

REVENUE & TAX SUMMIT 27TH - 29TH SEPT 2017.

AGENCY.
BOUGAINVILLE TAX OFFICE PRESENTATION
By Gabriel Pantei.
a/Chief Bougainville Collector of Taxes.

OVERVIEW

- Legal arrangement, National Constitution Organic Law on Peace Building in Bougainville & Bougainville Peace Agreement, Bougainville Tax Administration Act 2006.
- ABG Tax Office Organisational Structure.
- MOU with the Internal Revenue Commission (IRC) BTO in improving tax compliance with the National Taxes in Bougainville.
- Opportunities, Challenges & Recommendation.

FISCAL ARRANGEMENT

- ◉ Introduction.
- ◉ Part 3; FISCAL ARRANGEMENT
- ◉ **38. INTERPRETATION.**
- ◉ In this Part, unless the contrary intention appears -
- ◉ **“Bougainville tax office”** means an office (by whatever name known) established under Bougainville law by the Bougainville Government for the purpose of administering taxes in Bougainville; (Organic Law on Peace Building in Bougainville & Referendum 2002)

LEGAL ARRANGEMENT

- ◉ Introduction.
- ◉ Being an act to provide for the general administration of the tax laws of the Autonomous Bougainville Government.
- ◉ MADE by the House of Representatives, to come into operation in accordance with a notice in the Bougainville Gazette by the Minister.

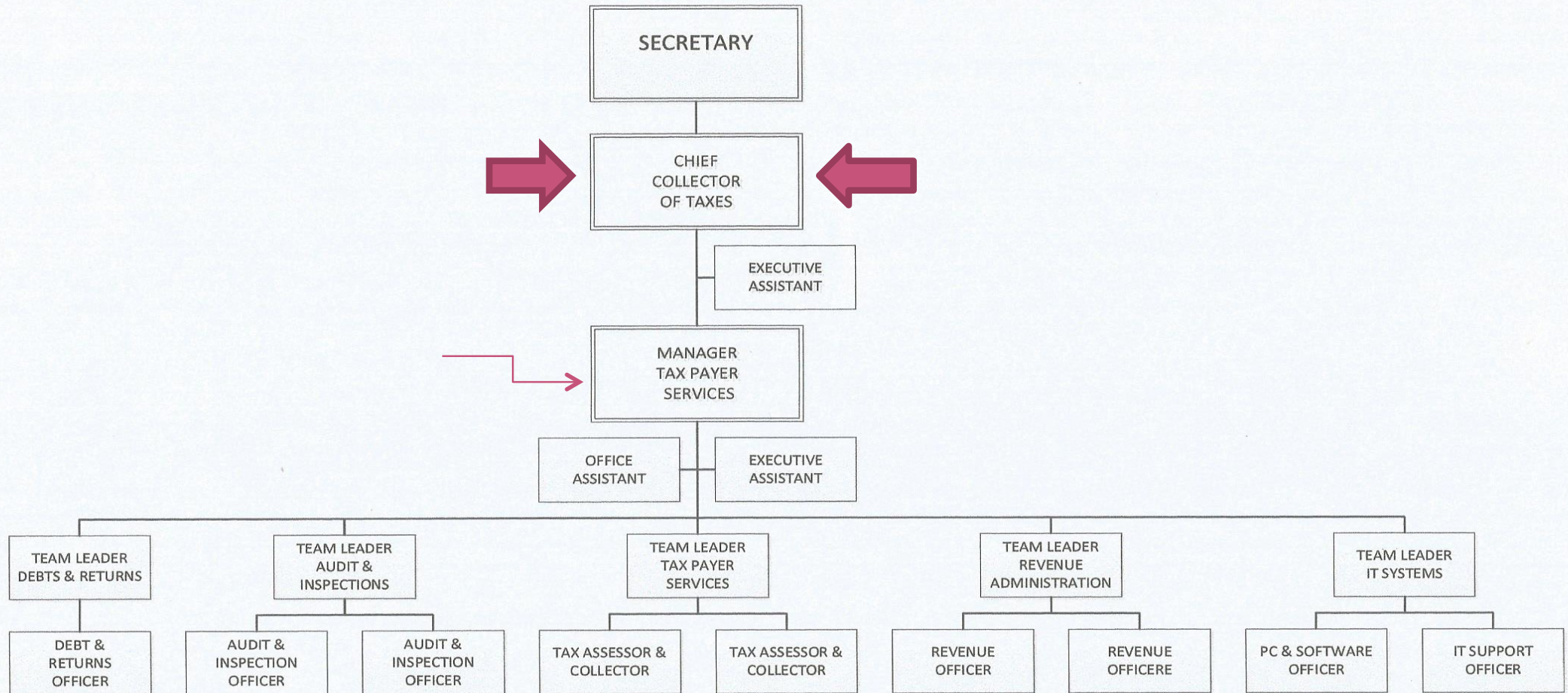
LEGAL ARRANGEMENT

- ◉ Bougainville Peace Agreement (BPA)
- ◉ 145. The autonomous Bougainville Government will have power to set rates or establish its own tax regime for all other existing National Government taxes (e.g. export tax, excise) and all taxes that have been available to provincial governments under the National *Constitution*.
- ◉ Tax Administration Act 2006 Section 3 establishment of the Chief Bougainville Collector of Taxes.



DEPARTMENT OF TREASURY & FINANCE

TAX PAYER SERVICES



RECRUITMENTS

◉ ABG TAX OFFICE STRUCTURE

- The current ABG Tax office organizational structure we have 19 positions we have recruited;
- 1. 4 Team leaders;
 - ✓ Tax payer services, Debts & Returns, Audit & Inspection & Tax Administration.
- 2. 3 officers,
 - ✓ Tax Assessor & Collector, Debt & Returns & Revenue Officer
- 3. 1 Executive assistant to the Chief Collector of Taxes.(others positions will depend very much on how we progress in broadening the tax base in Bougainville).

NEW OFFICERS

- ◉ All the newly recruited officers are been approved & Gazetted already.
- ABG tax office officers were the first Agency to have their inductions workshop conducted to the Bougainville Public Service by the Department of Personal Management & Administration Services, Acting Chief Bougainville Collector of Taxes & the ABG Tax office advisor Mark Olsen.
- All officers very new but we are confident once they start to get the experiences they need will take ownership of the activities in Bougainville Tax Office (BTO).

PARTNERSHIP

- ◉ Partnership under the MOU.
- ◉ In 2010 ABG have signed a MOU between Internal Revenue Commission (IRC) and ABG to helping BTO in various activities to improve tax compliance and increase the internal revenue collection in Bougainville.
- ◉ The partnership have now bearing results by the increase of internal revenue collections.
- ◉ We have come a long way now conducting various programs right across Bougainville like;
 - ❖ Tax education awareness conducted in past years.
 - ❖ Enforcements
 - ❖ 4R projects conducted in Bougainville
 - ❖ Audits and Inspections
 - ❖ Setting up of the Arawa IRC & BTO office (under way)

MANAGEMENT OF REVENUE COLLECTION

- ◉ Internal Revenue Collection in Bougainville is a shared arrangements by IRC & BTO.
- Internal Revenue Commission (IRC) manages the National Government Taxes in Bougainville. (BTO support in making sure the compliance is improves by way of funding and main power support etc.
- Parliamentary Services Group Taxes is partly manages by BTO.
- Bougainville Tax Office manages the Beer & Cigarettes Sales Tax in Bougainville.

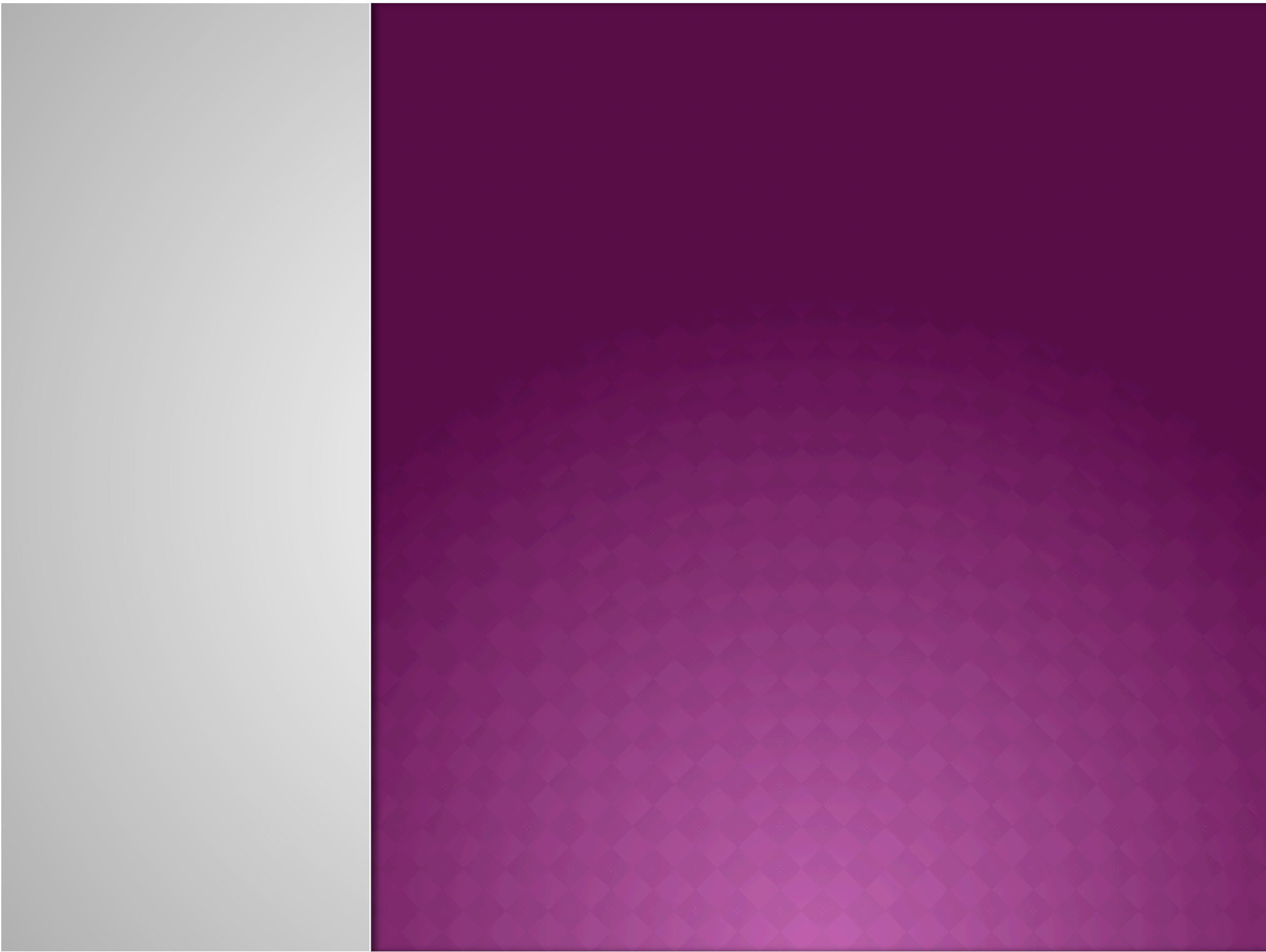
BEER & CIGARETTES SALES TAX COLLECTION

- ◉ For the last four years;
 - 2014 Liquor K887,000.00, Tobacco K7,840.00
 - 2015 Liquor K45,700.00, Tobacco K36,000.00
 - 2016 Liquor K29,590.00, Tobacco K59,544.00
 - 2017 Liquor K98,394.20, tobacco K20,722.00
(only up to August)



INTERNAL REVENUE COLLECTIONS AS AT 12TH DECEMBER 2016

Division	Division Description	Func	Function Description	Orig Estimate	Pro-Rata Est	YTD Actual	Variance	Remark	% YTD	%
612000	Estimated Internal Revenue	1	Bougainville Group Tax	14,220,300.00	14,220,300.00	19,403,000.00	5,182,700.00	OVER	148.9	93%
612000	Estimated Internal Revenue	2	Goods And Services Tax	3,396,000.00	3,396,000.00	656,621.54	(2,739,378.46)	UNDER	21.1	3%
613000	Licencing	1	Motor Vehicle Registrations	150,000.00	150,000.00	266,702.53	116,702.53	OVER	192.6	1%
613000	Licencing	2	Liquor Licensing Fees	150,000.00	150,000.00	94,230.00	(55,770.00)	UNDER	67.8	0%
613000	Licencing	3	Liquor Tax	1,000,000.00	1,000,000.00	29,590.00	(970,410.00)	UNDER	3.2	0%
613000	Licencing	4	Tobacco Tax	100,000.00	100,000.00	59,544.00	(40,456.00)	UNDER	65	0%
614000	Housing	1	Housing Rentals	100,000.00	100,000.00	-	(100,000.00)	UNDER	0	
615000	Other Receipts	1	Sundry Revenue	180,000.00	180,000.00	164,297.00	(15,703.00)	UNDER	98.4	1%
615000	Other Receipts	2	718 Re-Approp Rest & Dev Grant	6,413,200.00	6,413,200.00	-	(6,413,200.00)	UNDER	0	
615000	Other Receipts	3	ABG Mining Dept(Exploration Li	200,000.00	200,000.00	40,000.00	(160,000.00)	UNDER	21.8	0%
615000	Other Receipts	4	Miscellaneous	-	-	137,204.13	137,204.13		n/a	1%
616000	Autonomous B/ville Government	1	Recoveries from Formers Years	-	-	43,006.72	43,006.72		n/a	0%
617000	Estimated Internal Revenue	1	Balances - Recurrent 2013	-	-	-	-		n/a	
617000	Estimated Internal Revenue	2	Balances Recurrent 2014	-	-	-	-		n/a	
617000	Estimated Internal Revenue	3	Balances RDG 2013	-	-	-	-		n/a	
617000	Estimated Internal Revenue	4	Balances RDG 2014	-	-	-	-		n/a	
617000	Estimated Internal Revenue	5	Balance Police Grant	-	-	-	-		n/a	
			Report Total	25,909,500.00	25,909,500.00	20,894,195.92	(5,015,304.08)	UNDER	88.0	100%



CHALLENGES

- Non compliances by taxpayers especially the Beer & Cigarettes sales tax very low.
- Tax rate may be too high for beer & cigarettes.
- (Beer & Cigarettes) Sales tax Act 2011 law have too many loop holes.(more like a dog that continue to bark but cannot fight)
- We have all new Officers employee under BTO organizational structure.
- Officers have to have proper training experience in order to deliver as expected.
- There is a need for a better management system for the current National Tax collection in Bougainville.
- Establishment of the fully operational BTO which includes, Revenue House, identification of the tax regime for ABG and the Revenue Management Systems (RMS).
- There are still lots of SMEs that are still not yet in the tax net.

OPPORTUNITIES.

- Broaden the tax base to other items.
- Enact new tax laws like Presumption tax or Small Business Tax Act.
- Review the (Beer & Cigarettes) Sales Tax act 2011 (to becomes user friendly).
- Engage consultant to Audit communication industries operating in Bougainville like; Digicel, Telikom & Bmobile to find out how much each of these companies are making and work on benefit sharing agreement.
- Negotiate with other countries to use Bougainville air space.
- Public Servant livings in government houses to start paying for the accommodations.
- A better working relationship from all stake holders is really vital in shaping the future establishment of Bougainville tax Office going forward.
- Revenue of Financial Arrangement section Section 134 - 148 to favour ABG (section 139 (b) allowed to be review every five (5) years).
- Open door for more International/National invertors to Bougainville.
- ABG should come up with open trade policy/put on hold the Inward Investment Policy to grow the economy in Bougainville.

RECOMMENDATION

- ◉ Recommendation
- ◉ Review the financial arrangement section 134-148 to help ABG achieve some form of Fiscal self-reliance.
- ◉ Enact Sales Tax Act which will cover other items rather than Beer & Cigarettes only.
- ◉ To fully establish the Bougainville Tax Office to manage its own tax regime going forward.



⦿ Thank you All.

⦿ THE END

⦿ Question?

