

REVENUE MOBILIZATION TALANOA

SESSION FOR PACER PLUS SIGNATORIES

TONGA

KEY LEARNINGS

- Country Experiences, Revenue Gaps that they are trying to manage, Revenue Initiatives that they are implemented & Impact of PACER Plus on each country
 - Role of Customs Administration in Free Trade Agreement
 - Important of collaboration between the 2 Department, whether under 1 ministry or not
 - Impact of Trade Liberalisation and the Importance of Domestic Revenue Mobilization
- Importance of updating the policy and legal framework, legislations has to be updated and relevant and to made available to all staff
 - Data: Up to date data, accurate and reliable data. For profiling, we need data that is up to date.
- Modern system: Requires ICT system to implement and enforce policy & legal framework effectively. In addition, efficient processes depend on reliable ICT system. Important to upgrade and modernize.
 - Good VAT Design
 - Tax Expenditure

AREAS WE WANT TO FOCUS MORE ATTENTION ON

SHARE INFORMATION AND KNOWLEDGE TO STAFF MEMBERS

Knowledge and skills from this workshop, need to share with the rest of the staff members and to upgrade their understanding.

Collaboration between Revenue & Customs

- Identify the gaps in sharing information/data, the barriers in place and identify the way forward.

EXCISE TAX

- Consider the need for reform and development of a new excise tax

CONSUMPTION TAX

- Review process for core tax functions
- Review current guidelines/policy/procedure and documents on CT
- Refresher trainings for staff [use local expertise]

TAX EXPENDITURE

Work along with IMF team in evaluating and rationalizing our Tax Expenditure Statement

TAX POLICY:

Evaluate the impact of Tax Policy [Tourism & Agriculture] on Revenue Collections and Industries.

ICT SYSTEM & DATA:

Continue with the dialogue and seek support from the Minister and Ministry of Finance and also seek more clarifications from developers.

REQUEST FOR ASSISTANCE

TAX POLICY

- **Review CT exemption on fuel:** *As part of the recommendations from IMF in their 2021 report, there is a need for Tonga to do this. Tonga seek Technical Assistance on this, but still on pending for response from Assistance Providers.*

[???

- **Develop models for policy development:** *Request assistance and capacity development on this area so that Tonga can predict CT collections and assess the impact of policy changes*

[PFTAC/IMF/World Bank]

LEGAL FRAMEWORK

- **Review CT Act:** *Review & align to Revenue Services Administration Act 2021 & International Best Practices*

[PFTAC?]

- **Tax Treaty/Information Sharing Initiatives:** *Assistance in joining international information-sharing initiatives*

[PFTAC, PPIU, OECD?]

ICT SYSTEMS & DATA

Upgrade/New Tax System: *Tonga need fund to finance our recommended new IT system [BLYCE]*

- **Single Window:**

[UNCTAD/PPIU]

PROCESSES & RESOURCES

- **Training programs and guidelines for Auditors:** *Part of the Capacity Development Program with PFTAC. Seek continuous support on this area.*

- **Digital Services:** *Design rules to tax digital services and address base erosion and profit shifting risks in the digital economy. Develop staff capability on this area is crucial.*

[PFTAC, IMF?]

THANK YOU