ANNUAL REPORT
2014

TABLE OF CONTENTS

LIST OF ACRONYMS

BPM	Business Process Management
COE	Centre of Excellence
COMESA	Common Market for Eastern and Southern Africa
CRP	Common Revenue Pool
DTI	Direct Trader Input
EFT	Electronic Funds Transfer
FSECC	Federation of Swaziland Employers and Chamber of Commerce
FSBC	Federation of Swaziland Business Coalition
GDP	Gross Domestic Product
ICT	Information and Communication Technology
IFMS	Integrated Financial Management System
IHRMS	Integrated Human Resource Management System
IMF	International Monetary Fund
ISMS	Information Security Management System
PAYE	Pay As You Earn
PEU	Public Enterprises Unit
PMS	Performance Management System
PTP	Preferred Trader Programme
RMS	Revenue Management System
RSP	Royal Swaziland Police
SACU	Southern African Customs Union
SADC	Southern African Development Community
SARS	South African Revenue Services
SCOPE	Sub-Committee on Public Enterprises
SME	Small and Medium Enterprises
SRA	Swaziland Revenue Authority
TCC	Tax Clearance Certificate
WAN	Wide Area Network
WCO	World Customs Organization
UNCTAD	United Nations Conference on Trade and Development
VAT	Value Added Tax
VRA	VAT Refund Administration

COMPANY 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. SRA is charged with the mandate of assessing and collecting revenue on behalf of the Government and administering and enforcing the revenue laws according to the schedule of the Act. These include the Income Tax Order, 1975 (as amended); the Customs and Excise Act, 1971 (as amended); and, the Value Added Tax (VAT) Act, 2011. SRA officially took over the revenue collecting function on 1st January 2011.

The organization has been operating for over three years and has already undergone its first restructuring to transform it from a tax-type to a function based entity. This is designed to improve operations, improve customer care and overall efficiency in the use of resources.

During the reporting period there were two operational departments: Domestic Taxes and Customs and Excise, with support from Modernisation, Information and Communication Technology; Human Resources; Legal Services; Internal Audit; Analysis, Planning and Statistics; Finance; Internal Affairs; Risk & Assurance, Communications and, Estates and Administration.

The operations of SRA are overseen by a Governing Board. The Chairman of the Governing Board is appointed by the Minister of Finance. The Governing Board elects a Vice-Chairman among its members. The Commissioner General is appointed through a recommendation of the Governing Board by the Minister of Finance. The Secretary to the Governing Board is appointed by the Governing Board and is the Chief Legal Officer of SRA. The Governing Board has three (3) committees:

- Audit and Risk,
- Human Resources and Ethics,
- Finance and Tender.

VISION, MISSION and VALUES

VISION

SRA's vision is "to be a modernised, credible and customer centric Revenue Authority."

MISSION

SRA's mission is "to provide an efficient and effective revenue and customs administration, driven by professional and motivated staff, that promotes compliance through fair, transparent and equitable application of the law."

VALUES AND CULTURE

The following are the core values identified for the SRA:
- Performance Excellence
- Customer Service
- Innovation

Below is the culture SRA wants to build:
- Performance Driven
- Customer Centric
- Accountability
- People Value
- Continuous Improvement

ORGANISATIONAL STRUCTURE

SRA GOVERNING BOARD

Chairperson
Ambrose Dlamini

Vice Chairperson
S'thofeni Ginindza

Member
Dumisani E. Masilela

Member
Martin Dlamini
(Resigned 27 November, 2013)

Member
Phumelele Dlamini
(Resigned 27 November, 2013)

Member
Mhlabuhlangene Dlamini

Member
Khabonina Mabuza

Secretary
Nomcebo Marrengane

ORGANISATIONAL STRUCTURE

SRA EXCOM

Commissioner General
Dumisani E. Masilela

Acting Commissioner of Domestic Taxes
Ntombifuthi Simelane

Chief Financial Officer
Nompumelelo Dlamini

Commissioner of Customs
Isheunesu Mazorodze

Head of Modernization
Brightwell Nkambule

Chief Internal Auditor
Christina Mautsa

Human Resources Director
Vacant

Chief Risk Officer
Precious Nkambule

Chief Information Officer
Vusi Magagula

Chief Legal Officer
Nomcebo Marrengane

Director Communications
Vusi Dlamini

CHAIRMAN'S STATEMENT

Ambrose Dlamini
Chairman
of Governing Board

The Swaziland Revenue Authority (SRA) began the year under review with great optimism and aspirations as we continued to reach for greater heights in the goals we set for ourselves. Cognisant of our primary goal of improving revenue collection and administration we put in motion various modernisation initiatives that were geared towards developing our systems, processes, skills and knowledge of our staff members in order to deliver more innovative solutions to the taxpayer.

In my very first annual report statement I committed the SRA to contributing towards increasing the level of tax compliance in the country and to minimising the cost of collection and enforcement, by streamlining our internal processes and developing IT-based and other modern solutions such as the introduction of a taxpayer identification number, an electronic tax payment platform, the roll out of taxpayer education and awareness campaigns. Further, we focused on putting our house in order by tying up loose ends inherited from the previous Departments. I am pleased to report that although there is still more to be done, steady progress has been made in all of them.

One of the key reasons for the Government of Swaziland to establish the SRA was to deal with the problem of non-compliance by taxpayers, which was seen as a big problem. Whilst we have made a concerted effort towards removing many of the constraints that encourage deviant and criminal behaviour, some individuals and commercial entities continue to renege on their obligations. What is further frustrating is to detect elements of collusion with staff in some areas. I reaffirm that deviance of any kind is not tolerated at the SRA and as we continue to modernise our operations we will be enforcing the full length and breadth of the laws we are charged with.

It is also pleasing to note the significant strides the organization has made towards being able to effectively capture our trade sta-

> ***"...I reaffirm that deviance of any kind is not tolerated at the SRA and as we continue to modernise our operations we will be enforcing the full length and breadth of the laws we are charged with."***

CHAIRMAN'S STATEMENT (continued)

tistics, which are reconciled periodically with fellow SACU members as agreed. We have also made significant strides in finalizing development of our new IT system for managing domestic taxes and are now working on migrating data from the legacy system. We intend commencing the capturing and recording of exemptions in order to compile statistics on tax expenditures. I can safely say we are on the road to becoming the authority on trade and tax statistics.

Our regional and international reach and interaction continues to increase. We have prioritised collaboration and cooperation with our SACU and Mozambican counterparts and have thus far cemented bi-lateral cooperation with Lesotho, South Africa and Mozambique. We are now well positioned to improve cross border relations and contribute effectively to fight against illicit trade, human trafficking, smuggling and terrorism.

I would like to thank our regional and international partners for their continued support during the period under review as well as His Majesty's Government and in particular the Prime Minister's Office and the Ministry of Finance for their support and guidance.

"...We are now well positioned to improve cross border relations and contribute effectively to fight against illicit trade, human trafficking, smuggling and terrorism."

I would also like to extend the Board's gratitude to the management and staff of the Swaziland Revenue Authority. It is quite remarkable that we have covered so much ground within such a short space of time. I am aware that while we have benefited immensely from sending our people to benchmark against other revenue administrations, they have also been sending people to learn from us.

We reaffirm our commitment to becoming a modernised, credible and customer-centric Revenue Authority and to delivering on our core mandate of revenue collection and administration. With the assistance of the taxpaying nation we will indeed 'Raise the Standard' and play our part in contributing to the development of this great country. The SRA is committed to the national vision of attaining the first world status by year 2022.

Ambrose Dlamini
Chairman of Governing Board

COMMISSIONER GENERAL'S STATEMENT

In accordance with Section 25 of the Revenue Authority Act, 2008 I humbly present to you the 4th Annual Report of the Swaziland Revenue Authority, covering the Financial Year 2013/14.

It has been a very challenging, remarkable and exciting journey since our official launch and takeover of the revenue collection and administration functions in 2011. Since then we have grown as an organization, investing in systems, processes and human capacity to improve revenue collection and administration whilst continuously introducing innovative ways of ensuring easier compliance and raising the standard in terms of customer service delivery.

The SRA continues to achieve its core mandate of collecting revenue according to the expectations of Government. The year 2013/14 saw a collection of E5.474 billion against a target of E5.115 billion, an improvement of 14% from the previous Financial Year.

While we are still in the process of articulating a formal strategy to drive compliance, I am proud to say that there has been a meeting of minds between members of the team on the broad elements to be addressed as we deliver on our mandate. We have generally followed a three pronged approach where we have prioritized taxpayer education and improved customer service. While there remain pockets of dissatisfaction with our tax education efforts, we have received very positive feedback from numerous sources congratulating us in this regard. This indicates that we are on the right track and we still have a long way to go to satisfy the demand. We have delivered and fully equipped very comfortable service centres in all the four regions of the country. Taxpayers have had most of their issues dealt with in these service centres and we have minimized the need to have to come to Mbabane, which is a cost to our taxpayer. These service centres are available in Mbabane, Manzini, Pigg's Peak and Siteki. In an effort to improve our image and our internal efficiencies, we moved into our new headquarters in Mbabane, consolidating all our operations under one roof. This has delivered positive benefits in many levels.

Dumisani E. Masilela
Commissioner General

In 2012/13 we conducted a customer perception survey. This was designed to: determine the perception of our customers towards us, establish the taxpayers' expectations from the SRA in respect of service and lastly make recommendations on areas in which improvements are required. On a scale of 1 to 4, the survey placed us on a score of 2.7 for overall service. In response we embarked on a project to improve customer service. This project delivered our Customer Service Charter, which we have been working on rolling out throughout the organization. Judging by the feedback we are receiving, this project is indeed bearing the requisite fruits. We commit ourselves to continue improving in this regard and urge our taxpayers to cooperate with us.

COMMISSIONER GENERAL'S STATEMENT (continued)

I will be the first one to admit that the organization has grappled with many changes since inception. This year was no different as some new projects were added to our large portfolio. I wish to thank the management team and the entire staff of the SRA who, in spite of the heaviness of the load, have recognized the need to deliver all the projects and went about it in the most diligent and professional manner possible. New as this organization is, it has been recognized as one of the most dynamic environments by both local and international commentators, which should make all of us proud. We are today talking of our taxpayers interacting with us online through our Revenue Management System. They are also able to process their payments electronically, thanks to the co-operation we have received from the local banks. Clearly there is a very long way to go in refining our systems and processes. However, I am confident we will make it because we have a team that has the appetite to continuously improve.

Let me also take this opportunity to express my sincere appreciation to the SRA Governing Board for steering this organization through the very challenging times over the past three years. It is not easy to start something from the ground and I know in a lot of instances we have burdened them with operational matters. This was mainly informed by the stage at which the organization was. I am grateful that they took this in their stride and I am certain they are happy with the achievements so far. My appreciation goes to the Government of the Kingdom of Swaziland. The policies that have been crafted, resulting in the legislation that has been given to us to administer are taking the country forward. We have had some very productive engagements on amendments needed and new areas to explore. We are hopeful that soon we shall see these being implemented. While we have not been granted all the resources we have requested, we have had a steady flow of funds to support our operations. We implore the government to continue to invest in this organization and promise to continue to deliver a positive return on this investment.

Let me also extend my special appreciation to the over 600 members of staff of this organization. These are the people who work tirelessly on a daily basis to bring to life the vision and mission of this organization. I am sure there were many sceptics. I am happy that through sheer hard work and dedication, we have proved that the recipe for success is a "Can Do" attitude. The SRA also extends its gratitude to the people of Swaziland who continue to fulfil their tax obligations voluntarily in order to improve the country's economy. We continue to listen to their inputs in an effort to improve our service offering.

Lastly, I recognize the assistance received from our international and regional partners, most notably the International Monetary Fund, the World Bank, the African Tax Administration Forum, the World Customs Organisation and the Commonwealth Association of Tax Administrators. Let me also recognize the support we have received from our sister revenue administrations in the form of the South African Revenue Service, the Lesotho Revenue Authority and the Zimbabwe Revenue Authority. I am glad to note that the Memoranda of Understanding we signed are not just sitting on our shelves but there is a genuine effort to implement. We have benefitted immensely through your willingness to welcome members of the SRA team to impose on you for purposes of learning.

It is my pleasure to present the 2013/14 Annual Report of the Swaziland Revenue Authority.

COMMISSIONER GENERAL

3. ECONOMIC PERFORMANCE

3.1 Global Development

The world economy strengthened during 2013 turning out mostly as expected with growth estimated at 3.0% from an earlier projection of 2.9%. Economic activity is expected to improve further in 2014 and 2015 largely due to recovery in the developed economies. Global economic growth is expected to be 3.7% in 2014, rising to 3.9% in 2015. World trade growth has remained modest at 2.7% in 2013 with faster growth expected in 2014 to 4.5% and a higher growth of 5.2% in 2015 in line with recovery of the world economy.

In developed economies output gaps remain large, however final demand has increased mostly as expected. Growth is estimated at 1.3% for 2013 and is expected to increase to 2.2% and 2.3% for 2014 and 2015 respectively. The United States of America (USA) remains at the centre of events as private demand continues to be strong although affected by fiscal consolidation. Output growth in the USA is expected to be 2.8% in 2014, an increase from 1.9% in 2013. In Japan growth is expected to be relatively low in 2014 remaining at the same level of 1.7% realized in 2013. Financial conditions in advanced economies have eased in the last part of 2013 and inflation is expected to increase slightly to 1.7% in 2014 and 1.8% in 2015 from 1.4% in 2013. The euro area is steadily recovering from recession with the real contraction of 0.4% for 2013 changing to a projected 1% growth in 2014 and 1.4% in 2015. However this recovery will be uneven, being slower in economies with tight fiscal constraints.

3.2 Developing and Emerging Economies

The output of emerging market and developing economies has grown at a slower rate than recent average growth rates and is estimated at 4.7% for 2013. An increase in exports was the main driver behind this growth, while domestic demand remained steady except in China. In many of these economies stronger external demand from advanced economies will drive growth and is estimated at 5.1% and 5.4% for 2014 and 2015 respectively.

Financial conditions in emerging market economies remained tighter notwithstanding fairly resilient capital flows. These capital flows are at risk with stabilisation of interest rates in developed economies likely to lead to a reversal of some previous capital inflows. Recorded at 6.1% in 2013, inflation in emerging and developing economies was contained at the same levels in 2013 and is expected to be lower at 5.6% and 5.3% for 2014 and 2015 respectively.

3.3 Regional Developments

Growth in sub-Saharan Africa remained robust in 2013 estimated at 5.1% and is expected to accelerate to 6.1% in 2014 with a projected decline in 2015 to 5.8% reflecting strong domestic demand in most of the region. Reversal of capital flows and declines in commodity prices are contributing to weaker growth. South Africa's growth continued to be slow due to tense industrial relations especially in the mining sector, slow private investment, and

4. INTERNATIONAL MERCHANDISE TRADE

weaker consumption growth through slowing disposable income and weakening consumer confidence. South Africa's estimated growth of 2.1% in 2013 is 0.9% below earlier projections. Economic activity is projected to pick up to 3% in 2014 as global economic growth improves. Inflation remained generally stable within Sub-Saharan Africa at 6.9% in 2013 and estimated at 6.3% for 2014.

3.4 Domestic Developments

Swaziland's economic performance has improved significantly since the fiscal crisis of 2010/11. Following a slight contraction in 2011, economic activity is estimated to have grown by 2.8% in 2013 compared to a revised estimate of 1.9% in 2012. This growth was enhanced by higher SACU revenues and improved export earnings. Export earnings were partly enhanced by the weakening Lilangeni against major currencies with an average of E9.61 per US dollar from E8.21 in 2012.

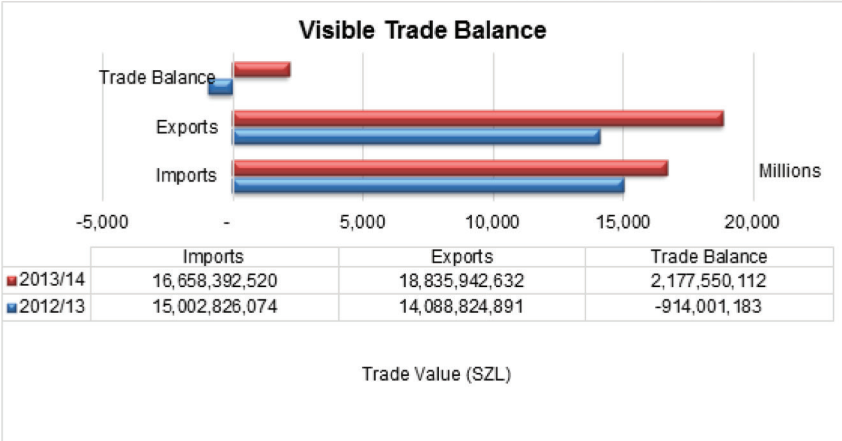
For the first time since 2006/07, the country recorded a fiscal surplus in 2012/13 and international reserves also improved. Consumer inflation averaged 5.64% in 2013 compared to 8.95% in 2012. There are risks to Swaziland's economic prospects, in particular the uncertain global and regional economic outlook that could slow growth.

4. INTERNATIONAL MERCHANDISE AND TRADE

4.1 Balance of Trade

The country's visible trade balance, which only refers to trade in physical goods and not trade in services, increased this financial year (FY) compared to the previous FY as exports increased more than imports. Total world exports were recorded at E18,835,942,632 while world imports were recorded at E16,658,392,520 as demonstrated in figure 1.0 below. When comparing with the previous financial year an increase of 25% and 10% for both exports and imports respectively was observed. The main contrasting feature for this year's trade pattern vis-à-vis last year is that of the positive balance of trade.

Figure 1.0: Visible Trade Balance for period 2013/14



Source: Swaziland Revenue Authority

4.2 Swaziland's Top Trading Partners

4.2.1 Imports

The Republic of South Africa remains Swaziland's major source of imports accounting for 87% of total imports which were recorded at E14,629,846,515 for this financial year. South East Asian countries, as shown in figure 2.0 below, are also increasing their share on imports.

Figure 2.0: Swaziland Top 5 Importing Partner 2013/14

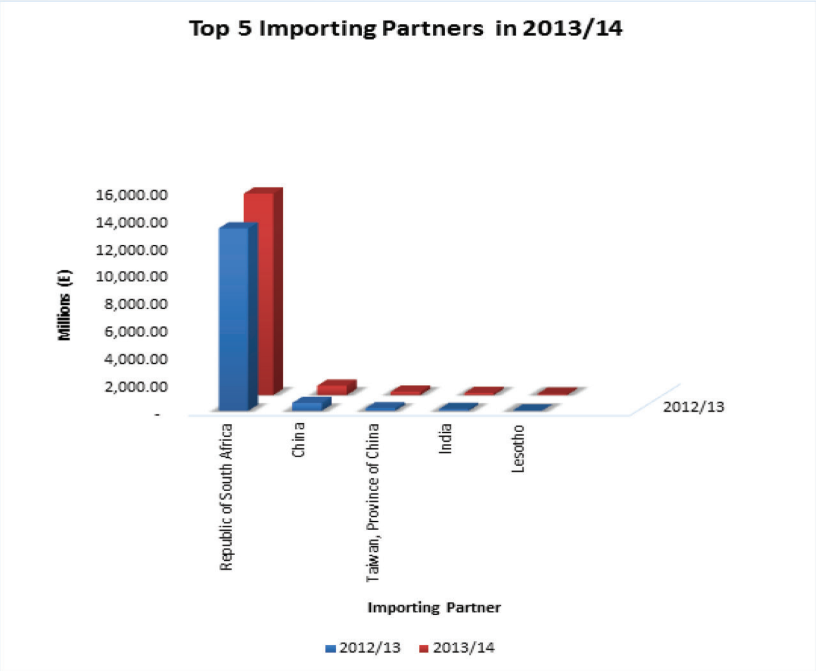
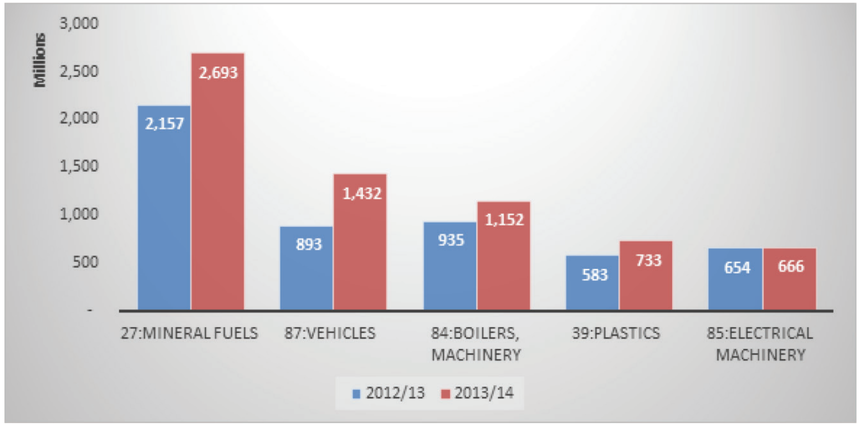


Figure 3.0 below illustrates that fuels like petrol and diesel form a large proportion of total imports and this increase is correlated with a growth in commodities like motor vehicles.

Figure 3.0: Swaziland Top Imports for period 2013/14

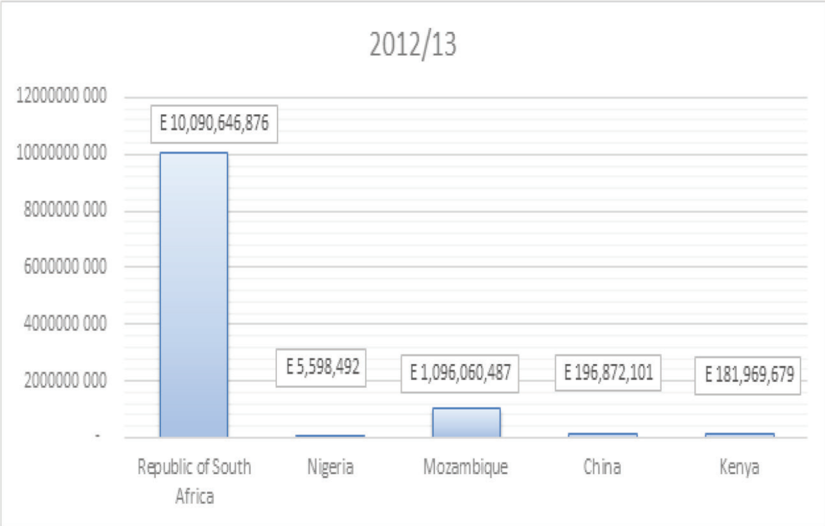


4.2.2 Exports

About 60% of total exports are still destined for South Africa and for the 2013/14 financial year they were recorded at E11,304,179,849. When comparing with the previous financial year an increase of 25% is observed with Mozambique still being the second largest export destination as shown in Figure 4.0.

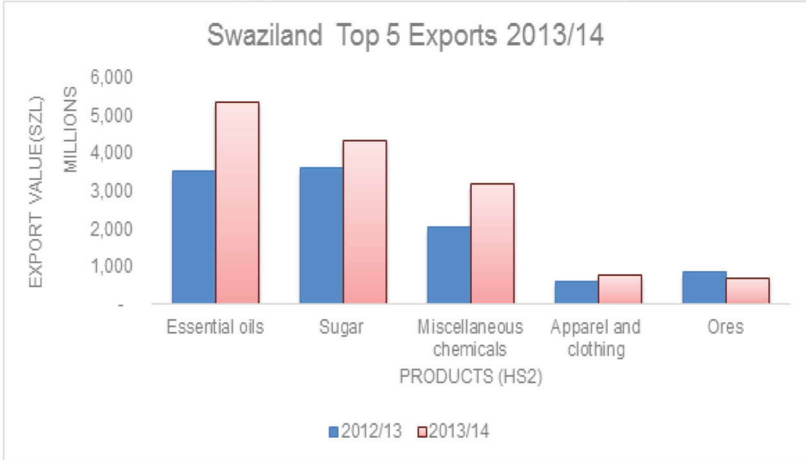
INTERNATIONAL MERCHANDISE TRADE

Figure 4.0: Swaziland's Top 5 Exporting Partners for period 2013/14



As shown in figure 5.0, the country's exports are still dominated by primary raw materials as compared to manufactured goods. Concentrates, sugar and sugar confectionery constitute a big proportion of domestic exports, but other commodities like ores and clothing show some growth.

Figure 5.0: Swaziland's Top Exports for period 2013/14



Taxpayers at the SRA's Trade Fair exhibition stand.

5. STRATEGY AND MODERNISATION PROGRAMME

5.1 Strategy Implementation

Implementation of the current Strategic Plan is progressing well and is in its final year in the coming year, 2014/15. The SRA strategy is cast on the Balanced Scorecard (BSC) framework to effectively manage corporate and individual performance. Furthermore, a Performance Management System (PMS) was introduced, which is also following the Strategy in the use of the BSC framework. Processes have already commenced to develop a new strategy for the 2015/16 – 2017/18 period.

Monitoring the implementation of the organization's strategic plan through departmental business plans and the organizational scorecard was also carried out during the reporting period. An external service provider (Analytix Academy from South Africa) facilitated cascading of the SRA strategy to departmental and divisional level and individual level for the development of scorecards at each level. The main goal of the exercise was to facilitate measurement of performance at the corporate, department and individual level to ensure timely and efficient delivery of outputs as per SRA strategic mandate.

5.2 Modernisation Programme

5.2.1 Integrated Revenue Administration System (IRAS) Project

In the financial year 2013/14 the IRAS Project completed the delivery of all modules required to support the full cycles for Domestic Taxes. In all the tax types the system supports registration, return filing and processing, payments, debt management, customer query logging and resolution as well as objections. The focus for the financial year 2014/15 shall be the development of Management Dashboards for reporting and monitoring Key Performance Indicators. The functionality to manage Graded Tax has not been incorporated in the new system. Graded Tax shall therefore continue to be administered in the Government Computer Services System, ENTIRE.

5.2.2 Change Management Project

The objective of the SRA's change management strategy is to get the willingness of the staff and key stakeholders to change their attitudes, mind-sets and their work habits to embrace new initiatives that are meant to transform the business. The change management project, with the assistance of consultants, has introduced tools and a methodology that shall assist the SRA in achieving the organisation's change objective.

5.2.3 Project Insika

The SRA initiated a Business Process Management (BPM) project (Insika) in February 2013 to document and improve business processes. The objective is standardisation of operations and continuous improvement. A BPM methodology was developed and the methodology is supported by the BPM Maturity Level roadmap.

A summary of the top three (out of 5) levels in the roadmap are as follows:

Level 3: All Core Processes are documented according to the methodology, targets for KPIs that support strategic objectives have to be defined and attained. Full compliance to the core processes is required.

Level 4: All processes are documented and complied with. The documentation of all processes provides a platform for standardisation of operations. This stage would qualify the SRA for ISO 9001 certification.

Level 5: The theme of this level is optimisation / continuous improvement. This level would qualify the SRA for ISO 9001 re-certification.

In the financial year 2013/14 Domestic Taxes and Customs documented all their core processes. Their target for the financial year 2014/15 is BPM Level 3, the full implementation of all the Core Processes. This shall result in standardisation, enhanced consistency and reliability of core operations of the SRA.

5.2.4 E-Filing and E-Tax

The organization continued rolling out its e-tax initiatives following full delivery of this module in the new Revenue Administration System. The areas that have been prioritized in this regard are filing of VAT and PAYE returns. An increase was observed during the year on the number of taxpayers that registered for e-filing. Eighty seven percent (87%) of the registered taxpayers are using the facility to file their VAT returns and 80% for PAYE. As an incentive for the use of the facility, taxpayers registered for e-filing were given a filing extension of seven (7) days for both VAT and PAYE returns. There still needs to be some concerted efforts to convince taxpayers to maximize the utilisation of this platform. The country's communication systems, which affect internet connectivity, also play a significant role in the uptake of this facility.

The functionality of the IRAS for filing VAT returns, PAYE returns, registration of queries, viewing statements and payments has been developed, tested and commissioned. With the ability to view statements online, taxpayers are expected to respond promptly whenever they note that their payments do not show on the online payment list, and the benefit would be a prompt reduction in the payment suspense account. The next major milestone shall be the addition of income tax return filing module. The uptake in the usage of e-Tax is expected to increase as more functionality is added in the system.

5.2.5 Implementation of Enterprise Content Management Programme

An Enterprise Content Management Programme was launched in the period under review. The programme seeks to bring a coordinated way of managing documents and records, based on best practice, consistently applied across SRA. Major milestones achieved include the following:

- Development of the SRA Records Management Strategy;
- Development of the SRA Records Management Policy and Procedures;
- Development of the SRA File Plan;
- Setting up of the SRA Records Management Centre;
- Development of job profiles for the officers to manage the Records Management Centre.

6. REVENUE PERFORMANCE

The Document Management Unit has been fully established to support the programme. The file plan is expected to be fully implemented during the year 2014/15, starting on a manual environment. An electronic Document and Records Management System is being procured, to further transform the SRA into modern methods of doing business. The project is in stage 1 and currently sourcing a suitable vendor to implement the system. SRA is grateful to the Government of the Republic of China on Taiwan for the financial support they have extended to make this project possible.

5.2.6 Centre Of Excellence

The SRA established a Centre of Excellence (CoE), which is a custodian for tools, standards and methodologies for BPM, change management and project/programme/portfolio management. The CoE provides best practice support to operational and supporting departments for the three said disciplines. The methodologies and tools for these disciplines have been defined and delivered with the assistance of external services providers.

6. REVENUE PERFORMANCE

6.1 Direct Taxes

Revenue collections have grown by 38% since the inception of the SRA (when comparing 2010/11 collections against 2013/14 collections) reflecting a very strong performance despite the changes in the operational environment. Total revenue collections by the SRA are recorded at E5,474,313,099 against a target of E5,115,282,448 for the fiscal year 2013/14, translating to a 7% above target performance. This reflects E359,030,651 in excess of target revenue collection and a 14% year on year increase compared to 2012/13. Table 1.0 below shows actual collections from 2009/10 to 2013/14.

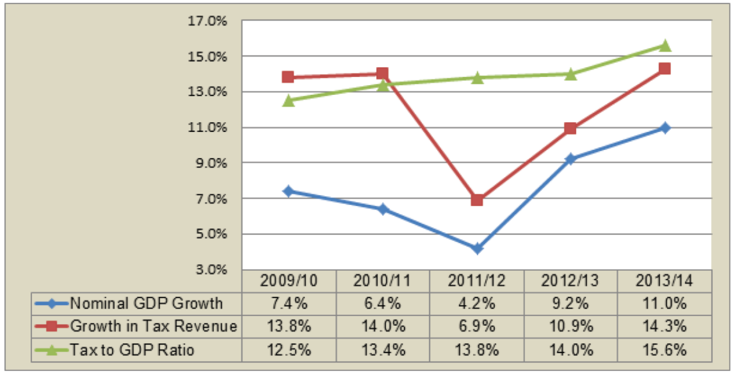
Table 1.0: Total Revenue Collections for the years 2009/10 - 2013/14 (E'000)

REVENUES FOR THE PERIOD 2009/10 TO 2013/14 (E'000)									
	2009/10	2010/11	2011/12	2012/13	2013/14		Variance 2013/14		As a % of
REVENUE HEADING	Actual	Actual	Actual	Actual	Target	Actual	Actual-Target	2013/14-2012/13	Revenue in 2013/14
Company Tax	707,838	763,224	827,634	743,127	890,236	1,070,385	20%	44%	20%
Individuals	1,330,116	1,447,948	1,568,554	1,348,998	1,527,197	1,751,682	15%	30%	32%
Other Income Tax	268,726	308,188	301,635	265,943	376,316	297,644	-21%	12%	5%
Graded Tax	3,089	4,100	3,416	2,086	5,139	1,258	-76%	-40%	0%
Total	**2,309,769**	**2,523,460**	**2,701,239**	**2,360,154**	**2,798,888**	**3,120,969**	**12%**	**32%**	57%
SALES TAX	997,644	1,255,389	1,338,190	133,188		35,843			
VAT				1,623,295	1,819,627	1,695,188	-7%	4%	31%
OTHER TAXES									
Sugar Export Levy	17,462								
Road Toll	24,691	24,200	28,090	27,431	31,242	28,589	-8%	4%	1%
Lotteries and Gaming	20,651	18,123	18,135	7,427	3,615	5,235	45%	-30%	0%
Fuel Tax	91,300	147,560	206,034	381,457	461,909	549,427	19%	44%	10%
TOTAL	**154,104**	**189,883**	**252,259**	**416,315**	**496,767**	**583,251**	**17%**	**40%**	11%
Penalties and Unallocated Funds				257,939		39,063			
GRAND TOTAL	**3,461,517**	**3,968,732**	**4,291,688**	**4,790,890**	**5,115,282**	**5,474,313**	7%	14%	100%

REVENUE PERFORMANCE (continued)

The main sources of domestic revenue for the country remain relatively unchanged with Company Taxes, Individuals and VAT accounting for about 83% of tax revenue. Out of the E5.4 billion collected in 2013/14, Income Taxes contributed 57% while VAT contributed 31%. The recovery in the domestic economy has impacted positively on the overall revenue collection by the SRA. With the exception of the underperformance of VAT, indirect taxes performed fairly well. Fuel tax collections are 19% above target for the year, enhanced by enforcement efforts. Road toll collections performed at 8% below target but reflected a 4% growth when compared to 2012/13. The target set was rather optimistic. Regardless of the fluctuations in the performance of the domestic economy, tax collections have been steadily rising across the five years and have grown faster than inflation and GDP, highlighting a sound efficiency drive in revenue mobilization. Further as a measure of revenue administration productivity, the tax to GDP ratio has been increasing from year to year to reach an overall increase of 2.2% since the inception of the SRA. This can be observed in figure 6.0 below.

Figure 6.0: Growth in GDP, Tax Revenue and Tax to GDP ratio for period 2009/10 – 2013/14

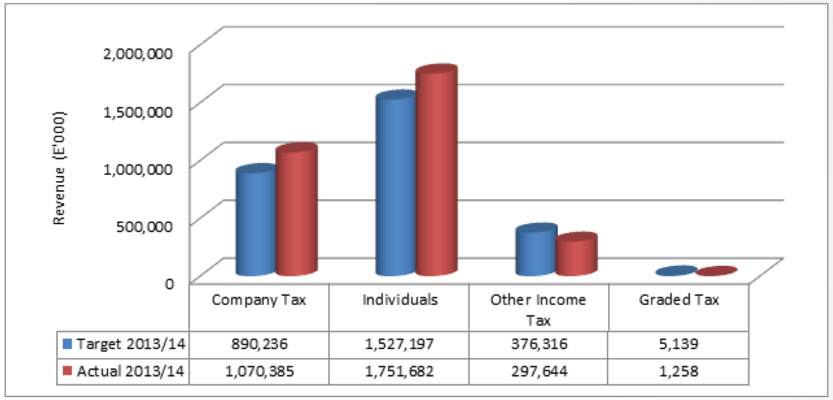


Sources: Ministry of Economic Planning and Development and Central Bank of Swaziland.

6.1.1 Income Taxes

Income taxes continued to be the main contributors to the overall tax collections administered by the SRA. Income Tax collections (net of refunds) for the year 2013/14 were recorded at E3,120,969,089 against a target of E2,798,888,336 translating to an over performance of 12%. This year's collections also surpassed collections made in 2012/13 by 32%. Figure 7.0 below depicts the performance of Income Taxes for the period under review.

Figure 7.0: Income Tax Collections for FY 2013/14 (E'000)



The positive performance of Income Taxes is despite the tax relief that was extended by government to individual taxpayers and the reduced corporate tax rate for Income Taxes which put some E340 million back into taxpayers' pockets. Income Taxes benefitted from the increased profits particularly of exporting companies and salary adjustments for civil servants and government entities. Table 2.0 below indicates that both Company and Individual Taxes performed well with collections surpassing the set targets by 20% and 15% respectively, compared to the previous year when they underperformed. Despite the underperformance by the various Income Taxes in 2012/13, total tax revenue grew by 12% due to the positive performance of the newly introduced Value Added Tax (VAT).

Table 2.0: Year on Year growth in income tax revenue: 2009/10 – 2013/14

Year	Company Tax	Individual Tax	Other Income Tax	Graded Tax	Total Revenue
2009/10	14%	23%	25%	-5%	14%
2010/11	8%	9%	15%	33%	15%
2011/12	8%	8%	-2%	-17%	8%
2012/13	-10%	-14%	-12%	-39%	12%
2013/14	44%	30%	12%	-40%	14%

Strong positive collections of provisional payments from companies in June, December and March boosted overall company tax revenues to a record E1,070,384,992 against a target of E890,236,104. Year-on-year performance of other Income Taxes showed an increase of 12% while Graded Tax showed a decline of 40% as reflected in table 2.0 above.

The continuous improvement in the collection of company taxes has changed slightly the relative contribution of company taxes to total income tax revenue from an average of 31% to a contribution of 34% in the year 2013/14. The relative contribution of individual taxes and other income taxes both declined by a single percentage in 2013/14. The foregoing is explained by table 3.0 below.

Table 3.0: Contribution of Income Tax items to total Income Tax Revenue: 2009/10 – 2013/14

Year	Company Tax	Individual Tax	Other Income Tax	Graded Tax
2009/10	31%	58%	12%	0.13%
2010/11	30%	57%	12%	0.16%
2011/12	31%	58%	11%	0.13%
2012/13	31%	57%	11%	0.09%
2013/14	34%	56%	10%	0.04%

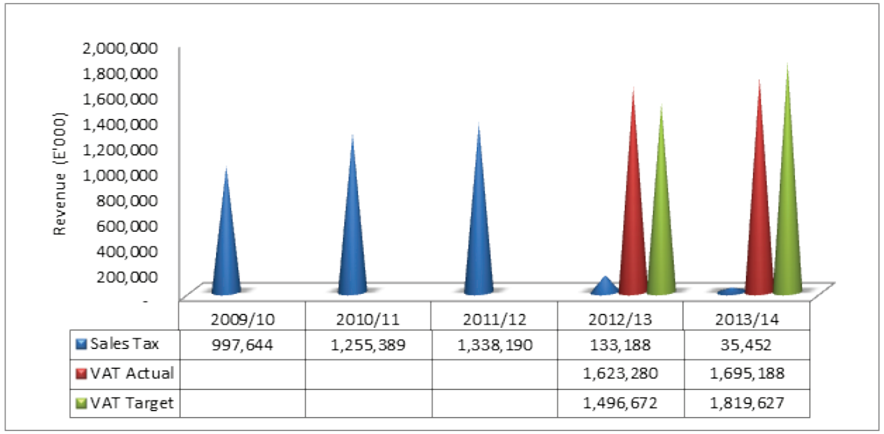
6.2 Indirect Taxes

6.2.1 Value Added Tax

Value Added Tax (VAT) performed well above target at inception in 2012/13 and in 2013/14 it came in at 7% below target. The collections amounted to E1,695,187,701 against a target of E1, 819,627,382 translating to an underperformance of E171,108,431, as observed in figure 8.0 below. The performance was in part affected by increasing refunds to exporters in 2013/14 when compared to 2012/13.

REVENUE PERFORMANCE (continued)

Figure 8.0: Taxes - VAT Trend from 2009/10 to 2013/14

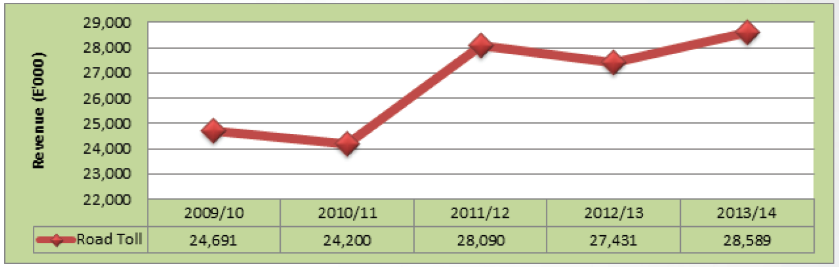


6.2.2 Road Toll

Road Toll revenue is derived from foreign motor vehicles coming into the country and forms part of the overall collections by the SRA. Amounts paid at the border vary and depend on the origin, size of the vehicle as well as the purpose for which the vehicle is entering the country. Private foreign registered motor vehicles are charged E50 while foreign trucks pay E80. Locally registered business vehicles entering the country pay E15.

Figure 9.0 below indicates that total road toll collections for 2013/14 stood at E28,588,985 against a target of E31,242,478 translating to an underperformance of 8%. This reflects an increase of only 4% from the collections made in 2012/13 against this item.

Figure 9.0: Road Toll collections from 2009/10 to 2013/14 (E'000)



6.3 Refunds

A total of E759,854,737 was refunded to taxpayers in the ending financial year. This includes VAT, Income Tax and Sales Tax refunds as highlighted in table 4.0 below.

Table 4.0: Refunds to taxpayers in 2013/14

VAT REFUNDS	AMOUNT (E)
Refunds-Exempt taxpayers	18,824,205
Companies	722,871,856
Import VAT	175,708
Total VAT Refunds	**741,871,769**
INCOME TAX REFUNDS	17,376,131
SALES TAX REFUNDS	606,837
Total Refunds	**759,854,737**

6.3.1 VAT Refund Administration

Preparations for the implementation of the new VAT Refund Administration (VRA) scheme between South Africa and Swaziland were

7. INTERNATIONAL TRADE TAXES AND LEVIES

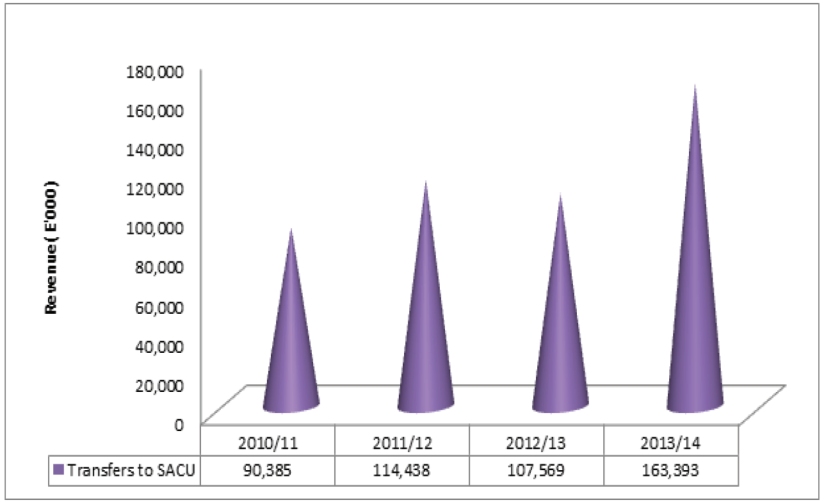
finalised during the period under review. These preparations included meetings with SARS to agree on modalities, preparation of information material for stakeholder sensitization and training of staff. The actual launch of the VRA, which was expected to be on 1st April 2014, was halted to secure further ratification by the South African Parliament of the already signed Government to Government Agreement. It is expected that the VRA will be implemented during the second quarter of 2014/15 following the ratification of the Agreement by the new Parliament in South Africa.

7.1 Customs and Excise

Customs and Excise duties recorded at the country's border posts and transferred to the SACU Common Revenue Pool (CRP) were recorded at E163,392,995, which translates to a 52% increase from the E107,569,391 recorded in 2012/13, as indicated in figure 10.0 below. The transfers to the CRP are in line with the SACU arrangement as Member States are expected to remit their collections of Customs and Excise duties to the pool and these remittances are later shared through the agreed revenue sharing formula.

Travellers at the new Lavumisa Border Post.

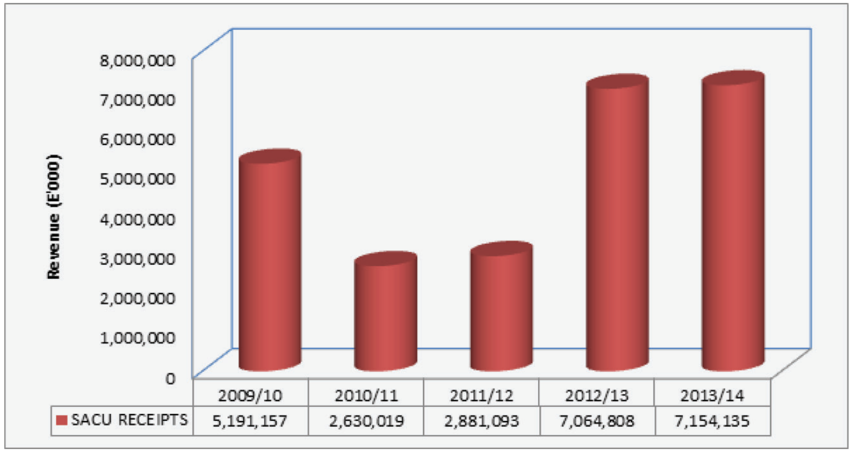
Figure 10.0: Customs and Excise Transfers to the SACU CRP for the period 2010/11 - 2013/14 (E'000)



After a sizeable decline in 2010/11 and 2011/12, for two successive years now (2012/13 and 2013/14), SACU receipts have been slightly above E7 billion.

The revenue amount for 2013/14 stood at E7,154,135,111, as indicated in figure 11.0 below. The stabilisation in SACU receipts for the past two years (2012/13 and 2013/14) has helped to ease the fiscal pressure faced by the country between 2010 and 2012. The country is doing everything possible to reduce the heavy reliance on SACU receipts. Internally, revenue mobilization efforts have been strengthened to assist in making that become a reality.

Figure 11.0: SACU receipts for the period 2009/10 - 2013/14 (E'000)



7.2 Customs Operations

7.2.1 Upgrade of ASCYCUDA++ to ASYCUDA WORLD

As part of its customs modernization drive, the SRA introduced a project to upgrade ASYCUDA++ with the more modern and web-based ASYCUDA World. This was approved by the Cabinet's Standing Committee on Public Enterprises (SCOPE) in line with the relevant legislation governing public enterprises. The new system has the capability to enable clients to lodge their declarations online directly to Customs without the involvement of a third party. The difference with ASYCUDA++ is that it sits on a Microsoft Windows platform, which makes it easier for traders to host on their systems. The following are further functionalities that will improve Customs effectiveness and eventually Swaziland's doing business ratings:

- Elimination of the extra cost related to double capturing of export/import declarations in both South Africa and Swaziland;
- Improvement of data quality through online, real-time or similar data exchange between administrations;
- Saving on time spent on data reconciliation for SACU purposes;
- Single window capability allowing for easier connectivity with other government agencies involved in the administration of imports;
- Easier interface with other systems within the SRA.

Application for technical and financial assistance was submitted to the Common Market for Eastern and Southern Africa (COMESA). COMESA experts visited the country twice during the financial year to assist the Swaziland Revenue Authority to expedite the paperwork, which was pending approval by the COMESA Council at the end of the reporting period. The implementing partner of the project, United Nations Conference on Trade and Development (UNCTAD), will be on the ground in the second quarter of the next financial year to fully roll-out the system.

7.2.2 Implementation of Recommendations of the World Bank Time Release Study

In 2011 the SRA conducted a Time Release Study (TRS) with the assistance of the World Bank. They then committed to funding some of the projects that resulted from this study in order to address the gaps that were identified. Five (5) World Bank consultants arrived in the country to assist the SRA to implement some of the following trade facilitation measures proposed during the TRS.

7.2.2.1 Automated Data Exchange with South Africa

The data exchange initiative is intended to eliminate the double capturing of declarations between two Customs Administrations by making the export declaration of one country as the import declaration of the importing country thus drastically reducing the clearance time. This is obviously a desirable initiative, which unfortunately needs to take cognisance of the legislation governing the validity of a declaration.

The project included development of software and procurement and installation of servers and other hardware with funding from the World Bank. This equipment is already installed and operational. The exercise is on-going with teams already working on the legislative, procedures and administrative arrangements associated with a data exchange programme. These should be finalised in the second quarter of 2014/15 thus paving the way for a fully-fledged data exchange programme.

7.2.2.2 Co-ordinated Border Management System

The purpose of this initiative is to improve Swaziland's rating in the World Bank's doing business indicators by reducing the time it takes to take goods across borders through a co-ordinated approach to enforcement interventions by various law enforcement agencies at the border. The findings of the feasibility study will form the basis of national dialogue on this important matter. The feasibility study was undertaken and a report will be available in the first quarter of 2014/15.

7.2.2.3 Preferred Trader Accreditation Scheme

This initiative is aimed at identifying compliant or low risk traders who will receive the 'preferred trader status' to be recognised throughout SACU. Traders who are accredited in this way will enjoy expedited treatment at all SACU borders. Some of the benefits to be enjoyed and agreed by SACU include, minimum inspections, nominal regional bonds normally required to guarantee compliance, facilitated VAT refunds, and facilitated release and periodic export declaration.

The consultant engaged for the Preferred Trader Programme (PTP) began work in the reporting period. Pilot operators for the programme were identified and engaged. Preparations for two stakeholder engagements were also finalized and the engagements were held.

As the PTP is a SACU wide project under which a preferred trader will eventually receive preferential treatment in all the SACU countries, a peer review exercise, intended to assess Member States' readiness towards the launch and pilot of a SACU Regional PTP was carried out during the year. A team consisting of experts from all the SACU countries undertook the review and Swaziland was considered to have met the expected progress towards implementation of the project. Plans to develop and implement this project to its

INTERNATIONAL TRADE TAXES AND LEVIES (continued)

completion are underway.

7.2.3 Cigarettes and other high duty products

SRA continued to encounter cases of smuggling of liquor and cigarettes which are high duty excisable products. A total of two hundred and forty six (246) volumes of cigarettes, six hundred and fifty five (655) units of alcohol and thirty (30) Huawei i-Pads are among the significant seizures by the Anti-Smuggling and Border Operations teams during the period under review.

The Intelligence and Investigations Teams are working on a case involving forgery of Customs documents by a certain retailer of blankets and household linen. A total of thirty (30) unprocessed Customs forms drawn from the ASYCUDA were found to have been used to make fraudulent VAT refund claims. A total of E290,648 has been recovered and investigations are continuing to identify and recover further liabilities by the same company.

7.2.4 Origin Verification by Tanzanian Authorities

The SRA facilitated the resolution of the long outstanding issue involving the eligibility for Swazi origin of products of one of the country's major exporters. The matter had been escalated to the Council of Ministers of Trade in SADC following a query by the Tanzanian Customs Authorities who were not satisfied that the goods on which preferential treatment was claimed upon their importation into that country actually originated from Swaziland. Following meetings and consultations between the SRA, officials from the Ministry of Commerce, Industry and Trade and the exporter the queries were cleared and the goods are now being admitted into Tanzania on preferential terms.

7.2.5 SACU Integration Initiative

The SRA is involved in the SACU trade facilitation and compliance initiatives which include, the preferred trader accreditation scheme, data exchange pilot with SARS, the establishment of the SACU trade forum and risk and enforcement initiative. A number of meetings were held in the SACU region in order to finalize preparatory work for the piloting or to initiate other enforcement operations.

SRA team with ATAF officials during the ATAF Training.

8. REVENUE ADMINISTRATION

8.1 Tax Policy

8.1.1 Customs Law

The domestication of the new draft Customs Act proposed by SACU is on-going and a team was established to review the draft. The team completed its work and a consultant was engaged to undertake a gap analysis of the draft Act vis-à-vis international conventions and best practice. However, in view of the fact that the promulgation of the new Customs Act is expected to take some time due to the necessary consultative and approval processes, certain amendments to the current Customs Act have been drafted and submitted for parliamentary approval so that the modernisation initiatives currently underway and that depend on the provisions that are not in the current law can be implemented without undue delay. However, these could not be considered by the 9th Parliament.

8.1.2 Income Tax Legislation Amendments

The Income Tax Amendment Bill was approved by Cabinet and was awaiting tabling before Parliament. Explanatory notes to the above bill were drafted and discussed with the Ministry of Finance. Among the proposed changes is the daily rate penalty for failure to submit returns, obligation to file monthly PAYE returns and E-tax filing. These changes were planned for introduction in the tax year commencing July 2014 but could also not make it through Parliament on time.

8.2 International and Third Party Agreements

Swaziland acceded to the ATAF (African Tax Administration Forum) Agreement in April 2013. Membership of this Forum, whose vision is to promote efficient and effective tax administration in Africa, enables Member States to access various kinds of assistance, including capacity building and technical assistance.

It also enables co-operation among tax authorities on technical and administrative issues. To facilitate the operations of the SRA, forty five (45) agreements were concluded with third parties, including renewals of agreements for various services.

8.3 Technical Missions

Over the year the SRA has received missions on various projects. These include on-going assistance being received from the World Bank on implementing the report findings of the time release study and the International Monetary Fund on re-organizing the SRA to international best practice structure and function.

Various initiatives under the IMF Missions have been towards strengthening the Large Taxpayer Unit, introduction of the Integrated Revenue Administration System (IRAS), initiatives to improve compliance which include mainly development of a fully-fledged compliance strategy for the organization and the implementation of self-assessment. The IMF sent a mission to the SRA over the months of November and December 2013 and the main focus was to:

a) Ascertain whether any new issues had arisen in respect of the integration of domestic taxes that may require attention;
b) Review existing SRA plans for the introduction of self-assessment;

c) Map out existing processes for income tax assessment, filing enforcement, and collection enforcement;
d) Review legislation and consider necessary amendments to enable self-assessment, where applicable.

In March through April 2014 the IMF through the IMF AFRITAC South sent over a consultant to support the organization's drive on the development of a compliance management framework. This constituted of various discussion sessions with operational departments and a guiding report was received from the consultant on the development of a Compliance Risk Model. The IMF AFRITAC South sent an official in June 2013 to follow up on recommendations made relating to risk management during a TA assignment to Swaziland in November 2012 and to provide further advice to develop the risk management function in customs. This assignment gave advice in developing the risk management function and also provided some guidance to the Anti-Smuggling Team of SRA Customs.

The SRA also hosted the World Customs Organization on a diagnostic mission in August 2013. The Diagnostic Mission was carried out under the Columbus Programme, at the request of the SRA, whose objectives are to assist with the implementation of the WCO SAFE Framework of Standards and to Secure and Facilitate Global Trade. The outcome for the diagnostic mission, characterized as Phase 1 is a Diagnostic Report which provides a strategic overview of the strengths and weaknesses of the organization as well as an assessment of the organizational capacity to implement a variety of international Customs, Revenue and Trade related standards and good practices. At the end of the mission, a recommendation to guide the organization in identifying development priorities and drafting a modernization road map was provided by the WCO experts.

8.4 Tax Compliance Initiatives

8.4.1 Self-assessments

This is a major initiative in the administration of Income Taxes. Similar to VAT, taxpayers are required to assess themselves, then submit returns together with payment for the assessed liability. The organisation embarked on a project to introduce self-assessment for Income Tax. The underlying principle for self-assessment being that tax owed by a taxpayer would be the tax liability declared by the taxpayer in his/her tax return.
The Tax Office would only interfere where there is glaring mistakes or misrepresentation by the taxpayer. It will, however, reserve the right to audit taxpayers to confirm the declared income. The first stage of the project targeted Large Taxpayers and this has been completed. The next stage shall target the rest of taxpayers who are within the VAT threshold and High Net-Worth Individuals. Engagements started with the Executives of the stakeholder affiliation bodies and were thereafter rolled out to members under the SME category. Entities engaged included; FSE&CC, FSBC, Law Society of Swaziland, Medical and Dental Association, Hotels and Restaurant Association, Ministry of Commerce, Industry and Trade and Swaziland Commercial Amadoda.

An IMF Mission visited the country from 27 November 2013 to 9 De-

December 2013 to review progress in the introduction of Self-Assessment. Several workshops were conducted with the IMF Mission Team sharing experiences from other Revenue Administrations on how self-assessment has been implemented for SMEs. The IMF Mission Team identified critical areas which the SRA needs to focus on in order to successfully implement the self-assessment system. These include the identification of the next (Phase II) group of income taxpayers, starting the phase with returns to be submitted at the end of October 2014. The IMF further recommended that implementing of the final phase (Phase III - all remaining income taxpayers) be deferred until policy considerations have been considered. The development of a specific audit strategy for Phase II of self-assessment and the finalisation of the development of an integrated compliance strategy to influence front-office and back office operations for self-assessment were also recommended.

The SRA also undertook study tours to the Rwanda Revenue Authority and Zambia Revenue Authority where the self-assessment system has been successfully implemented.

8.4.2 Small Taxpayer Regime

It has become very clear that small taxpayers struggle to comply with the current tax laws as approved. This is mainly because of the data intensity, which requires that they spend a lot of money to maintain records and also audit their books. It has become necessary to assist them by developing a regime that will facilitate their compliance. A policy paper to address this issue has been developed and shared with the Ministry of Finance. This has an impact on the SRA self-assessment implementation plan as the plan is such that the smallest taxpayer shall not be catered for under self-assessment due to the challenges they may have in relation to the keeping of proper records. The Small Taxpayer Regime is seen as the best regime that shall cater for this particular segment and ensure that they are supported to grow while maximizing revenue collection from them.

8.4.3 Post Clearance Audits

Audits of four major companies were finalised during the year. Demands for payments totalling E5,447,246 in uncovered underpayments are being pursued. Final Letters of demand amounting to E96,675,667 were issued to various companies in respect of finalised audits.

SRA staff at Simunye Plaza during roadshows.

8.4.4 Introduction of the new simplified referencing

The SRA has been plagued with the problem of people remitting funds into its accounts but referencing wrongly, resulting in a growing amount sitting in the suspense account as efforts are made to allocate it to a taxpayer and/or tax type. This has had a considerable negative impact in that taxpayers who had paid continued to accumulate interest while the organization had to deploy a lot of resources to try and ensure an effective and accurate allocation of these funds. In an effort to resolve this matter in the long term, a new referencing format was developed. Road shows were held throughout the country to sensitize taxpayers of this initiative and the attendance was impressive. The new referencing started on 1 May 2013. Training of internal staff was conducted. Improvements were observed in the hit rate of the uploaded data from the banks, which improved from around 1% to 70%. The focus is now on continuing enforcement with banks the validation of bank transactions according to the new referencing prototype system for both on-line and walk-in taxpayers.

The new referencing format is now fully operational and banks are now accepting transactions referenced in accordance with this format. Enforcement of the full validation of SRA payments referenced on the new prototype as expected by the SRA from the bank did not fully occur. Four (4) banks have shown an improvement as they have started validating the bank transactions according to the new referencing prototype system for both on-line and walk-in taxpayers. One of the banks had not yet started validating the payments as at the end of this reporting period.

8.4.5 Re-engineering of Tax Clearance Certificate

In an effort to close off the loop-holes that have been identified, the SRA embarked on an exercise to re-engineer the Tax Clearance Certificates (TCC). The module to deliver this capability in SRA's Revenue Management System (RMS) has been developed but not yet in full use. However, consensus has been reached on the key security features on this document. Regulations to seek sanction of the Tax Clearance Certificate, renamed the Tax Compliance Certificate (TCC), have been signed by the Minister of Finance. Internal and external awareness engagements on TCCs were conducted. The TCC engagement for parastatals and government was held in June 2013. Comments and suggestions from the engaged stakeholders were incorporated.

Tax Clearance Certificate (TCC) engagements and reviewing of all legislation continued during the year. As part of the SRA's Business Process Management initiative, the organisation reviewed the process governing the issuing of the TCC. This is in an effort to deliver convenience to the taxpayer as all offices undertake this function in a harmonized way. It is also designed to eliminate the incidents of fraud, which were identified in some of SRA stations.

8.5 Systems Enhancement

8.5.1 Network Optimization

In the period under review the SRA implemented a Wide Area Network (WAN) optimization solution that accelerates the delivery of applications to the branches and borders. WAN optimization accelerates applications and data transfer so that connected people can be more productive. It increases performance while enhancing IT control and visibility across data centres and branch offices. This has been implemented in all SRA offices outside the headquarters building.

8.5.2 Lync Communication

The SRA implemented Microsoft Lync to lower the cost of communication through instant messaging, instant calendaring and voice over IP and video conferencing. Microsoft Lync also provides a consistent, single client experience for presence and a platform for online meetings.

8.5.3 Implementation of Information Security Management System

An Information Security Management System (ISMS) was introduced in the period under review. The aim of the ISMS project was to develop a comprehensive information management framework and implementation plan based on ISO27000 to protect the SRA information assets. A critical component of the ISMS is establishing tools and capabilities for SRA staff to prevent loss of information.

8.6 Customer Service

8.6.1 Business Consultative Committee Forum

The Swaziland Revenue Authority is committed to consulting with Swazi commercial stakeholders on its strategies, policies, operational programmes and administrative procedures that govern and affect Swaziland's commercial trade.

The SRA has established the Business Consultative Committee (BCC) to provide commercial stakeholders a forum for dialogue on Swaziland's border operations and tax issues. The BCC, Chaired by the SRA Commissioner General, comprises of the following stakeholders: Federation of Swaziland Employers & Chamber of Commerce (FSE&CC); Swaziland Institute of accountants (SIA); Federation of the Swazi Business Community (FSBC); Swaziland Investment Promotion Authority (SIPA); Swaziland Law Society; and, Small Enterprise Development Company (SEDCO).

Sub-committees have also been established to provide an on-going mechanism for suggesting new ideas or raising issues or concerns with regards to Domestic Taxes to Business and Customs to Business. This platform provides both the SRA and BCC to find ways of making business easier. Two meetings were held during the reporting period and some of the interactions have led to the following:

i) The Preferred Trader Programme which benefits traders through accreditation across the region;

ii)The input of the business sector towards the Advisory Bill and the Revenue Appeal Bill;

iii) The on-going talks with the South African Revenue Service on the VAT Refund Administration;

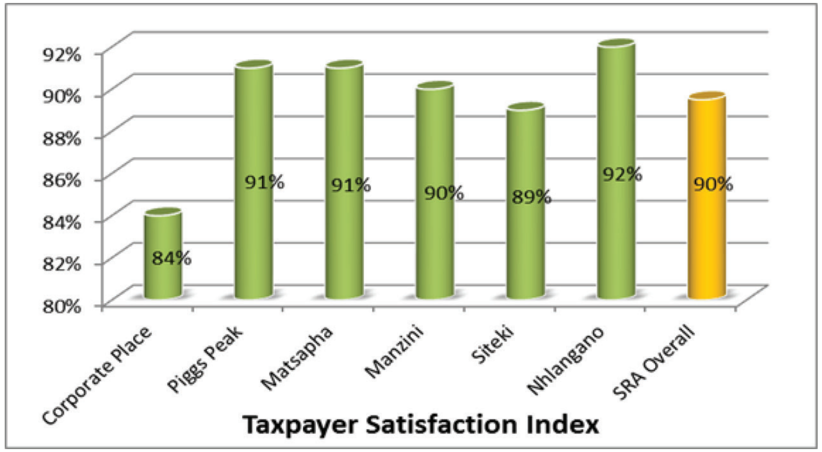
iv) An intermediary solution to lack of a VAT Refund system in Mozambique;

v) The integrated border management system.

8.6.2 Taxpayer Satisfaction Index

The SRA introduced the concept of a Taxpayer Satisfaction Index during the third quarter of the year. This index measures the satisfaction level of taxpayers on the service received from Service Centres. A total of about five hundred and thirty (530) taxpayers from different Service Centres were requested to rate service provision by SRA.
The results indicate a Taxpayer Satisfaction Index of 90% derived from monthly tracking surveys over a 6 months period. Figure 12.0 below indicates the comparative results per Service Centre.

Figure 12.0: Taxpayer Satisfaction Index by SRA service centre in 2013/14



8.6.3 Promotion of SRA Contact Centre, e-Tax and New Referencing

Following the launch of the SRA Contact Centre, e-Tax and new referencing of payments, the promotion of the same through mass media was done during the reporting period. Newspaper Adverts, Magazine and Billboards were the main channels of communications.

8.6.4 Workshop Engagements Conducted

During the year under review, a total of thirty four (34) engagement workshops were coordinated. These focused on the submission of income tax returns, Pay As You Earn (PAYE), Value Added Tax, and general compliance. The main audiences engaged were; Government Ministries, who were organised in collaboration with the Accountant General's Office to sensitize them on submission of PAYE Declarations. Another key initiative was that on driving general compliance especially amongst sub-contractors to Swaziland Electricity Company as well farmers supplying Royal Swaziland Sugar Corporation and Ubombo Sugar. SEDCO also presented an opportunity for the SRA to engage taxpayers through their Entrepreneur of the Year Award sensitization sessions. Other major targets engaged were churches as well as Savings and Credit Cooperatives.

8.6.5 Branding and Signage

Branding of the new SRA Service Centres and new Head Quarters was done in the period under review. The branded services centres were Siteki, Pigg's Peak and the Mbabane Service Centre based at the Corporate Place. Lavumisa Border Post was also completed in terms of branding and signage.

8.6.6 Advertising Campaigns

The organisation rolled out two major advertising campaigns. This included Income Tax Returns Campaign, conducted in August and October 2013, which used education and health as main themes related to the importance of payment of taxes. This campaign generated some interest due to its use of real life models and an assumption can be made that it yielded the results. The income tax returns campaign ended with a "Thank You" Message in November 2013 and January 2014 to all those who submitted their returns. This was highly commended by a number of people who saw it.

8.6.7 Live Radio Shows

The SRA radio show on SBIS continues to be one of the major ways of educating the masses about tax. In this regard a total of forty nine (49) radio shows were conducted on the station. These covered a number of topics, predominantly on general compliance with the laws administered by the SRA.

8.6.8 Corporate Social Investment

The SRA Governing Board approved a three year corporate social responsibility plan for the organisation. This is in line with the SRA Corporate Social Responsibility Policy. The SRA has identified education for young people living with disability, especially the hearing impaired and those that are visually challenged as the major beneficiaries of the initiative. To this end some meetings have been held with the Ministry of Education and Training as well as the Deputy Prime Minister's Officer, Disability Unit to strategize on the implementation of this programme.

8.7 Estates and Administration

8.7.1 SRA Head Quarters and Service Centre

All Mbabane operation teams were successfully relocated to the new Head Quarters building at the Mbabane Office Park. The building houses all the organization's major central operations, which includes the Commissioner General's Office. The building also includes a Service Centre, Staff Canteen and Documents and Records facilities. The Mbabane Service Centre at the Corporate Place was also completed and commissioned for business operations on 26 June 2013.

8.7.2 Construction Projects

The Management Tender Committee (MTC) approved the appointments of vendors to provide various goods and services to SRA and undertake construction for various projects. A total of 59 vendors were procured to provide services at a total value of E64,575,109. Table 5.0 below indicates the value and number of tenders procured by SRA to provide various types of goods, services and construction services.

Table 5.0 Annual Procurement Report for 2013/14

Procurement Type	Quantity	Value (E)
Goods	13	19,520,232.48
Services	34	31,861,780.03
Construction	12	13,193,096.49
Totals	**59**	**64,575,109.00**

8.7.2.1 Extension of Ngwenya Border Post

The Phase I of the border improvements are 80% complete, where the public toilet ablutions for both entry and exit to Swaziland have been commissioned for public use. The refurbishment of the main building customer hall is underway and expected to be completed at the end of August 2014. Phase II started in March 2014 when the old Royal Swaziland Police (RSP) houses were demolished paving way for the construction of cargo inspection facility and ports of agriculture and health. This phase will also cover the construction of Police Post and control guard houses – the construction is expected to start in September 2014. SRA constructed four (4) senior staff houses for police at the border to compensate for the houses that were demolished; the police took occupation of the houses in December 2013.

8.7.2.2 Extension of Lavumisa Border Post

In November 2013 the border team relocated to operate in the new border structure and the old building was demolished paving way for construction of access road linking Swaziland and South Africa. The project will be moving into Phase IV during the course of 2014/15 and the grand completion of all the phases is expected in 2015/16 where a Police Post and Tourism Office will be constructed.

8.7.2.3 Reconstruction of Mananga Border Post

Environmental Impact Assessment, site investigation, surveys and designs have been concluded. All working drawings are in place awaiting tender procurement. Demolition to the old police station and court at the border was done at the end of November 2013. The project is currently stalled awaiting decision on the compensation to the property owners that are affected by the construction of the border.

8.7.2.4 Construction of Public Toilets (Gege and Nsalitje)

Public toilets were constructed for Nsalitje and Gege border posts and were commissioned in March 2014.

8.8 Litigation

As at year end, nine (9) new litigation cases were attended and are pending hearing. Twenty nine (29) cases are still pending from the previous year and only one (1) case was finalised as indicated in table 6.0 below. New cases were predominantly those initiated against the organisation, with three (3) cases having been lodged for prosecution with respect to VAT offences.

Table 6.0 Litigation statistics as at period ended 31 March 2014

Department	New matters (all pending hearing)	Matters still pending from Previous year	Finalized matters
Income Tax	5	3	1
Customs	2	8	0
Sales Tax	1	10	0
Labour	1	5	0
Other	0	3	0
Totals	**9**	**29**	**1**

8.8.1 Tax Evasion

Several cases were uncovered where forged Customs stamps were used. The fraudulently stamped documents submitted as evidence that bonded goods had been exported and therefore, by reason of such export, the liability for duty had been extinguished have since been disallowed and an estimated amount of E18 million in revenue prejudice is being pursued. Moreover 60,130 volumes of cigarettes were seized as it was being smuggled at some of the country's borders.

9. ENHANCING HUMAN CAPITAL

9.1 Performance Management System

In an effort to entrench a performance culture within SRA, a Performance Management System (PMS) was introduced with performance contracts being signed with all staff. Performance reviews were conducted during the course of the financial year in November 2013 and January 2014. The year-end performance appraisals were conducted at the end of the financial year and have helped the organization to measure and benchmark its performance in terms of achieving the SRA's strategic objectives and enhancing performance throughout the organization. Like everything that is introduced for the first time, there were a lot of lessons learned and these have been used in structuring the PMS for 2014/15.

9.2 Integrated Human Resources Management System

The development of the Integrated Human Resources Management System (IHRMS) is near completion and most of the modules have been rolled out already. The Leave Module (DIY) and Base Module have been fully implemented and all employees started using the system. The system has replaced the manual leave forms which are no longer used in the organization. The modules that are still to be completed are the Training, Recruitment, Wellness and Employee Relations modules. The payroll module is expected to be fully rolled out by 1st July 2014. This will facilitate bringing the organization's payroll in-house and eliminate the associated costs.

9.2.1 Employee Wellness Programme

A number of programmes were undertaken in pursuit of improving staff wellness across SRA. Road shows were conducted where SRA staff were informed and sensitized on cancer, information pamphlets as well as awareness ribbons were distributed among staff. The SRA also participated in the annual Brave the Breast Walk which was organized by the Swaziland Breast Cancer Network,

ENHANCING HUMAN CAPITAL (continued)

where it sent forty five (45) employees. In line with the global Diabetes Mellitus Awareness Month, the SRA Wellness Programme ran awareness road shows on Diabetes Mellitus where SRA staff was given an opportunity to test their blood sugar levels on site. All SRA stations were reached including border posts. In commemoration of the World AIDS Day, the SRA distributed branded t-shirts, key-holders as well as information by way of related articles posted in the Authority`s intranet. In a few stations, the commemoration candle was lit for a better part of the month of December 2013.

The engagement of the Swaziland Business Coalition on HIV and AIDS (SWABCHA) as a service provider for the SRA was approved and started wellness awareness campaigns in issues of HIV and AIDS in the workplace. Internally, the organization has on-going counselling services and referrals are made as needed. The SRA participated in the annual Sibebe Challenge and won a Gold Award in the “Biggest Team” category. In compliance to the SRA Occupational Health and Safety Policy, the various SRA work stations have been capacitated, with twenty eight (28) officers who received training as First Aiders, thirty (30) officers were trained as Fire Marshals and another thirty (30) were trained as safety representatives.

9.3 Staff Recruitment and Training

The staff complement as at the end of the financial year 2013/14 stood at six hundred and eighteen (618). There were ninety nine (99) new staff recruits and twenty three (23) terminations during the period under review. Various training activities were conducted both internally and externally to enhance staff competency and capacity levels. The types of training, service providers and number of staff

Table 7.0 SRA Staff Trainings in 2013/14

TYPE OF TRAINING	DEPARTMENTS TRAINED	TOPICS COVERED	TRAINING PROVIDERS	NUMBER OF STAFF TRAINED
IN-HOUSE TRAINING	CUSTOMS	Basic Customs Training, ASYCUDA++, VRA Training	Customs Training Team	222
	DOMESTIC TAXES	IP & SOP Training, Effective Communications Training, RMS Training, Objectives and Appeals Training	ICT Trainers, HR Training, Domestic Taxes Team	188
	CORPORATE	Basic Customs Training, IP & SOP Training, MPS Training(Modernization), IR Training, Wellness program session, CRS Workshop, Customers Services, PMS Training, Document and Record Management	IP & SOP Training, Customs Training Team, SNAPTECH, Business Analysts, C.M.A.C, SWABCHA, CRS, Communications Team, PMS Team, COR Concepts Information Management Consulting	572
EXTERNAL TRAINING	CUSTOMS	WCO Women in Leadership Workshop, SACU Preferred trader Audit and Verification Workshop, WCO Regional Workshop on Non-instructive Inspection, Regional Workshop on Post Clearance Audit, Tripartite Trade, SADC Training of Trainers Program, Joint WCO –UPU Customs Workshop, WCO ESA Regional Workshop on Customs Valuation and Transfer, Regional Training and Capacity Building on COMESA Rules of origin Pricing, Development guidelines for the Coordination of Excise Taxes in the SADC Region	WCO, SACU, SADC, WCO & UPU, COMESA,	25
	DOMESTIC TAXES	VAT Course, International Taxation and Tax Treaties Course, ATAF Technical Seminar on Auditing in VAT Systems, Pension Funds Governance, Retirement Reforms and Risk Management, WCO ESA Regional Workshop on Customs Valuation and Transfer Pricing, Treaty Aspects of International Tax Planning. Regional Conference on Customs Reform and Modernization, SACU-WCO Customs Development program, The practice of Tax treaties in Case Studies, International Financial Reporting Standards, Benchmarking Attachment on self-assessment, Managing Tax &Taxation, VAT and Excise Duties	African Tax Forum, ATAF, WCO, International Tax Academy, Global prospectus, Academy of Public Finance	32
	CORPORATE	Oracle introduction course SQL Training, Supply Chain and Management Bid Adjudication Committees course, Introduction to Tax Analysis and Revenue Forecasting and Advanced Tax Analysis and Revenue Forecasting, Fleet Management in Africa, Training event organised by the Ethics Institute of South Africa, Southern African International Audit Conference, CCNA Security Training, Negotiators Training, CISCO SECURE Training Course, Management of Portfolio Training, 20037 Enterprise Voice and Online Services with MS Lync Server 2013 Training, Joint WCO –UPU Customs Workshop, Professional Development forum on Accounts payable workshop ITIL Planning, Protection and Optimization cost, Oracle Database Administrator Training, Creative Writing for Media, Strategy-Policy Formulation, Implementation and Monitoring Training, ATAF Conference Tax Administration For Small &Medium Enterprise Development in Africa, Microsoft share-point 2013 designer, Java Training-Customs system upgrade, SACU-WCO Customs Development program-Trade Partnership Preferred Trader, Benchmarking Attachment on self-assessment, COBIT5- Introduction on ICT governance and management, SADC Training of Trainers, Training on Audit Command Language, Compliance Risk Management plans. Attachment of Risk Management Practitioners, Payroll Administration and Employee Remuneration, Principles of Professional Business Analysis, Internal Communication Management Training, Microsoft Access(Database Training), Risk Based Approach Compliance programme	Snap Tech, Pretoria, South Africa, Advantage Training, Ethics Institute of South Africa, Institute of Internal Auditors, Torque IT, SNAPTECH, Microsoft SA, WCO & UPU, ABS International, PRISA, ATAF, Bytes people solutions, SACU, University of Pretoria, ZRA, COBIT5, SADC, COS GRC Solutions, Compliance Institute of Southern Africa, Kenya Revenue Authority, Intelligent Commerce t/a Envision International, FTI Training Centre, PRISA, LearnFast Training Institution, DOWNTON Hill.	49

competency and capacity levels. The types of training, service providers and number of staff trained are shown in table 7.0 (previous page)

9.3.1 E-Learning

As one of the findings of the TRS was officers' lack of adequate knowledge and skills, a component of the TRS projects had to be the upgrading of SRA's training infrastructure. Thus, in collaboration with the World Customs Organization who provided the software and hardware for E-learning, the World Bank provided computers to be installed at all border posts to ensure that border officers are also able to access the e-learning modules.

9.4 Technical Training Programme

In an effort to ensure quality service delivery and minimize errors in dealing with taxpayers, the SRA has embarked on an initiative to capacitate its staff in customs matters. A total of two hundred and thirty (230) officers from Grades 2 to 6 attended the Customs Basics Course. Ten of these were drawn from other Divisions that work closely with Customs procedures. Additional courses in Trade Facilitation and Supervisory Management were conducted to supplement the Basic Customs Course. These additional courses were funded by the World Bank and the World Customs Organization and were also extended to participants from all Departments and Divisions in the SRA. Other supplementary capacity building initiatives were sponsored by the regional organisations such as SACU, COMESA and SADC where Customs Officers were trained in a wide range of Customs specific courses. The Intermediate Customs training is set to commence in the first quarter of the next financial year.

9.5 Technical Assistance

Various attachment programmes have been undertaken in the course of the year and are as follows:

a) Attachment with the Ghana Revenue Authority on the areas of revenue forecasting and tax policy analysis and research in October 2013.

b) In December 2013 an attachment with the Rwanda Revenue Authority on the implementation of self-assessment was undertaken. As a continuing benchmarking exercise on the self-assessment project, the project team also visited the Zambia Revenue Authority in January 2014.

c) Attachment with the Kenya Revenue Authority for the SRA Risk Management Division on establishing an enterprise risk management framework was attended in March 2014.

d) Study tour to Lesotho Revenue Authority (LRA) to gain a better understanding of the processes and challenges associated with the VAT Refunds System in September 2013.

e) SRA hosted the Malawi Revenue Authority in March 2014 to learn from SRA's Revenue Management System for their own implementation.

9.6 International Workshops

A number of international workshops were hosted by the SRA in the year 2013/14. These include:

a) The African Tax Administration Forum (ATAF), the International Monetary Fund (IMF) and South African Revenue Service (SARS), hosted by the Swaziland Revenue Authority, organized a technical event in August 2013. This workshop brought together middle/senior managers from Tax Administrations across Africa to deliberate and better understand taxpayer behaviour and the role of taxpayer services as fundamental to a tax administration's strategy to improve levels of voluntary compliance;

b) The Swaziland Revenue Authority and the WCO-ESA Regional Office of Capacity Building (ROCB) together hosted a meeting of the Governance Committee in October 2013;

c) The WCO sent two officials into the SRA for the training of Senior Management on the Leadership and Management Development (LMDP) Programme in October 2013.

10. IMPROVING CORPORATE GOVERNANCE

10.1 Governing Board Business

The Revenue Authority Act, 2008, which establishes the SRA, stipulates that the SRA Governing Board shall have a minimum of one meeting every three (3) months. The Governing Board and its Committees met as required within each quarter during the year, approving various strategic initiatives, including policies, as indicated in table 8.0.

Esibusisweni pupils pose for a picture with the Commissioner General.

Table 8.0: Governing Board Sessions as at period ended 31 March 2014

Board and Sub-Committees	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Audit Committee	29th May 2013	3rd September 2013	-	19th February 2014
Human Resource and Ethics Committee	21st May 2013	7th and 16th August 2013	1st November 2013	19th February 2014
Finance and Tender Committee	20th May 2013	14th August 2013	13th November 2013	23rd March 2014
Full Board	5th June 2013	4th September and 1st October 2013	1st and 27th November 2013	31st March 2014

Though the Governing Board was able to fulfil its mandate and continued to contribute to the development of the SRA, its activities were hampered by the reduced membership as a result of the resignation of 2 Members in May 2012 and November 2013. Replacement of the Members is being dealt with by the Honourable Minister of Finance.

An appraisal on the effectiveness of the Governing Board was also undertaken in October 2013, with the assistance of a reputable service provider. Overall, the appraisal results indicated that the Governing Board is performing well as indicated in and quoted from the Appraisal Report to the Chairman of the Governing Board:

"The Board has significantly more areas that are viewed as performing well and should be congratulated for this. This is especially commendable given that the SRA is a newly formed institution and that there is no formal corporate governance code adopted in Swaziland."

Recommendations from the Appraisal Report will be implemented during the course of the coming year.

In order to enhance the work of the Audit Committee, Mr Africa Hadebe was engaged by the Governing Board as an invitee to the Committee to assist and provide expertise on audit issues.

10.2 Enterprise-wide Risk Management

Following the establishment of the Risk and Assurance division during the period under review, the following initiatives were conducted towards embedding a strong risk management culture in the organization;

a) An Enterprise-wide Risk Management framework and related policies were developed and socialized throughout the organization.

b) Establishment of the Risk Governance structure which includes the formulation of a Risk Management Committee (RMC) chaired by the Commissioner General. The RMC oversees the effectiveness of the risk management processes and the management of key enterprise-wide risks that the organization is exposed to.

The roll-out of the risk management policies commenced during the year resulting in the assessment and documentation of the SRA strategic risks which determined the organization's risk profile during this period. Assessment of risks was also facilitated at the departmental and divisional levels and relevant mitigating actions were determined for risks that breached the tolerance levels.

10.3 Agreements Signed by the SRA

The SRA signed a memorandum of cooperation with the Lesotho Revenue Authority in July 2013. The negotiated agreement enables the parties to provide each other some mutual administrative assistance.
This was driven by the need for international cooperation in matters pertaining to the application and enforcement of customs laws as well as efforts to prevent the contravention of customs laws.

10.4 Internal Audit

In the period under review, a number of internal audits were conducted. Out of twenty three (23) audits planned for the year six (6) audits were carried over from the financial year 2012/13 while one (1) audit was deemed to be outsourced due to staff capability challenges and a date is still to be set. Five (5) audits (debt management debt collection; compliance enforcement; performance information; customs systems; and computer systems management) were deferred to the 2014/15 financial year.
Two (2) audits (systems manual, documented systems, process flows and procedures; Value Added Tax compliance) were in progress and incorporated in the new audit plan for the financial year 2014/15.
An audit on voluntary compliance was done, while an adhoc audit on the governance of the Human Resources Division was also performed at the request of the Audit Committee. Four (4) audits were follow-up audits, including leave audit, completed in collaboration with an external auditor (PriceWaterHouseCoopers). All the follow-up audits were done and reports were issued. Four (4) new audits were incorporated in two audits that were carried over (revenue collection and analysis

IMPROVING CORPORATE GOVERNANCE (continued)

and the corporate governance audit).

Moreover, the internal audit function witnessed the disposal of motor vehicles and old stationery and also performed spot checks at various cash collection points at the various border posts and field offices within the revenue authority. From the review of various audit work undertaken the internal audit function concluded that the internal control systems within SRA are partially adequate and partially effective in providing reasonable assurance as to whether SRA will achieve its strategic objectives. Improvement is still required in various areas before reasonable assurance can be provided that the strategic objectives will be achieved.

10.5 Internal Affairs

10.5.1 Detection and Investigation

Sixty two (62) complaints were processed by the Internal Affairs division during the period under review and were all converted into active investigations. Forty two (42) investigations were inherited from the previous reporting period. In total, one hundred and four (104) investigations were handled in the period under review. Of these, eighty four (84) were resolved as follows: eleven (11) were referred to the disciplinary hearing process, whilst sixty two (62) were closed for lack of evidence and eleven (11) were transferred to other internal units and to the Royal Swaziland Police. Twenty (20) investigations are pending or still active as at the close of the year under review.

Forty one (41) ethics and integrity staff awareness campaigns were conducted during the period under review, and covered a total of 458 SRA staff members. Externally, focus was on the promotion of the “No Gifts” stance of the SRA through print media and talk shows hosted on SBIS (SiSwati Channel) Radio and promotion of awareness of the “Toll-Free” whistle-blowing line (i.e., 800 8000).

10.5.2 Oversight Tasks

As per the Staff Code of Ethics and Conduct, gifts which could not be declined by staff were registered and disposed-off through the established guidelines, which include distribution to charity or needy members of our society. Forty six (46) gift declaration incidents were entered into the Gift Register covering three hundred forty (340) gift-items which include edibles, stationery, clothes, perfumes, water-bottles, clocks, beverages, and E547 cash, to name but a few.
All staff members were subjected to the compulsory annual Income and Asset Declaration programme as per the dictates of the same Code. These declarations were reviewed for purposes of monitoring issues of conflict of interest or whether or not staff are living beyond their means.

10.6 Legal Services

The drafting of the Revenue Appeals Tribunal Bill was finalised, and is being taken through the final stages leading towards approval. The purpose of this legislation is to facilitate a quicker and more affordable mechanism for dealing with disputes relating to revenue administration and collection. The draft Tax Administration Bill, which seeks to harmonise the administration of the tax and customs legislation, was completed. External stakeholder engagements are being prepared to get input before this Bill is finalised.

SWAZILAND REVENUE AUTHORITY
(Own Accounts)
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2014

STATEMENT OF RESPONSIBILITY BY THE BOARD MEMBERS

...for the year ended 31 March 2014

The Board Members are responsible for the preparation, integrity and fair presentation of the financial statements of the Swaziland Revenue Authority. The financial statements presented on pages 39 to 62 have been prepared in accordance with International Financial Reporting Standards, and include amounts based on judgements and estimates made by management. The Board Members also-prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

The Board Members are also responsible for the Swaziland Revenue Authority's internal financial controls. These are designed to provide reasonable, but not absolute assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of the assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the Board Members to indicate that any material breakdown in the functioning of these controls, procedures and any system has occurred during the year under review.

The going concern basis has been adopted in preparing the financial statements. The Board Members have no reason to believe that the Swaziland Revenue Authority will not be a going concern in the foreseeable future based on forecasts and available cash resources. These financial statements support the viability of the Swaziland Revenue Authority.

The financial statements have been audited by the independent accounting firm, PricewaterhouseCoopers, which was given unrestricted access to all financial records and related data, including minutes of the Board Members and Committees of the Authority.

The Board Members believe that all representations made to the independent auditors during their audit are valid and appropriate. PricewaterhouseCoopers' audit report is presented on page 34.

The annual financial statements which appear on pages 39 to 62 have been approved by the Board Members and are signed on its behalf by:

BOARD CHAIRPERSON

DATE 18/08/2014

COMMISSIONER GENERAL

DATE 20/08/2014

INDEPENDENT AUDITOR'S REPORT
TO THE GOVERNING BOARD OF SWAZILAND REVENUE AUTHORITY

We have audited the accompanying financial statements of Swaziland Revenue Authority, which comprise the Board Members' report, the statement of financial position as of 31 March 2014, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes, as set out on pages 39 to 62.

Board Members' Responsibility for the financial statements

The Authority's Board Members are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Revenue Authority Act, 2008. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis forour audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Authority as of 31 March 2014 and of its financial performance and its cash flows for the year then ended in accordance with Swaziland and International Financial Reporting Standards, and in the manner required by the Revenue Authority Act, 2008.

PricewaterhouseCoopers

PricewaterhouseCoopers
Partner: *Paul Lewis*
Chartered Accountant (Swaziland)
Date: 12 September 2014
Mbabane

SWAZILAND REVENUE AUTHORITY (Own Accounts)

BOARD MEMBERS'REPORT
for the year ended 31 March 2014

1. Nature of business

Swaziland Revenue Authority (SRA) 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 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 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 E290 093 290 (2013: E206 188 239). The Authority incurred capital expenditure of E95 635 740 (2013: E48 921 423) on property plant and equipment and intangible assets. Full details of the financial results are set out on pages 39 to 62.

3. Cashflow for the year

Cash and cash equivalents at the end of the financial year were E170.166 million (2013: E171.880 million). A detailed statement of cash flows is on page 42.

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 the Revenue Authority. Even though these assets were being utilised by the Revenue Authority at 31 March 2014, 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.

BOARD MEMBERS'REPORT
for the year ended 31 March 2014

5. Corporate Governance issues *(continued)*
Corporate Governance:
Social Responsibility:
The Authority is fully committed to putting back into the community and to minimize the impact of illnesses on its staff in order to save lives and ensure sustainability of the Authority. To this end the Authority established a fully-fledged wellness office during the year and has continued to support initiatives aimed at improving the lives of the people within the communities it operates in. The Authority has put in place a Corporate Social Responsibility programme which focuses on education of young people living with disabilities with special emphasis on the visually challenged, and those with hearing and speech impairment.

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
Mr. Ambrose Dlamini - Chairperson

Board Members
Mr Sthofeni Ginindza - Vice Chairperson
Mr Martin Dlamini - Member (Resigned on 27 November 2013)
Ms Khabonina Mabuza - Member
Mr Majozi Sithole - Member (Appointed on 27 November 2013)
Mr Mhlabuhlangene Dlamini - Member
Ms Phumelele Dlamini - Member (Resigned on 27 November 2013)

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 and	Mbabane
Sozisa Roads	H100
Swazi Plaza, Mbabane	Swaziland
Swaziland	

SWAZILAND REVENUE AUTHORITY (Own Accounts)

BOARD MEMBERS'REPORT (continued)
for the year ended 31 March 2014

8. Investment Managers

The following financial institution was the investment manager 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 and Sozisa Roads	Mbabane
Swazi Plaza, Mbabane	H100
Swaziland	Swaziland

9. Business and postal address of the Authority

Business address	**Postal address**
Second 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**
PricewaterhouseCoopers	PricewaterhouseCoopers
RHUS Office Park	P O Box 569
Kal Grant Street	Mbabane
Mbabane	H100
Swaziland	Swaziland

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 March 2014

	Note	2014 E	2013 E
Revenue			
Government funding for recurring expenditure		**290 093 290**	206 188 239
Other income and expenses	1	**(218 313)**	65 126
Total revenue		**289 874 977**	206 253 365
Expenses			
Administrative expenses		**(128 060 943)**	(61 348 928)
Staff costs		**(162 032 347)**	(144 839 311)
Operating surplus	2	**(218 313)**	65 126
Finance income	3	**8 933 403**	5 131 645
Finance cost	3	**(342 746)**	(414 836)
Surplus for the year		**8 372 344**	4 781 935
Total comprehensive income for the year		**8 372 344**	4 781 935

STATEMENT OF FINANCIAL POSITION for the year ended 31 March 2014

	Notes	2014	2013
Assets		**E**	E
Non-current assets			
Property, plant and equipment	5	**183 497 719**	132 633 451
Intangible assets	6	**34 903 785**	3 322 544
		218 401 504	135 955 995
Current assets			
Other Assets	7	**4 216 009**	2 201 889
Cash and cash equivalents	8	**170 166 553**	171 880 460
		174 382 562	174 082 349
Total assets		**392 784 066**	310 038 344
Reserves			
Accumulated surplus		**20 554 548**	12 182 204
		20 554 548	12 182 204
Liabilities			
Non-current liabilities			
Employee benefits provision	9	**48 391 698**	40 969 293
Borrowings	12	**1 397 938**	2 190 994
Deferred grant income	10	**218 401 503**	135 955 997
Total Non-current liabilities		**268 191 139**	179 116 284
Current liabilities			
Other payables	11	**27 407 346**	6 630 230
Employee benefits provision	9	**2 253 904**	5 085 967
Borrowings	12	**793 056**	700 790
Deferred grant income	10	**73 584 073**	106 322 869
Total current liabilities		**104 038 379**	118 739 856
Total liabilities		**372 229 518**	297 856 140
Total reserves and liabilities		**392 784 066**	310 038 344

STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2014

	Accumulated Surplus E	Total E
Balance at 31 March 2013	**12 182 204**	**12 182 204**
Total comprehensive income for the year	**8 372 344**	**8 372 344**
Balance at 31 March 2014	**20 554 548**	**20 554 548**
Balance at 1 April 2012	7 400 269	7 400 269
Total comprehensive income for the year	4 781 935	4 781 935
Balance at 31 March 2013	12 182 204	12 182 204

STATEMENT OF CASH FLOWS for the year ended 31 March 2014

	Notes	2014 E	2013 E
Cash flows from operating activities			
Cash utilised by operations	13	**(243 568 983)**	(180 398 327)
Net cash utilised in operating activities		**(243 568 983)**	(180 398 327)
Cash flows from investing activities			
Acquisition of property, plant and equipment	5	**(97 244 134)**	(48 921 423)
Proceeds from sale of property, plant and equipment		**-**	252 755
Net cash utilised in investing activities		**(97 244 134)**	(48 668 668)
Cash flows from financing activities			
Net grant funding received from the Government	10	**339 800 000**	353 345 550
(Decrease)/Increase in finance lease liability		**(700 790)**	(619 273)
Net cash utilised in financing activities		**339 099 210**	352 726 277
Net increase in cash and cash equivalents and bank overdrafts		**(1 713 907)**	123 659 282
Cash and cash equivalents at beginning of the year		**171 880 460**	48 221 178
Cash and cash equivalents and bank overdrafts at end of the year	8	**170 166 553**	171 880 460

1. General information

Swaziland Revenue Authority (SRA) 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 financial statements are reported in Emalangeni. The Administered Government Revenue accounts are audited by the Auditor General.

2. Basis of preparation

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

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed.

The accounting policies have been consistently applied to all years presented and all amounts are shown in Emalangeni unless otherwise stated.

2.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Authority

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 April 2013 that would be expected to have a material impact on the Authority.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES for the year ended 31 March 2014

2.1 Changes in accounting policy and disclosures *(continued)*

(b) *New standards, amendments and interpretations* issued but not effective for the financial year beginning 1 April 2013 and not early adopted;

- Amendments to IFRS 7, 'Financial instruments: Disclosures' on transfers of financial assets, promote transparency in the reporting of transfer transactions and improves users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets.

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost.

The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements.
The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Authority is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015.

- IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Authority is yet to assess IFRS 13's full impact and intends to adopt IFRS 13 no later than the accounting period beginning on or after 1 January 2013.

3. Property, plant and equipment
Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Office furniture and equipment, Computer equipment and motor vehicles are depreciated on a straight line basis over their current anticipated useful lives.

3. Property, plant and equipment *(continued)*

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

Computer equipment	3 years
Office equipment	3 years
Motor vehicles	5 years
Leasehold Improvements	5 years
Office furniture	10 years
Buildings	50 years

The basis of depreciation, useful lives and residual values are assessed annually.
The Office furniture and equipment, Computer equipment and motor vehicles are stated after deducting government grants.
The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of construction overheads of normal capacity.

The Authority recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Authority and the cost of the item can be measured reliably. All other costs are recognised in the statement of comprehensive income as an expense.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income within other income.

4. 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. All other borrowing costs are recognised as an expense in the statement of comprehensive income in the period in which they are incurred.

5. Impairment of assets
The carrying amounts of assets stated in the statement of financial position, other than inventories and deferred tax assets, are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated as the higher of the fair value less costs to sell and its value in use. An impairment loss is recognised in the statement of comprehensive income whenever the carrying amount exceeds the recoverable amount.

In assessing value in use, the expected 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 an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

A cash generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Impairment losses are recognised in profit or loss. Impairment losses in respect of cash-generating units are allocated to assets in the cash-generating unit on a pro rata basis.

A previously recognised impairment loss is only reversed if there has been a change in the estimates used to determine the recoverable amount and if there is an indication that the impairment loss may have been reversed. The reversal is limited to an amount equal to the carrying amount that would have been determined, net of depreciation and amortisation, had no impairment loss been recognised in previous years.

6. Financial assets

The Authority classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term.

A. Financial assets at fair value through profit or loss

Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

B. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. The Authority's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the statement of financial position.

C. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Authority's management has the positive intention and ability to hold to maturity.

These assets are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method less any required impairment.

6. Financial assets *(continued)*

D. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

They are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date.

The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in equity.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as 'gains and losses from investment securities'.

7. Revenue recognition

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 entity 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:

(i) Government funding

a) 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.

b) 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 the Statement of Comprehensive Income in the period in which they become receivable.

c) Capital and development funds, whose primary purpose is to construct or otherwise acquire noncurrent assets, are recognised in the statement of changes in reserves and an amount equivalent to the depreciation determined on a historical cost basis is transferred from capital reserve to the accumulated surplus/(deficit).

(ii) Interest income

Interest income includes interest on bank deposits and is recognised in the Statement of Comprehensive Income on an accrual basis using effective interest method.

(iii) Commissions, auction sale proceeds, and other income earned
Commissions, auction sale proceeds and all other incomes are recognised on an accrual basis when it is probable that SRA will receive the income and the income can be measured reliably.

8. Finance income

Finance income comprises interest receivable on loans, advances, trade receivables and income from financial market investments. Interest is only recognised where it is probable that the economic benefits associated with the transaction will flow to the Authority. Finance income is recognised on a time-proportionate basis that takes into account the effective yield on assets. Finance income on impaired loans is recognised using the original effective interest rate.

9. Finance cost

Finance cost comprises interest payable on borrowings calculated using the effective interest rate method as well as interest resulting from the unwinding of discount on provisions.

10. Financial risk management

The Authority's activities expose it to a variety of financial risks including currency risk, fair value interest risk and price risk. The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Authority.

10.1 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.

10.2 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 E143 233 while a decrease in interest rates by a similar margin would result in an equal opposite effect.

10.3 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:
(i) Cash and cash equivalents - all deposits and cash balances are placed with reputable financial institutions.
ii) Staff debts are recovered in terms of the applicable policy and procedures directly from the employee's salary.

10.4 Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. 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. Borrowings due over 1 year have been discounted using 12% which is the rate implicit in the lease agreement and was taken as a market rate.

	Less than 1 year E	Between 2 and 5 years E	Over 5 years E	Total E
31 March 2014				
Financial Liabilities:				
Other payables	**27 407 346**	**-**	**-**	**27 407 346**
Borrowings	**793 056**	**1 397 938**	**-**	**2 190 994**
	28 200 402	**1 397 938**	**-**	**29 598 340**
31 March 2013				
Financial Liabilities:				
Other payables	6 630 230	-	-	6 630 230
Borrowings	700 790	2 190 994	-	2 891 784
	7 331 020	2 190 994	-	9 522 014

11. Provisions

Provisions are recognised when the Authority has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Authority expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The Authority recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

Restructuring provisions comprise lease termination penalties and employee termination payments, and are recognised in the period in which the Authority becomes legally or constructively committed to payment. Costs related to the ongoing activities of the Authority are not provided in advance.

12. Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held with banks, other short term high liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the statement of financial position.

13. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

14. Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred, when they become party to the contractual provisions. Borrowings are subsequently stated at amortised cost using the effective interest rate method; any difference between the proceed (net of transaction value) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings.

15. Employee benefits

Short-term employee benefits
The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. The provision for employee entitlements to salaries, gratuity and annual leave represent the amount that the Authority has a present obligation to pay, as a result of employees' services provided up to the statement of financial position date. The provision has been calculated at undiscounted amounts based on current salary rates.

Termination benefits
Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Authority recognises termination benefits when it is demonstrably committed either to terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Pension obligation
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. Pre-

16. Grants received

Grants, including non-monetary grants at fair value, are recognised when there is reasonable assurance that the Authoritywill complywith the conditions attached to the grant and that the grant will be received.

Property, plant and equipment acquired from the proceeds of grants is 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.

17. Derecognition of financial assets and liabilities

Financial assets are derecognised when the contractual right to receive cash flows from the assets has expired; or when the Authority has transferred its contractual right to receive the cash flows of the financial assets, and either:

– Substantially all the risks and rewards of ownership have been transferred; or

– The Authority has neither retained nor transferred substantially all the risks and rewards, but has not retained control.

Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or expires.

18. Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

19. Critical accounting estimates and judgements

The Authority makes estimates and assumptions that affect the reported amounts of assets and liabilities within the financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The major area where management has used its judgment and accounting estimates are with regards to depreciation, amortisation of intangible assets and provisions.

20. Foreign Currencies

The financial statements of SRA are prepared and presented in Emalangeni(E), the currency of the primary economic environment in which SRA operates and the functional currency. Transac-

tions in currencies other Emalangeni are recorded at functional currency rate ruling at the date of the transaction.
Monetary items denominated in foreign currencies are translated at the rates prevailing at the statement of financial position date. All differences are taken to the statement of comprehensive income. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are retranslated.

21. 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 statement of financial position date.

22. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all risks and rewards of ownership to lessee. All other leases are classified leases.
a) Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.
b) Operating lease payments as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.
c) Deposits and advance payments of operating leases are recognised in the statement of financial position under trade and other receivables.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2014

		2014 E	2013 E
1	**Other income and expenses**		
	Tender deposits from approved suppliers	**245 422**	27 908
	(Loss)/ Gain on disposal of assets	**(463 735)**	37 218
		(218 313)	65 126
2	**Operating surplus**		
	The operating surplus is arrived at after taking into account the following items:		
	Amortisation of intangible assets (note 6)	**1 454 813**	744 529
	Auditors' remuneration		
	Current year fees-interim audit fees provision	**-**	121 837
	Prior year fees	**298 730**	167 659
		298 730	289 496
	Depreciation on property, plant and equipment (note 5)	**12 880 079**	5 810 667
	Board Member expenses	**223 536**	225 868
	Professional fees and consultancy	**30 826 885**	5 430 006
	Staff salaries and benefits (note 4)	**162 032 347**	144 839 311
3	**Finance income**		
	Interest received – Nedbank Swaziland Limited	**5 958 008**	1 960 293
	Interest received – African Alliance	**2 975 395**	3 171 352
		8 933 403	5 131 645
	Finance cost		
	Finance lease charges	**342 746**	414 836

		2014 E	2013 E
4	**Staff salaries and benefits**		
	Salaries & wages and other allowances	**139 825 363**	120 300 072
	Gratuity provision	**18 230 162**	19 624 394
	Non- Contributory Provident Fund contribution	**4 833 356**	195 563
	Pension contributions	**2 349 017**	2 471 092
	Leave pay provision - release	**(2 683 786)**	1 726 425
	Severance pay provision - release	**(521 765)**	521 765
		162 032 347	144 839 311

The average number of employees during the year was 618 (2013:568)

5 Property, plant and equipment

Property, Plant and Equipment	Land and Buildings	Containers	Office Equipment	Furniture & Fittings	Motor Vehicles	Leased Motor Vehicles	Leasehold Improve-ments	Computer Hardware	Work In Progress	Total
	E	E	E	E	E	E	E	E	E	E
Year ended 31 March 2014										
Cost or valuation										
At 1 April 2013	80 333 225	124 623	6 518 166	2 298 263	3 420 042	3 559 288	4 417 501	3 138 470	38 703 683	142 513 261
Additions	-	-	633 281	5 971 048	-	-	22 513	71 451	90 545 841	97 244 134
Disposals	(489 000)	-	-	-	-	-	-	-	-	(489 000)
Reclassification	-	-	(2 386 071)	-	-	-	-	2 386 071	-	-
Transfer from WIP	46 717 639	204 076	4 727 742	6 190 285	-	-	20 952 236	1 418 549	(113 246 579)	(33 036 052)
At 31 March 2014	**126 561 864**	**328 699**	**9 493 118**	**14 459 596**	**3 420 042**	**3 559 288**	**25 392 250**	**7 014 541**	**16 002 945**	**206 232 343**
Accumulated depreciation										
At 1 April 2013	(2 683 856)	(25 228)	(2 523 332)	(401 832)	(1 746 644)	(838 574)	(142 681)	(1 517 663)	-	(9 879 810)
Charge for the year	(1 669 148)	(44 594)	(2 498 190)	(687 520)	(672 724)	(773 947)	(4 875 366)	(1 658 590)	-	(12 880 079)
Reclassification	-	-	(606 969)	-	-	-	-	606 969	-	-
Disposals	25 265	-	-	-	-	-	-	-	-	25 265
At 31 March 2014	**(4 327 739)**	**(69 822)**	**(5 628 491)**	**(1 089 352)**	**(2 419 368)**	**(1 612 521)**	**(5 018 047)**	**(2 569 284)**	-	**(22 734 624)**
Net carrying amount	**122 234 125**	**258 877**	**3 864 628**	**13 370 244**	**1 000 674**	**1 946 767**	**20 374 203**	**4 445 257**	**16 002 945**	**183 497 719**

5 Property, plant and equipment *(continued)*

Property, Plant and Equipment	Land and buildings	Containers	Office Equipment	Furniture & Fittings	Motor Vehicles	Leased Motor Vehicles	IT Infrastructure	Leasehold Improve-ments	Computer Hardware	Work In Progress	Total
	E	E	E	E	E	E	E	E	E	E	E
Year ended 31 March 2013											
Cost or valuation											
At 1 April 2012	73 739 900	66 692	3 090 819	1 957 285	4 022 592	3 559 288	4 187 729	137 488	-	7 464 302	98 226 095
Reclassification	-	-	2 290 090	-	-	-	(4 187 729)	-	1 897 639	-	-
Restated at 1 April 2013	73 739 900	66 692	5 380 909	1 957 285	4 022 592	3 559 288	-	137 488	1 897 639	7 464 302	98 226 095
Additions	6 593 325	57 931	159 033	340 978	-	-	-	4 280 013	1 240 831	36 249 312	48 921 423
Disposals	-	-	-	-	(602 550)	-	-	-	-	-	(602 550)
Transfer from WIP	-	-	978 224	-	-	-	-	-	-	(5 009 931)	(4 031 707)
At 31 March 2013	80 333 225	124 623	6 518 166	2 298 263	3 420 042	3 559 288	-	4 417 501	3 138 470	38 703 683	142 513 261
Accumulated depreciation											
At 1 April 2012	(1 336 328)	(7 103)	(1 071 078)	(202 421)	(1 404 063)	(64 514)	(280 106)	(90 543)	-	-	4 456 156
Reclassification	-	-	455 688	-	-	-	280 106	-	(735 794)	-	-
Restated at 1 April 2013	(1 336 328)	(7 103)	(615 390)	(202 421)	(1 404 063)	(64 514)	-	(90 543)	(735 794)	-	(4 456 156)
Charge for the year	(1 347 528)	(18 125)	(1 907 941)	(199 412)	(729 594)	(774 059)	-	(52 138)	(781 870)	-	(5 810 667)
Disposals	-	-	-	-	387 013	-	-	-	-		387 013
At 31 March 2013	(2 683 856)	(25 228)	(2 523 331)	(401 833)	(1 746 644)	(838 573)	-	(142 681)	(1 517 664)	-	(9 879 810)
Net carrying amount	77 649 369	99 395	3 994 835	1 896 430	1 673 398	2 720 715	-	4 274 820	1 620 806	38 703 683	132 633 451

		2014 E	2013 E
6	**Intangible assets**		
	Capitalized computer software costs for the year ended 31 March 2013:		
	Cost		
	At the beginning of the year	**4 076 139**	44 432
	Additions transferred from WIP	**33 036 053**	4 031 707
	At the end of the year	**37 112 192**	4 076 139
	Accumulated amortisation		
	At the beginning of the year	**(753 594)**	(9 065)
	Charge for the year	**(1 454 813)**	(744 529)
	At the end of the year	**(2 208 407)**	(753 594)
	Net carrying amount	**34 903 785**	3 322 545
7	**Other assets**		
	Due from Swaziland Government	**3 090 500**	50 000
	Rental prepayment and deposits	**462 239**	373 353
	Group Life Assurance expenses paid on behalf of SRA Gratuity fund	-	1 396 023
	Inventory control account	**187 077**	93 028
	Staff travel and other advances	**306 959**	244 889
	Sundry debtors	**169 234**	44 596
		4 216 009	2 201 889
8	**Cash and cash equivalents**		
	Petty cash	**27 820**	122 056
	Nedbank Swaziland Limited	**60 765 620**	26 883 072
	African Alliance	**109 373 113**	144 875 332
		170 166 553	171 880 460

Available cash is invested in interest generating bank and investments accounts.

		2014 E	2013 E
9	**Employee Benefits Provisions**		
	Short term provisions:		
	Leave pay	**2 253 904**	5 085 967
	Long term provisions:		
	Gratuity	**48 391 698**	40 447 527
	Severance	-	521 766
		48 391 698	40 969 293
	Total	**50 645 602**	46 055 260

		Gratuity E	Pension E	Leave pay E	Severance E	Total E
9.1	**31 March 2014**					
	At the beginning of the year	**40 447 527**	-	**5 085 967**	**521 766**	**46 055 260**
	Amount paid out during the year	**(10 285 991)**	-	**(148 277)**	-	**(10 434 268)**
	Charged in the statement of comprehensive income	**18 230 162**	-	**(2 683 786)**	**(521 766)**	**15 024 610**
	At the end of the year	**48 391 698**	-	**2 253 904**	-	**50 645 602**
	31 March 2013					
	At the beginning of the year	22 142 154	3 419 674	3 566 695	-	29 128 523
	Amount paid out during the year	(970 264)	(3 419 674)	(207 153)	-	(4 597 091)
	Charged in the statement of comprehensive income	19 275 637	-	1 726 425	521 766	21 523 828
	At the end of the year	40 447 527	-	5 085 967	521 766	46 055 260

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.

9. Employee Benefits Provisions

Severance Pay

The severance pay provision was previously being calculated based on an estimate of those staff members who will retire within the foreseeable future. In the current year, this provision has been reversed as the Authority no longer has to bear the liability for severance pay on retirement of employees.

		2014 E	2013 E
10	**Deferred grant income**	**292 040 709**	242 278 866
10.1	***Current***		
	Balance at beginning of year	**106 322 870**	1 316 249
	Received from Government – cash	**339 800 000**	353 345 550
	Grants realised in statement of comprehensive income for funding recurring expenditure excluding depreciation and amortization	**(275 758 398)**	(199 633 043)
	Asset disposals for the year	**463 735**	215 537
	Grants utilised to defray capital expenditure (Note 5,6)	**(97 244 134)**	(48 921 423)
		73 584 073	106 322 870
10.2	***Non –current***		
	Balance at beginning of year	**135 955 996**	93 805 306
	Grants utilised to defray capital expenditure (Note 5,6)	**97 244 134**	48 921 423
	Asset disposals for the year	**(463 735)**	(215 537)
	Transfer of depreciation and amortisation on funded assets (Note 5,6)	**(14 334 892)**	(6 555 196)
		218 401 503	135 955 996

The authority received a grant amounting to E339 800 000 during the period the year from the Government of Swaziland to facilitate the funding of recurring & capital expenditure incurred and for its daily operations.

		2014 E	2013 E
11	**Other payables**		
	Retention Provision	**7 814 561**	-
	Accruals	**3 440 673**	2 134 918
	Other Payables	**16 152 112**	4 495 312
		27 407 346	6 630 230

			2014 E	2013 E
12	**Borrowings**			
	Current			
	Finance lease liabilities		**793 056**	700 790
	Non current			
	Finance lease liabilities		**1 397 938**	2 190 994
	Total borrowings		**2 190 994**	2 891 784
	Finance lease liabilities – minimum lease payments:			
	Not later than 1 year		**1 019 065**	1 019 065
	Later than 1 year but not later than 5 years		**1 552 210**	2 571 275
			2 571 275	3 590 340
	Future finance charges on finance leases		**(380 281)**	(698 556)
	Total minimum lease payments		**2 190 994**	2 891 784
13	**Cash flow from operating activities**	Notes		
	Surplus for the year		**8 372 344**	4 781 935
	Adjustment for non-cash items:			
	Depreciation and amortisation	5,6	**14 334 892**	6 555 196
	Loss/ (Gains) of disposal of assets		**463 735**	(37 218)
	Amortisation of Government grant		**(290 093 290)**	(206 188 239)
			(266 922 319)	(194 888 326)
	Changes in working capital:		**23 353 336**	14 489 999
	Increase in payables		**20 777 116**	(2 810 989)
	Increase in provisions		**4 590 339**	16 926 737
	Increase in other assets		**(2 014 119)**	374 251
	Net cash outflows from operating activities		**(243 568 983)**	(180 398 327)

14. Analysis of financial assets and liabilities by measurement basis

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The summary of significant accounting policies describes how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of the financial assets and liabilities by category as defined in IAS 39 and by statement of financial position heading.

	Loans, receivables and other assets E	**Financial assets and liabilities at amortised cost E**	**Available For sale Investment E**	**Total E**
As at 31 March 2014				
Financial assets				
Cash and cash equivalents	**-**	**-**	**170 166 553**	**170 166 553**
Other assets	**4 216 009**	**-**	**-**	**4 216 009**
	4 216 009	**-**	**170 166 553**	**174 382 562**
Financial liabilities				
Other payables	**-**	**27 407 346**	**-**	**27 407 346**
Borrowings	**-**	**2 190 994**	**-**	**2 190 994**
Deferred grant income	**-**	**73 584 073**	**-**	**73 584 073**
	-	**103 182 413**	**-**	**103 182 413**

	Loans, receivables and other assets E	Financial assets and liabilities at amortised cost E	Available For sale Investment E	Total E
As at 31 March 2013				
Financial assets				
Cash and cash equivalents	-	-	171 880 460	171 880 460
Other assets	2 201 889	-	-	2 201 889
	2 201 889	-	171 880 460	174 082 349
Financial liabilities				
Other payables	-	6 630 230	-	6 630 230
Borrowings	-	2 891 784	-	2 891 784
Deferred grant income	-	106 322 869	-	106 322 869
	-	115 844 883	-	115 844 883

15 Financial instruments – maturity analysis

The Authority's financial instruments are made up of the following financial assets and liabilities classified by maturity dates:

	Less than 1 year E	Between 2 and 5 years E	Over 5 years E	Total E
31 March 2014				
Financial assets:				
Other assets	**4 216 008**	-	-	**4 216 008**
Cash and bank	**170 166 553**	-	-	**170 166 553**
	174 382 561	-	-	**174 382 561**
Financial liabilities:				
Borrowings	**793 056**	**1 397 938**	-	**2 190 994**
Other payables	**27 407 346**	-	-	**27 407 346**
Deferred grant income	**73 584 073**	-	-	**73 584 073**
	101 784 475	**1 397 938**	-	**103 182 413**

	Less than 1 year E	Between 2 and 5 years E	Over 5 years E	Total E
31 March 2013				
Financial assets:				
Other assets	2 201 889	-	-	2 201 889
Cash and bank	171 880 460	-	-	171 880 460
	174 082 349	-	-	174 082 349
Financial liabilities:				
Borrowings	700 790	2 190 994	-	2 891 784
Other payables	6 630 230	-	-	6 630 230
Deferred grant income	106 322 869	-	-	106 322 869
	113 653 889	2 190 994	-	115 844 883

16. Related party transactions

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 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.

The following transactions were carried out with related parties:-

		2014 E	2013 E
16.1	**Government of Swaziland**		
	Grant Received - Cash	**339 800 000**	353 345 550
	Grant Received – Assets	-	-
		339 800 000	353 345 550
16.2	**Board members fees**		
	Board Members fees	**223 536**	225 868

17 Commitments

17.1 Operating lease commitments- company lessee

The Authority entered into the following lease agreements:

- Lease agreement with the Paramount Holdings Limited in which the Paramount Holdings Limited rented out the Paramount Building to the Authority. The agreement commenced 1 January 2011, and is for duration of 1 and a half years. The monthly rental amount is E18 200 which increased to E19 747 from January 2012. This lease agreement expired during the year.
- 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 Provident Fund in which the fund rented offices to the Authority. The agreement commenced in 1 February 2012, and is for duration of 3 years. The monthly rental is E65 322 with an annual escalation of 8%.
- Lease agreement with the Public Service Pension Fund in which the fund rented offices to the Authority. The agreement commenced in 1 March 2013, and is for duration of 5 years. The monthly rental is E1 151 400.
- Lease agreement with Buzzby Services (Pty) Ltd in which Buzzby Services rented offices to the Authority. The agreement commenced in 1 May 2012, and is for duration of 3 years. The monthly rental is E7 524 with an annual escalation of 10%.
- Lease agreement with Swazi Plaza Properties in which Swazi Plaza Properties rented offices to the Authority. The agreement commenced in 1 February 2013, and is for duration of 5 years. The monthly rental is E111 779.05 with an annual escalation of 8%.
- Lease agreement with Diesel Services (Pty) Ltd in which Diesel Services (Pty) Ltd rented offices to the Authority. The agreement commenced in 1 September 2013, and is for duration of 3 years. The monthly rental is E14 619.37 with an escalation of 8%.
- Lease agreement with the Estate of the Late Calvin Ndlovu in which the Estate of the Late Calvin Ndlovu rented offices to the Authority. The agreement commenced in 1 May 2012, and is for duration of 3 years. The monthly rental is E6 600.
- Lease agreement with J & E Construction (Pty) Ltd in which J & E Construction rented out offices to the Authority. The agreement commenced in 1 April 2012, and is for duration of 3 years. The monthly rental is E9 663.06 with an annual escalation of 10%.

	2014	2013
	E	E
The future aggregate minimum lease payments under non-cancellable operating lease are as follows:		
Due within one year	**16 990 965**	2 682 191
Due between 1 and 5 years	**61 246 346**	1 270 773
	78 237 311	3 952 964

18. Events after the reporting period

Events since the reporting period:

(a) Have been fully taken into account insofar as they have a bearing on the amounts attributable to assets and/or liabilities at that date;

(b) 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;

(c) Have not required adjustments to the fair value measurements and disclosures included in the financial statements.

Swaziland Revenue Authority
P.O. Box 5628, Mbabane
Tel: 2406 4000
Fax: 2406 4001

www.sra.org.sz