

Use of technology to simplify tax systems

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Location of Mauritius



Population, Language, Currency & Climate

POPULATION	<ul style="list-style-type: none"> 1.3 million
LANGUAGE	<ul style="list-style-type: none"> English French Creole
TIME DIFFERENCE	<ul style="list-style-type: none"> GMT + 4 hours
CURRENCY	<ul style="list-style-type: none"> The Rupee(Rs.) MUR 1 USD = 42 MUR
CLIMATE	<ul style="list-style-type: none"> Midwinter(June/July) (Temperature 19-25 degrees Celsius) Midsummer(Jan/Feb) (Temperature 25-31 degrees Celsius)



- Created under an Act of Parliament
(*MRA Act 2004*)
- Operational since 1 July 2006
- A body corporate, established for the purpose of managing and operating an effective and efficient revenue raising organization
- Agent of the state for collection of taxes and management, operation and enforcement of the revenue laws



“MRA collects around 95% of Government’s tax revenue”

- Population size of about 1.3 Million
- Working population (WP) : 517,900
- Taxpayers profile:
 - 417,249 Individual Taxpayers
 - 78,735 Companies
 - 21,801 VAT registered persons
 - 6,110 Societes
 - 2,511 Succession



Ministry of Finance & Economic Development

MRA Board

Chairperson

Board Member

Board Member

Board Member

Board Member

Board Member

Board Member

Director-General

Internal Audit

Medium & Small Taxpayers

Fiscal Investigations

Operational Services

Large Taxpayers

Customs

Internal Affairs

Human Resources & Training

Taxpayers Education & Communication

Finance & Administration

Legal Services

Information Systems

Research Policy & Planning

Objections, Appeals & Dispute Resolutions

Setting the path for a Digital Tax Administration

- With the merger of the Income Tax, VAT, Large Taxpayers and Customs Departments in 2006 into a single organisation, the MRA inherited a number of disparate systems and each
 - ✓ working independently
 - ✓ using different systems and IT solutions;
(Income Tax , VAT and the Large Taxpayer systems)
 - ✓ constraining the easy flow of information about the tax position and third party information of same taxpayer.
- Necessity to effectively use new technology to build a new integrated IT solution;
- MRA embarked on the development of a new Integrated Tax Administration Solution (**ITAS**) to administer all domestic taxes.

- Ensuring a solid foundation for the MRA to become a modern Revenue Administration;
- The **whole tax administration lifecycle** (Registration, Return Filing, Payment of Taxes, Audit & Assessment, Objection & Appeal and Debt Management) for all taxes (Income Tax, PAYE, Corporate Tax, VAT, Social Contributions....) for all taxpayers (individuals, Companies, société and Successions) are managed on a single IT system;
- Third party information managed on the same system;
- Smooth flow of taxpayer information with respect to different tax administration functions (Registration, Return filing & Tax Payment, Audit & Assessment and Debt Management);
- Unique identifier for each taxpayer and single view of the taxpayer's profile;
- Substantially improves efficiency of tax administration and customer service standards.

- **Employees** are automatically registered on the system based on the monthly PAYE/Social Contribution returns submitted by their employers using the National Identification (NID) number as identifier with upfront validation any wrong NIDs;
- **Individuals in business** are automatically registered through an interface with the system of the Registrar of Businesses at the time the individual registers for the business, he is required to use his NID
- MRA has an interface through the “Infohighway” with the Civil Status Office (CSO) to obtain all NIDs issued.
- **Companies** are automatically registered using an interface with the system of the Registrar of Companies at the time the company is incorporated;
- **Other businesses** are automatically registered using an interface with the system of the Registrar of Businesses at the time the business gets registered.

E-Filing of Tax Returns and e-Payment of Taxes

Two main tax processes which are of paramount importance to taxpayers are filing of returns and payment of taxes. MRA has designed its e-filing and e-payment solutions in such a way that they are chained one after the other so that it is easier for a taxpayer to comply to its filing and payment obligations

- MRA has developed a Taxpayer Portal through which individual taxpayers can have access to their filing obligations, returns filed/not yet filed, payments made, status of refund claims and can also have copies of returns already submitted;
- Each taxpayer access his account through a User Name and Password already allocated with facility to retrieve forgotten Password, change Password or edit personal details;

E-Filing of Tax Returns and e-Payment of Taxes (Cont)

- Accounting firms have a separate access to submit returns and pay tax on behalf of their clients;
- One Time Password (OTP) through mobile phone also available;
- Facilities to submit returns for all other tax types are available on the MRA website;
- E-Payment of tax is available on MRA website using a payment platform connected to all commercial banks;
- MRA Easy provides the facilities to submit returns and pay tax through mobile devices such as mobile phones and tablets.

- **Prefilled Income Tax Returns**

Third Party information such as employees' salaries, wages & PAYE deductions and Taxpayer's basic details are used to prefill income tax returns.

- **Upfront validation rules**

A number of upfront validation rules and automatic tax calculation prevents foreseeable errors.

- **Refund Processing**

Business Rule Framework (BRF) embedded in the computer system automates the processing of refunds which are automatically credited to the bank account of the taxpayer;

Cases failing the BRF rules are subject to desk audits;

Electronic Document and Records Management System (EDRMS)

A module for the management of incoming and outgoing correspondences has been configured and is part of the same IT system contributing to implementation of the MRA strategy to become a paperless organisation.

- Incoming correspondences are scanned, registered and forwarded to the staff concerned electronically to his inbox in the computer system through a workflow functionality.
- Other functions are available to the staff to add a note and/or send the document to his supervisor;
- Outgoing correspondences are also scanned by the staff and linked to the corresponding incoming correspondences before being sent to the taxpayer;
- Legislative changes were introduced to allow the delivery of the outgoing correspondences, including assessments and claims, to the taxpayer electronically;
- Each document has a level of confidentiality such that it can be accessed by a predefined group of staff only;
- Queries from taxpayers may be attended without accessing the physical file;
- Instant retrieval of incoming and outgoing correspondences and at the same time allows the monitoring of response time to incoming correspondences.

Assistance to Taxpayers Through Multiple Channels

- Hotline service;
- Customer Service Desks;
- Website;
- Advert/ Communiqué in MEDIA
- Live/recorded programs on TV and Radio
- Free Income Tax Assistance (FITA)
now replaced by e-appointment;

- **Taxpayer Mailing Service**

Subscribers receive updated tax information and other publications electronically free of charge

- **MRA Twitter**

A more global audience outreach in providing instantaneous information to the stakeholders

- **MRA YouTube Channel**

Explanatory videos on taxation are produced and posted on MRA's YouTube Channel and shared on other social media platforms

- **Electronic Ticketing System**

Taxpayers calling at the Head Office are being served in the most efficient manner and monitoring are done electronically

- **MRA e-Appointment**

Electronic service for taxpayers to reserve a time slot on a particular day for assistance to file Income Tax Return AND to offer an entirely more personal and convenient experience

- **E-Objections**

To take its digital services a notch higher, MRA has also allowed objections against assessments to be made fully electronically

- Information technology has enabled the MRA to adopt an effective practice in matching third party data to stimulate voluntary compliance and detect mismatches
- **Third party information:**
 - ✓ Receipts of third party data from Ministries and other Bodies in electronic format
 - ✓ Effective from July 2012, MRA is in receipts of details of supplies made by VAT registered persons electronically
 - ✓ Electronic data enabling quick pre-filled of tax returns and matching of information reported on returns by taxpayers

- **Parametric Selection of cases for tax audit**

MRA has implemented Parametric Selection of cases for Tax Audit using risk criteria based on third party information as well as information available in returns.

- **Risk Scoring system**

With the bulk receipt of third party information, MRA has also implemented a **Risk Scoring System** assigning a Risk Score to each taxpayer. Taxpayers with the highest Risk Score are selected for audit. This system is more scientific and reduces the likelihood of compliant taxpayers being selected for audit.

- **Machine Learning**

A most recent technological evolution at MRA has been the introduction of Machine Learning. Open source software like **KNIME Analytics Platform** has been used to build models for the selection of cases for audit.

Machine Learning is also being applied to identify taxpayers who are more likely to be non-compliant and take pre-emptive decisions rather than being reactive after late filing, non-filing, late payment or non-payment.

Mauritius, like all other countries was faced with the challenge of business continuity as a result of staff being in isolation at home or the country being under complete lockdown conditions.

- **Submission of Tax Returns and Payment of Tax**

As e-filing and e-payment facilities were already the norm, taxpayers could continue to submit returns and pay tax electronically.

- **Processing of returns, tax payments and refunds**

As the systems in place at the MRA are web-enabled, staff could access the system and process returns, payments and refunds from home.

- **Logistics required**

For security reasons, staff were provided with necessary PCs and note book computers from the MRA and could work from home..

- **Hotline Service**

During the lockdown period, the number of phone call increased substantially. Staff could work from home and were provided with the necessary logistics including head set and were able to respond to queries. They also had access to the system.

- **Emails**

Staff were able to respond to an increased number of emails from home.

- **Meetings and briefing sessions**

Meeting, including Management meetings were held with staff using ZOOM and other facilities.

Financial Support Schemes Covid-19 Pandemic and Lockdown

- **Self-Employed Assistance Scheme (SEAS)**
- **Government Wage Assistance Scheme (GWAS)**

To support self-employed and employers who were unable to operate –

- during the lockdown period; or
- as certain activities were not permitted after lock down; or
- as they operate in the tourism industry and borders were closed,

government put in place the SEAS/GWAS and assigned the responsibility to the MRA to put in place and manage the schemes.

The system was put in place from home in a few days with all applications required to be made electronically and all payments credited to applicant's bank account through the Direct Debit system in place. More than Rs 25b has already been disbursed.



Web-Based Customs Declaration System

- Allow declarants to send declarations anytime and anywhere having internet access
- Dematerialization of supporting documents for Customs Clearance



Cargo Community System (CCS)

- Submission of advance cargo information to conduct efficient risk assessment as recommended by the WCO SAFE Framework of Standards.



Electronic application for Certificate of Origin

- MRA Customs administrates issuance of Certificate of Origin electronically (SADC, IOC, Pakistan-Mauritius PTA, Mauritius-Turkey FTA)



Online Tracking System

- Software developed in 2009 for the recording and tracking of containers' movement to and from the Freeport Zones



E-Payment

Around 98% of revenue is collected electronically by MRA Customs.



One-Stop-Shop for Motor Vehicles

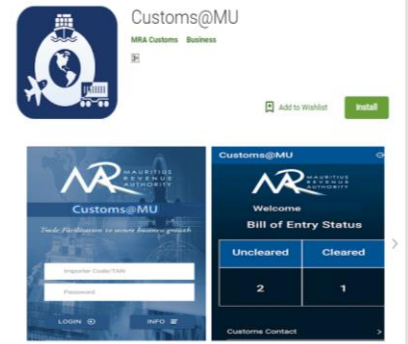
Online access to NTA and Registrar General.

All processes under one roof.



E-Auction Sales

Online Bidding - Sales are done in a transparent and efficient manner.



Mobile Application - customs@mu

Online real-time visibility of the status of validated Bill of Entry on mobile devices.



One-Time Password for brokers and freight forwarders – to ensure legitimate transactions by preventing & detecting fraudulent attempt of identity theft



Use **X-Ray scanners** at Port, Airport, Arrival Hall, Parcel Post Office, Courier Hub, Passenger Terminal Port and Rodrigues Outpost.



Electronic Seals for tracking of containers. Monitoring of E-seals' location via a web platform in a centralised control room at Custom House.



Interface Public Member (IPM)
Platform for the exchange of information between right holders and Customs on Intellectual Property Rights (IPR) infringement

Automation of Tax System : Our Success Factors

Drivers



- 01 Earmarking of appropriate financial resources
- 02 An excellent IT infrastructure
- 03 A pool of high quality IT & tax processing professionals
- 04 Strong leadership with support from decision makers
- 05 IT Literate Staff
- 06 Taxpayer Awareness Campaigns
- 07 An extended Network of third party information (ROE, CSG, etc.)

01

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IT Literate Staff

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Taxpayer Awareness Campaigns

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An extended Network of third party information (ROE, CSG, etc.)

Use of Technology in Tax Administration

- Registration process automated;
- All returns are submitted electronically;
- No cost of storage and management of paper returns/customs declarations;
- More than 95% of payments are made electronically;
- Returns are prefilled with automatic tax calculation reducing substantially errors;
- Refunds are automated;
- Case selection is risk based;
- Business continuity during Covid-19 pandemic.
- Mauritius ranked 5th in World Bank ease of paying taxes index.

- **An important challenge for the MRA will be to train and maintain the competence of our staff in an increasingly technological environment**
- **The MRA will enhance its cooperation with other tax administrations for the sharing experiences and practices**
- **Bringing the E-Invoicing projects to its logical conclusions**
- **Embarking into E-auditing of tax files**
- **Making use of Blockchain Technology in enhancing tax compliance**



Thank you