

## **IMPORTANT NOTICE FOR ALL BUSINESSES AND OTHER TAXPAYERS FROM THE COMMISSIONER INLAND REVENUE ON THE NEW TAX ADMINISTRATION ACT 2022**

The Commissioner of Inland Revenue wishes to inform all Solomon Islands businesses and other taxpayers that Parliament has recently passed the Tax Administration Act 2022 which will begin on 1<sup>st</sup> January 2023. This Act is the first of a range of Tax Acts to be introduced as part of the Government's tax reform program.

### **WHY A TAX ADMINISTRATION ACT?**

Our current tax system is complex and costly to administer as each Tax Act has its own administrative arrangements. These various Acts are not consistent across each of the Tax Acts with many of their processes out of date and the Acts have not kept up with changes in business or international experience in tax administration, thus limiting the pace of development for this country.

The new Tax Administration Act will replace the current administrative processes in each of the current tax laws to achieve consistency and compliance in the tax administration. The Act provides for the administering of the various Tax Acts, it will not change the underlying tax liabilities

Further, the Act modernises critical parts of the administration by providing for the use of electronic tax systems, self-assessment and a comprehensive system of rulings to guide taxpayers.

The Act will enable the improvement and strengthening of compliance under the current tax system. The Act will strengthen the powers, functions and duties of the Commissioner and Tax officers of the Inland Revenue Division (IRD). For example the Act provides for the Commissioner to be able to temporarily close businesses for 14 days for failure of the business to pay their taxes.

### **WHAT IS IN THE NEW TAX ADMINISTRATION ACT**

Some important aspects of the Act are summarised below:

- 1. the Act will strengthen the administration functions of the Inland Revenue Division** with the Commissioner to effectively administer the current Income Tax Act, Goods Tax Act, Sales Tax Act and Stamp Duties Act.
- 2. the Act will address the inconsistency in the current Tax Laws** by bringing into line all the administrative powers of the Commissioner Inland Revenue from all of the tax legislation.
- 3. The Act, by providing for self-assessment** for all taxes, except for income tax, will greatly improve taxpayer compliance since taxpayers will be able to determine their tax liabilities and pay the tax owing at the same time without an assessment being issued.
- 4. the Act makes provision for Tax Agents,** not currently provided for under the existing legislation, and for the Commissioner to ensure only trusted agents provide tax advice to taxpayers. The legislation allows only those persons who meet certain criteria, such as being a member of the Institute of Solomon Islands Accountants (ISIA) to be registered as tax agents to do tax work for businesses.
- 5. the Act provides for a legislative basis, for the issuing of Taxpayer Identification Numbers (TINs),** not currently provided for under the existing legislation and penalties for misuse.



Also the Act provides that if you have been issued with a TIN, you must notify the Commissioner of any change in the following information provided by you to the Commissioner in an application for a TIN or otherwise:

- (a) the taxpayer's name;
- (b) the taxpayer's physical or postal address;
- (c) the taxpayer's electronic address for communicating with the Commissioner;
- (d) the taxpayer's bank account for use in transacting with the Commissioner;
- (e) other information that may be prescribed by the Minister in Regulations.

6. **the Act provides that the Commissioner can cancel a TIN** in certain circumstances, such as the TIN has been issued to a person under an identity that is not the person's true identity; or the person has already been issued with a TIN that is still valid; or the person has died.

7. **the Act ensures that dates to lodge Objections and Appeals are made consistent.** It provides for the right to appeal to the Court of Appeal is provided for all taxes, not just Income Tax.

8. **the Act legislates the systems in place and clarifies the processes that need to be followed across all Acts for recovery of the tax** such as departure prohibition notices, and seizure of property. Therefore, those having tax due cannot leave the country before paying their tax.

9. **the Act takes into account computerisation**, and allows businesses to file returns and other documents electronically and make payments electronically which will reduce costs and time to businesses rather than physically coming to Inland Revenue.

10. **the Act introduces a late payment interest** of 15% to replace late payment penalties, which will be applied uniformly across all tax acts.

11. **the Act provides for the making of public rulings** by the Commissioner for all taxes, currently only provided for Income Tax and Sales Tax. The Act also introduces private rulings on a taxpayer's specific circumstances about the meaning of specific sections in the Tax Acts which are binding on the Commissioner. This provides certainty for taxpayers in self-assessing their tax affairs.

A copy of the Tax Administration Act is available on our website [www.ird.gov.sb](http://www.ird.gov.sb) as well as guides and forms and other documents explaining the application of the Act.

If you are unsure of your obligations or would like any additional information, please contact the IRD Taxpayer Education Team on phone 21493 or email [taxeducationteam@mof.gov.sb](mailto:taxeducationteam@mof.gov.sb) for assistance. If you have a legal query, please email our legal and policy team on [legalandpolicyteam@mof.gov.sb](mailto:legalandpolicyteam@mof.gov.sb).

Commissioner,  
Inland Revenue