



MAURITIUS REVENUE AUTHORITY

ANNUAL REPORT 2008/09



COMMITMENT BEYOND REVENUE

MRA @ YOUR SERVICE

MRA @ Your Service



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Chairperson's Foreword



VASDEV HASSAMAL
Chairperson

The setting up of the Mauritius Revenue Authority in 2006 was a bold and timely initiative of the Government since the tax administration at that time required a major reform in order to meet the rising expectations of the three major stakeholders, namely, the Government, taxpaying public and employees. At the same time, embarking on the MRA project involved serious apprehensions particularly relating to the smooth transition from a Government to a para-statal platform, optimum mobilisation of revenues, improvement in service delivery and trade facilitation.

The smooth operation of the MRA, since its inception, indicates quite clearly that this initiative of Government has been a resounding success. On the revenue collection front, the MRA has, every year, successfully realised the targets set by the Ministry of Finance & Economic Empowerment. During the Financial Year 2008-09, total collections touched Rs 47.2 billion, an increase of 12.1% over the previous period, in spite of the global recession which adversely affected consumption and hence tax revenues.

On the operation front, one cannot miss the freshness in the new style of tax administration introduced by the MRA. The Customer Service Centre at the ground floor of the MRA headquarters offers all the comforts of a modern waiting hall where taxpayers are received and assisted in meeting their tax obligations.

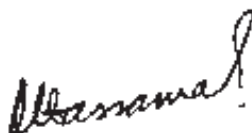
The Taxpayer Education and Communication Strategy of the MRA has been highly effective in not only informing the taxpayer of his rights and obligations but in establishing a noticeably friendly rapport with the taxpayer which is most conducive to improving taxpayer confidence and hence his compliance to tax laws.

Chairperson's Foreword

Modernisation has been the major theme underpinning the first Corporate Plan of the MRA. In order to translate this theme into practice, the MRA has been continuously introducing reforms at all levels of tax administration with a view to raise its efficiency and effectiveness to international standards. Today a new taxpayer gets registered with the MRA within three days of submitting his documents. More than 80% of income tax refunds are cleared within 90 days. And the taxpayer having internet facilities can now fill and submit his tax returns from the comfort of his home or even when overseas, within three minutes. Through internet banking, he may make his payment with a click of the mouse. These tasks were hitherto considered tedious and time consuming by the average taxpayers. Let me reassure one and all that the MRA does not intend to relax its reform and modernisation agenda as it considers that both the taxpaying public and the business community deserve a prompt and efficient, world class service.

The third Annual Report of the MRA captures its major achievements during the Financial Year 2008-09 and provides a good opportunity to all our stakeholders and readers to glance through all our initiatives and activities undertaken during the year in order to achieve the two prime objectives of revenue collection for the Government and better services for the taxpayers.

In conclusion, I wish to thank the members of the MRA Board, the Director-General and the Management Team for a successful third year. Above all, I thank the whole staff of MRA for their unflinching dedication without which the Organisation would not have completed three years of successful operation with the promise of even greater success in the years to come.



V. Hassamal
Chairperson

Director-General's Review



SUDHAMO LAL
Director-General

The Mauritius Revenue Authority (MRA) has completed three years of operation, a period sufficient enough to reflect on the achievement of its strategic objectives laid down in the Corporate Plan and give shape to its future priorities and projects.

A critical examination and review of MRA's performance since its launch in July 2006 reveals that the bold initiative of the Government in setting up a semi-autonomous Revenue Authority has been, by and large, highly successful. Dismantling the civil service structure in revenue administration and implementing the concept of a Revenue Authority by bringing, within its fold, the erstwhile revenue departments, have produced tangible results in terms of higher revenue collections, improved services to taxpayers and efficiency gains. MRA has certainly injected freshness in the way revenue administration is run and is committed to introduce more reforms in the years to come.

Going back to the first year, the major challenge involved the setting up of a sound platform to enable the organisation attain the take off stage. The implementation team and the MRA Board showed the required ingenuity to overcome the initial stumbling blocks which could have nipped the organisation in the bud. Recruiting and transferring personnel of different departments under a single organisation, changing the pay structure and work conditions was a very challenging affair, full of pitfalls and swamps which could have swallowed the entire project in no time.

However, events that unfolded during the first year of operation witnessed a smooth implementation of the MRA project in which the transition was achieved without any human resource discontent, and more importantly, without disrupting services to taxpayers.

Director-General's Review

Ever since the MRA has been in operation, optimising revenue collections has been amongst its topmost priorities. The yardstick of performance here is the budgetary projections. Having almost achieved the revenue targets set by the Ministry of Finance and Economic Empowerment in the first year and surpassing those of succeeding years by 10% and 5% respectively, MRA has satisfactorily met its revenue objective. In 2008-09, global economic recession threatened to make a dent on MRA revenue collections by adversely affecting level of consumption and hence VAT receipts. However, total revenue collections amounted to Rs 47,247 million, exceeding initial Budgetary provisions (Rs 45,206m) by 4.5% and the Revised Estimates (Rs 45,027m) by 4.9%.

In the sphere of service delivery, the integration of the civil service departments and the relocation of their staff under a single roof with a modern public reception area on the ground floor at Ehram Court have helped in re-defining taxpayer services. And the inauguration of the new Customs House soon, offering a one-stop-shop facilities to the trading community, will enhance trade facilitation and raise the level of services to international standards.

Indeed, improving the administration of revenues and meeting the needs and requirements of the taxpayers whilst implementing the modernisation agenda have been, and shall remain, a continuous endeavour at the MRA. Following are the prominent achievements of MRA in different spheres:-

- Broadening the VAT taxpayer base by 9% and registering 21,178 new income taxpayers;
- Reducing applications for refunds from 42,727 in 2007-08 to 19,398 in 2008-09 and disposing off 84% of refund applications within 90 days;
- Issuing tax residence certificates within one week;
- Issuing VAT repayments within 7 days for fast-track cases;
- Completing fiscal investigations in 98 cases, spread across various trades and professions, with an average yield of Rs 2 million;
- Launching prosecution in some cases based on fiscal investigations;
- Issuing advance rulings in 23 cases;
- Receiving 9,477 individual income tax returns electronically representing 500% increase over the preceding year;
- Operating 90 e-filing service centres compared to only 10 in the preceding year;
- Collecting 56% of total tax electronically;
- Increasing the number of corporate users availing themselves of e-payment facilities from 1,182 to 3,493;
- Launching e-payment facilities for individual taxpayers;
- Collecting arrears of tax amounting to Rs 1.08 billion;
- Updating the MRA website 596 times, with over 7 million hits recorded;
- Limiting average cargo dwell time to a few hours;
- Detecting around 400 offences at the port and airport through the X-ray scanners;
- Launching the tax stamps on cigarettes to counter smuggling;
- Hosting the 17th sub-committee on Customs co-operation in November 2008;
- Hosting the CATA training workshop in August 2008;
- Conducting 10,583 man-days of training to staff;

Director-General's Review

- Computerising personnel administration, payroll and leave applications;
- Training 22 unemployed graduates and diploma holders under the Empowerment Programme;
- Collecting 572 pints of blood during the third MRA blood donation campaign;
- Conducting 9 system & transactions audits in core and sensitive areas; and,
- Conducting training on Code of Conduct and Ethics for the staff of the MRA.


The overall thrust is on improving internal processes and procedures, providing prompt and efficient services to the taxpayers, raising skills and commitment of employees and strengthening the effectiveness of the Organisation. The latter objective is sought to be achieved by continually widening and deepening the tax base, in such a way that everyone who is liable to tax, in both the formal and informal sectors, pays his fair share of tax. The salient feature of our future plan of action includes the following:

- Expediting implementation of the Integrated Tax Administration Solution (ITAS);
- Carrying out a Taxpayer Satisfaction Survey to gauge the satisfaction of taxpayers;
- Carrying out an Employee Satisfaction Survey to assess the level of satisfaction of the staff;
- Promoting e-filing of income tax returns, particularly by individuals;
- Promoting e-payment of taxes;
- Implementing Customs Management System (CMS) II;
- Introducing parametric selection of cases for tax audit;
- Expediting implementation of a

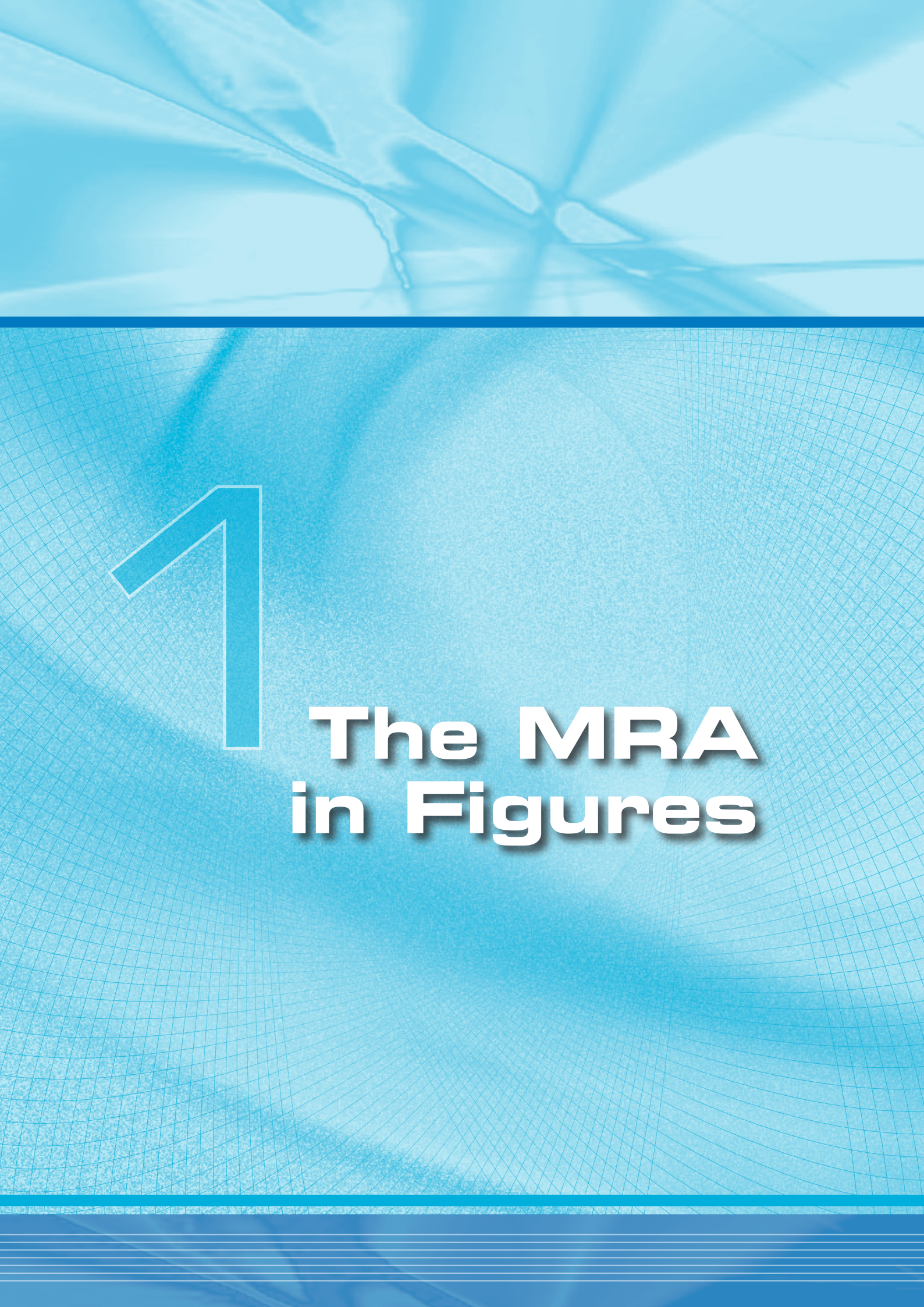
Document Management System;

- Implementing payment of tax in foreign currency by offshore companies;
- Introducing Bar Coding System for Customs declaration;
- Implementing a Business Continuity and Disaster Recovery Plan;
- Implementing ISO 9001:2008 in all departments and divisions of the MRA;
- Carrying out a study to minimise waste in the utilisation of resources;
- Expediting the Cargo Community System;
- Expediting the single window project at Customs; and,
- Creating an Enforcement Team at the Excise section.

I wish to conclude by stating that the MRA will spare no effort in taking its modernisation agenda further. And I am confident that with the able guidance of the Ministry of Finance & Economic Empowerment, the assistance and co-operation of the members of the Board and the unflinching support of all the staff, the MRA will succeed in achieving its objective of becoming a world class Organisation at the disposal of all its stakeholders.



Sudhamo Lal
Director-General



1

The MRA in Figures

The MRA in Figures





2

Our Role

Our Role

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

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

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

It manages and collects:

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



**Vision,
Mission &
Core values**

Vision, Mission & Core Values



MAURITIUS REVENUE AUTHORITY



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

Vision

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

Mission

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

Core Values

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

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

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

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



4

Taxpayer's Charter

Taxpayer's Charter



MAURITIUS REVENUE AUTHORITY

TAXPAYER'S CHARTER



YOUR RIGHTS

- (i) Knowing your rights is essential for the entire revenue collection system to function properly and efficiently. You **MUST** know, understand and uphold your rights.
- (ii) You have the following RIGHTS
 - To be treated as Honest and Truthful unless there is evidence to the contrary;
 - To be treated with respect and common courtesy by all our officials;
 - To expect full confidentiality within legal provisions in respect of your personal right to privacy;
 - To seek clarification on any rule or legislation and its implementation ;
 - To seek and receive information on all issues pertaining to our operations;
 - To question and constructively criticise our service levels and the manner in which we have communicated with you;
 - To expect fair and just treatment regardless of whether you have agreed with our decisions, complained, committed offence or criticised us;
 - To receive your refunds promptly and within deadlines set;
 - To challenge and question our decisions with regard to taxes you are required to pay;
 - To expect us to accept if we have made a mistake in our decisions or dealings and courteously apologise for the same;
 - To request that your tax affairs be re-examined by exercising your right to object and appeal when you are not satisfied with our decisions; and
 - To be represented and advised.

Taxpayer's Charter

YOUR OBLIGATIONS

- (i) To assist us in performing our duties and delivering you World Class Service, you have the following obligations.
- (ii) You should
- Submit your returns on time;
 - Make payment of the correct amount of tax on time;
 - Maintain up-to-date and accurate records on all matters that may be relevant to your dealings with us;
 - Notify us of relevant changes in circumstances;
 - Notify us of any mistakes promptly;
 - Submit all relevant information accurately in order to enable us to assess your tax liability correctly as per the law;
 - Provide appropriate facilities to MRA officers to enable them to conduct tax audits on your business premises;
 - Lodge your representations/appeal within the prescribed time;
 - Know your rights, obligations and our commitments, so that you may achieve the most efficient and effective interaction with us;
 - Promptly report on any dealings that you may believe are contrary to law;
 - Promptly report in detail any wrong doing by any of our officers ; and
 - Contact us immediately if you have realised that you may have acted contrary to any of the above points. We shall endeavour to assist you in rectifying the situation in the best interest of all.
- (iii) If in doubt on any of the above, please contact your tax advisor or contact us directly – by phone, e-mail or in person at one of our offices.



5

Organisational Structure

Organisational Structure



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

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

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

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

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

Organisational Structure

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

There are two specialised divisions, **Internal Affairs** and **Internal Audit**, which report directly to the Board. Internal Affairs is responsible for integrity management within the MRA and is charged with improving staff integrity and the public perception of the organisation's integrity. Internal Audit is responsible for giving an independent assurance on controls, risk management and governance.

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

Customs and Tax Operations

The directors of the Customs Department, Large Taxpayers Department and Medium & Small Taxpayers Department are responsible for the efficient and effective assessment and collection of duties and taxes relevant to their respective departments. **The Customs Department** manages the administration of Customs and Excise duties and aims to facilitate trade through efficient border-control procedures, whilst the **Large Taxpayer** and **Medium & Small Taxpayer Departments** manage the administration of all other taxes, including Income Tax, Value-Added Tax and Gaming taxes. The Director of Fiscal Investigations ensures that the **Fiscal Investigation Department** conducts investigations into potential tax-evasion cases, collects evidence relative to these

cases and submits reports to prosecuting authorities for final assimilation and decision. It also deals with international enquiries or requests for assistance from overseas investigative agencies.

Shared operational services

The Director of Operational Services manages the **Operational Services Department** and ensures that the key shared services of registration, service delivery, processing & e-filing and debt management are performed efficiently and effectively, and that those services fully support the Customs and tax operational departments in their work.

Shared corporate services

The Director of the **Human Resources and Training Department** is required to design and implement best-practice human resources management and training and develop policies so that the MRA is regarded as a leading employer and can attract, motivate, develop and retain high-quality staff.

The functions of the Director of the **Finance and Administration Department** include budget preparation for submission to the Board, the recording and monitoring of revenue and expenditure, and the production of financial and management accounts. The Department also provides administrative support and ensures that all the statutory reporting responsibilities of the MRA are fulfilled.

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

Organisational Structure

The Director of the **Research, Policy and Planning Department** oversees the MRA's research, policy, planning and monitoring activities, and ensures that quality management information is provided to the Board, Management Team and other key decision-makers.

The Director of the **Legal Services Department** initiates, prepares and prosecutes/defends cases on behalf of the MRA, reviews tax laws, submits proposals

for amendments and provides general legal assistance on matters such as contract, liability or employment issues.

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



Revenue Collections: An Overview

Revenue Collections: An Overview

6.1. TOTAL COLLECTIONS

Revenue collections for the FY 2008-09 amounted to Rs 47.2 billion, Rs 2.0 billion above the budgeted projections and Rs 2.2 billion more than the revised estimates. The breakdown of the actual revenue collected by tax type is shown in Table 1.

Table 1: Revenue Collection for the year ended 30 June 2009 (Rs m)

	Budgeted Estimates	Revised Estimates	Actual Collections ¹	% increase/decrease over budgeted estimates
Corporate Tax	6,800	8,500	10,331	52%
Personal Income Tax	3,825	4,080	4,014	5%
Tax Deduction at Source	810	850	863	7%
NRPT	130	114	121	-7%
Value-Added Tax	20,200	18,600	19,044	-6%
Customs Duties	1,475	1,475	1,501	2%
Excise Duties	8,930	8,680	8,506	-5%
Taxes on Gambling	1,600	1,555	1,547	-3%
Temporary Solidarity Levy	230	102	101	-56%
Licences	19	17	16	-18%
Customs & Excise Fees & Fines	32	35	45	40%
Environment Protection Fees	295	158	159	-46%
Passenger Fees	600	541	572	-5%
Special Levy on banks	260	320	333	28%
Miscellaneous ²	-	-	94	-
Total	45,206	45,027	47,247	5%

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 Passenger Solidarity Fee & Miscellaneous for Customs & Miscellaneous fines

As evident from Table 1, the increase over budgetary projections was mainly attributable to additional collections of Rs 3,531 million in respect of corporate tax. Other taxes/duties in respect of which actual collections exceeded budgetary estimates included personal

Revenue Collections: An Overview

income tax (Rs 189 million), tax deduction at source (Rs 53 million), special levy on banks (Rs 73 million) and customs duties (Rs 26 million). Collections in respect of some other taxes were below targets mainly as a result of the global recession and facilities given to operators in the hotel industry under the Additional Stimulus Package. Thus, collections from VAT, Excise Duty, Temporary Solidarity Levy, Environment Protection Fee and Passenger Fee were below their budgetary targets by an aggregate amount of Rs 1,873 million.

The net impact of collections from all taxes taken together is an excess of actual collections over budgeted estimates by Rs 2.04 billion i.e. by 5%.

	2005-06	2006-07	2007-08	2008-09
Corporate Tax	4,704	4,922	6,234	10,331
Personal Income Tax	2,768	2,405	3,425	4,014
Tax Deduction at Source	-	410	800	863
NRPT	-	-	119	121
Value-Added Tax	13,710	15,492	18,508	19,044
Customs Duties	3,046	2,157	2,636	1,501
Excise Duties	6,618	7,440	7,900	8,506
Taxes on Gambling	993	1,133	1,399	1,547
Temporary Solidarity Levy	-	156	202	101
Environment Protection Fees	-	-	209	159
Passenger Fees	-	-	542	572
Special Levy on banks	-	-	67	333
Miscellaneous	-	-	101	155
Total	31,839	34,115	42,144	47,247

In FY 2008-09, revenue collections by the MRA registered a two digit growth for the second successive year i.e. 12% growth after

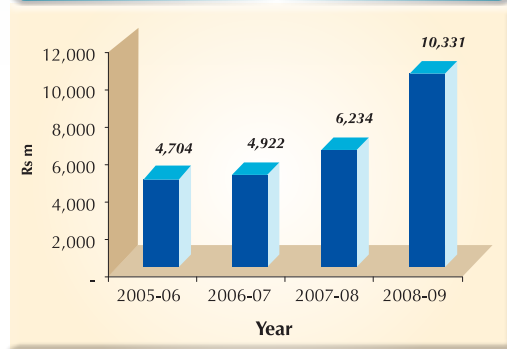
growing by 24% in FY 2007-08. Compared to the preceding year, all major taxes, duties and fees, excluding those where there have been major policy interventions, registered a growth in spite of the global recessionary impact. A more detailed analysis of the sources of growth is given in the next section.

6.2. DIRECT TAXES

6.2.1. Corporate Tax

Collections under Corporate Tax in FY 2008-09 amounted to Rs 10,331 million, that is, more than Rs 4 billion (66%) above last year's collections. This is attributable to:-

Chart 1: Corporate Tax (Rs m)



- Introduction of Advance Payment System (APS) in July 2008 requiring large taxpayers to pay tax on a quarterly basis;
- Payment of 33% of tax due for AY 2008-09 by large companies, in addition to APS. As per the law, the remaining 67% is payable in the next two assessment years. However, some companies, mainly in the global business sector, effected full year payment for AY 2008-09 during the year instead of staggering the payment over 3 years;
- Payment of Self Assessment tax by some companies for Assessment year

Revenue Collections: An Overview

2009 mainly on account of a change in the due date for filing of returns to six months from the end of the month in which the accounting period of a company ends; and

- Relatively high growth in receipts from the banking, global business and real estate sectors.

6.2.2. Personal Income Tax

Personal Income Tax collections totalled Rs 4,014 million and were higher than last year's collections by 17% i.e. by Rs 589 million.

Table 3: Personal Income Tax Collections (Rs m) - 2005-06 to 2008-09

	2005-06	2006-07	2007-08	2008-09
PAYE	2,393	2,038	2,464	3,070
CPS	141	153	210	241
Self-assessment	403	443	561	588
Refunds	-331	-383	-120	-116
Arrears	161	154	310	231
Total	2,767	2,405	3,425	4,014



Taxpayer remitting his return & effecting payment at Ehram Court

The increase in Personal Income Tax (PIT) collections has been triggered by higher PAYE collections of around Rs 600 million which is partly due to salary increases following the Pay Research Bureau (PRB) Report. Other main components of PIT have evolved as follows:

- Current Payment System (CPS) grew by 15% consequent upon successful enforcement actions of MRA;
- Self-assessment receipts grew by only 5% as the downward trend in interest rates adversely affected collections from taxation of interest income;
- Refunds fell by 3% as more employers applied the cumulative PAYE system more effectively;
- Arrears collections were lower by 25%. However, the preceding year's collections included exceptional receipts from the Voluntary Disclosure Incentive Scheme (VDIS) and Tax Arrears Payment Incentive Scheme (TAPIS). Compared to FY 2006-07, arrears collections in the year under review rose by 50%.

6.2.3. National Residential Property Tax

Collections under NRPT grew by 1.7% from Rs 119 million in FY 2007-08 to Rs 121 million in FY 2008-09. Individual taxpayers paid Rs 88 million whilst companies paid Rs 33 million. Of the individuals paying NRPT, 1,768 were non-residents.

Table 4: Number of taxpayers subject to NRPT - 2007-08 to 2008-09

	2007-08	2008-09
Individuals	16,844	18,952
<i>Non residents</i>	936	1,768
Companies	147	172
Total	16,991	19,124

6.2.4. Tax Deduction at Source

Collections under TDS increased from Rs 800 million in FY 2007-08 to Rs 863 million in FY 2008-09. As depicted in Table 5, receipts

Revenue Collections: An Overview

rose in respect of all payments having a TDS liability except interest which registered a fall of 2% from Rs 356 million to Rs 349 million owing to successive reductions in the deposit rate and ultimately in the amount of interest received. Collections in respect of other payments registered a two-digit growth ranging from a low of 10% for contractors/subcontractors to a high of 25% for royalties.

Table 5: TDS collections (Rs m) - 2006-07 to 2008-09

	2006-07	2007-08	2008-09
Interest	173	356	349
Rent	131	221	264
Payment to contractors/subcontractors	81	173	190
Payment to providers of specified services	17	34	40
Royalties	8	16	20
Total	410	800	863

6.3. INDIRECT TAXES

6.3.1. Value-Added Tax

Table 6: Total VAT collections (Rs m) - 2005-06 to 2008-09

	2005-06	2006-07	2007-08	2008-09
VAT at office	8,340	10,110	12,039	12,243
VAT at importation	8,468	9,600	11,463	12,119
Repayments	-3,098	-4,218	-4,994	-5,318
Net VAT	13,710	15,492	18,508	19,044

VAT collections grew by only 3% in FY 2008-09 in contrast to 13% and 19% in FY 2006-07 and FY 2007-08 respectively. The slower growth was mainly owing to the global recession resulting in slowing down of growth in collection from VAT at

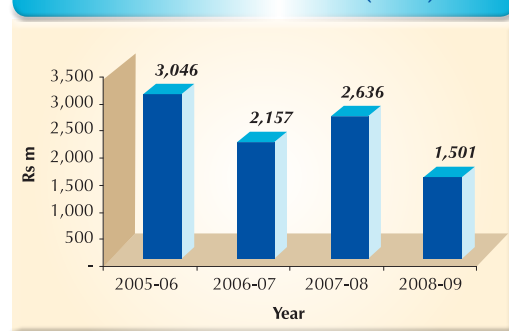
office and VAT at importation to 2% and 6% respectively.

A sectorwise analysis of VAT at office, considered to be mainly responsible for shortfall in VAT collections, revealed that collections with respect to tourism sector dropped by 14.6% in FY 2008-09 resulting in a decline from 23% to 19% of the share of tourism sector in total VAT at office collections. During the critical period November 2008 to January 2009, VAT from the tourism sector fell by Rs 271 million compared to the corresponding period in the preceding year. Similarly, during that period, VAT at office collections from the manufacture of food items also fell by Rs 45 million.

6.3.2. Customs duties

As shown in Chart 2, receipts from customs duties continued to fall over the years with the slashing of custom duty rates on a wide range of items in successive budgets, except in FY 2007-08 where the rates were maintained. For the year under review, the projected collections were Rs 1,475 million and the amount actually collected (Rs 1,501 million) was higher than projections.

Chart 2: Custom Duties (Rs m)



Revenue Collections: An Overview

6.3.3. Excise duties

Table 7: Total Excise duties collections (Rs m) - 2007-08 to 2008-09

Excise Duties on	2007-08	2008-09
Spirits, Liquors & Alcoholic Beverages	1,984	2,124
Tobacco products	2,330	2,098
Motor Vehicles & Motor Cycles	1,518	1,852
Petroleum Products	1,965	2,213
Plastic Products	103	124
Miscellaneous Excise	-	95
Total Excise Duties Collected	7,900	8,506

Excise duties registered a growth of 8%, mainly driven by a significant growth in receipts from motor vehicles (22%) and petroleum products (13%). Collections in respect of petroleum products include MID Levy on Petroleum products and LPG which amounted to Rs 151 million. The MID Levy which was introduced in the 2008-09 Budget at the rate of 15 cents per litre for petroleum products, 15 cents per kilo on LPG and 15 cents per kilo on coal, goes into the MID Fund. Total Mid Levy collections, inclusive of Rs 88 million of Mid Levy on Coal, thus totalled Rs 239 million which is nearly 3% of total excise collections. Growth was also registered in collections from plastic products (20%) and alcoholic products (7%).

Import excise duties from tobacco products registered a 10% drop mainly on account of:-

- (i) Huge imports of tobacco products in the month of May 2008 because of apprehension in the minds of importers regarding increase in excise duty rates and the introduction of tax

stamps as from 01 July 2008;

- (ii) Implementation of the Public Health (Restrictions on Tobacco products) Regulations 2008 as from March 2009 regarding smoking in public places.

6.3.4. Gambling

Table 8: Tax collections on Gambling activities (Rs m) – 2005-06 to 2008-09

Type of Gambling activity	2005-06	2006-07	2007-08	2008-09
Tax on Gaming (casinos)	689	745	940	962
Tax on Betting	291	374	445	569
<i>B/makers</i>	213	268	283	375
<i>Tote</i>	57	85	140	176
<i>Pool</i>	20	21	22	18
Tax on lotteries	13	14	14	16
Taxes on Gambling	993	1,133	1,399	1,547

For the year under review, tax receipts from gambling have increased by 11%. Betting taxes grew at a rate of 28% triggered by increases in the turnover of bookmakers and totalisators. The licensing of operators to accept bets in international events such as football matches explains the surge in the turnover of these operators resulting in higher taxes. As regards taxes on casinos, the rate of growth has been relatively low at around 2%. Taxes in respect of lotteries have increased by 14% to reach a total collection of Rs 16 million in FY 2008-09.

6.3.5. Fees/Levies

Table 9 gives a comparative picture in respect of collection from some fees and levies:

Revenue Collections: An Overview

Table 9: Type of Fee/Levy and payments made (Rs m) – 2007-08 to 2008-09

Type of Fee/ Levy	2007-08	2008-09
Temporary Solidarity Levy	202	101
Environment Protection Fee	209	159
Passenger Fee	542	572
Special Levy on banks	67	333
Licence fee	16	17

6.3.5.1. Solidarity Levy

In the midst of the global recession, one of the measures announced by the Minister of Finance and Economic Empowerment in the Additional Stimulus Package to support the tourism sector was to suspend the Temporary Solidarity Levy for the period 1 January 2009 to 31 December 2010. Accordingly, only an amount of Rs 101 million was collected from the levy in respect of the first six months of FY 2008-09. When compared to the same period in the preceding year, a 25% fall in collection is observed. It is mainly on account of the impact of economic recession on tourism sector.

6.3.5.2. Environment Protection Fee (EPF)

The Additional Stimulus Package also provided for a review of the EPF payable by hotels, guest house or tourist residence through a postponement of the monthly fee payable by these operators to an annual fee. Furthermore, the latter fee is due only if the operator is profitable and payable within four months after the end of their accounting year.

Hence, in FY 2008-09, EPF collected by the MRA amounted to Rs 159 million as compared to Rs 209 million in the preceding year. Out of amount collected in FY 2008-09, Rs 114 million was remitted by hotels, guest houses and tourist residences.

6.3.5.3. Passenger Fee

The global recession which negatively impacted on tourist arrivals led to a lower than expected collections under the Passenger Fee. However, the collections still represented a 5.5% increase from Rs 542 million in FY 2007-08 to Rs 572 million in the year under review.

6.3.5.4. Special levy on banks

Receipts from the Special Levy on banks stood at Rs 333 million and were paid by 16 banks as compared to only Rs 67 million in the FY 2008-09. This surge in special levy in the year under review is explained by the following factors:

- In FY 2007-08, special levy was paid at the rate of 30% of the rate applicable in 2008-09;
- Some banks filed two returns in FY 2008-09, the first for AY 2008-09 and the second for AY 2009 owing to change in return filing deadlines as from 1 July 2008. Special levy was paid in both the returns;
- High rate of growth in the turnover of major banks.

6.3.5.5. Licence Fees

Receipts under licence fees in respect of liquor, Freeport and Miscellaneous from Customs amounted to Rs 17 million in FY 2008-09, 6% higher than preceding year.

Table 10: Licence Fees (Rs m) - 2006-07 to 2008-09

Type of licence	2006-07	2007-08	2008-09
Liquor	9.9	10.2	10.8
Freeport	0.8	4.8	4.7
Others	2	1.4	1.9
Total	12.7	16.4	17.4

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**Efficiency
and Effectiveness
in Revenue
Administration**

Efficiency and Effectiveness in Revenue Administration

7.1. THE KEY PARAMETERS

The MRA has been striving hard to deliver an efficient and effective administration ever since its inception in 2006. A business process re-engineering exercise complemented by the tax reform programme has made it possible to improve efficiency of the organisation. In the area of tax administration, a key initiative has been the successful implementation of a system for measuring and managing output delivery in terms of key parameters. Table 11 highlights MRA's achievements in terms of such Key Performance Indicators (KPIs).

Table 11: Tracking Efficiency

Key Performance Indicators	Targets	2008-09 Results
Registration of taxpayers	3 days	3 days
Income Tax refunds	90 days	84% of refunds effected within 90 days
VAT Repayments	7 days for fast-track cases	97% of fast track repayments effected within 7 days
Issue of Tax Residence Certificates	Within 1 week	Less than 7 days
Issue of tariff ruling	3 days	2.5 days
% of returns filed electronically	LTD: 100%	LTD: 91.5%
	MSTD: 100% increase	MSTD: 208.8% increase
Average dwell time for cargo (Green channel)	Sea : 4 hrs	Sea : 3hrs
	Air : 45 mins	Air : 45 mins
Exports clearance time	Sea : 8 mins	Sea : 7 mins
Cost of collections as a % of receipts	Not more than 2% of revenue receipts	1.68% of revenue receipts

7.2. BROADENING OF TAX BASE

The approach focuses on registering new taxpayers and ensuring filing of returns by all registered taxpayers.

7.2.1. Registration of Taxpayers

A person registered for the first time is assigned a Tax Account Number known as TAN. The taxpayer is then required to use this TAN on all his documents such as invoices, credit notes, delivery notes, etc and in any correspondence with the MRA.

7.2.1.1. Income Tax

Table 12 shows that as at June 2009, there were 225,648 taxpayers on MRA's income tax register, representing a fall of 16.7% compared to FY 2007-08. The decline is mainly attributable to deregistration of emolument earners not having a chargeable income by the MRA.

Table 12 : Registered Taxpayers - 2007-08 and 2008-09

Category	2007-08	2008-09	% Change
Companies	47,896	51,593	7.7
Individuals: Emoluments only	157,601	102,199	-35.1
Individuals: Self employed/ Mixed income	59,214	65,441	10.5
Sociétés	4,239	4,496	6.1
Successions	1,813	1,919	5.8
Total	270,763	225,648	-16.7

If we exclude emolument earners, there was a 9% increase in the number of registered taxpayers. The highest increase was in self-

Efficiency and Effectiveness in Revenue Administration

employed, followed by companies, sociétés and successions. The achievement in broadening the tax base can be evaluated by examining the new taxpayers registered in FY 2008-09 and comparing this with the preceding two years as shown in Table 13.

Table 13: New taxpayers registered during the year

Category	2006-07	2007-08	2008-09	Total
Individuals	14,477	12,893	20,668	48,038
Companies	3,584	9,315	8,302	21,201
Sociétés	105	394	272	771
Successions	52	128	112	292
Total	18,218	22,730	29,354	70,302

Table 13 shows that 29,354 new taxpayers were registered during the year compared to 22,730 in FY 2007-08, i.e. an increase of 29.1%. Out of the newly registered taxpayers in FY 2008-09:

- 70% were individuals;
- 28% were corporate bodies; and
- 2% were sociétés and successions.

7.2.1.2. Value Added Tax

As regards VAT, 1,995 new taxpayers were registered during the year. However, there were 845 de-registrations during the year resulting in net registrations getting reduced to 1,150. Of the total number of VAT registered persons at the end of the year, 84% were companies and only 16% were individuals.

Table 14: Register of VAT Taxpayers

Details	Registrations at the start of the year	Net registrations during the year	Registrations at the end of the year	% Change
Individuals	2,339	(32)	2,307	8.60%
Companies	10,997	1,182	12,179	

7.3. ELECTRONIC FILING AND PAYMENT

In line with Government's *Maurice île Durable* strategy and in its drive to become an environment friendly organisation, MRA continued to build e-business capability across the whole organization during the year. While on the one hand, MRA laid more emphasis on providing services and information electronically to taxpayers, on the other hand efforts were made to encourage e-filing and e-payment through awareness and promotion campaigns directed at individuals and companies.

7.3.1. Corporate E-Filers

Corporate bodies with turnover exceeding Rs 30 million or employing more than 50 employees were compulsorily required to file their income tax and PAYE returns electronically. During the year, e-filing was facilitated with the coming into operation of 80 new e-filing service centres in addition to 10 already existing in the preceding year taking the total e-filing centres to 90. Table 15 shows the evolution of corporate e-filers and revenue collected through the e-payment facility.

Table 15: Trends in Electronic payment

Financial Year	No. of Corporate users	Total Revenue (Rs m)
2004-05	697	10,726
2005-06	733	12,916
2006-07	916	14,355
2007-08	1,182	17,848
2008-09	3,493	26,432

In FY 2008-09, the number of corporate users tripled compared to FY 2007-08 which explains the 48% rise in electronic payment

Efficiency and Effectiveness in Revenue Administration

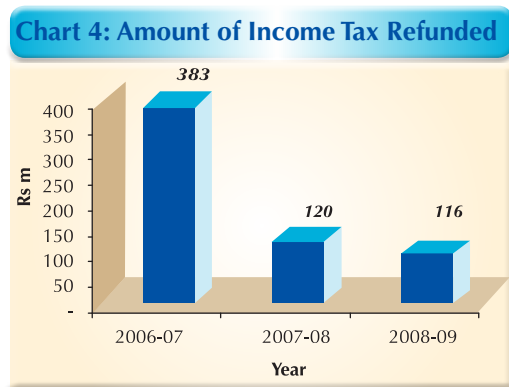
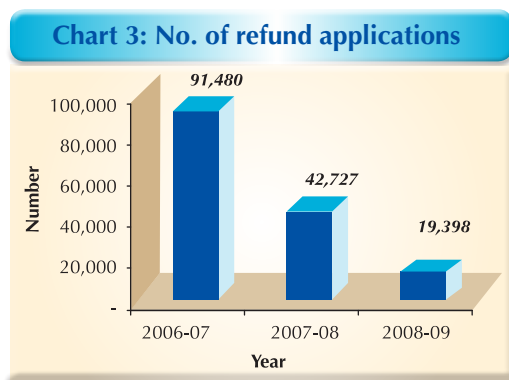
from Rs 17,848 million during FY 2007-08 to Rs 26,432 million during FY 2008-09. E-filing and e-payment have not only improved the speed, accuracy and convenience for filing of tax returns but have also allowed MRA to manage its operations more efficiently. The Government's decision to reduce turnover from Rs 30 million to Rs 10 million for mandatory filing of corporate tax returns electronically with effect from 30 July 2009 will give a further fillip to MRA's effort in this direction in future.

7.3.2. Individual E-Filers

The number of individual e-filers filing their income tax return through the electronic mode rose from 1,585 in FY 2007-08 to 9,477 in FY 2008-09 representing a five-fold increase. MRA is making all possible efforts to further increase the number of individual e-filers.

7.4. REFUNDS AND REPAYMENTS

7.4.1. Income Tax-Refunds



The number of refund applications came down from 42,727 in FY 2007-08 to 19,398 in FY 2008-09, a fall by 55%, representing a tangible benefit of the introduction of cumulative PAYE. Out of 19,398 applications, refunds were effected in 84% of these within 90 days while the remaining were either under investigation or converted into assessments. The total amount of tax refunded amounted to Rs 116 million, i.e. 3.3% lower than in FY 2007-08.

7.4.2. Value Added Tax - Repayment

The fast-track system put in place for repaying VAT to export enterprises i.e. within 7 days continued to operate during FY 2008-09 in conjunction with the normal system in which repayments are made within 45 days. During the year, 6,085 claims for VAT repayment were received. Out of these, MRA processed 5,513 claims and paid out an amount of Rs 5,318 million. The amount repaid represents an increase of Rs 327 million compared to FY 2007-08 when 4,926 repayment claims were processed.

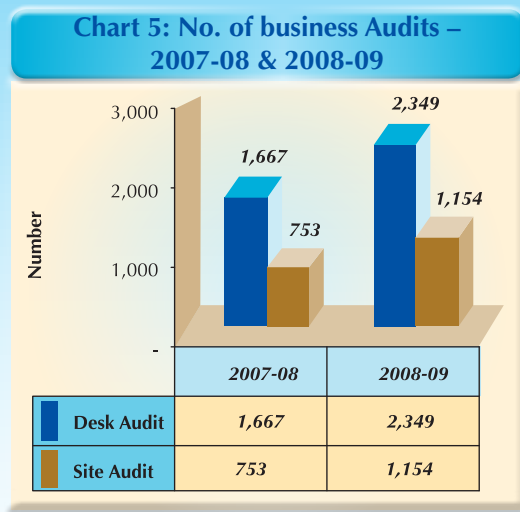
7.5. TAX AUDIT AND INVESTIGATION

Our approach to tax compliance is based on the principle of universal self assessment, that is, taxpayers assess their own tax liability and effect payment of tax by the due dates. While most of the taxpayers pay their fair share of tax, there are some who fail to meet such obligations. MRA enforces these taxpayers to comply with their tax obligations through various activities like tax audit and investigation.

7.5.1. Tax audit

At MRA there are two distinct types of audits, namely desk audit and site audit. Chart 5 depicts the overall business audit results for the year 2008-09.

Efficiency and Effectiveness in Revenue Administration



During the year, MRA auditors completed 3,503 business audits, i.e. a 44.8% increase over the previous year. Out of the total completed audits, 67% were performed at office and the rest on site. On site audit entails visiting taxpayer's premises wherein books and records are verified on the spot.

7.5.2. Assessments during the year

An assessment is raised whenever the tax liability worked out by an officer of the MRA consequent upon tax audit is higher than the tax payable shown by the taxpayer in his/her return. The number and amount of assessments raised during the year are shown in Table 16.

	2007-08		2008-09	
	Number	Amount (Rs m)	Number	Amount (Rs m)
Individuals	3,306	450.1	1,588	342.9
Companies	879	754.9	715	997.6
VAT	414	900.7	305	521.9
Total	4,599	2,105.7	2,608	1,862.4
Amount per Assessment (Rs m)	0.46		0.71	

While the number of assessment raised in FY 2008-09 decreased by 43% , the amount raised registered a nominal fall of only 11.5% resulting in the amount raised per assessment

increasing from Rs 0.46 million to Rs 0.71 million. This reflects an improvement in the quality of assessments raised.

7.5.3. Matching Third Party Information

An effective and non intrusive way of verifying correctness of information supplied by taxpayer is through matching of third party information. In addition to verifying correctness of information, it is also instrumental in tracking non- filers. The annual TDS and PAYE returns of tax deductors/ employers are proving to be extremely useful for matching information provided by taxpayers and selecting cases for audit based on huge discrepancies so detected.

Table 17 shows items of information received in FY 2008-09, quite a few of which contributed to making selection of cases for audit more effective.

Third parties	2007-08	2008-09
Contracts for goods and services	32,665	31,584
Morcellement permits	418	367
Land purchases	4,831	4,473
Building permits	5,044	4,561
Motor vehicles	5,450	5,406
Driving schools	167	147
Professionals	434	259
Pleasure craft	1,149	14
Other Sources	1,499	1670
Total	51,657	48,481

7.5.4. Assessment of non residents

A full fledged International Taxation Unit within the MRA's Large Taxpayer Department looks into all issues pertaining to international taxation including payment of tax, Double Taxation Avoidance Agreements (DTAAs) and issue of Tax Residence Certificates (TRCs).

Efficiency and Effectiveness in Revenue Administration



Signing of DTAA between Mauritius & Qatar

During the year, the International Taxation Unit:

- (a) issued/renewed 9, 208 tax certificates. These Certificates are issued/renewed within a period of 7 days from date of receipt of the application;
- (b) conducted negotiations for the conclusion of tax treaties with Egypt, Yemen and Germany;
- (c) signed a DTAA with the State of Qatar; and
- (d) kept track of non-residents providing services in Mauritius and raised assessments on 14 non-resident cases for an amount of Rs 1.1 million.

7.5.5. Objection to Assessment

The Revenue Laws provide that a taxpayer has the right to lodge an objection to assessments raised by the MRA. Any objection to an assessment must be submitted within 28

days from the date on which the notice of assessment was issued. MRA is statutorily required to determine the objection within four months from the date of lodging of objection. A taxpayer not satisfied with the decision of the MRA may make a written representation to the Assessment Review Committee. The number of objections lodged by taxpayers and determined during the FY 2008-09 is shown in Table 18.

During the year, 656 objections involving Rs 1,105.4 million were received compared to 644 objections for an amount of Rs 968.8 million in FY 2007-08. 87% of the objection cases were determined by the year end as compared to 85% in the preceding year. Moreover, 94% of the amount originally assessed was maintained on determination of the objection.

7.6. INVESTIGATION

One of the objectives of setting up the Fiscal Investigations Department within the MRA has been to *inter-alia* curb the perceived high level of tax evasion in the informal sector and the prevalence of underground economy. Officers of the department have also been given special powers to enter any business premises and require anyone to provide records, bank statements and other relevant information orally or in writing.

Table 18: Objections received and determined during 2008-09

	Income Tax		VAT & Others		Corporate Tax		Total	
	Number	Amount (Rs m)	Number	Amount (Rs m)	Number	Amount (Rs m)	Number	Amount (Rs m)
Objections at start of the year	85	76.4	11	56.7	26	97.5	122	230.6
Objections received	435	460.4	77	382.4	144	262.6	656	1,105.4
Objections determined	456	513.7	74	342.9	147	262.7	677	1,119.3
Objections at the end of the year	64	42.1	14	52.9	23	48.9	101	143.9

Efficiency and Effectiveness in Revenue Administration

Prior to undertaking an investigation, the Fiscal Investigations Department conducts a preliminary enquiry to identify potential cases. During the year 1,555 cases were screened out of which 173 cases were retained for preliminary enquiry by the Department itself, as they carried a high risk of tax evasion.

In FY 2008-09, the Fiscal Investigations Department completed 98 investigations with tax yield of nearly Rs 198 million compared to Rs 145 million in 123 cases in the preceding year. Thus, the tax yield per investigations has risen from Rs 1.18 million in FY 2007-08 to Rs 2 million in FY 2008-09 indicating that the quality of investigations has improved. Business activities/professions in which investigations were completed included:

in connection with investigations, etc. The achievements of this Unit during the year 2008-09 are:

- 185 intelligence visits were conducted compared to 50 only in FY 2007-08;
- 105 cases were referred for registration and audit, up by 30% from last year; and
- 82 cases carrying high risk of tax evasion retained for investigation compared to 20 in FY 2007-08.

7.6.1. Prosecution

In order to punish serious tax defaulters as well as create an atmosphere of deterrence amongst potential tax evaders, the MRA referred three cases for prosecution during FY 2008-09.

7.7. DEBT MANAGEMENT

At the end of June 2009, the total stock of collectible debt stood at Rs 1.9 billion. This was 12.8% or Rs 281.8 million below that of the preceding year. Consequently, collectible tax arrears as a percentage of total tax receipts which were 5.2 % in FY 2007-08 went down to 4.1% in the year under review. Out of the total tax arrears, MRA recovered Rs 1.08 billion during the year. 43% of the collections were in respect of VAT and the rest related mainly to income tax from companies and individuals. Table 20 highlights the total arrears collection in 2008-09.

Table 19: Investigations by activities

Activities	Number of Investigations Completed	Tax Yield (Rs m)
Traders	43	93
Service providers	19	30
Company Directors	16	28
Professionals	9	18
Property Developers	5	13
Others	6	16

To enhance the effectiveness of investigations, an Intelligence Unit has been set up within the Department. The Intelligence Unit assists in identifying appropriate cases suitable for fiscal investigation and gathering intelligence information from various sources

Table 20: Collection of arrears (Rs m)

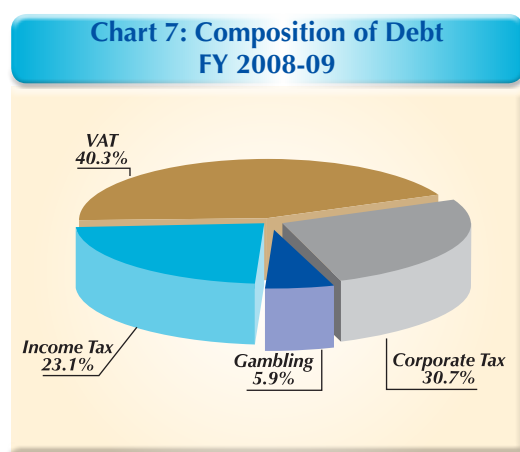
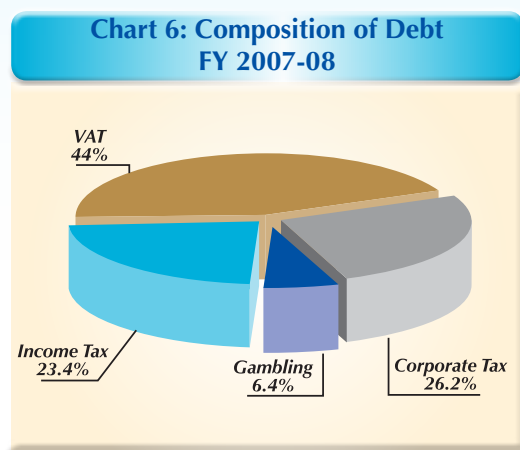
Details	Income Tax	Corporate Tax	VAT	Gambling & Others	Total
Collectible and non-collectible debts at start of the year	809.2	1,525.9	1,563.3	277.6	4,176.0
<i>Out of which:-</i>					
Non-collectible debt	291.5	950.9	591.9	132.1	1,966.4
Collectible debt	517.7	575.1	971.5	145.4	2,209.7
Additions to debt during the year	159.2	357.8	276.4	3.2	796.6
Collections during the year	230.7	340.5	471.1	36.1	1,078.4
Collectible debt at the end of the year	446.2	592.4	776.8	112.5	1,927.9

Efficiency and Effectiveness in Revenue Administration

The MRA has continued to extend facilities for payment of tax arrears under instalment programme during the year. The programme aimed at assisting taxpayers facing cash flow problems, especially due to the financial crisis, to settle their tax arrears within a specified time frame. In FY 2008-09, 348 taxpayers with a total tax liability of Rs 142 million were under the instalment program.

7.7.1. Composition of Debt

Chart 6 and Chart 7 show the composition of debt by tax types at the end of financial years 2007-08 and 2008-09 respectively.



An analysis of the two charts reveals a shift in the distribution of tax owed amongst the various types of taxes. VAT arrears fell from 44% in FY 2007-08 to 40.3% in FY 2008-09; in contrast to the share of corporate tax in total arrears which increased from 26.2% in FY 2007-08 to 30.7% in FY 2008-09. The share of personal income tax has been more or less stable at 23%.

7.7.2. Recovery of Tax Arrears

To improve efficiency in debt management, MRA has put in place well established procedures for the recovery of tax arrears. These procedures include the issue of claims, sending reminders for non-payment of the claim and finally recourse to enforcement actions if the claim is still due. For the year under review, the following enforcement actions were taken against taxpayers who defaulted in making payment:

- 2,974 claims with a total tax liability of Rs 1,714 million were issued;
- 108 distress warrants were issued through Court Ushers to recover tax arrears of Rs 100.7 million;
- 263 attachment of salary orders amounting to Rs 7.7 million were issued to the respective taxpayers' employers;
- 1,118 orders involving Rs 784 million for attaching other income were issued; and
- 64 taxpayers owing Rs 68.3 million were prevented from leaving Mauritius through objection to departure issued to the Passport and Immigration Office.

7.8. EFFECTIVENESS IN CUSTOMS ADMINISTRATION

A modern customs administration is visible through the efficiency and effectiveness of its activities. MRA customs has been undergoing major transformation as a result of changes in economic conditions, new trends in international trade, and changes in society's expectations in relation to protection against new threats. The following sections provide an insight into effectiveness of customs administration.

7.8.1. Cargo Scanning

The use of non-intrusive cargo scanning technology is effective in increasing security, fighting contraband, detecting duty evasion, facilitating trade for importers and exporters and speeding up verification and clearance procedures.

Efficiency and Effectiveness in Revenue Administration

The overall objective is to increase effectiveness of customs administration while at the same time facilitate trade.



*Newly acquired scanner at the Parcel Post Office
in Port-Louis*

Relevant details on the outcome of cargo scanning both in terms of offences detected

and duties/taxes collected are given in Table 21.

Table 21: Summary of containers scanned

Details	2007-08		2008-09	
	Port	Airport	Port	Airport
Number of containers x-rayed	38,330	13,394	38,849	13,172
Number of suspect containers	507	992	505	1,391
Number of offences detected	146	120	190	206
Duties and taxes collected	Rs 677,397	Rs 379,986	Rs 966,524	Rs 536,998

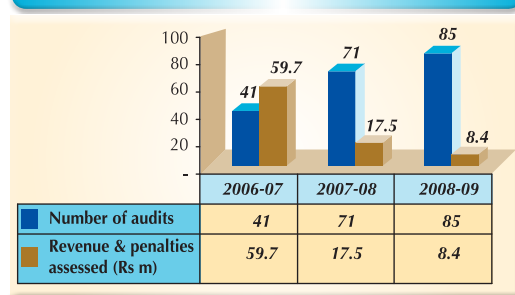


Cargo clearances by Customs at PATS Airport

7.8.2. Post Control and Clearance Audits

In an effort to facilitate trade, the Customs Department delivers goods only upon documentary control at the Compliance Section. After the delivery of goods has been effected, the declaration is verified in detail by the Post Control and Clearance Audit Section (PCCAs). If there is any discrepancy a Customs Offence Report (COR) is raised.

Chart 8: Post Control and Clearance Audits – Achievement



In comparison to the previous years, while on one hand there was an increase in the

number of post control and clearance audits conducted, on the other hand the amount of revenue and penalties assessed have been falling. This may be due to improved compliance by traders especially following successive reduction in customs duty rates and improved customs administration.

7.8.3. Customs Offence Reports

Non-compliance with Customs Act and Regulations constitutes an offence under the Customs Act. Table 22 highlights the number of customs offences reported during the past three years.

Table 22: Duties, Taxes and Penalties from CORs

Details	2006-07	2007-08	2008-09
No. of Customs Offence Reports issued	481	595	576
Assessed duties and taxes (Rs m)	35.5	15.1	33.9
Assessed penalties (Rs m)	23.2	26.8	28.5
Duties and Taxes collected from CORs (Rs m)	10.1	10.2	8.7
Penalties collected	15.5	13.8	12.9

Efficiency and Effectiveness in Revenue Administration

Table 23: Narcotics seizures

Narcotics	2007-08		2008-09	
	Weight/Qty	Value (Rs)	Weight/Qty	Value (Rs)
Heroin	4,198g	47,230,000	1,669g	38,691,450
Hashish/ Cannabis	29,800g	75,256,540	29g	40,835
Subutex	70 tabs	70,000	21,755 tabs	21,755,000
Psychotropes	33 tabs	330		
Total		122,556,870		60,487,285

7.8.4. Detecting Narcotics

Another major objective of Customs is to ensure that prohibited and smuggled goods do not enter the country through the Port and the Airport. Table 23 highlights narcotics seizures made during the year.

As shown in Table 23, Subutex seized by Customs increased exponentially in FY 2008-09 to 21,755 tabs for an amount of Rs 21.7 million. As regards other narcotics, the quantity and value seized has gone down substantially when compared to the preceding year.

7.8.5. Combating counterfeit products - Cigarettes

FY 2008-09 saw a major landmark in MRA's fight against counterfeit products with the introduction of excise stamps. Effective from 1st May 2009, all packets of cigarettes manufactured in or imported into Mauritius and meant for sale on the local market need to have an excise stamp affixed on these.



Tax stamps on cigarettes

This measure aims at combating smuggling and counterfeiting of cigarettes through better detection, control and prevention. Any manufacturer or importer failing to comply with such measures shall commit an offence and shall be subjected to severe penalties.

However, this measure is not applicable to excisable goods where they are:

- intended for export;
- used as ship's stores;
- entered into a Freeport zone under the Freeport Act 2004;
- intended for sale in a duty free shop under the Customs Act;
- intended for sale to visitors in a shop under the Deferred Duty and Tax Scheme under the Customs Act; and
- imported directly by diplomatic missions, or delivered from a bonded warehouse to diplomatic missions and agents, for their exclusive use.

However, given that this measure is in operation for only two months, an overall assessment of the impact of such a measure can only be made in the next financial year.

7.8.6. Customs Auction Sales

The stocks of unclaimed/abandoned/seized goods not only constitute a loss of fiscal revenue but also entail a cost to MRA in terms of maintenance, supervision, storage etc. Accordingly, MRA has been organising regular auction sales by tender to dispose off such products stored at the Customs Lux Shed warehouse.

Various items such as television sets, footwear, garments, ceramic tiles, motor vehicles, mobile phones, alcoholic beverages among others were put for sale in a transparent manner during the three auction sales conducted in FY 2008-09. An amount of Rs 6.0 million has been collected through these auction sales.

Taxpayer Facilitation

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Enhancing Customer Service

Enhancing Customer Service

Customer service has become one of the pillars of modern tax administration especially as a means to promote voluntary tax compliance. Voluntary compliance is greatly facilitated if businesses and individuals understand their customs and tax obligations. MRA fully recognises the same and is committed to provide correct information and proper support to taxpayers with a view to making the system as user-friendly as possible. In this regard, it has a dedicated Taxpayer Education & Communication Department (TECD) which aims to provide high quality customer service.

During the year under review, a wide range of measures were undertaken by the MRA to foster voluntary compliance through a three-pronged approach which consisted of improved education, better customer service and a revamped communication strategy.

8.1. EDUCATION

Educating the taxpayer is the first step in promoting voluntary compliance. During the year, MRA intensified its taxpayer education strategy primarily through improved education efforts, forging partnerships with key stakeholders and greater dissemination of information through Website.

The following are the key initiatives undertaken by MRA to foster taxpayer education:

8.1.1. Leaflets, brochures and guides

Several leaflets, brochures and guides were prepared/updated during the year as part of the taxpayer education strategy. The publications during the year included:-

- Guides on Sugarcane & Tobacco cultivation;
- Guide on CPS;
- PAYE Guide;
- Taking up Employment Guide;

- Guide on treatment of Bank interest;
- FAQs on VAT, Advance Payment System (APS) and Passenger Fee; and
- Tax Rulings.



Guides and leaflets issued during the year

8.1.2. Educational seminars and briefing sessions

26 educational sessions/awareness campaigns were organised throughout the island to impart knowledge on specific issues such as corporate tax, Advance Payment System (APS), Pay As You Earn (PAYE), Tax Deduction at Source (TDS) and e-filing. The list of beneficiaries included the following:



MRA officer conducting a briefing session to enlighten taxpayers.

- MEXA members;
- Women entrepreneurs registered with the National Women Entrepreneur Council;
- Staff of the following organisations:
 - (i) SICOM
 - (ii) Barclays Bank
 - (iii) Mauritius Ports Authority

Enhancing Customer Service

- Students from 11 secondary schools and the Doha Academy; and,
- Cigarette Importers.

Moreover, at the request of Barclays Bank, one advisory visit was conducted to assist the organisation with regard to its tax obligations.

8.1.3. Educational tours at the MRA for school leavers

In addition to the educational sessions, secondary school students also benefited from educational tours at the MRA headquarters. The beneficiaries during the year included Royal College Curepipe and Mahatma Gandhi Institute students.

8.2. CUSTOMER CARE

The provision of efficient and quality customer service to our stakeholders is an important component of our voluntary compliance strategy. Through an efficient customer service, we aim at educating and

informing taxpayers about complex tax issues, facilitating their tax compliance, enhancing mutual respect between MRA and its stakeholders and ultimately winning their loyalty and motivating them to be good citizens and honest taxpayers.

The service standards that a taxpayer can expect from the MRA are set out in the Taxpayer's Charter. The Charter promises quality and efficient service, honest, fair and just treatment to all stakeholders, continuous raising of standards, accountability, proper assistance to taxpayers and clear communication with them.

8.2.1. Monitoring prompt & effective service delivery

With a view to gauging the quality of service being offered to the taxpayers, the MRA has established a monitoring mechanism through Key Performance Indicators (KPIs), some of which are given in Table 24.

Table 24: Selected KPI's for the year 2008-09

Key Performance Indicators (KPIs)	Target set			Achievements		
Maximum time for issuing income tax refunds	3 months			84% of refunds issued within 90 days from date of submission of returns		
Time taken to effect VAT repayments in fast-track cases	7 days			In 97% of fast-track cases, repayments effected within 7 days		
Time within which taxpayers' queries are answered on office visits (Average Serving Time)	Immediately			2 minutes		
Frequency of updating MRA website	As and when needed			Updated 596 times		
Export clearance time	8 mins			7 mins (Sea)		
Average Dwell-Time for Cargo	Channels	Sea	Air	Channels	Sea	Air
	Green	4 hrs	45 mins	Green	3 hrs	45 mins
	Yellow	8 hrs	1 hr	Yellow	6 hrs	77 mins
	Red	20 hrs	15 hrs	Red	27 hrs	24 hrs
Maximum time taken to issue Tariff rulings	3 days			2½ days		

Enhancing Customer Service

Table 24 makes it obvious that most of the targets set at the start of the year were achieved successfully.

8.2.2. Customer Service Centre (CSC)

The Customer Service Centre (CSC) is the first contact point between the MRA and the general public and very often taxpayers judge the organisation on the first impression they get upon their arrival at the CSC. The CSC is used mainly by taxpayers to seek information and advice, pay taxes, deliver letters or collect tax forms and obtain assistance in filing their tax returns.

In its drive to continuously improve the quality of customer service, MRA has provided the following amenities at its CSC:

- (a) **Video clips on LCD screen** prepared and shown daily on tax themes such as modes of payment, trade facilitation and Tax Deduction at Source (TDS), among others. Speakers have been installed at the ceiling to enhance the quality of broadcast;
- (b) **Racks, Brochure holders and Leaflet stands** have been placed to ensure that MRA publications are made readily available to the public visiting the CSC; and,



MRA officer assisting a taxpayer in filing his return electronically

- (c) **Internet kiosk**, now in operation, comprises a 22 inch touch screen with an

integrated CPU linked to a local printer. Users of the Internet kiosk can benefit from the following facilities:-

- Accessing web publications;
- Browsing the FAQ's;
- Filing Income Tax Forms electronically;
- Effecting E-payment through Internet Banking; and,
- Viewing updated laws (Income Tax / VAT and Customs).

To ensure that proper assistance is given to the public at the Kiosk, MRA officers are posted to this corner on a shift basis.

8.2.3. Free Income Tax Assistance (FITA)

The organisation of Free Income Tax Assistance (FITA) around the island is essential in both promoting voluntary compliance and ensuring error-free filling of income tax returns. Last year, 4,072 taxpayers availed themselves of income tax assistance in the 16 FITA centres (including Rodrigues) organised by MRA officers during the weekend on 20 & 21 September 2008.

8.2.4. Simplification of forms

With a view to improving taxpayer compliance and reducing compliance costs, MRA continuously reviews and simplifies tax forms. During the year under review, the following forms were simplified:

- (i) Income Tax Form for Self Employed (Form 1);
- (ii) Income Tax Form for Emoluments Earners (Form 1A);
- (iii) Income Tax Form for Companies (Form 3);
- (iv) VAT Form (Forms 3 & 3A); and
- (iv) CPS statement.

Enhancing Customer Service

8.2.5. Trade facilitation

The commitment of MRA Customs towards trade facilitation is borne by the fact that the report of the World Bank on "Doing Business" has rated Mauritius on top in Sub-Saharan Africa and 17th in the world out of a total of 183 countries. As regards "Trading Across Borders", Mauritius has been ranked 1st in Africa and 19th in the world. During the year, the signing of the WCO Revised Kyoto Convention on 24 September 2008 was a major landmark in the quest of MRA Customs to become a world class Customs administration.

During the year, MRA has taken a series of initiatives to facilitate trade and businesses:

- **Upgrading the CMS II System** – CMS II has been operational since 20 July 2009. Major works to make CMS II operational were done last year. The main features of CMS II are:-
 - (a) Latest Oracle platform;
 - (b) New Servers;



CMS II – Customs officers working on the latest & upgraded version of the CMS II.

- (c) Web based technology – access through a web browser;
- (d) Graphical User Interface (GUI) instead of existing text based system;

- (e) User friendly system, better reports; and,
- (f) Interface with Cargo Community System (CCS).

The objectives of the migration to CMS II are:-

- (a) To improve reliability, speed and adaptability;
- (b) To extract complex ad-hoc reports through the use of data mining tool like Oracle Discover;
- (c) To output reports graphically;
- (d) To align the system with the WCO data model as recommended under the Revised Kyoto Convention (RKC);
- (e) To make the system in line with the latest international/industry software for Customs; and,
- (f) To facilitate interfacing with CCS to enable Customs to carry out pre-declaration risk management and improve dwell-times. Customs will have detailed information of the cargo supply chain and will be able to track and trace containers.

- **Implementing the second-hand motor vehicle database** – During the year, Customs Department introduced a new second-hand motor vehicle database for the benefit of stakeholders. Customs is further considering improving accessibility of stakeholders to that database without the need for them to come physically to the Customs offices.
- **Implementing the Cargo Community System (CCS)** – This project is one of the core elements of the WCO Framework of Standards. This system will link all parties involved in the supply chain. The coming into operation of the CCS

Enhancing Customer Service

will considerably help in cutting down delays and improve cargo dwell-time. As this project involves the participation of all stakeholders in the supply chain, its full implementation has been rescheduled for the end of 2010. Nevertheless, during the year, Customs Department made important progress towards its realisation. A pilot-testing of the CCS is currently underway.

- **Extending the Cargo Fast-Track (Blue Channel)** – The Blue Channel concept encourages compliant importers to benefit from expeditious clearance procedures, lesser valuation controls and no physical inspection of their consignments. Compliance is ensured through periodic post-clearance compliance audits of books and records. Presently, 12 companies are submitting paperless customs Declarations.
- **Introducing small X-Ray scanners** – Four additional scanners were acquired during the year and put to use at the SSR Arrivals Hall, SSR PATS Express Courier Hub, Port-Louis Central Post Office and at the Aurélie Perrine Ferry Terminal in Port-Louis. These scanners have been installed so as to more efficiently detect contraband goods, including narcotics, while at the same time facilitating inspection and clearance formalities related to letters, parcels and passenger luggage.
- **Initiating the Authorised Economic Operator concept** – Preliminary works, as prescribed by the WCO Framework of Standards, towards the setting up of the “Authorised Economic Operator (AEO)” concept were completed during the year. Through this concept, both the port and the airport shall meet internationally recommended security

requirements leading to safer and more secure trading.

- **Implementing the Inward Processing Scheme** – The Department of Customs has introduced an Inward Processing Scheme for 100% export-oriented enterprises. Through this system these enterprises are granted VAT exemptions on raw materials or goods requiring further processing before they are re-exported. This new scheme enables these enterprises to get round all the administrative chores in claiming back the refunds and frees up cash which would have been tied up in paying VAT at the time of import.
- **Stakeholders’ Forum** – Customs Department has started the practice of convening a Stakeholders’ Forum. This forum, chaired by the Director Customs, meets each month to allow importers, brokers, freight forwarders, clerks and other stakeholders the opportunity to raise issues, solve problems and work together to facilitate the supply chain.
- **Training of personnel** – The MRA has been giving due attention to the human resource development by organising workshops, seminars, appropriate trainings courses in-house and with



Stakeholders’ Forum – meeting in progress at Customs

Enhancing Customer Service

the assistance of other organisations namely WCO, CATA, SADC, COMESA, University of Technology of Mauritius, University of Mauritius, etc. It also supports other organisations by providing resources to train their personnel in order to enhance the quality of their services in line with the trade facilitation concept.

8.3. COMMUNICATION

The third component of MRA's voluntary compliance strategy is effective communication skills in interacting with taxpayers and stakeholders. Our dedicated Taxpayer Education and Communication Department embarked on an extensive communication programme during the year through the initiation of the work on re-designing of the website, modernising technology in disseminating information and the making of in-house video clips on complex tax issues.

8.3.1. MRA website

The MRA website is an effective and important channel for disseminating tax information and providing electronic services to the public. With continuous and regular updates, the website enables taxpayers to obtain timely and valuable information about taxes and other fiscal matters.

The website enables the members of the public to:-

- keep abreast of the latest changes in the tax laws and codes;
- download tax returns, forms, guides, leaflets and other regular publications;
- electronically file their returns; and,
- find solutions on matters relating to taxes.

During the year under review, 232,973 people visited the MRA website and MRA recorded a total of over 7 million hits. This stands to prove the ever-increasing popularity of the MRA website as a source of retrieving relevant and useful information.

During the year under review, preliminary works towards the re-designing and re-looking of the MRA website were initiated. The new webpage is intended to provide users with additional options and facilities such as direct access to E-Banking services.

8.3.2. E-Newsletter

The E-Newsletter has been very useful for both external stakeholders and internal staff members to keep abreast of on-going activities being carried out by the MRA while at the same time garner useful updates on pertinent issues. The E-Newsletter can be downloaded at the following address:

<http://www.gov.mu/portal/sites/mra/newsletter.html>

8.3.3. Taxpayer Mailing Service

Through this service, taxpayers receive updated information in the form of leaflets, brochures, guides and other publications via their e-mail. This service launched in April 2007 has made good strides during the year. During the course of the year, 704 taxpayers were on the subscribers list, which represents a 227% increase compared to last year.

8.3.4. Mass media

The utilisation of mass media has always been central in the MRA's strategy for dissemination of information to the public. During the year, following achievements were made:-

- 36 TV/Radio programs;

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Director-General on a TV Programme

- 38 Press Communiqués; and,
- 29 Government Gazette publications.

With a view to render the mass media service more cost-effective and efficient, a series of actions have been initiated:-

- Television advertisement – initial work for the production of video clips on themes such as e-filing of returns and e-payments has been done;
- Radio spots – a radio package has been worked out to convey pertinent messages to the general public. For the forthcoming year, radio spots will be produced in-house and contents will be aligned with those of TV advertisement; and,
- Press advertisement – all the artworks for newspaper advertisements are being produced internally with a view to cut down costs and enhance efficiency.

DEVELOPING AN EXCELLENT TEAM

DEVELOPING AN EXCELLENT TEAM TO SERVE YOU





**Improving
Organisational
Performance**

Improving Organisational Performance

The MRA organisational framework includes compliance and support departments. While the former aim at ensuring efficient and effective assessment so that everyone pays one's fair share of taxes, the support departments have primary responsibility for monitoring and improving organisational performance, meeting statutory responsibilities and managing MRA's Information System.

9.1. HUMAN RESOURCES & TRAINING DEPARTMENT

In order to ensure that MRA is a capable, responsive and result-oriented organisation, we need to recruit, train and develop our people. At the MRA, this responsibility falls within the ambit of the Human Resources & Training Department.

9.1.1. Training and Professional Development

The MRA sees training not just as a means for its personnel to acquire job related skills but also to broaden the individuals' knowledge and help them advance in their career within the organisation. For the year under review, the achievements as regards training have been as follows:

- 142 training programmes were conducted, including 36 in-house trainings, 83 overseas seminars / workshops and 23 local trainings / workshops conducted outside MRA (For more details see appendix);
- Rs 8.4 million and 10,583 man days were invested in training; and
- The "Commonwealth Management Developing Programme" (CMDP) was organised on behalf of the Commonwealth Association of Tax Administrators (CATA) from 04 August to 12 September 2008. 22 delegates (including 16 from the MRA) from 5 different Commonwealth countries attended the workshop.
- All new recruits were given the opportunity of benefiting from a briefing session or induction training conducted by the Department.

The MRA is committed to continuously assist its staff in developing their skills and promoting a learning culture within the organisation. Accordingly, the training needs identified through performance appraisal feedbacks have been incorporated in the 3 year Learning & Development Plan.



17th Sub-committee of Customs co-operation

Improving Organisational Performance

9.1.2. Recruitment

71 officers were offered employment at the MRA during the year. Thus, as at 30 June

2009, there were 1,212 employees in post in the MRA. The MRA's Human Resource Structure is given in Table 25.

Table 25: Human Resource Structure

Grade	Job Title	Number of employees		
		MRA Critical Requirements	In Post	
			2007-08	2008-09
-	Director-General	1	1	1
7	Director	13	11	11
6	Assistant Director/ Section Head	32	27	27
5	Team Leader	102	98	100
4	Technical Officer	255	230	232
3	Officer/Customs Officer 2	374	340	359
2	Customs Officer 1/Support Officer 2	372	340	354
1	Support Officer 1	123	129	128
	TOTAL	1,272	1,176	1,212



Passing out ceremony of Customs Officers

9.1.3. Performance Appraisal & Development Needs

The Performance Appraisal System, introduced in the first year of operation, was further improved during the year under review. In 2008-09, a more user-friendly Performance Appraisal & Development Needs Report (PADNR) was designed. The Performance Management System reviews performance on the basis of Key Performance Indicators and certain qualitative factors such as job knowledge, productivity, quality of work, initiative, time management, customer service, communication skills, attitude, team work and co-operation and general conduct.

For Grade 5 onwards there are two additional factors, namely, management and leadership skills and staff development. During the year under review an interim performance appraisal exercise was conducted in January 2009 and a full year appraisal was completed in July 2009.

9.1.4. Human Resource Management System (HRMS)

The Human Resource Management System (HRMS) which was running on a pilot basis became fully operational during the Financial Year 2008-09. The following modules of the HRMS are operational:

Improving Organisational Performance

- People Management;
- Payroll System;
- Leave Management;
- Time & Labour; and
- HR Self Service.

During the year, efforts were made to extend relevant modules of the HRMS to other departments of the MRA. Accordingly, the Leave Management module was operational in the Information Systems Department by the end of the year whilst the Internal Audit, Internal Affairs, Research, Policy & Planning, Taxpayer Education and Communication and Fiscal Investigations departments were given access to the module in August/September 2009. This module enables the on-line submission and approval of leaves application and is in conformity with MRA's move towards a paperless organisation and Government's "Maurice Île Durable" strategy. MRA intends to extend this on-line leave application module to all its departments in the near future.

9.1.5. Medical Scheme

In its effort to enhance the well being of its staff, MRA introduced a medical scheme in November 2008. The scheme is run by Mauritius Union for MRA employees as well as their spouse and dependent children. Under the scheme, MRA contributes 70% of the monthly premium payable and only 30% is paid by the MRA staff. Monthly premium for spouse and children are payable in full by the MRA staff.

As at 30 June 2009, total membership in the scheme stood at 1,673 consisting of 995 MRA staff, the rest being their spouses and children.

9.1.6. Electronic Attendance

As part of its modernisation agenda, MRA shifted from the manual attendance system to electronic attendance in May 2009 after testing the system on a pilot basis since March 2009. The new electronic attendance system:

MRA officer passing through the electronic attendance & security system to enter his workplace



- (a) Obviates the need for officers to sign manual attendance register;
- (b) Strengthens staff security at MRA since access to MRA premises is only allowed to holders of the electronic card; and
- (c) Ensures effective monitoring of staff attendance with lesser manpower.

9.2. RESEARCH, POLICY & PLANNING DEPARTMENT

The Research, Policy & Planning (RPP) Department plays a key role in improving the performance of the MRA by conducting research in the tax administration area, monitoring departmental performance & revenue collections and recommending corrective actions, where necessary, and suggesting ways and means of re-engineering internal processes and procedures. The key contributions of the Department during the year relate to:

- Preparing, discussing and consolidating budgetary proposals from various MRA departments before submission to the Ministry of Finance and Economic Empowerment (MOFEE) and following-up thereon;
- Assisting MOFEE in preparing revised estimates and forecasts of revenue collections;
- Preparing MRA's Annual Report for the year ending 30 June 2009 within the set time frame;

Improving Organisational Performance

- Monitoring MRA's revenue collections on a monthly and cumulative basis, reporting the findings to Management and highlighting areas for interventions/ investigations;
- Monitoring the performance of MRA departments through a system of key performance indicators (KPIs) and keeping Management informed about progress/shortfall in performance achieved;
- Conducting a study on the informal sector highlighting the sources of tax evasion, mode of operation and strategies used to evade tax;
- Liaising with compliance departments for the preparation of relevant sections of the Finance Bill relating to taxes and duties; and
- Preparing papers on tax policy and tax administration issues such as the impact of recession on VAT collections, policy responses to crisis, efficiency of compliance departments in conducting audit, improving tax compliance: components and methodologies, etc.

9.3. FINANCE & ADMINISTRATION DEPARTMENT

The Finance & Administration Department is responsible for the day-to-day administration and setting up and maintaining control procedures within MRA.

This Department also collects tax under the Revenue Laws for payment into the Consolidated Fund and effect all payments required to be made and all charges on the Authority.

During the year, the Department has ensured that MRA meets its targets/statutory requirements in respect of the following:

- Preparation and submission of final accounts to the Director of Audit;
- Limitation of cost of revenue collections to less than 2% of revenue receipts;
- Disbursement of salaries by the due date each month; and
- Procurement of goods and services within the set schedule whilst meeting the price and quality standards.

9.4. INFORMATION SYSTEMS DEPARTMENT

The Information Systems Department is responsible for the development, implementation and management of information systems at the MRA. It also assists other departments in identifying their system needs and finding hardware and software solutions.

The main highlights of the department during the year were:

- Preparing the 3 year strategic plan of the department;
- Gearing up of Integrated Tax Administration Solution (ITAS);
- Implementing electronic document and records management system (EDRMS);
- Providing training on SAP, Solaris, IPS/ TRM;
- Providing the common information system to the New Customs House;
- Initiating work on new projects such as Disaster Recovery and CMS II. The latter project went live in July 2009;
- Assisting MRA Departments in relation to the following projects:
 - (a) installing of software for electronic attendance;
 - (b) revisiting the Financial and Human Resource Management System to cater for salary review;
 - (c) introducing e-banking facilities for payment of income tax; and
 - (d) handling technical issues in relation to the maintenance of the MRA website.

Improving Organisational Performance

MRA DOCUMENTATION CENTRE

Moving towards Electronic Library Services

At MRA, we are committed to extend electronic library services to all our staff so that they can access a wide variety of online-publications from their respective workstations, through the Intranet or workstations at the Documentation Centre. MRA has the following online subscriptions:

- **IBFD Tax News Service** - provides latest international taxation news on a daily basis. The topics covered include new legislations, tax reforms, tax treaties etc;
- **Supreme Court Online Library** - gives access to Judicial decisions of the Supreme Court and other legal resources (Acts, Government Notices, Bills, Proclamations, Reprints etc);
- **Overseas News Service** – subscription to Reuters and *Agence France Press* (AFP) ensures availability of latest information three times per day;
- **Chartered Institute of Personnel Development** – subscription to this professional body caters to the needs of those involved in the management & development of people;
- **Harvard Business Review** – a general management magazine owned by the Harvard Business School. Through on-line access, staff can browse the current issue and the entire on-line archive which stretches back over 50 years;
- **Taxation** – a weekly magazine for dedicated tax practitioners which can be accessed through the MRA intranet;
- **OECD Taxation Library** – the on-line library of the Organisation for Economic Co-operation and Development provides access to various OECD taxation publications;
- **Aviation Security International** – a global journal of airport and airline security issued bi-monthly and covers diverse topics including passenger facilitation & baggage tracking.

Indeed, recognising that the traditional ways of serving users has changed, the MRA Documentation Centre is striving to provide on-line information which is organised, relevant, current and delivered on time through electronic library services.



Magazines & publications

The background is a vibrant blue with a subtle grid pattern that creates a sense of depth and perspective. At the top, there are faint, abstract shapes that resemble architectural or organic structures. The number '10' is prominently displayed in the center, rendered in a bold, white, sans-serif font with a slight shadow effect.

10

**Enhancing
Corporate
Governance &
Corporate Image**

Enhancing Corporate Governance & Corporate Image

10.1. ENHANCING INTERNAL SYSTEMS AND PROCESSES

MRA has set up two divisions, namely Internal Audit and Internal Affairs to oversee its internal systems, staff integrity and ultimately assist the organisation in complying with the norms of good corporate governance. These two dedicated divisions report directly to the MRA Board and provide guidance on policies and strategies to promote greater transparency and accountability in revenue administration. Thus, they contribute significantly towards improving MRA's corporate image.

10.1.1. Internal Audit

Internal Audit provides the Audit Committee and Management with independent assurance on controls, risk management and governance so as to ensure that MRA's operations are of highest standards. The Internal Audit Division works on a risk-based approach within the framework and parameters of the Internal Audit Charter.

During the year, following actions were taken by the Internal Audit Department:

- (a) the Audit Plan was prepared and approved by the Audit Committee and quarterly audit reports were submitted and discussed. Follow up exercises were carried out and the Committee was kept informed of implementation of audit recommendations.
- (b) systems and transaction audits were conducted in some 9 core and sensitive areas, mainly where there are major revenue inflows and outflows.
- (c) training sessions were conducted for senior staff on corporate governance issues. Furthermore, during every internal audit assignment undertaken, ethical issues were addressed and recommendations were made for

enhancing the organisation's ethics and integrity level.

- (d) a change in mind-set towards enterprise risk, systems of control and governance principles has been promoted during the continued interaction of the Division's staff with different departments.

The Division has also moved towards Computer Assisted Audit Techniques and expects to boost its use with the intention of introducing continuous auditing wherever applicable.

It has also initiated work on a Risk Management project with a view to having a structured framework for risk management at the MRA. A workshop will be organised to raise awareness and to come up with a risk register.

10.1.2. Internal Affairs

The Internal Affairs Division is responsible for fostering and inculcating an organisational culture of utmost integrity and promoting highest ethical standards amongst MRA staff. The statutory duties of the Internal Affairs Division are:

- (a) dealing with allegations of malpractice or other complaints against an employee;
- (b) processing and verifying the declaration of assets made by an employee or prospective employee; and
- (c) attending to such other cognate duties assigned by the MRA Board.

During the Financial Year 2008-09, the Internal Affairs Division's main achievements have been as follows:

- (a) 273 declarations of assets for employees processed and verified;
- (b) 159 pre-employment integrity checks carried out;

Enhancing Corporate Governance & Corporate Image

(c) 40 cases investigated, out of which 4 cases were recommended for disciplinary action against staff, 2 cases referred to the ICAC, 1 case to the Police and 10 cases referred to other Departments of the MRA;

(d) 10 training sessions conducted to promote integrity culture and professionalism in staff;

In order to sensitize MRA staff, the Internal Affairs Division has also initiated an integrity awareness campaign. It is in the process of preparing stickers and pamphlets which will be displayed and distributed in out-stations. It is also contemplating to organise spot publicities through the mass media in near future.

10.2. CORPORATE GOVERNANCE REPORT

The MRA recognises good corporate governance practices as important in achieving and sustaining its success. Such practices remain a priority for the organisation which is highly committed to promote the same in all its activities.

While adhering to good corporate governance practices, the MRA stands guided by the Code of Corporate Governance of Mauritius. The main corporate governance structures of the MRA as set out in this report relate to the MRA Board, its Roles and Functions, Board Committees, Risk Management & Internal Audit principles, Auditing and Accounting Principles and Integrated Sustainability Reporting.

10.2.1. The Board

The Board has the key responsibility for the corporate governance system and the performance and affairs of the Authority. The organisation, powers and duties of the MRA Board are set out in the MRA Act.

10.2.2. Composition of the Board

Mr. V. Hassamal – Chairperson

Mr. D. K. Dabee

Mr. J. P. Coopamah

Mr J. M.L. Rivalland

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

Mr. P. Yip Wang Wing

Mr. M. S. Lal – Director-General

The profile of the Chairperson and members of the Board are set out at pages **71 to 74**.

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

10.2.3. Functions of the Board

The roles and functions of the Board include:

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

10.2.4. Remuneration

Board members are remunerated as follows:-

Chairperson – Rs 40,000 per month

Members – Rs 20,000 per month

Directors are full-time employees of the Authority and are paid in accordance with MRA remuneration policy and package.

Enhancing Corporate Governance & Corporate Image

10.2.5. Attendance at Board meetings

Meetings of the Board are scheduled in advance and Board papers are circulated before the meeting. The members are required to attend every meeting of the Board which will facilitate the implementation of policy decisions taken.

For the year under review, the attendance in Board meetings is summarised in Table 26.

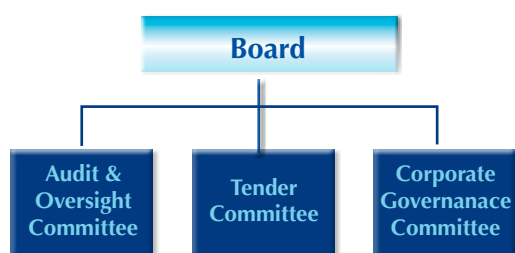
Table 26: Board Meeting Attendance for the year ended 30 June 2009

Members	Board Meeting
Mr. V. Hassamal - Chairperson	21/22
Mr. P. Yip Wang Wing	20/22
Mr. D. K. Dabee	17/22
Mr. J. P. Coopamah	16/22
Mrs. A.C. Timol G.O.S.K.	18/22
Mr J. M.L. Rivalland	18/22
Mr. M. S. Lal	22/22

Board members also attended recruitment and selection committees during the year, as per Sections 6 and 11 of the MRA Act 2004.

10.2.6. Board committees

The Board has set up three subsidiary committees, namely the Corporate Governance Committee, the Audit and Oversight Committee and the Tender Committee with the aim of maintaining quality standards of corporate governance and streamlining the tasks of the Board.



Audit and Oversight 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 and the Acting Secretary is Ms C. Fijac.

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

The attendance in Audit and Oversight Committee meetings is summarised in Table 27.

Table 27: Audit and Oversight Meeting Attendance for the year ended 30 June 2009

Members	Committee Meeting
Mr. P. Yip Wang Wing	4/4
Mr. D. K. Dabee	4/4
Mr. J. P. Coopamah	3/4

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. and the Acting Secretary is Ms C. Fijac.

The Corporate Governance Committee operates under an approved mandate and is responsible for the remuneration and nomination of directors and senior management and corporate governance reporting requirements. All matters relating to Corporate Governance have been discussed at the level of the Board on at least four occasions during the year.

Enhancing Corporate Governance & Corporate Image

Tender Committee

The Tender Committee is made up of a Central Tender Committee (CTC) which is chaired by a member of the MRA Board and a Departmental Tender Committee (DTC) which is chaired by the Director-General. Any procurement above Rs 1 million and up to Rs 5 million is approved by the DTC. For procurement in excess of Rs 5 million the approval of the CTC is sought.

The MRA has prepared a Procurement Manual that lays down in detail its policies and procedures regarding procurement, including opening and evaluation of tenders and variations to contract price. The manual also stipulates the role and functions of the Tender Committees.

10.2.7. The MRA Act

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

- (i) The Chairperson shall be a person who has not been, or is not, actively engaged in any political activity. The Chairperson of the Board is appointed by the President, after consultation with the Prime Minister and the leader of the Opposition, for a period of not less than three years and on such terms and conditions as the President thinks fit;
- (ii) Board members are appointed by the Minister of Finance and Economic Empowerment 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.

Directors' responsibility for system of Internal Control

Directors of the Board are responsible for the 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 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 Committee. It is considering the setting-up of a Risk Committee which will advise on the risk issues and evaluate the risk management process of the Authority.



V. HASSAMAL
Chairman MRA Board



P. YIP WANG WING
*Chairman Audit & Oversight
Committee*

10.2.8 Auditing and Accounting

The MRA Board is responsible for the preparation of the financial statements. A Statement of Board's responsibilities in respect of the financial statements is set out in the Board's Report which precedes the audited financial statements of the MRA.

As per Section 8(6) of the MRA Act 2004, the financial statements of the Authority have to be submitted for audit to the Director of the National Audit Office not later than 3 months after the end of each financial year. The statements for the year ended 30 June 2008 were approved by the Board on 28 August

2008 and submitted to the National Audit Office within the statutory time frame.

Once the statements have been audited, the Director of the National Audit Office submits an audit report to the Board, which will review and follow up on the audit queries, if any. The audited accounts, together with a report on the activities of the MRA, should be submitted to the Minister not later than 7 months after the close of each financial year. The annual report for the year ended 30 June 2008 was submitted to the Minister of Finance and Economic Empowerment in December 2008.

Enhancing Corporate Governance & Corporate Image

10.3. INTEGRATED SUSTAINABILITY REPORTING

10.3.1. Ethics

The MRA has developed a Code of Conduct and Ethics which establishes expected standards of conduct and ethics for employees and provides guidance on the fulfilment of employees' professional and ethical obligations.

The Code applies to all employees of the MRA irrespective of their grade and strives to provide an ethical framework, which promotes honest, ethical and professional conduct. The MRA has also published a 'Prevention of Malpractice Manual' which will help its employees to understand and maintain the highest ethical standards.

MRA fully recognises that its staff should also understand the standards of integrity expected of them as set out in various publications. In this respect, the Internal Affairs Division conducts training sessions on corporate governance and ethics. Indeed, the Code of Conduct, the Prevention of Malpractice Manual and the training sessions show the importance MRA attaches to the building of a culture of integrity within its organisational framework, work systems and processes.

In order to ensure that all MRA employees maintain the required ethical standards, the Internal Affairs Division also conducts investigations into cases of employees based on their risk profile or complaints/allegations against them. It submits quarterly reports to the Board, outlining the results of Internal Affairs' investigations made during the period.

10.3.2. Environment

The MRA is committed to promoting work practices that preserve the environment. Moreover we believe that long term sustainability can only be achieved if the

organization takes into account the impact of its activities on the environment.

In this connection, the MRA is doing its best to encourage more and more taxpayers to file their return electronically. For the FY2008-09, around 26,452 returns have been filed electronically.

Hence, by persuading more taxpayers to file their return electronically, the MRA is not only promoting the "Maurice Île Durable" project but also protecting the environment.

10.3.3. Health and Safety

The MRA is devoted to providing and maintaining a healthy, safe and secure working environment. It believes that raising awareness of health and safety issues is crucial in the prevention of accidents and promoting the well being of customers and staff. In this respect, a Health and Safety Officer was recruited in May 2008 and during the year several initiatives were undertaken under his guidance. These include:



Medical kit and safety equipment

- Preparation of a health and safety policy documenting the policies and procedures with clearly defined individual responsibilities and accountabilities;
- Identification and prevention of hazards in the work place through the posting of safety signs and notices;
- Provision of First Aid Kits to various departments/sections of the MRA;

Enhancing Corporate Governance & Corporate Image

- Provision of training for staff on First Aid;
- Setting up of a fire safety plan and evacuation procedure plan; and
- Regular inspections of maintenance and repairs at the various offices of the MRA.

A Health and Safety Committee has also been set up and is presently being chaired by the Director of Human Resources & Training. The main function of this committee is to promote co-operation between employer and employees in achieving and maintaining a healthy, safe and secure work environment. The Committee met twice during the year.

10.3.4. Corporate Social Responsibility

The MRA has established a social policy, both for the welfare of its employees and for the community, thus helping to contribute to the social and economic upliftment of the country and its various communities. The main achievements during the Financial Year 2008-09 have been as follows:



Donation of gifts to children in the paediatric ward of the Victoria Hospital

- Donation of gifts to children in the paediatric ward of The Victoria Hospital.
- Organisation of a blood donation campaign on 1st of July 2009. About 737

persons, mostly MRA staff, volunteered to give blood and 571 pints of blood were collected;

- Participation in the Empowerment Programme by offering training opportunities to 12 unemployed degree/diploma holders;
- Enlistment of 4 batches of Lower Six students for work placement at the MRA in collaboration with the HRDC; and
- Organisation of an End of Year lunch for the staff of the MRA.



Financial Secretary addressing MRA officers in the End of year lunch

10.4. RELATED PARTY TRANSACTIONS

Related party transactions, if any, are disclosed in Note to the Accounts.

10.5. PROFILE OF BOARD MEMBERS



VASDEV HASSAMAL
Chairperson

MR VASDEV HASSAMAL *Chairperson*

Vasdev Hassamal became Chairperson of the MRA in November 2005. He is also an Adviser to the Ministry of Finance and Economic Empowerment. He was the Chief Accountant of the Development Bank of Mauritius from 1974 to 1982, and was selected to be the Financial Controller of the Secretariat of the African, Caribbean and Pacific Group of States (the ACP Group) in Brussels from 1982 to 2000, becoming Assistant Secretary-General of the Group in 2000, until his retirement from service in 2005. In that role, he attended many Council of ACP Ministers' meetings in Togo, Zimbabwe, Mauritius, the Dominican Republic, Gabon and elsewhere, and was responsible for the organisation of many international conferences, including those of the Heads of State

and Government of the ACP Group in Fiji (2002) and Botswana (2004). Vasdev Hassamal is a Fellow of the Institute of Chartered Accountants of England and Wales. He is also a member of the Mauritius Institute of Professional Accountants (MIPA).

MR DHEEREN KUMAR DABEE *Board Member*

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



MR DHEEREN KUMAR DABEE
Board Member

Members of the Board



MR JAGNADEN PADIATY COOPAMAH
Board Member

MR JAGNADEN PADIATY COOPAMAH

Board Member

Jagnaden Coopamah was appointed to the Board in October 2004. He is presently a member of the Monetary Policy Committee of the Bank of Mauritius and previously served for a number of years on the boards of the State Bank, the Development Bank of Mauritius, Mauritius Telecom and the National Investment Trust. He also served as Deputy Chairman of the National Economic Development Council and also for a brief period as Chairman. After a stint in the private sector, Jagnaden Coopamah spent most of his career in the Civil Service. He started as an Economist in the Ministry of Economic Planning and Development, becoming Deputy Director of the Ministry in 1980. In the same year, he was posted to

the Ministry of Finance, where he worked for 16 years, the first five years as Head, Economic Intelligence Unit, and the subsequent period as Director, Budget Bureau. He also worked for a few years as Advisor in the Ministry of Finance. He is an Honours Economics graduate of the University of London.

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 director of several listed companies and also sits on a number of Corporate Governance and Audit committees. He is a Past President of the Insurers' Association of Mauritius, and is a member of the Financial Services Consultative Council. He 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 from South Africa, and is a Fellow of the Institute of Actuaries, UK.



MR J. M. LOUIS RIVALLAND
Board Member

Members of the Board



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 is the first Chief Executive of the Mauritius Bankers Association and has been occupying this post since 2003. Prior to that, she worked in the public service from 1981, becoming Deputy Director of the Budget Bureau of the Ministry of Finance and then Director, Financial Services. She has also been involved in the academic field, both on a part-time basis and as a full-time Senior Lecturer in Mathematical Economics and Econometrics at the University of Mauritius from 1992 to 1995. She is on a number of boards in both the public and private sectors, including the Joint Economic Council, the Mauritius Chamber of Commerce and Industry and the Mauritius Employers' Federation. She holds a BSc

(Hons) degree in Economics from the University of St Andrews, a Post-Graduate Diploma (with Distinction) in Development Planning Techniques from the Institute of Social Studies in The Hague and a Diplôme d'Études Approfondies in Economie Mathématique et Econométrie from the University of Aix-Marseille.

MR PATRICK YIP WANG WING

Board Member

Patrick Yip was appointed to the Board in October 2004. He is currently a Director at the Ministry of Finance and Economic Empowerment, in charge of Budget Strategy and Management Directorate which includes taxation policy issues. 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 in Econométrie and a Diplôme d'Études Approfondies in 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 to become the Director for Fiscal Policies in 2001.



MR PATRICK YIP WANG WING
Board Member

Members of the Board



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. 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.

10.6. PROFILE OF MANAGEMENT TEAM

Mr Sudhamo Lal
Director-General

(See profile on page 74)

Tel: 207 5941
Fax: 207 6041
Email: Sudhamo.Lal@mra.mu



**Dindoyal, Sharda Devi, BSc (Hons) Economics,
Postgraduate Banking/Finance
Director, Internal Affairs**

Has more than 33 years of working experience. Worked as Principal Economist in the Government Services, Chief Executive of the Stock Exchange and Senior Adviser to the Minister of Finance and in the Commonwealth Secretariat prior to joining the MRA.

Tel: 207 5943
Fax: 207 6043
Email: Sharda.Dindoyal@mra.mu

Gunnoo, Champawatee, FCCA
Director, Fiscal Investigations

Has 34 years of experience in the field of tax administration. Was the Commissioner for VAT prior to joining the MRA.

Tel: 207 5916
Fax: 207 6016
Email: Champa.Gunnoo@mra.mu



Management Team



Hannelas, Michel Mario, FCCA, D.E.S.S.

Director, Medium & Small Taxpayers

Has more than 30 years of experience in the field of tax administration. Was former Deputy Commissioner of Income Tax & Commissioner of Large Taxpayers Department prior to joining the MRA.

Tel: 207 5959

Fax: 207 6016

Email: Mario.Hannelas@mra.mu

Mendes, Stephen, MSc in Development Management

Director, Customs

Born in Jamaica and has worked for several years in the UK for the HM Customs and Excise as a Preventive Officer and as a Specialist Investigator. Has also been involved in managing customs reform and modernisation programmes in countries like Africa, Eastern Europe and the Caribbean, prior to joining the MRA.

Tel: 206 3401

Fax: 240 1034

Email: Stephen.Mendes@mra.mu



Moorghen Tegharassen,

**Officer-in-charge, Taxpayer,
Education & Communication**

Has more than 35 years of experience in the field of tax administration. Was former Deputy Commissioner of Income Tax prior to joining the MRA.

Tel: 207 5933

Fax: 207 6033

Email: Dan.Moorghen@mra.mu



Management Team

Mooroogen, Sumita Devi, FCCA & MBA
in Finance & Administration
Director, Internal Audit

Has 18 years of experience at the National Audit Office up to the level of Assistant Director of Audit and was a regional trainer for the African Organisation of Supreme Audit Institutions. Also worked as Assistant Director, Corruption Prevention and Education at the Independent Commission Against Corruption (ICAC) for 3 years prior to joining the MRA.

Tel: 207 5942

Fax: 207 6042

Email: Sumita.Mooroogen@mra.mu



Mosafer Mustupha, FCCA
Director, Large Taxpayers

Has more than 35 years of experience in Tax Administration. Was formerly the Commissioner of Income Tax. He is the lead tax treaty negotiator for Mauritius and has so far negotiated 49 tax treaties for the elimination of double taxation and exchange of information

Tel: 207 5904

Fax: 207 6053

Email: Mustapha.Mosafer@mra.mu

Muneesamy, Mooneenaden, FCCA, FCIS
Director, Finance & Administration

Has more than 42 years of working experience. Worked as Assistant General Manager at the Mauritius Housing Corporation, Consultant at KPMG and General Manager of the Agricultural Marketing Board prior to joining the MRA.

Tel: 207 5922

Fax: 207 6022

Email: Nagen.Muneesamy@mra.mu



Management Team



Ramdin Dhanraj, FCCA, D.E.S.S.
Director, Operational Services

Has more than 28 years of experience in the field of tax administration. Was former Deputy Commissioner of Income Tax prior to joining the MRA.

Tel: 207 5948

Fax: 207 6048

Email: Dhanraj.Ramdin@mra.mu

**Ramnundun Vijay Kumar, DPAM, DOHS, MSc
in Human Resources Management**
Director, Human Resources & Training

Has more than 36 years of working experience including 27 years in Human Resources and Training. Worked as Assistant Manager of Human Resources at IVTB, Manager of Human Resources at CWA and Human Resource Executive at CEB prior to joining the MRA.

Tel: 207 5917

Fax: 207 6017

Email: Vijay.Ramnundun@mra.mu



**Dr Seth, Prabodh, PhD and MA in Economics,
MSc in Public Economic Management & Finance**
Director, Research, Policy & Planning

Has more than 20 years of experience in the field of tax policy and administration in India and Mauritius. Has occupied senior position in the Income Tax Department in India and Ministry of Finance, Government of India prior to joining the MRA.

Tel: 207 5934

Fax: 207 6034

Email: Prabodh.Seth@mra.mu



Management Team

**Sonah, Soobhash, BSc, MSc in
Information Technology & MBA
Director, Information Systems**

Has more than 20 years of experience in the field of ICT both in the local and international arena, including Canada and the USA. Has occupied managerial positions at DCDMC, University of Mauritius and the Central Electricity Board prior to joining the MRA.

Tel: 207 5977

Fax: 207 6063

Email: Soobash.Sonah@mra.mu





MRA Financial Statements

- ↳ **Board's Report**
- ↳ **Auditor's Report**
- ↳ **Statement of Financial Position**
- ↳ **Statement of Comprehensive Income**
- ↳ **Statement of Changes in Equity**
- ↳ **Statement of Cash Flows**
- ↳ **Notes to Accounts**

MRA Financial Statements

BOARD'S REPORT

The Board of the Mauritius Revenue Authority presents the audited financial statements of the Mauritius Revenue Authority for the year ended 30 June 2009.

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

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

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

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

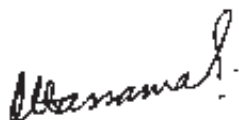
In preparing these financial statements, the Board ensures that:

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

The Board confirms that they have complied with the above requirements in preparing the financial statements.

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

Signed on behalf of the MRA Board



V. Hassamal
Chairperson

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

Report on the Financial Statements

I have audited the financial statements of the Mauritius Revenue Authority which comprise of its statement of financial position as of 30 June 2009, and the related statement of comprehensive income, statements of changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

MRA Financial Statements

Opinion

In my opinion, the attached financial statements give a true and fair view of financial position of the Mauritius Revenue Authority as of 30 June 2009, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Statutory Bodies (Accounts and Audit) Act 1972.

Report on Other Legal and Regulatory Requirements

Statutory Bodies (Accounts and Audit) Act 1972.

I have obtained all information and explanations I have required. In my opinion proper accounting records have been kept by the Mauritius Revenue Authority as far it appears from my examination of those records.

The Financial Reporting Act 2004.

The Board is responsible for preparing the Corporate Governance Report and making disclosures required by Section 8.4 of the Code of Corporate Governance of Mauritius ("Code"). My responsibility is to report on these disclosures.

In my opinion, the disclosures in the Corporate Governance Report are consistent with the requirements of the "Code".



(Dr R. JUGURNATH)

Director of Audit

National Audit Office
Level 14,
Air Mauritius Centre
PORT LOUIS.

23 November 2009

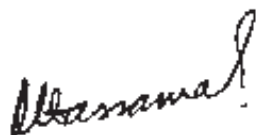
MRA Financial Statements

STATEMENT OF FINANCIAL POSITION AT 30 JUNE


	Notes	2009 Rs	2008 Rs
			As Restated
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	5	135,621,231	136,007,297
Intangible Assets	6	12,984,350	10,781,716
Asset under Construction	7	59,606,102	56,685,406
Retirement Benefit Obligations	19	18,047,188	10,552,856
Total Non-Current Assets		<u>226,258,871</u>	<u>214,027,275</u>
Current Assets			
Inventories	8	3,212,031	9,049,066
Trade and Other Receivables	9	13,571,082	16,114,943
Cash and Cash Equivalents	10	58,914,502	50,112,827
Total Current Assets		<u>75,697,615</u>	<u>75,276,836</u>
TOTAL ASSETS		<u>301,956,486</u>	<u>289,304,111</u>
EQUITY AND LIABILITIES			
Equity			
Revolving Fund	13	21,573,525	-
Accumulated Surplus		26,816,154	25,776,013
Total Equity		<u>48,389,679</u>	<u>25,776,013</u>
Non-Current Liabilities			
Deferred Income	12	170,574,668	176,380,668
Current Liabilities			
Trade and Other Payables	11	40,992,139	42,841,839
Deferred Income	12	42,000,000	44,305,591
Total Current Liabilities		<u>82,992,139</u>	<u>87,147,430</u>
TOTAL EQUITY AND LIABILITIES		<u>301,956,486</u>	<u>289,304,111</u>

Approved by the Board on 30 July 2009

Chairman



Director-General



The Notes on pages 88 to 99 form part of the financial statements.

MRA Financial Statements

STATEMENT OF COMPREHENSIVE INCOME FOR
THE YEAR ENDED 30 JUNE

	Notes	2009 Rs	2008 Rs
			As Restated
Revenue			
Grant From Government	14	789,127,000	631,914,053
Other Income	15	48,082,444	50,607,067
		837,209,444	682,521,120
Expenditure			
Administrative Expenses	16	828,383,785	675,350,443
Finance Cost	17	85,518	53,824
		828,469,303	675,404,267
		8,740,141	7,116,853
Surplus for the year			
Other Comprehensive Income			
Net Income - Excise Stamps	13	13,873,525	-
Total Comprehensive Surplus for the year		22,613,666	7,116,853

STATEMENT OF CHANGES IN EQUITY

	Revolving Fund Rs	Accumulated Surplus Rs	Total Rs
At 1 July 2007:			
As previously reported	-	18,659,160	18,659,160
Net Surplus for the year		651,248	651,248
At 30 June 2008	-	19,310,408	19,310,408
At 1 July 2008:			
As previously reported		19,310,408	19,310,408
Prior year adjustment (Note 20)		6,465,605	6,465,605
At 1 July 2008, as restated	-	25,776,013	25,776,013
Transfer to Revolving Fund	7,700,000	(7,700,000)	-
	7,700,000	18,076,013	25,776,013
Net Surplus for the year	13,873,525	8,740,141	22,613,666
At 30 June 2009	21,573,525	26,816,154	48,389,679

MRA Financial Statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE

	2009 Rs	2008 Rs
		As Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Surplus	22,613,666	7,116,853
Adjustments for :		
Depreciation and Amortization	44,305,591	46,027,066
Transfer from Deferred Income	(44,305,591)	(46,027,066)
Retirement Benefit Obligations	(7,494,332)	(10,552,856)
Loss on Disposal/Scrap	-	189,450
Interest Income	(2,333,560)	(3,485,798)
Operating Surplus/(Deficit) Before Working Capital Changes	12,785,774	(6,732,351)
(Increase)/Decrease in Inventories	5,837,035	(7,364,429)
(Increase)/Decrease in Trade & Other Receivables	2,543,861	9,023,176
Increase / (Decrease) in Trade & Other Payables	(1,849,700)	(44,118,721)
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	19,316,970	(49,192,325)
Cash flows from Investing Activities		
Purchase of Property, Plant and Equipment	(49,042,855)	(80,978,105)
Proceeds from Sale of Property, Plant and Equipment	-	15,000
Interest Received	2,333,560	3,485,798
Net Cash used in Investing Activities	(46,709,295)	(77,477,307)
Cash Flows from Financing Activities		
Government Grant Received	36,194,000	87,272,000
Net Cash Inflow from Financing Activities	36,194,000	87,272,000
Net Increase/(decrease) in Cash & Cash Equivalents	8,801,675	(39,397,632)
Cash & Cash Equivalents at Start	50,112,827	89,510,459
Cash & Cash Equivalents at End	58,914,502	50,112,827

MRA Financial Statements

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2009

1 Principal Activities

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

2 Adoption of New and Revised International Financial Reporting Standards

Standards and Interpretations in issue but not yet effective.

At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective:

- ◆ IFRS 1: First-time Adoption of International Financial Reporting Standards
- ◆ IFRS 2: Share Based Payments
- ◆ IFRS 3: Business Combinations
- ◆ IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations
- ◆ IFRS 8: Operating Segments
- ◆ IAS 1: Presentation of Financial Statements
- ◆ IAS 7: Statement of Cash Flows
- ◆ IAS 10: Events after the Reporting Period
- ◆ IAS 17: Leases
- ◆ IAS 27: Consolidated and Separate Financial Statements
- ◆ IAS 28: Investments in Associates
- ◆ IAS 31: Interests in Joint Ventures
- ◆ IAS 36: Impairment of Assets
- ◆ IAS 38: Intangible Assets
- ◆ IAS 39: Financial Instruments : Recognition and Measurement
- ◆ IFRIC 9 (amended): Reassessment of Embedded Derivatives
- ◆ IFRIC 16 (amended): Hedges of a Net Investment in a Foreign Operation
- ◆ IFRIC 17: Distribution of Non-Cash Assets to Owners
- ◆ IFRIC 18: Transfers of Assets from Customers

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

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2009**3 Accounting Policies**

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

(a) Basis of Preparation

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

(b) Statement of Compliance

The financial statements of the Mauritius Revenue Authority (MRA) have been prepared in accordance with all applicable International Financial Reporting Standards (IFRS), including International Accounting Standards (IAS) issued by the International Accounting Standard Board (IASB).

(c) 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 the tangible fixed assets on a straight line basis over their expected useful lives. A full year depreciation is charged in the year of acquisition and none in the year of disposal.

The annual rates of depreciation are as follows:

Computer Equipment	20%
Furniture & Fittings	10%
Scanners	12.50%
Vehicles & Equipment	20% & 25%

(d) Intangible Assets

Computer software costs are recognised as intangible assets and amortized using the straight-line method over their useful lives, not exceeding a period of 5 years.

(e) Inventories

Inventories consist of 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.

MRA Financial Statements

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2009

(h) Accounts Payable

Accounts payable are stated at their fair value.

(i) Revenue recognition

Taxes

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

Revenue Grant and other Income

These are recognised on an accrual basis.

(j) Government Grant

Revenue Grant

Grant received from Government to meet recurrent expenditure is treated as revenue grant.

Deferred Income

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

(k) Excise Stamps

The cost of excise stamps, sale proceeds and grants received are accounted for through a Revolving Fund.

(l) Employee Benefits

(i) Retirement Benefits under Defined Benefit Pension Plan

The MRA Staff Pension Fund is a defined benefit plan and its assets are managed by the SICOM Ltd. The cost of providing the benefit is determined in accordance with actuarial review.

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

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

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2009

A portion of the actuarial gains and losses will be 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 (23 years) of employees in the plan.

(ii) 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 Comprehensive Income in the period in which they fall due.

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

MRA Financial Statements

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2009

5 Property, Plant & Equipment

	Computer Equipment Rs	Furniture & Fittings Rs	Vehicles & Equipment Rs	Total Rs
<u>COST / VALUATION</u>				
AT 1 JULY 2008	33,436,667	35,054,284	174,063,162	242,554,113
ADDITIONS	18,881,173	1,987,544	18,232,577	39,101,294
DISPOSALS	-	-	-	-
AT 30 JUNE 2009	<u>52,317,840</u>	<u>37,041,828</u>	<u>192,295,739</u>	<u>281,655,407</u>
<u>DEPRECIATION</u>				
AT 1 JULY 2008	13,397,576	8,251,506	84,897,734	106,546,816
CHARGE FOR THE YEAR	7,610,821	3,737,370	28,139,169	39,487,360
DISPOSALS	-	-	-	-
AT 30 JUNE 2009	<u>21,008,397</u>	<u>11,988,876</u>	<u>113,036,903</u>	<u>146,034,176</u>
<u>NET BOOK VALUE</u>				
AT 30 JUNE 2009	<u>31,309,443</u>	<u>25,052,952</u>	<u>79,258,836</u>	<u>135,621,231</u>
AT 30 JUNE 2008	<u>20,039,091</u>	<u>26,802,778</u>	<u>89,165,428</u>	<u>136,007,297</u>

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2009

6 Intangible Assets

	Computer Software Rs
<u>COST</u>	
AT 1 JULY 2008	15,519,248
ADDITIONS	<u>7,020,865</u>
AT 30 JUNE 2009	<u>22,540,113</u>
<u>AMORTIZATION</u>	
AT 1 JULY 2008	4,737,532
CHARGE FOR THE YEAR	<u>4,818,231</u>
AT 30 JUNE 2009	<u>9,555,763</u>
<u>NET BOOK VALUE</u>	
AT 30 JUNE 2009	<u>12,984,350</u>
AT 30 JUNE 2008	<u>10,781,716</u>

7 Asset under Construction

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

	2009 Rs	2009 Rs
8 Inventories		
Stationery	1,948,319	3,413,956
Excise Stamps	527,286	5,174,017
Spare parts	<u>736,426</u>	<u>461,093</u>
Total	<u>3,212,031</u>	<u>9,049,066</u>

MRA Financial Statements

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2009

	2009 Rs	2008 Rs
9 Trade & other receivables		
Trade Receivables	2,004,564	1,819,899
Other Receivables	8,283,899	8,687,464
Excise Stamps	-	2,587,022
	10,288,463	13,094,385
Prepayments	3,282,619	3,020,558
Total	13,571,082	16,114,943
10 Cash and Cash Equivalents		
Cash at Bank	58,869,793	50,097,673
Cash in Hand	44,709	15,154
Total	58,914,502	50,112,827
11 Trade and Other Payables		
Trade Payables	13,743,488	9,330,890
Other Payables	19,237,156	20,919,505
Deposits	8,011,495	12,591,444
Total	40,992,139	42,841,839
12 Deferred Income		
At 1 July	220,686,259	165,280,480
Grant received during the year	36,194,000	101,432,845
	256,880,259	266,713,325
Transfer to other income	(44,305,591)	(46,027,066)
	212,574,668	220,686,259
Amount to be amortised within one year recognised as Current Liability	(42,000,000)	(44,305,591)
At 30 June	170,574,668	176,380,668
13 Revolving Fund - Excise Stamps		
Sales	17,745,759	-
Cost of Sales	(7,960,903)	-
	9,784,856	-
Grant received	3,300,000	-
Interest	788,669	-
Net Income	13,573,525	-
Transfer from Accumulated Surplus	7,700,000	-
	21,573,525	-
14 Grant From Government		
Grant From Government	789,127,000	631,914,053

MRA Financial Statements

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2009

	2009 Rs	2008 Rs
15 Other Income		
Transfer from deferred income	44,305,591	46,027,066
Sundry Income	1,443,293	1,094,203
Interest Receivable	2,333,560	3,485,798
Total	48,082,444	50,607,067
16 Administrative Expenses		
Staff Costs	653,813,915	524,143,545
Training of Staff	8,255,753	5,949,229
Board Members Fees and Expenses	1,970,709	2,011,316
Missions /Training Abroad	2,484,171	2,073,286
Professional Fees	3,079,939	3,864,666
Office Expenses & Services	20,268,536	16,100,060
Rent	38,642,895	36,810,655
Cost of Utilities	25,366,175	18,391,296
Motor Vehicles Expenses	7,423,886	5,306,238
Advertising and Publications	4,272,119	7,887,830
Materials, Supplies and Consumables	12,427,783	10,135,743
IT Expenses	8,797,423	5,448,043
Uniform	3,130,156	-
Contributions /Subscriptions to Other Organizations	1,515,286	1,564,876
Loss on Disposal/Scrap		189,450
Provision-Retirement Benefit Obligations	(7,494,332)	(10,552,856)
Other Operating Expenses	123,780	-
	784,078,194	629,323,377
Depreciation and Amortization	44,305,591	46,027,066
	828,383,785	675,350,443
17 Finance Cost		
Bank Charges	85,518	53,824

MRA Financial Statements

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2009

18 - Related Party Transactions

The Authority regards the Government of Mauritius as its controlling party and is making the following disclosures for the year under review in accordance with IAS 24 (Related Party Disclosures).

	2009 Rs	2008 Rs
<u>(i) Grants from Government</u>		
<u>Capital Grant</u>		
Balance 1 July	220,686,259	165,280,480
Received during the year	36,194,000	101,432,845
Deferred during the year	<u>(44,305,591)</u>	<u>(46,027,066)</u>
Balance 30 June	<u>212,574,668</u>	<u>220,686,259</u>
<u>Revenue Grant</u>		
Received during the year	<u>789,127,000</u>	<u>631,914,053</u>
<u>(ii) Compensation to Key Management Personnel</u>		
<u>Short term benefits</u>		
Fees to Board Members	1,920,000	1,920,000
Management Personnel Compensation	29,560,863	28,653,539
Post-employment benefits contribution	-	-
Termination benefits	<u>2,301,242</u>	<u>907,148</u>
	<u>33,782,105</u>	<u>31,480,687</u>

As per provisions of the Act constituting the Authority, the Board members represent the interest of Stakeholders.

However, the Board considers that such representation does not trigger any other related party transactions that would require any further disclosure.

MRA Financial Statements

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2009

19. Retirement Benefit Obligation

The pension plan is a final salary defined benefit plan for employees and is funded by both the MRA and its employees. The assets of the funded plan are held and administered independently by SICOM Ltd.

	2009 Rs	2008 Rs
Amounts recognized in statement of financial position at end of year:		
Present value of funded obligation	1,054,557,219	853,473,570
(Fair value of plan assets)	(745,469,995)	(767,329,404)
	309,087,224	86,144,166
Present value of unfunded obligation	0	0
Unrecognized actuarial gain/(loss)	(327,134,412)	(96,697,022)
Unrecognized transition amount	0	0
Liability recognized in statement of financial position at end of year	(18,047,188)	(10,552,856)
Amounts recognized in statement of comprehensive income:		
Current service cost	16,977,550	33,793,585
Fund expenses	1,002,629	821,753
Interest cost	89,614,725	69,967,668
(Expected return on plan assets)	(87,197,231)	(74,048,234)
Actuarial loss/(gain) recognized	493,464	0
Past service cost recognized	0	0
Transition effect of adopting IAS 19	0	0
Total, included in staff costs	20,891,137	30,534,772
Movements in liability recognized in statement of financial position:		
At start of year	(10,552,856)	0
Total staff cost as above	20,891,137	30,534,772
(Contributions paid)	(28,385,469)	(41,087,628)
At end of year	(18,047,188)	(10,552,856)
Actual return on plan assets:	(72,604,798)	107,814,994
Main actuarial assumptions at end of year:		
Discount rate	10.50%	11.25%
Expected rate of return on plan assets	11.00%	11.50%
Future salary increases	7.50%	8.00%
Future pension increases	5.50%	6.00%

The overall expected rate of return on plan assets is determined by reference to market yields on bonds and expected yield differences on other types of assets held based on historical return trends.

MRA Financial Statements

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2009

Reconciliation of the present value of defined benefit obligation	2009 Rs	2008 Rs
Present value of obligation at start of period	853,473,570	621,934,828
Current service cost	16,977,550	33,793,585
Employee contributions	26,519,061	53,810
Interest cost	89,614,725	69,967,668
(Benefits paid)	(3,156,511)	(9,086,234)
Liability (gain)/loss	71,128,824	136,809,913
Present value of obligation at end of period	<u>1,054,557,219</u>	<u>853,473,570</u>
Reconciliation of fair value of plan assets		
Fair value of plan assets at start of period	767,329,404	628,280,959
Expected return on plan assets	87,197,231	74,048,234
Employer normal contributions	28,385,469	41,087,628
Employee contributions	26,519,061	53,810
(Benefits paid + other outgo)	(4,159,140)	(9,907,987)
Asset gain/(loss)	(159,802,030)	33,766,760
Fair value of plan assets at end of period	<u>745,469,995</u>	<u>767,329,404</u>

Distribution of plan assets at end of period	2009	2008
Percentage of assets at end of year		
Government securities and cash	56.40%	46.84%
Loans	8.10%	8.19%
Local equities	21.00%	30.19%
Overseas bonds and equities	13.70%	13.78%
Property	1.00%	0.99%
Debenture stocks	0.00%	0.01%
Total	<u>100%</u>	<u>100%</u>

Additional disclosure on assets issued or used by the reporting entity

	2009 (%)	2008 (%)
Percentage of assets at end of year		
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 Currency	2009 Rs	2008 Rs
Fair value of plan assets	745,469,995	767,329,404
(Present value of defined benefit obligation)	(1,054,557,219)	(853,473,570)
Surplus/(deficit)	(309,087,224)	(86,144,166)
Asset experience gain/(loss) during the period	(159,802,029)	33,766,760
Liability experience gain/(loss) during the period	(71,128,824)	(136,809,913)

Year	2010	2009
Expected employer contributions	30,096,438	42,531,141

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2009**20 Prior Year Adjustment**

This is made up of:

	Rs
Employee benefits	10,552,856
Other Income	<u>(4,087,251)</u>
	<u>6,465,605</u>

Notes:**Employee Benefits**

The actuarial gain/loss for 07/08 has been recomputed based on the corridor approach for consistency. The effect of the adjustment is to reduce expenses by Rs 10,552,856 and recognise an asset for the same amount.

Other Income

The prior year adjustment is in respect of an amount of Rs 4,087,251 received for Supervision by Custom Officers and accounted as income instead of being remitted to Government. The reported surplus for the year ended 30 June 2008 has been reduced and other payables increased by Rs 4,087,251.

21 Contingent Liability

The MRA has contingent liabilities in respect of claims which are being resisted before the court. However, it is difficult to give a prudent estimate of their financial effects.

22 Capital Commitments

Capital expenditure contracted for at 30 June 2009 but not recognised in the financial statements is Rs 28.8 Million.

23 Controlling Party

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

24 Risk

(i) Except where stated elsewhere, the carrying amounts of the Authority's financial assets and financial liabilities approximate their fair values due to the short-term nature of the balances involved.

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

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

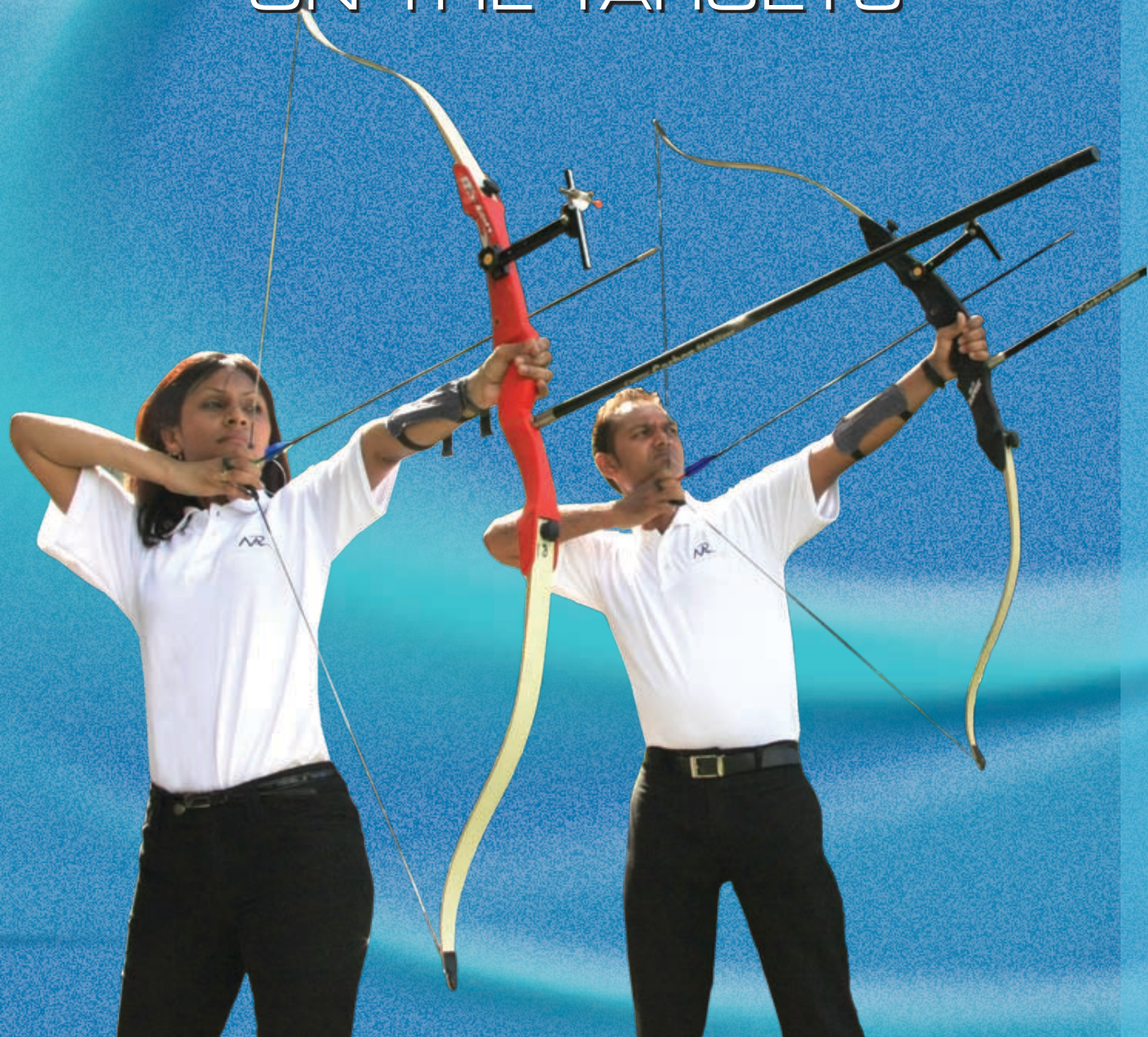
(iv) The Authority's credit risk is primarily attributable to its trade receivables. Management reviews all outstanding amounts at year end to determine doubtful receivables.

25 Income Tax

The Authority is not liable to income tax.

FOCUSSING

FOCUSSING ON THE TARGETS



The cover features a blue background with a grid pattern that recedes into the distance, creating a perspective effect. At the top, there is a horizontal band with a blurred image of a network or infrastructure. The number '12' is prominently displayed in the center-left. The title 'MRA's Performance Record - A Summary' is located in the bottom-right quadrant.

12

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

MRA's Performance Record - A Summary

Objectives	Indicators	Targets		Achievements	
1. Improving prospects for sustained economic growth by reducing revenue and fiscal deficit through buoyant tax revenues	• Tax revenue collected	Tax	Rs million	Tax	Rs million
		Corporate Tax	6,800	Corporate Tax	10,331
		Income Tax	3,825	Income Tax	4,014
		TDS	810	TDS	863
		NRPT	130	NRPT	121
		VAT	20,200	VAT	19,044
		Customs Duties	1,475	Customs Duties	1,501
		Excise Duties	8,930	Excise Duties	8,506
		Gambling	1,600	Gambling	1,547
		Others	1,436	Others	1,320
		Total	45,206	Total	47,247
	• Percentage of actual tax collections to budgeted tax collections	98% - 100% - Good Above 100% - Excellent		104.5% - Excellent	
	• Percentage of actual tax collections to revised tax collections	100% - Good Above 100% - Excellent		104.9% - Excellent	
2. Enhanced organizational efficiency and effectiveness of tax administration	• Average no. of days for registering taxpayers	3		3	
	• Maximum time taken to process returns and issue refunds	3 months for Income Tax		84% of Income Tax returns processed and refunds issued within 90 days from the date of submission of returns.	
		7 days for Fast Track cases in VAT		97% of Fast Track cases repayments effected within 7 days.	
	• Number and amount of refunds	N/A		18,352 income tax refunds were effected amounting to Rs 116 million (compared to 42,067 refunds amounting to Rs 120 million last year.)	

MRA's Performance Record - A Summary

Objectives	Indicators	Targets		Achievements	
2.Enhanced organizational efficiency and effectiveness of tax administration (cont'd)	• Percentage of interest paid on refunds to total amount of refunds	0%		No interest paid	
	• Percentage of returns filed electronically to total no. of returns	100% for LTD; 100% increase for MSTD		91.48% for LTD; 208.81% increase for MSTD	
3.Improved enforcement machinery through strengthening of audit capacity and greater emphasis on liquidation of debt both old and new	• Percentage of cases selected for audit	LTD	25%	LTD	29.2%
		MSTD:-		MSTD:-	
		Income Tax	2.8%	Income Tax	1.8%
		VAT	13%	VAT	4.1%
		PAYE	Nil	PAYE	2.0%
		Gaming	22%	Gaming	69%
	Horse Racing	100%	Horse Racing	100%	
	• No. of cases identified following department's intelligence work	125		91	
	• No. of Investigations completed	85		98	
	• Amount agreed under assessments & compounding	Rs 60 million		Rs 68.96 million	
• No. of cases where assessments are agreed	55		54		
• Average additional tax demand created per fiscal investigation	Rs 1.7 million		Rs 1.7 million		
• No. of cases in which compounding agreement reached	5		8		
• Percentage of number of cases recommended for prosecution to the total no cases investigated	3%		3.1%		

MRA's Performance Record - A Summary

Objectives	Indicators	Targets			Achievements		
3.Improved enforcement machinery through strengthening of audit capacity and greater emphasis on liquidation of debt both old and new (cont'd)	• Percentage of the no. of cases where business audit is completed within 3 months of its beginning to the total no. of audits	10% - LTD 50% - MSTD			1.5% - LTD 55.0% - MSTD		
	• Percentage of the no. of cases where business audit is completed within 6 months of its beginning to the total no. of audits	75% - MSTD			73.1% - MSTD		
		No target fixed. Last year's position:-					
	• Assessments raised	Tax	No. of Assessments	Tax Yield (Rs million)	Tax	No. of Assessments	Tax Yield (Rs million)
		Income Tax	3,306	450.1	Income Tax	1,588	342.9
		Corporate Tax	879	754.9	Corporate Tax	715	997.6
		VAT	414	900.7	VAT	305	521.9
		Total	4,599	2,105.7	Total	2,608	1,862.4
	• Arrears collected	N/A			Rs 1,078 milion		
	• Total amount of collectible debt collected as a percentage of total collectible debt	40%			32.47%		
• Total amount of old debt collected as a percentage of total collectible old debt at the start of the year	25%			27.09%			

MRA's Performance Record - A Summary

Objectives	Indicators	Targets			Achievements		
4. Boosting tax revenues through widening of tax base	• Number of visits for widening of tax base	80			64		
5. Improving trade facilitation through modern and internationally accepted customs procedures	• Percentage of import declarations selected for physical inspection	15%			17%		
	• Average dwell time for cargo	<i>Channels</i>	<i>Sea</i>	<i>Air</i>	<i>Channels</i>	<i>Sea</i>	<i>Air</i>
		Green	4 hrs	45 mins	Green	3 hrs	45 mins
		Yellow	8 hrs	1 hr	Yellow	6 hrs	77 mins
		Red	20 hrs	15 hrs	Red	27 hrs	24 hrs
	• Maximum time taken to issue a tariff ruling	3 days			2.5 days		
	• Number of e-payment users	95			90		
	• Exports clearance time	8 minutes			Sea: 7 minutes & Air: 51 minutes		
6. Effective enforcement through audit and other stringent measures in customs	• Total number of post clearance audits during the year	80			85		
	• Percentage of audits completed within 3 months to the total number of audits	75%			100%		
	• Total number of Customs Offence Reports(CORs) raised	300			576		
	• Duties and Taxes raised from CORs	Rs 40 million			Rs 62.5 million		
	• Duties & Taxes collected from CORs	Rs 15 million			Rs 8.7 million		
	• Penalty collected from CORs	Rs 15 million			Rs 12.9 million		
	• Total amount of duties and taxes raised as a result of value upliftments	Rs 20 million			Rs 17.4 million		
	• Value of goods forfeited	Rs 2 million			Rs 1.0 million		

MRA's Performance Record - A Summary

Objectives	Indicators	Targets	Achievements		
7. Enhanced organizational efficiency and effectiveness for collection of excise duties	• Number of errors/offences detected on excise declarations	100	268		
8. Improvement in enforcement at excise stations	• Average number of visits at excise stations	100	104		
9. Protecting society against illicit trades and related criminal activities	• Narcotics seizure	N/A	Narcotics	Weight/Qty	Value(Rs)
			Heroin	1,669 gms	38.69m
			Hashish/ Cannabis	29.05 gms + 209 seeds	0.04m
			Subutex	21,755 Tabs	21.76m
			Psychotropes	none	nil
	<i>TOTAL VALUE</i>		60.49m		
	• Other seizures	N/A	Semi-Precious stones / silver jewellery Rs 341,829		
10. Fostering voluntary compliance and better operational and taxpayer services	• Number of awareness raising campaigns organized	50	47		
	• % of advisory visits to large taxpayers at their request	100%	100%		
	• Number of educational seminars conducted	25 during the year	26 comprising of:- - Course on PAYE to staff of Cargo Community Service Section of the Mauritius Port Authority - Excise stamps to cigarettes Importers - Tax issues to MEXA - 11 sessions of educational seminars on tax issues held in various schools of the country - Functions and structure of MRA to DOHA Academy - Sensitizing students about tax compliance - Sessions on VAT, TDS, PAYE & APS to the staff of SICOM - PAYE, E-filing, TDS to Barclays Banks - Income Tax & VAT issues to National Women Entrepreneur Council, Phoenix		

MRA's Performance Record - A Summary

Objectives	Indicators	Targets	Achievements
10. Fostering voluntary compliance and better operational and taxpayer services (cont'd)	• Number of taxpayer information leaflets issued	15 during the year	14 Comprising of:- -Guide on sugarcane cultivation -Guide on tobacco cultivation -Guide on CPS -Bank Interest -Fiscal Diary -PAYE Guide -FAQ –VAT -FAQ – APS -FAQ – Passenger Fee - Annual Magazine -Training Manual on IT - 3 Updated Guides
	• Number of times MRA website is updated	As and when needed	596 times
	• Time within which tax payers' telephonic queries are answered (Average Serving Time)	Immediately	2 minutes
	• Time within which tax payers' queries are answered on office visits (Average Serving Time)	Immediately	2 minutes
	• Maximum time of waiting	20 minutes	15 minutes
11. Improving integrity and fairness	• Number of cases where declaration of assets are verified and reports produced	320	273
	• Number of cases of complaints/allegations where enquiries initiated	120	62
	• Percentage of cases where complaints/allegations where reports are submitted to DG/Chairman	50%	50%
	• Number of cases where disciplinary action was recommended	10	4
	• Number of training sessions held with staff to promote integrity culture	6	10
	• Preparation of an Annual Internal audit Report	September 2008	Finalised – September 2008
	• Preparing & implementing Annual Audit Plan using a risk based methodology	October 2008	Finalised – October 2008

MRA's Performance Record - A Summary

Objectives	Indicators	Targets	Achievements	
11. Improving integrity and fairness (cont'd)	• No. of system audits	7	5 System audited	3 Audits in progress
			2 Customs – Auction Sales , FAST Team 1 MSTD – Tax Audit 1 FID – Investigation 1 OSD – Post Room Mailing	1 Customs – Arrival Hall 1 OSD – Debt Management 1 MSTD – Objection & Appeal
	• Transaction Audits	At least twice during the year	4	
	• Follow-up exercises to ensure sustainability of audit reporting through implementation of audit recommendations	Every three months	3 completed & 1 in progress	
12. Adoption of responsive IT system	• Building underlying IT Infrastructure.	December 2008	100% for MRA 100% - New Customs House – ICT Equipment tender completed in May 2009	
13. Establishment of Integrated Tax Administration System for Revenue Departments	• Start of ITAS Project	October 2007	Started on 1 st Oct 2007 SAP software received Hardware installed	
	• Completion of ITAS Project	October 2008	Started on 1 Oct 2007. SAP Software received & hardware installed. SIL is considering a new partner which is Invenio Business Solution. The new consortium is assessing the current status of the project. A report and a detailed project plan will be submitted shortly to MRA ITAS Steering committee. Upon approval, the realization to go-live phases will be implemented thereafter.	
14. Increased level of automation	• 100% LAN and WAN coverage	100% by June 2009	95% completed	
	• Report on data and systems security architecture and backup methodologies	December 2008	100% completed in August 2008	
	• Use of electronic data storage maximized and paper records reduced to minimal levels	December 2008	5% completed – taken up through the ITAS project	

MRA's Performance Record - A Summary

Objectives	Indicators	Targets	Achievements
15. Information Systems Enhancement with Legislative changes	• Changes in Returns for year of assessment 2009 (i) Individual & Corporate tax returns	June 2009	75% completed. New formats for Individual Returns 01 and 1A have been submitted for development.
	(ii) VAT Return – Changes to new VAT Return		100% Completed
	(iii) Modifications to LTP System for interfacing with SAP		30% completed Request already sent to SIL and work is in progress.
	(iv) Integration of MRA Intranets using Joomla		80% completed – Contents have been updated, link to be sent to TECD for validation and will go live once confirmation will be received from TECD. Planned end date is May 2009.
	(v) Implementation Support of MRA salary review in FINHRMS		100% completion in April 2009
16. Customs Support	• Implementation of CMS II	December 2008	CMS Go-live scheduled for mid of July due to certain functional issues on system. Troubleshooting and testing in progress.
	• Set up of hardware infrastructure for CMS II	December 2008	Hardware relocated at IKS for full testing of CMS Application.
17. Managing Performance and Research	• Revenue Monitoring and Forecasting	Monthly	Monthly
	• Finalization of Performance Indicators and targets / benchmarks for different departments in MRA	September 2008	Completed in July 2008
	• Monitoring performance of different departments against set targets/ benchmarks	Monthly monitoring	Being done on a monthly and cumulative basis.
	• Monitoring of Performance Based Budget	Quarterly	Task completed.
	• Contribution to the Budget Exercise	On Annual basis	Completed in May 2009 with inputs on - Budgetary proposals with rationale - Revised estimates of various taxes/ duties - Forecasts for various taxes/duties - Proposed amendments to revenue laws (Finance Bill)

MRA's Performance Record - A Summary

Objectives	Indicators	Targets	Achievements
17. Managing Performance and Research (cont'd)	<ul style="list-style-type: none"> Preparation of Papers in connection with taxation issues 	8	11 comprising of <ul style="list-style-type: none"> - Informal Sector - Value Addition Paper Completed in Aug 2008 - Analysis of Corporation Tax 2007-08 - Dwell time for Cargo – summary of findings of the 2003 & 2008 reports - Efficiency in Audit - Impact of additional Stimulus package on tax revenue - Policy Response to the Crisis - Analysis of VAT - Impact of Tax reform (01 & 1A) - A comparison of the OECD and UN Model of tax treaty - Recession Paper – Customs & Excise
	<ul style="list-style-type: none"> No. of Training Programmes conducted and training opportunities abroad 'capitalised' 	110	142
	<ul style="list-style-type: none"> % staff who completed Induction Training 	100%	100%
	<ul style="list-style-type: none"> % utilization of amount allocated for training 	100%	66.8%
	<ul style="list-style-type: none"> Training Needs Analysis & Update thereof. 	October 2008	Completed in October 2008
	<ul style="list-style-type: none"> No. of Training Days provided 	3,000	10,583.5 Man days
	<ul style="list-style-type: none"> No. of Meetings with Staff Association 	10	11
	<ul style="list-style-type: none"> % of posts vacant against total posts 	4%	4.3%
	<ul style="list-style-type: none"> Time Taken (months) to fill in vacancies after advertisement 	2	2
	<ul style="list-style-type: none"> No. of monthly health and safety inspections conducted 	12	8.4 (101 stations where MRA staffs are posted have been visited by the Health & Safety Officer)
	<ul style="list-style-type: none"> No. of Health & Safety Committees held 	6	7
	<ul style="list-style-type: none"> Setting up of Medical Scheme 	December 2008	Completed in November 2008
	<ul style="list-style-type: none"> Implementation of the Performance Appraisal System based on KPIs for all MRA staff 	Every 6 months	Performance Appraisal Exercise 08/09 will be conducted in July 2009. Briefing sessions with Directors, Section Heads & Team leaders have started.
	<ul style="list-style-type: none"> Implementation of electronic attendance system 	December 2008	Completed in May 2009
	<ul style="list-style-type: none"> Provision of HR service on line to staff through HRMS 	December 2008	HRMS (Leave Application) has been implemented in the HR Dept and has been introduced in the IS Dept. Other depts still not served by HRMS.

MRA's Performance Record - A Summary

Objectives	Indicators	Targets	Achievements
18. HR Reforms (cont'd)	• Corporate Social responsibility		
	- Empowerment Programme for Graduate & Diploma	25 per year	12
	- Training placement for university students	25 per year	16
	- Bridging the gap programme for lower VI students	75 per year	104
	• Percentage of wage bill allocated to staff training	3%(revised to 2.5%)- with the new salary revision	1.7%
	• Number of Training Evaluation Conducted	100	45
• Rate of staff turnover	2%	2.23%	
• Regular reconciliation of staff records & payrolls	Bi - monthly	Being done a monthly basis before the payroll run	

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DIRECT TAXES

Appendix 1 – Corporate Tax: Number of taxpayers – 2004-05 to 2008-09

	Number of taxpayers				
	2004-05	2005-06	2006-07	2007-08	2008-09
Corporate Tax	3,760	4,334	4,735	5,685	6,753

Appendix 2 – Personal Income Tax: Information on Returns & Refunds – 2004-05 to 2008-09

	Number of taxpayers				
	2004-05	2005-06	2006-07	2007-08	2008-09
PAYE	119,521	116,993	113,804	27,057	52,465
CPS	5,509	5,373	4,009	10,294	4,744
Self Assessment	28,717	26,644	28,855	37,351	45,616
Refunds	95,955	94,242	90,089	42,635	19,398

INDIRECT TAXES

Appendix 3 – Number of taxpayers on VAT register – 2004-05 to 2008-09

	Number of taxpayers				
	2004-05	2005-06	2006-07	2007-08	2008-09
VAT register	8,645	9,645	11,754	13,339	14,486

Appendix 4 – Awareness raising campaigns and educational seminars conducted in 2008-09

Awareness raising campaigns

1	Excise stamps on cigarettes
2	Double Taxation Avoidance Agreement between Mauritius & Germany
3	Taxation policy as regards the banking sector to a delegation from the Chinese Development Bank
4	Taxation policy in Mauritius to the Ken Invest
5	Corporate tax & Advance Payment System
6	Extension of time limit for Excise stamps on cigarettes
7	Launching of the Annual Report 2007/08
8	Director of Customs joining MRA
9	Customs Auction Sales
10	Rum & Liquor Licences
11	Taxpayers filing CPS returns
12	Briefing sessions to staff of MCB and SBM

Educational seminars

1	Course on PAYE to staff of Cargo Community Service Section of the Mauritius Port Authority
2	Excise stamps to cigarettes importers
3	Tax issues to MEXA
4	11 sessions of educational seminars on tax issues held in various schools of the country
5	Functions and structure of MRA to DOHA Academy
6	Sensitising students about tax compliance
7	Sessions on VAT, TDS, PAYE & APS to the staff of SICOM
8	PAYE, E-Filing, TDS to Barclays Banks
9	Income Tax & VAT issues to National Women Entrepreneur Council, Phoenix

Appendices

Appendix 5 – Local Training & Workshops conducted in MRA for the year 2008-09

S/n	Training	Venue
1	A Haven or Low Tax Jurisdiction	Ehram Court
2	Cargo Community System	MRA Training School
3	Changes to the Income Tax Act Through Finance Bill	Ehram Court
4	CMS II - Module B/E & Awareness	MRA Training School
5	Commonwealth Management Development Programme	Ehram Court
6	Course for officers attending ARC	MRA Training School
7	Drug Enforcement	MRA Training School
8	Drug Recognition, Search and Concealment	Ehram Court
9	Employment Relations and Employment Rights	Ehram Court
10	Excise Stamp	MRA Training School
11	Fire Safety	MRA Training School
12	First Aid	MRA Training School
13	Fraudulent Documents	Ehram Court
14	Harmonized System	MRA Training School
15	Health and Safety	MRA Training School
16	Illicit Nuclear Trafficking	MRA Training School
17	Income Tax Law Practice	Ehram Court
18	Interpretation and Application of Tax Treaties	Ehram Court
19	Invasive Alien Species	MRA Training School
20	IPR & Trade Based Money Laundering	MRA Training School
21	Manifest & Freight Charges	MRA Training School
22	Mauritius Community Cargo System (MCCS)	MRA Training School
23	Mid Term Performance Review – Briefing Section Heads	Ehram Court
24	Money Laundering	MRA Training School
25	Practical Vessel Manoeuvring and Handling	Mauritius Maritime Training Academy
26	Risk Management	MRA Training School
27	SADC Transit Management Course	MRA Training School
28	SAP Basis Training Course	MRA Training School
29	Trade Agreement Course	MRA Training School
30	Training in 'Open Office'	Ehram Court
31	Training on Bank Related Documents	MRA Training School
32	Training on Corporate Governance	Ehram Court
33	Training on Legal Issues Related to Tax Laws Administration	Ehram Court
34	Valuation Database	MRA Training School
35	Writing & Oral Skills in French	Ehram Court
36	WTO Valuation/Valuation Fraud	MRA Training School

Appendix 6 – Local Training & Workshops conducted outside MRA for the year 2008-09

S/n	Training	Institution
1	Conference – Global Tax Structuring – Issues and Perspectives	International Fiscal Association
2	3 rd TIFA Council Meeting	Ministry of Foreign Affairs, Regional Integration and International Trade
3	Best Practice Guide on Inspection Works for Public Bodies	Independent Commission Against Corruption (ICAC)
4	Certificate Programme in Public Procurement	Ministry of Finance and Economic Empowerment
5	DNS Security	National Computer Board
6	Impact of Financial crisis on our Industry	Mauritius Export Association
7	International Taxation – Some Special Cases	De Chazal Du Mée
8	ISO 27001 Certified ISMS Implementers Course for Parastatal Organisations	National Computer Board
9	Labour Management Relations: Establishing a new Partnership Model	National Productivity and Competitiveness Council
10	Managing Human Capital Conference Series -2008; Success Through Employability & Leadership	ACCA Mauritius
11	National Computer Board	National Computer Board
12	Practical Vessel Manoeuvring and Handling	Mauritius Maritime Training Academy
13	The best practices in Leading and Managing Exceptional State Owned Enterprises/ Parastatals & Government Agencies Boards	Jessica Naome & Associates
14	The impact of the reform on the Individual Income Tax System in Mauritius.	Mauritius Research Council
15	Training in Sun Solaris System Administration Version 10	Data Communications Ltd – DCL
16	Treaty Based International Tax Planning	Cross Border
17	Workshop for Organisers of Blood Donation in the Context of World Blood Donor Day (WBDD) 2009	Blood Donors Association
18	Workshop in “ Quality Reporting in Auditing”	Financial Reporting Council
19	Workshop International Financial Reporting Standards (IFRS)	MMA – Mauritian Management Association
20	Workshop on “Privacy and Data Protection”	National Computer Board
21	Workshop on “Vulnerability Management”	Ebene Conference Hall
22	Workshop on Corporate Governance	National committee on Corporate Governance
23	Workshop on natural alternative refrigerants to HCFC's and HFCs	Ministry of Environment and National Development Unit

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Appendix 7 – Training & Workshops conducted Abroad for the year 2008-09

S/n	Training & Workshops	Institution	Country
1	Joint Meeting of Customs Advisory Workgroup for Common External Tariff and The Technical Working Group on CET	SADC	Johannesburg, South Africa
2	Twenty second(22 nd) Meeting of the Trade and Customs Committee	COMESA	Lusaka Zambia
3	WCO - 48 th Fellowship Programme	WCO	Brussels
4	23 rd Meeting of the Trade & Customs Committee	COMESA	
5	29 th Annual Technical Conference- The Commonwealth Association of Tax Administrators	CATA	Yaoundé Cameroon
6	2 nd Regional Meeting of COMESA National Task Teams for Preparation of Sensitive Products Lists and Tariff Schedules	COMESA	Manzini, Swaziland
7	3 rd Tax Incentives Working Group Meeting	SADC	Gaborone, Botswana
8	49 th Fellowship Programme for French Speaking Customs Officers.	S A D C Secretariat	Brussels, Belgium
9	6 th Meeting on Sensitive Products and Tariff Alignment Schedules	COMESA	Lusaka Zambia
10	7 th SADC Tax Sub- Committee Meeting	SADC	Gaborone, Botswana
11	Advantage Training - 7 th Fraud Conference High Powered Tools to Combat Fraud and Corruption	SARS	Cape Town, SA
12	Annual Management Committee- The Commonwealth Association of Tax Administrators	CATA	Pall Mall, London
13	COMESA 8 th Meeting on Sensitive Products and Tariff Alignment Schedules	COMESA	Lusaka Zambia
14	COMESA 7 th Meeting on Sensitive Products and Tariff Alignment Lusaka, Zambia	COMESA	Lusaka Zambia
15	Conference on 'Effective Audit and Investigation for Improved Tax Compliance Africa 2009'		Abuja, Nigeria
16	Customs Advisory Working Group (CAWG) for Transit	SADC	Gaborone, Botswana
17	Customs Modernisation and Trade Facilitation Towards a SADC Customs Union Capacity Building Diagnostic Study		Gaborone, Botswana
18	Customs Modernisation and Trade Facilitation Towards a SADC Customs Union Project EDF9:ICT Customs Advisory Working Group Meeting	SADC	Mombassa-Kenya
19	Customs Modernisation and Trade Facilitation Project – Meeting of Customs Advisory Working Group	SADC	Botswana
20	Customs Modernisation and Trade Facilitation Towards a Customs Union Project EDF9: ICT Customs Advisory Working Group Meeting	SADC	Gaborone , Botswana

S/n	Training & Workshops	Institution	Country
21	Delivery of SADC Transit Management Systems Training for Trainers	SADC	Malawi
22	Direction Générales Des Douanes	Ecoles Nationale Des Douanes	France
23	Direction Générales Des Impôts	Ecoles Nationale Des Impôts	France
24	Double Taxation Avoidance Agreement (DTAA) between Egypt and Mauritius	DTAA	Cairo, Egypt
25	Eastern Southern African Group Meeting	COMESA	Zambia
26	Electronic Records Management Capacity – Managing the Transition in Records Management		Dar Es Salaam, Tanzania
27	Fifth Meeting on Sensitive Products and Tariff Alignment Schedules.		Lusaka Zambia
28	Follow up Workshop Inwent International Leadership Training		Tanzania
29	Guangzhou Trade Fair		China
30	Human Resources Solutions for the Public Sector	Intelligent Africa Marketing and Training	Johannesburg, S. Africa
31	Inter Agency Forum on Border Management		
32	Interpol International Conference on Illegal Cash Couriers	WCO	Brussels, Belgium
33	Inwent International Leadership Training on Global Trade – New Challenges-New Challenges To Customs Policy and Customs Administration		Germany
34	IPR Regional Seminar for East and Southern Africa on “Combating Counterfeiting and Piracy”	WCO	Mombassa, Kenya
35	Law Enforcement Executive Development Programme		Botswana
36	Malaysian Technical Cooperation Programme (MTCP) for FY 2009		Malaysia
37	MCCI – Indian Ocean Commission Portal Follow up (Mauritius Chamber of Commerce & Industry)	Indian Ocean Commission	Madagascar
38	Meeting of Customs Advisory Workgroup (CAWG) for Regional Capacity Building	SADC	Gaborone , Botswana
39	Meeting of Global and Intelligence Strategy Project Group		Brussels, Belgium
40	Meeting of Strategy and Policy Advisory Group	SADC	Harare, Zimbabwe
41	Meeting of the 113/114 sessions of the Customs Cooperation Council		Brussels, Belgium
42	Meeting of the Safe Working Group	WCO	Brussels, Belgium

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S/n	Training & Workshops	Institution	Country
43	Meeting of the Strategy and Policy Advisory Group	SADC	Lusaka Zambia
44	Microsoft Workshop on e-Customs	WCO	Morocco
45	Money Laundering and Currency Transaction Course	International Law Enforcement Academy (ILEA)	Gaborone, Botswana
46	New Challenges for Customs Policy and Customs Administration	Inwent	Cape Town, S. Africa
47	Operational Computer Forensics: Theoretical and Practical Training	Africane Development Resource Centre	Nairobi, Kenya
48	Organisation for the prohibition of Chemical Weapon- Training course for Customs Authorities on Technical Aspects of the Transfers Regime	OPCW Secretariat	Tanzania
49	Refinement of the COMESA External Tariff	COMESA	Lusaka Zambia
50	SADC – Customs Modernisation and Trade Facilitation Project – Meeting of Customs Advisory Work Group for Regional Capacity Building	SADC	Botswana
51	SADC – Customs Modernisation and Trade Facilitation Project- Meeting of Customs Advisory Workgroup for Transit	SADC	Botswana
52	SADC – Customs Modernisation and Trade Facilitation Towards a Customs Union Project EDF9: Customs Legal Framework Advisory Working Group Meeting	SADC	Gaborone , Botswana
53	SADC – Customs Modernisation and Trade Facilitation Towards a Customs Union Project EDF9:Customs Legal Framework Advisory Working Group (CAWG) Meeting		Lusaka Zambia
54	SADC – Customs Modernisation and Trade Facilitation Towards the SADC Customs Union Project EDF9: ICT Customs Advisory Working Group Meeting	SADC	Botswana – Gaborone
55	SADC Customs Modernisation and Trade Facilitation Project – Meeting of Customs Advisory Work Group 9 (CAWG) for Regional Capacity Building SARS	SADC	South Africa
56	SADC- Customs Modernisation and Trade Facilitation Towards a Customs Union Project EDF9: ICT Advisory Working Group Meeting	SADC	Harare
57	SADC Customs Union Preparations: Translations of the SADC Tariff Nomenclature: Translation Task Team Workshop		Johannesburg – South Africa
58	SADC International Property Rights Enforcement Workshop	SADC	Pretoria-S.A
59	SADC Sub Committee on Customs Cooperation Meeting	SADC	Zimbabwe

S/n	Training & Workshops	Institution	Country
60	SADC-Customs Modernisation and Trade Facilitation Towards the SADC Customs Advisory Working Group Meeting	SADC Secretariat	Gaborone , Botswana
61	Seminar on Strategic Planning and Risk Assessment in Revenue Administration		Tunisia
62	Special Conference on Tax Treaties		Paris, France
63	Study Tour to Member States	SADC	South Africa
64	Tax Haven		Norway
65	Technical Working Group on Legal, Institutional and Administrative Arrangements Workshop	SADC	Johannesburg – South Africa
66	Trade Agreement Course	WCO-ESA Regional Training Centre	Johannesburg – South Africa
67	Training Course in Management for Trade Facilitation of African Countries	Japan Customs	Japan
68	WCO – 25 th Session of The Enforcement Committee (EC)		Brussels, Belgium
69	WCO - 6 th Meeting of the Revised Kyoto Convention Management Committee	WCO	Brussels
70	WCO – ESA Regional Workshop on Customs Valuation and Post Clearance Audit		Johannesburg – South Africa
71	WCO – ESA, Regional Office for Capacity Building (ROCB) Regional Seminar on Authorised Economic Operators (AEO)	WCO/ESA	Maputo, Mozambique
72	WCO – IT Conference & Exhibition	WCO	Morocco
73	WCO ESA 7 th WCO RILO Annual National Contact Point 9 NCP Meeting	WCO	Kigali, Rwanda
74	WCO RTC Post Clearance Audit	SARS Academy	Johannesburg – South Africa
75	WCO- Training Workshop on Revised Kyoto Convention	WCO	Brussels
76	WCO-ESA Regional Training (RTC) Excise Course, SARS Academy		Johannesburg – South Africa
77	WCO-ESA Regional Training Needs Analysis and Planning		Mombassa, Kenya
78	WHO Framework Convention on Tobacco Control – Second Session of the Intergovernmental Negotiation Body(INB) on a Protocol on Illicit Trade in Tobacco Products Geneva		Geneva
79	Workshop on Regional IP Protection: The Border and Beyond	US Embassy	
80	Workshop on Taxation of International Transactions	Inland Revenue Board of Malaysia	Malaysia

Appendices

S/n	Training & Workshops	Institution	Country
81	Workshop on Taxation of International Transactions (TOIT 2009)		Tunis, Tunisia
82	Workshop on WTO Trade Facilitation	WTO	Geneva, Switzerland
83	WTO Negotiations on Trade Facilitation – meeting	WTO	Geneva

Appendix 8: Representations to the Assessment Review Committee for the year 2008-09

	Corporate Tax		VAT		Income Tax	
	No.	Amount (Rs m)	No	Amount (Rs m)	No	Amount (Rs m)
Cases at the start of the year	30	449.86	94	207.96	181	328.37
Cases lodged	51	324.95	97	225.61	269	417.95
Cases Withdrawn	1	1.68	6	7.4		
Cases Struck Out			6	2.7		
Cases determined	10	71.3	44	18.7	102	80.1
Cases at the end of the year	70	574.83	135	348.47	348	641.82

Appendix 9: Representations to the Supreme Court for the year 2008-09

	Corporate Tax		VAT		Income Tax	
	No.	Amount (Rs m)	No	Amount (Rs m)	No	Amount (Rs m)
Cases at the start of the year	7	18.3	35	48.7	53	169.3
Cases lodged	3	31.9	20	39.6	8	20.2
Cases Withdrawn			1	0.2		
Cases Struck Out						
Cases determined			10	17.3	4	6
Cases at the end of the year	10	50.2	44	75.5	57	183.5

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Glossary

Glossary

ARC	Assessment Review Committee
CMS	Customs Management System
COMESA	Common Market for Eastern and Southern Africa
COR	Customs Offence Report
CPS	Current Payment System
CT	Corporate Tax
DTAA	Double Taxation Avoidance Agreements
EDF	Employee Declaration Form
E-Filing	Electronic filing of returns via the Web
FAQ	Frequently Asked Questions
FID	Fiscal Investigation Department
FITA	Free Income Tax Assistance
FY	Financial Year
HCFC	Hydro chlorofluorocarbons
HR	Human Resource
HRMS	Human Resource Management System
IBFD	International Bureau of Fiscal Documentation
ITAS	Integrated Tax Administration Solution
KPI	Key Performance Indicator
LTD	Large Taxpayer Department
MID	Maurice Île Durable
MOFEE	Ministry of Finance & Economic Empowerment
MRA	Mauritius Revenue Authority
MSTD	Medium & Small Taxpayer Department
N/A	Not Applicable
OECD	Organisation for Economic Co-operation & Development
OSD	Operational Services Department
PATS	Plaisance Airport Transport Services Ltd
PAYE	Pay As You Earn
PCA	Post Clearance Audits
PIT	Personal Income Tax
PRB	Pay Research Bureau
RPP	Research, Policy & Planning Department
SADC	Southern African Development Community
SICOM	State Insurance Company of Mauritius Ltd
SSR	Sir Seewoosagur Ramgoolam
TAN	Tax Account Number
TAPIS	Tax Arrears Payment Incentive Scheme
TECD	Taxpayer Education & Communication Department
TDS	Tax Deduction at Source
TRC	Tax Residence Certificate
VAT	Value-Added Tax
VDIS	Voluntary Disclosure Incentive Scheme
WCO	World Customs Organisation
WTO	World Trade Organisation



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