

# **The Commonwealth Association of Tax Administrators**



## *Newsletter*

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New solutions to tax evasion and avoidance in Cyprus

Tax Amendments in Mauritius Changes to the tax administration in Jamaica

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**No. 2 of 2011**

**June 2011**



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## ***Editorial***

### **Employees: our greatest resource**

In light of recent events affecting major institutions all around the world it makes one reflect on the order of importance between the organisation and its human resources. Revenue organisations, as with all organisations are run by people and their success or failure is a function of the efficiency and experience of the people employed to run them.

While belts are tightened and funds become increasingly more difficult to manage, the human resource often finds itself among the first to be sacrificed. Retrenchments, redundancies, right sizing, downsizing downgrading, salary cuts are terms often directed towards the human resource. However, human resource practitioners will naturally put a compelling case forward that in times of financial and other crisis the human resource must be nurtured and should be among the last to be sacrificed. Ironically, these practitioners also argue that hard times should be seen as an opportunity for the human resource to be developed, that training during this time provides an avenue through which the organisation can benefit. The basis of the theory is that employees generally thrive on their own success and development so expenditure on training often provides the organisation with motivated employees who see a sustainable future in the organisation. Training provides comfort to employees that the organisation sees a future in them as a resource and that it's willing to sacrifice its meagre resources for the betterment of the knowledge and skills of its employees. While employee training is not the single solution to their job satisfaction, it does however help in providing some peace of mind for tentative and nervous employees as organisations all around review their capacity to maintain their human resource.

It is against this backdrop that I pay homage to all the revenue administrations, who in spite of the financial challenges that they are faced with still value the development of their human resource capacity and who continue to participate in CATA training programmes hosted by CATA member revenue authorities. CATA takes pride in the delivery of the programmes and with the support of member administrations will continue to improve and strive for the highest level of quality of the programmes.

***Visit CATA website at [www.cata-tax.org](http://www.cata-tax.org)  
For all information about activities and forthcoming events***

# C A T A N E W S

## THIRTY-SECOND CATA ANNUAL TECHNICAL CONFERENCE 2011

Arrangements for the 32<sup>nd</sup> CATA Annual Technical Conference in Colombo, Sri Lanka are going ahead as planned.

**Delegates are again reminded to register early to avail the discounted hotel booking rates in time.**

Invitations have been extended to special guests from non-member countries and international organisations. The Conference will be held at the Galadari Hotel, Colombo.

The following two topics will be discussed at the Conference:

1. **Transfer Pricing and**
2. **Taxpayer Education as a Compliance Tool**

**Conference Coordinator:**

**Mr H.B.A. Seneviratne** is the Chairman of Organising Committee and he can be contacted as follows:

**Mail:** Department of Inland Revenue  
Inland Revenue Building, 14<sup>th</sup> Floor  
Colombo – 02  
SRI LANKA

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Information about the Conference can be obtained from the CATA website at: [www.cata-tax.org](http://www.cata-tax.org)

## MANAGEMENT COMMITTEE MEETING (MCM) APRIL 2011

The Management Committee of CATA held its annual meeting in London on 12 and 13 April 2011.

## WORKSHOP ON TAXATION OF INTERNATIONAL TRANSACTIONS (TOIT) 2011

The annual Workshop on Taxation of International Transactions was held at the Malaysian Tax Academy, Selangor, Malaysia from 6 to 24 June 2011. Twenty-five external participants representing fifteen countries participated in the workshop in addition to five officials from Malaysia.

The following is a list of participants for the 2011 Workshop:

- 1 **Dk Nurul Hawa Hanani Pg Hj Abd Wahab (Brunei)**
- 2 **Norul Adibah Abdullah (Brunei)**

- 3 Yushadi Satria Hussain (Brunei)
- 4 Mechane Nzubepie Epse Mbunge Sumbele (Cameroon)
- 5 Tanyi-Mbianyor Joseph Awunti (Cameroon)
- 6 Antonakis E. Constantinides (Cyprus)
- 7 Bernard Gesicho Omaa (Kenya)
- 8 Jesse Kamau Mugwanja (Kenya)
- 9 Nancy Wanjiru Gakuru (Kenya)
- 10 Taake Bauro Cama (Kiribati)
- 11 Fathimath Ameerza (Maldives)
- 12 Ivan Tjikutrua Hjarunguru (Namibia)
- 13 Magdalena Indongo (Namibia)
- 14 Wilhelmina Feris (Namibia)
- 15 Anuja Devi Bissessur (Mauritius)
- 16 Shabih Ul Aijaz (Pakistan)
- 17 Sheril Gency Julienne (Seychelles)
- 18 Carmen Sidzumo (South Africa)
- 19 Devaloshini Govender (South Africa)
- 20 G.D. Sunil Jayaratne (Sri Lanka)
- 21 N.K.A.I.K. Gunaratne (Sri Lanka)
- 22 Thulani Terrence Vilakati (Swaziland)
- 23 Sheila Seecharan (Trinidad)
- 24 Gladys Nkomo Mufugi Matamwandi (Zambia)
- 25 Lukwesa Musonda Brano (Zambia)
- 26 Mahfuzah Baharin (Malaysia)
- 27 Adenan Che Semail (Malaysia)
- 28 Norhasiah Hassan (Malaysia)
- 29 Mohammad Firza Ahmad (Malaysia)
- 30 Khairani Abdullah (Malaysia)

## **APPOINTMENTS**

### ***New Regional Director***

#### ***Canada***

Ms Yannick Côté has been appointed Regional Director as well as Country Correspondent - replacing Mr Valery Kiyogoma, who for a very short while replaced Ms Debra Shalla.

## CATA MEMBERS NEWS



### CANADA

**Country Correspondent  
Mrs Yannick Côté**



#### **New National Revenue Minister announced**

Member of Parliament for Egmont in Prince Edward Island, Gail Shea has replaced the Honourable Keith Ashfield as Minister of National Revenue. These changes were announced by the Prime Minister Stephen Harper on May 18, 2011.

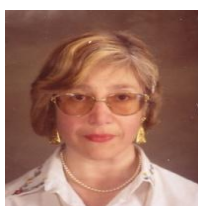
Minister Shea was first elected to the Canadian's House of Commons in 2008 and later appointed Minister of Fisheries and Oceans in October of that same year.

Prior to her election in the Canadian's House of Commons, Minister Shea was a member of the Legislative Assembly of Prince Edward Island. She was then appointed to the provincial cabinet as Minister of Community and Cultural Affairs where she was responsible for the Status of Women, the Worker's Compensation Board and the Island Waste Management Corporation. From 2002 to 2007, she served as Minister of Transportation and Public Works.

Before entering politics, Minister Shea managed a small family business for 15 years and has a long record of voluntarism in her local community.

Minister Shea's predecessor, the Honourable Keith Ashfield was appointed the Minister of Fisheries and Oceans.

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### CYPRUS

**Country Correspondent  
Mrs Athina Stephanou**



#### **Main legislative changes to assist in the combat of tax evasion and avoidance**

As a result of the financial crisis the government had to take actions to control economy and reduce deficit below 3% by end of 2013.

The Department of Inland Revenue is officially committed to assist through:

- ❖ reduction of tax arrears
- ❖ increase of field audits and broadening of tax base
- ❖ reduction of administrative burden of businesses
- ❖ improvement of taxpayer satisfaction levels through reduction of administrative burden

- ❖ reduction and control of expenditure

Direct tax is one of the 8 areas selected for the reduction of administrative burden. Our target as a country is to reduce administrative burden of businesses by 20% until 2012.

The Ministry of Finance also proceeded in the amendment of 5 tax laws to assist the Director of the department in his mission. Amending laws were published in the official gazette of the Republic on 31st December 2010.

Main amendments not all amendments to the Laws are as follow:

#### **A. Income Tax Law – Provisions apply as from 1.7.2011**

##### **1. 5% penalty on tax due from tax deducted at source on payments to non-residents**

If tax deducted at source as a result of payments to non-residents is not paid by due date, which is the end of month following the month of deduction, a 5% administrative penalty on tax due is paid in addition to interest.

*Per existing legislation if tax is not paid by due date an amount of interest equal to the amount of tax due needs to be paid.*

##### **2. Administrative penalties**

If notices or tax returns or other documents requested by law or by the Director are not submitted or a duty is not performed as required by Law or by the Director, an administrative penalty is due equal to 100 Euro, if requested by Law, or 200 Euro if requested by the Director. Requests by the Director must give a period of at least 60 days for compliance.

Requests by the Director from 3<sup>rd</sup> parties, where there is no deadline in legislation for compliance, with a requested period of compliance by third party not less than 60 days, are subject to 100 Euro penalty, if there is no compliance.

If tax is not paid by due date per Law or per notice a 5% penalty is imposed on tax due.

#### **B. Capital Gains Tax Law - Provisions apply as from 1.7.2011**

##### **Administrative penalties**

If notices or tax returns or other documents requested by law or by the Director are not submitted or a duty is not performed as required by Law or by the Director, an administrative penalty is due equal to 100 Euro, if requested by Law, or 200 Euro if requested by the Director. Requests by the Director must give a period of at least 60 days for compliance.

Requests by the Director from 3<sup>rd</sup> parties, where there is no deadline in legislation for compliance, with a requested period of compliance by third party not less than 60 days, are subject to 100 Euro penalty, if there is no compliance.

If tax is not paid by due date per Law or per notice a 5% penalty is imposed on tax due.

## **C. Immovable Property - Provisions apply as from 1.7.2011**

### **Administrative penalties**

If notices or tax returns or other documents requested by law or by the Director are not submitted or a duty is not performed as required by Law or by the Director, an administrative penalty is due equal to 100 Euro, if requested by Law, or 200 Euro if requested by the Director. Requests by the Director must give a period of at least 60 days for compliance.

Requests by the Director from 3<sup>rd</sup> parties, where there is no deadline in legislation for compliance, with a requested period of compliance by third party not less than 60 days, are subject to 100 Euro penalty, if there is no compliance.

If tax is not paid by due date per Law or per notice a 5% penalty is imposed on tax due.

## **D. Special Contribution for Defence – Some provisions apply as from 1.7.2011 and rest for transfers of property as from 1.1.2011**

### **1. Donation or transfer of property at a value less than market value**

Donations or transfers of property at a price less than market value to a shareholder individual or relative up to second degree of kindred, or spouse of shareholder can be considered as a distribution of dividend, provided the property was not acquired by donation by the company from shareholder individual or relative up to second degree of kindred, or spouse of shareholder.

Distribution equals the market value or the difference between the market value and sales value if the property was not donated. Applies to transfers of property as from 1.1.2011.

*Per legislation in the case of non-residents the right of taxation of dividends is passed fully to the country of residence.*

### **2. Dissolution/liquidation**

- a. Within a month of the resolution of a voluntary dissolution /liquidation, a return of notional distribution of dividends from profits of current year and 2 previous tax years must be submitted to the Department. Applies to transfers of property as from 1.1.2011.
- b. Notional distribution does not apply to accounting profits earned during dissolution or liquidation, if assets are not adequate for the settlement of creditors. Applies to transfers of property as from 1.1.2011.
- c. Distribution of property during dissolution/liquidation, equal to market value less any capital gains tax paid and cost of acquisition, is considered distribution of dividend. Applies to transfers of property as from 1.1.2011
- d. In case of a voluntary dissolution /liquidation notional distribution cannot exceed the value of net assets that can be distributed. Applies to transfers of property as from 1.1.2011

### **3. Reduction of Capital**

When there is a reduction of capital any difference between the amount paid or payable to an individual shareholder and the capital deposited, is considered distribution of dividend. Applies to transfers of property as from 1.1.2011.

### **4. Withholding tax on payment of rents**

Whenever companies, partnerships, the State or Municipalities pay rent they need to deduct the tax due at source. Applies for payments as from 1.7.2011

*Per existing legislation tax is 3% on 75% of gross rent. Special Contribution for Defence deducted must be submitted to the Department by the end of the month following the month of deduction. There will be a deduction if the recipient of rent is a resident of Cyprus.*

### **5. Dividends/Interest from abroad**

Special Contribution for Defence on Interest and Dividends earned abroad is paid on 30<sup>th</sup> June and 31<sup>st</sup> December of year earned.

### **7. Administrative penalties – Applies as from 1.7.2011**

If notices or tax returns or other documents requested by law or by the Director are not submitted or a duty is not performed as required by Law or by the Director, an administrative penalty is due equal to 100 Euro, if requested by Law, or 200 Euro if requested by the Director. Requests by the Director must give a period of at least 60 days for compliance.

Requests by the Director from 3<sup>rd</sup> parties, where there is no deadline in legislation for compliance, with a requested period of compliance by third party not less than 60 days, are subject to 100 Euro penalty, if there is no compliance.

If tax is not paid by due date per Law or per notice a 5% penalty is imposed on tax due.

## **E. Assessment and Collections of Taxes Law – Provisions apply as from 1.7.2011**

### **1. Tax identity number for companies**

All new companies need to apply for a tax identity number within 60 days of registration. Same applies to companies registered abroad when registered in Cyprus or when they become tax resident. Existing companies need to apply by 30.6.2011. Any changes need to be notified by the taxpayer within 60 days.

Application and notification is sent on a form approved by the Director.

### **2. Lifting of bank secrecy**

The Director in case of an audit and in relation to any tax year he can issue an assessment, can request in writing from any bank to submit evidence and information it holds for the period of 7 years prior his demand with regard to any existing or closed account of the person under examination.

The bank needs to reply within 60 days and only after it is confirmed to the bank by the Director that the Attorney General has given his written approval for the submission of data

by the bank. The Director needs to notify in writing the person under examination that he will request data from the bank, before the Attorney General gives his approval.

Both the Attorney General and the bank concurrently need to have the following information from the Director before any action:

- ❖ the identity of the person under examination
- ❖ description of the information required and method of submission of information
- ❖ the reasons the Director thinks that the information is held by the Bank
- ❖ the previous and justifiable period for which he requests the information
- ❖ declaration of the Director that he has taken all steps including a capital statement, in case of an individual, except legal steps, to get the information required
- ❖ In addition, the Director must justify to the Attorney General the tax reasons he requests the information from the bank

The Director must also notify the person under examination whether the Attorney General has given his permission or not.

If bank accounts are in joint names above procedure is repeated for each person on the account.

*Per existing legislation and under similar conditions, bank secrecy can be lifted for the purpose of exchange of information under a Double Tax Treaty. Per Mutual Assistance Directive information can be transmitted to a foreign tax authority, for the purpose of exchange of information if it can be collected for our own purpose.*

### **3. Electronic submission of tax returns**

Persons under a tax obligation to submit audited accounts as per article 5 of Assessment and Collection of Taxes Law or having their return submitted by a relevant professional must submit their return by electronic or other means approved by the Director, from time to time.

An extension of 3 months is given in case of an electronic submission of tax returns.

### **4. Assessment on the basis of evidence relating to other tax year**

The Director can issue an assessment for a tax year on the basis of the findings from an audit of another tax year, if for a tax year the taxpayer did not submit a tax return or did not keep proper books of account or archives or documents or the taxpayer did not assist the Director in his audit or when the Director decides that returns are not complete or correct.

### **5. Estimation of Income**

If a taxpayer does not submit his tax return the Director can issue an assessment in accordance with his judgment on the basis of findings of an audit or in accordance with information or evidence he holds.

*Per legislation prior amendment, if a taxpayer did not submit his tax return the Director could issue an assessment in accordance with the nature of the business of the taxpayer and size of turnover.*

## **6. Objection on an assessment**

Taxpayer needs to specify and notify the Director of the amount of correct income or deduction or exemption or credit of tax that needs to be taken into account, providing all necessary documentation for the support of his objection.

Objections on assessments issued in December can be made by end of February.

## **7. Posting of books**

Books need to be posted by the end of 4 months following the month the transaction took place.

## **8. Issue of invoices**

Invoices need to be issued within 30 days of the transaction unless permission otherwise is given by the Director.

## **9. Stock take**

A business with stocks needs to make a stock-take at the end of the accounting year. Stock sheets must be available for inspection by the Director.

## **10. Overpayment of tax**

Tax overpaid can be returned to the taxpayer.

*Per legislation prior amendment of section 35(1) of Law, tax overpaid could be returned if overpayment was made through deduction at source. Furthermore per s.35(2) tax could be returned if proven by taxpayer that was overpaid by mistake.*

## **11. Collection of non-disputed tax in case of an appeal to court**

If a taxpayer appeals to court the collection of disputed tax is suspended until the decision of court.

*Prior amendment in case of an appeal to court full tax was suspended.*

## **12. Administrative penalties**

If notices or tax returns or other documents requested by law or by the Director are not submitted or a duty is not performed as required by Law or by the Director, an administrative penalty is due equal to 100 Euro, if requested by Law, or 200 Euro if requested by the Director. Requests by the Director must give a period of at least 60 days for compliance.

Requests by the Director from 3<sup>rd</sup> parties, where there is no deadline in legislation for compliance, with a requested period of compliance by third party not less than 60 days, are subject to 100 Euro penalty, if there is no compliance.

If tax is not paid by due date per Law or per notice a 5% penalty is imposed on tax due.

*Per existing legislation prior amendment the 5% penalty applied to self assessments submitted with annual tax returns on income and assessments issued by the Director in relation to these annual tax returns.*

*With this amendment imposition is extended to cover all liabilities e.g. liability on a temporary assessment of income, etc.*

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## **JAMAICA**

**Country Correspondent  
Miss Meris Haughton**



### **Tax departments consolidate to form single Tax Administration Jamaica (TAJ)**



**Tax Administration Jamaica (TAJ) executives meet:** Viralee Latibeaudiere, Commissioner General (right) for the newly established TAJ, meets with her executives to discuss transitional plans. (L – R) Grace Rookwood, Deputy Commissioner General for Legal Support; Ainsley Powell, Chief Technical Advisor; Dr. Terence Frater, Deputy Commissioner General for Management Services; and Rosalee Brown, Deputy Commissioner General for Operations.

The operations of Jamaica's Inland Revenue; Taxpayer Audit & Assessment and Tax Administration Services Departments have been consolidated to form a single department **Tax Administration Jamaica (TAJ)**, which became operational on May 1, 2011.

The unified domestic **Tax Administration Jamaica (TAJ)** is headed by Commissioner General, Viralee Latibeaudiere, who has full authority for the administration and enforcement of Jamaica's laws relating to domestic tax revenue. The Commissioner General is supported by three (3) Deputy Commissioners General, Dr. Terence Frater, Rosalee Brown and Grace Rookwood, who have responsibilities for Management Services, Operations and Legal Support respectively. Ainsley Powell has been assigned as Chief Technical Advisor.

The consolidation is expected to result in a more efficient, service driven organization, with re-engineered business processes and improved administrative activities. The transition to a fully functional Tax Administration Jamaica is scheduled over a twelve month period.

## **Tax Administration Jamaica Establishes Tax-Cheat Hotline**

A new toll-free hotline **1-888-292-4328**, which allows members of the public to report tax cheats, was introduced on Monday, May 2, 2011.

Reports by callers are confidentially received by specially trained agents assigned to the administration's Customer Care Centre and discreetly investigated by senior tax personnel in the Forensic Data-Mining Intelligence Unit.

This strategy to engage the support of the public to identify individuals and companies cheating the Government of tax revenue is being employed as the tax administration moves to ensure that more persons pay their fair share of taxes. The public has already signaled its willingness to utilize this channel to report suspected tax dodgers. In its first month of operations, ninety-four (94) credible reports were made through the tax-cheat line, surpassing expectations.

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### **MAURITIUS**

**Country Correspondent  
Mrs Vaydavadee Ramdin**



## **1 CHANGES IN OUR INCOME TAX LEGISLATION**

- (i) Solidarity Income Tax has been introduced so that an individual (other than a non-resident) whose total income exceeds 2 million rupees has to pay a solidarity income tax in addition to his liability to income tax. The solidarity income tax is calculated at the rate of 10 per cent of the individual's specified exempt income (e.g. dividends and interest which are normally exempt for others individual taxpayers).
- (ii) In addition to the income exemption threshold to which he is entitled, a resident person who is not liable to solidarity income tax is eligible to an additional exemption for his dependent child pursuing a non-sponsored full-time undergraduate course at a recognised tertiary educational institution.
- (iii) Every person (other than a non-resident) is entitled to a relief for interest paid on a housing loan taken on or after 1 July 2006 and secured by fixed charge on immovable property and used exclusively for the purchase or construction of his house, provided the person or his spouse is not already the owner of a residential building or is not subject to Solidarity Income Tax.
- (iv) A person (including a company) who derives gains from the sale of immovable property or interest in immovable property in an income year is liable to pay a tax on those gains.
- (v) A société is liable to tax on gains derived from the sale of an immovable property registered in its name provided that it is engaged in property business. Otherwise, the gains are taxable in the hands of the associates.
- (vi) The trustee of a trust is liable on the gains derived from the sale of an immovable property registered in the name of the trust.

- (vii) The legislation provides that certain specific gains are exempt from tax eg transfer between heirs or by a company to another company within the same group.
- (viii) Companies holding a Category 1 Global Business Licence are allowed to conduct business both inside and outside Mauritius. They are eligible to foreign tax credit on their foreign income only whilst income derived from their domestic operations are assessable to tax at the normal rate of 15%.
- (ix) Solidarity levy on telephony service providers which was applicable to providers of public mobile telecommunication network services at the rate of 5 % of their book profits and 1.5% of their turnover for for two years of assessment commencing on 1 July 2009 and 1 January 2010 has been maintained for another 2 years.
- (x) Freeport developers and freeport operators were exempt until 30 June 2011. The exemption has been extended for a further period of 2 years.
- (xi) National Residential Property Tax (NRPT) which was introduced in July 2007 and which was payable by every owner of a residential property deriving income above a certain threshold has been abolished with effect from 1 January 2010.
- (xii) Similarly interest on a savings or fixed deposit account held with any bank is exempt from tax as from 1 January 2010.

## **2 TAX TREATY NEGOTIATIONS (OCTOBER 2010 TO APRIL 2011)**

### **A. Double Taxation Avoidance Agreements (DTAs)**

#### **(i) Finalised**

A new treaty has been finalised with Congo in December 2010.

#### **(ii) Being Negotiated**

Treaties are being negotiated with Vietnam & Portugal.

#### **(iii) Article 26 in DTA upgraded**

UK, Seychelles, France, Italy, Malaysia, Germany, South Africa, and Sweden.

#### **(iv) Article 26 in DTA being upgraded**

Belgium and Luxembourg.

### **B. Tax Information Exchange Agreements (TIEAs)**

#### **(i) Finalised**

Australia, Denmark, Finland, Faroe Islands, Greenland, Iceland and Norway.

#### **(ii) Being negotiated**

Netherlands, Guernsey, St. Lucia, Argentina, Samoa Island and Austria.

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**Singapore**

**Country Correspondent  
Ms Vicky Ang Hwee Keng**



### **Helping Businesses and Encouraging Productivity and Innovation**

To help businesses with rising business costs, the Singapore Budget 2011 provided for a one-off corporate income tax rebate of 20% capped at S\$10,000 for Year of Assessment 2011. Smaller companies that do not pay as much tax will be given a cash grant of up to S\$5,000. Companies will automatically receive the higher of the two options when IRAS assesses their returns for the 2011 assessment year.

The Budget 2011 also outlined enhancements to the Productivity and Innovation Credit (PIC) scheme introduced last year that aimed to promote greater business productivity and innovation. This scheme provides significant tax deductions for investments in a range of six activities – research and development; registration of Intellectual Property rights; acquisition of Intellectual Property rights; design; purchase of automation equipment; and training.

With the enhancements, the scheme will now include a one-year tax deferral of up to S\$100,000 for qualifying PIC expenditures to help businesses avoid cash-flow problems while making investments under the scheme. Businesses will also be allowed 400% deduction on the first \$400,000 of qualifying expenditure for each activity. This is up from 250% deduction on the first \$300,000 of qualifying expenditure for each activity.

More information on the PIC scheme can be accessed via <http://www.iras.gov.sg/irashome/PIcredit.aspx>

### **Reduction of Personal Income Tax Rates**

To ensure an inclusive society – where everyone can contribute and share in the country's progress, the Budget has introduced tax measures to expand support for lower- and middle-income Singaporeans. The personal income tax rate from Year of Assessment 2012 will be lowered by up to 2.5% for the first \$120,000, with the top marginal rate of 20% remaining unchanged. Taxpayers will also get a one-off personal income tax rebate of 20% this year capped at S\$2,000.

This move benefits those with chargeable income of less than S\$120,000, or about 90% of taxpayers.

More information on the changes to the personal income tax rates can be found in <http://www.iras.gov.sg/irasHome/page04.aspx?id=1190>

### **Record Individual E-Filing Rate of 96%**

IRAS achieved an e-filing rate of 96%, which is 2% higher than that in 2010, at the close of the e-filing deadline of 18 April 2011. This year, e-Filing has also been enhanced with a tax calculator feature, As soon as taxpayers have e-Filed, an estimate of the tax payable would be shown on their screens; helping them to budget their tax payments.

At the same time, 660,000 of the 790,000 taxpayers under the No-filing Service (NFS) this year would have found the tax filing season a non-event. Only one in six had to log into *myTax Portal* to make changes to their relief claims and file their tax returns.

Currently, employers with 30 or more employees are required to transmit the salary information of their employees to IRAS electronically. IRAS intends to extend this requirement to employers with 20 or more employees from 2012. This means another 100,000 taxpayers will join the existing 1.1 million taxpayers who are already on the scheme, and enjoy the convenience of not having to provide their employment information when they file their returns next year.

### **Launch of the Assisted Compliance Assurance Programme (ACAP)**

IRAS has launched the ACAP, which is a holistic solution for businesses to self-manage their GST risks. Through this scheme, IRAS hopes to motivate businesses to set up a robust GST Control Framework as part of good corporate governance.

The ACAP is a self-assessment package that provides step-by-step guidance for businesses to assess the effectiveness of their GST internal controls at three levels; the entity, transaction and GST reporting levels. IRAS will accord ACAP status to businesses whose GST controls have met our standard guidance. Businesses accorded with ACAP status can enjoy exemption from GST audits for 3 to 5 years, and automatic renewal of GST schemes.

To encourage participation, IRAS will co-fund 50% of the fees, subject to a cap of \$50,000 per ACAP applicant. IRAS will also grant one-time waiver of penalties for past GST errors disclosed voluntarily in the course of the first ACAP Review undertaken by the applicant.

The ACAP e-Tax guide can be accessed via

[http://www.iras.gov.sg/pv\\_obj\\_cache/pv\\_obj\\_id\\_9C8BF7D2D2477D4CB95CEE84B8CF6D0EA2970500/filename/Guide%20on%20Assisted%20Compliance%20Assurance%20Programme%20%28ACAP%29.pdf](http://www.iras.gov.sg/pv_obj_cache/pv_obj_id_9C8BF7D2D2477D4CB95CEE84B8CF6D0EA2970500/filename/Guide%20on%20Assisted%20Compliance%20Assurance%20Programme%20%28ACAP%29.pdf)

## COMMONWEALTH SECRETARIAT NEWS

### Proper management of natural resources can make or break development – Sharma

7 April 2011

*Commonwealth Secretary-General Kamallesh Sharma speaking at the Commonwealth Natural Resources Forum on 6 April*



Secretary-General launches the Commonwealth's first forum on managing natural resources for future generations.

Commonwealth Secretary-General Kamallesh Sharma told delegates at the launch of the first Commonwealth Natural Resources Forum that the proper management of natural resources could make or break a country's development.

Speaking at the start of the three-day forum on 6 April, Mr Sharma said that regulating the extraction of natural resources was not only important for our environmental sustainability but also to ensure we could provide for future generations.

"If managed properly, the natural resources sector is probably the only economic sector that can, on its own, help lift a country out of underdevelopment in a relatively short period of time, if wisely used," he said.

"Mismanaged, revenues from the natural resources sector can destabilise an economy, fuel conflict and war and corruption. So, too, can they have a very negative impact on the environment, and create lasting damage to human habitat.

"That is why the Commonwealth Secretariat's objective is to ensure that, through the transparent and accountable management of revenues accruing from natural resources, countries can benefit from increased growth, achieve economic development and poverty reduction, and transform their societies."

The Secretariat has been providing assistance to Commonwealth member governments in the area of natural resources for almost 30 years, offering tailor-made expertise from the economic and legal team within the Special Advisory Services Division.

Delegates from 18 Commonwealth countries have gathered at the Secretariat's headquarters in London for the forum to discuss the key issues in the development and management of their country's natural resources, including the design of internationally acceptable and sustainable laws and contracts for the oil, gas and mining sectors.

With depleting resources in many of the world's largest oil fields, oil and gas prices continue to climb as demand outstrips supply. Mr Sharma said the delegates were now faced with the challenge of securing the supply of these conventional sources of energy while also being aware of the environmental, social and accountability issues. He added that provisions must be made to secure some of the financial assets accruing from the extraction of natural resources to benefit future generations.

"Around the world, companies have been courting countries to secure access to their resources. Sometimes, this is done by exercising pressure," he said.

"This is why the Secretariat believes that the work we are doing in putting in place adequate legal and commercial frameworks, strong institutions and good governance principles is essential."

He continued that the recent Gulf of Mexico oil spill and the serious environmental damage caused by the accident is why the Secretariat has increasingly focused its work on environmental issues, such as decommissioning of mining or petroleum facilities and drafting environmental legislation.

During the forum, delegates will hear from representatives from the public and private arena and Commonwealth member states Belize, Pakistan, Tanzania, and Trinidad and Tobago, who will share their own experiences of developing their natural resources sector.

## Zambia says public has right to good services

11 May 2011

Enhanced performance and productivity will lead to efficient and effective service delivery - Zambia's secretary to the cabinet

Zambians have a right to good services; and indiscipline and poor performance, which undermine government performance, will not be tolerated, Secretary to the Cabinet Dr Joshua Kanganja has said.

Dr Kanganja was speaking at a Commonwealth Fund for Technical Co-operation (CFTC) forum for 30 permanent secretaries and directors on performance management and leadership in Zambia's Lake Kariba resort of Siavonga this week. The programme runs 9-14 May 2011.

The programme also covered developmental leadership and coaching, effective management, motivation, communication and development, change and conflict, and building and maintenance of high performance teams.

"Civil servants should focus more on effective delivery of services rather than the challenges they face at the workplace. Tax payers have a right to good services from government," Dr Kanganja said.

"Government cannot tolerate non-performers and indiscipline in the service particularly under the prevailing economic climate where we are expected to provide more services with fewer resources."

Zambian officials welcomed the programme, saying people management remained a critical but often neglected area.



"This programme should be made mandatory for all managers. The skills and knowledge gained will go a long way in helping me get the best out of my staff," said Lucy Mungoma, Permanent Secretary in Zambia's Ministry of Foreign Affairs.

Chanda Chishimba, Director of Human Resources and Administration in the Ministry of Information, agreed: "It is ironical that people are the most important organisational asset, yet managers don't undergo training that would enable them to manage people more effectively for optimal performance. This programme fills this gap superbly, hence its importance."

A Commonwealth Secretariat official said low performance and productivity were in part caused by poor leadership and weak management skills in the public service.

"This is compounded by lack of strong human resource management policies and strategies, especially those relating to performance management and measurement, and thus undermines the entrenchment of a conducive performance culture. At the Secretariat, we are committed to assisting member countries bridge this gap," said Dunstan Maina, Adviser for East Africa in the Secretariat's Governance and Institutional Development Division.

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