



MAY & JUNE NEWSLETTER 2020

VISION || MISSION || VALUES

Vision: *To be recognized as the best Ministry amongst all Government ministries.*

Mission: *To establish and promote highest standard of professionalism and good work relationship with all stakeholders.*

Values: *Leadership, Transparency, Accountability, Integrity, Honesty, Respect, Commitment, Responsive, Fairness*

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THE MINISTRY of REVENUE & CUSTOMS



Ministry of Revenue & Customs Revenue Policy Amendments .



MINISTRY OF REVENUE AND CUSTOMS

CURRENT & NEW REVENUE POLICIES FOR 2020/2021FY

01/07/2020

Tobacco and Cigarettes

- Increase Excise Tax of Imported cigarettes from \$600/kg to \$750/kg.
- Increase Excise tax of Locally Manufactured cigarettes made from imported Tobacco from \$500/kg to \$580/kg.
- Impose Excise Tax of \$100/kg on Locally manufactured cigarettes Made from locally grown Tobacco (Tapaka Tonga)

Motor Vehicles

- Reduction of Excise Tax on Vehicles of Chapter Heading 8703.
- Vehicles with a CC between 0-1500
Reduce from 50cents/cc to 35cents/cc
 - Vehicles with a CC between 1501-3000
Reduce from 75cents/cc to 50cents/cc
 - Vehicles with a CC exceeding 3000
Reduce from \$1.00/cc to 75cents/cc.

Prohibitions:

Starting 01/10/2020
All Imports of Motors vehicles with a model year older than 15 Years will be prohibited.

Meat of Lamb and Mutton

- Reduce Excise Tax on Lamb Flaps to Free.
- Impose Tax of \$1.15/kg on Mutton Flaps.

Prohibitions:

Starting 01/07/2020
All imports of meat of Mutton breast and Lamb breast will be prohibited

NEW RATES AND EXEMPTION ON FUEL



- Increase of Excise Tax on Imported Fuel from 65 cent per lt to 75 cents per lt.
- Exemption of Excise and CT on fuel of a maximum of 400lt per month per Community Electricity Supply Scheme. (Gazette #19)

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COVID-19 TAX & DUTY RELIEF POLICY

The tax and duty relief are as follows:

- Exempt from duty and tax all imported food items and personal consumer goods not for commercial purposes;
- Zero rating of supply of fish, not including processed fish, for the period of April to June 2020;
- Extension of the due date of lodgement and payment of consumption tax returns and payments due, to the 30th June 2020 with no administrative penalties;
- Extension of the due date of lodgement and payment of income tax returns due, (corporate tax, income tax, small business tax, resident withholding tax, non-resident withholding tax) to the 30th June 2020 with no administrative penalties; and
- Extension of all instalment payment due, to the 30th June, 2020 with no administrative penalties.

EXTENSION OF COVID19 RELIEF -Food and Personal Hygiene



1.Exemption of Duty, Excise and CT on All Imports of food-items and goods for personal Hygiene. (Gazette#16&17)

Conditions:

- Must be imported by a private importer.
- All goods are not intended for commercial purposes.

Extend from 1st July 2020- 31st December 2020

IMPORTS OF GOODS FOR COMBATTING COVID19



- Exemption of Duty, Excise and CT on Goods imported which directly concerns measures taken to combat the spread and possible spread of novel coronavirus disease (COVID-19) in Tonga.
- Goods include but not limited to medical masks, disinfectants, gloves, protective clothing.
- Other goods not specified above will need to be verified and endorsed by Ministry of Health.
- No Time Limit for these exemptions.
- Gazette # 13,14,15 dated 27th March 2020.

BUILDING MATERIALS



1.Exemption of Duty and CT all building materials for the construction of private dwellings, community project buildings and education project buildings. (Gazette #21)

Conditions:

- Private Dwellings: Building Materials for private dwellings must be imported by a private importer.
- Education/ Community Project: Goods must be imported specifically for the community or education project building.

End date:31st December 2020

TOURISM INCENTIVES



- Exemption of Duty, CT and Excise on Capital Goods for Licensed Tourism Business Operators. (Gazette #25)
- Increase CIF Value Threshold from TOP100,000 to TOP500,000 per tourism operator.
- No Date Limit for these exemptions.

Conditions:

- All imports will require Confirmation and Endorsement from Ministry of Tourism before being processed by Customs.

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Part of Duty Relief by picking up cargo for free Tonga during this hard time of preparation for the COVID-19 by the Government of Tonga.



Above Photos: Citizens of Tonga picking up cargo from QSW Wharf.



Above Photos: From QWS Wharf offloading Cargo.

f. All grants from Government and public international organizations and development partners to businesses, employees and any other taxpayer in relation to the combating of the COVID 19, are exempt from income tax.

g. All gifts or grant assistance by employers to employees in relation to the combating of the COVID 19 are exempt from income tax.

THE PSC DAY

Ministry of Revenue & Customs in full support of Public Service Month – June 2020

The theme for this year's Public Service month which is commemorated June of every year is *"We are in this together, My Tonga, Your Tonga, Our Tonga"*

The CEO – Kelemete Vahe had directed for the decoration of the office to fit with the theme colors which are blue and silver, to show our support for *"Excellence, Our only Option"*

Staff were able to join in a video to show our support for the Public Service Month and also shows how we strive to fight against the COVID 19 and also in line with the instructions .



Above Photo -From the airport counter.



Above Photo-Miss Mafi 'Aho on receiving returns (Revenue Division)



Above Photo-Customs Office supporting PSC DAY by decorating our office with PSC theme



Left Photo - Revenue Officers from Airport Division supporting PSC DAY by wearing mask and gloves demonstrates initiatives implemented as preventative measures to support combating of COVID-19.

Fe'ao- mo e-Ngalu celebrated its First Anniversary.

The Honorable Minister for Revenue and Customs Tevita Lavemaau with staff (Custom Division) at the Custom Office marked it's first Anniversary of the Fe'ao-moe-ngalu Building with a prayer service on the 1st of June 2020.



Left Photo : Hon.Tevita Lavemaau the Minister for Revenue and Customs .

Right Photo : Fe'aomoengalu building one year ago.



OUTBOUND CALL SERVICE

The Ministry of Revenue & Customs has been trying methods to have a good working relationship with All Taxpayers. This new Practice was conducted to help improved dept and return filling and payment performance. This service will be conducted 3 days before every due date by calling every taxpayers. This service is to build a shatterproof between taxpayers and the Revenue Officer.

"Revenue from the Community for the Community"





AUDIT DEPARTMENT

The *Audit and Investigation Section* (AIS) develop and implemented a Compliance Program specifically for the Retailer and Wholesaler Sectors in Tonga. The program starts in January 2020 planning to complete in December 2020. Our main focus was helping the businesses in term of Record Keeping by providing trainings and variety tools to assist the businesses. There were over 250 retailers and wholesalers business in all of Tonga and base on risk assessment the AIS selected only few to involve in this program. We offer them a range of services and practical support, including;

- * *Trainings on record keeping and tax obligation of the business*
- * *Clarify common tax issue on the industry of Retailer and Wholesaler sectors.*
- * *Consequences of not comply with tax legislations.*
- * *Option to voluntary ament past Tax returns.*

After the training programme we emphasize the business to voluntary disclose any misstatement in past tax returns. Despite the COVID-19 pandemic and economic effect we were fortunate that towards to end of the financial period 19_20, the Ministry have already received over 30 businesses with a voluntary tax to paid total up to \$2 Million to be paid on the next few months not counting the improve on this business current and future tax payment. The Ministry offer to this Voluntary Disclose business a more time to paid there outstanding tax and most tax penalties were fully waived with conditions.

The AIS wish to highlight our gratitude to **Mr Antoine Kwok** and **Mr Heting Gan** a two very hard working Tax Agent that help us with this program. We also commend the leadership of our CEO Mr Kelemete Vahe and the DCEO MR Maamaloa Fotofili for their support. Finally to all the business that was involve in this program. We thank you so much for all the cooperation and remember that the *“Audit and Investigation Unit are always here to help you make it Right”*

For further Information contact Mr LESLEY PALAVI
<lpalavi@revenue.gov.to>

RISK MANAGEMENT TEAM

Inter-Agencies Taskforce

The MoRC is continuously supporting the Inter-Agencies Taskforce in combating illegal activities within local businesses and trying to improve compliance level for Tax purposes. The taskforce operations are mostly conducted to the Wholesale and Retail businesses. However, the month of March and April were affected by the pandemic where taskforce operations barely conducted.

During the month of June, the Risk Management Team (RMT) were able to identify common risks within visited businesses such as poor record keeping, non-registered employees and CT certificate is not properly displayed for customer visibility. However, the RMT officers issued taxation reminders and properly advised the non-compliance taxpayers of the best way forward to minimize those in risks and improve their level of compliance in the near future.

All the identified risks are reported to management on a monthly basis for possible actions by the relevant teams within MoRC. It is expected to conduct the taskforce operation throughout the main island of Tongatapu then continue to the businesses in the outer islands.



Above Photos: Revenue Officers from the Taskforce Team

Internal Trainings



Participants from the Professional Training Course



Participants from the Professional Training sitting their exam



Customs Professional Training Course

On the 18th of May 2020, the Chief Executive Officer of the Ministry of Revenue and Customs, officially opened a five-week professional training course for 37 newly recruited Customs officers at the Fe`ao Moe Ngalu Customs Building Training Room. The training will cover various core Customs topics including Customs legislation, Valuation and HS Tariff Classification of imported goods, Risk management and Integrity.

In opening the training Course, CEO Kelemete Vahe highlighted the importance of building a spirit of commitment and service in all new recruits to Customs by ensuring that they are fully aware of the role that they are required to play in the organisation. Furthermore, he stressed that Officers must make the most of such opportunities and continuously strive to develop their knowledge and expertise on key Customs areas of business. c

The training course, which forms part of the Ministry’s strategic initiatives for capacity building, is aimed at developing key competencies and professionalism in the Tonga Customs workforce in order for it to be able to provide effective and efficient service to its clients and the nation as a whole.

EFTPOS TRAINING



Above Photo : *Mr.Sam Lafo’ou and the participants (staff of the Revenue Division) of EFTPOS Training.*

A short training with the Bank of the South Pacific led by Mr. Sam Lafo’ou on matters regarding using of EFTPOS machine conducted on the 15th of June, 2020.

E-tax Lodgment and Payments Trainings



Staff of Ministry of Land , Survey and National Re-



Affairs

Ministry of Revenue and Customs wishes to inform you all that this service have been back to normal now. From now on you are able to submit your PAYE/CT returns and for those of you who needs to comply through this Online Lodgment but not yet registered you are more than welcome to register now. It is now available on the Ministry’s Website and can be accessed via the following link:www.revenue.gov.to/etax. For more information please contact 26432 or email cst@revenue.gov.to



TAX COMPLIANCE IMPROVEMENT DEPARTMENT

Revenue Administration further a new division for this financial year of 2020/2021 known as Tax Compliance Improvement. The underlying aim of this new division are to promote and enhance **Tax compliance** which is working with all tax requirements to ensure that everyone pays their fair share of taxes to the Government.

This new division is led by the Acting Deputy Chief Executive Officer Mrs. Pipiena Tanaki.

We will strive for excellence by working accordingly to the Ministry’s vision “To be recognized as the best Ministry amongst all Government Ministries” and mission “To establish and promote highest standard of professionalism and good working relationship with all stakeholders.”



Above Photo : Tax Compliance Improvement Team 2020/2021

CUSTOMS DIVISIONS 2020/2021

As we wind down to end this financial year the Customs Divisions is divided into three major divisions which are Commercial Services , Customs Corporate Services and Border Management.

First , the outputs achievement for Commercial Services are effective and accurate revenue collection as facilitate the importation of legitimate goods for economic development , Investment incentives are granted through duty exemptions on approved goods to support the economic activities and development.

Second, Customs Corporate Services is aiming to achieve and effective and efficient corporate services as facilitate the resources and support services required to ensure smooth and effective commercial and border operations.

Last one, the border management planning of getting an effective border management, legitimate cross border trade and movement of people. The key function of this division is to secure the borders against the importation of illicit drugs and goods , criminal activities and financial crimes. Also , ensuring traders and travelers are complied with relevant policies to secure the Nation.



LARGE TAXPAYERS OFFICE TEAM

As we are about to approach the new 2020/2021 financial year, the Ministry of Revenue and Customs (Revenue Division) is pleased to announce its newest compliance initiative, the Large Taxpayer’s Office. This is a new section whereby the Ministry dedicates medium standard and prioritized services to the deserving selected members based on their high level of compliance to tax and Customs regulations and their significant contributions to the government.

The underlying aim of this restructure is to further improve the operational efficiency in terms of service delivery and revenue collection to build a prosperous Tonga.

There are 38 taxpayers selected by the Ministry to pioneer this new scheme. This is led by Mr. Taniela Sila a Senior Assistance Deputy Chief Executive Officer at the Revenue Division.



Left Photo: Large Taxpayers Office Team

TAX AWARENESS PROGRAMS



The Ministry of Revenue and Customs hosted an Employment Income , CT , PAYE Trainings and Friendly Visits with the aim of enhancing the public’s knowledge and skills on issues regarding employment income. A special “ thank you” to the Heilala members and businesses for letting us conducted trainings during your busy schedule days.

Friendly Visits (Heilala Members)



Staff -Bank of South Pacific Tonga Limited



Staff -Fexco Tonga Limited



Staff-Coca-cola Amatil Tonga.



Staff-The Church of Jesus Christ and Latter Day Saints

Employment + CT Trainings

- ⇒ PSC training for new recruited Civil Servant
- ⇒ Richard Raass
- ⇒ ‘Esiaola Furniture
- ⇒ ‘Uhila Furniture
- ⇒ Paea he Lotu Siale
- ⇒ Puafisi Contractor



‘Esiaola Furniture



‘Uhila Furniture

Heilala Quarterly Friendly Visits

- ⇒ Bank of the South Pacific
- ⇒ Fexco Limited
- ⇒ Coca-Cola Amatil Company
- ⇒ The Church of Jesus Christ and Latter Day Saints



Staff of Tonga Development Bank (Heilala Members)

We are also pleased to inform the public that the Ministry is willing and able to conduct trainings for anyone regarding any tax related issues upon request.

Should you have any queries or require assistance with any training arrangements or for Client Services assistance, please

contact our office [26432](tel:26432) or email cst@revenue.gov.to

TAX RATE			
Old Rate (July 2008-30 th June 2017)		New Rate(1 st July 2017-Present)	
Employment Income	Tax Rate	Employment Income	Tax Rate
\$0 - \$7,400	0%	\$0 - \$10,000	0%
\$7401 - \$30,000	10%	\$10,0001 - \$30,000	10%
\$30,001 and above	20%	\$30,001 - \$60,000	20%
		\$60,001 and above	25%

Seizer of Prohibited Gas in Tonga found at Queen

Some Gas Cylinders of a banned refrigerant R22 Hydrochloric fluorocarbon HCFC that were seized by the Ministry of Revenue and Customs (Customs Division) at Queen Salote Wharf on May 2020 .

These goods are still under the control of the Customs Department.



Above Photo : Mr. Pita 'Aholelei and Mr.Feleti Lotaki officers in charge. **Above Photo:** Pictures of the prohibited goods.



Monthly Due Dates.

28th – Consumption Tax Return & Payment.

28th PAYE

Return & Payment

Quarterly Due Date.

28th October – Tax Return & Payment.

28th January - Tax Return & Payment.

28th April - Tax Return & Payment.

Annual Due Dates.

31st October- Personal Income Tax Return & Payment.

31st October – Company Tax Return & Payment.

31st October – PAYE Annual Return

REMINDERS!

The Ministry of Revenue and Customs wishes to inform all stakeholders , during this State of Emergency period , we however encourage all taxpayers and tax agents to make electronic payments and correspond with us using email and telephone to avoid interactions, although our counters will still be open for business. Below , you can find here specifically email of any unit in your favour of assistance.

REVENUE DIVISION CONTACT DETAILS		
RESPOSIBILITY	SERVICE	EMAIL
Heilala Tax System	Lodgement,Payment,Information	heilala@revenue.gov.to
Tax payments	Payments	payments@revenue.gov.to
Tax Lodgements	Returns	lodgements@revenue.gov.to
TIN Registration & Applicatio	Tin Application,online lodgement	registration@revenue.gov.to
Objections	Tax Objection	objections@revenue.gov.to
GST Refunds	CT,PAYE etc...	refunds@revenue.gov.to
Return & Debts	Outstanding return & debts	radct@revenue.gov.to
Ha'apai Office	Returns,Payment,etc	haapai@revenue.gov.to
Vava'u Office	Returns,Payment,etc	vavau@revenue.gov.to
Eua Office	Returns,Payment,etc	eua@revenue.gov.to
Tax Queries	any other enquiries	cst@revenue.gov.to
CUSTOMS DIVISION CONTACT DETAILS		
ESAD Private		privateesad@customs.gov.to
Commercial Unit		commercialesad@customs.gov.to
Warehouse		warehouseesad@customs.gov.to

As this month (May and June) , State of Emergency Noticed still issued by the Office of the Prime Minister of Tonga until further notice.

The Ministry of Revenue & Customs supports the state of emergency for the safety of all. We advise the public to ensure that safety is your first priority and to abide by the rules and regulations of this national lockdown.

In the circumstances of necessity, we are here to serve and to meet your needs.

The Ministry requests your cooperation and compliance for safety of all.

MALO 'AUPITO

WE ARE IN THIS TOGETHER !

MAY & JUNE NEWSLETTER



Tax Operational Team

Back Row: Miss Salome Fetuani ,Miss 'Etina Moala, Mr. Paula Vuni , Mr. Manitasi Leger , Mr. Lloyd Tu'utafaiva, Mr. 'Isikeli Tongotea , Mr. Kapiolani Fotu, Miss Finau Va'enuku , Miss .Matamoana Savieti

Second Row: Miss .Makeleta Vaitaki , Miss Mele Moala, Miss 'Iunisi Fotofili , Mrs. Lu'isa Ha'angana , Miss .'Apikale Vete, Mrs. Polotu Ngauamo , Mrs Muimuinoa Funaki , Mrs. Koleti Veamatahau , Miss . Kilisitina 'Isitolo , Miss Mafi 'Aho , Miss. 'Emanita Vakaahi, Miss Mele Mahe

Front Row : Mr. Tapu'osi 'Akau'ola , Mrs . Lesieli Fuiono , Mrs . Felaloaki Vea, Mr. Taniela Sila , Mr.Pita Tu'ivai, Mrs. 'Ana Fakahua .



We wish to acknowledge all Government line ministries and to the people of Tonga for their contributions and support towards this edition of

The Ministry of Revenue & Customs newsletter

“Smart Borders for a Prosperous Tonga ”

If you have any queries please do not hesitate to contact us
Revenue Division

+676 740-0550 / cst@revenue.gov.to

Customs Division

+676 740-0660 / allstaff@customs.gov.to

“WE ARE HERE TO SERVE YOU”