

- ▶ **3rd Annual Developing Country Forum**



- ▶ **09-10 December 2019 – Pravasi Bhartiya Kendra, New Delhi, India**

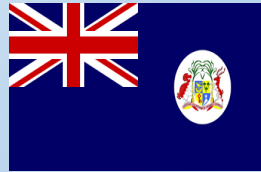
- ▶ **Tax Risk Assessment**

- ▶ **Presentation by Mauritius**

Brief Introduction of Mauritius



Île de France
French Colony
1715 - 1810



Mauritius
English Colony
1810 - 1968



Mauritius
Independent
1968 - *Present*

- A small island of an area of 1865 Km² and 1.3 million people
- Located at about 2,400km of the south east coast of Africa
- Capital: Port Louis
- Main languages: English and French
- Legal System: Hybrid system drawing both from French Napoleonic Code and English Law.
- An annual GDP of about USD 14 billion
- Diversified economy: Sugar, Tourism, Manufacturing, Financial Services, ICT/BPO, Seafood/Ocean Economy, Real Estate, Knowledge Hub

Mauritius' approach to tax risk assessment

- ▶ Mauritius operates a self-assessment system – compliance is as such at the core of our system. Promoting voluntary compliance remains an important objective. However, like other administrations, we have to deal with various kind of risks, which may concern non-compliance. Tax Risk Assessment is therefore a key element of our administration.

Mauritius' approach to tax risk assessment

- ▶ How are we organized?
- ▶ 3 dedicated units established in 2013:
 - ▶ Tax Risk Management Unit (TRMU)
 - ▶ High Net Worth Individuals (HNWI) Unit
 - ▶ Non-filers Unit
- ▶ Tax Risk Management Committee (TRMC)

Mauritius' approach to tax risk assessment

- ▶ Tax Risk Management Committee (TRMC) –
- ▶ exercises oversight over the TRMU
- ▶ primarily considers the reports submitted by the TRMU to address risk in a holistic manner and make informed decisions about strategies, policies, budgets and resources.
- ▶ chaired by the Director General of the Mauritius Revenue Authority and comprises the heads of the compliance departments (Large Taxpayer Department, Medium and Small Taxpayers Department and Fiscal Investigation Department) and the heads of the Operational Services Department and the Information System Department.

Mauritius' approach to tax risk assessment

- ▶ Risk assessment primarily carried out by the dedicated units
- ▶ Compliance departments also in their functions perform certain risk assessment activities
- ▶ The TRMU focuses on:
 - ▶ the systematic identification of risks, using indicators worked out and agreed in advance with the compliance departments; and
 - ▶ assessment and ranking of tax compliance risk along 4 dimensions:
 - ▶ registration
 - ▶ return filing
 - ▶ submission of accurate tax declarations; and
 - ▶ timely payment of tax.

Mauritius' approach to tax risk assessment

- ▶ To carry out risk assessment and ranking:
 - ▶ The performance of taxpayers for each tax type is evaluated (Tax type: PAYE; VAT; Personal Income Tax; Corporation Tax; Tax Deducted at Source)
 - ▶ A scoring system is used to rank the compliance risks into different levels

Mauritius' approach to tax risk assessment

- ▶ Reliance is placed on:
- ▶ Third party information;
- ▶ Information declared
- ▶ Information from official sources (NTA/Registrar General/CBRD/Customs/Social Security)
- ▶ Own intelligence information

Mauritius' approach to tax risk assessment

- ▶ Third party information would include:
 - ▶ Those obtained domestically;
 - ▶ Those obtained from international sources

- ▶

Mauritius' approach to tax risk assessment

- ▶ Domestic-sourced information -Statements to be filed under ITA
- ▶ s.123B: Statement of purchases of goods and services from local suppliers filed by companies having a turnover exceeding Rs.100Million
- ▶ s.123C: Statement of assets and liabilities by individuals who:
 - ▶ In a revenue year derives net income and exempt income exceeding Rs.15Million; or
 - ▶ Owns assets, the cost of which, when aggregated with the cost of assets owned by his spouse and dependent children, exceeds Rs.50Million.

Mauritius' approach to tax risk assessment

- ▶ s.123D: Statements of financial transactions – has to be filed by banks or deposit taking institutions for:
 - ▶ Individuals making deposits exceeding Rs.500K or Rs.4Million in aggregate in the preceding year;
 - ▶ Companies making deposits exceeding Rs.1 Million or Rs.4Million in aggregate in the preceding year
- ▶ s.123D: Statements of life insurance – has to be filed by insurance companies in respect of persons paying insurance premium exceeding Rs.500K in the preceding year.
- ▶ VAT Lucky draw

Mauritius' approach to tax risk assessment

- ▶ Internationally-sourced information – Essential given that Mauritius operates a worldwide system of taxation

- ▶ EOI arrangements –
 - DTTs (44) & TIEAs (11)
 - Agreement on Assistance in Tax Matters of the Southern African Development Community
 - Convention on Mutual Administrative Assistance in Tax Matters
 - signed on 23 June 2015;
 - Instrument of Ratification deposited on 31 August 2015;
 - entered into force for Mauritius on 1 December 2015
 - IGA with USA to implement FATCA (signed in December 2013)
 - Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information (CRS) – signed in October 2014
 - CbC MCAA (January 2017)+ CbC CAA with US

Mauritius' approach to tax risk assessment

- ▶ 2nd year in receipt of information under CRS
- ▶ Issues:
 - ▶ Information received are incomplete
 - ▶ Difficult to match with information held by our administration
- ▶ CBCR – First Exchange will be done in 2020
 - ▶ Expect to use information in CBC reports to cross with information on our file.

▶ **THANK YOU**