Swaziland Revenue Authority

SRA

2017 Annual Report

SWAZILAND REVENUE AUTHORITY

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LIST OF ACRONYMS

AFRITAC	Africa Regional Technical Assistance Centre
AFS	AFRITAC SOUTH
ASYCUDA	Automated System for Customs Data
ATAF	African Tax Administration Forum
BCM	Business Continuity Management
BPM	Business Process Management
COMESA	Common Market for Eastern and Southern Africa
CRP	Common Revenue Pool
EMDEs	Emerging Markets and Developing Economies
EVP	Employee Value Proposition
EXCOM	Executive Committee
FAD	Fiscal Affairs Department
FRPS	File Request Processing System
FY	Financial Year
GDP	Gross Domestic Product
ICT	Information and Communication Technology
IMF	International Monetary Fund
IT	Information Technology
MIS	Management Information System
MoU	Memorandum of Understanding
MRN	Movement Registration Number
NCTF	National Committee on Trade Facilitation
OSBP	One Stop Border Post
PAYE	Pay As You Earn
PEU	Public Enterprises Unit
RMS	Revenue Management System
RSF	Revenue Sharing Formula
SACU	Southern African Customs Union
SBIS	Swaziland Broadcasting and Information Service
SCOPE	Standing-Committee on Public Enterprises
SCTF	Steering Committee on Trade Facilitation
SPTC	Swaziland Posts and Telecommunications Corporation
SSA	Sub-Saharan Africa
STI	Short Term Incentive
TFA	Trade Facilitation Agreement
TIN	Taxpayer Identification Number
UCR	Unique Consignment Reference
UNCTAD	United Nations Conference on Trade and Development
VAT	Value Added Tax
ZIMRA	Zimbabwe Revenue Authority

CORPORATE PROFILE

The Swaziland Revenue Authority (SRA) is a semi-autonomous institution established by the Revenue Authority Act, 2008 as part of the Government's reform strategy for revenue administration.

The mandate of the SRA is to assess and collecting revenue on behalf of the Government, administer and enforce the revenue laws listed in the schedule of the Revenue Authority Act. These revenue laws include the Income Tax Order, 1975 (as amended); the Customs and Excise Act, 1971 (as amended); and, the Value Added Tax (VAT) Act, 2011.

The SRA Headquarters in Mbabane.

SRA officially took over the revenue collection function on the 1st of January 2011. The organization has been operating for seven years as a function based entity, designed to improve operations, improve customer service and overall efficiency in the collection of revenue.

The organisation has two operational departments; Domestic Taxes and, Customs and Excise, as well as seven support departments comprising of Finance, Corporate Service, Business Strategy and Development, Legal Services, Internal Audit, Internal Affairs and, Risk and Assurance.

The operations of the SRA are overseen by a Governing Board, which is appointed by the Minister of Finance. Day to day operations of the authority are a responsibility of the Commissioner General who is appointed by the Standing-Committee on Public Enterprises (SCOPE), through a recommendation by the Governing Board and the Minister. The Secretary to the Governing Board is appointed by the Governing Board and is the Chief Legal Officer of the SRA. The Governing Board has three (3) sub-committees:

- **Audit and Risk;**
- **Human Resources and Ethics;**
- **Finance and Tender.**

VISION

To be a Modern, Credible and Customer Centric Revenue Authority.

MISSION

To provide an effective and efficient revenue and customs administration, driven by a high performance culture that promotes compliance through fair, transparent and equitable application of the law.

VALUES

Performance Excellence	Strive for professionalism and continuous improvement.
Customer Centricity	Focus efforts on delivering high-level customer service and recognizing the impact of actions on internal and external customers.
Innovative	Continuously implement new ideas that re-engineer service offering and the way in which SRA operates.
Integrity	Promote honesty, trust and openness in conducting business.
Transparency and Accountability	Open in operations and communication whilst being responsible for actions and decisions.

SRA GOVERNING BOARD

CHAIRPERSON
Ambrose Dlamini

VICE-CHAIRPERSON
S'thofeni Ginindza

MEMBER ex-officio
Majozi Sithole

MEMBER ex-officio
Dumisani E. Masilela

MEMBER ex-officio
Bheki Bhembe

MEMBER ex-officio
Khethiwe Mhlanga

MEMBER
Bonginkhosi Nsingwane

MEMBER
Muhlabuhlangene Dlamini

SECRETARY
Nomcebo Marrengane

SRA EXECUTIVE COMMITTEE

Commissioner General
Dumisani E. Masilela

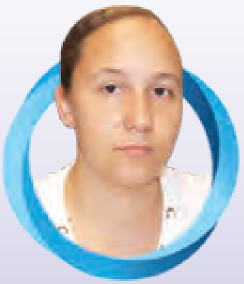
Chief Financial Officer
Thobile Dlamini

Commissioner Domestic Taxes
Nompumelelo W. Dlamini

Commissioner-Customs and Excise
Gugu Mahlinza

Head of Business Strategy & Development
Brightwell Nkambule

Head of Corporate Service
Edward Sithole



Chief Internal Auditor
Isabel Made

Chief Risk Officer
Precious Nkambule

Chief Legal Officer
Nomcebo Marrengane

Director Communications
Vusi Dlamini

Secretary
Sihle Fakudze

'SRA remains committed to servicing taxpayers'

The year under review marks the end of the second year of the second strategic plan for the period 2015/16-17/18, since the SRA was established in 2011. The SRA has once again realized a new stride in out-performing the Government given revenue target by 5%. The Authority exceeded the previous year's revenue performance by 17%. The attainment of this significant milestone is attributed to the unwavering commitment and dedication by the staff of the Authority.

I am pleased to report that the SRA continues to reach greater heights whilst remaining dedicated to the realization of its core mandate of improving revenue collection and administration in Swaziland. In the period under review the Authority made significant strides in contributing to increased domestic resource mobilization, trade facilitation and curbing illicit trade at the country's borders.

Governing Board Chairperson
Ambrose Dlamini

Significant steps were taken towards implementing a simplified VAT Refund Arrangement with South Africa, which contributes to minimizing the cost of doing business across our borders. We have also elected to implement the ASYCUDA World System, as a tool for building an integrated e-Customs Management System in Swaziland.

Through this web-based system, our traders are now able to do declarations at the point of origin, which significantly reduces the time spent at the border. Moreover, the cost of processing declarations has been reduced through a paperless environment and elimination of the middleman. The Authority will continue to develop capacity for stakeholders to increase efficiencies.

During the year under review the Management of the SRA alongside the Governing Board charted a new path for the Authority to follow over the next three (3) years, as enshrined in the next Strategic Plan for the period 2018/19-20/21.

This will transform the Authority towards improving voluntary compliance to high levels.

We are grateful to His Majesty's Government, in particular His Excellency the Right Honourable Prime Minister Dr. Barnabas Sibusiso Dlamini and the Minister for Finance Senator Martin G. Dlamini for supporting the mandate of the SRA. On behalf of the Governing Board, I extend our gratitude to the Management and staff of the SRA for all their efforts and co-operation in ensuring the organization's mandate is achieved. We are aware that the conditions they operate under can sometimes be adverse and demanding, but are grateful for the professionalism and dedication they continue to display.

The SRA remains committed to the Swazi people and businesses to provide relevant service and nurture harmonious relationships with the taxpaying community. "Raising the standard" remains the DNA of the SRA as we continue to contribute towards the development of Swaziland.

....

AMBROSE DLAMINI
CHAIRPERSON OF GOVERNING BOARD

'Revenue collection was 17% higher than last year'

In accordance with Section 25 of the Revenue Authority Act, 2008, I humbly present to you the 7th Annual Report of the Swaziland Revenue Authority (SRA) for the Financial Year (FY) 2016/17.

The year under review was a successful year for the SRA in as far as revenue collection is concerned. The Ministry of Finance had given us a target that looked impossible to achieve as it was not supported by the revenue forecasting models used to derive such. It was underpinned by some proposed policy changes which, unfortunately did not materialize.

Commissioner General
Dumisani Masilela

"...We were also assisted to a large extent by the fact that Government increased salaries by a larger than expected margin, thus boosting our PAYE collections. We do, however, pride ourselves in the very positive results delivered by our own compliance initiatives such as the project team that scrutinized VAT refunds and closed some loopholes there."

I am delighted to report that the SRA continued to achieve its core mandate of collecting revenue according to the expectations of Government during the period under review. The year 2016/17 saw a collection of E7.8 billion against a Government target of E7.4 billion, which was a good 5% above the target and, an improvement of 17% from the previous financial year's collections.

This is significantly higher than inflation and the country's economic growth rate. We were also assisted to a large extent by the fact that Government increased salaries by a larger than expected margin, thus boosting out PAYE collections. We do, however, pride ourselves in the very positive results delivered by our own compliance initiatives such as the project team that scrutinized VAT refunds and closed some loopholes there.

Increasing levels of voluntary compliance remain key to the operations of the SRA as it is through higher levels of voluntary compliance that the cost of enforcement and administration can be reduced, and more innovative solutions offered to taxpayers. I am proud to say that we have had several productive engagements with various sectors of the taxpaying community and other in-country partners and stakeholders, which have gone a long way in contributing to increased levels of compliance and domestic resource mobilisation. This has enabled us to streamline our operations and tackle some of the constraints experienced by our taxpayers. We have remained committed to our approach towards enhancing compliance in Swaziland, where we have emphasized taxpayer education, improved customer service and enforcement.

'We thank the PM and Minister for their support'

The positive outcome delivered by the team on the ground has proven once again that nothing is impossible if we maintain a positive attitude. My special appreciation therefore goes to the over 600 members of staff of this organization that work tirelessly on a daily basis to ensure this organization realizes its mandate. May I hasten to say we are always challenged and cannot afford to rest on our laurels. The year ahead (2017/18) has an even steeper target for us, now set at E8.3 billion. The spirit demonstrated in the year 2016/17 and all the years of our existence has proven to all of us that any target is achievable; we just need to maintain the right attitude. Revenue administration is a conglomerate of different business functions and disciplines, which directly impact on the lives of the citizens which we serve.

Through our policies, processes, administrative practices, enforcement abilities, compliance programmes and collaboration with various sectors, industries, partners and stakeholders, we will contribute positively to our people's lives. This means that our purpose needs to be constantly evaluated, and we need to be constantly concerned about the impact of our actions. As a law enforcement agency in the first instance, and an enabler of growth, innovation and development, in the second instance, and a custodian of the wellbeing of the citizens of this country, in the third instance, what we do is not only meaningful, but in the public interest.

I would also like to express my sincere appreciation to the SRA Governing Board for steering this organization effectively and for their constructive leadership. The support they give to the organization is visible and continues to contribute to the engagement of the entire team for higher levels of productivity.

Prime Minister Sibusiso Barnabas Dlamini at the SRA Headquarters to submit his Income Tax Returns

My appreciation also goes to the Government of the Kingdom of Swaziland, under the leadership of His Excellency Dr. Barnabas Sibusiso Dlamini. Between him and our Minister, Senator Martin G. Dlamini, we have seen very high levels of support. Compulsory contribution to state revenue is a very emotive and sensitive political issue. They have continued to steer the ship with the steadiest of hands in the best interest of not just the organization but the country as a whole. Our gratitude goes to those people of Swaziland who continue to pay their taxes and fulfil their tax obligations

'Thank you for paying your tax obligations'

voluntarily thus contributing to the improvement of the country's economy, its development and the development of the people of this great nation.

Lastly, I would like to acknowledge the continuous support and assistance we have received from our international and regional partners. The International Monetary Fund (IMF), the IMF's Technical Assistance Centre looking after Southern Africa (AFRITAC South), the World Bank, the African Tax Administration Forum (ATAF), the World Customs Organization (WCO), the Common Market for Eastern and Southern Africa (COMESA) and United Nations Conference on Trade and Development (UNCTAD).

From our sister revenue administrations such as the South African Revenue Service (SARS), Zimbabwe Revenue Authority (ZIMRA), and the Mozambique Revenue Authority I say thank you very much for your continued support and collaboration. I wish to single out SARS who have reaffirmed their commitment to closer collaboration with us in a recent engagement. It is always encouraging when neighbours take that attitude with each other as you don't choose them. Antagonistic attitudes are therefore not normally an option as they are guaranteed to cause difficulties for both parties. This strengthens my belief that the ambitious goals we have set ourselves will come to fruition and that we will achieve great strides in our efforts to deepen regional integration and trade facilitation.

I also wish to express my appreciation to the Mozambique Revenue Authority for their stated willingness to take our collaboration to greater heights and commitment to closer cooperation. I look forward to formalization of this arrangement in the short term and creation of a work plan to begin to address the issues that are of concern to our respective taxpayers and trading communities.

Finance Minister Martin Dlamini at the SRA headquarters to encourage submitting of Income Tax Returns.

DUMISANI E. MASILELA
COMMISSIONER GENERAL

IMF estimates economic growth in 2018

1. ECONOMIC PERFORMANCE

1.1 Global Developments

Global output growth remained unresponsive in 2016 recording an estimated growth of 3.1% from a growth of 3.2% in 2015 and 3.4% in 2014. This growth was underpinned mainly by stronger global momentum in demand (mostly investments), which resulted in improvements in manufacturing and trade. Economic activity however began to gain some strength towards the end of 2016.

The IMF estimates that world economic growth will pick up to 3.5% in 2017 and further to 3.6% in 2018. Consistent with indications of firming global manufacturing activity, global trade showed some signs of recovery after a long period of weakness, growing by 2.7% in 2016 compared to 2.2% in 2015 and is projected to increase by 3.8% in 2017. The gradual stabilization of macroeconomic conditions and pickup in economic activity has supported a rebound in commodity prices; this could lead to a gradual recovery in imports and investment in 2017.

Economic activity in advanced economies showed a slowdown in growth from 2.1% in 2015 to 1.7% in 2016, this is a weaker than expected growth for advanced economies. Growth in 2017 for advanced economies is forecasted at 2.0% and staying at that rate in 2018. Inflation is expected to slightly increase from 0.3% in 2016 to 0.8% in 2017 due to the increase in retail prices of gasoline and other energy products. Within the advanced economies, the euro zone experienced the same sluggish growth; economic growth decelerated from 2.6% in 2015 to 1.6% in 2016. The euro area recovery is expected to proceed at a broadly similar pace with output expected to grow by 1.5% in 2017 and 1.6% in 2018. The modest recovery is projected to be supported by a mildly expansionary fiscal stance, accommodative financial conditions, a weaker euro, and beneficial spill overs from a likely fiscal stimulus by the United States of America (USA). Political uncertainty about the European Union's (EU) future relationship with the United Kingdom (UK) is expected to weigh on economic activity.

Output growth in the UK declined from 2.2% in 2015 to 1.8% in 2016 and is expected to stay within similar levels at 2.0% in 2017 and declining to 1.5% in 2018.

Growth weakened in the United Kingdom despite resilient spending in the aftermath of the June 2016 referendum in favour of leaving the EU (Brexit). Output growth in the UK declined from 2.2% in 2015 to 1.8% in 2016 and is expected to stay within similar levels at 2.0% in 2017 and declining to 1.5% in 2018.

In the US, growth rebounded in the second half of 2016 after a weak start to the year. Growth is estimated at 1.6% for 2016 declining from 2.1% in

Inflation rate to be at 9.5% in 2018

2015 mainly due to weaker exports coupled with weaker final domestic demand in the first half of 2016. The US economy is expected to grow at a faster pace in 2017 and 2018, with growth forecasts at 2.3% and 2.5% respectively. Enhancing this growth will be solid consumption growth, a more accommodative fiscal stance and the anticipated shift in the policy mix that is so far sustaining financial markets.

Emerging markets and developing economies (EMDEs) remained resilient in 2016, growth is estimated at 4.1% in 2016, a similar rate to 2015. Performance remained mixed among the different economies. China's growth remained strong at 6.7%, reflecting continued policy support. Activity remained weak in fuel and nonfuel commodity exporters more generally, while geopolitical factors held back growth in some countries. Activity is expected to pick up to 4.5% in 2017 in emerging and developing economies because of conditions in commodity exporters. Macroeconomic strains are expected to gradually improve supported by the partial recovery in commodity prices. Growth is expected to remain strong in China and many other commodity importers; growth is forecasted at 6.6% in 2017 and 6.2% in 2018. Inflation rate for the region decreased slightly from 4.7% 2015 to 4.5% in 2016 as the impact of higher fuel prices has only just begun to prevail over the downward pressure from the fading of earlier exchange rate depreciations. Projections indicate that inflation will remain at the same levels with an estimated inflation of 4.7% and 4.4% for 2017 and 2018 respectively.

1.2 Regional Developments

Growth in Sub-Saharan Africa (SSA) remained subdued due to low commodity prices and macroeconomic challenges faced by countries within the region. The largest contribution to this subdued growth for the region was the drastic slowdown in Nigeria, a country regarded as an oil exporter accounting for more than 20% of purchasing power-parity GDP of low income countries and about half of the GDP of commodity exporters in the region. A modest recovery in growth is expected for the SSA region, with growth expected to rise to 2.6% in 2017 and 3.5% in 2018 from 1.4% in 2016. Inflation increased from 7.0% in 2015 to 11.4%, in 2016 and is expected to ease to 10.7% in 2017 and 9.5% in 2018.

The Republic of South Africa (RSA), a dominant economy within SSA and a major trading partner for Swaziland still contends with low levels of output growth. Growth has been revised downwards several times due to severe drought experienced by the country in the year 2016 resulting in reduced agricultural production and also due to the underperforming mining sector and lower growth rates with its major trading partner. The downgrading of the South African economy by Standards & Poors (S&P) Global Ratings and Fitch Ratings to sub-investment grade, also known as junk credit rating status, will continue to weigh on growth prospects in the neighbouring economy. Growth is expected to reach a modest 1.3% and 2% in 2017 and 2018 increasing from an estimated 0.5% in 2016 and 1.3% in 2015 as commodity prices rebound, drought conditions ease and

Shortage of rain reduced crop production

electricity capacity expands. These developments have potential negative and positive impacts on the domestic economy as the domestic economy exports 77% to RSA and receives 79% of its imports from RSA.

1.3 Domestic Developments

Developments in the domestic economy mostly followed trends within the region and RSA. The domestic economy showed a contraction of -0.6% in the year 2016 from a growth rate of 1.9% in 2015, mostly attributed to the aggressive effects of the drought that affected the region during the year. Shortage of rainfall significantly reduced livestock and crop production. Maize production fell by 60% while the sugar industry is estimated to have experienced a 100,000 tonne decline in sugarcane production. A slight growth recovery in the domestic economy is anticipated. Growth projections indicate a 1.7% growth in 2017 and 3.4% growth in 2018. This growth will be supported by improvement in weather conditions and an increase in activity in the forestry sector as trees planted after the 2007/08 fires will be ready for harvesting.

On the monetary side, higher than anticipated inflation pressures were experienced in the domestic economy. The increase in inflation was mainly due to a steep rise in food and utility prices. Inflation is estimated at 7.8% in 2016 from a monthly average rate of 4.9% in 2015. The Lilangeni depreciated against major currencies in 2016, standing at E14.80 against the US dollar compared to E12.75 in 2015. The depreciation was mainly due to commodity prices remaining subdued, the Chinese economy switching gear from an investment to a consumer driven economy; and weak internal fundamentals in the South African economy. The depreciation in the domestic currency provided a stimulus for growth in the country's export revenue contributing to export growth.

Favourable balance of trade observed in 2016/17

2. INTERNATIONAL MERCHANDISE AND TRADE

2.1 Trade Balance

During the year 2016/17, a favourable balance of trade has been observed for the country, this is a similar observation to the previous year (2015/16) where a positive trade balance was also recorded. The trade balance for 2016/17 was E2.8 billion which is 5% of GDP, slightly declining from the 7% observed in 2015/16. Total exports by the country in 2016/17 are recorded at E23.9 billion, which is a 6% growth from 2015/16. The main drivers of export growth were increasing exports of concentrates, chemical products and sugar. Total imports were recorded at E21.2 billion reflecting a growth of 10% compared to E19.1 billion in 2015/16 as depicted in figure 1.0. The main import commodities were fuel and pharmaceutical products.

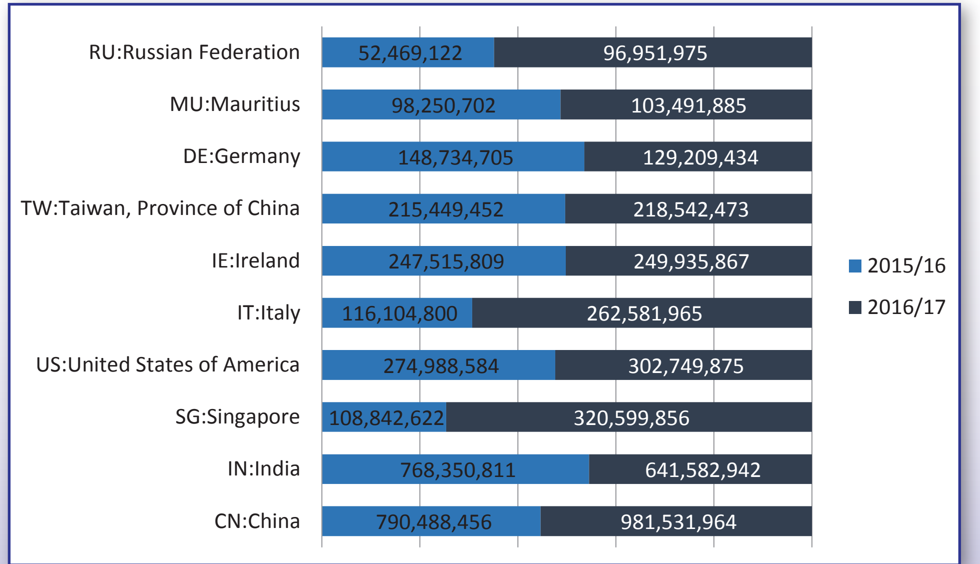
Figure 1.0: Visible Trade Balance 2015/16 and 2016/17

2.2 Swaziland's Top Trading Partners

2.2.1 Imports by Country of Origin

South Africa remains Swaziland's major trading partner accounting for 79% of the E21 billion total imports made by the country in 2016/17. Other major trade partners were China, India and Singapore that account for 4.6%, 3.0% and 1.5% respectively of total imports in 2016/17. Figure 2.0 shows the foregoing. The main imports from these countries are fuel (South Africa), medicaments (India) and light oils (Singapore).

Figure 2.0: Major Trading Partners-Imports (excl. South Africa) 2015/16 and 2016/17

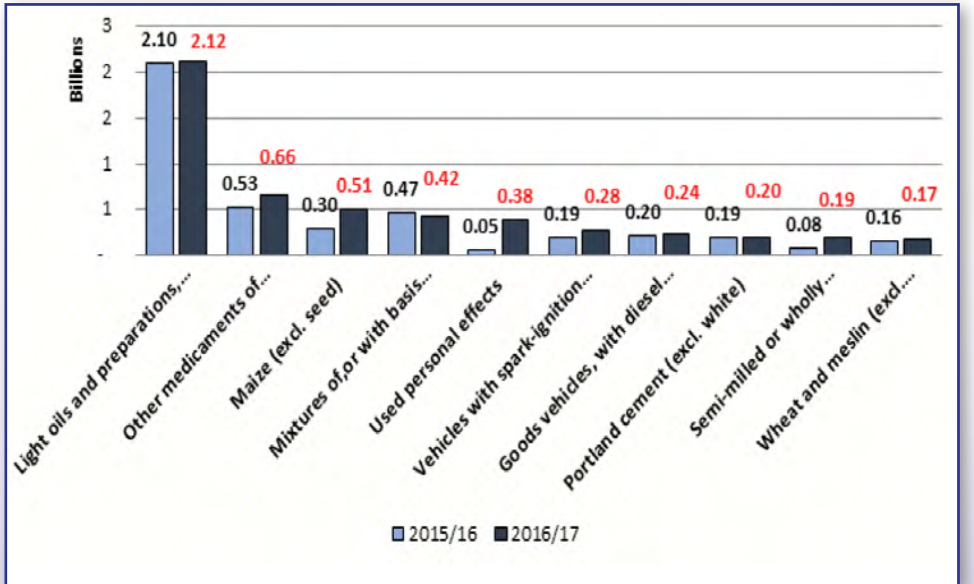


Fuel the leading import product for the country

2.2.2 Imports by Product

Fuel was the leading import product for the country in the reporting period, amounting to E2.12 billion, an increase of E28 million from 2015/16. This was followed by other medicaments with a total of E660 million, an increase of E130 million from E530 million recorded in 2015/16. This is indicated in figure 3.0.

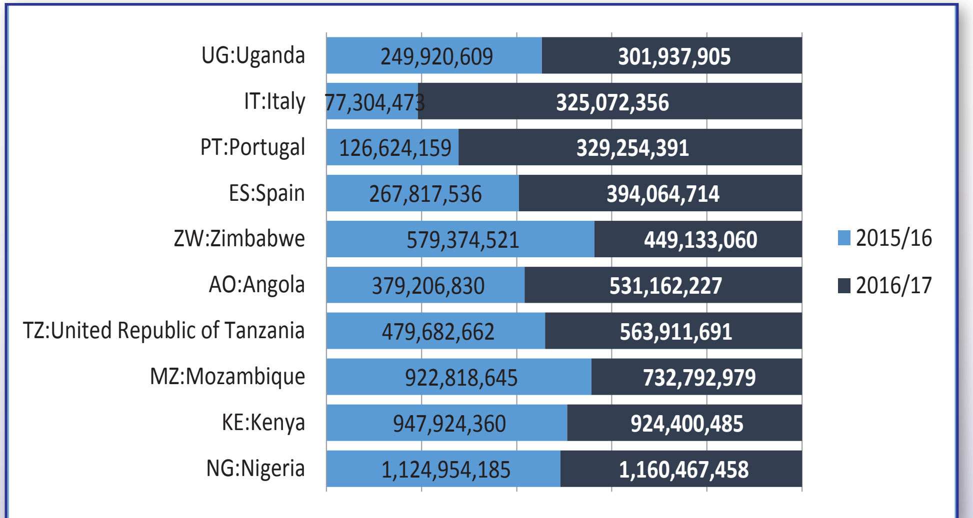
Figure 3.0: Top Imported Products in 2016/17



2.2.3. Exports by Country of Destination

Exports to South Africa accounted for 66% of total exports in 2016/17 and were recorded at E15.9 billion, which is an increase of 5.2% from 2015/16. Nigeria, Kenya, Mozambique and Tanzania accounted for 5%, 4%, 3%, and 2% respectively of the county's exports in 2016/17. The major exports to South Africa were concentrates while exports to the other major export destinations were mainly sugar as demonstrated in figure 4.0.

Figure 4.0: Major Trading Partners-Exports (excl. South Africa) in 2016/17

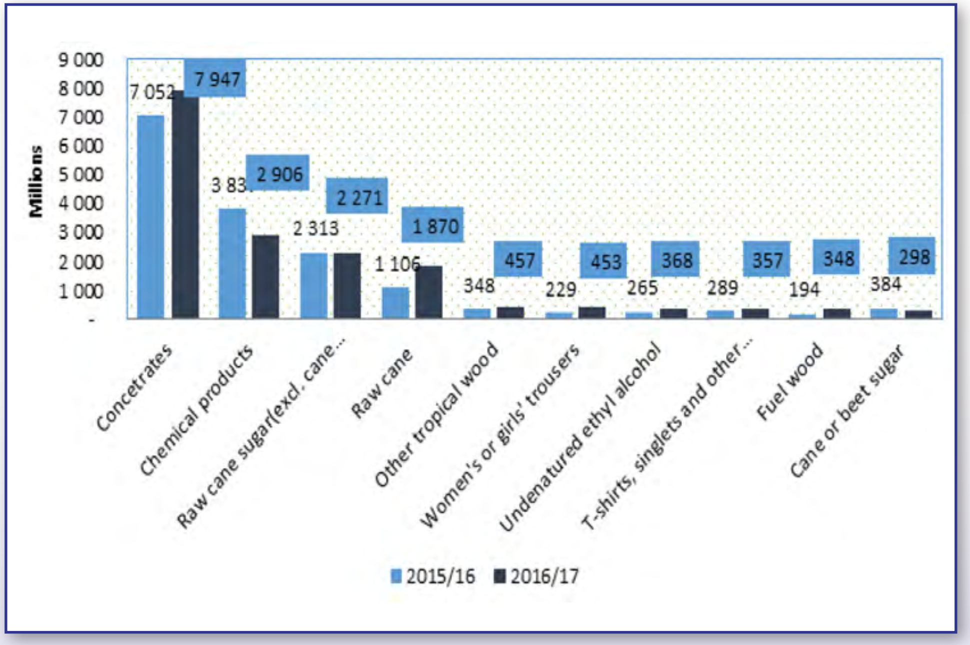


Concentrates to SA the major export commodity

2.2.4 Exports by Product

Concentrates to South Africa were the major export commodities during the 2016/17 financial year as shown in figure 5.0.

Figure 5.0: Top Export Products in 2016/17



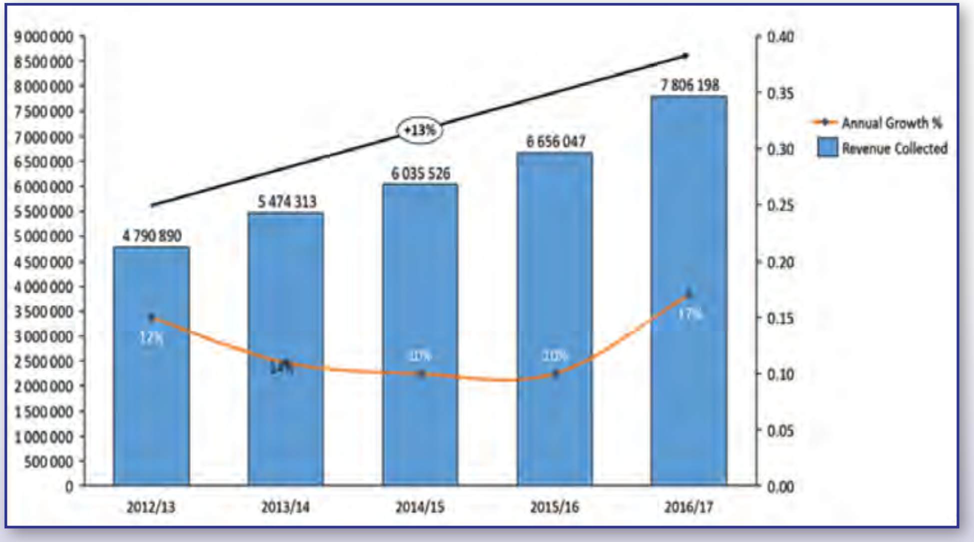
Taxpayers submitting their Income Tax Returns.

Revenue collections continues to show increase

3. REVENUE PERFORMANCE

Since inception of the SRA, revenue collections continue to show a steady increase year-on-year. The Compound Annual Growth Rate (CAGR) for revenue since 2012/13 is 13% reflective of the efforts of the SRA towards maximising revenue collections within the existing constraints. Figure 6.0 shows the foregoing.

Figure 6.0: Revenue Collections in E'000 and Revenue Growth since 2012/13

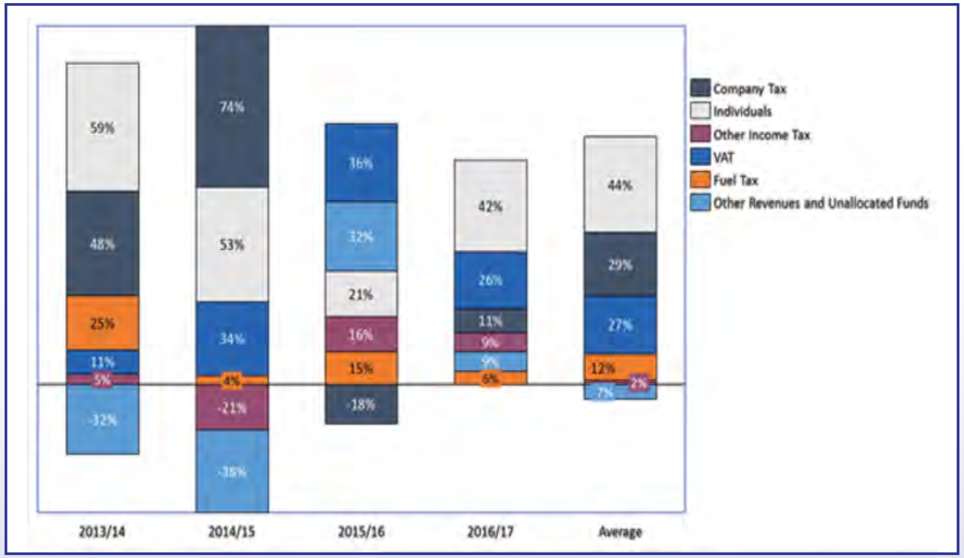


The Prime Minister during the launch of the "Submit Your Income Tax Return" campaign.

Revenue collections for 2016/17 were E7.8bn

Growth in Income Taxes has been the main driver behind the revenue growth as shown in figure 7.0. Taxes on Individuals have on average contributed about 44% to revenue growth in the past four years while Company taxes, VAT and Fuel taxes contributed 29%, 27%, and 12% respectively to revenue growth during the same period.

Figure 7.0: Tax Type Contributions to Revenue Growth since 2013/14



Revenue collections for 2016/17 are recorded at E7.806 billion. This collection is above the target of E7.434 billion by 5% (E372 million surplus) and is also an increase of 17% compared to revenue collections in 2015/16 as shown by table 1.0.

Table 1.0 Total Revenue Collections for the years 2012/13 - 2016/17 (E' 000)

REVENUES FOR THE PERIOD 2012/13 TO 2016/17 (E'000)									
REVENUE HEADING	2012/13	2013/14	2014/15	2015/16	2016/17		Variance		As a % of Revenue in 2016/17
	Actual	Actual	Actual	Actual	Target	Actual	Actual Target	2016/17 2015/16	
Company Tax	743,127	1,070,385	1,483,248	1,371,839	1,731,095	1,498,626	-13.4%	9.2%	19.2%
Individuals	1,348,998	1,751,682	2,048,530	2,175,819	2,236,871	2,662,405	19.0%	22.4%	34.1%
Other Income Tax	265,943	297,644	177,366	276,643	289,622	384,226	32.7%	38.9%	4.9%
Graded Tax	2,086	1,258	1,066	900	7,932	1,517	-80.9%	68.6%	0.0%
Total	**2,360,154**	**3,120,969**	**3,710,211**	**3,825,200**	**4,265,520**	**4,546,773**	**6.6%**	**18.9%**	**58.2%**
SALES TAX	133,188	35,843	11,631			1,495			0.0%
VAT	1,623,295	1,695,188	1,883,319	2,107,173	2,284,944	2,407,309	5.4%	14.2%	30.8%
OTHER TAXES									
Road Toll	27,431	28,589	29,829	30,179	61,155	30,359	-50.4%	0.6%	0.4%
Lotteries and Gaming	7,427	5,235	4,141	5,441	8,479	3,115	-63.3%	-42.8%	0.0%
Fuel Tax	381,457	549,427	572,993	666,808	684,486	732,283	7.0%	9.8%	9.4%
TOTAL	**381,457**	**2,314,282**	**2,501,912**	**2,809,602**	**3,039,065**	**3,174,560**	**4.5%**	**13.0%**	**40.7%**
Sales Tax, immigration fines., penetalties and unallocated funds	257,939	39,062	-176,597	21,245		84,866		299.5%	1.1%
GRAND TOTAL	**4,790,890**	**5,474,313**	**6,035,526**	**6,656,047**	**7,434,584**	**7,806,198**	**5.0%**	**17.3%**	**100.0%**

Individual Taxes largest contributor to Domestic Revenue

Positive revenue collection performance in 2016/17 was mostly due to strong performance by Income Taxes specifically taxes on Individuals. The performance above expectation by VAT and Fuel taxes also contributed to the above target performance.

Taxes on individuals benefited from increasing PAYE collections from government arising from increased civil service salaries. The salary increases in the civil service were due to salary adjustments as a result of a salaries review exercise undertaken by Government. Improved vigilance in the payment of refunds improved performance of VAT while increased fuel consumption and an increased tax rate on the last month of the year helped to boost collections from Fuel taxes.

Figure 8.0 shows contribution to revenue by tax type. Individual Taxes are the largest contributor to domestic revenue with an average contribution of 32.5% in the 2012/13 – 2016/17 period. The second largest contributor is VAT at 31.6%, followed by Company Tax at 20%.

Figure 8.0: Contribution to tax revenue by tax type for the period 2012/13 - 2016/17

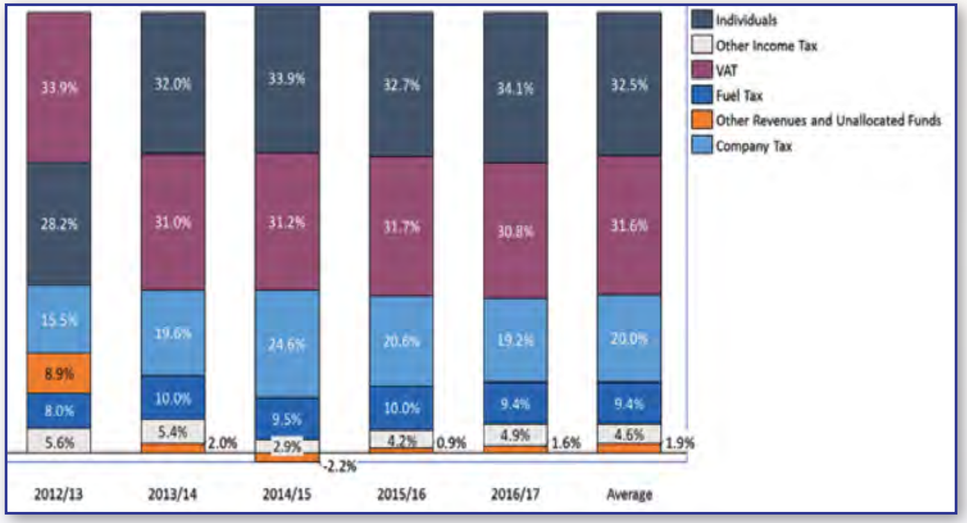
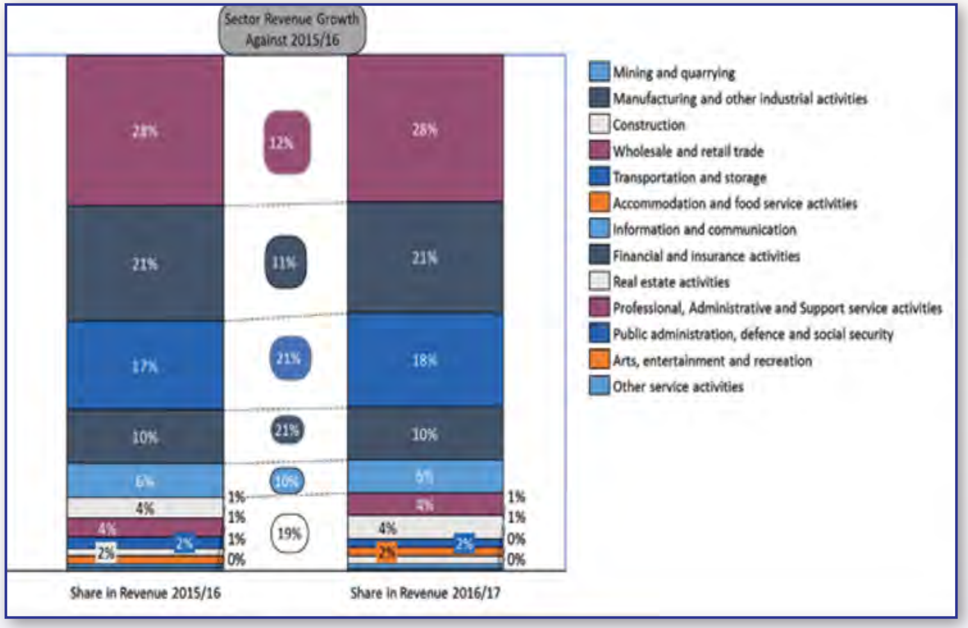


Figure 9.0 shows a disaggregation of revenue by economic sectors. The largest contribution to revenue collections is from the Wholesale and retail sector. Revenue from this sector accounts for 28% of total revenue collections followed by Manufacturing and industrial activities and Public services sectors who account for 21% and 18% respectively. Revenue from the Public administration defence and social security sector is mainly PAYE collected from civil servants. The Financial and Insurance activities and Public administration and social services sectors showed the highest growth in revenue compared to 2015/16; they both recorded a growth of 21%.

Ratio of taxes as a percentage of GDP increased

Figure 9.0: Revenue Collections by Sector 2015/16 and 2016/17



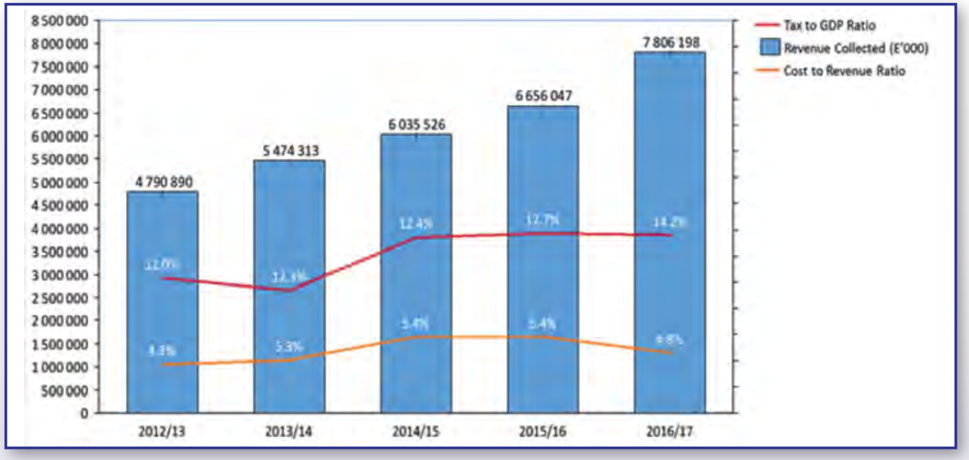
Commissioner General, Dumisani Masilela and SRA's Head of Business Strategy and Development Brightwell Nkambule with Russel Dlamini CEO at National Disaster Management Agency.

Efficiency measures help to gauge efficiency in revenue administration beyond achievement of the set revenue targets. An analysis of these shows that revenue collection performance did not only exceed the set targets but also indicate an improvement in efficiency of revenue mobilization. This is reflected in the increasing ratio of taxes as a percentage of GDP (tax-to-GDP ratio) which increased by 1% to 14.2% in 2016/17 from 13.2% in 2015/16 bringing the improvement in the ratio to 2.3% since 2011/12. The cost of collection reflects how much is spent to collect each Lilangeni in tax revenue. Improved efficiency is observed in this respect for 2016/17 as the cost of collection was reduced from 5.4 cents per Lilangeni collected

Income Tax highest contributor to domestic revenue

of revenue to 4.8 cents per Lilangeni collected. Aligning to these efficiency measures, the buoyancy (increase in revenue resulting from an increase in GDP) was also the highest since the establishment of the SRA at 3.98 against a long-term average of 1.40. An increasing tax-to-GDP ratio and buoyancy ratio implies that more revenues are being collected at the same level of income. Figure 10.0 shows the foregoing discussion.

Figure 10.0: Cost to Revenue and Tax-to-GDP Ratio 2012/13 to 2016/17



3.1 Direct Taxes

3.1.1. Income Taxes

Income Taxes continue to be the highest contributor to total domestic revenue with their relative contribution being 58.1% to total SRA revenue collections. This is a slight increase from the 57.8% recorded in 2015/16. The increase in the relative contribution in the year 2016/17 was due to the higher than trend increase in Individual taxes. Direct taxes have performed well in the year under review exceeding their E4.3 billion target by 6.6% and increasing by 18.6% compared to 2015/16. An increase in the ratio of income taxes to GDP is also observed in the period under review from 1.2% in 2015/16 to 3.9% in 2016/17. Table 2.0 demonstrates the foregoing.

Table 2.0: Income Tax Collections for period 2012/13- 2016/17

Year	Actual Income Tax Collections	% Year on year growth	Total Tax Revenue	% of Total Tax Revenue	% of GDP
2012/13	2,360,154,110	-13	4,790,890,393	49	5.9
2013/14	3,120,969,089	32	5,474,313,099	57	7.0
2014/15	3,710,211,307	19	6,035,526,338	61	7.6
2015/16	3,825,200,213	3	6,656,047,036	57	7.3
2016/17	4,546,773,141	19	7,806,198,465	58	8.3

3.1.2 Company Taxes

Total collections for company taxes are recorded at E1.5 billion against a target of E1.7 billion which is a 13.4% below target performance. This underperformance was mainly due to non-implementation of anticipated legislative amendments, these amendments were expected to bring an additional E232 million in company tax revenue.

Company taxes recorded E1.5bn collection

Despite this below target performance, company tax revenues have shown an increase of 9.2% against 2016/17 and an improvement of 0.1% in their ratio as a percentage of GDP reflecting an improved collection performance, as indicated in table 3.0.

Table 3.0: Company Tax Revenue for period 2012/13 – 2016/17

Year	Actual	% change Year on Year	% of Tax Revenue	% of GDP
2012/13	743,127,059	-10%	16%	1.9%
2013/14	1,070,384,992	44%	20%	2.4%
2014/15	1,483,248,126	39%	25%	3.0%
2015/16	1,371,839,190	-8%	21%	2.6%
2016/17	1,498,625,559	9%	19%	2.7%

The increase in revenue for Company taxes was driven by increasing revenue from the Information and Communication, Financial and Wholesale and retail sectors that jointly contributed 83% to the growth in revenue for 2016/17.

3.1.3 Individual Taxes

Taxes are collected from individuals through PAYE (accounts for 97% of taxes collected from individuals) and from individuals who have other sources of income other than employment income, for example directors of businesses and the self-employed. Taxes from individuals are the largest contributor to domestic tax revenue accounting for 34.1% of domestic revenue and 58.2% of income tax revenue, as shown in table 4.0.

Table 4.0: Individual Tax Collections for period 2012/13 – 2016/17

Year	Actual	% change Year on Year	% of Tax Revenue	% of Income Tax Revenue	% of GDP
2012/13	1,348,997,583	-14	28	57	3.4
2013/14	1,751,681,615	30	32	56	3.9
2014/15	2,048,530,439	17	34	55	4.2
2015/16	2,175,818,837	6	33	57	4.1
2016/17	2,662,404,738	22	34	58	4.8

During the year under review, collections from Individual Taxes are recorded at E2.662 billion against a target of E2.237 billion. This is a 18.6% above target performance and a growth of 22.4% compared to 2015/16. Positive performance for taxes from individuals benefitted from an increase in civil servants salaries by a larger magnitude than anticipated.

3.2 Indirect Taxes

3.2.1. Value Added Tax

VAT amounting to E2.407 billion was collected in 2016/17 against the set target of E2.285 billion. The VAT collection of E2.407 billion is net of

VAT collected amounted to E2.407 billion

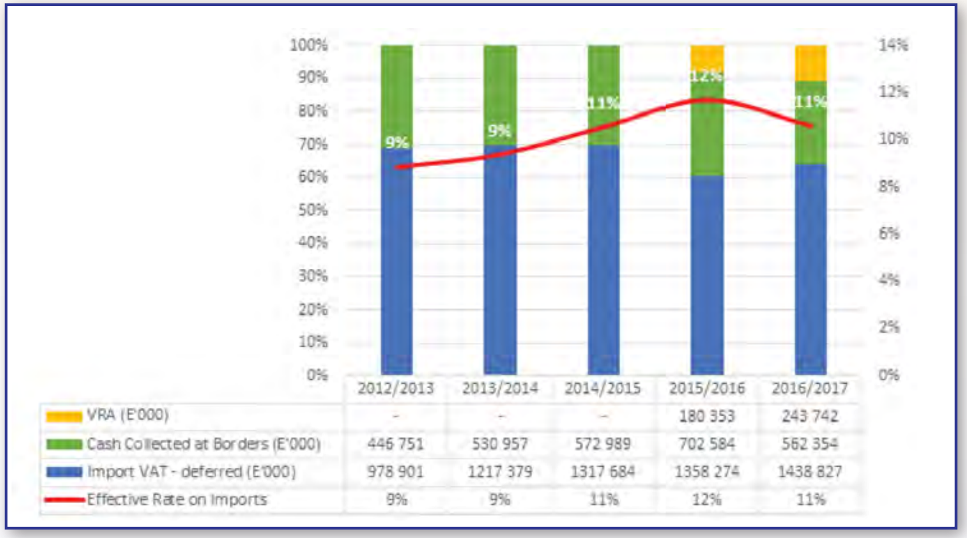
refunds amounting to E929 million that were paid during the period under review. The target on this item was exceeded by 5.4%, while a growth of 14.2% is observed against 2015/16 as shown by table 5.0.

Table 5.0: VAT Collections for period 2012/13 - 2016/17

Year	Actual	% change Year on Year	% of Tax Revenue	% of GDP
2012/13	1,623,294,589	0	34	4.1
2013/14	1,695,187,701	4	31	3.8
2014/15	1,883,319,175	11	31	3.9
2015/16	2,107,172,893	12	32	4.0
2016/17	2,284,944,493	8	29	4.2

The increase in VAT collections was mainly due to increasing revenue collections from the Finance; Wholesale and retail; and Construction sectors. Other contributing factors to the positive performance of VAT were declining refunds paid, which showed a decline of 1% compared to 2015/16 and also due to increasing revenue from imports. Revenue from imports increased by 8%, with revenue from the VAT refund scheme with South Africa (Sekulula /“VAT Easy“) increasing by 35%. Figure 11.0 demonstrates the foregoing.

Figure 11.0: Import VAT Collection for the period 2012/13 to 2016/17



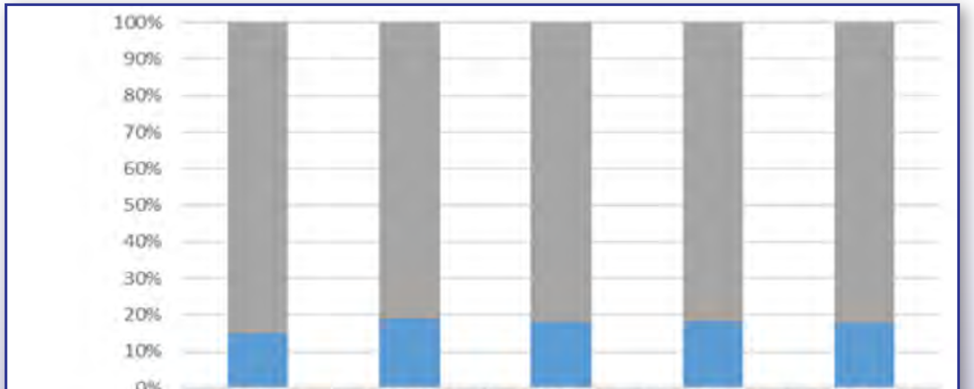
Revenue collections arising from the VAT Refund arrangement totalled E244 million in 2016/17 bringing total collections received from the VRA to E424 million since its inception in 2015/16. The relative importance of revenue from the VRA increased in the year under review; revenue from the scheme accounted for 11% of import VAT revenue compared to 8% in 2015/16. Efficiency in collection of import revenue has also improved, which can in part be attributed to the performance of the scheme. Evidence of this improvement is the increase in the effective VAT rate on imports that increased from 9% in 2012/13 to 11% in 2016/17.

Fuel taxes showed a positive performance

3.2.2 Fuel Taxes

Fuel tax collections showed a positive performance against the set targets in 2016/17. Collections from this tax type are recorded at E732 million against a target of E577 million reflecting an above target collection of 27%. Increasing Fuel consumption and relatively high compliance levels during the year under review helped boost performance for this tax type. Additional to the already mentioned, a Fuel tax rate increase from E2.20 to E3.00 benefitted collections made in the last month of the financial year. Figure 12.0 shows the performance of fuel tax collections from 2012/13 to 2016/17.

Figure 12.0: Fuel Tax Collections in E'000 Indirect Taxes, 2012/13 - 2016/17



	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
Indirect Taxes	2172 769	2370 593	2573 848	2944 390	3415 627
Fuel Tax	381 457	549 427	572 993	666 808	732 283

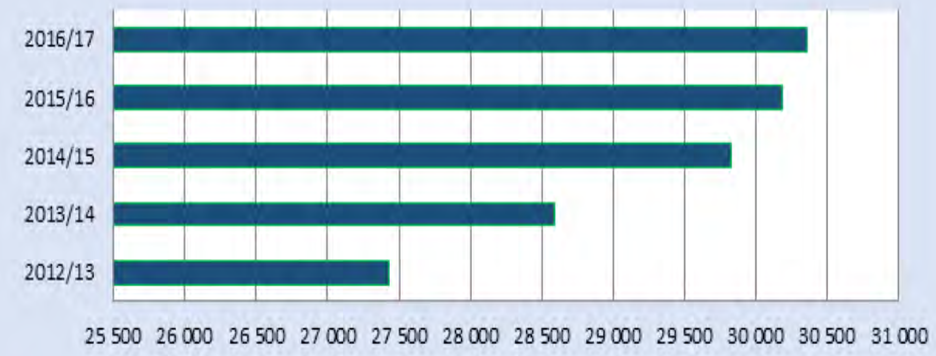
The relative importance of this tax type to total indirect taxes has been increasing in recent years. The relative contribution of Fuel taxes to indirect taxes has increased from 16% in 2012/13 to 23% in 2016/17. To total domestic revenue, Fuel tax contribution has increased from 8% to 9% respectively during the same period.

3.2.3 Road Toll

The SRA administers the collection of Road toll at the entry points of the country. Collections for this revenue item are reliant on the number of foreign registered and commercial (domestic) vehicles entering the country. Amounts paid are dependent on the size of the vehicle as well as the purpose for which the vehicle is entering the country. Besides vigilance in ensuring that all vehicles pay, this item is outside of the control of the Authority. Road Toll collections for 2016/17 are recorded at E30.4 million against a target of E61.1 million reflecting a 50.4% below target collection. This underperformance was due to non-implementation of a 100% rates increase in the road toll fees that was expected during the year. Collections reflect a 1% increase from the collections made in 2015/16. Figure 13.0 shows the performance of the Road Toll collections over the years.

Road Toll collection recorded E30.4 Million

Figure 13.0 Road Toll collections for the period 2012/13 – 2016/17



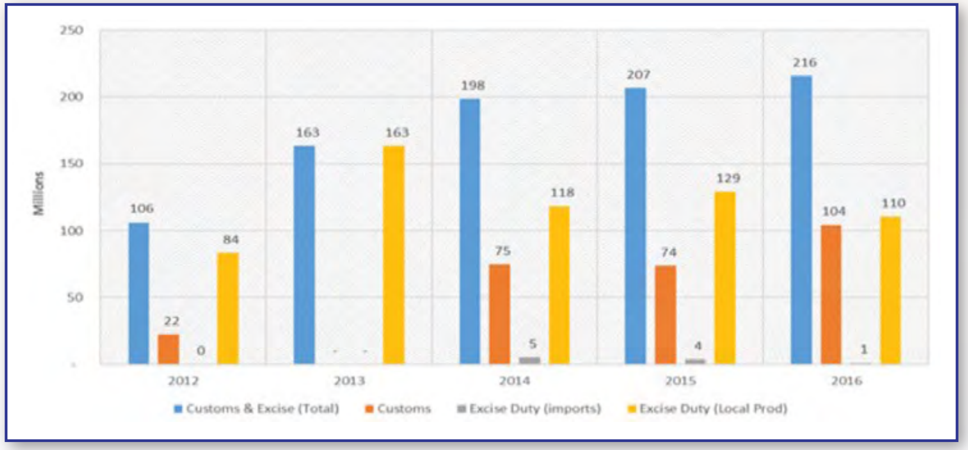
	2012/13	2013/14	2014/15	2015/16	2016/17
Road Toll	27 431	28 589	29 829	30 179	30 359

Revenue (E'000)

3.3 International Trade Taxes

Customs and Excise duties collected by the SRA and transferred to the SACU Common Revenue Pool (CRP) are recorded at E216 million translating to a 4.5% increase from the E207 million recorded in 2015/16. An amount of E104 million was remitted as Customs Duties, E1 million as Excise Duties (Spirits and Cigarettes) on imports outside SACU and E 110 million was Excise Duties on local production (Beer and Ethanol Alcohol). Figure14.0 shows the remittance of Customs and Excise.

Figure 14.0 Remittance of Customs and Excise Duties to the CRP for the period 2012/13 – 2016/17



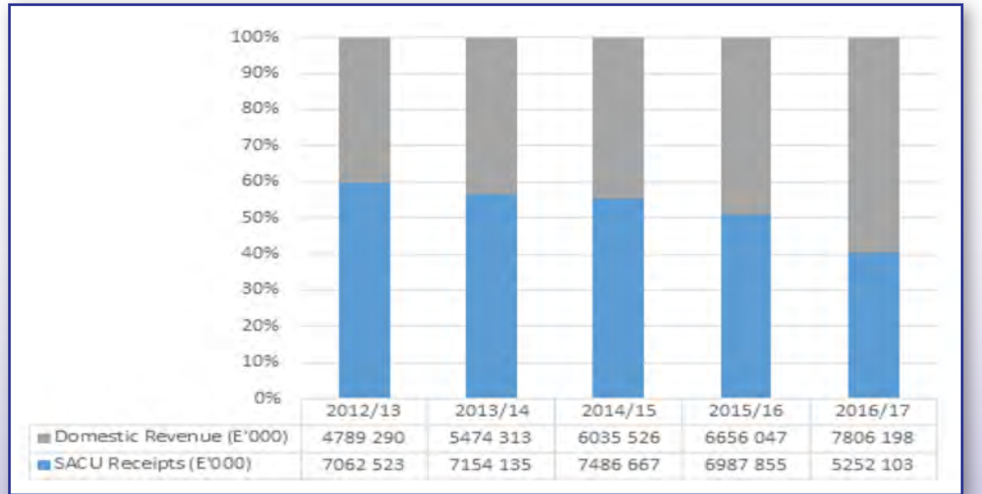
The transfers to the CRP are in line with the SACU Agreement as Member States are expected to remit their collections of Customs and Excise duties to the pool and these transmittals are later shared amongst Member States through the agreed Revenue Sharing Formula (RSF). The share received from the CRP as the Customs Component was E 4.6 billion and the Excise Component was E421 million, by extension this means remittances are only 4% of what we eventually receive as the country's total revenue share from the CRP. However, this statistic does not tell us much in terms of Swaziland's contribution to the Pool as the SACU rules stipulate that collections are to be done at the first point of entry of goods into the Union. A lot of goods destined for Swaziland come through South African ports in the main and are recorded there.

SACU receipts amounted to E5.25 Billion

3.3.1 SACU Receipts

In spite of the parties engaging in discussions about introducing changes to the RSF, this initiative has not been concluded and funds in the CRP continued to be shared in accordance with the existing formula. SACU receipts amounted to E5.25 billion compared to receipts of E6.9 billion in 2015/16 owing to the variances between the projected CRP and audited actual collections. The receipts declined by 25% compared to 2015/16 as indicated in figure 15.0. This source of revenue remains unreliable given the uncertain global and regional developments coupled with the global trade liberalization agenda, with prospects being highly unfavourable in the medium term.

Figure 15.0 SACU Receipts and Domestic Revenue, 2012/13 – 2016/17



The country is on a policy drive to reduce the heavy reliance on SACU remittances. Internally, revenue mobilization efforts have been strengthened to support domestic revenue mobilization as shown by the continuous decline in the share of SACU in total revenue. This ratio of SACU receipts to revenue has been reduced from 60% in 2012/13 to 40% in 2016/17.

3.4 Refunds

The SRA paid out a total of E964 million as refunds to taxpayers in the year 2016/17. The refunds paid show a 1% decrease when compared to the 2015/16 where an amount of E972 million was paid in refunds. The paid refunds were in respect of VAT, Income Tax and Withholding Taxes. Table 6.0 demonstrates the refunds paid to taxpayers in the 2016/17 FY.

Table 6.0: Refunds to taxpayers in 2016/17

Refunds Paid - 31 March 2017	2015/16	2016/17
Refunds - Exempty taxpayers	46,882,982	39,529,337
RMS VAT Refunds	893,654,695	889,906,376
Import VAT	133,138	10,046
Temporal Imports	2,637,603	1,657,619
Total VAT Refunds	**943,308,418**	**929,445,759**
Income Tax - Companies	12,923,087	28,237,102
Income Tax - Individuals PAYE	6,693,695	3,680,971
Withholding Tax - Dividends	7,679,820	1,498,287
Sales Tax Refunds	2,200,138	0
Total Refunds	**972,805,158**	**964,519,738**

SRA paid out a total of E964m as refunds

As observed in table 6.0, the largest component of refunds paid out is for VAT. VAT refunds account for 96% of the total refunds paid. Given their relative importance to preventing revenue leakage, an effort was made in the year under review to ensure legitimacy of processed refunds. These efforts contributed to the 1% decline in VAT refunds paid and also to the decreasing refunds to collections ratio. The refunds to collection ratio decreased from 45% in 2015/16 to 39% in 2016/17 reaching the lowest level since the introduction of VAT as shown by table 7.0.

Table 7.0: VAT Refunds Paid, 2012/13 to 2016/17

Year	Actual	% Year on Year Change	% of VAT Collections	% of GDP
2012/13	577,918,406	0%	36%	1.4%
2013/14	741,678,126	28%	44%	1.7%
2014/15	904,118,741	22%	48%	1.9%
2015/16	940,670,814	4%	45%	1.8%
2016/17	929,445,759	-1%	39%	1.7%

3.5 Foregone Revenue

The objective of the tax law is to provide a framework under which to administer the collection of tax revenue. Also contained in the tax law are reliefs from tax when undertaking certain activities which the government intends to promote.

These relief measures mean that revenue cannot be mobilised on those activities and there is ‘revenue foregone’ in that case. Revenue foregone amounted to E279 million in 2016/17; this was due to direct exemptions and rebates excluding typical ‘tax expenditures’ through the tax code. Including these would place revenue foregone above E6.027 billion, which was revenue foregone in 2015 (Tax Expenditure Report 2015: latest report). Details on the types of exceptions is captured in table 8.0.

Revenue foregone amounted to E279m

Table 8.0: Rebates and Exemptions in Emalangeni for period 2016/17

Type of Exemption	VAT	Excise Duties	Customs Duties	Customs Duties General	Total
Precious Metals and Valuables Supplied to Central Bank	7,160,773	-	-	-	7,160,773
Medical Equipment Supplied to a Qualified Medical Facility	9,124,430	-	2	487,955	9,612,388
Electricity	6,841	-	-	-	6,841
Animal, Vegetable Fats, Oils	-	-	1,025	1,138	2,163
Paper-Making Material	-	-	-	2,300	2,300
Textiles	-	-	49	83,663,274	83,663,323
Machinery and Mechanical Appliances	-	-	-	900	900
Goods for Cultural Use	2,127,915	-	-	1,457,021	3,584,936
Goods for International Organisations and Diplomats	75,127,935	183,024	216	481,56,070	123,467,245
General Rebates	24,303,847	80,233	652,962	13144829	38,181,870
Temporal Imports	5,759,948	26,425	162,860	7 557438	13,506,672
Ministry of Agriculture	27,886				
Goods for Health Relief Activities	1,975,713				
ICT	54,282				
Total	**125,669,571**	**289,682**	**817,114**	**154,470,925**	**297,189,411**

Migration to ASYCUDA World was great

4.0 TRADE FACILITATION

4.1 Trade Facilitation Initiatives

Work under the Trade Facilitation initiative started in August 2014 with a two day workshop facilitated by World Trade Organisation (WTO), World Customs Organisation (WCO) and the United Nations Conference on Trade and Development (UNCTAD). The workshop was to assist the country understand the recently signed WTO Trade Facilitation Agreement (TFA) and its implications as per the provisions of Article 23.2. In October 2014 a structure to facilitate the implementation of the Trade Facilitation Agreement was set up in the form of the National Committee on Trade Facilitation (NCTF). The NCTF comprises of technical experts who report to the National Steering Committee on Trade Facilitation (NSCTF). To further strengthen the trade facilitation agenda, the NSCTF chaired by the Principal Secretary in the Ministry of Commerce, Industry and Trade, co-chaired by the Commissioner General was launched in January 2015.

Swaziland ratified the Trade Facilitation Agreement in September 2016, deposited the ratification instrument in November 2016 and the agreement came into force in February 2017.

The World Bank conducted two missions during the year to discuss the status of the TFA implementation in Swaziland and to identify potential areas of assistance in readiness for implementation. The focus of the missions were on the documentation and review of business processes applied by government authorities involved in cross-border trade and the following areas were covered:

(i) Preparation for conducting a Time Release Study post ASYCUDA World implementation;

(ii) Carrying out a TFA articles re-categorization with a final result of 6 Articles under Category A, 15 Articles under Category B and 15 Articles under Category C.

Annexure 1 presents the status of initiatives steered by the organisation in addressing trade facilitation agenda issues in 2016/17.

4.2 ASYCUDA World

ASYCUDA World was launched towards the end of the last financial year, 2015/16. The system went live on the 1st February 2016 after the successful development and testing of the prototype. The migration approach used for the implementation of ASYCUDA World from ASYCUDA++ was the “Big Bang” whereby all commercial stations went live at the same time. Countries world over have used the Phased Approach when migrating from ASYCUDA++ to ASYCUDA World and Swaziland was the first country in the world to use this *“Big Bang”* approach. Credit must be given to our stakeholders for this achievement. Specific mention needs to be made of the Ministry of Information, Communication and Technology and the Swaziland Post and Telecommunications Company who ensured that the

Improvement on ASYCUDA World continuous

infrastructure to support this system was in place on time.

Improvements on the system have been continually carried out during the course of 2016/17 to deliver the necessary functional and information technology support to business process requirements for internal and external stakeholders. These improvements were done through further configuration and tests to support the following system functionality:

(i) Handling of post declaration amendments for deferred accounts, which posed a challenge on the management of debts between ASYCUDA World and the Revenue Management System (RMS);

(ii) Implementation of New Excise Rates as per the dictates of the South African Government Gazette and SARS Notice in line with the SACU agreement;

(iii) Implementation of the e-Manifest that commenced on the 1st May 2016 after a successful phased approach which was launched with the air transport sector followed by the implementation of the rail and road manifests;

(iv) Reduction of the number of lines (compress) on the Exit Note Form implemented as a means to reduce costs on the printing of paper;

(v) Analysis of data on two selected companies importing under the Rebate Scheme is being done. This is an initiative being undertaken in collaboration with the Ministry of Commerce, Industry and Trade to enable the implementation of the Rebate Certificate Quota Control;

(vi) Capturing of the Movement Registration Number (MRN) and preparation for the implementation of the Unique Consignment Registration (UCR) which is useful in the data exchange initiative between Swaziland and South Africa. This is aimed at tracking consignments moving between the two countries. This was also communicated to declarants and made mandatory in the system.

Amendments on the VAT were gazetted in 2016

5. REVENUE ADMINISTRATION

5.1 Legal Amendments

5.1.1 VAT (Amendment) Schedules

VAT (Amendment) Schedules were gazetted on the 15th July 2016. The effect of these amendments is the zero rating of medicaments supplied to Central Medical Stores, qualified medical facilities and prescription by qualified medical practitioners. These amendments also include the zero rating of seedlings.

5.1.2 The Customs and Excise (Amendment) Act

The Bill received Royal Assent on the 20th October 2016 and came into effect on the 28th October 2016. Its purpose was, among other things to:

(i) Enable the Preferred Trader Accreditation Arrangement;
(ii) To introduce ASYCUDA World;
(iii) To facilitate the sharing of information with government agencies and foreign administrations.

5.2 Practice Notes and Guidelines

Two (2) Practice Notes and five (5) Guidelines were issued during the reporting period as stated below:

(i) Practice Note on Voluntary Disclosure;
(ii) Practice Note on Rendition of Income Tax Returns;
(iii) Guidelines on Domestic Tax Exemptions;
(iv) Guideline on the Tax Treatment of Sponsorships;
(v) Guideline on the Deductibility of Bad Debts.

In addition to the above, the Power of Attorney Form was developed and rolled out. This form is intended for use by Public Officers and individual taxpayers in delegating some of their tax related responsibilities. The Notice of Objections Form intended for lodging objections by taxpayers to streamline the process was also developed and rolled out.

5.3 Technical Missions

As much as we have continued to learn from others, the SRA also continued to be a beacon of excellence and point of reference in its operations from which other international stakeholders in the revenue administration sphere continue to learn. The SRA is also strengthened and capacitated by such initiatives. The organisation's interaction with its external environment is vast and varied including interaction with voluntary affiliates, donor organisations, sister revenue authorities and regional and international bodies. A lot of assistance has been received from various quarters to contribute to the organisation's modernisation agenda. The organisation now runs the risk of duplication of efforts and as such closer coordination is required to ensure that the organisation gains maximum benefit from the observed goodwill towards it. Annexure 2 presents a resume of the activities undertaken during the reporting period.

Taxpayer registration database increase by 8%

5.4 Tax Compliance

5.4.1 Taxpayer Registration

There were 49,907 taxpayers in the taxpayer registration database as at end the end of 2016/17, as shown in table 9.0. This is an increase of 8% from 46,258 in 2015/16. The targeted increase in registered taxpayers was 5%, indicating that the target for the year was exceeded by 3%. The increase in registration was supported among other factors by the improved turnaround times for registration of taxpayers. Taxpayer Identification Number (TIN) registrations were, on average completed in approximately a day against a key performance indicator (KPI) of two days while VAT registrations were on average completed in 12 days against a KPI of 15 days.

Taxpayers at Mhlumeni Border

Table 9.0: Taxpayer Registration by Tax Type for period 202/13 - 2016/17

Tax Type and Taxpayer Category	2012/13	2013/14	2014/15	2015/16	2016/17
INCOME TAX	**12780**	**23142**	**33403**	**38320**	**41520**
Individuals	7878	15496	23958	27712	30242
Companies	4902	7646	9445	10608	11278
PAYE	**4520**	**4868**	**4005**	**4321**	**4695**
Individuals	311	389	308	367	437
Companies	4209	4479	3697	3954	4258
VAT	**2895**	**3122**	**3367**	**3617**	**3692**
Individuals	189	207	262	268	276
Companies	2706	2915	3105	3349	3416
Total	**20195**	**31132**	**40775**	**46258**	**49907**

A total of 16, 133 VAT returns were received

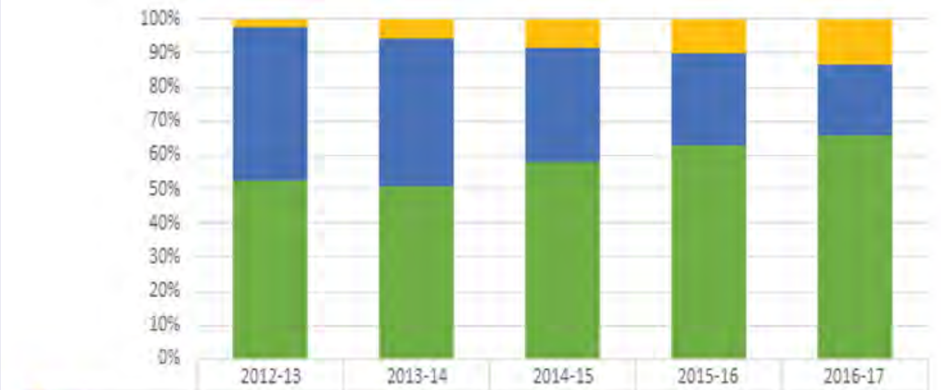
There were 4,716 new registrations in 2016/17, of which 3,870 were for income taxes, 603 for PAYE, 243 for VAT, and 921 suspensions. De-registrations and suspensions were on account of taxpayers ceasing to operate in the case of Income Tax while for VAT, taxpayers had either stopped making taxable supplies or had fallen below the VAT threshold of E500,000 annual turnover required for VAT registration. Some suspensions were effected upon discovering that a taxpayer had multiple Taxpayer Identification Numbers (TIN).

5.4.2 Filing Compliance

(i) VAT Filing

A total of 16,133 returns were received from monthly and quarterly VAT filers during the year. This was against an expected 18,582 returns, resulting in a filing compliance rate of 86.4%. The filing compliance rate improved from 2015/16 where the rate stood at 85.2%. Figure 16.0 summarizes the VAT filing compliance since 2012/13. The on-time filing compliance rate was the highest in the three year period on account of compliance enhancing initiatives conducted during the year.

Figure 16.0: VAT Filing Compliance for period 2012/13 - 2016/17



	2012-13	2013-14	2014-15	2015-16	2016-17
Not Filed	270	854	1396	1801	2449
Filed after due date	4806	6876	5656	4872	3974
Filed on-time	5564	7914	9671	11211	12159

(ii) Income Taxes Filing

Income Tax returns received for the 2016 Income Tax year totalled 9,827 as at 31st of March 2017, resulting in a compliance rate of 47.3% as depicted in table 10.0. This compliance rate is 0.6% lower than 47.9% that was achieved for the 2015 Income Tax year.

A total of 428 unregistered businesses visited

Table 10.0 Income Tax Filling Statistics for period 2015 and 2016

Item	2015	2016
Expected Returns	19,645	20,765
Lodged Returns	9,409	9,827
Compliance Returns	47.9%	47.3%

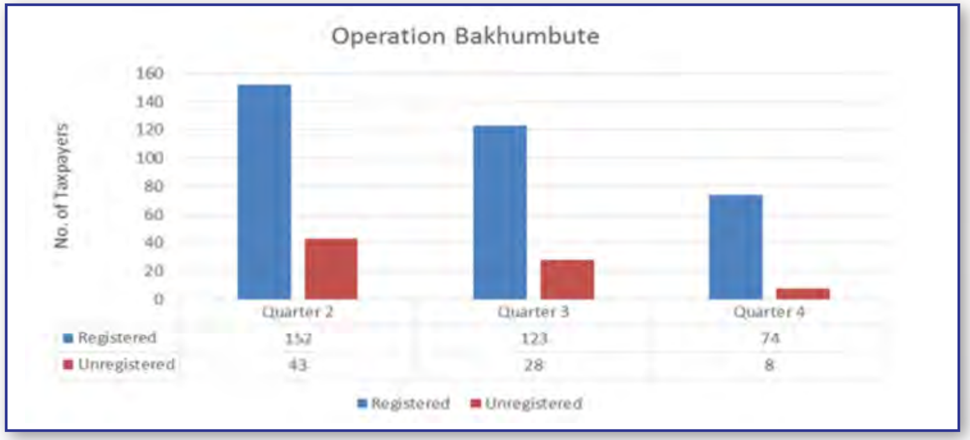
5.4.3 Tax compliance initiatives

Operation Bakhumbute, an initiative with the principal objective of increasing the taxpayer base and reminding taxpayers of their tax obligations continued in 2016/17.

A total of four hundred and twenty eight (428) businesses were visited as shown in the figure 17.0. Seventy-nine (79) of the four hundred and twenty eight (428) businesses visited, were found to be unregistered and this is 18.5% of the visited taxpayers.

These unregistered businesses were educated on registration and filing compliance. Further to that, the businesses were given TIN registration forms to enable their compliance.

Figure 17.0: Operation Bakhumbute Statistics for the period 2014/15 - 2016/17



Seventy-two (72) filing non-compliant taxpayers were visited and issued with non-filers letters and encouraged to file their returns. These taxpayers were located in the Pigg's Peak to Manzini corridor. Thirty (30) taxpayers who were discovered to be charging VAT without being registered were engaged, issued with registration forms and advised to register promptly. Sixty-nine (69) taxpayers who were found to have huge variances in their income tax and VAT turnovers were engaged during the year to encourage compliance.

A total of 428 unregistered businesses visited

As part of compliance initiatives, the SRA participated in a joint business compliance initiative commissioned by Cabinet.

Other stakeholders participating in the initiative included the Ministry of Commerce, Industry and Trade, the Ministry of Home Affairs, and the Ministry of Health. Three hundred and eight (308) businesses were visited in the four regions of the country as part of this initiative and 136 (44.2%) of these businesses were found to be unregistered for tax purposes.

These businesses were sensitized on tax compliance and furnished with TIN registration forms. Regular follow ups were done and continue to be made to ensure that these businesses all get registered.

5.5 Debt Management

Total debt as at the end of the reporting period amounted to E2.684 billion, as indicated in table 11.0. The debt to revenue ratio improved from 23% in 2015/16 to 17.9%. This debt to revenue ratio is almost within the target of 18% for 2016/17.

As a percentage of GDP, tax arrears have increased from 4.8% in 2015/16 to 4.9% in 2016/17 reflecting the increasing risk in the ability to collect them.

As part of complementing debt management initiatives in the period under review, the organization appointed a third party to assist the organisation collect more outstanding revenue from taxpayers. Preparatory work to implement the debt collection strategies is underway and will continue in the next financial year.

Table 11.0: Debt Position by Tax Type as at 31st March 2017

Tax Type	< 30 Days	< 60 Days	< 90 Days	< 180 Days	< 360 Days	< 720 Days	>720 Days	Total Debt
Income tax	5 399 047	8 320 461	1 957 388	53 518 661	58 807 565	129 664 466	869 984 162	1 127 651 750
SME	5 376 487	8 319 761	1 902 100	45 086 257	56 506 028	94 336 183	496 356 562	707 883 378
LTU	22 559	700	55 288	8 432 404	2 301 537	35 328 283	373 627 600	419 768 372
PAYE	20 759 772	20 282 834	20 947 598	58 261 292	91 397 041	96 165 250	257 993 496	565 807 284
SME	9 911 160	10 138 739	10 679 365	26 556 118	50 534 210	84 346 475	155 768 314	347 934 382
LTU	10 848 613	10 144 095	10 268 233	31 705 174	4 086 2831	11 818 775	102 225 182	217 872 902
VAT	17 804 201	13 146 954	47 881 712	53 960 489	1 067 86 893	179 572 709	472 851 071	892 004 029
SME	5 969 343	3 963 844	39 675 073	48 064 149	84 319 515	134 237 224	396 208 294	712 437 442
LTU	11 834 858	9 183 110	8 206 639	5 896 340	22 467 377	45 335 485	76 642 778	179 566 587
WHT	31 499 315	1 453 893	1 473 891	361 84 731	4 656 639	3 781 810	12 857 654	91 907 933
SME	436 088	1 343 277	635 448	187 285	509 807	2 669 790	9 452 326	15 234 022
LTU	31 063 226	110 616	838 444	35 997 446	4 146 832	1 112 019	3 405 328	76 673 912
Fuel Tax	-	-	-	-	-	1 195 400	-	1 195 400
SME	-							
LTU	-	-	-	-	-	1 195 400	-	1 195 400
Sales Tax	-	-	-	-	2 508 961	2 941 180	-	5 450 141
SME	-							
LTU	-	-	-	-	2 508 961	2 941 180	-	5 450 141
Total	**75 462 334**	**43 204 142**	**72 260 590**	**201 925 174**	**264 157 099**	**413 320 814**	**1 613 686 384**	**2 684 016 537**

Issues received through Contact Centre decline

6. CUSTOMER SERVICES

The operation of the Contact Centre continued to be an important means of interacting with taxpayers in 2016/17. However, issues received through the call centre showed a decline of 2% compared to 2015/16. A total of 10,093 issues were received through the contact centre compared to 10,307 in 2015/16. Predominantly, engagement through the contract centre is through the phone and e-mails; with an insignificant number of web-based enquires as outlined in figures 18.0 and 19.0.

Figure 18.0: Summary of Call Centre enquiries by medium categories handled in 2016/17

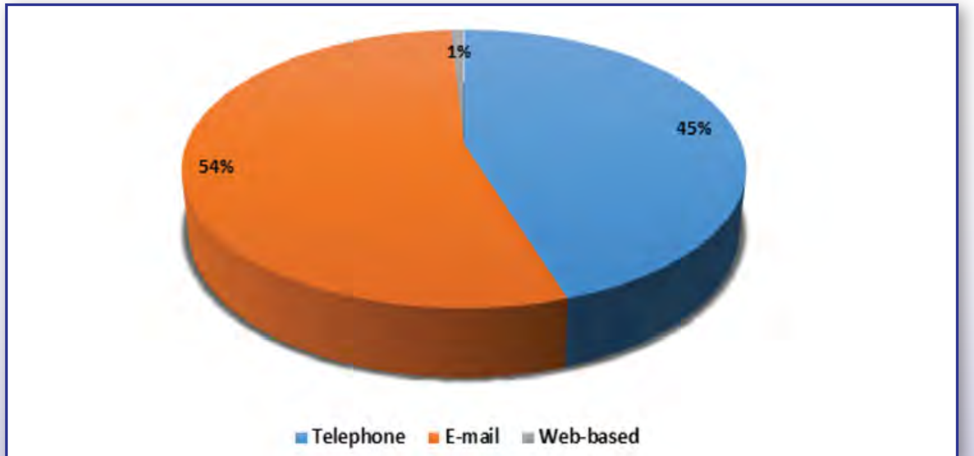
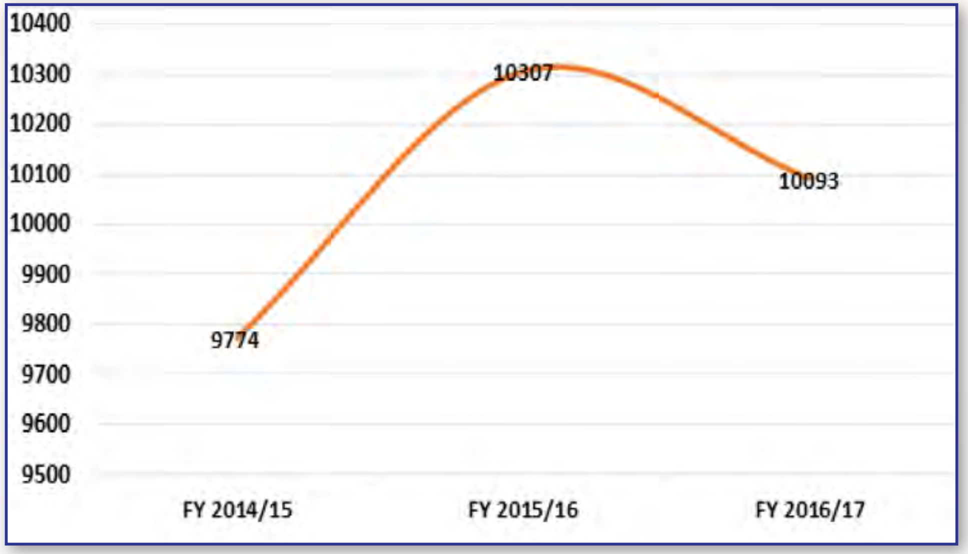


Figure 19.0: Contact Centre Traffic Trend 2014/15 - 2016/17



Despite the decline in the traffic through the contact centre in the year under review, it is worth noting that the 1st quarter of the year recorded the highest number of traffic in the history of the contact centre. The areas that dominated traffic of the contact centre were the newly introduced ASYCUDA World System, procedure for importation of vehicles especially from outside of SACU and taxpayer statements.

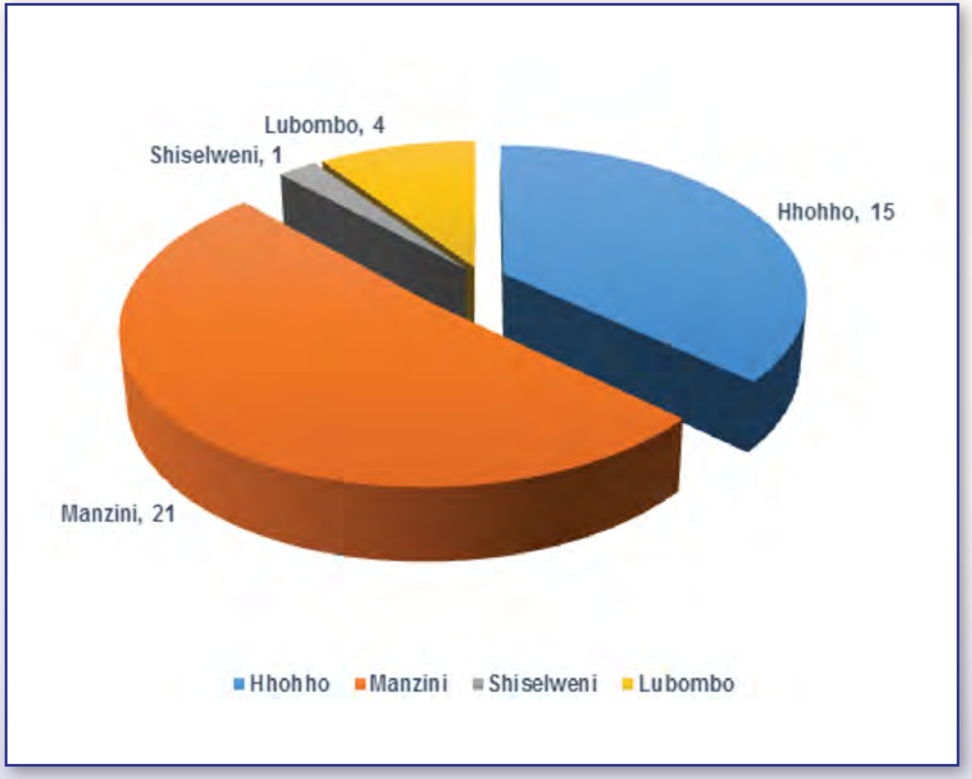
Taxpayer education initiatives implemented

6.1 Engagement Workshops and Mobile Tax Clinics

The SRA continued with its taxpayer education initiatives implemented principally through engagements workshops, which continued to be conducted country-wide. Engagements during the year focused on submission of income tax returns, Pay As Your Earn (PAYE) Reconciliation and ASYCUDA World. The organisation also engaged stakeholders on the SADC/EPA/EU Agreement. The main purpose for this engagement was to create awareness on the agreement. This was hosted in collaboration with the Ministry of Commerce, Industry and Trade as well as the European Union Commission in Swaziland.

There were also consultative engagements on the amendments related to legislation administered by the organisation. This was positively received by the stakeholders and they provided constructive feedback. Workshops were held at Ezulwini, Mbabane, Manzini and Matsapha. Other areas were reached through Mobile Tax Clinics which were targeted for Simunye, Siteki, Tshaneni, Buhleni, Pigg's Peak, Mankayane, Nhlangano, Matsapha, Manzini and Mbabane. The clinics were hosted in shopping centres in these areas. Figure 20.0 depicts the number of engagements and mobile clinics hosted. Worth noting is that more than 50% (21) of the workshops and clinics were hosted in the Manzini region and the least number was in the Shiselweni region. This is reflective of the spread of our taxpayers in the country.

Figure 20.0: Engagement workshops by region as at end of 2016/17



SRA now reaching out to taxpayers through Social Media

6.2 Advertising Campaigns

As has been the case since the introduction of the SRA in 2011, a number of advertising campaigns were implemented during the year under review. The campaigns implemented were: "Income Tax Returns Submission and Provisional Tax". Implementation of these campaigns was in the third quarter and these were flighted through billboards along the major roads, i.e., Mbabane-Manzini; Manzini-Nhlangano; Mbabane-Pigg's Peak; Lonhlupheko-Siteki. Newspaper strips as well the SRA website were used to sensitize on the deadline days. The SRA also rolled out public relations campaign themed "Your Taxes @ Work" which is meant to change perceptions towards taxation in general. This campaign will be co-implemented by the SRA and Government in the year 2017/18 and beyond. Below is an impression of one of the billboards to be flighted under the campaign.

6.3 Social Media Based Campaigns.

During the year under review the SRA enrolled into the Social Media space as an additional platform to advertise and engage with the tax paying community and the general public. As a start, the organization adopted Facebook as part of its social media communication strategy. The page was officially launched on the 29th September 2016. This page has been a hive of activity since its launch with a number of 'Facebookers' engaging the SRA on a number of issues and campaigns publicised through this page.

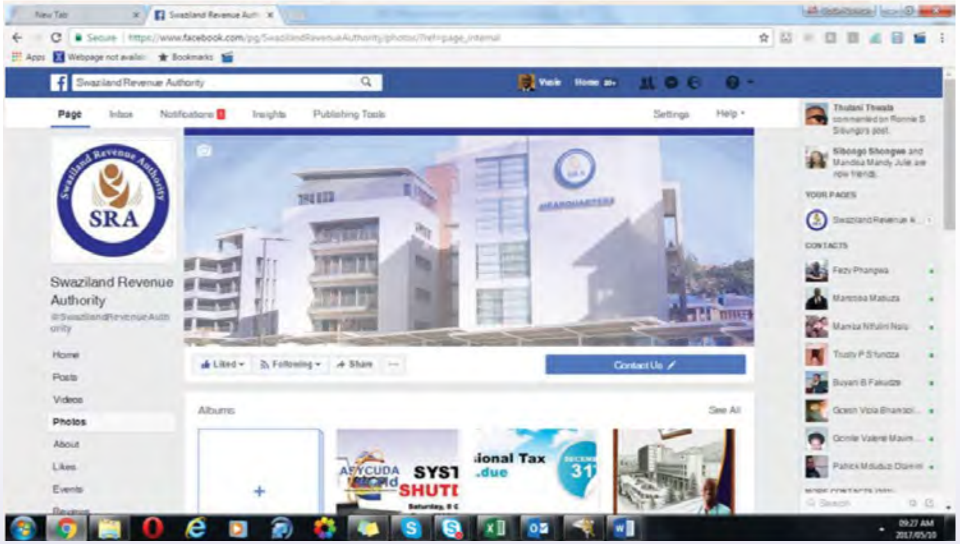


Figure 21.0 depicts the breakdown on the numbers of 'Facebookers' reached for the different campaigns implemented on the platform. Figure 22.0 focuses on what is referred to as organic reach (number of Facebook users reached without advertising costs). A total of 4,146 Facebook

4,146 Facebook users reached on campaigns

users were reached through the different campaigns implemented on this platform. These were early days and the adverts run on this social media platform were not paid for. The highest reach was the Customer Service week which reached more than 1,000 users.

Figure 21.0:Numbers of Facebook Users Reached through advertising campaigns in 2016/17

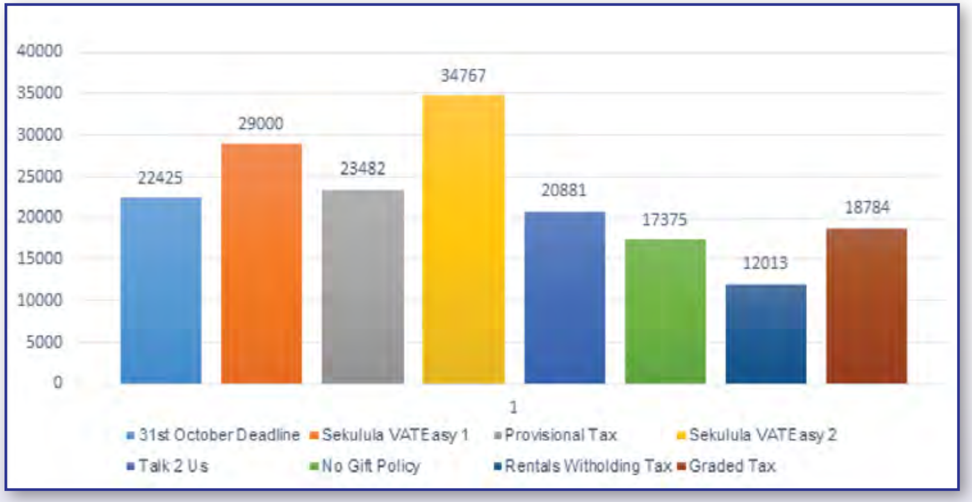
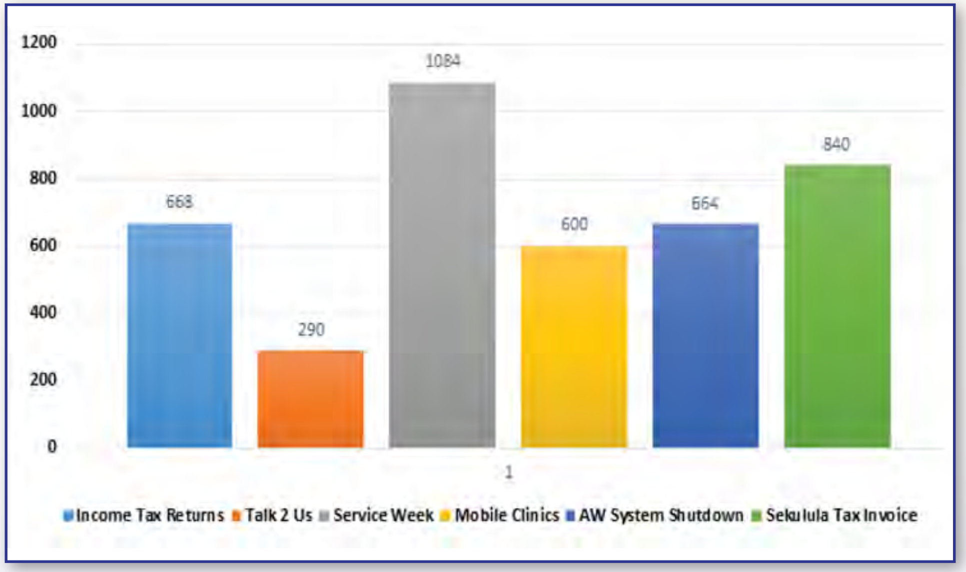


Figure 22.0: Organic Numbers of Facebook Users Reached in 2016/17



With the aim of reaching more Facebook users, payments for adverts run on Facebook was boosted. This resulted in the organization reaching tens of thousands per campaign, the highest being Sekulula VAT Easy, which was run under the banner “Shopping in SA”. Several engagements were done with Facebook users during the advertising campaigns.

Prime Minister submits his Income Tax Returns

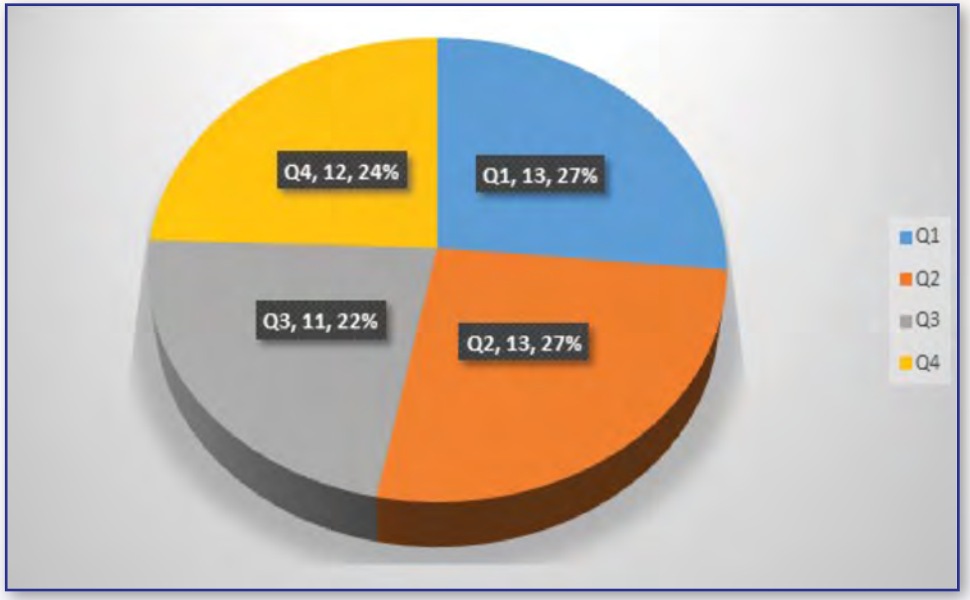
6.4 Public Filing by Prime Minister

On the 27th October 2016, the Right Honourable Prime Minister, His Excellency Dr. Barnabas Sibusiso Dlamini submitted his personal income tax return and that of his several businesses. Other Cabinet Ministers and Stakeholders such as church leaders, business federations and associations joined His Excellency during the event where the Head of Government led the way to demonstrate to the Swazi population the importance of submitting income tax returns. The Prime Minister also addressed members of the Media on the importance of such an initiative as well as tax in general. During the session, he emphasised that those who were not paying their taxes were cheating the country and encouraged all to endeavour to be compliant.

6.5 Live Radio Shows

A total of forty nine (49) live radio shows were aired on SBIS 1 during the reporting period. The shows covered a number of topics ranging from assistance of taxpayers in preparation for the filing season, which was covered in the first quarter to requirements for reconciliation for PAYE; importation of goods and integrity issues, which were focus areas in the other quarters. A graphical presentation of radio shows conducted by quarter in shown in figure 23.0.

Figure 23.0: Radio Shows conducted in 2016/17



The radio shows were evenly distributed during the course of the year. Normally a target of forty eight (48) radio shows is made each financial year. This is to accommodate holidays and the festive season.

The Complaints Management System is now up

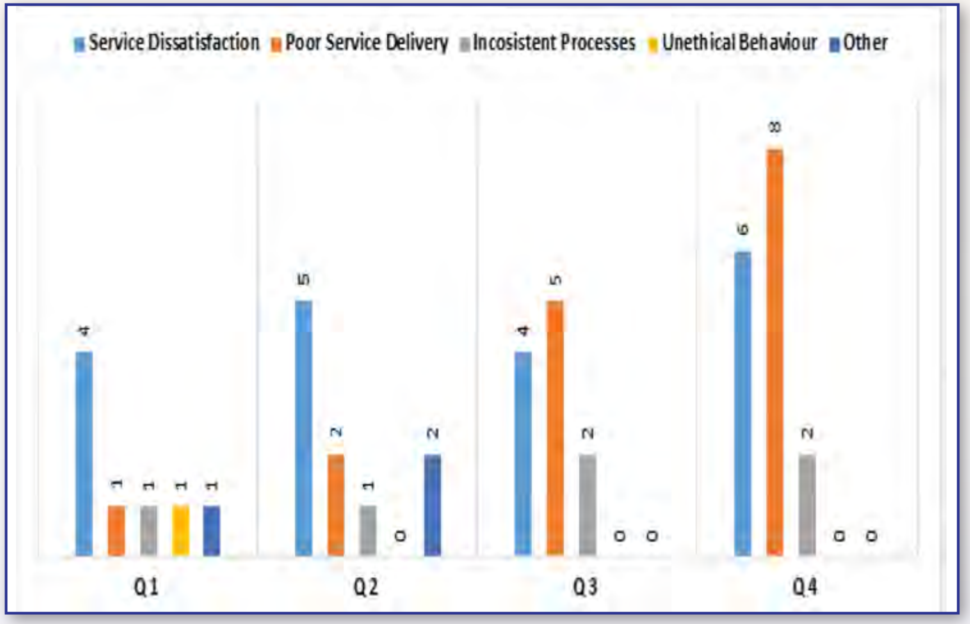
6.6 Customer Satisfaction Survey

Customer service is key to the SRA strategy of driving voluntary compliance. Periodically the organization subjects itself to an independent verification process of how it is doing in this regard. During the year 2016/17, the SRA planned to conduct its third Customer Satisfaction Survey. This survey is meant to measure the level of customer satisfaction in the taxpaying community, stakeholders and the general public who interact with the SRA at different touch points. A supplier of the service was engaged and contract signed by early January 2017. At the end of the reporting period the data collection process had started and the survey was due to be completed in the second week of April 2017. The target for the organisation is 3.3 on a Likert scale of 1 to 4, which equate to 82.5%. A 100% implementation of action items relating to the previous survey was achieved and this was expected to impact the results of the third survey positively.

6.7 Implementation of Complaints Management System

In a bid to improve customer service, the SRA undertook to record and track complaints with a view to resolve them timely. Of the total forty five (45) complaints that were recorded in the system during year under review, 42% of them were on service dissatisfaction. The organisation dealt with all complaints with 81% of the complaints resolved within the set timelines. Figure 24.0 shows a breakdown of the complaints recorded.

Figure 24.0: Complaints Management in 2016/17



6.8 Customer Service Week Implementation

The organisation implemented its first customer service week during the year. The implementation started on the 3rd October extending to the 14th October 2016 under the theme “Service Champions”. This was driven by members of the Customer Service Working Group, an implementation arm of the Customer Service Forum (CSF).

SRA comes 2nd at Customer Service Week Awards

All service points except for Matsapha AGOA participated in this initiative. Members of the Executive Committee led by the Commissioner General participated in the customer service week and provided services at Ngwenya, Corporate Place and Manzini Service Centre. This event was also well covered by the local Media; Times of Swaziland, Swazi Observer, Swaziland Broadcasting and Information Service and Swazi TV. Excelling teams were awarded with vouchers to celebrate achievements together.

6.9 Inaugural National Service Excellence Awards

After hosting the Customer Service week, the SRA was nominated for the inaugural Service Excellence Awards hosted by the Chartered Institute of Customer Management.

There were different categories and the SRA was nominated for the Public Enterprise category in which we were awarded with the 1st runner up after Swaziland Electricity Company (SEC).

6.10 Corporate Social Investment

The organisation continued the implementation of its Corporate Social Investment programme in collaboration with the Ministry of Education and Training.

This is the programme where the SRA supported thirteen (13) teachers who have been enrolled to study Special Needs Education. By the end of the financial year the number was reduced to eleven (11) as one of the beneficiaries graduated with the University of Swaziland whilst another, who was enrolled at the Great Zimbabwe University passed on.

The rest of the teachers were progressing well at the end of the period under review, with all of them having passed and pursuing the next levels in the different institutions, that is; Great Zimbabwe University (GZU) and Southern Africa Nazarene University (SANU). It is expected that the GZU students will complete their studies by the end of December 2017.

The Commissioner General with a Taxpayer during the Customer Service Week

Mananga border construction progressing well

7. ESTATES AND ADMINISTRATION AND PROCUREMENT OF GOODS AND SERVICES

The SRA continued to implement a number of capital projects as part of refurbishing infrastructure to enhance operational efficiencies. The procurement of goods and services was also facilitated in line with the Swaziland Public Procurement Regulatory Agency's (SPPRA) procurement framework.

7.1 Infrastructure Development and Refurbishments

(i) Extension of Lavumisa Border Post

As at the end of the reporting period this project was 98% complete in terms of the overall plan. The Exit Cargo Inspection facility was commissioned in May 2016. The inspection canopy on the incoming cargo side was extended with the aim of improving searching during rainy days.

(ii) Extension of Ngwenya Border Post

The Phase three tender was awarded to CA Construction as the main building contractor for the project. The scope of the tender covers incoming cargo inspection facility, security fencing, Immigration Back Office, Post Office and Roof Improvements. The contractor will be given site possession in April 2017 and the contract period is up to end of November 2017.

(iii) Reconstruction of Mananga Border Post

The Civil Engineering Works (Phase I) was 100% complete as at the end of the reporting period Phase two (building works) started in January 2017, and progress was 12% complete at the end of March 2017. The contract period is up to December 2017.

Board members and SRA Executive visit Mananga Border building site.

(iv) Development of SRA HQ, Ezulwini

Site possession was given to the contractor, Stefanutti Stocks, in September 2016. Progress stood at 12% at the end of March 2017. The sub-structure of the building works was 95% complete. The construction works and relocation of the Head Office team is projected to be completed by end of December 2018.

New SRA HQ sub-structure 95% complete

7.2 Procurement of Goods and Services

The SRA Tender Board held a total of twenty two (22) meetings in the 2016/17 financial year and handled a total of eighty eight (88) requests for approval. Table 11.0 shows the breakdown of the meetings and requests.

Table 11.0: SRA Tender Board Sittings and Request as at 31st March 2017

Item	Quarter One	Quarter Two	Quarter Three	Quarter One	Total
No. of meetings	5	6	4	7	22
No. of request	25	20	19	24	88

The SRA Tender Board approved the appointments of suppliers via the tender process to provide various goods and services to SRA valued at E9,7 million during 2016/17. Table 12.0 indicates the value of procurements awarded by SRA Tender Board via tender to provide for various types of goods and services excluding licensing.

Board members and SRA Executive tour the SRA Headquarters building site in Ezulwini.

Over E9.7m awarded for Procurement of Goods & Services

Table 12.0: SRA Tender Board tender approval statistics as at 31st March 2017

Procurement Type	Value (E)	Value (E)	Value (E)	Value (E)	Value (E)
	Quarter One	Quarter Two	Quarter Three	Quarter Four	Value
Goods	4,418,975	1,447,205	-	-	5,866,180
Services	304,343	3,350,417	202,032	-	3,856,792
Totals	**4,723,318**	**4,797,622**	**202,032**	**-**	**9,722,972**

Table 13.0 indicates the total number of purchase orders and values of procurements awarded by SRA to provide for various types of goods, services and construction services and licensing using all the applicable public procurement methods.

Table 13.0: Procurement statistics for 2016/2017

Item	Quarter One	Quarter Two	Quarter Three	Quarter Four	Total FY 2016/2017
No. of Purchase Orders	233	249	143	267	892
Value Purchase Orders	40,102,880.00	57,762,219.00	382,100,434.50	66,943,885.70	**546,909,419.20**

The new SRA Headquarters which is under construction.

SRA enhances network connectivity at all sites

8. STRATEGY AND MODERNIZATION PROGRAMMES

8.1 Strategic Plan Implementation and Development

The SRA is in its second year of implementing its strategic plan for the 2015/16-17/18 period. This was towards attainment of the organisation's vision of being "modern, credible and customer-centric". In this strategic plan the organisation continued to pursue improvement of efficiencies to deliver on its mandate of revenue collection. Objectives pursued include: optimizing cost of collection; improving taxpayer compliance; improving taxpayer satisfaction; standardising operations and pursuing continuous improvement; embedding effective risk management practices and Business Continuity Management; developing and promoting a legal and regulatory compliance culture; effective usage of technology systems; and, embedding effective change management.

The SRA embarked on a journey to develop its third Strategic Plan for the period 2018/19-20/21. The decision to develop the Strategic Plan was approved by the Governing Board and the development process was guided by an independent consultant who assisted in guiding and facilitating the development of this rolling strategic plan, with emphasis in separating strategic from operational initiatives. In this rolling strategy the objectives have been reduced and translated to strategic projects. The outcome of the strategy development brought in a number of new concepts, which the organization will strive to pursue.

During the development of the strategic plan, three (3) engagement sessions were held with the broader Management of the organization, which included a three (3) days retreat from the 12th to 14th September 2016 at Pigg's Peak Hotel.

8.2 Modernization Initiatives

(a) Network Connection Improvements

The organization enhanced network connectivity resulting in all the SRA sites being connected to the SRA corporate network. About 70% of these sites have dual connection, meaning that they can automatically fall over from one telecom operator's network to the other. The network redundancy has significantly improved network uptime in priority sites. The target is to achieve 99.99% network uptime. The SRA shall engage the network operators to sign service level agreements.

(b) Effective use of technology

The organization launched an initiative to ensure full utilization of investment in information technology (IT). It was identified that part of the reason for not fully exploiting the IT systems was lack of awareness and knowledge of some key functionality in the deployed systems. The major risk of ineffective utilisation of the organisation's IT assets is failure to get the returns from the investments. To address

Matsapha data centre recovery site completed

the risk, the IT department in partnership with system owners started competency based training in the 2016/2017 financial year. Officers are given classroom training on the systems, and at the end of the training sessions the instructors carry out tests to assess the level of understanding by delegates. Video material has been develop to augment the classroom training. The Revenue Management System (RMS) was identified as the pilot system for user training and the training was focused on critical functional areas. The training was classroom based and later video trainings were developed to fast track the training. As at the end of this financial year about 60% of the RMS system modules have training videos material. ASYCUDA training was initiated in February 2017. The plan is to have all internal users take the competency based training by end of third quarter of 2017.

(c) ICT Business Continuity Initiatives

The configuration of replication of data from the production data centre in Mbabane to the Matsapha disaster recovery site was completed in the year under review. This initiative provides back up hardware and data to enable recover should the production site be unavailable due to disasters.

(d) Systems Developed

The organization successfully implemented the following high-impact systems:

(i) Correspondence Management System

The organization successfully provided a platform to route, track and monitor all correspondence received by the SRA. This has eliminated the need for messengers moving documents and has made the tracking of correspondence more effective.

(ii) Performance Management System

The performance management system enables the online assessment of performance eliminating the use of excel spreadsheets and eliminating the previous problem of officers having to deal with multiple versions of their scorecards.

(iii) Data Warehouse Proof of Concept

A proof of concept which forms the basis for the development of an enterprise-wide data warehouse was completed with the assistance from SARS. The initial implementation provides management information system (MIS) reporting for collections and refunds. A robust platform is being built to support the full MIS and enable the business to make analytics-based decisions.

(iv) Mobile Money Payment Integration

The capability to receive tax payments using mobile money was completed. A commercialisation of the service for public consumption will be done in the next financial year. The File Request Processing System (FRPS), the Survey System supporting the Change

You can now pay your taxes via Mobile Money

Management System, and the Closed Loop Feedback System were also developed.

(e) Business Process Management

In the year under review, the organization continued to embed the practice of business process management in a quest for ISO 9001 certification. The organization monitored process conformance and attainment of key performance indicators, through process audits.

In preparation for the new strategy, the organization commenced review of the process construct which was concluded at high-level and indicated an approach for business process reengineering.

MTN Swaziland and SRA officials at the launch of "pay your taxes via Mobile Money".

Legal & Regulatory Compliance Framework rolled out

9. GOVERNANCE

The SRA continued to strive to implement and maintain sound governance principles, structures and processes during the year under review. The organization continued to uphold good governance and assurance principles through the internal audit and internal affairs functions, as well as ensuring the management of risk and sound business continuity measures.

9.1 Legal Services

9.1.1 Litigation

There were thirty one (31) new cases that were dealt with in the year under review. Eight (8) cases were concluded and four (4) judgments were issued, of which three (3) were in the SRA's favour.

9.1.2 Corporate Legal Services

The SRA Legal and Regulatory Compliance Framework was rolled out fully during the year under review. From the initial baseline of 80% compliance with the identified regulatory universe, the compliance rate at the end of 2016/17 was 98%. The organisation has demonstrated throughout the year its commitment to compliance with legislation.

9.1.3 Contracts

Thirty four (34) Agreements were concluded for the provision of goods and services. In addition, various Memoranda of Understanding (MoU) were concluded with other entities. The purpose of concluding these MoUs is to facilitate co-operation in capacity building and other areas of common interest, as well as exchange of information within the ambit of each entity's legislation. Table 14.0 outlines international and third party agreements handled in the period under review.

Entities engaged and which SRA entered into MOUs include:

1. The Swaziland Public Procurement Regulatory Agency.
2. The Swaziland Civil Aviation Authority.
3. The Office of the Director of Public Prosecutions, also to map out the working relationship between the two entities.
4. The Mozambique Revenue Authority.

Table 14.0: International and Third Party Agreements handled in 2016/17

Third Party	Purpose of Agreement	Date
DTA with the United Arab Emirates	Conclusion of a new Double Taxation Avoidance Agreement with the UAE.	Dec. 2016.
SACU Agreement Annex E	Exchange information between Member States and to connect their systems to facilitate that exchange of information. A major milestone in the combating of cross-border fraud and the evasion of payment of taxes and duties.	March 2017.
SADC Agreement on Assistance in Tax Matters	Enable Member States to exchange information, conduct joint investigations, facilitate audits in each other's jurisdictions and assist each other in the collections of taxes in those jurisdictions. These are effective tools to detect fraud and recover unpaid taxes.	August 2016.

Corporate Governance Framework developed

9.1.4 Governing Board Meetings

The SRA Governing Board subscribes to the principles prescribed in the King Reports. The Governing Board reviewed the terms of reference of all the sub-Committees in line with the mandate to periodically review its terms of reference. The review was also to streamline the functions of the Audit and Risk Committee and the Finance and Tender Committee. A Corporate Governance Framework was also developed and approved by the Governing Board.

The Governing Board also took part in the following governance training initiatives:

(i) A workshop on the new King IV Report hosted by SAMKHO in collaboration with the Institute of Directors Southern Africa, was attended by the Governing Board together with the Executive Management;

(ii) An ICT Governance workshop hosted by PwC, the purpose of which was to introduce both Management and the Governing Board to the importance of ICT Governance.

The Governing Board and its Committees met as outlined in table 15.0 during the FY 2016/17.

Table 15.0: Governing Board Sessions in 2016/17

Governing Board and Sub-Committees	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Audit Committee	8th June 2016	10th August 2016	23rd November 2016	1st March 2017
Human Resources and Ethics Committee	15th June and 27th July 2016	24th August 2016	9th November 2016	25th January 2017
Finance and Tender Committee	8th June 2016	10th August 2016	23rd November 2016	1st March 2017
Full Board	29th July 2016	15th September 2016	1st December 2016	20th March 2017

9.2 Enterprise Risk Management

The SRA continued to prioritize the embedding of effective risk management practices in the organization in the year under review. The Enterprise Risk Management (ERM) framework, policies and processes in place guide the process. The Audit and Risk Committee of the Governing Board continued to provide an independent oversight role in the risk exposure of the SRA. The Risk Management Committee consisting of senior management provided strategic oversight of the process and risk exposures.

SRA's risks identified and mitigations put in place

An ERM Maturity Index was developed and is being used to inform the annual milestones as the culture is being embedded throughout the organization. During the year under review, ERM Maturity Index target was attaining Level 2.5 whose key deliverable included the introduction of key risk indicators in the organization. These are quantifiable early warning indicators used in risk management to assist the organization monitor its level of exposures to key risks over time, signalling changes in the exposures. These key risk indicators were identified at strategic and departmental level with the relevant tolerance levels and were monitored monthly. The organization managed to achieve 97% of the Index target as at year end.

During the year under review the SRA's top ten risks were also identified and mitigating actions put in place after an in-depth assessment of the risks. Implementation of the mitigating actions were monitored monthly.

Below are the SRA's top ten risks in 2016/17:

1. Unavailability of automated systems;
2. Insufficient Government Funding;
3. Inability to attract and retain required talent;
4. Unsatisfactory levels of voluntary compliance;
5. Increase in incidents of external fraud;
6. Deterioration in the cost to revenue ratio;
7. Inability to move to the new Head Quarters on time;
8. Ineffective utilization of technology systems;
9. Failure to meet Domestic Revenue target;
10. Potential labour unrest.

9.3 Business Continuity Management

During the year under review, a Business Continuity Management (BCM) risk assessment and a comprehensive Business Impact Analysis for the SRA's critical processes was undertaken and approved. This process further enabled the review of documented Business Recovery Plans as well as IT Recovery Plans. In addition IT Recovery Procedures for the various SRA systems were documented and approved.

9.4 Internal Audit

The internal audit function endeavours to execute its function of providing independent and objective assurance on the adequacy and effectiveness of the SRA's governance, risk management and control processes. The organization follows a risk based auditing principles plan. The annual audit plan is reviewed and reassessed on a quarterly basis or as and when some high risks areas are discovered.

As at the end of the financial year, twenty five (25) audits were completed which were focused on high and very high-risk areas within the organization. Eight (8) of these completed audits were follow-up audits from the previous financial year (2015/16) and the rest were new audits for the year. Out of seventeen (17) main audit reports issued; 76% of them received a "significant improvement required" audit opinion, 18% received "minor

A total of 96 whistle-blowing reports received

improvement required" audit opinions and one (1) audit representing 6% was rated "unsatisfactory". Four (4) audits are being deferred to the next financial year.

The implementation of the combined assurance model, which aimed at avoiding some duplication of efforts amongst the organization's assurance providers was also achieved in the year under review. The SRA is working on introducing an Audit Issue's Policy that will guide the organization on how issues should be managed after the final audit report has been issued. This policy will also set guidelines and thresholds of acceptable levels of failed issues, overdue issues and on time remedial of management actions.

9.5 Internal Affairs

9.5.1 Investigations

(i) Whistleblowing Reports

A total of ninety-six (96) whistleblowing reports were received mainly through the **800 8000** SRA Toll-Free reporting line. Thirty-one (31) of these were converted into internal investigations, while forty (40) cases were transferred to other agencies as follows; seven (7) to the Royal Swaziland Police (RSP) and two (2) to the Anti-Corruption Commission (ACC). Thirty one (31) were transferred to internal units for further processing. Twenty-two (22) cases were declined consideration for being false on enquiry; and three (3) were pending further information at the end of the period under review.

(ii) Active Investigations

Forty-eight (48) investigations were handled within the year under review and seventeen (17) of these were inherited from the previous reporting year. Six (6) investigations resulted in disciplinary cases while thirty-two (32) were closed for lack of evidence to sustain disciplinary action. There is a balance of ten (10) active investigations that remained pending at the close of the year under review and these have been carried forward to the next financial year.

(iii) Case Classifications

The matters investigated include conflict of interests, bribery and collusion, goods smuggling, tax compliance certificate fraud and revenue theft. A summary of the investigations handled is presented in table 16.0.

Public & staff sensitized to dangers of corruption

Table 16.0: Summary of investigations handled as at 31st March 2017

Items	Whistle Blowing Report	Investigations
Balance b/f (2015/16)		17
Newly registered investigations		31
Sent to disciplinary hearings		-(6)
Closed for lack of evidence		-(32)
Reports converted into investigations	31	
Transfer to RSP & ACC	7	
Transfer to Internal Units	33	
Declined Reports	22	
Pending Reports	3	
Total	**96**	**10**

9.5.2 Integrity Awareness

Table 17.0 outlines the initiatives undertaken to educate or sensitize the public and staff on the dangerous effects of corrupt practices and ancillary vices during the period under review:

Table 17.0: Integrity Awareness Campaigns conducted in 2016/17

Item #	Activity	Objective
1	**Radio Talk Shows** (Dates: 17th & 24th August 2016; 1st - 9th November 2016 and 8th March 2017)	Foster public support on SRA intergrity initiatives; encourage and promote whistleblowing and toll-free reporting line 800 8000.
2	**Workshops & Staff Induction** (Period: April 2016 - March 2017)	Sensitize staff on SRA ethics and policies and demystify the Internal Affairs Function.
3	**Trade Fair Participation** (26th August 2016 - 5th September	Encourage whistleblowing & foster public support on organizational integrity programs.
4	**Leaflet dissemination** (April 2016 - March 2017)	Dissemination of SRA **"I Refuse to be Silent"** leaflet at strategic places to encourage whistleblowing on corruption, fraud and other vices.
5	**SRA Facebook page** (December 2016)	Promote whistleblowing and sensitizing public on SRA **"No Gift"** stance
6	**Business Year Book** (December 2016)	Advertising whistleblowing toll-free Line 800 8000 plus other modes of reporting through the "I refuse to be Silent" poster.
7	**Electronic email signature** (From March 2017 till date)	Advertisement of whistleblowing channels and toll free number on corruption fraud and other vices through staff email signature
8	**SRA Website Update**	Advertise the modes of whistleblowing through the floating of the **"I refuse to be Silent"** poster.

Staff asked to make income & asset declarations

9.5.3 Good Governance: Transparency and Accountability

(i) Income and Asset Declaration

A call to make income and asset declarations as per the dictates of the SRA Employee Code of Ethics and Conduct was made to all employees in June 2016. These declarations were subjected to assessments with a view of monitoring staff life-styles. Pivotal to this is elimination of unexplained wealth, potential conflict of interests and instances of non-compliances with the Organization's ethics policies. No significant issues were uncovered during the period under review.

(ii) Gifts, Benefits and Hospitality

All unsolicited gift items received by members of staff were noted in the Organization's Gift Register and disposed of in terms of the Gift, Benefits and Hospitality Policy.

There were various gift items declared by staff members during the period under review, ranging from edibles, stationery with an estimated value of E11,650 and money totalling to E1,095.

Staff engaging public at the Trade Fair on "I refuse to be silent" campaign

The employee composition shows more females

10. ORGANIZATIONAL LEARNING AND GROWTH

The SRA recognises that its sustainability and effectiveness lies in the capabilities and performance of its people. The activities to maximise their capabilities and performance continued to be prioritised during the financial year 2016/17.

10.1 SRA Workforce Profile

The SRA's employee headcount as at 31st March 2016 stood at six hundred and sixty two (662), excluding temporal employees. Temporal employees engaged during the year were thirty-eight (38). Eighteen (18) employees were recruited in the period under review and the staff attrition stood at thirty-eight (38) employees. Table 18.0 and Table 19.0 as well as figure 25.0 summarize the SRA employee composition; employee composition by gender and the employee exit statistics respectively.

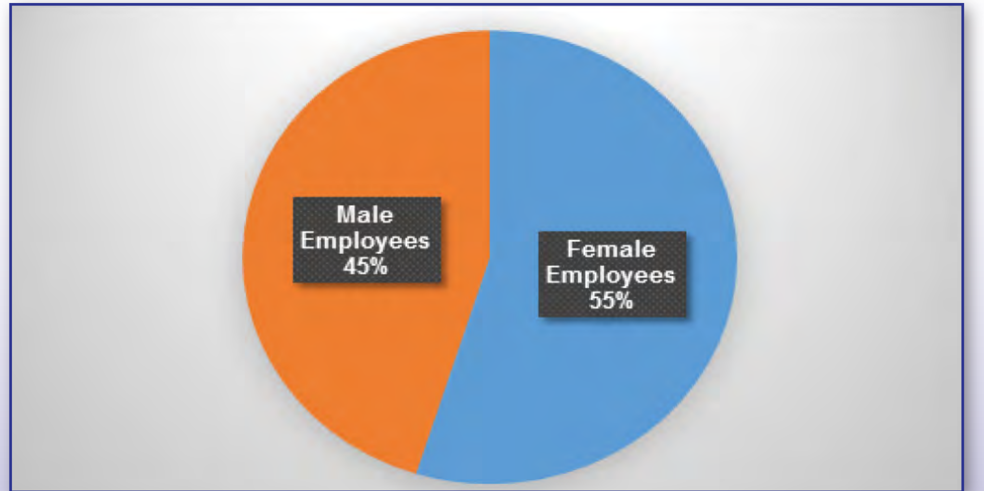
Table 18.0: Employee composition as at 31st March 2017

Employment Category	Number of Employees
Permanent Employees	662
Internship Employees	4
Temporal Employees	38
Recruited Employees	18

Table 19.0: SRA Employee Exit Statistics as at 31st March 2017

Exit Reasons	Number of Employees
Resignation	24
Dismissal	4
End of Contract	7
Death	1
Retirement	2
Total	**38**

Figure 25.0: SRA Employee Composition by Gender as at 31st March 2017



19 SRA employees granted study loans

10.2 Employee Training, Leadership and Management Development Initiatives

The SRA believes that the opportunity for development is key to attracting and retaining the right people, and this forms a significant part of our value proposition to current and future employees. The Study Loan Policy saw nineteen (19) employees being granted study loans, to the value of E280,000 to further their academic study towards tax/revenue administration related qualifications. Nine (9) employees successfully finished their studies and were reimbursed their study loans.

10.3 People and Culture

A unique culture can build sustainable long-term competitive advantage and will help to attract and retain talent. The necessity to understand how our people perceive, feel and are experiencing our organization is key to enabling the achievement of our vision and creating a high performance culture.

The 2014 staff climate survey results set the benchmark that allows for annual tracking into the future. During the reporting period, management drew and successfully executed an action plan based on the individual statements that recorded low scores with the aim to improve future results. The objective is to promote effective management that is key in our pursuit to developing a high-performance culture.

10.4 Employee Relations

During the year under review, Management and the Staff Associations developed a framework for negotiating a collective agreement. Management and the Union concluded the Union Recognition and Procedural Agreement.

10.5 Employee Value Proposition (EVP)

The SRA employee value proposition strategy (EVP) was developed and presented to the Governing Board. The EVP is the offering made by the employer to the employee in return for the employee contribution to the employer's business. The purpose of the EVP is to implement an employee engagement strategy that:

1. Is employee centred;
2. Gives prospective and current employees compelling reasons to choose to work for SRA;
3. Goes beyond the material and financial considerations;
4. Considers the entirety of the employment experience of the employee at SRA;
5. Answers why the total work experience at SRA is superior to that of other organizations.

10.6 SRA Employee Value Proposition Statement

Our Employee Value Proposition is premised on that SRA employs people who value:

Drive to keep top talent on board implemented

i. People (Inspired people inspiring others);
ii. Work/ Life balance (encourage work and out of work achievement);
iii. Certainty and Stability (SRA future a shared responsibility);
iv. Professional autonomy (Freedom within professional boundaries);
v. Varied, Interesting and Challenging work assignments (Excite and Energize);
vi. Timeous feedback (Attentive and Responsive Supervision);
vii. Credible leadership (Inspire by example);
viii. Growth opportunities (Empower and coach);
ix. Competitive pay and benefits (Reward adequately);
x. Adequate work environment (Demonstrate value and care);
xi. Collegiality (Nurture supportive teams);
xii. Reputation for high performance (Commit to higher standards);
xiii. Recognition (Celebrate individual and team achievements).

The SRA pledges to continuously deliver on these attributes to improve the employment experience of SRA people.

10.7 Talent Management and Staff Retention Strategies

The SRA continues to uphold that all staff are talented in unique and different ways; talent exists at all levels in the organisation; some talent and skills are more scarce than others and require a unique organisational response to attract and retain scarce high-impact / high-potential talent. The organisation implemented some of the following retention strategies to keep the organisation's top talent on board. The initiatives undertaken are outlined in table 20.0.

Table 20.0: Talent Management initiatives undertaken in 2016/17

Initiative	Purpose of Initiative
Staff retention at the recruitment stage - Targeted Selection Training	The objective of the training was to ensure that the screening, interviewing and selection processes deliver high-quality candidates that will produce desired results for the organization.
Working environment.	Creating and maintaining a workplace that attracts, retains and nourishes good people.
Employee relationship strategies.	How we treat our people and how they treat each other.
Employee remuneration, recognition and reward.	• Influence the organisation's employer brand positively in order to attract and retain excellent people. • Assist in creating and enforcing a high performance culture. • Motivate and challenge staff to achieve more than just satisfactory performance levels. • Ensure that all employees are recognised and rewarded for their performance in a fair and equitable manner.

Consultant appointed to review bonuses

10.8 Development of Remuneration Structure and Salary Increase Approach

The organisation appointed a remuneration consultant to conduct a salary benchmarking on the basis of which to develop a remuneration structure. The structure has been submitted to the Public Enterprise Unit (PEU) for presentation to the Standing Committee on Public Enterprises (SCOPE) for approval to implement. As at the end of the reporting period, the approval of the proposal was pending at the PEU.

Taxpayers being assisted in one of the SRA's Mobile Clinics.

10.9 Short Term Incentive / Bonus Scheme

During the reporting period the organisation appointed a consultant to review the bonus scheme. The key recommendations regarding the bonus structure are the following:

i. A structured method of determining short term incentive (STI) payments for each eligible individual;

ii. The incorporation of 'on-target percentages' linked to market norms to indicate a 'pro-forma STI', i.e., an STI payment which would be payable to an individual if they have performed satisfactorily, and the organization has achieved targeted performance;

iii. The use of both personal and organizational performance to adjust the pro-forma STI to give a final STI payment which reflects each individual's performance during the year; and,

iv. The use of financial performance metrics to manage the costs of the STI for the organization.

10.10 Knowledge Management

During the reporting period the organisation embarked on its Knowledge Management journey. The following milestones were achieved:

i. Training of key focal people;

ii. Development and approval of Knowledge Management Policy;

iii. Approval of SRA Knowledge Management Road Map.

SRA employees trained on health issues

10.11 Employee Wellbeing

The SRA Employee Wellbeing Programme offers a holistic solution that focuses on all aspects of the individual functioning. The employee wellness initiatives that were carried out during the reporting period are outlined in table 21.0.

Team SRA during 2017 Sibebe Challenge

Table 21.0: Employee Wellness initiatives rolled out in 2016/17

Wellness Initiative	Target Audience and Purpose	No. of staff that attended	Service Provider
"Kudliwa Inhloko"	Men`s health awareness sessions on: • Prostate cancer. • Kidney disease. • Sexual health.	**158**	Swaziland Business Coalition Against HIV (SWABCHA).
Egumeni bomake"	Women empowerment sessions on: • Swazi marriage legislation, implication for women in the various marriages they are in or intend to adopt. • Estates managing and distribution at the death of a spouse. • Writing a Will. • Domestic abuse - signs and interventions.	**253**	Women and Law Swaziland
Voluntary Counselling Sexually Transmitted Illness Awareness.	Sensitise staff on safe sexual & Testing and behaviours.	**343**	SWABCHA.
National Wellness Initiatives attended	• Cheshire Homes Aerobics. • Annual Financial Services Regulatory Authority (FSRA) Marathon. • Sibebe Hiking • Breast Cancer Brave Walk. • Imbube Marathon. • Tuff One Marathon	**161** **46** **204** **137** **97** **40**	

FINANCIAL STATEMENTS

SWAZILAND REVENUE AUTHORITY
(Own Accounts)

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

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STATEMENT OF RESPONSIBILITY BY THE BOARD MEMBERS

for the year ended 31 March 2017

The Board Members are responsible for the preparation and fair presentation of the financial statements of the Swaziland Revenue Authority ("the Authority"), comprising the statement of financial position as at 31 March 2017, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, and the Board Members' Report in accordance with International Financial Reporting Standards and in a manner required by the Revenue Authority Act, 2008.

The Board Members are also responsible for such internal control as the Board Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The Board Members have made an assessment of the ability of the Authority to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of financial statements

The financial statements of the Authority, as identified in the first paragraph, were approved by the Board Members and signed on its behalf by:

Board Chairperson	14/06/2017 **Date**
Commissioner General	14/06/2017 **Date**

INDEPENDENT AUDITOR'S REPORT

To the Governing Board of Swaziland Revenue Authority

Opinion

We have audited the financial statements of Swaziland Revenue Authority, "the authority", set out on pages 52 to 84, which comprise the statements of financial position as at 31 March 2017, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the board members' report.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the authority as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Revenue Authority Act, 2008.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the authority in accordance with the Swaziland Institute of Accountants Code of Professional Conduct (SIA Code) and other independence requirements applicable to performing audits of financial statements in Swaziland. We have fulfilled our other ethical responsibilities in accordance with the SIA Code and in accordance with other ethical requirements applicable to performing audits in Swaziland. The SIA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The board members are responsible for the other information. The other information comprises the statement of responsibility by the board members attached to the financial statements. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board Members for the Financial Statements

The authority's board members are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in the manner required by the Revenue Authority Act, 2008, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board members are responsible for assessing the authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board members either intend to liquidate the authority or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board members.

- Conclude on the appropriateness of the board members' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the authority to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board members with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

KPMG

VM Nkabindze
Partner

1. Nature of Business

Swaziland Revenue Authority (SRA or the Authority) is a semi-autonomous statutory body established by an Act of Parliament (Revenue Authority Act, 2008) as part of the Government's reform strategy for revenue administration. SRA is charged with the mandate of a) assessing and collecting tax on behalf of the Government, and b) administering and enforcing the revenue laws, which include the Customs and Excise, Income Tax and Value Added Tax.

For financial reporting purposes, the financial statements of SRA are reported as: Administered Government Revenue Accounts and SRA Own Accounts. The Administered Government Revenue Accounts cover transactions relating to the revenue collected on behalf of the Government. The SRA Own Accounts cover those operational revenues, such as funding received from Government, which are managed by SRA and utilised in running the organisation. The purpose of the distinction between the two sets of financial statements is to facilitate, among other things, the assessment of the administrative efficiency of SRA in achieving its mandate. The financial statements are reported in Emalangeni. The administered Government Revenue accounts are audited by the Auditor General.

2. Financial Performance

The recurring expenditure for the year amounted to E377 883 329 (2016: E356 356 007). The Authority incurred capital expenditure of E169 203 637 (2016: E129 377 895) on property, plant and equipment and intangible assets. Of this amount, E150 388 427 (2016: Enil) relates to work in progress (SRA Headquarters and Mananga Border Extension) funded through a loan financing arrangement with the Public Service Pension Fund. Part of this full details of the financial results are set out on pages 62 to 84.

3. Cashflow for the year

Cash and cash equivalents at the end of the financial year were E218.145 million (2016: E38.177 million). A detailed statement of cash flows is on page 61.

4. Transfer of Fixed Assets to the Authority by Government

In terms of the Memorandum of Agreement between the Government of Swaziland and the Swaziland Revenue Authority, the former is supposed to transfer all assets occupied and utilised by the Department of Customs and Excise and the Department of Taxes in accordance with any legal requirement that pertains to ceding associated property rights by the Government to SRA. Even though these assets were being utilised by SRA at 31 March 2017, the formal transfer process had not been undertaken by Government. These have however been capitalised on the basis of the right of use granted in terms of the Memorandum of Agreement and the Revenue Authority Act, 2008.

5. Corporate Governance Issues

Corporate Governance:

In compliance with good corporate governance principles, the Authority has operated and maintained the following Board Committees: Audit Committee, Finance and Tender Committee, Human Resource and Ethics Committees which remained effective throughout the accounting period.

Social Responsibility:

The Authority continued to give back to the society it operates in. In the year under review a total of E1.476 million (2016: E996 415) was spent in support of teachers and disabled students. This was achieved through an existing partnership with the Ministry of Education and Training.

The Authority's fully-fledged Wellness Office continues to service the needs of its staff and enhance their wellbeing to continue its mission in a healthy environment. The Authority continues to participate in Southern African Inter Revenue Games, having hosted such in 2016.

6. Board Members

The Board Members are appointed by the Minister of Finance. The following members served on the board during period under review:

Non-executive Board Members

Chairperson

Mr. Ambrose Dlamini

Board Members

Mr Sthofeni Ginindza	-	Vice Chairperson
Mr Majozi Sithole	-	Member
Mr Mhlabuhlangene Dlamini	-	Member
Mr Bonginkosi Nsingwane	-	Member
Ms Khethiwe Mhlanga	-	Member
Mr Bheki Bhembe	-	Member

Executive Member

Mr Dumisani Masilela	-	Commissioner General

7. Bankers

The following financial institution was the banker of the Authority during the year:

Business address	Postal address
Nedbank Swaziland Limited	Nedbank Swaziland Limited
3rd floor Nedbank Centre	P O Box 70
Corner of Dr. Sishayi & Sozisa Roads	Mbabane
Swazi Plaza, Mbabane	H100
Swaziland	Swaziland

8. Investment Managers

The following financial institutions were the investment managers of the Authority during the year:

Business address	Postal address
African Alliance	African Alliance
2nd Floor Nedbank Centre	P O Box 5727
Corner of Dr. Sishayi & Sozisa Roads	Mbabane
Swazi Plaza, Mbabane	H100
Swaziland	Swaziland

8. Investment Managers (continued)

Business address	Postal address
STANLIB Swaziland Limited	STANLIB Swaziland Limited
1st Floor Ingcamu Building	P O Box A294
Mhlambanyatsi Road	Swazi Plaza
Mbabane	Mbabane
Swaziland	Swaziland

9. Business and postal address of the Authority

Business address	Postal address
Sibekelo Building	P O Box 5628
Mbabane Office Park	Mbabane
Mbabane	H100
Swaziland	Swaziland

10. Auditors

The auditors of the Authority are:

Business address	Postal address
KPMG Chartered Accountants	KPMG Chartered Accountants
(Swaziland)	(Swaziland)
Umkhiwa House	P O Box 331
Lot 195 Kal Grant Street	Mbabane
Mbabane	H100
Swaziland	Swaziland

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2017

	Note	2017 E	2016 E
Income			
Government funding for recurring expenditure	7	**377 883 329**	356 356 007
Other income		**153 234**	349 735
Profit on disposal of assets	8	**953 203**	35 096
Total income		**378 989 766**	356 740 838
Expenses			
Administrative expenses		**(138 457 216)**	(127 983 800)
Staff salaries and benefits	10	**(239 426 113)**	(228 372 207)
Operating surplus	8	**1 106 437**	384 831
Finance income	9	**4 416 259**	4 746 951
Finance cost	9	**(814 303)**	(682 705)
Surplus for the year		**4 708 393**	4 449 077
Other comprehensive income			
Items that will never be reclassified to profit or loss		**-**	-
Items that are or maybe reclassified to profit or loss		**-**	-
Total comprehensive income for the year		**4 708 393**	4 449077

STATEMENT OF FINANCIAL POSITION
for the year ended 31 March 2017

	Note	2017 E	2016 E
Assets			
Non-current assets			
Property, plant and equipment	11	**475 575 758**	325 909 431
Intangible assets	12	**18 862 364**	41 120 194
		494 438 122	367 029 625
Current assets			
Inventory	13	**1 370 879**	653 739
Trade and other receivables	14	**6 608 319**	2 987 902
Cash and cash equivalents	15	**218 145 148**	38 177 192
		226 124 346	41 818 833
Total assets		**720 562 468**	408 848 458
Equity			
Accumulated Surplus		**40 950 272**	36 241 879
		40 950 272	36 241 879

	Note	2017 E	2016 E
Liabilities			
Non-current liabilities			
Borrowings	19	**276 965 088**	3 099 140
Deferred grant income	17	**311 197 369**	335 120 045
Total Non-current liabilities		**588 162 457**	338 219 185
Current liabilities			
Trade and other payables	18	**44 643 977**	18 771 124
Employee benefits provision	16	**6 385 995**	14 045 906
Borrowings	19	**1 705 420**	1 570 364
Deferred grant income	17	**38 714 347**	-
Total current liabilities		**91 449 739**	34 387 394
Total liabilities		**679 612 196**	372 606 579
Total Equity and liabilities		**720 562 468**	408 848 458

	Accumulated surplus E	Total E
Balance at 31 March 2016	**36 241 879**	**36 241 879**
Total comprehensive income for the year	**4 708 393**	**4 708 393**
Balance at 31 March 2017	**40 950 272**	**40 950 272**
Balance at 31 March 2015	31 792 802	31 792 802
Total comprehensive income for the year	4 449 077	4 449 077
Balance at 31 March 2016	36 241 879	36 241 879

STATEMENT OF CASH FLOW
for the year ended 31 March 2017

	Note	2017 E	2016 E
Cash flows from operating activities			
Cash utilised by operations	20	**(314 452 450)**	(334 334 137)
Interest received	9	**5 431 262**	4 746 951
Interest paid	9	**(9 436 426)**	(682 705)
Net cash utilised in operating activities		**(318 457 614)**	(330 269 891)
Cash flows from investing activities			
Acquisition of property, plant and equipment	11	**(169 203 637)**	(101 675 871)
Proceeds from sale of property, plant and equipment		**953 203**	85 000
Acquisition of intangible assets		**-**	(15 120 015)
Net cash utilised in investing activities		**(168 250 434)**	(116 710 886)
Cash flows from financing activities			
Net grant funding received from the Government	17	**392 675 000**	371 419 500
Increase/(decrease) in borrowings		**274 001 004**	(1 757 493)
Net cash generated from financing activities		**666 676 004**	369 662 007
Net increase/ (decrease) in cash and cash equivalents		**179 967 956**	(77 318 770)
Cash and cash equivalents at beginning of the year		**38 177 192**	115 495 962
Cash and cash equivalents at end of the year	15	**218 145 148**	38 177 192

1. General information

Swaziland Revenue Authority (SRA or the Authority) is a semi-autonomous statutory body established by an Act of Parliament (Revenue Authority Act, 2008) as part of the Government's reform strategy for revenue administration. SRA is charged with the mandate of a) assessing and collecting tax on behalf of the Government, and b) administering and enforcing the revenue laws, which include the Customs and Excise, Income Tax, and the Value Added Tax, respectively. The Value Added Tax Act came into effect on 1 April 2012, replacing the repealed Sales Tax Act.

For financial reporting purposes, the financial statements of the Revenue Authority are reported as: Administered Government Revenue Accounts and SRA Own Accounts. The Administered Government Revenue Accounts cover transactions relating to the revenue collected on behalf of the Government. The SRA Own Accounts cover those operational revenues, such as funding received from Government, which are managed by SRA and utilised in running the organisation. The purpose of the distinction between the two sets of financial statements is to facilitate, among other things, the assessment of the administrative efficiency of SRA in achieving its mandate. The Administered Government Revenue accounts are audited by the Auditor General.

2. Basis of preparation

(a) Statement of compliance

The financial statements of Swaziland Revenue Authority have been prepared in accordance with International Financial Reporting Standards and in compliance with the Revenue Authority Act of 2008.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Swaziland Lilangeni, which is the Authority's functional currency. All financial information presented in Lilangeni has been rounded to the nearest one.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following note:
Note 11 - Plant and equipment (useful lives)
Note 21 - Receivables impairment allowance
Note 12 - Intangible Assets

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the company's next financial statements are included in the notes.

Measurement of fair value

A number of the Authority's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Authority has established a control framework with respect to the measurement of fair values.

When measuring the fair value of an asset or a liability, the Authority uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 Quoted prices (unadjusted) in active markets for identified assets or liabilities.

Level 2 Inputs other than quoted prices included under Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 Inputs for assets and liabilities that are not based on observable market data (un-observable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Authority recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about assumptions made in measuring fair values is included in note 5.

3. Summary of significant accounting policies

(e) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it probable that future economic benefits associated with the expenditure will flow to the Authority.

Depreciation
Office furniture and fittings, office equipment, computer equipment and motor vehicles are depreciated on a straight line basis over their current anticipated useful lives.

The rates of depreciation used are based on the following estimated current useful lives:

Computer equipment	3 years
Office equipment	3 years
Motor vehicles (owned and leased)	5 years
Leasehold Improvements	5 years
Office furniture and fittings	10 years
Buildings	50 years
Containers	15 years

The basis of depreciation, useful lives and residual values are assessed annually.

Land is not depreciated.

(f) Intangible Assets

Computer software and capitalised development costs
Software acquired by the Authority is measured at cost less accumulated amortisation and any accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Authority is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs, and are amortised over its useful life. Internally developed software is measured at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Software is amortised on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software for the current and comparative periods is three to six years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(g) Financial Instruments

(i) Non-derivative financial assets
The Authority initially recognises loans and receivable deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Authority becomes a party to the contractual provisions of the instrument.

The Authority derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained by the Authority is recognised as a separate asset or liability.

(g) Financial Instruments (continued)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Authority has a legal right to offset the amounts and intends either to settle on a net basis or to realise the assets and settle the liability simultaneously.

(i) Non-derivative financial assets (continued)

The Authority has the following non-derivative financial assets:

Loans and receivables:
Loans and receivables are financial assets with fixed determinable payments that are not quoted on an active market. Such assets are recognised initially at fair value plus any directly attributed transactions costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management are included as part of cash and cash equivalents for the purposes of the statement of cash flows.

(ii) Non-derivative financial liabilities
Non derivative financial liabilities are recognised initially on the trade date at which the Authority becomes a party to the contractual provisions of the instrument.

The Authority derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Authority has the following non-derivative financial liabilities: loans and borrowings, and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

(h) Impairment

(i) Financial assets
A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be reliably measured.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount owing to the Authority on terms that the Authority would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security.

The Authority considers evidence of impairment for receivables at both a specific and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

(h) Impairment (continued)

Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Authority uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected as an allowance account against receivables.

Interest on impaired assets continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of the impairment to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non financial assets

The carrying amount of the Authority's non financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash generating unit or CGU).

The Authority's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Inventory

Inventories are valued at the lower of cost and estimated net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Inventory comprises consumables, IT spares, kitchen equipment, utensils and stationery.

(j) Revenue

Revenue comprises the fair value of the consideration received or receivable for services in the ordinary course of the Authority's activities.

The Authority recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Authority and specific criteria have been met for each of the Authority's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the transaction have been resolved. The Authority bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised as follows:

Government funding

SRA is funded through funds appropriated by Parliament on an annual basis and disbursed by the Ministry of Finance and Ministry of Economic Planning and Development.

Government funding relating to the recurrent expenditure of SRA, disbursed for the purpose of giving immediate financial support to SRA with no future related costs, are recognised in profit or loss in the period in which they become receivable.

(k) Finance income and finance costs

Interest income is recognised as it accrues in profit or loss, using the effective interest rate method.

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(l) Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, the Authority determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Authority the right to control the use of the underlying asset.

At inception or upon re-assessment of the arrangement, the Authority separates payments and other considerations required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Authority concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Authority's incremental borrowing rate.

Leased assets
Leases of property, plant and equipment that transfer to the Authority substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Authority's statement of financial position.

Lease payments
Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance element is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Defined contribution plans
The Authority has a pension scheme in accordance with the local conditions and practices. The scheme is a defined contribution plan.

For the defined contribution plan, the Authority pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.
Contributions to the defined contribution plan are expensed when incurred.

Short term employee benefits
Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Terminal gratuities
Employees on contract employment terms receive terminal gratuities in accordance with their contracts of employment. An accrual is made for estimated liability towards such employees up to the reporting date.

(n) Government Grants
Grants, including non-monetary grants at fair value, are recognised when there is reasonable assurance that the Authority will comply with the conditions attached to the grant and that the grant will be received.

Property, plant and equipment acquired from the proceeds of grants are depreciated in accordance with the Authority's property, plant and equipment accounting policy. Grants utilised to acquire property, plant and equipment are initially recognised as deferred grant and subsequently recognised in the statement of comprehensive income on a systematic and rational basis over the useful lives of the assets. Grants received to defray operating expenditure are recognised in the statement of comprehensive income when the expenditure has been incurred.

(o) Foreign Currency

Foreign currency translation

Transactions in foreign currencies are translated to the functional currency at exchange rates at the date of the transaction.

Monetary assets and liabilities denominated in foreign currency at the reporting date are translated to the functional currency at the exchange rate at that date.

The foreign currency differences arising on retranslation are recognised in profit or loss.

(p) Capitalisation of borrowing costs

Borrowing costs attributable to the construction of qualifying assets less all investment income on the borrowings are capitalised as part of the cost of those assets over the period of construction to the extent that the assets are financed by financial instruments. The capitalisation rate applied is the weighted average of the net borrowing costs applicable to the net borrowings of the Authority. Where active development is interrupted for extended periods, capitalisation is suspended.

4. New standards and interpretations not yet adopted

At the date of authorisation of the financial statements of Swaziland Revenue Authority for the period ended 31 March 2017, the following Standards and Interpretations were in issue but not yet effective:

Effective for the financial year commencing 1 April 2017

- *Disclosure Initiative (Amendments to IAS 7)*
- *Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)*

Effective for the financial year commencing 1 April 2018

- IFRS 15 *Revenue from Contracts with Customers*
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)
- IFRS 9 *Financial Instruments*

Effective for the financial year commencing 1 April 2019

- IFRS 16 Leases

Standard available for optional adoption

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the entity).

IAS 12, IAS 28, IFRS 2, IFRS 4 and IFRS 10 are not applicable to the business of the authority and will therefore have no impact on future financial statements. The board members are of the opinion that the impact of the application of the remaining Standards and Interpretations will be as follows:

Disclosure Initiative (Amendments to IAS 7)

The amendments provide for disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This includes providing a reconciliation between the opening and closing balances for liabilities arising from financing activities.

The amendments apply for annual periods beginning on or after 1 April 2017 and early application is permitted.

IFRS 9 Financial Instruments

On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement.*

This standard will not have a significant impact on the authority, which will include changes in the measurement bases of the Authority's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is not expected to increase the provision for bad debts recognised in the Authority.

The standard is effective for annual periods beginning on or after 1 April 2018 with retrospective application, early adoption is permitted.

IFRS 15 Revenue from contracts with customers

This standard replaces IAS 11 *Construction Contracts*, IAS 18 Revenue, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 Transfer of Assets from Customers and SIC-31 *Revenue – Barter of Transactions Involving Advertising Services.*

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

This new standard will most likely not have a significant impact on the Authority, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised.

The standard is effective for annual periods beginning on or after 1 April 2018, with early adoption permitted under IFRS.

5. Determination of fair values

A number of the Authority's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

5. Determination of fair values (continued)

(i) Trade and other receivables
The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(ii) Non-derivative financial liabilities
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

(iii) Property, plant and equipment
The market value of property, plant and equipment is the estimated amount for which such item of property, plant and equipment could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

6. Financial Risk Management

(a) Overview
The Authority has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Authority's exposure to each of the above risks, the Authority's objectives, policies and processes for measuring and managing risk, and the Authority's management of capital. Further qualitative disclosures are included throughout these financial statements.

(b) Risk Management Framework
The Board Members have overall responsibility for the establishment and oversight of the Authority's risk management framework.

The Authority's risk management policies are established to identify and analyse the risks faced by the Authority, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Authority's activities. The Authority, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board Members oversee how management monitors compliance with the Authority's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Authority.

(c) Credit Risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. SRA is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments as follows:

Cash and cash equivalents - all deposits and cash balances are placed with reputable financial institutions.
Staff debts are recovered in terms of the applicable policy and procedures directly from the employee's salary

The Authority does not have significant credit risk exposure.

(d) Liquidity Risk

Liquidity risk is the risk that the Authority will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Authority's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Authority's reputation.

SRA manages its liquidity to ensure it is able to meet expenditure requirements. This is achieved through prudent liquidity risk management which includes maintaining sufficient cash resources. Since SRA is funded through Government subvention, it does not regard the liquidity risk to be high.

(e) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Authority's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Authority may utilise foreign currencies in its operations and consequently may be exposed to exchange rate fluctuations that have an impact on cash flows and financing activities. However, at year-end there were no significant foreign currency exposures.

(ii) Interest rate risk

Financial Instruments that are sensitive to interest rate risk are bank balances and cash. A 1% increase in interest rates would result in an additional surplus for the year of E1 503 143 (2016: E163 738) while a decrease in interest rates by a similar margin would result in an equal opposite effect.

(f) Capital management

The Board's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business. The Board Members monitor the return on capital, which the Authority defines as results from operating activities divided by total shareholders' equity.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Authority's approach to capital management during the year.

The Authority is not subject to externally imposed capital requirements.

7. Grant funding for recurring expenditure

	2017 E	2016 E
Government grant realised during the year	**377 883 329**	356 356 007
	377 883 329	356 356 007

8. Operating surplus

Results from operating activities for the year is stated after charging/(crediting) the following items:

	2017 E	2016 E
Amortisation of intangible assets (note 12)	**22 257 830**	15 198 580
Auditors' remuneration	**554 998**	392 886
Audit fees	**-**	-
Other fees	**554 998**	392 886
Depreciation on property , plant and equipment (note 11)	**19 537 310**	18 138 882
Board Member expenses	**212 250**	241 400
Foreign exchange loss-net	**470 455**	176 288
Professional fees and consultancy	**7 984 199**	8 593 011
Profit on disposal of assets	**(953 203)**	(35 096)
Staff salaries and benefits (note 10)	**239 426 113**	228 372 207

9. Finance income

	2017 E	2016 E
Interest received - Nedbank Swaziland Limited	**3 314 919**	2 031 295
Interest received - STANLIB Swaziland	**1 113 782**	1 309 738
Interest received - African Alliance	**1 002 561**	1 405 918
Total interest received	**5 431 262**	4 746 951
Capitalised to property, plant and equipment	**(1 015 003)**	-
	4 416 259	4 746 951

Finance costs

	2017 E	2016 E
Interest expense	**9 436 426**	-
Capitalised to property, plant and equipment	**(8 622 123)**	682 705
	814 303	682 705

10. Staff salaries and benefits

	2017 E	2016 E
Salaries & wages and other allowances	**207 964 007**	195 234 054
Gratuity provision	**2 225 103**	5 037 740
Provident Fund contribution	**25 282 759**	21 525 324
Pension contributions	**4 376 606**	4 048 133
Leave pay provision	**(422 362)**	2 526 956
	239 426 113	228 372 207

The average number of employees during the year was 745 (2016:684)

11. Property, plant and equipment

Property, Plant and Equipment	Land and Building E	Containers E	Office Equipment E	Office Furniture & Fitting E	Motor Vehicles E	Leased Motor Vehicles E	Improvements E	Computer Equipment E	Work in Progress E	Total E
Year ended 31 March 2017										
Cost or valuation										
Opening balance	258 063 520	618 006	17 797 588	14 758 433	1 767 435	9 723218	26 482 257	12 546 768	40 803 511	382 560 736
Additions	12 869 820	581 898	576 217	97 895	3 117 649	-	144 655	1 427 076	142 781 307	161 596 517
Borrowing costs capitalised	-	-	-	-	-	-	-	-	7 607 120	7 607 120
Disposals	-	-	-	-	(1 510 474)	(1 246 320)	-	-	-	(2 756 794)
At 31 March 2017	270 933 340	1 199 904	18 373 805	14 856 328	3 374 610	8 476 898	26 626 912	13 973 844	191 191 938	549 007 579
Accumulated depreciation										
Opening balance	(9 423 825)	(263 548)	(14 639 574)	(3 858 404)	(1 756 385)	(4 922 674)	(15 275 614)	(6 511 281)	-	(56 651 305)
Charge for the year	(4 790 259)	(121 091)	(3 361 725)	(1 488 480)	(1 689 182)	(424 460)	(5 408 695)	(2 253 418)	-	(19 537 310)
Disposals	-	-	-	-	1 510 474	1 246 320	-	-	-	2 756 794
At 31 March 2017	(14 214 084)	(384 639)	(18 001 299)	(5 346 884)	(1 935 093)	(4 100 814)	(20 684 309)	(8 764 699)	-	(73 431 821)
Net carrying amount	256 719 256	815 265	372 506	9 509 444	1 439 517	4 376 084	5 942 603	5 209 145	191 191 938	475 575 758

The government guarantee has been secured against the Swaziland Revenue Authority Head Quarters and the Mananga Border Construction Project. The Public Service Pension Fund (PSPF) loan has been secured against Swaziland Revenue Authority Head Quarters.

11. Property, plant and equipment

Property, plant and equipment	Land and Buildings E	Containers E	Office Equipment E	Office Furniture Fittings E	Motor Vehicles E	Lease Motor Vehicles E	Leasehold Improvements E	Computer Equipment E	Work in Progress E	Total E
Year ended 31 March 2016										
Cost or valuation										
Opening balance	172 812 116	524 116	15 800 733	14 227 846	2 099 492	9 723 218	26 482 257	10 179 308	29 367 836	281 216 922
Additions	85 251 404	93 890	1 996 855	530 587	-	-	-	2 367 460	11 435 675	10 167 5871
Disposals	-	-	-	-	(332 057)	-	-	-	-	(332 057)
At 31 March 2016	258 063 520	618 006	17 797 588	14 758 433	1 767 435	9 723 218	26 482 257	12 546 768	40 803 511	382 560 736
Accumulated depreciation										
Opening balance	(6 554 284)	(156 811)	(10 026 201)	(2 401 007)	(1 724 454)	(2 924 536)	(10 860 855)	(4 146 428)	-	(38 794 576)
Charge for the year	(2 869 541)	(106 737)	(4 613 373)	(1 457 397)	(314 084)	(1 998 138)	(4 414 759)	(2 364 853)	-	(18 138 882)
Disposals	-	-	-	-	282 153	-	-	-	-	282 153
At 31 March 2016	(9 423 825)	(263 548)	(14 639 574)	(3 858 404)	(1 756 385)	(4 922 674)	(15 275 614)	(6 511 281)	-	(56 651 305)
Net carrying amount	248 639 695	354 458	3 158 014	10 900 029	11 050	4 800 544	11 206 643	6 035 487	40 803 511	325 909 431

12. Intangible assets

Capitalised computer software costs for the year ended 31 March 2017

	2017 E	2016 E
Cost		
At the beginning of the year	**71 138 095**	43 436 071
Additions	**-**	15 120 015
Donations	**-**	12 582 009
At the end of the year	**71 138 095**	71 138 095
Accumulated amortisation		
At the beginning of the year	**(30 017 901)**	(14 819 321)
Charge for the year	**(22 257 830)**	(15 198 580)
At the end of the year	**(52 275 731)**	(30 017 901)
Net carrying amount	**18 862 364**	41 120 194

13. Inventory

	2017 E	2016 E
Consumables	**1 370 879**	653 739
	1 370 879	653 739

14. Trade and other receivables

	2017 E	2016 E
Prepayments and deposits	**5 700 455**	2 007 394
Other receivables	**907 864**	980 508
	6 608 319	2 987 902

15. Cash and cash equivalents

	2017 E	2016 E
Petty cash	**34 944**	26 472
Nedbank Swaziland Limited	**150 314 260**	16 373 843
African Alliance	**14 511 886**	18 286 894
Stanlib	**53 231 582**	2 330 856
Kredient Bank	**52 476**	1 159 127
	218 145 148	38 177 192

16. Employee Benefits Provisions

	2017 E	2016 E
Short term provisions:		
Gratuity	**2 643 551**	9 649 381
Leave pay	**3 742 444**	4 396 525
	6 385 995	14 045 906

16.1 31 March 2017	Gratuity E	Leave pay E	Total E
At the beginning of the year	**9 649 381**	**4 396 525**	**14 045 906**
Amount utilised during the year	**(9 230 933)**	**(231 719)**	**(9 462 652)**
Charged/(credited) in profit or loss	**2 225 103**	**(422 362)**	**1 802741**
At the end of the year	**2 643 551**	**3 742 444**	**6 385 995**

	Gratuity E	Leave Pay E	Total E
16.2 31 March 2016			
At the beginning of the year	12 543 422	2 061 505	14 604 927
Amount utilised during the year	(7 931 781)	(191 934)	(8 123 715)
Charged in profit or loss	5 037 740	2 526 954	7 564 694
At the end of the year	9 649 381	4 396 525	14 045 906

Leave pay provision

This provision is for employees' entitlements to annual leave recognised when it accrues to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. The provision is calculated on the number of days that the employees have not taken in respect of their leave entitlement. The anticipated utilisation of the amount is in the near future.

The leave policy dictates that only five days may be carried over to the new financial year. There are however, exceptions allowed due to work related pressures.

Gratuity provision

This provision is made for payments in accordance with the contract basis renewable at expiry of each contract period. The provision is calculated at the rate of 25% of the value of total annual remuneration package of the contractor. A number of contractors were converted to employees and their gratuity provision converted to the provident fund.

	2017 E	2016 E
17. Deferred grant income	**349 911 716**	335 120 045
17.1 Current		
Balance at beginning of year	**-**	36 435 447
Received from Government - cash	**392 675 000**	371 419 500
Donated Assets	**-**	12 582 009
Grants realised in profit or loss for funding recurring expenditure excluding depreciation and amortisation	**(336 088 189)**	(323 018 545)
Asset disposals for the year	**942 746**	49 904
Grants utilised to defray capital expenditure (Note 11,12)	**(18 815 210)**	(129 377 895)
Recovery from non-current	**-**	31 909 580
	38 714 347	-
17.2 Non-current		
Balance at beginning of year	**335 120 045**	271 039 096
Grants utilised to defray capital expenditure (Note 11,12)	**18 815 210**	129 377 895
Asset disposals for the year	**(942 746)**	(49 904)
Transfer of depreciation and amortisation on funded assets and reclassifications from WIP to I/S (Note 11,12)	**(41 795 140)**	(33 337 462)
Excess utilisation on capital expenditure	**-**	(31 909 580)
	311 197 369	335 120 045

	2017 E	2016 E

The authority received a grant amounting to E392 675 000 (2016: E371 419 500) during the period the year from the Government of Swaziland to facilitate the funding of recurring and capital expenditure incurred and for its daily operations. The Authority also received E nil (2016: E12 582 009) worth of assets through donations.

18. Trade and Other payables

	2017 E	2016 E
Retention Provision	**5 740 854**	6 147 498
Accruals	**33 401 994**	6 506 296
Other Payables	**5 501 129**	6 117 330
	44 643 977	18 771 124

19. Borrowings

	2017 E	2016 E
Current		
Finance lease liabilities	**1 705 420**	1 570 364
Non-current		
Finance lease liabilities	**4 124 092**	3 099 140
Public Service Pension Fund	**272 840 996**	-
	276 965 088	3 099 140
Total Borrowings	**278 670 508**	4 669 504

The Public Service Pensions Fund loan is charged interest at prime rate. Capital repayments are made after 3 years semi-annually. Interest is capitalised for the first 12 months and paid quarterly thereafter. Duration of the loan is 15 years. For security pledged refer to note 11.

		2017 E	2016 E
Finance lease liabilities - minimum lease payments:			
Not later than 1 year		**2 212 396**	1 930 507
Later than 1 year but not later than 5 years		**4 708 805**	3 481 773
		6 921 201	5 412 280
Future finance charges on finance leases		**(1 091 689)**	(742 776)
Total present value of minimum lease payments		**5 829 512**	4 669 504

20. Cash flow from operating activities

		2017 E	2016 E
Surplus for the year. Adjustment for:		**4 708 393**	4 449 077
Depreciation and amortisation	11,12	**41 795 140**	33 337 462
Profit on disposal of assets	8	**(953 203)**	(35 096)
Interest paid	9	**9 436 426**	682 705
Interest received	9	**(5 431 262)**	(4 746 951)
Amortisation of Government grant	7	**(377 883 329)**	(356 356 007)
		(328 327 835)	(322 668 810)
Changes in working capital:		**13 875 385**	(11 665 327)
Increase/ (decrease) in trade and other payables		**25 872 853**	(13 716 188)
(Decrease) in employee benefits provisions		**(7 659 911)**	(559 021)
Increase in inventory		**(717 140)**	(24 946)
(Increase) /decrease in trade and other receivables		**(3 620 417)**	2 634 828
Net cash outflows from operating activities		**(314 452 450)**	(334 334 137)

21. Financial Instruments

Fair value accounting and classification

The fair value of financial assets and financial liabilities together with the carrying amounts shown in the statement of financial position, are as follows:

As at 31 March 2017

	Loans and receivables E	Other Financial liabilities E	Total carrying amount E	Fair value E
Financial assets				
Trade and other receivables	6 608 319	-	6 608 319	6 608 319
Cash and cash equivalents	218 145 148	-	218 145 148	218 145 148
	224 753 467	-	224 753 467	224 753 467
Financial liabilities				
Trade and other payables	-	44 643 977	44 643 977	44 643 977
Borrowings	-	278 670 508	278 670 508	278 670 508
	-	323 314 485	323 314 485	323 314 485

As at 31 March 2016

	Loans and receivables E	Other financial liabilities E	Total carrying amount E	Fair value E
Financial assets				
Trade and other receivables	2 987 902	-	2 987 902	2 987 902
Cash and cash equivalents	38 177 192	-	38 177 192	38 177 192
	41 165 094	-	41 165 094	41 165 094

21. Financial Instruments (continued)

Financial Liabilities

Trade and other payables	-	18 771 124	18 771 124	18 771 124
Borrowings	-	4 669 504	4 669 504	4 669 504
	-	23 440 628	23 440 628	23 440 628

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of any netting agreements:

	Carrying amount E	Contractual Cash Flow E	Within 1 year E	Between 2 and 5 years E	More than 5 years E
31 March 2017					
Financial liabilities:					
Borrowings	**278 670 508**	**279 761 597**	**2 212 396**	**4 708 205**	**272 840 996**
Trade and other payables	**44 643 977**	**44 643 977**	**44 643 977**	**-**	**-**
	323 314 485	**324 405 574**	**46 856 373**	**4 708 205**	**272 840 996**
31 March 2016					
Financial liabilities:					
Borrowings	4 669 504	5 412 280	1 930 507	3 481 773	-
Trade and other payables	18 771 124	18 771 124	18 771 124	-	-
	23 440 628	24 183 404	20 701 631	3 481 773	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at a significantly different amount.

	2017 E	2016 E
The carrying amount of financial assets represents the maximum credit expore. The maximum exposure to credit risk at the reporting date was:		
Loans and receivables	**6 608 319**	2 987 902
Cash and cash equivalents	**218 145 148**	38 177 192
	224 753 467	41 165 094

The maximum exposure to credit risk for loans and receivables at the reporting date by type of counterparty was:

Related party customer	**-**	-
Other	**6 608 319**	2 987 902
	6 608 319	2 987 902

In 2016, an amount of E3 090 500 which was due from the Government of Swaziland was written off by the Authority after the Government had not refunded the Authority despite numerous attempts to recover the debt.

Related party transactions

The Authority is wholly owned and controlled by the Swaziland Government. The Authority is wholly owned and controlled by the Swaziland Government.

The related party disclosure is required in terms of IAS 24, Related Parties Disclosures. The related party disclosure is required in terms of IAS 24, Related Parties Disclosures

The related parties of Swaziland Revenue Authority consist mainly of Government departments,state-owned enterprises, as well as key management personnel and Board Members of Swaziland Revenue Authority and close family members of these related parties.

	2017	2016
	E	E
The following transactions were carried out with related parties:		
22.1 Government of Swaziland		
Grant Received - Cash	**392 675 000**	371 419 500
22.2 Board Members fees		
Board members fees	**212 250**	241 400
The following balances were due to related parties:-		
22.3 Related party payable		
Public Service Pension Fund	**272 840 996**	-

23. Commitments

23.1 Operating lease commitments- company lessee

The Authority entered into the following lease agreements:

- Lease agreement with Diesel Services (Pty) Ltd, in which Diesel Services (Pty) Ltd rented offices to the Authority. The agreement commenced on 1 September 2014 for a period of three years. The monthly rental is E15 788.92 with an escalation of 8%.
- Lease agreement with Leites Motors (Pty) Ltd in which Leites Motors rented offices to the Authority. The agreement was renewed in 1 January 2014, and is for a duration of 3 years. The monthly rental is E36 140.80.
- Lease agreement with the Swaziland National Pension Fund, in which fund rented offices to the Authority. The agreement commenced on 1 February 2015, for a period of five years. The monthly rental is E84 570.65 with an escalation of 8%.
- Lease agreement with the Swazi Plaza Properties, in which Swazi Plaza Properties, rented offices to the Authority. The agreement commenced on 1 February 2013, for a period of five years. The monthly rental is E111 779.05 with an annual escalation of 8%.
- Lease agreement with MBI Estates, in which Swazi Plaza Properties, rented offices to the Authority. The agreement commenced on 1 May 2014, for a period of three years. The monthly rental is E8 100 with an annual escalation of 8%.
- Lease agreement with Swaziland Industrial Development Company, in which Swaziland Industrial Development Company rented offices to the Authority. The agreement commenced on 1 April 2014, for a period of three years. The monthly rental is E56 081.18 with an escalation of 10%.
- Lease agreement with the Public Service Pension Fund, in which the fund rented offices to the Authority. The agreement commenced on 1 March 2013, for a period of five years. The monthly rental is E1 151.40.
- Lease agreement with Swaziland Railway, in which the company rented residential premises to the Authority. The agreement commenced on 1 April 2014, for a period of three years. The monthly rental is E1, 090.00 with an escalation of 10%.
- Lease agreement with Swaziland Railway, in which the company rented residential premises to the Authority. The agreement commenced on 1 April 2014 for a period of three years. The monthly rental is E1 090.00 with an escalation of 10%.

23. Commitments

23.1 Operating lease commitments- company lessee

- Lease agreement with Swaziland Railway, in which company rented residential premises to the Authority. The agreement commenced on 1 April 2014 for a period of three years. The monthly rental is E1 090.00 with an escalation of 10%.

- Lease agreement with Swaziland Railway, in which company rented residential premises to the Authority. The agreement commenced on 1 April 2014 for a period of three years. The monthly rental is E1 755.00 with an escalation of 10%.

	2017	2016
	E	E
The future aggregate minimum lease payments under non-cancellable operating lease areas follows:		
Due within one year	**18 456 521**	17 894 835
Due between 1and 5years	**21 034 164**	22 330 543
	39 490 685	40 225 378

23.2 Capital commitments

The Authority entered into contracts to purchase property, plant and equipment and intangible assets E386 420 196 (2016: E531 856).

24. Events after the reporting period

Events since the reporting period:
- have been fully taken “into account insofar as they have a bearing on the amounts attributable to assets and/or liabilities at that date;
- apart from changes in the ordinary course of business, have not made the present financial position substantially different from that shown by the statement of financial position;
- have not required adjustments to the fair value measurements and disclosures included in the financial statements.

25. Contingent liability

The Authority is currently defending a E3.4 million lawsuit against one of its former employees.

Annexure 1 – Status of initiatives steered by SRA in addressing trade facilitation agenda issues in 2016/17.

Article	Measure Name	Category	Explanation / Status within SRA
1.1	Publication	C	The SRA has publications on its operations and procedures. There is a need for a trade portal.
1.2	Information available through internet	C	The country is currently seeking technical assistance to develop its trade portal. The World Bank has been approached as well as the European Union (EU) through the SADC Trade Related Facility (TRF).
2.1	Opportunity to comment on information before entry into force of legislation	B	Stakeholders have been engaged for sensitization on the amendments of the Customs and Excise Act.
2.2	Consultations	B	A consultative framework exists save for that there is need to improve coordination efforts to ensure that it covers a wide range of traders and stakeholders.
3	Advance Ruling	B	This requirement is provided by SRA but on the approach of guiding information pending availability of legal framework for issuance of binding rulings.
4	Procedures for appeal or review of decisions	B	SRA has a system in place for appeal and review.
5.1	Notification for enhanced controls or inspections	B	There is a need to establish relevant process and procedures on enhanced controls and inspections.
6.2	Specific disciplines on fees and charges imposed on or in connection with importation exportation	A	SRA phased out the basic fee that was being charged on declarations processed on ASYCUDA World.
6.3	Penalty Disciplines	A	Offences are categorized as per Sections 78 to 87 of the Customs and Excise Act.
7.1	Pre-arrival processing	C	Implemented with the introduction of ASYCUDA World in February 2016.
7.2	Electronic payments	A	Processing of Electronic Fund Transfer (EFT) and debit/credit cards can be done.
7.3	Separation of release from final determination and payment of customs duties, taxes and fees	A	It is part of the Customs and Excise Act.
7.4	Risk management	C	There is a need for training on risk management and technical assistance is required.
7.5	Post clearance audit	C	Training was done by the World Customs Organization (WCO) to build capacity of officers to undertake audits.
7.6	Establishment and publication of Average release time	C	There are no case studies for an all-inclusive Time Release Study (TRS) for all border agencies.

Article	Measure Name	Category	Explanation / Status within SRA
7.7	Trade facilitation for authorised operators	C	Complex exercise that needs technical assistance and there is a need for a national approach on Authorized Operators.
7.8	Expedited shipment	B	There are no formalized procedures on express clearance. This will be addressed under the Preferred Trader Programme.
7.9	Perishable goods	B	Clearance processes do not differentiate goods based on their perishable nature, however co-operation at border level is done to minimise delays where clearance of goods involves other border agencies.
8	Border Agency cooperation	C	Currently, there is no laid down procedure on cooperation and the structure used is that of the Joint Border Committees.
9	Movement of goods intended for import under custom control	B	Conditions for the use and discharge of domestic transit procedures still have to be published.
10.1	Formalities and documentation requirements	C	Technical assistance required relating to business processes re-engineering.
10.2	Acceptance of copies	B	SRA accepts documentation provided on the electronic processing system.
10.3	Use of international standards	C	There is a need for capacity building on international standards and their applicability. Need for an assessment on the use of international standards.
10.4	Single window	C	Still work in progress.
10.5	Pre-shipment inspection	A	Swaziland does not use this measure.
10.6	Use of customs brokers	A	Importers are not compelled to use brokers but can login to the ASYCUDA system and make the declaration.
10.7	Common border procedures and uniform documentation requirements	B	Procedures are in place and requirements are uniform in all borders and for all border agencies; however monitoring to ensure adherence is still lacking.
10.8	Rejected goods	B	There are provisions in the Customs and Excise Act.
10.9	Temporary admission of goods and inward and outward processing	B	There is a need for publishing the procedures used.
11	Freedom of transit	B	Obligations provided for under the Customs and Excise Act.
12	Customs cooperation	C	Requires implementation at regional level.

Annexure 2 - Technical Missions activities and signing of agreements undertaken in 2016/17.

Activity / Category	Institution	Objective	Timeframe	Outcome
1. Technical Missions	International Monetary Fund (IMF) AFRITAC SOUTH (AFS): • *Customs Head Expert (Mr Kenneth Head).*	The missions was to follow up on the recommendations of previous AFS missions and the Fiscal Affairs Department (FAD) mission delivered in June 2016 and also discuss future TA requirements.	4 - 7 April 2016	
	International Monetary Fund (IMF) AFRITAC SOUTH: • *Jacqueline Penfold and Kenneth Head.*	To have general discussions of progress and issues that may have developed since the AFS September 2016 Mission regarding Risk Management and Intelligence functions.	4 - 7 April 2016	A review of the organizational structure in the SRA is planned to be undertaken once the current project to map business processes is completed. A number of recommendations have been made by the mission to strengthen the risk management function in the customs administration.
	IMF Consultant: • *Mr Norman Gillanders.*	Follow-up visit on the continuing assignment on compliance management with the Domestic Taxes teams.	18 - 29 April 2016	Reduce tax evasion while strengthening the self-assessment approach to taxation. • Action plan 1 - Continue to strengthen taxpayer services. • Action plan 2 - Develop and manage a comprehensive compliance plan for 2016/17. • Action plan 3 - Strengthen compliance governance.
	IMF	Undertook review Technical Assistance (TA) provided under the Tax Policy and Administration Topical Trust Fund (TPA-TTF) with a view to closing the programme and further develop a programme log-frame for revenue administration TA over the next five years under the Resource Mobilization Trust Fund.	22 February - 8 March 2017	The mission resolved that Swaziland has been an active and full participant for the past five years in the TPA-TTF program, and is well positioned as a candidate for further technical assistance from FAD under the new Revenue Mobilisation Trust Fund. Based on discussions with authorities and the mission’s own assessment of the potential for progress against the investment made, both continued work on the organisation structure(focusing on operations) and continued development of the compliance strategy are sound candidates for continued technical assistance.

Activity / Category	Institution	Objective	Timeframe	Outcome
				Accordingly a draft proposal to the RMTF Steering Committee for an ongoing TA program over the next three years has been developed during the mission and discussed with the SRA. While supporting the introduction of self-assessment, the SRA requested FAD to expand the existing TA programme to incorporate compliance.
	African Development Bank.	To consult SRA on the specific needs to strengthen ICT systems and agree on how the needs can be addressed in accordance with the grant guidelines and eligibility criteria.	31 October - 2 November 2016	Funding was confirmed and to be rolled out in the 2017/18 Financial Year.
	World Bank	Undertook a diagnostic assessment of the successes, achievements and any short comings of the ASYCUDA World Project being implemented by the SRA.	17 - 21 October 2016	
	South African Revenue Service	Phase 1 - Providing technical assistance to SRA to build capacity to develop a robust Data Warehouse and Business Intelligence Solution (DWBI) in a phased approach.	10 - 13 October 2016	A diagnostic assessment to determine systems and infrastructure readiness was produced in consultation with Executive Committee, the Operations Committee and the project team. Way forward mapped after gathering business requirements for Phase 1. The actions to be undertaken in Phase 2 have been determined and request for execution submitted to SARS.
		Phase 2 - Develop roadmap for EDW towards full maturity, develop initial dashboards as Proof of Concept and complete development of Management Information System (MIS) dashboard.	4 - 9 December 2016	

Activity / Category	Institution	Objective	Timeframe	Outcome
	African Tax Administration Forum: *International Tax and Technical Assistance team (Ms. Tracey Brooks and Mr. Thulani Shongwe).*	To scope and plan a 2-3 year programme of assistance.	24 - 25 January 2016	Identified Swaziland's short and medium term priorities and needs; Determined inclusion of wider international tax issues, including thin capitalisation.
2. Benchmarking / Attachments (by SRA staff)	Zimbabwe Revenue Authority (ZIMRA).	Sharing of expertise on risk management issues and revenue assurance framework processes and approaches.	30 November - 2 December 2016.	Information shared on the risk function and enhancements recommended for implementation.
3. Meetings, support and Workshops (hosted by SRA)	ASYCUDA Steering Committee meeting between the SRA, UNCTAD and COMESA.	To update on progress on the implementation of ASYCUDA World system.	4 July 2016.	The mission received an update on the progress of the implementation of the ASYCUDA World system.
	Facilitated in capacity building missions of the WCO in the EAC.	To facilitate in capacity building missions of the WCO in the EAC and for sharing of experience with members of the WCO and the business community in the WCO SAFE working group.		
	Assistance SACU to SACU member states on the connectivity programme	To champion the IT components of the SACU Connectivity programme by assisting member states to deliver according to plan.		Customs System Interface Prototype developed which aims at facilitating real time customs data exchange.
4. Memorandum of Cooperation Agreements	SRA / Mauritius Revenue Authority	Signing of cooperation agreement between the Swaziland Revenue Authority and the Mauritius Revenue Authority.	22 - 24 March 2017.	• An action plan for cooperation for 2017/18 finalized. Areas of focus include the following: • Performance management system. Knowledge management system and approach. • Change management approach and • policy. • Training modules for operational officials. • Sharing of information with in-country agencies.

Activity / Category	Institution	Objective	Timeframe	Outcome
				● Single Window Implementation. Authorized Economic Operators (AEO) programme. ● Exclusive Economic Zone process. Implementation of the WTO TFA (approach towards implementation of Agreement). ● Importation of energy products. Curriculum for clearing agents (email exchanges on any information). ● Sharing of information on MRA VAT Lucky Draw Scheme.
	SRA / Mozambique Revenue Authority	To sign agreement and discuss joint action plan for 2016/17 between SRA and Mozambique Revenue Authority.	5 - 6 July 2016.	Finalized action plan on the 14th March 2017 for implementation in 2017/18. The two revenue authorities agreed on a framework of cooperation that will seek to bring about tangible results in the following areas: - Risk modelling. - International transactions control. - Transfer pricing. - Intelligence and investigations. - Value Added Tax Management. - Taxpayer registration. - Resource allocation. - Legal Framework. - Capacity building; and, - Regional integration and trade facilitation. Both authorities reaffirmed their commitment to closer collaboration and forging a robust relationship in matters of cross border management.

Activity / Category	Institution	Objective	Timeframe	Outcome
	SRA / SARS	Heads of International Relations from SRA and SARS met to discuss progress on the action plan for 2016/17 in Pretoria, South Africa.	16 September 2016	Both delegations reviewed the implementation of the Value Added Tax (VAT) Agreement and the MoU the institutions have. They expressed their satisfaction that the VAT Agreement has come into force from 1 April 2015 and that the simplified VAT Refund Scheme is progressing well. Both delegations agreed on the inclusion of the King Mswati III (KMIII) International Airport in the VAT Refund Agreement. The Protocol amending the agreement is currently being negotiated and South Africa is awaiting feedback from Swaziland on the ratification process. Both teams agreed to ensure that the agreement is fully implemented and undertook to address challenges. Both delegations agreed to use the amended Protocol as the legal framework to fast track the exchange of information bilaterally between South Africa and Swaziland and use this as input to the SACU data exchange programme. Both delegations undertook to inform the SACU Secretariat accordingly. SARS and SRA also undertook to expedite the ratification of the SACU Annexes. Both delegations agreed that SARS will assess and confirm availability of support for the identified technical assistance areas. After assessment both administrations will agree on priority areas and an accelerated plan of implementation. SARS and SRA reaffirmed commitment to continued collaboration. Both delegations agreed on the need to create a platform to deal specifically with tax issues at Head of Administration level.

Activity / Category	Institution	Objective	Timeframe	Outcome
				Request to commercialise Sicunusa / Mahlathini Border Post by SRA: Both SARS and SRA agreed to consult further on the commercialisation of Sicunusa / Mahlathini Border Post. Both delegations agreed to consult further on the possibility to open Ngwenya / Oshoek Border Post for 24 hours. SARS and SRA agreed to explore the possibility of elevating Ngwenya / Oshoek Border Post to a One Stop Border Post (OSBP). SRA and SARS to jointly draft letter to SACU Executive Secretary and current Chair of SACU to establish an informal Heads of Revenue Authority/Administrations Forum. The fora will include discussions on the following issues: ● Coordination of Modernisation Initiatives. ● Customs Law. ● Any other regional integration /Trade Facilitation issues. Both SARS and SRA agreed to have annual meetings at Heads of Revenue Administration level and regular interaction of Heads of International Relations.
	SRA / ZIMRA	A cooperation meeting of technical experts between SRA and ZIMRA.	30 November - 2 December 2016.	It was resolved that we share findings of research on how to determine the Value For Duty Purpose for imported Debit/ Credit cards and also to determine that taxable value on the payments for the POS software platforms. On Illicit financial flows, the meeting noted that both Revenue Authorities are following up the Mbeki Report on Illicit Financial Flows with keen interest. The meeting noted that the 2 countries do not have a Double Taxation Agreement (DTA) and agreed to revive the process of negotiating a DTA. The meeting agreed to exchange drafts and each party to engage the respective principals with a view to arrange a meeting to negotiate.

Activity / Category	Institution	Objective	Timeframe	Outcome
				It was resolved that we share findings of research on how to Handling of seizures in the ASYCUDA World: The meeting was informed that ZIMRA has developed the E-State warehouse module in ASYCUDA World. The E-state warehouse module covers, state warehouse management of seizure and receipt for Items. ZIMRA is currently piloting the E-state warehouse module with a rollout that was targeted for end of second Quarter 2016. The meeting noted the request by SRA to conduct a benchmarking exercise of the system after the second quarter of 2016. The meeting was informed that detecting illicit drugs has become a serious challenge in the region where countries that used to be transit countries are now consumers of illicit drugs. ZIMRA advised that it now has an effective canine unit which has registered significant successes on detection of drugs and other contraband. ZIMRA further advised that it is still developing canine training facilities and invited SRA to visit the current facility and gain an insight into the establishment of a canine unit. It was recommended that SRA will undertake a visit to ZIMRA to gain insight into the establishment of a canine unit. The meeting observed that there was a need for closer collaboration on the rules of origin verification to expedite the conclusion of origin disputes. To enhance cooperation in the area it was recommended that the two administrations exchange contact points.

NOTES:

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