Swaziland Revenue Authority

SRA

2015 Annual Report

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LIST OF ACRONYMS

ASYCUDA	Automated System for Customs Data
BCM	Business Continuity Management
BPM	Business Process Management
BURS	Botswana Unified Revenue Service
CBMS	Coordinated Boarder Management System
COMESA	Common Market for Eastern and Southern Africa
CRP	Common Revenue Pool
DTA	Double Taxation Avoidance Agreement
EFT	Electronic Funds Transfer
EPM	Enterprise Project Management
EXCOM	Executive Committee
FY	Financial Year
FSE&CC	Federation of Swaziland Employers and Chamber of Commerce
GDP	Gross Domestic Product
HIV	Human Immunodeficiency Virus
HNWI	High Net-Worth Individuals
IHRMS	Integrated Human Resources Management System
IMF	International Monetary Fund
ISO	International Organization for Standardization
IT	Information Technology
IRAS	Integrated Revenue Administration System
KPIs	Key Performance Indicators
LRA	Lesotho Revenue Authority
LUSIP	Lower Usuthu Smallholder Irrigation Project
MCIT	Ministry of Commerce, Industry and Trade
MDP	Management Development Programme
MOU	Memorandum of Understanding
nCEN	National Customs Enforcement Network
OGA	Other Government Agencies
PAYE	Pay As You Earn
PTP	Preferred Trader Programme
RMS	Revenue Management System
RRA	Rwanda Revenue Authority
RSA	Republic of South Africa
SACU	Southern African Customs Union
SADC	Southern African Development Community
SARS	South African Revenue Service
SBIS	Swaziland Broadcasting and Information Service
SIDA	Swedish International Development Cooperation
SMEs	Small and Medium Enterprises
SOPs	Standard Operating Procedures
SRA	Swaziland Revenue Authority
SRC	Seychelles Revenue Commission
SSA	Sub-Saharan Africa
SWABCHA	Swaziland Business Coalition Against HIV/AIDS
T.A.S.K®	Tuned Assessment of Skills and Knowledge
TRS	Time Release Study
USA	United States of America
UNCTAD	United Nations Conference on Trade and Development
VAT	Value Added Tax
WCO	World Customs Organisation
WTO ATF	World Trade Organisation Agreement on Trade Facilitation
ZIMRA	Zimbabwe Revenue Authority

COMPANY PROFILE

The Swaziland Revenue Authority (SRA) is a semi-autonomous institution established by the Revenue Authority Act, 2008 as part of the Government's reform strategy for revenue administration. SRA is charged with the mandate of assessing and collecting revenue on behalf of the Government and administering and enforcing the revenue laws according to the schedule of the Act. These include the Income Tax Order, 1975 (as amended); the Customs and Excise Act, 1971 (as amended); and, the Value Added Tax (VAT) Act, 2011. SRA officially took over the revenue collecting function on 1st January 2011. The organization has been operating for four years as a function based entity, designed to improve operations, improve customer care and overall efficiency in the use of resources.

During the reporting period, there were two departments focusing on the organizations core operations. These are the Domestic Taxes Department and the Customs and Excise Department. There were seven Departments providing support services, namely: Modernisation, Finance; Corporate Services; Legal Services; Internal Audit; Internal Affairs; Risk and Assurance.

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

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

VISION, MISSION and VALUES

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

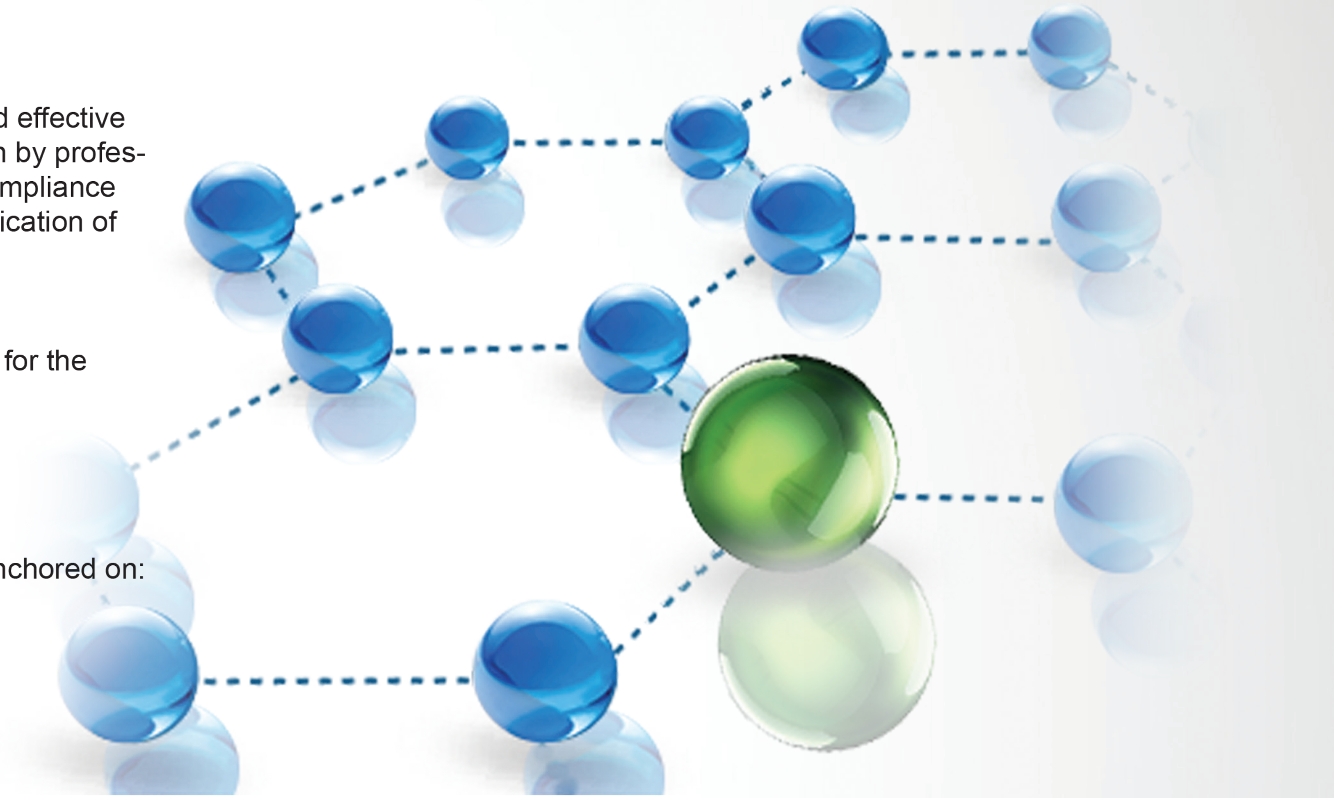
MISSION
SRA's mission is "to provide an efficient and effective revenue and customs administration, driven by professional and motivated staff that promotes compliance through fair, transparent and equitable application of the law.

VALUES
The following are the core values identified for the SRA:

- Performance Excellence.
- Customer Service.
- Innovation.

The type of culture SRA wants to build is anchored on:

- Performance Excellence.
- Customer Centricity.
- Accountability.
- People Value.
- Continuous Improvement.



ORGANIZATIONAL STRUCTURE [Governing Board]

Chairperson
Ambrose Dlamini

Vice Chairperson
S'thofeni Ginindza

Member: ex-officio
Dumisani E. Masilela

Member: ex-officio
Bheki Bhembe

Member: ex-officio
Majozi V. Sithole

Member: ex-officio
Khethiwe Mhlanga

Member
Bonginkhosi Nsingwane

Member
Mhlabuhlangene Dlamini

Secretary
Nomcebo Marrengane

ORGANIZATIONAL STRUCTURE [EXCOM]

Commissioner General
Dumisani E. Masilela

Commissioner of Domestic Taxes
Nompumelelo W. Dlamini

Commissioner of Customs
Isheunesu V. Mazorodze

Head of Modernisation
Brightwell Nkambule

Head of Corporate Services
Edward Sithole

Secretary
Sihle Fakudze

Chief Financial Officer (Acting)
Vusi Ngcamphalala

Chief Internal Auditor
Christina Mautsa

Chief Risk Officer
Precious Nkambule

Chief Information Officer
Vusi Magagula

Chief Legal Officer
Nomcebo Marrengane

Director Communications
Vusi Dlamini

CHAIRMAN'S STATEMENT

The year under review marked the beginning of a new three year strategic plan for the Swaziland Revenue Authority (SRA) and another term in office for the SRA Governing Board. This is aimed at increasing revenue collections with a team that has been in office since inception of the SRA.

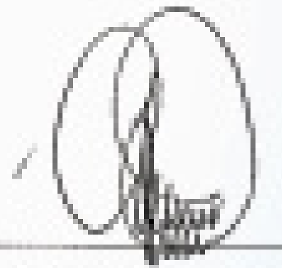
In the period under review the SRA has made significant gains in contributing to increased domestic revenue mobilization, trade facilitation and minimizing cross border crime. The launching of the Value Added Tax (VAT) Refund Arrangement with South Africa will contribute to minimizing the cost of doing business across our border and increase domestic revenue. The period under review also saw the SRA launch the customs systems ASYCUDA World which is aimed at simplifying the import and export clearance of goods at border posts.

On the regional and international fronts our focus still remains on improving bilateral relations. We have signed Memoranda of Understanding with South Africa, Botswana, Lesotho and Zimbabwe and had concluded negotiations with Mauritius but pending approval. We have reaffirmed our cooperation with South Africa and Zimbabwe, focusing on technical assistance and capacity building aimed at contributing to trade facilitation.

Chairman of Governing Board
Ambrose Dlamini

We are grateful for the assistance received most notably from the World Customs Organisation (WCO), the International Monetary Fund (IMF), the Common Market for Eastern and Southern Africa (COMESA), World Bank, South Africa Revenue Service, Zimbabwe Revenue Authority and many other friends who have assisted us in building this organization. We are also grateful to His Majesty's Government in particular His Excellency the Right Honourable Prime Minister Dr Barnabas Sibusiso Dlamini and the Minister of Finance Senator Martin G. Dlamini for the confidence they have bestowed on us as a Governing Board to lead this organization. We are also grateful to His Majesty the King and Her Majesty the Queen Mother who continued to give us guidance in the execution of our duties and demonstrated strong support for the organization in very difficult times. On behalf of the Governing Board, I extend our gratitude to the management and staff of the SRA for all your effort and co-operation in ensuring the organization's mandate is achieved.

To the businesses and Swazi people, the SRA remains committed and with the assistance of the taxpaying nation will continue to "Raise the Standard" and contribute towards the development of Swaziland.



AMBROSE DLAMINI
CHAIRMAN OF GOVERNING BOARD

across our borders. We have also elected to implement the ASYCUDA World Customs System, as a tool for building an integrated e-Customs Management System in Swaziland.

On the regional and international fronts our focus remains on improving bilateral relations with our SACU and Mozambican counterparts and thus far have cemented bilateral cooperation with Lesotho, South Africa and Botswana. We have reaffirmed our cooperation with our South African counterparts, focusing our efforts on a renewed drive towards closer collaboration and more focused technical assistance and capacity building and on activities aimed primarily at contributing to regional integration and trade facilitation. Under this renewed cooperation we have partnered with the South African Revenue Services in the development of a regional forum aimed at elevating tax and customs issues at the regional level.

We are grateful to His Majesty's Government, in particular the Prime Minister Dr Barnabas S. Dlamini and the Minister for Finance Senator Martin G. Dlamini for the confidence they have bestowed on us as a Board to lead this great transformation for the country. The systems that were put in place and the strong guidance and assistance they have rendered have been key to the success that this organization has been.

On behalf of the Board, I extend our gratitude to the management and staff of the SRA for all their efforts and co-operation in ensuring the organization's mandate is achieved. We are aware that the conditions they operate under can sometimes be challenging but are grateful for the professionalism they continue to display.
To business and the Swazi people, the SRA remains committed and with the assistance of the taxpaying nation will "raise the standard" and contribute towards the development of Swaziland.

Ambrose Dlamini
Chairman of Governing Board

COMMISSIONER GENERAL'S STATEMENT

In accordance with Section 25 of the Revenue Authority Act, 2008, I humbly present to you the 5th Annual Report of the Swaziland Revenue Authority (SRA) covering the Financial Year 2014/15

The year under review was particularly a special one for the SRA as it marked the final year of the first strategic plan 2012/13 to 2014/15. The journey thus far has been demanding, extraordinary and stimulating, and has resulted in a stronger organization, a more confident workforce, a marked improvement in customer service and a significant improvement in the compliance culture.

We continued to implement measures and initiatives aimed at developing more robust systems and processes, increasing the competence of our human capital and ultimately improving revenue collection and administration. Particular attention was given to introducing innovative ways of encouraging voluntary compliance through making it easy and cheaper to comply. While the organisation has grappled with many changes since inception, there are a number of valuable lessons and commendable milestones that have been recorded. In the just ended strategic period running, the organisation was able to achieve significant milestones in its operations. Since the SRA took over the operations of revenue administration, the organisation has been able to record revenue collections that were above target, cumulatively in excess of 40%. This was possible amidst the backdrop of the domestic fiscal crisis that hit the country in 2010/11 and 2011/12.

SRA's Commissioner General Dumisani E. Masilela making his remarks.

The vision of the SRA remains to be a modernised, credible and customer centric revenue authority while pursuing the mission of providing 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. Three (3) key themes underpin the new strategy, namely:
Building a sustainable organisation of talented, competent and inspired people;
Increasing voluntary compliance; and Innovation and continuous improvement.
The SRA continues to achieve its core mandate of collecting revenue according to the expectations of Government. The year 2014/15 saw a collection of E6.035 billion against a Government target of E5.6 billion, an improvement of 10% from the previous financial year. When we consider the low inflation and growth environment we were operating in, we conclude that this improved performance can be attributed to efficiency gains flowing from the initiatives we have rolled out.

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

"...The year 2014/15 saw a collection of E6.035 billion against a Government target of E5.6 billion, an improvement of 10% from the previous financial year."

I am also proud to note that significant strides have been made towards the development of a comprehensive compliance strategy which aims to promote and enhance, among other things, segmentation of our taxpayers, data and information analysis to facilitate the application of risk based compliance management and stakeholder engagements.

While acknowledging that there is more to be done to deliver better customer service, we have received positive feedback from numerous sources. A second customer perception survey was commissioned during the period under review. The survey was designed to determine the perception of our customers towards how we service them. The overall customer satisfaction index recorded was 3.2, on a scale of 1 to 4, representing an overall increase of 0.5 from the 2013 baseline score of 2.7. This was mainly driven by improvements in performance in the organisation's proactiveness and general communication. Furthermore the organisation has initiated the collection of customer satisfaction feedback from taxpayers who actually visit our offices through a closed loop feedback system.

My special appreciation goes to the over six hundred (600) members of staff of this organization that work tirelessly on a daily basis to ensure this organization realizes its mandate. This year has also seen the proliferation of projects to our already large portfolio. I wish to thank the entire team for continuing to prioritize delivering on our objectives in as diligent and professional a manner as possible.

I would also like to express my sincere appreciation to the SRA Governing Board for steering this organization during the last four years and their continued leadership. The support they give to the organization is visible and contributes to the engagement of the entire team for higher levels of productivity.

My appreciation also goes to the Government of the Kingdom of Swaziland, under the Leadership of His Excellency

Prime Minister Dr Barnabas Sibusiso Dlamini at the SRA Offices to submit his Income Tax Returns.

Dr. Barnabas Sibusiso Dlamini. Between him and our Minister, Senator Martin G. Dlamini we have seen very high levels of support. Tax is a very emotive and sensitive political issue. They have continued to steer the ship with the steadiest of hands in the best interest of not just the organization but the country as a whole. Our gratitude goes to those people of Swaziland who continue to pay their taxes and fulfill their tax obligations voluntarily thus contributing to the improvement of the country's economy.

Lastly, I would like to acknowledge the continuous support and assistance we have received from our international and regional partners. The International Monetary Fund (IMF), the IMF's Technical Assistance Centre looking after Southern Africa (AFRITAC South), the World Bank, the African Tax Administration Forum, the World Customs Organization, the Commonwealth Association of Tax Administrators, COMESA and UNCTAD. From our sister revenue administrations such as the South African Revenue Service, Lesotho Revenue Authority, Zimbabwe Revenue Authority, Botswana Unified Revenue Service and the Mozambique Revenue Authority I say thank you very much for your continued support and collaboration.

I wish to single out the South African Revenue Service who have reaffirmed their commitment to closer collaboration with us in a recent engagement. It is always encouraging when neighbours take that attitude with each other as you choose them. Antagonistic attitude is therefore not normally an option as that is guaranteed to cause difficulties for both parties. This strengthens my belief that the ambitious goals we have set ourselves will come to fruition and that we will achieve great strides in our efforts to deepen regional integration and trade facilitation. I also wish to express my appreciation to the Mozambique Revenue Authority for their stated willingness to take our collaboration to greater height and commitment to closer cooperation. I look forward to formalization of this arrangement in the short term and creation of a work plan to begin to address the issues that are of concern to our respective taxpayers and trading communities.

COMMISSIONER GENERAL

1. ECONOMIC PERFORMANCE

1.1 Global Development

A modest recovery in advanced economies and a slowdown in economic activity in emerging and developing economies have weighed on the world economy in 2014 resulting in slower than anticipated economic growth. World economic growth is estimated at 3.4%, a growth rate similar to what was observed in 2013. A slowdown in China, a looming recession in Russia and a weak Euro area affect the outlook for 2015. The threats that affected growth in 2014 such as fluctuations in oil prices, declining potential growth, exchange rate swings triggered by actual and expected changes in monetary policies still exist and are likely to affect growth in the medium term, with projections for growth revised downwards several times from 3.8% to 3.5% for 2015.

The United States of America (USA) is the only major economy with a more positive outlook with growth revised upwards from 2.2% to 2.4% in 2014 and this is expected to improve further to 3.1% in 2015. Economic growth in the Euro area is expected to improve to 1.5% in 2015 from 0.9% in 2014. Overall, advanced economies are projected to have shown economic growth of 1.8% in 2014 from 1.4% in 2013 and this recovery is expected to further improve to 2.4% in 2015 enhanced by a strong growth momentum from 2014, wage increases, and a decline in world oil prices. Lower oil prices have assisted the recovery in the USA and aided stable prices in advanced economies with inflation averaging 1.4% in 2014 and expected to fall to 0.4% in 2015. World trade growth on the other hand has shown a modest growth of 3.4% in 2014, affected mainly by prolonged sluggish growth in GDP of advanced countries following the financial crisis. A recovery is expected in trade with growth of 3.7% being anticipated in 2015.

1.2 Regional Developments

Sub-Saharan Africa (SSA) continued to show strong growth estimated to be 5.0% in 2014. Economic growth in the region was supported by infrastructure investment, services sectors and agricultural production. However, the outlook for the region has been revised downwards by the International Monetary Fund (IMF) for 2015, from an earlier projection of 4.9% to 4.5%. Lower oil and commodity prices are the major reasons for this anticipated slowdown in the region. In neighbouring South Africa growth remained suppressed due to difficult labour relations, falling commodity prices, and inadequate electricity supply. According to the Reserve Bank, the South African economy is estimated to have grown by 1.5% in 2014 from 1.9% in 2013. A slow recovery is expected in 2015 with growth estimated at 2.0% in 2015.

1.3 Domestic Developments

The combination of the international and regional, coupled with some domestic developments, slowed growth in the domestic economy to an estimated 2.5% in 2014 from an estimated 3.0% in 2013. This growth in 2014 was supported by strong performance from the agriculture and construction sectors respectively, benefitting from the Lower Usuthu Smallholder Irrigation Project (LUSIP) and the major construction projects being undertaken by government. Impediments to growth on the domestic front include a slower growth in the manufacturing sector and a contraction in the mining sector.

Recovery in the USA, regional and domestic bottlenecks resulted in a weakening Lilangeni against the US dollar from an average of 9.65% in 2013 to 10.85% in 2014. On the positive side, this led to an increase in export earnings and a positive trade balance. Despite this weakening exchange rate, falling crude oil prices and sound monetary policy have held inflation in check to average 5.68% in 2014. The outlook remains fragile for the domestic economy in the short to medium term, impacted by the uncertainty in the world economy as it still struggles to reach its pre-crisis levels of growth. This uncertainty is further worsened by the unreliability of SACU receipts which are expected to decline by about E676 million in 2015/16 and consequently impact on the fiscal balance.

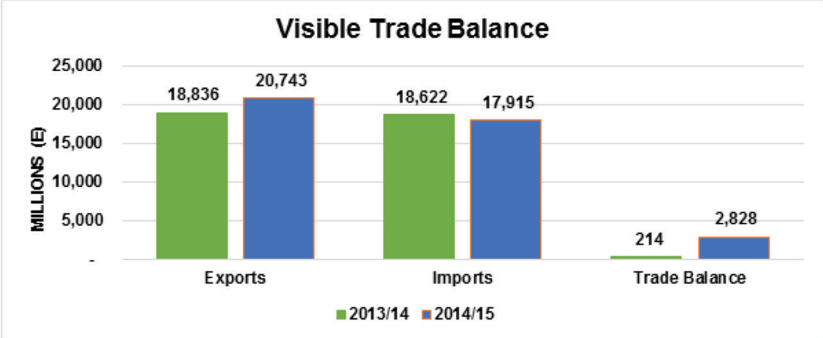
2. INTERNATIONAL MERCHANDISE TRADE

2.1 Balance of Payments

During the 2014/15 financial year (FY), a favourable balance of trade has been observed for the country and this was also the case in the previous financial year (2013/14). Total world exports were recorded at E20,742,949,724. Total world imports were recorded at E17,914,518,447 as depicted in figure 1 below. The imported commodities were mainly mineral fuels; vehicles other than railway or tramway and nuclear reactors/boilers and machinery and mechanical appliances.

When comparing the change for both flows to the previous year, a 10% increase has been observed for the exports while imports decreased by 4% mainly due to a 23% decrease in imports of mineral fuels, mineral oils and products of their distillation.

Figure 1: Visible Trade Balance 2014/15



Source: Swaziland Revenue Authority

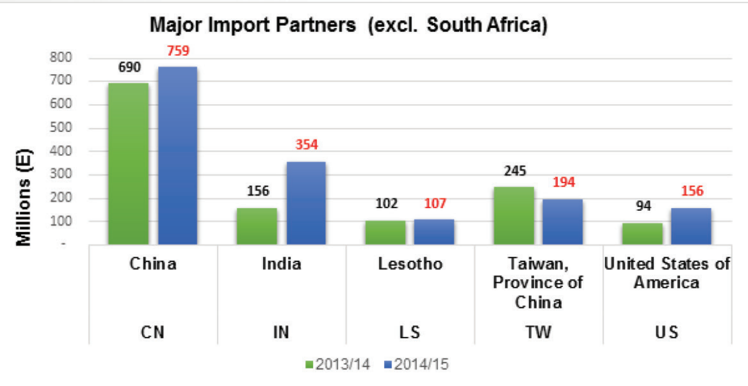
2.2 Swaziland's Top Trading Partners

2.2.1 Imports by Source Country

South Africa remains Swaziland's major import partner accounting for 86% of total imports for the country which were recorded at E15,403,053,887 for the 2014/15 financial year.

Other major import partners excluding South Africa during the financial year were China ("Man-made staple fibres and Cotton"); India ("Pharmaceutical products"); Taiwan ("Man-made filaments"); United States ("Essential oils and resinoid; perfumery, cosmetic or toilet preparations") and Lesotho ("Cotton") as shown in figure 2.

Figure 2: Top Import Source Countries

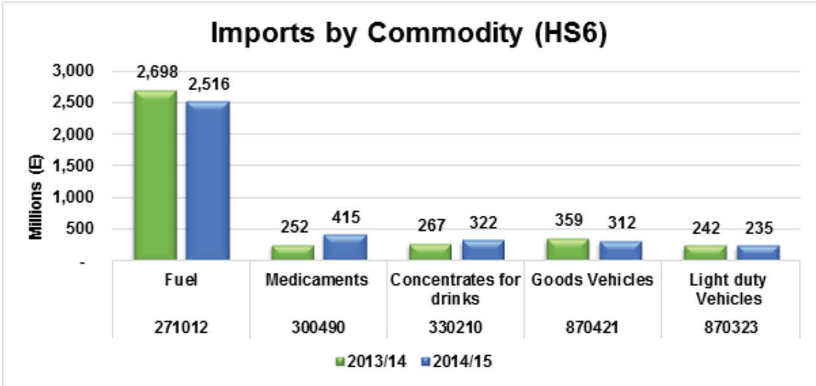


Source: Swaziland Revenue Authority

2.2.2 Imports by product

Petroleum products were the leading imports for the country in the reporting period. On the other hand, vehicles also form part of the top imported products: this is presented in figure 3 in the next page.

Figure 3: Top Imported Products

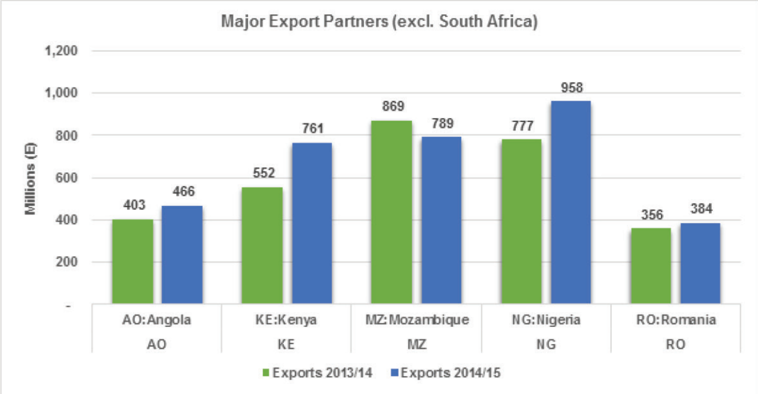


Source: Swaziland Revenue Authority

2.2.3 Exports by Country of Destination

About 65% of the total country's exports were destined to South Africa for the 2014/15 FY and were recorded at E13,229,999,469. This translates to a 15% increase from that of the previous year. Nigeria is the second largest exporting partner for Swaziland (mainly concentrates) and this is demonstrated in figure 4.

Figure 4: Top Export Destination Countries

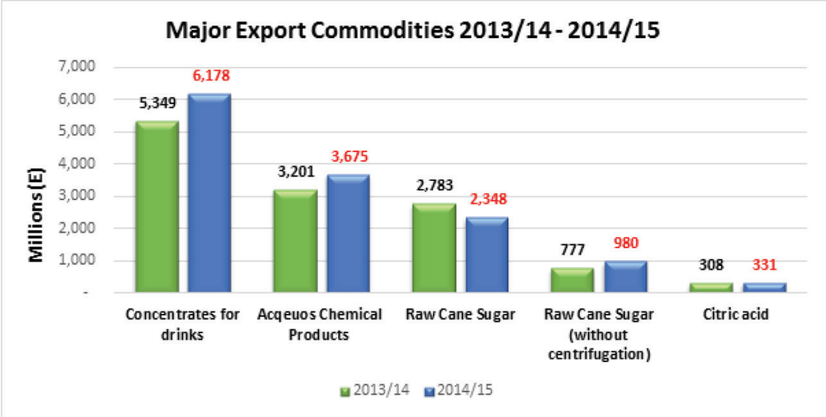


Source: Swaziland Revenue Authority

2.2.4 Exports by Product

When looking at exports by product, it is noted that Soft Drinks Concentrate was leading the pack during the 2014/15 FY. Aqueous chemicals and sugar followed; this is shown in figure 5.

Figure 5: Top Exported Products



Source: Swaziland Revenue Authority

3. REVENUE PERFORMANCE

3.1 Taxpayer Base and Registration Compliance

As at 31 March 2015, the taxpayer database stood at 40,154 from 30,368 showing a 32% increase on the number of registered taxpayers. Table 1 shows the database of taxpayers during the reporting year.

Table 1: Taxpayer Base as at 31st March 2015

Tax Type	Opening Balance	Registered Taxpayers	Suspensions	Closing Balance
VAT	3,073	329	72	3,330
PAYE	4,707	514	1,365	3,856
Income Tax	22,624	10,646	303	32,967

Source: Swaziland Revenue Authority

3.2 Revenue Performance

The SRA has progressed positively in its mandate of administering revenue laws for the Kingdom of Swaziland since inception. It has consistently exceeded expectations on revenue collections. In year 2012/13, total collections stood at E4.79 billion reflecting a growth of 12% from the previous year. The same positive performance was also witnessed in 2013/14 as overall collections totalled E5.47 billion translating into a growth of 14%.

For the year 2014/15, total revenue collections are recorded at E6,035,526,338 against a target of E5,617,272,901 being a surplus of E418,253,437 and an increase of E561,212,239 against 2013/14. These collections exceeded the target by 7.4% and reflect an increase of 10.3% against 2013/14. Table 2 in the next page shows the foregoing.

Table 2: Total Revenue Collections for the years 2010/11 – 2014/15 (E' 000)

REVENUES FOR THE PERIOD 2010/11 TO 2014/15 (E'000)									
	2010/11	2011/12	2012/13	2013/14	2014/15		Variance 2014/15		As a % of
REVENUE HEADING	Actual	Actual	Actual	Actual	Target	Actual	Actual-Target	2014/15-2013/14	Revenue In 2014/15
Company Tax	763,224	827,634	743,127	1,070,385	1,086,872	1,483,248	36.5%	38.6%	24.6%
Individuals	1,447,948	1,568,554	1,348,998	1,751,682	1,800,268	2,048,530	13.8%	16.9%	33.9%
Other Income Tax	308,188	301,635	265,943	297,644	308,577	177,366	-42.5%	-40.4%	2.9%
Graded Tax	4,100	3,416	2,086	1,258	1,250	1,066	-14.7%	-15.2%	0.0%
Total	**2,523,460**	**2,701,239**	**2,360,154**	**3,120,969**	**3,196,967**	**3,710,211**	**16.1%**	**18.9%**	61.5%
SALES TAX	1,255,389	1,338,190	133,188	35,843		11,631		-67.6%	0.2%
VAT			1,623,295	1,695,188	1,782,899	1,883,319	5.6%	11.1%	31.2%
OTHER TAXES									
Sugar Export Levy									
Road Toll	24,200	28,090	27,431	28,589	30,528	29,829	-2.3%	4.3%	0.5%
Lotteries and Gaming	18,123	18,135	7,427	5,235	7,308	4,141	-43.3%	-20.9%	0.1%
Fuel Tax	147,560	206,034	381,457	549,427	599,571	572,993	-4.4%	4.3%	9.5%
TOTAL	**1,445,272**	**1,590,449**	**2,172,797**	**2,314,282**	**2,420,306**	**2,501,912**	**3.4%**	**8.1%**	41.5%
Unallocated Funds/Funds Relating to Previous Periods			257,939	39,063		(176,597)			
GRAND TOTAL	**3,968,732**	**4,291,688**	**4,790,890**	**5,474,313**	**5,617,273**	**6,035,526**	**7.4%**	**10.3%**	**100%**

Source: Swaziland Revenue Authority

Growth in revenue was mostly due to strong performance by Income Taxes (Corporate and Individual Taxes), which remain the major contributors to domestic tax revenue, jointly accounting for 58.5%. As reflected by figure 6 overleaf, revenue performance has remained robust even against a sluggish economic performance. This could mainly be attributed to efficiency gains in tax administration as reflected by the tax to GDP ratio which has been consistently increasing from year to year. An increase in the ratio implies that more revenue is being collected from a similar amount of output.

Figure 6 Growth in GDP, Tax Revenue and Tax to GDP ratio since 2010/11

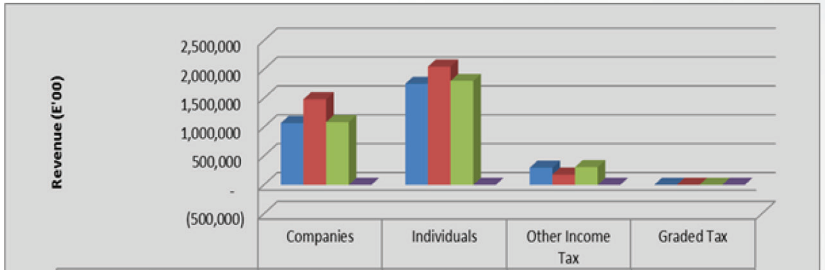
	2010/11	2011/12	2012/13	2013/14	2014/15
Tax Revenue	3,968,732	4,291,688	4,790,890	5,474,313	6,035,526
Tax Revenue as % of GDP	13.4%	13.8%	14.0%	15.6%	15.2%
Growth in Tax Revenue	14.0%	6.9%	10.9%	14.3%	10.3%

Source: Swaziland Revenue Authority

Income Taxes continue to be the highest contributor to total domestic revenue with their relative contribution increasing from 57.4% in 2013/14 to 61.5% in 2014/15. This shift is mainly due to significant increases in Company and Individual taxes relative to the other tax types. Overall direct taxes have performed positively at 16.1% above target and increased by 18.9% against 2013/14, while indirect taxes exceeded their target by 3.4% mainly due to a positive performance by VAT which exceeded the target by 5.6% and also increased by 11.1% against 2013/14. Inclusive in the reported revenue are amounts that were receipted in the fiscal year 2014/15 yet they relate to payments made in 2013/14 and backwards.

The performance of Income Taxes has continued to increase despite a downward revision of the company tax rate from 30% to 27.5% in the year 2013/14 and an adjustment of the personal income tax bands for fiscal drag in the same year. The increases are observed more on Company Taxes which showed the highest increase compared to all tax types at 38.6% against 2013/14. A total collection of E3,710,211,307 was made for Income Taxes in 2014/15 against a target of E3,196,967,122 reflecting a 16.1% above target collection. Both Company and Individual Taxes surpassed their targets by 36.5% and 13.8% respectively, as indicated in figure 7.

Figure 7: Income Tax Collections for FY2014/15 (E'000)



	Companies	Individuals	Other Income Tax	Graded Tax
Actual 2013/14	1,070,385	1,751,682	297,644	1,258
Actual 2014/15	1,483,248	2,048,530	177,366	1,066
Target 2014/15	1,086,872	1,800,268	308,577	1,250
2014/15 Actual to Target in %	36.5%	13.8%	-42.5%	-14.7%

Source: Swaziland Revenue Authority

Company Tax collections were enhanced by increased compliance on provisional tax payments which increased by 11.6% compared to 2013/14 and also the positive performance of major exporting companies. This resulted in a collection of E1,483,248,126 against a target of E1,086,872,370 which is a 36.5% above target performance. Individual Taxes on the other hand exceed their target by 13.8% benefitting from improved compliance for Pay As You Earn (PAYE) and salary increments during the year. Collections for Individual Income Taxes are recorded at E2,048,530,439 against a target of E1,800,267,653. The Other Income Taxes category has been affected by under reporting on some revenue items resulting from errors in mapping in the revenue management system. This resulted in a decline of 42.5% in the tax against 2013/14 and figure 7 above shows this performance.

As shown by tables 3 and 4, Company Taxes have been showing the highest growth amongst Income Taxes since the takeover by the SRA.

Table 3 Year on Year Growth in Income Tax Revenue: 2010/11 – 2014/15

Financial Year	Company Tax	Individual Tax	Other Income Tax	Graded Tax	Total Revenue
2010/11	8%	9%	15%	33%	15%
2011/12	8%	8%	-2%	-17%	8%
2012/13	-10%	-14%	-12%	-39%	12%
2013/14	44%	30%	12%	-40%	14%
2014/15	39%	17%	-40%	-15%	10%

Source: Swaziland Revenue Authority

Further their relative contribution to total income taxes has increased from 30% in 2010/11 to 40% in 2014/15 reflecting an increasing compliance and positive mobilization efforts by the SRA on the tax type.

Table 4 Contribution of Income Tax items to total Income Tax Revenue since 2010/11

Financial Year	Company Tax	Individual Tax	Other Income Taxes	Graded Tax
2010/11	30.25%	57.38%	12.21%	0.16%
2011/12	30.64%	58.07%	11.17%	0.13%
2012/13	31.49%	57.16%	11.27%	0.09%
2013/14	34.95%	55.88%	9.13%	0.04%
2014/15	39.98%	55.21%	4.78%	0.03%

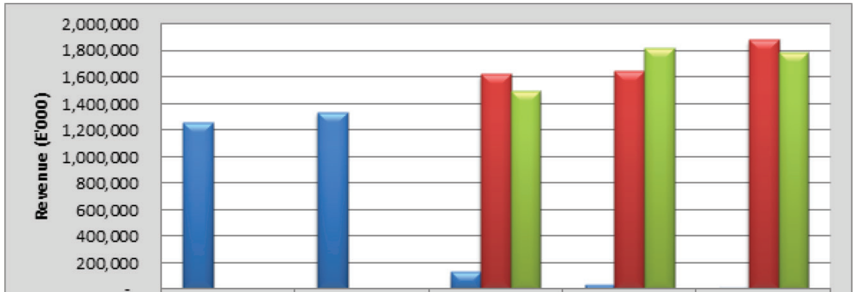
Source: Swaziland Revenue Authority

3.3 Indirect Taxes

3.3.1 Value Added Tax

Following a limited growth of 4.4% in 2013/14, Value Added Tax (VAT) collections have shown a strong recovery recording a total collection of E1,883,319,175, which is a growth rate of 11.1% against 2013/14. The VAT target of E1,782,898,726 in 2014/15 was exceeded by 5.6% as shown by figure 8 below.

Figure 8 Sales Taxes - VAT Trend from 2010/11 to 2014/15



	2010/11	2011/12	2012/13	2013/14	2014/15
Sales Tax	1,255,389	1,338,190	133,188	35,452	11,631
VAT Actual			1,623,280	1,648,519	1,883,319
VAT Target			1,496,672	1,819,627	1,782,899

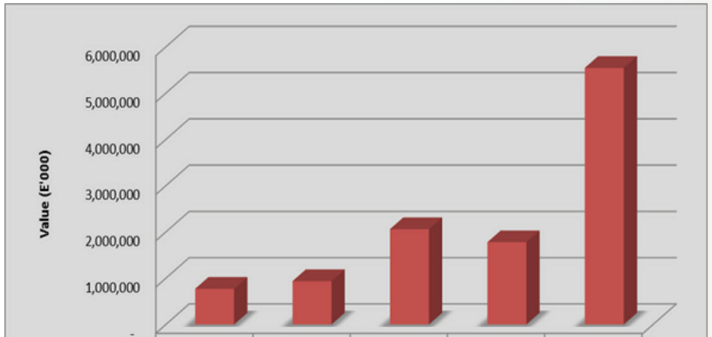
Source: Swaziland Revenue Authority

VAT collections were supported by an increase in both import and domestic VAT. Jointly these managed to grow faster than refunds paid resulting in an overall growth in VAT collections. VAT performance was enhanced by improved compliance and a general increase in consumption in the economy. On the administrative side, the compliance challenges experienced in 2013/14 relating to low compliance within the sugar industry were countered by the introduction of a reverse charge on farmers by the sugar mills. This means that the sugar mills withheld the VAT that was supposed to be paid by them to the farmers and the farmers were required to file annual returns for VAT instead of quarterly and this action resulted in increased compliance and revenue.

3.3.2 Tax Expenditure

An estimation of revenue foregone from the exemption and zero rating of goods shows that an amount of E3 billion was given away as exemptions and zero ratings. On the direct taxes side an amount of E771 million was foregone due to lowered company tax rates. Other tax expenditures relating to direct taxes amounted to E1.8 billion these relate to allowances and exemptions to income. The foregoing information as shown by figure 9 below relates to tax year 2013.

Figure 9: Tax Expenditures for 2013/14 tax year



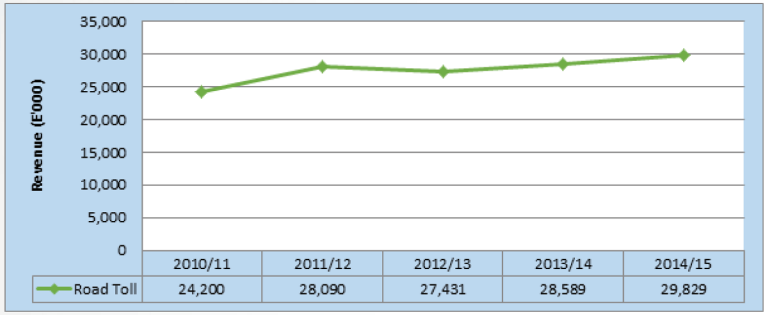
	Lower Tax Rates	VAT Exemptions	VAT Zero-ratings	Other Tax Expenditures	Total
Tax Expenditures	770,591	937,000	2,060,175	1,777,790	5,545,557

Source: Swaziland Revenue Authority

3.3.3 Road Toll

Road toll collections are administered by Customs at the entry points of the country and the collections are reliant on the volume of mainly foreign vehicle traffic entering the country. Amounts paid at the borders vary and depend on the origin, size of the vehicle as well as the purpose for which the vehicle is entering the country. Actual Road Toll collections for 2014/15 are recorded at E29,829,117 against a target of E30,527,587 reflecting a 2.3% under-performance. However, this year's collections reflect an increase of 4.3% from the collections made in 2013/14. Figure 10 shows a breakdown of the 2014/15 Road Toll collections.

Figure 10: Road Toll collections for 2014/15 based on levy charged



Source: Swaziland Revenue Authority

3.4 Refunds

A total of E933,782,027 was refunded to taxpayers in the ending financial year. The refunds paid show a 23% increase compared to the 2013/14 financial year, which recorded E759,854,737. The paid refunds were in respect of VAT, Income Tax and withholding taxes as per table 4 below.

Table 4: Refunds to taxpayers in 2014/15

Refunds Paid – 31 March 2015	Amount (E)
Refunds – Exempt taxpayers	24,462,345
RMS VAT Refunds	879,336,402
Import VAT	319,995
Temporal Imports	3,086,761
Total VAT Refunds	**907,205,503**
Income Tax – Companies	22,063,104
Income Tax – Individuals PAYE	1,891,297
Withholding Tax – Dividends	2,622,123
Total Refunds	**933,782,027**

Source: Swaziland Revenue Authority

4. INTERNATIONAL TRADE TAXES AND LEVIES

4.1 Customs and Customs Operations

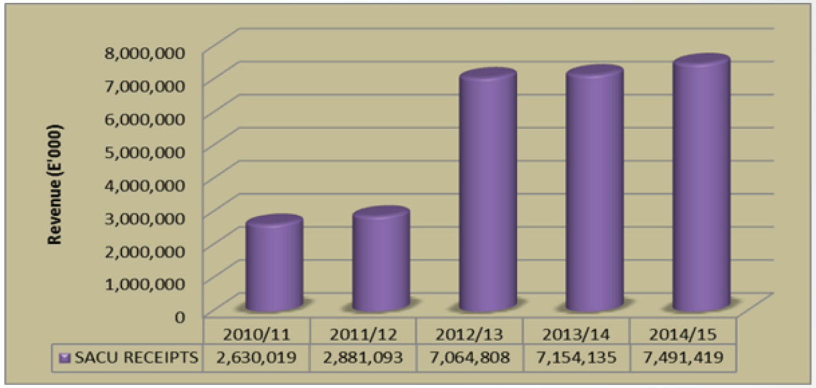
4.1.1 Customs and Excise

Customs and Excise duties collected at the country's entry points and transferred to the SACU Common Revenue Pool (CRP) are recorded at E198,469,204 translating to a 21.5% increase from the E163,392,995 recorded in 2013/14. Some of the goods that customs and excise duties are collected from include alcoholic beverages, petroleum products, perfumery goods and motor vehicles (originating from outside SACU). Domestically excise duties are collected from alcoholic beverages. The transfers to the CRP are in line with the SACU arrangement as member countries are expected to remit their collections of Customs and Excise duties to the pool and these transmittals are later shared amongst member countries through the agreed revenue sharing formula.

4.1.2 SACU Receipts

In spite of the parties engaging in discussions about introducing changes in the revenue sharing formula, this initiative has not been concluded and funds in the Common Revenue Pool (CRP) continued to be shared in accordance with the existing formula. SACU receipts have shown continuous growth since 2012/13, recovering from the crisis situation that occurred in 2010/11 lasting up to 2011/12. The receipts have managed to remain above E7 billion since 2012/13 and have grown by 6.0% from 2012/13 receipts to date, as indicated in figure 11 below. However, this source of revenue is not stable given the uncertain prevailing global and regional 0developments coupled with the global trade liberalization agenda, with prospects being highly unfavourable in the medium term.

Figure 11: SACU receipts for the period 2010/11 – 2014/15 (E'000)



Source: Swaziland Revenue Authority

The country is doing everything possible to reduce the heavy reliance on SACU remittances and internally, revenue mobilization efforts have been strengthened to support these efforts.

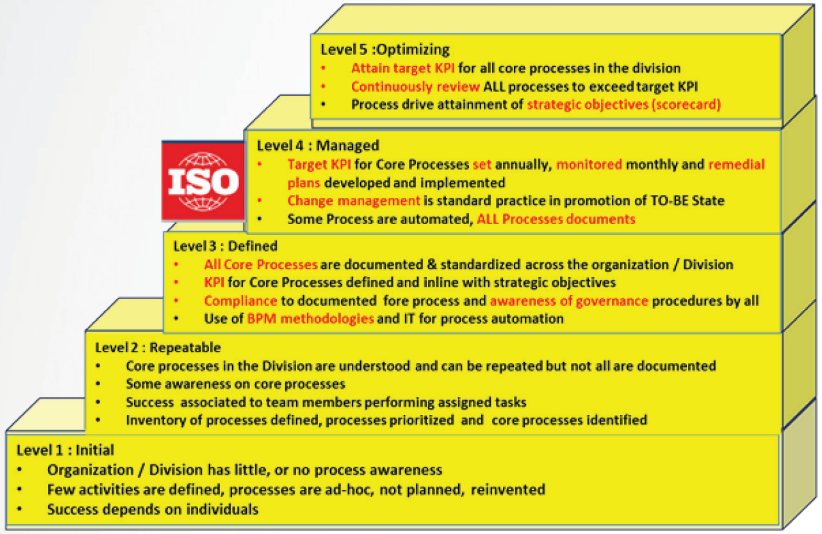
4.2 Customs Operations

4.2.1 Business Process Management

In the financial year 2014/15, Customs and Domestic Taxes departments were targeting to attain BPM Level 3. BPM level 3 requires that all Core Processes are documented according to the BPM methodology (see figure 12 next page for levels).

Targets for KPIs that support strategic objectives are defined and attained; full compliance to the core processes is required. Corporate divisions were targeting BPM level 2 which required the documentation and socialization of core processes. Process review meetings were used as a proxy for assessing awareness of processes by staff.

Figure 12: SRA Business Process Management



Source: Swaziland Revenue Authority

Overall the target for the financial year was attained, and this translates to the documentation of 45% (44 out of 96) of the inventory of processes. In the financial year 2015/16 the target shall be the documentation of all processes and compliance to the processes. The overall target in the next strategic period for the organisation is to be ready for ISO certification.

The modernisation of Customs processes under Project Insika is underway. Five (5) new processes that were approved have since been rolled out for implementation. These are: Clearance of Goods-Imports; Clearance of Goods-Exports; Risk Management; Management of Bonded Warehouses and Rebate Stores; and Manage Receipts SOP. A follow-up to verify that Standard Operating Procedures (SOPs) are being properly implemented was also initiated and completed. The phase 2 of the Customs part in project Insika, will see the documentation of a further nine (9) processes, starting with License and Registration, Bonds and Securities, and processes associated with the introduction of Sekulula VAT Easy.

The modernisation of processes is also in preparation for the implementation of the new web based ASYCUDA World system. In this regard a number of officers visited ZIMRA and Seychelles to learn how those countries improved their processes in readiness for the implementation of ASYCUDA World in their administrations.

4.2.2 New Customs System

In 2008 the Government of Swaziland installed the ASYCUDA++ through the assistance of a COMESA grant. The implementation of ASYCUDA++ produced significant improvements in the processing of customs declarations. It reduced cost and clearance times, increased revenue collection and provided accurate and timely international trade statistics. As part of modernising operations to attain cost efficiencies SRA undertook to implement one of the latest automated systems for processing customs declarations. ASYCUDA World version has been acquired as a tool for building an integrated e-Customs Management System. The project is funded by COMESA under the 4th Call. The ASYCUDA World project which commenced on 01 October 2014, and lasting for 24 months, aims at strengthening the economy of Swaziland through increased efficiency in cross-border trade. The European Union sponsored COMESA Fund provided financial assistance totalling EUR 947, 411 (about E 12m) to implement the system. The first tranche of EUR 484,616 was disbursed to the system implementation partner UNCTAD in July 2014 and the project kicked off on 1st October 2014 with the arrival of the UNCTAD Team of Experts.

Awareness engagements were held for Clearing Agents, Border Agencies, Business Community, and SRA Management, and preparations are underway to engage the Parliamentary Finance Portfolio Committee to provide an overview of the project, and the required legislative amendments. All stakeholders have shown high levels of interest and desire.

Notable milestones achieved in the reporting period include:

a. Procurement of software licenses required for operating ASYCUDA World.

b. Conducting eight (8) awareness sessions for both SRA staff and stakeholders, including Other Government Agencies (OGA), clearing agents, large traders and the business community.

c. Special training for ten (10) officers both functional and technical on the system at the Worldwide ASYCUDA World Centre of Excellence in Jordan in October and November 2014.

d. Selection of the Trade Promotion Unit under the Ministry of Commerce Industry and Trade and the Swaziland Environmental Authority as pilot OGAs for interfacing with the system.

On the whole, the project is proceeding on schedule and business requirements have been gathered from operational and support departments and the prototype has already been developed and ready for review before testing.

4.2.3 Sekulula VAT - Easy

The preparations for the VAT Refund Scheme otherwise known as 'Sekulula VAT Easy' were finalised in time for implementation of the scheme on 1st April 2015. On the 23rd March 2015, the Honourable Minister for Finance, Senator Martin G. Dlamini officially launched the Sekulula VAT Easy initiative. This was during an event attended by Business community, government ministries and the media at Mountain Inn, Mbabane. In addition to radio programmes, pamphlets and billboard advertising, seven (7) external stakeholder workshops reaching 700 participants were organised to educate special interest groups as well as SRA staff on the scheme. These engagements will continue in order to reach the grassroots. The revenue impact of this initiative is still being monitored and a more clearer picture will be presented at the end of the first quarter in 2015/16.

1. The MoU which provides for the administrative procedures for the implementation of the VAT Refunds System between SARS and SRA was signed on 28th November 2013, which enabled the implementation of the system on the scheduled date of 1st April.

2. The MoU allowed for the appointment of a Claims and Refunds Manager who would facilitate the processing of the refund claim in line with the MoU provisions. SRA engaged Morisk (PTY) Ltd as the Claims and Refunds Manager, a contract between SRA and Morisk was signed in May. Operational requirements between the parties are addressed during periodic meetings covering:

a. Batch submission frequency by SRA. It was agreed that in order to maintain a standard cycle batches would be forwarded to the SRA back office team who would then consolidate into a single batch for the SRA and then submit to Morisk.

b. It was agreed that the lead time taken by Morisk in processing received claims to time of lodging claims to SARS for payment would be a total of seven (7) days.

c. Adherence to these timelines by the parties is important in ensuring that there is a predictable cycle for receiving payments.

d. There will be monthly meetings between the technical teams to reconcile payments against the submitted claims. The process is to be facilitated by the sharing of information which has been enabled now that SRA officers have access to the Morisk portal where data on processed claims is posted.

3. Post- implementation engagements with both SRA officials from the designated borders as well as clearing agents were held to discuss issues noted as bottlenecks and propose for measures to improve performance of the system.

4.2.4 Implementation of Recommendations of the World Bank Time Release Study

To ensure that Customs procedures and processes are modernised at the ports of entries, the SRA undertook a Time Release Study (TRS) sponsored by the World Bank with technical assistance from the World Customs Organization (WCO) in 2012. The TRS identified specific problems in several areas that adversely impacted on trade facilitation and the SRA's efficiency and effectiveness at the ports of entry. A number of projects benefited from the World Bank sponsorship and are co-ordinated under the SIDA funded and WCO supported SACU Customs Modernization: the Coordinated Boarder Management System (CBMS), e-Learning, National Customs Enforcement Network (nCEN) has been completed and the systems are fully operational in the SRA. Trade Portal is towards the last phase of the project. Data Exchange and the Preferred Trader Programme are still at pilot stages.

4.2.4.1 Coordinated Border Management System

Following the adoption of the feasibility study a National Steering Committee on Trade Facilitation (NSCTF) was launched on 30 January 2015. The Committee is co-chaired by the Principal Secretary of the Ministry of Commerce, Industry and Trade (MCIT) and the SRA Commissioner General. It consists of all government agencies with a regulatory role in international trade as well as non-governmental stakeholders such as parastatals, FSE&CC, to name a few.

The Steering Committee is mandated to oversee the coordination and implementation of the trade facilitation initiatives including co-ordinated border management. Sponsorship for a 7-member delegation of the Steering Committee to travel to Finland was secured from the Government of Finland through the World Customs Organisation (WCO).

The objective of the trip was to enable to delegation to study the co-ordinated border management system in operation in that country. Upon their return, the same project will sponsor further engagements in the country to promote the implementation of the co-ordinated border management system.

4.2.4.2 Preferred Trader Programme

A draft Preferred Trader Programme (PTP) policy guideline that proposes a framework for the governance of the programme and outlining the roles of the units who are involved in verifications and monitoring of clients who will be participating in the programme was finalized. Two (2) officers attended a three weeks Post Clearance Audit Training hosted by the South African Revenue Service (SARS) and organised by WCO-SACU under the SACU Customs Development Programme. This training was intended to audit approaches in all SACU Member states to facilitate cross border recognition of preferred trader status.

4.2.5 Data Exchange with SARS

The enhancement of Customs-to-Customs capabilities for the exchange of data between SARS and SRA as well as enabling the matching of entries using unique consignment numbers was completed during the year. An exercise was carried out to match the export declarations processed in South Africa to the import declaration made in Swaziland. The exercise highlighted that some South African export declarations did not have corresponding entries in Swaziland. The feasibility of launching a further phase aimed at improving the control at the border post using an electronic gate pass with a bar code to match to the SARS manifest or release notices is necessary. The process of ratification of the SACU Mutual Administrative Assistance Annex, which would enable exchange of information is underway in both countries.

5. REVENUE ADMINISTRATION

5.1 Tax Policy

5.1.1 Legislative Amendments (2015)

The SRA continues to strive towards revenue collection enhancement strategies and has identified further amendments to the legislation that would fulfil this objective. The following are some of the loopholes that have been identified and addressed through legislative amendments:

a) Deceased estates requirement for notifying the Commis sioner General;
b) Setting a cut-off date for perpetual business losses;
c) Introduction of pension and provident preservation funds into legislation and the treatment thereof;
d) Distress proceedings;
e) Introduction of provisions to cater for the e- tax platform;
f) Abolishing of the enjoyment of double relief under the de ductions and exemptions sections and,
g) Imposition of rigid penalties in cases of non-compliance with tax legislation.

A number of Practice Notes were issued in a bid to simplify the tax legislation. These include:

i) Practice Note on Advance Payments on VAT;
ii) Practice Note on Recovery of Taxes in Cases of Default;
iii) Practice Note on Treatment of Mortgage Interest Rebate;
iv) Practice Note on Definition and Interpretation of Proper Books of Accounts;
v) Practice Note on Issuance of Tax Deduction Directives by the Commissioner General in respect of Lump Sum Pay ments made to employees or former employees;
vi) Practice Note on Withholding Tax on Interest Payable to all Resident Persons;
vii) Practice Note on the application of reverse charge VAT on domestic supply of Sugarcane by Sugarcane Farmers.

5.1.2 Income Tax (Amendment) Bill (2014)

The Income Tax Amendment Bill was presented to Cabinet and received a positive response. This is amended mainly to facilitate the widening of the tax base which includes the taxation of worldwide income, disposal of business assets and removal of some initial allowances and deductions.

5.1.3 Tax Compliance Certificate Regulations

The Regulations were presented to Cabinet and approved with comments. As at the end of the period under review they were still awaiting signature by the Minister.

5.1.4 Customs Law

The promulgation of the new Customs Act has not yet been concluded as it is undergoing consultative and approval processes with relevant stakeholders. These include gap analysis and alignment of texts according to the updated sections of the legislation. Thereafter, it will be subjected to the parliamentary approval processes. Regarding certain amendments made to the current Customs Act approvals are still pending parliamentary approval. This legislation is amended mainly to support the modernisation programme for the organisation such as introduction of ASYCUDA World and Preferred Trader Programme.

5.2 International and Third Party Agreements

The SRA continues to benefit from various international cooperative agreements especially other sister revenue administrations. Various attachments were undertaken during the reporting period to learn from best practices and incorporate these into SRA's operations with a view to realise efficiencies. SRA also engaged a number of revenue administrators on various areas. These are indicated in table 6 below.

Table 6: Benefits to SRA

Entity	Type of Assistance
1. Seychelles Revenue Commission (SRC)	• Attachment on the implementation of ASYCUDA World was undertaken by the Customs, ICT and Modernization teams.
2. Zimbabwe Revenue Authority (ZIMRA)	• Attachment to build capacity for SRA auditors on audit techniques from ZIMRA's experience. • Lessons learnt on the technical, functional, business management aspects regarding upgrade from ASYCUDA++ to ASYCUDA World.
3. South African Revenue Service (SARS)	• Attachment to learn and implement relevant best practice in the areas of strategy, planning and revenue analysis / research to improve processes and better servicing the needs of SRA. • Attachment to gain experience and learn how mail management is carried out within SARS with the aim of improving the efficient and effectiveness of the SRA mail management. • Exposure to matured compliance risk management structures, policies, processes and systems in both Customs and Excise and Domestic Taxes in support of compliance risk model and trade facilitation and control.
4. Rwanda Revenue Authority (RRA)	• Benchmarking exercise to identify and review different legislations administered by RRA and to review and interrogate operational dependencies between RRA and the Government of Rwanda. Subsequently this will enhance SRA's approaches to tax administration. • Benchmarking on RRA's operationalization of information systems linkages.
5. Botswana Unified Revenue Service (BURS)	• A team from BURS visited SRA on the exercise of benchmarking on the implementation of Electronic and Document Management System to improve operationalization of SRA's document management system.
6. SRA / SARS	• VAT Memorandum of Understanding (MOU) – signed Agreement between the Governments of Swaziland and the RSA was been signed and ratified by the two governments in September 2014. Thereafter, technical teams met and agreed on the text of the Administration to Administration MoU for the implementation of the VAT Scheme to be effective 01 April 2015. • IT Connectivity – agreement was reached to collaborate in regard to alignment and exchange of customs data.
7. SRA / LRA	• Consultations were undertaken through a study tour to LRA to gain a better understanding of the processes and challenges associated with the VAT Refunds System. • Signing of DTA by the two governments and preliminary negotiations of the MoU on Mutual Administrative Assistance is pending.
8. SRA / BURS	• There was a signing ceremony between SRA and BURS on the 14th July 2014 at SRA HQ building, whereby agreements were reached to undertake joint initiative on cooperation at regional and bilateral levels to learn from each other as revenue administrations. The regional initiatives highlighted were those under the Southern African Customs Union (SACU) and also joint initiatives towards the implementation of the World Trade Agreement on Trade Facilitation (WTO ATF) that has recently been signed.
9. SRA / SRC	• A memorandum of cooperation between the two administrations was finalized and signed in November 2014.

5.3 Technical Missions

The SRA hosted the International Monetary Fund (IMF), who continued to provide assistance towards the development of a compliance framework for domestic taxes. This extended to assessing the state of compliance for self-assessment Phase II taxpayers and action plan for improvement. Development of plan for pilot compliance projects to improve filing and payment compliance as well as improve compliance in selected economic sectors with the Domestic Taxes department.

Incoming mission was received on the SACU/WCO Customs development programme by regional programme manager as part of exercise to familiarize himself with member states and establish contact with member customs administrations was received in March 2015.

5.4 Tax Compliance Initiatives

5.4.1 Presumptive Tax / Small Taxpayer Regime

In an effort to simplify compliance requirements for small businesses, the SRA is working closely with Government on the introduction of a small taxpayer regime, which seeks to reduce their costs of compliance. A bill has been drafted and SRA is currently engaged in ensuring internal readiness for the introduction of the regime.

5.4.2 Self-assessments

A phased approach of the introduction of self-assessment for income tax began in 2013 starting with large taxpayers. This phase was successfully closed in October 2013. The year 2014/15 saw the regime being implemented within VAT registered Small and Medium Enterprises (SME's) and High Net Worth Individuals (HNWI). The first returns on the self-assessment system for SME's and HNWI were received on 31 October 2014 after successfully engaging these taxpayers according to their locations and industry segmentation. A total of one thousand seven hundred and forty eight (1,748) returns were processed during the period under review. 55% of these had tax assessed amounting to E516,230,490, while 36% were assessed losses amounting to E515,131,898. A total of seventy four (74) returns were assessed to nil and eighty five (85) had credits amounting to E3,500,164. Desk audits were done on 182 self-assessment cases. Out of these, 110 returns had add backs amounting to E14,108,324. Seven (7) had losses reduced by E92,938 and sixty five (65) had no additional tax.

The year under review saw the introduction of self-assessment for VAT registered SMEs. A total of two thousand nine hundred and sixty eight (2,968) vendors were registered for VAT and expected to submit self-assessed income tax returns for the first time. About two thousand one hundred and ninety two (2,192) had lodged returns by end of the year, indicating a 74% compliance rate of which 1,741 had been processed. A door-to-door campaign dubbed “Operation Bakhumbute” was conducted to check taxpayer compliance covering Nhlangano, Hlathikhulu, Siphofaneni, Siteki, Simunye, Buhleni and Sidvwashini (Mbabane). A total of eight hundred and ten (810) taxpayers were visited of which two hundred and fifty two (252) were found to be unregistered.

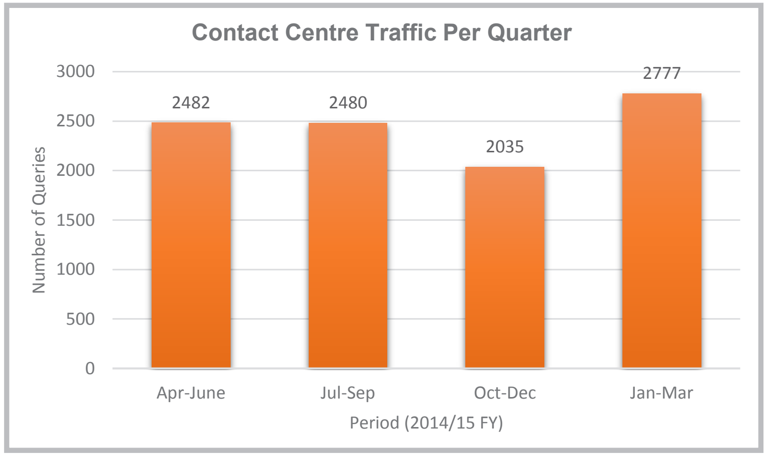
The project shall be re-launched for 2015 tax year to ensure reinforcement is done in terms of taxpayer education and awareness. The re-launch shall also ensure that the project looks into some recommendations from IMF which include amongst others things the need to re-engineer some internal processes.

5.5 Customer Services

5.5.1 Contact Centre Operations

The SRA Contact Centre became fully operational during the reporting year following its launch in the previous year (2013/14). More than nine thousand seven hundred (9,700) tax and customs related queries were received by this one-stop-shop, which queries came through the SRA e-mail address info@sra.org.sz and the main telephone line 24064050. Figure 13 below is a graphic presentation of the queries on a quarterly basis.

Figure 13: Contact Centre Traffic per Quarter



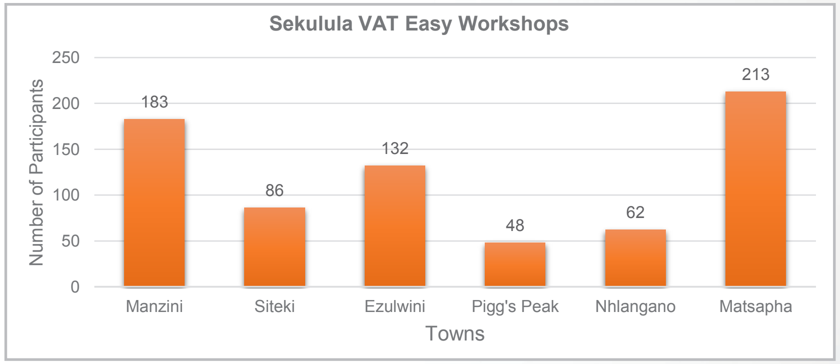
A system called ***Contact Centre Expert*** was installed to support the operationalization of the contact centre. This system records all incoming calls, which helps management to monitor the number of calls received, dropped calls, call waiting period and the quality of the responses by the contact centre staff amongst others.

5.5.2 Engagement Workshops

As part of the taxpayer education programme, the SRA hosted twenty five (25) business workshops in all four regions of the country targeting companies registered for VAT. A total of twelve (12) workshops were hosted in seven (7) towns of the country. During the first part of the year the focus was on the concept of Self-Assessment for Income Tax purposes.

In preparation for the start of the much awaited VAT refund scheme (Sekulula VAT Easy) with SARS, SRA hosted thirteen (13) workshops in Manzini, Pigg's Peak, Siteki, Ezulwini, Nhlangano and Matsapha. These were attended by more than seven hundred (700) participants as depicted in figure 14 below.

Figure 14: Sekulula VAT Easy Workshops held



5.5.3 Branding and Signage

The branding of SRA offices and border posts continued this year. The main focus of our branding exercise was Ngwenya Border Post, which was under refurbishment. This was through the installation of directional signs both outside and inside the border hall. Operating hours signs were also installed in eight (8) border posts, namely Mhlumeni, Mahamba, Matsamo, Sandlane, Sicunusa, Lundzi, Bulembu and Gege.

More signs were installed around Matsapha to direct taxpayers to the AGOA and ICD Offices.

5.5.4 Advertising Campaigns

In the first half of the year, the SRA launched and rolled out the Income Tax Returns Campaign, which was aimed at sensitizing taxpayers to submit their income tax returns on time. This campaign was followed by the Provisional Tax payment campaign in November and December 2014. In March 2015, the Sekulula VAT Easy Campaign was flighted and it focused on the theme “Paid VAT in South Africa, Just declare and don’t pay”. All the campaigns were run on billboards, in newspapers and other support materials such as brochures, posters were produced and distributed through border posts and SRA Service Centres.

5.5.5 Live Radio Shows

The SRA radio shows on the Swaziland Broadcasting and Information Service (SBIS) continued as one of the major channels of educating the general masses on their tax and customs obligations. A total of forty eight (48) radio shows were conducted during the reporting period, mainly focusing on Income Tax, VAT and Customs as well as the Sekulula VAT Easy Campaign.

5.5.6 International Customs Day Commemoration

In line with practice amongst members of the World Customs Organisation (WCO), the SRA commemorated the International Customs Day during an event held at Royal Swazi Spa, Ezulwini. The theme of this year’s event was ***“Coordinated Border Management: an Inclusive approach for connecting Stakeholders”.*** During the event, the SRA recognised certain stakeholders for the role they continue to play within the customs space in the country. This event was also used as an opportunity to promote all SRA Customs modernization projects including the Sekulula VAT Easy initiative.

5.5.7 Corporate Social Investment

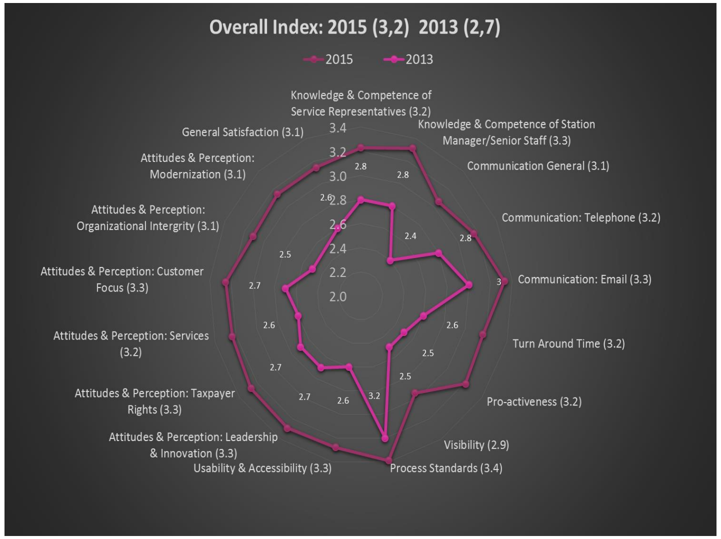
Following the approval of the organisation’s corporate social investment policy and plan last financial year, the stakeholder sensitization in relation to the primary target audience for this programme continued. During the reporting period the Governing Board appointed the Commissioner for Domestic Taxes, Mrs. Nompumelelo W. Dlamini as the ambassador for the programme in her capacity as the Business Woman of the Year 2014. Mrs Dlamini led visits to assess the situation in potential beneficiaries, namely: Siteki School for the Deaf; High School for the Deaf in Matsetsa; St Joseph’s Primary and High Schools and Manzini National Library. As part of the funding support, the SRA issued scholarship to a student with visual impairment to study at Amadi University College in Mbabane.

5.5.8 Customer Satisfaction Survey

The SRA conducted its second customer satisfaction survey during the year under review. This survey delivered a rating of

3.2 against a 4 point Likert Scale. This was 0.7 point improvement on the one conducted in 2013. The achievement of 3.2 meant the SRA was rated at 80% by its taxpayers and stakeholders in relation to service delivery. Figure 15 is the summary for the organisation's overall performance.

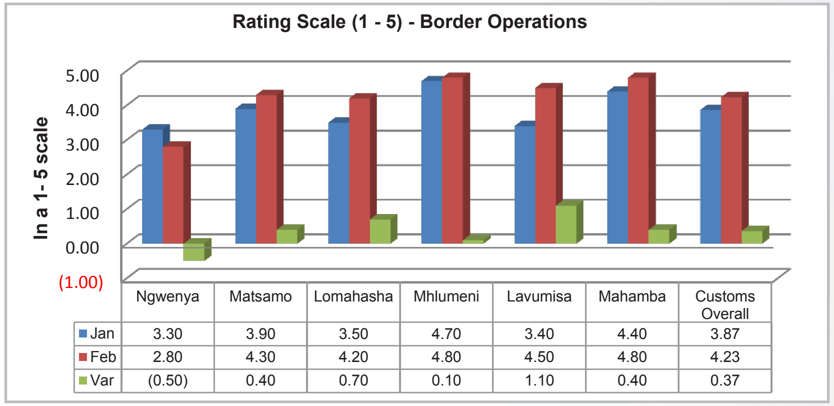
Figure 15: Results of Customer satisfaction Survey



5.5.9 Border Operations Satisfaction Survey

As part of Customer and Stakeholder Centricity initiative, Customs piloted customer satisfaction survey at Ngwenya in December 2014. The objective was to capture taxpayers' opinions, complaints, concerns as well as compliments. This initiative was rolled out to all the six commercial borders (Lavumisa, Lomahasha, Mahamba, Matsamo, Mhlumeni and Ngwenya) with monthly surveys undertaken with effect from January 2015. A total of one hundred and eight (108) and one hundred and forty five (145) respondents gave feedback for the month of January and February respectively. A summary of the findings is depicted in figure 16 below.

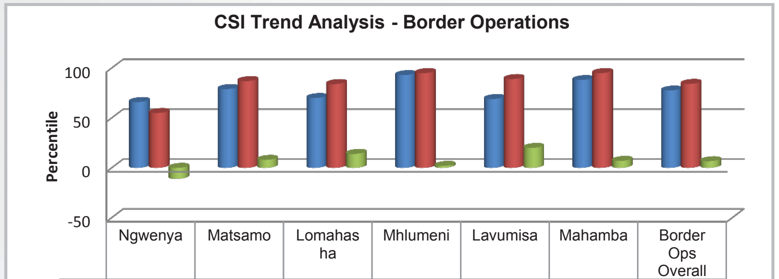
Figure 16: Customs Satisfaction Survey Rating Results



	Ngwenya	Matsamo	Lomahasha	Mhlumeni	Lavumisa	Mahamba	Customs Overall
Jan	3.30	3.90	3.50	4.70	3.40	4.40	3.87
Feb	2.80	4.30	4.20	4.80	4.50	4.80	4.23
Var	(0.50)	0.40	0.70	0.10	1.10	0.40	0.37

Overall assessment indicates that there is generally positive movement across all measured variables on a month-on-month basis. The findings indicate that stations have been able to deliver a positive customer experience at service points as indicated in figure 17 overleaf.

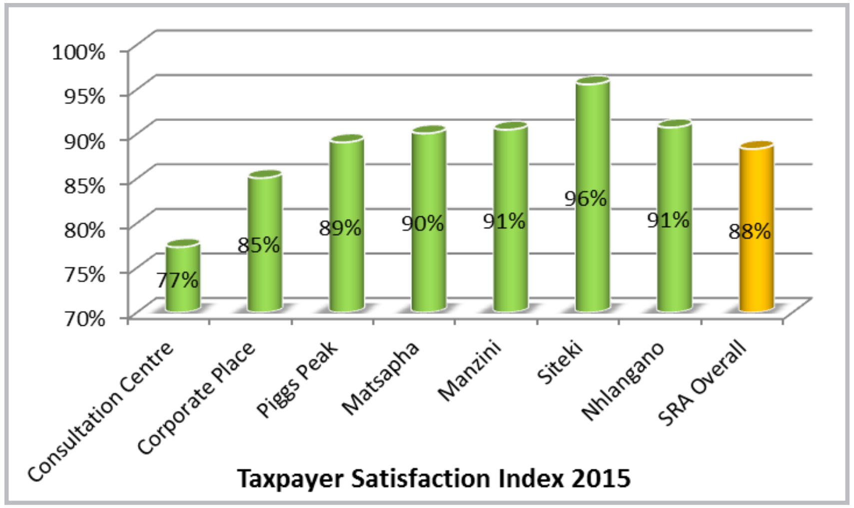
Figure 17: Customer Satisfaction Index Trend Analysis for Border Operations



	Ngwenya	Matsamo	Lomahasha	Mhlumeni	Lavumisa	Mahamba	Border Ops Overall
Jan	66	79	70	93	69	88	78
Feb	55	87	84	95	89	95	84
Var	-11	8	14	2	20	7	7

For domestic taxes a total of about one thousand four hundred and seventy seven (1,477) respondents from the different Service Centres were requested to rate the service provided by SRA as part of the Taxpayer Satisfaction index. The results indicate a satisfaction level at 88% with Siteki being the highest at 96% and the Consultation Area in the SRA HQ the lowest at 77%. Figure 18 below indicates the comparative Taxpayer Satisfaction index per Service Centre.

Figure 18: Taxpayer Satisfaction Index for Domestic Taxes Service Centres



5.6 Estates and Administration

5.6.1 Infrastructure Development and Refurbishments

The SRA implemented a number of capital projects as part of refurbishing infrastructure to enhance operational efficiencies. Below is a summary of progress attained as at the end of the reporting period.

Extension of Lavumisa Border Post – The project is 75% complete in terms of the overall plan. The Exit Cargo Inspection facility and truck parking is now at procurement stage. A tender for the Integrated Security System was awarded in November 2014; work commenced in January 2015 and was expected to be completed in March 2015.

Extension of Ngwenya Border Post – the project is 45% complete according to the plan. Phase I (including construction of tourism office, toilets and improvements in the customer hall) is 98% complete. Commissioning of the air conditioners is pending and awaiting SEC to install a bigger transformer to enable operation of air conditioners. Phase II (construction of police post, port of health, transformer house and improvements to Customs back office) was at 10% completion at the end of the reporting period. Cargo Inspection and truck parking was at tender procurement stage.

Fencing of Border Posts Phase I – this project was 80% complete at the end of the period under review. Fencing works were completed at Bulembu, Nsalitje, Mahamba, Gege and Sandlane, while ongoing at Sicunusa (5%) and Lundzi (60%). Works were yet to commence at Matsamo and Lomahasha after tenders were awarded.

Refurbishment of Mahamba Border Post – The contractor was on site and works at 5% completion at the end of the period.

Development of SRA HQ – The project was 5% complete during the period under review. Land acquisition and project scoping and public comments have been completed and design concept formulated. An Environment Impact Assessment had commenced while site survey and ground investigations were underway.

5.6.2 Procurement of Goods and Services

The Management Tender Committee (MTC) approved the appointment of vendors to provide various goods and services to SRA, including construction services. A total of sixty six (66) procurements were awarded for the provision of goods and services at a total value of E107,443,495 during the financial year. Table 7 below indicates the value and number of tender procurements by SRA to provide various types of goods, services and construction services.

Table 7: Procurement statistics for the financial year 2014/15

Procurement Type	Quantity	Value (E)
Goods	12	15,625,059
Services	31	32,668,373
Construction	23	59,150,063
Totals	**66**	**107,443,495**

6. STRATEGY AND MODERNIZATION PROGRAMMES

6.1 New Strategy Development

The new SRA strategic plan for 2015/16 - 2017/18 was developed during the year and approved by the Governing Board. It has been submitted to the Ministry of Finance for approval by Cabinet. The strategy is set for implementation in the beginning of the 2015/16 financial year and has twelve (12) strategic objectives. Strategy engagement sessions with staff were carried out from January 2015 through to March 2015 to socialise the strategy with all the SRA staff where the Commissioner General was visiting all the SRA offices and border posts to present the new strategic plan. The SRA uses the performance scorecard which embraces the Balanced Scorecard methodology - a framework that focuses on financial, customer, internal processes, and learning and growth requirements of the organisation in order to create a system of linked objectives, measures, targets and initiatives which collectively describe the strategy implementation of the organisation. Cutting across the strategy are three themes stipulated as follows: build sustainable organisation of talented, competent and inspired people; increase voluntary compliance; and, innovation and continuous improvement. The strategy is anchored by the following values: performance excellence; customer centricity; innovative; integrity; transparency and accountability.

6.2 Modernization Programme

SRA implemented a number of initiatives to expedite modernisation of operations and improve operational efficiencies.

6.2.1 Integrated Revenue Administration System Project

In the financial year 2014/15 the Integrated Revenue Administration System (IRAS) Project completed the delivery of functionality to support all the tax cycles and types, including Fuel Tax, Casino Levy, VAT Reverse Charge and Withholding Tax. Debts were migrated from the old Income Tax System to the new RMS, which provides the underlisted functionalities:

- Provide a single SRA Taxpayer Identification Number (TIN) for use across all tax types.
- Support of Accrual Accounting / Debt Management.
- Support self-assessment.
- Provide taxpayers with a wide range of payment options such as EFT.
- Provide online services (e-Tax).
- Provide a 360 degree view of the taxpayer across all taxes.

The focus for the financial year 2015/16 shall be on enhancements, involving reviewing existing functionalities to align the modules to processes and resolve gaps that can be closed or improvements that can be delivered. Other enhancements shall include the integration of the system to other third party systems such as the Customs System and Banking Systems.

6.2.2 Change Management Project

The SRA continued to implement the change management initiative, which is aimed at building a culture of effective change management in the organisation. This initiative was incorporated in the scorecards of all supervisors in the SRA to ensure that all major changes are discussed within all SRA teams. Two assessments were conducted to ascertain change readiness within the SRA on major initiatives. The first assessment conducted in September 2014 indicated that SRA was marginally ready for changes coming with the major initiatives. The final change readiness assessment was conducted in April 2015 and the results showed an improvement from the midterm assessment, as the SRA is comfortably ready for changes.

An internal meetings framework was also adopted, which provided guidance on how information could be shared from top to bottom and bottom to the top. The framework consisted of extended EXCOM meetings, departmental management meetings and the management brief. The External Meetings Framework was also adopted, which provides guidance on formal annual engagements between the SRA and major stakeholders such as Government Principal Secretaries, Captains of Industry and the Media. The partnerships established with stakeholders ensure that compliance obligations are understood and customer service is enhanced so that the costs of collection and cost of compliance can be minimised and revenue collection maximised.

6.2.3 Enterprise Content Management Programme

The Documents and Records Management Project was established to administer the implementation of the SRA scanning solution. Under this project, a vendor has been appointed to handle the implementation of the solution. Stage1 of the project seeks to deploy a scanning and retrieval solution for Customs, Domestic Taxes and Human Resources. This is meant to ensure that all records within these departments are scanned and retrievable electronically according to approved processes. The project is currently on user acceptance testing of Stage 1.

6.2.4 Enterprise Project Management

SRA embarked on an Enterprise Project Management (EPM) project that seeks to integrate projects with strategic objectives through the use of a collaborative project management system. Delivery of the first phase of the project, that is the core functions of EPM, has been completed. The scope of the first phase covered:

- Central scheduling of all major projects, and allocation of tasks to project team members.
- Management of budgets and actual expenditure.
- Management of issues, risks and lessons learnt.
- Central reporting of progress on deliver of scope, budget, resolution of issues and management of risks.

6.2.5 Integrated Human Resources Management System

In the financial year 2014/15, three (3) modules of the Integrated Human Resources Management System (IHRMS) system were signed off, namely: Recruitment; Wellness; and, Employee Relations Module. The Payroll Module was taken over from KPMG and is now in-house. SRA staff can now access their payslips on the intranet. The roll-out of more modules in the system shall continue in the coming financial year.

7. GOVERNANCE

7.1 Governing Board Business

The Governing Board and its Committees met as stipulated in the Revenue Authority Act, 2008, approving various strategic initiatives, including policies, as indicated in table 8 below.

Table 8: Governing Board Sessions as at period ended 31 March 2015

Board and Sub-Committees	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Audit Committee	24 June 2014	13 September 2014	19 November 2014	26 February 2015
Human Resource and Ethics Committee	14 May 2014	11 August 2014	5 November 2014	26 February 2015
Finance and Tender Committee	7 May 2014	13 August 2014	19 November 2014	25 February 2015
Full Board	18 June 2014	27 August 2014	27 November 2014	2 March 2015

The Governing Board managed to carry out its mandate successfully during the year, despite having two of its members not being replaced on time thus affecting sittings. However as of October 2014, Mr. Bonginkhosi Nsingwane and Ms. Khethiwe Mhlanga were appointed into the Governing Board.

7.2 Legal Services

Drafting of the following legislation was finalised during the reporting period;

- Revenue Appeals Tribunal Bill.
- Income Tax (Amendment) Bill.
- Customs and Excise (Amendment) Bill.
- Tax Compliance Certificate Regulations.

These Bills were presented to Cabinet; recommendations were made by Cabinet and those have been incorporated into the Bills.

Draft amendments to the VAT Regulations, whose purpose is to align with the introduction of the VAT Refund System between South Africa and Swaziland, were completed and presented to the Parliament Finance Committee.

7.2.1 Corporate Legal Services

There were seventy one (71) Third Party Agreements concluded during the 2014/15 financial year; twenty-nine (29) for construction services, twelve (12) lease Agreements, fourteen (14) for the provision of consultancy services, thirteen (13) Service Level Agreements and one (1) purchase agreement. There were six (6) pending Agreements as at the end of the period, which were either still undergoing negotiations or awaiting signature as indicated in table 9 below. Various existing agreements were also renewed.

Table 9: Third Party Agreements as at 31st March 2015

Service	Concluded	Pending
Consultancy	14	0
Construction	29	1
Leases	12	0
Purchases	1	1
SLA	13	1
MOUs	2	3
Total	**71**	**6**

7.2.2 Legal and Regulatory Compliance

In line with best practice and to ensure that the organisation does comply with all the relevant governing legislation, a Legal Compliance Policy was approved; rolling out of the Compliance Framework will commence at the beginning of the next financial year. This also ties in with the SRA's vision to be, among other things, a credible Revenue Authority.

7.3 International Agreements

Negotiations for the conclusion of agreements for the avoidance of Double Taxation Agreements took place with the following countries:

a) **DTA with Republic of Mauritius** - The existing DTA with Mauritius was re-negotiated in November 2014 to close loopholes that had been identified, which could possibly contribute to revenue leakages and to also align it with new developments in international treaties.

b) **DTA with Malawi** - A new DTA was negotiated and agreed in December 2014 as part of the SADC facilitated DTA negotiations where it was expected that at least four new treaties would be concluded. However three of the earmarked countries pulled out.

c) **DTA with Lesotho** - The DTA with Lesotho was also amended in December 2014 to bring it in line with changes in the international treaties.

d) **DTA with the State of Qatar** - Negotiations for the agreement and conclusion of a new DTA with the State of Qatar took place in March 2015. However, the negotiations could not be completed and it is expected that a second round of negotiations will take place, culminating in signing of the Agreement.

7.4 Enterprise Risk Management

The SRA has prioritized risk management. The risk management policies and framework guide all initiatives aimed at embedding an effective risk management culture within the organization. The Risk Management Committee that meets monthly oversees the management of all the business risks. Activities within risk management are monitored through monthly and quarterly reports to the Executive Committee and Audit Committee, respectively. The Executive Committee is responsible for identifying strategic risks relating to the Strategic plan and these are reviewed periodically for relevance and completeness. During the reporting period business risks were identified and managed by line management in each directorate wherein a comprehensive risk register was documented and updated monthly. Periodic reviews of the risk registers were performed in line with policy to ensure that the risks identified and the residual ratings are relevant and accurate. This included emerging risks identified during the year. Projects risks were managed within each project through the project boards.

7.4.1 Business Continuity Management

In an effort to build a resilient organization with the capability of an effective response that safeguards the interests of key stakeholders, reputation, brand and value-creating activities, the rollout of the Business Continuity Management (BCM) policy was undertaken in the year under review. Since this is an organizational wide initiative, the rollout has been broken into stages in line with the internationally acceptable practices. The main focus for the year was conducting a comprehensive business impact analysis wherein the organization, its key functions and the constraints of the environment in which it operates was assessed and documented. This is a foundational step in the BCM process onto which other processes build. The various recovery strategy options were also documented and will inform the recovery options as the plans are documented.

7.4.2 Occupational Health and Safety matters

The SRA is committed to providing a safe and healthy working environment for its employees and as such has in place a policy guiding all the activities in this area. A comprehensive gap analysis covering all the SRA's work places was conducted during the year, mainly to establish priority areas and inform future programmes.

7.5 Internal Audit

In the period under review the following internal audit projects were conducted: Value Added Tax Compliance; Systems Manual, Documented Procedures and Process Flows; Shrinkage of Taxpayer Base; Taxpayer Records; Systems Failure: RMS and ASYCUDA; State Warehouse; Follow-up Voluntary Compliance and Follow up Procurement. An Ad-hoc audit on Data Migration was conducted at the request of the Data Migration project team.

A verification exercise was performed on personal computer units and SRA motor vehicles before they were disposed. Also ten (10) houses previously owned by the Royal Swaziland Police at Ngwenya Border Post were verified before they were demolished as part of the responsibility given to SRA to manage all infrastructure at this station.

From the review of various audit work undertaken, the internal audit function concluded that the internal control systems within the Swaziland Revenue Authority were partially adequate and partially effective in providing reasonable assurance as to the achievement of the Swaziland Revenue Authority strategic objectives.

7.6 Internal Affairs

7.6.1 Investigations

The SRA has in the period under review continued with its drive to promote integrity and an ethical culture in the organisation. In as much as the organisation has developed and implemented programmes towards this initiative, there were some acts of misconduct that were observed. Thirty two (32) complaints were received and registered of which thirty (30) were converted into active investigations. There were twenty (20) active investigations inherited from the previous year. Thirty four cases (34) were closed for various reasons. The closed cases can be categorised as follows:

- Twenty five (25) closed for lack of evidence;
- Four (4) finalised and transferred to disciplinary hearings for fraud and violation of SRA Employee Code of Ethics and Conduct (i.e., Conflict of Interest and Leakage of Confidential SRA information).
- One (1) transferred to the Royal Swaziland Police for criminal investigation; and
- Four (4) transferred to various Departments of the organisation for further processing.

At the close of the financial year, the SRA had a balance of sixteen (16) active investigations.

7.6.2 Integrity Awareness

The 2014/15 Annual Integrity Awareness programme was developed and implemented. For external stakeholders the focus was on addressing the results of the SRA Customer Perception Survey for the previous year in terms of fostering support to SRA whistleblowing initiatives, SRA No Gift Stance and whistle Blowing Toll-Free Line. For internal stakeholders staff was reached to unpack and promote the Whistleblowing Policy and the Toll-Free Line as well as remind the staff about the "SRA No Gift Stance"; and also sensitize staff on the Code of Ethics and Conduct (importance of integrity and ethical behaviour whilst carrying out SRA duties).

7.6.3 Oversight Tasks

In compliance with the SRA Employee Code of Ethics and Conduct, and adherence to the SRA No Gift Stance, staff declared and surrendered gift items they had received. These gifts were disposed of through the following methods:

- returned to beneficiary employee;
- donated to charity;
- destroyed the gift item (particularly where the item has expired or in instances where it was considered inappropriate to give the gifts to charity); and
- Transferred gift to the SRA Finance Division to be used in SRA activities such as Corporate Social Investment.

The SRA continued to observe a decline in the gifts given to staff. This is attributed to the integrity awareness programme sensitising both external and internal stakeholders about the SRA No Gift stance.

7.6.4 Review of Income and Asset Declarations

Towards maintaining a good institutional integrity system, members of staff adhered to the dictates of the Code of Ethics and Conduct and declared their income and assets which they had obtained in the year 2014/15. These forms were reviewed and a total of forty six (46) officers were found to be either directors, co-directors or shareholders of companies.

8. ORGANIZATIONAL GROWTH AND LEARNING

8.1 Staff Recruitment and Trainings

The staff compliment as at 31st March 2015 stood at six hundred and fifty two (652) against an authorized head count of six hundred and sixty nine (669). Voluntary staff turnover during the period under review recorded 2.6%.

8.2 Learning and Development

SRA believes that the opportunity for development is key to attracting and retaining the right people, and this forms a significant part of our value proposition to current and future employees. Significant learning and development that was carried out during the reporting period. Areas covered include Basic Principles of Tax Law, Customs Intermediate training and the Management Development Programme (MDP). A total of one hundred and thirty nine (139) staff members successfully completed the Customs Intermediate training. The MDP aims to establish a consistently high quality management capability throughout the whole organisation. A precondition to the establishment and maintenance of management capability as a short and long-term strategic differentiator is an informed, shared, well-practised and practical management philosophy. Management capability is a precondition to:

- Having awesome talent in the organization;
- A world-class organization; and,
- Delivering to all stakeholders (specifically employees and tax payers) a positive and differentiated experience.

8.3 Job Evaluation and Job Profiling

The organization appointed Deloitte Consulting (Pty) Ltd to conduct a job evaluation exercise. Deloitte profiled and evaluated three hundred (300) jobs. The SRA elected to adopt the T.A.S.K® (the Tuned Assessment of Skills and Knowledge) Job Evaluation System to grade jobs. It is through job evaluation that the organization determines the relative value of jobs in the organization. The output of the job evaluation project was a job grade structure. At the end of the first leg of the job evaluation project the organization submitted a request to the Ministry of Finance for approval for SRA to conduct a remuneration benchmarking exercise on the basis of which to develop a remuneration structure that is aligned to the new job grade structure.

8.4 Changes in employment conditions

All staff members below management level from grades 1 to 6 are now on permanent and pensionable basis. This change was mainly effected on contractual employees on grades 4 to 6 as part of initiative. Senior Management and Executive were retained on contract terms of employment.

8.5 Employee Wellness

SRA offers employees a comprehensive Employee Wellness Programme, facilitated through the Swaziland Business Coalition Against HIV/AIDS (SWABCHA). The programme provides employees with assistance and support for a wide range of personal issues, including stress management, financial matters, and even debriefing and counselling service for employees who may be exposed to traumatic events such as robberies. Significant wellness interventions that were conducted during the reporting period included human immunodeficiency virus (HIV), tuberculosis, blood glucose, blood cholesterol, blood pressure and body mass index tests.

The SRA hosted a family fun day for the employees to unwind, strengthen the networking and engage in several fun activities in appreciation of the positive contribution they make within the organization. The gesture was also extended to family members who are regarded as a main support system to the employees. More than two thousand (2, 000) participants attended the event.

The organization also participated in the annual Inter Revenue Games hosted by Zimbabwe Revenue Authority in Harare during the Easter weekend in which seventy two (72) staff members participated.

SWAZILAND REVENUE AUTHORITY
(Own Accounts)

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2015

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STATEMENT OF RESPONSIBILITY BY THE BOARD MEMBERS
for the year ended 31 March 2015

The Board Members are responsible for the preparation, integrity and fair presentation of the financial statements of the Swaziland Revenue Authority. The financial statements presented on pages 40 to 69 have been prepared in accordance with International Financial Reporting Standards, and include amounts based on judgements and estimates made by management. The Board Members also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

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

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

The financial statements have been audited by the independent accounting firm, PricewaterhouseCoopers, which was given unrestricted access to all financial records and related data, including minutes of the Board Members and Committees of the Authority. The Board Members believe that all representations made to the independent auditors during their audit are valid and appropriate. PricewaterhouseCoopers' audit report is presented on page 39.

The annual financial statements which appear on pages 40 to 69 have been approved by the Board Members and are signed on its behalf by:

BOARD CHAIRPERSON	COMMISSIONER GENERAL
12/08/2015	29/07/2015
DATE	DATE

ANNUAL REPORT 2015

INDEPENDENT AUDITOR'S REPORT

To the Governing Board of Swaziland Revenue Authority

We have audited the accompanying financial statements of Swaziland Revenue Authority, which comprise the Board Members' report, the statement of financial position as of 31 March 2015, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes, as set out on pages 40 to 69.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Authority as of 31 March 2015 and of its financial performance and its cash flows for the year then ended in accordance with Swaziland and International Financial Reporting Standards, and in the manner required by the Revenue Authority Act, 2008.

PricewaterhouseCoopers
PricewaterhouseCoopers
Partner: *Paul Lewis*
Chartered Accountant (Swaziland)
Date: 18 August 2015
Mbabane

BOARD MEMBERS' REPORT
for the year ended 31 March 2015

1. Nature of business

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

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

2. Financial performance

The recurring expenditure for the year amounted to E325 545 409 (2014: E290 093 290). The Authority incurred capital expenditure of E83 701 312 (2014: E97 244 134) on property plant and equipment and intangible assets. Full details of the financial results are set out on pages 43 to 69.

3. Cashflow for the year

Cash and cash equivalents at the end of the financial year were E115.496 million (2014: E170.166 million). A detailed statement of cash flows is on page 46.

4. Transfer of Fixed Assets to the Authority by Government

In terms of the Memorandum of Agreement between the Government of Swaziland and the Swaziland Revenue Authority, the former is supposed to transfer all assets occupied and utilised by the Department of Customs and Excise and the Department of Taxes in accordance with any legal requirement that pertains to ceding associated property rights by the Government to the Revenue Authority. Even though these assets were being utilised by the Revenue Authority at 31 March 2015, the formal transfer process had not been undertaken by Government. These have however been capitalised on the basis of the right of use granted in terms of the Memorandum of Agreement and the Revenue Authority Act, 2008.

5. Corporate governance issues

Corporate Governance:

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

5. Corporate governance issues (continued)

Corporate Governance:

Social Responsibility:
The Authority is fully committed to putting back into the community and to minimize the impact of illnesses on its staff in order to save lives and ensure sustainability of the Authority. To this end in 2013, The Authority established a fully-fledged wellness office and has continued to support initiatives aimed at improving the lives of the people within the communities it operates in. The Authority has put in place a Corporate Social Responsibility programme which focuses on education of young people living with disabilities with special emphasis on the visually challenged, and those with hearing and speech impairment.

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

Non-executive Board Members

Chairperson: Mr. Ambrose Dlamini
Board Members: Mr Sthofeni Ginindza -Vice Chairperson
Ms Khabonina Mabuza - Member
(Resigned 21 November 2014)
Mr Majozi Sithole - Member
Mr Mhlabuhlangene Dlamini - Member
Mr Bonginkosi Nsingwane - Member (Appointed 1 October 2014)
Ms Khethiwe Mhlanga - Member
(Appointed 1 October 2014)
Mr Bheki Bhembe - Member
(Appointed 21 November 2014)

Executive Member: Mr Dumsani Masilela
Commissioner General

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

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

8. Investment Managers

The following financial institution was the investment manager of the Authority during the year:

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

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**
Second Building	P O Box 5628
Mbabane Office Park	Mbabane
Mbabane	H100
Swaziland	Swaziland

10. Auditors

The auditors of the Authority are:

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

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2015

	Note	2015 E	2014 E
Revenue			
Government funding for recurring expenditure		**325 545 409**	290 093 290
Other income	1	**453 523**	245 422
Gain/(loss) on disposal of assets	1	**432 216**	(463 735)
Total revenue		**326 431 148**	289 874 977
Expenses			
Administrative expenses		**(136 006 877)**	(128 060 943)
Staff costs	4	**(189 538 532)**	(162 032 347)
Operating surplus/(loss)	2	**885 739**	(218 313)
Finance income	3	**10 734 841**	8 933 403
Finance cost	3	**(382 324)**	(342 746)
Surplus for the year		**11 238 256**	8 372 344
Total comprehensive income for the year		**11 238 256**	8 372 344

STATEMENT OF FINANCIAL POSITION
for the year ended 31 March 2015

Assets	Notes	2015 E	2014 E
Non-current assets			
Property, plant and equipment	5	**242 422 346**	183 497 719
Intangible assets	6	**28 616 750**	34 903 785
		271 039 096	218 401 504
Current assets			
Other Assets	7	**6 251 523**	4 216 009
Cash and cash equivalents	8	**115 495 962**	170 166 553
		121 747 485	174 382 562
Total assets		**392 786 581**	392 784 066
Reserves			
Accumulated surplus		**31 792 802**	20 554 548
		31 792 802	20 554 548
Liabilities			
Non-current liabilities			
Employee benefits provision	9	**6 838 045**	48 391 698
Borrowings	12	**4 670 094**	1 397 938
Deferred grant income	10	**271 039 096**	218 401 503
Total Non-current liabilities		**282 547 235**	268 191 139
Current liabilities			
Other payables	11	**32 487 312**	27 407 346
Employee benefits provision	9	**7 766 882**	2 253 904
Borrowings	12	**1 756 903**	793 056
Deferred grant income	10	**36 435 447**	73 584 073
Total current liabilities		**78 446 544**	104 038 379
Total liabilities		**360 993 779**	372 229 518
Total reserves and liabilities		**392 786 581**	392 784 066

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2015

	Accumulated Surplus	Total E
Balance at 31 March 2014	**20 554 546**	**20 554 546**
Total comprehensive income for the year	**11 238 256**	**11 238 256**
Balance at 31 March 2015	**31 792 802**	**31 792 802**
Balance at 31 March 2013	12 182 200	12 182 200
Total comprehensive income for the year	8 372 346	8 372 346
Balance at 31 March 2014	20 554 546	20 554 546

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STATEMENT OF CASH FLOWS
for the year ended 31 March 2015

	Note	2015 E	2014 E
Cash flows from operating activities			
Cash utilised by operations	13	**(317 671 961)**	(243 573 452)
Net cash utilised in operating activities		**(317 671 961)**	(243 573 452)
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(74 890 058)**	(64 203 614)
Proceeds from sale of property, plant and equipment		**679 304**	-
Acquisition of intangible assets		**(6 323 879)**	(33 036 053)
Net cash utilised in investing activities		**(80 534 633)**	(97 239 667)
Cash flows from financing activities			
Net grant funding received from the Government	10	**339 300 000**	339 800 000
Increase/(decrease) in borrowings		**4 236 004**	(700 790)
Net cash generated from financing activities		**343 536 004**	339 099 210
Net decrease in cash and cash equivalents		**(54 670 590)**	(1 713 909)
Cash and cash equivalents at beginning of the year		**170 166 552**	171 880 461
Cash and cash equivalents at end of the year	8	**115 495 962**	170 166 552

1. General information

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

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

2. Basis of preparation

The financial statements of Swaziland Revenue Authority have been prepared in accordance with International Financial Reporting Standards, IFRIC Interpretations, and in compliance with the Revenue Authority Act of 2008. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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

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

2.1 Changes in accounting policy and disclosures

New and amended standards adopted by the Authority
There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 April 2014 that would be expected to have a material impact on the Authority.

2.1 Changes in accounting policy and disclosures (continued)

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

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Authority is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015.

3. Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

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

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

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

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

The Office furniture and equipment, Computer equipment and motor vehicles are stated after deducting government grants.

3. Property, plant and equipment (continued)

The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of construction overheads of normal capacity.

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

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

4. Capitalisation of borrowing costs

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

5. Impairment of assets

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

In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. A cash generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses in respect of cash-generating units are allocated to assets in the cash-generating unit on a pro rata basis.

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

6. Financial assets

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

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

A Financial assets at fair value through profit or loss

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

B Loans and receivables

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

C Held-to-maturity investments

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

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

D Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date.

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

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

7. Revenue recognition

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

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

Revenue is recognised as follows:

(i) Government funding

a) SRA is funded through funds appropriated by Parliament on an annual basis and disbursed by the Ministry of Finance and Ministry of Economic Planning and Development.
b) Government funding relating to the recurrent expenditure of SRA, disbursed for the purpose of giving immediate financial support to SRA with no future related costs, are recognised in the Statement of Comprehensive Income in the period in which they become receivable.
c) Capital and development funds, whose primary purpose is to construct, or otherwise acquire non-current assets, are recognised in the statement of changes in reserves and an amount equivalent to the depreciation determined on a historical cost basis is transferred from capital reserve to the accumulated surplus/(deficit).

(ii) Interest income

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

(iii) Commissions, auction sale proceeds, and other income earned

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

8. Finance income

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

9. Finance cost

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

10. Financial risk management

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

10.1 Currency Risk

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

10.2 Interest rate risk

Financial Instruments that are sensitive to interest rate risk are bank balances and cash. A 1% increase in interest rates would result in an additional surplus for the year of E46 795 while a decrease in interest rates by a similar margin would result in an equal opposite effect.

10.3 Credit risk

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

(i) Cash and cash equivalents - all deposits and cash balances are placed with reputable financial institutions.

ii) Staff debts are recovered in terms of the applicable policy and procedures directly from the employee's salary.

10 Financial risk management (continued)

10.4 Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. SRA manages its liquidity to ensure it is able to meet expenditure requirements. This is achieved through prudent liquidity risk management which includes maintaining sufficient cash resources. Since SRA is funded through Government subvention, it does not regard the liquidity risk to be high. Borrowings due over 1 year have been discounted using 12% which is the rate implicit in the lease agreement and was taken as a market rate.

	Less than 1 year E	Between 2 and 5 years E	Over 5 years E	Total E
31 March 2015				
Financial Liabilities:				
Other payables	**32 487 312**	**-**	**-**	**32 487 312**
Borrowings	**1 756 903**	**4 670 094**	**-**	**6 426 997**
	34 244 215	**4 670 094**	**-**	**38 914 309**
31 March 2014				
Financial Liabilities:				
Other payables	27 407 346	-	-	27 407 346
Borrowings	793 056	1 397 938	-	2 190 994
	28 200 402	1 397 938	-	29 598 340

11. Provisions

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

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

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

12. Cash and cash equivalents

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

13. Trade receivables

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

14. Borrowings

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

15. Employee benefits

Short-term employee benefits

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

Termination benefits

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

Pension obligation

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

For the defined contribution plan, the Authority pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. 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.

16. Grants received

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

17. Derecognition of financial assets and liabilities

Financial assets are derecognised when the contractual right to receive cash flows from the assets has expired; or when the Authority has transferred its contractual right to receive the cash flows of the financial assets, and either:
– Substantially all the risks and rewards of ownership have been transferred; or
– The Authority has neither retained nor transferred substantially all the risks and rewards, but has not retained control.

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

18. Offsetting financial assets and financial liabilities

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

19. Critical accounting estimates and judgements

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

20. Foreign Currencies

The financial statements of SRA are prepared and presented in Emalangeni(E), the currency of the primary economic environment in which SRA operates and the functional currency. Transactions in currencies other Emalangeni are recorded at functional currency rate ruling at the date of the transaction.

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

21. Terminal gratuities

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

22. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all risks and rewards of ownership to lessee. All other leases are classified leases.

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

	2015 E	2014 E
1. Other income and expenses		
Tender deposits from approved suppliers	**453 523**	245 422
Gains/(loss) on disposal of assets	**432 216**	(463 735)
	885 739	(218 313)
2. Operating surplus		
The operating surplus is arrived at after taking into account the following items:		
Amortisation of intangible assets (note 6)	**12 610 914**	1454 813
Auditors' remuneration		
Audit fees	334 963	67 430
Other fees	**402 393**	298 730
Depreciation on property, plant and equipment	17 452 717	**12 880 079**
Board Member expenses	**203 145**	223 536
Professional fees and consultancy	**18 677 291**	30 826 885
Staff salaries and benefits (note 4)	**189 538 532**	162 032 347

3. Finance income

Interest received – Nedbank Swaziland Limited	**4 181 359**	5 958 008
Interest received – STANLIB Swaziland	**1 021 118**	-
Interest received – African Alliance	**5 532 364**	2 975 395
	10 734 841	8 933 403

Finance cost

Finance lease charges	**382 324**	342 746

4. Staff salaries and benefits

	2015 E	2014 E
Salaries & wages and other allowances	**162 819 503**	139 825 363
Gratuity provision	**13 034 950**	18 230 162
Provident Fund contribution	**11 002 915**	4 833 356
Pension contributions	**2 655 086**	2 349 017
Leave pay provision – release	**26 078**	(2 683 786)
Severance pay provision – release	**-**	(521 765)
	189 538 532	162 032 347

The average number of employees during the year was 646 (2014:618)

	Land and Buildings E	Containers E	Office Equipment E	Furniture & Fittings E	Motor Vehicles E	Leased Motor Vehicles E	Leasehold Improve-ments E	Computer Hardware E	Work In Progress E	Total E
Year ended 31 March 2015										
Cost or valuation										
Opening balance	126 561 864	328 699	9 493 118	14 459 596	3 420 042	3 559 288	25 392 250	7 014 541	16 002 945	206 232 343
Additions	14 076 392	195 417	6 307 615	87 552	-	6 163 930	-	3 164 767	48 332 952	78 328 625
Disposals	-	-	-	(319 302)	(1 320 550)	-	-	-	-	(1 639 852)
Reclassifications to P/L	-	-	-	-	-	-	-	-	(753 000)	(753 000)
Transfers from WIP	32 173 860	-	-	-	-	-	1 090 007	-	(34 215 061)	(951 194)
At 31 March 2015	172 812 116	524 116	15 800 733	14 227 846	2 099 492	9 723 218	26 482 257	10 179 308	29 367 836	281 216 922
Accumulated depreciation										
Opening balance	(4 327 739)	(69 822)	(5 628 491)	(1 089 352)	(2 419 368)	(1 612 521)	(5 018 047)	(2 569 284)	-	(22 734 624)
Charge for the year	(2 226 545)	(86 989)	(4 397 710)	(1 419 422)	(590 083)	(1 312 015)	(5 842 809)	(1 577 144)	-	(17 452 717)
Reclassifications to P/L	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	107 767	1 284 997	-	-	-	-	1 392 764
At 31 March 2015	(6 554 284)	(156 811)	(10 026 201)	(2 401 007)	(1 724 454)	(2 924 536)	(10 860 855)	(4 146 428)	-	(38 794 576)
Net carrying amount	166 257 832	367 305	5 774 532	11 826 839	375 038	6 798 682	15 621 402	6 032 880	29 367 836	242 422 346

5. Property, plant and equipment (continued)

Property, Plant and Equipment	**Land and Building E**	Containers E	Office Equipment E	Furniture & Fitting E	Motor Vehicles E	Leased Motor Vehicles E	Leasehold Improve-ments E	Computer Hardware E	Work In Progress E	Total E
Year ended 31 March 2014										
Cost or valuation										
Opening balance	80 333 225	124 623	6 518 166	2 298 263	3 420 042	3 559 288	4 417 501	3 138 470	38 703 683	142 513 261
Additions	-	-	633 281	5 971 048	-	-	22 513	71 451	90 545 841	97 244 134
Disposals	(489 000)	-	-	-	-	-	-	-	-	(489 000)
Reclassifications to P/L	-	-	(2 386 071)	-	-	-	-	2 386 071	-	-
Transfer from WIP	46 717 639	204 076	4 727 742	6 190 285	-	-	20 952 236	1 418 549	(113 246 579)	(33 036 052)
At 31 March 2014	126 561 864	328 699	9 493 118	14 459 596	3 420 042	3 559 288	25 392 250	7 014 540	16 002 945	206 232 343
Accumulated depreciation										
Opening balance	(2 683 856)	(25 228)	(2 523 332)	(401 832)	(1 746 644)	(838 574)	(142 681)	(1 517 663)	-	(9 879 810)
Charge for the year	(1 669 148)	(44 594)	(2 498 190)	(687 520)	(672 724)	(773 947)	(4 875 366)	(1 658 590)	-	(12 880 079)
Reclassification	-	-	(606 969)	-	-	-	-	606 969	-	-
Disposals	25 265	-	-	-	-	-	-	-	-	25 265
At 31 March 2014	(4 327 739)	(69 822)	(5 628 491)	(1 089 352)	(2 419 368)	(1 612 521)	(5 018 047)	(2 569 283)	-	(22 734 624)
Net carrying amount	122 234 125	258 877	3 864 628	13 370 244	1 000 674	1 946 767	20 374 203	4 445 257	16 002 945	183 497 719

6. Intangible assets

Capitalized computer software costs for the year ended 31 March 2015:

	2015 E	2014 E
Cost		
At the beginning of the year	**37 112 192**	4 076 139
Additions	**5 372 685**	-
Transfers from WIP	**951 194**	33 036 053
At the end of the year	**43 436 071**	37 112 192
Accumulated amortisation		
At the beginning of the year	**(2 208 407)**	(753 594)
Charge for the year	**(12 610 914)**	(1 454 813)
At the end of the year	**(14 819 321)**	(2 208 407)
Net carrying amount	**28 616 750**	34 903 785

7. Other assets

	2015 E	2014 E
Due from Swaziland Government	**3 090 500**	3 090 500
Rental prepayment and deposits	**1 641 366**	462 239
Inventory control account	**628 793**	187 077
Staff travel and other advances	**755 992**	306 959
Sundry debtors	**134 872**	169 234
	6 251 523	4 216 009

8. Cash and cash equivalents

	2015 E	2014 E
Petty cash	**149 939**	27 820
Nedbank Swaziland Limited	**56 739 107**	60 765 620
African Alliance	**36 834 441**	109 373 113
Stanlib	**21 021 118**	-
Kredient Bank	**751 357**	-
	115 495 962	170 166 553

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

	2015 E	2014 E
9. Employee Benefits Provisions		
Short term provisions:		
Gratuity	**5 705 377**	-
Leave pay	**2 061 505**	2 253 904
	7 766 882	2 253 904
Long term provisions:		
Gratuity	**6 838 045**	48 391 698
Total	**14 604 927**	50 645 602

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.

31 March 2015	**Gratuity** E	**Leave pay** E	**Severance** E	**Total** E
At the beginning of the year	**48 391 698**	**2 253 904**	**-**	**50 645 602**
Amount paid out during the year	**(48 883 226)**	**(218 477)**	**-**	**(49 101 703)**
Charged in the statement of comprehensive income	**13 034 950**	**26 078**	**-**	**13 061 028**
At the end of the year	12 543 422	2 061 505	-	14 604 927

31 March 2014	Gratuity E	Leave pay E	Severance E	Total E
At the beginning of the year	40 447 527	5 085 967	521 766	46 055 260
Amount paid out during the year	(10 285 991)	(148 277)	-	(10 434 268)
Charged in the statement of comprehensive income	18 230 162	(2 683 786)	(521 766)	15 024 610
At the end of the year	48 391 698	2 253 904	-	50 645 602

9. Employee Benefits Provisions (continued)

Severance Pay
The severance pay provision was previously being calculated based on an estimate of those staff members who will retire within the foreseeable future. In 2014, this provision was reversed as the Authority no longer has to bear the liability for severance pay on retirement of employees.

	2015 E	2014 E
10. Deferred grant income	**307 474 543**	291 985 576

10.1 Current

Balance at beginning of year	**73 584 073**	106 322 870
Received from Government – cash	**339 300 000**	339 800 000
Donated Assets	**1 734 376**	-
Grants realised in statement of comprehensive income for funding recurring expenditure excluding depreciation and amortization	**(294 728 778)**	**(275 758 398)**
Asset disposals for the year	**247 088**	463 735
Grants utilised to defray capital expenditure (Note 5,6)	**(83 701 312)**	(97 244 134)
	36 435 447	73 584 073

10.2 Non – current

Balance at beginning of year	**218 401 503**	135 955 996
Grants utilised to defray capital expenditure (Note 5,6)	**83 701 312**	97 244 134
Asset disposals for the year	**(247 088)**	(463 735)
Transfer of depreciation and amortisation on funded assets and reclassifications from WIP to I/S (Note 5,6)	**(30 816 631)**	(14 334 892)
	271 039 096	218 401 503

The authority received a grant amounting to E339 300 000 during the period the year from the Government of Swaziland to facilitate the funding of recurring & capital expenditure incurred and for its daily operations. The Authority also received E1 734 376 worth of assets through donations which included E1 527 110 from the World Bank.

11. Other payables

Retention Provision	**6 967 884**	7 814 561
Accruals	**14 220 706**	3 440 673
Other Payables	**11 298 722**	16 152 112
	32 487 312	27 407 346

	2015 E	2014 E
12. Borrowings		
Current		
Finance lease liabilities	**1 756 903**	793 056
Non current		
Finance lease liabilities	**4 670 094**	1 397 938
Total borrowings	**6 426 997**	2 190 994
Finance lease liabilities – minimum lease payments:		
Not later than 1 year	**2 290 327**	1 019 065
Later than 1 year but not later than 5 years	**5 106 118**	1 552 210
	7 396 445	2 571 275
Future finance charges on finance leases	**(969 448)**	(380 281)
Total minimum lease payments	**6 426 997**	2 190 994

13. Cash flow from operating activities	Notes		
Surplus for the year		11 238 256	8 372 344
Adjustment for non-cash items:			
Depreciation and amortisation	5,6	30 063 631	14 330 423
Loss/(gain) of disposal of assets	1	(432 216)	463 735
Amortisation of Government grant		(325 545 409)	(290 093 290)
		(284 675 738)	(266 922 789)
Changes in working capital:		(32 996 223)	23 353 336
Increase in payables		5 079 966	20 777 116
(Decrease)/increase in provisions		(36 040 675)	4 590 339
Increase in other assets		(2 035 514)	(2 014 119)
Net cash outflows from operating activities		(317 671 961)	(243 573 452)

14 Analysis of financial assets and liabilities by measurement basis

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

	Loans, receivables andother assets E	**Financial assets and liabilities at amortised cost E**	**Available For sale Investment E**	**Total E**
As at 31 March 2015 Financial assets Cash and cash equivalents	**-**	**-**	**115 495 962**	**115 495 962**
Other assets	**6 251 523**	**-**	**-**	**6 251 523**
	6 251 523	**-**	**115 495 962**	**121 747 485**
Financial liabilities				
Other payables	**-**	**32 487 312**	**-**	**32 487 312**
Borrowings	**-**	**6 426 997**	**-**	**6 426 997**
	-	**38 914 309**	**-**	**38 914 309**

	Loans, receivables and other assets E	Financial assets and liabilities at amortised cost E	Available For sale Investment E	Total E
As at 31 March 2014				
Financial assets				
Cash and cash equivalents	-	-	170 166 553	170 166 553
Other assets	4 216 009	-	-	4 216 009
	4 216 009	-	170 166 553	174 382 562
Financial liabilities				
Other payables	-	27 407 346	-	27 407 346
Borrowings	-	2 190 994	-	2 190 994
	-	29 598 340	-	29 598 340

15 Financial instruments – maturity analysis

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

	Less than 1 year E	**Between 2 and 5 years E**	**Over 5 years E**	**Total E**
31 March 2015				
Financial assets:				
Other assets	**6 251 523**	**-**	**-**	**6 251 523**
Cash and bank	**115 495 962**	**-**	**-**	**115 495 962**
	121 747 485	**-**	**-**	**121 747 485**
Financial liabilities:				
Borrowings	**1 756 903**	**4 670 094**		**6 426 997**
Other payables	**32 487 312**	**-**	**-**	**32 487 312**
	34 244 215	**4 670 094**	**-**	**38 914 309**

	Less than 1 year E	Between 2 and 5 years E	Over 5 years E	Total E
31 March 2014				
Financial assets:				
Other assets	4 216 008	-	-	4 216 008
Cash and bank	170 166 553	-	-	170 166 553
	174 382 561	-	-	174 382 561
Financial liabilities:				
Borrowings	793 056	1 397 938	-	2 190 994
Other payables	27 407 346	-	-	27 407 346
	28 200 402	1 397 938	-	29 598 340

16 Related party transactions

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

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

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

The following transactions were carried out with related parties:-

	2015 E	2014 E
16.1 Government of Swaziland		
Grant Received – Cash	**339 300 000**	339 800 000
16.2 Board members fees		
Board Members fees	**203 145**	223 536

17 Commitments

17.1 Operating lease commitments - company lessee

The Authority entered into the following lease agreements:

- Lease agreement with Diesel Services (Pty) Ltd, in which Diesel Services (Pty) Ltd rented offices to the authority. The agreement commenced on 1 September 2014 for a period of three years. The monthly rental is E15,788.92 with an escalation of 8%.

17 Commitments (continued)

17.1 Operating lease commitments- company lessee (continued)

- Lease agreement with Leites Motors (Pty) Ltd in which Leites Motors rented offices to the Authority. The agreement was renewed in 1 January 2014, and is for a duration of 3 years. The monthly rental is E36 140.80.

- Lease agreement with J & E Construction (Pty) Ltd, in which J & E Construction (Pty) Ltd rented offices to the authority. The agreement commenced on 1 October 2012 for a period of three years. It has since been reviewed for another 3 years. The monthly rental is E12,861.54 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 2012, for a period of three years. The monthly rental is E9,104.04 with an escalation of 10%.

- Lease agreement with the Swaziland National Pension 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 E84,570.65, with an escalation of 8%.

- Lease agreement with the Swazi Plaza Properties, in which Swazi Plaza Properties, rented offices to the authority. The agreement commenced on 1 February 2013, for a period of five years. The monthly rental is E111,779.05 with an annual escalation of 8%

- Lease agreement with MBI Estates, in which Swazi Plaza Properties, rented offices to the authority. The agreement commenced on 1 May 2014, for a period of three years. The monthly rental is E8,100 with an annual escalation of 8%.

- Lease agreement with Swaziland Industrial Development Company, in which Swaziland Industrial Development Company rented offices to the authority. The agreement commenced on 1 April 2014, for a period of three years. The monthly rental is E56,081.18 with an escalation of 10%.

- Lease agreement with Ngonini Estates (Pty) Ltd, in which Ngonini Estates (Pty) Ltd rented residential premises to the authority. The agreement commenced on 1 September 2014 for a period of one year. The monthly rental is E7,700. 00

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

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

17 Commitments (continued)

17.1 Operating lease commitments- company lessee (continued)

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

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

	2015 E	2014 E
The future aggregate minimum lease payments under non-cancellable operating lease are as follows:		
Due within one year	**17 977 019**	16 990 965
Due between 1 and 5 years	**39 649 904**	61 246 346
	57 626 923	78 237 311

18 Events after the reporting period

Events since the reporting period:

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

(b) apart from changes in the ordinary course of business, have not made the present financial position substantially different from that shown by the statement of financial position;

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

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