



Mauritius Revenue Authority
MS ISO 9001:2008 certified
RF 121

ANNUAL REPORT 2012



Forging ahead for a prosperous Mauritius

Contents

Our Vision, Mission & Core Values

Taxpayer's Charter

Chairperson's Foreword

Director-General's Review

1. The MRA at a glance in 2012
2. Our Role
3. Organisational structure
4. Corporate Governance
5. Revenue collections
6. Serving people: providing solutions to taxpayers' concerns
7. The administrative capacity of the MRA: efficiency and effectiveness
8. Our people: committed to staff development
9. Looking at the future
10. Calendar of events
11. Tax changes & Finance Act 2012
12. MRA financial statements
13. The MRA's performance in 2012

List of tables

List of charts

Glossary



Our Vision

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

Our Mission

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

Our Core Values

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

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

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

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

TAXPAYER'S CHARTER



TAXPAYER'S CHARTER



TAXPAYER'S CHARTER

YOUR RIGHTS

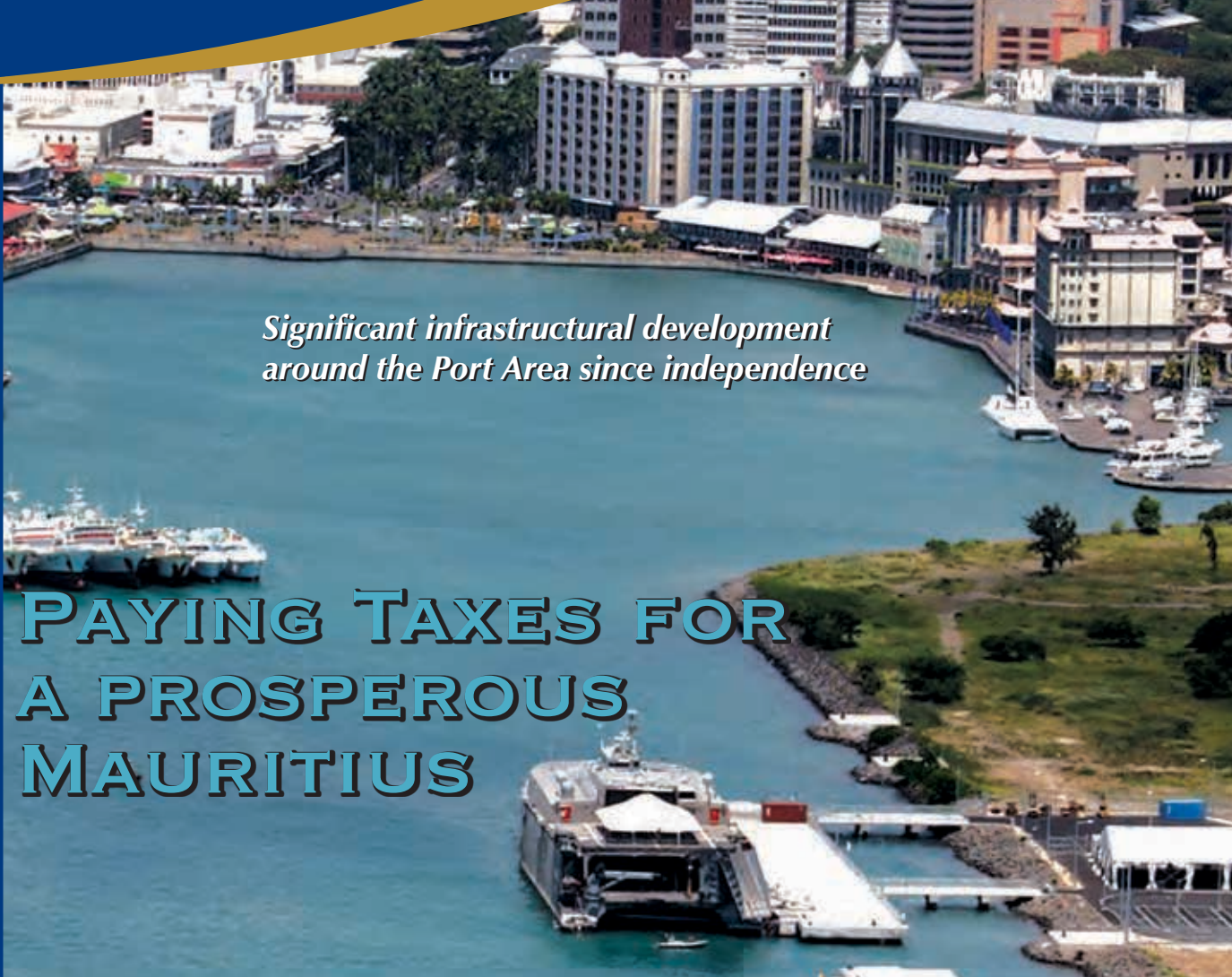
- (i) Knowing your rights is essential for the entire revenue collection system to function properly and efficiently. You **MUST** know, understand and uphold your rights.
- (ii) You have the following RIGHTS
- To be treated as Honest and Truthful unless there is evidence to the contrary;
 - To be treated 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.

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 or our officer ; 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.



The port area when Mauritius became a newly independent nation.



Significant infrastructural development around the Port Area since independence

**PAYING TAXES FOR
A PROSPEROUS
MAURITIUS**

CHAIRPERSON'S FOREWORD



VASDEV HASSAMAL
Chairperson

In its 6th year of existence, the MRA has maintained the growth momentum in revenue receipts and once again met revenue projections. The organisation has also shown that it is well capable of adapting to changing customer needs through a prompt, efficient, effective and quality service to taxpayers and stakeholders in an effort to exceed their expectations. I am confident that the MRA will continue to unlock more values for its stakeholders whilst maintaining a sustained engagement with all of them.

The MRA, which is now ISO 9001:2008 certified, operates in accordance with the requirements of good corporate governance practices, providing good working conditions and offering taxpayer services of high standard. ISO certification confirms that the MRA has an effective Quality Management System in place and that its processes meet the quality standard required for an organisation to perform efficiently.

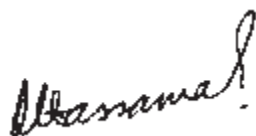
In line with its aspiration of becoming a world-class Revenue Authority and in order to strengthen its tax management, the MRA will endeavour to be a step ahead and will continue to be innovative in its approach. The

CHAIRPERSON'S FOREWORD

82% e-filing of individual income tax returns in 2012 is testimony to the organisation's effective communication strategy and its commitment to tapping the potential of ICT in tax administration. I wish to express my deep satisfaction in respect of the laudable initiatives taken by the MRA over the past years. As a dynamic and forward-thinking organisation, the MRA will continue with its reforms and modernisation agenda for the benefit of the nation at large.

The MRA is required to collect Rs 64.75 billion of revenue for the year 2013. Judging by the current global uncertainty, achieving this revenue target may be seen as a formidable challenge for the organisation. Nevertheless, the MRA has over the past years demonstrated a first-rate reputation, as well as a noticeable record of meeting targets. Therefore, I remain confident in the institution's ability to once again rise to the challenge.

Let me conclude by expressing my sincere gratitude to the Board Members, the Director-General, the Management Team and all the staff for their unwavering support and for their contribution to the organisation's ongoing success. That is what has given us purpose and momentum over the years. We need to sustain that vitality in order to inspire fresh advances for the future. This Annual Report demonstrates how much has been achieved over the year. We have a lot to be proud of and we will continue to build on this solid foundation to achieve even more in the future.



V. Hassamal

Chairperson

DIRECTOR-GENERAL'S REVIEW



SUDHAMO LAL
Director-General

2012 was yet another eventful and challenging year. The global economic crisis which has affected Europe, our main market, was threatening the continuous growth and prosperity that our country had been witnessing over the past decades. However, we have once again been able to weather the economic storm through the implementation of effective macro-economic policies that have made Mauritius remarkably resilient and maintained the country on a sound growth path.

The MRA was fully cognisant of the impact that global risks and projected marathon road to recovery would have on its primary consideration, namely revenue collections. At the same time, it recognised the importance of mobilising adequate financial resources for the Government in such difficult times. After a bright start, the MRA started witnessing the impact of the global crisis especially in the second half of 2012 as corporate tax receipts stagnated. However, through hard work and dedication, the MRA family managed to collect Rs 58.0 billion by the end of December 2012, that is, the same amount that was budgeted by Government. This, represented an increase in revenue of 9.4% over the preceding year.

DIRECTOR-GENERAL'S REVIEW

When compared to the budgetary estimates, revenues from corporate income tax, personal income tax and taxes on gambling were below target by an aggregate amount of Rs 971 million. However, this shortfall was almost entirely compensated by additional receipts mainly from excise duties and to a lesser extent value-added tax, passenger fees and tax deducted at source.

The MRA was also entrusted during 2012 with the collection of two new taxes namely an Advertising Structure Fee (ASF) and a levy on messaging services. The setting up of the new system of taxation and mode of payment for the ASF was particularly challenging and required extensive and regular communication with billboard owners and the local authorities.

At the MRA we remain convinced that success can only be achieved by remaining proactive in our approach, identifying new initiatives to enhance productivity and improving the quality of our services to the public. That is why the organisation maintains a dynamic reform and modernisation agenda with each department/division within the MRA having to implement at least two new projects on an annual basis. The MRA will continue to drive this change programme to sustain its growth trajectory and eventually emerge as a Revenue Authority Model for the Sub-Saharan African region.

This 2012 Annual Report highlights our achievements on various fronts. Some of the major realisations of the MRA during 2012 included:

- (a) implementing four tax amnesty schemes with a view to encouraging voluntary declaration of undisclosed income/turnover, promoting VAT registration, encouraging tax debtors to settle their debts and resolving tax disputes. Total collections by the end of the year from these schemes was around Rs 694 million;

- (b) building on our recent success in e-filing and e-payment of tax through new initiatives. A major achievement in this respect was the 82% e-filing by individual income taxpayers;
- (c) implementing the e-customs project in January 2012 for paperless submission of all customs declarations. This project has led to substantial reduction in transactional costs for operators and improvement in cargo-dwell time;
- (d) becoming an ISO-certified organisation by putting in place an effective Quality Management System. To become certified, the MRA has documented some 200 core processes which have then been subject to audit by the Mauritius Standards Bureau;
- (e) extending our tax treaty network through the coming into force of an additional treaty, finalisation of five treaties and negotiation of three additional treaties;
- (f) improving tax collection efforts, stimulated by the tax incentive schemes, to reach an unprecedented arrears collections of Rs 1.6 billion;
- (g) implementing a new VAT Refund Scheme for the agro-industrial and fisheries sector;
- (h) maintaining the costs of collections at 1.77%, that is the same as 2011 and below the organisational target of 2%;
- (i) registering some 11,903 new income taxpayers and 2,187 VAT taxpayers including some 2,836 through third-party data matching;
- (j) ensuring regular consultations with our key stakeholders through meetings with representatives of accounting firms and customs stakeholders;

DIRECTOR-GENERAL'S REVIEW

- (k) fully implementing the enterprise risk management project and setting up of a Risk Monitoring Committee to discuss departmental risk reports semi-annually;
- (l) pursuing our initiatives for a "greener" organisation and providing a healthy, safe and secure working environment for our employees and stakeholders; and,
- (m) recruiting 50 additional staff in an attempt to bridge the tax-audit gap.

The MRA plays an important role in the lives of every Mauritian citizen. By facilitating the collection of revenue which is used to fund public goods and services and finance the welfare state, it contributes to the well-being of the nation. It is, therefore, vital that we maintain high standards in revenue administration. Although I feel proud to report that we have performed well in 2012, I believe that the World Bank Doing Business Survey, which rates Mauritius in 12th place in terms of the Ease of Paying Taxes indicator and the 15th ranking in respect of the Trading Across Border indicator, pays tribute to our sustained efforts over the years to enhance revenue administration in our country. Indeed, it is a great honour and privilege to lead an institution that has achieved a lot within a short time span and makes a positive and meaningful difference in the lives of our citizens.

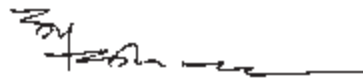
In the year 2013, the MRA's biggest challenge will be to continue to deliver to Government on its revenue targets. It is expected to collect Rs 64.75 billion during the year which represents an increase of 11.7% over 2012 collections. Other key initiatives and projects for the coming year relate to:

- (a) ensuring the successful implementation of the amnesty schemes which have been reinstated for a period of nine months in the 2013 budget;
- (b) providing greater security for e-filers of income tax returns through the issue of username and password and providing facilities for payment of tax by mobile phone;
- (c) setting up the Risk Management Unit in respect of income taxes and VAT and a High Net-Worth Individual Unit;
- (d) setting up and maintenance of the Central Electronic Monitoring System (CEMS) for the on-line recording, monitoring and control of lottery games, gaming, and betting transactions at the MRA;
- (e) revisiting our gaming unit with the aim of enhancing our tax surveillance of the gambling sector, collecting proceeds from the National Lottery and acting as "inspectors" under the Gambling Regulatory Act;
- (f) attending to the expeditious deregistration of VAT-registered persons following the increase in the registration threshold from Rs 2 million to Rs 4 million;
- (g) setting up of a Record Management System to move towards a paperless organisation;
- (h) providing online query facilities to taxpayers through the implementation of the Taxpayer Online Services (TPOS) by the end of the year;
- (i) implementing the new customs administrative penalty regime introduced in the 2012 Finance Act;
- (j) introducing excise stamps on alcoholic products;
- (k) driving the Single Window Project for reduced cargo dwell-time; and,
- (l) implementing the Customs Drug Interdiction Programme.

DIRECTOR-GENERAL'S REVIEW

Notwithstanding the forecast of a difficult international economic environment, I am convinced that the MRA will once again rise to the challenge and meet its commitments to Government and to the nation.

Let me conclude by extending my heartfelt appreciation to the MRA family for their determination in exploring new avenues to sustain growth in the organisation during 2012. I am convinced that I can rely on the continuous and unconditional support and guidance of the MRA Board, Management Team and all our staff as we rise to meet the challenges 2013 presents.



Sudhamo Lal

Director-General

1. THE MRA AT A GLANCE IN 2012

THE MRA AT A GLANCE IN 2012



2. OUR ROLE

OUR ROLE

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

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

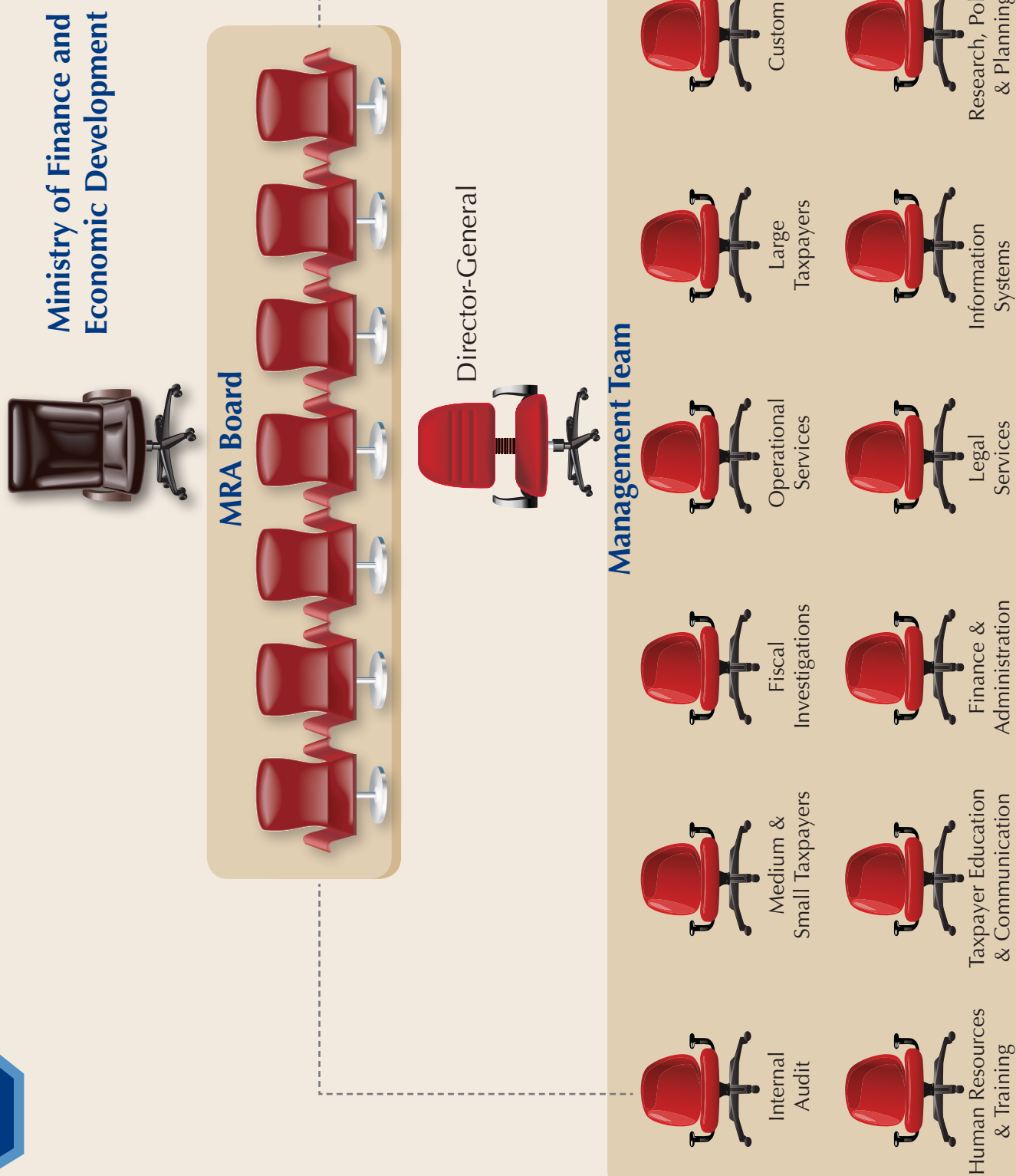
The MRA is responsible for collecting approximately 90% of all tax revenues and for enforcing tax laws in Mauritius.

It manages and collects:

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

3. ORGANISATIONAL STRUCTURE

ORGANISATIONAL STRUCTURE



4. CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

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

The MRA Board reiterates its commitment to ensuring and maintaining a high standard of corporate governance within the organisation and ensuring greater transparency and accountability in its dealings with all stakeholders. In line with the Code of Corporate Governance for Mauritius issued by the National Committee on Corporate Governance under the Financial Reporting Act 2004 (the 'Code'), the Board has put in place various committees to assist in the execution of its responsibilities and to ensure compliance with the provisions set out in the Code.

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

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

9001:2008 project thus enhancing transparency and accountability;

- Systematic computerisation of all MRA functions with emphasis on e-filing both for tax and Customs purposes;
- Continuously educating and communicating with its stakeholders together with standing meetings with main stakeholders; and,
- Accountability for results through the Performance Management System being monitored on a monthly basis and published on an annual basis in the Annual Report.

This chapter describes the main corporate governance framework and MRA's compliance with the disclosures required under the Code of Corporate Governance for Mauritius.

4.1. THE MRA ACT

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

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

CORPORATE GOVERNANCE

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 Board Secretary. The Board shall then determine that the member shall not be present or shall not vote while the matter is being considered.

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

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

4.2. THE BOARD

The MRA Board is accountable for attaining and maintaining the highest standards of corporate governance within the MRA. The Board also has key responsibility for its performance and affairs. The Board is led by the Chairman, and comprises 5 non-executive Directors, and one executive Director. During the year ended 31 December 2012, the Board was constituted as follows:

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

The profile of Board Members is given in **Section 4.8** of this Report.

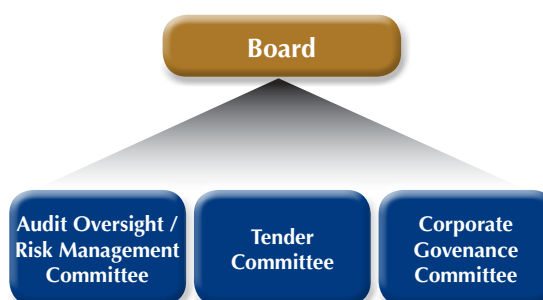
Functions of the Board

The roles and functions of the Board include:

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

4.2.1. Board Committees

In line with the Code, the MRA Board has put in place three specific sub-committees that undertake a detailed review of items that are brought before the Board for its consideration. These sub-committees are shown below and the detailed list of their respective functions is provided in the following section.



CORPORATE GOVERNANCE

4.2.1.1. Audit & Oversight/Risk Management Committee

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

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

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

During 2012, the Committee has *inter-alia*,

- reviewed all internal audit reports;
- approved the Annual Internal Audit Plan & Internal Audit Annual Report;
- ensured the implementation of the Audit Recommendations and proposals for enhancement of the Internal Control System; and,
- reviewed progress made in respect of the Risk Management Project.

4.2.1.2. Corporate Governance Committee

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

The functions of the Corporate Governance Committee are:

- ensuring that procedures are established to comply with regulatory requirements;
- enhancing the effectiveness of corporate governance within the MRA;
- being responsible for the remuneration and nomination of Directors (Management Team) and senior management; and,
- monitoring of performance and succession planning.

During the year, the committee met twice and the following were *inter-alia* discussed and reviewed:

- Compliance with Corporate Governance requirements for the 2011 Annual Report; and,
- Introduction of Board and Directors' evaluation.

4.2.1.3. Tender Committee

The Tender Committee is made up of a Central Tender Committee (CTC) and a Departmental Tender Committee (DTC). Any procurement above Rs 1 million and up to Rs 5 million is approved by the DTC, and for procurement in excess of Rs 5 million the approval of the CTC is sought. The CTC is chaired by Mr. P. Yip Wang Wing, and comprises the Director-General and the Director, Finance and Administration.

4.2.2. Board and Committee Membership

The Board met 13 times during the year under review. Papers for Board and Committee Meetings are distributed prior to all the relevant meetings. The following table shows attendance at Board meetings & Committees, Board Member fees and duration of appointment of Board Members during the year 2012.

CORPORATE GOVERNANCE

Table 1: Board Meetings & Committees, Fees & Duration of Appointment for Year 2012

	Board of Directors	Board Committees			Fees & Duration of Appointment		
		AO/RMC*	CGC**	TC***	Board Fees (Rs)	Date of last Appointment	Duration of office
No. of meetings	13	2	2	3			
Meetings attended:							
Mr. V. Hassamal, Chairperson	13		2		590,000	22.11.2011	3 years
Mr. J. P. Coopamah	12	1			295,000	5.11.2010	3 years
Mr. D. K. Dabee G.O.S.K., S.C	8	1			295,000	5.11.2010	3 years
Mr. J. M. L. Rivalland	10		2		295,000	23.11.2011	3 years
Mrs. A. C. Timol G.O.S.K.	11		2		295,000	5.11.2010	3 years
Mr. P. Yip Wang Wing	11	2		3	295,000	n/a	n/a
Mr. M. S. Lal, Director-General	13			3	295,000	n/a	n/a

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

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

As mentioned at paragraph 4.2.1.2, the Corporate Governance Committee has embarked on an exercise for the evaluation of the individual performance of Board Members in 2012. It is expected that this evaluation will be completed in the second half of 2013.

4.3. RISK MANAGEMENT

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

The Risk Management Framework has as objective of institutionalising risk management in the operations of the MRA and bringing about a culture for each and every player, ranging from the Board to an individual officer, to be responsible for managing risk at their level.

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

All departments have now got their Risk Registers and Reports. The Risk Monitoring Committee, chaired by the Director-General and which has as members all the Directors, met twice to discuss the risk reports. The objective of the Committee is to ensure that risk management is functioning as per set policies and that all key risks are identified, measured and actions taken accordingly. These meetings helped to consolidate the concept and structure in place.

As from next year, risk status reports will be submitted to the Audit and Oversight/Risk Management Committee on a half-yearly basis. Furthermore, Internal Audit will review the risk management framework on an annual

CORPORATE GOVERNANCE

basis and provide independent assurance on its effectiveness to the Audit and Oversight/ Risk Management Committee.

The 13 top risks identified and being constantly managed and monitored at Board and management level are as follows:

- **Risk of not achieving Revenue targets.**

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

- **Risk of illicit drug trafficking**

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

- **Risk of poor governance**

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

- **Integrity risk**

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

- **Risk of non-compliant taxpayers/importers**

A proper risk-based methodology ensures that high-risk taxpayers/importers are targeted for compliance audits/investigations. The MRA is putting in place specific risk management units both in tax and Customs departments to mitigate the risk of non-compliant taxpayers/importers evading the tax net.

- **IT Risk**

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

- **Risk of not achieving voluntary compliance**

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

- **HR Risk**

The success of our organisation is primarily dependent on the quality of our staff. In handling some 1,256 staff, inevitably HR issues may arise. To counter risk factors, employees are provided with a wide range of support and logistics mechanism.

- **Risk of information leakage**

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

CORPORATE GOVERNANCE

- **Risk related to staff security**

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

- **Risk of not maintaining the Quality Management System**

The MRA, being ISO certified, has to continue to make efforts in meeting and exceeding customer expectation. Furthermore, apart from complying with stated procedures, systems have to be in place for continual improvement and to comply with all ISO requirements. The MRA, therefore, should always be on the alert with respect to its quality management system.

- **Risk of Poor Communication**

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

- **Risk of events which may affect business continuity**

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

CORPORATE GOVERNANCE

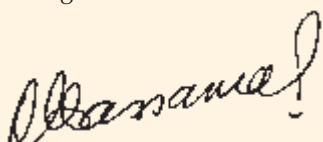
Directors' responsibility for the Internal Control System

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

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

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

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



V. HASSAMAL
Chairman MRA Board



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

4.4. AUDITING AND ACCOUNTING

The Board is responsible for the timely preparation of the financial statements for each calendar year. These statements include the Board's report, statements of financial position, performance and cash flows which reflect a true and fair picture of the financial situation of the MRA.

With regards to the Financial Statements for the year ended 31 December 2012, the Director-General shall not later than 3 months after the end of every financial year submit the annual report to the Board for approval. After approval by the Board, the Director-General

must, not later than 30 April 2013, submit the annual report, including the financial statements, to the National Audit Office.

After having audited the statements, the Director of Audit, must within 6 months of the date of receipt of the annual report, submit the annual report and the audit report to the Board.

On receipt of the annual report including the audited financial statements and the audit report, the Board shall, not later than one month from the date of receipt, furnish to the Minister of Finance and Economic Development such reports and financial statements.

CORPORATE GOVERNANCE

4.5. INTERNAL AUDIT

The Internal Audit Division is entrusted with the task of independently assuring the Board and Management on the adequacy and effectiveness of the MRA risk management, internal control and governance systems. The Division, headed by a Director and with an establishment of 16 officers, reports functionally to the Audit Committee and administratively to the Director-General.

Besides, the above-mentioned audits, the Division, in collaboration with Departmental Directors, conducted training sessions for MRA staff on Internal Control with the aim of building awareness and sensitising staff in respect of an on-going internal control review programme in relation to their respective duties.

Background

Internal Audit works on a risk-based approach, hence allowing resources to be focussed on high-risk areas. Senior Management is invited to contribute to the yearly Action Plan by suggesting the main areas to be audited. With respect to control, the Division conducts system audits to assess adequacy of control in the various systems to enable MRA to achieve its objectives. Transaction audits are then constantly carried out to provide assurance on the effectiveness of those controls. Where there have been recommendations for improvements, follow-up exercises are performed to ascertain implementation of those recommendations.

Audit Coverage

For the year under review, the Division has completed 8 system audits, 11 transaction audits and 6 follow-up exercises. Some core areas audited for the year were: excise duties, procurement, tax refund & repayment, adequacy of control in new computerised tax systems, disciplinary procedures, revenue collections systems and bonded warehouse operations. Apart from providing assurance on the functioning of the control system, Internal Audit has made some 100 recommendations for further improvement of systems. Follow-up exercises have shown a very good rate of implementation of audit recommendations.

CORPORATE GOVERNANCE

THE MRA: AN ISO 9001:2008 CERTIFIED ORGANISATION

The MRA initiated work in 2010 in respect of a project to make the organisation ISO certified. The project was implemented in phases as follows:

- In September 2010, a full time ISO Facilitator was appointed on a contract basis for the implementation of the project;
- The underlying principles of ISO 9001:2008 requires the involvement and commitment of all employees in working towards shared goals. Hence, employees were provided with training on quality concepts, customer care and requirements of ISO 9001:2008, to promote a quality culture across the MRA;
- As part of the project implementation, some 200 core processes were documented, audited, approved and posted on the intranet to guide staff in their daily duties and ensure consistency in MRA operations;
- A Quality Policy Manual, which includes the quality policy, scope and the mandatory policies and procedures required by the standard was prepared, approved and communicated to all staff. Besides, a formal customer complaint handling procedure has been implemented; and,
- In July 2012, following an audit by the Mauritius Standard Bureau, the MRA was granted ISO 9001:2008 status for a period of 3 years. The certificate covers all MRA operations carried out at Efram Court, Custom House, PATS, SSR Arrival, Aurelie Perrine Passenger Terminal and in Rodrigues.

The certification confirms that MRA has an effective Quality Management System in place and that our processes meet the quality standard criteria set out by ISO 9001:2008. However, certification not only requires our commitment to comply with the documented procedures but also to continuously improve the Quality Management System. In that respect, a Team Leader, Quality Management, was recruited in 2012 to assist in the maintenance and continuous auditing of the system.



CORPORATE GOVERNANCE

4.6. INTEGRATED SUSTAINABILITY REPORTING

4.6.1. Ethics

Fostering integrity and resistance to corruption is essential in maintaining the confidence of stakeholders and the general public. This is achieved through the implementation of a sound integrity framework, which assists employees in all their daily activities, practices and behaviour in the workplace.

Since its setting up in July 2006, the MRA has had in place a Code of Conduct and Ethics which reflects the importance that it attaches to the building of a culture of integrity within its organisational framework, work systems and processes. The Code lays down expected standards of conduct and ethics for employees, and provides guidance on the fulfilment of employees' professional and ethical obligations.

Besides the Code of Conduct & Ethics, the MRA has also published a Prevention of Malpractice Manual which acts as guidance to employees to better understand and maintain the highest ethical standards and also to promote good governance, transparency and accountability. Another core instrument for enforcing integrity - the Disciplinary Code - has also been developed in 2012. The aim of this Disciplinary Code is to align the MRA's disciplinary process with the Employment Rights Act 2008 and the Employment Relation Act 2008.

Within the MRA structure, there is an Internal Affairs Division with the prime objective of managing & improving integrity within the MRA and enhancing public perception of the MRA's integrity. As part of the MRA's Integrity Framework, the Internal Affairs Division is responsible for:

- dealing with allegations of malpractices or other complaints

against an officer of the MRA;

- processing and verifying declaration of assets of an officer or prospective officer;
- conducting integrity checks on new recruits and staff selected for promotion;
- conducting training courses on both personal and organisational integrity, ethics, values, good governance and professionalism;
- conducting surveys and workshops on integrity perception at the MRA, and other sensitisation programmes with a view to fostering utmost integrity among MRA staff.

During the year under review, the Internal Affairs Division concluded 29 investigations and recommended disciplinary action in 17 cases. It also processed 145 declarations of assets (DOA) and initiated investigations in respect of 19 DOAs.

4.6.2. Environment

The MRA takes environmental responsibility seriously and recognises the importance of preserving the integrity of our natural heritage. In this respect, the MRA is committed to providing a green office environment and to ensuring that its operations are conducted in an environmentally conscious and responsible manner. During the year, MRA strove to protect and conserve the environment by:

- Pursuing its e-filing strategy so as to persuade more and more taxpayers to use less paper and reduce energy consumption. During the year 2012, some 82% of individual income taxpayers filed their returns electronically;
- Continuing to encourage taxpayers to make e-payment through various means;

CORPORATE GOVERNANCE

- Promoting a paperless environment by implementing a Record Management System (RMS);
- Reducing energy consumption and protecting the environment through a series of initiatives, such as using environmentally friendly products, retreading tyres, recharging batteries and planting trees at Custom House.
- Extending the Medical Scheme;
- Maintaining a Group Personal Accident Insurance Scheme to provide insurance coverage in case of accidents during occupational and non-occupational hours, both locally and worldwide; and,
- Organising five health & nutrition programmes for the whole workforce.

4.6.3. Health and Safety

The health and safety of our staff, taxpayers & stakeholders visiting our premises remain high priorities for the MRA. Hence, the MRA believes in constantly providing and maintaining a healthy, safe and secure working environment for all its different stakeholders. During the year under review, the Health & Safety team ensured completion of the following assignments:

- Designing and publishing a Safety and Health Policy and a No Smoking Policy;
- Training in First Aid;
- Imparting fire emergency preparedness;
- Conducting fire drills;
- Establishing an accident reporting system;
- Conducting regular Health and Safety inspections on all MRA sites, including Rodrigues, to identify hazards and take corrective measures;
- Conducting a Risk Assessment Exercise and developing a Risk Register;
- Providing Personal Protective Equipment (PPE) to Custom staff;

The Corporate Health and Safety Committee presently chaired by the Director Human Resources & Training continues to meet every 2 months to monitor progress in the field of health & safety.

4.6.4. Corporate Social Responsibility

The MRA is pursuing its commitment to Corporate Social Responsibility (CSR) programmes and projects in Mauritius as it firmly believes in its importance for both the welfare of its employees and of society. Accordingly, the MRA was involved in the following projects/activities in the year under review:

- Organising a blood donation campaign on 2 July 2012 and collecting around 575 pints of blood amounting approximately to five days of the country's blood requirement;
- Collaborating with tertiary institutions (UOM) in providing training placements for students;
- Collaborating with the HRDC, on the enlistment of Lower Six Students for work placements; and,
- Raising funds to assist National Empowerment Foundation (NEF) projects.

CORPORATE GOVERNANCE

4.7. RELATED PARTY TRANSACTIONS

The Authority has disclosed at Note 17 to the Financial Statements the Related Party Transactions for the period under review in accordance with IPSAS 20 (Related Party Disclosures) as follows:

1. Grants (capital & revenue) of Rs 1,426,038,836 from Government;
2. Fees to Board members for an amount of Rs 2,360,000; and,
3. Payment to key management personnel for an amount of Rs 38,998,359.

CORPORATE GOVERNANCE

4.8. BOARD MEMBERS' PROFILES



MR VASDEV HASSAMAL
Chairperson

MR VASDEV HASSAMAL

Chairperson

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

a Fellow of the Institute of Chartered Accountants of England and Wales and a member of the Mauritius Institute of Professional Accountants (MIPA).

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

Board Member

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

He is a former Laureate, a Graduate in Law and Political Science from Birmingham University and, since 1981, a Barrister-at-Law of the Middle Temple.



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

CORPORATE GOVERNANCE



MR JAGNADEN PADIATY COOPAMAH
Board Member

MR JAGNADEN PADIATY COOPAMAH

Board Member

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

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

MR J.M LOUIS RIVALLAND

Board Member

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



MR J.M LOUIS RIVALLAND
Board Member

CORPORATE GOVERNANCE



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

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

Board Member

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

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

MR PATRICK YIP WANG WING

Board Member

Patrick Yip was appointed to the Board in October 2004. He is currently Acting Deputy Financial Secretary at the Ministry of Finance and Economic Development. Mr Yip is also on a number of public sector boards, including the Development Bank of Mauritius and the State Investment Corporation, and has also served as a member of the former Stock Exchange Commission and the Unified Revenue Board. After studying in Dijon, France, for a *Maitrise en Économétrie* and a *Diplôme d'Études Approfondies en Politique et Analyse Économique*, he first worked in the private sector for a few years before joining the Civil Service in 1986 as an Economist, becoming the Director for Fiscal Policies in 2001.



MR PATRICK YIP WANG WING
Board Member

CORPORATE GOVERNANCE



MR SUDHAMO LAL
Director-General

MR SUDHAMO LAL

Board Member

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

institutions. He is also the current President of The Commonwealth Association of Tax Administrators which has members in 48 countries. Sudhamo Lal's formal qualifications include a first degree in Law and a postgraduate degree in Agri-Economics and Soil Science. He has also undergone training in Public Administration, National Management, Tax Fraud Administration and Revenue Forecasting.

CORPORATE GOVERNANCE

4.9. MANAGEMENT TEAM PROFILES

Sudhamo Lal

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

Director-General

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CORPORATE GOVERNANCE



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FILING YOUR TAX RETURNS.....

From the hard way.....



To a click away

5. REVENUE COLLECTIONS

REVENUE COLLECTIONS

5.1. REVENUE COLLECTIONS

Total MRA revenue collections in 2012 were Rs 57,965 million close to budgeted and revised projections. Four main duties and taxes namely VAT, Excise duties, Corporate Tax and Income Tax represented 89% of revenue collections. Collections under Excise duties, VAT, Tax Deducted at Source and Passenger Fees exceeded their projections by Rs 926 million but there was almost similar shortfall under Corporate Tax, Personal Income Tax and Tax on Gambling. Table 2 compares the 2012 revenue collections, by type of tax, with the 2012 budgeted and revised estimates.

Table 2: Revenue collections for the year ended 31 December 2012 (Rs m)

TAX	Budgeted estimates	Revised estimates	Actual collections ¹	Increase / decrease over budgeted estimates	Increase / decrease over revised estimates
Corporate Tax	8,810	8,650	8,307	-5.7%	-4.0%
Personal Income Tax	5,679	5,360	5,316	-6.4%	-0.8%
Tax Deducted at Source	820	915	931	13.5%	1.7%
Value-Added Tax	24,778	24,900	24,926	0.6%	0.1%
Customs Duties	1,525	1,450	1,506	-1.2%	3.9%
Excise Duties	12,476	12,920	13,039	4.5%	0.9%
Tax on Gambling	1,380	1,270	1,275	-7.6%	0.4%
Environment Protection Fees	170	155	145	-14.7%	-6.5%
Passenger Fees	1,100	1,100	1,204	9.5%	9.5%
Special Levy on Banks	525	530	482	-8.2%	-9.1%
Special Levy on Telecommunications	375	400	397	5.9%	-0.8%
Corporate Social Responsibility	150	130	130	-13.3%	0.0%
Levy on Messaging Services	124	95	92	-25.8%	-3.2%
Advertising Structure Fee	71	55	62	-12.7%	12.7%
Miscellaneous ²	79	83	153	93.7%	84.3%
Total	58,062	58,013	57,965	-0.2%	-0.1%

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

² Includes collections from Licences, Customs & Excise Fees and Fines, Passenger Solidarity Fee and Processing Fee.

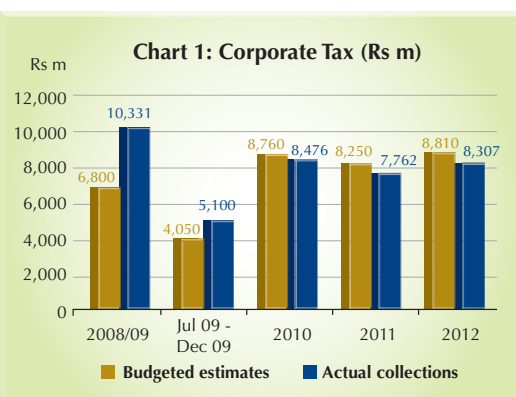
5.2. DIRECT TAXES

5.2.1. Corporate Tax (CT)

Corporate Tax collections grew by 7% in 2012 while budgetary projections had provided for growth of 14%.

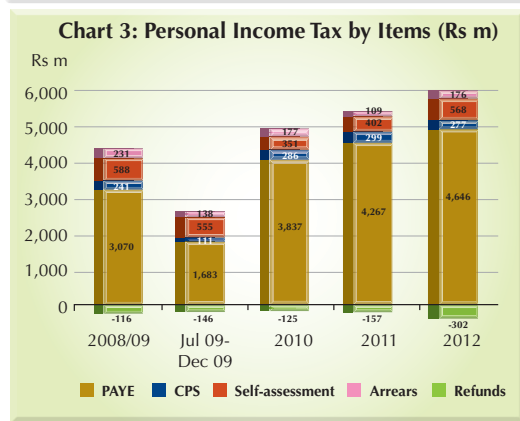
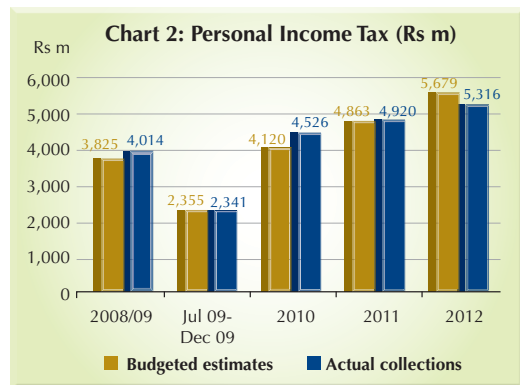
As seen in Chart 1, receipts under Corporate Tax failed to meet projections in the last three years as a result of the lingering impact of the international recession on the profitability of major local companies. In 2012, the appreciable performances of the global business, real estate and transportation sectors

were largely offset by the contraction in the telecommunications and manufacturing sectors.



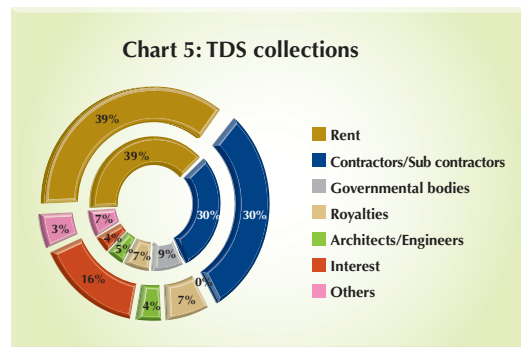
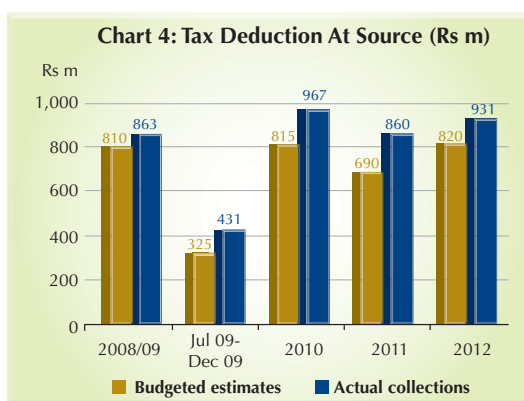
REVENUE COLLECTIONS

5.2.2. Personal Income Tax



Personal Income Tax receipts were expected to grow by 15% in 2012. However, PAYE collections grew by only 9% as there was an increase in the income exemption threshold and CPS collections fell by 24% following the introduction of a turnover threshold of Rs 2 million for payment of CPS. The increase in self-assessment (which includes Solidarity Income Tax and Capital Gains Tax) and the increase in arrears collections were insufficient to compensate for lower PAYE and CPS receipts.

5.2.3. Tax Deducted At Source

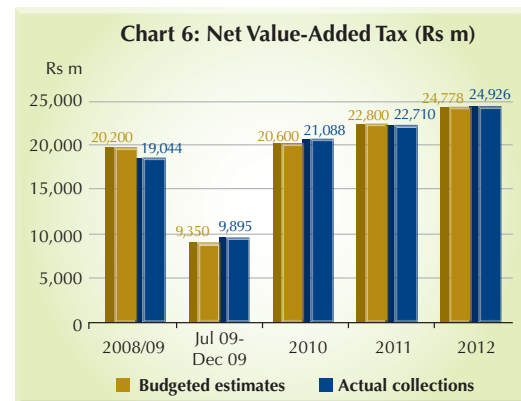


The Income Tax Act was amended in December 2011 to widen the scope of TDS to cover fees paid to doctors, dentists, legal professionals, mechanical and electrical contractors as well as for local services supplied by non-residents. Payments made to suppliers of goods and services by any governmental body and rental payments made to tour operators, IRS/RES companies and businesses dealing with letting of properties were also subject to TDS. Consequently, TDS collections amounting to Rs 931 million in 2012 were 8% higher than corresponding collections in 2011 and 14% above 2012 projections. As seen in Chart 5, rent payments and payments to contractors/sub-contractors remained the major sources of TDS collections with an aggregate contribution of almost 70%.

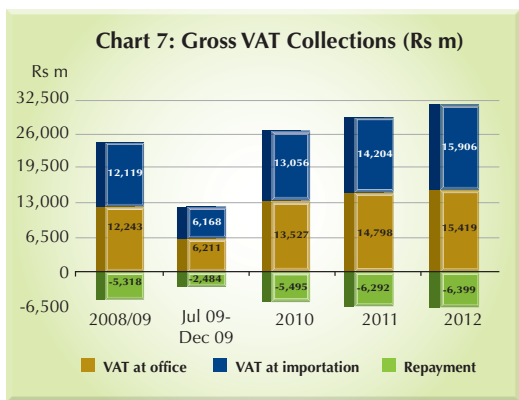
5.3. INDIRECT TAXES

5.3.1. Value-Added Tax

Net VAT collections registered double-digit growth of 10% in 2012 to stand at Rs 24,926 million which is slightly higher than budgeted (0.6%) and revised estimates (0.1%).



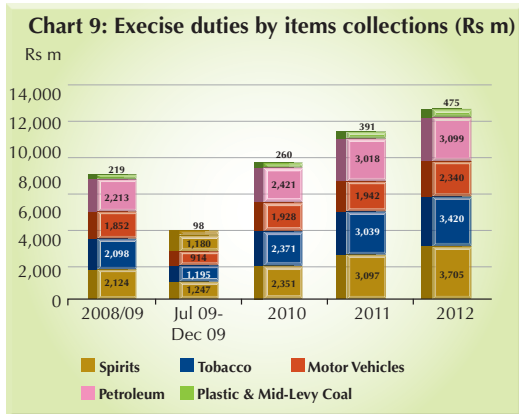
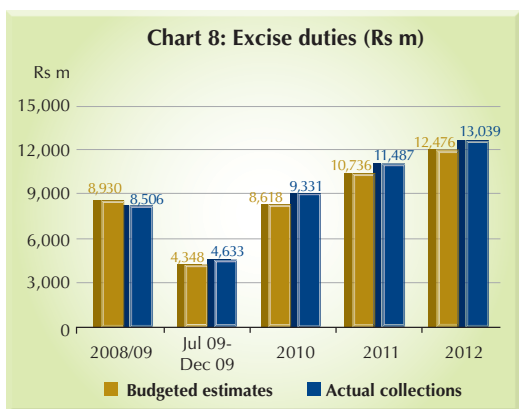
REVENUE COLLECTIONS



VAT at importation grew by 12% as compared to 9% in 2011 mainly due to the increase within the trading sector where a surge in the sale of motor vehicles was observed and a significant growth in the telecommunications sector.

On the other hand, after an increase of 9% in 2011, VAT at office grew by only 4% in 2012. The upsurge in collections from Real Estate, Manufacturing and Professional activities was partly offset by lower collections from the construction and 'other financial' sectors.

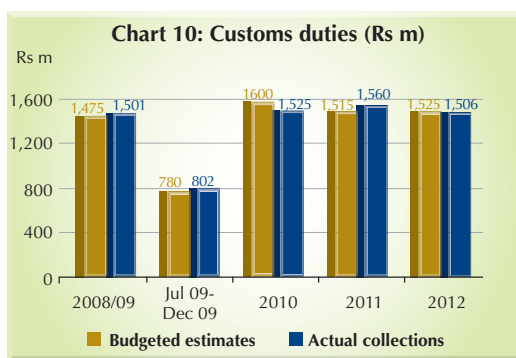
5.3.2. Excise collections



Excise duties grew by 14% in 2012, 5% above projections set at Rs 12,476 million. Growth in 2012 was mainly on account of:

- Tax policy changes. In the 2012 Budget Speech, an increase in the rate of excise duty on alcoholic beverages and tobacco products was announced. As a consequence of these tax policy changes, receipts from alcoholic beverages and tobacco respectively grew by 20% and 13%. It is also noted that the full impact of the increases in rates on revenue receipts was dampened by a fall in consumption of these two excisable items; and,
- Exceptional increase of 20% in respect of collections under motor vehicles which exceeded projections by 17%. This was due to an increase in the sales of both new and second-hand motor vehicles in 2012.

5.3.3. Customs Duties



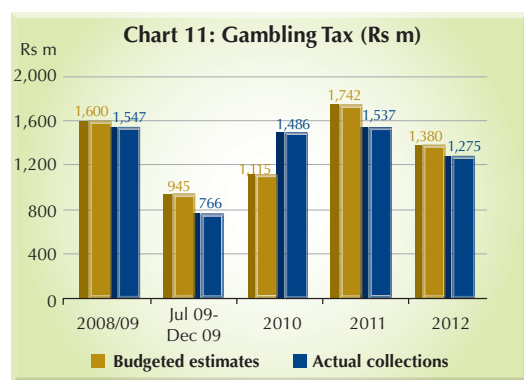
Collections from Customs duty were to the tune of Rs 1,506 million, 3% lower than last year and 1% below the projected amount of Rs 1,525 million.

5.3.4. Gambling Taxes

Collections under Gambling taxes of Rs 1,275 million in 2012 were 17% lower than corresponding collections in 2011 and 8% below projected estimates. A fall in gambling taxes was anticipated following the reduction in gaming tax on casinos and gaming houses

REVENUE COLLECTIONS

from 50% to 15% and on gaming machines from 50% to 35%. Similarly, receipts under betting taxes fell in 2012 as collections from bookmakers, tote and pool were below their respective amounts in 2011.



5.3.5. Other fees and levies

Collections from passenger fees were to the tune of Rs 1,204 million, 52% above the preceding year and 10% above the projected amount of Rs 1,100 million. The relative higher receipts as compared to 2011 were due to the doubling of fees with effect from June 2011.

Receipts under the Special levy on banks reached Rs 482 million, 8% more than the preceding year's collections but 8% less than budgeted estimates. On the other hand, receipts under the Special Levy on telecommunications amounted to Rs 397

million, 6% above collections in 2011 as well as the 2012 budgeted estimates.

Collections under the Environment Protection Fees were Rs 145 million in 2012 as compared to Rs 302 million in 2011 following the major policy decision taken in the 2012 Budget Speech to levy EPF only on profitable hotels. The levy is payable 4 months after the accounting year end of the hotel.

The Finance Act 2011 provided for the introduction of two new fees/levies namely the Advertising Structure Fee and the Levy on messaging services.

- Every owner of an advertising structure is subject to an advertising structure fee based on the size of the structure. A total of Rs 62 million was collected in 2012 that is 13% below budgeted estimates; and,
- Every provider of public fixed or mobile telecommunication networks and services as well as information and communication services is liable to pay a levy on the total number of messages it sends during a taxable period at the rate of 10 cents per message. A total of Rs 92 million was collected in 2012 which is 26% below budgeted estimates set at Rs 124 million.

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

Fees/levies	Actual Collections (Rs m)				
	2008 - 09	Jul 09 - Dec 09	Jan 10 - Dec 10	Jan11 - Dec11	Jan 12 - Dec 12
Passenger Fees	572	243	555	793	1,204
Passenger Solidarity Fee	75	21	46	51	50
Special Levy on Banks	333	366	455	448	482
Special Levy on Telecommunications	-	373	424	376	397
Corporate Social Responsibility Levy	-	-	149	116	130
Environment Protection Fees	159	35	142	302	145
Levy on Messaging Services	-	-	-	-	92
Advertising Structure Fee	-	-	-	-	62

A photograph of the old Customs House building, a multi-story structure with a grid-like facade of windows. The building is light-colored with dark window frames. On the left side, there are large, dark, stylized letters that read "INS" and "BLOD." below it. On the right side, there is a sign that reads "DRAGON". The image is part of a collage with a blue and yellow background.

FROM SCATTERED...

A photograph of the new Customs House building, a modern multi-story structure with a glass and steel facade. The building is light-colored with large glass windows. On the left side, there is a sign that reads "CUSTOMS" in blue letters. The image is part of a collage with a blue and yellow background.

**TO INTEGRATED
QUALITY SERVICES**

MRA Customs services under one roof

*The New 'Custom House' – February
2011*

**6. SERVING PEOPLE:
PROVIDING SOLUTIONS
TO TAXPAYERS'
CONCERNS**

SERVING PEOPLE: PROVIDING SOLUTIONS TO TAXPAYERS' CONCERNS

It goes without saying that, to achieve high levels of voluntary compliance, taxpayers must be provided with services of the highest standards to assist them to fulfil their tax obligations. With that objective in mind, the MRA has executed a series of measures that hinges on the taxpayers knowing their rights and obligations, improved taxpayer education and better customer services.

6.1. EDUCATION

Ever since its inception in 2006, the MRA has considered comprehensive educational programmes to meet diverse taxpayers' needs. The following initiatives were taken by the MRA in that regard in 2012:

6.1.1. Effective use of the media

The MRA lays much emphasis on visual and printed media to disseminate important tax information. The objective is to ensure that the general public is well acquainted with updated tax information. For instance, publications and other printed materials, which were free from technical jargon, were issued to provide guidance to taxpayers in fulfilling their tax obligations. The main topics covered during the year were:

- Voluntary Disclosure Income/Under-declared VAT Arrangement (VDIA);
- Expeditious Dispute Resolution of Tax (EDRT);

- Tax Arrears Settlement Scheme (TASS);
- VAT Registration Incentive Scheme (VRIS);
- VAT Refund Scheme;
- Advertising Structure Fee;
- E-Filing guide;
- Tax Basics; and,
- Drug Detector dogs leaflet.

The MRA also issued a number of communiqués and press releases to highlight specific tax matters and to keep taxpayers posted with the latest information via Twitter. Table 4 provides a summary of the communiqués issued by the MRA.

Table 4: Number of communiqués issued

Communiqués	Number
TV/Radio	65
Press	47
Government Gazette	36
Others – Tweets (MRA Twitter Account)	77

6.1.2. Empowering stakeholders through education

(a) Educational programmes to stakeholders

With the aim of empowering stakeholders, the MRA implemented tailor-made educational programmes to meet their varying demands. Notable examples are listed in Table 5.

Table 5: Education of taxpayers/stakeholders

Educational programme	Target audience	Number of sessions conducted
New incentive schemes and changes in the Finance Act	Accountants	1
VAT/VAT Refund scheme	VAT registered persons, Planters, Breeders, Fishermen and Bee-keepers	12
Customs new initiatives	WCO ESA Donor Members/Ministries	3
ICT Workshop	SADC	1
IPM Workshop	WCO	1
Income Tax/VAT	Export-oriented companies	1
Application of TDS	Ministries	1
MRA e-services	Hon. Edward Kafubaliddawa, Chairperson ICT Committee, Uganda Parliament	1

SERVING PEOPLE: PROVIDING SOLUTIONS TO TAXPAYERS' CONCERNS

(b) Promoting a tax culture in secondary schools

In line with its strategy of promoting a tax culture, the MRA also conducted 15 sensitisation programmes in different secondary schools around the island. The youngsters, who are tomorrow's taxpayers, were briefed on the importance of taxation in a modern society.



MRA officers in Rodrigues

(c) Integrity week

An integrity week was held by the MRA from 26 to 29 March 2012 with the objective of enhancing taxpayers' perceptions of the importance of integrity. Prior to the integrity week, there was an open essay competition which was organised for HSC students in order to create awareness of the MRA's various activities. During the tenure of the integrity week, participants had the opportunity to freely discuss integrity issues and make suggestions on how the organisation can improve and refocus its integrity strategies. A seminar was also organised for tertiary level students during this integrity week.



Winners of open essay competition with the MRA Management

(d) Sensitisation programme in Rodrigues

For the benefit of taxpayers in Rodrigues, the MRA conducted a sensitisation programme from 19 to 22 March 2012 on the four amnesty schemes. A radio programme was also used so as to provide non-compliant taxpayers in Rodrigues with information and the opportunity to regularise their tax affairs on very attractive terms and conditions.

(e) Trade exhibition

The MRA operated a stand during a trade exhibition, Mauritius International Trade Expo (MAITEX) 2012, organised by Enterprise Mauritius from 5 to 8 July 2012. The objective was to provide technical assistance to Mauritian exporters and foreign buyers in terms of Customs procedures and the importance of certificates of origin. The trade exhibition provided a platform for Mauritian manufacturers and service providers to promote their products and services to some 200 foreign buyers who attended the event.

Similarly, a Job Fair/Exhibition for the logistic sector was organised at the Municipality of Port Louis, under the aegis of the Mauritius Export Association (MEXA) and in collaboration with the National Empowerment Foundation, on 19 October 2012. The MRA Customs, being an important organisation in the supply chain and logistics in the economy, participated in that event. The aim of the fair was to showcase the importance of supply chain and logistics in the economy and the opportunities available in the sector.

(f) Visits from foreign delegations

During the year, many foreign delegations paid visits to the MRA with the objective of acquiring job knowledge and skills. The complete list of the delegations is provided in Table 6.

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Table 6: Visits/study tours from foreign Delegations/Missions

S/N	Delegation	Date of visit
1.	Cameroon	9-12 April
2.	Gabon	16 April
3.	Uganda	18 July
4.	Seychelles	4-13 July
5.	Republic of Togo	3-8 August

6.2. CUSTOMER CARE

As a caring organisation, the MRA has maintained and sustained a regular and close relationship with taxpayers. In addition, the MRA has initiated and improved several initiatives to enhance the quality of customer services.

6.2.1. E-Services

(a) E-filing and e-payment services to taxpayers

In recent years, the MRA has embarked on a vast campaign to sensitise people to file their returns electronically and to use e-payment facilities. As a strategy to motivate taxpayers to do so, the MRA devised an E-filing prize scheme. Individuals who filed their income tax returns electronically were automatically eligible to participate in a lucky lottery draw with 20 prizes worth a total of Rs 210,000 at stake. The names of the 20 winners were drawn at the MRA Head office, under the supervision of the Gambling Regulatory Authority (GRA) and in the presence of members of the public and MRA staff, on 15 May 2012. The eventual winners received their prizes during an official prize giving ceremony which was held on 6 June 2012.

The outcome of the individual e-filing strategy together with e-filing and e-payment by companies is depicted in Table 7.

Table 7: Outcome of the E-filing strategy

Year	Number of E-Filers		E-Payment % of Total Revenue
	Individuals	Companies	
2007/08	1,571	1,182	42%
2008/09	9,477	3,493	56%
Jul-Dec 2009	26,780	5,702	56%
2010	44,913	13,630	60%
2011	76,526	17,087	64%
2012	98,533	18,457	67%

For 2012, 82% of individual income tax returns were filed electronically and 67% of total revenue was received by way of an e-payment channel.

(b) Pre-filing of Tax Returns

In 2012, the MRA introduced pre-filled quarterly Current Payment System (CPS) returns with data retrieved from the previous year's Individual Income Tax return. Pre-filled returns are sent to taxpayers who have

the choice of keeping or overwriting the data provided therein. The purpose of this initiative is to ease, simplify and accelerate the tax return filing process.

(c) Mobile payment

Since its setting up, the MRA has been offering a portfolio of payment methods to taxpayers. During the year, major work was initiated in respect of a Mobile Payment project with Orange Money, offering another modern

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means for making a tax payment. Taxpayers will be able to use their mobile phones for the payment of Individual Income Tax for the 2013 tax year. In order to benefit from the service, a taxpayer will have to register with Orange Money or with the State Bank of Mauritius (SBM). After e-filing the return through the MRA website and opting for mobile payment, a text message will be sent to the taxpayer by Orange Money to confirm the payment. Upon confirmation, the bank account of the taxpayer will be debited and the taxpayer's account at the MRA will be credited.

(d) Taxpayer Online Services (TPOS)

As part of its Integrated Tax Administration Solution (ITAS) project, the MRA embarked on the implementation of Taxpayer Online Services (TPOS) in 2012. TPOS is a taxpayer portal service running on a SAP platform and seamlessly integrated with the core Tax system that will offer a wider portfolio of services to taxpayers, thereby allowing them to make changes to their profile information, register for other tax types, file returns, make payments, and view their tax balance. Thus, the TPOS will be a one-stop-shop for the taxpayer to transact with the MRA, offering a better and more taxpayer-centric service with the following main benefits:

- Authentication of taxpayers – Secured access to the TPOS e-services with user name and password;
- Master data self-services to avoid paper-based processes and telephone calls and lead to higher data quality (e.g. change of address);
- Validation of on-line forms (during registration and returns) leading to higher data quality and fewer follow-up calls;
- Faster filing and payment time;
- On-line payments reducing costs by avoiding check or cash register payments;

- No queue for the taxpayer;
- On-line correspondence replacing paper-based processes;
- Instant confirmation when transacting with the MRA;
- Flexibility for the taxpayer to transact anywhere anytime; and,
- Reduced administrative costs by eliminating data capture.

The TPOS will become operational in 2013. The strategy, as regards to the deployment of TPOS, will be to operate in a phased manner, by first launching the service to a specific category of taxpayers by mid-2013 on a pilot basis. Ultimately, this will be extended to the public at large including accountants, accounting firms and e-filing centres.

(e) Secure E-Services environment

With emerging information-security threats, vulnerabilities and risks posing a deep threat to critical information systems, there is a need for continuous improvement of the MRA's internet, web application and network security techniques. This will allow tax transactions to be conducted in a secure environment. The MRA has taken the initiative to improve the security landscape by consolidating its network infrastructure using up-to-date connectivity technology and mitigating risks of tampering.

6.2.2. Assistance to taxpayers in fulfilling their obligations

Using deeply-rooted best practices, the MRA pursued a number of initiatives to efficiently support taxpayers in fulfilling their obligations. Some of the initiatives taken during the year were as follows:

(a) Free Income Tax Assistance (FITA)

For the majority of taxpayers, the proper filing of income tax returns is regarded as one of the most wearisome tasks. Therefore, in order to help taxpayers in that matter, the MRA provides Free Income Tax Assistance

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(FITA) every year. The objective is to minimise compliance costs while at the same time provide assistance to all those who have difficulty in filing their returns on-line and effecting their tax payments electronically. For the year 2012, the FITA campaign was organised in 16 centres around Mauritius during the weekend of 24 and 25 March 2012. For Rodrigues, the campaign took place between 30 March and 2 April 2012. 59 MRA officers were mobilised for the exercise and around 7,500 taxpayers availed themselves of the facility.

(b) Customer Service Centre (CSC)

The Customer Service Centre (CSC) – a dedicated, accessible, modern and comfortable waiting area situated on the ground floor of the MRA – is at the disposal of the public to get information and advice, pay taxes, deliver letters or collect tax forms and obtain assistance in filing their tax returns. The CSC is also equipped with LCD TV, where useful information is displayed, and an electronic queuing system. Racks, brochure holders and leaflet stands have also been placed there to ensure that updated MRA publications are readily available.

(c) Customer complaints and feedback

The MRA has placed a suggestion box in the Customer Service Centre, which the general public can use to express their grievances and complaints regarding any service being offered by the MRA. Furthermore, the MRA has also put a touch screen device at the reception counter so that the public can provide customer experience feedback.

6.2.3. Trade facilitation at Customs

In keeping with Government's policy of promoting economic growth through business facilitation, the MRA's corporate plan prioritises trade facilitation across the border. Accordingly, over the years the MRA has consistently implemented various trade facilitation measures benchmarked on international tools and instruments and

recommended best practices of WCO, WTO and other international organisations. The overriding objective of these initiatives is to provide a business-friendly environment – low cost, reduced dwell-time and minimum trade documents. The impact of these measures is reflected in the Ease of Trading across Borders, an indicator of the World Bank's Doing Business 2013 survey where the Republic of Mauritius has improved its ranking from 21st to 15th (out of 185 countries).

For the year under review, the main trade facilitation measures implemented at Customs include:

(a) E-Customs Project

Customs has dematerialised trade documents in relation to the clearance of import, export and transit goods. All customs declarations together with the specified documents and authorisation/permits are submitted electronically. This project has boosted e-payment by nearly tenfold.

(b) Harmonised System (HS) 2012

Mauritius was one of the few members of the World Customs Organisation which implemented the HS 2012 in January 2012. This nomenclature for the classification of goods is reviewed every five years to:

- a) Simplify and harmonise tariffs;
- b) Tailor the nomenclature to reflect current trade practices;
- c) Reflect advances in technology that have occurred since HS 2007; and,
- d) Take account of the environment, food safety and national security.

(c) On-line Tracking System (OTS) at Freeport

The OTS system aims to improve control of goods in the Freeport section. This system provides real-time status to Customs on the movement of goods in the Freeport which are

SERVING PEOPLE: PROVIDING SOLUTIONS TO TAXPAYERS' CONCERNS

no longer carried out under the supervision of Customs Officers.

(d) Web-based Certificates of Origin

The implementation of the web-based paperless application for IOC/SADC/EUR1 Certificates of Origin was completed during the year. Similarly, web-based applications in respect of Certificate of Origin for Pakistan and Turkey are being finalised.

(e) Mauritius Cargo Community System (MaCCS) Project

Further enhancement was brought to the MaCCS project with the incorporation of the Sea Manifest and Import Modules. Soft implementation of the Import Modules is underway.

(f) Single Window Project

The development of this project, which will link all the other agencies in the supply chain to reduce cargo clearance time, is already in the development stage and a few agencies are expected to go-live this year.

(g) Bond Export Section

Stringent requirements for the submission of security with respect to export have been removed. No trade documents for export are required with the submission of an e-declaration.

(h) Authorised Economic Operator (AEO)

Customs implemented the AEO scheme in 2012. Two economic operators were approved as AEO based on their compliance records and security as required under the SAFE Framework of Standards. The AEOs are granted various facilities with respect to the clearance of goods from Customs.

6.3. COMMUNICATION STRATEGY

Communication plays a pivotal role in the success of any organisation. At the MRA,

special attention is devoted to providing timely and updated information to taxpayers, especially when we know that amendments to laws and procedures are not always easily understood by the public.

The communication strategies adopted during the year are highlighted in the following sections.

6.3.1. IP Telephony – improved communication with stakeholders

The global trend is nowadays the convergence of data and telephony networks. The implementation of IP telephony has started at Efram Court in order to modernise the call centre unit to position the MRA as a taxpayer-centric organisation. This system allows tax officers to better communicate with taxpayers, with telephone calls efficiently channelled through to the right employee. In addition, the handling of a high volume of inbound telephone calls is now more manageable during peak periods with the increased capacity available as part of the IP telephony infrastructure.

6.3.2. Twitter

All the latest information regarding alerts about new issues, news, publications, publicity campaigns, and information are tweeted to subscribers of MRA's twitter account. There are 150 followers to date, and those who wish to subscribe can simply do so by clicking on the link http://twitter.com/MRA_services.

6.3.3. Website

The newly redesigned website provides visitors with quicker access to information through an improved search engine. Regular updates are made to the website so that relevant and efficient information is available to the user. During 2012, some 560 updates were made to the MRA's website which can be accessed via the link <http://www.mra.mu>.

SERVING PEOPLE: PROVIDING SOLUTIONS TO TAXPAYERS' CONCERNS

6.3.4. Intranets

Regular updates have also been brought to the MRA intranets for the benefit of staff members. The intranets provide staff members with updated laws and regulations, enabling them to perform their tasks in the most efficient manner.

6.3.5. Taxpayer Mailing Service

The Taxpayer Mailing Service, which became operational in April 2007, has enabled taxpayers to receive information updates, leaflets, guides and publications free of charge. The number of subscribers has grown from 215 to 28,325 in December 2012. During the year, there were 8,396 new adherents to the mailing list.

6.3.6. E-newsletter

The E-newsletter, which is issued on a monthly basis, provides users with a glimpse of the activities, events, and the latest developments taking place at the MRA. The E-newsletter is available to members of the public and can be accessed via the MRA's website.

6.3.7. Staff magazine

The staff magazine, which is issued on an annual basis, provides all employees with an opportunity to share their views, experiences and happy moments.

6.3.8. Documentation Centre

The documentation centre supports and empowers staff by collecting, organising and disseminating timely and relevant information to them.

Besides the myriad collection of resources on taxation, law, accounting, economics and management, there are also a wide range of materials available that may contribute to self-improvement and self-development of our staff. For instance, there are publications on subjects such as stress management, communication skills, positive thinking and emotional intelligence amongst others that can help MRA staff to have the thrust needed

to achieve their full potential in their personal and professional lives.

The documentation centre also keeps record of all news items (English & French) related to MRA which are broadcasted on the national channels. These records help in empowering our staff as they have the opportunity to view same at a dedicated corner within the documentation centre. Through viewing of the recorded programmes, our staff are then in a better position to understand and market MRA's communication strategy to the taxpayers.

During the year, the documentation centre has initiated two new subscriptions with Tolley online Library and Répertoire de Droit Civile which are reputed case law publications. The availability and access to these specialised resources provide the necessary support to our staff so that they can better perform their respective duties.

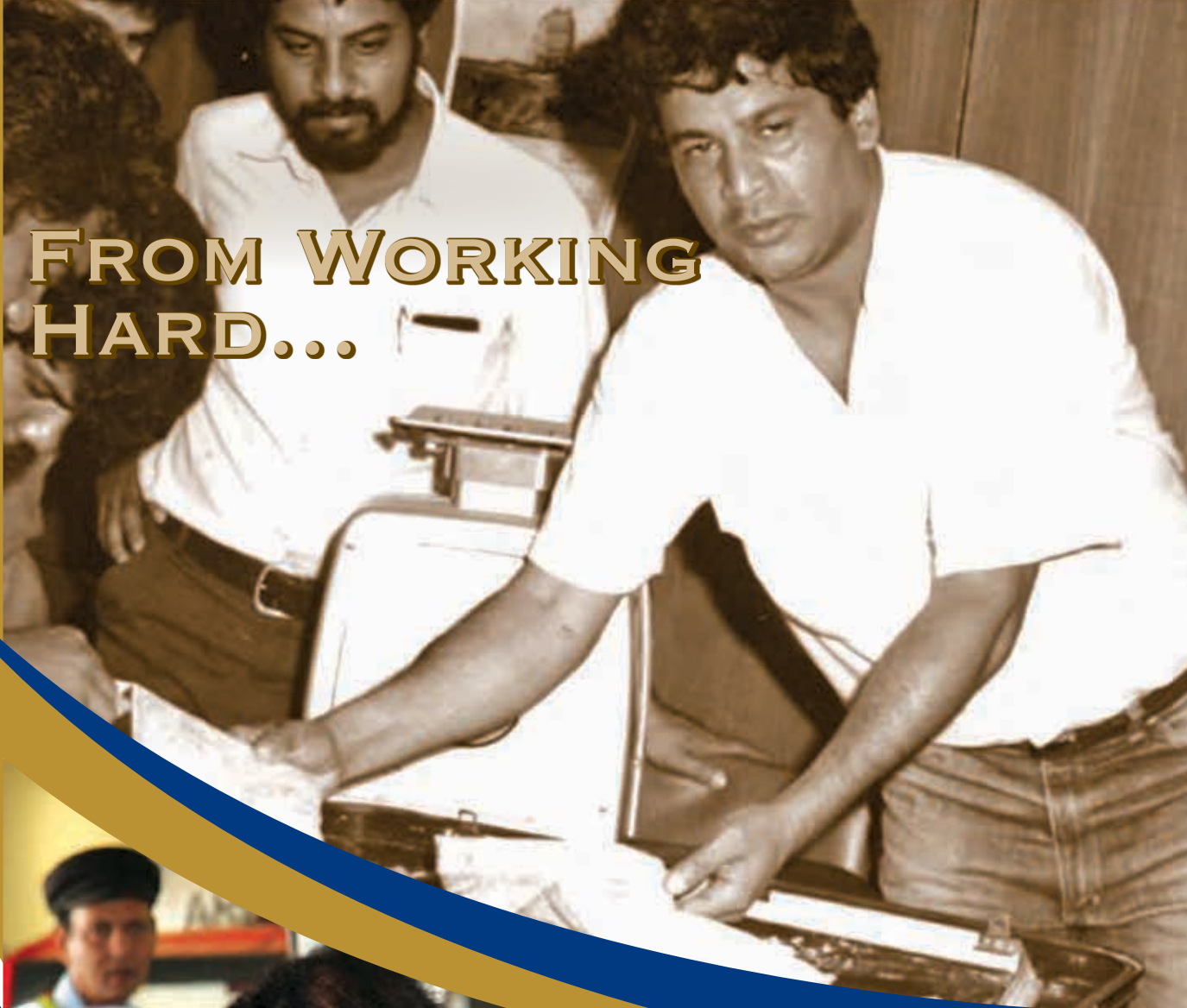


Customs' Documentation Centre

6.3.9. Other means of communication

The MRA also holds regular meetings with the press to share publicly its strategies for the year. Regular communication is also maintained through the press to clarify important taxation matters.





FROM WORKING
HARD...



... TO WORKING
SMART

*In 2012, about 64% of narcotics
were detected by sniffer dogs*

7. THE ADMINISTRATIVE CAPACITY OF THE MRA: EFFICIENCY AND EFFECTIVENESS

THE ADMINISTRATIVE CAPACITY OF THE MRA: EFFICIENCY AND EFFECTIVENESS

In recent years, the MRA has invested judiciously in latest technology with a view to improve the quality of its services and ensure greater efficiency and effectiveness in tax administration. Some important projects undertaken, such as on-line registration of taxpayers through the Central Business Registration Database (CBRD), e-filing and e-payment of returns and paperless Customs declarations, have brought efficiency gains to the organisation and improved its performance in key areas. Business process re-engineering and training and capacity building have supplemented the benefits of using information technology. The positive impact of these initiatives is reflected in MRA's key performance indicators, some of which are summarised below.

Targets	Key Performance Indicators (KPIs)	Results
3 Days	Registration of taxpayers	3 Days
10 mins	Serving time of taxpayers calling at office	5 mins
30 Days	Maximum time for issuing income tax refunds	30 Days
7 Days	Issue of tax residence certificates	7 Days
Sea: 3 hrs Air: 38 mins	Average dwell time for cargo (Green)	Sea: 34 mins Air: 11 mins
Sea: 4 mins Air: 30 mins	Exports clearance time	Sea: 3 mins Air: 14 mins
2.5 Days	Time to issue tariff ruling	2 Days

THE ADMINISTRATIVE CAPACITY OF THE MRA: EFFICIENCY AND EFFECTIVENESS

7.1. EFFICIENCY IN TAX COLLECTION

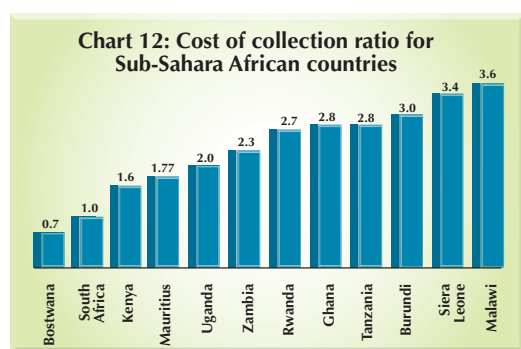
A widely recognised standard measure used for gauging the efficiency of tax revenue administration is the cost of collecting tax revenue. The ratio compares the annual costs of administration with the total tax revenue collected during a year. At the MRA the objective is to keep the cost of revenue

collections below 2% of revenue receipts. In 2012, the MRA collected Rs 58 billion in revenue and the cost of collecting revenue stood at 1.77%, i.e. the same level as in 2011.

From Table 8, it can be seen that the cost of revenue collection has been in the range of 1.6% to 1.8%. Chart 12 gives the cost of collection in Sub-Saharan Africa.

Table 8: Trends in costs of collections

	FY 2007-08	FY 2008-09	Jul-Dec 09	FY 2010	FY 2011	FY 2012
Taxes collected (Rs m)	42,144	47,247	25,195	49,344	53,010	57,965
Cost of revenue collection (%)	1.6	1.68	1.73	1.71	1.77	1.77



Source: Adapted from ITD Comparative Information Series No 1, 2010

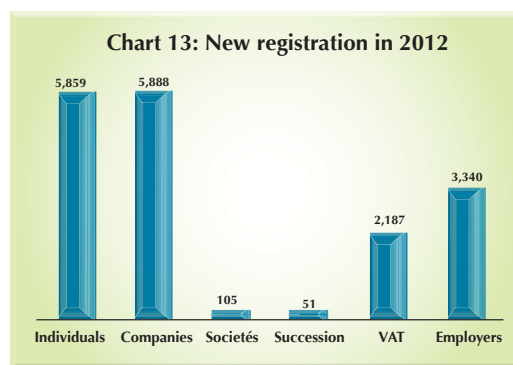
As it can be seen from Chart 12, MRA is amongst the tax administrations with the lowest cost of collection in Sub-Saharan Africa.

7.2. TAXPAYER REGISTRATION

In 2012, the MRA pursued its activities of taxpayer registration in order to broaden the taxpayer base as a result of which:

- 11,903 new taxpayers were registered for income tax
- there were 2,187 new VAT payers
- 2,836 new taxpayers were brought onto the MRA register through matching of third party information.

Chart 13 shows that the highest number of new taxpayers was registered among corporate bodies followed by individuals.



The tax register gives the number of taxpayers that have filing obligations. As at the end 2012, there were 209,977 taxpayers on the income tax register, down by 7.5% from last year as shown in Table 9. The fall is mostly driven by a reduction of 13.6% in the number of individual taxpayers who no longer had any filing obligations by virtue of their low income.

THE ADMINISTRATIVE CAPACITY OF THE MRA: EFFICIENCY AND EFFECTIVENESS

Table 9: Taxpayer register

Details	Number on register as at 31 Dec 2011	Number on register as at 31 Dec 2012	% Change
Income Tax			
Individuals	159,247	137,600	-13.6
Companies	60,737	65,299	7.5
Sociétés	4,897	5,014	2.4
Successions	2,011	2,064	2.6
Total	226,892	209,977	-7.5
Value-Added Tax			
Quarterly	13,285	13,173	-0.8
Monthly	4,632	4,941	6.7
Total VAT payers	17,917	18,114	1.1
No. of employers	27,807	22,847	-17.8

As regards VAT payers, the number registered stood at 18,114 representing an increase of 1.1% over 2011. In 2012, the VAT Registration Incentive Scheme (VRIS) was in operation for persons in business, service providers and professionals liable to register for VAT but who had so far failed to do so. The Scheme provided an opportunity to those who had failed to register for VAT to regularise their situation by benefiting from major concessions in respect of their tax liabilities prior to registration and interest/penalty payments. 108 new VAT taxpayers were registered under VRIS.

Persons and entities registered with the MRA came from a wide spectrum of business activities. Chart 14 highlights the main activities of taxpayers registered with the MRA.

Chart 14: Business activities of self-employed and corporate bodies TDS collections

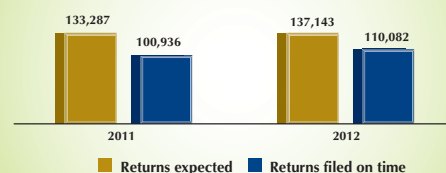


7.2.1. Returns filing and Taxpayer compliance

In 2012, there were 120,823 tax returns

filed by individual taxpayers, that is, both by the self-employed and those earning emoluments, representing an increase of 0.2% over the preceding year. On-time filing which was 76% in 2011 increased to 80% in 2012.

Chart 15: On time filing by individuals



As regards VAT, 108,568 returns were expected in 2012 out of which 100,637 were received on time and 3,208 were filed late. The overall VAT compliance rate, which was 94% in 2011, improved to 96% in 2012.

Chart 16: Filing of VAT returns

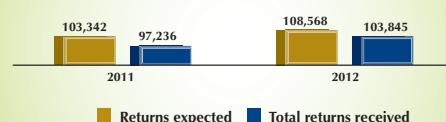
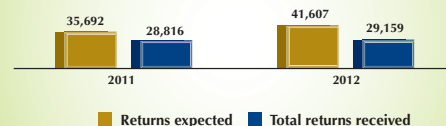


Chart 17: Filing of corporate returns



THE ADMINISTRATIVE CAPACITY OF THE MRA: EFFICIENCY AND EFFECTIVENESS

For the year under review, 41,607 returns were expected from corporate entities out of which only 29,159 were received. This represents 70% of expected returns compared to the 81% in 2011.

7.2.2. Processing of Refunds and Repayments

The effective processing of claims for refund and repayment is important from two perspectives: cash flow and taxpayer satisfaction. Where income consists exclusively of emoluments, the MRA has to process income tax refunds within a period of three months. As regards VAT, repayment has to be effected within 45 days. If these timelines are not met, interest at the prevailing bank rate has to be paid by the MRA thus putting a pressure on the fiscus. For the year under review:

- 99.4% of the 38,596 claims for income tax refund received in 2012 were processed. The total amount refunded following the processing of these claims stood at Rs 275 million. The remaining refunds could not be effected due to non-submission of relevant information by taxpayers or where the claims were found to be erroneous.
- 5,688 VAT repayment claims were received out of which 5,346 were processed. Total VAT repayment in 2012 amounted to Rs 6,398 million.

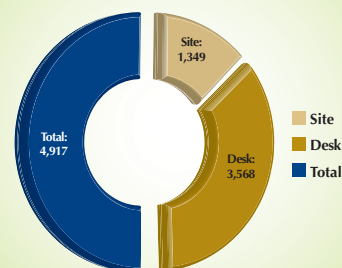
7.3. AUDIT AND INVESTIGATION

7.3.1. Taxpayer Audit

To promote voluntary compliance with the revenue laws, the MRA undertakes both field and desk audits covering all categories of taxpayers but with particular emphasis on high-risk non-compliers.

In the year under review, 4,917 audits were conducted out of which 3,568 audits were held on MRA premises and the rest on premises of taxpayers as shown in Chart 18.

Chart 18: Number of tax audits



7.3.2. Assessment

The MRA has access to a wide range of information and intelligence which enable its officers to carry out effective audits. The auditing process at the MRA makes optimum use of the wide network of third-party information gathered by the organisation. In 2012, 74,974 items of information were received from third parties and loaded onto the MRA database.

During the course of an audit, any under-declaration detected in the income reported by a taxpayer, results in the issue of a notice of assessment.

In the year under review, the MRA's compliance departments raised 3,425 assessments for a total tax yield of Rs 2,458 million. This resulted in a tax yield per assessment of Rs 0.72 million compared to Rs 0.55 million in 2011.

Chart 19: Assessment raised in 2012

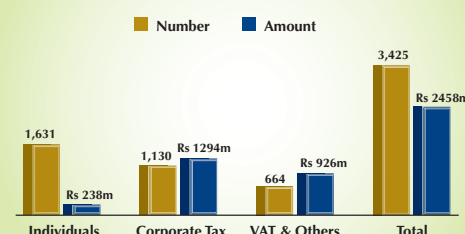
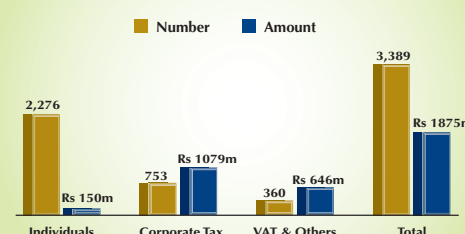


Chart 20: Assessment raised in 2011



THE ADMINISTRATIVE CAPACITY OF THE MRA: EFFICIENCY AND EFFECTIVENESS



Briefing sessions on Amnesty Schemes

One of the reasons which explains the surge in the amount of assessment raised was the operation of Voluntary Disclosure Income/under-declared VAT Arrangement (VDIA), for a period of six months up to 30 June 2012.

The objective of the Arrangement was to provide an incentive to persons who had not declared or who had under-declared income or VAT in the past to come forward with a voluntary disclosure to regularise their situation. Under the Arrangement, declarants were provided with the full waiver of penalties and interest. Through this Scheme taxpayers committed to pay nearly Rs 1.3 billion of which around Rs 619 million were collected in 2012.

7.3.3. MRA's Rodrigues office

To provide better services to taxpayers and enhance the compliance level in Rodrigues, officers from Mauritius have been on regular visit to provide trainings to officers posted at the MRA Office, Rodrigues. Awareness campaigns were also held to encourage non-compliant taxpayers to regularise their tax affairs and fulfil their civic responsibility as a taxman. The key achievements by the MRA Rodrigues in 2012 are provided in Table 10.

7.4. INVESTIGATION

Investigation officers within the Fiscal Investigations Department are responsible for investigating businesses and individuals where tax fraud is suspected. These officers have been empowered to enter premises for the purpose of conducting an effective enquiry. The Department also comprises an Intelligence Unit that specialises in the gathering of intelligence. In 2012:

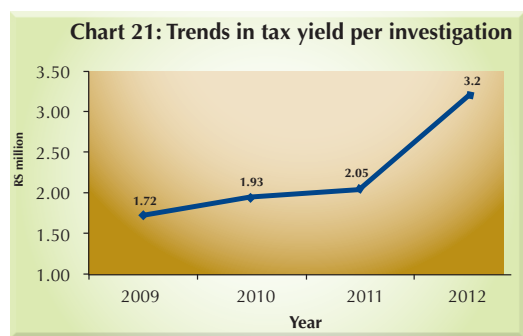
- 105 investigations were completed compared to 92 in 2011, an increase of 14%;
- the tax yield from investigations was Rs 336 million, up by 79% from Rs 188 million in 2011;
- 343 field visits resulted in 290 cases being referred for audit;
- 38 cases were recommended for prosecution compared to 14 in 2011; and,
- 205 intelligence visits were effected.

Table 10: Rodrigues key achievements, 2012

Details	Income Tax	Corporate Tax	VAT	Total
New taxpayers registered	157	58	17	232
No. of assessments raised	15	8	16	39
Amount assessed	Rs 1.1m	Rs 2.2m	Rs 9.5m	Rs 12.8m

THE ADMINISTRATIVE CAPACITY OF THE MRA: EFFICIENCY AND EFFECTIVENESS

The efficacy of the Investigation Unit is quite visible by the tax yield per completed investigation which increased from Rs 2.05 million in 2011 to Rs 3.2 million in 2012.



Investigation has revealed that tax evasion is prevalent in a number of activities. Some of the activities where tax evasion was detected are:

- a hardware shop underestimating turnover and having to pay Rs 9.7 million as additional VAT and Rs 3.5 million as income tax;
- a supermarket owner having suppressed purchases by more than 100% which resulted in an additional tax liability of Rs 19.9 million;
- a property developer not declaring his profit on sale of properties and having to pay Rs 19 million as tax; and,
- Companies running boarding houses underestimating income by Rs 58 million.

7.4.1. Prosecution

Tax evasion is a serious crime and a taxpayer who is found guilty of tax related crimes may even be sentenced to imprisonment.

The prosecution function is undertaken by police officers posted at the Legal Services Department and during 2012 the MRA continued to prosecute taxpayers for serious non-compliance. The Department prosecuted 95 persons for various offences as shown in Table 11 of which 54 were convicted and fined.

Table 11: Prosecution by nature of offence

Nature of Offences	Number of Cases
Customs & Excise offences (false entry, failure to declare, wrong classification, false certificate etc)	31
Failure to pay tax, issue receipts, keep records, display certificate under the VAT Act	19
Failure to pay income tax	36
Trading without licence under the Excise Act	9

7.5. INTERNATIONAL TAXATION

7.5.1. Double Taxation Avoidance Agreements (DTAAs)

The MRA through its International Taxation Unit continued to play an important role in promoting a better understanding of international taxation issues, enhancing tax compliance among non-residents and combating international tax evasion. During 2012, the Unit contributed to expand the Mauritian Double Taxation Treaties network for facilitating investment and diversifying global business activities. The achievements of the Unit in 2012 are highlighted below.

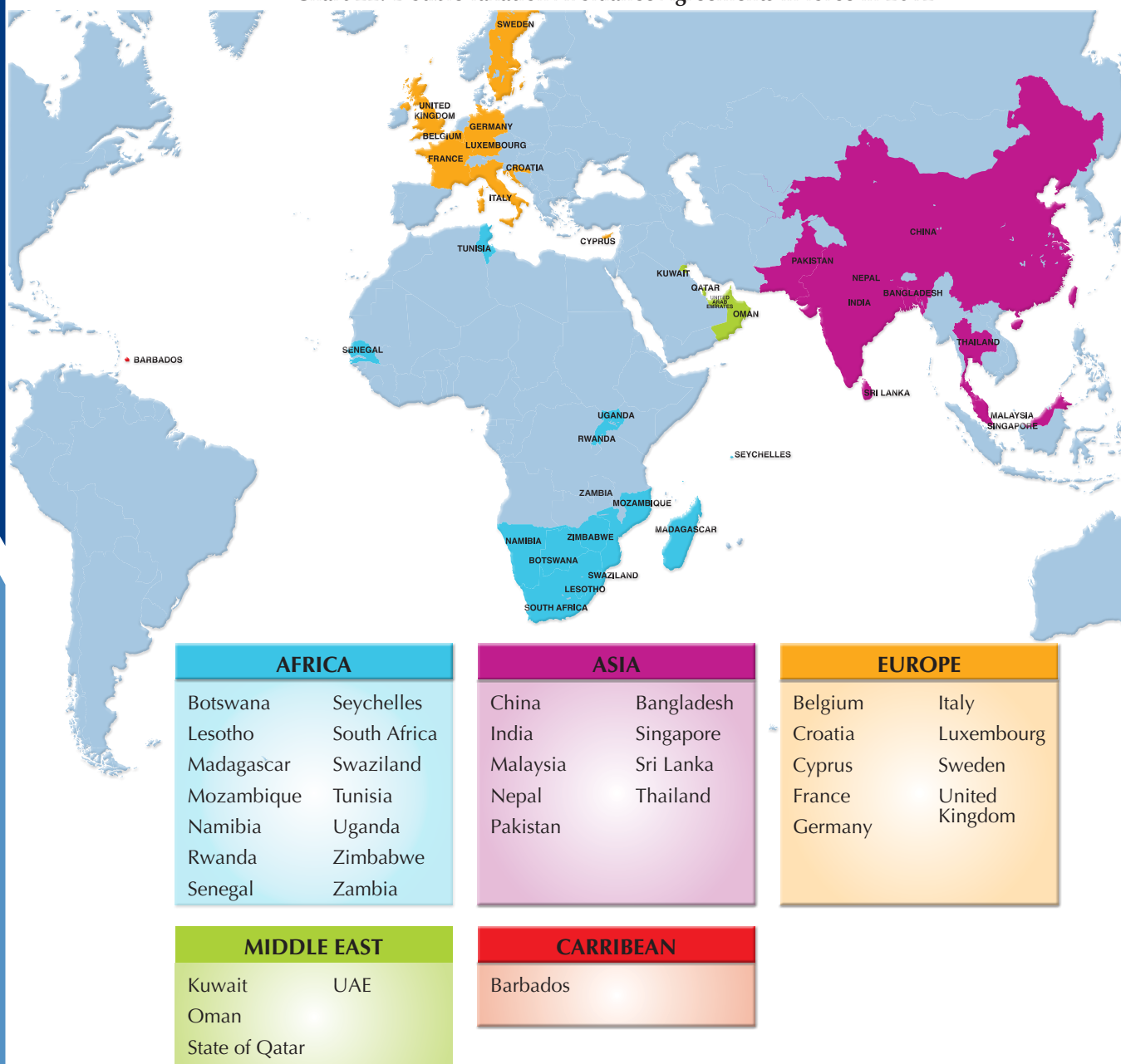
Table 12: Progress on DTAs

Details	Number	Countries
New DTAs:		
Signed	3	Kenya, Nigeria and Egypt
Finalised	2	Gabon and Monaco
Negotiated	3	St. Kitts & Nevis, Hong Kong and Tanzania
In force	1	Zambia
Amendments to existing DTAs		
Negotiated	3	Rwanda, Oman and Lesotho
In force	2	Germany and Sweden

THE ADMINISTRATIVE CAPACITY OF THE MRA: EFFICIENCY AND EFFECTIVENESS

Chart 22 shows the 37 Double Taxation Avoidance Agreements which were in force in 2012.

Chart 22: Double Taxation Avoidance Agreements in force in 2012



7.5.2. Exchange of Information

According to the Income Tax Act, the Minister of Finance may enter into an arrangement with the government of another country for exchange of information purposes in respect of any person, including non-residents of Mauritius. Exchange of information provisions are contained in specific Articles of DTAA's. A Tax Information Exchange Agreement (TIEA) can also be signed with the

aim of promoting exchange of information with another administration. For an effective exchange of information, the MRA follows the best international practice in particular the standard developed by the Organisation for Economic Co-operation and Development (OECD). During 2012,

- Two TIEAs were finalised with India and Isle of Man;

THE ADMINISTRATIVE CAPACITY OF THE MRA: EFFICIENCY AND EFFECTIVENESS

- Three were in force with Denmark, Finland and Norway; and,
- Eighty-five requests for exchange of information were handled.

7.5.3. Tax claimed from non-residents

Every year there are a number of entertainers, artists, eminent speakers, etc who come to Mauritius to offer their services for a short period of time. These professionals being non-residents and deriving income from sources in Mauritius are subject to tax at the same rate of 15% as residents. In 2012, there were 29 claims issued with a total tax yield of Rs 1.7 million.

7.5.4. Study Tours and Benchmark Studies

The MRA's achievement in the field of tax administration has attracted the attention of many African countries. In 2012, the Authority was honoured to share its experience in revenue administration with five African countries namely:

- Gabon
- Cameroon
- Seychelles
- Togo
- Lesotho

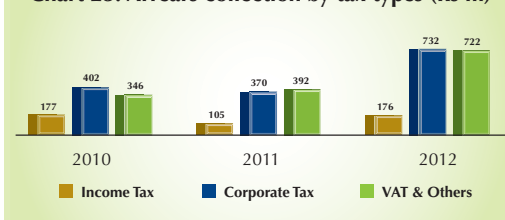


Meeting with Gabon delegation

7.6. DEBT MANAGEMENT

Taxes not paid on or before the stipulated date result in tax arrears and the MRA is then responsible for pursuing their collection. Indeed, the reduction in tax debts continued to be a major challenge for the Authority in 2012 in the face of the threatening economic slow down. The main results of collection management in the year 2012 are highlighted in chart 23.

Chart 23: Arrears collection by tax types (Rs m)



7.6.1. Recovery tools

In the event of failure to pay tax, the Debt Management Unit within the Operational Services Department takes immediate recovery action. A tax in default is sanctioned with a penalty of 5% and a 1% interest each month or part of the month during which the tax remains unpaid. The recovery tools used in 2012 are shown in Table 13.

Table 13: Recovery actions in 2012

Details	Number	Amount (Rs million)
Issue of final claims	3,218	2,178.4
Agreements	345	182.0
Attachment orders-Salary	29	10.0
Attachment orders-Others	1,038	513.9
Distress warrants	18	24.9
Objections to departure	68	142.8
Prosecution	8	61.9
Prior notice contrainte	10	48.4
Contrainte	8	58.9

7.6.2. Tax arrears collection

Total arrears collection in 2012 amounted to Rs 1,630 million of which Rs 732 million was received under Corporate Tax and Rs 722 million from VAT & Others as shown in Chart 23. The total arrears collected in 2012 were 88% higher than 2011 and represented the highest amount of arrears recovered since 2006.

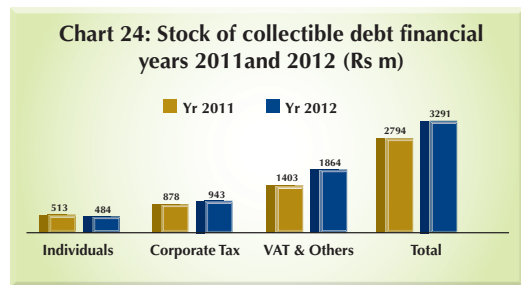
During the year under review, the Tax Arrears Settlement Scheme (TASS) was in operation. Under this Scheme, up to 100% waiver of

THE ADMINISTRATIVE CAPACITY OF THE MRA: EFFICIENCY AND EFFECTIVENESS

penalty and interest payable on tax raised prior to 30 June 2006 was provided as an incentive for debtors to settle their long-outstanding tax liabilities. Arrears totalling Rs 44 million was collected under TASS with the largest chunk being received under Personal Income Tax (Rs 22m) and Corporate Tax (Rs 16m).

7.6.3. Stock of Collectible Debts

At the end of the financial year 2012, the collectible debt stock stood at Rs 3,291 million, representing an increase of 18% compared to 2011. While the share of VAT & Others in the total stock of arrears increased from 50% in 2011 to 57% in 2012, that of Income tax and Corporate tax fell from 19% and 31% to 15% and 29% respectively. Chart 24 highlights the stock of collectible debt by tax type.



7.7. OBJECTIONS AND APPEALS

In January 2012, the MRA operated an Objections, Appeals and Dispute Resolutions (OADR) Department for the handling of all

tax litigation cases. Prior to the coming into operation of this new department, the director responsible for issuing notices of assessment was also dealing with objections and appeals lodged by dissatisfied taxpayers. The OADR Department, which is independent of the MRA's compliance departments, was set up to reinforce the perception of impartiality, independence, transparency, good governance and standard treatment. For its first year of operation, the achievements of the OADR Department are shown in table 14.

7.7.1. Expeditious Dispute Resolution of Tax Scheme (EDRTS)

This scheme allows any person who was unable to dispute the tax claimed in an assessment issued prior to 1 January 2011 under the Income Tax Act, VAT Act or GRA Act to apply for a review of the assessment. Thus persons whose assessments were maintained due to failure to pay 30% tax assessed on objection, non-production of full records or non-attendance could avail themselves of the scheme. There were 80 cases settled under this Scheme and Rs 46 million of tax was determined in 235 assessments.

7.8. EFFICIENCY AT CUSTOMS

Since the inception of the MRA in 2006, the Customs Department embarked on

Table 14: Objections and Appeals for the year 2012

Details	Objection		Assessment Review Committee		Supreme Court		Total	
	No.	Amount (Rsm)	No.	Amount (Rsm)	No.	Amount (Rsm)	No.	Amount (Rsm)
Objections/appeals as at 1 January 2012	152	522.9	882	2,989.1	96	256.4	1130	3,768.4
Cases lodged during the year	467	1,517.9	209	1,895.9	3	5.5	679	3,419.3
Less Cases determined	554	1,682.0	484	724.0	73	121.2	1111	2527.1
Objections/appeals outstanding as at 31 December 2012	65	178.5	607	2,605.4	26	203.3	698	2,987.2

THE ADMINISTRATIVE CAPACITY OF THE MRA: EFFICIENCY AND EFFECTIVENESS

modernisation programmes to emulate the world's modern Customs administration. The implementation of paperless Customs, non-intrusive inspection through the use of high-tech scanners, advance cargo information, e-certificates of origin, etc are some of the measures already in place for achieving efficiency gains. This section highlights the achievements with regards to MRA Customs enforcement activities.

7.8.1. Post Clearance Control and Audit (PCCA)

The MRA Customs aims to offer a quality service to traders through speedy clearance of goods at minimum costs. In this regards the target set by the MRA is for the selection of 12% of import declarations for physical examination. Given that only 11.7% of import declarations were selected in 2012, some non-compliant traders may have passed through without being detected and hence the focus on Post Clearance Control and Audit (PCCA). In 2012, 132 post clearance and control audits were carried out, an increase of some 26 audits over the previous year. These audits yielded Rs 10.8 million in terms of revenue and penalties as depicted in the charts below.

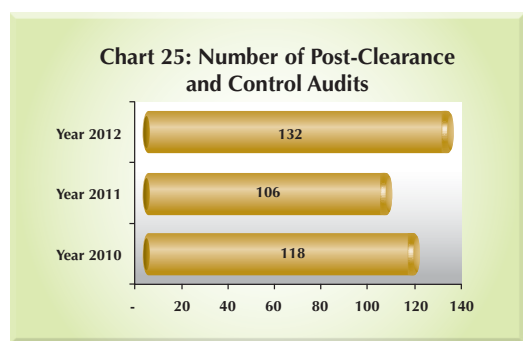
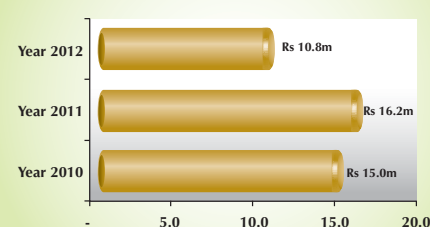


Chart 26: Revenues and penalties from PCCA



7.8.2. Container scanning

The installation of two high-tech scanning plants at the New Container Terminal and the PATS Cargo Terminal aims at deterring traders from importing illegal and life-threatening goods both at the port and airport. Table 15 details the number of containers scanned at the Port and Airport of Mauritius.

7.8.3. Narcotics seizure

Over and above its role of trade facilitation, the MRA Customs plays a social role as a protector of society from the trade and consumption of illicit products. To this effect, the MRA has put in place a tracking and profiling system for an effective seizure of drugs. During 2012, the Surveillance & Enforcement and Drug Interdiction Unit seized narcotics valued at Rs 44 million.

Table 16: Narcotics seizures in 2012

Drug Type	Total Weight (grams)	Total Street Value (Rs.)
Heroin	2,275.8	33,735,000
Subutex	6,942 tabs	10,413,000
Cannabis	213.46	90,580
Cannabis Seeds	133	19,500
Hashish	75.99	188,230
Total		44,446,310

Table 15: Number of containers scanned in 2011 and 2012

Details	Port		Airport	
	2011	2012	2011	2012
No. of containers X-rayed	40,841	35,813	14,544	17,227
No. of suspect containers	232	269	1,267	1,108
No. of offences detected	97	40	60	95
Offences detected as a percentage of containers X-rayed	0.24%	0.11%	0.41%	0.55%

THE ADMINISTRATIVE CAPACITY OF THE MRA: EFFICIENCY AND EFFECTIVENESS



The K-9 Unit

These seizures were made possible with the contribution of drug detector dogs of the K-9 Unit. The officers working in the Unit have received training by certified dog handlers from French Customs and the South African Revenue Services (SARS) for proper handling of the sniffer dogs. The Drug Detector Dog squad operates on the courier services, at the Parcel Post Office, Vehicle Search at Airport, Port and Freight Stations, Port area, Airport (Plaisance Air Transport Services & Luggage on carousels at SSR International Airport and Aircraft search) as well as at the seaport for search on vessels. In 2012, there were 10 drug seizures valued at Rs 28 million, made by the sniffer dogs.

7.8.4. Seizure of vehicles

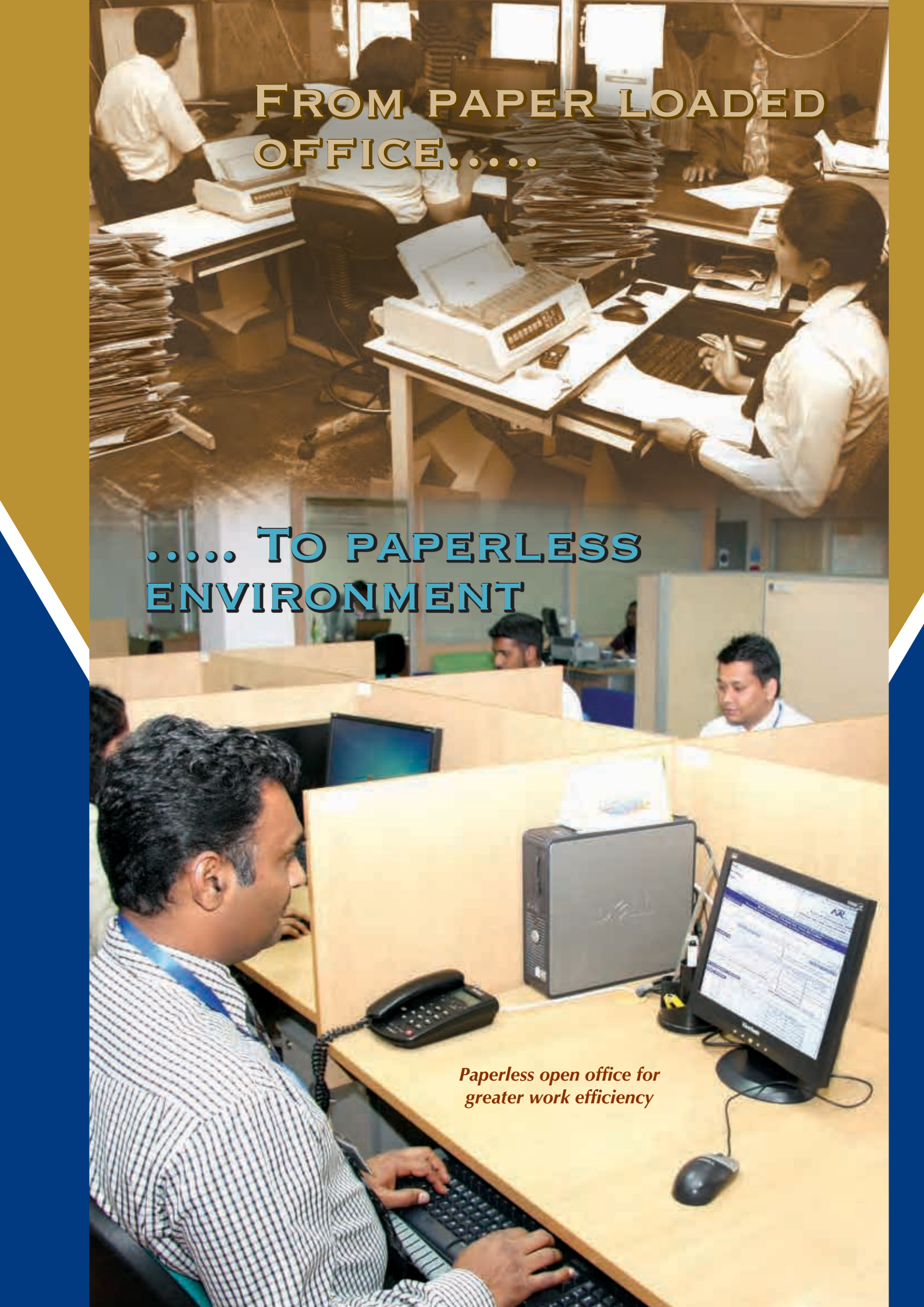
Returning citizens of Mauritius are entitled to duty concession on a car, subject to certain specified conditions, when they settle permanently in Mauritius after a minimum period of five years work abroad. In 2012, three cars brought from abroad and having benefited from duty concession were seized as an investigation revealed that these cars were not being used by their respective owners.

7.8.5. Infringement of Intellectual Property Rights (IPR)

Counterfeiting is a global phenomenon which is not only limited to garment products but also includes pharmaceutical products, car spare parts, computer software, etc. The MRA Customs is actively involved in the fight against the import and export of fake, pirated and counterfeit products. In 2012, MRA Customs made forty-five IPR seizures valued at Rs 905,056.



Training Session on illegal trade of counterfeit pharmaceuticals



**FROM PAPER LOADED
OFFICE.....**

**..... TO PAPERLESS
ENVIRONMENT**

*Paperless open office for
greater work efficiency*

8. OUR PEOPLE: COMMITTED TO STAFF DEVELOPMENT

OUR PEOPLE: COMMITTED TO STAFF DEVELOPMENT

People are still the driving force in every organisation, in spite of the dizzying strides made in the field of Information and Communication Technology. Therefore, at the MRA, human resource and professional development has always occupied a place of choice in its strategic plan of action. As in preceding years, the MRA took necessary steps and initiatives to improve the skills and professionalism of its human resources, in line with its vision to be a world-class revenue authority.

8.1. HUMAN RESOURCES PROFILE

The sections below profile the MRA's human resources in terms of head count, age and gender.

7.1.1. Establishment

The number of employees at the MRA has remained relatively stable over the years. Table 17 provides a snapshot of the number of staff on the MRA's establishment in 2011 and 2012.

Table 17: Human resource structure			
Grade	Job Title	31 December 2011	31 December 2012
-	Director-General	1	1
7	Director	9	11
6	Assistant Director / Section Head	29	29
5	Team Leader	101	100
4	Technical Officer	247	236
3	Officer / Customs Officer 2 / Trainee Officer	338	385
2	Customs Officer 1 / Support Officer 2	331	332
1	Support Officer 1	127	162
Total		1,183	1,256

For the year ending 31 December 2012, the MRA had an establishment of 1,256 staff in post. This represents 94% of the critical requirements of 1,338 posts. The increase in the workforce over the preceding year was on account of, among others, the recruitment of a batch of trainee Audit Officers in January 2012 and additional appointment for the High Net Worth Unit/Fiscal Investigations.

7.1.2. Age & gender profile

The workforce profile segmented by age and gender is provided in Table 18.

The ratio of female to male workers was 1:2.27. The majority of staff members (30.33%) were in the age group of 35 to below 45 years, whilst 29.62% of the workforce was below 35 years old.

Table 18: Workforce profile by age & gender as at December 2012			
Age Group	Male	Female	Total
Below 25	14	22	36
25 to below 35	201	135	336
35 to below 45	233	148	381
45 to below 55	210	50	260
55 and over	214	29	243
Total	872	384	1,256

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8.2. RECRUITMENT

During 2012, a total of 161 posts were filled as follows:

- 106 external recruits (including 29 Audit Officers); and,
- 55 internal employees.

The Audit Officers started their traineeship with the MRA in January 2012 and, upon successful completion of their training, they were appointed to their posts in January 2013. Moreover, 26 additional posts were created in 2012 and filled to cater for the newly set up High Net Worth Unit/Fiscal Investigations.

The various posts filled during the year were:

- 3 Directors (Customs, OADR & TECD)
- 2 Section Heads (IT & OADR)
- 1 Principal Training Academy, HRTD
- 2 Team Leaders, (Customs & IT)
- 2 Legal Counsels, Legal Services
- 3 Technical Officers, Internal Audit
- 16 Officers, Compliance Department
- 4 Officers, Internal Audit & Corporate HQ
- 30 Trainee Officers, Compliance Department
- 1 Assistant System Analyst, ISD
- 4 Assistant network System Administrators, ISD
- 20 Support Officers II
- 2 Secretaries
- 2 Chief Cashiers
- 61 Support Officers I
- 2 Receptionists

8.3. STAFF DEVELOPMENT AND KNOWLEDGE MANAGEMENT

Staff need constant training and development not only to be able to carry out their assigned duties to the best of their abilities, but also to educate them about new and innovative techniques to increase work productivity. For that reason, the MRA has offered various staff members the relevant training and development opportunities as detailed hereunder.

Table 19: Training and development programmes

Training types	Number
Local Training	108
<i>In-house</i>	53
<i>External</i>	42
<i>Webinar</i>	8
<i>Health & Nutrition Programme</i>	5
Overseas	104
<i>Meetings/ Workshops/Training</i>	65
<i>Missions</i>	39
Scholarships	3
Total	215

In line with its commitment to continuous learning and development, the MRA recruited a Principal for the Training Academy in September 2012. A preliminary report on Training Strategy was presented to the Management Team in October 2012 and a 3-year Training Development Plan for the Training Academy is in the pipeline.

For the year 2012, out of the total amount of Rs 9.2 million devoted to the training budget, the sum of Rs 8.6 million was spent accordingly. During the same period, some 13,270 man days were devoted to training and development.

OUR PEOPLE: COMMITTED TO STAFF DEVELOPMENT

Some of the major training courses/workshops/conferences organised, with the assistance of international organisations and external resource persons were:

- Workshop on updates on International Financial Reporting Standards;
- Training on Anti-Money Laundering;
- Training on Corporate Governance on value driver;
- Presentation on WCO E-Learning (hosted by MRA);
- WCO ESA donors' conference;
- Training in counterfeit pharmaceutical products;
- Hosting of WCO policy dialogue;
- Seminar on updated version of nCEN application;
- Training on HP counterfeit product identification; and,
- Workshop on Interface Public Members (IPM).

8.4. MODERNISING HR PROCESSES

During 2012, further improvement was brought to the existing Human Resource Management System (HRMS), whereby:-

- (i) The Oracle E-Business Suite went through a technical upgrade from 11i to R12;
- (ii) The Online Pay slip for MRA Staff was implemented; and,
- (iii) The computerisation of Oracle Time & Labour (overtime) with the Electronic Attendance System (EAS) was initiated.

8.5. MEDICAL & GROUP PERSONAL ACCIDENT INSURANCE SCHEMES

The medical scheme which the MRA

contracted with the British American Insurance Co (Mtius) Ltd was renewed on 1 November 2012. For the benefit of its staff members, the MRA contributes 70% of the premium payable for each main member. The total membership under the scheme, as at December 2012, stood at 1,080 MRA staff and the rest being their spouses (252) and children (199).

Similarly the MRA has also renewed its Group Personal Accident Insurance Scheme with SICOM Ltd in November 2012. Under that scheme, insurance coverage is provided to all staff members in case of accident during occupational and non-occupational hours, and both locally and worldwide.

8.6. PERFORMANCE APPRAISAL

The annual performance appraisal for all staff, covering their performances during the 12 preceding months, was conducted in January 2012 where 1,132 forms were processed. On the basis of that exercise, an increment based on performance was awarded to 857 eligible officers. In addition, 42 staff members were paid a performance bonus for their significant contribution towards the achievements of their respective department.

For 2012, a new Performance Appraisal form was designed for the benefit of both appraiser and appraisee. The amendments brought in the form have, therefore, been effected in line with the MRA's policy of reviewing and enhancing its processes and procedures, so as to facilitate improved performance of staff and subsequently organisational performance.

8.7. EMPLOYMENT RELATIONS

In order to promote a decent, pleasant and excellent working environment conducive to higher productivity, meetings between Management and the Mauritius Revenue Authority Staff Association (MRASA) are held on a monthly basis where pertinent issues relating to staff matters are discussed.

OUR PEOPLE: COMMITTED TO STAFF DEVELOPMENT

Table 20: Sport Events

Events	Date held	Number of MRA Participants	Outcome
Football	28 April – 19 June 2012	24	Won Bronze Medals
Volleyball	15 June – 6 August 2012	15	-
Badminton	13 & 14 July 2012	14	Won Gold + Bronze Medals
Pool Tournament	23 September 2012	7	Silver / Bronze Medals + Trophy
Athletics	9 & 11 November 2012	10	Won Gold & Silver Medals

8.8. WELFARE ACTIVITIES

To preserve a good work-life balance, the MRA promoted staff participation in various activities. Table 20 provides details of events held by the Fédération Mauriciennne des Sports Corporatifs (FMSC), of which the MRA is an affiliated member.

The MRA also conducted the following welfare activities during the year 2012:

- A Football Festival was organised in July 2012 and a Domino Tournament in October 2012;
- 4 health / nutrition programmes were conducted; and,
- Membership fees for all MRA staff, who are ACCA members, are paid in January every year.



MRA's football team

Finally, the MRA also organises prayer ceremonies each year which are attended by members of the Management Team, staff members and other devotees. For the year 2012, an annual prayer was held at the

Mariamén Kovil, Trou Fanfaron, Port-Louis on 25 October 2012 and after the rituals free food was served. An ecumenical mass was also held on 21 September 2012 at the Saint Antoine Church when the Customs Department celebrated Saint Matthew's Day.

8.9. SAFETY AND HEALTH POLICY

The promotion of employee health and safety is a mutual objective of the MRA and its employees. The responsibility for identifying hazards, assessing risks and taking action to ensure a safe and healthy workplace is shared by all. The MRA has incorporated in its Safety and Health Policy a range of procedures which are intended to eliminate, reduce or control risks.

The Safety and Health Policy has been prepared in compliance with the provisions of the Occupational Safety and Health Act 2005. It spells out organisational responsibilities towards Safety and Health ranging from the MRA Board, Director-General, Directors, Section Heads, Team Leaders and all MRA employees. The various measures established for the implementation of safety and health at the MRA, include the following:

- Safety and health committee;
- Risk assessment;
- Safety and health training;

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- Health surveillance and promotion;
- First aid facilities;
- Housekeeping standards;
- No-smoking policy;
- Procedures for accident reporting & evacuation of building; and,
- Non-compliance.

In addition to the above, Safety and Health is promoted via a range of safety information and programmes aimed at increasing awareness so that everyone is responsible and accountable for safety at work.

The achievements in terms of Health and Safety initiatives are laid down in the Corporate Governance chapter.

8.10. ACCOLADES

The MRA was nominated as the runner up in the ICT Excellence Award 2012 organised by the Ministry of Information and Communication Technology, in the Public Sector category.



9. LOOKING AT THE FUTURE

LOOKING AT THE FUTURE

“A good plan is like a road map: it shows the final destination and usually the best way to get there.”

H. Stanely Judd

Planning involves foreseeing the goals the organisation wants to achieve and defining the necessary measures, within a specific time frame, to ensure it arrives at the envisioned destination. In line with its endeavor to be a world-class Tax administration, MRA has prepared 2 Corporate plans, each on a three-year basis, for periods 2008-2010 and 2011-2013.

In parallel with the goals set in the Corporate Plan, the MRA also prepares an annual plan for each department/division whereby the clearly defined objectives, strategies, measures and targets are laid down and monitored on a monthly basis.

In 2013, the MRA will gear all its efforts to achieving the revenue targets set out in the 2013 Performance Based Budget, to contain the expenditure set out in that Budget and to pursue the implementation of the 2011-13 Corporate Plan.

9.1. ACHIEVING 2013 REVENUE TARGETS

The MRA is expected to collect some Rs 65 billion under various revenue heads as set out in Table 21.

Table 21: Budgeted Collections for Year 2013 (Rs m)

Type of revenue	Actual collections 2012	Budgeted estimates 2013	Increase/decrease over actual collections
Corporate Tax	8,307	9,500	14%
Personal Income Tax	5,316	5,963	12%
Tax Deducted at Source	931	980	5%
Value-Added Tax	24,926	27,512	10%
Customs Duties	1,506	1,522	1%
Excise Duties	13,039	14,354	10%
Taxes on Gambling	1,275	2,164	70%
Environment Protection Fees	145	170	17%
Passenger Fees	1,204	1,116	-7%
Special Levy on Banks	482	480	0%
Special Levy on Telecommunication	397	400	1%
Corporate Social Responsibility	130	140	8%
Levy on Messaging Services	92	110	20%
Advertising Structure Fee	62	58	-6%
Licences	24	46	92%
Customs & Excise Fees & Fines	47	30	-36%
Processing Fee	3	4	33%
Miscellaneous*	79	200	-
Total	57,965	64,749	12%

LOOKING AT THE FUTURE

In 2013, the MRA will charge a service fee for issuing a Tax Residence Certificate and will collect gambling tax in respect of lottery games (lottotech), for an estimated amount of Rs 40 million and Rs 749 million respectively. Total revenue collections are projected to grow by 12% to attain Rs 64.75 billion.

9.2. CONTAINING EXPENDITURE WITHIN SET LIMITS IN 2013

In order to ensure that expenditure does not exceed the target set by the Government as per the 2013 PBB, a strict monthly budgetary control of all items of expenditure is undertaken by the MRA's Finance & Administration Department. Corrective measures are taken whenever there seems to be a tendency for actual expenditure to be higher than planned expenditure. Accordingly, a report on the amount spent on major expenditure items, both capital and recurrent items, is submitted to Management on a monthly basis.

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

SECTION A

Income for 2013 is estimated at Rs 1,210.0 million comprising of revenue grant (Rs 1,100.0 million), capital grant (Rs 93.0 million), interest (Rs 3.4 million) and sale of excise stamps (Rs 13.6 million).

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

Table 22: Summary of Financial Resources by Programmes (Rs million)						
Code	Programmes and Sub-Programmes	2012 Estimates	2012 Revised Estimates	2013 Estimates	2014 Planned	2015 Planned
XX1	Policy and strategy for revenue administration	52	56	60	62	64
XX2	Making tax administration more efficient and effective	487	584	593	637	659
XX3	Border protection and trade facilitation	447	493	540	577	550
Total		986	1,133	1,193	1,276	1,273

LOOKING AT THE FUTURE

SECTION B – FINANCIAL RESOURCES

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

Table 23: Summary by economic categories (Rs million)

Code	Economic categories	2012 Estimates	2012 Revised Estimates	2013 Estimates	2014 Planned	2015 Planned
21	Compensation of employees	767	868	934	1,012	1,052
22	Goods and services	163	168	166	167	168
31	Acquisition of non-financial assets	56	97	93	98	54
Total		986	1,133	1,193	1,276	1,273

Table 24: Summary for Year 2013 (Rs million)

Code	Programme	Compensation of employees [code 21]	Goods and services [code 22]	Subsidies/ grants [codes 25-28]	Acquisition of assets [codes 31- 32]
XX1	Policy and strategy for revenue administration	51	9	0	0
XX2	Making tax administration more efficient and effective	450	103	-	41
XX3	Border protection and trade facilitation	433	55	-	53
Total		934	166	0	93

Table 25 :Programme XX1: Policy and strategy for revenue administration (Rs 000's)

Item No.	Details	2012 Estimates	2012 Revised Estimates	2013 Estimates	2014 Planned	2015 Planned
21	Compensation of employees	42,500	47,300	50,900	53,000	55,200
21110	Personal emoluments	34,200	38,000	41,400	42,800	44,200
21111	Other staff costs	8,300	9,300	9,500	10,200	11,000
22	Goods and services	9,360	8,750	8,850	8,850	8,850
22010	Cost of utilities	1,700	1,700	1,700	1,700	1,700
22020	Fuel and oil	0	200	200	200	200
22030	Rent	2,900	2,500	2,600	2,600	2,600
22050	Office expenses	225	200	200	200	200
22060	Maintenance	185	200	200	200	200
22070	Cleaning services	150	150	150	150	150
22100	Publications and stationery	800	1,000	1,000	1,000	1,000
22120	Fees	3,100	2,500	2,500	2,500	2,500
22900	Other goods and services	300	300	300	300	300
31	Acquisition of non-financial assets	0	0	0	0	0
Total		51,860	56,050	59,750	61,850	64,050

LOOKING AT THE FUTURE

Table 26: Programme XX2: Making tax administration more efficient and effective (Rs million)

Item No.	Details	2012 Estimates	2012 Revised Estimates	2013 Estimates	2014 Planned	2015 Planned
21	Compensation of employees	343	404	450	500	524
21110	Personal emoluments	287	340	386	432	454
21111	Other staff costs	56	64	64	68	70
22	Goods and services	94	105	103	104	104
22010	Cost of utilities	13	14	14	14	14
22020	Fuel and oil	0	1	1	1	1
22030	Rent	22	22	23	23	23
22050	Office expenses	9	8	9	9	9
22060	Maintenance	18	20	25	25	25
22070	Cleaning services	1	2	2	2	2
22100	Publications and stationery	9	10	10	10	10
22120	Fees	16	24	15	16	16
22900	Other goods and services	6	4	5	5	5
31	Acquisition of non-financial assets	50	76	41	34	31
Total		487	584	593	637	659

Table 27: ProgrammeXX3: Border Protection and Trade Facilitation (Rs 000's)

Item No.	Details	2012 Estimates	2012 Revised Estimates	2013 Estimates	2014 Planned	2015 Planned
21	Compensation of employees	381,300	417,000	432,800	459,450	473,000
21110	Personal emoluments	332,000	361,000	376,300	400,000	412,000
21111	Other staff costs	49,300	56,000	56,500	59,450	61,000
22	Goods and services	59,315	54,700	54,600	53,900	54,500
22010	Cost of utilities	13,400	14,000	13,600	13,900	14,300
22020	Fuel and oil	4,500	3,000	3,000	3,000	3,000
22030	Rent	9,100	9,200	7,600	7,800	8,000
22050	Office expenses	4,850	3,900	4,300	4,300	4,300
22060	Maintenance	7,265	7,500	6,800	5,600	5,600
22070	Cleaning services	2,300	2,100	2,100	2,100	2,100
22100	Publications and stationery	6,300	6,000	6,000	6,000	6,000
22120	Fees	700	0	0	0	0
22900	Other goods and services	10,900	9,000	11,200	11,200	11,200
31	Acquisition of non-financial assets	6,500	21,500	52,500	63,500	22,500
Total		447,115	493,200	539,900	576,850	550,000

LOOKING AT THE FUTURE

Table 28: All Programmes (Rs million)

Item No.	Details	2012 Estimates	2012 Revised Estimates	2013 Estimates	2014 Planned	2015 Planned
21	Compensation of employees	767	868	934	1,012	1,052
21110	Personal emoluments	653	739	804	875	911
21111	Other staff costs	114	129	130	137	142
22	Goods and services	163	168	166	167	168
22010	Cost of utilities	29	30	29	30	30
22020	Fuel and oil	5	5	5	5	5
22030	Rent	34	33	33	33	33
22050	Office expenses	14	12	13	13	13
22060	Maintenance	26	27	32	31	31
22070	Cleaning services	4	4	4	4	4
22100	Publications and stationery	16	17	17	17	17
22120	Fees	19	27	18	18	18
22900	Other goods and services	17	13	17	17	17
31	Acquisition of non-financial assets	56	97	93	98	54
Total		986	1,133	1,193	1,276	1,273

SECTION C

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

Table 29: Capital estimates (Rs million)

Description	Project value	Cumm exp @ 31 Dec 2012	Estimates 2013	Projections			
				2014	2015	2016	2017
INFORMATION SYSTEM DEPARTMENT - ON-GOING PROJECTS							
ITAS	92.5	85.6	3.5				
Maintenance & acquisition of ICT equipment & software	92.6	29.1	12.0	12.0	12.0	12.0	12.0
Upgrading of telephone network and purchase of computers, telephone sets and furniture	12.6	11.3					
Business continuity & disaster recovery	34.0	23.0					
Enhancement of the ORACLE finance system	6.0	-	2.0	2.0	2.0		
Electronic payment solution	8.0	-	3.0	3.0	2.0		
Network and security enhancement - Ehram court	16.0	-	7.0	5.0	4.0	-	-
Revamping of MRA website	1.0	-	-				
Extending storage infrastructure	9.0	-	3.0	3.0	3.0	-	

LOOKING AT THE FUTURE

Table 29: Capital estimates (Rs million)

Description	Project value	Cumm exp @ 31 Dec 2012	Estimates 2013	Projections			
				2014	2015	2016	2017
Implementation of bar coding system for transactions and fixed assets	3.0	-	2.0	1.0			
Acquisition of SUNM5000 server for TPOS	9.5	-					
SAP software license	19.4						
Sub-total - Information system department	303.6	149.0	32.5	26.0	23.0	12.0	12.0
FINANCE & ADMINISTRATION DEPARTMENT - ON GOING PROJECTS							
Purchase of vehicles	49.3	24.2	5.0	5.0	5.0	5.0	5.0
Acquisition of furniture & other equipment	40.5	19.1	3.0	3.0	3.0	3.0	3.0
CCTV camera	5.0	4.9					
Sub-total - Finance & administration department	94.8	48.2	8.0	8.0	8.0	8.0	8.0
CUSTOMS - ON GOING PROJECTS							
Cargo community system	2.0	-	0.5	0.5	1.0		
National customs enforcement network	1.0	-			1.0		
Enhancement of security infrastructure at New Customs House	3.0	-	1.0	1.0			
Installation of weighbridge in port area	3.0	-	3.0				
Acquisition of drug & chemical detection devices	6.0	-	-				
Clustering of CMS II	15.0	-		-	15.0		
CMS II application enhancement and upgrade	5.0	-	1.0	1.0	1.0	-	-
Upgrade IT infrastructure for scanning system	5.0	-	-	-	-	-	-
Drug interdiction program	116.5	3.3	42.0	56.0			
SUB-TOTAL - Customs - On going projects	156.5	3.3	47.5	58.5	18.0	-	-
CUSTOMS - NEW PROJECTS							
CMS /ITAS integration	8.0	-	3.0	3.0	2.0		
MNS development contract	3.5	-	1.0	1.0	1.5		
SMARTNET for Cisco routers	3.0	-	1.0	1.0	1.0		
Risk management software	30.0	-	-				
SUB-TOTAL - Customs - New projects	44.5	-	5.0	5.0	4.5	-	-
SUB - TOTAL - Customs	201.0	3.3	52.5	63.5	22.5	-	-
TOTAL	599.4	200.5	93.0	97.5	53.5	20.0	20.0

LOOKING AT THE FUTURE

9.3. STRATEGIC PLANNING 2013-15

The MRA's Strategic Plan serves as a useful document that shows its commitment to improving and meeting our stakeholders' expectations. It also serves as the organisation's strategic framework for action over a three year period.

The five key strategic objectives that the MRA has set for the three-year period are as follows:

- Promoting Voluntary Compliance;
- Providing Quality services;
- Developing people, processes & technology;
- Facilitating trade and ensuring border & society protection; and,
- Strengthening good governance & improving corporate image.

A detailed explanation of each of the above objectives is given below and for each objective there are a number of initiatives that are measured in terms of Key Performance Indicators (KPIs). The MRA will continue to use these KPIs together with set targets to monitor success in achieving the strategic objectives. In line with the Performance Based Budget, a target has been set to monitor achievement of each initiative.

Goal 1: Promoting Voluntary Compliance

Promoting voluntary compliance remains one of the MRA's most important strategic objective. Some of the initiatives that the MRA has implemented to ensure the attainment of voluntary compliance include registering new taxpayers, strengthening tax audit, combating tax evasion, prosecuting tax evaders and managing its debt. A few selected measures in respect of promoting voluntary compliance are highlighted in table 30.

Table 30: Promoting Voluntary Compliance – Selected Strategies, KPIs and Targets

Strategies	Measures	Targets		
		2013	2014	2015
Analysing Revenue	Actual collections as a % of projected collections not below percent indicated	95%	95%	95%
Registering new taxpayers, tracking down non-registered persons and updating the register	Number of taxpayers registered as a result of third-party matching of information	3,000	3,500	3,700
	Number of visits for widening of tax base	75	85	95
Strengthening Auditing System	% of cases selected using Risk Management tools to total cases selected for audit examination	MSTD –50% LTD – 60%	MSTD –55% LTD – 60%	MSTD –60% LTD – 60%
	Total audits effected - LTD	400	450	500
	- MSTD	5,000	6,000	6,500
	Number of Post-Clearance Control Audits (PCCAs) in Customs	135	140	145
	Number of control visits to excise operators	110	120	130

LOOKING AT THE FUTURE

Table 30: Promoting Voluntary Compliance – Selected Strategies, KPIs and Targets

Strategies	Measures	Targets		
		2013	2014	2015
Combating tax evasion through in-depth investigations	Number of operators visited by flying squad	50	75	75
	Number of investigations completed	120	125	125
	Demand created per fiscal investigation	Rs 2.2m	Rs 2.5m	Rs 2.5m
Implementing a new Debt Management Strategy	% of total amount of old collectible debt collected to total collectible debt at the start of the year	25%	27%	30%
	% collections out of debt raised during the year	30%	30%	35%

Goal 2: Providing Quality Services

The MRA will continue to improve the quality of services being offered to its stakeholders by ensuring a prompt, efficient and effective level of service to taxpayers. The initiatives that the MRA has adopted to ensure a high quality service to its stakeholders include

speedy processing of claims, education and outreach initiatives, using IT to reduce compliance costs and developing a customer feedback strategy. The table below highlights certain measures in respect of these initiatives that will contribute to the attainment of this goal.

Table 31: Providing Quality Services – Selected Strategies, KPIs and Targets

Strategies	Measures	Targets		
		2013	2014	2015
Speedy processing of taxpayer claims	Maximum number. of days for issuing Income Tax refunds	20 days	18 days	15 days
	Maximum number of days for issuing VAT Repayments	7 days for Fast Track cases	7 days for Fast Track cases	7 days for Fast Track cases
Education & Outreach initiatives and facilitating compliance	Number of SOPs maintained, simplified & updated	All requests received	All requests received	All requests received
	Number of educational seminars conducted	35	40	45
	Introduction of Tax education sensitization programme in school	Start	Ongoing	Ongoing

LOOKING AT THE FUTURE

Table 31: Providing Quality Services – Selected Strategies, KPIs and Targets

Strategies	Measures	Targets		
		2013	2014	2015
Using IT to reduce cost of compliance	Percentage of returns filed electronically to total no. of returns	LTD:100% MSTD: Companies above Rs10 m - 92% MSTD: Companies below Rs 10m – 65% MSTD: Individuals – 82%	LTD:100% MSTD: Companies above Rs10 m - 95% MSTD: Companies below Rs 10m – 70% MSTD: Individuals – 85%	LTD:100% MSTD: Companies above Rs10 m - 96% MSTD: Companies below Rs 10m – 72% MSTD: Individuals – 90%
	Number of e-payment users at Customs	1,135	1,250	1,375
Developing a Customer Feedback Strategy	Customs Stakeholders' Satisfaction Surveys	By December	N/A	N/A

Goal 3: Developing People, Processes and Technology

Being a dynamic organisation, the MRA is continuously investing in its people, processes and technologies to ensure that the organisation benefits from innovation

and the latest technological breakthroughs. Accordingly, the initiatives adopted in ensuring constant development of its people, processes and technologies are through training, modernising business processes and information technology. Some of these initiatives are highlighted in table 32.

Table 32: Developing People, Processes and Technology - Selected Strategies, KPIs and Targets

Strategies	Measures	Targets		
		2013	2014	2015
Developing a learning organisation	Number of Internal Training Programmes conducted based on staff needs	55	60	65
	Number of staff rotated to ensure internal mobility and multi-skilling	100	110	120
	Completion of 2 one full year training courses by trainee officers & Customs officers	December	December	N/A

LOOKING AT THE FUTURE

Table 32: Developing People, Processes and Technology - Selected Strategies, KPIs and Targets

Strategies	Measures	Targets		
		2013	2014	2015
Optimising resources, modernising business processes & promoting environmentally friendly practices	Maintenance & Sustainability of ISO Certification	On-going	On-going	On-going
	Drafting and implementing a Business Continuity and Disaster Recovery Plan	By September 2013 warm mode	N/A	N/A
Modernising IT	Making ITAS fully operational	TPOS: Go live by June 2013 in a phased approach with a segment of the taxpayer base	Extention of TPOS services to public at large and other stakeholders	N/A
	Paperless Initiative, EDRMS & e-assessment	Post room: first milestone April 2013 E-Objection: October 2013	EDRMS extented to other departments	EDRMS used at Corporate level

Goal 4: Facilitating Trade and Ensuring Border Protection

Facilitating trade through the simplification and harmonisation of Customs procedures and protecting society against narcotics and other illicit products remain the two essential

functions of the Customs Department. The selected initiatives and measures that will help the MRA in achieving this goal are highlighted in table 33.

Table 33: Facilitating Trade and Ensuring Border Protection - Selected Strategies, KPIs and Targets

Strategies	Measures	Targets		
		2013	2014	2015
Intensifying the simplification of procedures	% of declaration subjected to physical examination	10%	9%	8%
	Assignments in relation to new passenger terminal at Airport	July 2013	Ongoing	Ongoing
	Harmonise tariffs (for controlled goods) for agencies	Start	Complete	N/A
	Implementing bonded warehouses in Freeport zones	April 2013	N/A	N/A

LOOKING AT THE FUTURE

Table 33: Facilitating Trade and Ensuring Border Protection - Selected Strategies, KPIs and Targets

Strategies	Measures	Targets		
		2013	2014	2015
Reducing border waiting time for cargo & people	Dwell-Time for Cargo (sea)	Green – 40 mins Yellow – 3½ hrs Red – 22 hrs	Green – 30 mins Yellow – 3 hrs 20 mins Red – 22 hrs	Green – 30 mins Yellow – 3 hrs 15 mins Red – 22 hrs
	Export Clearance Time	Sea – 3 mins Air – 25 mins	Sea – 3 mins Air – 25 mins	Sea – 3 mins Air – 25 mins
Reinforcing control & security mechanisms	Implementing the AEO programme	2 companies to join	2 companies to join	2 companies to join
	Introducing Tax Stamps on Spirits, Liquor & Alcoholic beverages	July 2013	N/A	N/A
	Number of offences detected using K9 unit in Customs	10	10	10

Goal 5: Strengthening Corporate Governance and Improving Corporate Image

The MRA already conforms to the basic principles of good governance, guided as it is by the Code of Corporate Governance of Mauritius. However, one of its objectives remains to continuously strengthen corporate governance and improve its corporate image. Within the MRA, the two main Divisions

responsible for ensuring attainment of this goal are the Internal Affairs Division and Internal Audit Division. The initiatives and measures that they will adopt include conducting systems and transaction audits to improve quality and assurance, maintaining integrity amongst staff by processing and verifying Declarations of Assets and ensuring the good corporate image of the organisation.

LOOKING AT THE FUTURE

Table 34: Corporate Governance and improving corporate image - Selected Strategies, KPIs and Targets

Strategies	Measures	Targets		
		2013	2014	2015
Ensuring information sharing and networking	Preparation of Annual Report	1	1	1
Maintaining quality & assurance	Number of System Audits throughout the MRA	8	6	8
	Transaction Audits in main areas	15	18	15
	Training on internal controls for MRA staff	Customs Dept	N/A	N/A
	Monitoring & consolidation of the Risk Management Framework	Ongoing	Ongoing	Ongoing
	Auditing the effectiveness of the Governance Framework	To initiate	To complete	N/A
Maintaining integrity and good corporate image within the organisation	Processing & verifying DOAs	150	200	300
	Number of further enquiries based on processing of DOAs	30	30	30
	Number of full-fledged investigations	20	20	15
	Conducting integrity workshops	1	1	1
	Publishing an approved Integrity Policy Statement	1	N/A	N/A

10. CALENDAR OF EVENTS

CALENDAR OF EVENTS

January 2012



International Customs Day

The celebration of International Customs Day and the 60 anniversary of the World Customs Organisation were held on 26 January 2012 at the Custom House. The Hon. Xavier Luc Duval, Vice Prime Minister and Minister of Finance & Economic Development was the chief guest.

IMF Meeting

In the context of the IMF Article IV consultation, two experts visited the MRA in January 2012 to discuss issues relating to revenue administration and medium-term tax projections.



February 2012



Training for Export-oriented companies

The MRA, in collaboration with MEXA, organised a 5 half-day workshop on tax related issues from 22 to 29 February 2012 at MITD House, Phoenix.

Launching of the 2012 Filing Season

The Chairperson and Director-General officially launched the 2012 Filing Season during a press conference on 15 February 2012 at the MRA Head Office.



CALENDAR OF EVENTS

March 2012



WCO Regional Dialogue on Donor Engagement and Customs Capacity Building

The MRA hosted the WCO Regional Dialogue on Donor Engagement and Customs Capacity Building at the Custom House from 15 to 16 March 2012.

Integrity week

From 26 to 29 March 2012, the MRA organised an Integrity Week with a view to enhancing the perception of taxpayers, MRA stakeholders and students in general on the importance of integrity. A prize-giving ceremony was held for the winners of the essay competition



April 2012

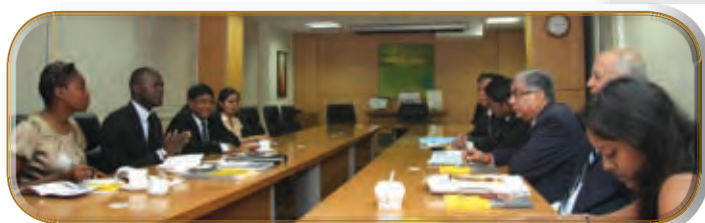


MOU with the RPA

The MRA and the Radiation Protection Authority (RPA) signed an MOU on 5 April 2012 at the Head Office of the MRA, Port Louis, to better control the import of radioactive radiation emitting devices.

Visit of Cameroon & Gabon Delegations

A TA delegation from the Republic of Cameroon made a study tour programme from 9 to 12 April 2012.



On 16 April 2012, the Director-General of the MRA received a delegation from Gabon to discuss tax-related issues.

CALENDAR OF EVENTS

May 2012



MRA e-filing contest 2012

The draw for the e-filing contest was held on 15 May 2012 at the MRA Head office under the supervision of the Gambling Regulatory Authority (GRA) and in the presence of members of the public and MRA staff. The Chairperson of the MRA, Mr. V Hassamal, was the chief guest. The winners received their prizes during an official 'prize-giving' ceremony on Wednesday 6 June 2012.

WCO Policy Dialogue

The MRA in collaboration with the World Customs Organisation hosted the WCO Policy Dialogue on Building Trade Capacity through Customs Modernization in the East and Southern Africa Region at Custom House from 7 to 8 May 2012.



June 2012



MOU between British American Tobacco and the MRA

The MRA signed an MOU with British American Tobacco (BAT) on 11 June 2012. This MOU is instrumental in ensuring that consumers have access to genuine products and consequently helping to combat smuggling.

DTAA between Mauritius and Gabon

Negotiations for the conclusion of an agreement between Mauritius and Gabon for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income were held from the 4 to 6 June 2012 at the MRA Head Office.



CALENDAR OF EVENTS

July 2012



MRA Blood Donation Campaign 2012

The MRA celebrated its 8 anniversary on 2 July 2012 by organising a Blood Donation Day, which was launched by the Minister of Health and Quality of Life, the Hon. Lormus Bundhoo. Around 575 pints of blood were collected on that day, representing approximately five days of the country's blood requirements.



Meeting with MP from Uganda

A presentation on the e-services provided by the MRA was made to the Hon. Edward Kafufu Baliddawa, member of the ICT Committee in the Parliament of Uganda on 18 July 2012.



August 2012



Delegation from Republic of Togo

A delegation of 11 officials from the Republic of Togo visited the MRA for a study tour from 3 to 8 August 2012. The delegation was headed by the Minister of Economy & Finance of the Republic of Togo, His Excellency Adjì Otèth AYASSOR.

MRA seized suspected cannabis at Courier Hub, Airport

A seizure of 20.48 grams of a green leaf matter suspected to be cannabis was made on 13 August 2012 at FEDEX courier services, Airport. The seizure was made possible through scanning, examination and a drug field test with the support of the MRA's Canine Unit.



CALENDAR OF EVENTS

September 2012



ISO 9001:2008 certification

The MRA was certified ISO 9001:2008 by the Mauritius Standards Bureau (MSB) for a period of three years up to July 2015. The certification confirms that the MRA has an effective Quality Management System in place and that its processes meet the quality standard criteria set out by ISO 9001.

Celebrating Customs Bicentenary in Mauritius

The MRA marked the bicentenary celebrations of Customs services in Mauritius by launching a special First Day Cover with four commemorative Customs stamps on 10 September 2012.



October 2012



SADC Customs ICT Workshop

Mauritius hosted the SADC Customs ICT Workshop from 9 to 12 October 2012 at La Plantation Hotel, Balaclava.

Job Fair / Exhibition

The MRA participated in a Job Fair/Exhibition for the logistic sector organised under the aegis of the Mauritius Export Association (MEXA) and the National Empowerment Foundation on Friday 19 October 2012 at the Municipality of Port Louis.



CALENDAR OF EVENTS

November 2012

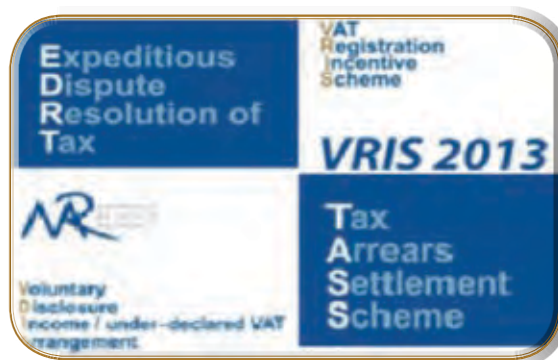


IPM Workshop

A two-day workshop on Interface Public Members (IPM) was organised at the Custom House from 7 to 8 November 2012. The resource person for this workshop was Mr Zimmermann who is a WCO coordinator for combating counterfeiting and IPM Project.

Budget 2013

The 2013 Budget was presented by the Minister of Finance & Economic Development on 9 November 2012. Amongst the measures announced were the restatement of the tax incentives schemes for an additional nine months from January to September 2013 with some improvements.



December 2012



ICT Excellence Award 2012

The MRA was the runner-up for the ICT Excellence Award 2012 organised by the Ministry of Information and Communication Technology, in the Public Sector category.

Cigarettes seizures

Some 800 undeclared packets of cigarettes were seized by Customs on a fishing vessel.



11. TAX CHANGES & FINANCE ACT 2012

TAX CHANGES & FINANCE ACT 2012

TAX CHANGES

- An individual may claim income tax relief in respect of premiums paid for a medical or health insurance policy contracted for himself and his dependents. The maximum contribution that can be claimed for self is Rs 12,000. No relief is allowable on premiums paid under a combined medical and life assurance scheme or on premiums paid by an employer.
- The two income exemption thresholds granted to a retired person, i.e. Category E and Category F, extended to cover a disabled person.
- Interest received by an individual on debentures quoted on the Stock Exchange exempted from income tax.
- Exemption of compensation negotiated under section 42 of the Employment Rights Act with the exemption being limited to the amount of severance allowance referred to in section 46(5)(i) and (ii) of that Act.
- Increase in monthly taxable car benefits by 50% as follows:

Cylinder capacity	From (Rs)	To (Rs)
Up to 1600cc	6,000	9,000
1601cc to 2000cc	6,750	10,125
Above 2000cc	7,500	11,250

- Increase in monthly taxable accommodation benefit provided by hotels as follows:

Full board and lodging	From (Rs)	To (Rs)
Single	10,000	11,000
Married	14,000	15,000

Accommodation	From (Rs)	To (Rs)
Managing and supervisory staff	4,000	4,200
Other staff	2,000	2,100

- The turnover threshold for submitting a CPS Statement of Income increased from Rs 2 million to Rs 4 million. Self employed taxpayer with turnover not exceeding Rs 4 million will submit a tax return only once a year.
- Every person acquiring –
 - an immoveable property, the cost of which, including the cost of construction of any building or structure thereon, exceeds 5 million rupees;
 - a motor vehicle, the cost of which exceeds 2 million rupees or in respect of which he paid registration duty of 75,000 rupees or more under the Registration Duty Act;
 - a pleasure craft as defined in the Tourism Authority Act, the cost of which, including the cost of its engine, exceeds one million rupees shall submit an income tax return.
- Advance Payment System no longer applicable to companies with annual turnover not exceeding Rs 4 million.
- The current Special Levy on Banks maintained for another two years.
- The Solidarity Levy on telephony service providers extended by one additional year.
- The TDS rate on interest payable to non-residents increased from 10% to 15%.
- Extension of TDS to cover medical service providers.
- TDS not applicable where amount of tax to be deducted is less than Rs 500.

TAX CHANGES & FINANCE ACT 2012

- Application of Alternative Minimum tax suspended for a manufacturing company or company operating a hotel in respect of income derived for the period 1 January 2013 to 31 December 2014.
- Every *société commerciale* deriving income required to submit a tax return.
- Accelerated annual allowance granted in respect of capital expenditure incurred during income years 2013 and 2014 as follows:

Capital expenditure incurred on	Rate of annual allowance – Percentage of	
	Base value	Cost
Industrial premises dedicated to manufacturing	30	-
Plant or machinery costing 50,000 rupees or less	-	100
Electronic and high-precision machinery (including computer hardware and software)	-	50
Plant and machinery (excluding passenger car) by a manufacturing company	-	50
Green technology equipment	-	50
Scientific research	-	50
Landscaping and other earth works for embellishment purposes	-	50
Renovation works undertaken by hotels, restaurants and retail outlets	-	33

- A prescribed service fee to be charged by the MRA for issue of Tax Residence Certificate.
- Possibility to carry forward up to 20% of unused CSR funds by companies, subject to the approval of CSR Committee.
- Extension of the following tax amnesty schemes for an additional year:
 - ❖ Expeditionary Dispute Resolution of Tax (EDRT)
 - ❖ Tax Arrears Settlement Scheme (TASS)
 - ❖ Voluntary Disclosure Income/undeclared VAT Arrangement (VDIA)
 - ❖ VAT Registration Incentive Scheme (VRIS)
- Exemption from VAT of
 - Infant cereals not containing milk
 - Colostomy bags and urine bags
 - Entrance fees to cinemas, concerts and shows
 - Royalties on importation of film
 - Residential care homes registered with the Ministry responsible for the subject of social security
- The annual turnover threshold for compulsory VAT registration increased from Rs 2 million to Rs 4 million
- The VAT Refund Scheme for agro-industry and fisheries extended by one additional year. Producer cooperatives in agro-industry and fisheries also eligible for this Scheme. The list of items also extended to cover:

TAX CHANGES & FINANCE ACT 2012

- ❖ Spare parts for agricultural machinery and equipment
- ❖ Weed mats
- ❖ Plastic mulch
- ❖ Post-harvest equipment
- ❖ Dryers for agricultural products
- ❖ Weight scales
- ❖ Refractometer
- ❖ Straw and fodder bailers
- ❖ Tyres used for tractors
- ❖ Industrial type chill room or cold room
- ❖ Honey extractor
- ❖ Equipment and machinery applicable to a baker
- ❖ Dough mixer, dough hopper and pre-portioner, dough divider
- ❖ Moulding machine, rounding machine, conical rounder machine, shaping machine, dough cutting machine
- ❖ Depositing machine, for depositing on trays (flat and baguette) with retracting belt
- ❖ Fermentation room
- ❖ Industrial ovens used in bakery
- ❖ Flour sifter
- ❖ Bread slicer
- ❖ Water dosing machine and water cooler
- ❖ Metal detector machine
- ❖ Bakery machine of HS codes 8438.10
- ❖ Diplomatic mission and agent approved jointly by the Secretary for Foreign Affairs and the MRA may claim repayment for VAT on goods where the purchase price is not less than Rs 3,000.

CUSTOMS DUTY

- Customs duties were abolished, with effect from **10 November 2012**, on the following items:-
 - ❖ Sinks, wash basins, baths and bidets
 - ❖ Toilets, flushing cisterns and mechanisms
 - ❖ Sanitary towels (pads) and tampons
 - ❖ Lighting fixtures of a kind used for public open spaces or thoroughfares
 - ❖ Shopping bags of jute and other non-woven textile material
 - ❖ Television sets of diagonal width exceeding 82 cm (i.e. 32")
- Restaurants, shops and retail outlets (excluding supermarkets and hypermarkets operating as classified trades under the Twelfth Schedule of the Local Government Act) incurring renovation works exceeding Rs 10 million as certified by the Board of Investment shall benefit from a concession of 50% on customs duty on purchase of fittings, accessories, equipment and furniture with effect from 1 January 2013. This concession shall be valid up to 31 December 2014.

EXCISE DUTY

- The duty rates on **Tobacco Products** increased by 12%, with effect from **10 November 2012**.
- The duty rates on **Alcoholic Beverages** increased by 15%, except for fruit wine, island wine and whisky for which the rate of increase was 5%, with effect from **10 November 2012**.
- Introduction of a specific duty rate of 2 cents for each of gram of sugar on **Soft Drinks** with effect from 4 February 2013.

TAX CHANGES & FINANCE ACT 2012

- The definition of “**liqueur**” has been aligned with international standards
- The excised duty of 45% on **motorcycles of 126 to 200 c.c.** abolished with effect from **10 November 2012**.
- For **electric cars**, the excise duty of 27.5% for power rating below 57.5 kw and excise duty of 50% for power rating above 57.5 kw reduced to a flat rate of 25%.
- The excise duty abolished for “**classic or vintage**” car (classic or vintage motor car means a motor car which has been registered on or before 1 January 1970).
- The 15% concessionary rate of duty granted to a **returning citizen** is applicable only on the first Rs 1.5 million of the value of the motor vehicle. Normal rate of duty is applicable to any value in excess of Rs 1.5 million. The MRA can detain the vehicle in case of breach of any conditions attached to the exemption and amount of excise duty and taxes, penalty and interest has remained unpaid. The MRA can seize the vehicle if payment is not effected within a month of the date of the detention.

BUSINESS FACILITATION

- Shops operating under the **Deferred Duty and Tax Scheme** are authorised to export goods to customers outside Mauritius under Customs control.
- The **security** for export of goods from bonded warehouse and for goods taken as ship stores abolished.
- The maximum period for the **Re-warehousing of goods** extended from 24 to 30 months.
- A new **penalty system** in line with international instruments and best practices introduced as provided by the Customs (Compoundable Offence and Compounding Amount) Regulations 2012.
- The Customs Act amended to provide for **Advance Ruling** on Customs Tariff classification and origin of goods.

IMPORT BY POST AND COURIER SERVICES

- The exemption limit for Customs Duty and VAT has been revised from Rs 1,000 to Rs 2,000.
- The recourse to a Customs Broker is no longer required when the value of personal goods is below Rs 30,000, instead of the former limit of Rs 10,000.

12. MRA FINANCIAL STATEMENTS

MRA FINANCIAL STATEMENTS

BOARD'S REPORT

The Board of the Mauritius Revenue Authority presents the audited financial statements of the Mauritius Revenue Authority for the year ended 31 December 2012.

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

It is the responsibility of the MRA to prepare and submit an annual report which includes the financial statements to the MRA Board for approval. After approval by the MRA Board, the Chief Executive Officer shall, not later than 30th April after the end of every financial year, submit the annual report to the auditor. The signed financial statements were submitted to the auditor on 29 March 2013. The Annual Report, including unsigned financial statements, was submitted on 29 April 2013. Following an observation from the auditor, the Annual Report, including the signed financial statements, was subsequently re-submitted to the auditor on 31 May 2013.

On receipt of the annual report including the audited financial statements and the audit report, the MRA Board shall, not later than one month from the date of receipt, furnish to the Minister such reports and financial statements.

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

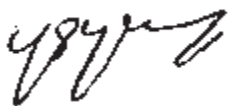
While approving the financial statements, the Board ensures that:

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

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

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

Signed on behalf of the MRA Board



Y.S. Yip Wang Wing
Acting Chairman

MRA FINANCIAL STATEMENTS

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

Report on the Financial Statements

I have audited the financial statements set out at pages 101 to 118 in the accompanying annual report of the Mauritius Revenue Authority (Authority), and which comprise the statement of financial position as at 31 December 2012, the statement of financial performance, statement of changes in net assets/equity, statement of cash flow and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.

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

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

Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Mauritius Revenue Authority as at 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

MRA FINANCIAL STATEMENTS

Report on Other Legal and Regulatory Requirements

Management's Responsibility

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

Auditor's Responsibility

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

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

Statutory Bodies (Accounts and Audit) Act

The Statutory Bodies (Accounts and Audit) Act requires submission to audit of annual report comprising of financial statements by 30 April after end of financial year. The financial statements were submitted on 29 March 2013. Annual report comprising of signed financial statements was subsequently submitted on 31 May 2013. The annual report was amended and re- submitted on 15 November 2013.

In my opinion, in all material respects, except for the matter described in above paragraph, the activities, financial transactions and information reflected in the financial statements comply with the Statutory Bodies (Accounts and Audit) Act.

Public Procurement Act

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

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



(Dr R. JUGURNATH)

Director of Audit
National Audit Office
Level 14, Air Mauritius Centre
PORT LOUIS

18 November 2013

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

- STATEMENT OF FINANCIAL POSITION
- STATEMENT OF FINANCIAL PERFORMANCE
- STATEMENT OF CHANGES IN NET ASSETS/ EQUITY
- CASH FLOW STATEMENT
- STATEMENT OF COMPARISON OF BUDGET
- NOTES TO ACCOUNTS

MRA FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AT

	Notes	31 December 2012 Rs	31 December 2011 Rs As Restated
ASSETS			
Current Assets			
Cash and Cash Equivalents	7	144,258,557	138,675,552
Receivables	8	12,125,510	9,690,273
Inventories	9	8,528,835	8,967,383
Prepayments	8	9,440,745	9,319,373
		<u>174,353,647</u>	<u>166,652,581</u>
Non-Current Assets			
Property, Plant and Equipment	5	396,361,488	99,327,499
Intangible Assets	6	59,535,467	49,014,300
		<u>455,896,955</u>	<u>148,341,799</u>
TOTAL ASSETS		<u>630,250,602</u>	<u>314,994,380</u>
LIABILITIES			
Current Liabilities			
Payables	10	110,632,858	105,218,898
Deferred Income	11	68,000,000	62,000,000
		<u>178,632,858</u>	<u>167,218,898</u>
Non-Current Liabilities			
Deferred Income	11	410,865,118	100,597,282
Retirement Benefit Obligations	18	72,128,196	28,726,317
		<u>482,993,314</u>	<u>129,323,599</u>
TOTAL LIABILITIES		<u>661,626,172</u>	<u>296,542,497</u>
NET ASSETS		<u>(31,375,570)</u>	<u>18,451,883</u>
NET ASSETS/ EQUITY			
Revaluation Surplus	21	7,520,000	7,736,000
General Fund		(38,895,570)	10,715,883
TOTAL NET ASSETS/ EQUITY		<u>(31,375,570)</u>	<u>18,451,883</u>

Approved by the Board on 15 November 2013



Acting Chairman



Board Member

The Notes on pages 105 to 118 form part of the financial statements.

MRA FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE FOR

	Notes	Year Ended 31 December 2012 Rs	Year Ended 31 December 2011 Rs As Restated
Revenue			
Non-Exchange Transactions	13	1,110,052,915	995,519,293
Exchange Transactions	14	3,138,724	2,764,106
		1,113,191,639	998,283,399
Expenditure			
Administrative Expenses	15	1,163,097,508	1,004,707,713
Finance Cost	16	91,526	80,332
		1,163,189,034	1,004,788,045
		(49,997,395)	(6,504,646)
Gain on Disposal		169,942	79,955
Deficit for the period		(49,827,453)	(6,424,691)

STATEMENT OF CHANGES IN NET ASSETS/ EQUITY

	Revaluation Surplus Rs	Revolving Fund Rs	General Fund Accumulated Surplus/ (Deficit) Rs	Total General Fund Rs	Total Rs
Balance at 1 January 2011	8,200,000	37,590,743	14,492,486	52,083,229	60,283,229
Prior year adjustment - Note 19 (i)	-	-	2,184,088	2,184,088	2,184,088
Prior year adjustment - Note 19 (iii)		(37,590,743)		(37,590,743)	(37,590,743)
Balance at 1 January 2011 as restated	8,200,000	-	16,676,574	16,676,574	24,876,574
Change in net assets/ equity for the period					
Transfer to other income	(2,011,200)	-	-	-	(2,011,200)
Net Surplus/(Deficit) for the period	-	13,124,869	(4,413,491)	8,711,378	8,711,378
Total recognized revenue and expense for the period	(2,011,200)	13,124,869	(4,413,491)	8,711,378	6,700,178
Balance at 31 December 2011	6,188,800	13,124,869	12,263,083	25,387,952	31,576,752
Balance at 1 January 2012	6,188,800	13,124,869	12,263,083	25,387,952	31,576,752
Prior year adjustment - Note 19 (ii)	1,547,200	-	(1,547,200)	(1,547,200)	-
Prior year adjustment - Note 19 (iii)		(13,124,869)		(13,124,869)	(13,124,869)
Balance at 1 January 2012 as restated	7,736,000	-	10,715,883	10,715,883	18,451,883
Change in net assets/ equity for the period					
Transfer to Accumulated Surplus/ (Deficit)	(216,000)	-	216,000	216,000	-
Net Surplus/(Deficit) for the period	-	-	(49,827,453)	(49,827,453)	(49,827,453)
Total recognized revenue and expense for the period	(216,000)	-	(49,611,453)	(49,611,453)	(49,827,453)
Balance at 31 December 2012	7,520,000	-	(38,895,570)	(38,895,570)	(31,375,570)

MRA FINANCIAL STATEMENTS

CASH FLOW STATEMENT FOR

	YEAR ENDED 31 DECEMBER 2012 Rs	YEAR ENDED 31 DECEMBER 2011 Rs
		As Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit	(49,827,453)	(6,424,691)
Adjustments for :		
Depreciation and Amortization	93,875,000	61,214,380
Transfer from Deferred Income	(92,371,000)	(59,667,180)
Provision for Retirement Benefit Obligations	43,401,879	25,090,444
Gain on Disposal	(169,942)	(79,955)
Liquidated Damages	(704,673)	(414,251)
Interest Income	(2,341,150)	(3,619,100)
Decrease in Inventories	438,548	1,398,240
(Increase) in Receivables	(2,556,609)	(7,559,873)
Increase in Payables	5,413,960	48,621,679
Net Cash Flows from Operating Activities	(4,841,440)	58,559,693
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment (Note b)	(74,973,968)	(38,556,365)
Proceeds from Sale of Property, Plant and Equipment	446,011	543,955
Interest Received	2,341,150	3,619,100
Net Cash Flows from Investing Activities	(72,186,807)	(34,393,310)
CASH FLOWS FROM FINANCING ACTIVITIES		
Government Grant Received	82,611,252	39,148,639
Net Cash Flows from Financing Activities	82,611,252	39,148,639
Net Increase in Cash & Cash Equivalents	5,583,005	63,315,022
Cash & Cash Equivalents at Start (Note a)	138,675,552	75,360,530
Cash & Cash Equivalents at End (Note a)	144,258,557	138,675,552

Notes to the Cash flow Statement:

(a) Cash and Cash Equivalent

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

	2012 Rs	2011 Rs
Cash at bank	144,180,514	138,075,900
Cash in hand	78,043	599,652
	<u>144,258,557</u>	<u>138,675,552</u>

(b) Property, Plant and Equipment

Property, plant and equipment are acquired by means of capital grants from the Government. During the year, the aggregate cost of acquisitions was Rs 401,706,224, out of which Rs 704,673 was retained for liquidated damages and Rs 326,027,583 represents assets vested to MRA by Government as a free transfer.

MRA FINANCIAL STATEMENTS

STATEMENT OF COMPARISON OF BUDGET FOR THE YEAR ENDED

31 DECEMBER 2012

	RECURRENT BUDGET			
	Budgeted Amounts		Actual Amount	Difference: Final Budget and Actual
	Original	Final		
	Rs	Rs	Rs	Rs
REVENUE (excluding Deferred Income)	940,500,000	1,038,000,000	1020,820,639	(17,179,361)

EXPENDITURE (excluding Depreciation on Amortization)

Staff Costs	766,600,000	868,000,000	864,932,986	3,067,014
Training of Staff	8,000,000	5,600,000	5,076,930	523,070
Board Members Fees and Expenses	2,100,000	2,500,000	2,397,145	102,855
Missions /Training Abroad	2,200,000	3,600,000	3,528,480	71,520
Professional Fees	7,000,000	14,900,000	14,879,052	20,948
Office Expenses & Services	27,800,000	25,800,000	25,196,979	603,021
Rent	34,000,000	33,400,000	32,686,746	713,254
Cost of Utilities	28,500,000	29,800,000	29,502,424	297,576
Motor Vehicles Expenses	10,000,000	10,500,000	10,066,509	433,491
Advertising and Publications	4,000,000	5,000,000	4,508,178	491,822
Materials, Supplies and Consumables	12,000,000	12,000,000	11,190,218	809,782
IT Expenses	17,000,000	17,500,000	17,379,125	120,875
Uniform	5,900,000	3,300,000	664,393	2,635,607
Conference	1,000,000	500,000	430,405	69,595
Contributions /Subscriptions to Other Organizations	3,100,000	3,300,000	3,184,296	115,704
Other Operating Expenses	300,000	300,000	288,289	11,711
	929,500,000	1,036,000,000	1,025,912,155	10,087,845
Provision - Retirement Benefit Obligations			43,401,879	(43,401,879)
Total Expenses	929,500,000	1,036,000,000	1,069,314,034	(33,314,034)

Budgeted/ Actual Surplus/ (Deficit)	11,000,000	2,000,000	(48,493,395)	(50,493,395)
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	CAPITAL BUDGET			
	Budgeted Amounts		Actual Amount	Difference: Final Budget and Actual
	Original	Final		
	Rs	Rs	Rs	Rs
Capital Expenditure	56,000,000	97,400,000	82,611,252	14,788,748

MRA FINANCIAL STATEMENTS

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2012

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.

Reporting Period

The financial statements for the current period have been prepared for the 12 months ended 31 December 2012 with comparative information for the 12 months ended 31 December 2011.

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

2.1 Standards Adopted

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

2.2 Standards Issued but not yet Effective

At the date of authorisation of the financial statements, the following standards/ amendments were in issue but not yet effective:

- Improvements to IPSAS 1 : Presentation of financial statements
- Amendment to IPSAS 23 : Revenue from non-exchange transactions
- IPSAS 28 : Financial Instruments : Presentation
- IPSAS 29: Financial Instruments : Recognition and measurement
- IPSAS 30: Financial Instruments : Disclosures
- IPSAS 32: Service Concessions Arrangement: Grantor

The above standards/ amendments apply to financial statements beginning on 1 January 2013 except IPSAS 32 which is effective as from 1 January 2014. Adoption of the standards/amendments which are relevant to MRA's operations will require additional disclosures and affect presentation.

3. Accounting Policies

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

(a) Basis of Preparation

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

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

MRA FINANCIAL STATEMENTS

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2012

(b) Property, Plant and Equipment and Depreciation

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

The annual rates of depreciation are as follows:

Building	2%
Computer Equipment	20%
Furniture & Fittings	10%
Scanners	12.50%
Vehicles	20%
Equipment	8% - 25%

Capital Expenditure costing less than Rs 5000 is expensed to the statement of financial performance.

(c) Intangible Assets

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

(d) Revaluation of Property, Plant and Equipment

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

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

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

(e) Inventories

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

(f) Accounts Receivable

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

(g) Cash and Cash equivalents

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

(h) Accounts Payable

Accounts payable are stated at their fair value.

(i) Revenue recognition

(i) Exchange Transactions

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

MRA FINANCIAL STATEMENTS

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2012

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

(ii) Non -Exchange Transactions

Assets and revenue arising from transfer transactions are recognized in accordance with the requirements of IPSAS 23, *Revenue from Non-Exchange Transactions (Taxes and Transfers)*. However, the MRA takes advantage of the transitional provisions in that standard and has not changed its accounting policy in respect of revenue transferred for capital projects which is accounted for as deferred income.

The requirements of the standard regarding transfer transactions will be fully implemented in 2013 after determination of fair value by an independent valuer for some non-monetary assets transferred to the Authority by Government.

- **Revenue Grant and other Income**

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

- **Deferred Income**

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

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

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

- **Taxes**

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

However, following amendment to the MRA Act in December 2012, the MRA shall for the purpose of

- assessment of liability to, the collection of and accountability for tax; and
- the management, operation and enforcement of the Revenue Laws

prepare statements duly signed by the Director General regarding the various taxes in respect of the financial year 2014 and 2015 and onwards.

(j) Excise Stamps

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

(k) Employee Benefits

(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.

MRA FINANCIAL STATEMENTS

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2012

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

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

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

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

The excess determined is spread over the expected average remaining working lives of employees in the plan, which was determined as 23 years as at 31 December 2012 .

(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 Financial Performance in the period in which they fall due.

(l) 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 recognized immediately in the Statement of Financial Performance, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

MRA FINANCIAL STATEMENTS

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2012

4. Accounting Judgements and key Sources of Estimation Uncertainty

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

5. Property, Plant & Equipment

	Building Rs	Computer Equipment Rs	Furniture & Fittings Rs	Motor vehicles Rs	Equipment Rs	Total Rs
COST / VALUATION						
AT 1 JANUARY 2012	-	88,965,735	33,858,714	25,894,465	189,244,277	337,963,191
ADDITIONS	264,392,714	16,162,020	33,633,276	5,993,750	53,044,549	373,226,309
DISPOSALS	-	-	-	(306,000)	(172,114)	(478,114)
AT 31 DECEMBER 2012	264,392,714	105,127,755	67,491,990	31,582,215	242,116,712	710,711,386
DEPRECIATION						
AT 1 JANUARY 2012	-	53,368,753	16,731,727	8,619,776	159,915,436	238,635,692
CHARGE FOR THE PERIOD	12,338,327	13,619,042	14,441,434	6,398,372	29,119,077	75,916,252
DISPOSALS	-	-	-	(133,200)	(68,846)	(202,046)
AT 31 DECEMBER 2012	12,338,327	66,987,795	31,173,161	14,884,948	188,965,667	314,349,898
NET BOOK VALUE						
AT 31 DECEMBER 2012	252,054,387	38,139,960	36,318,829	16,697,267	53,151,045	396,361,488
AT 31 DECEMBER 2011	-	35,596,982	17,126,987	17,274,689	29,328,841	99,327,499

Note :

The New Custom House as well as all assets forming part thereof were transferred to MRA as from 1 January 2012 following approval by the Vice-Prime Minister and Ministry of Finance and Economic Development in pursuant to Section 28 (9) (a) of the MRA Act 2004. The transfer has been recorded at cost for Rs 326,027,583.

The New Customs House has been constructed on a portion of land of the extent of 1.51 hectares leased by the Mauritius Ports Authority (MPA) to MOFED. Transfer of the leasehold rights over the land in favour of the MRA is still in process.

MRA FINANCIAL STATEMENTS

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2012

6. Intangible Assets

	Computer Software Rs
COST	
AT 1 JANUARY 2012	94,259,017
ADDITIONS	28,479,915
AT 31 DECEMBER 2012	122,738,932
AMORTIZATION	
AT 1 JANUARY 2012	45,244,717
CHARGE FOR THE YEAR	17,958,748
AT 31 DECEMBER 2012	63,203,465
NET BOOK VALUE	
AT 31 DECEMBER 2012	59,535,467
AT 31 DECEMBER 2011	49,014,300

	31 December 2012 Rs	31 December 2011 Rs As Restated
7. Cash and Cash Equivalents		
Cash at Bank	144,180,514	138,075,900
Cash in Hand	78,043	599,652
Total	144,258,557	138,675,552

8. Receivables and Prepayments

Receivables - Non-Exchange Transactions	464,731	805,005
Other Receivables	510,779	735,268
Deposit	11,150,000	8,150,000
	12,125,510	9,690,273
Prepayments	9,440,745	9,319,373
Total	21,566,255	19,009,646

MRA FINANCIAL STATEMENTS

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2012

	31 December 2012 Rs	31 December 2011 Rs As Restated
9. Inventories		
Consumables	5,406,029	5,158,361
Excise Stamps	370,164	1,059,552
Spare parts	2,752,642	2,749,470
Total	8,528,835	8,967,383
10. Payables		
Trade Payables	36,779,626	15,673,425
Other Payables	11,677,289	38,821,883
Government-Excise Stamps (see note 12)	62,167,965	50,715,612
Deposits	7,978	7,978
Total	110,632,858	105,218,898
11. Deferred Income		
At 1 January	162,597,282	183,115,823
Grant received during the period	408,638,836	39,148,639
	571,236,118	222,264,462
Transfer to other income	(92,371,000)	(59,667,180)
	478,865,118	162,597,282
Amount to be amortized within one year recognized as Current Liability	(68,000,000)	(62,000,000)
At 31 December	410,865,118	100,597,282
12. Excise Stamps		
Sales	14,055,000	17,830,000
Cost of Sales	(4,764,588)	(6,363,169)
	9,290,412	11,466,831
Interest Net of Bank Charges	2,161,941	1,658,038
Net Income	11,452,353	13,124,869
Balance Payable 1 January	50,715,612	37,590,743
Balance Payable 31 December	62,167,965	50,715,612
13. Revenue from Non-Exchange Transactions		
Revenue recognised		
Deferred Income (Note a)	92,371,000	59,667,180
Grants for Revenue Expenditure (Note b)	1,017,400,000	934,800,000
Refunds (Note b)	281,915	1,052,113
	1,110,052,915	995,519,293
Note a - Transfers received		
Cash Grants received for Capital Expenditure	82,611,252	39,148,639
Transfer of Non-Monetary Assets	326,027,583	-
	408,638,835	39,148,639

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

MRA FINANCIAL STATEMENTS

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2012

	31 December 2012 Rs	31 December 2011 Rs As Restated
14. Revenue from Exchange Transactions		
Interest	2,341,150	1,971,216
Liquidated Damages	704,673	414,251
Sundries	92,901	378,639
	3,138,724	2,764,106
15. Administrative Expenses		
Staff Costs	864,932,986	773,362,659
Provision-Retirement Benefit Obligations	43,401,879	25,090,444
Training of Staff	5,076,930	5,795,626
Board Members Fees and Expenses	2,397,145	1,968,622
Missions /Training Abroad	3,528,480	2,662,643
Professional Fees	14,879,052	7,737,431
Office Expenses & Services	25,196,979	24,563,580
Rent	32,686,746	31,246,233
Utilities	29,502,424	27,095,056
Motor Vehicle Expenses	10,066,509	9,925,183
Advertising and Publications	4,508,178	3,818,228
Materials, Supplies and Cosumables	11,190,218	12,280,888
IT Expenses	17,379,125	15,115,733
Uniform	664,393	104,490
Conference	430,405	-
Contributions /Subscriptions to Other Organizations	3,184,296	2,604,003
Other Operating Expenses	196,763	122,514
	1,069,222,508	943,493,333
Depreciation and Amortization	93,875,000	61,214,380
	1,163,097,508	1,004,707,713
16. Finance Cost		
Bank Charges	91,526	80,332

MRA FINANCIAL STATEMENTS

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2012

17. Related Party Transactions

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

	31 December 2012 Rs	31 December 2011 Rs
<u>(i) Grants from Government</u>		
<u>Capital Grant</u>		
Balance 1 January	162,597,282	183,115,823
Received during the period	408,638,836	39,148,639
Deferred during the period	(92,371,000)	(59,667,180)
Balance 31 December	478,865,118	162,597,282
<u>Revenue Grant</u>		
Received during the period	1,017,400,000	934,800,000
<u>(ii) Compensation to Key Management Personnel</u>		
<u>Short term benefits</u>		
Fees to Board Members	2,360,000	1,920,000
Management Personnel Compensation	38,998,359	30,444,085
Post-employment benefits contribution	-	-
Termination benefits	-	-
	41,358,359	32,364,085

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

MRA FINANCIAL STATEMENTS

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2012

18. 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.

	31 December 2012 Rs	31 December 2011 Rs
Amounts recognized in statement of financial position at end of year:		
Present value of funded obligation	1,669,854,467	1,535,092,273
(Fair value of plan assets)	(1,157,902,290)	(1,043,466,104)
	511,952,177	491,626,169
Present value of unfunded obligation	-	-
Unrecognized actuarial gain/(loss)	(439,823,981)	(462,899,852)
Unrecognized transition amount	-	-
Liability recognized in statement of financial position at end of year	72,128,196	28,726,317
Amounts recognized in statement of financial performance :		
Current service cost	59,656,318	57,731,872
Employee Contributions	(38,813,127)	(30,580,962)
Fund expenses	1,581,922	1,310,928
Interest cost	153,509,227	129,236,483
Expected return on plan assets	(105,698,880)	(105,401,345)
Actuarial loss/(gain) recognized	13,451,766	5,369,472
Past service cost recognized	-	-
Total, included in staff costs	83,687,226	57,666,448
Movements in liability recognized in statement of financial position:		
At start of year	28,726,317	3,635,873
Total staff cost as above	83,687,226	57,666,448
Contributions paid by employer	(40,282,996)	(32,296,319)
Actuarial reserves in	(2,351)	(279,685)
At end of year	72,128,196	28,726,317
Actual return on plan assets:	87,390,794	25,579,341
Main actuarial assumptions at end of period:		
Discount rate	10.00%	10.50%
Expected rate of return on plan assets	10.00%	10.50%
Future salary increases	7.00%	7.50%
Future pension increases	5.00%	5.50%

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

MRA FINANCIAL STATEMENTS

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2012

	31 December 2012 Rs	31 December 2011 Rs
Reconciliation of the present value of defined benefit obligation		
Present value of obligation at start of year	1,535,092,273	1,230,823,650
Current service cost	59,656,318	57,731,872
Interest cost	153,509,227	129,236,483
Benefits paid	(50,471,159)	(26,155,433)
Liability (gain)/loss	(27,932,192)	143,455,701
Present value of obligation at end of year	1,669,854,467	1,535,092,273
Reconciliation of fair value of plan assets		
Fair value of plan assets at start of year	1,043,466,104	985,977,030
Expected return on plan assets	105,698,880	105,401,345
Employer normal contributions	40,282,996	32,296,319
Employee contributions	38,813,127	30,580,962
Actuarial reserves in	2,351	279,685
Benefits paid + other outgo	(52,053,082)	(27,466,361)
Asset (loss)/gain	(18,308,086)	(83,602,876)
Fair value of plan assets at end of year	1,157,902,290	1,043,466,104
Distribution of plan assets at end of year		
<u>Percentage of assets at end of year</u>		
Government securities and cash	58.80%	50.60%
Loans	6.60%	7.80%
Local equities	21.00%	23.20%
Overseas bonds and equities	12.80%	17.50%
Property	0.80%	0.90%
Total	100%	100%
Additional disclosure on assets issued or used by the reporting entity		
<u>Percentage of assets at end of year</u>		
Assets held in the entity's own financial instruments	0	0
Property occupied by the entity	0	0
Other assets used by the entity	0	0
History of obligations, assets and experience adjustments		
Year ending	31 Dec 2012	31 Dec 2011
Currency	Rs	Rs
Fair value of plan assets	1,157,902,290	1,043,466,104
Present value of defined benefit obligation	(1,669,854,467)	(1,535,092,273)
Surplus/(deficit)	(511,952,177)	(491,626,169)
Asset experience gain/(loss) during the period	(18,308,086)	(83,602,876)
Liability experience gain/(loss) during the period	(27,932,192)	143,455,701
Period	2013	
Expected employer contributions	40,103,898	

MRA FINANCIAL STATEMENTS

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2012

19. Prior Year Adjustment

(i) Inventories

Spare parts for scanners were expensed on purchase in 2010 although they were held in stock at the end of that year.

The effect of the adjustment is to increase both inventories and accumulated surplus as at 31 December 2010 by Rs 2,184,088.

(ii) Revalued Assets

Revaluation surplus is normally transferred directly to accumulated surplus or deficit upon disposal of revalued assets. However, in 2011, an amount of Rs 464,000 was transferred and recognized in surplus or deficit for the year. In addition, depreciation amounting to Rs 1,547,200 on revalued assets held at 31 December 2011 were also transferred from revaluation reserve and recognized in surplus or deficit although not realised.

The effect of the adjustment is to decrease surplus for 2011 by Rs 2,011,200, increase revaluation reserve and accumulated surplus or deficit at 31 December 2011 by Rs 1,547,200 and Rs 464,000 respectively.

(iii) Excise Stamps

Fees collected from sale of Excise Stamps have so far been treated as revenue earned by the Authority and accounted for through a Revolving Fund. However, according to the MRA Act, such fees must be classified as tax accruing to the Government and paid to the Consolidated Fund.

The effect of the adjustment is to :

- decrease surplus or increase deficit for the periods ended 31 December 2011, 31 December 2010 and 30 June 2009 by Rs 13,124,869, Rs 16,017,218 and Rs 21,573,525 respectively; and
- increase payables as at 31 December 2011, 31 December 2010 and 30 June 2009 by Rs 13,124,869, Rs 16,017,218 and Rs 21,573,525 respectively.

20. Comparison of Budget with Actual

(i) Recurrent Expenditure

- (a) MRA presents its financial statements and recurrent expenditure budget on an accrual basis. The original expenditure budget covers the period 1 January 2012 to 31 December 2012 and was approved by the Legislative Assembly in December 2011 as a one-line budget. The difference between the original and final budget is a combination of reallocations within the budget and supplementary provisions approved by the Ministry of Finance and Economic Development (MOFED) to cater for consultancy services for tax gap analysis and increase in salaries and related costs following publication of Salary Review Report in December 2011.

MRA FINANCIAL STATEMENTS

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2012

- (b) The actual amount of Rs 1,069.3M includes a provision of Rs 43.4M in respect of retirement benefit obligation based on actuarial valuation of pension fund at 31 December 2012. This amount was not provided for in the budget. The difference between the final recurrent expenditure budget and actual (excluding provision for retirement benefit obligation) is less than 1% and considered to be immaterial.
- (c) Consultancy services from AEGIS Tax LLP for the tax gap analysis was procured directly under Section 25 Part IV – Procurement methods of the Public Procurement Act (PPA) of 2006.
- (d) The provision of Rs 43.4M made in respect of retirement benefit obligation mainly contributed to the material deficit of Rs 49.8M for the year ended 31 December 2012.

(ii) Revenue

The difference of Rs 17.2M in revenue is explained as follows:

	Rs M
Decrease in government grants as a result of decrease in expenditure compared to budget	(10.1)
Excess of expenditure over grants received	(8.5)
Increase in interest and other income	1.4
	(17.2)

(iii) Capital Budget

Savings of some Rs 1.8M were made on capital expenditure and Rs 13M was deferred to 2013 in respect of drug interdiction program.

21. Revaluation of Assets

The whole class of motor vehicles were revalued in December 2010 and resulted into a surplus of Rs 8,200,000. As at 31 December 2012, Rs 680,000 has been transferred to accumulated surplus or deficit representing revaluation surplus realised on assets disposed.

22. Contingent Liability

The MRA has contingent liabilities in respect of some claims being resisted before the court. However, it is difficult to give a prudent estimate of their financial effects and it is considered that possibility of outflow in settlement is remote except in the case of Courts (Mauritius) Ltd v/s MRA and ARC where the Privy Council gave judgement in favour of the taxpayer and ordered MRA to pay the cost of £30,000.

MRA FINANCIAL STATEMENTS

NOTES TO ACCOUNTS - YEAR ENDED 31 DECEMBER 2012

23. Capital Commitments

Capital expenditure contracted for at 31 December 2012 but not recognized in the financial statements is Rs 19.3M.

24. Controlling Party

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

25. 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 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 any investment in term deposits nor any loan commitments. Hence, it is not exposed to interest rate risk.
- (iv) The Authority's credit risk is primarily attributable to its receivables. Management reviews all outstanding amounts at year end to determine doubtful receivables.

26. Income Tax

The Authority is not liable to income tax.

13. THE MRA'S PERFORMANCE IN 2012

THE MRA'S PERFORMANCE IN 2012

Objectives	Indicators	Targets		Achievements	
		Tax	Rs million	Tax	Rs million
1. Promoting Voluntary Compliance	Tax revenue collected	Corporate Tax	8,810	Corporate Tax	8,307
		Income Tax	5,679	Income Tax	5,316
		VAT	24,778	VAT	24,926
		Customs Duties	1,525	Customs Duties	1,506
		Excise Duties	12,476	Excise Duties	13,039
		Gambling	1,380	Gambling	1,275
		TDS	820	TDS	931
		Passenger fees	1,100	Passenger fees	1,204
		Others	1,494	Others	1,461
		Total	58,062	Total	57,965
	Percentage of actual tax collections to budgeted tax collections	98% - 100% - Good Above 100% - Excellent		99.8%	
	Percentage of actual tax collections to revised tax collections	100% - Good Above 100% - Excellent		99.9%	
	Percentage of cases selected for audit	LTD	25%	LTD	25%
		MSTD		MSTD	
		Income Tax	2.5%	Income Tax	2.17%
		VAT	20%	VAT	8.88%
		PAYE	10%	PAYE	3.36%
		Gaming	20%	Gaming	13.97%
		Horse Racing	100%	Horse Racing	100%
	No. of Investigations completed	95		105	
	Amount agreed under assessments & compounding	Rs 60 million		Rs 121.53 million	
	No. of joint investigations by FID & Customs	5		17	
	No. of cases in which assessments are agreed / compounded	60% of cases (files) completed		65.8%	
	Average additional tax demand created per fiscal investigation	Rs 1.5 million		Rs 3.2 million	
	No. of operators visited by Flying Squad	40		44	
	No. of cases recommended for prosecution	25		38	

THE MRA'S PERFORMANCE IN 2012

Objectives	Indicators	Targets			Achievements		
1. Promoting Voluntary Compliance (Cont'd)	• No. of cases identified for investigation following department's intelligence work	60			64		
	• Assessments raised	No target fixed. Last year's position					
		Tax	No. of Assessments	Tax Yield (Rs million)	Tax	No. of Assessments	Tax Yield (Rs million)
		Income Tax	2,276	150.2	Income Tax	1,631	238.1
		Corporate Tax	753	1,078.7	Corporate Tax	1,130	1,294.4
		VAT	360	646.3	VAT	664	925.5
		Total	3,389	1,875.2	Total	3,425	2,458.0
	• Percentage of the no. of cases where business audit is completed within 3 months of its beginning to the total no. of audits	35% - LTD			35.23% - LTD		
		Up to 60% - MSTD			66.78% - MSTD		
	• Percentage of the no. of cases where business audit is completed within 6 months of its beginning to the total no. of audits	Up to 70% - MSTD			83.01% - MSTD		
	• Arrears collected	Rs 1,295 million			Rs 1,630 million		
	• Percentage of total amount of old collectible debt collected to total collectible debt at the start of the year	30%			41%		

THE MRA'S PERFORMANCE IN 2012

Objectives	Indicators	Targets	Achievements
1. Promoting Voluntary Compliance (Cont'd)	• Reduction in book balance of old debt at the start of the year	20%	19%
	• Number of visits for widening of tax base	100	64
	• Number of items of information placed on system	60,000	74,974
	• Number of sources from which information is to be collected	650	700
	• Number of new taxpayers as a result of information matching	2,000	2,836
	• Revenue Monitoring and Forecasting	Monthly	Being done on a monthly and cumulative basis
	• Report on Sectoral VAT collections	Monthly	Monthly
	• Contribution to the Budget Exercise	November 2012	All Budgetary Proposals and PBB sent by October 2012 & Inputs for Finance Bill sent in December 2012

THE MRA'S PERFORMANCE IN 2012

Objectives	Indicators	Targets	Achievements
2. Providing quality services	• Average number of days for registering taxpayers	3	3
	• Maximum number of days for issuing income tax refunds	30 days for salary cases	30 days
	• Number and amount of refunds – Income Tax	N/A	38,356 income tax refunds for the year 2012 were effected amounting to Rs 274.7 million
	• Percentage of returns filed electronically to total no. of returns	LTD - 100% MSTD - Company above Rs10m-90% - Company below Rs 10m-60% - Individuals – 80%	LTD - 92% MSTD - Company above Rs10m-93% - Company below Rs 10m-65% - Individuals - 82%
	• Number of e-payment users at Customs	1,000	1,102
	• Number of awareness-raising campaigns organised	30	35
	• % of advisory visits to large taxpayers at their request	100%	No request received during the year
	• Number of educational seminars conducted	30	36
	• Number of taxpayer information leaflets/ tax bulletins issued, published & distributed	15	15
	• Number of times MRA website is updated	As and when needed	560 times
	• Number of subscribers to MRA Taxpayer Mailing Service	6,000	8,396
	• Taxation syllabus in schools	1	In progress
	• Percentage of telephone calls answered	100%	90%
	• Time within which tax payers calling at office are served (Average Serving Time)	10 minutes	5 minutes

THE MRA'S PERFORMANCE IN 2012

Objectives	Indicators	Targets			Achievements		
3. Facilitating trade and ensuring border and society protection	• Percentage of import declarations selected for physical inspection	12%			11.7%		
	• Average dwell-time for cargo	Channels	Sea	Air	Channels	Sea	Air
		Green	3 hrs	38 mins	Green	34 mins	11 mins
		Yellow	5 hrs	47 mins	Yellow	3 hrs 49 mins	36 mins
		Red	23 hrs	15 hrs	Red	24 hrs 39 mins	10 hrs 18 mins
	• Maximum time taken to issue a tariff ruling	2.5 days			2 days		
	• Exports clearance time	Sea: 4 minutes Air: 30 minutes			Sea: 3 minutes Air: 14 minutes		
	• Number of compliant traders under Blue Channel	35			36		
	• Narcotics seizures	N/A			Narcotics	Weight/Qty	Value (Rs)
					Heroin	2,275.8 gms	33.7m
					Hashish	75.99 gms	0.2m
					Subutex	6,942 tabs	10.4m
					Cannabis	213.46	0.09m
					Cannabis seeds	133 gms	0.019m
					TOTAL VALUE		44.4m
	• Total number of post-clearance audits during the year	125			132		
	• Total number of Customs Offence Reports (CORs) raised	600			627		
	• Duties and taxes raised from CORs	Rs 28 million			Rs 96.4 million		
	• Duties & taxes collected from CORs	Rs 20 million			Rs 27.9 million		
	• Penalty collected from CORs	Rs 30 million			Rs 21.0 million		
	• Total amount of duties and taxes raised as a result of value upliftments	Rs 25 million			Rs 31.2 million		
	• Number of excise offences detected	25			33		
	• Number of audits of excise operators	100			102		

THE MRA'S PERFORMANCE IN 2012

Objectives	Indicators	Targets	Achievements	
4. Strengthening good governance and improving corporate image	• Number of declarations of assets verified and reports produced	90	145	
	• Number of cases of complaints/ allegations where enquiries initiated	All	34	
	• Number of full-fledged investigations	25	29	
	• Number of cases where disciplinary action was recommended	20	17	
	• Conducting Integrity workshops	1	In progress	
	• Preparing & implementing Annual Audit Plan using a risk-based methodology	March 2012	Completed	
	• Preparation of an Annual Internal Audit Report	March 2012	Completed	
	• Number of system audits	8	8 systems audited • Post Control Audit Excise Stations • Disciplinary Procedures • Revenue Collection Parcel Post Courier services • Refund & Repayment • Testing of SAP Controls • Bonded Warehouse • Procurement • Revenue Collection – Audit of cheques received through post room	5 audits in progress • Revenue Collection – Reporting to DG & Treasury Reconciliation • Tax Audit – LTD • Gaming • Third Party Information • Scanning & Examination of containers
	• Number of transaction audits in main areas of revenue systems	15	11 completed 5 in progress	
	• Preparation of Annual Report	June 2012	Completed within the statutory deadline for submission to Director of Audit & Minister of Finance	

THE MRA'S PERFORMANCE IN 2012

Objectives	Indicators	Targets	Achievements
5. Modernising IT	• ITAS – Making ITAS fully operational	100%	86% Completed
	• Use customised software for matching information from third parties with data in tax returns	September 2012	80% Completed
	• Acquisition of software licenses	Continuous	100% Completed
	• Security & Network upgrade	Continuous	80% Completed
	• Enhancement of FIN/ HRMS	Continuous	90% Completed
	• Computerisation of Airport Passenger Terminal	Initiate in 2012	50% Completed
	• Renew ICT equipment progressively for optimal performance	Continuous	80% Completed
	• Acquisition of medium-sized servers	September 2012	90% Completed
	• General requests from Users and stakeholders	Continuous	90% Completed
	• On-line Booking of meeting rooms	During 2012	Completed
6. Processes & technology -modernising business processes	• Finalisation of Performance Indicators and targets / benchmarks for different departments in MRA	March 2012	- Completed - Reports for all depts/ divisions finalised - Performance Report of Management Team & MRA submitted to Board
	• Quality improvement programme to be established & implemented (ISO)	To finalise & get MRA certified by June 2012	MRA awarded ISO Certification in July 2012
	• Draft & implement a Business Continuity & Disaster Recovery Plan	By December 2012 warm mode	80% completed
	• 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	Submitted on a quarterly basis

THE MRA'S PERFORMANCE IN 2012

Objectives	Indicators	Targets	Achievements
7. People – developing a learning organisation	• Developing a full-fledged Training Academy	December 2012	All planned activities for 2012 completed.
	• No. of Internal Training Programmes conducted	50	51
	• % staff who completed Induction Training	100%	100% - An induction programme was held in December 2012 for all new recruits
	• % utilisation of amount allocated for training	100%	90.5%
	• No. of Man Days provided	10,000	13,270 Man days
	• No. of e-learning schemes introduced	1	Completed
	• Training needs analysis & update thereof	March 2012	Learning & Development Plan for 3-year period 2011-2013 submitted to Management Team.
	• Annual Recruitment Plan	Monthly	Monthly
	• % of posts vacant against total posts	4%	6.20%
	• Time Taken (months) to fill in vacancies after advertisement	2 months	161 posts filled during the year & in most cases within the prescribed timeframe
	• Rate of staff turnover	2%	0.32%
	• No. of Health & Safety Committees held	6	6
	• Conducting Performance Appraisal Exercise based on KPIs for all MRA staff	Every 6 months	Every 6 months
	• Corporate Social responsibility		
	- Training placement for university students	15 per year	15
	- Bridging the gap programme for Lower VI students	75 per year	75
	• No. of health/nutrition promotion programmes for whole workforce	2	5
	• No. of social events & welfare initiatives conducted	5	7
	• No. of communications on Human Resources, Policies & Procedures	12	23
	• No. of improvements / enhancements to HRMS	3	Payroll completed. Oracle Upgrade & Overtime Labour - projects delayed due to technical problems faced by Consultants

LIST OF TABLES

Table 1:	Board Meetings & Committees, Fees & Duration of Appointment for Year 2012
Table 2:	Revenue collections for the year ended 31 December 2012 (Rs m)
Table 3:	Type of Fee/Levy and payments made (Rs m)
Table 4:	Number of communiqués issued
Table 5:	Education of taxpayers/stakeholders
Table 6:	Visits/study tours from foreign Delegations/Missions
Table 7:	Outcome of the E-filing strategy
Table 8:	Trends in costs of collections
Table 9:	Taxpayer register
Table 10:	Rodrigues key achievements, 2012
Table 11:	Prosecution by nature of offences
Table 12:	Progress on DTAs
Table 13:	Recovery actions in 2012
Table 14:	Objections and Appeals for the year 2012
Table 15:	Number of container scanned in 2011 and 2012
Table 16:	Narcotics seizures in 2012
Table 17:	Human Resource Structure
Table 18:	Workforce profile by age & gender as at December 2012
Table 19:	Training and development programmes
Table 20:	Sport Events
Table 21:	Budgeted Collections for Year 2013 (Rs m)
Table 22:	Summary of Financial Resources by Programmes (Rs million)
Table 23:	Summary by economic categories (Rs million)
Table 24:	Summary for Year 2013 (Rs million)
Table 25:	Programme XX1: Policy and strategy for revenue administration (Rs 000's)
Table 26:	Programme XX2: Making tax administration more efficient and effective (Rs million)
Table 27:	ProgrammeXX3: Border Protection and Trade Facilitation (Rs 000's)
Table 28:	All Programmes (Rs million)
Table 29:	Capital estimates (Rs million)
Table 30:	Promoting Voluntary Compliance – Selected Strategies, KPIs and Targets
Table 31:	Providing Quality Services – Selected Strategies, KPIs and Targets
Table 32:	Developing People, Processes and Technology - Selected Strategies, KPIs and Targets
Table 33:	Facilitating Trade and Ensuring Border Protection - Selected Strategies, KPIs and Targets
Table 34:	Corporate Governance and improving corporate image - Selected Strategies, KPIs and Targets

LIST OF CHARTS

Chart 1:	Corporate tax (Rs m)
Chart 2:	Personal income tax (Rs m)
Chart 3:	Personal income tax by items (Rs m)
Chart 4:	Tax deduction at source (Rs m)
Chart 5:	TDS collections
Chart 6:	Value-Added Tax (Rs m)
Chart 7:	Gross VAT collections (Rs m)
Chart 8:	Excise duties (Rs m)
Chart 9:	Excise duties by items collections (Rs m)
Chart 10:	Customs duties (Rs m)
Chart 11:	Gambling tax (Rs m)
Chart 12:	Cost of collection ratio for Sub-Sahara African countries
Chart 13:	New registration in 2012
Chart 14:	Business activities of self-employed and corporate bodies
Chart 15:	On time filing by individuals
Chart 16:	Filing of VAT returns
Chart 17:	Filing of corporate returns
Chart 18:	Number of tax audits
Chart 19:	Assessment raised in 2012
Chart 20:	Assessment raised in 2011
Chart 21:	Trends in tax yield per investigation
Chart 22:	Double Taxation Avoidance Agreements in force in 2012
Chart 23:	Arrears collection by tax types (Rs m)
Chart 24:	Stock of collectible debts financial years 2011 and 2012 (Rs m)
Chart 25:	Number of Post-Clearance and Control Audits
Chart 26:	Revenues and penalties from PCCA

GLOSSARY

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

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