

ANNUAL REPORT

2013

Building a new tax culture...



...together we can

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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

Each year brings a host of different challenges for the MRA, as it does for our nation. At the MRA, our job is to rise to these challenges and deliver to the best of our abilities. The MRA Board has the delicate task of ensuring that in such challenging times, the organisation is making an effective and efficient use of its resources whilst meeting its commitments of providing timely, accessible and effective services to taxpayers and other stakeholders. I must admit that it has been a real pleasure to lead the MRA Board - a productive and proactive body that has played a key role in MRA's success. In fact, MRA's unique governance, with the MRA Board as a cornerstone of this structure, is being increasingly recognised as a model for other government organisations as well as revenue authorities abroad.

During 2013, the MRA has come up with a myriad of projects and initiatives to make tax compliance easier and facilitate trade and businesses. It has tapped the endless potential of information & communication technology to *inter-alia* reach an exceptional e-filing rate of 90%, enable payment of income tax through mobile phones and notify our Customs stakeholders of the status of their Customs declaration by short message service (sms).



CHAIRPERSON'S FOREWORD

In 2013, the MRA has achieved milestones in terms of arrears collections and amount of tax assessments raised. The fact that Mauritius has also remained in the top 13 countries in the World with regards to World Bank's Doing Business Survey for "Ease of paying taxes" and "Trading across borders" is yet another commendable achievement for the MRA. We have also been able to raise commitments from taxpayers to pay tax of Rs 1.1 billion under the four tax incentive schemes thereby matching the preceding years' commitments.

MRA's performance during the year is the result of a combination of success factors based on the implementation of sound strategies for improving tax administration, promoting human resource development and the continuous effort of generating added value. I take comfort from the fact that the HR strategy of the organisation has obtained local recognition with the MRA receiving three HR excellence awards by the HRDC Excellence Award 2013 and the Director-General of the MRA receiving, in a personal capacity, the best CEO with HR orientation award. As Chairperson of the MRA Board, I can only hope that the MRA continues to come up with new ideas, initiatives and projects that takes the organisation to the next level and earns similar local or international recognition.

On behalf of the members of the MRA Board, I would like to express my utmost appreciation to the Director-General, the Management Team and all staff of the MRA for their continuous commitment, dedication and cooperation. They have all contributed in their own way, through their ideas, time, and energy, to making the MRA the organisation it is today. I am confident that the MRA Board can continue to rely on their unconditional support as it embarks on the planning and implementation of policies for 2014 and the years ahead. Together, we can achieve our vision of making the MRA a world class Revenue Authority. Yes, we can.



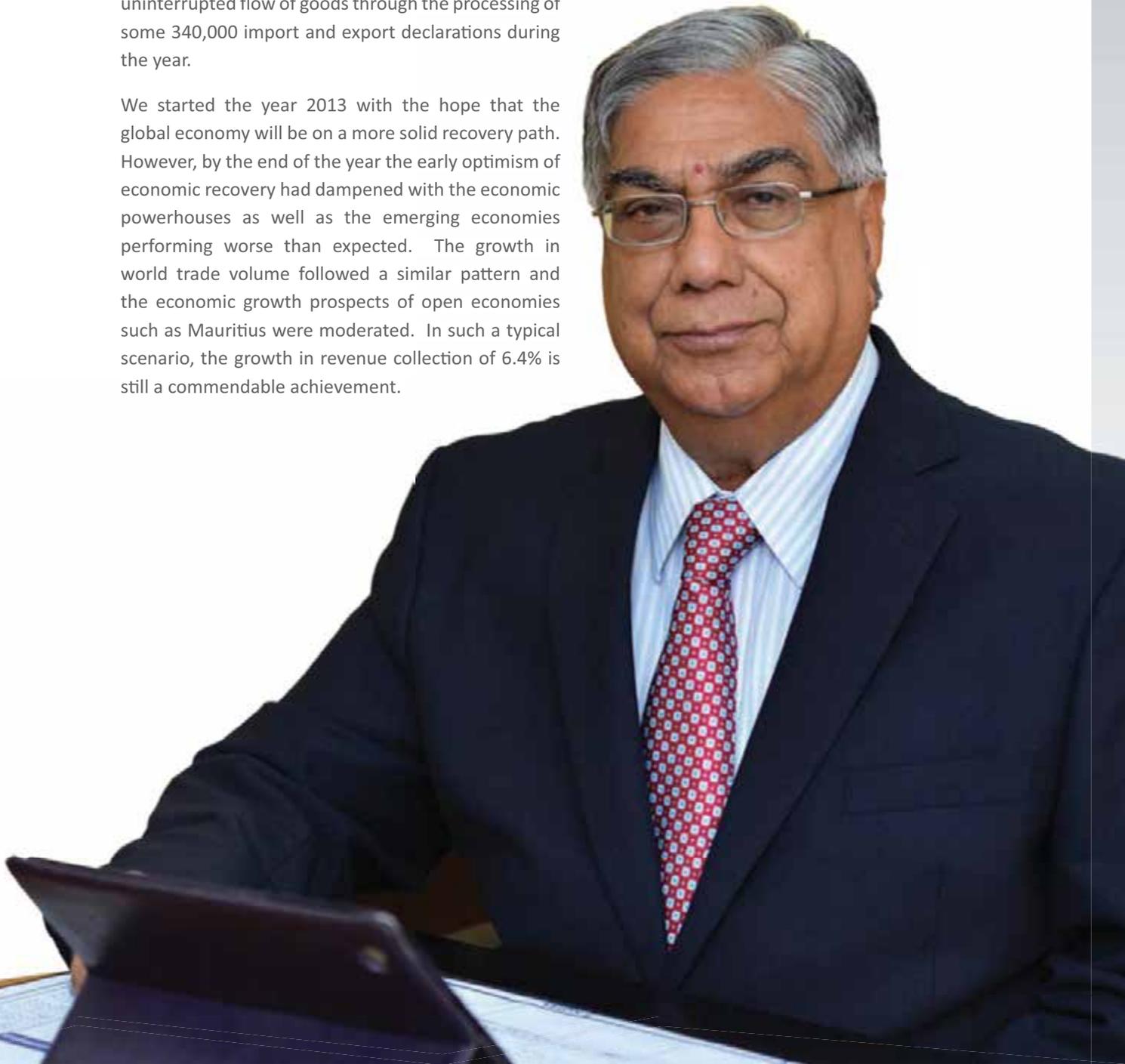
V. Hassamal

Chairperson

DIRECTOR-GENERAL'S REVIEW

The year 2013 marked the completion of seven years of operation of the Mauritius Revenue Authority. I have had the honour and privilege of leading the MRA since its inception in July 2006 and it is with great pride that I can report that the MRA has over the years demonstrated its capacity to achieve meaningful and measurable results for the citizens of our country. During 2013, MRA continued to influence the life of each and every Mauritian citizen by collecting some Rs 61.7 billion of revenue for their well-being and prosperity. MRA Customs, on its part, has facilitated trade and business by ensuring an uninterrupted flow of goods through the processing of some 340,000 import and export declarations during the year.

We started the year 2013 with the hope that the global economy will be on a more solid recovery path. However, by the end of the year the early optimism of economic recovery had dampened with the economic powerhouses as well as the emerging economies performing worse than expected. The growth in world trade volume followed a similar pattern and the economic growth prospects of open economies such as Mauritius were moderated. In such a typical scenario, the growth in revenue collection of 6.4% is still a commendable achievement.



DIRECTOR-GENERAL'S REVIEW

During the year under review, the MRA pursued its objective of reforming and modernising revenue administration with renewed dynamism as we strived to improve our effectiveness and efficiency. A new Tax Risk Management Unit (TRMU) was set up to systematically identify, assess and rank tax compliance risks in registration, return filing, submission of accurate tax declarations and timely payment of tax. Through this Unit, we have ensured an extension of our database of third party information, used Custom data to track underpayment of tax and identified more than 5,827 cases of mismatch between tax returns and third party information. Nearly half a billion rupees of assessments have been raised by our compliance departments from cases referred to them by the TRMU. Similarly, the High Net Worth Individual Unit, established during the same year has demonstrated our commitment to ensuring that high net worth taxpayers also pay their fair share of taxes. Our key objective for the Unit during the year was to establish a criterion for identifying wealthy individuals, build a database for these individuals and checkmate their tax compliance.

In the 2013 Budget Speech, mention was made that the MRA would again be implementing four tax amnesty schemes with a view to encouraging taxpayers to comply with the tax laws by taking advantage of the interest and penalty waivers. In spite of the early reservations about achieving another successful campaign for the second year running, our excellent marketing and communication strategies ensured that by September 2013, some Rs 1,071 million of commitments to pay tax had been received and nearly half of this amount had already been collected by the end of the year.

MRA's 2013 Annual Report aims at encapsulating the major achievements of the organisation during the year. I trust that this Report will enable the reader to broaden his/her knowledge about the MRA and its performance on various fronts. In a nutshell, I shall highlight some other key realisations:

- collecting some Rs 1.7 billion of arrears thereby setting a new precedent in terms of debt collections since the establishment of the MRA in 2006;
- raising Rs 3.7 billion of assessments, that is, Rs 1.3 billion more than in 2012 and thereby creating another landmark in the short history of the MRA;
- registering 23,239 new taxpayers which represents a 65% increase over the preceding year. A seven fold increase in the number of société registered with the MRA is noteworthy;
- effecting Rs 5,800 million of VAT repayments expeditiously to ease the cash flow concerns of businesses and refunding Rs 319 million of income tax;
- maintaining the costs of collections below the set target of 2% of MRA total collections;
- attending to the deregistration of some 1,000 VAT registered persons following the increase in the registration threshold from Rs 2 million to Rs 4 million;
- providing greater security for e-filers of income tax returns through the issue of username and password and extending the facilities for payment of tax by mobile phone;
- achieving a 90% e-filing rate for individual income tax and raising the percentage of total collections received electronically to 68%;
- effecting 36 narcotics seizures for an amount of Rs 194 million as compared to 25 seizures and Rs 44 million in the preceding year;
- ensuring that Mauritius remains in the top bracket of the World Bank Doing Business Survey with a 13th ranking in terms of the Paying Taxes indicator and

DIRECTOR-GENERAL'S REVIEW

a 12th ranking for the Trading Across Borders indicator;

- negotiating double taxation avoidance agreements (DTAAs) with 3 countries, signing DTAAs with some 4 countries and issuing 7,887 tax residence certificates; and
- receiving the HR Excellence Award, organised by the Human Resource Development Council, in three categories.

Our Customs Department performs a crucial role in the facilitation of trade and commerce and in the protection of society. To this end, during 2013, MRA Customs embarked in a series of projects such as the Customs Drug Interdiction Programme, the new Customs administrative penalty for greater certainty to businesses in their trade dealings, SMS facilities for economic operators to notify them regarding payment for Customs declaration & status of Customs clearances. We have also introduced excise stamps on alcoholic products in October 2013 to better combat counterfeiting.

The year 2014 is likely to be another challenging year for the MRA. Our first and foremost challenge will be to raise adequate amount of revenue for Government to finance its socio-economic projects. The MRA will, as always, stand up for this challenge, although a lot will depend on the extent of economy recovery both at local and international levels. Some other key challenges facing the MRA in 2014 include:

- ensuring the success of its VAT receipt campaign & VAT Lucky Draw which aims at encouraging taxpayers to claim a VAT receipt for their purchases;
- launching the 2014-16 Corporate Plan highlighting our key strategies and initiatives to reform and modernise revenue administration;
- further facilitating e-filing of individual income tax returns through smart

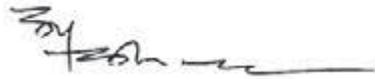
phones, tablets and other devices and e-payment through credit cards;

- implementing the VAT Refund Scheme for middle income households on construction/purchase of a residential building/apartment;
- setting up a Special Measures Unit (SMU) to focus on hospitality, restaurant, export-oriented & construction sectors;
- revisiting the income tax return form to allow for declaration of non-salary income by emolument earners;
- facilitating SMEs and improving their tax compliance through simplified tax returns, simplified recordkeeping requirements and assistance through onsite visits;
- introducing client relationship managers in tax audit departments to attend to taxpayers' queries;
- launching TPOS - a taxpayer portal through the internet to enable interactive queries and transactions;
- fostering greater tax compliance and reliability on tax returns through regulation of tax practitioners;
- pursuing the implementation of the Customs Drug Interdiction Plan, Single Window and Cargo Community System;
- improving Risk Management through capacity building, procurement of additional scanners and a weighbridge; and,
- promoting further automation at the level of Customs Department through a number of key projects including e-auction of seized/abandoned goods and e-manifest courier and postal services.

Our achievements in 2013 could not have been possible without the precious advice and

DIRECTOR-GENERAL'S REVIEW

direction of the MRA Board, the unflinching support of the MRA Management Team and the hard work and dedication of all MRA staff. I would like to convey my deepest appreciation to the MRA family for helping me in overcoming the hurdles that came in our way during 2013 and enabling the organisation to meet its commitment and responsibilities towards its stakeholders and the citizens of this country. I am confident that I can rely on their guidance and support as we strive to make 2014 another successful year in the short history of our organisation.



Sudhamo Lal

Director-General

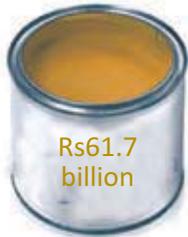


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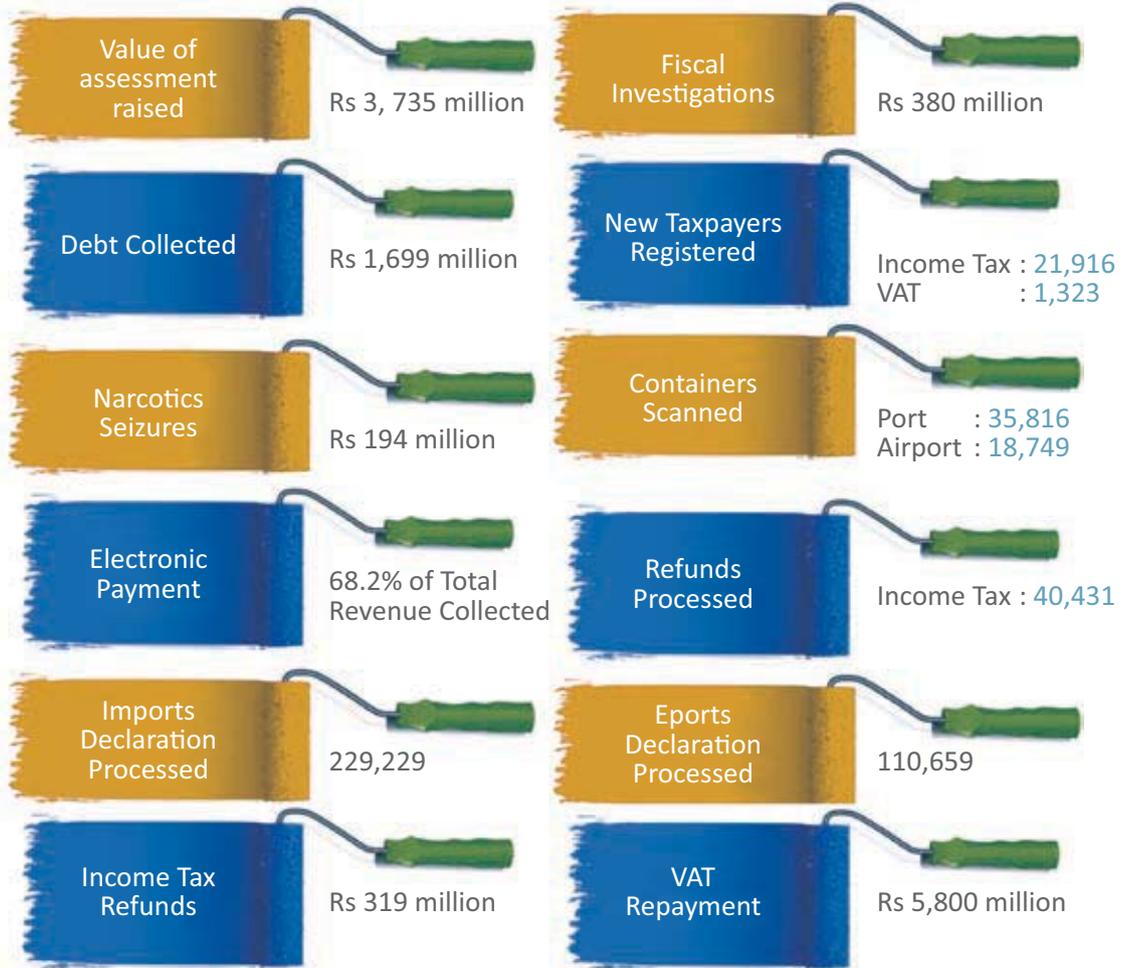
MRA AT A
GLANCE IN 2013

MRA AT A GLANCE IN 2013

Revenue Collected



Staff





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.

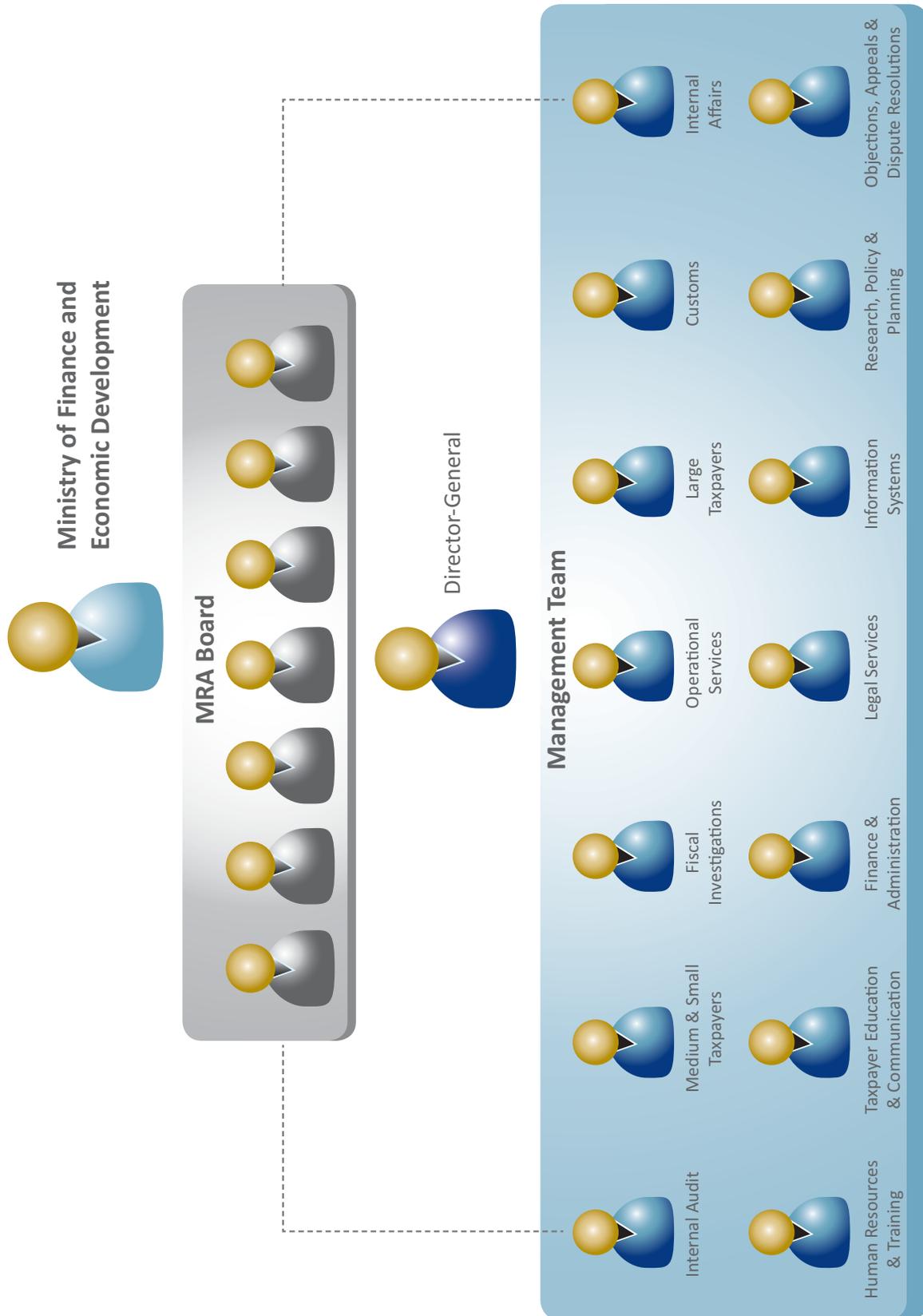
It manages and collects:

- 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





4.

CORPORATE
GOVERNANCE

CORPORATE GOVERNANCE

If management is about running the business, governance is about seeing that it is run properly.

– R. Tricker

MRA is a body corporate set up by the Mauritius Revenue Act 2004 as an agent of the State for collecting revenue and managing, operating and enforcing Revenue Laws.

The MRA Board has a crucial role in ensuring and maintaining a high standard of corporate governance matters within the organisation. It is the prime policy decision maker of the organisation and ensures that all its business operations are in accordance with the MRA Act 2004. In accordance with the Code of Corporate Governance for Mauritius issued by the National Committee on Corporate Governance under the Financial Reporting Act 2004 (the 'Code'), the Board ensures that the MRA complies with the 'Code', follows the regulatory guidelines and ensures that its employees adopt the highest standard of professionalism and compliance with policies and best practices while conducting their day to day operations.

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 ISO 9001:2008 project, 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 describes the 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.

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;

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- (ii) Board members are appointed by the Minister of Finance and Economic Development for a period of not less than three years;
- (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 is the focal point responsible for promoting and maintaining the overall corporate governance within the organisation. Being accountable for the administration and management of the MRA, the Board is also responsible for its performance and affairs. During the year under review, the MRA was headed by the Board, comprising of seven members under the chairmanship of Mr V. Hassamal, with 5 non-executive Directors and one executive Director. Members of the Board during the year 2013 were as follows:

- Mr. V. Hassamal, Chairperson
- 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

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

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, Board committees are a mechanism to assist the Board in discharging their duties through a more comprehensive evaluation of technical issues. The MRA's Board has established three Board Committees, namely:

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

CORPORATE GOVERNANCE



4.2.1.1. Audit & Oversight/Risk Management Committee

The Audit and Oversight Committee is chaired by Mr. P. Yip Wang Wing, the other members are Mr. J.P.Coopamah and Mr. D.K. Dabee G.O.S.K., S.C. The Acting Secretary is Ms C. Fijac.

The functions of the Audit and Oversight/Risk Management Committee are:

- evaluating the scope of the annual audit plan and the annual internal audit report;
- reviewing the quarterly reports submitted by the Internal Audit Division and also reviewing any significant matters raised by the external auditors; and,
- reviewing, evaluating & approving accounting and internal control procedures implemented at the MRA.

During the year 2013, the Committee has *inter-alia*,

- 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 Project.

4.2.1.2. Corporate Governance Committee

The Corporate Governance Committee is chaired by Mr. V. Hassamal, the other members are Mr. J.M.L. Rivalland and Mrs. A.C.Timol G.O.S.K. The Acting Secretary is Ms C. Fijac.

The functions of the Corporate Governance Committee are:

- 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.

During the year under review, the Corporate Governance Committee and the MRA Board met on 3 occasions to:

- discuss and review compliance with Corporate Governance requirements for the MRA's Annual Report 2012; and
- finalise the Board Evaluation Questionnaire.

In pursuance to its commitment to good Governance and adopting recommended practice laid down in the Code on Corporate Governance, one major initiative of the Committee for the year 2013, has been the MRA's Board Evaluation.

The Corporate Governance Committee came up with a self-evaluation questionnaire for the evaluation of the Board performance. The questionnaire comprised of 21 questions, which covered the different core competencies of an exemplary Board and the skills needed within the Board. The three main areas evaluated were: fulfilment of Board's responsibility, Board's processes & meetings and Board's relationship

CORPORATE GOVERNANCE

Table 1: Attendance of the Board, Board Committees, Fees & Duration of Appointment for Year 2013

	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	1	5			
Meetings attended:							
Mr. V. Hassamal, Chairperson	12		1		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, S.C.	10	4			300,000	5.11.2013	3 years
Mr. J. M. L. Rivalland	10		1		300,000	23.11.2011	3 years
Mrs. A. C. Timol G.O.S.K	12		1		300,000	5.11.2013	3 years
Mr. P. Yip Wang Wing	12	6		5	300,000	n/a	n/a
Mr. M. S. Lal, Director-General	13			5	300,000	n/a	n/a

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

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

with Management. The advice of the Mauritius Institute of Directors was received for the conduct of this exercise.

All the Board members participated in the evaluation exercise. The overall rating for the 21 issues was 4.3 within the scale of 1 to 5 where a 5 denotes the highest rating. The Board, being the main pillar of Governance, has taken good note of the results of the evaluation exercise and actions will be taken to improve effectiveness in areas such as succession planning and performance appraisal at management level, Directors' education and board development.

4.2.1.3. Tender Committee

The Tender Committee is made up of a Central Tender Committee (CTC) and a Departmental Tender Committee (DTC). 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. The CTC is chaired by Mr. P. Yip Wang Wing, and comprises the Director-General and the Director, Finance and Administration.

4.2.2. Board and Committee Membership

During the year 2013, 13 Board meetings were held. The meetings were convened within appropriate notice, the agenda and papers for all Board and Committee Meetings were distributed prior to all the relevant meetings. Table 1 shows attendance at Board meetings & Committees, Board Member fees and duration of appointment of Board Members during the year 2013.

4.3. RISK MANAGEMENT

Risk management is an essential component of MRA operations to ensure that the organisation achieves its objectives. The Enterprise Risk Management project which started a few years back was thus given high priority by the MRA and became fully functional in 2012.

The Risk Management Framework has as objective of institutionalising risk management in the operations of the MRA and bringing about a culture for each and every player, ranging

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from the Board to an individual officer, to be responsible for managing risk at their level.

The MRA Board has overall responsibility for risk management. This responsibility is then delegated to line-management who takes full accountability for the management of risk and control on a day-to-day basis. The responsibility is further delegated down the line in terms of section, unit or process.

All departments have now got their Risk Registers and Reports. The Risk Monitoring Committee chaired by the Director-General and which has as members all the Directors, met twice to discuss the risk reports. 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.

These meetings helped to consolidate the concept and structure in place.

The MRA has further consolidated its risk management framework in 2013. One major milestone has been the first time audit of risk management across the various MRA departments by the Internal Audit Division. Where needed new risks have been added/upgraded and desired controls fine-tune at departmental level.

The audit exercise has allowed various interactions with departmental Risk Officers, process owners and senior management coupled with Risk Monitoring 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 13 top risks identified and being constantly managed and monitored at Board and management level are as follows:

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 remain 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 is putting 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.

CORPORATE GOVERNANCE

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 1,340 staff, inevitably HR issues may arise. To counter risk factors, employees are provided with a wide range of support and logistics mechanism.

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.

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.

CORPORATE GOVERNANCE

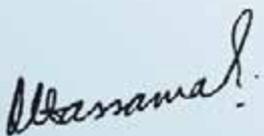
Directors' responsibility for the Internal Control System

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

Such system 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.



.....
V. HASSAMAL
 Chairman MRA Board



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

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 2013, 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 2014, 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 entrusted with the task of 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 of a team 17 staff of varied professional qualifications and experience. The Division reports functionally to the Audit & Oversight Committee and administratively to the Director-General.

Background

Internal Audit works on a risk-based approach, hence allowing resources to be focussed on high-risk areas. 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 & Oversight 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. 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 2013 were as follows:

- System of Control - completed 9 system audits, 12 transaction audits and 3 follow-up exercises. Some core areas audited for the year were:
 - quality and use of Third party information for detecting tax non-compliance;
 - debt management;
 - tax refund & repayment;
 - adequacy of control in new computerised tax systems;
 - auditing of large taxpayers;
 - revenue collections systems;
 - leave & attendance system;
 - seaport operations; and
 - airport operations with respect to passengers.
- Apart from providing assurance on the functioning of the control system, Internal Audit has made some 125 recommendations for further

CORPORATE GOVERNANCE

improvement of systems. Through these audit assignments, the Division ensures that operations are conducted according to the highest standards of best practices. Follow-up exercises have shown a high rate of implementation of audit recommendations.

- With respect to Governance, the Division assisted the Corporate Governance Committee in coming up with a self-evaluation questionnaire and ultimately effecting the Board Evaluation.
- Auditing the risk management framework as laid down at paragraph 4.3.
- During the past two years, through the various audit initiatives and interaction with all MRA staff, the Division is working towards drilling down the responsibility for systems of control. The objective is to bring about a culture of transparency and individual accountability for operations.
- For larger audit coverage, maximum use is being made of data analysis tools and to enhance efficiency the Division will be moving towards automated audit working management as from next year.

4.5.1. Quality Management System (QMS)

The MRA was certified to ISO 9001:2008 in July 2012. In its commitment to maintain and continuously improve the Quality Management System, a Team Leader, Quality Management, was recruited. During the year 2013, the team has performed some 27 quality audits, which covered the core operations of MRA and which involved some 150 processes.

Over and above auditing of the QMS, a complete assignment was carried out on Customer Satisfaction and Complaints Management. Moreover, to foster a quality culture in the

organization, training was also provided to MRA Officers on complaints handling and quality management.

The Quality Management System has also been subject to two Surveillance audits from the Certification Body, i.e, Mauritius Standard Bureau. The scope of the audit covered all sites of the MRA including Rodrigues branch. Following the result of the audits, the Certificate of Registration to ISO 9001:2008 was maintained by the Certification Body.

4.6. INTEGRATED SUSTAINABILITY REPORTING

4.6.1. Ethics

Since its setting up in July 2006, the MRA has set up an Internal Affairs Division with the prime objectives of implementing and maintaining the highest level of integrity and transparency within the organisation. The two main elements of integrity management strategy are the Code of Conduct and Ethics & the Prevention of Malpractice Manual. MRA's Code of Conduct & Ethics sets out the general principles, obligations and business etiquette which employees are required to abide by. The purpose of the code is to:

- (i) Establish expected standards of conduct and ethics for employees of the MRA; and
- (ii) Provide guidance on the fulfilment of employees' professional and ethical obligations.

In recent years, with the mass reforms in the Customs and Tax Departments, coupled with new developments at the level of the MRA, new kinds of ethical and integrity dilemmas were cropping up that demanded due attention. Thus, the MRA decided to review its present Code of Conduct and Ethics. The code was revised during the year 2013 after consultation with the Mauritius Revenue Authority Staff Association (MRASA) and the Management Team. The final version was approved by the Board and posted on the website.

CORPORATE GOVERNANCE

The 'Prevention of Malpractice Manual', on the other hand, acts as a guidance to the employees to better understand and maintain the highest ethical standards and also to promote good governance, transparency and accountability among the MRA.

As a step to further enhance its communication strategy with regard to integrity management, the MRA published its Integrity Policy Statement in 2013. The statement articulates the ethical and moral standards of integrity expected on behalf of the MRA and its stakeholders. It is divided into two parts. On one hand MRA's obligations and on the other hand the stakeholders' obligations. Copies of the posters and brochures have been sent to stakeholders. The posters are displayed in all the MRA precincts.

Some of the achievements of the Internal Affairs Division during the year under review are as follows:

- 220 Declaration Of Assets (DOAs) were verified and reports produced;
- 18 cases recommended for disciplinary action;
- 17 training programmes conducted for integrity management;
- Conducted an integrity workshop with the young generation to make them aware of integrity management; and
- Conducted an integrity perception survey where the organisational Integrity Index for the MRA has improved from **66** for the 2007 survey to **77.5** for the 2013 survey

4.6.2. Environment

The MRA has always attached considerable importance to all aspects of the environment in conducting its day to day operations so as to support a 'Green Mauritius'. Some of the projects undertaken during the year to promote green habits and behaviour include:

- Pursuing its e-filing strategy so as to persuade more and more taxpayers to use less paper and reduce energy

consumption. In 2013, 90% of individual taxpayers filed their returns electronically;

- Continuing to encourage taxpayers to make e-payment through various means;
- Promoting a paperless environment by implementing the Record Management System (RMS);
- Collection of used oil for safe disposal;
- Re-treading of tyres which will result in an estimated extended life of 15,000-20,000 kms per tyre for our coaster and mini bus;
- All vehicles procured are required to comply with European Emission Standards;
- Planting of trees at Custom House compound;
- Purchase of 'Energy Star' compliant office equipment since 2011;
- Purchase of R410A environmental friendly air conditioners (compared to R22);
- Encouraging staff to switch off lights and air conditioning off when not in the office; and
- MRA also participated in MEXA's Carbon Footprint Mitigation Project Phase II.

In addition of all the above mentioned, reducing paper consumption and energy in the office remains MRA's green target in view of its office-based operations.

4.6.3. Health and Safety

The MRA remains committed to providing a safe, healthy and secure working environment for all its employees, taxpayers and visitors. To strengthen the MRA's commitment towards the Health & Safety measures, the MRA has put in place several policies and practices that comply with the regulatory guidelines and requirements. In addition, the Health and Safety Committee currently being chaired by the Director, Human

CORPORATE GOVERNANCE

Resources & Training continues to meet every 2 months to maintain safe working conditions and to constantly monitor and improve MRA's health & safety standards.

During the year 2013, in its dedication to promoting a sound and safe working environment, the following initiatives were completed:

- Renewal of staff medical scheme and the Group Personal Accident Insurance Scheme;
- Safety and Health brochures prepared for visitors of Eham Court and Custom House;
- General Medical check-up conducted for all staff by the Ministry of Health & Quality of Life from 17 July 2013 to 1 August 2013;
- Sensitization Campaign on Osteoporosis held from 18 to 21 June 2013;
- Sensitization campaign on the prevention of cardiac problems held during the month of August and September 2013;
- Procurement of safety shoes and life Jackets for Custom Staff;
- Vaccination of staff posted at SSR Arrival Hall against H1N1 virus; and
- 45 Health and Safety inspections were carried out in December 2013 at various sites, to identify hazards and take corrective measures.

4.6.4. Corporate Social Responsibility

As its commitment to strongly promoting Corporate Social Responsibility (CSR) programmes and projects in Mauritius, the MRA has during the year 2013,

- Organised its yearly blood collection, in collaboration with the Ministry of Health and Quality of Life and the Blood Donors Association, where 776 pints of blood were collected;

- MRA staff has contributed to Victims of Flash Flood in April 2013 through a cash grant of Rs 508,000 to the Prime Minister's Relief & Support Fund (PMRSF) ;
- Collaborated with the University of Mauritius (UOM) for training placement of 19 students;
- Enlisted 72 Lower Six students for work placement at the MRA in collaboration with the HRDC;
- Raised funds through its Management Team to assist in National Empowerment Foundation (NEF) projects; and
- Organised & participated in the 'Clean up Port' Campaign with the Port Authority.

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 2013 include:

1. Grants (capital & revenue) of Rs 1,201,569,874 from Government; and Rs 2,793,420 from GRA in terms of assets (server)
2. Fees paid to Board Members for an amount of Rs 2,400,000
3. Payment to key management personnel for an amount of Rs 46,000,897

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 VASDEV HASSAMAL
Chairperson

MR VASDEV HASSAMAL

Chairperson

Vasdev Hassamal became Chairperson of the MRA in November 2005. He is also an Adviser to the Office of Public Sector Governance under the aegis of the Prime Minister's Office. He was Chief Accountant at the Development Bank of Mauritius from 1974 to 1982, and then the Financial Controller of the Secretariat of the African, Caribbean and Pacific Group of States (the ACP Group) in Brussels from 1982 to 2000, becoming Assistant Secretary-General of the Group in 2000, until his retirement in 2005. In that role, he attended Council of ACP Ministers' meetings in Togo, Zimbabwe, Mauritius, the Dominican Republic, Gabon and elsewhere, and was responsible for the organisation of many international conferences, including those of the Heads of State and Government of the ACP Group in Fiji (2002) and Botswana (2004). Vasdev Hassamal is a Fellow of the Institute of Chartered Accountants of England and Wales

and a member of the Mauritius Institute of Professional Accountants (MIPA).

MR DHEEREN KUMAR DABEE G.O.S.K., S.C

Board Member

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



**MR DHEEREN KUMAR DABEE G.O.S.K.,
S.C**
Board Member

CORPORATE GOVERNANCE



MR JAGNADEN PADIATY COOPAMAH
Board Member

MR JAGNADEN PADIATY COOPAMAH

Board Member

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

He also worked for a few years as Advisor in the Ministry of Finance. He is an Honours Economics graduate of the University of London.

MR J.M LOUIS RIVALLAND

Board Member

Louis Rivalland was first appointed to the Board in November 2005. He is currently the Group Chief Executive of Swan Insurance and Anglo-Mauritius Assurance. He was previously part of the management team of Commercial Union in South Africa and conducted several assignments for Commercial Union in Europe. He then worked as Actuary and Consultant for Watson Wyatt in Johannesburg. He is a past President of the Joint Economic Council and the Insurers' Association of Mauritius. He is a director of several listed Companies and sits on a number of Corporate Governance and Audit Committees. He has played an active role in the development of risk management, insurance and pensions in Mauritius, having chaired or been part of various technical committees in these areas. He holds a BSc (Hons) in Actuarial Science and Statistics, and is a Fellow of the Institute of Actuaries (UK).



MR J.M LOUIS RIVALLAND
Board Member

CORPORATE GOVERNANCE



MRS AISHA C. TIMOL G.O.S.K
Board Member

MRS AISHA C. TIMOL G.O.S.K

Board Member

Aisha Timol G.O.S.K was appointed to the Board in October 2004. She has been the first Chief Executive of the Mauritius Bankers Association since 2003. Prior to that, she worked in the public service from 1981, becoming Deputy Director of the Budget Bureau of the Ministry of Finance and then Director, Financial Services. She has also been involved in the academic field, both on a part-time basis and as a full-time Senior Lecturer in Mathematical Economics and Econometrics at the University of Mauritius from 1992 to 1995. She is on a number of boards in both the public and private sectors, including the Joint Economic Council, the Mauritius Chamber of Commerce and Industry and the Mauritius Employers' Federation. She holds a BSc (Hons) degree in Economics from the University of St Andrews, Scotland, UK, a Post-Graduate Diploma (with Distinction)

in Development Planning Techniques from the Institute of Social Studies in The Hague, The Netherlands, and a *Diplôme d'Études Approfondies en Economie Mathématique et Econométrie* from the University of Aix-Marseille, France.

MR PATRICK YIP WANG WING

Board Member

Patrick Yip was appointed to the Board in October 2004. He is currently Acting Deputy Financial Secretary at the Ministry of Finance and Economic Development. Mr Yip is also on a number of public sector boards, including the Development Bank of Mauritius and the State Investment Corporation, and has also served as a member of the former Stock Exchange Commission and the Unified Revenue Board. After studying in Dijon, France, for a *Maitrise en Econométrie* and a *Diplôme d'Études Approfondies 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.



MR PATRICK YIP WANG WING
Board Member

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MR SUDHAMO LAL
Director-General

MR SUDHAMO LAL

Board Member

Sudhamo Lal was appointed Director-General of the Mauritius Revenue Authority in May 2005, thereby also becoming a member of the Board. Since then, he has led a complete organisational transformation, with the merging of four revenue departments into an integrated revenue administration. Prior to working with the MRA, he worked in direct tax administration in Pakistan, progressing from Commissioner of Income Tax and Wealth Tax and Director-General (Withholding taxes), to Member (Tax Policy and Administration) in the Central Board of Revenue, Islamabad. In this role he was responsible for leading a US\$150 million World Bank funded tax administration reform programme. He has frequently interacted with European Union, Asian Development Bank, IMF and other international finance institutions. He is also the

former President of The Commonwealth Association of Tax Administrators which has members in 49 countries. Sudhamo Lal's formal qualifications include a first degree in Law and a postgraduate degree in Agri-Economics and Soil Science. He has also undergone training in Public Administration, National Management, Tax Fraud Administration and Revenue Forecasting.

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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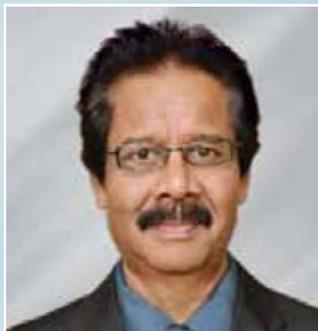
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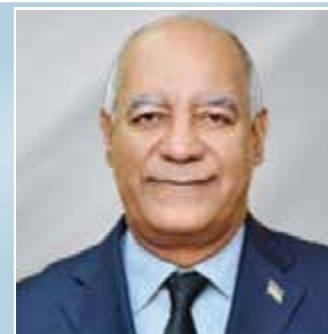
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CORPORATE GOVERNANCE



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Pay your TAXES for PROSPERITY & PROGRESS



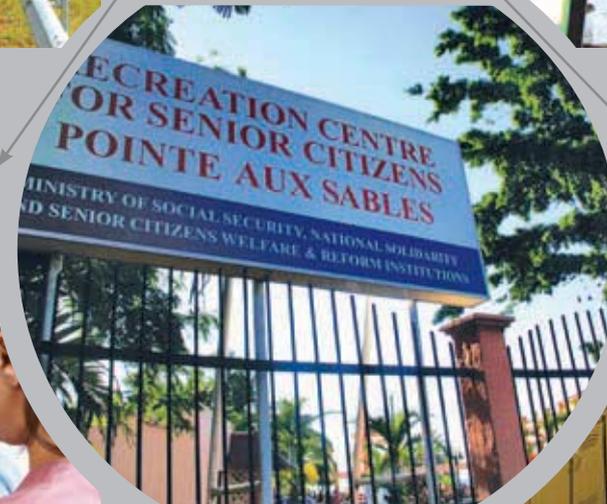
INFRASTRUCTURE



EDUCATION



HEALTHCARE



RECREATIONAL CENTRE



SECURITY



5.

REVENUE
COLLECTIONS

REVENUE COLLECTIONS

5.1. REVENUE COLLECTIONS

In 2013, total revenue collections were to the tune of Rs 61,740 million, 5% below budgeted estimates of Rs 64,749 million and 0.2% below the revised target set at Rs 61,888 million. Value-Added Tax, Excise duties, Corporate Tax and Personal Income Tax accounted for 88% of total 2013 receipts. Owing to difficult economic situation reflected in a downward revision of the 2013 GDP figures, most taxes failed to meet their initial projections except for Personal Income Tax and Passenger Fee. Table 2 indicates the revenue by tax type and compares actual performance to the 2013 budgeted estimates as well as to the 2013 revised estimate.

Tax	Budgeted Estimates	Revised Estimates	Actual collections ¹	Increase/decrease over budgeted estimates	Increase/decrease over revised estimates
Corporate Tax	9,500	8,900	8,727	-8.1%	-1.9%
Personal Income Tax	5,963	5,983	6,204	4.0%	3.7%
Tax Deduction at Source	980	980	978	-0.2%	-0.2%
Value-Added Tax	27,512	25,785	26,016	-5.4%	0.9%
Customs	1,522	1,522	1,389	-8.7%	-8.7%
Excise	14,354	13,956	13,557	-5.6%	-2.9%
Taxes on Gambling	2,164	2,055	2,013	-7.0%	-2.0%
Environment Prot. Fees	170	150	130	-23.4%	-13.1%
Passenger Fee	1,116	1,216	1,219	9.2%	0.2%
Special Levy on banks	480	480	473	-1.4%	-1.4%
Special Levy on Tele.	400	370	438	9.5%	18.4%
CSR	140	125	125	-10.7%	0.0%
Levy on Messaging Services	110	115	99	-10.0%	-13.9%
Advertising Structure Fee	58	65	68	16.9%	4.3%
Miscellaneous ²	280	186	304	8.6%	63.4%
Total	64,749	61,888	61,740	-4.6%	-0.2%

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

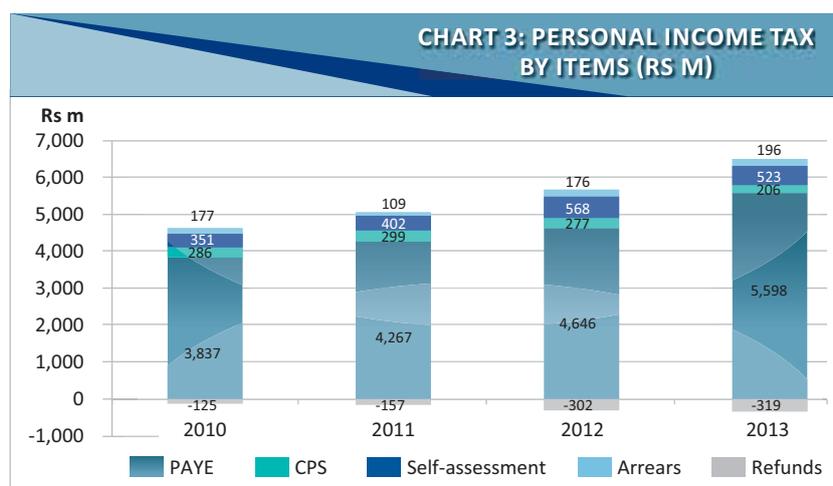
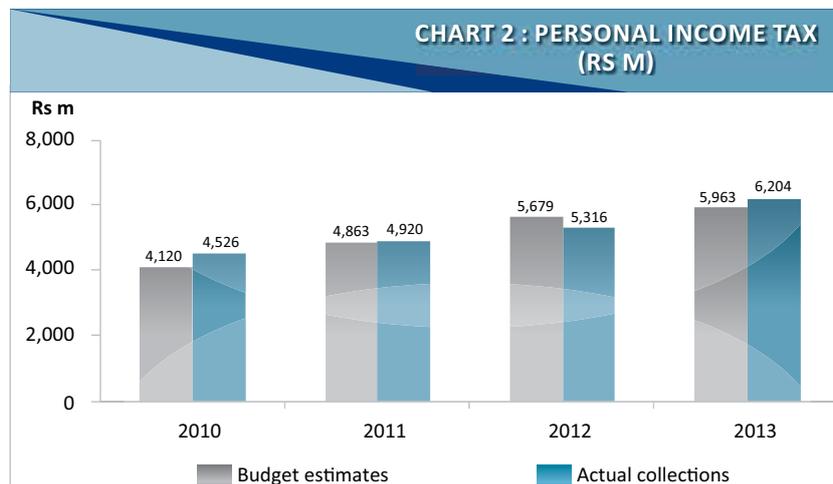
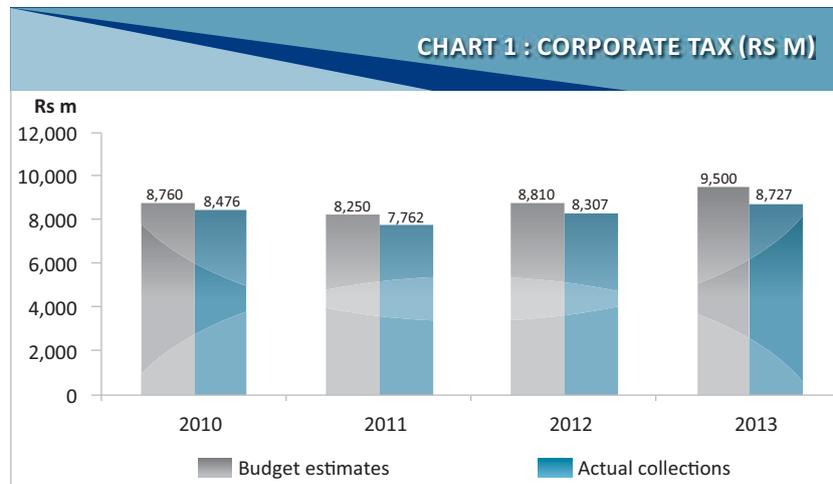
In 2013, MRA recorded Corporate Tax collections of Rs 8,727 million. This was Rs 173 million below revised estimates and represented a growth of 5% over the 2012 collections.

Performance under corporate tax was characterised by lower than expected growths in collections from key sectors namely global business, manufacturing and to a lower extent the banking and telecommunications. On the other hand, there was a fall in collections from the trading and real estates sectors.

5.2.2. Personal Income Tax

Personal Income Tax grew by 17%, five percentage points above the budgeted projection of 12%. This exceptional growth was mainly on account of the surge in PAYE collections, in particular Government PAYE following the implementation of Pay Research Bureau Salary Review coupled with an unchanged Income Exemption threshold. The growth in PAYE receipts of 20% was mitigated by a fall in self-assessment receipts and CPS receipts as the threshold for submission of a CPS statement and payment of advance tax was raised from Rs 2 million to Rs 4 million.

REVENUE COLLECTIONS



5.2.3. Tax Deducted At Source

In the 2013 budget, tax deducted at source was extended to cover medical service providers and the TDS rate on interest payable to non-residents was increased from 10% to 15%. On the other hand, TDS was no longer applicable where the amount of tax to be deducted is less

than Rs 500. In 2013, TDS collections grew by 5% to practically meet projections set at Rs 980 million.

5.3. INDIRECT TAXES

5.3.1. Value-Added tax

During the year 2013, VAT collections were

REVENUE COLLECTIONS

expected to grow by 10% to reach an amount of Rs 27,512 million. However, by the end of 2013, VAT proceeds amounted to Rs 26 billion representing a growth of 4%. VAT at imports registered a fall of 4% compared to last year while growth in VAT at office was 2% below the expected growth rate of 10%.

VAT at importation fell by 4% as higher receipts from the manufacturing, hotel and agricultural sectors failed to compensate for contraction in the trading and telecommunication businesses. On the other hand, VAT at office collections were up by 8% propelled by two-digit growth in key sectors namely hotel and construction sectors.

5.3.2. Excise collections

Similar to VAT, receipts under Excise duties increased by 4% and were 5% below anticipated growth of 10%.

Excise duties collections were influenced by three major developments:

- (a) A rise in excise duty rates on alcoholic beverages and tobacco products together with a fall in their respective

consumption level. As a result, receipts grow by 11% and 8% respectively compared to projected growths of 16% and 9%.

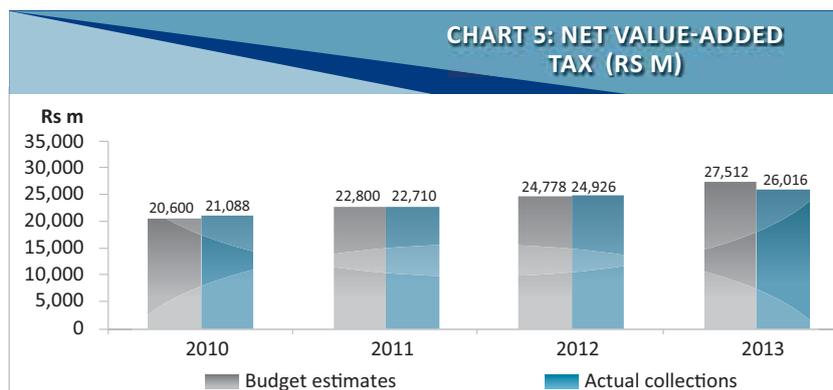
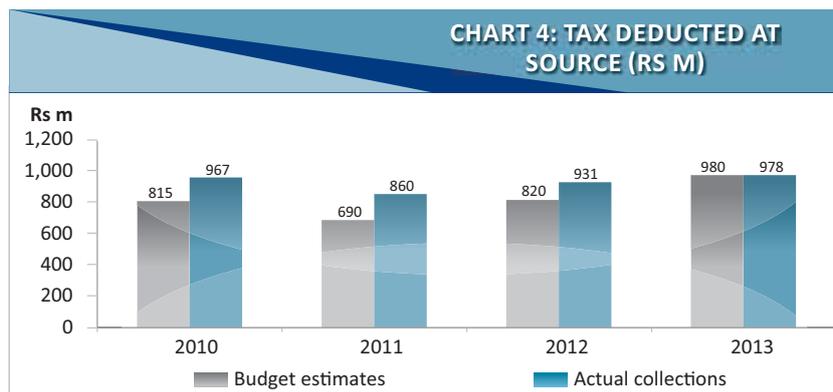
- (b) A fall in collections from motor vehicles mainly due to a higher than expected CO2 rebate claimed on vehicles with engine capacity of less than 1600cc
- (c) Introduction of a specific duty rate of 2 cents per gram of sugar on soft Drinks on 4 February 2013.

5.3.3. Customs Duties

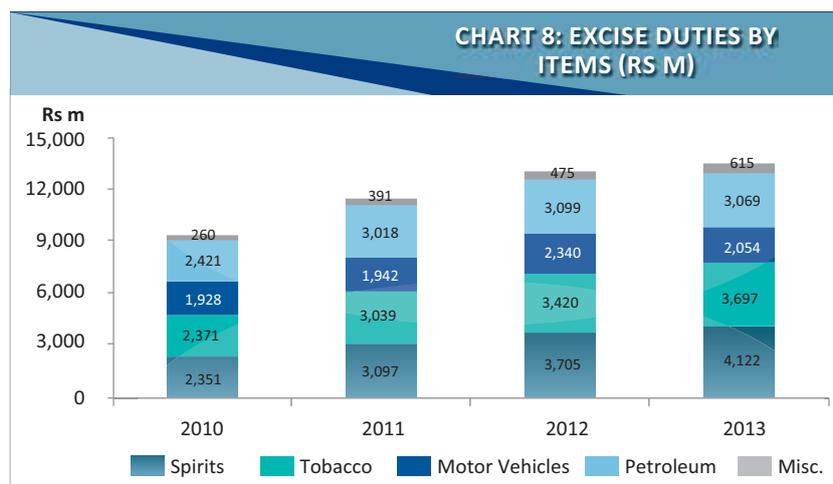
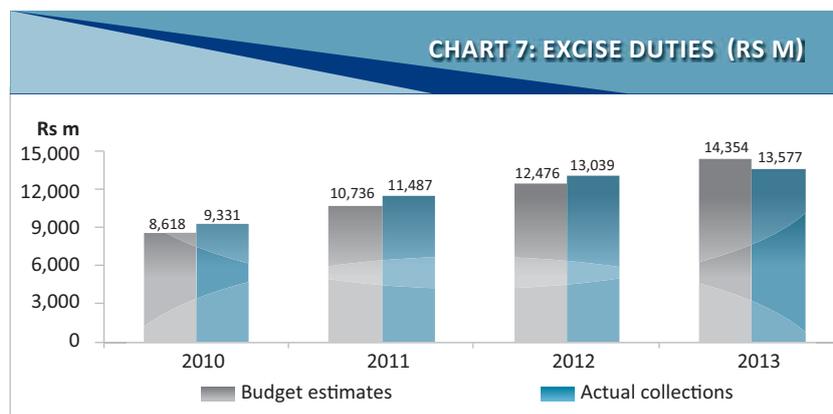
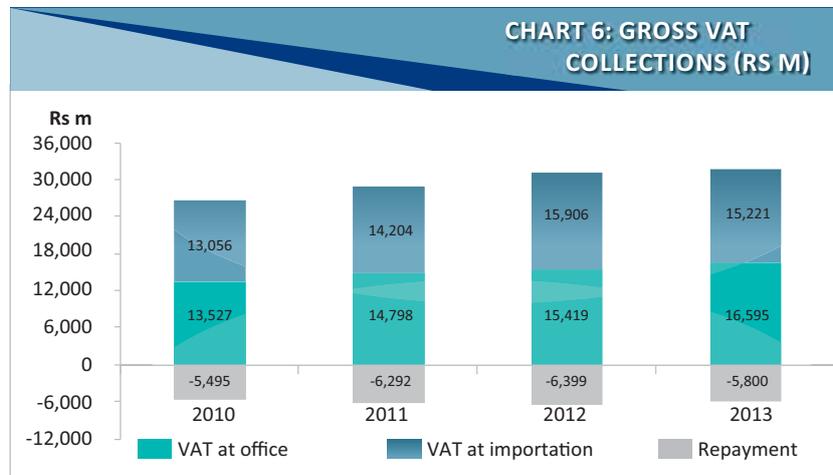
In 2013, a 1% growth in custom duties was expected consequent upon abolition of custom duty rates on some selected items such as television sets, sinks, wash basins and lighting fixtures among others. However, actual collections were 8% below last year's receipts and followed the negative trend in the value of imports as observed in 2013.

5.3.4. Gambling Taxes

MRA receipts under gambling taxes included for the first time proceeds from lototech following a policy decision taken in the 2012 Budget. In 2013, Rs 550 million were received at the level of the MRA while an additional Rs 130 million



REVENUE COLLECTIONS



was paid beforehand to the Consolidated Fund.

As regards revenues from other types of gambling activities, betting taxes from horse racing and football matches increased, in aggregate, by 3% in 2013 whilst taxes on casinos registered a 9% increase over the preceding year.

5.3.5. Other fees and levies

The MRA collects a myriad of fees and levies, on behalf of the Government. In 2013, overall collections from these revenue items were almost 4% above the preceding year mainly on account of:

REVENUE COLLECTIONS

- (a) The introduction of a new fee for the issue of Tax Residence Certificate which yielded Rs 51 million
- (b) Levy on messaging services growing by 8% over the previous year
- (c) Receipts in respect of advertising structure fees were to the tune of Rs 68 million, slightly more than previous year's collections and 4% above projected estimates of Rs 58 million.
- (d) Receipts under passenger fees amounting to Rs 1,219 million grew by 1% and were 9% above budgeted estimates.
- (e) Special levy on telecommunications increasing by 10% i.e. higher than the projection by a similar percentage

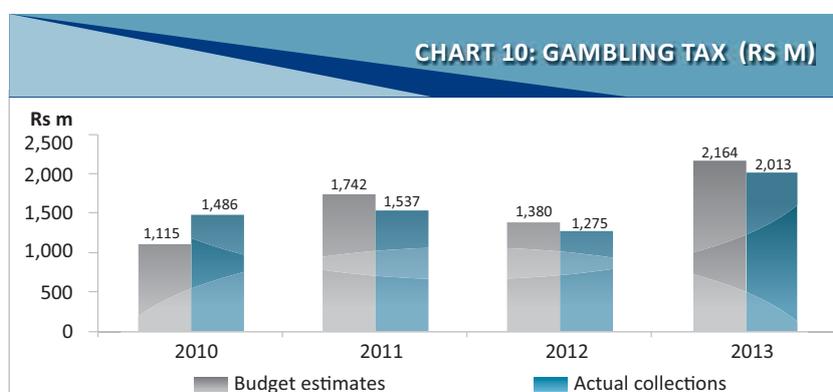
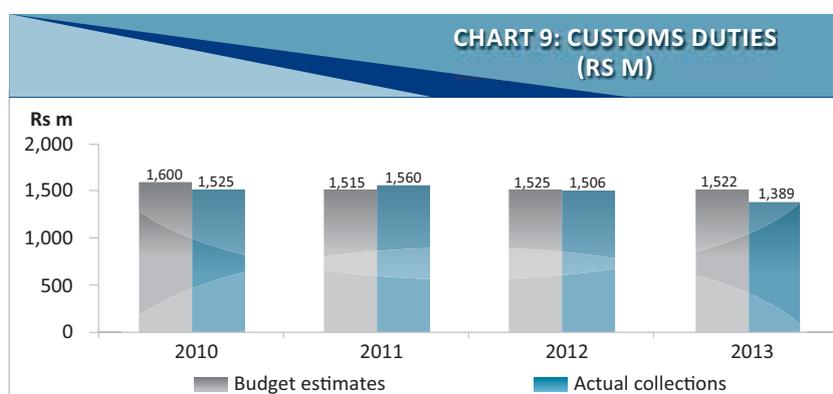


Table 3: Type of Fee/Levy and payments made (Rs m)

Fees/levies	Actual Collections (Rs m)			
	2010	2011	2012	2013
Passenger Fee	555	793	1,206	1,219
Passenger Solidarity Fee	46	51	50	51
Special Levy on banks	455	448	482	473
Special Levy on Telecommunication	424	376	397	438
Corporate Social Responsibility Levy	149	116	130	125
Environment Protection Fee	142	302	145	130
Levy on Messaging Services	-	-	92	99
Advertising Structure Fee	-	-	62	68
Tax Residence Certificate & Tax rulings				51
Total	1,771	2,086	2,564	2,654

A good SERVICE PROVIDER always ISSUES A RECEIPT for his services



**Be PART
of Prosperous Mauritius**

The background features a light blue gradient with several large, overlapping geometric shapes in a darker shade of blue and white, creating a modern, abstract design.

6.

SERVING TAXPAYERS
WITH PRIDE AND
DEDICATION

SERVING TAXPAYERS WITH PRIDE AND DEDICATION

Quality in a service or product is not what you put into it. It is what the client or customer gets out of it.

– Peter Drucker

Taxpayer education and quality customer service are pre-requisites for developing a culture of tax compliance. In countries where citizens are fully aware of their fiscal obligations and rights, tax compliance is maintained at a relatively high rate.

The philosophy of the MRA is to ensure an excellence of customer care service, and, quality assurance in all interface with our stakeholders through dedicated taxpayer education programmes, quality customer care, effective communication and stakeholder feedback.

6.1. EDUCATION

Our tax system is a self-assessment based, and the MRA has a statutory duty to ensure maximum compliance with the law, via tailor-made educational programmes, with a clear aim of enhancing taxpayer compliance to a sustainably higher threshold.

6.1.1. Partnering stakeholders through education

(a) Educational programmes for stakeholders

The MRA endeavours towards promoting a paradigm shift in taxpayers’ attitude by instituting a tax culture in Mauritius. In that perspective, 2013 heralded a series of targeted educational sessions for a range of MRA stakeholders, including women entrepreneurs, finance cadre staff of private sector companies, and, proactively, future taxpayers. Box 1 illustrates the comprehensive set of MRA Educational Sessions.

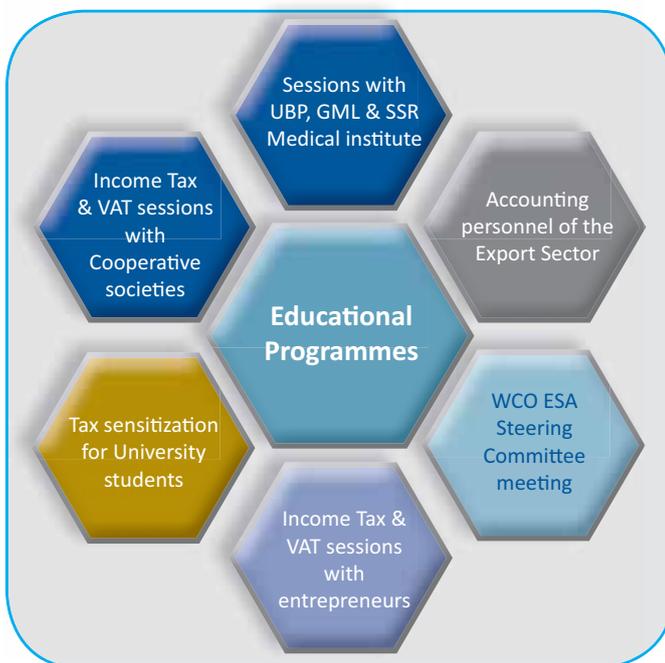
(b) Taxpayer’s week

In 2013, to mark the MRA 7th anniversary, a taxpayer’s week was introduced. A range of activities were organised from 1 July 2013 to 5 July 2013, comprising of the following:-

(i) Interactive session with Students

The hosting of an interactive session with tertiary students was the main feature marking the launching of the taxpayer week. Around 150 students from tertiary institutions had the

Box 1: Educational Programmes



SERVING TAXPAYERS WITH PRIDE AND DEDICATION

opportunity to participate in an interactive session with senior MRA officials on tax and related matters.

(ii) Twitter Competition

A twitter competition was organised where the general public was invited to tweet messages on the subject: "Why pay taxes". Some 350 tweets were received and the winner of the competition was awarded an iPad.

Gifts were offered to the best tweets, as shown in Box 2.



Winner of the twitter competition

(iii) Open Day

The MRA organised an Open Day on 5 July 2013 at all its points of operation to create more awareness of various services provisions to the general public. MRA's management team interacted with the public to attend to all their taxation queries.

Box 2: The 10 Best "Tweets" winners

Zeenat	• Give your TAN. Freak not! Tax brings equity & progress via free health, education, security etc. Even dadi rides 4 free! Thanks Gov.
Deerajen	• Pay your taxes for a Sustainable Mauritius
Nadisha	• A rupee in tax, is a rupee in your child's future
Fardeen	• Paying taxes is a mean of investment for a modern society for the benefit of the population and its future. Lets start today!!
Gu	• Past generations paid taxes for what we have today-schools, hospitals, roads...We have to pay taxes to secure a better future
Raj	• Society cares for you, your tax cares for society. La société vous soigne, soignez-la avec votre taxe
Vishee	• We pay taxes so that our children can have a better future and a better place to live
Roshni	• As taxes are paid, social justice is made, the foundation stone of economic progress is laid and fears of tax raids evade for decades
Parvesh	• Earn free government services & achieve your citizen social responsibility. Don't tax your children's future, pay your taxes!
Zafirah	• Road, Hopital, School today, Are taxes paid yesterday Taxes Paid today, Is progress on the way To build Mauritius is why we pay!

(iv) Blood Donation

As in preceding years, a blood donation was organised on 3 July 2013 where 1,011 people volunteered to donate their blood. An all-time record number of 776 pints of blood were collected, representing 5 days of blood requirement for Mauritius.

(c) Educational sessions in Rodrigues

The MRA organised two education sessions in Rodrigues to sensitise taxpayers on the tax incentive schemes and the VAT refund mechanism. MRA officers highlighted to participants in Rodrigues on ways in which they can benefit from various tax incentive schemes and on the vital importance to claim/issue a receipt.

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Integrity workshop

(d) Integrity workshop

The MRA conducted a full-day integrity workshop on 22 August 2013 at the BPML conference room in Ebene under the theme “Building Integrity for the Young Generation.” The workshop was attended by 120 participants from the private and public sectors, tertiary students, and the press.

The objectives were:-

- To raise integrity awareness among the population;
- To respond to the recommendations of the Integrity Perception Survey 2011 to better inform and educate the public about MRA’s efforts to ensure a smooth interface with its stakeholders, and to raise awareness of the integrity improvement program;
- To raise public awareness and sensitise

MRA’s stakeholders about the economic and social role of taxation and how a fair and equitable system can enhance revenue mobilisation.

(e) Educational tours for foreign delegations

Every year, various foreign delegations pay courtesy visits to the MRA, under the aegis of educational or study tours, in order to acquire technical expertise and skills. During 2013, the comprehensive list of delegations is shown in Table 4.

6.1.2. Effective use of the media

With a view of ensuring the ease of access to information for taxpayers, and strengthen technical assistance to facilitate stakeholders to meet tax obligations, the MRA focused on visual and printed media. During 2013, extensive use of TV spots, radio advertisements and the press was made to effectively convey MRA’s key messages regarding tax compliance.

Table 4: Educational/study tours by foreign delegations

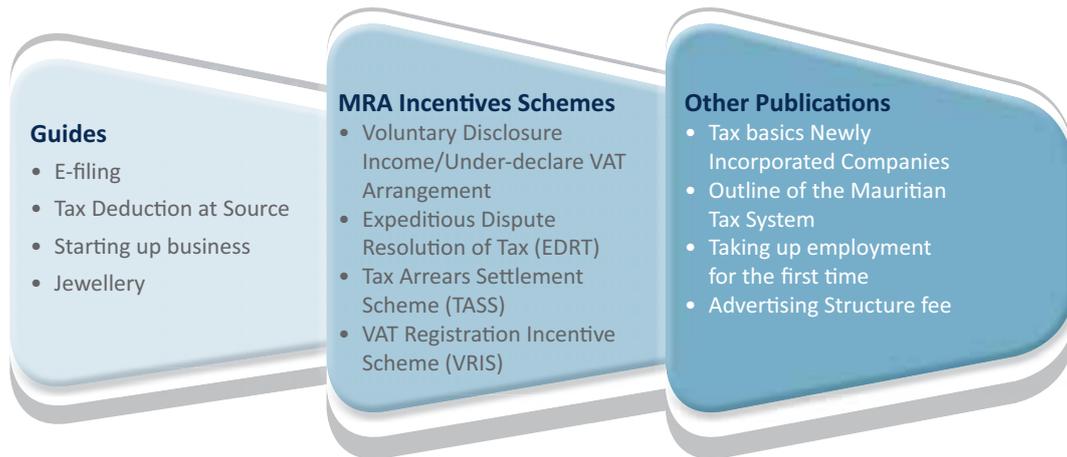
Month	Delegations
January	Botswana
February	Malawi, Maldives and Zanzibar
March	Chinese Customs and Maldives
April	Comoros, Burkina Faso, Congo, Namibia, Banque Central des Etats de l’Afrique de l’Ouest
May	Mauritania
June	Zambia and Uganda
July	Pakistan
August	Madagascar
October	Congo and Madagascar
November	Sudan and Namibia
December	Seychelles and Madagascar

SERVING TAXPAYERS WITH PRIDE AND DEDICATION

A Publications Series on tax issues were launched during 2013 to provide essential information to taxpayers in simple terms to assist them in completing their tax obligations.

A list of MRA publications issued/updated during 2013 is illustrated in Box 3.

Box 3: MRA Publications



6.2. CUSTOMER CARE

6.2.1. E-services

(a) New security features for pre-filled individual returns

With a view to facilitating taxpayers, the MRA seeks consistently to improve its tax services, particularly through intensive use of latest technologies. In 2013, the MRA enhanced its e-services offerings to include new security features, providing access to pre-filled income tax returns, and refund through bank account to registered users. Furthermore, the MRA enables taxpayers to access their pre-filled returns in a secured manner, through mailing their respective passwords by post.



Launching of the e-filing season 2013

(b) E-filing and e-payment facilities

MRA encourages taxpayers to e-file their individual income tax returns. E-filing entitles them to automatically participate in a lucky draw, with 20 prizes worth a total Rs 210,000. On 11 May 2013, the e-filing draw was made at the MRA Head Office, under the supervision of the GRA, and in the presence of the general public. The 20 winners received their prizes during a prize giving ceremony on 31 May 2013 at the MRA.



Winner of the e-filing lucky draw

SERVING TAXPAYERS WITH PRIDE AND DEDICATION

Since the e-filing launch campaign for individual income tax returns in 2007, the proportion of e-filers rose significantly. In 2007, only 1500 taxpayers, representing 1.2% of the total number of tax returns, were received electronically. During the filing season 2013, the MRA has received about 112,000 individual income tax returns electronically - a record 92% of the total number of returns received. Electronic payment of tax has exhibited sustained growth. In 2007/08, 42% of MRA total revenue collections were received electronically, and reached 68.2% by year-end 2013.

(c) Payment of tax by mobile phone

In 2013, the MRA introduced an innovative payment mode of income tax through SMS. With the collaboration of the Mauritius Telecom and SBM, the orange money service became operational as from 28 February 2013. Taxpayers were required to register at any Orange Shop or SBM and opt for Orange Money as a means for income tax payment.

Once the taxpayer has electronically filed his income tax return, he was provided with the possibility to pay via Orange Money and receive an SMS as confirmation of any transaction made.

Table 5: E-filing rate for 2013

Types of returns		% E-filing
Individual	Annual Return	90%
	CPS	91%
Company	Annual Return	77%
	APS	75%
Annual Return of Employees (ROE)		100%
Annual TDS Return		100%
Monthly Passenger Fee Return		100%
Gaming and Betting Return		98%
Monthly PAYE Return		50%
Monthly TDS Return		37%
Monthly VAT Return		54%
Customs Declaration		100%

(d) E-filing and e-payment trends

E-filing and e-payment of individual income tax are highlights of MRA initiatives. MRA's medium term strategy is to promote filing and payment by electronic means for all taxes. Table 5 and Chart 11 show the e-filing rate and e-payments trends for the main taxes.

6.2.2. Assistance to taxpayers in fulfilling their obligations

(a) Free Income Tax Assistance (FITA)

As for previous tax periods, the MRA organised a Free Income Tax Assistance (FITA) campaign in 16 centres around Mauritius during the last week-end of March 2013, including Rodrigues. FITA campaign's core objective was to help taxpayers with no internet access, or, who experience difficulty in filing their income tax returns electronically. About 7,000 taxpayers received filing assistance from MRA officers at the FITA centres, while another 15,268 taxpayers were assisted at the MRA Head Office during the tax season 2013.

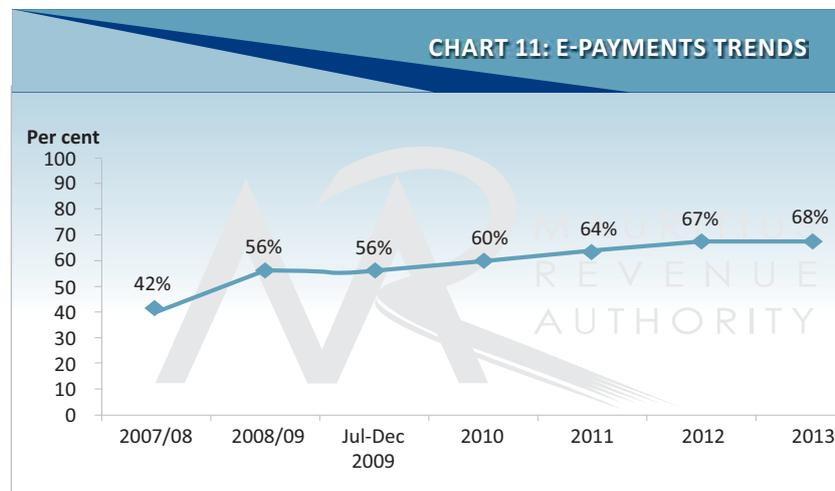
6.2.3. Trade facilitation at Customs

During the year under review, various initiatives were implemented at Customs to stimulate trade facilitation processes, namely:-

(a) Providing SMS facilities to economic operators on status of Customs declaration with respect to payment and clearance

In August 2013, the MRA launched the "SMS service for economic operators" to ease the communication process between MRA and its stakeholders, particularly registered importers. This project, a joint initiative of the MRA and the Mauritius Network System (MNS), consists of a prepaid service for sending notices to the MRA subscribers. The objectives were two-fold: (i) to inform economic operators of the payment status of their Customs declarations; and, (ii) to inform on a real time basis, economic operators of their consignment clearance via their mobile phones.

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(b) Introducing Advance Origin Ruling for economic operators

With the positive impact of the Advance Tariff Ruling, the MRA moved further to providing Advance Origin Ruling to the stakeholders in 2013, based upon request received from exporters and SMEs in terms of Trade Agreements to which Mauritius is a party. This contributes to promote exports and ensure predictability and transparency to economic operators with regards to market access.

(c) Implementing bilateral Free Trade Agreement with Turkey

A free trade agreement between the Republic of Turkey and the Republic of Mauritius was concluded on 9 September 2011 and implemented as from 1 June 2013, when a first tariff phase down was effected as per the market access offer. A second tariff phase down has been effected as from 1 January 2014.

(d) Implementing the new Customs Administrative Penalty Regime

In January 2013, the MRA implemented the Customs (Compoundable Offence and Compounding Amount) Regulations 2012 for the compounding of Customs offences, with the consent of the DPP, with the aim to promote transparency and predictability. The compounding amount to be paid for any compoundable offence committed is based on the seriousness of the offence as laid down in the Revised Kyoto Convention (RKC) and on the amount of duty, excise duty and taxes underpaid.

(e) Integrating objections for Customs and Excise within the Independent Objections, Appeals and Dispute Resolutions Directorate (OADR)

Legal provisions have been made for initial appeal mechanism for economic operators aggrieved with any decision or determination under the Customs laws. The Objections Appeals & Dispute Resolutions (OADR) is an internal independent appeal body empowered to deal with grievances raised by economic operators under specific sections of the Customs Act (Section 15, 19, 20, 24, 24A), the Excise Act (Section 5, 22, 52) and the Customs Tariff Act (Section 5). Economic operators can appeal to the OADR within 28 days the disputes arise. The objections are reviewed independently and responded within 4 months.

(f) Pursuing the implementation of the Cargo Community System

(i) Ocean Import Module

The procedures for clearance of containerised and non-containerised goods for home consumption have been reviewed to speed up processing and clearance of import consignments. Import procedures have been aligned with international best practices whereby Customs presently gives clearance by container, instead by Bill of Lading as done previously. All hauliers companies operating in the port area are duly registered with MRA Customs for security purposes.

SERVING TAXPAYERS WITH PRIDE AND DEDICATION

(ii) Air Manifest Module

In line with the IATA e-freight project, the air manifest module was re-engineered and fully automated, to include electronic request for amendments to cargo report. With respect to amendment fee, the MRA introduced an advance payment facility that relieves stakeholders from calling at Customs to effect payment for each single amendment.

(iii) Rodrigues Manifest

The MRA has implemented an e-manifest for cargo arriving from Rodrigues since 2013. In the near future, provisions will be made for all the dependencies of Mauritius to submit cargo report electronically to Customs.

6.3. COMMUNICATION STRATEGY

MRA places great emphasis on the need for every taxpayer to be an informed person, optimally educated and sensitised about his/her obligations and rights. The MRA focuses on disseminating timely and updated information to its stakeholders. The communications strategies adopted are highlighted as follows:

6.3.1. Twitter

The increasing use of social Medias, such as Twitter, allows the MRA to exhibit a culture of openness and facilitates interaction with vast number of taxpayers. Updated tax information is regularly tweeted for the benefit of some 508 MRA followers in 2013. Interested subscribers may click on the link http://twitter.com/MRA_services.

6.3.2. Website

MRA regularly updated website is an efficient medium for regular interface with its stakeholders with access to timely and relevant information. During 2013, MRA website was updated 561 times and there were 568,390 visits recorded. The website may be accessed via the link www.mra.mu.

6.3.3. Intranets

Free-flow of internal communication, horizontal and vertical alike, are the prerequisites for efficiency in work output. The MRA provides regular update to the intranets and the good maintenance of all SOPs to ebb in efficiency at all levels.

6.3.4. Taxpayer mailing service

The MRA also operates a Taxpayer Mailing Service where the subscribers receive updated information and publications free of charge. The number of subscribers has reached a total of 37,422 – a threefold increase compared to 2011.

6.3.5. E-newsletter

The MRA publishes a monthly e-newsletter, in the spirit of a paperless and Maurice Ile Durable promoter, which provides an overview of all activities, events and happenings that took place within the organisation. By so doing, the MRA aims at keeping everyone abreast of all the latest events.

6.3.6. Other means of communication

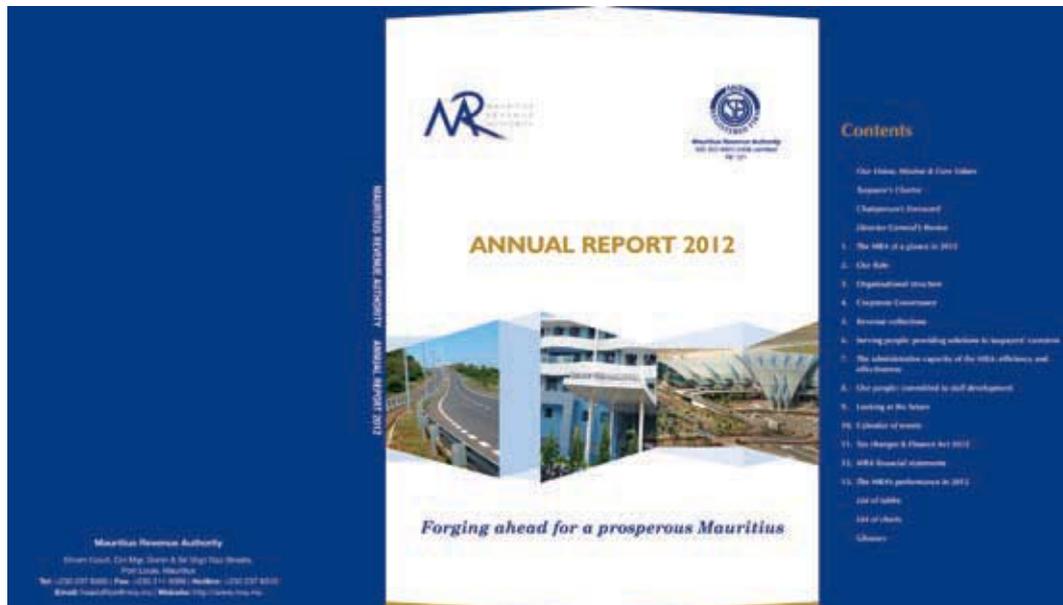
(a) Press conference

The MRA also holds regular meetings with the press to better communicate and sensitise the public about the changes brought in legislations, the performance of the organisation, the challenges ahead and the various projects that it will initiate to live up to its vision of becoming a World Class Revenue Authority.

(b) Publication of the Annual Report

At the end of each financial year, as per statutory requirements, the MRA publicly provides in total transparency the achievements made by the organisation during the year. The Report can be accessed from the website through this link: <http://www.mra.mu/index.php/media-centre/annual-reports>

SERVING TAXPAYERS WITH PRIDE AND DEDICATION



The Annual Report 2012 was tabled at the National Assembly in line with statutory requirements

6.4. FEEDBACK

6.4.1. Customer Feedback Service Terminal

In order to better serve the public and meet their expectations, the MRA constantly monitors the feedback received from suggestion boxes and Customer Feedback Service Terminal (CFST) which can be found at the following places:

- (i) MRA Head Office,
- (ii) Custom House;
- (iii) Aurelie Perrine Passenger Terminal;
- (iv) Parcel Post Office; and,
- (v) PATS

MRA has also a culture of attending to complaints received from the public. A dedicated complaint mechanism has been put in place to ensure prompt remedial action, as and when necessary.

6.4.2. Customs Stakeholders' Satisfaction Survey (CSSS)

In 2013, the MRA conducted a Customs Stakeholders' Satisfaction Survey (CSSS) with the objectives of estimating the taxpayers' satisfaction with regard to different services being rendered by Customs and identifying the shortcomings/weaknesses/loopholes in the services provided. Based on the responses obtained, the vast majority of stakeholders were satisfied with the services being rendered by the MRA Customs. The overall index of the Customs Stakeholders' Satisfaction Index was 76 out of 100, up by 11 points as compared to an index of 65 obtained in the Taxpayers' Satisfaction Survey in 2009.

It's your **RIGHT** and **DUTY** to
always ask for and get a **RECEIPT**



7.

THE MRA'S EFFICIENCY AND EFFECTIVENESS ACHIEVEMENTS

THE MRA'S EFFICIENCY AND EFFECTIVENESS ACHIEVEMENTS

Loyal and efficient work in a great cause, even though it may not be immediately recognized, ultimately bears fruit

– Jawaharlal Nehru

A core objective of revenue administration rests on consolidating public confidence in a tax system via voluntary compliance, and efficient monitoring tax evasion. Since its inception in 2006, MRA's strategy has been consistent in terms of building an efficient and effective revenue organisation through continuous reform and modernization processes via electronic services to benefit taxpayers and improving its business processes and infrastructure.

This section reviews MRA's efficiency and effectiveness levels during 2013, and surveys our key yearly achievements versus targets set in January 2013. As a performance oriented organization, the MRA established a set of Key Performance Indicators (KPIs) to monitor its performance against benchmarked targets.

7.1. TAX COLLECTION EFFICIENCY

The cost of revenue collection is an internationally benchmarked indicator for gauging the efficiency of Revenue Authorities. It compares the administrative expenditure incurred with the total tax revenue collected over the fiscal year. The MRA's objective is to maintain the cost of revenue collections below 2% of revenue receipts. Table 6 illustrates the attained objective by the MRA in 2013.

In 2013, the ratio of collection to tax receipts achieved in 2013 was 1.83%, a marginal increase compared to 2012. This marginal rise is accounted for by growth for tax collections easing off compared to previous years. On the expenditure front, the recruitment of a batch of 50 officers in the MRA's compliance departments has contributed inter alia to the 10% increase in the staff costs.

Table 6: Trends in costs of collections for the years 2010-2013

Particulars	2010	2011	2012	2013
Taxes collected (Rs m)	49,344	53,010	57,965	61,740
Growth in tax collections (%)	-	7.4	9.3	6.5
Cost of revenue collection (%)	1.71	1.77	1.77	1.83

7.2. REGISTRATION COMPLIANCE

7.2.1. Taxpayers on register

The MRA has a single taxpayer register covering all taxes. The Operational Services Department's Registration Unit updates the register. In 2013, the MRA intensified its efforts to broaden the taxpayer base through enforcement initiatives, taxpayer education, site visits, and a VAT Registration Incentive Scheme (VRIS). Nearly 225,199 taxpayers were registered under income tax at year-end 2013, representing a 7.2% increase compared to year-end 2012, as shown in Table 7.

The Register of Taxpayers as at 31 December 2013 depicts:

- A 13,009 increase in individual taxpayers, representing a 9.5% growth over 2012;
- A 0.6% fall in the number of VAT registered persons with a turnover below Rs 10 million, as a direct result of the raising of the VAT registration threshold from Rs 2 million to Rs 4 million; and,
- A 12.4% increase in the number of employers to reach 25,690

THE MRA'S EFFICIENCY AND EFFECTIVENESS ACHIEVEMENTS

Table 7: Register of Taxpayers

Details	Number on register as at 31 Dec 2012	Number on register as at 31 Dec 2013	% Change
Income Tax			
<i>Individuals</i>	137,600	150,609	9.5
<i>Companies</i>	65,299	66,581	2.0
<i>Sociétés</i>	5,014	5,901	17.7
<i>Successions</i>	2,064	2,108	2.1
Total	209,977	225,199	7.2
Value-Added Tax			
<i>Quarterly</i>	13,173	13,098	-0.6
<i>Monthly</i>	4,941	4,914	-0.5
Total VAT payers	18,114	18,012	-0.6
No. of employers	22,847	25,690	12.4

Table 8: New registered taxpayers for the years 2010-2013

Details	2010	2011	2012	2013
Income Tax				
<i>Individuals</i>	8,237	10,077	5,859	15,517
<i>Companies</i>	5,442	6,917	5,888	5,458
<i>Sociétés</i>	201	157	105	896
<i>Successions</i>	47	35	51	45
Total	13,927	17,186	11,903	21,916
Value-Added Tax	2,074	2,003	2,187	1,323

7.2.2. New Taxpayers on register

Table 8 provides an overview of the number of new taxpayers registered during the period 2010 to 2013.

MRA recorded a significant rise in the number of registered new taxpayers in 2013 compared to the three previous years. The individual taxpayers exhibited the highest registration compliance response. The increase in the registration of Sociétés in 2013 was triggered by the Income Tax legislation amendment, requiring a 'Société Commerciale', and any other resident société deriving income, to file a return of income with the MRA. The number of new VAT payers registered in 2013 includes 77 taxpayers reported under the VRIS.

The MRA makes optimal use of its wide network of third party information to monitor

compliance. For the year under review, 104,750 items of information received from third parties, (Refer to Appendix for more details) has been used to detect several cases of tax evasion, including non-registration of 4,500 taxpayers with outstanding tax liability.

7.3. RETURNS FILING COMPLIANCE

7.3.1. Individuals

MRA significant investment in a portfolio of electronic filing and payment options will ensure that all taxpayers meet their tax obligations on time. Moreover, a Non-filers Unit within the Medium and Small Taxpayers Department is operational since early 2013 for monitoring taxpayers in default of filing tax returns. During the year, 1,975 cases of non-filers were processed by the Unit. In 648 returns which were filed, the tax yield was Rs 8.6 million. In

THE MRA'S EFFICIENCY AND EFFECTIVENESS ACHIEVEMENTS

line with our commitment to facilitate and raise voluntary compliance, the MRA provided populated tax return in the year 2013. The filing

compliance of individual taxpayers is shown in Table 9.

Table 9: Personal income tax returns filing compliance								
Details	Year 2012	Compliance rate	Year 2013					
			Employees	Compliance rate	Self-employed	Compliance rate	Total	Compliance rate
Returns expected	137,143	-	99,600	-	49,117	-	148,717	-
Returns received	120,823	88%	89,765	90%	41,215	84%	130,980	88%
Returns filed on time	110,082	80%	84,915	85%	37,198	76%	122,113	82%

Table 9 indicates:

- A filing compliance rate of 88% amongst individual taxpayers, i.e. the same level as in the previous year
- An improvement in returns filed on time from 80% to 82%
- PIT return filing compliance of employees continues to be higher than the self-employed

7.3.2. Corporate and VAT filing compliance

The VAT return filing compliance ratio stood at 95% in the fiscal year 2013, with more than 91% of the returns filed on time. At Company level, 50,146 corporate tax returns were expected in 2013, of which 34,058 were received. Of the 34,058 corporate returns, 64% were filed on time. Table 4 provides VAT and Corporate filing rates for the year 2013.

Table 10: VAT and Corporate return filing 2013		
Details	Corporate	VAT
Total returns expected	50,146	112,479
<i>of which:</i>		
<i>Percentage received</i>	68%	95%
<i>Percentage received on time</i>	64%	91%
<i>Percentage received late</i>	4%	4%

7.4 TAX COMPLIANCE

The revenue administration system of Mauritius is built on a voluntary compliance principle on a self-assessment basis, whereby taxpayers calculate their own amount of tax payable, file returns and pay the tax assessed by themselves. The MRA verification procedures of tax audits and investigations ensure that taxpayers have declared all their earned income, and paid the correct amount of tax.

7.4.1 Risk based audit

The MRA undertakes both field and desk audits to ensure coverage of all categories of taxpayers, particularly those exhibiting high tax risks profiles. The MRA set up a Risk Management Unit in 2013 to systematically identify, assess and rank tax compliance risks in the following four main areas:

- registration
- return filing
- submission of accurate tax declarations
- timely payment of tax

In 2013 the Unit focused on:

- collection of information from additional sources with a view to tackle tax evasion;
- sharing of information with the Customs Department for enhancing compliance; and

THE MRA'S EFFICIENCY AND EFFECTIVENESS ACHIEVEMENTS

- Identification of 5,827 cases of mismatch between tax returns and third party information and submitted same to the MRA's compliance departments for tax audit.

The 1,352 cases which were audited by the compliance departments achieved a total tax yield of Rs 468 million.

7.4.2 Audit Yield

In 2013, the MRA compliance departments conducted 5,548 audits, equivalent to a 13% increase compared to 2012 as shown in Table 11. The amount of tax assessed through audit activity was Rs 3,735 million in 2013, amounting to an increase of Rs 1,277 million in absolute terms from the previous year.

Details	2012	2013
Number of audits	4,917	5,548
Number of assessment	3,425	7,411
Amount assessed (Rsm)	2,458	3,735
No. of assessment per audit	0.70	1.3
Amount assessed per audit (Rsm)	0.50	0.67

During 2013, the Voluntary Disclosure of Income Agreement (VDIA) was operational for an extended period January –September of 2013, so as to allow taxpayers in default to become tax compliant. Taxpayers who opted for VDIA Scheme committed to pay Rs 1.0 billion under various taxes; This partially accounts for the significant amount of tax assessed (Rs 3,735m) in the year 2013.

7.4.3. Audit of High Net Worth Individual (HNWI)

To ascertain a quality service assurance level to HNWIs, a HNWI Unit was set up in January 2013 to attend to their specific needs and monitor their tax compliance. The Unit identifies taxpayers with annual net income in excess of Rs 15 million, or holding assets valued above Rs 50 million. The Unit processes both internal and external data to set up a HNWIs database.

In 2013, 143 HNWI cases were selected for audit. Fifty four audits were completed and assessments were raised in 24 cases. For its first year of operation, tax yield by the HNWI Unit reached Rs 20.7 million.

7.4.4. Investigation

Fiscal Investigations Department officers are responsible for conducting in-depth investigations into cases of suspected tax evasion. The Department houses an Intelligence Unit specialising in intelligence gathering. The achievements of the Department in 2013 are shown in Table 12.

Table 12: Investigation achievements for the years 2012 & 2013

Details	2012	2013
Intelligence visits	205	407
Investigations completed	105	169
Amount assessed	Rs 336m	Rs 380m
Tax yield per investigation	Rs 3.2m	Rs 2.4m
Cases recommended for prosecution	38	7

In 2013, 169 investigations were completed to yield a total tax collection of Rs 380 million – a Rs 44 million increase compared to 2012. The FID carried out intelligence visits following which, 253 cases were referred for registration and tax audit in 2013.

Investigation is not restricted to any specific activity but covers a wide range of sectors of the Mauritian economy. Some of the activities where tax evasion was detected are:

- ❖ **Ponzi schemes:** Rs 13.7 million were claimed from persons having undeclared their total income.
- ❖ **Construction and Real Estate activities:** Claims amounting to Rs 71 million were issued.
- ❖ **Briani vendor:** A briani seller was issued with a tax claim of Rs 12.3 million.
- ❖ **Professionals:** Dentists and IT Consultants agreed to pay Rs 17.3 million as taxes.

THE MRA'S EFFICIENCY AND EFFECTIVENESS ACHIEVEMENTS

In situations where investigations reveal serious tax evasion, such cases are referred for prosecution. In 2013, seven cases were referred for prosecution by the Fiscal Investigation Department.

7.5. PROSECUTION

Tax evasion is a criminal offence, and a taxpayer on conviction may be liable to a fine or to imprisonment. The MRA's Legal Services Department handles, inter alia, prosecution against taxpayers. It comprises of Police Officers designated by the Commissioner of Police who, prior to moving for prosecution, verify if there is sufficient evidence that an offence has been committed. When a case goes to the Court, the Chief Inspector of Police acts as Prosecutor and is assisted by the MRA's legal counsel.

During the year 2013, the Department referred 95 cases to the Court for prosecution and 64 taxpayers were convicted and fined. The taxpayers were prosecuted for various offences as shown in Table 13.

Table 13: Prosecution by nature of offences

Nature of offences	Number of cases
Customs & Excise offences (false entry, failure to declare, wrong classification, false certificate, etc.)	21
Failure to pay tax, issue receipt, keep record, display certificate under the VAT Act	22
Failure to pay income tax	13
Trading without licence under the Excise Act	39

7.6. REFUNDS AND REPAYMENTS

MRA, recognising the key role of working capital for any business concern, lays great emphasis on prompt and effective reimbursement of overpaid taxes. Where claims for refunds are received from emoluments earners, the MRA processes the income tax refunds within a period of 3 months from the date the tax returns have been received. For VAT cases,

repayment has to be effected within 45 days. To enhance considerably refunds processes, the MRA provided automatic income tax refunds for individual claims not exceeding Rs 25,000, subject to the fulfilment of certain internal criteria. The refund and repayment claims processed by MRA in 2013 are shown in Table 14.

Table 14: Income tax refunds and VAT repayments

Details	2012	2013
Income Tax		
No. of applications for refunds processed	38,356	40,431
Amount of refunds effected (Rs m)	275	319
Value-Added Tax		
Amount repaid (Rsm)	6,398	5,800

In 2013 a VAT Refund Scheme for operators in the agro-industrial, fisheries and bakery sector was initiated. The Scheme provided for MRA refund of VAT paid on a scheduled list of equipment purchased by planters, horticulturists, breeders, apiculturists and fishermen during 2013. A total amount of Rs 17.5 million was refunded to 158 persons under this Scheme.

7.7. EFFICIENCY IN DEBT MANAGEMENT

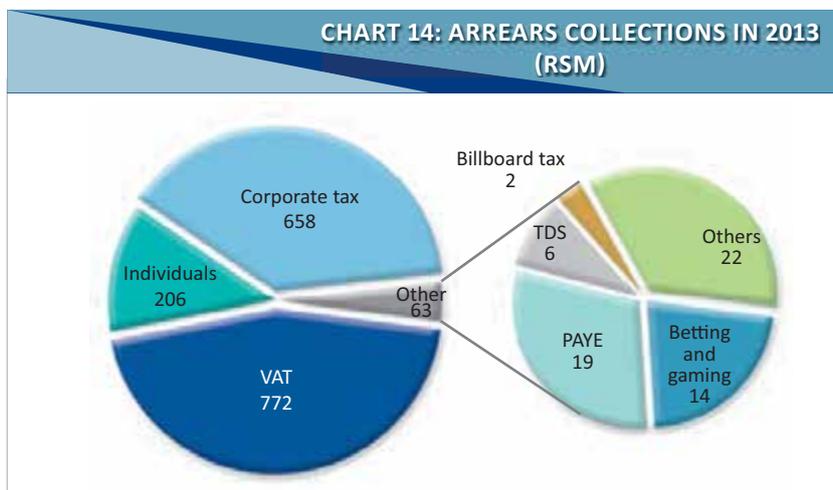
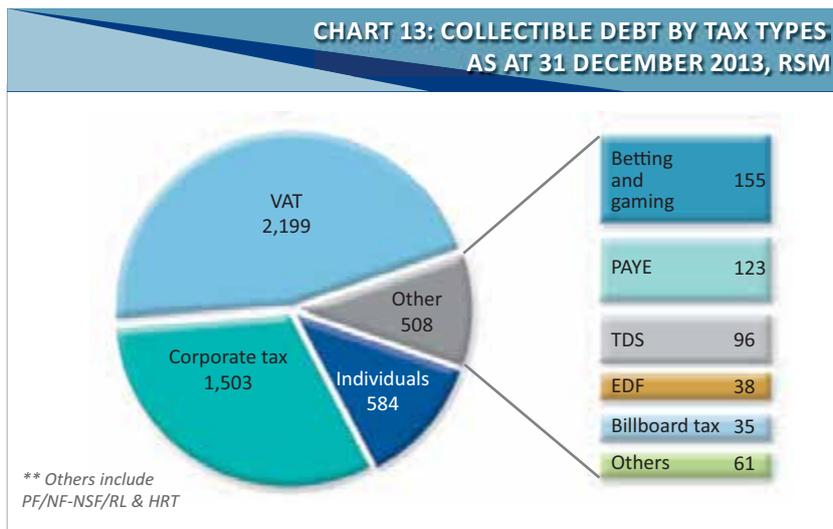
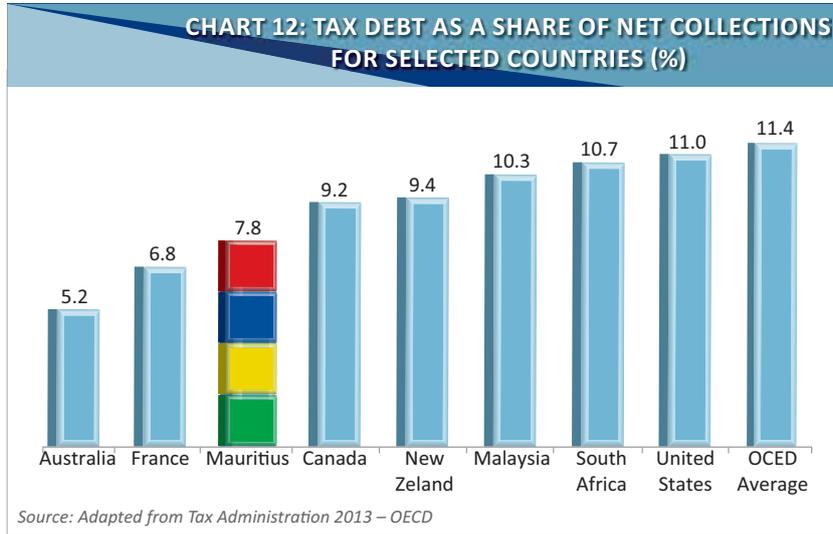
7.7.1. Stock of collectible debt

The total outstanding collectible debt as at end of 2013 amounted to Rs 4,794 million, i.e. an increase of 46% compared to 2012. This represents 7.8% of total collections of Rs 61,740 million as depicted in Table 15.

Table 15: Year-end collectible debt percent to total collections

Details	2010	2011	2012	2013
Year-end collectible debt (Rsm)	2,665	2,794	3,291	4,794
Total tax collections (Rsm)	49,344	53,010	57,965	61,740
Year-end collectible debt	5.4%	5.3%	5.7%	7.8%

THE MRA'S EFFICIENCY AND EFFECTIVENESS ACHIEVEMENTS



THE MRA'S EFFICIENCY AND EFFECTIVENESS ACHIEVEMENTS

The debt to collection ratio compares favourably with other performing revenue authorities around the world, as illustrated in Chart 12.

7.7.2. Composition of collectible debt

A total of Rs 2,199 million of debt available for collection is reported under VAT as Chart 13 shows. This represents more than 45% of the total collectible debt standing as at end of the year 2013. Corporate tax, on the other hand, accounts for 31% of the total debt.

7.7.3. Tax arrears collection

Despite a negative business economic environment, the MRA collected Rs 1,699 million as tax arrears in 2013, representing an increase of 4.2% over 2012. This represents an all-time

Table 16: Recovery actions in 2013

Details	Number	Amount (Rsm)
Issue of final claims	7,846	2,937.2
Agreements	518	388.6
Attachment orders-Salary	17	3.5
Attachment orders-Others	1,018	652.9
Distress warrants	32	68.9
Inscription	249	647.8
Objections to departure	151	294.9
Prosecution	16	43.9
Prior notice contrainte	12	48.7

Table 17: Objections & Appeals for the year 2013

Details	Objection		Assessment Review Committee		Supreme Court		Total	
	No.	Amount (Rsm)	No.	Amount (Rsm)	No.	Amount (Rsm)	No.	Amount (Rsm)
Objections/appeals as at 1 January 2013*	65	178.3	699	2,698.1	26	203.3	790	3,079.7
Cases lodged during the year	871	2,494.3	508	1,878.0	69	184.5	1,448	4,556.8
Less cases determined	684	2,129.3	453	1,323.8	14	21.9	1,151	3,475.0
Objections/appeals outstanding as at 31 December 2013	252	543.3	754	3,252.3	81	365.9	1,087	4,161.5

* Includes Customs Figures

record quantum tax amount ever collected by the MRA since its inception in July 2006. The largest share of total arrears collection of Rs 1,699 million in 2013 was received under VAT accounting for Rs 772 million, as illustrated in the Chart 14.

MRA's collection debt performance is at its peak due to our relentless recovery efforts pursued in 2013, rooted in a taxpayer centric approach through educating taxpayers about their tax obligations and, highlighting the danger of failing to pay tax on time, and the risks of a consequential debt spiral. During 2013, the recovery tools within the ambit of our revenue laws used by MRA for collecting tax arrears are depicted in Table 16.

Taxpayers experiencing difficulty in settling their tax liability on time were provided with the opportunity to pay their taxes through instalments. As at end of December 2013, 518 taxpayers agreed to pay Rs 389 million by instalments.

The Tax Arrears Settlement Scheme of 2012 which provided an incentive for debtors to settle their outstanding tax liability was extended in 2013. The Scheme provided 100% waiver of penalty and interest on tax due by individuals and companies. Taxpayers who joined the Scheme committed to settle Rs 13 million of their debt.

THE MRA'S EFFICIENCY AND EFFECTIVENESS ACHIEVEMENTS

7.8 OBJECTION AND APPEALS

The Objections, Appeals and Dispute Resolutions (OADR) Department, independent of the MRA's compliance departments, was set up in early 2012 to reinforce the perception of impartiality, independence, transparency, good governance and standard treatment in its dealing with all tax litigation cases pertaining to taxpayers.

In 2013, the Department was further empowered to deal with grievances raised by economic operators under specific sections of the Customs Act, the Excise Act and the Customs Tariff Act. An economic operator who feels aggrieved may appeal to the OADR within 28 days a dispute arises. An objection is determined by the OADR Department within 4 months of the date on which the objection is lodged.

The achievements of the OADR Department for the 2013 are shown in Table 17 and they are inclusive of customs disputes received during the year.

Table 17 shows that 684 objection cases were determined by the OADR Department in 2013. If a taxpayer is not satisfied with the determination of his objection, then he has the option of a written representation to the Assessment Review Committee (ARC). The number of cases referred to the ARC in 2013 stood at 508, representing a value of Rs 1,878 million. As at 31 December 2013, there were 754 cases pending at ARC for an amount of Rs 3,252 million.

To speed up decisions on appeal, a Revenue and Valuation Tribunal will be established in lieu of the Assessment Review Committee. This is a result of the enactment of the Revenue and Valuation Appeal Tribunal Act of June 2013.

In 2013, the OADR Department also administered the Expedious Dispute Resolution of Tax (EDRT). The objective of EDRT was to allow any person who was unable to dispute the tax claimed in an assessment prior to 1st January 2011 under the Income Tax Act, VAT Act or Gaming Regulatory Authority Act to apply for

a review of the assessment. A total tax of Rs 2 million was committed under EDRT in 2013.

7.9. INTERNATIONAL TAXATION

7.9.1 Tax treaties

Globalization triggered an upswing in the movement of goods and capital flows amongst jurisdictions, and thus constituted an inherent risk of international tax evasion. Subsequently, tax transparency is high on the agenda of international tax forum. There is greater focus on co-operation between jurisdictions for the international elimination of tax evasion particularly through exchange of information. The two mechanisms through which tax information are exchanged with other jurisdictions are: Double Taxation Avoidance Agreement and Tax Information Exchange Agreement.

In 2013, the MRA, through the International Taxation Unit pursued the extension of tax treaty networks and the following are the key achievements:

- 4 DTAs were signed: Gabon, Guernsey, Rwanda and South Africa
- 2 DTAs entered in force: Australia* and Monaco
- 3 were negotiated: Hong Kong, Morocco and Mozambique

7.9.2. Exchange of information

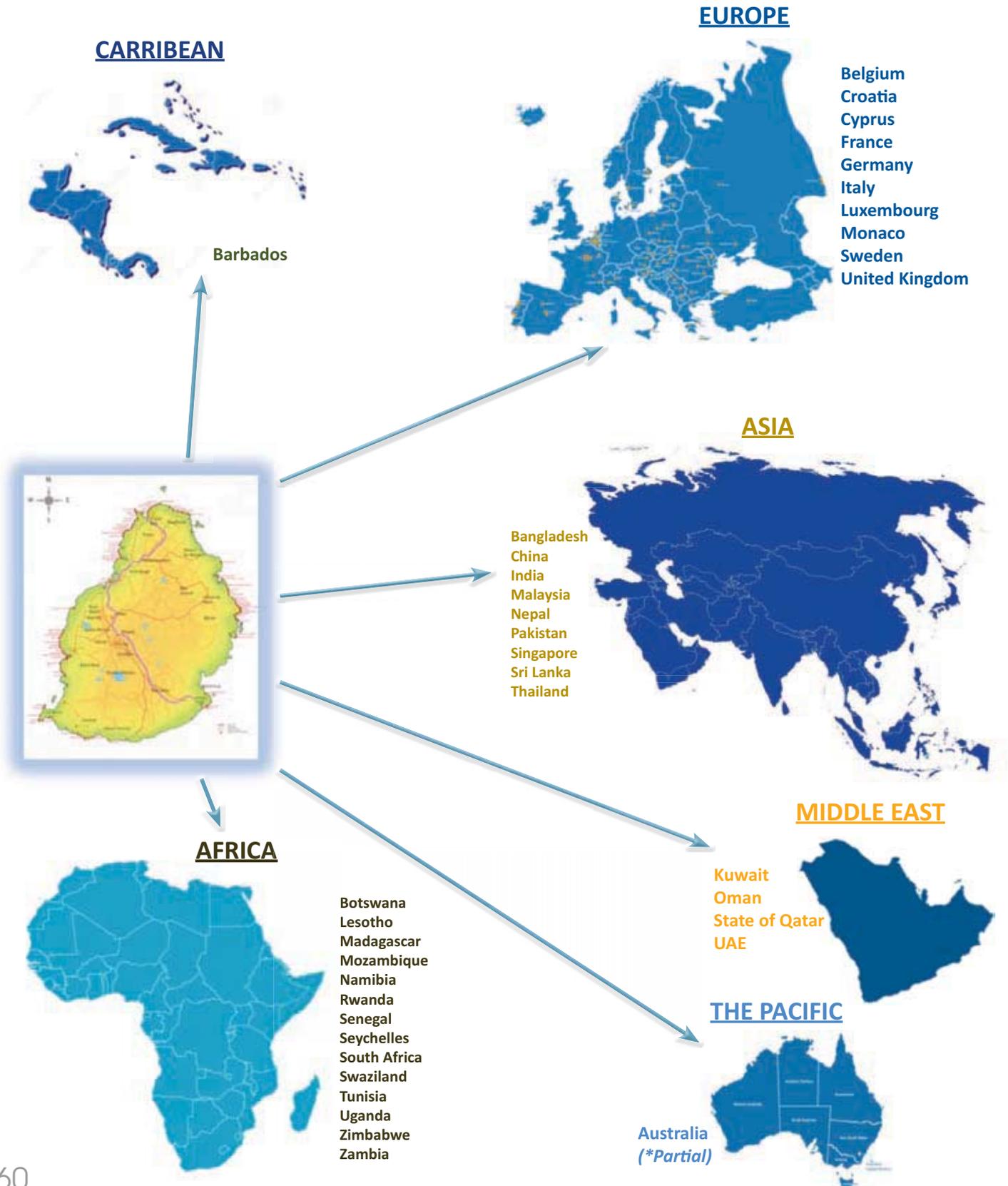
The MRA's International Taxation Unit has a team of professionals for attending to requests for exchange of information from our foreign counterparts. For an effective and efficient exchange of information, the Unit has adopted the OECD best practices.

During the fiscal year 2013,

- The TIEA with Guernsey came into force
- A TIEA was signed with USA
- TIEAs were being negotiated with Argentina, Austria, Netherlands, St Lucia, Czech Republic and Republic of Korea.

THE MRA'S EFFICIENCY AND EFFECTIVENESS ACHIEVEMENTS

DOUBLE TAXATION AVOIDANCE AGREEMENT IN FORCE 2013



THE MRA'S EFFICIENCY AND EFFECTIVENESS ACHIEVEMENTS

7.9.3. Tax Residence Certificate

Application for a Tax Residence Certificate (TRC) from a company holding a Category 1 Global Business Licence (GBL1) is made through the Financial Services Commission (FSC) before it is entertained by the MRA's International Taxation Unit. The application should be supported by a statement as to the DTAA under which the TRC is being applied for and all the required documents. Prior to the year 2013, no fee was charged on the issue of a TRC. But with the amendment of Section 73 of the Income Tax Act 1995 and the Income Tax Regulations 1996 in 2013, a service fee as prescribed is now payable by an applicant for the issue of a TRC. For the fiscal year 2013, the International Taxation Unit issued 7,887 TRCs.

7.9.4. Foreign Account Tax Compliance Act (FATCA)

In December 2013, the Government of the Republic of Mauritius and that of the United States of America (US) signed a Tax Information Exchange Agreement and an Inter-governmental Agreement (IGA-Model 1), for the implementation of the Foreign Account Tax Compliance Act (FATCA) between the two countries. With the coming into force of the Agreement, financial institutions in Mauritius will report to the MRA information on US persons for information exchange with the US Revenue Services as per terms of the TIEA.

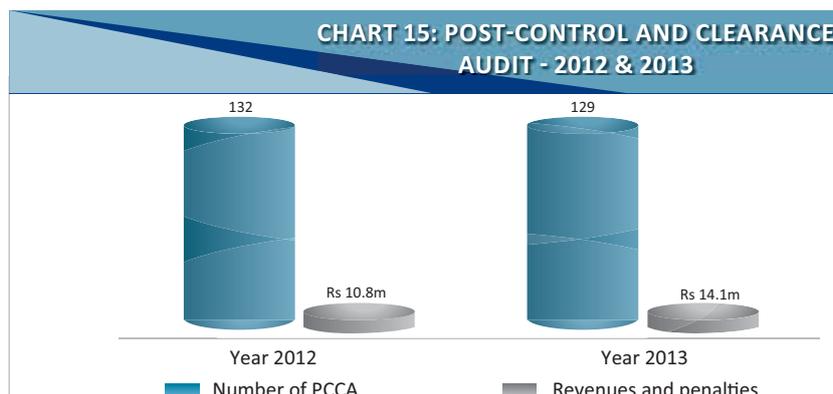
7.10. EFFICIENCY AT CUSTOMS

7.10.1. Post Control and Clearance Audit

In tune with its corporate culture of reform and modernization, the MRA is exploring new customs initiatives such as Electronic Certificate of Origin, Cargo Community System, e-customs declaration, SMS facility to economic operators, etc. Many projects and initiatives of Customs aim at ensuring expeditious release of goods whilst verification is carried out on risk assessment basis. There is currently greater focus on Post Clearance Audit to monitor compliance with Customs legislations. The audit is undertaken after goods have been cleared and it is a process through which Customs Officers verify the accuracy of declaration by examining books, records and other customs related documents. In 2013, 129 post control and clearance audits were conducted yielding more than Rs 14.1 million in terms of revenues and penalties.

Table 18: Narcotics seizures in 2013

Details	Weight/ Quantity	Value (Rs)
Heroin	11,832 g	177,486,000
Hashish	1,046 g	2,615,950
Cannabis	9,600 g	4,320,212
Subutex	5,740 units	9,183,200
Cannabis Seeds	242 seeds	24,200
Psychotropic Substances	65 units	3,250
Cocaine	5.66 g	84,900
Total		193,717,712



THE MRA'S EFFICIENCY AND EFFECTIVENESS ACHIEVEMENTS

7.10.2. Narcotics seizures

The MRA Customs Department plays a crucial role in the national strategy of Mauritius in combating drug trafficking, illegal trading activities and preventing the society from the consumption of harmful products. In 2013, the MRA opted for a wide range of methods such as non-intrusive detection technologies, behavioural observation and the intuition of its well-trained/experienced customs officers for an effective and efficient result. During the year 2013, the Customs Department in cooperation with other local enforcement agencies such as the Anti-Drug and Smuggling Unit made narcotic seizures valued at nearly Rs 194 million.

This seizure was also made possible with the contribution of Customs dog handlers and the five K9 sniffer dogs at the port and airport.

7.10.3 Scanning of containers

The procedures for the clearance of containerized and non-containerized goods for home consumption were reviewed in 2013 to speed up processing and clearance of import consignments. Import procedures have been aligned to international best practices whereby now Customs gives clearance by container instead of by Bill of Lading as done previously. All hauliers companies operating in the port area are duly registered with MRA Customs for security purposes.

However, MRA Customs continued to maintain security checks at both the Port and Airport by resorting to sophisticated scanners for a full screening of containers and thus facilitate the lawful flow goods entering Mauritius. The scanning results for the year 2012 and 2013 are portrayed in Table 19.

Table 19: Number of containers scanned in 2012 & 2013

Details	Year 2012		Year 2013	
	Port	Airport	Port	Airport
Number of containers X-rayed	35,813	17,227	35,816	18,749
Number of suspect containers	269	1,108	297	494
Number of offences detected	40	95	68	31
Offences detected as a % of containers X-rayed	0.11%	0.55%	0.19%	0.17%

7.10.4. Introduction of Excise Stamps on Alcoholic Products

Excise Stamps have been introduced on locally manufactured and imported excisable products to prevent smuggled and illicit products to enter the local market.

As from October 2013, Excise Stamps have been introduced on alcoholic products, of an alcoholic strength of not less than 20% volume and in containers holding 200 ml and above, manufactured or imported into Mauritius and meant for sale on the local market. The alcoholic products concerned with this measure are mainly: Cognac, Brandy, Whisky, Rum and other spirits such Gin, Vodka, Liqueur and Tequila.

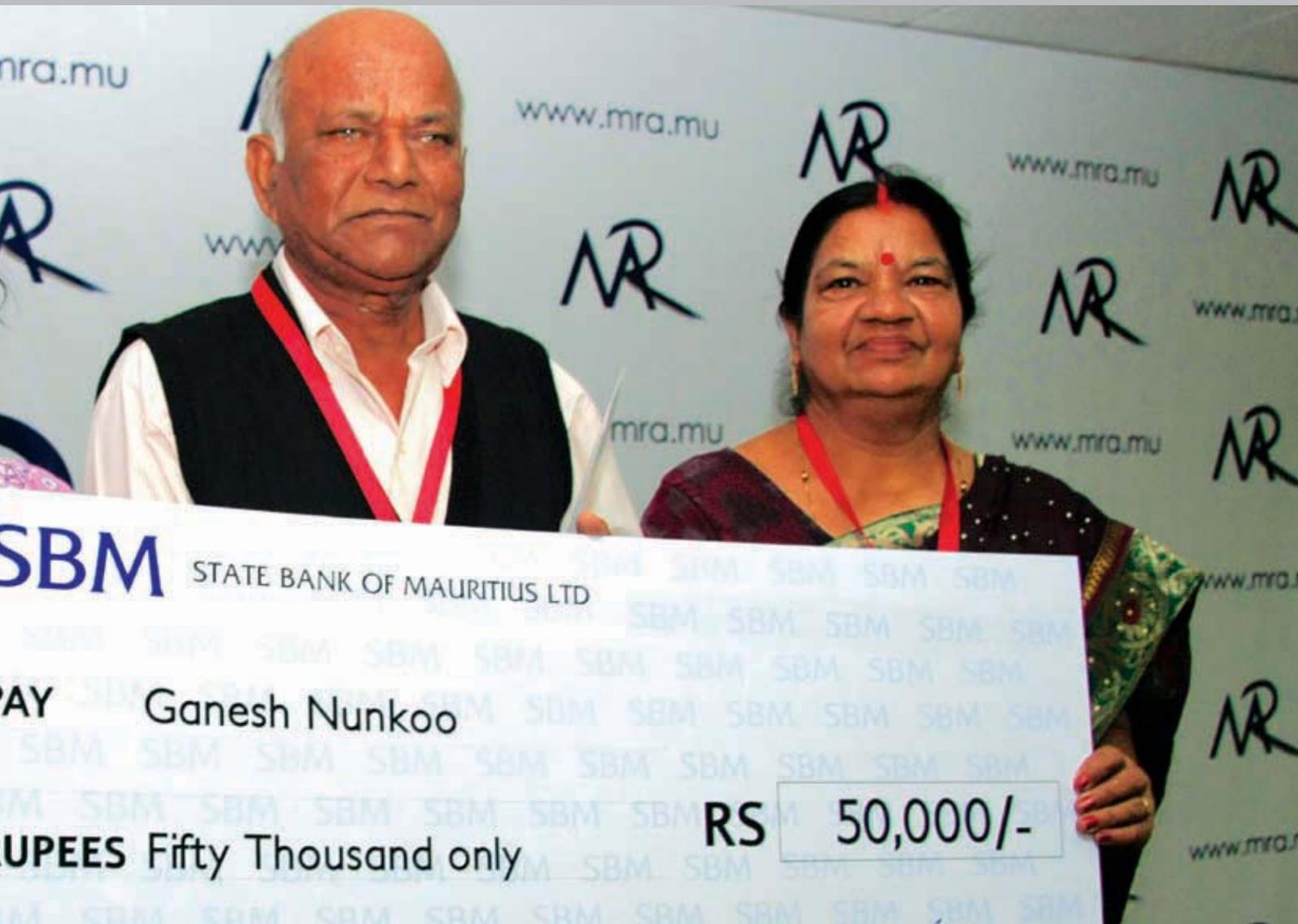
However, alcoholic products such as Wine, Beer and Champagne are excluded from the above measure.

The MRA was awarded the third prize for the Best Tax Stamp Programme during the fourth Tax Stamp Forum held in Vienna in June 2013.

COLLECT and SEND US the details of your receipt...



...you can be a WINNER



Mr G. Nunkoo, 67 years, winner of August VAT Lucky Draw

8.

OUR PEOPLE:
OUR VALUED ASSETS

OUR PEOPLE: OUR VALUED ASSETS

You can have the best strategy and the best building in the world, but if you don't have the hearts and minds of the people who work with you, none of it comes to life."

– Renee West

Human Resource Development is a core prerequisite for organisational performance improvement and success in terms of fulfilling the Vision and Corporate Mission of the MRA. Technological sophistication and quality assurance in holistic service delivery processes constitute a leading edge in the marketing premium for an organisation of the stature of a Revenue Administration. During 2013, the MRA implemented a series of initiatives to improve the technical and soft skills, and enhance the degree of professionalism of its human resources.

8.1. HUMAN RESOURCE PROFILE

MRA's human resources profiling may be characterised in terms of its job grades, structure, age group and gender

Table 20: Human Resource Structure as at December 2013		
Grade	Job Title	31 December 2013
-	Director-General	1
-	Technical Advisor	1
7	Director	12
6	Assistant Director/ Section Head	33
5	Team Leader	98
4	Technical Officer	245
3	Officer/Custom Officer 2	364
2	Custom Officer 1/ Support Officer 2	330
1	Support Officer 1	172
-	Trainee Officer	41
-	Trainee Customs Officer	43
Total		1,340

8.1.1. Establishment

As at the end of 2013, the head count of staff members at the MRA stood at 1,340, representing 96% of the organisational critical requirements of 1,397 people. The MRA human resource grading structure is illustrated in Table 20.

8.1.2. Age & gender profile

The human resource profile is segmented by both age and gender groups as illustrated in Table 21.

Table 21: Human Resource Structure as at December 2013			
Age Group	Male	Female	Total
Below 25	14	25	39
25 to below 35	211	191	402
35 to below 45	243	138	381
45 to below 55	193	60	253
55 and over	233	32	265
Total	894	446	1,340

In 2013, the ratio of female to male staff members was 1:2, compared to 1:2.27 in 2012. In contrast to 2012, the largest ratio of MRA employees (30%) is found in the 25 to 35 years age group. The number of employees in the 35 to 45 years age group dropped marginally from 30.3% in 2012 to 28.4% in 2013. The change in the MRA's human resource structure is a direct result of young graduates recruitment.

OUR PEOPLE: OUR VALUED ASSETS

8.2. RECRUITMENT

During the year 2013, a total of 189 posts were filled as further detailed in Table 22.

Table 22: Posts filled during the year 2013		
Grade	Job Title	Number of posts filled
Internal Recruitment		65
2	Support Officer II / Trainee Customs Officer I	9
3	Officer / Trainee Officer	9
4	Technical Officer	30
5	Team Leader	10
6	Assistant Director / Section Head	6
7	Director	1
External Recruitment		124
1	Support Officer I / Office Attendant	32
2	Trainee Customs Officer I / Payroll Clerk	42
3	Assistant System Analyst / Assistant Network System Administrator / Transport Officer / Finance Officer / Trainee Officer	44
4	Technical Officer / Technical Finance Officer / Assistant Network System Administrator	4
5	Team Leader	1
7	Director	1
Total		189

During 2013, 14 resignations were registered, and staff turnover ratio was estimated at 1.01%.



Trainee Customs Officers

8.3. STAFF DEVELOPMENT AND KNOWLEDGE MANAGEMENT

Modern challenges in the business and economic environment require the MRA to progressively develop its human resource potential through the implementation of tailor-made, comprehensive and effective training programmes. Table 23 illustrates the range of training and development programmes which were held during 2013.

Table 23: Training and development programmes	
Training types	Number
Local Training	111
<i>In-house</i>	60
<i>External</i>	46
<i>Webinar</i>	1
<i>Health & Nutrition Programme</i>	4
Overseas	117
<i>Meetings/ Workshops/Training</i>	88
<i>Missions</i>	28
<i>Scholarships</i>	1
Total	228

During 2013, a budget allocation of Rs 8.4 million was targeted at training and development programmes, and Rs 8.3 million was utilised. MRA allocated 24,227 man days towards providing its staff with the necessary training and development.

OUR PEOPLE: OUR VALUED ASSETS



Training session to staff members

8.4. MODERNISING HR PROCESS

Human resource development within a modernisation process was enhanced via further developments of the existing Oracle HRMS initiated during 2013:

- (i) Provision of facility to staff to update their personal details and qualifications online;
- (ii) Computerisation of Oracle Time & Labour (Overtime); and,
- (iii) Computerisation of Recruitment.

8.5. MEDICAL & GROUP PERSONAL ACCIDENT INSURANCE SCHEMES

The existing medical scheme, contracted out to the British American Insurance Co (Mtius) Ltd, was renewed on 1 November 2013. For each staff member, the MRA contributes 70% of the premium payable. The total membership of the MRA Medical Scheme, as at 31 December 2013, stood at 1,114, comprising MRA staff, their spouses (237) and children (256).

The Group Personal Accident Insurance Scheme with SICOM Ltd was renewed in November 2013. It provides coverage against accidents to all staff members during occupational and non-occupational hours – both locally and worldwide.

8.6. PERFORMANCE APPRAISAL

In line with established procedures, the annual performance appraisal exercise for all MRA staff was conducted in January 2013. Some 1,177 forms were processed, and increments awarded to 780 staff members. MRA's human resource development strategy is underpinned by a philosophy of motivation through performance bonus awarded in recognition of monitored improvements in efficiency levels, dedication and positive attitude coupled with work ethics. MRA identified 52 of its officers as having exceeded performance expectations, and were awarded a performance bonus in April 2013.

8.7. EMPLOYMENT RELATIONS

Promotion actively a positive, inspiring and supportive work environment is crucial for achieving a healthy employer-employee relationship. MRA strives to reach beyond the ambit of legal obligations in industrial relations through a culture of promoting a decent and pleasant working environment conducive to higher productivity. Regular meetings are held, in this context, between the MRA Management and the Mauritius Revenue Authority Staff Association (MRASA) to smooth out industrial issues. During 2013, 10 meetings were held to discuss pertinent staff matters.

OUR PEOPLE: OUR VALUED ASSETS

Table 24: Sport Events			
Events	Date held	Number of MRA Participants	Outcome
Football Premier League	8 April - 29 June 2013	24	MRA ranked 7 th
Volley Ball Championship	17 June - 27 July 2013	15	MRA ranked 5 th
Cross Country	30 June 2013	3	2 Gold Medals + Trophies
Badminton Championship	5 - 7 July 2013	12	1 Gold Medal + Trophy
Pool Tournament	19 September 2013	6	MRA ranked 4 th
Athletics Competition	15 & 17 November 2013	9	1 Gold Medal & 2 Silver Medals
Internal activities			
MRA Football Festival	14 September 2013	250	<ul style="list-style-type: none"> • 1st Place- Trainee Customs Officers (Batch 2013) • 2nd Place- PATS Section, Customs • 3rd Place- Seaport Operations Section, Customs • Fair Play Team- Staff at Eham Court • Best Player- Mr P.Sookun (Trainee Customs Officer)

8.8. WELFARE ACTIVITIES

The MRA encourages a holistic work-life balance culture for its employees to promote work efficiency, staff loyalty, and job satisfaction at all levels in the workforce. Table 24 illustrates welfare activities where MRA athletes are encouraged to participate in various competitions organised either externally by the Fédération Mauricienne des Sports Corporatifs (FMSC), or internally by the MRA.

During the year 2013, the following initiatives were also undertaken for the welfare of the staff members:

- 4 health/nutrition programmes were conducted;
- Payment of the membership fees for all

MRA staff who are ACCA members;

- Provision of fabrics for uniforms and refund of stitching costs to all officers from the Customs Department; and,
- Implementation of the flexitime at Custom House as from May 2013.



MRA Football Team

OUR PEOPLE: OUR VALUED ASSETS

8.9. SAFETY AND HEALTH POLICY

MRA's staff welfare, in terms of ensuring a safe and healthy environment, is reflected in its Safety and Health Policy measures to mitigate or effectively control risks. In addition, the following initiatives were implemented during 2013:



Medical check-up at Eham Court

- Safety and Health brochures prepared for visitors of Eham Court and Custom House;
- General Medical check-up conducted for all staff by the Ministry of Health & Quality of Life from 17 July 2013 to 1 August 2013;
- Sensitization Campaign on Osteoporosis held from 18 to 21 June 2013;
- Procurement of safety shoes and life Jackets for Custom Staff;
- Sensitization campaign on the prevention of cardiac problems held from 12 August to 12 September 2013;
- Vaccination of staff posted at SSR Arrival Hall against H1N1 virus; and,
- 45 Health and Safety inspections were carried out, during the period 01 to 31 December 2013 to all sites, to identify hazards and take corrective measures.

8.10. ACOLADES

• Excellence in Tax Stamp Awards 2013

The MRA was awarded the Third Prize for the Best Tax Stamp Programme during the Fourth Tax Stamp Forum held in Vienna in June 2013, and organised by Reconnaissance International, publisher of the Tax Stamp News. Russia was ranked first, and Canada ranked second, jointly with SICPA. Mauritius shared the third place with Madras Security Printers for our secure excise stamps for cigarettes and accompanying track and trace system



• HR Excellence Awards 2013

During the HR Excellence Award Ceremony held on 18 October 2013 at Le Meridien Hotel, the MRA won the following awards, in the Public Sector category:



HR Excellence Awards 2013

OUR PEOPLE: OUR VALUED ASSETS

(a) Category HR Professional

- CEO with HR Orientation – Director-General, Mr. Sudhamo Lal

(b) Category Organisation

- HR Champion of HR Excellence Award
- HR Excellence in Strategic HRM
- HR Excellence in Employer of choice



Preparing the FUTURE generation of TAXPAYERS





9.

LOOKING
AT THE FUTURE

LOOKING AT THE FUTURE

A plan is a list of actions arranged in whatever sequence is thought likely to achieve an objective.

– John Argenti

Since its inception, MRA has released 2 corporate plans for periods 2008-2010 and 2011-2013. The Plan for the period 2014-2016 is being finalised and will be made public soon. These publications explicitly depict the broad objectives of the organisation over a 3-year span. The strategies to be adopted to achieve each objective and their corresponding targets are systematically defined. Thereafter, these objectives are cascaded down to each department and the progress is monitored on a monthly basis.

In 2014, the MRA will take all out efforts to achieve the revenue collection targets set out in the 2014 Performance Based Budget, contain expenditure in line with the ceiling set out in that Budget and start implementing the 2014-16 Corporate Plan.

9.1. ACHIEVING 2014 REVENUE TARGETS

In 2014, revenue collections are projected to grow by 8% and the MRA is expected to collect almost Rs 67 billion under various revenue heads as set out in Table 25.

Type of revenue	Actual collections 2013	Budgeted estimates 2014	Increase/ decrease over actual collections
Corporate Tax	8,727	9,340	7%
Personal Income Tax	6,204	6,658	7%
Tax Deduction at Source	978	1,050	7%
Value-Added Tax	26,016	28,046	8%
Customs Duties	1,389	1,586	14%
Excise Duties	13,557	14,938	10%
Taxes on Gambling	2,013	2,232	11%
Environment Protection Fees	130	231	77%
Passenger Fees	1,219	1,245	2%
Special Levy on Banks	473	730	54%
Special Levy on Telecommunication	438	310	-29%
Corporate Social Responsibility	125	130	4%
Levy on Messaging Services	99	125	26%
Advertising Structure Fee	68	65	-4%
Miscellaneous	304	220	-28%
Total	61,740	66,906	8%

LOOKING AT THE FUTURE

9.2. CONTAINING EXPENDITURE WITHIN SET LIMITS IN 2013

In order to ensure that expenditure does not exceed the target set by the Government as per the 2014 PBB, a strict monthly budgetary control of all items of expenditure is undertaken by the MRA's Finance & Administration Department. Corrective measures are taken whenever there seems to be a tendency for actual expenditure to be higher than planned expenditure. Accordingly, a report on the amount spent on major expenditure items, both capital and recurrent items, is submitted to Management on a monthly basis.

Section 6A(2)(b) of the Statutory Bodies (Accounts and Audit) Act requires statutory bodies to include in their Annual Report estimates of income and expenditure in accordance with programme-based budgeting. Accordingly, income and expenditure of MRA have been presented in 3 sections as follows:

SECTION A

Income for 2014 is estimated at Rs 1,356 million comprising of revenue grant (Rs 1,233 million), capital grant (Rs 120 million) and interest/sundries (Rs 3 million).

As regards expenditure, the following table gives an estimate of expenditure on different programmes/sub-programmes.

Table 26: Summary of Financial Resources by Programmes (Rs million)						
Code	Programmes and Sub-Programmes	2013 estimates	2013 Revised estimates	2014 Estimates	2015 Planned	2016 Planned
XX1	Policy and strategy for revenue administration	60	60	64	65	67
XX2	Making tax administration more efficient and effective	593	633	677	711	704
XX3	Border protection and trade facilitation	540	517	612	630	576
Total		1,193	1,211	1,353	1,406	1,347

LOOKING AT THE FUTURE

SECTION B – FINANCIAL RESOURCES

Section B provides a detailed version of expenditure by economic categories and under various programmes.

Table 27: Summary by economic categories (Rs million)

Code	Programme	2013 estimates	2013 Revised estimates	2014 Estimates	2015 Planned	2016 Planned
21	Compensation of employees	934	954	1,051	1,073	1,093
22	Goods and services	166	178	182	180	180
31	Acquisition of non-financial assets	93	79	120	153	74
Total		1,193	1,211	1,353	1,406	1,347

Table 28 : Summary for Year 2014 (Rs million)

Code	Programme	Compensation of employees [code 21]	Goods and services [code 22]	Subsidies/ grants [codes 25-28]	Acquisition of assets [codes 31- 32]
XX1	Policy and strategy for revenue administration	55	9	-	0
XX2	Making tax administration more efficient and effective	513	109	-	55
XX3	Border protection and trade facilitation	483	64	-	66
Total		1,051	182	0	120

Table 29: Programme XX1: Policy and strategy for revenue administration (Rs 000's)

Item No.	Details	2013 estimates	2013 Revised estimates	2014 Estimates	2015 Planned	2016 Planned
21	Compensation of employees	50,900	51,200	54,700	56,500	58,200
21110	Personal emoluments	41,400	39,700	42,800	44,100	45,400
21111	Other staff costs	9,500	11,500	11,900	12,400	12,800
22	Goods and services	8,850	8,900	8,900	8,900	8,900
22010	Cost of utilities	1,700	1,700	1,700	1,700	1,700
22020	Fuel and oil	200	200	200	200	200
22030	Rent	2,600	2,600	2,600	2,600	2,600
22050	Office expenses	200	200	200	200	200
22060	Maintenance	200	200	200	200	200
22070	Cleaning services	150	200	200	200	200
22100	Publications and stationery	1,000	1,000	1,000	1,000	1,000
22120	Fees	2,500	2,500	2,500	2,500	2,500
22900	Other goods and services	300	300	300	300	300
31	Acquisition of non-financial assets	0	0	0	0	0
Total		59,750	60,100	63,600	65,400	67,100

LOOKING AT THE FUTURE

Table 30: Programme XX2: Making tax administration more efficient and effective (Rs million)

Item No.	Details	2013 estimates	2013 Revised estimates	2014 Estimates	2015 Planned	2016 Planned
21	Compensation of employees	450	460	513	524	534
21110	Personal emoluments	386	375	419	431	440
21111	Other staff costs	64	85	94	93	94
22	Goods and services	103	107	109	109	109
22010	Cost of utilities	14	14	16	16	16
22020	Fuel and oil	1	2	2	2	2
22030	Rent	23	22	26	26	26
22050	Office expenses	9	9	9	9	9
22060	Maintenance	25	25	24	24	24
22070	Cleaning services	2	2	2	2	2
22100	Publications and stationery	10	11	10	10	10
22120	Fees	15	17	14	14	14
22900	Other goods and services	5	7	7	7	7
31	Acquisition of non-financial assets	41	66	55	78	61
	Total	593	633	677	711	704

Table 31: Programme XX3 : Border Protection and Trade Facilitation (Rs 000's)

Item No.	Details	2013 estimates	2013 Revised estimates	2014 Estimates	2015 Planned	2016 Planned
21	Compensation of employees	432,800	442,500	483,000	492,500	500,700
21110	Personal emoluments	376,300	366,000	400,000	410,100	417,500
21111	Other staff costs	56,500	76,500	83,000	82,400	83,200
22	Goods and services	54,600	62,000	63,900	61,900	61,900
22010	Cost of utilities	13,600	13,300	13,300	13,300	13,300
22020	Fuel and oil	3,000	3,400	3,100	3,100	3,100
22030	Rent	7,600	10,300	9,200	9,200	9,200
22050	Office expenses	4,300	4,500	4,500	4,500	4,500
22060	Maintenance	6,800	7,200	8,800	6,800	6,800
22070	Cleaning services	2,100	2,000	2,000	2,000	2,000
22100	Publications and stationery	6,000	6,000	6,000	6,000	6,000
22120	Fees	0	4,000	5,000	5,000	5,000
22900	Other goods and services	11,200	11,300	12,000	12,000	12,000
31	Acquisition of non-financial assets	52,500	12,600	65,500	75,100	13,000
	Total	539,900	517,100	612,400	629,500	575,600

LOOKING AT THE FUTURE

Table 32: All Programmes (Rs million)

Item No.	Details	2013 estimates	2013 Revised estimates	2014 Estimates	2015 Planned	2016 Planned
21	Compensation of employees	934	954	1,051	1,073	1,093
21110	Personal emoluments	804	781	862	885	903
21111	Other staff costs	130	173	189	188	190
22	Goods and services	166	178	182	180	180
22010	Cost of utilities	29	29	31	31	31
22020	Fuel and oil	5	5	5	5	5
22030	Rent	33	35	38	38	38
22050	Office expenses	13	14	14	14	14
22060	Maintenance	32	33	33	31	31
22070	Cleaning services	4	4	4	4	4
22100	Publications and stationery	17	18	17	17	17
22120	Fees	18	23	21	21	21
22900	Other goods and services	17	19	20	20	20
31	Acquisition of non-financial assets	93	79	120	153	74
	Total	1,193	1,211	1,353	1,406	1,347

SECTION C

Section C relates to capital estimates for projects to be undertaken by the Information Systems, Finance & Administration and the Customs departments.

Table 33: Capital estimates (Rs million)

Description	Project value	Cumm exp @ 31 Dec 2013	Estimates 2014	Projections			
				2015	2016	2017	2018
INFORMATION SYSTEM DEPARTMENT - ON-GOING PROJECTS							
ITAS	89.9	86.4	3.5				
Maintenance & acquisition of ICT equipment & software	158.9	91.3	19.6	12.0	12.0	12.0	12.0
Enhancement of the ORACLE FINHRMS	7.0	1.0	2.0	1.0	1.0	1.0	1.0
Electronic payment solution	2.0	-	-	1.0		1.0	
Network and security enhancement - Eham Court	30.0	7.0	7.0	4.0	4.0	4.0	4.0
Extending storage infrastructure	18.2	3.0	2.6	3.0	3.0	3.6	3.0
Implementation of bar coding system for transactions and fixed assets	0.6	0.3	-				
Sub-total - Information system department	306.6	189.0	34.7	21.0	20.0	21.6	20.0

LOOKING AT THE FUTURE

Table 33: Capital estimates (Rs million)							
Description	Project value	Cumm exp @ 31 Dec 2013	Estimates 2014	Projections			
				2015	2016	2017	2018
INFORMATION SYSTEM DEPARTMENT - NEW							
Consultancy services for closing and reconciliation accounts in ITAS	2.0			2.0			
Enhancement of ITAS	5.0			1.0	1.0	1.0	1.0
Study on monitoring system for gaming activities	5.0		5.0				
Implementation of fiscal device for horse racing	13.5				8.0	5.5	
Implementation of customer relationship management	6.0			1.0	5.0		
Clustering for TPOS	17.5			5.0	7.5	5.0	
Public key infrastructure	6.5			1.0	1.0	1.5	1.5
Archiving and purging	6.0			1.0	3.0	2.0	
Taxpayer mobile services	10.0			2.0	2.0	2.0	2.0
Consultancy services for SAP HANA	10.0					10.0	
Re-evaluation and implementation of sap solution for customs cross border system	18.0					18.0	
Implementation of i-recruitment in FINHRMS	5.0			5.0			
Implementation of performance appraisal in FINHRMS	6.0			6.0			
Sub-total - Information system department-NEW	110.5	-	5.0	24.0	27.5	45.0	4.5
TOTAL - Information system department	417.1	189.0	39.7	45.0	47.5	66.6	24.5
Sub-total - Information system department	303.6	149.0	32.5	26.0	23.0	12.0	12.0
FINANCE & ADMINISTRATION DEPARTMENT - ON GOING PROJECTS							
Purchase of vehicles	54.2	28.7	5.0	5.0	5.0	5.0	5.0
Acquisition of furniture & other equipment	69.4	44.0	9.8	3.0	3.0	3.0	3.0
Sub-total - Finance & administration department	123.6	72.7	14.8	8.0	8.0	8.0	8.0

LOOKING AT THE FUTURE

Table 33: Capital estimates (Rs million)							
Description	Project value	Cumm exp @ 31 Dec 2013	Estimates 2014	Projections			
				2015	2016	2017	2018
FINANCE & ADMINISTRATION DEPARTMENT - NEW							
Upgrade of PABX & video conferencing facilities at custom house	1.5			1.5			
Upgrade of electrical infrastructure server room at custom house	1.0			1.0			
Purchase of new PABX at SSR airport	2.0			2.0			
Wireless transmission equipment	4.0			-	3.5	0.5	
Enhancement of time attendance & access control at Eham	6.0			5.0	1.0		
Replacement of telephone & video conferencing at Eham court	2.0			2.0			
Enhancement of main core for IP telephony	5.0			5.0			
Extension of server room II	5.0			4.0	1.0		
Upgrade of building management system	0.7			0.7			
Modification to suppression system	3.7			3.7			
Construction of revenue house	575.0						
New Custom House at Plaisance Airport	206.0						
Sub Total Finance and Administration - New Project	811.9	-	-	24.9	5.5	0.5	-
Total Finance and Administration	935.5	72.7	14.8	32.9	13.5	8.5	8.0
CUSTOMS - ON GOING PROJECTS							
Cargo community system	3.0	0.5	0.5	0.5	0.5	0.5	0.5
Enhancement of security infrastructure at New Customs House	3.0	1.0					
Installation of weighbridge in port area	3.0	-	3.0				
Clustering of CMS II	15.0	-	-	15.0			
CMS II application enhancement and upgrade	16.0	3.0	3.0	3.0	2.0	2.0	2.0
Drug interdiction program	116.5	13.4	55.0	42.0			
CMS /ITAS Integration	18.0	-	3.0	3.0	3.0	3.0	3.0
MNS Development contract	4.0	1.0	1.0	1.5	0.5		
SMARTNET for CISCO ROUTERS	3.0	1.0					
SUB-TOTAL -Customs – On going projects	181.5	19.9	65.5	65.0	6.0	5.5	5.5

LOOKING AT THE FUTURE

Table 33: Capital estimates (Rs million)

Description	Project value	Cumm exp @ 31 Dec 2013	Estimates 2014	Projections			
				2015	2016	2017	2018
CUSTOMS - NEW PROJECTS							
OGA portal interfacing with CMS	5.0				5.0		
Web based CMS	2.0				2.0		
Procurement of a mobile low bed scanner for freight forwarding stations	5.0			5.0			
Procurement of three dogs	1.0			1.0			
Expansion of K-9 kennel facilities at Custom House to accommodate additional dogs	0.6			0.6			
Acquisition of 3 double cabs for K-9 unit	3.0			3.0			
Setting up of an office at Customs steps	0.5			0.5			
SUB-TOTAL -Customs – New projects	17.1	-	-	10.1	7.0	-	-
TOTAL -Customs	198.6	19.9	65.5	75.1	13.0	5.5	5.5
TOTAL	1,551.2	281.6	120.0	153.0	74.0	80.6	38.0

9.3. STRATEGIC PLANNING 2014 -16

MRA's Strategic Plan is an effective tool which communicates and focuses on the strategic objectives, critical initiatives, activities and future projects of the organisation. It also helps in the monitoring of our achievements and commitments towards our stakeholders. The plan is usually stipulated over a three year period, although there can be minor changes to the implementation of some projects due to certain reforms, shift in priorities, technical delays in the driving the business operations.

This section of the report highlights the five key strategic objectives that the MRA has anticipated for the next three-year period, together with a series of measures and targets set to achieve these objectives. The five main strategic objectives are:

- Promoting Voluntary Compliance;
- Providing Quality services;

- Developing people, processes & technology;
- Facilitating trade and ensuring border & society protection; and,
- Strengthening good governance & corporate image

Goal 1: Promoting Voluntary Compliance

One of the MRA's strategic objectives is to continuously promote and improve tax compliance an essential goal for the Revenue Authorities. In its drive to promote voluntary compliance, the MRA has implemented a series of measures and initiatives. These include, *inter-alia*, revenue collections which will be monitored on an on-going basis, new taxpayers registered, tax audit and investigations, debt management and recovery of arrears. Table 34 highlights some of the strategies, initiatives and targets for the next three years.

LOOKING AT THE FUTURE

Table 34: Promoting Voluntary Compliance – Selected Strategies, KPIs and Targets

Strategies	Measures	Targets		
		2014	2015	2016
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 taxpayers registered as a result of third party matching of information	5,000	5,200	5,400
	No. of visits for widening of tax base	90	95	100
Strengthening Auditing System	% of cases selected using Risk Management tools to total cases selected for audit examination	MSTD –50%	MSTD –60%	MSTD –70%
		LTD – 40%	LTD – 60%	LTD – 70%
	Total audits effected - LTD	800	850	900
	- MSTD	5,750	6,000	6,300
	No. of Post-Clearance Control Audits (PCCAs) in Customs	180	190	200
Combating tax evasion through in depth investigations	No of operators visited by flying squad	80	85	90
	No. of investigations completed	150	170	195
	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%

LOOKING AT THE FUTURE

Goal 2: Providing Quality Services

Another strategic objective of the MRA is to provide quality and efficient service to its taxpayers and stakeholders. During the next years, MRA will continue to enhance the quality

of its services through a host of initiatives/ measures such as speedy processing of claims, education and outreach initiatives, using IT to reduce compliance cost and developing a customer feedback strategy. These are highlighted in the Table 35.

Table 35: Providing Quality Services – Selected Strategies, KPIs and Targets

Strategies	Measures	Targets		
		2014	2015	2016
Speedy processing of taxpayer claims	Maximum no. of days for issuing Income Tax refunds	90 days	90 days	90 days
	Maximum no. of days for issuing VAT Repayments	7 days for Fast Track cases	7 days for Fast Track cases	7 days for Fast Track cases
Education & Outreach initiatives and facilitating compliance	No. of SOPs maintained, simplified & updated	All requests received	All requests received	All requests received
	No. of educational seminars conducted	35	45	50
	Introduction of Tax education sensitization programme at primary school	Ongoing	Ongoing	Ongoing
Using IT to reduce cost of compliance	Percentage of returns filed electronically to total no. of returns	LTD:100% MSTD: Companies above Rs10 m-90% MSTD: Companies below Rs 10m – 80% MSTD: Individuals – 90%	LTD:100% MSTD: Companies above Rs10 m-93% MSTD: Companies below Rs 10m – 85% MSTD: Individuals – 92%	LTD:100% MSTD: Companies above Rs10 m-96% MSTD: Companies below Rs 10m – 90% MSTD: Individuals – 94%
	No. of e-payment users at Customs	1,500	1,600	1,700
Developing a Customer Feedback Strategy	Taxpayers' Satisfaction Surveys	N/A	N/A	1

LOOKING AT THE FUTURE

Goal 3: Developing People, Processes and Technology

With the fast and rapid evolution in the world of technology and in order to keep pace with this advancement, the MRA will continue to invest in its people, processes and technology. Table 36 highlights some of the main initiatives to be taken in respect of this objective.

Table 36: Developing People, Processes and Technology - Selected Strategies, KPIs and Targets				
Strategies	Measures	Targets		
		2014	2015	2016
Developing a learning organisation	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	120	130
	Completion of one year training by Customs Trainee Officers/Tax Trainee Officers	43 – Customs Trainee Officers	60 – Tax Trainee Officers	N/A
Optimizing resources, modernizing business processes & promoting environmentally friendly practices	Maintenance & Sustainability of ISO Certification	On-going	On-going	On-going
	Draft and implement a Business Continuity and Disaster Recovery Plan	To complete	N/A	N/A
Modernizing IT	Making ITAS fully operational	To complete	N/A	N/A
	E-objection	In Phases	In Phases	In Phases
	EDRMS	In Phases	In Phases	In Phases

LOOKING AT THE FUTURE

Goal 4: Facilitating Trade and Ensuring Border Protection

Trade Facilitation and Border protection are the two fundamental functions of the MRA's Customs Department. The MRA will initiate a series of measures to ensure that these two functions are carried out effectively and efficiently. With regard to facilitating trade, the initiatives that the MRA has identified are the simplification and harmonization of Customs procedures. As regard border protection and reinforcing control, the focus will be on the prevention of illegal entry of illicit goods through the procurement of additional dogs, training of dog handlers and the setting-up of a tracing and tracking system. Table 37 highlights some of the key initiatives that will be taken to facilitate trade and ensure border protection.

Goal 5: Strengthening Corporate Governance and Improving Corporate Image

The Internal Audit and Internal Affairs Divisions have been set up within the MRA with the prime objectives of strengthening its Corporate Governance and improving its Corporate Image. Over the next three years, the MRA will ensure that a series of initiatives and measures will be fulfilled so as to continue to comply with the basic norms of the Code of Corporate Governance of Mauritius. These include sharing of information and networking by publishing its Annual Report, maintaining quality and assurance by conducting systems and transactions audits and monitoring the Risk Management Framework within the MRA. As regards, maintaining integrity and good corporate image within the MRA, we will continue to process and verify the Declarations of Assets (DOAs), initiate enquiries and carry out investigations based from these DOAs and conduct workshops and training on integrity management.

Table 37: Facilitating Trade and Ensuring Border Protection - Selected Strategies, KPIs and Targets

Strategies	Measures	Targets		
		2014	2015	2016
Trade Facilitation	Reduce overall customs physical examination of goods (Red status) to 5%	9%	7%	5%
	Implementation of Single Window Project	40%	40%	20%
	Web-based Customs Declarations	15%	25%	60%
	Courier and Postal Manifests CMS Module	50%	50%	N/A
	Implementation of MaCCS for Air Cargo Manifest	60%	30%	10%
Enhanced control and greater operational efficiency	Procurement of three additional dogs & training of dog handlers	N/A	100%	N/A
	Procurement and installation of a new container scanner and weigh bridge in the port	To be completed	N/A	N/A
	Tracing and Tracking System	30%	30%	40%

LOOKING AT THE FUTURE

Table 38: Corporate Governance and improving corporate image - Selected Strategies, KPIs and Targets

Strategies	Measures	Targets		
		2014	2015	2016
Ensuring information sharing and networking	Preparation of Annual Report	1	1	1
Maintaining quality & assurance	No. of System Audits throughout the MRA	8	6	8
	Transaction Audits in main areas	15	18	15
	Monitoring & consolidation of the Risk Management Framework	Ongoing	Ongoing	Ongoing
	Auditing the effectiveness of Governance Framework	Dec 2014	N/A	N/A
Maintaining integrity and good corporate image within the organisation	Processing & verifying DOAs	150	300	200
	No. of further enquiries based on processing of DOAs	30	30	35
	No. of full-fledged investigations	25	15	20
	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 2013

CALENDAR OF EVENTS 2013

JANUARY



MRA Press Conference

The Director-General, the Chairperson, and members of the management team met with the press on 15 January 2013 at the MRA Head Office to communicate the MRA's performance during the past year, the main changes of the Finance Act 2012 and the various projects for 2013.

International Customs Day

On 26 January 2013, the International Customs Day was celebrated at the Custom House. The theme for the year was "Innovation for Customs Progress".



FEBRUARY



Launching of E-Filing of Individual Return

The MRA e filing service 2013 for individual income tax returns was launched on 25 February at the MRA Head Office.

Paying Taxes by SMS

Payment of income tax by orange money became operational as from 28 February 2013. Through this initiative, taxpayers may effect payment of their taxes by mobile phones.



CALENDAR OF EVENTS 2013

MARCH



Visit of Chinese Customs Delegation

A delegation from the Chinese Customs Department, led by the Vice Minister of the General Administration of China Customs, Mr Sun Yi Biao, visited Mauritius in March 2013. The aim of the visit was to share the Chinese expertise with Mauritius.

MOU between MRA and DPP

On 25 March 2013, a Memorandum of Understanding was signed between MRA and the Enforcement Authority of the office of Director of Public Prosecutions (DPP) for the exchange of information and for providing effective support to the police to fight against financial crimes.



APRIL



Help to victims of Flash Floods

The Director-General remitted a cheque of Rs 508,000 to the Acting Prime Minister, Dr Ahmed Rashid Beebeejaun for the Prime Minister's Relief and Support Fund (PMRSF) on 19 April 2013 in support of the victims of the deadly flash flood of 30 March 2013.

Secondment programmes of two Officials from Comoros

Two officials from Comoros, Mr Athoumani Addou Mmadi (Tax Official) and Mr Djamal Ahamada (Customs); were on a one-month secondment programme at the MRA. This programme was a joint cooperation between IMF AFRITAC SOUTH, the Australian Government and the MRA.



CALENDAR OF EVENTS 2013

MAY



Steering Committee meeting of WCO

The MRA hosted the third Steering Committee meeting of the WCO-ESA Project “Building Capacity through Customs Modernization in the East and Southern Africa Region” on 7 and 8 of May 2013.

E-filing Lucky Draw 2013 prize giving ceremony

The winners of the MRA e-filing Lucky Draw 2013 were awarded their prizes during an official ceremony held on 31 May 2013. This is part of MRA’s strategy to motivate taxpayers to e-file their individual income tax returns and participate in a luck draw under the supervision of the GRA.



JUNE



Best Tax Stamp Programme: MRA bags 3rd Prize

The MRA was awarded the third prize for the Best Tax Stamp Programme during the Fourth Tax Stamp Forum held from 3 to 5 June 2013 in Vienna and organised by Reconnaissance International, publisher of the Tax Stamp News. Tax Stamp was introduced in Mauritius by the MRA on cigarette packets since June 2008.

Sensitisation campaign against Drug abuse and illicit trafficking

In the context of the 26th International Day against Drug Abuse and illicit trafficking, the MRA Customs department received an Award Certificate by the NATReSA in presence of the Minister of Health and Quality of Life, the Hon. Lormus BUNDHOO, in recognition of its contribution in the fight against illicit drug trafficking.



CALENDAR OF EVENTS 2013

JULY



Taxpayer's Week

To mark its 7th anniversary, the MRA organised a Taxpayer's Week from 1 July 2013 to 5 July 2013, comprising a fourfold event namely: interactive session with students; Twitter Competition; Blood Donation; and an Open Day at the MRA.

African Tax Administration Forum (ATAF) workshop

The MRA hosted a seminar in collaboration with the African Tax Administration Forum (ATAF), the Economic Cooperation and Development (OECD) and the International Monetary Fund (IMF) at Le Méridien Hotel, Balaclava from 15 July 2013 to 19 July 2013. The main theme of the seminar was *"Managing Tax Compliance: Risk Management, Taxpayer Education and Corruption"*.



AUGUST



SMS facilities to Economic Operators

On 5 August 2013, the MRA, in collaboration with the Mauritius Network Services (MNS), launched a prepaid service termed *"SMS facilities to economic Operators"* at the Custom House.

Integrity Workshop 2013

The MRA organised a full day Integrity Workshop on 22 August 2013 at the BPML Conference Room, Ebene with the theme *"Building Integrity for the Young Generation"*. The workshop was officially launched by the Chief Guest, Mr. Anil Kumar Ujoodha, Director General, ICAC in the presence of the Chairperson and Director-General.



CALENDAR OF EVENTS 2013

SEPTEMBER



Celebration of St Matthews' Day

The MRA celebrated the St Matthews' Day by organising a Mass at the St Louis Cathedral, Port Louis on 23 September 2013. St Matthews' is celebrated around the world as the Patron Saint of Customs and Tax officials.

VDIA and VAT Refund Sessions in Rodrigues

The MRA organised two educational sessions in Rodrigues at the Human Resource Centre, Malabar to educate taxpayers on Tax Incentive Schemes and VAT Refund Mechanism.



OCTOBER



MRA wins HR Excellence Award 2013

The MRA was awarded the HR Champion of the HR Excellence Award 2013 in the Public Sector Organisation category during a ceremony held on 18 October 2013 at the Méridien Hotel. The Director-General, was presented with the CEO with HR Orientation Award in the HR Professional Category by Dr. The Honourable Vasant K. BUNWAREE, Minister of Education and

Human Resources. The MRA also won the HR Excellence in Strategic HRM Award as well as the HR Excellence in Employer of Choice Award.

Seizure of new luxury cars

The MRA seized a number of luxury cars which were imported under the Returning Citizen Scheme but apparently not being used by the returning citizens.



CALENDAR OF EVENTS 2013

NOVEMBER



Opening of the WCO/ESA RTC at Custom House

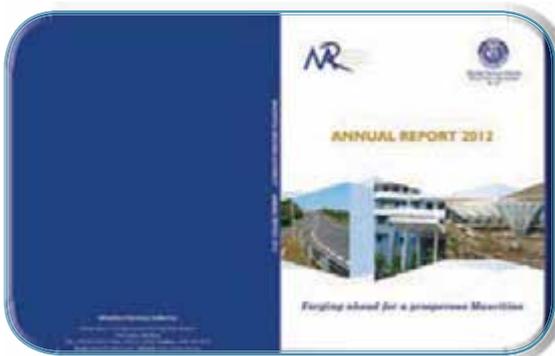
On 25 November 2013, the Regional Training Centre (RTC) was inaugurated in the presence of Mr Kunio Mikuriya, Secretary General of the WCO.

CSR: Lunch to needy children

On 7 November 2013, the MRA offered a lunch to students of the Pointe aux Sables Government School (ZEP) in line with the MRA's commitment to promoting education



DECEMBER



Presentation of MRA Annual Report 2012 to MoFED

The Director-General presented a copy of the MRA's Annual Report 2012 to the Ministry of Finance and Economic Development on 16 December 2013.

Exchange of information on Customs with Seychelles Delegation

A delegation of 6 persons from Seychelles came for a study visit on Customs Operations. The delegation also met with the Indian Ocean Commission (IOC) officials and with the Secretary General of Indian Ocean Rim Association (IORA).



11.

TAX CHANGES &
FINANCE ACT 2013

TAX CHANGES & FINANCE ACT 2013

TAX CHANGES

- Income exemption threshold**

Increase in income exemption thresholds by Rs 5,000 as follows:

Category	From	To
Individual with no dependent	Rs 270,000	Rs 275,000
Individual with one dependent	Rs 380,000	Rs 385,000
Individual with two dependents	Rs 440,000	Rs 445,000
Individual with three or more dependents	Rs 480,000	Rs 485,000
Retired person with no dependent	Rs 320,000	Rs 325,000
Retired person with one or more dependents	Rs 430,000	Rs 435,000

- Car Benefit**

Value of benefit for income tax purposes of a company or official car used for official or business and private purposes increased as follows:

(Monthly Taxable Amount)

Cylinder Capacity	From	To
Up to 1600cc	Rs 9,000	Rs 9,500
1601 to 2000cc	Rs 10,125	Rs 10,750
Above 2000cc	Rs 11,250	Rs 12,000

- Accommodation Benefit Provided by Hotels**

(Monthly Taxable Amount)

Cylinder Capacity	From	To
Single	Rs 11,000	Rs 11,500
Married	Rs 15,000	Rs 15,700
Managing and supervisory staff	Rs 4,200	Rs 4,400
Other staff	Rs 2,100	Rs 2,200

- Levy on Banks**

The calculation of the levy will be

10% of chargeable income instead of a proportion of turnover and book profits for Segment A banking activities while the levy on Segment B banking is being left unchanged. The new formula will be applicable in 2014 and 2015

- Submission of corporate tax returns**

Companies having an accounting year ending in the month of June and not having any tax to pay may submit their corporate tax return on or before 15 January of the following year instead of two working days before 31 December.

- Annual allowance**

The rate of annual allowance on the acquisition of patent changed from 5% on the straight line basis to 25% on the reducing balance basis.

- Investment Tax Credit**

An Investment Tax Credit Scheme introduced. Manufacturing companies from some specific sectors and investing over Rs 100 million now eligible for an annual investment tax credit of 5% of the amount so invested per annum for 3 consecutive years. The scheme will operate for 5 years that is investment made from 1 January 2014 to 31 December 2018 would qualify.

- Sociétés**

Resident societies subject to CSR at the rate of 2% on their chargeable income on a similar basis to companies.

- Freeport**

Holders of a Private Freeport Developer License brought at par with Freeport Operators regarding income tax exemption.

- TDS**

The scope of TDS extended to cover interest payments made by financial institutions and other companies to

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an individual where such interest is taxable.

VALUE ADDED TAX

- **Exempt and zero rated products**

Goods on which exemption removed and made zero-rated

- rice
- butter
- milk and cream, whey, Keplier and other fermented or acidified milk & cream, cheese and curd.
- fish other than produce of Mauritius.
- meat
- tea, honey and spices
- soya bean protein cakes or chunks

Zero rating also applicable to

- Meat-free vegetable burgers and vegetable sausages of specified HS code.
- Photovoltaic panels

Extension of exemption to the following items:

- Semi-low floor bases and chassis for semi-low floor bases of specified HS codes.
- Medical equipment of specified HS Codes.
- Bio-pesticides.
- Cocopeat and substrate used as growing medium of specified HS codes.
- Plates sheets and strip[of cellular or non-cellular rubber of specified HS codes

- **VAT Refund on residential building/apartment**

A household with monthly income not exceeding Rs 50,000 entitled to a refund in connection with the VAT charged by a building contractor for construction of his new residential unit or on acquisition of apartment costing less than Rs 2.5 million. Refund amount limited to Rs 300,000.

- **VAT Refund Scheme**

VAT Refund Scheme for Small Planters, Fishermen, Breeders, Apiculturists, and Bakers being made permanent.

- **Clawback of VAT on building**

The provision on clawback of VAT applicable on building sold before the twentieth year reviewed, where a transfer is made between VAT registered persons.

- **Collection of VAT at Wholesale Level**

VAT in respect of mineral waters, aerated waters, soft drinks and alcoholic drinks will be collected at the wholesale level, as in the case of petroleum products.

- **Gambling**

Betting duty extended to cover bets on football matches. The rate per place of business is fixed at Rs 24,000 per week.

A person willing to carry out a gambling activity at a specified event such as *Wedding of non-citizen, International poker game competition, etc.* shall apply for an ad hoc licence. The licence fee is fixed at Rs 20,000 per day.

CUSTOMS DUTIES

- As from 1 January 2014, no customs duty applicable on a list of sensitive goods when originating from a SADC country. The main products are:-

TAX CHANGES & FINANCE ACT 2013

- o Black tea
- o Spices
- o Flour
- o Salt
- o Edible oil
- o Margarine
- o Electric filament and discharge lamps
- o Safety glass
- o Toilet paper in rolls
- o Soap
- o Trays, dishes, plates, cups of paper
- o Dog and cat food
- o Tubes, pipes of iron and steel
- o Napkins and Napkins liners for babies
- o Doors, windows and their frames
- o Tableware and kitchenware
- o Paint
- o School stationary (box, files)
- o Printed postcards
- o Iron bars
- o Furniture
- **Tariff phase down** for certain tariff lines under the Interim Economic Partnership Agreement (IEPA) with the European Union and Bilateral Free Trade Agreement with Turkey.

EXCISE DUTY

- **Alcoholic Beverages** – there has been an increase in duty on alcoholic drinks by 5%, with effect from **9 November 2013**.

- **Tobacco Products** – there has been an increase in duty on Tobacco Products by 5% effective as from **9 November 2013**.

Excise Duty on Tobacco Products		
Items	From	To
Cigars (Rs per kg)	12,236	12,845
Cigarillos (Rs)	12,236 per kilo	7,500 per thousand
Cigarettes (Rs per thousand)	3,540	3,717

- **Firecrackers & fireworks** – An excise duty at 30% was introduced on firecrackers and fireworks.
- **Motor Vehicles & Motor Cycles**
 - o **Motorcycles:** The 45% rate of excise duty on motor cycles of cylinder capacity 201 c.c. to 250 c.c. has been removed with effect from 9 November 2013.
 - o **CO2 Levy/Rebate on Motor Cars:** The following measures were taken, with effect from 9 November 2013:-

CO2 Levy – The rate of rebate		
CO2 Value	Rate of rebate (g/km)	
Co2 gramme per Km	In conformity with Regulation No. 101	Not in conformity with Regulation No. 101
Up to 90	Rs 3,000	Rs 1,000
91 to 150	Rs 1,000	Rs 350

- The current CO2 threshold was lowered from 158 g/km to 150 g/km;
- The rates for rebate were revised as follows:-
- Transitional provision – the prior rates of rebate shall be applicable on a motor

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car already in a bonded warehouse or has been shipped, or in respect of which an import permit has already been obtained. However, the motor car will have to be cleared from Customs on or before 1 March 2014.

- **Amendment to definition of “liqueur” and “Beer”**

- o The definition of “liqueur” has been amended to clarify the quantum of sweeteners include sugar and honey that should be added in the manufacture.
- o The definition of “beer” has been aligned with international standards with the elimination of reference to the upper limit of alcoholic strength of 9 per cent.

- **Sugar Content of Soft Drinks** – The rate of excise duty on sugar content of soft drinks has been increased from 2 cents to 3 cents per gram, with effect from 9 November 2013.

- **Promoting energy efficiency** – As from 1 January 2014, the 25% excise duty has been extended to cover household electrical appliances namely room air conditioners, tumble dryers and electric lamps.

BUSINESS FACILITATION

- The requirement for the submission of security has been removed and, the master of a vessel, or his agent, shall henceforth provide only a written undertaking.
- Only one surety shall now be required instead of two sureties from proprietor or occupier of a bonded warehouse.
- Anti-fouling paint, ships spares and accessories, marine oil, lubricants to be solely used for servicing or maintenance of ships may be placed as ship’s stores on aircraft or ship without a customs seal.
- The Customs Administrative Penalty System has been re-assessed, after consultations with stakeholders, with a view to simplify the process.

Excise duty on alcoholic products		
Items	From	To
Beer (Rs per litre)	34.20	35.90
Fruit wine (Rs per litre)	26.50	27.80
Made wine (Rs per litre)	56.70	59.50
Wine of grapes (Rs per litre)		
• <i>In bulk for bottling purposes</i>	91.10	95.70
• <i>In bottle</i>	160.00	168.00
Champagne (Rs per litre)	760.00	800.00
Spirit cooler (Rs per litre)	42.55	44.70
Rum (Rs per litre of absolute alcohol)	448.50	471.00
Cane spirits (Rs per litre of absolute alcohol)	448.50	471.00
Whisky (Rs per litre of absolute alcohol)		
• <i>In bulk for bottling purposes</i>	866.00	910.00
• <i>In bottle</i>	1,386.00	1,455.00
Liqueur (Rs per litre of absolute alcohol)	304.00	320.00

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- Procedures and requirements for re-warehousing have been repealed and any bond occupier or proprietor can warehouse goods for a period not exceeding 42 months instead of 12 months and a re-warehousing period of 30 months.
- Extension of Deferred duty and tax scheme facility to master or member of a crew leaving for a foreign port or airport.

CLAIM ON EXPORT OF WASTE PET BOTTLES

- As from 1 January 2014, a new provision has been made in the Excise Act where any person who is exporting waste PET bottles in excess of one million kilogrammes shall be eligible to make a claim for refund to the Director-General. The quantum rate of the refund shall be as follows:-

Excess export	Rate of amount to be paid (Rs per Kg)
On the first 500,000 kgs	15
On the remainder	20



12.

MRA
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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 2013.

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



V. Hassamal
Chairperson

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 set out at pages 105 to 124 in the accompanying annual report of the Mauritius Revenue Authority (Authority), and which comprise the statement of financial position as at 31 December 2013, 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

The management of the Authority is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards of Supreme Audit Institutions. Those Standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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. 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 principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 2013, 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.

Statutory Bodies (Accounts and Audit) Act

In my opinion, in all material respects, the activities, financial transactions and information reflected in the financial statements comply 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 Public Procurement 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 Public Procurement 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

15 October 2014

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

- STATEMENT OF FINANCIAL POSITION
- STATEMENT OF FINANCIAL PERFORMANCE
- CASH FLOW STATEMENT
- STATEMENT OF COMPARISON OF BUDGET
- NOTES TO ACCOUNTS

MRA FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2013

	Notes	31 December 2013 Rs	31 December 2012 Rs As Restated
ASSETS			
Current Assets			
Cash and Cash Equivalents	7	113,129,964	144,258,557
Receivables	8	12,148,799	12,125,510
Inventories	9	13,588,257	8,528,835
Prepayments	8	9,364,288	9,440,745
		<u>148,231,308</u>	<u>174,353,647</u>
Non-Current Assets			
Property, Plant and Equipment	5	442,300,279	444,203,218
Intangible Assets	6	49,700,908	59,535,467
		<u>492,001,187</u>	<u>503,738,685</u>
TOTAL ASSETS		<u>640,232,495</u>	<u>678,092,332</u>
LIABILITIES			
Current Liabilities			
Payables	10	62,036,005	110,632,858
Deferred Income	11	69,000,000	68,000,000
		<u>131,036,005</u>	<u>178,632,858</u>
Non-Current Liabilities			
Deferred Income	11	466,191,032	458,706,848
Retirement Benefit Obligations	18	83,893,384	72,128,196
		<u>550,084,416</u>	<u>530,835,044</u>
TOTAL LIABILITIES		<u>681,120,421</u>	<u>709,467,902</u>
NET ASSETS		<u>(40,887,926)</u>	<u>(31,375,570)</u>
NET ASSETS/ EQUITY			
Revaluation Surplus	21	6,016,000	7,520,000
General Fund		(46,903,926)	(38,895,570)
TOTAL NET ASSETS/ EQUITY		<u>(40,887,926)</u>	<u>(31,375,570)</u>

Approved by the Board on 20 March 2014.



Chairman



Board Member

The Notes on pages 109 to 124 form part of the financial statements.

MRA FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR 31 DECEMBER 2013

	Notes	Year Ended 31 December 2013 Rs	Year Ended 31 December 2012 Rs As Restated
Revenue			
Non-Exchange Transactions	13	1,195,934,429	1,107,531,551
Exchange Transactions	14	2,821,832	3,138,724
		1,198,756,261	1,110,670,275
Expenditure			
Administrative Expenses	15	1,208,115,960	1,160,576,144
Finance Cost	16	103,088	91,526
		1,208,219,048	1,160,667,670
		(9,462,787)	(49,997,395)
Gain/(Loss) on Disposal		(49,569)	169,942
Deficit for the period		(9,512,356)	(49,827,453)

STATEMENT OF CHANGES IN NET ASSETS/ EQUITY FOR THE YEAR 31 DECEMBER 2013

	Revaluation Surplus Rs	Revolving Fund Rs	General Fund Accumulated Surplus/ (Deficit) Rs	Total General Fund Rs	Total Rs
Balance at 1 January 2012	6,188,800	13,124,869	12,263,083	25,387,952	31,576,752
Prior year adjustment	1,547,200	-	(1,547,200)	(1,547,200)	-
Prior year adjustment	-	(13,124,869)	-	(13,124,869)	(13,124,869)
Balance at 1 January 2012 as restated	7,736,000	-	10,715,883	10,715,883	18,451,883
Change in net assets/ equity for the period					
Transfer to Accumulated Surplus/ (Deficit)	(216,000)	-	216,000	216,000	-
Net Surplus/(Deficit) for the period	-	-	(49,827,453)	(49,827,453)	(49,827,453)
Total recognised revenue and expense for the period	(216,000)	-	(49,611,453)	(49,611,453)	(49,827,453)
Balance at 31 December 2012	7,520,000	-	(38,895,570)	(38,895,570)	(31,375,570)
Balance at 1 January 2013	7,520,000	-	(38,895,570)	(38,895,570)	(31,375,570)
Change in net assets/ equity for the period					
Transfer to Accumulated Surplus/ (Deficit)	(1,504,000)	-	1,504,000	1,504,000	-
Net Surplus/(Deficit) for the period	-	-	(9,512,356)	(9,512,356)	(9,512,356)
Total recognised revenue and expense for the period	(1,504,000)	-	(8,008,356)	(8,008,356)	(9,512,356)
Balance at 31 December 2013	6,016,000	-	(46,903,926)	(46,903,926)	(40,887,926)

MRA FINANCIAL STATEMENTS

CASH FLOW STATEMENT FOR FOR THE YEAR 31 DECEMBER 2013

	YEAR ENDED 31 DECEMBER 2013 Rs	YEAR ENDED 31 DECEMBER 2012 Rs
		As Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit	(9,512,356)	(49,827,453)
Adjustments for :		
Depreciation and Amortisation	69,099,629	91,353,636
Transfer from Deferred Income	(67,896,429)	(89,849,636)
Provision for Retirement Benefit Obligations	11,765,188	43,401,879
(Gain)/Loss on Disposal	49,569	(169,942)
Liquidated Damages	(228,058)	(704,673)
Interest Income	(2,482,274)	(2,341,150)
(Increase)/Decrease in Inventories	(5,059,422)	438,548
Decrease/(Increase) in Receivables	53,168	(2,556,609)
(Decrease)/ Increase in Payables	(48,596,853)	5,413,960
Net Cash Flows from Operating Activities	(52,807,838)	(4,841,440)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment (Note b)	(55,800,809)	(74,973,968)
Proceeds from Sale of Property, Plant and Equipment	1,410,587	446,011
Interest Received	2,482,274	2,341,150
Net Cash Flows from Investing Activities	(51,907,948)	(72,186,807)
CASH FLOWS FROM FINANCING ACTIVITIES		
Grant Received	73,587,193	82,611,252
Net Cash Flows from Financing Activities	73,587,193	82,611,252
Net Increase/(Decrease) in Cash & Cash Equivalents	(31,128,593)	5,583,005
Cash & Cash Equivalents at Start (Note a)	144,258,557	138,675,552
Cash & Cash Equivalents at End (Note a)	113,129,964	144,258,557

Notes to the Cash flow Statement:

(a) Cash and Cash Equivalent

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

	2013 Rs	2012 Rs
Cash at bank	113,046,482	144,180,514
Cash in hand	83,482	78,043
	<u>113,129,964</u>	<u>144,258,557</u>

(b) Property, Plant and Equipment

The aggregate cost of acquisitions was Rs 58,822,287, out of which Rs 228,058 was retained for liquidated damages and Rs 2,793,420 represents assets vested to MRA by Gambling Regulatory Authority as a free transfer.

MRA FINANCIAL STATEMENTS

STATEMENT OF COMPARISON OF BUDGET FOR THE YEAR ENDED 31 DECEMBER 2013

	RECURRENT BUDGET			
	Budgeted Amounts		Actual Amount	Difference: Final Budget and Actual
	Original	Final		
	Rs	Rs	Rs	Rs
REVENUE (excluding Deferred Income)	1,117,000,000	1,135,400,000	1,130,859,832	(4,540,168)
EXPENDITURE (excluding Depreciation & Amortization)				
Staff Costs	933,700,000	953,900,000	952,269,583	1,630,417
Training of Staff	5,000,000	4,700,000	4,682,403	17,597
Board Members Fees and Expenses	2,500,000	2,500,000	2,471,140	28,860
Missions /Training Abroad	3,000,000	3,700,000	3,623,193	76,807
Professional Fees	7,000,000	12,100,000	11,918,333	181,667
Office Expenses & Services	26,700,000	27,100,000	27,038,895	61,105
Rent	32,800,000	34,600,000	34,446,796	153,204
Cost of Utilities	29,000,000	28,500,000	28,240,305	259,695
Motor Vehicles Expenses	10,500,000	13,300,000	13,225,862	74,138
Advertising and Publications	5,000,000	5,600,000	5,410,168	189,832
Materials, Supplies and Consumables	12,000,000	12,500,000	11,149,034	1,350,966
IT Expenses	23,000,000	23,500,000	23,103,200	396,800
Uniform	5,000,000	5,200,000	5,082,849	117,151
Conference	1,000,000	1,000,000	998,706	1,294
Contributions /Subscriptions to Other Organisations	3,500,000	3,600,000	3,538,303	61,697
Other Operating Expenses	300,000	200,000	155,461	44,539
	1,100,000,000	1,132,000,000	1,127,354,231	4,645,769
Provision -Retirement Benefit Obligations			11,765,188	(11,765,188)
Total Expenses	1,100,000,000	1,132,000,000	1,139,119,419	(7,119,419)
Budgeted/ Actual Surplus/ (Deficit)	17,000,000	3,400,000	(8,259,587)	(11,659,587)

	CAPITAL BUDGET			
	Budgeted Amounts		Actual Amount	Difference: Final Budget and Actual
	Original	Final		
	Rs	Rs	Rs	Rs
Capital Expenditure	93,000,000	78,500,000	73,575,314	4,924,686

MRA FINANCIAL STATEMENTS

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2013

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 2013 with comparative information for the 12 months ended 31 December 2012.

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, IPSAS 32: 'Service Concessions Arrangement: Grantor' was in issue but not yet effective. This standard provides for the recognition, measurement and disclosure of service concession assets and related liabilities, revenues and expenses by the grantor and applies to financial statements beginning on or after 1 January 2014 and is not relevant to MRA's operations.

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.

MRA FINANCIAL STATEMENTS

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2013

(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.

(h) Accounts Payable

Accounts payable are stated at their fair value.

(i) Revenue recognition

(j) Exchange Transactions

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

MRA FINANCIAL STATEMENTS

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2013

- 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 takes advantage of the transitional provisions in that standard and has not changed its accounting policy in respect of revenue transferred for capital projects which is accounted for as deferred income.

The requirements of the standard regarding transfer transactions will be fully implemented for reporting periods beginning on a date after three years following the date of first adoption of this standard.

- **Revenue Grant and other Income**

Other income and grants in respect of recurrent expenditure are recognised in the period in which the transfer arrangement becomes binding.

- **Deferred Income**

Grants received from Government for capital expenditure are treated as deferred income. An amount equal to the depreciation and amortisation charge for the year is transferred to surplus or deficit and the amount of deferred income to be amortised in the next 12 months is recognised as a current liability.

For revalued assets, transfer to surplus or deficit is limited to the extent of balance deferred in respect of these assets.

This accounting treatment is not consistent with the requirement of IPSAS 23.

- **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 liability. Hence taxes collected are excluded from revenue and 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.

(j) Excise Stamps

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

(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.

MRA FINANCIAL STATEMENTS

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2013

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 22 years as at 31 December 2013.

(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.

(I) 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.

MRA FINANCIAL STATEMENTS

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2013

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

MRA FINANCIAL STATEMENTS

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2013

5. Property, Plant & Equipment

	Building Rs	Computer Equipment Rs	Furniture & Fittings Rs	Motor vehicles Rs	Equipment Rs	Total Rs
COST / VALUATION						
AT 1 JANUARY 2013	264,392,714	105,127,755	67,491,990	31,582,215	242,116,712	710,711,386
FAIR VALUE ADJUSTMENT	35,272,786	-	(10,955,813)	-	(1,537,256)	22,779,717
ADDITIONS	-	28,247,414	4,881,522	4,469,000	9,465,021	47,062,957
DISPOSALS	-	(2,819,293)	(905,870)	(1,504,000)	(986,439)	(6,215,602)
AT 31 DECEMBER 2013	299,665,500	130,555,876	60,511,829	34,547,215	249,058,038	774,338,458
DEPRECIATION						
AT 1 JANUARY 2013	12,338,327	66,987,795	31,173,161	14,884,948	188,965,667	314,349,898
FAIR VALUE ADJUSTMENT	(7,050,472)	-	(8,149,083)	-	(7,341,094)	(22,540,649)
PRIOR YEAR ADJUSTMENT	(944,876)	-	2,392,254	-	(3,968,742)	(2,521,364)
CHARGE FOR THE PERIOD	4,342,978	16,887,957	8,513,812	5,155,883	12,605,110	47,505,740
DISPOSALS	-	(2,609,413)	(587,067)	(601,600)	(957,366)	(4,755,446)
AT 31 DECEMBER 2013	8,685,957	81,266,339	33,343,077	19,439,231	189,303,575	332,038,179
NET BOOK VALUE						
AT 31 DECEMBER 2013	290,979,543	49,289,537	27,168,752	15,107,984	59,754,463	442,300,279
AT 31 DECEMBER 2012	295,322,521	38,139,960	31,119,845	16,697,267	62,923,625	444,203,218

The New Custom House as well as all assets forming part thereof were transferred to MRA as from 1 January 2012 following approval by the Vice-Prime Minister and Ministry of Finance and Economic Development in pursuant to Section 28 (9) (a) of the MRA Act 2004. The transfer was fair valued at Rs348,807,300.

MRA FINANCIAL STATEMENTS

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2013

6. Intangible Assets

	Computer Software Rs
COST	
AT 1 JANUARY 2013	122,738,932
ADDITIONS	11,759,330
AT 31 DECEMBER 2013	<u>134,498,262</u>
AMORTISATION	
AT 1 JANUARY 2013	63,203,465
CHARGE FOR THE YEAR	21,593,889
AT 31 DECEMBER 2013	<u>84,797,354</u>
NET BOOK VALUE	
AT 31 DECEMBER 2013	<u>49,700,908</u>
AT 31 DECEMBER 2012	<u>59,535,467</u>

	31 December 2013 Rs	31 December 2012 Rs As Restated
7. Cash and Cash Equivalents		
Cash at Bank	113,046,482	144,180,514
Cash in Hand	83,482	78,043
Total	<u>113,129,964</u>	<u>144,258,557</u>

8 . Receivables and Prepayments

Receivables - Non-Exchange Transactions	464,731	464,731
Other Receivables	210,068	510,779
Deposit	11,474,000	11,150,000
	<u>12,148,799</u>	<u>12,125,510</u>
Prepayments	9,364,288	9,440,745
Total	<u>21,513,087</u>	<u>21,566,255</u>

MRA FINANCIAL STATEMENTS

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2013

	31 December 2013 Rs	31 December 2012 Rs As Restated
9. Inventories		
Consumables	7,250,736	5,406,029
Excise Stamps	3,989,067	370,164
Spare parts	2,348,454	2,752,642
Total	13,588,257	8,528,835
10. Payables		
Trade Payables	39,187,701	36,779,626
Other Payables	13,274,571	11,677,289
Payables-Excise Stamps (see note 12)	9,565,755	62,167,965
Deposits	7,978	7,978
Total	62,036,005	110,632,858
11. Deferred Income		
At 1 January	526,706,848	162,597,283
Grant received during the period	76,380,613	431,418,552
Fair value Adjustment	-	22,540,649
	603,087,461	616,556,484
Transfer to Revenue	(67,896,429)	(89,849,636)
	535,191,032	526,706,848
Amount to be amortised within one year recognised as Current Liability	(69,000,000)	(68,000,000)
At 31 December	466,191,032	458,706,848
12. Excise Stamps		
Sales	17,598,700	14,055,000
Cost of Sales	(3,961,172)	(4,764,588)
	13,637,528	9,290,412
Liquidated Damages	349,914	-
Interest Net of Bank Charges	1,942,713	2,161,941
Net Income	15,930,155	11,452,353
Balance Payable 1 January	62,167,965	50,715,612
Payments to GOM	(68,532,364)	-
Balance Payable 31 December	9,565,755	62,167,965
13. Revenue from Non-Exchange Transactions		
Revenue recognised		
Deferred Income (Note a)	67,896,429	89,849,636
Grants for Revenue Expenditure (Note b)	1,127,994,560	1,017,400,000
Refunds (Note b)	43,440	281,915
	1,195,934,429	1,107,531,551
Note a - Transfers received		
Cash Grants received for Capital Expenditure	73,587,193	82,611,252
Transfer of Non-Monetary Assets	2,793,420	348,807,300

Note b - Grants received from Government for revenue expenditure and other refunds are recognised in accordance with IPSAS 23.

MRA FINANCIAL STATEMENTS

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2013

	31 December 2013	31 December 2012
	Rs	Rs As Restated
14. Revenue from Exchange Transactions		
Interest	2,482,274	2,341,150
Liquidated Damages	228,058	704,673
Sundries	111,500	92,901
	<u>2,821,832</u>	<u>3,138,724</u>
15. Administrative Expenses		
Staff Costs	952,269,583	864,932,986
Provision-Retirement Benefit Obligations	11,765,188	43,401,879
Training of Staff	4,682,403	5,076,930
Board Members Fees and Expenses	2,471,140	2,397,145
Missions / Training Abroad	3,623,193	3,528,480
Professional Fees	11,918,333	14,879,052
Office Expenses & Services	27,038,895	25,196,979
Rent	34,446,796	32,686,746
Utilities	28,240,305	29,502,424
Motor Vehicle Expenses	13,225,862	10,066,509
Advertising and Publications	5,410,168	4,508,178
Materials, Supplies and Consumables	11,149,034	11,190,218
IT Expenses	23,103,200	17,379,125
Uniform	5,082,849	664,393
Conference	998,706	430,405
Contributions / Subscriptions to Other Organizations	3,538,303	3,184,296
Other Operating Expenses	52,373	196,763
	<u>1,139,016,331</u>	<u>1,069,222,508</u>
Depreciation and Amortisation	69,099,629	91,353,636
	<u>1,208,115,960</u>	<u>1,160,576,144</u>

Note: Other Operating Expenses for the year 2013 includes an amount of Rs 2,373 representing loss due to exchange rate difference.

16. Finance Cost

Bank Charges	<u>103,088</u>	<u>91,526</u>
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MRA FINANCIAL STATEMENTS

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2013

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 2013 Rs	31 December 2012 Rs
(i) Grants Received from Government		
Cash Grants for Capital Expenditure	73,575,314	82,611,252
Transfer of Non-Monetary Assets	-	348,807,300
Cash Grants for Revenue Expenditure	1,127,994,560	1,017,400,000
	1,201,569,874	1,448,818,552

(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	2,360,000
Management Personnel Compensation	46,000,897	38,998,359
Post-Employment Benefits Contribution	-	-
Termination Benefits	-	-
	48,400,897	41,358,359

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

MRA FINANCIAL STATEMENTS

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2013

18. Retirement Benefit Obligation

(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 2013 Rs	31 December 2012 Rs
Amounts recognised in statement of financial position at end of year:		
Present Value of Funded Obligation	1,957,878,820	1,669,854,467
(Fair Value of Plan Assets)	(1,326,520,517)	(1,157,902,290)
	631,358,303	511,952,177
Present Value of Unfunded Obligation	0	0
Unrecognised Actuarial Gain/(Loss)	(547,464,919)	(439,823,981)
Liability Recognised in Statement of Financial Position at end of year	83,893,384	72,128,196
Amounts Recognised in Statement of Financial Performance :		
Current Service Cost	68,757,777	59,656,318
Employee Contributions	(36,808,089)	(38,813,127)
Fund Expenses	2,223,137	1,581,922
Interest Cost	133,588,357	153,509,227
Expected Return on Plan Assets	(94,655,557)	(105,698,880)
Actuarial Loss/(Gain) Recognised	12,401,752	13,451,766
Past Service Cost Recognised	0	0
Total, included in staff costs	85,507,377	83,687,226
Movements in Liability Recognised in Statement of Financial Position:		
At start of year	72,128,196	28,726,317
Total Staff Cost as above	85,507,377	83,687,226
Contributions paid by Employer	(73,742,189)	(40,282,996)
Actuarial Reserves In	0	(2,351)
At end of year	83,893,384	72,128,196
Actual Return on Plan Assets:	117,427,286	87,390,794
Main Actuarial Assumptions at end of period:		
Discount Rate	8.00%	10.00%
Expected Rate of Return on Plan Assets	8.00%	10.00%
Future Salary Increases	5.50%	7.00%
Future Pension Increases	3.50%	5.00%

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

MRA FINANCIAL STATEMENTS

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2013

	31 December 2013 Rs	31 December 2012 Rs
Reconciliation of the Present Value of Defined Benefit Obligation		
Present Value of Obligation at start of year	1,669,854,467	1,535,092,273
Current Service Cost	68,757,777	59,656,318
Interest Cost	133,588,357	153,509,227
Benefits Paid	(57,742,790)	(50,471,159)
Liability (Gain)/Loss	143,421,009	(27,932,192)
Present Value of Obligation at end of year	1,957,878,820	1,669,854,467
Reconciliation of Fair Value of Plan Assets		
Fair Value of Plan Assets at start of year	1,157,902,290	1,043,466,104
Expected Return on Plan Assets	94,655,557	105,698,880
Employer Normal Contributions	73,742,189	40,282,996
Employee Contributions	36,808,089	38,813,127
Actuarial Reserves In	0	2,351
Benefits Paid + Other Outgo	(59,965,927)	(52,053,082)
Asset (Loss)/Gain	23,378,319	(18,308,086)
Fair Value of Plan Assets at end of year	1,326,520,517	1,157,902,290
Distribution of Plan Assets at end of year		
<u>Percentage of Assets at end of year</u>		
Government Securities and Cash	59.10%	58.80%
Loans	4.90%	6.60%
Local Equities	21.90%	21.00%
Overseas Bonds and Equities	13.40%	12.80%
Property	0.70%	0.80%
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 2013 Rs	31 December 2012 Rs
Fair Value of Plan Assets	1,326,520,517	1,157,902,290
Present Value of Defined Benefit Obligation	(1,957,878,820)	(1,669,854,467)
Surplus/(Deficit)	(631,358,303)	(511,952,177)
Asset Experience Gain/(Loss) during the period	23,378,319	(18,308,086)
Liability Experience Gain/(Loss) during the period	(143,421,009)	(27,932,192)
Period		
Expected Employer Contributions	76,683,119	

MRA FINANCIAL STATEMENTS

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2013

18. Retirement Benefit Obligation (Cont'd)

(ii) Public Pension Defined Contribution Pension Scheme

The contribution of the MRA to the defined contribution pension scheme for the year 2013 is Rs 488,506.

19. Prior Year Adjustment

Assets vested to MRA by MOFED

The New Customs House as well as all assets forming part thereof were vested to MRA by MOFED on 1 January 2012 although same was occupied as from September 2010. Assets vested were recorded at cost less depreciation from date it was available for use to date of transfer instead of fair value. An independent professional valuer was appointed to determine the fair value at date of transfer.

The effect of the fair value adjustment is to:

- Increase cost by Rs 22,779,717 and decrease accumulated depreciation by Rs 22,540,649 at date of transfer (1 January 2012) and increase capital grant by Rs 45,320,366; and
- Reduce depreciation charge for the year 2012 by Rs 2,521,364 and re-instate capital grant by Rs 2,521,364. There is no effect on surplus / (deficit) for the period.

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 2013 to 31 December 2013 and was approved by the Legislative 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 consultancy services for tax gap analysis, creation of additional posts and increase in pension contributions.
- (b) Actual amount includes a provision of Rs 11.7M in respect of retirement benefit obligation based on actuarial valuation of pension fund at 31 December 2013. The difference between the final recurrent expenditure budget and actual (excluding provision for retirement benefit obligation) is less than 1% and considered to be immaterial.
- (c) Consultancy services from AEGIS Tax LLP for the tax gap analysis was procured directly under Section 25 Part IV - Procurement methods of the Public Procurement Act (PPA) of 2006.

MRA FINANCIAL STATEMENTS

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2013

(ii) Revenue

The difference of Rs 4.5M in revenue is explained as follows:

	Rs M
Decrease in government grants as a result of decrease in expenditure compared to budget	(4.6)
Grants received in excess of expenditure	0.6
Decrease in interest and other income	(0.5)
	<u>(4.5)</u>

(iii) Capital Budget

Savings of some Rs 4.9M were made on capital expenditure related to accommodation and logistics (Rs 3.7M), purchase of vehicles (Rs 0.5M), IT projects (Rs 0.4M) and drug interdiction program (Rs 0.3M).

21. Revaluation of Assets

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 2013, Rs 2,184,000 has been transferred to accumulated surplus or deficit representing revaluation surplus realised on assets disposed.

22. Fair value - Assumptions and Basis of Valuation

Assumptions:

Assets vested / transferred to MRA by MOFED and Gambling Regulatory Authority (GRA) were fair valued.

In arriving at an opinion of the fair value, the valuer assumed that:

- The instruction and information supplied has been in good faith and contains a full disclosure of all information that is relevant.
- The property will continue to be put to its existing use in the future to reflect a going concern basis.
- 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.
- The assets will remain in their working place so that the property can be offered for sale as a whole entity.

Basis:

A comparative Sales Approach has been used to determine the fair 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.

MRA FINANCIAL STATEMENTS

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2013

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

Capital expenditure contracted for at 31 December 2013 but not recognised in the financial statements is Rs 33.6M.

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.

MRA FINANCIAL STATEMENTS

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2013

27. Risk (Cont'd)

- (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.



13.

THE MRA'S
PERFORMANCE
IN 2013

THE MRA'S PERFORMANCE IN 2013

Objectives	Indicators	Targets			Achievements	
		Tax	Budget Rs million	Revised Rs million	Tax	Rs million
1. Promoting Voluntary Compliance	• Tax revenue collected	Corporate Tax	9,500	8,900	Corporate Tax	8,727
		Income Tax	5,963	5,983	Income Tax	6,204
		VAT	27,512	25,785	VAT	26,016
		Customs Duties	1,522	1,522	Customs Duties	1,389
		Excise Duties	14,354	13,956	Excise Duties	13,557
		Gambling	2,164	2,055	Gambling	2,013
		TDS	980	980	TDS	978
		Passenger fees	1,116	1,216	Passenger fees	1,219
		Others	1,638	1,491	Others	1,637
		Total	64,749	61,888	Total	61,740
	• Percentage of actual tax collections to budgeted tax collections	98% - 100% - Good Above 100% - Excellent			95.4%	
	• Percentage of actual tax collections to revised tax collections	100% - Good Above 100% - Excellent			99.8%	
	• Percentage of cases selected for audit	LTD Income Tax VAT PAYE Gaming Horse Racing		25% 2.5% 25% 10% 20% 100%	LTD Income Tax VAT PAYE Gaming Horse Racing	32.61% 4.4% 12.1% 4.8% 66.9% 76.7%
	• No. of cases in which Investigations completed	120			169	
• No. of cases in which assessments are agreed / compounded	75			116		
• No. of joint investigations by FID & Customs	30			17		
• Average additional tax demand created per fiscal investigation	Rs 2.2 million			Rs 2.4 million		
• No. of operators visited by Flying Squad	50			75		
• No. of cases recommended for prosecution	5			7		

THE MRA'S PERFORMANCE IN 2013

Objectives	Indicators	Targets			Achievements		
1. Promoting Voluntary Compliance (Cont'd)	• No. of cases identified for investigation following department's intelligence work	60			76		
	• Number of intelligence visits conducted	225			407		
	• Number of surprise visits conducted by the intelligence	50			52		
	• 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	2,276	150.2	Income Tax	4,951	315.07
		Corporate Tax	753	1,078.7	Corporate Tax	1,658	2,092.68
		VAT	360	646.3	VAT & Others	802	1,327.55
		Total	3,389	1,875.2	Total	7,411	3,735.3
	• Percentage of the no. of cases where business audit is completed within 3 months of its beginning to the total no. of audits	20% - MSTD			56.4% - MSTD		
• Percentage of the no. of cases where business audit is completed within 6 months of its beginning to the total no. of audits	Up to 70% - MSTD			86% - MSTD			
• Arrears collected	Rs 1,300 million			Rs 1,699 million			
• Percentage of total amount of old collectible debt collected to total collectible debt at the start of the year	25%			21.1%			

THE MRA'S PERFORMANCE IN 2013

Objectives	Indicators	Targets	Achievements
1. Promoting Voluntary Compliance (Cont'd)	• Percentage reduction in book balance of old debt at the start of the year	12%	11%
	• Number of visits for widening of tax base	75	86
	• Number of items of information placed on system	75,000	104,750
	• Number of sources from which information is to be collected	750	1,000
	• Number of new taxpayers as a result of information matching	3,000	4,500
	• 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 2013	All Budgetary Proposals and PBB sent in October 2013 & Inputs for Finance Bill sent in December 2013
	• VAT Invoice & Lottery Scheme	June 2013	Work initiated in 2013 and project almost completed and ready to be launched in early 2014
	• Preparation of Papers / Briefs in connection with taxation issues	12	13

THE MRA'S PERFORMANCE IN 2013

Objectives	Indicators	Targets	Achievements
2. Providing quality services	• Average number of days for registering taxpayers	3	3
	• Number and amount of refunds – Income Tax	N/A	40,431 income tax refunds for the year 2013 were effected amounting to Rs 391m
	• Percentage of returns filed electronically to total no. of returns	LTD - 100% MSTD - Company above Rs10m-92% - Company below Rs 10m-65% - Individuals - 85%	LTD - 97.3% MSTD - Company above Rs10m-90.4% - Company below Rs 10m-65.8% - Individuals - 90%
	• Number of e-payment users at Customs	1,135	1,464
	• Number of awareness-raising campaigns organised	35	41
	• Number of educational seminars conducted	35	36
	• Number of taxpayer information leaflets/ tax bulletins issued, published & distributed	20	21
	• Number of times MRA website is updated	As and when needed	561 times
	• Number of subscribers to MRA Taxpayer Mailing Service	10,000	10,707
	• Taxation syllabus in schools	By December 2013	Is in progress
	• Percentage of telephone calls answered	100%	77%
	• Time within which tax payers calling at office are served (Average Serving Time)	6 minutes	3 minutes

THE MRA'S PERFORMANCE IN 2013

Objectives	Indicators	Targets			Achievements		
3. Facilitating trade and ensuring border and society protection	• Percentage of import declarations selected for physical inspection	10%			12%		
	• Average dwell-time for cargo	<i>Channels</i>	<i>Sea</i>	<i>Air</i>	<i>Channels</i>	<i>Sea</i>	<i>Air</i>
		Green	40 mins	30 mins	Green	46 mins	9 mins
		Yellow	3½ hrs	40 mins	Yellow	12 hrs 26 mins	26 mins
		Red	22 hrs	12 hrs	Red	27 hrs 8 mins	10 hrs 13 mins
	• Maximum time taken to issue a tariff ruling	45 days (As per to Law)			2 days		
	• Exports clearance time	Sea: 3 minutes Air: 25 minutes			Sea: 2 minutes Air: 6 minutes		
	• Narcotics seizures	N/A	Narcotics		Weight/Qty	Value (Rs)	
			Heroin	11,832 gms		177.5 m	
			Hashish	1,046 gms		2.6 m	
			Subutex	5,740 units		9.2 m	
			Cannabis	9,600 gms		4.3 m	
			Cannabis seeds	242		0.0242 m	
			Psychotropic substances	65 unit		0.00325	
Other			5.66 gms		0.0849		
		TOTAL VALUE		193.7 m			
• Total number of post-clearance audits during the year	135			129			
• Total number of Customs Offence Reports (CORs) raised	600			1,073			
• Duties and taxes raised from CORs	Rs 28 million			Rs 41.1 million			
• Duties & taxes collected from CORs	Rs 20 million			Rs 20.9 million			
• Penalty collected from CORs	Rs 20 million			Rs 14.7 million			
• Duties and taxes raised as a result of value upliftments	Rs 20 million			Rs 24.0 million			
• Number of excise offences detected	25 Seizure of plastic bags – 15 Fine for excise offences – Rs500,000			6 2 Rs 1.2m			
• Number of audits of excise operators	110			201			

THE MRA'S PERFORMANCE IN 2013

Objectives	Indicators	Targets	Achievements	
4. Strengthening good governance and improving corporate image	• Number of declarations of assets verified and reports produced	150	220	
	• Number of cases of complaints/allegations where enquiries initiated	All	All - (28 cases)	
	• Number of full-fledged investigations	20	24	
	• Number of cases where disciplinary action was recommended	10	18	
	• Conducting Integrity workshops	1	1	
	• Publishing of an approved Integrated Policy Statement	1	1	
	• Preparing & implementing Annual Audit Plan using a risk-based methodology	March 2013	Completed	
	• Preparation of an Annual Internal Audit Report	March 2013	Completed	
	• Number of system audits	8	9 systems audited <ul style="list-style-type: none"> • Revenue Collection – Reporting to DG & Treasury Reconciliation • Third Party Information • Gaming • Unclaimed goods at MCCI • Tax Audit – LTD • Debt Management • Review of collection System at Custom House • Examination of containers • Leave & Attendance 	1 audits in progress <ul style="list-style-type: none"> • Port & Airport surveillance & enforcement unit
	• Number of transaction audits in main areas of revenue systems	15	12 completed 3 in progress	
	• Designing the mechanism of Board Evaluation	April 2013	Completed	
	• Preparation of Annual Report	June 2013	Completed within the statutory deadlines	

THE MRA'S PERFORMANCE IN 2013

Objectives	Indicators	Targets	Achievements
5. Modernising IT	<ul style="list-style-type: none"> ITAS – Making ITAS fully operational 	Remaining 25% TPOS: Go Live by June 2013 in a phased approach with a segment of taxpayer base	85% Completed
	<ul style="list-style-type: none"> Use customised software for matching information from third parties with data in tax returns 	Live import & Export from CMS by Nov 2013	85% Completed
	<ul style="list-style-type: none"> Paperless Initiative, EDRMS & e-assessment 	Post Room – First Milestone April 2013 E-Objection – Oct 2013	90% Completed
	<ul style="list-style-type: none"> Acquisition of software licenses 	Timely renewal of software licenses well before expiry	100% Completed
	<ul style="list-style-type: none"> Security & Network upgrade 	VLAN –June 2013 Fibre Optics LAN & WAN connectivity – Aug 2013	100% Completed
	<ul style="list-style-type: none"> Enhancement of FIN/HRMS 	Completion of OTL module for interfacing with time & attendance system	85% Completed
	<ul style="list-style-type: none"> Computerisation of Airport Passenger Terminal 	100%	100% Completed
	<ul style="list-style-type: none"> Renew ICT equipment progressively for optimal performance 	Timely replacement of ICT equipment	100% Completed
	<ul style="list-style-type: none"> Acquisition of medium-sized servers 	Procurement of Blade Servers by Oct 2013	95% Completed
	<ul style="list-style-type: none"> Re-locate GRA server to MRA 	By March 2013	100% Completed
	<ul style="list-style-type: none"> Extend IT services to MRA's Rodrigues Branch 	By September 2013	95% Completed
	<ul style="list-style-type: none"> General requests from Users and stakeholders 	Continuous	85% Completed
6. Processes & technology -modernising business processes	<ul style="list-style-type: none"> Finalisation of Performance Indicators and targets / benchmarks for different departments in MRA 	March 2013	<ul style="list-style-type: none"> Completed Reports for all depts/ divisions finalised Performance Report of Management Team & MRA submitted to Board
	<ul style="list-style-type: none"> Maintenance & Sustainability of ISO Certification 	Conducting Audits & Training -To be reported on a monthly basis	Completed
	<ul style="list-style-type: none"> E-services Enhancements (Login/password, prefilling, save draft) 	Completed by April 2013 for individual Income tax & Societe Return	100% Completed
	<ul style="list-style-type: none"> Draft & implement a Business Continuity & Disaster Recovery Plan 	Warm Mode – by September 2013	95% completed
	<ul style="list-style-type: none"> Monitoring performance of different departments against set targets/benchmarks 	Monthly monitoring	Being done on a monthly and cumulative basis
	<ul style="list-style-type: none"> Monitoring of Performance Based Budget 	Quarterly	Submitted on a quarterly basis

THE MRA'S PERFORMANCE IN 2013

Objectives	Indicators	Targets	Achievements
7. People – Developing a learning organisation	• No. of Internal Training Programmes conducted	55	60
	• % staff who completed Induction Training	100%	100%
	• % utilisation of amount allocated for training	100%	99.63%
	• No. of Man Days provided	15,000	24,227 Man days
	• Updating training needs analysis based on Performance Appraisal exercise	March 2013	Training Needs Analysis 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%	4.22%
	• Time Taken (months) to fill in vacancies after advertisement	2 months	189 posts filled during the year & in most cases the prescribed timeframe is being adhered to
	• Rate of staff turnover	2%	1.01%
	• 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	19
	- Bridging the gap programme for Lower VI students	75 per year	72
	• 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	27
	• No. of improvements / enhancements to HRMS	3	Oracle Upgrade, Overtime Labour & E-recruitment – work in progress

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GLOSSARY

AEO	Authorised Economic Operator
COR	Customs Offence Report
CPS	Current Payment System
DOAs	Declaration Of Assets
EDRT	Expeditious Dispute Resolution of Tax
FY	Financial Year
GRA	Gambling Regulatory Authority
IOC	Indian Ocean Commission
IRS	Integrated Resort Scheme
KPIs	Key Performance Indicators
LTD	Large Taxpayers Department
MaCCS	Mauritius Cargo Community System
MOU	Memorandum of Understanding
MRA	Mauritius Revenue Authority
MRASA	Mauritius Revenue Authority Staff Association
OTS	On-line Tracking System
PATS	Plaisance Air Transport Services
PAYE	Pay As You Earn
PCCA	Post-Clearance Control Audit
RES	Real Estate Scheme
SADC	Southern African Development Community
SAP	Systems Applications & Products
SICOM	State Insurance Company of Mauritius Ltd
SSR	Sir Seewoosagur Ramgoolam
TASS	Tax Arrears Settlement Scheme
TDS	Tax Deducted at Source
TECD	Taxpayers Education Communication Department
VAT	Value-Added Tax
VDIA	Voluntary Disclosure Income/Under-declared VAT Arrangement
VRIS	VAT Registration Incentive Scheme
WCO	World Customs Organisation

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

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