

The Commonwealth Association of Tax Administrators



Newsletter

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crimes

Tax and Water in Lesotho

Tax compliance in
Jamaica

The Law and Practice of
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No. 3 of 2011

September 2011

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Editorial

Taxes and Responsibility

I recently participated in the 1st Meeting of the General Assembly of the African Tax Administration Forum (ATAF) in Balacava, Mauritius. The Meeting was held under the theme of “The International and Domestic Aspects of Tax Fraud, Evasion and Avoidance”. Some interesting discussions came out of that Meeting and gave me the opportunity to reflect on the role of taxes in governance and what taxes mean to our various members. Very insightful discussions came out of the presentations and panel discussions and in fact lead me to ponder on a number of them from CATAs perspective.

While CATAs mandate is to assist developing members with their tax administration and technical issues, one is often left wondering what role we, as tax administrator’s play in the development of our various member states. CATA and its members have placed a lot of emphasis on ensuring adherence to best practice in both administration and implementation of revenue laws within our jurisdictions. However, what has become increasingly glaring and notable in the developing world is the need to ensure accountability on the part of both tax authorities and taxpayers. The old adage of ‘No taxation without representation’ has become more relevant in the recent past than it has been in recent decades. Gone are the days when tax authorities collected taxes without showing accountability for the taxes they collect. Perhaps now is the right time for CATA to reflect on issues of governance, fiscal responsibility and fiscal accountability within our members. A reflection on the theme of the ATAF General Assembly leads me to a single conclusion – that both taxpayers and tax authorities owe themselves a duty of responsibility in the fulfilment of their differing but convergent mandates to pay and collect taxes.

One of the topics the forthcoming CATA Technical Conference will discuss is the issue of taxpayer education and its role in ensuring compliance. The topic is timely in these times of double-dip recessions, austerity measures and spending cut-backs. I challenge CATA members to view this conference, and on this topic in particular, as an opportunity to reflect on their role in ensuring that taxpayers are fully informed of their tax obligations so that as tax administrators and taxpayers, we can all begin to address issues of fiscal responsibility on an equal footing.

We look forward to a productive 32nd Technical Conference in Colombo, Sri Lanka.

Tutu Bakwena
CATA Executive Director

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For all information about activities and forthcoming events

CATA NEWS

THIRTY-SECOND CATA ANNUAL TECHNICAL CONFERENCE 2011

Arrangements for the 32nd CATA Annual Technical Conference in Colombo, Sri Lanka are progressing very well. Almost 100 delegates are expected to participate during the Conference that will be held at the Galadari Hotel. With the official opening scheduled for Sunday 18th September 2011 we are looking forward to a week of intense deliberations and discussion.

ACHIEVING MANAGEMENT POTENTIAL PROGRAMME and COMMONWEALTH TAX INSPECTORS COURSE (AMP/CTIC) 2011

The Achieving Management Potential training programme and the Commonwealth Tax Inspectors Course for Commonwealth tax officials commenced in July 2011 with participants undertaking the first part of the programme while they were in their respective countries. On 1st August, 2011 participants were welcomed at Her Majesties Revenue and Customs Staff College (Lawress Hall) in Lincoln, United Kingdom to begin the first part of the in-residence part of the programme. In the latter part of August all participants moved on to London to finish off the second half of the programme at Euston Towers. The residential period of the programme ends on Friday, 9 September 2011. Both programmes have been very successful thus far and indications are that the project work undertaken will be very useful to both the participants and to their respective revenue authorities.

The names of the participants who are participating in this year's programmes are as follows:

AMP

Njweipi Caroline Anwenyuei (Cameroon)
Nancy Chamdimba (Malawi)
Kavazeua Handura-Matundu (Namibia)
Sirkka Masilo (Namibia)
Janneth Msoffe (Tanzania)
Perisuo Dema (Nigeria)
Mustapha Akaje (Nigeria)
Wada Emmanuel (Nigeria)
Thomas Ishaku (Nigeria)
Joe Alfred Udo-Inyang (Nigeria)
Anthony Gukas (Nigeria)
Ocheme Stephen (Nigeria)

CTIC

Eniolorunda Joseph Tunde (Nigeria)
Sa'adatu Ahmed Yero (Nigeria)
Ibrahim Abagi Salami (Nigeria)
Adewuyi Joseph Afolabi (Nigeria)
Nnaji Chuka Innocent (Nigeria)
Edward Ebibo (Nigeria)
Richard Sunday Emeka (Nigeria)
Arabisala Femi Folorunso (Nigeria)
Surprise Tjatindi (Namibia)
Yvonne Engelbrecht (Namibia)
Donna Lakshmie Samarawickrama (Sri Lanka)
Dindze Joseph Lawir (Cameroon)
Lumbani CD Namba (Malawi)
Felix Isaac Lema (Tanzania)
Loicy J Appolo (Tanzania)

CATA PARTICIPATES AT 1ST GENERAL MEETING OF ATAF IN BALACLAVA FORT, MAURITIUS

The Executive Director recently participated at the 1st Meeting of the General Assembly of the African Tax Administration Forum (ATAF) hosted by the Mauritius Revenue Authority at the Intercontinental Hotel in BalACLava Fort. Held under the theme "*The International and Domestic Aspects of Tax Fraud, Evasion and Avoidance*" the Meeting provided an insightful look at tax fraud,

evasion and avoidance in general and from an African perspective. The Meeting, held between the 25th and 27th July 2011, was hosted by our own CATA President, Mr Sudhamo Lal and provided a successful mix of administrators, academics and practitioners. Mauritius as usual provided an ideal setting for the occasion.



Mr. Michael Waweru (Kenya) with Mr. Lincoln Marais (ATAF)



Mr. Sudhamo Lal (MRA) during one of the social events



Mrs Roza Mbilizi (Malawi) and Mrs Ifueko Omoigui Okauru (Nigeria)



Mr Logan Wort (ATAF), Mr Bakwena (CATA) and Mr Waweru (Kenya)

APPOINTMENTS

Country Representatives

Ghana

Mr George Vincent Blankson, Commissioner General has replaced Maj. Daniel Ablorh-Quarcoo, who recently retired.

Country Correspondents

New Zealand

Ms Tracey Davies, Advisor to Carolyn Tremain (Deputy Commissioner), Service Delivery has replaced Ms Patricia McArdle.

Zambia

Mr Richard Kapansa, Tax Inspector has replaced Mr Pumulo Akapelwa.

Regional Directors

Australia (Pacific Region)

Mr Brendan Shannon, Acting Senior Director (International Relations) has replaced Ms Pam Mitchell.

CATA MEMBERS NEWS

AUSTRALIA

**Country Correspondent
Mr Brendan Shannon**



Organised crime the focus of the latest edition of tax crime e-magazine

In the latest edition of the Australian Taxation Office's (ATO) e-magazine, Targeting Tax Crime: a whole of government approach, we take a close look at organised crime and the impact it has not just on the tax system, but on the entire Australian community.

This edition discusses how the ATO is playing an increasingly important role in working with law enforcement agencies to combat tax crime. Within the boundaries of the law, we share valuable intelligence and data with Australian law enforcement agencies that helps to hold criminals accountable.

The ATO is proud to be an active participant in whole-of-Government approaches to cracking down on organised crime. The advent of the Commonwealth (of Australia) Organised Crime Strategic Framework has provided us with the opportunity to bring our resources and specialisations to help address the problem, as have legislative changes since the 1980s that have allowed us to disclose information to and participate in joint taskforces with law enforcement agencies.

In this edition we also look at new cooperative arrangements we have in place across government and internationally and, as in previous editions, there is an update on our work on offshore tax havens.

This edition also features two high profile guest commentators. Dr Valerie Braithwaite provides results of her research into Australians' attitudes to paying tax, and criminologist Professor Paul Wilson argues the need for tougher sentencing of white collar criminals.

This will be the fifth edition of the Targeting Tax Crime: a whole of government approach e-magazine, which aims to build long-term community confidence in the integrity of the tax and superannuation systems.

You can view or download the magazine at www.ato.gov.au/targetingtaxcrime.
To subscribe, email targetingtaxcrime@ato.gov.au.

JAMAICA

**Country Correspondent
Miss Meris Haughton**



Tax Administration Jamaica rolls out National Compliance Programme

Tax Administration Jamaica (TAJ) has unveiled a three (3) year National Compliance Programme, as it re-engineers its operations to meet the demands of the dynamic business environment. Over the next three years TAJ will be employing several strategies to boost compliance, as well as to improve efficient delivery of tax administration services to the public.

Among the strategies to be implemented over the three year (3) period, 2011 – 2014, are:

Developing a revised risk management system to identify and prioritize entities for audit, collection enforcement action and taxpayer education

Developing a debt management framework, including a debt write-off policy

Reviewing and drafting legislation to support compliance efforts

Introducing a phased compulsory income tax filing programme

Y/A 2012 - Medical Professionals, Attorneys, Accountants, Tertiary level academia personnel (e.g. Lecturers, Tutors), Company Directors

Y/A 2013 - All other professionals

Y/A 2014 - All PAYE employees

Introducing mandatory Tax Compliance Certificate (TCC) requirement for licensing with professional bodies

Introducing mandatory e-filing requirements for specific taxpayer groups (e.g. large taxpayers) and tax types

Implementing a new Performance Management System

The first phase of the programme will entail developing a revised risk management approach which will inform the efforts of the administration by assessing the areas for focus to yield the greatest returns in case selection for audits & investigations, debt management and taxpayer education. Also during the first year the National Compliance Programme will address the issue of tax evasion in the cash economy by having designated Officers visit businesses with the highest risk, as identified through data-mining activities and intelligence gathering. They will observe activities, check available records and documents, as well as register the unregistered taxpayers. There will also be a major push for employers, including government, to file their obligations online to further enhance the database warehouse used for data-mining activities.

All new initiatives will be supported by the TAJ's Customer Service and Legal Teams to facilitate the new way of doing business. The administration will also be interfacing with business associations, the public and other stakeholders to advise them on the changes. Several sensitisation sessions have already been held with key interest groups.

The National Compliance Programme forms part of the administration's overall modernization to re-engineer its business processes, technical capabilities and improve its human capital elements. As a result over the next few months the consolidated Tax Administration Jamaica (TAJ) will transition into its new way of doing business. It will continue the integration of the operations of the former Inland Revenue, Tax Administration Services and the Taxpayer Audit and Assessment Departments, to make significant progress with the reform exercise, implement effective and relevant compliance strategies, and continually work together to serve customers, the taxpaying public, even better.

Tax Administration Jamaica introduces Revenue Enhancement and Arrears Project (REAP)

Tax Administration Jamaica (TAJ) has implemented a Revenue Enhancement & Arrears Project (REAP) for the remainder of the 2011 – 2012 financial year, as a main focus of its recently announced National Compliance Programme. The project is designed to broaden the tax base, improve revenue inflows and update its Integrated Computerised Tax Administration System (ICTAS) database.

REAP has been developed to carry out an expanded and sustained Pay As You Earn (PAYE) audit programme which will target employers who:

- Deduct taxes from employees' emoluments but fail to remit this to the government
- Deduct the incorrect amount of payroll taxes
- Fail to file PAYE returns
- Are not registered as employers but should be

In addition to employers, REAP will also focus on examining the financial records and business activities of wholesalers and traders, identified through the administration's Forensic Data-mining Intelligence Unit (FDIU). Data analysed by the FDIU suggests a high level of non-compliance on the part of persons operating in the cash economy across several sectors, who keep minimum records and accept cash as the only or main payment method. It has therefore been determined that special attention needs to be paid to these sectors.

In addition to the main effort of the project, island wide Street Surveys and a Taxpayer Registration Drive will be conducted. Officers designated 'Tax Inspectors' will visit businesses, at times unannounced, to observe activities, check available documents and records, and register unregistered taxpayers.

These strategies are intended to widen the tax net, promote equity and fairness in the system thus improving revenue collection. Persons are therefore cautioned that they are expected to register, file and pay their general consumption tax, payroll, and income tax returns and all outstanding taxes.



LESOTHO

**Country Correspondent
Mr Setsoto Ranthocha**



Lesotho and South Africa Sign a Water Agreement with a Special Article on Taxes

Different countries are endowed with different natural resources; some have multitudes while others have a limited few. Geographical conditions also differ. One of the main natural resources Lesotho is blessed with is abundant clean water that oozes from the wide range of mountains that are characteristic of the country. The lowest point is over a thousand (1000) metres above sea level. It was perhaps for these two features that in 1986 the governments of Lesotho and South Africa signed a water treaty, the Lesotho Highlands Water Project (LHWP). The LHWP was to be a phased water supply and hydro-power generation programme, with the water being supplied (by gravity and saving on pumping energy costs had the scheme been in South Africa) to the industrial Gauteng region in South Africa and the electricity for local consumption.

Early August 2011 saw the signing of LHWP Phase II Agreement. Article 14 of the Agreement is a special dispensation on taxes. The following is a summary of how the different main taxes will be handled under this particular project.

1.1 Value Added Tax (VAT)

The project has two distinct components; water transfer which consists of the construction of a dam and related tunnels for delivering water to South Africa and hydro-power generation for local and regional supply. South Africa is to bear the costs of the first component (in addition to water royalties to be paid depending on the amount of water delivered) and Lesotho the other component. To minimize the cost to each state the VAT attributable to each component accrues to the appropriate state.

1.2 Income Taxes

- 1.2.1 *Lesotho nationals* – Lesotho is to retain all income taxes paid by Lesotho nationals, that is, citizens, legal and other persons that are for purposes of Lesotho laws regarded as nationals. This is irrespective of the component of the project.
- 1.2.2 *Non-Lesotho nationals* – Lesotho is to retain thirty percent (30%) of income taxes of foreign persons arising from the water delivery component.
- 1.2.3 *Similar tax treatment* – all persons, other than individuals, engaged in the project will be subject to the same tax regime, similar corporate and withholding taxes that are aligned to the existing domestic legislation and the Lesotho – South Africa double taxation agreement (DTA).
- 1.2.4 *Fringe benefit tax (FBT) exemption* – Lesotho operates its FBT regime at the level of the employer, that is, the tax payable on the specified benefits enjoyed by employees is paid by the employer. For the purposes of the project accommodation (camp site), meals, utilities and motor vehicle to the camp site are to be exempt from FBT.

1.3 Rationale for Special Dispensation

- 1.3.1 The project was conceived with the aim of minimizing the costs to each state hence why the VAT paid by each is to be “refunded” back.
- 1.3.2 The tax sharing element is brought about by the fact that had the dam been constructed in South Africa then the tax revenues would have accrued to it. It must be borne in mind that it finances its component of the project.
- 1.3.3 Because Lesotho has limited DTAs network, it has been learned from Phase I that there was aggressive tax planning and evasion schemes from those companies that came from countries with which Lesotho did not have DTAs and were therefore, subjected to higher tax rates. Having a similar tax regime levels the playing field thereby minimizing on the negative impacts on avoidance and evasion.
- 1.3.4 The project takes place in very remote areas and therefore, justification for exemption from FBT of camp site accommodation and the like. This is to avoid valuation challenges which come about when an attempt is made to place market value of housing located in very remote areas for a specific purpose, and to bring costs down by encouraging communal transport.

2 Lesotho – Seychelles DTA to be Signed

Mid August will see the signing of the draft DTA between Lesotho and Seychelles. The two countries entered into negotiations as part of efforts to expand DTAs network within the region, SADC, in readiness for the planned common market. The draft agreement contains, among others, modern articles on exchange of information and assistance in recovery.

3 SADC Member States to Negotiate a TIEA

Some SADC member states; Botswana, Lesotho, Malawi, Namibia, Seychelles, South Africa and Zambia will, in September, be negotiating a tax information exchange agreements (TIEAs) with the island of Guernsey. The arrangement is such that the SADC members are to negotiate as one team, but the individual TIEAs will be signed on a bilateral level, that is, between each SADC member state and Guernsey. As can be seen this approach saves time and other resources while at the same time ensuring that as many agreement as possible are concluded. This is possible due to the fact that as part of regional integration SADC has developed its model DTA and related instruments.

4 Conclusion

While the signing of the Agreement in 1 above is one of the biggest milestones for the two countries in recent times, the very nature of Article 14 reminds us of the importance of sticking to the old principles of a good tax system. The Article is the longest, in a water agreement that should have other more relevant and important issues. It took two and a half years of negotiating the same Article, an indication that the tax system should, as much as possible, not be used for other purposes.



NIGERIA

**Country Correspondent
Mr Malik Tukur**



The following article is contributed by Mr. Chris N. Onyegbule, a seasoned tax official and the Team Lead, Self Assessment Project of the Federal Inland Revenue Service, Nigeria.

The paper, **ACHIEVING VOLUNTARY COMPLIANCE THROUGH SELF-ASSESSMENT TAX REGIME** is divided into 4 chapters viz

INTRODUCTION

What is Self-Assessment?

Paradigm Shift

Key Assumptions

Dealing with the Tax Lien

Historical Background and Basis of Interpretation of Tax Statute

THE COMPONENTS OF SELF ASSESSMENT:

Enablement

Compliance and Enforcement

PROCESS FLOW AND THE CONTINUUM CONCLUSION

It is a rich paper. Enjoy it.

ACHIEVING VOLUNTARY COMPLIANCE THROUGH SELF-ASSESSMENT TAX REGIME: AN OVERVIEW

CHAPTER ONE

INTRODUCTION

The self-assessment tax regime is a system of tax administration whereby the taxpayer is granted the right, by law, to compute his own tax liability, pays the tax due (at the designated bank) and produces evidence of tax paid at the time of filing his tax return at the tax office, on due date. On the other hand, the tax authority has the responsibilities of enablement to and checks on the taxpayer to ensure compliance with tax administration process.

In other words, self-assessment tax regime is characterised by partnership and shared roles and responsibilities between the taxpayer and the tax authority.

The paradigm shift in the regime is that having left the taxpayer with the burden of filing tax returns, the tax authority ensures through enablement, compliance and compliance enforcement activities that the right (correct) amount of tax due is paid and at the right time, and if otherwise to **strictly** apply sanctions as provided by the tax laws. It is emphasised that this tax regime is complete with a continuum of activities; from taxpayer enablement, filing of tax returns, and payments, tax returns processing, payment/debt management, and compliance/enforcement. Self-assessment applies to employees, self employed, limited

liability companies including oil companies; agents/taxable persons, in the case of value added tax (VAT).

The Self-assessment tax regime is based on key assumptions as stated below:

- i. the taxpayer is a stakeholder and a partner and should be treated courteously;
- ii. the taxpayer is honest and indeed demonstrates this by signing a declaration as to the correctness of the tax returns;
- iii. the taxpayer runs the business and knows the right amount of profits and taxes payable;
- iv. as a consequence of (i) and (iii) above should be allowed to self assess; and
- v. on the part of the Revenue Authority, it should accept returns as filed and later subject the returns to risk assessment.

It is important to note that this tax regime is a response to a challenge in the application of a tax rule, under government assessment tax regime, that “no tax lien should arise until the revenue makes a demand for it.” The application of this rule brought about delays in the payment of taxes consequent on time lag between the time of issuance of notices of assessment and effective service of the notice on the taxpayer. In between, disputes were common with the attendant increase in the costs of tax administration and compliance. In addition, the regime was introduced to elicit voluntary compliance. Voluntary compliance, as we know, engenders more efficient and cost effective tax administration. Therefore, it can be said that self-assessment tax regime is a vehicle for voluntary compliance.

From the foregoing, Nigeria responded to the “wind of change” in the method of assessment in tax administration. It introduced self-assessment method of payment of taxes in 1992 (following the enactment of the appropriate law in 1991)¹. Initially, self-assessment was not mandatory for every taxpayer until 1998. Even now self-assessment filing has continued to be incentivised, albeit inadvertently, considering that it was mandatory.

Nineteen years down the line, the “new regime” and by implication voluntary compliance has not “taken root”. Perhaps it was because it was run side-by-side with government assessment system due to gray areas in the tax laws and the absence of appreciable efforts at taxpayer enablement, an important component of self-assessment. While not passing a judgement on the inadequacy or otherwise of the tax laws to support classical self-assessment tax regime. I will not fail to say that the excuse of ambiguity of the tax laws to support self assessment, as the reason for the poor performance, appears to run contrary to the rules of interpretation of tax statutes. It is in this regard that I cite a decided case as below:

Lord Herschell held that “it is beyond dispute too, that we are entitled and indeed bound, when construing the terms of any provision found in a statute, to consider any other parts of the Act, which throw light upon the intention of the legislature, and which may serve to show that the particular provision ought not to be construed as it would be, if construed alone and apart from the rest of the Act”²

In a similar ruling, Lord Sounds held that; “I think, when we come to a matter of doubtful construction....., I conceive it to be our duty in dubio to prefer the construction which harmonises with the general intention of the legislature as we gather it from the whole statute.”³

In view of the above, the mere fact of the requirement that every company/person should file self assessment tax returns⁴ more than reveals the intention of the law makers, that is, the regime of self assessment is in place; it should be run in its classical form.

In addition to the cases cited above, it is interesting to note the ruling of the Court of Appeal in the case, Phoenix Motors Limited V NPFMB:

“ If a statute is revenue based or oriented, the provisions therefore must be construed liberally in favour of revenue or in favour of deriving revenue by government, unless there is a clear provision to the contrary. This is because it is the interest of the generality of the public and to the common good and welfare of the citizens for Government to be in revenue and affluence to cater for the people”.

Finally, by implication, the constitution of the Federal Republic of Nigeria, as amended, encourages self assessment in that it provides that:

“it shall be the duty of every citizen to declare his income honestly to appropriate and lawful agencies and pay his tax promptly”.

N.B. CHAPTER TWO: COMPONENTS OF SELF-ASSESSMENT REGIME - WILL FOLLOW IN THE DECEMBER 2011 NEWSLETTER.



Singapore
Country Correspondent
Ms Vicky Ang Hwee Keng



Launch of Asia's First Comprehensive Executive Programme in International Tax

The Tax Academy of Singapore, in collaboration with the Nanyang Technological University of Singapore and the International Tax Center of Leiden University, will launch a new Advanced Management Programme in International Tax in the first quarter of 2012. This will be the first comprehensive and structured executive tax programme in Asia, offering four core areas of study on international tax.

The programme aims to attract tax practitioners from Singapore and beyond, and will serve as a platform for tax professionals from the region to gather in Singapore for the exchange of tax knowledge.

The Tax Academy of Singapore is a not-for-profit institution, jointly set up by IRAS with the Big Four international accounting firms, the Law Society of Singapore and the Institute of Certified Public Accountants of Singapore to raise the professional competency of the tax community in Singapore, and to develop Singapore into a regional tax knowledge hub.

Launch of Tax Book on Singapore Income Tax

On 23 June 2011, President S R Nathan officiated the launch of a new taxation book, "The Law and Practice of Singapore Income Tax". The first of its kind in Singapore, this authoritative and comprehensive book on Singapore taxation is written by tax professionals for the wider tax community, and is part of IRAS' continuing efforts to partner the tax community in upgrading the standards of tax professionals and practice in Singapore. The book covers a wide spectrum of tax-related topics, from general topics such as the framework of interpretation in tax, to specialized or

industry-specific topics on intellectual property and financial derivatives. Each of the 24 chapters was written by a subject specialist or a team comprising a tax lawyer and tax accountant in their area of expertise.

This book is published by LexisNexis and will be marketed in Malaysia, Hong Kong and Britain.

'GIRO Your Tax' Campaign attracts more than 100,000 sign-ups

Since the launch of a 3-year 'GIRO Your Tax' campaign on 7 October 2010, IRAS has attracted more than 100,000 sign-ups for tax payment via GIRO. GIRO (General Interbank Recurring Order) is an electronic payment mode where taxpayers can arrange with their banks to automatically transmit their tax payments directly from their bank accounts to IRAS.

For IRAS, GIRO is the most cost-effective collection mode, enabling a higher certainty of tax collection and greater efficiency. To encourage individual taxpayers to pay their income tax and property tax through GIRO, IRAS will return to taxpayers what it saves from GIRO through \$360,000 worth of lucky draw prizes over 3 years. For 2011, a total of \$65,000 was given out in the first of the three annual lucky draws.

By 2013, IRAS targets to raise participation rate to 70%, up from the current 55%.

Income Tax e-guide: Concession for Enterprise Development

IRAS has issued an e-Tax guide which explains the enhanced concession for enterprise development announced in Budget 2011. The concession for enterprise development was first introduced in Budget 2003 and took effect from the Year of Assessment 2004. The concession allows certain expenses incurred before a business begins to generate revenue to be tax deductible. It seeks to promote entrepreneurship by relieving businesses of the costs incurred when starting out, while providing them with greater certainty regarding their tax matters.

The e-Tax guide highlights the key changes announced in Budget 2011 and provides examples to illustrate the implications of the 2011 enhancement. More information on the concession can be accessed via

http://www.iras.gov.sg/pv_obj_cache/pv_obj_id_27B0512E4A5757D228042EECF7685F4DC3220200/filename/Concession%20for%20Enterprise%20Development.pdf

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COMMONWEALTH SECRETARIAT NEWS

Cape Town Statement on the G20 Multi-Year Action Plan on Development

A number of practical suggestions offered to Development Working Group

Members of the Commonwealth and La Francophonie, including several developing countries from Africa, Asia-Pacific and Caribbean regions, together with several G20 members of the two associations, met in Cape Town, South Africa, on 28 June 2011 to discuss the G20 Multi-Year Action Plan on Development. They received a presentation by South Africa, co-chair with France and Korea of the G20 Development Working Group (DWG), on progress by the DWG; and welcomed the attendance and participation of a number of other G20 member countries and international organisations.



Multiple challenges confront the developing countries of the two associations, particularly the poorest, smallest and most vulnerable economies. The establishment and pursuit of the G20 DWG nine-pillar multi-year action plan on development was welcomed. Discussion focused on three key pillars - trade, growth with resilience and financial inclusion. Many countries have seen their share of global trade progressively decline, largely due to two interlinked factors - inadequate market access and limited trade capacity. With the Doha Development Round now stalled, they urged the DWG to promote an urgent initiative to return development oriented trade round, focusing particularly on agriculture, preferential market access, rules of origin, trade in services and preference erosion.

A number of practical suggestions were offered to the DWG, including establishing a task force to examine the feasibility of a more comprehensive duty-free and quota-free market access framework; simplifying and streamlining rules of origin; and early implementation of the World Trade Organization services modalities for Least-Developed Countries and expansion of these modalities and the overall G20 preference regime. Additional issues, including non-tariff barriers such as standards and labelling; regional integration; the effects of climate change on trade; and initiatives to expand aid for trade and productive capacity development were suggested.

South-South trade is particularly important and participants called for improved market access provision by emerging market economies; suggestions to monitor progress on aid for trade and co-ordinate the implementation of development-related commitments.

Challenges in achieving growth with resilience include low growth rates, high debt rates and the impact of climate change and natural disasters. The smallest countries are especially vulnerable because of their economic openness, dependence on a narrow range of exports, dependence on strategic imports and peripherality. They welcomed the economic resilience framework and country-focused vulnerability and resilience profiling, developed and successfully piloted by the Commonwealth Secretariat; and recommended that these be promoted and expanded by the DWG; and that the DWG create a Growth with Resilience Trust Fund to finance programmes in developing countries.

Progress by the DWG in promoting financial inclusion was welcomed. Several factors influence access to finance by households including employment, education and qualifying requirements. Several practical measures were recommended to meet the goals of financial inclusion, including the adoption of a Small and Medium Enterprises financing framework that is appropriate for developing countries; development of a set of indicators on financial inclusion; the formulation of principles for effective financial inclusion, development of region specific programmes; new

initiatives to build capacity, including in insurance and financial services, as well as south-south learning programmes; reviewing International Financial Institutions lending policies; and re-considering the financial action task force principles in small states.

They asked both organisations to collaborate closely with the G20 DWG through facilitating dialogue to address the needs of the poorest, smallest and most vulnerable countries, noting that a strong outreach process by the DWG is essential to the success of its multi-year action plan on development. They urged the DWG to draw on the resources of the Commonwealth and La Francophonie in the context of extensive analytical research, consensus-building and advocacy.

Governance is a shared responsibility – St Lucia Opposition Leader Kenny Anthony at Commonwealth workshop

Commonwealth workshop in Maldives examines roles elected representatives can play for peace, stability and sustainable development



Opposition Leader and former Prime Minister of St Lucia, Dr Kenny Anthony

Governance is a shared responsibility between the government, opposition and citizenry to the state and society, said Opposition Leader and former Prime Minister of St Lucia, Dr Kenny Anthony.

He pointed out that this collective responsibility can be exercised within an inclusive, tolerant and transparent political culture which enables political pluralism to thrive for the good of a country in achieving sustainable development. It should offer space for alternative views to exist for public discourse.

Dr Anthony said a maturing democracy offers the opportunity for an effective opposition to scrutinise and challenge the behaviour and actions of the government, exposing fallacies in decision-making that lead to the implementation of poor public policies. It can uncover harmful practices, precedents and decisions that can result in hardship faced by citizens; and it can hold the government accountable for its actions.

Dr Anthony was speaking to Commonwealth News in the wings of a Commonwealth workshop in Malé, Maldives, on Government and Opposition – Roles, Rights and Responsibilities, being held from 13 to 15 June 2011, which he addressed.

“A strong opposition can help a government intent on political survival to govern more effectively. Where such opposition exists, citizens are the ultimate beneficiaries as their rights and interests will be championed in the exercise of democracy and the rule of law,” said Dr Anthony.

He noted, however, the difficulty in convincing ruling parties that an alert and vigorous opposition can nourish, protect and sustain democratic practice and traditions, as democracy thrives on

political competition. He added that competitive politics offers greater choice in personalities, ideas, policies and programmes.

Opposition parties, on the other hand, he said, must not only offer citizens the choice of an alternative government, but more importantly persuade them of the “requisite vision, managerial acumen and internal discipline to be able to perform government’s functions more successfully”.

Dr Anthony observed that the level of partnership and co-operation that can be realised in the governing of a country is dependent on many factors, such as class, race and ethnicity, religious persuasion, political personalities, policy differences and competing visions of society and the economy. He noted that political maturity and enlightenment of the political actors involved are crucial, and they are in turn influenced by the prevailing socio-political conditions. The danger lies when there is a clash between the interests of the public and the political parties. This is when real judgement, wisdom and restraint are required, said Dr Anthony.

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