BACKGROUND PAPER

THEME: LEVERAGING TECHNOLOGY TO ENHANCE REVENUE ADMINISTRATION

Seychelles Revenue Commission was created in 2010 with the introduction of a series of new laws.

A decision was taken to also do a full revamp of the AS400, which computer system was already showing signs of fatigue, and most importantly, the developer, Department of Information, Technology and Communication (DICT) was already informing us that they can no longer maintain the system as the supplier of badly needed parts overseas, were no longer supplying.

In view that the AS400 had been in use for over 10 years, it was considered a wise move to get new software to cater for all processes of Domestic Tax Division.

Because of a delay in getting the new system up and fully operational in 2010, a decision was made to start with the portion of the new software that was ready, i.e. registration of all businesses and payment/receipting side only.

A decision was taken to develop audit case selection and case management and debt management in Phase 2 of the process.

Staff got involved throughout the process and training was provided to all.

The first set of problems that SRC encountered had to do with migration of data from the old to the new. For some reasons that could never be explained by the computer gurus, a lot of the data disappeared with migration. In view of the size of the taxpaying population (around 14,000 at the time), a decision was made to manually pull out registration details from each file and double check the data transferred to the new system via the migration. This involved a lot of staff working overtime to complete the registration process. The system was made good via this means.

At the same time, a new Business Activity Statement (BAS Form) was developed, enabling Seychelles Revenue Commission (SRC) to receipt one payment covering all domestic taxes being paid. The advantage of the BAS form was that instead of preparing 5 cheques, in the spirit of simplifying the payment process for the taxpayer, only one cheque was required.

Prior to this new approach, although we had to receipt 5 cheques, for each payment received, the account of the taxpayer was automatically updated. Because of the one cheque to cover 5 different tax types, the process internally became longer whereby we had to issue 1 receipt to the taxpayer but then having to do back office allocation for each tax type.

SRC engaged in a lot of taxpayer education to ensure that taxpayers are aware of the need to make an accurate declaration on the BAS Form. Education was done via the media (radio and television), daily newspaper, the SRC website and also sensitization programmes in all the districts.

In view that the level of comprehension of taxpayers varies, there is even today a particular group of taxpayers where the details on the business activity statement are wrong. Not enough attention is being paid when they are completing the BAS Form. This means that payments received together with the BAS Form gets allocated to the wrong account.

Business Tax is paid in instalments as and when income is being earned and allowed as a credit at the time that the physical business tax return is lodged. Wrong allocation becomes a real issue when allowing a taxpayer a credit for business tax prepaid.

The observation is that in view of the errors on the Business Activity Statement, the credit that we are now allowing to the taxpayers are often wrong, to the point of making SRC loose face in front of the client. On the one hand, we have facilitated the payment process for taxpayers but created a bigger problem for SRC since it has become a real struggle to know the real credit to allow a taxpayer.

Furthermore, all other functions that were supposed to also be computerized, such as automatic issue of reminders, final notices, etc. have not materialized as the computer system is not working correctly and DICT are until today still fixing errors.

Having protested very loudly, we have only this year (2017) been allocated a full time DICT Officer who now sits in our office to assist us to sort out all the computer issues.

Exchange of information within the country & internationally

Despite the concerns expressed, we have made some progress at signing Memorandum of Understanding and exchanging information with other agencies.

Prior to the introduction of CMS in 2010, SRC was already exchanging information with Seychelles Licensing Authority (SLA). Such information includes persons that are operating a business, have registered a motor vehicle in their name, etc., which information is crucial for SRC as it allows us to track unregistered activities for tax purposes.

With the new system, we have managed to negotiate through the use of a Memorandum of Understanding (MOU) with SLA. SRC can view registration details electronically and start registration process much earlier.

A similar attempt was made to link up with Registration Division, whose mandate is to keep a record of all businesses, associations, etc. registered in Seychelles.

Difficulties encountered included persons not yet in business, and only registered a trade name, for copyright purposes, being flagged as a business and being chased by SRC. The matter got so bad that we had to abandon this approach.

There are other bodies that we are currently negotiating MOU with to exchange information. This includes the Financial Intelligence Unit (FIU), National Drugs Enforcement Agency (NDEA), and Immigration Division. They are still work in progress and we are hoping that the experience with Registrar Division will help us avoid such costly mistakes.

On the international front, we do have a number of MOU signed with other jurisdiction such as Mauritius, South Africa, Malaysia and this platform is used on occasions.

However, work has intensified at developing a platform to enable SRC to receive encrypted data from Financial Institution and forward to other jurisdiction under the Common Reporting Standard (CRS).

The Department of Information, Technology and Communications (DICT) have assisted a lot in ensuring that our computer system meets the required standard to facilitate the Automatic Exchange of Information.

Other areas currently being computerized

SRC has for a year now been trying to go paperless by scanning all records and publishing.

Only a dedicated selected group is allowed to scan, edit, correct and publish documents. The rest of the office can only view.

The downside with this project has been with the manpower and machines. Numerous requests made to our parent ministry for funding has not materialized. Furthermore, the computer facilities and scanners we are currently using are extremely slow. We have estimated that it will take years to scan all taxpayers' files unless our plea is heard.

This is a common scenario for budget dependent organizations.

Electronic money transfers for tax payments

In 2015, we developed a platform to enable taxpayers to pay their taxes electronically, hence avoid the extremely long queues in SRC around payment time every month.

Taxpayers have accepted this platform with much skepticism.

Their main claim is that they have no trust in the bank SRC had chosen to transact with.

Despite SRC's attempt to negotiate this service with all banks, only Barclays agreed to offer the service. Other banks claimed they were and are still not ready yet.

General Observations and Lessons Learned

At the start of the project, we developed very clear timeframes that set out each milestone in terms of where we should have reached by certain dates.

Regrettably, I have to say those 6 years later, we are still at Phase 1.

There were undue delays on the part of DICT to fix the problems we were encountering when using the new software.

There was also not enough pre testing of the system.

The launching was so late that instead of starting in January 2010, it started in April 2010 and then again, it was only a part of the full system, with no time to do real testing prior to launching.

A number of staff were deployed to other countries such as Tanzania, Mauritius, and Malaysia on attachment. Yet because of a lack of commitment from the parent ministry, no progress has been made in improving our capacity.

The way forward

It is never a good move to computerize partly.

We need to appreciate that all the pieces of the puzzle are interlinked.

Launching part of full system is a bad decision. Enough time is required to plan, test, fix before launching a new system.

At the end of the day, SRC has lost credibility because the system has been failing us on too many occasions, yet we are adamant that we can do better given the support.