



Pacific Islands Tax Administrators Association
Interim Secretariat

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PACIFIC ISLANDS TAX ADMINISTRATORS ASSOCIATION (PITAA)

10th ANNUAL HEADS MEETING

10th – 12th September 2013

The Solomon Inland Revenue Division hosted the 10th Annual Heads Meeting of the Pacific Islands Tax Administrators Association (PITAA) from the 10th – 12th September 2013 at the Forum Fisheries Agency (FFA) Conference Center in Honiara, Solomon Islands.

The meeting was attended by delegates from the 16 PITAA member countries namely Cook Islands, Federated States of Micronesia (FSM), Fiji, Kiribati, Republic of the Marshall Islands, Nauru, Niue, Papua New Guinea, Palau, Samoa, Solomon Islands, Kingdom of Tonga, Tuvalu, Tokelau, Timor- Leste and Vanuatu.

Also in attendance were 22 observers from Pacific Financial Technical Assistance Center (PFTAC), Pacific Technical Assistance Mechanism (PACTAM), Solomon Islands Inland Revenue Division (SIRD) Advisors, Pacific Islands Forum Secretariat (PIFS), International Monetary Fund (IMF), International Bureau of Fiscal Documentation (IBFD), International Finance Cooperation (IFC), New Zealand Ministry of Foreign Affairs and Trade (NZ MFAT), Data Torque Limited, and the Autonomous Region of Bougainville.

The Solomon Islands Permanent Secretary of Finance & Treasury, Mr. Shadrach Fanega, officially opened the meeting. The Permanent Secretary, in his opening address welcomed the delegates and observers and highlighted the need for a collective approach by member countries in sharing ideas, experiences and expertise. He further stated the cooperation amongst the PITAA member countries will promote international standards and best tax administration practices, suitable to the characteristics of the Pacific Island Countries (PIC's).

After the adoption of the Agenda and the election of Solomon Islands as Chair, the meeting began.

PITAA Secretariat Progress Report

Fiji Revenue & Customs Authority (FRCA) presented the progress report of the interim PITAA Secretariat's work for the past twelve months.

The work done includes:

1. Continuous communication/ follow up with PITAA members.
2. Survey on PITAA members profile, revenue data and the training priorities.
3. Creation of PITAA member's database.
4. Coordinated 2 regional training with:
 - a. PNGIRC- Pacific Managers Development Program
 - b. IFC/ PFTAC- Transfer Pricing
5. Provided assistance to SIRD with regards to the hosting of the 10th PITAA Heads Meeting.

A pending issue from the 2012 PITAA Heads Meeting was the election of the 2014 hosts of the PITAA Heads Meeting.

Fiji expressed its interest in hosting the 2014 & 2015 PITAA Heads Meeting whilst Papua New Guinea expressed its interest to host the 2015 PITAA Heads Meeting. Tonga moved the motion to support Fiji's interest for the 2014 host and Papua New Guinea as hosts for the 2015 host. Republic of Marshall Islands seconded the motion and agreed by all PITAA members.

PITAA Constitution

The PITAA members discussed some suggestions/ amendments raised by some members and after much deliberation, members have agreed to the changes.

Draft PITAA Strategic Plan

The interim Secretariat, also presented on the draft PITAA Strategic Plan. In the presentation, members were informed of the four Key Result Areas (KRA) namely:

KRA 1: PITAA Heads Meeting

KRA 2: Regional Training

KRA 3: Regional Model

KRA 4: PITAA Communication

After the presentation, PITAA members and observers were requested to refer to their print out, have a read of the draft Strategic Plan and come prepared for the group discussion on Day 2- Wednesday 11th September 2013. However, due to the busy schedule of Day 2, draft Strategic Plan group discussion was deferred to Thursday 12th September 2013.

During discussion on the draft Strategic Plan, members agreed to have the working groups further develop the document to encompass all key areas of the PITAA Secretariat.

Funding Model and Draft Budget

FRCA presented members on the funding model. The members were kindly urged to make the commitment to the funding model as it has been pending for the past three years. There was positive discussion emanating from the presentation which resulted in some member countries willing to return to their national governments to increase their subscription. These include Republic of the Marshall Islands and Timor-Leste.

Mr. Scott Roger, Pacific Financial Technical Assistance Center, outlined PFTAC's past and future involvement with PICs and PITAA and provided many insights, observations and strategic priorities. Mr. Scott Roger reaffirmed PFTAC's commitment to assisting PICs but stressed this would be more a supporting role in the future as PICs begin to take ownership in progressing the development of their taxation systems themselves.

Tax Reform in the Pacific

Fiji, Kiribati, Republic of the Marshall Islands, Federated States of Micronesia and Samoa presented in the Heads Meeting their country experience relating to their Tax Reform programs.

PITAA members were also given an opportunity to share their tax reforms programs. In doing so, members were able to communicate their areas of advancement and areas of need as well as offer assistance to PITAA members on areas they felt that they have advanced in.

Pacific Island Countries Tax Revenue Reform Evaluation- NZ MFAT

Mr. Robin Oliver and Ms. Ingrid Van Aalst, New Zealand Ministry of Foreign Affairs and Trade, presented on the Tax Revenue Reform Evaluation which aimed to fill the gap in knowledge of existing tax reform initiatives as well as provide information for future aid strategies.

Improving Large Business Tax Compliance in the Pacific

Ms. Arcotia Hatsidimitris, International Finance Cooperation (IFC), provided PITAA members a summarized report of the training needs identified by attendees at the Transfer Pricing conference in Nadi, Fiji in June 2013. She further elaborated on the 14 focus areas identified in the Base Erosion & Profit Shifting (BEPS) Report as well as the up-coming roll out in early 2014 of the “Tax Inspectors without Borders” program which was particularly of interest to PNG.

Ms. Arcotia Hatsidimitris highlighted the extensive assistance available from the IFC and other donors such as the Organization for Economic Co-operation & Development (OECD) which includes toolkits, handbooks and training modules for developing countries and encouraged PITAA members to be aware of the changing international environment.

Improving Small Business Tax Compliance in the Pacific

Mr. Jonathon Kirkby, International Finance Cooperation, presented PITAA members on compliance issues around world with regards to Small Medium Enterprises. The presentation

discussed the case for simplification of the tax regime for small businesses, to reduce compliance costs, ease tax administration costs, and help bring more businesses into the tax net. Mr. Kirkby discussed the need to make compliance as simple as possible for those willing to comply, and discussed some tools tax administrations can use to focus their compliance enforcement on those unwilling to comply.

IMF RA FIT Analysis Outcomes - Progress on Baseline Assessment

Ms. Margaret Cotton, International Monetary Fund, firstly acknowledged the tremendous progress the PITAA has had in the last five to six years.

She stated that the IMF is developing three models which will be used by the IMF when explaining likely impacts of tax changes. The models are:

1. Tax Administration Diagnostic Assessment Tool (TADAT)
2. Revenue Administrator's Fiscal Information Tool (RA-FIT)
3. Revenue Administrator's Gap Analysis Tool (RA-GAP) for consumption tax.

Improving Tax Compliance In the Pacific

Mr. John Hayes, Pacific Financial Technical Assistance Center, presented the PITAA members with some insight on issues impacting the PICs and emphasized to members the need to change the way members conduct its business. He also commented on Small & Medium Enterprises and the need for tax administrators to deal with them.

The delegates and observers were divided into groups and discussed current country compliance issues.

Pacific Management Development Program [PMDP]

Dr. Alois Daton, Papua New Guinea Inland Revenue Commission (PNGIRC), presented a brief background of the program and sponsorship provided by Australian Tax Office (ATO), Australian Aid (AusAID) and New Zealand Aid. In his presentation, PITAA members and observers were informed of the 2013 project results as well as the presentation of certificates and reports of all

completed projects. He further commended Fiji's willingness to host the 2013 and 2014 PMDP workshop.

PITAA members expressed their appreciation to the PNGIRC for initiating the program and shared their experiences on the outcomes gained from the program.

Taxation of Natural Resources

Papua New Guinea, Timor-Leste, Solomon Islands and Republic of Fiji presented on their country experience relating their taxation on natural resources. Common to all are serious challenges.

RMS 7 – A Practical Example

Mr. Raymond Marshall, Data Torque, presented the PITAA members with the RMS7 features and conducted a practical demonstration to members and observers.

Solomon Islands Inland Revenue Division (SIRD), also shared how SIRD adopted RMS, its challenges and benefits.

International Bureau of Fiscal Documentation (IBFD)

Mr. Aurobindo Ponniah presented the PITAA members with the background on IBFD and how it has evolved over the years. He also highlighted areas in which the Bureau is involved in as well as offered expertise to the Pacific region.

Autonomous Region of Bougainville

Chief Collector of Taxes, Mr. Peter Siana, presented a brief report on tax initiatives and progress of the Autonomous Region of Bougainville. He stated that his office will be inviting PITAA members to Taxation and Revenue Summit to assist his office implements effective policies in the near future.

Concluding Comments

Chair acknowledged the work put in by Mr. Casper Sonia and the SIRD staff for all the preparation and logistical arrangements. He also acknowledged the interim Secretariat staff, Mr. Nacani Dreu and Mr. Petero Maivucevuce, as well as Ms. Elenoa Bogiwalu of PFTAC for their assistance and guidance.

Ms. Daphney Stone spoke on behalf of the delegates and observers and acknowledged the host administration, Solomon Inland Revenue Division, for hosting the successful 3 day meeting.

The 2013 PITAA Heads Meeting concluded at 5.30pm.

[PLEASE NOTE THE MEETING PAPERS ARE ACCESSIBLE THROUGH THE PFTAC WEBSITE]

[Link: <http://pita.pftac.org/page/2013meeting>]

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