for the period 2010-2014.

Table 6: Trends in costs of collections, 2010-2014

Details	2010	2011	2012	2013	2014
Tax receipts (Rs m)	49,344	53,010	57,965	61,740	63,980
Cost of tax collection (%)	1.71	1.77	1.77	1.83	2.18

In 2014, the cost of tax collection ratio stood at 2.18% which is much higher than the 1.83% recorded in 2013. This high level is explained by growth in recurrent expenditure exceeding that of tax receipts on account of new recruits joining the permanent personnel of the MRA in 2014 and the salary increase awarded to all officers with effect from July 2014.

7.2. COMPLIANCE EFFICIENCY

7.2.1. Registration compliance

7.2.1.1. Taxpayers on register

The MRA's Registration Unit maintains an up-to-date Register of Taxpayers that reflects the registration of new taxpayers and removal of taxpayers who no longer have a return filing obligation. On registration, a taxpayer is provided with a unique Tax Account Number

(TAN) for compulsory use for all taxation purposes. To further enhance ease of access for registration of taxpayers, an added facility whereby request for a TAN is made online via logging in at www.mra.mu, MRA's website, and, by simply clicking on the e-services icon to locate the application menu.

As at the end of December 2014, there were 247,593 taxpayers registered under Income Tax, representing an increase of 14.7% from the year end 2013 as can be seen from the table below. This increase is mostly explained with the 21.4% growth in the number of individual taxpayers.

THE REVENUE AMINISTRATION: EFFICIENCY AND EFFECTIVENESS ACHIEVEMENTS

Table 7 depicts the number of taxpayers on register as at end of December 2014.

Table 7: Register of Taxpayers, 2013 and 2014			
Details	Number on register as at 31 December 2013*	Number on register as at 31 December 2014	% Change
Income Tax			
Individual	148,523	180,263	21.4
Companies**	59,280	59,117	-0.3
Sociétés	5,872	5,950	1.3
Successions	2,208	2,263	2.5
Total	215,883	247,593	14.7
Value-Added Tax			
Quarterly	12,958	13,256	2.3
Monthly	5,271	5,620	6.6
Total VAT payers	18,229	18,876	3.5
Number of employers	19,198	19,176	-0.1

* Adjusted per filing obligations ** Includes Trusts and Unit Trusts

From Table 7 there is also noted an increase of 3.5% in the number of VAT payers, propelled by the growth of 6.6% registration amongst the monthly VAT payers.

7.2.1.2. New taxpayers on register

During the FY 2014, 41,609 new income taxpayers with tax obligations were included

into the tax net. As shown in Table 8 the largest increase was noted under the head of individuals with 35,034 new registrations. Within these new registrations, 27,687 were salary earners and 7,347 were self-employed.

Table 8 also reports that 1,984 new VAT payers with tax obligations were registered in 2014.

Table 8: New registered taxpayers, 2012-2014			
Details	2012	2013	2014
Income Tax			
Individual	5,859	15,517	35,034
Companies	5,888	5,458	5,908
Sociétés	105	896	561
Successions	51	45	56
Trusts	-	-	50
Total	11,903	21,916	41,609
Value-Added Tax	2,187	1,323	1,984

7.2.2. Return filing compliance

To encourage taxpayers to file their returns and meet their other tax obligations, the MRA introduced the:

- web-based interactive electronic form to enable taxpayers to access and file
- electronic returns using their smart phones, tablets, phablets or other electronic mobile devices, etc., from any place.
- VAT Lucky Draw Scheme as a strategy to improve VAT payers' compliance and therefore VAT collection.

THE REVENUE ADMINISTRATION: EFFICIENCY AND EFFECTIVENESS ACHIEVEMENTS

MRA's focus on stimulating filing enforcement efforts is reflected in the Non-Filing Unit (NFU) within the Medium and Small Taxpayers Department close monitoring of taxpayers with poor filing history. This strategy brought positive outcome as evidenced from the NFU's achievements for 2014, highlighted through:

- keeping track on 4,059 non-filers;
- receiving 1,797 tax returns with total tax payable amounting to Rs 54.4 million; and,
- auditing 111 non-filing cases resulting into total tax yield of Rs 71.5 million

The return filing compliance outcome for the year 2014 is detailed below.

7.2.2.1. Filing compliance of individual taxpayers

Table 9: Personal income tax returns filing compliance								
Details	Year 2013	Compliance rate	Year 2014					
			Employees	Compliance rate	Self-employed	Compliance rate	Total	Compliance rate
Returns expected	148,717	-	125,108	-	56,346	-	181,454	-
Returns received	130,980	88%	103,952	83%	43,763	78%	147,715	81%
Returns filed on time	122,113	82%	94,435	91%	37,157	85%	131,592	89%

Table 9 shows that:

- filing compliance of individual taxpayers stood at 81%, down from the 88% level of 2013. However, there was an increase in the number of returns expected during the year by 22%;
- there was an improvement in the rate of on-time filing from 82% in 2013 to 89% in 2014; and
- compliance rate amongst salary earners was higher than the self-employed, i.e. 83% as opposed to 78% for the latter

7.2.2.2. VAT filing compliance

Table 10: VAT return filing 2013 and 2014		
Description	2013	2014
Total returns expected	112,479	117,053
Percentage received	95%	94%
of which:		
Percentage received on time	96%	97%
Percentage received late	4%	3%

On average, the VAT filing compliance rate hovered around the 95% over the last two years. The timely compliance for filing of VAT return was 97%, a slight improvement from previous year, as indicated in Table 10. This shows that the majority of VAT payers filed their return within the due date with little intervention from the revenue administration.

7.2.2.3. Corporate filing compliance

Table 11: Return filing of corporate bodies, 2014	
Details	2014
Total returns expected	58,973*
Percentage received	66%
of which:	
Percentage received on time	94%
Percentage received late	6%

* includes companies in liquidation and winding up

In 2014, 58,973 corporate returns were expected of which 38,974 were received, i.e. a filing compliance rate equivalent to 66%. Out of the total returns filed by corporate bodies, 94% of them were received on time.

THE REVENUE ADMINISTRATION: EFFICIENCY AND EFFECTIVENESS ACHIEVEMENTS

7.3. TAX COMPLIANCE RESULTS

A Tax Administration's willingness and capacity to address non-compliance is a prerequisite to maintain confidence in the effectiveness of the tax system. The MRA's compliance departments strive to retain emphasis on their initial mission of deterring non-compliance and bringing our averse payers to fulfil their tax obligations. The MRA's spectrum of tools and instruments aimed at mitigating non-compliance during 2014 is detailed below.

7.3.1. Audit

MRA officers maintained their strong field presence through 1,331 field audits, which entails visiting business premises and examining books/records of taxpayers to ascertain whether accurate disclosure and trustworthy information have been reported in tax returns. Simultaneously, 4,009 completed desk audits resulted in an aggregate of 5,340 audits for the year 2014.

MRA's audit drive resulted in 5,677 assessments with a total tax yield of Rs 3,278 million. The Chart below shows that the amount assessed is lower compared to 2013 as a result of the Voluntary Disclosure of Income Agreement (VDIA). There were 3,391 cases for a total amount assessed of Rs 1.0 billion registered through this Scheme in 2013.

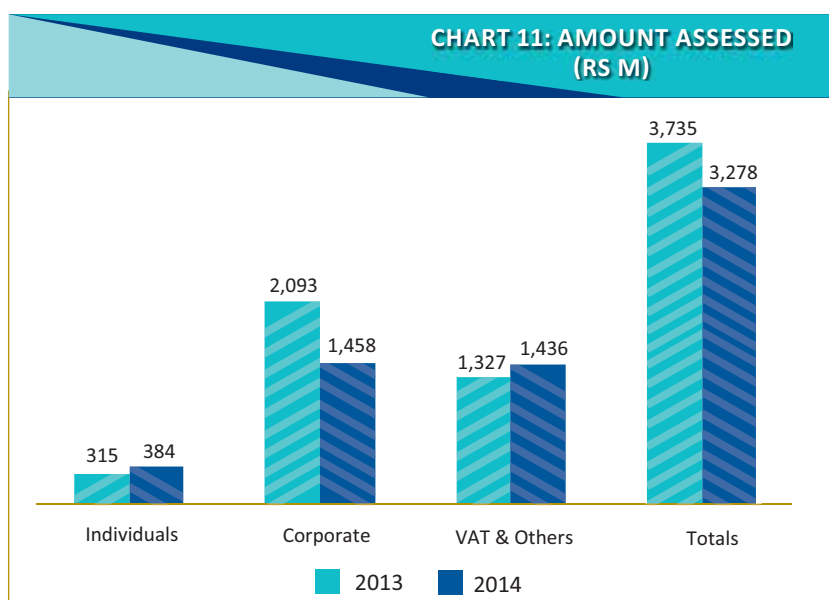
To lay emphasis on transparency in the selection of cases for audit, the MRA implemented a risk-based selection method for its audit activities which relies heavily on information obtained via a wide network of third parties, as depicted in Table 12. MRA's sophisticated Information Technology standard contributed to the establishment of a robust selection system which allows for data cross-matching of all information reported by taxpayers in their returns and intelligence gathered from third parties.

The cross matching of third party data with tax returns has enabled the MRA to register 6,931 new taxpayers during the year 2014.

7.3.2. Investigations

Table 12: Types of information gathered from third parties in 2014

Description	Number of items
Contract of goods and services	68,963
Land purchases	8,718
Motor vehicles	1,568
Building permit	7,589
Others	43,174
TOTAL	130,012



THE REVENUE ADMINISTRATION: EFFICIENCY AND EFFECTIVENESS ACHIEVEMENTS

The MRA's Fiscal Investigations Department (FID) undertakes in-depth investigations into cases where reasonable grounds of suspected tax evasions exist. Great strides in information technology imply that the scope and nature of tax evasion grow more sophisticated and complex. To respond to this new challenge, MRA Investigators have been trained to bring to light all fraudulent tax malpractices, through intelligence gathering techniques and referral of cases of tax evasion for prosecution proceedings through our Legal Services Department.

In 2014, MRA Investigators conducted 398 intelligence visits and 352 cases were referred for either taxpayer registration or full tax audit. The number of tax cases referred rose by nearly 100 when compared to the year 2013. During the same year, 192 business activity investigations were completed with a resulting tax yield of Rs 568 million, shown in Table 13.

Activities	Investigations Completed	Tax Yields (Rs m)
Traders	52	62.8
Service providers	33	159.5
Company directors	8	36.6
Professionals	14	20.5
Property developers	36	127.7
Hospitality	10	72.9
Salary earners	17	24.2
Returning Resident Scheme	21	63.8
Total	192	568.0

The total tax yield of Rs 568 million is tantamount to an increase of 49% from the year 2013 when the amount assessed equalled Rs 380 million. The tax yield per completed investigation increased from Rs 2.4 million in 2013 to Rs 2.97 million in 2014.

Table 14: Investigations achievements, Year 2013 and 2014

Details	2013	2014
Intelligence visits	407	398
Cases referred for registration and audit	253	352
Investigations completed	169	192
Tax Yield	Rs 380m	Rs 568m
Tax yield per investigation	Rs 2.4m	Rs 2.97m

7.3.3. Audit of High Net Worth Individuals (HNWIs)

The MRA is amongst the select few revenue agencies with an in-house specialized unit for administering High Net Worth Individual taxpayers. The setting up of the HNWIs Unit constituted a firm signal to the high income bracket earners that their tax compliance is closely monitored for any signs of potential tax evasion, with ensuing legal action. As at end of December 2014, the HNWI Unit had 158 taxpayers registered as HNWIs, and 40 of whom were subject to tax audit, and issued with tax claims amounting to Rs 58.6 million.

7.3.4. Management of Tax Compliance Risks

The identification and assessing of compliance tax risks in such areas as registration, filing payment of taxes at the MRA is undertaken by the Tax Risk Management Unit (TRMU). The officers seconded to this specialised Unit operate to enhance optimum tax compliance strategy. During the year 2014, the TRMU was involved in:

- identifying risky cases for audit;
- analysing data received from the VAT Lucky Draw Scheme (VLDS); and
- visiting main shopping malls to sensitize traders on the VLDS and ensuring VAT compliance by checking that proper VAT invoices are issued, VAT registration certificate has been affixed, etc.

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The achievements of the TRMU for the year 2014 are provided in Table 15.

Table 15: Results of Tax Risks Management Analysis for the year 2014	
Details	Number
Cases of mismatch between tax returns and third party information identified	284
Cases where expenses over claimed in personal tax returns	1,545
Taxpayers operating TDS/PAYE and not remitting amount withheld to MRA	686
Analysis of VLDS entries:	
<i>Non-filers detected</i>	20
<i>Cases identified and referred for full tax audit</i>	15

7.3.5. Enhancement of compliance in risky sectors

A Special Measures Unit (SMU) was set up in 2014, reporting to the Research, Policy and Planning Department, to monitor fiscal compliance in the hospitality, restaurant and construction sector via a field based audit approach. During 2014, SMU officers of the Unit focused on two main sectors, namely restaurant and construction. This sector audit approach was rewarding and resulted in the issue of 74 tax assessments with a total tax yield of Rs 25.6 million. The detailed achievements of the SMU relating to these 2 Sectors are illustrated in Table 16:

Table 16: Achievements of Special Measures Unit, 2014				
Details	Restaurant		Construction	
	No. of entities	Rs (m)	No. of entities	Rs (m)
Yield from assessment raised (voluntary disclosure)	22	16.1	12	8.4
Yield from non-filers	2	1.1		
Yield from cases referred to compliance departments	1	20.5	2	14
Number of new VAT Registration following visit	9		2	
Number of cases referred for a fiscal audit	120			

7.3.6. Tax compliance monitoring in Rodrigues

Taxpayer obligations in Rodrigues are governed by the same revenue legislations as in Mauritius and must be fulfilled in the same manner as for their Mauritian counterparts. The MRA Rodrigues Office, operational since 2010, ensures that taxpayers pay their fair share of taxes and its achievements for the year under review are show in Table17.

7.4. PROSECUTION

Tax evasion is a criminal/serious offence and our legislations provide for the prosecution of offenders involved in tax fraud activities. Under section 16 of the MRA Act, the Director

Table 17: MRA Rodrigues main achievements during 2014	
Details	Year 2014
New Registrations	
Income Tax	178
VAT	7
Employers (PAYE)	35
Assessment issued	
Income Tax	63
VAT	6
Amount Assessed	
Income Tax	Rs 2.1 m
VAT	Rs 10.3 m
Revenue Collected	
Income Tax	Rs 11.6m
VAT	Rs 27.3m
PAYE	Rs 20.6m

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General of the MRA is empowered to request the Commissioner of Police to delegate Police Officers to act as investigative officers within MRA's Legal Services Department, and to enquire into all cases falling under Revenue Laws. These officers possess powers of arrest in cases of tax evasion suspects with the assistance of the Assistant Commissioner of Police. After completion of investigative work on suspects of tax evasion activity, all case details are lodged before the relevant court with a Chief Inspector of Police acting as Prosecutor. Upon conviction by the Court, a tax fraudster may be liable to large fines with possible imprisonment.

For the year under review,

- 80 new cases were referred for prosecution for offences committed under the various Revenue Acts;
- the Court gave its decisions in 47 cases including those carried forward from the year 2013 and total fines amounting to Rs 1.4 million were imposed

7.5. REFUNDS AND REPAYMENTS

7.5.1. Income tax refunds

In 2014, MRA refunded Rs 269 million as excess tax paid by individual taxpayers. This was Rs 50 million [16%] lower than the Rs 319 million refund amount for 2013. For the year under review 56,940 applications for refund were received, with 56,252 processed.

Table 18: Income tax refunds in 2013 and 2014

Details	2013	2014
Income Tax		
Number of applications for refunds received	47,179	56,940
Number of refunds applications processed	40,431	56,252
Amount refunded	Rs 319m	Rs 269m

7.5.2. VAT repayments

VAT repayments constitute the largest

proportion of all MRA refunds to taxpayers. In 2014, VAT repayment totalled Rs 6,794 million following the processing of 5,804 VAT repayment claims. The amount repaid in 2014 increased by 17% compared to 2013- due mainly to a one-off repayment of over Rs 500 million in respect of one corporate taxpayer.

The VAT Refund Scheme for Small Planters, Fishermen, Breeders, Apiculturists, and Bakers, initially programmed till end-2013, became permanent with effect from 2014. Through this Scheme, 172 persons benefitted from VAT refund amounting to Rs 3.8 million in the year under review.

7.6. EFFICIENCY IN DEBT MANAGEMENT

7.6.1. Recovery actions

Our revenue legislations provide for taxpayers to effect their tax payments on or before the due date. Where tax is in default, a taxpayer is subject to a 5% penalty for late tax payment coupled with a 1% monthly interest on the balance of tax payable until full and final settlement. For an efficient debt management, it is critical to achieve full collection of all due taxes with minimum delays so as to mitigate ageing debt, given their cost of collection level and its complexity.

For cases of unpaid taxes, MRA's Operational Services Department's Debt Management Unit initiates an array of recovery actions, in line with our revenue legislations to recover tax amounts due. As depicted in Table 19, for 2014, 7,630 final claims were issued for the recovery of tax arrears valued at Rs 2.8 billion. Objection to leave Mauritius was also issued against 368 taxpayers owing total taxes of Rs 426 million.

A number of businesses and individuals experience financial hardship thus resulting in delays to settle their tax liabilities. For the year under review, 785 taxpayers owing Rs 563.3 million agreed a tax debt repayment schedule with the MRA.

THE REVENUE ADMINISTRATION: EFFICIENCY AND EFFECTIVENESS ACHIEVEMENTS

Table 19: Recovery actions initiated in 2014

Details	Number	Amount (Rs m)
Final claims	7,630	2,818.1
Attachment order	1,515	1,326.9
Inscription	684	1,910.9
Agreements	785	563.3
Objection to departure	368	425.5
Distress Warrants	31	52.4
Attachment order (Salary)	26	46.5
Prior notice contrainte	1	1.1

7.6.2. Arrears collection

2014 was an exceptional year in terms of arrears collection. MRA's sustained tax arrears recovery efforts led to the collection of Rs 1,909 million - the largest amount collected by the MRA since 2006. It exceeds arrears collected in 2013 by 12.3% - Rs 210 million in absolute terms.

Most of tax arrears collection fell under VAT accounting and amounted to Rs 836 million

- an 8% rise from 2013. Corporate taxpayers total debt settlement totalled Rs 705 million - a 7% rise from 2013.

The total yearly tax arrears collection as a ratio to total collectible debt is a measurable performance indicator of arrears collection operations by revenue administrations. The ratio for the MRA stood at 39.6% in 2014 - a significant rise from 35.4% in 2013; MRA's efficiency in its debt collection strategies is substantiated.

7.6.3. Stock of collectible debt

Total cumulative collectible tax arrears as at 31 December 2014 stood at Rs 4,815 million. The collectible tax debt increased very marginally by Rs 21 million from the previous year - under 0.5% increase. 47% (Rs 2,253m) of the total collectible debt, were taxes due by VAT payers, and equates to 2013 levels. Arrears of corporate bodies amounted to Rs 1,389 million, an Rs 114 million decrease versus fiscal year 2013. The distribution of taxes outstanding at end of 2014 is depicted in Chart 13.

CHART 12: ARREARS COLLECTION BY TAX TYPES IN 2014, RS M

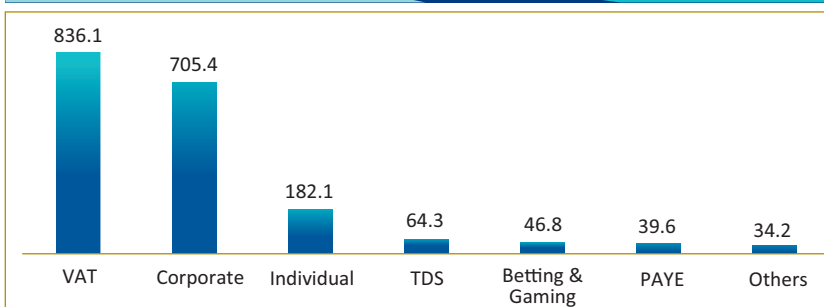
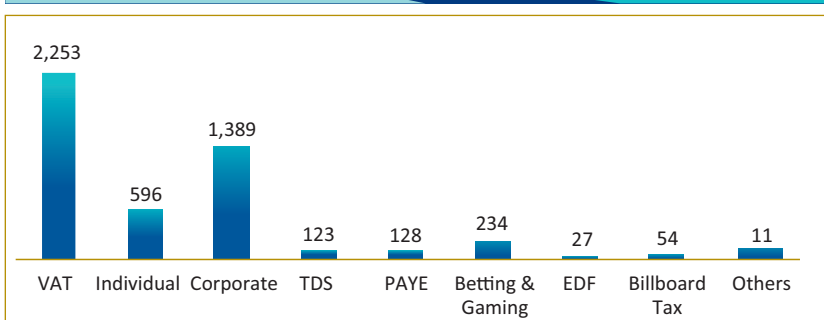


CHART 13: STOCK OF COLLECTIBLE DEBTS AT YEAR END 2014



THE REVENUE ADMINISTRATION: EFFICIENCY AND EFFECTIVENESS ACHIEVEMENTS

Total collectible taxes as a ratio of net revenue collections provide an accurate indication of the relative magnitude of debt inventory. Generally, a declining ratio shows the effectiveness of the revenue administration in the collection of tax arrears. MRA's ratio stood at 7.5% in 2014 versus 7.8% in 2013 as depicted in Table 20.

Table 20: Year-end collectible debt percent to total collections, 2013 and 2014

Details	2013	2014
Year-end collectible debt (Rs m)	4,794	4,815
Total tax collections (Rsm)	61,740	63,980
Year-end collectible debt over tax collections (%)	7.8	7.5

A 2013 OECD survey¹ of 52 advanced and emerging economies showed that 9 revenue authorities achieved a ratio ranging between 5% to 10%, and 15 revenue bodies achieved a ratio ranging between 10% to 20%. It is noteworthy

that MRA's ratio compares favourably with revenue agencies in advanced and emerging economies.

7.7. OBJECTION AND APPEALS

An aggrieved taxpayer with reasonable grounds for seeking redress for tax assessment issued by the MRA, may lodge an objection as per due procedure process on forms accessible on the MRA website, within 28 days of the date of the notice of assessment, to the Objections, Appeals and Dispute Resolutions (OADR) Department. If the taxpayer still does not receive comfort from the grievance, and is dissatisfied with the MRA's determination or decision, an appeal may be lodged to the Assessment Review Committee within 28 days. A taxpayer has yet a further opportunity of appeal to the Supreme Court and a final recourse to the Privy Council.

Table 21 sets out the data on the quantum and values of tax appeals finalized in the year 2014. The OADR Department determined 1,367 objection cases which represents 76% of cases available for processing during the year. The number of cases determined were almost 100% up from the 684 reported in 2013.

Table 21: Objection and Appeal cases for the year 2014

Description	Objection				ARC				Supreme Court				Total			
	Individuals		Corporate		Individuals		Corporate		Individuals		Corporate		Individuals		Corporate	
	Nos.	Rsm	Nos.	Rsm	Nos.	Rsm	Nos.	Rsm	Nos.	Rsm	Nos.	Rsm	Nos.	Rsm	Nos.	Rsm
Cases at start of the year	174	109.6	78	433.6	193	275.2	561	2,977.1	66	11.0	15	354.6	433	395.8	654	3,765.3
Cases lodged	817	333.9	728	2,187.9	707	292.3	579	2,374.7	45	22.3	7	39.2	1,569	648.5	1,314	4,601.8
Cases determined	737	333.9	630	2,184.7	23	45.8	88	472.2	19	0.1	3	222.7	779	379.8	721	2,879.6
Cases at year end	254	109.6	176	436.8	877	521.7	1,052	4,879.6	92	33.2	19	171.1	1,223	664.5	1,247	5,487.5

Pertaining to taxpayers aggrieved with the determination of objection, there were 1,286 representations referred to the ARC, i.e., 778 additional cases when compared to the year 2013. The ARC gave its hearing in 111 cases, versus 453 cases in 2013. However, the mismatch of high number of representations lodged at ARC and the official hearing of a low

number of cases in 2014 have led to bottleneck of pending cases - 1,929 cases with tax amount of Rs 5.4 billion at year-end 2014.

7.8. INTERNATIONAL TAXATION

Globalization and digitization introduce new and complex challenges to tax authorities worldwide, mainly as a consequence of a surge in cross-border businesses, international financial flows

¹ Tax Administration 2013: Comparative Information on OECD and Other Advanced and Emerging Economies OECD

THE REVENUE AMINISTRATION: EFFICIENCY AND EFFECTIVENESS ACHIEVEMENTS

and investment activities. A Business Entity may now serve markets with sophisticated business models and logistics planning without the need for physical presence in the end-user tax jurisdictions, thus the risk of international tax evasion materialises. This global problem requiring global solution gave rise to a call from international tax forum members, in particular the Global Forum on Transparency and Exchange of Information for Tax Purposes, for greater cooperation amongst jurisdictions and automatic exchange of information.

The MRA's International Taxation Unit is well established to manage international taxation issues. In 2014, MRA officers followed the online course on 'Tax Treaties' offered by the African Tax Administration Forum (ATAF) to enhance their knowledge and competence levels in examining matters relating to international taxation together with Tax Treaty provisions. The achievements of the International Taxation Unit for the year 2014 are now analysed.

7.8.1. Double Taxation Avoidance Agreement (DTAA)

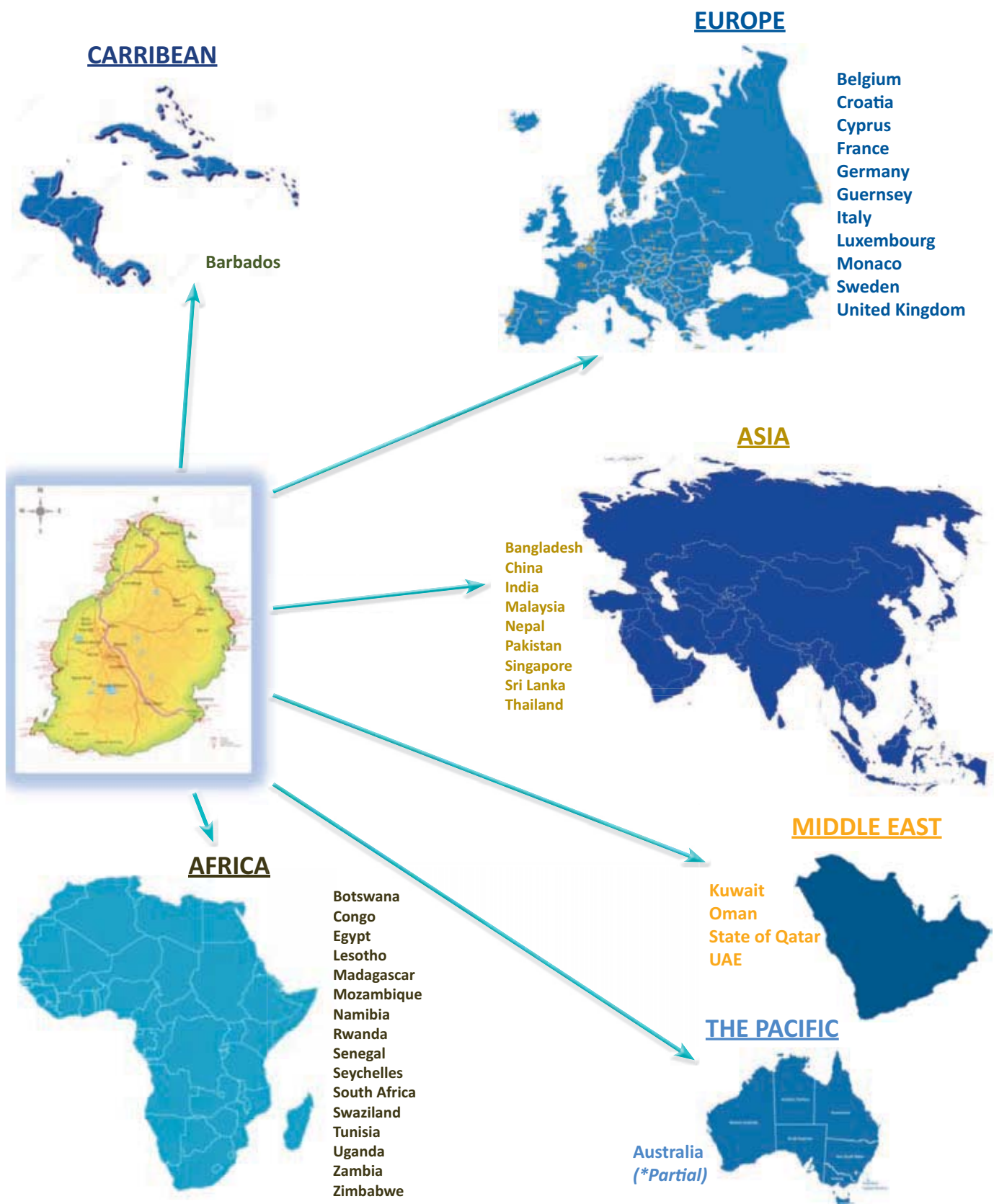
In 2014, the MRA was actively engaged in the update of existing tax treaties and the conclusion of new ones. For the year under review:

- the DTAA with Egypt, Guernsey, Rwanda and the Republic of Congo entered into force;
- a DTAA was signed with Malta; and
- DTAA's with Cap Verde and Morocco were being negotiated

As at end of the year 2014, there were 42 DTAA's in force with a number of jurisdictions as provided in Chart 14.

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**CHART 14: DOUBLE TAXATION AVOIDANCE AGREEMENT
IN FORCE 2014**



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7.8.2. Tax Information Exchange Agreement (TIEA)

The rating of Mauritius by the Organisation for Economic Co-operation and Development's (OECD's) Global Forum on Transparency and Exchange of Information for Tax Purposes as a 'largely compliant' jurisdiction illustrates that we have an effective and efficient exchange of information system in place. It is also a testimony that our system is in conformity with international norms and practices. In 2014, the International Taxation Unit pursued with the negotiation or conclusion of further TIEAs, a summary of which is provided below:

- Entered into force : United State of America
- Being negotiated : Argentina and Republic of Korea

Our Income Tax Act provides for every person, when so required by the MRA, to furnish such information as is demanded of him to enable the Authority to comply with any request for the exchange of information under a tax treaty. With the number of tax treaties in force on the rise, the MRA has to entertain a number of requests for exchange of information for tax purposes as shown in Table 22.

Table 22: Requests for exchange of information for tax purposes in 2014

Details	Number of requests	Countries
Request for information received from treaty partners	140	India, United Kingdom, France, Australia, Italy, Uganda, South Africa, China, Zimbabwe
Request for information made to treaty countries	3	United Kingdom, Singapore

7.8.3. Tax residence certificate (TRC)

After ensuring that a Global Business Company Category 1 meets all the conditions for being a resident in Mauritius and paid the prescribed fee, the MRA issues a TRC. The TRC is issued for a period of one year after which it may be renewed. In 2014 there were 5,546 TRCs issued compared to 7,887 in the year 2013. The lower number is mostly explained by the fee which is now claimed from every applicant for the issue of a TRC.

7.8.4. Tax claims on non-residents

Each year a number of professionals and eminent speakers specializing in a specific field visit Mauritius as guest speakers. Mauritius also welcomes various artists for high profile performances on specific occasions on a fee basis. To ascertain that local professionals do

not suffer unfair tax treatment versus their foreign counterparts, fees derived by the non-residents from Mauritius are taxable. In 2014, our International Unit registered 72 such cases and a total tax of Rs 12.3 million was claimed as reported in Table 23.

Table 23: Tax claims from non-resident, Year 2014

Type of taxpayers	Number of cases	Amount (Rs m)
Artists, entertainers	31	3.3
Royalties	6	3.6
Others (expatriates, jockeys, GBL, etc.)	35	5.4
Total	72	12.3

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7.8.5. Foreign Account Tax Compliance Act (FATCA)

A team from MRA International Tax Unit was assigned to draft the guidelines for an effective operation of automatic exchange of information under FATCA. The draft guidelines were submitted to the Internal Revenue Service (IRS) for approval. The MRA also held meeting with all stakeholders concerned with FATCA to address issues related to the guidelines.

7.9. EFFICIENCY AT CUSTOMS

MRA's Customs Department has a multiple function which spans from revenue collection, border protection in terms of shielding our society from narcotics trade, entry of prohibited or illegal products, economic crimes of money laundering, and, promoting economic prosperity through smoothing trade facilitation. It is a delicate mix to manage and deliver on set targets and objectives whilst ensuring a fluid unhindered flow of goods and passengers across frontiers, and calls for effective and efficient monitoring. MRA Customs implemented state of the art use of information technology and modern Customs administration techniques as per guidelines from the World Customs Organization (WCO). These include sophisticated

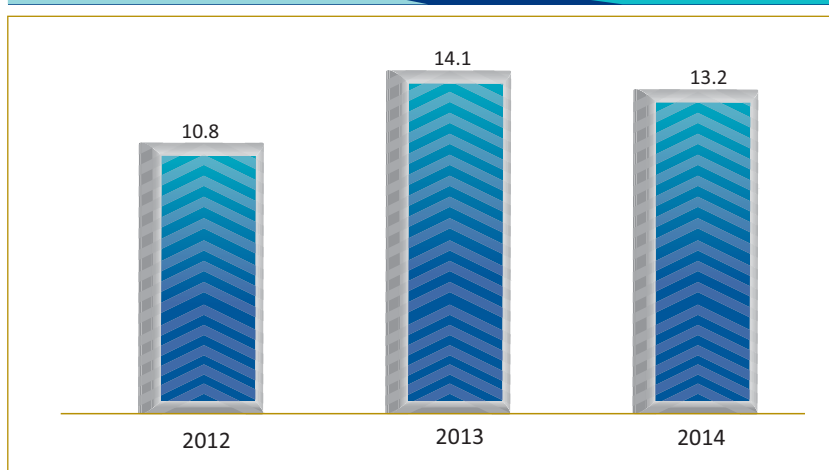
scanners, risk profiling, e-submission of customs declarations.

7.9.1. Post Control and Clearance Audit (PCCA)

The aim of MRA's sustained investment in new technology for a risk-driven approach in the management of our borders is to enhance compliance in a user-friendly philosophy whilst ensuring tax avoidance is more cumbersome. Such modernization initiative resulted in restricted interaction of customs officers with legitimate traders and travellers, with significant benefits such as minimizing dwell time for release of cargo and low compliance costs. Goods released after scanning controls may yet be subject to posteriori control i.e. a post control and clearance audit. Such audit aims at verification of accuracy of declarations via examining books, records, customs related documents and surprise check visits at the premises of the importers.

During 2014, 120 post control audits were completed resulting in assessed revenue of Rs 13.2 million - a 6% decrease from the Rs 14.1 million assessed in 2013 as depicted in Chart 15.

CHART 15: REVENUES AND PENALTIES
FROM PCCAs, 2012-2014 (RS M)



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7.9.2. Narcotics seizures

In 2014, MRA Customs undertook a range of initiatives to boost our drug detection capabilities and for an effective surveillance of both seaport and airport. These include:

- acquisition of 6 hand held trace detectors and related kits to facilitate the detection of illegal drugs;
- implementation of 24/7 mobile surveillance teams in and around sea and airport areas since July 2014; and
- full operation of CCTV control room at the Custom House whereby officers of the Surveillance and Enforcement Section can monitor strategic locations of the port as well as have access to the CCTV of the Mauritius Port Authority.

A positive result of MRA determination to intensify deterrence of illegal drug trafficking, MRA Customs Department seized illicit drugs with an estimated street value of Rs 180.6 million as shown in Table 24. The year 2014 also saw the seizure of new types of drugs namely synthetic cannabinoids, and 1,061g valued at Rs

477,441 were intercepted. The contribution of the 6 sniffer dogs of the K-9 in these seizures is noteworthy.

Table 24: Narcotics seizures in 2014

Details	Weight/ Quantity	Value (Rs)
Heroin	11,846 g	177,689,250
Hashish	268 g	669,750
Cannabis	3,670 g	1,651,374
Cannabis Seeds	500 seeds	50,000
Psychotropic Substances	6 units	300
Cocaine	6.5 g	98,550
Synthetic Cannabinoids	1,061 g	477,441
TOTAL		180,636,665

Over and above these illicit drug seizures, the Customs Department had to be vigilant on other offences committed at our borders such as undeclared currency, carrying offensive and illegal weapons, importation of goods infringing Intellectual Property Rights, etc. The achievements under these heads are provided in Table 25.

Table 25: Other seizures effected during 2014

Details	Number of cases	Value (Rs)
Currency (undeclared):	46 cases (Penalty payable- Rs 167,177)	49,198,482
IPR seizures	62 cases	1,778,443
Cigarettes (undeclared)	11 cases (1250 cartridges x 200 cigarettes)	1,298,903
Cigarettes (missing)	9 cases (861 cartridges x 200 cigarettes)	708,864
Alcoholic Beverages	4 cases	134,038
Offensive Weapons	11 cases	-
Others-CFU/PSEU/ASEU	88 cases	122,378

7.9.3. Scanning of containers

MRA Customs has introduced scanners at different places of Customs operations as portrayed in Table 26.

In 2014 the MRA has put into operation a baggage scanner at the Arrival Hall of Plaine Corail Airport in Rodrigues as a deterrence

measure for passengers/traders transiting illegal and life-threatening goods. MRA Customs are better equipped with such scanners to efficiently and effectively detect excess, smuggled and prohibited goods including drugs and firearms, and, high risk containers warranting physical inspection are easily spotted; this resulted in a noticeable increase in the number of offences

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detected at both seaport and airport in 2014 compared to the year 2013 as seen from Table 27. 2014 has witnessed the increasing number

of offences detected in containers transiting by air – 193 offences in 2014 versus 31 in 2013.

Table 26: Introduction of scanners at MRA Customs

Year of operation	Place of operation	Type of scanner	Purpose
2006	Mauritius Container Terminal	Large X-ray scanner	To scan containers
2006	Airport, Cargo terminal (PATS)	Large X-ray scanner	To scan palletized cargo
2007	Airport, Passenger Terminal	Mini scanners	To scan passengers' baggage
2007	Courier Services	Mini scanners	To scan small packets
2011	Port, cargo examination Centre	Mini scanners	To scan packages

Table 27: Number of containers scanned in 2013 and 2014

Details	Year 2013		Year 2014	
	Port	Airport	Port	Airport
Number of containers scanned	35,816	18,749	38,277	22,162
Number of suspect containers	297	494	393	823
Number of offences detected	68	31	73	193
Offences detected as a % of containers scanned	0.19%	0.17%	0.19%	0.87%

7.9.4. Excise stamps

Cigarettes are no longer manufactured in Mauritius and all tobacco products are now imported. To intensify its campaign to mitigate smuggled tobacco products into the territory of Mauritius, the MRA introduced Excise Stamps to make it compulsory for all packets either manufactured in or imported into Mauritius to be affixed with such stamps. With the implementation success rate experienced for tobacco products, the Excise Stamp measure was extended to alcohol products in 2014. To enforce and ensure compliance, the MRA's Excise Enforcement Teams conduct regular visits at retail outlets and following which a number of seizures were made in 2014 as follows:

Table 28: Enforcement of Excise Stamps, 2014

Breaches or Offences	Number of cases	Amount involved (Rs)
Cigarettes	7	60,190
Alcoholic products	22	230,000



**MRA Annual Football Tournament, Fun Games and
Team Building held in October 2014 at Gymkhana Ground Vacoas**



8.

HUMAN RESOURCE MANAGEMENT

HUMAN RESOURCE MANAGEMENT

Human resources play an integral role in helping the MRA to achieve its overall strategic objectives. During the year under review, various initiatives were implemented by the organisation towards the development of a competitive team of highly competent and dedicated people.

8.1. HUMAN RESOURCE PROFILE

The sections which follow provide the profile of the MRA's human resources, categorised in

terms of its grading structure, age group and gender.

8.1.1. Establishment

In 2014, the personnel head count at the MRA stood at 1,340, representing 93% of the critical requirements of 1,495 people for the organisation. In contrast, in 2013 the number of MRA staff members totalled 1,340 – a 3.3% growth rate in the MRA personnel during 2014. The grading structure of the workforce is portrayed in Table 29.

Table 29: Human Resource Structure			
Grade	Job Title	31 December 2013	31 December 2014
-	Director-General	1	1
-	Technical Advisor	1	1
7	Director	12	12
6	Assistant Director / Section Head	33	33
5	Team Leader	98	93
4	Technical Officer	245	243
3	Officer / Custom Officer II	364	404
2	Custom Officer I / Support Officer II	330	361
1	Support Officer I	172	177
-	Trainee Officer	41	59
-	Trainee Customs Officer	43	-
Total		1,340	1,384

8.1.2. Age & gender profile

An important MRA objective is to achieve the right blend of young dynamic male and female

officers along with experienced officers. The age groups and gender profiles of the human resources are provided in Table 30.

Table 30: Human Resource Structure as at December 2014			
Age Group	Male	Female	Total
Below 25	10	27	37
25 to below 35	205	224	429
35 to below 45	246	132	378
45 to below 55	191	63	254
55 and over	248	38	286
Total	900	484	1,384

In 2014, the ratio of female to male staff was 1:1.86 and 31% of staff members were in the 25 to 35 years age group. A significant shift in the age structure at the MRA was noted and

staff aged below 35 years increased to 34% in 2014, from 28% in 2010. This change is the direct result from the MRA's recruitment drive of young graduates in recent years.

HUMAN RESOURCE MANAGEMENT

8.2. STAFF TURNOVER

8.2.1. Recruitment

Table 31 details the 98 posts filled during the year 2014.

Table 31: Posts filled during the year 2014	
Job Title	Number of posts filled
Internal Recruitment	26
Director, Internal Affairs	1
Section Head, Customs	2
Section Head, Compliance	2
Systems Analyst	2
Technical Officer, Payroll	1
Officer	8
Trainee Officer	10
External Recruitment	72
Principal Training Academy	1
Assistant Director, RPP	1
Team Leader, QM	1
Legal Counsel	2
Technical Finance Officer	1
Trainee Officer	50
Support Officer I	12
Driver	1
Telephone Operators	3
Total	98

8.2.2. Retirements and resignations

During 2014, 10 staff members retired from the service, together with 11 resignations.

The staff turnover ratio for the year 2014 was estimated at 0.79%, down from 1.01% in 2013.

8.3. STAFF DEVELOPMENT AND KNOWLEDGE MANAGEMENT

In order to meet the ever-changing work challenges with modern knowledge management techniques, the MRA constantly aims to develop its human resource through the

implementation of tailor-made, comprehensive and effective training programmes. The different types of training and development programmes held during 2014 are shown in Table 32.

Table 32: Training and development programmes	
Training types	Number
Local Training	160
In-House	67
External	90
Health & Nutrition	3
Overseas	112
Meeting/Workshops/ Training	87
Missions	23
Scholarships	2
Total	272

For the year under review, Rs 8 million was allocated to MRA's training and development programmes. Approximately 21,635 man days were assigned to foster training and development opportunities for MRA Staff.

8.4. MODERNISING HR PROCESS

A range of initiatives were implemented during 2014 for the enhancement of MRA's HR process:

- (i) **E-Recruitment** – The E-Recruitment service became operational since June 2014, and enables prospective candidates to apply for job openings at the MRA online through its website under the 'Careers' menu. This service is available for both members of the public and the existing staff, whenever vacancies arise at the MRA. The link to the portal is: <https://eservices.mra.mu/career/MRAcareers.html>;
- (ii) **Updating of personal details online** – Provision was made for staff members to update their personal details online since July 2014; further enhancement to online qualifications updating is in the pipeline;

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The "E-Recruitment" portal

- (iii) **Extension of leave application services to trainees / probation / contract** – Since October 2014, trainees/staff on probation, staff on contract (including Directors) were offered a service that caters for online leave applications and online check of leave balances; and,

- (iv) **Enhancement of the Oracle Time and Labour** – This Oracle platform Module aims at computerising the overtime process which offers an electronic service to MRA staff to apply and submit their overtime claim. The OTL module configuration has work in progress status.

8.5. MEDICAL & GROUP PERSONAL ACCIDENT INSURANCE SCHEMES

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

The Medical Scheme provision to staff and their families was renewed with the British American Insurance Co (Mtius)

Ltd for a three-year period, from 01 November 2014 to 31 October 2017. As at December 2014, the Scheme membership totalled 1,210 comprising MRA staff, their spouses (271) and children (295).

- (ii) **Group Personal Accident**

The Group Personal Accident Policy Scheme provides financial protection to MRA employees and/or their families in the event of disability or death following an accident. The MRA subscribed to an insurance policy, under the Group Personal Accident (GPA) Scheme, with the SICOM General Insurance.

8.6. PERFORMANCE APPRAISAL

As per established procedures, the MRA's annual performance appraisal exercise for the financial year 2013 was conducted during January 2014, and annual increments were granted to staff members who achieved the performance requirement standards. Furthermore, the MRA has a reward mechanism for recognising valued

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staff who achieved outstanding performance targets, competencies and behaviour. During 2014, some 56 officers achieved excellence and were awarded a performance bonus in April 2014.

8.7. EMPLOYMENT RELATIONS

8.7.1. Meetings with union

A positive and supportive work environment is a crucial parameter in building a robust employer-employee relationship. Going beyond the basic legal requirements of employment relations, the MRA strives to promote a positive and pleasant working environment conducive to improve productivity and efficiency. During 2014, the MRA Management and the Mauritius Revenue Authority Staff Association (MRASA) held twelve meetings to smooth industrial issues.

8.7.2. Salary review and conditions of service

During 2014, MRA's review exercise for salary and conditions of service was completed under the responsibility of the external consultant Mr B. Appanna of BCA Consulting. On the recommendations of the consultant, MRA Board has approved the proposals made. In December 2014, MRA staff members were paid the revised salary scale with arrears.

The Consultant's main recommendations were:-

- After the bank maximum has been reached, a maximum of 16 unutilised days of sick leave, out of the annual entitlement of 21 working days, earned as from January 2015, be converted and paid in cash at the rate of 1/44 of monthly salary per day;

- Payment of a Maternity Allowance of Rs 5,000 to female employees;
- Adoption leave on full pay granted to all employees;
- Deferred Duty Facilities to officers of Grade 3 and above, reckoning 22 years of service or more and drawing a monthly salary of Rs 59,400 or more;
- Car loan to eligible staff at preferential rate of interest; and,
- Setting up of an appropriate committee to review the pension of retired employees.

8.8. WELFARE ACTIVITIES

MRA aims at providing a good work-life balance for its employees to create an efficient, healthy, loyal and satisfied workforce that thus constitutes a valued resource for the organisation. MRA athletes participated in various competitions organised by the Fédération Mauricienne des Sports Corporatifs (FMSC), and internally at the MRA. Table 33 provides an overview of activities.



Winners of the MRA Football Festival

Table 33: Sport Events

Events	Date held	Number of MRA Participants	Outcome
External - FMSC			
Football Premier League	5 April 2014 to 30 June 2014	24	MRA ranked 4 th
Men's Volleyball Championship	1 June 2014 to 24 June 2014	15	MRA ranked 2 th
Cross Country	13 July 14	3	1 Gold Medal + Trophy for Best Team
Badminton Tournament	9–10 August 2014	9	<ul style="list-style-type: none"> • 1 Gold Medal (Men's singles) • 1 Silver Medal (Women's singles) • 2 Bronze Medals (Double men & mixed double)
Pool Tournament	28 September 2014	7	<ul style="list-style-type: none"> • 1st round (Team 5 category) • 2nd round (Single men category)
Annual Athletics Meet	7 & 9 November 2014	9	<ul style="list-style-type: none"> • 3 Silver Medals (3000m men, 1500m women & Javelin men) • 1 Bronze Medal (200m men)
Internal activities			
MRA Football Festival & Fun Games	11 October 2014	300	Football Festival A composite team from Ehram Court ("Bater Boule") won the Tournament Fun Games 9 fun games were organised
Domino Tournament	29 November 2014	100	<ul style="list-style-type: none"> • Champions – Mr R. Ragooah and Mr L. Kisto • Runner -Up – Mr G. Busawah and Mr S. Ramphul • Third Place – Mr N. Ramchurn and Mr V. Chiniah

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8.9. SAFETY AND HEALTH POLICY

MRA's cherished philosophy of ensuring a safe and healthy environment for its staff is further reinforced by its drive to consolidate its Safety and Health Policy and procedures intended to eliminate, reduce or control risks. A synopsis of such measures taken during the year is provided below:

(i) **Sensitization and awareness campaigns** – In collaboration with the Ministry of Health and Quality of life, 3 Health programmes were organised so as to increase awareness on the causes and preventive measures in the following cases:

- (a) Sensitization on the prevention of HIV/AIDS;
- (b) Sensitization on the prevention of Breast and Cervical cancer; and,
- (c) Sensitization on the prevention of Ebola Virus.

(ii) **Fire drills** – 2 fire drills were conducted at Eham Court and Belfort Tower

(iii) **Provision of First Aid and other facilities** – During the year, the following initiatives were taken for the benefits of the staff members:-

- (a) Customs Officers working in the Seaport Section were provided with new life jackets and were trained on their use at Les Salines Swimming Pool by the National Coast Guard;

- (b) Customs Officers were provided with new type of safety shoes, reflective waist coats, hard hats, impermeable coats and torches;
- (c) Air conditioners were placed in all Customs Outposts found in the port area;
- (d) Ergonomic chairs were also provided to Customs outposts; and,
- (e) Fire Wardens were trained in their roles of assisting staff in case of emergencies.

8.10. ACOLADES

- **International award for tax stamps**

MRA was the winner of the “**Best Design Award for the implementation of tax stamps on alcohol products**” during Excellence in Tax Stamps Awards 2014 held in Dubai in September 2014.



International recognition for our Tax Stamps on alcohol products

The background of the page is an abstract composition of flowing, wavy lines in various shades of blue and teal. A prominent feature is a large, light blue area with a fine halftone dot pattern, which appears to be a stylized representation of a landscape or a digital texture. The overall aesthetic is modern and clean.

9.

LOOKING
AT THE FUTURE

LOOKING AT THE FUTURE

A goal without a plan is just a wish

– Antoine de Saint-Exupéry.

In its third Strategic plan i.e. the 2014-16 Corporate Plan, the MRA has laid down its strategic and operational framework for the next three years. The 2014-16 MRA Corporate Plan is firmly rooted in a philosophy of modernisation. MRA management is fully committed to support the entire staff as they embark on the essential fulfilment of the different phases of the corporate planning strategies and initiatives that will shape the MRA's future against all odds.

Given that the national budget was not presented in November 2014, no 2015 Programme based budget was published. Yet, in a spirit of transparency and accountability, an estimate of expenditure on different projects has been tabulated.

Table 34: Capital Budget

PSIP CODE	Description	Revised Project Value	Cumm Exp @ 31 Dec 2014 Rs M	Estimates		Planned			
				Jan - Jun 2015	2015 / 2016	2016 / 2017	2017 / 2018	2018 / 2019	2019 / 2020
		Rs (Million)	Rs (Million)	Rs (Million)	Rs (Million)	Rs (Million)	Rs (Million)	Rs (Million)	Rs (Million)
C0117	ITAS	85.77	85.77	-	-	-	-	-	-
C0110	Network and security enhancement - Eham Court	34.00	14.00		4.00	4.00	4.00	4.00	4.00
C0111	Electronic payment solution	2.00		0.30	0.70	1.00			
C0112	Enhancement of the oracle finance system	9.21	2.21		2.00	2.00	1.00	1.00	1.00
C0114	Cargo community system	2.50	0.50	0.50		0.50	0.50	0.50	
C0119	Acquisition of ICT equipment & software	202.93	112.93	7.50	13.00	17.50	17.00	17.50	17.50
C0121	Acquisition of furniture & other equipment	28.10	7.00	5.10	3.00	3.00	3.00	3.00	4.00
C0122	Purchase of vehicles	29.54	4.54	5.00	-	5.00	5.00	5.00	5.00
C0211	Extending storage infrastructure	20.58	5.58		3.00	3.00	3.00	3.00	3.00
C0217	Installation of weighbridge in port area	5.00			5.00				
C0220	Clustering of CMS II	15.00				10.00	5.00		
C0283	CMS II application enhancement and upgrade	16.20	6.00	1.20	2.00	3.00	2.00	2.00	
C0315	Drug interdiction program	133.08	26.58	-	100.40	6.10			
C0316	CMS /ITAS integration	13.90	2.90	2.00		3.00	3.00	3.00	
C0317	MNS development contract	9.11	1.61		1.50	1.50	1.50	1.50	1.50
C0416	Enhancement of ITAS	5.00			1.00	1.00	1.00	1.00	1.00

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PSIP CODE	Description	Revised Project Value	Cumm Exp @ 31 Dec 2014 Rs M	Estimates	Planned				
				Jan - Jun 2015	2015 / 2016	2016 / 2017	2017 / 2018	2018 / 2019	2019 / 2020
		Rs (Million)	Rs (Million)	Rs (Million)	Rs (Million)	Rs (Million)	Rs (Million)	Rs (Million)	Rs (Million)
C0417	Study on monitoring system for gaming activities	5.00			5.00				
C0419	Implementation of customer relationship management	6.00			1.00	5.00			
C0420	Clustering for TPOS	17.50			5.00	7.50	5.00		
C0423	Taxpayer mobile services	10.00			2.00	2.00	2.00	2.00	2.00
C0424	Consultancy services for SAP Hana	10.00					10.00		
C0425	Re-evaluation and implementation of SAP solution for Customs cross border system	18.00					18.00		
C0427	Implementation of performance appraisal in FINHRMS	6.00			6.00				
C0431	Wireless transmission equipment	2.00				2.00			
C0432	Enhancement of time attendance & access control at Ehram	6.00			5.00	1.00			
C0433	Replacement of telephone & video conferencing at Ehram Court	0.50		0.50					
C0434	Enhancement of main core for IP telephony	5.00			5.00				
C0437	Modification to suppression system	3.70			3.70				
C0438	OGA portal interfacing with CMS	6.00			6.00				
C0439	Web based CMS	2.50		0.50	2.00				
C0440	Procurement of a mobile low bed scanner for freight forwarding stations	5.00			5.00				
New	Installation of CCTV camera at Ehram Court	3.50			3.50				
New	Replacement of street lights with solar powered led lights	0.90				0.90			
New	Enhancement of infrastructure and connectivity Rodrigues	4.60		2.00	2.60				

LOOKING AT THE FUTURE

PSIP CODE	Description	Revised Project Value	Cumm Exp @ 31 Dec 2014 Rs M	Estimates	Planned				
				Jan - Jun 2015	2015 / 2016	2016 / 2017	2017 / 2018	2018 / 2019	2019 / 2020
		Rs (Million)	Rs (Million)	Rs (Million)	Rs (Million)	Rs (Million)	Rs (Million)	Rs (Million)	Rs (Million)
New	Procurement of communication equipment for the implementation of mobile interface public members (mobile IPM)	0.50		0.50					
New	Procurement of a small x ray scanner for customs steps	5.00			5.00				
New	Upgrading and restructuring of office space at pats and installation of CCTV camera	0.40		0.40					
GRAND TOTAL		730.02	269.62	25.50	192.40	79.00	81.00	43.50	39.00

Table 35: Recurrent Budget						
Details	Approved Estimates 2014	Revised Estimates 2014	Estimates Jan - June 2015	Estimates 2015 / 2016	Planned 2016 / 2017	Planned 2017 / 2018
	Rs 000's	Rs 000's	Rs 000's	Rs 000's	Rs 000's	Rs 000's
Staff costs	1,051,000	1,018,000	623,591	1,233,600	1,294,700	1,325,400
Salary review 2014		90,200				
Training	8,000	7,200	3,450	6,500	6,500	6,500
Board members fees	2,500	2,400	1,200	2,400	2,400	2,400
Missions	3,500	3,500	1,800	3,500	3,500	3,500
Professional fees	7,000	19,000	3,500	7,000	7,000	7,000
Office expenses & services	28,100	33,000	18,200	34,200	33,500	33,500
Rent	37,900	37,900	20,300	39,400	40,300	40,500
Utilities	30,500	31,900	16,700	31,600	31,600	31,600
Motor vehicles expenses	12,600	17,100	8,900	17,000	17,000	17,000
Advertising and publication	5,000	8,700	4,550	7,900	8,400	7,900
Printing, stationery and consumables	12,000	12,700	6,250	12,500	12,500	12,500
Tobacco & alcohol stamps	-	-	3,500	8,700	7,000	7,000
IT expenses	24,000	25,500	20,300	30,300	30,300	30,300
Uniform	6,000	6,000	2,000	5,600	5,600	5,600
Conference	1,000	1,000	300	1,000	1,000	1,000
Contribution / subscription	3,600	3,600	1,500	3,800	3,800	3,800
Service/bank charges	300	3,500	1,750	3,500	3,500	3,500
Total	1,233,000	1,321,200	737,791	1,438,500	1,508,600	1,539,000

LOOKING AT THE FUTURE

9.1. STRATEGIC PLANNING 2015 -17

During the year 2014, the MRA launched its third Corporate Plan covering the period 2014 to 2016 under the theme 'Moving Strategically towards Sustainable Growth'. The strategic plan, a roadmap for the revenue administration, lays down a clear emphasis on strategic objectives, critical initiatives, and future projects that the MRA intends to implement in the 2014-16 corporate planning cycle, and underlines our commitment to continuous progress in effectiveness and efficiency within our core philosophy of catering for our stakeholders' expectations.

MRA's third Corporate Plan revolves around five main strategic objectives, namely

- Promoting Tax Compliance;
- Promoting Taxpayer Education, Communication & Facilitation;
- Developing People, Processes & Technology;
- Facilitating Trade and Ensuring Border & Society Protection; and,
- Strengthening Good Governance & Improving Corporate Image.

The attainment of these strategic objectives will require the fulfilment of a series of existing or new strategic initiatives and projects measurable in terms Key Performance Indicators (KPIs). An overview of each strategic objective and their strategic initiatives is provided below. Each strategic initiative has a set target and indicators which the MRA will continue to monitor so as to assess the performance of the strategic objectives through which MRA's organisational efficiency is evaluated.

Goal 1: Promoting Tax Compliance

Promoting Tax Compliance is one of the core objectives of the MRA. In its drive to promote and improve the overall tax compliance rate, the MRA will initiate, improve and implement a series of measures and initiatives. These include, *inter-alia*, analysing of revenue collections, registering new taxpayers, conducting tax audit and investigations, managing debt collections and recovery of arrears, tracking of non-filers, extending the network of third party information and instilling the tax receipt culture. A few selected measures in respect of promoting tax compliance are highlighted in Table 36.

LOOKING AT THE FUTURE

Table 36: Promoting Tax Compliance – Selected Strategies, KPIs and Targets

Strategies	Measures	Targets		
		2015	2016	2017
Analysing Revenue	Actual collections as a % of projected collections not below percent indicated	95%	95%	95%
Registering new taxpayers, tracking down non-registered persons and updating the register	No. of new taxpayers registered as a result of third party matching of information	7,000	7,200	7,500
	No. of visits for widening of tax base	100	105	110
Strengthening Auditing System	% of cases selected using Risk Management tools to total cases selected for audit examination	MSTD –60% LTD – 40%	MSTD –70% LTD – 50%	MSTD –80% LTD – 60%
	Total audits effected - LTD	800	850	900
	- MSTD	5,500	6,000	6,300
	No. of Post-Clearance Control Audits (PCCAs) in Customs	130	135	140
Combating tax evasion through in depth investigations	No. of operators visited by flying squad	100	105	110
	Number of investigations completed	150	180	190
	Demand created per fiscal investigation	Rs 2.5m	Rs 3.0m	Rs 3.5m
Implementing a new Debt Management Strategy	% of total amount of old collectible debt collected to total collectible debt at the start of the year	25%	27%	30%
	% collections out of debt raised during the year	30%	33%	36%
Tracking of non-filers	No. of non-filers attended to	4,800	5,000	5,200
Implementing the VAT Lucky Draw Scheme	No. of VAT Lucky draws effected	4	4	4

Goal 2: Promoting Taxpayer Education, Communication & Facilitation

During the 2014-16 Corporate Planning cycle, the MRA will lay greater emphasis on shifting taxpayers' attitude from 'an obligation to pay' to a 'willingness to pay' taxes, by inculcating a 'tax culture' to shift taxpayers' mind-sets and attitudes. The MRA has fine-tuned its goal

of 'providing quality services' to 'promoting taxpayer education, communication and facilitation'. A series of initiatives under the education, communication & facilitation strategies will be implemented by the MRA, in an attempt to continually meet the expectations of its stakeholders. A summary of some of the main measures are highlighted in the Table 37.

LOOKING AT THE FUTURE

Table 37: Providing Taxpayer Education, Communication & Facilitation – Selected Strategies, KPIs and Targets				
Strategies	Measures	Targets		
		2015	2016	2017
Promoting Taxpayer Education	No. of educational seminars conducted	40	45	50
	No of SOPs maintained, simplified & updated	All requests received	All requests received	All requests received
	Introduction of Tax education sensitization programme at primary school	On-going	On-going	On-going
Promoting Communication	No. of times MRA's website is updated	As & when required	As & when required	As & when required
	Conducting a survey on MRA's communication strategy	1	N/A	N/A
Promoting Facilitation	Percentage of returns filed electronically to total no. of returns	LTD:100% MSTD: Companies above Rs10 m-100% MSTD: Companies below Rs 10m – 90% MSTD: Individuals – 92%	LTD:100% MSTD: Companies above Rs10 m-100% MSTD: Companies below Rs 10m – 95% MSTD: Individuals – 94%	LTD:100% MSTD: Companies above Rs10 m-100% MSTD: Companies below Rs 10m – 95% MSTD: Individuals – 95%
	No of e-payment users at Customs	1,900	2,000	2,100

Goal 3: Developing People, Processes and Technology

The 2014-16 Corporate Planning cycle shall witness MRA's sustained focus on its people, processes and technology which constitutes the three key pillars upon which the strategic goals rest. Subsequently, MRA will continuously

promote and invest in its people, its processes and its technology so as to improve the organisational effectiveness and efficiency both in the medium and long term. Within this perspective, a portfolio of projects has been earmarked. A synopsis of key KPIs are summarised in Table 38.

LOOKING AT THE FUTURE

Table 38: Developing People, Processes and Technology - Selected Strategies, KPIs and Targets

Strategies	Measures	Targets		
		2015	2016	2017
Developing our people's strategy	No. of Internal Training Programmes conducted based on staff needs	60	65	70
	No of staff rotated to ensure internal mobility and multi-skilling	100	125	130
	No. of Employee Satisfaction / Engagement Survey conducted	1	N/A	N/A
Improving our business processes	Maintenance & Sustainability of ISO Certification	On-going	On-going	On-going
	E-objection facility to taxpayers	To initiate	On-going	On-going
	Automation of performance management system	To initiate	On-going	On-going
Modernizing our Information Systems	Implementation of Electronic Fiscal Device	To initiate	To implement	On-going
	Setting up a Taxpayer portal	To initiate	On-going	On-going
	Implementation of desktop virtualization infrastructure	To initiate	To implement	To complete

Goal 4: Facilitating Trade and Ensuring Border & Society Protection

Trade Facilitation in conjunction with Border & Society protection constitutes core pillars for the MRA whilst constituting two fundamental functions of MRA's Customs Department. MRA's overall responsibility in ensuring trade facilitation and border & society protection rests upon a set of initiatives and measures to ensure the efficiency and effectiveness levels in these two core functions. With specific regard to facilitating trade, MRA has identified

initiatives pertaining to the simplification and harmonization of Customs procedures. The core function of border protection and reinforcing control justifies MRA's focus on the prevention of illegal entry of illicit goods through initiatives relating to the acquisition of additional dogs, training of dog handlers, implementing a K-9 unit at the airport and the setting-up of a tracing and tracking system. Table 39 highlights some of the key initiatives that will measurably enhance trade facilitation and ensure border protection.

LOOKING AT THE FUTURE

Table 39: Facilitating Trade and Ensuring Border & Society Protection - Selected Strategies, KPIs and Targets

Strategies	Measures	Targets		
		2015	2016	2017
Trade Facilitation	Reduce overall customs physical examination of goods	7%	6%	5%
	Implementation of Single Window Project	40%	40%	20%
	Web-based Customs Declarations	To implement	N/A	N/A
	Courier and Postal Manifests CMS Module	50%	50%	N/A
	Implementation of MaCCS for Air Cargo Manifest	On-going	On-going	On-going
Enhanced control and greater operational efficiency	Procurement of three additional dogs & training of dog handlers	100%	N/A	N/A
	Implementation of a K-9 unit at the airport	100%	N/A	N/A
	Tracing and Tracking System	30%	40%	30%

Goal 5: Strengthening Corporate Governance and Improving Corporate Image

For the Corporate Planning period 2014-16, MRA will rely on its Internal Audit and Internal Affairs Divisions to ascertain that the commitments in respect of strengthening its Corporate Governance and improving its Corporate Image are respected. The MRA is in conformity to the core principles of good governance and our Revenue Administration complies with the basic norms of the Code of Corporate Governance of Mauritius. MRA is a learning organisation with a dynamic approach to change management in its continuous, and shall sustain its commitment

to improving and strengthening its Governance framework through a range of initiatives. These include sharing of information and networking by publishing its Annual Report on a timely basis, maintaining quality and assurance by conducting systems and transactions audits and monitoring the Risk Management Framework within the MRA. With reference to our determination to maintain integrity and solid positive corporate image within the MRA, our Revenue Administration will continue to process and verify the Declarations of Assets (DOAs), initiate enquiries and carry out investigations based on these DOAs and conduct workshops and training on integrity management.

LOOKING AT THE FUTURE

Table 40: Strengthening Corporate Governance and Improving Corporate Image - Selected Strategies, KPIs and Targets

Strategies	Measures	Targets		
		2015	2016	2017
Ensuring information sharing and networking	Preparation of Annual Report	1	1	1
Maintaining quality & assurance	No. of system Audits throughout the MRA	6	8	8
	Transaction Audits in main areas	16	17	18
	Monitoring & consolidation of the Risk Management Framework	On-going	On-going	On-going
Maintaining integrity and good corporate image within the organisation	Process & verify DOAs	150	200	250
	No of further enquiries based on processing of DOAs	40	45	50
	No. of full-fledged investigations	25	25	30
	Conducting integrity workshops	1	1	1
	Conducting an independent audit on MRA's Integrity framework	To initiate	To complete	N/A



10.

CALENDAR
OF EVENTS 2014

CALENDAR OF EVENTS 2014

JANUARY



International Customs Day

On 27 January 2014, the International Customs Day was celebrated at the Custom House. The theme for the year was "Communication: Sharing of information for better cooperation".

Visit of the Ethiopian delegation

A delegation of 7 officials from Ethiopia was on study tour to learn about the Mauritian Leasing Model.



FEBRUARY



Launching of the e-filing 2014 season

The MRA e filing service 2014 for individual income tax returns was launched on 25 February 2014.

Kick-starting of the VAT Lucky Draw Scheme

As part of a campaign aiming at establishing a tax culture and promoting a "claim a tax receipt campaign" in Mauritius, the VAT Lucky Draw Scheme (VLDS) was launched.



CALENDAR OF EVENTS 2014

MARCH



Introducing teleconferencing in Management Meetings

The MRA innovated by using teleconferencing during a Management Meeting on 3 February 2014. The concept of teleconference (also known as video conference) is the live exchange of audio visual data among different parties who are remote from one another.

Income Tax filing season 2014

For the E-Filing season 2014, more than 117,000 returns were received electronically and only about 10,000 income tax forms were filled manually and submitted at the MRA Post Room.



APRIL



E-filing and VAT Lucky Draws

On 30 April 2014, the MRA organised the E-filing and the VAT Lucky Draws 2014 at its Head Office.

New recruits at the MRA

68 trainees were recruited with the objective of reinforcing the existing auditing teams in the compliance departments. The trainees followed a one-year intensive training programme at the MRA's Training Academy on Taxation.



CALENDAR OF EVENTS 2014

MAY



Winners of E-filing and VAT Lucky Draw 2014

On 15 May 2014 the winners of the E-filing and VAT Lucky Draw 2014 were awarded their respective cash prizes at the MRA's Head Office.

Destruction of IPR Infringed goods

On Wednesday 7 May 2014, the Customs Auction Sales Unit of the MRA supervised the 'Cut and Crush exercise' of Intellectual Property Rights (IPR) infringed goods which were detained following applications made by respective right holders.



JUNE



Donation of braille machines

On 16 June 2014, during a function held at the Loïs Lagesse Trust Fund School at Beau Bassin, the MRA donated three Perkin Brailleurs (also known as braille machines), a vacuum cleaner and a cash gift.

The NATReSA acknowledged MRA Customs' combat against drugs

The MRA was awarded a shield for its contribution to the national fight against drug abuse by NATReSA during the celebration of the International Day Against Drug Abuse and Illicit Trafficking held at the Adolphe de Plevitz SSS on 26 June 2014.



CALENDAR OF EVENTS 2014

JULY



Launching of Corporate Plan 2014-2016

On 31 July 2014, the MRA's Corporate Plan 2014-2016 was officially launched with the theme "Moving Strategically towards Sustainable Growth."

Working session by the Global Finance Sector

A working session was organised by Global Finance Mauritius (GFM) in collaboration with the MRA on 18 July 2014. The target audience was senior MRA officers dealing with Global businesses.



AUGUST



MRA meets with US IRS

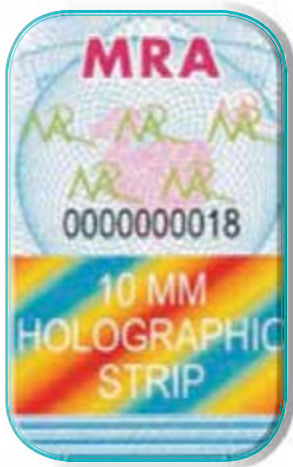
On 4 August 2014, three agents of the Internal Revenue Services (IRS) came to share their knowledge on different aspects of taxation with members of Senior Management.

MRA talks to entrepreneurs from Rodrigues

On 13 August 2014, Mr. M. Oozeer, Section Head Operational Services Department (OSD), and Mr. N. Tacouri, Section Head Medium and Small Taxpayer Department (MSTD) were the guest speakers on a radio program which was broadcast on "Radio Rodrigues".



CALENDAR OF EVENTS 2014



Excise Stamps (Best Design): MRA won the First Prize

The MRA won the First Prize in the Best Design Category at the Tax Stamps Award 2014 organised by the Tax Stamp Forum in Dubai from 15 to 17 September 2014.

Blood Donation

On 11 September 2014, the MRA organised its annual Blood Donation Day where 847 pints of blood were collected.



VAT sensitisation campaigns

The MRA conducted a series of VAT sensitisation campaigns at Bagatelle Shopping Mall and Jumbo Phoenix Shopping Mall.

Auction Sales

A sale by public tender at the Customs Warehouse, Lux Shed, Mer Rouge was held on 7 to 14 October 2014.



CALENDAR OF EVENTS 2014

NOVEMBER



Single Window and WCO Data Model Workshop

Twenty-six delegates from Comoros, Madagascar, Mozambique, Angola, Seychelles, Mauritius, Burundi and South Africa participated in the 2nd Single Window and WCO Data Model workshop which was held from 18 to 20 November 2014 at Le Meridien Hotel, Balacava.

Career opportunities: Meeting with tertiary students

A group of 60 tertiary students visited the MRA on 14 November 2014 as part of an exchange programme with regards career opportunities.



DECEMBER



EAC Meeting with Director-General of the MRA

Two-week training was organised by the MRA for Commissioners of Domestic Taxes from the East African Community (EAC) in collaboration with the Gesellschaft Internationale Zusammenarbeit (GIZ).

Launch of the Income Tax Manual 2

On 9 December 2014, the Director-General launched the second volume of the Income Tax Manual which was written by Mr M. Hannelas, Director Large Taxpayer Department (LTD).





11.

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 31 December 2014.

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

It is the responsibility of the MRA to prepare and submit an annual report which includes the financial statements to the MRA Board for approval. After approval by the MRA Board, the Chief Executive Officer shall, not later than 30th April after the end of every financial year, submit the annual report to the auditor. On receipt of the annual report including the audited financial statements and the audit report, the MRA Board shall, not later than one month from the date of receipt, furnish to the Minister such reports and financial statements.

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

While approving the financial statements, the Board ensures that:

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

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

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

Signed on behalf of the MRA Board



Sateev Seebaluck, G.O.S.K

Chairperson

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



REPORT OF THE
DIRECTOR OF AUDIT

On the Financial Statements
of the Mauritius Revenue Authority
for the year ended 31 December 2014

NATIONAL AUDIT OFFICE



NATIONAL AUDIT OFFICE

REPORT OF THE DIRECTOR OF AUDIT

TO THE BOARD OF THE

MAURITIUS REVENUE AUTHORITY

Report on the Financial Statements

I have audited the financial statements of the Mauritius Revenue Authority (Authority) on pages 101 to 120* which comprise the statement of financial position as at 31 December 2014, the statement of financial performance, statement of changes in net assets/equity, statement of cash flow and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards and in compliance with the Statutory Bodies (Accounts and Audit) Act and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

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 of Supreme Audit Institutions. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

14th Floor, Air Mauritius Centre, John Kennedy Street, Port Louis – Mauritius
Tel.: 212 2096-97/2110836 Fax: (230) 2110880

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

Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Mauritius Revenue Authority as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Report on Other Legal and Regulatory Requirements

Management's Responsibility

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

Auditor's Responsibility

In addition to the responsibility to express an opinion on the financial statements described above, my responsibility includes expressing an opinion on whether the activities, financial transactions and information reflected in the financial statements are, in all material respects, in compliance with the laws and authorities which govern them.

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

Opinion on Compliance

Statutory Bodies (Accounts and Audit) Act

I have obtained all information and explanations I have required for the purpose of my audit.

In my opinion, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the Statutory Bodies (Accounts and Audit) Act.

Public Procurement Act

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

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



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

National Audit Office
Level 14
Air Mauritius Centre
PORT LOUIS

31 October 2015

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2014

	Notes	31 DECEMBER 2014 Rs	31 DECEMBER 2013 Rs As Restated
ASSETS			
Current Assets			
Cash and Cash Equivalents	7	111,916,903	113,129,964
Receivables	8	9,439,440	12,148,799
Inventories	9	16,024,095	13,588,257
Prepayments	8	7,660,680	9,364,288
		<u>145,041,118</u>	<u>148,231,308</u>
Non-Current Assets			
Property, Plant and Equipment	5	471,925,275	442,300,279
Intangible Assets	6	40,022,868	49,700,908
		<u>511,948,143</u>	<u>492,001,187</u>
TOTAL ASSETS		<u>656,989,261</u>	<u>640,232,495</u>
LIABILITIES			
Current Liabilities			
Payables	10	66,772,298	62,036,005
Deferred Income	11	-	-
Advance Receipts - Transfers	11	3,606,170	-
		<u>70,378,468</u>	<u>62,036,005</u>
Non-Current Liabilities			
Deferred Income	11	-	-
Employee Benefits	18	101,277,772	83,893,384
		<u>101,277,772</u>	<u>83,893,384</u>
TOTAL LIABILITIES		<u>171,656,240</u>	<u>145,929,389</u>
NET ASSETS		<u>485,333,021</u>	<u>494,303,106</u>
NET ASSETS/ EQUITY			
Revaluation Surplus	21	28,962,946	6,016,000
General Fund		456,370,075	488,287,106
TOTAL NET ASSETS/ EQUITY		<u>485,333,021</u>	<u>494,303,106</u>

Approved by the Board on 26 March 2015.



Chairman



Board Member

The Notes on pages 103 to 118 form part of the financial statements.

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	Year Ended 31 December 2014 Rs	Year Ended 31 December 2013 Rs As Restated
Revenue			
Non-Exchange Transactions	13	1,359,431,816	1,204,418,613
Exchange Transactions	14	4,134,997	2,821,832
		1,363,566,813	1,207,240,445
Expenditure			
Administrative Expenses	15	1,392,428,943	1,208,115,960
Finance Cost	16	3,424,977	103,088
		1,395,853,920	1,208,219,048
		(32,287,107)	(978,603)
Gain/(Loss) on Disposal		139,076	(49,569)
Deficit for the period		(32,148,031)	(1,028,172)

STATEMENT OF CHANGES IN NET ASSETS/ EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	Revaluation Surplus Rs	General Fund Rs	Total Rs
Balance at 1 January 2013	7,520,000	(38,895,570)	(31,375,570)
Prior year adjustment (Note 19)	-	526,706,848	526,706,848
Balance at 1 January 2013 as restated	7,520,000	487,811,278	495,331,278
Change in net assets/ equity for the period			
Transfer to Accumulated Surplus/(Deficit)	(1,504,000)	1,504,000	-
Net Surplus/(Deficit) for the period	-	(1,028,172)	(1,028,172)
Total recognised revenue and expense for the period	(1,504,000)	475,828	(1,028,172)
Balance at 31 December 2013	6,016,000	488,287,106	494,303,106
Balance at 1 January 2014	6,016,000	488,287,106	494,303,106
Change in net assets/ equity for the period			
Transfer to Accumulated Surplus/(Deficit)	(231,000)	231,000	-
Revaluation Surplus for the period	23,177,946	-	23,177,946
Net Surplus/(Deficit) for the period	-	(32,148,031)	(32,148,031)
Total recognised revenue and expense for the period	22,946,946	(31,917,031)	(8,970,085)
Balance at 31 December 2014	28,962,946	456,370,075	485,333,021

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

	YEAR ENDED 31 DECEMBER 2014 Rs	YEAR ENDED 31 DECEMBER 2013 As Restated Rs
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus/(Deficit)	(32,148,031)	(1,028,172)
Adjustments for :		
Depreciation and Amortisation	77,912,907	69,099,629
Capital Grant Recognised in Surplus/Deficit	(58,045,341)	(76,380,613)
Provision for Employee Benefits	17,384,388	11,765,188
(Gain)/Loss on Disposal/Scrap	(139,076)	49,569
Liquidated Damages	(32,330)	(228,058)
Interest Income	(3,031,401)	(2,482,274)
(Increase)/Decrease in Inventories	(2,435,838)	(5,059,422)
(Increase)/Decrease in Receivables	4,412,967	53,168
Increase/(Decrease) in Payables	4,736,293	(48,596,853)
Net Cash Flows from Operating Activities	8,614,538	(52,807,838)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment (Note b)	(75,445,707)	(55,800,809)
Proceeds from Sale of Property, Plant and Equipment	935,196	1,410,587
Interest Received	3,031,401	2,482,274
Net Cash Flows from Investing Activities	(71,479,110)	(51,907,948)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital Grant Received	61,651,511	73,587,193
Net Cash Flows from Financing Activities	61,651,511	73,587,193
Net Increase/(Decrease) in Cash & Cash Equivalents	(1,213,061)	(31,128,593)
Cash & Cash Equivalents at Start	113,129,964	144,258,557
Cash & Cash Equivalents at End (Note a)	111,916,903	113,129,964

Notes to the Cash flow Statement

(a) Cash and Cash Equivalents

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

	2014 Rs	2013 Rs
Cash at bank	111,828,482	113,046,482
Cash in hand	88,421	83,482
	<u>111,916,903</u>	<u>113,129,964</u>

(b) Property, Plant and Equipment

The aggregate cost of acquisitions was Rs 75,478,037, out of which Rs 32,330 was retained for liquidated damages.

STATEMENT OF COMPARISON OF BUDGET FOR THE YEAR ENDED 31 DECEMBER 2014

	RECURRENT BUDGET			
	Budgeted Amounts		Actual Amount	Difference: Final Budget and Actual
	Original	Final		
	Rs	Rs	Rs	Rs
REVENUE	1,236,000,000	1,324,200,000	1,305,521,472	(18,678,528)
EXPENDITURE (excluding Depreciation & Amortisation)				
Staff Costs	1,051,000,000	1,108,200,000	1,095,802,294	12,397,706
Training of Staff	8,000,000	7,200,000	5,359,790	1,840,210
Board Members Fees and Expenses	2,500,000	2,400,000	2,400,000	-
Missions /Training Abroad	3,500,000	3,500,000	3,381,983	118,017
Professional Fees	7,000,000	19,000,000	18,847,617	152,383
Office Expenses & Services	28,100,000	33,000,000	32,447,829	552,171
Rent	37,900,000	37,900,000	37,780,994	119,006
Utilities	30,500,000	31,900,000	31,878,560	21,440
Motor Vehicles Expenses	12,600,000	17,100,000	16,670,087	429,913
Advertising and Publications	5,000,000	8,700,000	8,166,251	533,749
Materials, Supplies and Consumables	12,000,000	12,700,000	9,361,747	3,338,253
IT Expenses	24,000,000	25,500,000	25,387,783	112,217
Uniform	6,000,000	6,000,000	5,256,908	743,092
Conference	1,000,000	1,000,000	909,595	90,405
Contributions /Subscriptions	3,600,000	3,600,000	3,480,210	119,790
Service/Bank Charges	300,000	3,500,000	3,424,977	75,023
	1,233,000,000	1,321,200,000	1,300,556,625	20,643,375
Provision - Employee Benefits			17,384,388	(17,384,388)
Total Expenses	1,233,000,000	1,321,200,000	1,317,941,013	3,258,987
Budgeted/ Actual Surplus/ (Deficit)	3,000,000	3,000,000	(12,419,541)	(15,419,541)
	CAPITAL BUDGET			
	Budgeted Amounts		Actual Amount	Difference: Final Budget and Actual
	Original	Final		
	Rs	Rs	Rs	Rs
Capital Expenditure	120,000,000	73,500,000	61,651,511	11,848,489

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2014

1. Principal Activities

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

Reporting Period

The financial statements for the current period have been prepared for the 12 months ended 31 December 2014 with comparative information for the 12 months ended 31 December 2013.

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

2.1 Standards Adopted

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

2.2 Standards Issued but not yet Effective

At the date of authorisation of the financial statements, the following IPSASs were in issue but effective as from 1 January 2017.

IPSAS 33 - First-time Adoption of Accrual Basis IPSASs.

IPSAS 34 - Separate Financial Statements.

IPSAS 35 - Consolidated Financial Statements.

IPSAS 36 - Investments in Associates and Joint Ventures.

IPSAS 37 - Joint Arrangements.

IPSAS 38 - Disclosure of Interests in Other Entities.

IPSAS 33 provides guidance and exemptions for entities that are transitioning to accrual basis IPSASs and will have no impact on MRA's financial statements as the latter already comply with the accrual basis of accounting.

IPSASs 34 to 38 establish requirements for how public sector entities, including Government, should account for their interests in other entities. These standards are not applicable to MRA and will therefore have no impact on the financial statements.

3. Accounting Policies

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

(a) Basis of Preparation

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

The financial statements have been prepared on a going concern basis.

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2014

(b) Property, Plant and Equipment and Depreciation

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

The annual rates of depreciation are as follows:

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

Capital Expenditure costing less than Rs 5,000 is expensed to the statement of financial performance.

(c) Intangible Assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses. Computer software costs are recognised as intangible assets and amortised using the straight-line method over their useful lives, not exceeding a period of 5 years.

(d) Revaluation of Property, Plant and Equipment

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

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

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

(e) Inventories

Inventories consist of excise stamps, spare parts and consumables and are valued at cost. Cost comprises the purchase price, duties and taxes and is determined by the first-in, first-out (FIFO) method.

(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.

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2014

(h) Accounts Payable

Accounts payable are stated at their fair value.

(i) Revenue recognition

(i) Exchange Transactions

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

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

(ii) Non-Exchange Transactions

Assets and revenue arising from transfer transactions are recognised in accordance with the requirements of IPSAS 23, Revenue from Non-Exchange Transactions (Taxes and Transfers). However, the MRA took advantage of the transitional provisions in that standard and the requirements of the standard have been fully implemented as from 1 January 2014.

• Transfer Revenue

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

Monetary assets are measured at their nominal value.

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

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

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

• Deferred Income

Grants (Cash / Assets) received from Government for capital expenditure were treated as deferred income up to 31 December 2013. With the full implementation of IPSAS 23 'Revenue from Non-Exchange Transactions (Taxes and Transfers)' as from 1 January 2014, the deferment policy has been reviewed and transfers received are now recognised as income in the period in which the transfer arrangement becomes binding.

• Taxes

MRA is an agent of the Government for collection of revenue under the Revenue Laws and amounts collected do not represent economic benefits or service potential that flow to the entity and do not result in increase in assets or decrease in liabilities. Hence, taxes collected are excluded from revenue and are not reported in the financial statements. However, following amendment to the MRA Act in December 2012, the MRA shall for the purpose of

- (i) assessment of liability to, the collection of and accountability for tax; and
- (ii) the management, operation and enforcement of the Revenue Laws prepare statements duly signed by the Director General regarding the various taxes in respect of the financial year 2014 and 2015 and onwards.

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2014

(j) Excise Stamps

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

(k) Employee Benefits

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

(i) Retirement Benefits under Defined Benefit Pension Plan

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

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

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

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

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

The excess determined is spread over the expected average remaining working lives of employees in the plan, which was determined as 21 years as at 31 December 2014.

(ii) Public Pensions Defined Contribution Pension Scheme

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

(iii) State plan

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

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2014

(l) Foreign Currency Translation

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

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

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

(m) Impairment

At each reporting date, the Authority reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, 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 Statement of Financial Performance, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

4. Accounting Judgements and key Sources of Estimation Uncertainty

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

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2014

5. Property, Plant & Equipment

	Building Rs	Computer Equipment Rs	Furniture & Fittings Rs	Motor vehicles Rs	Equipment Rs	Total Rs
COST / VALUATION						
AT 1 JANUARY 2014	299,665,500	130,555,876	60,511,829	34,547,215	249,058,038	774,338,458
REVALUATION	-	-	-	-	(128,708,140)	(128,708,140)
ADDITIONS	-	18,833,990	5,668,157	7,947,480	17,715,450	50,165,077
DISPOSALS / SCRAP	-	(1,430,832)	(144,648)	(1,003,200)	(4,112,383)	(6,691,063)
AT 31 DECEMBER 2014	299,665,500	147,959,034	66,035,338	41,491,495	133,952,965	689,104,332
DEPRECIATION						
AT 1 JANUARY 2014	8,685,957	81,266,339	33,343,077	19,439,231	189,303,575	332,038,179
REVALUATION	-	-	-	-	(151,886,086)	(151,886,086)
CHARGE FOR THE PERIOD	4,342,978	20,622,271	7,451,257	6,131,968	14,527,833	53,076,307
DISPOSALS / SCRAP	-	(1,378,913)	(91,387)	(331,650)	(4,092,993)	(5,894,943)
ADJUSTMENT	-	4,568	(4,148)	-	(420)	-
AT 31 DECEMBER 2014	13,028,935	100,514,265	40,698,799	25,239,549	47,851,909	227,333,457
NET BOOK VALUE						
AT 31 DECEMBER 2014	286,636,565	47,444,769	25,336,539	16,251,946	86,101,056	461,770,875
Progress payments on Tangible Non-Current Assets						10,154,400
						471,925,275
AT 31 DECEMBER 2013	290,979,543	49,289,537	27,168,752	15,107,984	59,754,463	442,300,279

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2014

6. Intangible Assets

	Computer Software Rs
COST	
AT 1 JANUARY 2014	134,498,262
ADDITIONS	15,158,560
DISPOSALS / SCRAP	(3,022,142)
AT 31 DECEMBER 2014	146,634,680
AMORTISATION	
AT 1 JANUARY 2014	84,797,354
CHARGE FOR THE YEAR	24,836,600
DISPOSALS / SCRAP	(3,022,142)
AT 31 DECEMBER 2014	106,611,812
NET BOOK VALUE	
AT 31 DECEMBER 2014	40,022,868
AT 31 DECEMBER 2013	49,700,908

	31 December 2014 Rs	31 December 2013 Rs As Restated
7. Cash and Cash Equivalents		
Cash at Bank	111,828,482	113,046,482
Cash in Hand	88,421	83,482
Total	111,916,903	113,129,964

8 . Receivables and Prepayments

Receivables - Non-Exchange Transactions	-	464,731
Other Receivables	1,265,440	210,068
Deposit	8,174,000	11,474,000
	9,439,440	12,148,799
Prepayments	7,660,680	9,364,288
Total	17,100,120	21,513,087

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2014

	31 December 2014 Rs	31 December 2013 Rs As Restated
9. Inventories		
Consumables	9,405,930	7,250,736
Excise Stamps	4,295,967	3,989,067
Spare Parts	2,322,198	2,348,454
Total	16,024,095	13,588,257
10. Payables		
Trade Payables	30,121,563	39,187,701
Other Payables	30,855,078	13,274,571
Payables - Excise Stamps (Note 12)	5,787,679	9,565,755
Deposits	7,978	7,978
Total	66,772,298	62,036,005
11. Deferred Income		
At 1 January		
Current Liability - Deferred Income	-	68,000,000
Non-Current Liability - Deferred Income	-	458,706,848
	-	526,706,848
Prior year adjustment (Note 19)		(526,706,848)
Grant received during the period	61,651,511	76,380,613
Advance Receipts - Transfers (Note a)	(3,606,170)	-
	58,045,341	76,380,613
Transfer to Revenue	(58,045,341)	(76,380,613)
At 31 December	-	-
Note a		
At 31 December 2014, MRA received Rs 3,606,170 from Government for acquisition of IT equipment (blade servers). However, a purchase order was raised in January 2015.		
12. Excise Stamps		
Sales	27,437,000	17,598,700
Cost of Sales	(4,072,471)	(3,961,172)
	23,364,529	13,637,528
Liquidated Damages	89,186	349,914
Interest Net of Bank and Other Charges	205,208	1,942,713
Net Income	23,658,923	15,930,155
Balance payable 1 January	9,565,756	62,167,965
Payments to GOM	(27,437,000)	(68,532,364)
Balance payable 31 December	5,787,679	9,565,756

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2014

	31 December 2014 Rs	31 December 2013 Rs As Restated
13. Revenue from Non-Exchange Transactions		
Revenue recognised		
Capital Grant (Note 11 and Note a)	58,045,341	76,380,613
Grants received for Revenue Expenditure	1,299,900,000	1,127,994,560
Legal Costs received	1,486,475	43,440
	1,359,431,816	1,204,418,613
Note a - Transfers received		
Cash Grants received for Capital Expenditure	61,651,511	73,587,193
Transfer of Non-Monetary Assets	-	2,793,420
	61,651,511	76,380,613
14. Revenue from Exchange Transactions		
Interest	3,031,401	2,482,274
Liquidated Damages	44,748	228,058
Insurance -Group Personal Accident	515,174	-
Commission-Sale of Cars Seized under Ponzi Scheme	340,834	-
Sundries	202,840	111,500
	4,134,997	2,821,832
15. Administrative Expenses		
Staff Costs	1,095,802,294	952,269,583
Provision- Employee Benefits	17,384,388	11,765,188
Training of Staff	5,359,790	4,682,403
Board Members Fees and Expenses	2,400,000	2,471,140
Missions / Training Abroad	3,381,983	3,623,193
Professional Fees	18,847,617	11,918,333
Office Expenses & Services	32,447,829	27,091,268
Rent	37,780,994	34,446,796
Utilities	31,878,560	28,240,305
Motor Vehicle Expenses	16,670,087	13,225,862
Advertising and Publications	8,166,251	5,410,168
Materials, Supplies and Consumables	9,361,747	11,149,034
IT Expenses	25,387,783	23,103,200
Uniform	5,256,908	5,082,849
Conference	909,595	998,706
Contributions / Subscriptions to Other Organizations	3,480,210	3,538,303
	1,314,516,036	1,139,016,331
Depreciation and Amortisation	77,912,907	69,099,629
	1,392,428,943	1,208,115,960

Note: Loss for the year 2014 due to exchange rate difference amounted to Rs 712.

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2014

	31 December 2014 Rs	31 December 2013 Rs As Restated
16. Finance Cost		
Bank Charges	3,424,977	103,088

17. Related Party Transactions

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

	31 December 2014 Rs	31 December 2013 Rs As Restated
(i) Grants Received from Government		
Cash Grants for Capital Expenditure	61,651,511	73,575,314
Cash Grants for Revenue Expenditure	1,299,900,000	1,127,994,560
	<u>1,361,551,511</u>	<u>1,201,569,874</u>

(ii) Grants Received from Gambling Regulatory Authority

Transfer of Non-Monetary Assets	-	2,793,420
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(iii) Compensation to Key Management Personnel

Short term benefits:		
Fees to Board Members	2,400,000	2,400,000
Management Personnel Compensation	51,932,020	46,000,897
Post-Employment Benefits Contribution	-	-
Termination Benefits	-	-
	<u>54,332,020</u>	<u>48,400,897</u>

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

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2014

18. Employee Benefits

(i) Defined Benefit Pension Plan

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

	31 December 2014 Rs	31 December 2013 Rs As Restated
Amounts recognised in statement of financial position at end of year:		
Present Value of Funded Obligation	2,093,966,927	1,957,878,820
(Fair Value of Plan Assets)	(1,464,091,726)	(1,326,520,517)
	629,875,201	631,358,303
Present Value of Unfunded Obligation	-	-
Unrecognised Actuarial Gain/(Loss)	(528,597,429)	(547,464,919)
Liability Recognised in Statement of Financial Position at end of year	101,277,772	83,893,384
Amounts Recognised in Statement of Financial Performance :		
Current Service Cost	70,621,937	68,757,777
Employee Contributions	(40,133,530)	(36,808,089)
Fund Expenses	2,419,839	2,223,137
Interest Cost	156,630,306	133,588,357
Expected Return on Plan Assets	(108,632,824)	(94,655,557)
Actuarial Loss/(Gain) Recognised	16,746,526	12,401,752
Past Service Cost Recognised	-	-
Total, included in Staff Costs	97,652,254	85,507,377
Movements in Liability Recognised in Statement of Financial Position:		
At start of year	83,893,384	72,128,196
Total Staff Cost as above	97,652,254	85,507,377
Contributions paid by Employer	(80,262,117)	(73,742,189)
Actuarial Reserves In	(5,749)	-
At end of year	101,277,772	83,893,384
Actual Return on Plan Assets:	75,398,242	117,427,286
Main Actuarial Assumptions at end of period:		
Discount Rate	8.00%	8.00%
Expected Rate of Return on Plan Assets	8.00%	8.00%
Future Salary Increases	5.50%	5.50%
Future Pension Increases	3.50%	3.50%

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

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2014

	31 December 2014 Rs	31 December 2013 Rs As Restated
Reconciliation of the Present Value of Defined Benefit Obligation		
Present Value of Obligation at start of year	1,957,878,820	1,669,854,467
Current Service Cost	70,621,937	68,757,777
Interest Cost	156,630,306	133,588,357
Benefits Paid	(55,202,000)	(57,742,790)
Liability (Gain)/Loss	(35,962,136)	143,421,009
Present Value of Obligation at end of year	2,093,966,927	1,957,878,820
Reconciliation of Fair Value of Plan Assets		
Fair Value of Plan Assets at start of year	1,326,520,517	1,157,902,290
Expected Return on Plan Assets	108,632,824	94,655,557
Employer Normal Contributions	80,262,117	73,742,189
Employee Contributions	40,133,530	36,808,089
Actuarial Reserves In	5749	0
Benefits Paid + Other Outgo	(57,621,839)	(59,965,927)
Asset (Loss)/Gain	(33,841,172)	23,378,319
Fair Value of Plan Assets at end of year	1,464,091,726	1,326,520,517
Distribution of Plan Assets at end of year		
<u>Percentage of Assets at end of year</u>		
Government Securities and Cash	57.10%	59.10%
Loans	4.10%	4.90%
Local Equities	21.10%	21.90%
Overseas Bonds and Equities	17.00%	13.40%
Property	0.70%	0.70%
Total	100%	100%
Additional Disclosure on Assets issued or used by the Reporting Entity		
<u>Percentage of Assets at end of year</u>		
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
History of Obligations, Assets and Experience Adjustments		
Year ending	31 December 2014	31 December 2013
Currency	Rs	Rs As Restated
Fair Value of Plan Assets	1,464,091,726	1,326,520,517
Present Value of Defined Benefit Obligation	(2,093,966,927)	(1,957,878,820)
Surplus/(Deficit)	(629,875,201)	(631,358,303)
Asset Experience Gain/(Loss) during the period	(33,841,172)	23,378,319
Liability Experience Gain/(Loss) during the period	35,962,136	(143,421,009)
Period	2015	
Expected Employer Contributions	77,285,249	

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2014

18. Employee Benefits (Cont'd)

(ii) Public Pension Defined Contribution Pension Scheme

The contribution of the MRA to the defined contribution pension scheme for the year 2014 is Rs 4,382,724.

19. Prior Year Adjustment

Change in Accounting Policy resulting from application of IPSAS 23

Up to 31 December 2013, Grants (Cash/Assets) received from Government for capital expenditure were treated as deferred income and an amount equal to the depreciation and amortisation charge for the year was transferred to surplus/(deficit). With the full implementation of IPSAS 23 'Revenue from Non-Exchange Transactions (Taxes and Transfers)' as from 1 January 2014, the deferment policy has been reviewed and transfers received are now recognised as income in the period in which the transfer arrangement becomes binding.

The transitional provisions under IPSAS 23 do not require an entity to change its accounting policies in respect of revenue from non-exchange transactions for reporting periods beginning on a date within 3 years following the date of first adoption of the standard. Changes in accounting policies before expiration of the 3 year period shall only be made to better conform to the accounting policies of the standard. The MRA took advantage of the maximum 3 year period allowed under the transitional provisions and changed its accounting policy regarding transfers as from 1 January 2014.

The effect of the adjustment following the change in accounting policy is to:

- Decrease accumulated deficit of Rs 38,895,570 at 31 December 2012 by Rs 526,706,848 and reduce deferred income by the same amount. The accumulated deficit at 31 December 2012 is thus restated to an accumulated surplus of Rs 487,811,278 and deferred income at 31 December 2012 reduced to nil.
- Increase revenue recognised from non-exchange transactions for the year 2013 by Rs 8,484,184 and reduce deferred income at 31 December 2013 by the same amount. The deficit for the year 2013 is thus reduced by Rs 8,484,184 and accumulated surplus at 31 December 2013 increased by the same amount.

The change in accounting policy will have an adverse impact on the Surplus / (Deficit) for those future periods in which receipt of transfers are expected to be less than the depreciation and amortisation charge.

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2014

20. Comparison of Budget with Actual

(i) Recurrent Expenditure

- (a) MRA presents its financial statements and recurrent expenditure budget on an accrual basis. The original expenditure budget covers the period 1 January 2014 to 31 December 2014 and was approved by the National Assembly as a one-line budget. The difference between the original and final budget is a combination of reallocations within the budget and supplementary provisions approved by the Ministry of Finance and Economic Development (MOFED) to cater for:

- Review of salary and conditions of service of MRA employees.
- Creation of additional / new posts.
- Consultancy services for VAT GAP-Pilot Control Programme.
- Additional bank charges related to MACCS payments made on behalf of MRA, receipts through MNS and acceptance of payments from taxpayers through credit / debit cards

- (b) Actual amount includes a provision of Rs 17.4M in respect of employee benefits based on actuarial valuation of pension fund at 31 December 2014. The difference between the final recurrent expenditure budget and actual (excluding provision for employee benefits) is less than 2%. Major variances are explained as follows:

- **Salaries and Other Staff Costs**

Vacancies not filled at 31 December 2014 resulted in a saving of Rs 8M on salaries, bonus and statutory contributions. Contribution to Medical Scheme generated a saving of Rs 1.1M following decrease in the premium rate. A saving of Rs 3.3M was made on Other Staff Costs which include among others overtime, encashment of sick leave and cash-in-lieu of duty.

- **Training**

Training on Integrity Management, Team-Building, Surveillance and Enforcement and Auditing in a computer environment were deferred to 2015.

- **Materials, Supplies and Consumables**

Purchases of materials, supplies and consumables are included in Inventory and expensed to the Statement of Financial Performance at time of issue. Purchases for the year 2014 amounted to Rs 12,521,055 and Rs 9,361,747 have been expensed.

- (c) Consultancy services from AEGIS Tax LLP for the VAT Gap-Pilot Control Programme was procured directly under Section 25 Part IV - Procurement methods of the Public Procurement Act (PPA) of 2006.

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2014

(ii) Revenue

The difference of Rs 18.7M in revenue is explained as follows:

	Rs M
Decrease in government grants as a result of decrease in expenditure compared to budget	(21.3)
Increase in interest and other income	<u>2.6</u>
	<u>(18.7)</u>

(iii) Capital Budget

Savings of some Rs 11.8M were made on capital expenditure related to accomodation and logistics(Rs 3.8M), purchase of vehicles (Rs 0.4M), IT projects (Rs 6.8M) and drug interdiction program(Rs 0.8M).

21. Revaluation of Assets

(i) Motor Vehicles

The whole class of motor vehicles were revalued in December 2010 and resulted in a surplus of Rs 8,200,000. As at 31 December 2014, Rs 2,415,000 has been transferred to accumulated surplus or deficit representing revaluation surplus realised on assets disposed.

(ii) Equipment

The whole class of X Ray scanners, forklifts and boat were revalued by an independent property valuer (NP Jeetun Chartered Valuation Surveyors) with effective date 31 December 2014. The valuation exercise resulted in a total surplus of Rs 23,177,946 made up as follows:

- X Ray scanners - Rs 21,765,479
- Forklifts - Rs 962,467
- Boat - Rs 450,000

22. Revaluation - Assumptions and Basis of Valuation

Assumptions:

In arriving at an opinion of the revalued amount, the valuer assumed that:

- Property, Plant and Equipment will continue in their existing use to make the business entity a fully functional.
- The assets will remain in their working place so that the property can be offered for sale as a whole entity.
- Considerations have been given to the fact that the listed Property, Plant and Equipment have practically a limited second hand market.
- The instruction and information supplied has been in good faith and contains a full disclosure of all information that is relevant.
- Property, Plant and Equipment will continue in their present existing use in the business of the Authority for which they were designed, built and erected, subject to potential profitability of the business.

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2014

Basis:

A comparative Sales Approach has been used to determine the revalued value. This approach considers prices recently paid for similar assets, with adjustment made to the indicated market prices to reflect condition and utility of the appraised assets relative to the market comparative.

23. Lease of Land

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

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

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

24. Contingent Liability

The MRA has contingent liabilities in respect of some claims being resisted before the court. However, it is not practical to give a prudent estimate of their financial effects, uncertainties relating to the amount or timing of any outflow .

25. Capital Commitments

MRA had capital commitments of Rs 108 M at 31 December 2014 but not recognised in the financial statements.

26. Controlling Party

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

27. Risk

- (i) Except where stated elsewhere, the carrying amounts of the Authority's financial assets and financial liabilities approximate their fair values due to the short-term nature of the balances involved.
- (ii) Currency risk arises from purchase of goods and services which are denominated in foreign currencies and exposure is minimised by negotiating favourable exchange rates with the bank.
- (iii) Except for cash held at bank in current accounts, the Authority does not have any investment in term deposits nor any loan commitments. Hence, it is not exposed to interest rate risk.
- (iv) The Authority's credit risk is primarily attributable to its receivables. Management reviews all outstanding amounts at year end to determine doubtful receivables
- (v) The Authority does not have significant liquidity risk. All funds come from the Government and cash is drawn on a monthly basis for recurrent expenditure and as and when required for capital expenditure. Forecast cash requirements are closely monitored and a target level of available cash is maintained to meet liquidity requirements.

28. Income Tax

The Authority is not liable to income tax.



12.

THE MRA'S
PERFORMANCE
IN 2014

THE MRA'S PERFORMANCE IN 2014

Objectives	Indicators	Targets		Achievements	
1. Promoting Tax Compliance	• Tax revenue collected	Tax	Rs million	Tax	Rs million
		Corporate Tax	9,340	Corporate Tax	8,993
		Income Tax	6,658	Income Tax	7,050
		VAT	28,046	VAT	25,989
		Customs Duties	1,586	Customs Duties	1,240
		Excise Duties	14,938	Excise Duties	14,427
		Gambling	2,232	Gambling	2,115
		TDS	1,050	TDS	1,068
		Passenger fees	1,245	Passenger fees	1,213
		Others	1,811	Others	1,885
		Total	66,906	Total	63,980
	• Percentage of cases selected for audit	LTD	25%	LTD	23%
		MSTD		MSTD	
		Income Tax	2.5%	Income Tax	1.9%
		VAT	15%	VAT	6.7%
		PAYE	10%	PAYE	1.8%
		Gaming	20%	Gaming	84.7%
		Horse Racing	75%	Horse Racing	75%
	• No. of cases in which Investigations completed	150		192	
	• No. of cases in which assessments are agreed / compounded	80		79	
	• No. of joint investigations by FID & Customs	20		22	
	• Average additional tax demand created per fiscal investigation	Rs 2.5 million		Rs 2.97 million	
	• No. of operators visited by Flying Squad	80		85	
	• No. of cases recommended for prosecution	5		11	

THE MRA'S PERFORMANCE IN 2014

Objectives	Indicators	Targets			Achievements		
1. Promoting Tax Compliance (Cont'd)	• No. of cases identified for investigation following department's intelligence work	75			97		
	• Number of intelligence visits conducted	275			352		
	• Number of surprise visits conducted by the intelligence	50			73		
	• Assessments raised	No target fixed. Last year's position					
		<i>Tax</i>	<i>No. of Assessments</i>	<i>Tax Yield (Rs million)</i>	<i>Tax</i>	<i>No. of Assessments</i>	<i>Tax Yield (Rs million)</i>
		Income Tax	4,951	315.07	Income Tax	3,776	384
		Corporate Tax	1,658	2,092.68	Corporate Tax	1,059	1,457.69
		VAT	802	1,327.55	VAT & Others	832	1,435.94
		Total	7,411	3,735.3	Total	5,667	3,277.63
	• Percentage of the no. of cases where business audit is completed within 5 months of its beginning to the total no. of audits	60% - MSTD			69.6% - MSTD		
	• Percentage of the no. of cases where business audit is completed within 9 months of its beginning to the total no. of audits	Balance 40% - MSTD			94.3% - MSTD		
	• Arrears collected	Rs 1,699 million (last year's position)			Rs 1,909 million		
	• Percentage of total amount of old collectible debt collected to total collectible debt at the start of the year	25%			23.3%		

THE MRA'S PERFORMANCE IN 2014

Objectives	Indicators	Targets	Achievements
1. Promoting Tax Compliance (Cont'd)	• Percentage reduction in book balance of old debt at the start of the year	14%	12.5%
	• Number of visits for widening of tax base	90	76
	• Number of items of information placed on system	100,000	130,012
	• Number of sources from which information is to be collected	1,000	2,249
	• Number of new taxpayers as a result of information matching	5,000	6,931
	• Revenue Monitoring and Forecasting	Monthly	Being done on a monthly and cumulative basis
	• Report on Sectoral VAT collections	Monthly	Monthly
	• Contribution to the Budget Exercise	November 2014	All budgetary proposals finalised & sent to MoFED in Aug 2014 Attended to several meetings with respect to Budget Revised Estimates submitted in Nov 2014
	• VAT Invoice & Lottery Scheme	Ongoing	Project implemented in 2014 and is on-going, 4 quarterly campaigns organised
	• Preparation of Papers / Briefs in connection with taxation issues	12	11

THE MRA'S PERFORMANCE IN 2014

Objectives	Indicators	Targets	Achievements
2. Promoting Taxpayer Education, Communication and Facilitation	• Average number of days for registering taxpayers	3	3
	• Number and amount of refunds – Income Tax	N/A	56,252 income tax refunds for the year 2014 were effected amounting to Rs 269m
	• Percentage of returns filed electronically to total no. of returns	LTD - 100% MSTD - Company above Rs10m-90% - Company below Rs 10m-80% - Individuals - 90%	LTD - 90.29% MSTD - Company above Rs10m-95% - Company below Rs 10m-75% - Individuals - 92%
	• Number of e-payment users at Customs	1,550	1,813
	• Number of awareness-raising campaigns organised	50	64
	• Number of educational seminars conducted	35	39
	• Number of taxpayer information leaflets/ tax bulletins issued, published & distributed	20	21
	• Number of times MRA website is updated	As and when needed	542 times
	• Number of subscribers to MRA Taxpayer Mailing Service	10,000	10,202
	• Taxation syllabus in schools	By December 2014	Is in progress
	• Percentage of telephone calls answered	100%	79.89%
	• Time within which tax payers calling at office are served (Average Serving Time)	5 minutes	4.40 minutes

THE MRA'S PERFORMANCE IN 2014

Objectives	Indicators	Targets			Achievements		
3. Facilitating Trade and Ensuring Border and Society Protection	• Percentage of import declarations selected for physical inspection	10%			5.2%		
	• Average dwell-time for cargo	Channels	Sea	Air	Channels	Sea	Air
		Green	30 mins	30 mins	Green	28 mins	3 mins
		Yellow	3 hrs	40 mins	Yellow	2 hrs	4 mins
		Red	15 hrs	12 hrs	Red	13 hrs	4 hrs
	• Maximum time taken to issue a tariff ruling	2 days			2 days		
	• Exports clearance time	Sea: 3 minutes Air: 20 minutes			Sea: 0.5 minutes Air: 2 minutes		
	• Narcotics seizures	N/A			Narcotics	Weight/Qty	Value (Rs)
					Heroin	11,846 gms	177.7 m
					Hashish	268 gms	0.6 m
					Synthetic Cannabinoids	1,061 gms	0.5 m
					Cannabis	3,670 gms	1.7 m
					Cannabis seeds	500	0.05 m
					Psychotropic substances	6 units	0.0003 m
					Cocaine	6.5 gms	0.098
					TOTAL VALUE		180.6 m
	• Total number of post-clearance audits during the year	150			120		
	• Total number of Customs Offence Reports (CORs) raised	1,000			823		
	• Duties and taxes raised from CORs	Rs 55 million			Rs 85.1 million		
	• Duties & taxes collected from CORs	Rs 40 million			Rs 72.2 million		
	• Duties and taxes raised as a result of value upliftments	Rs 20 million			Rs 21 million		
	• Number of excise offences detected	25			32		
	• Fine for excise offences	Rs 500,000			Rs 11.5m		
	• Number of control visits of excise operators	120			258		

THE MRA'S PERFORMANCE IN 2014

Objectives	Indicators	Targets	Achievements	
4. Strengthening Good Governance and Improving Corporate Image	• Number of declarations of assets verified and reports produced	150	166	
	• Number of cases of complaints/allegations where enquiries initiated	All	All - (31 cases)	
	• Number of full-fledged investigations	25	26	
	• Number of cases where disciplinary action was recommended	15	5	
	• Publication of MRA's Gift Policy	1	1	
	• Creating and maintaining a database of Disciplinary Proceedings	1	Completed	
	• Preparing & implementing Annual Audit Plan using a risk-based methodology	March 2014	Completed	
	• Preparation of an Annual Internal Audit Report	March 2014	Completed	
	• Number of system audits	8	6 systems audited	2 audits in progress
			<ul style="list-style-type: none"> • Leave and Attendance • Port & Airport surveillance & enforcement unit • Tax Returns 2012 non-filers • Revenue Collection – SSR • Revenue Collection – NCH • Income Tax Individual 	<ul style="list-style-type: none"> • DDTs • Fixed Asset Management
	• Number of transaction audits in main areas of Revenue Systems	15	12 completed 3 in progress	
	• Auditing the effectiveness of Governance structure within the organisation	Dec 2014	Completed	
	• Preparation of Annual Report	March 2014	Completed within the statutory deadline for submission to Director of Audit	

THE MRA'S PERFORMANCE IN 2014

Objectives	Indicators	Targets	Achievements
5. Modernising IT	• ITAS – Making ITAS fully operational	To complete 100%	90% Completed
	• Use customised software for matching information from third parties with data in tax returns	To complete 100%	100% Completed
	• Paperless Initiative, EDRMS & e-assessment	To complete 100%	95% Completed
	• Acquisition of software licenses	Continuous	98% Completed
	• Security & Network upgrade	Continuous	98% Completed
	• Renew ICT equipment progressively for optimal performance	Continuous	98% Completed
	• Extrapolation of MRA IS platform for mobile enabled applications	Enhancement of the system	95% Completed
	• GRA central monitoring system	December 2014	40% Completed
	• Extend GRA Betting control system with lévé pilé	April 2014	100% Completed
	• Use of fiscal device in horse racing sector	December 2014	90% Completed
	• Implementation of video conferencing	March 2014	100% Completed for Eham Court
6. Developing Processes and Technology	• Finalisation of Performance Indicators and targets / benchmarks for different departments in MRA	March 2014	<ul style="list-style-type: none"> Completed Reports for all depts/ divisions finalised Performance Report of Management Team & MRA submitted to Board
	• Maintenance & Sustainability of ISO Certification	Conducting Audits & Training -Ongoing	Completed
	• Enhancements of E-services	April 2014	100% Completed
	• Monitoring performance of different departments against set targets/benchmarks	Monthly	Being done on a monthly and cumulative basis
	• Monitoring of Performance Based Budget	Quarterly	Submitted on a quarterly basis
	• E-Recruitment	June 2014	Phase I - Completed.
	• Provision of facility to staff to update their personal details online	June 2014	Completed

THE MRA'S PERFORMANCE IN 2014

Objectives	Indicators	Targets	Achievements
7. Developing People	• No. of Internal Training Programmes conducted	60	67
	• % staff who completed Induction Training	100%	100%
	• % utilisation of amount allocated for training	100%	74%
	• No. of Man Days provided	20,000	21,635
	• Training needs analysis based on Performance Appraisal exercise	March 2014	Completed. Learning & Development Plan prepared
	• Recruitment Plan / Staffing Requirements	Monthly	Monthly - Staff Matters discussed in Management Team Meeting
	• % of posts vacant against total posts	4%	7.3%
	• Time Taken (months) to fill in vacancies after advertisement	2 months	98 posts filled during the year & in most cases the prescribed timeframe is being adhered to
	• Rate of staff turnover	2%	0.8%
	• No. of Health & Safety Committees held	6	6
	• Conducting Performance Appraisal Exercise	Every 6 months	Every 6 months
	• Corporate Social responsibility		
	- Training placement for university students	15 per year	20
	- Bridging the gap programme for Lower VI students	75 per year	79
	• No. of health/nutrition promotion programmes for whole workforce	3	3
	• No. of social events & welfare initiatives conducted	7	8
	• No. of communications on Human Resources, Policies & Procedures	20	34
	• MRA to become an Employer of Choice – Build Corporate Image through briefing/talks on career & employment opportunities	On-going	Presentation made to University Students

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GLOSSARY

BOE	Bill Of Entry
CMS	Customs Management System
COR	Customs Offence Report
DOAs	Declaration Of Assets
DTAA	Double Taxation Avoidance Agreement
FACTA	Foreign Account Tax Compliance Act
FY	Financial Year
GRA	Gambling Regulatory Authority
KPIs	Key Performance Indicators
LTD	Large Taxpayers Department
MaCCS	Mauritius Cargo Community System
MCCI	Mauritius Chamber of Commerce & Industry
MoFED	Ministry of Finance & Economic Development
MOU	Memorandum of Understanding
MRA	Mauritius Revenue Authority
MRASA	Mauritius Revenue Authority Staff Association
MNS	Mauritius Network System
OGA	Other Government Agencies
OTL	Oracle Time and Labour
OTS	On-line Tracking System
PACS	Passenger Assessment & Clearance System
PATS	Plaisance Air Transport Services
PAYE	Pay As You Earn
PCCA	Post-Clearance Control Audit
SICOM	State Insurance Company of Mauritius Ltd
SSR	Sir Seewoosagur Ramgoolam
TDS	Tax Deducted at Source
TECD	Taxpayers Education Communication Department
VAT	Value-Added Tax
WCO	World Customs Organisation

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