

# **PACIFIC ISLANDS TAX ADMINISTRATORS ASSOCIATION**

## *Fourth Annual Conference*

*28-30 August, 2007*

*Port Moresby, PNG*

The PNG Inland Revenue Commission hosted the 4<sup>th</sup> Annual Meeting of the Pacific Islands Tax Administrators Association (PITAA) from 28 to 30 August 2007 in Port Moresby, PNG. Ms. Betty Palaso, Acting CEO of the Internal Revenue Commission, chaired the meeting.

This Conference was attended by delegates from the Cook Islands, Fiji, Kiribati, the Republic of Marshall Islands, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu.

Five observers were present: Ms. Pam Mitchell, Australian Taxation Office (ATO), Mr. John Moreno, New Zealand Inland Revenue Department (NZIRD), Prof. Lee Burns, IMF Expert (Legal Department), and Ms Margaret Cotton and Mr Carson McNeill, Tax Advisors, PFTAC.

The Honourable Mr Parick Pruaitch MP, Acting Minister for Treasury, Finance and Forestry, formally opened the Meeting. The Minister welcomed the delegates and observers to the 4<sup>th</sup> Annual Meeting of PITAA. In his address, the Minister highlighted the vital role that tax administrators play in ensuring compliance with tax laws so that every taxpayer pays their taxes. This is essential if governments are to be able to fund public infrastructure development and provide better social services such as education and health. The Minister stated that the PITAA Meeting served to strengthen the ties that bind Pacific countries and strengthen each country's administration of their tax laws and fiscal positions.

Following the election of the chair, the agenda was adopted and the meeting began.

The key issues for discussion by PITAA 2007 included:

1. Managing the revenue risk posed by large taxpayers.
2. Opportunities for IT systems and the technology in the Pacific.
3. Regional opportunities for tax administrations in the Pacific.
4. Implementation of tax reform.

Mr Carson McNeill updated delegates on the work of PFTAC.

**Keynote Address: Managing the Revenue Risk Posed by Large Taxpayers**

Ms. Margaret Cotton spoke to delegates about the importance of working closely with large taxpayers. These taxpayers pay the majority of tax collected and an increase and decrease in their compliance with tax obligations will have a significant impact on government revenue. Ms Cotton stressed the importance of understanding the large taxpayers' corporate family and the way their industries operate to help identify opportunities for increased efficiency and to detect high risk areas.

**Keynote Address: Opportunities for IT Systems and Technology in the Pacific**

Mr. Neil Hamlin, Data Torque Ltd, informed delegates of the experiences of some member countries with the introduction of the RMS Computerised System. Delegates were advised how the system has been improved as a result of the experiences of member countries. Mr Hamlin also discussed the possibility of member countries making greater use of technology to improve the services that they offer. This involved for example, better use of a website to convey information to taxpayers.

**Keynote Address: Regional Opportunities for Tax Administrations in the Pacific**

Ms. Laisiana Tugaga, Fiji Islands Revenue & Customs Authority, referred delegates to the resolutions agreed by the PITAA Members in the past Conferences. The major resolutions that were discussed were:

- Co-operation of members of PITAA in enhancing the management of tax administration in the Pacific;
- Closer co-operation amongst members in the formulation of prudent tax policies;

- Availability of technical and financial assistance to improve tax administration; and
- Greater use of information technology and motivated human resources.

The presentation was centred along these resolutions, challenging members on the progress on some of these resolutions since the PITAA Conference 2004. A number of opportunities were proposed in the paper, including:

- Establishment of Secretariat to be selected from member countries.
- Pooling of financial and technical resources through a designated forum;
- Opportunities for combining Customs and Inland Revenue Services;
- Information sharing amongst member countries through the establishment of Regional Knowledge and Intelligence Database and Regional Tax Bulletins;
- Formulation of Pacific Double Tax Model;
- VAT rate and base coordination within the region;
- Common automated system, Data Processing, Data Warehousing and Centralised Back-up System in the region;
- Seeking partnership with Regional Institutions e.g. USP for tax and customs programmes and setting up of a Regional Tax and Customs Academy; and

Delegates discussed and agreed that measures should be taken to ensure that some of the resolutions/opportunities mentioned in the Paper are realized.

### **Keynote Address: The Implementation of Taxation Reforms – The Challenge of Making Change a Reality**

Mr Carson McNeill delivered a paper on the management change. To improve voluntary compliance and revenue collection, a number of Pacific Island Countries are significantly changing their revenue regimes and administrations. To assist countries manage issues of transition, discussed effective methods and models to successfully implement change.

### **Country Presentations**

The country presentations highlighted the measures taken by member countries since the last meeting to improve voluntary compliance, including introducing taxpayer education programs, improved compliance programs, better use of technology and the enactment of more effective penalty regimes for non-compliance. The presentations

also outlined recent tax reforms in member countries. These ranged from comprehensive tax reform to measures to simplify and harmonise tax laws. The country presentations offered an important forum for member countries to share experiences on voluntary compliance and tax reform.

### **Observers' Comments**

The observers were impressed with the level of preparation by, and technical discussion among the delegates. Those observers who have attended past meetings noted a growing willingness of delegates to share experiences. It is clear to the observers that the annual PITAA meeting is providing an excellent forum for delegates to engage in dialogue concerning the technical and administrative issues that they are facing. The observers strongly support the decisions taken by PITAA to play a greater role in promoting co-operation by tax administrations in the Pacific.

The meeting also provided an opportunity for observers to inform PITAA members of assistance that may be provided. The ATO and IRD observers advised delegates of the ATO and IRD technical assistance and international visitor programs, including the scope of these programs and the application procedures. The IMF observer advised delegates of the drafting assistance that the Legal Department can provide to IMF member countries.

### **Future Meetings**

It was decided at the Third Annual Meeting that the Fifth Annual Meeting will be in Vanuatu. It was agreed that this will be held 12-14 August 2008.

The Meeting accepted the offer of Tonga to host the 2009 Meeting.

The Meeting decided that the agenda for 2008 would include further discussion on regionalisation opportunities for tax administrators in the Pacific and on improving IT capacity. Further, it was decided that a structured session would be prepared on risk management. It was also decided that there would be an open forum so that delegates can exchange ideas and experience on issues of common concern. For this purpose, delegates are encouraged to submit their country presentations well advance of the Meeting so that they can be circulated to participants.

### **Secretariat**

The Meeting agreed that the host administration will act as secretariat for PITAA until the next Meeting. PNG agreed to act as secretariat until the fifth Meeting in Vanuatu.

The secretariat will have responsibility for preparing a regular electronic newsletter of developments in member countries. Member countries were encouraged to contribute to the newsletter. The secretariat will also work with PFTAC to further develop the PITAA page on the PFTAC website.

### **Extending the Work of PITAA**

The Meeting agreed to form a Working Party to examine ways of extending the work of PITAA. In particular, the Working Party will consider the issues raised by Ms Tugaga in her paper on regionalisation.

PFTAC has undertaken to assist PITAA, over the next four months, in the preparation of a business plan for financing the extended activities of PITAA.

### **Closing**

Delegates expressed their gratitude to PNG for hosting the Meeting and to PFTAC for its sponsorship, and to all personnel that worked on the preparation and organisation of this successful fourth annual PITAA Meeting, particularly Ms Nancy Oraka (IRC) and Ms Elenoa Bogiwalu (PFTAC).

This communiqué will be posted under the PITAA section on the PFTAC website, [www.pftac.org](http://www.pftac.org)

Ms. Betty Palaso

Chair

Port Moresby, 30 August, 2007