Eswatini Revenue Authority

SRA

INTEGRATED ANNUAL REPORT 2017/18

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ASYCUDA	Automated System for Customs Data
ATAF	African Tax Administration Forum
ATO	African Tax Outlook
BPM	Business Process Management
COE	Centre of Excellence
CSI	Corporate Social Investment
DT	Domestic Taxes
DTAA	Double Taxation Avoidance Agreement
ERM	Enterprise Risk Management
EU	European Union
EXCOM	Executive Committee
FY	Financial Year
GDP	Gross Domestic Product
GZU	Great Zimbabwe University
ICT	Information and Communication Technology
IMF	International Monetary Fund
IRDM	Institute of Research and Development Management
ISO	International Standards Organisation
IT	Information Technology
KPI	Key Performance Indicator
LTPs	Large Taxpayers
MTN	MTN Swaziland
OPEC	Organisation of Petroleum Exporting Countries
PAYE	Pay As You Earn
PCA	Post-Clearance Audit
PIT	Personal Income Tax
PMS	Performance Management System
PTP	Preferred Trader Programme
REPS	Royal Eswatini Police Service
REX	Registered Exporters
RT	Revenue Treasury
SACU	Southern African Customs Union
SADC	Southern African Development Community
SARS	South African Revenue Service
SIDA	Swedish International Development Agency
SIPA	Swaziland Investment Promotion Authority
SLA	Service Level Agreement
SME	Small and Medium Enterprise
SPTC	Swaziland Post and Telecommunications Corporation
SRA	Swaziland Revenue Authority
SRASA	Swaziland Revenue Authority Staff Association
SRAWU	Swaziland Revenue Authority Workers Union
SSA	Sub-Saharan Africa
TFA	Trade Facilitation Agreement
TRF	Trade Related Facility
UB	Utility Block
UCR	Unique Consignment Reference
UCT	University of Cape Town
UK	United Kingdom
UNCTAD	United Nations Conference on Trade and Development
UNISWA	University of Swaziland
UPS	Uninterruptible Power Supply
US	United States
VAT	Value Added Tax
VRA	VAT Refund Administration
WCO	World Customs Organisation

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"There was substantial progress in our capital projects"

I am honoured to have the opportunity to present the Swaziland Revenue Authority's Integrated Annual Report, for the year 2017/18.

Our Achievements

We have had to contend with the pressure to achieve more, through increased targets, in an increasingly constrained economic environment in the country coupled with less resources to the organisation. Despite these adversities we have continued to strive to achieve performance excellence and delivered on our core mandate of revenue collection by managing to exceed the revenue target of E8.453 billion by 1%. Through this, the organisation has continued to play a significant role in sustaining the fiscus and the general development of the country's economy.

There was substantial progress in our capital projects. In particular, I will mention the construction of the organisation's headquarters, which is expected to be completed in December 2018. This project will see the Authority owning its own headquarters building within such a short time of its existence. This development will deliver an improvement in its operational costs in the medium term as rental accounts for a significant component at present.

The near completion of the construction of the Mananga Border Post (due to be completed in May 2018) is also a major milestone. This project replaces the dilapidated structure with a modern one that not

SRA's Board Chairperson: Ambrose Dlamini

only accommodates staff and our customers in more comfortable conditions, but is also a more presentable transit point for the touristy East3Route. We are therefore proud to be associated with this project.

Challenges

The organisation operates in a rather challenging environment, in particular the prevailing economic climate. This makes the work

"We developed a strategy for 2018/19 - 20/21"

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of revenue collection and enforcement of compliance all the more challenging.

Our challenges included delays and in some cases inability by Government to implement some promised policy reforms. Considerable effort has been put this year into developing various proposals for reforming the laws administered by the SRA, namely the Income Tax Order, the Customs and Excise Act, the Revenue Authority Act as well as enacting other completely new pieces of legislation like the proposed Revenue Appeals Tribunal Bill. These proposed reforms focus on improved taxpayer compliance, enhanced revenue collection and the strengthening of administration and enforcement capabilities of the organisation. It is unfortunate that these proposals have once again not been able to get the necessary approvals to pass them into law.

In addition to the above mentioned challenges, we had to contend with a prolonged strike by members of the Swaziland Revenue Authority Workers Union (SRAWU). The robust strike contingency plan that the organisation put in place played an important role in ensuring that operations continue. Management and (non-striking) staff worked together during this difficult period, demonstrating high levels of leadership and commitment. This is commendable as it ensured a decent level of service to our clients at a very difficult time. It is through this plan and commitment that the organisation continued to meet its targets during this period. The Governing Board continues to explore ways to address with finality the impasse that led to the strike action.

Acknowledgements

I would therefore like to thank all our stakeholders for their continued support in various forms; these being Government departments, public entities and private businesses with whom we have engaged throughout the year. International organisations continued to provide assistance in various ways including funding, capacity building and technical assistance.

The Minister for Finance has continued to demonstrate his support for the organisation, endeavouring to provide the resources within the constraints of the fiscus. As we improve the efficiencies, we have developed an organisational strategy for 2018/19 - 20/21 that changes our vision to "100% voluntary compliance for a better Swaziland". Along with this vision, I also have to make mention of and thank our compliant taxpayers, who make the work of our staff easier and are core to us achieving this strategic goal.

"We are committed to raising the standard"

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I also wish to thank the members of the Governing Board for their continued commitment to the organisation. The term of office of two of our members, Ms. Khethiwe Mhlanga and Mr. Bonginkhosi Nsingwane, ended in September 2017 after three years in the Governing Board. I would like to thank them for their contribution during their tenure, and wish them well in all their pursuits.

"The Governing Board has always emphasized a culture of good corporate governance in all areas, and we are pleased to note that this area continues to mature."

Ms. Carol Muir and Mr. Newman Ntshangase were welcomed to the Governing Board in their place, and the Governing Board has already benefitted meaningfully in the short period that they have been members of the Governing Board.

The Governing Board has always emphasized a culture of good corporate governance in all areas, and we are pleased to note that this area continues to mature. The Governing Board adopted the SRA Corporate Governance Framework last year with the aim of incorporating the King IV governance principles and this will further improve governance of the organisation. I once again take the opportunity to thank and congratulate Management and Staff for their efforts and continued drive towards performance excellence.

We assure our stakeholders of our commitment to "Raising the Standard" as we look forward to a new year.

AMBROSE DLAMINI
CHAIRPERSON OF GOVERNING BOARD

"It has been a very challenging year"

In accordance with Section 25 of the Revenue Authority Act, 2008 I humbly present the 4th Annual Report of the Swaziland Revenue Authority (SRA), covering the Financial Year (FY) 2017/18.

This report has been prepared in accordance with the requirements of the Revenue Authority Act, 2008 and Public Enterprises (Control and Monitoring) Act No.8 of 1989. The SRA continues to achieve its core mandate of collecting revenue according to the expectations of Government. The FY 2017/18 saw a collection of E8.453 billion against a target of E 8.340 billion, an improvement of 8.3% from the previous FY collections of E7.803 billion.

Our key focus during the period under review was "Building Relationships and Trust" and I am pleased to report that we have made great strides in this area. It has been a very challenging and remarkable year in which we made great strides on the international and regional fronts, where key relationships were strengthened that delivered tangible results to the organisation. The organisation's interaction with its external environment is vast and varied including interaction with voluntary affiliates, donor organisations, sister revenue authorities, and regional and international bodies. A lot of assistance has been received from various quarters to contribute to the organisation's modernisation agenda, and the organisation now runs the risk of duplication of efforts. As such closer coordination is required to ensure that the organisation gains maximum benefit from the observed goodwill towards it.

Commissioner General: Dumisani E. Masilela

Locally, we fostered better working relationships with key stakeholders and partners. We continued to invest in systems and programmes to improve revenue collection and administration and forged ahead with our innovation drive. Customer-centricity remained a key focus area in the period under review and various initiatives were put in place in this area. We concluded work on our new three (3) year strategic

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"I'm proud of the resilience the team showed"

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plan (2018/19 – 20/21) which maps out an ambitious programme to improve compliance and the way in which we do things.

I recognize the Management and Staff of the SRA who continued to work hard to deliver on the set targets and improve taxpayer services whilst ensuring efficient and effective resource utilization. There is no doubt that this year was the most challenging yet, since the organisation was established. I am proud of the resilience the organisation has demonstrated and am confident that we have all learned from these experiences. Painful as some of them may have been for all of us, I am sure that they have made us stronger and more aware of our environment. We are ready to move forward with our arms linked together to develop a strong organisation that will continue to effectively serve our beloved country and its citizenry. There is no alternative to domestic resource mobilization and we recognize the enormity of the task placed upon our shoulders to drive this mandate.

My sincere appreciation goes to the Government of the Kingdom of Eswatini for their continuous support and guidance, the SRA Governing Board for steering this organisation to success and ensuring we live up to our motto of "raising the standard". My special appreciation also goes out to the over 600 members of staff who work tirelessly on a daily basis to bring to life the mandate of the organisation.

The SRA extends its gratitude to the people of the Kingdom of Eswatini who continue to fulfil their tax obligations and contribute to the development of this great nation. Lastly, I recognize the assistance received from our international and regional partners most notably the International Monetary Fund, the World Bank Group, the United Nations, the African Tax Administration Forum, the World Customs Organisation, Swedish Customs and the South African Revenue Service. Their support has gone a long way in ensuring that the organisation grows from strength to strength.

It is my pleasure to present the 2017/18 Integrated Annual Report of the Swaziland Revenue Authority.

Commissioner General
DUMISANI E. MASILELA

E8.45bln

revenue collection

tax to

14.7%

to revenue

4.6%

...to assessed revenue

22.2%

compliance **88%**

compliance **44.3%**

E3.46bln

53 208 taxpayers

6.9% increase

659 employees **4.3%** turnover

SRA mandated to assess and collect revenue

1. ORGANISATIONAL OVERVIEW

1.1 Mandate

The Swaziland Revenue Authority (SRA) is a semi-autonomous institution established by the Revenue Authority Act, 2008 as part of the Government's reform strategy for revenue administration. The mandate of the SRA is to assess and collect revenue on behalf of the Government, administer and enforce the revenue laws listed in the schedule of the Revenue Authority Act. These revenue laws include the Income Tax Order, 1975 (as amended); the Customs and Excise Act, 1971 (as amended); and, the Value Added Tax (VAT) Act, 2011. SRA officially took over the revenue collection function on the 1st of January 2011.

The organisation has five departments; Domestic Taxes, Customs and Excise, Finance, Corporate Services, Business Strategy and Development. In addition to these departments, the organisation has divisions that report to the Commissioner General being Legal Services, Internal Audit, Risk and Assurance, and Internal Affairs.

1.2 Vision, Mission and Values

The SRA Vision

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

The SRA Mission

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

The SRA Statement of Values

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

Global economic activity to accelerate

2. EXTERNAL ENVIRONMENT

2.1 Global Developments

Global growth strengthened to 3.7% in 2017, from 3.2% in 2016 due to stronger global demand, accommodative financial conditions and diminished political risks in some regions. World trade also showed some improvements in 2017 growing by 3.6%, after a weak performance of 2.4% and 2.6% in 2015 and 2016, respectively. The recovery in world trade was underpinned by stronger import demand from advanced economies, increased trade flows in Asia and an improvement in import demand from commodity exporting and developing economies. Inflation in emerging and developing economies ticked up slightly to 3.3% in 2017 from 2.7% in 2016 due to the recovery in commodity prices, particularly crude oil.

Global economic activity is expected to continue accelerating in 2018 and 2019 to 3.9% for both years. Tax reforms in the United States (US) and associated fiscal stimulus are expected to raise US growth in the near term, with favourable demand spill overs for US trading partners. Economic developments in the Euro Zone and the United Kingdom (UK) will be determined by future relationships between the UK and European Union (EU) Member States after Brexit. Growth will remain strong in 2018 and 2019 in emerging and developing economies supported by sustained high public investment in China, stronger projected growth in emerging Europe and commodity exporting countries, particularly Russia and Brazil. Structural challenges that hold back global trade flows exist. These include; maturing global value chains, emerging protectionist measures and slower pace of trade liberalization.

2.2 Regional Developments

In the Sub-Saharan Africa (SSA) region, economic activity recovered from 1.4% in 2016 to 2.7% in 2017. Oil exporting-countries benefitted from higher crude oil prices while strong domestic demand boosted fuel-importers. The Republic of South Africa, a major trading partner of the Kingdom of Eswatini, recorded an acceleration in economic activity from 0.6% in 2016 to 1.3% in 2017 due to improvement in agricultural output, stable electricity supply and a recovery in commodity export prices, which boosted the mining sector. Activity is expected to strengthen further in the South African economy in 2018 and 2019 supported by political developments that are likely to boost business and consumer confidence, leading to higher demand for goods and services.

2.3 Domestic Developments

The domestic economy is estimated to have expanded by 1.9% in 2017 from 1.4% in 2016, reflecting a full recovery from the 2015/16 drought. The agriculture and agro-processing sectors recorded significant improvements in 2017, benefitting from better rainfall, particularly maize, cotton, sugarcane and sugar production.

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Increased activity from agriculture sector

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This resulted to increase in tax revenue received from the agriculture sector. The tertiary sector also posted stronger gross domestic product (GDP) growth of 2.7% in 2017, due to larger expansions in the public administration and defence, wholesale and retail and financial services sectors. Along with these developments, revenue received from public administration and wholesale and retail sectors responded positively.

Inflationary pressures were subdued in the domestic economy in 2017, averaging 6.4% over the year from 7.8% in 2016. This slowdown is attributed to a reduction in food inflation underpinned by better rainfall and positive yields for the 2017 harvest season.

The Lilangeni appreciated against major trading currencies in 2017, averaging E13.33 against the US dollar compared to E14.72 in 2016. An improvement in commodity prices and better structural frameworks in the South African economy strengthened the local currency. The appreciation of the local currency led to a 2% decline in exports in 2017/18 compared to 2016/17.

AGRICULTURE SECTOR: The agriculture and agro-processing sectors recorded significant improvements in 2017, benefitting from better rainfall.

Meet our SRA Governing Board Members

3. GOVERNANCE

3.1 Governing Board

The Governing Board, appointed by the Minister of Finance, is responsible for oversight of the SRA operations. The Revenue Authority Act, 2008, influences the composition of the Governing Board. It prescribes how the members are to be appointed, based on their integrity, knowledge, qualification and experience in commerce, economics, law, taxation or revenue matters. Members are either appointed by the Minister, or are members by virtue of their positions in the relevant government ministries and institutions. The Governing Board consists of eight members.

Members of the Governing Board
{see others on next page}

Mr. Ambrose Dlamini
Chairperson of Governing Board
Independent non-executive member (appointed).
Year of appointment: April 2010.

He is currently Chief Executive Officer of MTN Swaziland.
He holds a Master of Business Administration in Marketing and Finance. He is also a Chartered Marketer with affiliation to the Institute of Marketing Management.
He holds senior director positions in a number of companies, including government entities, parastatals and listed institutions.

Mr. S’thofeni Ginindza
Vice Chairperson of Governing Board
Non-executive member (appointed).
Year of appointment: April 2010.

He is currently Partner at African Alliance Group of Companies.
He holds a Master of Arts degree in Economics. He is a senior director and chairman of a number of subsidiaries. He is also a director of several external companies, including government entities, parastatals, and listed institutions.

Mr. Dumisani Masilela
Executive Member.
Year of appointment: April 2010.

He is the Commissioner General of the Swaziland Revenue Authority. He has served as a director in a number of government entities and is currently chairperson of the Swaziland Economic Policy Analysis and Research Centre. He holds a Master of Arts degree in Economics.

Mr. Bheki Bhembe
Ex-Officio Member.
Year of appointment: November 2014.

He is the Principal Secretary in the Ministry of Finance. He holds a Master of Arts degree in Economics. He also serves as a Board member in the Central Bank of Eswatini.

Mr. Mhlabuhlangene Dlamini
Non-executive Member (appointed).
Year of appointment: April 2010.

He is currently the Deputy Governor at the Central Bank of Eswatini. He holds a Master of Laws in Mercantile Law and a Master of Laws in Banking and Financial Regulation.

Mrs. Carol Muir
Non-executive Member.
Year of appointment: November 2017.

She holds the position of Human Resource and Administration Manager at the Swaziland Royal Insurance Corporation. She holds a Master's degree in Business Administration.

Mr. Newman Ntshangase
Non-executive Member.
Year of appointment: November 2017.

He is currently the Director of International Trade at the Ministry of Commerce, Industry and Trade. He holds a Master of Arts degree in Foreign Affairs and Trade.

Mr. Majozi Sithole
Non-executive Member.
Year of appointment: March 2014.

He is currently the Governor of the Central Bank of Eswatini. He is holder of the Master of Science degree in Agricultural Economics.

Lusekwane Dlamini to advise Audit Committee

The Governing Board consists of three committees, which assist the Governing Board to effectively discharge its duties in terms of the Revenue Authority Act, 2008 and in line with the governance principles that have been adopted by the organisation. These are:

1. Audit and Risk Committee.
2. Tender Committee.
3. Human Resource and Ethics Committee.

3.1.2 Audit and Risk Committee

Guided by the Audit Charter, the committee of four (4) members conducted oversight responsibilities to provide assurance to the Governing Board with regards to:

a) The integrity of financial reporting processes;
b) The efficacy of management in identifying and managing risks;
c) The appropriateness of internal controls within the organisation; and,
d) Compliance with all legislation in the identified compliance universe.

During the year the committee endorsed policies to enhance the above processes, and oversaw the approval of the 2016/17 Audited Annual Financial Statements as well as the 2017/18 Audit Plan. In an effort to improve and add value to its effectiveness, the Governing Board approved the appointment of an advisor, Mr. Lusekwane Dlamini, to the Audit and Risk Committee to assist the committee on an advisory basis. Mr. Dlamini is a Chartered Accountant by profession and has vast experience as an auditor, having worked at a senior level with Deloitte and Touche Services and also conducted several audits (including forensics) in a number of companies in the country. He is currently employed by the Royal Science and Technology Park as their Internal Audit Manager.

The committee was able to meet each quarter as indicated in table 1.0.

Table 1.0: Audit and Risk Committee Sessions held in 2017/18

Member	19 February 2018	29 November 2017	18 August 2017	31 May 2017*	No. of meetings attended
S'thofeni Ginindza (Chairperson)	yes	yes	yes	yes	4/4
Mhlabuhlangene Dlamini	no	yes	no	no	1/4
Khethiwe Mhlanga*	No longer a member		yes	yes	2/2
Bonginkhosi Nsingwane*	No longer a member		yes	yes	2/2
Carol Muir**	yes	yes	Not yet appointed		2/2
Newman Ntshangase**	yes	no	Not yet appointed		1/2

*Term expired in November 2017.
** Appointed in November 2017.

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Fair tender selection culture promoted

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3.1.3 Tender Committee

The Tender Committee's primary objective is to promote a sustainable and fair tender selection culture, ensure that tender policies are applied consistently and in compliance with the Procurement Act, 2011 and to promote an effective, transparent and independent procurement and tender evaluation process. According to the Procurement Policy the Tender Committee approved tenders for goods and services in excess of E2,500,000 and recommends to the Governing Board for approval those above E5,000,000.

The Committee, comprising five (5) members, oversaw progress on various capital projects, including the construction of the SRA Headquarters at Ezulwini, and provided reports to the Governing Board on the risks and challenges associated with the projects and how these were to be addressed. The Committee met as indicated in table 2.0.

Table 2.0: Tender Committee Sessions held in 2017/18

Member	22 February 2018	23 November 2017	9 August 2017	31 May 2017*	No. of meetings attended
Majozi Sithole (Chairperson)	no	no	yes	yes	2/4
S'thofeni Ginindza	yes	yes	no	yes	3/4
Dumisani Masilela	yes	yes	yes	yes	4/4
Bheki Bhembe	no	no	no	yes	1/4
Khethiwe Mhlanga*	No longer a member		yes	yes	2/2
Newman Ntshangase**	yes	no	Not yet appointed		1/2

* Term expired in November 2017.
** Appointed in November 2017.

3.1.4 Human Resource and Ethics Committee

The Committee's responsibilities include providing assurance to the Governing Board on the effectiveness in management of employees; that the organisation is meeting its legislative responsibilities in relation to its employees; and that the human resource function's priorities support the organisation's strategic direction.

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Governing Board nominated successors to key positions

The committee comprising five (5) members reviewed and recommended to the Governing Board for approval policies for employee development, including their remuneration and rewards, talent management and industrial relations. It also assisted the Governing Board in the nomination of successors to key senior positions in the organisation in order to ensure that a management succession plan is in place. Additional meetings of the Human Resource and Ethics Committee were called to address the impasse between staff and management during the SRA Workers Union (SRAWU) strike action that took place in December 2017 to January 2018. The committee met as indicated in table 3.0.

Table 3.0: Human Resource and Ethics Committee Sessions held in 2017/18

Member	21 February 2018	26 January 2018 (extra ordinary)	15 January 2018 (extra ordinary)	8 November 2017	18 August 2017	17 July 2017 (extraordinary)	7 June 2017	No. of meetings attended
Bheki Bhembe (Chairperson)	no	yes	no	yes	no	yes	yes	4/7
Dumisani Masilela	yes	yes	yes	yes	yes	yes	yes	7/7
Ambrose Dlamini	yes	yes	yes	yes	yes	yes	yes	7/7
Majozi Sithole	yes	yes	no	no	yes	yes	yes	5/7
Bonginkhosi Nsingwane*	No longer a member				yes	no	yes	2/3
Carol Muir**	yes	yes	yes	no	Not yet appointed			3/4

* Term expired in November 2017.
** Appointed in November 2017.

3.2 Governing Board Meetings

The Governing Board convened its meetings as scheduled to provide guidance on the operations of the organisation and provide strategic advice, as indicated in table 4.0.

Table 4.0: Governing Board Sessions held in 2017/18

Member	8 March 2018	11 December 2017	30 August 2017	14 June 2017	No. of meetings attended
Ambrose Dlamini (Chairperson)	yes	yes	yes	yes	4/4
S'thofeni Ginindza (Vice Chairperson)	yes	yes	no	yes	¾
Dumisani Masilela	yes	yes	yes	yes	4/4
Majozi Sithole	yes	yes	no	yes	¾
Mhlabuhlangene Dlamini	no	yes	yes	no	2/4
Bheki Bhembe	no	yes	no	no	¼
Khethiwe Mhlanga*	No longer a member		yes	yes	2/2
Bonginkhosi Nsingwane*	No longer a member		yes	yes	2/2
Carol Muir**	yes	yes	Not yet appointed		2/2
Newman Ntshangase**	yes	no	Not yet appointed		½

* Term expired in November 2017.
** Appointed in November 2017.

3.3 Executive Committee

The Commissioner General is entrusted with the responsibility of leading the organisation in the execution of its strategy and overseeing its operations. Members of Executive Committee (EXCOM) have vast, relevant and valuable experience in their respective fields.

EXECUTIVE COMMITTEE MEMBERS

Mr. Dumisani E. Masilela
Commissioner General

Qualifications:
- BA Social Science (Economics and Statistics) (UNISWA).
- MA (Economics) (University of Essex, United Kingdom).

Ms. Thobile Dlamini
Chief Financial Officer

Qualifications:
- BCom. (Accounting) (UNISWA).
- MBA Finance (University of St Marks and St Johns, Glasgow, United Kingdom).
- FCCA – Fellow.
- CA (Swaziland).

Ms. Nompumelelo W. Dlamini
Commissioner of Domestic Taxes

Qualifications:
- BCom. (Accounting) (UNISWA).
- Master of Accountancy.

Ms. Gugu Mahlinza
Commissioner of Customs and Excise

Qualifications:
- BA Social Science (Economics, Public Administration) (UNISWA).
- MBA (Maastricht School of Management, Netherlands).

Mr. Brightwell Nkambule
Head of Business Strategy and Development

Qualifications:
- BSc Computer Science (UNISWA).
- MBL (UNISA).

Mr. Edward Sithole
Head of Corporate Services

Qualifications:
- BA Social Science (Public Administration and Sociology) (UNISWA).
- MBA (University of KwaZulu Natal).

Ms. Nomcebo Marrengane
Chief Legal Officer

Qualifications:
- BA (Law) (UNISWA).
- LLM (International Taxation) (University of Sydney, Australia).
- LLB (UNISWA).
- *Affiliated to The Institute of Directors, Southern Africa.*

Ms. Thulie Tsela
Chief Internal Auditor

Qualifications:
- BCom. (UNISWA).
- MBA (MANCOSA).
- ACCA – Fellow.
- CA (SD).
- CIA.

Ms. Precious Nkambule
Chief Risk Officer

Qualifications:
- BCom. (Business Administration) (UNISWA)
- Post Graduate Advanced Diploma (Treasury Management and Trade Finance) (Institute of Bankers South Africa).

Agreement will help avoid double taxation

3.4 Legislative Reforms and Agreements

3.4.1 Legislation

The organisation continuously seeks to provide advice to government on how to address gaps in legislation that may result in revenue leakages and/or hinder trade facilitation. During the period under review, legislative proposals were made and are at various stages of approval. These proposals are outlined in table 5.0.

Table 5.0: Legislative amendment proposals handled in 2017/18

Draft Proposal	Purpose	Status
The Revenue Authority (Amendment) Bill	To facilitate take-over of revenue collection from Treasury.	Draft was completed and submitted to the Ministry of Finance for further consideration.
Transfer Pricing Legislation	To introduce comprehensive rules on transfer pricing.	Draft was completed and submitted to the Ministry of Finance for further consideration.
The Customs Bill	To completely overhaul the existing Customs and Excise, 1971 Act and replace it entirely and align it with the SACU model law.	Draft was completed and submitted to the Ministry of Finance for further consideration.
Income Tax (Amendment) Bill	Introduces, among other things, the Small Taxpayer Regime, worldwide taxation, taxation of gains on the disposal of business assets.	Draft was completed and submitted to the Ministry of Finance for further consideration.
Customs and Excise (Corrigendum) Act	To correct inaccurate references to certain provisions in the Customs and Excise Act, 1971.	Gazetted by Minister for Finance and came into effect in September 2017.

During the year under review the SACU Annex E on Mutual Administrative Assistance was finalised. This annexure allows customs administrations to exchange import/export data among themselves while ensuring data protection among member states. A bilateral Mutual Arrangement that will allow real time data exchange between South Africa and Kingdom of Eswatini was developed and was pending signature at the end of the period under review.

3.4.2 Double Taxation Avoidance Agreements (DTAA)

Having been concluded in 1998, the Agreement between the Kingdom of Eswatini and the Republic of China on Taiwan on the Elimination of Double Taxation was operationalised in 2017 and it came into force in September. The delay in the coming into force was due to the fact that the two countries had not completed the entry into force processes that are stipulated in Article 28 of the Agreement.

The coming into operation of the Agreement will enable persons from both Eswatini and Taiwan to take advantage of the benefits available under the treaty, in particular to obtain relief from or to avoid double taxation. It is always critical to make sure that the correct jurisdiction is given the right to tax. Being a source-based taxation country, the Kingdom of Eswatini is also assured that its taxing rights are protected.

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Combined assurance model implemented

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The Tax Authorities of the two countries will also be in a position to request from each other information which can be used to detect and respond appropriately to issues of tax avoidance or evasion.

The Agreement will further provide certainty to potential investors from the Republic of China on Taiwan, with respect to how their income will be taxed and that there is a mechanism to resolve disputes in the event they arise.

4. RISK MANAGEMENT AND ASSURANCE

Initiatives to embed an effective risk management culture in the organisation continued to be a key focus area during the year under review, supporting the achievement of the organisation's strategic objectives. This is enabled by continuously developing competence in line functions through training and coaching. As the Audit and Risk Committee of the Governing Board continued to play its oversight role in the management of risk, the Risk Management Committee, comprised of senior management, provided the necessary oversight towards compliance to the processes and adequate management of the risk exposures identified. A combined assurance model was implemented during the year under review. The model combines the activities of the Risk, Internal Audit and Internal Affairs functions and aims at avoiding duplication of efforts amongst the organisation's assurance providers and is expected to increase efficiency in the assurance functions.

4.1 Enterprise Risk Management

For the year under review the SRA had set itself a target to attain level 3 on its Enterprise Risk Management (ERM) Maturity Index. The key deliverables under this target included: effective management of risks (which entails compilation of risk registers and implementation of mitigation plans), development of key risk indicators, reporting of risk incidents and automation of the risk management process.

The organisation managed to achieve 97.6% of the target as at year-end. The organisation successfully procured an ERM system and trained relevant users. Strengthening of the management of risk incidents is ongoing and is prioritized as it has the benefit of improving the control environment of the organisation. Table 6.0 outlines the organisation's top ten risks identified and mitigated in 2017/18.

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Top 10 strategic risks identified, mitigated effectively

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Table 6.0: SRA's top risks and mitigations implemented in 2017/18

Strategic Risks	Mitigations
1. Unavailability of automated systems.	• Recovery and Testing procedures were documented and implemented during the year under review. • An external service provider conducted cyber security maturity assessment and the recommendations are being implemented. • Outstanding support and maintenance contracts were developed with the Uninterruptible Power Supply (UPS) vendor. • Air-conditioning facilities were enhanced in all SRA computer rooms.
2. Insufficient funding from Government (budget and disbursement).	• Budget motivations for the next FY were submitted to the Ministry of Finance (MOF) in writing. • Business funding model negotiations are ongoing. • Draft documentation for obtaining approval for alternative funding was prepared as necessary. • Successfully negotiated prioritization of SRA in disbursement of quarterly budget by MOF.
3. Inability to attract and retain required talent (behaviour, skills and knowledge).	• Plans for staff profiling with the aim of aligning roles to relevant profiles were implemented. • Plans to introduce the "New Manager Programmes" for new managers were implemented. • Paper submitted to Cabinet requesting salary benchmarking against the market.
4. Unsatisfactory levels of voluntary compliance.	• An annual Communication Plan was developed and implemented. • Key engagements were identified, prioritized and implemented during the year under review. • Plans are in place to implement direct campaigns on paying taxes in collaboration with Government. • Development of a new Compliance Strategy began in earnest, with the help of the IMF.
5. Increase in incidents of external fraud.	• Roll out of the Bar-coding Project is still work in progress. • Systems enhancements are ongoing based on available funds. • Several Memorandum of Understandings (MOUs) with key stakeholders have been drafted and are being negotiated whilst legislative amendments await approval.
6. Deterioration in the cost to revenue ratio.	• Phase 1 of the Productivity Study was concluded. • Active management of staff numbers was implemented during the year under review in order to manage the escalation of fixed costs. • Development of SRA Headquarters undertaken and to be completed at the end of 2018.
7. Loss of taxpayer information (documents).	• The Enterprise Content Management System (ECMS) was deployed in December 2017 to enable scanning of documents. • Engagements on the application of the Electronic Evidence Act, 2009 in court cases were done and are still ongoing.

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SRA follows a risk based auditing principle

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Strategic Risks	Mitigations
8. Increase in tax exemptions.	• Engagements with the MOF and Cabinet have been ongoing throughout the year on exemptions and legislative matters, as deemed necessary. • A priority list is also prepared when submitting proposed amendments to the MOF.
9. Low change success rate in the Portfolio of Strategic Programmes.	• Strategic projects are prioritized annually. • Quality assurance on the governance structures continues to be implemented to ensure effectiveness. • Feedback on implemented major change initiatives was monitored and managed in line with agreed processes.
10. Potential labour unrest.	• Even though this risk materialized during the year under review, through a strike action, the documented Strike Contingency Plan assisted the organisation in managing the situation effectively. • Management continues to monitor the climate through proactive engagements with Workers Union representatives and engagements with Management for a conducive work environment. • The Business Continuity Plan and Strike Contingency Plan are continuously updated, tested and communicated to staff to aid preparedness in the unlikely event of a crisis. • A request was submitted to Government to conduct a salary benchmarking to eliminate the source of the strife. A response had not been provided as at the end of the FY.

4.2 Business Continuity Management

During the year under review, the organisation experienced a protracted Strike Action by unionized staff members that lasted for a month. This was as a result of a deadlock in salary negotiations. Continuity of the organisation's critical operations was threatened. However, the organisation was able to respond effectively to this threat due to a Strike Contingency Plan that had been proactively documented in response to an identified risk following the unionization of the work environment. The Strike Contingency Plan facilitated the activation of some critical processes and services were provided for the duration of the strike. The Business Continuity Plans as well as the Strike Contingency Plan are reviewed, tested, updated and communicated annually for effectiveness.

4.3 Internal Audit

The organisation's internal audit function provides independent and objective assurance on the adequacy and effectiveness of the SRA's governance, risk management and control processes. Managing risk remains a key responsibility of management. The organisation follows a risk based auditing principle. The annual audit plan is reviewed and reassessed on a quarterly basis or as and when some high risks are identified.

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Over 90 whistle blowing reports were handled

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As at the end of the FY, nineteen (19) audits were completed. The audits focused on high and very high-risk areas within the organisation. Seven (7) of these completed audits were follow-up audits from the previous FY (2016/17) and the rest were new audits for the year. Out of twelve (12) main audit reports issued; 83% of them received a *"significant improvement required"* audit opinion; 17% received *"satisfactory"* audit opinions; none were rated *"unsatisfactory"*. Only one (1) audit was deferred to the next FY. Four (4) special audits were undertaken during the year in response to emerging risks identified. Three (3) of these were still on-going at the end of the FY.

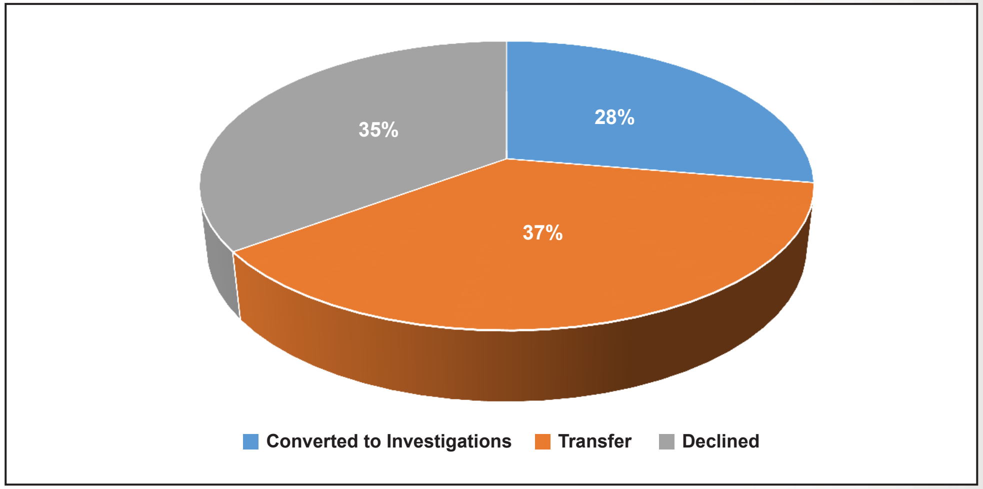
4.4 Internal Investigations

As an organisation that deals with public funds, the organisation places significance in ensuring that its employees exhibit the correct behaviour in the execution of their duties in furtherance of the organisation's mandate. The organisation needs to ensure that members of staff behave in a manner that inspires confidence and trust in taxpayers. To achieve this, the Internal Affairs function engages staff on issues of integrity and investigates reported malpractices. Various policies have been developed by the organisation to assist in the guiding or regulation of employee's conduct. These policies include the Employees Code of Conduct and Ethics; Conflict of Interest Policy; Gift, Benefit and Hospitality Policy; Whistleblowing Policy; and the Outside/External Engagement Policy. For safe reporting of corruption or related vices, an anonymous Whistleblowing Toll Free (800 8000) was set-up.

4.4.1 Whistleblowing Reports

Ninety four (94) whistle blowing reports were handled. These were processed as shown in figure 1.0. Twenty eight percent (28%) of the reports were converted into investigations, with 37% transferred to the Royal Eswatini Police Service (REPS) and internal structures, while 35% were declined for being false on enquiry.

Figure 1.0: Whistleblowing Report as at 31st March 2018



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Public and staff educated on effects of corruption

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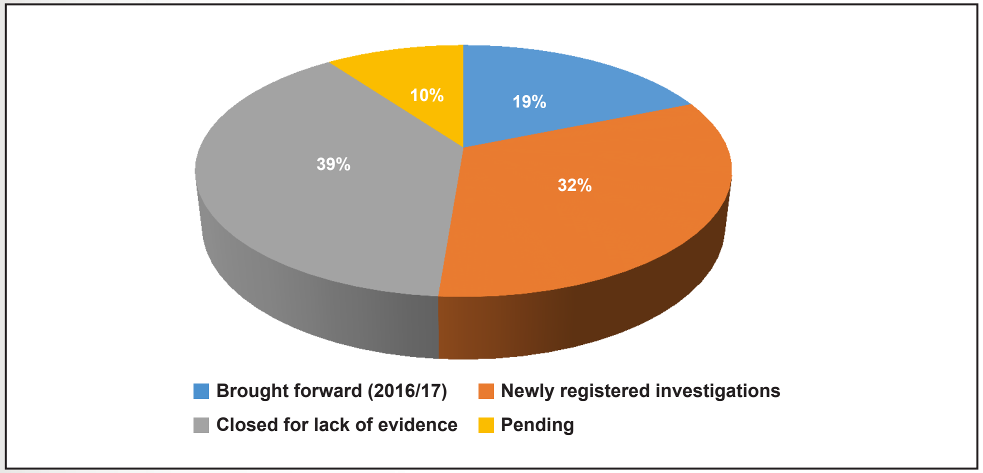
4.4.2 Investigations

There were forty one (41) investigations conducted during the year under review. Fifteen (15) of these were brought forward from the last reporting year. Two (2) investigations resulted in internal disciplinary proceedings, whilst thirty one (31) were closed for lack of evidence to warrant further action. Eight (8) investigations are pending as at the close of the year and these have been carried forward to the next financial year. Figure 2.0 illustrates the summary of the forty one (41) investigations in percentages handled as at 31st March 2018.

Figure 2.0: Investigations handled as at 31st March 2018



The classification of the cases investigated include dishonesty, negligence, theft of revenue, conflict of interest, collusion in goods smuggling, fraud, bribery and corruption.

4.4.3 Integrity Awareness and Education

The organisation undertook activities towards educating and sensitizing members of the public and employees of the organisation on the dangerous effects of corruption, fraud and related practices within a revenue administration environment. These activities were planned based on observations on emerging unethical and/or integrity risk trends. Activities implemented include the following: publicising modes of whistleblowing (using toll-free number and other channels to report issues such as corruption, fraud); fostering public support on the organisation's integrity programmes; and, sensitising staff on the provisions of the Code of Ethics and Conduct, Gifts, Benefits and Hospitality Policy, plus other relevant policies.

4.4.4 Transparency and Accountability

The organisation has put in place an Outside / External Involvement Policy to regulate the participation of employees in boards of companies or organisations. Under this policy no staff member is permitted to serve in such capacity in boards of tax paying companies or organisations as this would directly place them in conflict of interest with the general functions of the organisation. Five (5) applications

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SRA strives for operational excellence & efficiency

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were considered and approved for staff to participate in boards of companies or entities for the year under review, in line with the policy.

The organisation achieved a major milestone wherein it automated its asset declaration process during the year under review. A call to make income and asset declarations as per the dictates of the SRA Code of Ethics and Conduct Policy was made to employees on the 29th May 2017 to have all employees declare their income, assets, liabilities for the year 2017/18. These were all subjected to a review process and no significant issues were uncovered.

Unsolicited gifts received by staff were registered in the organisation's gifts register and disposed of as per the dictates of the Gifts, Benefits and Hospitality Policy. A number of these gifts were donated to charity organisations. These gifts included edibles, stationery, clothing items with an estimated value of E12,502 and money in cash amounting to E1,946.

5. STRATEGY AND PROJECTS

In executing the key mandate of revenue mobilisation the SRA strives for operational excellence and efficiency. To achieve this objective, the SRA packaged the strategic targets into a three year strategic plan for the period 2015/16 to 2017/18, with identified strategic themes and objectives developed to achieve consistency in the main area of business. The organisation's strategic plan served as the strategic framework for decision making and acted as a roadmap towards the fulfilment of the organisation's strategic objectives. The strategic plan also reflected the initiatives necessary to pursue the attainment of the vision and mission of the organisation.

5.1 Strategic Plan: 2015/16 - 2017/18

The organisation's 2015/16 to 2017/18 strategic plan came to full term at the end of the reporting period of 31st March 2018. The organisation has observed a number of commendable outputs and lessons learnt during this period that have enhanced the delivery of the organisation's mandate. Notable improvements in this regard include the improvement of the tax to GDP ratio by 2.2 percentage points (from 12.4% in 2014/15 to 14.6% in 2017/18). The cost of collecting revenue as measured by the cost to revenue ratio decreased by 0.8 percentage points, from 5.4% in 2014/15 to 4.6% in 2017/18.

5.2 Strategic Plan: 2018/19 - 2020/21

In the year under review the organisation developed and commenced preparations for the implementation of the next strategic plan for the period 2018/19 - 20/21. The approach adopted in the strategic plan is separating strategic projects from operational processes. The pursuit of excellence by the SRA has necessitated that the organisation reposition its vision, to that of **"100% voluntary compliance for a better Swaziland".** The focus of the vision in the 2018/19 – 20/21

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100% voluntary compliance for a better Swaziland

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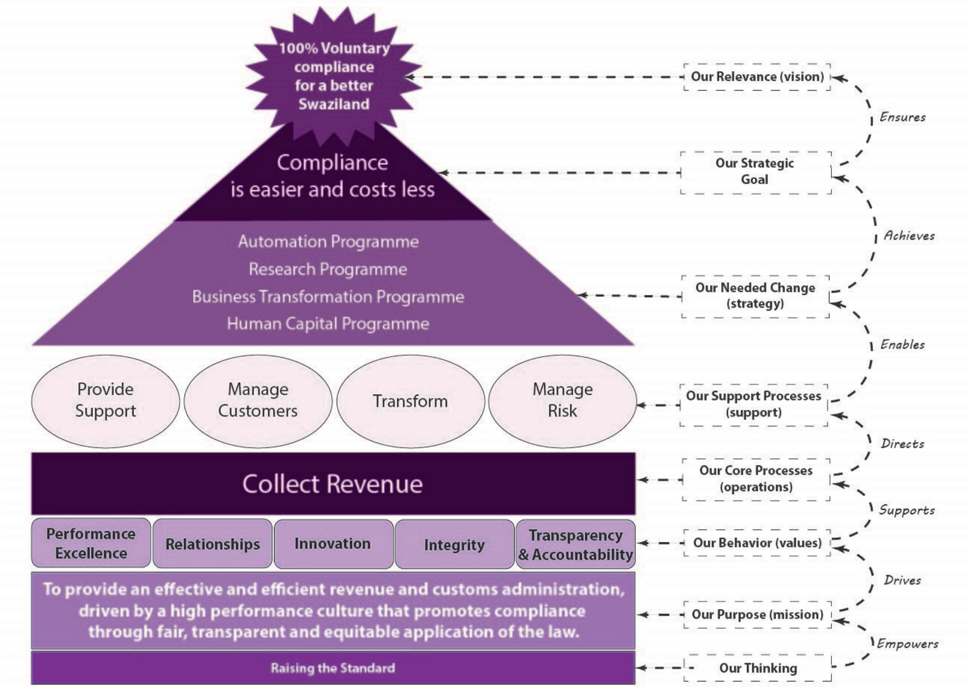
period is **"Compliance is easier and costs less".** The strategic objectives and programme outcomes are highlighted in table 7.0.

Table 7.0: Strategic Plan Objectives, Focus Areas and Outcomes for the 2018/19 - 20/21 Strategic Plan.

Strategic Objective	Strategic Focus Area	Programme	Programme Outcomes	Target Date
1. Enable voluntary compliance and deter non-compliance through automation of revenue collection systems.	• Voluntary Compliance • Enforcement	Automation	• Make it easy to comply. • Make it hard to hide.	30 March 2021
2. Conduct research on taxpayer behaviour in order to understand reasons for non-compliance.	• Voluntary Compliance • Enforcement	Research	• Segmented taxpayers according to behaviours. • Specific taxpayer interventions. • Enhanced risk profiles.	11 February 2019
3. Transform the processes and structure of SRA to make the organisation more efficient.	• Creating a High Performance Organisation	Business Transformation	• Re-engineered organisational processes and complementing structure. • Improved internal efficiencies.	30 March 2021
4. Build desired culture and capacity for the SRA team.	• Creating a High Performance Organisation	Human Capital	• Right people on the right roles. • Capacitated personnel. • Performance excellence.	30 October 2020

To drive the vision, the organisation will promote desired behaviour through the following values: *Performance Excellence; Relationships; Innovation; Integrity; and, Transparency and Accountability.* Figure 3.0 provides a summary of the organisation's strategic plan.

Figure 3.0: SRA's Strategic Plan Model



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Major projects done to improve service delivery

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As part of the preparations towards implementation of the strategic plan, the prioritized strategic projects are as follows: Revenue Management System (RMS); Taxpayer Network Analysis (TANK); Research; Organisation Business Process Re-engineering; Organisational Structure Re-organisation; Staff Productivity; Employee Profiling; Data Warehouse; Human Resources System; Taxpayer Compliance Programme; and, Information Management.

5.3 Capital Projects

The organisation continued to implement strategic capital projects in a quest to improve service delivery to the taxpayer community. Major projects included construction of the SRA Headquarters at Ezulwini and the refurbishment of Mananga and Ngwenya Border Posts. Progress on the projects is outlined below;

5.3.1 SRA Headquarters

The overall progress of the project stood at 52% at the end of the reporting period and some critical milestones achieved include the following:

(a) Completion of the sub-structure and superstructure;
(b) Procurement and appointment of nominated sub-contractors for the key specialist services;
(c) Wet services started and progressing well;
(d) Tenant fit-out started and is progressing well and includes the following;
 (i) Heating Ventilation Air Conditioning (HVAC) - UTS Swaziland.
 (ii) Electrical Installations - AJ Electrical.
 (iii) Lifts - Swazi Lifts.

5.3.2 Mananga Border Post

Phase 2 of the Mananga Border Post construction (building works and services) was completed and the structure was scheduled for opening in June 2018. Facilities that form part of the development include; the Police Post, Port Health, Intelligence Office, Cargo Inspection Bays, Guard Houses, Integrated Security Systems, Tourism Office, Agriculture Offices (Ministry, NAMBOARD and Dairy Board), Immigration and Customs Customer Halls and Back Offices.

5.3.3 Ngwenya Border Post

The Ngwenya Border Post Improvements Phase was close to completion at the end of the period under review. The Immigration Back Office, Guard House, Cargo Inspection Facility and Intelligence Office were all complete and the outstanding final work was the main border building roof facelift that was projected to be completed in June 2018.

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Centralised electronic records storage platform set-up

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The new Mananga Border Post.

5.4 Business Systems and Processes Management

5.4.1 Business Systems

The availability of systems is key to the optimal operation of the organisation. To this end the organisation managed to attain an average of 99.45% uptime on systems in the 2017/18 FY, an accomplishment above the set target of 99%. As part of the means to ensure systems availability, the organisation increased storage and processing capacity and computing power for the organisation's production environment and for the disaster recovery site at Matsapha. The ability to service the equipment in the short term improved following the procurement of new servers and storage.

In July 2017 the organisation implemented enhancements on the ECMS. This included a centralised electronic records storage platform for scanned records; improvements in the document scanning platform; and a workflow management module, Case Manager. The latter is a workflow system for managing correspondence, and tax return forms. This was made possible through funding to the tune of E7.052 million from the Republic of China on Taiwan.

The anticipated benefits include:

(i) Storage of scanned documents in a centralised electronic repository;
(ii) Multiple and simultaneous access of documents in the electronic storage platform to inform timely decision-making processes across SRA operations;
(iii) The use of Case Manager Workflow to create, assign, and process all incoming mail items and track actions taken online;
(iv) Capability in Case Manager System to build new workflows and integrate with other line of business systems to effectively manage all content types produced in various departments.

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SRA facilitated implemention of REX system

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The focus of the in-house system development team was on the delivery of systems that support the core revenue collection processes. The Funds Transfer Data Warehouse was commissioned during the reporting period. It is a fully automated system that reads bank statements generated from sweeps from the SRA bank account to the Central Bank of Eswatini and converts them to dashboards. The system reports funds transferred against target; yearly performance comparison; and overall growth comparison year-on-year. This will enhance the speed in decision making.

The organisation facilitated the implementation of the EU Registered Exporters (REX) system that simplifies the export process thus facilitating easier trade by removing the requirement for exporters to obtain a valid certificate from SRA every time an export is made. The new process only requires a once-off registration to the on-line REX platform; statement on origin to be drafted and signed by the exporter; ensuring that REX content is available on the public website for taxpayers; and educating REX exporters on how to use the REX platform. The feedback from the EU exporters is very positive.

5.4.2 Processes

The SRA adopted a Business Process Management (BPM) methodology to ensure that the organisation's workflow is effective and efficient to adapt to the ever-changing business environment.

The new storage facility in Matsapha

The organisation continued to mobilise resources towards achieving Level 3 of the BPM Maturity Index. Level 3 of BPM Maturity includes: documentation of all processes; identification of process essential key performance indicators (KPIs) and setting of targets; attainment of set targets; and, compliance to all processes. Through employment of internal self-assessments tools and external process audits as a means to process management benefits realisation, the organisation has observed the following improvements:

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Business Process Re-engineering project initiated

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(a) Improved consistency and repeatability in tax collection and administration operations across the organisation;
(b) A shift of processes from inward looking to focus on customer needs, service delivery and satisfaction;
(c) Increased efficiency and reduced risks as key controls are incorporated into processes;
(d) Introduction of continuous process improvement to accommodate agile tax environment and easy technology integration to deliver value to stakeholders;
(e) Increased awareness, compliance and transparency within and outside the organisation (third parties, service providers and tax payers); and,
(f) Measurability of service delivery as key performance indicators are continuously identified, implemented and improved.

As part of the drive to improve effectiveness and efficiencies, the organisation has initiated the Business Process Re-engineering (BPR) Project. This project is part of the new strategic plan for the period 2018/19 to 2020/21. The BPR initiatives shall align organisational processes to the organisation's mission and deliver day-to-day operations as a single purpose. The initiative shall result in optimized and efficient process and improved integration and coordination between functions. This will culminate in a restructured organisation in line with the effective and efficient delivery of the organisation's mandate.

Face-lift at the Ngwenya Border Post

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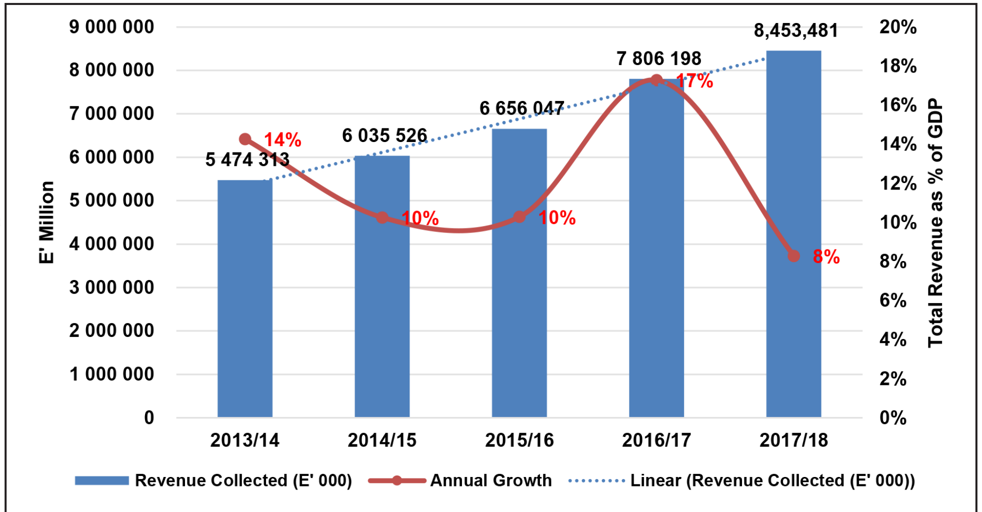
Revenue collection continued on an upward trend

6. PERFORMANCE

6.1 Revenue Performance

Revenue collection continued on an upward trend in 2017/18 although growing at a slower pace since 2013/14. A growth of 8% was recorded in 2017/18 compared to an average of 13% for the past 5 years, as indicated in figure 4.0. This development is reflective of the slow economic growth observed in the domestic economy in recent years and the fiscal challenges faced by government who is a major driver of the economy.

Figure 4.0: Revenue Collections in E'000 and Revenue Growth since 2013/14



Total revenue collection amounted to E8.453 billion in 2017/18, only 1% above the target of E8.340 billion. This led to a lower surplus of E113 million (against target) compared to a surplus of E372 million recorded in 2016/17. When compared to the previous year, revenue collection grew by 8% in 2017/18 from E7.806 billion in 2016/17, as indicated in table 8.0.

Table 8.0: Total Revenue Collection for the years 2013/14 - 2017/18 (E' 000)

REVENUES FOR THE PERIOD 2013/14 TO 2017/18 (E'000)									
REVENUE HEADING	2013/14	2014/15	2015/16	2016/17	2017/18		Variance		As a % of Revenue in 2017/18
	Actual	Actual	Actual	Actual	Target	Actual	2017/18 Actual Target	2017/18 2016/17	
Company Tax	1 070 385	1 483 248	1 371 839	1 498 626	1 600 480	1 373 916	-14.2%	-8.3%	16.3%
Individuals	1 751 682	2 048 530	2 175 819	2 662 405	2 686 684	3 044 976	13.3%	14.1%	36.0%
Other Income Tax	297 644	1 77 366	276 643	384 226	372 969	440 652	18.1%	-14.7%	5.2%
Graded Tax	1 258	1 066	900	1 517	1 296	728	-43.8%	-52.0%	0.0%
Total income Taxes	**3 120 969**	**3 710 211**	**3 825 200**	**4 546 773**	**4 661 429**	**4 860 273**	**4.3%**	**6.9%**	**57.5%**
SALES TAX	35 843	11 631		1 495	0	779		-47.9%	0.0%
VAT	1 695 188	1 883 319	2 107 173	2 407 309	2 530 421	2 520 224	-0.4%	4.7%	29.8%
OTHER TAXES									
Road Toll	28 589	29 829	30 179	30 359	91 967	31 705	-65.5%	4.4%	0.4%
Lotteries and Gaming	5 235	4 141	5 441	3 115	3 682	6 050	64.30%	94.23%	0.1%
Fuel Tax	549 427	572 993	666 808	732 283	1 022 836	1 004 629	-1.8%	37.32%	11.9%
Total Taxes on goods and services	**2 314 282**	**2 501 912**	**2 809 602**	**3 174 560**	**3 648 907**	**3 563 387**	**-2.3%**	**12.2%**	**42.2%**
Sales Tax, Immigrations fines, penalties and unllocated funds	39 062	-176 597	21 245	84 866		29 822			0.4%
GRAND TOTAL	**5 474 313**	**6 035 526**	**6 656 047**	**7 806 198**	**8 340 336**	**8 453 336**	**1.4%**	**8.3%**	**100%**

Revenue collection was above target in 2017/18

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Revenue collection was above target in 2017/18, mainly due to improvements in collections of personal individual taxes and other income taxes, which recorded performances of 13% and 18% above target respectively in 2017/18. Taxes on individuals were boosted by higher PAYE collections from government due to an increase in payroll, following the implementation of a salary review. In contrast, company tax collections were 14% below target in 2017/18 due to a decline in payments from major sectors during this period. VAT collections and fuel taxes were 0.4% and 2% below target, respectively. Road toll collections performed poorly against target due to the non-realisation of revenue that was expected to come from a proposed increase in the rates charged. The revenue benefits of the proposed policy changes were part of the target yet the fees were not adjusted during the year.

Income taxes have been the main contributor to revenue growth over the 2013/14 - 2017/18 period, as shown in table 9.0. Individual taxes have grown at an average rate of 18% over the past 5 years while company taxes and other income taxes have averaged 15.2% and 16.2% respectively. Fuel taxes, on the other hand, have recorded the fastest growth rate in recent years albeit from a smaller base. In 2017/18, the largest revenue growth was observed for fuel tax collections, followed by other income taxes and individual taxes.

Company tax collections declined by 8.3% in the review period, owing to reduction in payments by major taxpayers.

Table 9.0: Tax Type Revenue Growth since 2013/14

Growth year on year						
Tax Type	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**Average**
Company Tax	**44.0%**	**38.6%**	**-7.5%**	**9.2%**	**-8.3%**	**15.2%**
Individuals	29.9%	16.9%	6.2%	22.4%	14.4%	17.9%
Other Income Tax	11.9%	-40.4%	56.0%	38.9%	14.7%	16.2%
VAT	**4.4%**	**11.1%**	**11.9%**	**14.2%**	**4.7%**	**9.3%**
Fuel Tax	44.0%	4.3%	16.4%	9.8%	37.2%	22.3%
Overall 2013/14-2017/18	14.3%	10.3%	10.3%	17.3%	8.3%	12.1%

Figure 5.0 shows that individual taxes continue to be the largest contributor to domestic revenue with an average proportion of 33.8% from 2013/14 to 2017/18. This was followed by VAT and company taxes averaging 31.4% and 19.3%, respectively, for the same period.

Cost of collecting revenue reduced by 4%

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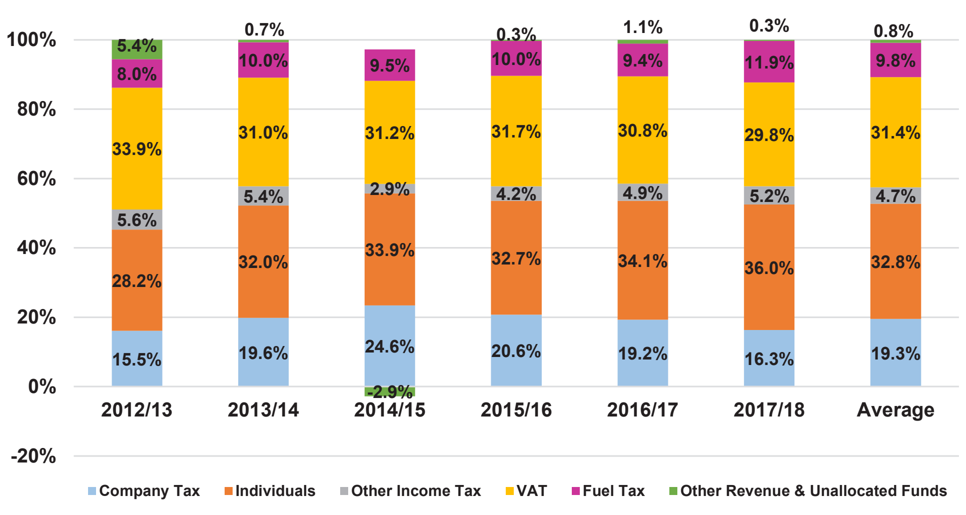
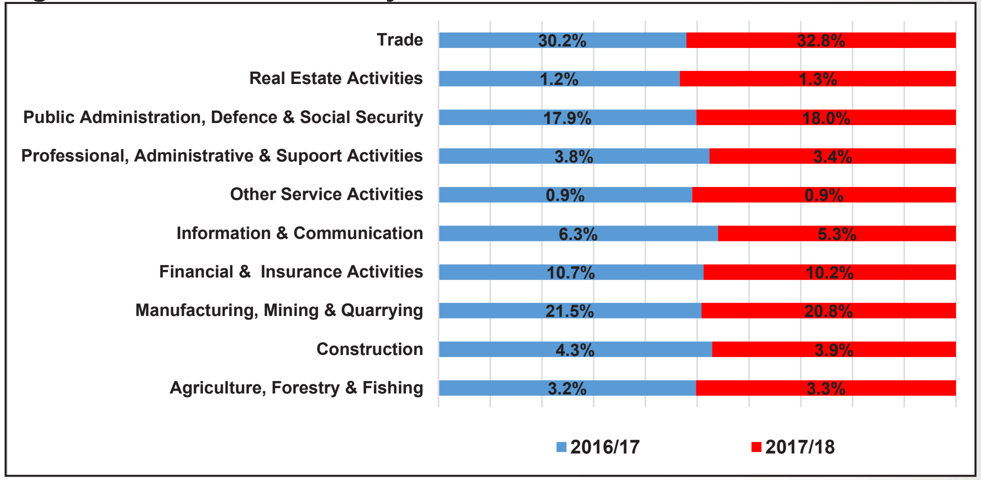
Figure 5.0: Contribution to Tax Revenue by Tax Type for the period 2013/14 - 2017/18



The Trade sector remains the largest contributor to total revenue collections as it recorded 30.2% and 32.8% in 2016/17 and 2017/18, respectively. As shown in figure 11.0 the second largest contributor in the past two years was the Manufacturing, Mining and Quarrying sector, averaging 20.8%, followed by Public Administration and Defence at an average of 18%. Sectors that reflected the highest growth in revenue collections in 2017/18 compared to the previous year were Real Estate Activities, Trade and Other Service Activities. The Information and Communication and Construction sectors recorded negative growth in revenue collections in 2017/18.

Figure 6.0: Total Revenue by Sector for 2016/17 and 2017/18



The tax-to-GDP ratio is one of the parameters used to measure efficiency in revenue administration. An analysis of this parameter indicates that the tax-to-GDP ratio increased from 12.3% in 2011/12 to 14.7% in 2017/18, implying that more revenue is being collected at the same level of income. The cost of collection is used to show how much the SRA spends to collect each Lilangeni of tax revenue.

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Income Tax contributed 57% to total revenue collected

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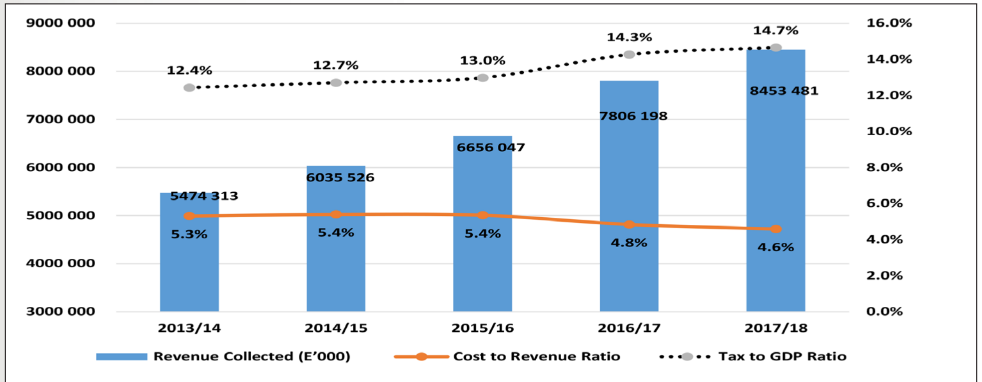
A reduction in the cost of collection from 4.8 cents to 4.6 cents was observed in the period 2016/17 to 2017/18, indicating an improvement in efficiency in the use of resources for revenue collection. Tax buoyancy (which measures the increase in revenue due to an increase in GDP) declined from 2.6% in 2016/17 to 1.5% in 2017/18, indicating that less revenue was collected per unit increase in GDP. This is because some exporters are not declaring the proceeds of their exports as revenue in the country. Some have preferential tax rates that do not necessarily reflect their business activities. However, the 1.5% tax buoyancy ratio recorded in 2017/18 is still above the long-term average of 1.4%. The foregoing is shown in figure 7.0.

Figure 7.0: Cost to Revenue and Tax-to-GDP Ratio for the period 2013/14 to 2017/18



6.2 Direct Taxes

6.2.1 Income Taxes

Income taxes remain the largest contributor to total SRA revenue collections, averaging 56.8% in 2013/14 - 2017/18. As indicated in table 10.0 in the year 2017/18 income tax collections contributed 57.5% to total revenue collections, which is a slight decline from the 58.2% recorded in 2016/17. The decline is attributed to a 14.2% below target collection in company taxes, which was however countered by the above target collections in individual taxes and other income taxes at 18.1% and 13.3% respectively. This led to direct taxes surpassing the target by 4.3% in 2017/18 at a growth rate of 6.9% compared to the previous year. The ratio of income taxes to GDP increased slightly from 8.3% in 2016/17 to 8.4% in 2017/18.

Table 10.0: Income Tax Collections for period 2013/14 - 2017/18

Year	Actual	% Year on Year change	% of tax revenue	% of GDP
2013/14	3,120,969,089	32.2%	57.0%	7.0%
2014/15	3,710,211,307	18.9%	61.5%	7.6%
2015/16	3,825,200,213	3.1%	57.5%	7.3%
2016/17	4,546,773,141	18.9%	58.2%	8.3%
2017/18	4,860,272,587	6.9%	57.5%	8.4%

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Individual taxes stood at E3.045 billion in 2017/18

6.2.2 Company Taxes

Company tax collections, as a percentage of tax revenue, are on a downward trend since 2014/15. Their contribution decreased from 19.2% in 2016/17 to 16.3% in 2017/18 after a decrease of four percentage points in 2015/16. In 2017/18 company tax collections were recorded at E1.374 billion, which reflects a decline of 8.3% compared to 2016/17, as shown in table 11.0. This weak performance is also manifest in the deteriorating company tax to GDP ratio from 2.7% in 2016/17 to 2.4% in 2017/18. This was due to a reduction in payments from the Information and communication, Financial services and Manufacturing sectors from the previous year. The decline in Information and communication was due to lower revenue accruing to the major companies in the industry due to lower prices, regulation and increased competition. The Financial services sector was negatively affected by increased regulation on the industry that resulted in lower revenue accruing to major players in the industry while the Manufacturing sector suffered from slow economic activity.

Table 11.0: Company Tax Revenue for the period 2013/14 - 2017/18

Year	Actual	% Year on Year change	% of tax revenue	% of GDP
2013/14	1,070,384,992	44.0%	19.6%	2.4%
2014/15	1,483,248,126	38.6%	24.6%	3.0%
2015/16	1,371,839,190	-7.5%	20.6%	2.6%
2016/17	1,498,625,559	9.2%	19.2%	2.7%
2017/18	1,373,916,336	-8.3%	16.3%	2.4%

6.2.3 Individual Taxes

Individual taxes remained the largest contributor to total domestic revenue collections with an increased contribution of 34% in 2016/17 to 36% in 2017/18. Individual taxes collections stood at E3.045 billion in 2017/18 against a target of E2.687 billion. This is a 13.3% above target performance and a 14.4% year-on-year growth. This performance was underpinned by higher PAYE collections mainly due to an increase in employee numbers in the Public administration and Manufacturing sectors. This is reflected in table 12.0.

Table 12.0: Individual Tax Collections for the period 2013/14 - 2017/18

Year	Actual	% Year on Year change	% of tax revenue	% of GDP
2013/14	1,751,681,615	29.9%	32.0%	3.9%
2014/15	2,048,530,439	16.9%	33.9%	4.2%
2015/16	2,175,818,837	6.2%	32.7%	4.1%
2016/17	2,662,404,738	21.9%	34.0%	4.8%
2017/18	3,044,976,457	14.4%	36.0%	5.3%

6.3 Indirect Taxes

6.3.1 Value Added Tax

VAT collections amounted to E2.520 billion in 2017/18, which was a 4.7% increase compared to the previous year's collection of E2.407

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VAT collections amounted to E2.520 billion in 2017/18

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billion. However, this was 1.1% below the target of E2.530 billion. VAT collections as a percentage of GDP remained constant at 4.4% in 2017/18 as was observed in 2016/17 as indicated in table 13.0. Total VAT refunds in 2017/18 were recorded at E1.06 billion from E929 million in 2016/17.

Table 13.0: VAT Collections for the period 2013/14 - 2017/18

Year	Actual	% Year on Year change	% of tax revenue	% of GDP
2013/14	1,695,187,701	4.4%	31.0%	3.8%
2014/15	1,883,319,175	11.1%	31.2%	3.9%
2015/16	2,107,172,893	11.9%	31.7%	4.0%
2016/17	2,407,308,750	14.2%	30.8%	4.4%
2017/18	2 520 224 269	4.7%	29.8%	4.4%

The increase in VAT collections from the previous year was mainly due to increasing revenue collections from the Manufacturing and, Wholesale and retail sectors. Under the Manufacturing sector in particular, there was correction of the payment of refunds to some companies that had consistently claimed refunds, which were not quite justified.

Revenue from imports increased by 10% during the review period compared to 8% in 2016/17. The below target collections were mainly due to declining revenue from the VAT Easy/Sekulula arrangement with South Africa and a significant increase in refunds. VAT refunds increased by 14% to surpass the E1.0 billion mark in 2017/18. Revenue from the VAT Refund Administrator (VRA) declined by 33%. The decline in revenue was due to late payment of refund claims by the South African Revenue Service (SARS) resulting from a change in the requirements for processing a refund through the agreement. The change in the processes for qualification for a VAT refund through the agreement resulted in a number of claims being rejected while also reducing the number of taxpayers utilizing the facility from 4,095 in 2016/17 to 2,129 in 2017/18.

As shown in figure 8.0, VRA collections amounted to E170 million in 2017/18, a 33% decline from E244 million in 2016/17, leading to a decline in the contribution of VRA to overall VAT collection to 7% compared to 10% in 2016/17.

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Fuel tax collections continued to improve

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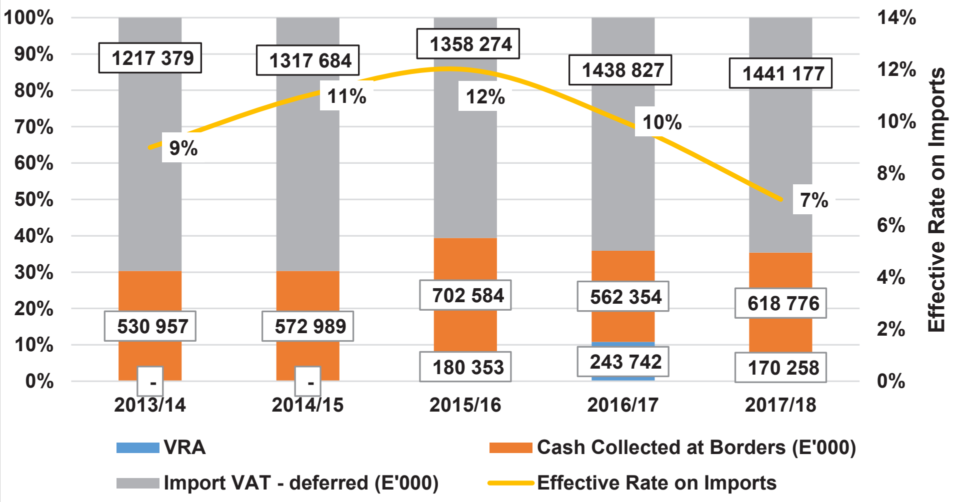
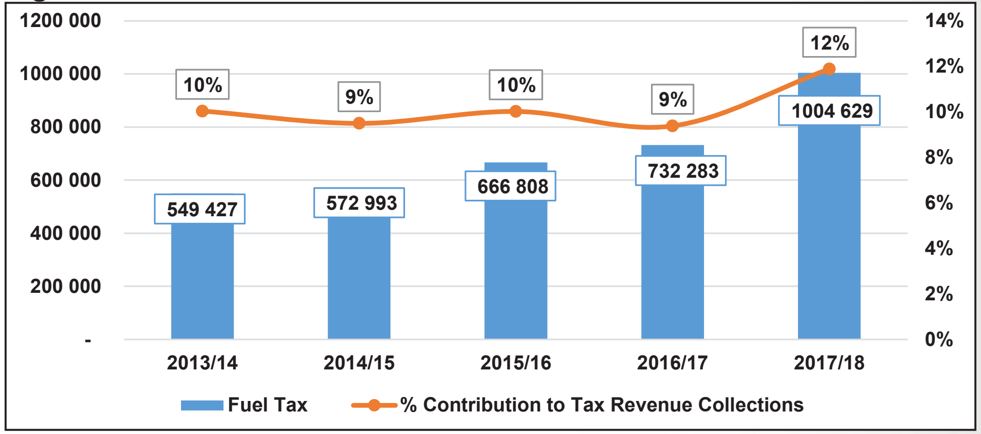
Figure 8.0: Import VAT Collection for the period 2013/14 to 2017/18



6.3.2 Fuel Taxes

Fuel tax collections continued to improve as a proportion of indirect taxes and total domestic collections. The contribution of fuel taxes to total collections increased from 9.4% in 2016/17 to 11.9% in 2017/18. As shown in figure 9.0 collections from fuel tax surged by 37% to E1.0 billion in the review period from E732 million in 2016/17, reflecting an increase of E272 million. This increase is mainly attributed to the adjustment in the fuel tax rate from E2.20 to E3.00 in March 2017, which boosted collections for 2017/18 relative to 2016/17. However, collections from this tax type were still 2% below target figures due to lower than anticipated fuel volumes.

Figure 9.0: Fuel Tax Collections in E'000 2013/14 to 2017/18



6.3.3 Road Toll

The SRA administers the collection of road toll at the entry points of the country and the collections depend on the volume of foreign registered and commercial (domestic) vehicles entering the country. Revenue collections arising from road toll were more than 60% below target in 2017/18, standing at E31.7 million against a target of E92.0 million as indicated in figure 10.0. This poor performance was due to

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Refunds paid to taxpayers amounted to E1.06 billion

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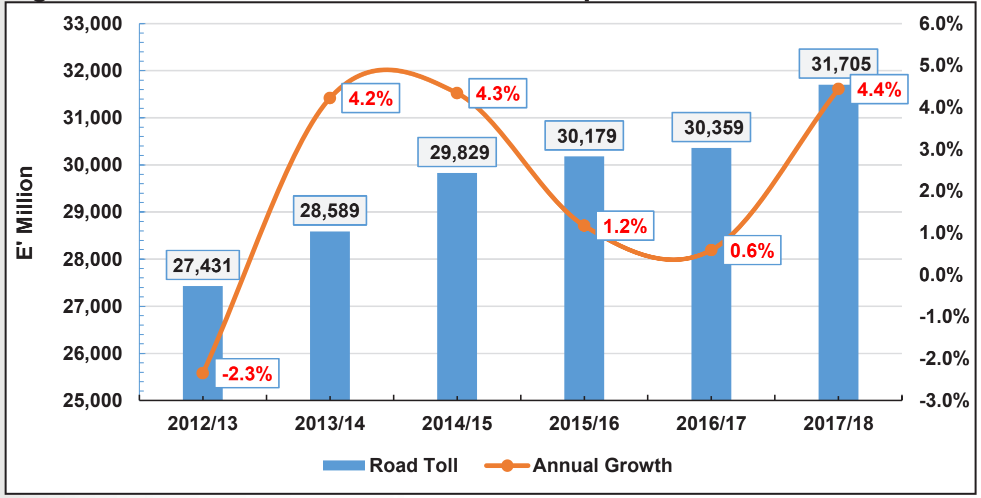
the non-implementation of a proposed policy to increase road toll rates in 2017/18. Nonetheless, road toll collections performed better in 2017/18 compared to 2016/17, reflecting a growth of 4.4%, which was mainly informed by higher volumes of traffic.

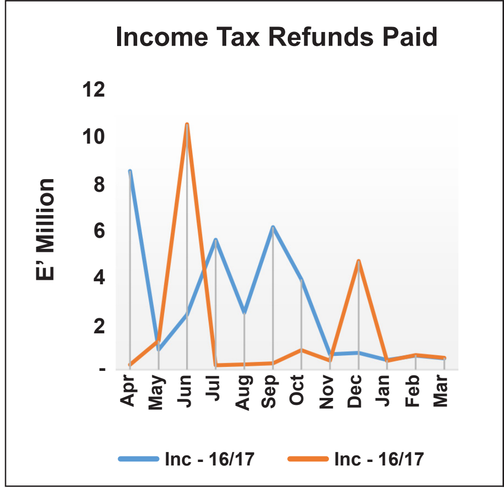
Figure 10.0: Road Toll Collections for the period 2013/14 to 2017/18

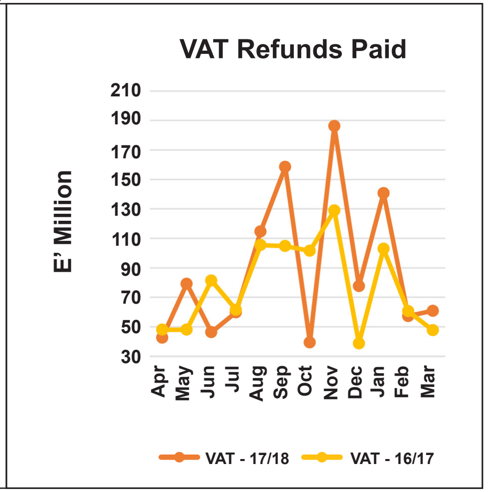


6.4 Refunds

Refunds paid to taxpayers during the period under review amounted to E1.08 billion of which 98.2% (E1.06 billion) were VAT refunds. The refunds paid increased by 12.6% year-on-year mainly due to a 14.4% increase in VAT refunds. The increase in VAT refunds was due to improved turnaround times in the processing of refunds. Figure 11.0 shows refunds paid for the last two fiscal years.

Figure 11.0: Refunds paid to Taxpayers in 2016/17 and 2017/18





6.5 Revenue Foregone

Although part of the organisation's mandate is revenue collection for funding of government initiatives, government also seeks to employ other means to ensure that all public goods are made available to everyone and equity is achieved in the tax system. The tax law therefore provides certain tax reliefs on some goods and services

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E310 million revenue foregone from exemptions

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which government deems appropriate mostly for the promotion of equity. These exemptions and reliefs are classified as revenue foregone. Total revenue foregone through rebates and exemptions in 2017/18 was E310 million, which was an 11% increase from the E279 million revenue foregone in 2016/17. This was mainly from an increase in customs and excise duties exemptions. Details on the types of exemptions are captured in table 14.0.

Table 14.0: Revenue Foregone as at 31st March 2018

Type of Exemption	VAT		Excise Duties		Custom Duties		Total	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
Postage Stamps	-	1 195	-	-	-	1 271	**-**	**2 466**
Precious Metals and Valuables supplied to Central Bank	7 160 773	14 283 665	-	-	-	259	**7 160 773**	**14 283 924**
Electricity	6 841	-	-	-	-	-	**6 841**	**-**
Medical Equipment supplied to Medical Facilities	9 124 430	5 854 542	-	-	487 957	96 151	**9 612 387**	**5 950 693**
Machinery and Mechanical Appliances	-	-	-	-	900	-	**900**	**-**
Animal, Vegetable Fats, Oils and their Cleavage Products	-	-	-	-	2 163	229 011	**2 163**	**229 011**
Paper-Making Material	-	-	-	-	2 300	159	**2 300**	**159**
Textiles and Textile Articles	-	-	-	-	83 663 323	140 498 987	**83 663 323**	**140 498 987**
Goods for International Organisations and Diplomats	75 127 935	43 109 134	183 024		48 156 286	12 672 444	**123 467 245**	**56 358 154**
Goods for Cultural Use	2 127 915	745 256	7	-	1 457 021	884 722	**3 584 943**	**1 629 978**
Temporal Imports and Re-imports Goods	24 303 847	10 501 582	80 233	-	13 797 791	28 458 941	**38 181 871**	**38 960 523**
Rebates	5 759 948	16 868 448	26 425	14 180	7 720 298	33 837 915	**13 506 671**	**50 720 543**
Goods Imports Accompanying Passengers' Baggage	59 615	970 039	-	57 022	85 014	1 213 829	**144 629**	**2 240 890**
Domestic Exemptions for NGO's and Government Projects	2 057 881	26 034 384	-	-	-	-	**2 057 881**	**26 034 384**
Grand Total	**123 671 304**	**92 333 860**	**289 689**	**647 778**	**155 373 053**	**217 893 689**	**279 334 046**	**310 875 328**

Debt stock increased from E2.684 billion to E3.463 billion

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6.6 Revenue Administration

6.6.1. Debt Management

The debt stock increased by 29.1% during the period under review from E2.684 billion at the end of March 2017 to E3.463 billion at the end of March 2018. The Debt to Assessed Revenue ratio deteriorated from 17.9% in 2016/17 to 22.2% in 2017/18. The increase in the debt stock was on account of non-payment of liabilities accruing from audits and also from returns filed without payments. State Owned Enterprises and Government Ministries feature among the top debtors, accounting for 20.6% of total debt. As a percentage of GDP, tax arrears have increased from 4.9% in 2016/17 to 6% in 2017/18. Table 15.0 shows an age analysis of the arrears. A total E2.09 billion is aged over 720 days, which increases the risk on no-collection of this amount.

Table 15.0: Debt stock as at 31st March 2018

Tax type	<30 Days	<60 Days	<90 Days	<180 Days	<360 Days	<720 Days	>720 Days	Total
Income tax	**13 178 200**	**11 303 944**	**5 330 944**	**52 087 089**	**51 435 942**	**143 378 988**	**982 500 275**	**1 259 215 001**
SME	13 178 200	11 303 944	5 099 930	43 194 396	38 806 509	99 019 161	661 760 289	872 362 047
LTU	-	-	231 014	8 892 693	12 629 434	44 359 826	320 739 986	386 852 954
PAYE	**22 805 670**	**23 470 215**	**25 405 435**	**66 464 865**	**122 854 741**	**217 844 782**	**364 010 942**	**842 856 650**
SME	7 367 678	7 488 354	9 956 650	22 421 878	36 906 351	77 603 571	203 447 450	365 191 930
LTU	15 437 992	15 981 861	15 448 786	44 042 988	85 948 390	140 241 211	160 563 492	477 664 720
VAT	**17 857 110**	**16 641 049**	**52 866 021**	**60 748 472**	**124 087 443**	**270 950 434**	**728 306 055**	**1 271 456 584**
SME	6 276 149	7 827 658	44 162 194	47 675 915	96 166 210	182 256 230	596 774 220	981 138 576
LTU	11 580 961	8 813 391	8 703 827	13 072 557	27 921 233	88 694 204	131 531 835	290 318 576
WHT	**327 385**	**991 724**	**820 053**	**8 000 863**	**2 297 448**	**47 128 406**	**20 259 227**	**79 825 106**
SME	140 908	501 020	99 009	299 846	841 885	1 393 645	12 800 491	16 076 804
LTU	186 476	490 704	721 045	7 701 017	1 455 564	45 734 761	7 458 735	63 748 302
Fuel Tax	**-**	**-**	**-**	**-**	**-**	**-**	**1 195 400**	**1 195 400**
SME								-
LTU	-	-	-	-	-	-	1 195 400	1 195 400
Sales Tax	**-**	**-**	**-**	**-**	4 039 452	2 534 495	2 562 004	**9 135 952**
SME	-	-	-	-	4 039 452	2 534 495	2 562 004	**9 135 952**
LTU								-
Total	**54 168 364**	**52 406 550**	**84 422 454**	**187 301 290**	304 715 027	**681 837 104**	**2 098 833 903**	**3 463 684 694**

Registered taxpayer base increased by 6.9%

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6.7 Tax Compliance

6.7.1 Taxpayer Registration

The registered taxpayer base increased by 6.9% in the period under review from 49,793 at the end of 2016/17 to 53,208 at the end of 2017/18. This increase was achieved on the back of 4,057 registrations for Income Tax, PAYE and VAT and 642 suspensions across the same tax types. Additionally, a total of 7,762 taxpayer profiles were updated using 2017 Income Tax returns. The registration activities for the year are summarized in the table 16.0.

Table 16.0: Taxpayer Registration by Tax Type for 2017/18

Tax Type	Opening Balance	Applications Received	Registered Taxpayers	Deregistration/ Suspensions	Closing Balance
Income Tax	41 462	2 958	2 958	389	44 031
PAYE	4 670	814	814	112	5 372
VAT	3 661	428	285	141	3 805
E-Tax	1 465	664	664		2 129
Total Ex. E-Tax	**49 793**	**4 200**	**4 057**	**642**	**53 208**

6.7.2 Filing Compliance

Registration and in turn, filing is the entry point in the revenue mobilization value chain. In an effort to improve in this aspect, the SRA undertook Operation Bakhumbute. This door-to-door compliance drive had the objective of increasing the taxpayer base and reminding taxpayers of their tax obligations. The operation was carried out on 733 businesses in the Lubombo, Shiselweni and Manzini regions. One hundred and forty seven (147), i.e., 20.1% of the visited businesses were found not to be registered with SRA for tax purposes. These businesses were educated on their compliance (registration, filing and payment) obligations, furnished with registration forms and advised on the process to follow to register. Following the initial engagement of these businesses, follow-ups were made to ensure that they actually registered.

6.7.3 VAT Filing

The VAT filing compliance rate stood at 85.5% in 2017/18 against 86.1% observed in 2016/17 as shown in figure 12.0. The on-time filing compliance rate was lower at 64.2% owing to a low filing compliance rate by quarterly filers who are mainly in the small and medium enterprise (SME) category of taxpayers. Their on-time filing compliance stood at 54.1% for the year while that for monthly filers, who also happen to be large businesses, was 82.5%. The on-time filing compliance rate for the reporting period was down 1.4% from the prior year rate.

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On-time filing compliance rate is at its lowest

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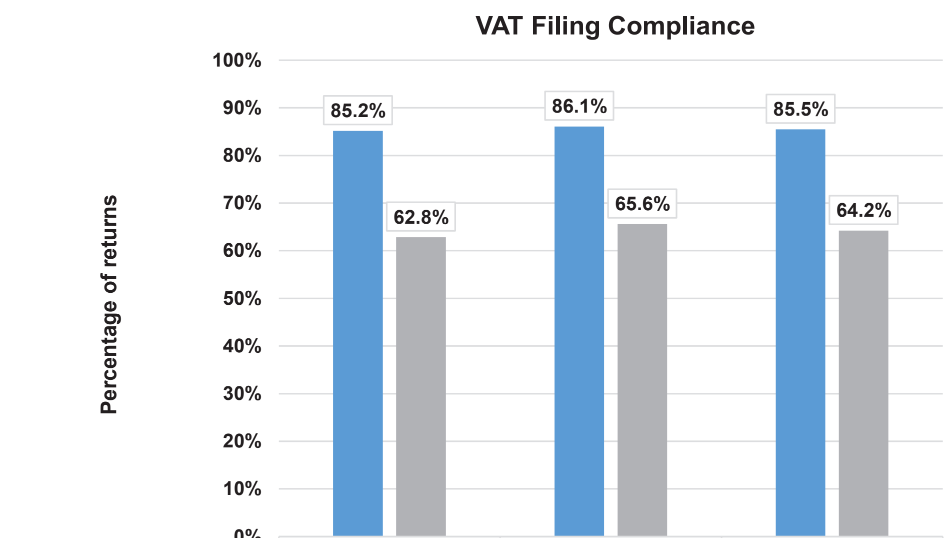
Figure 12.0: VAT Filing Compliance for the period 2015/16 - 2017/18

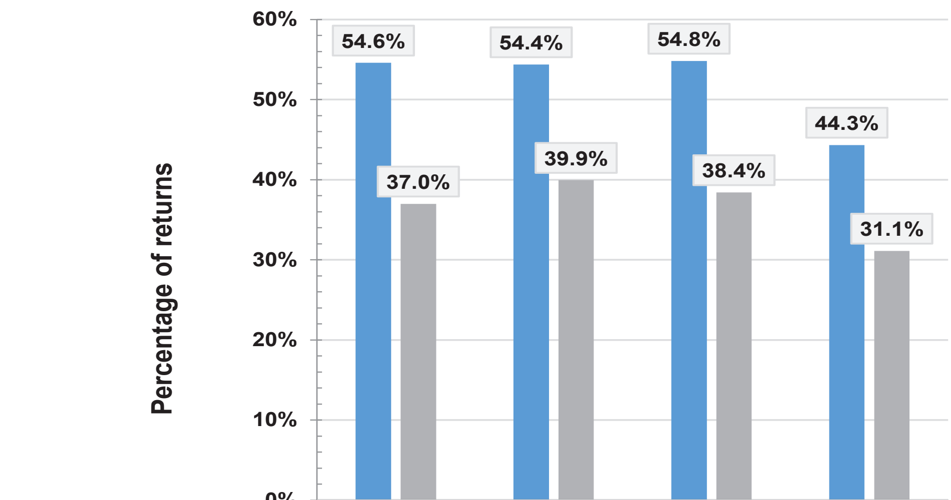


	2015/16	2016/17	2017/18
Compliance Rate	85.2%	86.1%	85.5%
On-time Compliance Rate	62.8%	65.6%	64.2%

6.7.4 Income Tax Filing

The filing compliance rate, with enforcement, of returns in respect of the 2017 income tax year was 44.3%. The on-time filing compliance rate was lower at 31.1% as shown in figure 13.0. The on-time filing compliance rate is at its lowest for the four-year period. Like in the case of VAT, the compliance rate declined from the prior year period and taxpayers in the SME category are largely responsible for the lower rates. The on-time filing compliance for SMEs for 2017 income tax year stood at 30.8% compared to 38.0% in 2016, while that for large taxpayers (LTPs) stood at 75.4% compared to 81.0% realised in 2016.

Figure 13.0: Income Tax Filing Statistics for the period 2014 - 2017



	2014	2015	2016	2017
Compliance Rate	54.6%	54.4%	54.8%	44.3%
On-time Compliance Rate	37.0%	39.9%	38.4%	31.1%

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TRS assisted in mapping out border processes

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6.8 Trade Facilitation

Trade facilitation is the simplification, harmonization, standardization and modernization of trade procedures to minimize the hurdles encountered by traders when bringing in or taking out goods. It can be achieved by applying modern techniques and methods, which include, but are not limited to, risk management, Single Window, Post-Clearance Audit (PCA), and advance rulings.

The World Bank provided a number of technical assistance missions aimed at assisting the country to meet its commitments under the World Trade Organisation (WTO). Among these is the support on the implementation of the Trade Facilitation Agreement (TFA). It included setting up a Secretariat to support the National Trade Facilitation Committee (NTFC); the development of enhanced border clearance processes and the implementation of a Time Release Study (TRS) that was concluded in February 2018 and further assisted in mapping out of border processes for Other Government Agencies (OGAs).

6.8.1 The ASYCUDA World Project

The project came to a close during the year under review, after the second extension that ended on the 31st December 2017. The final activities under the project included building enhancements in the system, which included the configuration of functionality to support real-time exchange of data with other countries and the auto generation of a Unique Consignment Reference Number (UCR) to facilitate data exchange and development of a valuation module, which will enhance risk assessment on valuation.

6.8.2 SADC Trade Related Facility

The Southern African Development Community (SADC), in collaboration with the European Union, funded the implementation of the Trade Related Facility (TRF) project. The organisation received funding since 2016/17 as part of the assistance to implement commitments made under the SADC Protocol on Trade and/or the SADC-EU Economic Partnership Agreement.
There are three projects being implemented under the TRF.

(a) ASYCUDA World Performance Management System (ASYPM)
This project is aimed at implementing a management tool that allows for the monitoring of the performance of officers including enhancement of processes. The process was being finalised to procure the services of the United Nations Conference on Trade and Development (UNCTAD) and World Customs Organisation (WCO) to assist with the implementation of this project. As at the end of the period under review, the scope of work had been developed and a preferred vendor procured to commence implementation of the project.

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WCO-SACU Connect Project to enhance trade

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(b) Development of a National Trade Portal for Eswatini
The project will be implemented jointly by the SRA, Swaziland Investment Promotion Authority (SIPA) and the Ministry of Commerce, Industry and Trade (MCIT). The Trade Portal will provide a one-stop information centre for traders and investors who may wish to apply for specific government authorisations and services. The organisation provided information that will be contained in the portal.

(c) Institutionalisation of an Accredited Professional Training Programme for Clearing and Freight Forwarding Agents
The Accredited Professional Training Programme for Clearing and Freight Forwarding Agents is aimed at continuously improving the technical proficiency of Customs Clearing and Forwarding Agents to increase their efficiency in the clearance of goods in accordance with prescribed procedures. Terms of Reference to guide the implementation process had been finalised and submitted to the project office in the MCIT as at the end of the period.

6.8.3 WCO-SACU Connect Project
WCO in collaboration with the Swedish International Development Agency (SIDA) funded the implementation of the WCO-SACU Connect Project to the tune of 1.4 million euros for all SACU Member States. The project is aimed at ensuring that Customs Administrations in the SACU region are better prepared to contribute to an enhanced regional integration and trade facilitation agenda by improving Customs compliance within the region. There are four components being implemented: Information Technology (IT) Connectivity; Preferred Trader Programme (PTP); Risk Management and Enforcement; and Customs Legislation Reforms. The second phase of this project started in 2014 and is ending in 2018.

(a) IT Connectivity aims at establishing customs-to-customs data exchange. To date there is a prototype and a bilateral arrangement to facilitate the exchange of customs data between SRA and SARS. SRA's Customs Systems and Middleware were configured to make SRA ready to exchange information with other Revenue Administrations. It is expected that actual exchange of data with SARS will occur in the middle of the next fiscal year, after signature of the relevant agreement.

(b) Preferred Trader Programme aims at accrediting compliant traders to enjoy a number of prescribed benefits. As at the end of the period under review the country had developed manuals for accreditation and had undertaken audits to assess compliance of applicant traders.

(c) Risk Management and Enforcement aims at building capacity within member states to enhance their ability to identify and deal with Customs compliance risks effectively and timeously. This includes

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Total exports for 2017/18 decreased to E23.6bln

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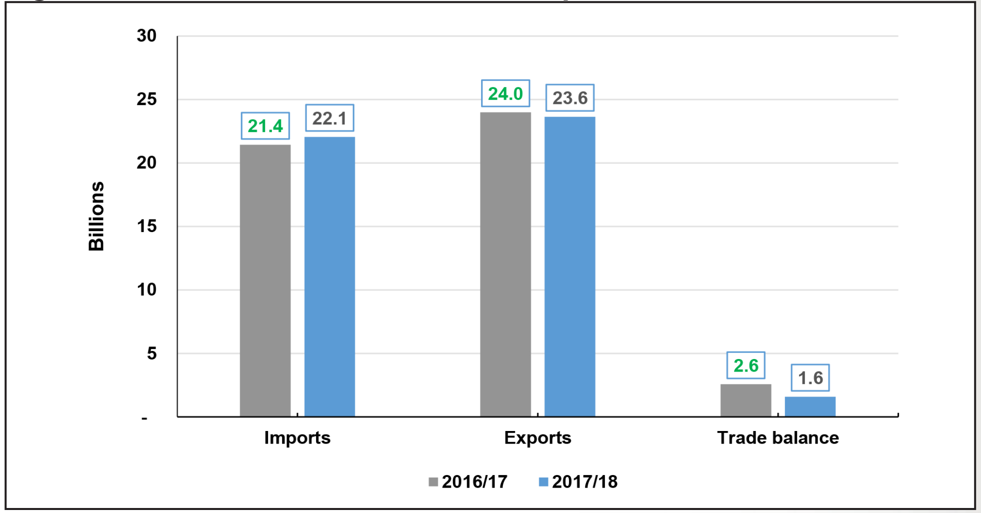
capability to develop and maintain effective risk registers and implementation of the relevant treatment plans. On-going activities include the development and alignment of national Customs Risk Management Strategies and Policies to the SACU Customs Risk Compliance Management Model.

(d) Customs Legislation Reforms seeks to modernise customs legislation to provide a framework for undertaking the various modernisation initiatives within customs. As at the end of the period under review the country had crafted the Customs Bill, which is aligned to the SACU model and this bill is expected to provide a framework for supporting Customs administration in the context of the modern trade environment. This was still undergoing the process of promulgation into law.

6.9 Merchandise Trade

Total exports for 2017/18 decreased to E23.6 billion from E24.0 billion in 2016/17 against corresponding imports of E22.1 billion and E21.4 billion respectively. This resulted to a favourable trade balance of E1.58 billion as indicated in figure 14.0. Persistent trade surpluses are favourable to a nation's economic outlook by positively influencing employment, economic growth, and exchange rates.

Figure 14: Visible Trade Balance for the period 2016/17 - 2017/18



(i) Imports by Country of Origin

South Africa remains the Kingdom of Eswatini's major source of imports, accounting for 76% of total imports. Imports were recorded at E16.8 billion in 2017/18. This was a 1% increase from E16.7 billion recorded in 2016/17. Major products imported from South Africa were light oils (fuel), personal imports and motor vehicles. Other major import partners were China, India and the USA from which plain cotton weave, pharmaceutical and light oils respectively were the major products imported from these countries as indicated in figure 15.0.

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Petroleum products leading imported goods

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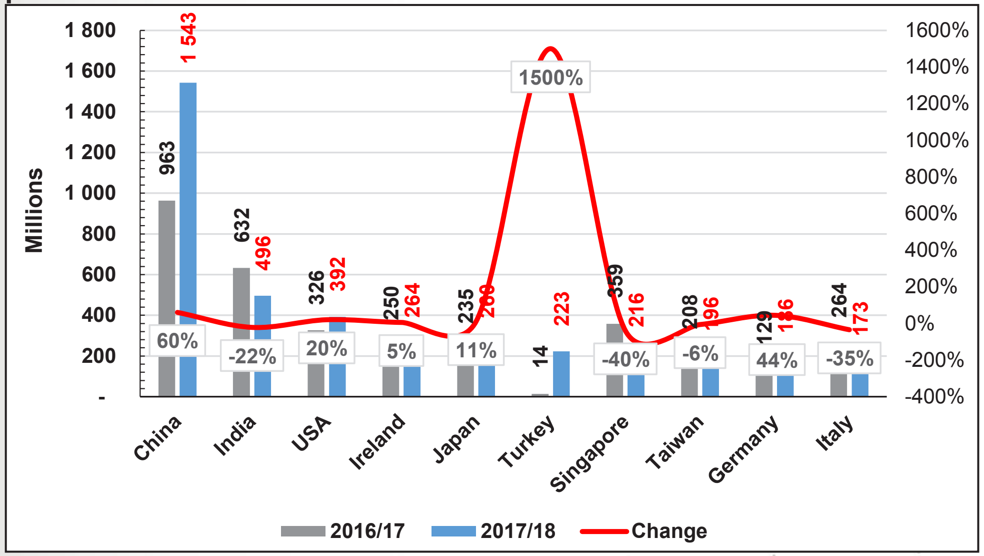
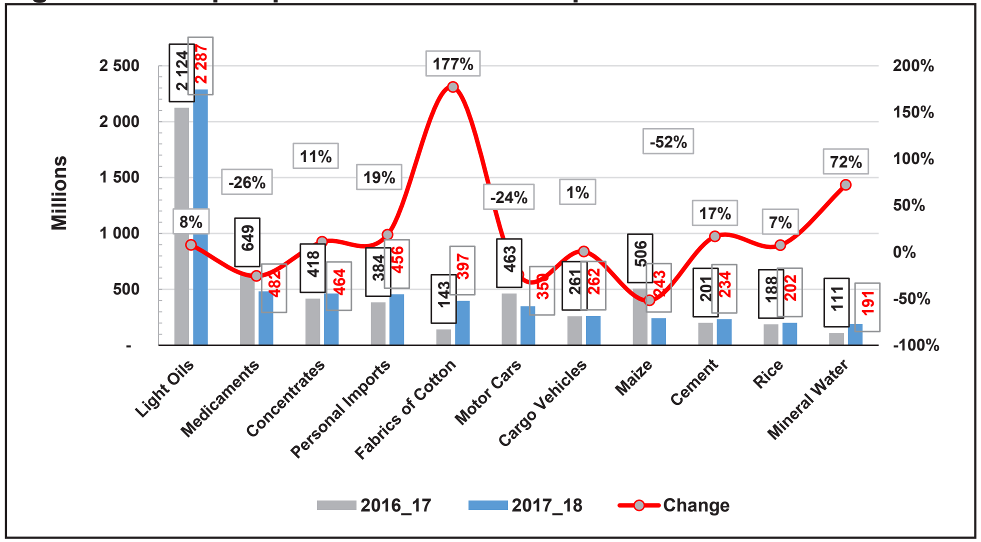
Figure 15.0: Major Import Partners (excluding South Africa) for the period 2016/17 – 2017/18



(ii) Imports by Product

Petroleum products were the leading imported commodity in the reporting period, amounting to E2.29 billion, an increase of 8% from 2016/17 (E2.12 billion). Other Medicaments are the second largest imported item with a total import value of E482 million, which depicts a decrease of 26% compared to 2016/17. The foregoing is shown in figure 16.0.

Figure 16.0: Top Import Products for the period 2016/17 – 2017/18



(iii) Exports by Country of Destination

South Africa accounted for about 70% of the country's total exports, which amounted to E16.6 billion and this was an increase of 4% from 2016/17. The second largest destination for our exports was Kenya at E1.4 billion accounting for 2% of exports in 2017/18. Concentrates were the major exported product mainly to South Africa and other Africa countries, as indicated in figure 17.0.

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Major exports to SA were solution for food, drinks

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Figure 17.0: Major Export Partners (excluding South Africa) for 2016/17 - 2017/18

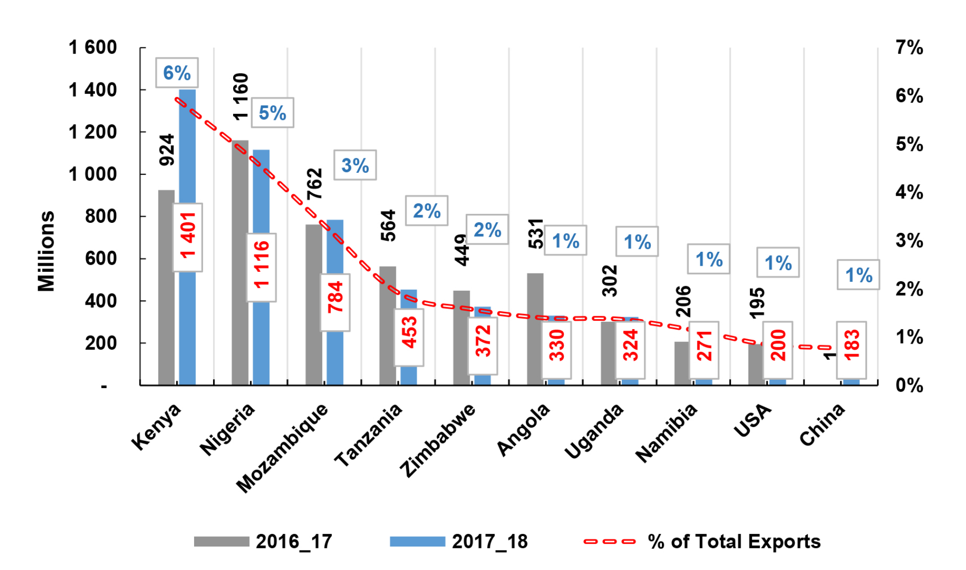
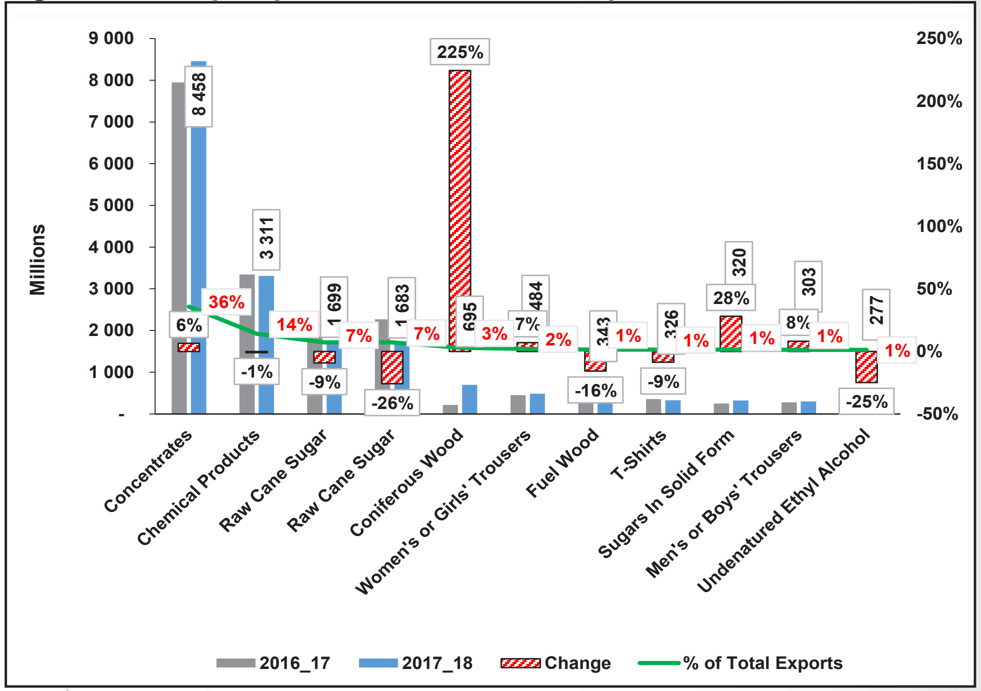


Figure 18.0: Top Exported Products for the period 2016/17 – 2017/18



(iv) Exports by Product

The major exports to South Africa during the 2017/18 financial year were Solution for Food and Drinks and Sugar, as shown in figure 18.0. Concentrates and Raw Sugar accounted for 40% and 14% of total exports respectively.

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WCO lines up initiatives to improve world trade

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6.10 SRA's Operating Environment

The world tax to GDP ratio was at 15% in 2016, the highest level since 2001, indicating an improvement in tax administration globally. In SSA, the ratio of tax revenue to GDP stood at 16%, slightly higher than the world average, while Europe recorded an average of 19% for the same period.

In most African Tax Outlook (ATO) countries, revenue growth exceeded nominal GDP growth between 2011 and 2015, leading to an improvement in the tax to GDP ratio to an average of 18% in 2015. However, this is considerably lower than the 25% tax to GDP ratio recorded by OECD countries.

About 35% of revenue came from customs taxes in ATO countries between 2011 and 2015, lower than the average of 40% observed in West and Central Africa and 37% recorded in East and Southern Africa. In most ATO countries, consumption taxes on domestic and international goods combined yield the highest revenue, accounting for between 37% and 63% of all revenue. In Lesotho, South Africa and Eswatini, PIT supplies the most revenue, with shares of between 32% and 38%.

Tax reforms in recent years have been many and varied in the international community, and given the rate at which the world is changing, many more can be expected in the near future. Studies show that technology is having a significant effect on the efficiency of tax administration and tax obligations of taxpayers around the world. To improve domestic resource mobilisation, countries are continuously reviewing their tax legislation through tax reforms, introducing new tax administration measures and entering into tax treaties with other countries.

In the customs landscape, the WCO has lined up several initiatives to improve world trade and customs administration in different regions. They include: electronic transit systems, breaking down of non-tariff barriers, formulation of joint integrated border centres, revisiting the *"Trading Across Borders"* component of the Doing Business Index with the aim of improving it, supporting borderline economies and addressing wealth circulation.

In the SACU region, efforts are towards establishing Customs systems interconnectivity and real-time automated exchange of trade data. A pilot involving data exchange was conducted between South Africa and Eswatini, which confirmed the feasibility of exchanging import and export information on a daily basis between the two Customs administrations.

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Purchase Orders issued valued at E81 million

7. PROCUREMENT OF GOODS AND SERVICES

The organisation's Tender Board held fifteen (15) meetings and sixty seven (67) requests were submitted for approval relating to tenders, regular purchasing, license renewals and price variations. The Procurement Office issued one thousand two hundred and eighty seven (1,287) Purchase Orders valued at E81,512,674.05 during the financial year for the sourcing of goods and services and works for the SRA's operational needs.

Goods and services received and receipted were one thousand five hundred and twenty five (1,525) amounting to E227,392,005.29. This figure is above the issued Purchase Order amount due to the fact that there were outstanding construction projects and purchase orders from previous financial years, which were still being receipted as certificates were received. The organisation maintained an average inventory holding of E358,319.94 during the FY at its Stores and this met all the needs of the organisation without any bottleneck.

Table 17.0 indicates the value of tender procurements by SRA to provide various types of goods and services for the FY. A total of thirteen (13) tenders were awarded in the year at over E67,148,486.57.

Table 17.0: Procurement statistics and value as at 31st March 2018

Procurement Type	Statistics and Value	
	Number	Value (E)
Goods	6	8,714,219.02
Services	6	28,994,598.19
Construction	1	29,439,669.36
Totals	**13**	**67,148,486.57***

*- Note that some tenders are issued with no amount, but for supply of goods based on purchase order issued from time to time.

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Engaging with taxpayers remains core for SRA

8. MANAGING STAKEHOLDER RELATIONSHIPS

8.1 Stakeholder Engagements

The organisation's interaction with its stakeholders is wide and varied, including interaction with taxpayers, Government, staff, voluntary affiliates, donor organisations, sister revenue administrations, regional and international bodies. The common goal of such interactions is advancing the effective attainment of the organisation's mandate.

Information dissemination and engagement of SRA stakeholders, especially taxpayers has remained core to the SRA's operations. Maintaining an intensive engagement programme forms part of the organisation's bid to drive voluntary compliance as it focuses on educating taxpayers. Table 18.0 displays the types of stakeholders engaged and nature of engagements with consequent milestones.

Helping a taxpayer at one of the taxpayers engagements session.

Table 18.0 Stakeholder Engagements undertaken in 2017/18

Stakeholder Category	Type of Engagement	2017/18 Milestones
Tax Payer Community	• Campaigns on Income Tax Returns Campaign. • Provisional Tax Campaign to sensitize taxpayers to comply with the known deadlines through outdoor, print media and digital and social media.	46 engagement sessions on PAYE, Company Tax, VAT, Sekulula VAT Easy and compliance.
Ministry of Finance	• Advice on Tax Policy Development and Analysis. • Periodic Performance Reporting.	• Revenue estimation. • 4 quarterly performance reports and 1 annual report.
General Public	• Live radio shows. • Print media and digital and social media.	46 radio shows covering a wide-range of topics from Income Taxes, VAT, Customs Duties, SACU matters, Sekulula VAT-Easy, Integrity of tax collection.
Suppliers and Service Providers	Training on the contracting cycle, contract negotiation and drafting.	35 Agreements for the provision of goods and services.

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Customer service key to improve compliance

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Stakeholder Category	Type of Engagement	2017/18 Milestones
International Relations	• Constant adherence to the provisions of the various protocols and agreements that the Kingdom of Eswatini is a party to as well as the bilateral and multilateral agreements the Swaziland Revenue Authority is a party to. • Continuous understanding of developments in the various organisations. • Alignment to the country's foreign policy. • Fostering and maintaining amicable and collaborative relationships with key partners and stakeholders. • Balancing external activities across the organisation. • Influencing stakeholders, partners and donors in such a manner that interaction contributes positively to the achievement of the organisation's strategic objectives by actively taking advantage of the observed goodwill towards the organisation. • Achieving value for money by actively influencing the agendas of the various affiliations in regional and international organisations.	Outlined in ***Annexure A***.

Building Relationships and Trust Initiative

8.2 Customer Service

Customer service remains a key endeavour to improve compliance in the organisation. In the year under review a theme was adopted focussing on *"Building Relationships and Trust".* Improvements are being noted in this regard.

8.2.1 Customer Perception Survey

The SRA conducted its third Customer Perception Survey in the period under review. The target for the survey was 3.3 on the Likert Scale, which equates to 82.5%. The overall score achieved by the organisation was 82%, slightly below target. On a positive note, these

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SRA winners of the Service Excellence Award

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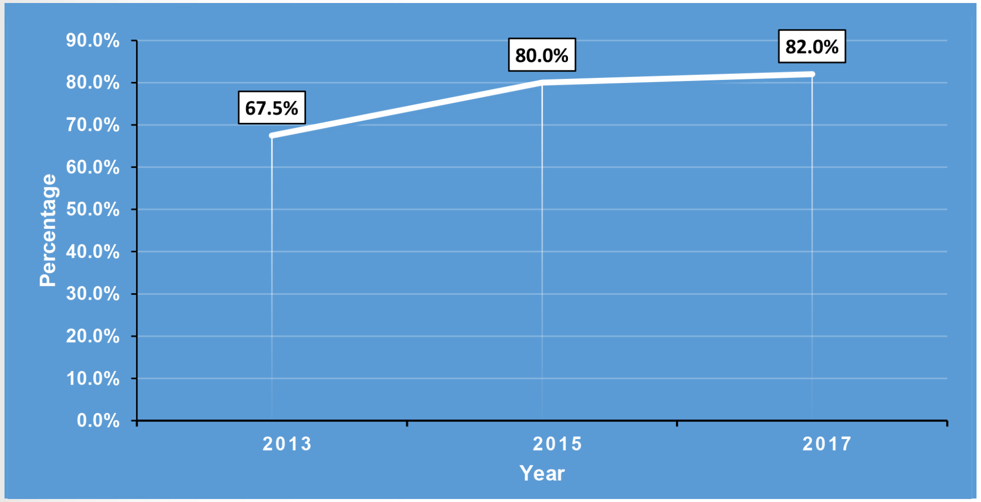
results demonstrate a progressive increase from the first time this survey was conducted in 2013, where a baseline score of 67.5% was realised and against the result of the previous survey where a score of 80% was obtained. Like in the previous years, an action items schedule to close the gaps identified by the survey was developed for implementation. Figure 19.0 presents a comparison of the results over the three surveys, i.e., 2013, 2015, 2017.

Figure 19.0: Customer Satisfaction Survey results for the period 2013 - 2017



SRA staff with their award.

8.2.2 Service Excellence Awards

The SRA participated in the second national Service Excellence Awards hosted by the Chartered Institute of Customer Management and coordinated by the Institute of Research and Development Management (IRDM). The theme for the year was “Building Trust, Building Relations”. The organisation participated in the State-Owned Enterprises category, where it emerged as winners in the following categories:

- Overall winners in the State Owned Enterprises.
- Customer Service Strategic Leader Award - Commissioner General.

Special needs schools have their teachers trained

9. CORPORATE SOCIAL INVESTMENT

In 2013, the organisation put in place the Corporate Social Investment (CSI) policy, which sets out the way in which the organisation will approach its entire corporate social investment initiatives. The CSI policy articulates a process of how the organisation will help some sections of the society of the Kingdom of Eswatini.

During the year 2017/18, the organisation continued implementation of its CSI activities. Focus was in the upliftment of the disabled members of our society. A significant amount of the funds was directed towards training teachers employed in the special needs schools. Twelve (12) teachers were enrolled with the Great Zimbabwe University (GZU), five (5) with the Southern African Nazarene University (SANU) and one with the University of Eswatini. Twelve (12) teachers graduated with Bachelor of Arts Honours Degree in Special Needs Education in October 2017.

In addition to financing their tuition, the organisation in collaboration with the Ministry of Education and Training facilitated the travel of the teachers to Zimbabwe for their graduation. The organisation funded the graduation fees and accommodation. During the training, the organisation funded their tuition. Transport and meals costs to attend block releases held in Masvingo, Zimbabwe were also catered for. About E381,904 was spent during the financial year towards this endeavour. This initiative has been greatly appreciated by the Ministry of Education as it filled a great void. They have approached the SRA with a request to continue this collaboration.

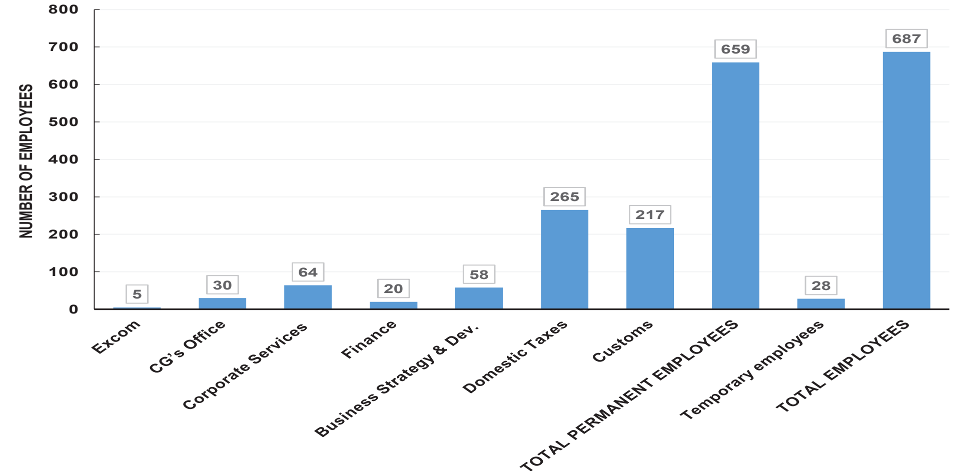
SRA staff turnover stands at 4.3% by 2017/18

10. HUMAN CAPITAL

10.1 Employees Statistics

The organisation's staff compliment as at the end of the year stood at six hundred and eighty seven (687), as indicated in figure 20.0. Of the six hundred and eighty seven (687) employees, six hundred and fifty nine (659) are permanent staff members, whilst twenty eight (28) employees were employed on a fixed term contract basis. The staff turnover stood at 4.3% as at the end of the year.

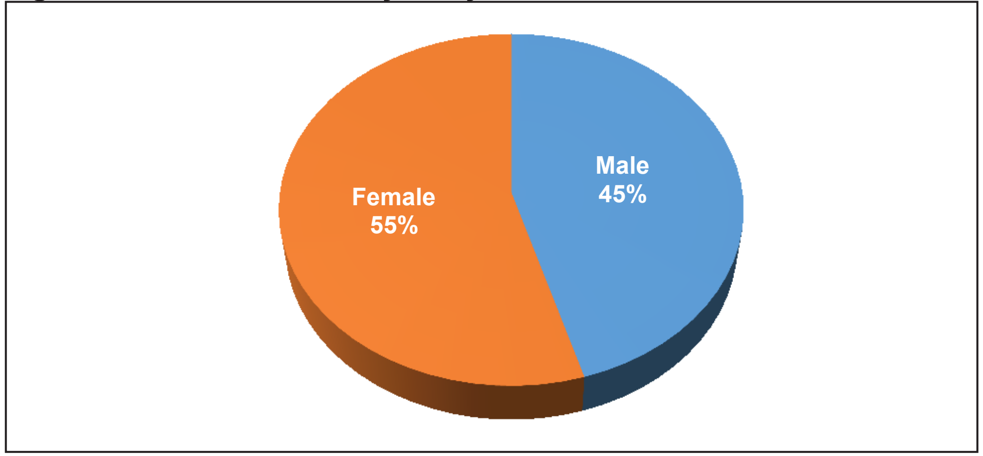
Figure 20.0: SRA Staff Compliment by Department as at 31st March 2018



10.2 Staff Gender Analysis

The organisation's staff gender analysis shows that 55% of staff are female and 45% are male. Figure 21.0 depicts staff gender analysis, while figure 22.0 depicts staff distribution by gender and positions.

Figure 21.0: SRA Staff Analysis by Gender



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At least 29 new employees hired in 2017/18

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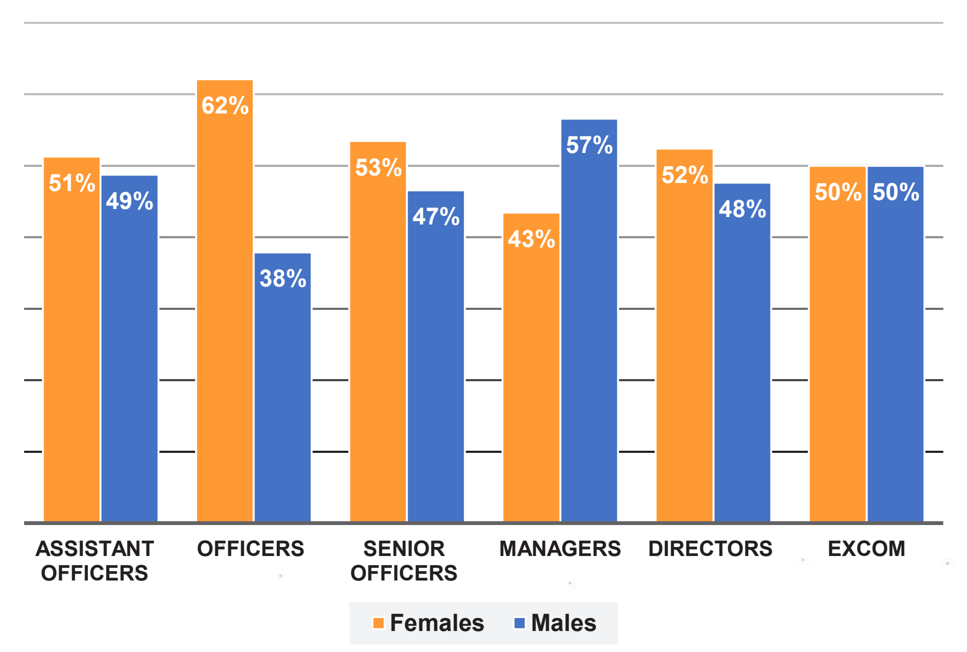
Figure 22.0: SRA Staff Gender Distribution by Positions



10.3 Staff On-Boarding and Induction Programme

The organisation hired twenty nine (29) new employees in the period under review; these employees have been enrolled in the 12 months programme, as indicated in table 19.0. The organisation's on-boarding and induction programme is aimed at improving and enabling seamless integration of new employees within the organisation. It ensures new employees understand the organisation's environment, and that their expectations and those of other employees from them are understood.

Table 19.0: Number of Employees that joined the SRA by Department in 2017/18

Department	No. Enrolled
Commissioner General's Office	5
Corporate Services	6
Finance	3
Business Strategy and Development	3
Domestic Taxes	6
Customs and Excise	6
Total	**29**

10.4 Organised Labour

The organisation granted recognition to a Staff Association and a Workers Union in terms of the Industrial Relations Act, 2000 during the years 2014 and 2015, respectively. These institutions enjoy collective

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SRAWU commenced negotiations in 2017/18

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bargaining rights as sole employee representative agents. The SRA Staff Association (SRASA) commenced negotiations in the financial year 2016/17, while the SRA Workers Union (SRAWU) commenced negotiations in the financial year 2017/18. Management established a Management Representative Team to represent the Employer in consultative and negotiation forums with the two organised labour entities. Membership to both SRASA and SRAWU is shown in figure 23.0 and figure 24.0.

Figure 23.0: SRA Staff Association Membership as at 31st March 2018

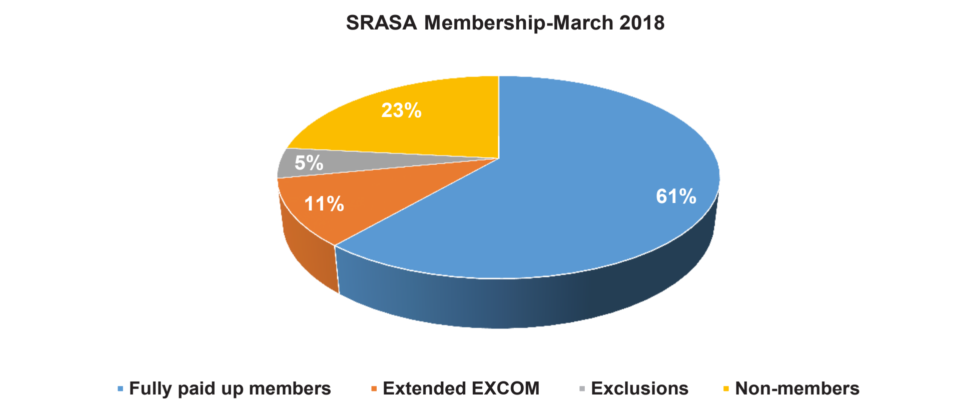
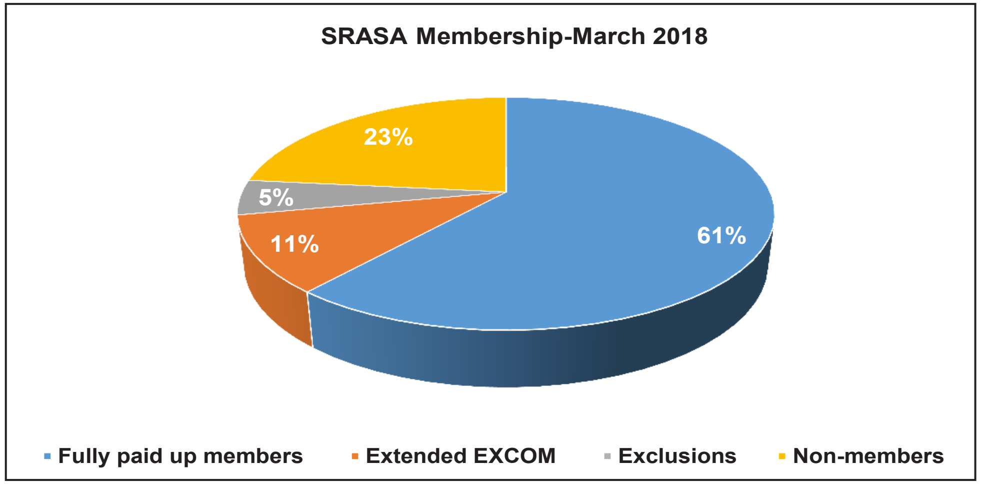


Figure 24.0: SRA Workers' Union Membership as at 31st March 2018



10.5 Learning and Development

10.5.1 Training and Development in 2017/18

In addition to building the skills required to ensure maximum contribution by staff, the organisation believes that the opportunity for development is key to attracting and retaining the right people, and this forms a significant part of its value proposition to current and future employees. The Study Loan Policy saw twenty-nine (29) employees being granted study loans, to the value of E431,059.94 to further their academic studies towards tax administration related qualifications. In

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SRA subscribes to the value of Performance Excellence

total, the organisation expended E4.29 million towards training and development during the reporting period and this accounts for 2.6% of the money spend on Salaries and Wages.

The organisation empowered staff in various external trainings in the period under review. This offered a wider scope into the understanding of the nature of work the SRA does, while exposing participants to international standards, practices and methods through networking. The SRA has mostly benefitted from programmes offered by WCO and ATAF, and these organisations play a key role in the development of the organisation's key functions (Customs and Excise, and Domestic Taxes).

10.5.2 Leadership Development Programme

The organisation's Leadership / Management Development Programme aims at developing leaders through a structured programme. During the reporting period seventy-five (75) Managers participated in the Investment in Excellence (IIE) programme, a programme aimed at empowering Line Managers / Supervisors to be able to lead work teams by applying leadership competencies that will unleash the best potential from the organisation's employees and contribute to the desired organisational goals. The IIE programme also aimed at attaining vision alignment and bridging the gap between Senior Management and the rest of the staff in terms of understanding and applying organisational principles required for the successful delivery of the strategy.

10.6 Performance Management

The organisation subscribes to the value of Performance Excellence. In support of this value the organisation continued with its performance management initiatives across the organisation. Eligible employees developed and uploaded their scorecards for the year 2017/18, which resulted in a 100% contracting rate. Ratings indicate that most initiatives undertaken were on target.

11. OUTLOOK

While the organisation continues to make meaningful improvements, the operating environment continues to be dynamic and requires innovative approaches to achieve the organisation's vision. The tax to GDP ratio is still relatively low with potential for improvement while costs containment also remains necessary given the current levels and operating conditions.

Given the sluggish economic performance within the country and the region and fiscal challenges of the government, innovative ideas will continue to be very crucial. The increasing debt stock, tax expenditures, growing use of digital currency and the cash economy are among the challenges the organisation has to contend with. The organisation's new strategy covering the period 2018/19 to 2020/21 is part of the means that will be undertaken to help the organisation improve its efficiencies. Automation and simplification of tax revenue laws and collection processes are the tools to be used to make compliance easier and cost less as a roadmap towards attaining the vision of *"100% voluntary compliance for a better Swaziland."*

12. ANNEXURE A - TECHNICAL MISSIONS ACTIVITIES AND INTERNATIONAL AGREEMENTS IN 2017/18

Activity / Category	Institution	Objective	Timeframe	Outcome
1. Technical Missions	International Monetary Fund (IMF) AFRITAC SOUTH: • *Ms. Chantal Pelletier*	To deliver technical assistance to the Domestic Taxes Large Taxpayers Unit on strengthening capacity in auditing of high risk industries.	31 July to 11 August 2017	Guidance on enhancement of audit process for the insurance sector. • Revenue enhancing amendments for the insurance sector. • The audit approach for the insurance sector and a follow up visit to further assist the team to implement the audit approach.
	• World Customs Organisation	To deliver a workshop on Advance Rulings and the Revenue Package for SACU countries.	12 to 14 June 2017	Recommendations for setting up a framework for administration of advance rulings at the SACU level.
	• *International Monetary Fund Resource Mobilisation Trust Fund (RMTF) Project Mission* • *Mr. Andrew Masters* • *Mr. Thabo Letjama* • *Ms. Maureen Kidd* • *Mr. Norman Gillanders* • *Mr. Michael Hewetson*	To commence the new RMTF programme and advise on both refinements to the operational delivery structure and to further develop the multiyear comprehensive compliance strategy.	07 September to 04 October 2017 13 to 24 October 2017 03 to 11 April 2018	• Organisational arrangements to enable more effective delivery of strategy and reforms. • Corporate priorities and compliance are better managed through effective risk management. • Agreement on work plan for balance of short term expert assignments in FY18 and identify areas for ongoing support.
	International Monetary Fund: • *Mr. Norman Gillanders*	To strengthen capacity to effectively identify, analyse and manage risks to revenue.	11 to 22 September 2017 13 to 24 October 2017	Further support in the enhancement of the compliance risk management framework.
	Africa Tax Administration Forum: • *Ms. Tracey Brooks* • *Mr. Ben Stewart*	Development of a technical transfer pricing skills base to support transfer pricing capacity development.	18 to 22 September 2017 3 to 11 April 2018	Support in the development of a transfer pricing regime.
	South African Customs Union E-Tradex	To assist SRA develop business requirements to facilitate the data exchange pilot with SARS under the SACU Connect Project.	05 to 08 December 2017	Assessment conducted on the requirements needed for SRA to exchange data with SARS was concluded. ASYCUDA World generating XML declarations for consumption by the E-Tradex System for analysis and then to Middleware for dissemination to SARS.
2. Benchmarking / Attachments (by SRA staff)	South African Revenue Service	To obtain information that will enable the establishment of a forensic audit unit.	22 to 26 May 2017	Information shared on the risk function and enhancements recommended for implementation.

Activity / Category	**Institution**	**Objective**	**Timeframe**	**Outcome**
	Lesotho Revenue Authority	To obtain information on the structuring of the Compliance and Intelligence and Investigations Teams.	12 to 14 June 2017	Information shared on the structure of the Compliance and Intelligence and Investigations Units.
	South African Revenue Service	To develop capacity in risk assessment, hypothesis and logic development and merging of data.	31 January to 02 February 2018	Information shared and enhancements recommended for implementation.
	South African Revenue Service	• Assistance with Management of Security issues in Revenue Administration. • Assistance with Development of Risk Modelling.	21 to 22 October 2017	Information shared and enhancements recommended for implementation.
	Seychelles Revenue Authority	To strengthen capacity of SRA in the implementation of a Presumptive Tax regime.	14 to 16 November 2017	Information shared and enhancements recommended for implementation.
	South African Revenue Service	To receive advice on enhancing our performance management system.	19 to 20 March 2018	Information shared and enhancements recommended for implementation.
Meetings, support and workshops (hosted by SRA)	State of Jersey Taxes Office	To discuss with our counterparts implementation and ongoing use of the Revenue Management System.	18 to 19 May 2017	Advice provided.
	Tanzania Revenue Authority	To share experience with our Tanzanian counterparts on the development of an Innovation Management Framework.	14 to 18 August 2017	Experiences on developing and executing innovation framework shared with TRA. Moreover, MTN Swaziland also shared their Innovation Management Framework.
	Malawi Revenue Authority	To share information with our Malawian counterparts on the sanitisation of a tax register and taxpayer account balances in preparation for data migration.	09 to 10 October 2017	Experiences on data migration strategy, data cleansing, approach, challenges and lessons learnt.
	World Customs Organisation / Southern African Customs Union Connect Project	• To plan, implement, monitor and evaluate the WCO SACU Connect Project towards delivery on the set objectives, results and outcomes. • To conduct the 7th Steering Committee meeting.	18 to 22 September 2017 15 to 18 November 2017	Progress reporting on implementation status on the project components as per the regional road-map and identification of priority activities for the on-coming year.
3. Memorandum of Cooperation Agreements	Swaziland Revenue Authority / South Africa Revenue Service	Joint meetings to discuss the operation of the Simplified Refund Arrangement.	20 October 2017 07 December 2017	Agreed on the procedural arrangements for implementing the additional requirements in alignment with the South African VAT legislation.

SWAZILAND REVENUE AUTHORITY
(Own Accounts)

FINANCIAL STATEMENTS
for the year ended 31 March 2018

CONTENTS

The Board Members are responsible for the preparation and fair presentation of the financial statements of the Swaziland Revenue Authority ("the Authority"), comprising the statement of financial position as at 31 March 2018, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, and the Board Members' Report in accordance with International Financial Reporting Standards and in a manner required by the Revenue Authority Act, 2008.

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

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

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

Approval of financial statements

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

BOARD CHAIRPERSON	**COMMISSIONER GENERAL**
20th June, 2018	20th June, 2018
DATE	**DATE**

Opinion

We have audited the financial statements of Swaziland Revenue Authority, "the authority", set out on pages 62 to 94, which comprise the statements of financial position as at 31 March 2018, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the board members' report.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the authority as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Revenue Authority Act, 2008.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the authority in accordance with the Swaziland Institute of Accountants Code of Professional Conduct (SIA Code) and other independence requirements applicable to performing audits of financial statements in Swaziland. We have fulfilled our other ethical responsibilities in accordance with the SIA Code and in accordance with other ethical requirements applicable to performing audits in Swaziland. The SIA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

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

Responsibilities of the Board Members for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the authority's internal control.

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

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

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

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

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

KPMG

Auditors

1. Nature of business

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

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

2. Financial performance

The recurring expenditure for the year amounted to E394 439 230 2017: E377 883 329). The Authority incurred capital expenditure of E240 282 689 (2017: E169 203 637) on property, plant and equipment and intangible assets. Of this amount, E219 569 127 (2017: E150 388 427) includes work in progress (SRA Headquarters and Mananga Border Extension) funded through a loan financing arrangement with the Public Service Pension Fund. Part of this Full details of the financial results are set out on pages 65 to 94.

3. Cashflow for the year

Cash and cash equivalents at the end of the financial year were E180.432 million (2017: E218.145 million). A detailed statement of cash flows is on page 68.

4. Transfer of Fixed Assets to the Authority by Government

In terms of the Memorandum of Agreement between the Government of Swaziland and the Swaziland Revenue Authority, the former is supposed to transfer all assets occupied and utilised by the Department of Customs and Excise and the Department of Taxes in accordance with any legal requirement that pertains to ceding associated property rights by the Government to SRA. Even though these assets were being utilised by SRA at 31 March 2018, 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 and Risk Committee, Tender Committee, Human Resources and Ethics Committees which remained effective throughout the accounting period.

Social Responsibility:

The Authority continued to give back to the society it operates in. In the year under review a total of E841 970 (2017: E1.476 million) was spent in support of teachers and disabled students. This was achieved through an existing partnership with the Ministry of Education and Training.

The Authority's fully-fledged Wellness Office continues to service the needs of its staff and enhance their wellbeing to continue its mission in a healthy environment.

6. Board Members

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

Non-executive Board Members

Chairperson
Mr. Ambrose Dlamini

Board Members

Mr. Sthofeni Ginindza	-	Vice Chairperson
Mr. Majozi Sithole	-	Member
Mr. Mhlabuhlangene Dlamini	-	Member
Mr. Bonginkosi Nsingwane	-	Member (term ended in September 2017)
Ms. Khethiwe Mhlanga	-	Member (term ended in September 2017)
Mr. Bheki Bhembe	-	Member
Ms. Carol Muir	-	Member (appointed November 2017)
Mr. Newman Ntshangase	-	Member (appointed November 2017)

Executive Member

Mr. Dumisani Masilela	-	Commissioner General

7. Bankers

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

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

8. Investment Managers

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

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

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

9. Business and postal address of the Authority

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

10. Auditors

The auditors of the Authority are:

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

	Note	2018 E	2017 E
Income			
Government funding for recurring expenditure	7	**394 439 230**	377 883 329
Other income		**112 443**	153 234
Profit on disposal of assets	8	**26 944**	953 203
Total income		**394 578 617**	378 989 766
Expenses			
Administrative expenses		**(130 959 244)**	(138 457 216)
Staff salaries and benefits	10	**(263 479 986)**	(239 426 113)
Total expenses		**394 439 230**	377 883 329
Operating surplus	8	**139 387**	1 106 437
Finance income	9	**7 603 012**	4 416 259
Finance cost	9	**(1 612 500)**	(814 303)
Surplus for the year		**6 129 899**	4 708 393
Other comprehensive income			
Items that will never be reclassified to profit or loss		**-**	-
Items that are or maybe reclassified to profit or loss		**-**	-
Total comprehensive income for the year		**6 129 899**	4 708 393

	Note	2018 E	2017 E
Assets			
Non-current assets			
Property, plant and equipment	11	**687 516 020**	475 575 758
Intangible assets	12	**18 195 870**	18 862 364
		705 711 890	494 438 122
Current assets			
Inventory	13	**1 979 863**	1 370 879
Trade and other receivables	14	**11 806 026**	6 608 319
Cash and cash equivalents	15	**180 432 153**	218 145 148
		194 218 042	226 124 346
Total assets		**899 929 932**	720 562 468
Equity			
Accumulated Surplus		**47 080 171**	40 950 272
		47 080 171	40 950 272

	Note	2018 E	2017 E
Liabilities			
Non-current liabilities			
Borrowings	19	**443 593 652**	276 965 088
Deferred grant income	17	**302 902 010**	311 197 369
Total Non-current liabilities		**746 495 662**	588 162 457
Current liabilities			
Trade and other payables	18	**30 763 531**	44 643 977
Employee benefits provision	16	**10 635 163**	6 385 995
Borrowings	19	**2 795 246**	1 705 420
Deferred grant income	17	**62 160 159**	38 714 347
Total current liabilities		**106 354 099**	91 449 739
Total liabilities		**852 849 761**	679 612 196
Total Equity and liabilities		**899 929 932**	720 562 468

	Accumulated surplus E	Total E
Balance at 31 March 2017	**40 950 272**	**40 950 272**
Total comprehensive income for the year	**6 129 899**	**6 129 899**
Balance at 31 March 2018	**47 080 171**	**47 080 171**
Balance at 31 March 2016	36 241 879	36 241 879
Total comprehensive income for the year	4 708 393	4 708 393
Balance at 31 March 2017	**40 950 272**	**40 950 272**

	Note	**2018** **E**	2017 E
Cash flows from operating activities			
Cash utilised by operations	20	**(344 536 690)**	(314 452 450)
Interest received	9	**19 178 995**	5 431 262
Interest paid	9	**(43 148 354)**	(9 436 426)
Net cash utilised in operating activities		**(368 506 049)**	(318 457 614)
Cash flows from investing activities			
Acquisition of property, plant and equipment	11	**(229 969 012)**	(169 203 637)
Proceeds from sale of property, plant and equipment		**547 353**	953 203
Acquisition of intangible assets	12	**(10 313 677)**	-
Net cash utilised in investing activities		**(239 735 336)**	(168 250 434)
Cash flows from financing activities			
Net grant funding received from the Government	17	**402 810 000**	392 675 000
Increase in borrowings		**167 718 390**	274 001 004
Net cash generated from financing activities		**570 528 390**	666 676 004
Net increase/ (decrease) in cash and cash equivalents		**(37 712 995)**	179 967 956
Cash and cash equivalents at beginning of the year		**218 145 148**	38 177 192
Cash and cash equivalents at end of the year	15	**180 432 153**	218 145 148

1. General information

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

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

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

d) Use of estimates and judgements (continued)

Judgements
Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following note:

- Note 11 - Plant and equipment (useful lives)
- Note 21 - Receivables impairment allowance
- Note 12 - Intangible Assets

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

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

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

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

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

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

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

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

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

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

3. Summary of significant accounting policies

(a) Property, plant and equipment

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

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

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

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

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

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

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

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

Land is not depreciated.

(b) Intangible Assets

Computer software and capitalised development costs

Software acquired by the Authority is measured at cost less accumulated amortisation and any accumulated impairment losses.

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

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

Software is amortised on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use.

The estimated useful life of software for the current and comparative periods is three to six years.

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

(c) Financial Instruments

(i) Non-derivative financial assets

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

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

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

The Authority has the following non-derivative financial assets:

Loans and receivables:

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

Loans and receivables comprise trade and other receivables.

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

(ii) Non-derivative financial liabilities

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

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

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

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

(d) Impairment

(i) Financial assets

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

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

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

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected as an allowance account against receivables. Interest on impaired assets continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of the impairment to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

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

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

The Authority's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(e) Inventory

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

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

(f) Revenue

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

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

Revenue is recognised as follows:

Government funding

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

Government funding relating to the recurrent expenditure of SRA, disbursed for the purpose of giving immediate financial support to

SRA with no future related costs, are recognised in profit or loss in the period in which they become receivable.

(g) Finance income and finance costs

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

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

(h) Leases

Determining whether an arrangement contains a lease

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

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

Leased assets

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

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

Lease payments

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

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

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

(i) Employee Benefits

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

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

Contributions to the defined contribution plan are expensed when incurred.

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

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

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

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

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

(k) Foreign Currency

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

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

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

(l) Capitalisation of borrowing costs

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

4. New standards and interpretations not yet adopted

At the date of authorisation of the financial statements of Swaziland Revenue Authority for the period ended 31 March 2018, the following Standards and Interpretations were in issue but not yet effective:

Effective for the financial year commencing 1 April 2018

- IFRS 15 Revenue from Contracts with Customers
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)
- IFRS 9 Financial Instruments
- IFRIC 22 Foreign Currency Transactions and Advance Considerations
- Transfers of Investment property (Amendments to IAS 40)

Effective for the financial year commencing 1 April 2019

- IFRS 16 Leases
- IFRIC 23 Uncertainty over Income Tax Treatments
- Prepayment features with Negative Compensation (Amendments to IFRS 9)
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)

Effective for the financial year commencing 1 April 2021

- IFRS 17 Insurance Contracts

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

IAS 28, IAS 40, IFRS 2, IFRS 4,IFRS 10, IFRS 17, IFRIC 22 and IFRIC 23 are not applicable to the business of the authority and will therefore have no impact on future financial statements. The board members are of the opinion that the impact of the application of the remaining Standards and Interpretations will be as follows:

IFRS 16 Leases

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 includes a single model for lessees which will result in almost all leases being included in the Statement of Financial Position. No significant changes have been included for lessors. IFRS 16 also includes extensive new disclosure requirements for both lessees and lessors.

The Authority has begun assessing the potential impact of IFRS 16 on the financial statements.

IFRS 9 Financial Instruments

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

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

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

IFRS 15 Revenue from contracts with customers

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

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

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

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

5. Determination of fair values

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

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

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

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

6. Financial Risk Management

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

- Credit risk
- Liquidity risk
- Market risk

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

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

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

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

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

performance by counterparties to financial instruments as follows:

* Cash and cash equivalents - all deposits and cash balances are placed with reputable financial institutions.
* Staff debts are recovered in terms of the applicable policy and procedures directly from the employee's salary
* The Authority does not have significant credit risk exposure.

(d) Liquidity risk

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

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

(e) Market risk

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

(i) Currency Risk

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

(ii) Interest Rate Risk

Financial Instruments that are sensitive to interest rate risk are bank balances and borrowings. A change of 50 basis points in interest rates at the reporting date would have increased or (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Surplus or deficit	
	2018	**2017**
	E	**E**
Base amounts - Borrowings	446 388 898	278 670 508
Increase of 50 basis points	(2 231 944)	(1 393 352)
Decrease of 50 basis points	2 231 944	1 393 352
Base amount - Cash and Bank	180 432 153	218 145 148
Increase of 50 basis points	902 161	1 090 726
Decrease of 50 basis points	(902 161)	(1 090 726)

(f) Capital management

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

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

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

	2018 **E**	2017 E
7. Grant funding for recurring expenditure		
Government grant realised during the year	**394 439 230**	377 883 329
	394 439 230	377 883 329
8. Operating surplus		
Results from operating activities for the year is stated after charging/(crediting) the following items:		
Amortisation of intangible assets (note 12)	**10 980 171**	22 257 830
Auditors' remuneration	**388 706**	554 998
Audit fees	**-**	-
Other fees	**388 706**	554 998
Depreciation on property , plant and equipment (note 11)	**17 793 641**	19 537 310
Board Member expenses	**341 940**	212 250
Foreign exchange loss-net	**208 961**	470 455
Professional fees and consultancy	**11 209 161**	7 984 199
Profit on disposal of assets	**(26 944)**	(953 203)
Staff salaries and benefits (note 10)	**263 479 986**	239 426 113

	2018 **E**	2017 E
9. Finance income		
Interest received - Nedbank Swaziland Limited	**11 579 742**	3 314 919
Interest received - STANLIB Swaziland	**6 430 733**	1 113 782
Interest received - African Alliance	**1 168 520**	1 002 561
Total interest received	**19 178 995**	5 431 262
Capitalised to property, plant and equipment	**(11 575 983)**	(1 015 003)
	7 603 012	4 416 259
Finance costs		
Interest expense	**43 148 354**	9 436 426
Capitalised to property, plant and equipment	**(41 535 854)**	(8 622 123)
	1 612 500	814 303
10. Staff salaries and benefits		
Salaries & wages and other allowances	**223 441 839**	207 964 007
Gratuity provision	**1 366 858**	2 225 103
Provident Fund contribution	**28 581 990**	25 282 759
Pension contributions	**4 359 845**	4 376 606
Leave pay provision	**5 729 454**	(422 362)
	263 479 986	239 426 113

The average number of employees during the year was 681 (2017:745)

11. Property, plant and equipment

Property, Plant and Equipment	Land and Building E	Containers E	Office Equipment E	Office Furniture & Fitting E	Motor Vehicles E	Leasehold Improvements E	Computer Equipment E	Work in Progress E	Total E
Year ended 31 March 2018									
Cost or valuation									
Opening balance	270 933 340	1 199 904	18 373 805	14 856 328	11 851 508	26 626 912	13 973 844	191 191 938	549 007 579
Additions	428 194	622 582	6 820 995	335 895	2 136 611	-	55 608	189 609 256	200 009 141
Donations	-	-	-	-	285 300	-	-	-	285 300
Borrowing costs capitalised	-	-	-	-	-	-	-	29 959 871	29 959 871
Disposals	-	-	-	-	(3 823 928)	-	(484 971)	-	(4 308 899)
At 31 March 2018	271 361 534	1 822 486	15 192 223	10 449 491	10 449 491	26 626 912	13 544 481	410 761 065	774 952 992
Accumulated depreciation									
Opening balance	(14 214 084)	(384 639)	(18 001 299)	(5 346 884)	(6 035 907)	(20 684 309)	(8 764 699)	-	(73 431 821)
Charge for the year	(4 627 217)	(433 216)	(3 417 484)	(1 528 004)	(2 037 707)	(4 433 303)	(1 316 710)	-	(17 793 641)
Disposals	-	-	-	-	3 303 534	-	484 956	-	3 788 490
At 31 March 2018	(18 841 301)	(817 855)	(21 418 783)	(6 874 888)	(4 770 080)	(25 117 612)	(9 596 453)	-	(87 436 972)
Net carrying amount	252 520 233	1 004 631	3 776 017	8 317 335	5 679 411	1 509 300	3 948 028	410 761 065	687 516 020

The government guarantee has been secured against the Swaziland Revenue Authority Head Quarters and the Mananga Border Construction Project. The Swazibank loan has been secured against a portion of farm 50 situated at Ezulwini valued at E9 400 000.

The Public Service Pension Fund (PSPF) loan has been secured against Swaziland Revenue Authority Head Quarters.

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

Property, Plant and Equipment	Land and Building E	Containers E	Office Equipment E	Office Furniture & Fitting E	Motor Vehicles E	Leasehold Improvements E	Computer Equipment E	Work in Progress E	Total E
Year ended 31 March 2017									
Cost or valuation									
Opening balance	258 063 520	618 006	17 797 588	14 758 433	11 490 653	26 482 257	12 546 768	40 803 511	382 560 736
Additions	12 869 820	581 898	576 217	97 895	3 117 649	144 655	1 427 076	142 781 307	161 596 517
Borrowing costs capitalised	-	-	-	-	-	-	-	7 607 120	7 607 120
Disposals	-	-	-	-	(2 756 794)	-	-	-	(2 756 794)
At 31 March 2017	270 933 340	1 199 904	18 373 805	14 856 328	11 851 508	26 626 912	13 973 844	191 191 938	
Accumulated depreciation									
Opening balance	(9 423 825)	(263 548)	(14 639 574)	(3 858 404)	(6 679 059)	(15 275 614)		-	(56 651 305)
Charge for the year	(4 790 259)	(121 091)	(3 361 725)	(1 488 480)	(2 113 642)	(5 408 695)		-	(19 537 310)
Disposals	-	-	-	-	2 756 794	-	-	-	2 756 794
At 31 March 2017	(14 214 084)	(384 639)	(18 001 299)	(5 346 884)	(6 035 907)	(20 684 309)	(8 764 699)	-	(73 431 821)
Net carrying amount	256 719 256	815 265	372 506	9 509 444	5 815 601	5 842 603	5 209 145	191 191 938	475 575 758

12. Intangible assets

Capitalised computer software costs for the year ended 31 March 2018

	2018 E	2017 E
Cost		
At the beginning of the year	71 138 095	71 138 095
Donations	10 313 677	-
At the end of the year		71 138 095
Accumulated amortisation		
At the beginning of the year	(52 275 731)	(30 017 901)
Charge for the year	(10 980 171)	(22 257 830)
At the end of the year	(63 255 902)	(52 275 731)
Net carrying amount	18 195 870	18 862 364

13. Inventory

	2018 E	2017 E
Consumables	1 979 863	1 370 879
	1 979 863	1 370 879

14. Trade and other receivables

	2018 E	2017 E
Prepayments and deposits	**3 894 544**	5 700 455
Other receivables	**7 911 482**	907 864
	11 806 026	6 608 319

15. Cash and cash equivalents

	2018 E	2017 E
Petty cash	**11 646**	34 944
Nedbank Swaziland Limited	**74 710 439**	150 314 260
African Alliance	**15 843 650**	14 511 886
Stanlib	**89 783 108**	53 231 582
Kredient Bank	**83 310**	52 476
	180 432 153	218 145 148

Available cash is invested in interest generating bank and investments accounts

	2018 E	2017 E
16. Employee Benefits Provisions		
Short term provisions:		
Gratuity	**1 499 725**	2 643 551
Leave pay	**9 135 428**	3 742 444
	10 635 163	6 385 995

	Gratuity E	Leave pay E	Total E
16.1 31 March 2018			
At the beginning of the year	**2 643 551**	**3 742 444**	**6 385 995**
Amount utilised during the year	**(2 510 684)**	**(336 460)**	**(2 847 144)**
Charged in profit or loss	**1 366 858**	**5 729 454**	**7 096 312**
At the end of the year	**1 499 752**	**9 135 438**	**10 635 163**

	Gratuity E	Leave pay E	Total E
16.2 31 March 2017			
At the beginning of the year	9 649 381	4 396 525	14 045 906
Amount utilised during the year	(9 230 933)	(231 719)	(9 462 652)
Charged in profit or loss	2 225 103	(422 362)	1 802 741
At the end of the year	2 643 551	3 742 444	6 385 995

Leave pay provision

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

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

Gratuity provision

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

	2018 E	2017 E
17. Deferred grant income	**365 062 169**	349 911 716
17.1 Current		
Balance at beginning of year	**38 714 347**	-
Received from Government - cash	**402 810 000**	392 675 000
Received from the Government	**6 494 383**	-
Donated Assets	**285 300**	-
	(365 665 418)	(336 088 189)
Asset disposals for the year	**520 409**	942 746
Grants utilised to defray capital expenditure (Note 11,12)	**(20 998 862)**	((18 818 210)
	62 160 159	38 714 347
17.2 Non-current		
Balance at beginning of year	**311 197 369**	335 120 045
Grants utilised to defray capital expenditure (Note 11,12)	**20 998 862**	18 815 210
Asset disposals for the year	**(520 409)**	(942 746)
Transfer of depreciation and amortisation on funded assets and reclassifications from WIP to I/S (Note 11,12)	**(28 773 812)**	(41 795 140)
	302 902 010	311 197 369

The authority received a grant amounting to E402 810 000 (2017: E392 675 000) during the period the year from the Government of Swaziland to facilitate the funding of recurring and capital expenditure incurred and for its daily operations. The Authority also received E285 300 (2017: E nil) worth of assets through donations.

	2018 E	2017 E
18. Trade and Other payables		
Retention Provision	**6 993 131**	5 740 854
Accruals	**22 872 884**	33 401 994
Other Payables	**897 516**	5 501 129
	30 763 531	44 643 977
19. Borrowings		
Current		
Finance lease liabilities	**2 255 901**	1 705 420
Swaziland Development and Savings Bank	**539 345**	-
	2 795 246	1 705 420
Non-current		
Finance lease liabilities	**3 465 260**	4 124 092
Swaziland Development and Savings Bank	**7 302 295**	-
Public Service Pension Fund	**432 826 097**	272 840 996
	443 593 652	276 965 088
Total Borrowings	**446 388 898**	278 670 508

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

The Swaziland Development and Savings Bank loan is charged interest at prime rate. Duration of the loan is 10 years. For security pledged refer to note 11.

		2018 E	2017 E
Finance lease liabilities - minimum lease payments:			
Not later than 1 year		**2 450 655**	2 212 396
Later than 1 year but not later than 5 years		**3 850 123**	4 708 805
		6 300 778	6 921 201
Future finance charges on finance leases		**(579 617)**	(1 091 689)
Total present value of minimum lease payments		**5 721 161**	5 829 512

20. Cash flow from operating activities

		2018 E	2017 E
Surplus for the year. Adjustment for:		**6 129 899**	4 708 393
Depreciation and amortisation	11,12	**28 773 812**	41 795 140
Profit on disposal of assets	8	**926 944)**	(953 203)
Interest paid	9	**43 148 354**	9 436 426
Interest received	9	**(19 178 995)**	(5 431 262)
Amortisation of Government grant	7	**(394 439 230)**	(377 883 329)
		(335 593 104)	(328 327 835)
Changes in:		**(8 943 586)**	13 875 385
Trade and other payables		**(13 880 446)**	25 872 853
Employee benefits provisions		**4 249 168**	(7 659 911)
Inventory		**(608 984)**	(717 140)
Deferred income		**6 494 383**	-
Trade and other receivables		**(5 197 707)**	(3 620 417)
Net cash outflows from operating activities		**(344 536 690)**	(314 452 450)

21. Financial Instruments

Fair value accounting and classification

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

	Loans and receivables E	**Other Financial liabilities E**	**Total carrying amount E**	**Fair value E**
As at 31 March 2018				
Financial assets				
Trade and other receivables	**11 806 026**	**-**	**11 806 026**	**11 806 026**
Cash and cash equivalents	**180 432 153**	**-**	**180 432 153**	**180 432 153**
	192 238 179	**-**	**192 238 179**	**192 238 179**
Financial liabilities				
Trade and other payables	**-**	**30 763 531**	**30 763 531**	**30 763 531**
Borrowings	**-**	**446 388 898**	**446 388 898**	**446 388 898**
	-	**477 152 429**	**477 152 429**	**477 152 429**

	Loans and receivables E	Other financial liabilities E	Total carrying amount E	Fair value E
As at 31 March 2017				
Financial assets				
Trade and other receivables	6 608 319	-	6 608 319	6 608 319
Cash and cash equivalents	218 145 148	-	218 145 148	218 145 148
	224 753 467	-	224 753 467	224 753 467
Financial liabilities				
Trade and other receivables	-	44 643 977	44 643 977	44 643 977
Borrowings	-	278 670 508	278 670 508	278 670 508
	-	323 314 485	323 314 485	323 314 485

21. Financial Instruments *(continued)*

Liquidity Risk

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

	Carrying amount E	Contractual Cash Flow E	Within 1 year E	Between 2 and 5 years E	More than 5 years E
31 March 2018					
Financial liabilities:					
Borrowings	**446 388 898**	**1 144 896 952**	**80 390 920**	**314 977 374**	**749 528 658**
Trade and other payables	**30 763 531**	**30 763 531**	**30 763 531**	**-**	**-**
	477 152 429	**1 175 660 483**	**111 154 451**	**314 977 374**	**749 528 658**
31 March 2017					
Financial liabilities:					
Borrowings					
Trade and other payables	278 670 508	320 516 352	11 296 537	141 241 678	167 978 137
	44 643 977	44 643 977	44 643 977	-	-
	323 314 485	365 160 329	55 940 514	141 241 678	167 978 137

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

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2018 **E**	2017 E
Loans and receivables	**11 806 026**	6 608 319
Cash and cash equivalents	**180 432 153**	218 145 148
	192 238 179	224 753 467

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

Related party customer	**6 494 383**	-
Other	**5 311 643**	6 608 319
	11 806 026	6 608 319

Related party customer related to donations receivable from the Government on behalf of the Taiwan Embassy

22. 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:

		2018 E	2017 E
22.1	**Government of Swaziland**	**402 810 000**	392 675 000
	Grant Received - Cash	**6 494 383**	-
	Receivable due		
22.2	**Board Members fees**	**341 940**	212 250
	Board members fees		

The following balances were due to related parties:-

		2018 E	2017 E
22.3	**Related party payable**		
	Public Service Pension Fund	**432 826 097**	272 840 996
	Swaziland development and savings bank	**7 841 640**	-

23. Commitments

23.1 Operating lease commitments - company lessee

The Authority entered into the following lease agreements:

- Lease agreement with Diesel Services (Pty) Ltd, in which Diesel Services (Pty) Ltd rented offices to the authority. The agreement commenced on 1 September 2017 for a period of three years. The monthly rental is E20 051 with an escalation of 8%.
- Lease agreement with J & E Construction (Pty) Ltd, in which J & E Construction (Pty) Ltd rented offices to the authority. The agreement commenced on 1 April 2015 for a period of three years. The monthly rental is E15 562 with an escalation of 10%.
- Lease agreement with Buzzby Services (Pty) Ltd, in which Buzzby Services (Pty) Ltd rented offices to the authority. The agreement commenced on 1 May 2015, for a period of 5 years. The monthly rental is E11 692 with an escalation of 10%.
- Lease agreement with MBI Estates, MBI Estates, rented offices to the authority. The agreement commenced on 1 May 2017, for a period of three years. The monthly rental is E10 203 with an annual escalation of 8%.
- Lease agreement with Swaziland Industrial Development Company, in which Swaziland Industrial Development Company rented offices to the authority. The agreement commenced on 1 April 2017, for a period of three years. The monthly rental is E68 729 with an escalation of 10%.
- Lease agreement with the Swaziland National Provident Fund, in which fund rented offices to the authority. The agreement commenced (renewed on 1 February 2015, for a period of five years. The monthly rental is E100 478 with an escalation of 9%.
- Lease agreement with the Swazi Plaza Properties, in which Swazi Plaza Properties, rented offices to the authority. The agreement commenced on 1 July 2013, for a period of five years. The monthly rental is E152 074 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 on 1 March 2013, for a period of five years. The monthly rental is E1 151 400.
- Lease agreement with the Public Service Pension Fund, in which the fund rented offices to the authority. The agreement commenced on 1 January 2017, for a period of five years. The monthly rental is E39 501.
- Lease agreement with Swaziland Railway, in which company rented residential premises to the authority. The agreement commenced on 1 April 2017 for a period of 3 year. The monthly rental is E6 686 with an escalation of 10%.
- Lease agreement with Ngonini Estate, in which the company rented residential premises to the authority. The agreement commenced on 1 April 2017 for a period of 1 year. The monthly rental is E6 380 with an escalation of 10%.

23.1 Operating lease commitments - company lesse (continued)

	2018 E	2017 E
The future aggregate minimum lease payments under non-cancelled operating lease are as follows:		
Due within one year	**15 869 694**	18 456 521
Due between 1 and 5 years	**8 837 263**	21 034 164
	24 706 957	39 490 685

23.2 Capital commitments

The Authority entered into contracts to purchase property, plant and equipment and intangible assets of E201 905 826 (2017: E531 856 000).

24. 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.

25. Contingent liabilities

The Authority is currently reviewing any potential lawsuits that may arise and the legal team is dealing with them. These are estimated at E2.5 million.

"Raising the Standard"