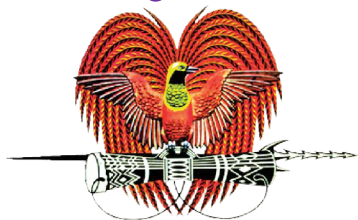




Internal Revenue Commission

COLLECTION AND DISBURSEMENT OF NATIONAL TAXES BY THE INTERNAL REVENUE COMMISSION TO THE AUTONOMOUS BOUGAINVILLE GOVERNMENT

An IRC Presentation at the Bougainville Revenue
and Tax Summit, 27th September 2017
Hutjena High School, Buka, ARoB



INTERNAL REVENUE COMMISSION



Presentation Outline

- ▶ **Tax Revenue Sharing Provisions of the Bougainville Peace Agreement**
- ▶ **Systems and Processes to collect and remit taxes**
- ▶ **Current Status and Forward Plans**



Revenue Sharing Provisions of the Bougainville Peace Agreement (BPA)

- ▶ Taxation is covered under Sections 137 to 148 of the Financial Arrangements of the BPA
- ▶ IRC on behalf of the National Government (NG) collects all taxes it administers under the ITA, GSTA and related laws
- ▶ NG support is to assist ABG to move towards the goal of fiscal self reliance.



Revenue Sharing Provisions

- ▶ Fiscal self reliance is internal revenue equating to the value of recurrent grants
- ▶ Taxation provisions allow the NG to impose and collect Personal Income Tax until restoration
- ▶ Restoration is defined as the time when Bougainville has returned to a standard of peace and development



Revenue Sharing Provisions

- ▶ The NG collects all taxes including PIT, CIT, GST and all withholding taxes in the Autonomous Region of Bougainville (ARoB)
- ▶ ABG gets 30% of VAT, 100% of PIT and other withholding taxes
- ▶ Tax revenue held in trust are from CIT, 70% of GST and Customs Duties
- ▶ Available to ABG when fiscal self reliance is achieved



IRC Systems and Processes

- ▶ Standard Integrated Government Tax Administration System (SIGTAS) assists in managing tax compliance
- ▶ Captures all registrations, lodgements, payments and deals with reassessments
- ▶ Penalty regime to enforce compliance
- ▶ Provides reports which are used to track payments and timely accounting for and transfer of funds to the ABG



IRC Systems and Processes

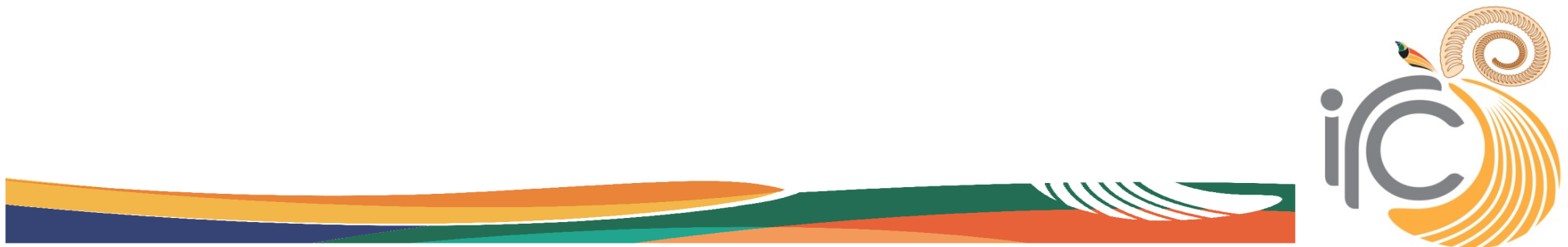
- ▶ All taxes collected from the ARoB are paid into trust accounts.

1. ABG Company Income Tax Account
2. ABG Personal Income Tax Account
3. North Solomons Provincial VAT Account



Current State and Looking Ahead

- ▶ Working closely with Bougainville Chief Collector of Taxes to enforce compliance
- ▶ Identified certain payments captured in the system but not transferred to the ABCG at the time of payment
- ▶ Payments are being confirmed and transferred



Questions and Discussion

