

2002, December

Editorial

CATA Approaching Silver Jubilee

The year 2003 will be a very important milestone for CATA in that it will constitute the 25th year of its existence. This may therefore be an appropriate occasion to re-state the history of the Association, the progress made during the period and also look at what the future holds for the Association and its members. The Commonwealth Association of Tax Administrators was established as a result of a decision taken at the annual meeting of the Commonwealth Finance Ministers held in Barbados in 1977. Immediately thereafter, CATA's Constitution was drawn up and an Interim Management Committee was elected at a meeting of senior Commonwealth tax administrators held in London on 22-23 May 1978. Initially, twenty-seven Commonwealth countries enrolled as members of CATA. To begin with limited staff support was provided by the Commonwealth Secretariat until July 1980 when an Executive Secretary was recruited and an office was set up within the Commonwealth Secretariat premises. Since then in terms of membership, the Association has grown into the largest representative body of tax administrators in the world with 47 members spread right across all five continents.

For those not completely familiar with the affairs of CATA, the management of the business of the Association vests in a Management Committee consisting of elected members from fourteen countries, including a Chairman and Vice Chairman. The Management Committee meets twice every year. The main annual meeting is held in May of each year in London. The Committee also meets for a second time at the conclusion of CATA's annual technical conference. Under CATA's Constitution, a General Meeting is required to be held every three years. The affairs of the Association are governed by the General Meeting. Eight General Meetings have so far been held: 1979 (Singapore), 1982 (Australia), 1985 (New Zealand), 1988 (Malawi), 1991 (Papua New Guinea), 1994 (Tanzania), 1997 (Samoa) and 2000 (India).

So far CATA has held 22 technical conferences with the Twenty Third scheduled to be held in Cape Town, South Africa during December 2002. These conferences have been hosted in different regions of CATA's membership. Africa has hosted eight of these. Five have been held in the Asian region, four in the Pacific, three in Europe and two in the Canadian & Caribbean region. Topics discussed at these conferences cover virtually all possible aspects of tax policy and administration.

Within a few years, the work undertaken by the Association and the progress made was acknowledged by its creators. This was reflected in the final communiqué released to all Heads of Government at the end of the Commonwealth Finance Ministers Meeting held in St Lucia in September 1986 wherein the Ministers "noted with appreciation the activities of the Commonwealth Association of Tax Administrators which was set up following their decision in 1977. They urged all Commonwealth countries which were not yet members of CATA to join the association as soon as possible."

Despite limited resources, the Association set up a network of annual training programmes and workshops covering specialised subjects for different management levels. The popularity of these training opportunities was reflected in the consistently high number of trainees nominated for each such programme by member countries. It is a matter of great pride that three of the earliest programmes sponsored by CATA have all been running now for well over 15 years. In their meeting held in Mauritius in September 1997, the Commonwealth Finance Ministers again reviewed the performance of CATA and were pleased to record their appreciation of the contribution made by CATA in capacity building in tax administration; and encouraged it to extend the scope of its activities to new areas especially in providing technical assistance to member countries.

The CATA Newsletter, now in its 20th year of publication is published as a quarterly and has a fairly wide circulation. It gives coverage to news from members and non-members, on training programmes, technical conferences, tax law changes, important case decisions, rulings and precedents as well as any administrative changes. In implementation of CATA's first Strategic Plan adopted at the Seventh General Meeting of CATA held in Samoa in 1997, every member country agreed to appoint a Country Correspondent. In addition to that, six honorary appointments of Regional Directors of CATA were also made. The contributions made by these new appointees towards improving the standard of CATA's Newsletter and in setting up its web site cannot be emphasized enough. The arrangement also symbolises the spirit of mutual cooperation amongst members, which is undoubtedly its greatest strength.

In recent years, recognizing the vital role that taxation plays in uplifting a country's economic and social development, governments are beginning to place added emphasis on modernisation of tax services in terms of sound management, adoption of best practices, development of sound technological support for cost effectiveness and better service to tax payers. A well-designed tax structure backed by an efficient and effective tax administration ensures a stable fiscal regime and maximises the country's revenue potential, thereby promoting sustainable development and good governance over a long-term period. In achieving all these objectives, the role of training, specialisation and exchange of experiences is vital. That is where the role of CATA gains added importance for its members.

The silver jubilee year for CATA will therefore, on the one hand be an occasion for pride and celebration. Some substantive as well as symbolic expressions of celebration of this occasion are under consideration. On the other hand and more importantly, it will be just the right time to develop new strategies aimed at further enhancing the quality and scope of its service to members. Keeping pace with new technological developments, development of professional skills and capacity building in tax administrations will be the key to success. The occasion coincides perfectly with the development of CATA's Second Strategic Plan due to be adopted at the Ninth General Meeting of CATA to be held in Kuala Lumpur in December 2003.

CATA NEWS

TWENTY THIRD CATA ANNUAL TECHNICAL CONFERENCE

CAPE TOWN, SOUTH AFRICA

The Twenty Third CATA Annual Technical Conference is all set to be held in Cape Town, South Africa from 1 to 6 December 2002. Latest indications suggest that it will be a very well attended conference. In addition to member and non-member countries, the conference is expected to be attended by a number of international organisations.

Making a departure from previous practices, the opening ceremony is scheduled to take place on Sunday evening, 1 December. That will allow more time for technical discussions on week days. The conference will deliberate on the following two topics:

1. Major issues in tax policy and administration facing CATA countries
2. Tax treatment of charitable organisations, public utilities and service bodies

CMDP TANZANIA 2002

The Commonwealth Management Development Programme at Dar Es Salaam, Tanzania took place between 2 September to 11 October 2002.

The names of the participants who attended are as follows:

Mrs Taake B Cama (Botswana)

Ms Agrinette Lulu Phalanyane (Tanzania)

Mussa S Y Kifunta (Tanzania)

Mr Dorah John Lyaruu (Tanzania)

Mr Gyunda, Humphrey (Tanzania)

Mr Lucas M Kaigarula (Tanzania)

Mwaipopo Andengenie A (Tanzania)

Mr Joseph D Yegella (Tanzania)

Mr Hipokarate Tolovaa (Samoa)

Mr Selby T Matsebula (Swaziland)

Mr Leonard J Kimwaga (Tanzania)

Ms Beatrice R Mdoe (Tanzania)

Apill M Mbaruku (Tanzania)

Mr Freddy R Moshy (Tanzania)

Mr Thadeo Joseph Kaliza (Tanzania)

Mr Oswald M Mbunda (Tanzania)

Mr Josephat S Mnanka (Tanzania)

Vedastina Kokulengya Bashome (Tanzania)

Ms Elizabeth S Motlogelwa (Botswana)

Rajab M I Mapondela (Tanzania)

Mr Ahmed M Simai (Tanzania)

Mmassy Cyril C (Tanzania)

Mr Abubakar Mohamed Al-amin (Nigeria)

TOIT 2002

The Workshop on Taxation of International Transactions 2002 at The National Tax Academy, Malaysia took place between 30 September to 18 October 2002.

The names of resource people are as follows:

Mr Sam Inthiran Chelvathurai (CATA)

Mr David Partington (OECD)

Mr Martin Brooks (UK - CATA)

Mr Ian Hodge (ATO - CATA)

Mr John Neighbour (OECD)

Ms Hasmah Abdullah (IRB - CATA)

The names of the foreign participants are as follows:

Ms Jennifer Bascom - Senior Inspector (Barbados)

Mr Haji Mohammad Rosli Bin Haji Ibrahim - Legal Counsel (Brunei Darussalam)

Ms Annie Yuen - Acting Director, Compliance (Fiji)

Ms Awa Njie - Inspector of Taxes (The Gambia)

Ms Tse Yuk Yip - Senior Assessor (Hong Kong)

Mr Suraj Bhan Nain - Director (India)

Ms Tetoka Tionatan - Acting Commissioner of Taxes (Kiribati)

Mr James Nyongesa Buyela - Principal Revenue Officer (Kenya)

Mr Narrainen Soopayah - Assistant Commissioner (Mauritius)

Mr Willem De Wet Marais - Control Taxation Officer (Namibia)

Mr Dako Daniel Kabai - Principal Inspector of Taxes (Nigeria)

Mr Alalafaga Faatau - Internal Auditor (Samoa)

Ms Zwane Mtutu Regina - Assistant Commissioner (Swaziland)

Mr Mustapha Rashid Mkiramweni - Income Tax Assessor (Tanzania)

Ms Elitisi K. Kavaliku - Assistant Principal Revenue Officer (Tonga)

The names of the local participants are as follows:

Ms Mary Artylan Fernandez - Deputy Under-Secretary, Ministry of Finance

Ms M Silverranie - Principal Assistant Director, Technical

Ms Er Lee Keng - Deputy Director, Audit Division

Mr Mohd Muhye B. Ambiyah - Principal Assistant Director, Investigation Division

Mr Sharom B. Othman - Assistant Director, Investigation Centre, Johor Bahru

Ms Norfaizah Mat Idris - Assistant Director, Investigation Centre, Kuala Lumpur

Mr Zaleha bt. Adam - Assistant Director, Legal

Mr Kamaruddin Yusof Rawther - Assistant Director, International Tax

Ms Mardziah bt. Musir - Assistant Director, Research and Development

Ms Tengku Shahariatun Aini bt. Tengku Adnan - Assistant Director, Companies

Ms Che Zainani bt. ab. Rahman - Assistant Director, Non-Resident

OTHER NEWS

COMMONWEALTH HEADS OF GOVERNMENT TO MEET IN ABUJA, NIGERIA

IN DECEMBER 2003

The next Commonwealth Heads of Government Meeting (CHOGM) will take place from 5 to 8 December 2003 in Abuja, Nigeria, Commonwealth Secretary-General Don McKinnon confirmed today.

The announcement follows consultations with the host government, Nigeria and other member governments. At their last meeting in Coolum, Australia, in March 2002, Commonwealth leaders accepted the offer from President Olusegun Obasanjo for Nigeria to host CHOGM 2003.

Secretary-General Don McKinnon said that the Commonwealth Secretariat was working closely with the Nigerian Government to ensure a smooth and successful meeting. "I am sure the Abuja meeting will become another historic Commonwealth milestone. These summits offer a valuable opportunity to advance our political, economic, social and development objectives." This will be the first time since 1966 that Commonwealth leaders will meet in Nigeria.

TWENTIETH MEETING OF THE COMMONWEALTH MINISTERIAL ACTION GROUP on THE HARARE DECLARATION (CMAG)

Marlborough House, London, 31 October - 1 November 2002

CONCLUDING STATEMENT

The Commonwealth Ministerial Action Group on the Harare Declaration (CMAG) met in London, on 31 October and 1 November 2002. This was the

Group's second meeting following its reconstitution by Commonwealth Heads of Government at Coolum in March 2002 and the 20th meeting since CMAG's creation at the Auckland Commonwealth Heads of Government Meeting (CHOGM) in November 1995. The meeting was chaired by the Hon Lt-General Mompoti S. Merafhe, MP, Minister of Foreign Affairs and International Co-operation of Botswana, and was attended by the Hon Tuilaepa Sailele Malielegaoi, Prime Minister and Minister of Foreign Affairs of Samoa, the Hon Alexander Downer, MP, Minister of Foreign Affairs of Australia (Vice-Chairman), the Hon Fred Mitchell, Minister of Foreign Affairs of The Bahamas, the Hon M Morshed Khan, MP, Minister for Foreign Affairs of Bangladesh, the Hon Yashwant Sinha, Minister of External Affairs of India, the Hon Sule Lamido, Minister of Foreign Affairs of Nigeria, and HE Dr George Bonello Dupuis, High Commissioner of Malta to the United Kingdom.

CMAG adopted its Agenda and reviewed developments in the countries within its remit, namely Fiji Islands, Pakistan, Solomon Islands and Zimbabwe, and reached the following conclusions:

Fiji Islands

The Group agreed to continue to monitor the situation in Fiji Islands, in particular the ongoing judicial processes on the constitutionality of Fiji's Government, and requested the Secretary-General to remain engaged with Fiji until these are resolved and to keep CMAG apprised of developments.

Pakistan

CMAG received and noted a report from the Secretary-General on recent developments in Pakistan, in particular the National and Provincial Assemblies elections held on 10 October 2002, which were observed by a Commonwealth Observer Group (COG). CMAG looked forward to the early formation of a democratic government with full executive powers and the establishment of elected legislatures with full constitutional and legislative authority. The Group noted the conclusions and recommendations of the COG Report, including its assessment that certain measures introduced in the period preceding the elections have had a limiting effect on the process of restoring democracy. CMAG called upon the Government of Pakistan to take necessary steps to implement the recommendations of the Report related to institutional and procedural issues.

CMAG agreed to maintain the status quo on Pakistan's suspension from the Councils of the Commonwealth pending greater clarity and an assessment of the role and functioning of democratic institutions.

Solomon Islands

The Group reviewed the situation in Solomon Islands and commended the efforts of Prime Minister Kemakeza and his government, under difficult circumstances, to restore law and order, consolidate the peace process and promote economic recovery. CMAG expressed appreciation to Australia, New Zealand and other Commonwealth governments for their continued efforts to provide economic assistance and support to Solomon Islands.

Zimbabwe

The Group received a report from the Secretary-General on recent developments in Zimbabwe, including the meeting of the Commonwealth Chairpersons' Committee, held in Abuja, Nigeria, in September 2002. CMAG maintained the decision taken at its last meeting to keep Zimbabwe on its agenda but agreed not to take any further action given the decision of the Commonwealth Chairpersons' Committee to remain seized of the issue and continue its on-going efforts.

Next Meeting

The Group decided to meet in London in late March or April 2003 on a date to be agreed.

COMMONWEALTH FINANCE MINISTERS MEET IN LONDON

Commonwealth Finance Ministers met in London from 24th – 26th September 2002. Her Majesty Queen Elizabeth II, Head of the Commonwealth, addressed the opening ceremony. The meeting was chaired by the Rt Hon Gordon Brown MP, Chancellor of the Exchequer of the United Kingdom.

Ministers reviewed the world economic situation, discussed a range of issues and adopted a Commonwealth Action Plan for implementing the agreements reached earlier this year at the UN Conference on Financing for Development in Monterrey, Mexico, and reconfirmed at the World Summit on Sustainable Development (WSSD) in Johannesburg. They also discussed Commonwealth Development Co-operation.

World Economic Situation

Global growth held up better than most expected a year ago, following the tragic events of September 11th 2001. But Ministers noted that the continued recovery was fragile and subject to political, economic and corporate risks and uncertainties. World trade growth in goods and services came to a standstill last year, and was projected to recover only slightly this year. Developing countries experienced a slowdown, particularly in the Pacific and Caribbean regions; and famine in southern Africa was a matter of major concern. Against this background, Ministers agreed that it is more than ever important for all countries to play their part in minimising these risks, to ensure a continued steady recovery in the global economy.

Acknowledgement of CATA's contributions

Most importantly from CATA's perspective, the Ministers noted that 2002 marked the 25th anniversary of their decision to establish the Commonwealth Association of Tax Administrators. Ministers acknowledged the positive contribution that CATA had already made in building capacity in direct tax administration in member countries, and looked forward to initiatives that would increase its effectiveness further in future.

McKINNON on THE

RELEVANCE OF THE

COMMONWEALTH

The test of the Commonwealth's relevance in the 21st century is "the difference we make in the lives of the people we serve," Commonwealth Secretary-General Don McKinnon told a forum at the Bangladesh Institute of International and Strategic Studies (BISS), Dhaka, this week.

The theme of the forum was 'The Commonwealth in the 21st Century'. "There are many ways in which the Commonwealth can and does make a significant difference in the lives of its 1.7 billion citizens. First, it contributes to creating a safer world; second, it helps tackle global poverty and create growth opportunities for its members; and finally, it helps strengthen human rights and democratic practices.

"The Commonwealth is no post-colonial club and has not outlived its purpose. It is dynamic, relevant and credible. And it affects the lives of Commonwealth citizens in a much more direct way than it affects its member governments."

Mr McKinnon said that the modern Commonwealth has acquired a special role as an advocate of the interests of small states and the least developed countries, which together constitute the vast majority of its membership. It had also demonstrated its capacity for conflict resolution and peace building, and its ability to build bridges across racial, political and economic divides. It had developed a set of shared fundamental values, which are owned by all member governments.

He noted that at the 2002 Commonwealth summit in Coolumberr, Australia, Heads of Government reaffirmed their determination to work together to eliminate poverty, to promote people-centred and sustainable development, to remove the disparities in living standards, and to meet the special challenges facing small states and the least developed countries. They also decided to work collectively for international peace and security, the rule of international law and the elimination of people smuggling and the scourge of terrorism.

"We know we can make a difference in the fight against terrorism. The Commonwealth Leaders' Statement of 25 October 2001 was resolute. In March this year, they agreed a Plan of Action, put together by a Commonwealth Ministerial Committee on Terrorism, to help member countries implement the UN Security Council Resolution 1373 on Terrorism."

He cited other examples of some recent Commonwealth activities and achievements: helping to put together a new electoral system in Lesotho; providing Tonga with legal advice when it joined the World Trade Organisation; assisting Cameroon with democratic reform; helping to bring law and order back to Solomon Islands; promoting political dialogue and national reconciliation in Guyana; and remaining engaged with the Government of Pakistan to help secure free and fair elections and the restoration of democracy.

"These achievements stand our association in good stead in our efforts to chart a path to the future - to strengthen democracy, tackle poverty and underdevelopment and build a world of tolerance, peace, stability and prosperity for all our people."

EUROPEAN UNION'S 'LET THEM EAT CAKE' STANCE APPALS COMMONWEALTH LEADER

The European Union is guilty of sending the most cynical message possible to the developing nations of the world, Commonwealth Secretary-General Don McKinnon said today, responding to the outcome of talks on the future of the Common Agricultural Policy.

"What they are saying is, 'We can't get by on less than \$100 a day, but you must subsist on \$2 a day'. Every cow in Europe receives more than that, an average of \$2.20 a day. To continue with the existing level of farm subsidies for a further five years shows a flagrantly arrogant, immoral and self-centred disregard for the poor of the world.

"The EU cut a good deal for itself by cutting off the developing world from its markets. Fifty developing Commonwealth countries and the developed members will be directly affected and dismayed."

Mr McKinnon said that cynical politics encourages EU farmers to produce food at prices no one wants, while imposing massive burdens on the European taxpayer. In so doing world markets are distorted and developing countries further impoverished.

"If, as I believe, freedom from poverty is a basic human right, then the EU is denying this right to millions in the developing world. No amount of aid, or weasel words will absolve EU leaders from the shame and guilt of this decision. Developing countries which are encouraged to produce and diversify and to trade will never again accept a promise of good intentions from the EU.

"European countries that have become economically powerful as a result of open international trade are saying, 'It is good enough for us, but not for you'.

"The EU should heed the words of Horst Köhler, Managing Director of the IMF, who said recently that 'getting rid of subsidies is the biggest single move rich countries could take to halve world poverty by 2015'.

"Europe must heed his words and say no to this backroom deal. The heavyweight leaders of the region must reverse their stand, which flies in the face of their stated commitments to the Doha development agenda. Not to do so will tarnish all Europeans with this incredibly selfish decision."

MULTILATERALISM IS THE ONLY WAY FORWARD, SAYS COMMONWEALTH

SECRETARY-GENERAL

Commonwealth Secretary-General Don McKinnon today said that by using the power of consensus, the Commonwealth "can contribute to create the conditions for a just, coherent and sustainable global diplomacy."

Delivering a lecture in Oxford at an event hosted jointly by the Oxford Centre for Islamic Studies and the Rhodes Trust, Mr McKinnon argued that, in an increasingly interdependent world, collective decision-making for the collective good was the only way forward. "Decisions taken unilaterally may sometimes seem to work in the short term, but are unsustainable in the long run. No global problem can be resolved by ignoring the voice of the poor and the vulnerable."

He added that in a global environment where there are a multiplicity of actors, it is crucial that every voice is heard. "As long as we only hear part of the story, we are only going to get part of the solution."

In his lecture, entitled "Multilateralism and Multiculturalism - the Commonwealth in the 21st Century", the Secretary-General said that multilateral organisations like the Commonwealth, where all member countries sit at the table as equals, "can play an important role in resolving conflicts and fostering dialogue between nations."

Mr McKinnon emphasised that creating the conditions for a constructive engagement between cultures was central to the work of the Commonwealth, adding that Islam played an essential part in that engagement. "There are approximately 500 million Muslims who are Commonwealth citizens. They are an integral and vital part of Commonwealth diversity. They add to our common wealth and to the organisation's weight on the international scene."

The Secretary-General argued that multilateralism was not only needed at a political level, but that it was also an effective tool for tackling economic deprivation and unequal levels of development. He concluded by calling for more inclusive and transparent arrangements for global economic governance and stated that a key objective of the Commonwealth was to ensure that the voices of its smaller and more vulnerable members were heard in international forums.

THE ANYAOKU CHAIR IN

COMMONWEALTH STUDIES

The University of London is inviting applications for candidates for the newly established Professorship in Commonwealth Studies named after former Commonwealth Secretary-General Chief Emeka Anyaoku.

The Anyaoku Chair in Commonwealth Studies, launched in 2000, is the first in the United Kingdom named after a contemporary African. It "marks a major initiative in raising the profile of contemporary and comparative study of the Commonwealth Association," stated the university.

As Secretary-General between 1990-2000, Chief Anyaoku was responsible for putting questions of good governance and human rights at the centre of Commonwealth affairs, the university noted. Responsibilities of the Chair will include:

- developing a research agenda which explores current priorities of human rights, democratisation, civil society and good government in a Commonwealth perspective;
- heading up policy-related projects in these areas, and contributing to the expansion of degree programmes at Masters and Doctoral levels; and - raising the public and intellectual profile of the Commonwealth in relation to today's critical issues.

"The establishment of the Anyaoku Chair indicates the continuing centrality of the Commonwealth tie in the life of this university," said Professor Graham Zellick, the Vice-Chancellor of the University of London.

The Anyaoku Professor will be based in the Institute of Commonwealth Studies, the only postgraduate academic institution in the UK devoted to the study of the Commonwealth,

both historically and as one of the largest international associations in the contemporary world. Its purpose is to promote and co-ordinate research and postgraduate teaching on the Commonwealth in the social sciences and humanities.

The Institute is part of the University of London's School of Advanced Studies, which brings together the specialised scholarship and resources of 10 prestigious postgraduate research institutes to offer academic opportunities, facilities and stimulation across a wide range of subject fields in the arts and social sciences, and co-operates closely with the other constituent colleges of the University.

The successful candidate will be expected to attract doctoral students, and play a leading role in the teaching and oversight of a new Masters degree in Globalisation and Development: Commonwealth Perspectives on Human Development and Security.

JOINING UP THE COMMONWEALTH

A study on how to enhance co-ordination between the official Commonwealth and Commonwealth civil society has suggested that the official Commonwealth should provide more opportunities for meaningful civil society engagement, particularly within the Commonwealth's decision-making processes.

It suggested also that the current accreditation system for Commonwealth Heads of Government Meetings (CHOGMs) and ministerial meetings should be transformed into accreditation to the Commonwealth.

The findings of the study by the Commonwealth Policy Studies Unit (CPSU) of the Institute of Commonwealth Studies, University of London, are published in a report, 'Joining Up the Commonwealth - A response to governmental calls for increased co-ordination with civil society'.

In addition, the report urges pan-Commonwealth non-governmental organisations (NGOs) to increase co-ordination among themselves, and with civil society organisations working at a national and regional level.

Its author, Amanda Shah, project officer of the Commonwealth Civil Society Project at the CPSU, explains that the first phase of the project concentrated on the civil society aspects of the High Level Review Group (HLRG) report to the 2002 Commonwealth summit in March. Chaired by President Thabo Mbeki of South Africa, the HLRG reviewed the role of the Commonwealth and advised on how best it could respond to the challenges of the 21st century. The HLRG report called for the "strengthening of links between the official and the non-governmental Commonwealth, and among Commonwealth NGOs", to help give Commonwealth activities greater impact.

NEW PUBLICATIONS on THE PUBLIC SECTOR: PUBLIC SECTOR REFORM IN DEVELOPING COUNTRIES

This publication provides country-by-country synopses of the reform experience of 40 Commonwealth developing states, spread across Africa, Asia, the Caribbean, Europe and the Pacific. It first presents a brief profile of each country and the background to recent political and economic changes. This is followed by an outline of the key reform initiatives, the implementation processes, the achievements, and problems encountered.

The publication aims to facilitate the sharing of experience and good practice through a comprehensive but easily accessible focus on the experiences, successes and achievements of Commonwealth developing countries.

It offers a wealth of background information for policy-makers, practitioners and trainers. It is designed to complement the continuing reform efforts not only in the Commonwealth, but also in other developing and, indeed, developed countries.

'Public Sector Reform in Developing Countries' is the fourteenth in the Commonwealth Secretariat's Managing the Public Service: Strategies for Improvement series.

NEW CHIEF EXECUTIVE OFFICER OF THE FIJI ISLANDS REVENUE AND CUSTOMS AUTHORITY

Mr Solomone Sila Kotobalavu is the new Chief Executive Officer of the Fiji Islands Revenue and Customs Authority since Mr S T Mailekai's retirement.

NEW COMPTROLLER OF INLAND REVENUE - ST KITTS

Mrs Beverley Williams has replaced Mr Douglas Richardson as Comptroller of the Inland Revenue Department of St Kitts, effective as at 1 January 2000.

NEW COUNTRY

CORRESPONDENT FOR UK

Angelia Burke is now a permanent replacement for Ann Marsh as UK Country Correspondent to CATA. She took up her new appointment on 23 September 2002.

CHANGE OF DESIGNATION

Ms Celani Dlamini, whose previous designation was Acting Deputy Commissioner in Swaziland has now taken up the position of Assistant Commissioner (Investigation).

NEWS FROM MEMBERS

BANGLADESH

Country Correspondent:

Aminur Rahman

Reform project undertaken to modernise direct tax:

To modernise the direct tax in Bangladesh a project entitled Reforms in Revenue Administration (RIRA) has been undertaken by the National Board of Revenue. DFID has extended a grant of 5.5 million pound for this project. The project will be initially for 2 years and may be extended for further 3 year after evaluation of the activities of the first 2 years.

The project has five major components. They are -

- (a) introducing modern tax practices of income tax & VAT in a pilot zone;
- (b) introduction of single tax registration number and development of systematic exchange of information between income tax & VAT;
- (c) develop effective internal control and prevent leakage;
- (d) building professionalism in tax administration;
- (e) design effective tax education programme.

The project is expected to simplify tax system, bring transparency and help increase revenue.

BARBADOS

Country Correspondent:

Ms Jennifer Reid

Recent Tax Legislation

No new tax legislation has been enacted recently. However, in delivering his Financial Statement and Financial Policies of Government last year, the Prime Minister and Minister of Finance, The Right Honourable Owen Arthur, has signalled Government's intention to gradually reduce the corporate tax rate from 40% to 33% over a five (5) year period. This process will commence with a 2.5% reduction in respect of income year 2002. The appropriate legislation to give effect to this measure will come before Parliament shortly.

Government has also proposed to review all allowances, corporate as well as personal in a rationalisation exercise due to begin in the year 2003. This review will be undertaken in accordance with Caricom position on Harmonisation of Tax Systems.

Training Seminars

In May the Department's Enforcement Division conducted two one-day training seminars, which focused on the Pay As You Earn system and related pay roll matters.

The aim of the seminar was to ensure that public officers who have direct control and responsibility for pay roll matters are fully acquainted with the provisions of the Tax Laws and Regulations that govern the payment of Salaries and Wages, Benefits and Allowances and that relevant submissions to the Department meet the requirements.

Information Technology Training for Senior Managers

Four senior managers attended a three-month Information Technology Course sponsored by the Government Training Division. They were Deputy Commissioner, Mr Frank Forde, Professional Accountants Messrs Anderson Padmore and Tyrone Lavine and Assistant Commissioner (AG) Mr Lloyd Cummins.

Appointments

Three senior inspectors have been appointed on promotion to the post of Principal Inspectors. They are Messrs Lloyd Cummins and Cecil Drakes and Miss Valrita Murphy.

Their appointments take effect from 1 August 2002.

We extend our congratulations.

INDIA

Country Correspondent:

Mr S K Chowhari

STEPS TAKEN FOR IMPROVING REVENUE COLLECTION, WIDENING TAX BASE AND RATIONALISING TAX PROVISIONS

- Keeping the tax rates stable for the last five years including the basic exemption limit at Rs. 50,000 so that more and more people come under the tax net.
- Introducing one-by-six scheme with an obligation to file return of income on fulfilling certain economic criteria. This scheme has now been extended to all urban areas of India.

- Obtaining a PAN and quoting the same on all documents pertaining to certain specified high value transactions have been made mandatory.
- Increasing voluntary compliance through introducing one-page SARAL return forms. An acknowledgement of a return filed is deemed to be acceptance of the income declared in almost all cases.
- Better taxpayer service is being provided by reducing time-limits for issue of refund, rectification and reassessment of income in certain cases, abolishing clearance certificates, etc. Legislative changes have also been made to reduce litigation.
- Rates of depreciation have been rationalised in respect of a few assets which were enjoying depreciation @ 100%. These rates have been brought down to 80%.
- **A TASK FORCE on DIRECT TAXES** was constituted under the Chairmanship of Dr V L Kelkar, Advisor to Finance and Company Affairs Minister. The Task Force has released a consultation paper for eliciting wider public opinion. This paper has, inter alia, suggested:-
 - Reduction of tax rates and slabs. In the case of individuals - rate-slabs shall be reduced from three (10%, 20% and 30%) to two (20% and 30%) along with an enhanced exemption limit of Rs. 1,00,000/- from the existing limit of Rs. 50,000/-. Similarly, in case of corporate taxes, suggestion has been made to reduce the rates from the present 37.5% to 30%.
 - Phasing out of exemptions and deductions, which are no longer necessary and are a source of considerable litigation, including export related deductions.
 - Major thrust to computerisation of tax systems and procedures to provide better taxpayer service and creation of systematic database for widening of tax base and checking tax evasion.

JAMAICA

Country Correspondent:

Miss Meris Haughton

Taxpayer Appeals

Taxpayers have the right to appeal a decision made by a Tax Commissioner. Recent amendments to the various Revenue Acts provide that where a taxpayer is not in agreement with the decision of a Tax Commissioner, there is recourse. The regulations provide that the appellant may write to the Commissioner of Taxpayer Appeals outlining their name, address, contact number, Taxpayer Registration Number (TRN) and the grounds of the appeal. Copies of any documents relevant to the appeal should accompany any request for an appeal. It is expected that a decision on an appeal will be issued by TAD within 6 months.

The mission of TAD is to "resolve tax controversies without litigation on a basis which is fair and impartial to both the Government and the taxpayer."

Nicholas Named Head of COTA

Mr Clive Nicholas, Director General Tax Administration was unanimously elected as President of the Caribbean Organisation of Tax Administrators (COTA) by delegates to the 17th General Assembly and Technical Conference held 22-26 July at the Jamaica Conference Centre in Kingston. His term of office will run until 2004.

The biennial Conference under the theme "Modernisation of Tax Administration: Strategies & Techniques for an Integrated Region" came to a close on 26 July. Delegates from fourteen (14) member, three (3) affiliate member countries and observers from organisations such as the IRS, Inter-American Development Bank and Canada Customs assembled to exchange ideas and experiences.

Clive Nicholas, Director General of Tax Administration in accepting the position noted that, "communication and cooperation are critical components for the development of the Caribbean Region, as we all share one goal".

NEW MOTOR VEHICLE FORM INTRODUCED

A new Motor Vehicle Transaction form (MV01) has been introduced. The MV01 is designed to replace the following forms:

- Application to Register and Licence Motor Vehicle.
- Application for Personalised Registration Plates.
- Application for New Registration Plates.
- Application for Substitute Plates.

The use of the MV01 will improve the efficiency of operations by reducing the number of forms required to be used in motor vehicle transactions.

The MV01 forms are currently available in all 28 Collectorates islandwide.

KENYA

Country Correspondent:

Ms Alice A Owuor

REVENUE PERFORMANCE

Kenya Revenue Authority (KRA) collected in the first quarter ending September 2002 a total of Kshs. 46,062 million against a target of Kshs. 48,156 achieving a performance rate of 96%.

Compared to the same period last year, there has been an impressive growth of Kshs. 1,982 million (5%).

1st Quarter Performance of the four revenue departments is detailed below:-

Department	Actual Collection (Kshs. Million)	Target (Kshs. Million)	Performance Rating
Customs & Excise	24,613	25,008	98%
Income Tax	14,730	15,556	95%
VAT	6,354	7,133	89%
Road Transport	365	459	80%
Total	<u>46,062</u>	<u>48,156</u>	<u>96%</u>

The improved revenue collection compared to the same quarter last year is attributed to improved administrative measures undertaken by the Authority during the quarter and these include:-

- Intensified follow up of debt management as well as non-filers
- Better targeted audits
- Strict controls on remission of penalties
- Intensified scrutiny of goods from COMESA region
- Control of counterfeit goods among others

EVENTS AND MEETINGS

1) Kenya Revenue Authority participated in the Nairobi International Trade Fair held between late September and early October 2002 where a total of 3354 people visited our stand.

Such participation gives the opportunity not only to educate taxpayers but also to gauge how the public view KRA as well as providing it with feedback necessary for improving its services.

2) KRA's first Corporate Plan (2000/01-2002/03) comes to an end on 30th June 2003. Consequently its Research & Corporate Planning Department has embarked on preparation of the second three year plan covering 2003/4-2005/6. In order to make it a workable document, views and input have been solicited from relevant stakeholders including taxpayers and staff.

The preparation process includes:-

- Evaluating performance of the first corporate plan.
- Interpreting and analysing the implications of stakeholders' views.
- Forecasting the operating environment by analysing the strengths, weaknesses, opportunities etc (SWOT and PEST).
- And incorporating Government Fiscal Strategy.

3) The East African Revenue Authorities Commissioners General met for the 13th Meeting in Zanzibar between 17th and 18th October 2002 and was attended by representatives from Kenya, Rwanda, Uganda and Tanzania.

Reports presented covered:-

- Quality assurance
- Taxation of the informal sector
- Challenges of liberalization and regional trading blocks
- Harmonized training programme
- Contentious issues in VAT administration
- Transfer pricing

- Anti-smuggling activities

Members were also taken through training on "**Management of Change**".

4) From 25th to 26th October 2002, there was a Transit Transport Coordination Authority of the Northern Corridor forum for Stakeholders and Service Providers of the East African Cargo Information System held in Mombasa, Kenya.

The participants included among others, Kenya, Rwanda and Burundi Revenue Authorities, Kenya Ports Authority etc.

The forum was organised to:-

- Sensitise the key port community and stakeholders on the need to start and support a Community Based System (CBS) at the port of Mombasa, Kenya.
- Expose participants to existing systems in the world and how they are managed in various ports.
- Furnish stakeholders with adequate facts which can enable them to decide on the type of ownership of the system to adopt; a system which is a flexible automated information sharing resource linking the port community users electronically to allow secure exchange of authorized data as well as prompt clearance of goods among others.

5) In the month of August, stakeholders in the campaign against trade in counterfeit and sub-standard products including Kenya Revenue Authority, the latter who hosts the Anti-Counterfeit Secretariat, held a conference in Nairobi, Kenya for purposes of charting out the strategic direction for the future.

Uganda and Rwanda Revenue Authorities were represented among other stake holders and an expert on corporate brand protection from the UK office of De La Rue Currency and Security Printing Ltd made a presentation on "**Success Story in the fight against Counterfeits in South East Asia**".

TRAININGS/WORKSHOPS

One officer attended the CATA sponsored workshop on Taxation of International Transactions held in Malaysia between 30th September to 18th October. This workshop has indeed broadened his understanding of various tax matters covered.

MALAYSIA

Country Correspondent:

Ms Nurul Aim Bt. Ahmad

The Inland Revenue Board of Malaysia is implementing self-assessment system in stages, commencing with companies in year 2001 and other non-company cases in year 2003 and 2004.

To administer self-assessment which is a total process change effectively, a new unit known as the Processing Centre was established in January 2000. This unit started with 8 officers and presently has 68 officers. It is now placed under the supervision of Operation Division of the Inland Revenue Board (IRB).

The main function of the Processing Centre is to receive all documents under self-assessment tax system, capture and input data into the computer system. This data information will then be accessible to all Branch Offices in Malaysia. The hard copies of the documents will be retained at the Processing Centre. Thus all tax return forms and estimates of tax payable are now sent to this Centre.

Currently, the Processing Centre is giving priority to repayment, overpayment and liquidation cases. once the data capture of repayment cases is done, a list of these cases are prepared and referred to the Audit Division at the Headquarters. They are then referred to the respective Branch Offices that would decide to do a desk or a field

audit. once the case has been audited and found to be in order, the Branch Office will then inform the Collection Branch to effect repayment to taxpayer.

The Processing Centre also considers request for any extension for payment before the mandatory date for filing a return form. Any approval for payment beyond the due date of filing is the prerogative of the Collection Branch.

In the future, the Processing Centre will undertake registration of new files. By year 2005, it would be functioning along the lines of a factory with a large number of staff, both permanent and temporary. It is envisaged that this unit will be the largest unit in the IRB when all cases are under self-assessment system.

MALTA

Country Correspondent:

Mr Carmel Conti

Double Tax Agreements

Since the last Newsletter, Malta has negotiated tax treaties with the following countries:

The Republic of Tunisia

The double tax treaty between Malta and the Republic of Tunisia together with the Protocol to this treaty which were signed on 31 May 2000 has entered into force as from 31 December 2001.

Barbados

A double tax treaty between the Government of Malta and the Government of Barbados was signed in London on the 5th day of December 2001. This treaty has now entered into force as from 19 June 2002.

Federal Republic of Germany

A new double tax treaty between Malta and the Federal Republic of Germany and a Protocol to this treaty have come into force as from 27 December 2001. This treaty replaced the former agreement signed between the two countries on 17 September 1974.

Malaysia

A double tax treaty was also signed and ratified between Malta and Malaysia. This treaty has come into force as from 1 September 2002.

The text of these treaties together with all the other tax treaties which are currently in force in Malta can be accessed on the website of the Malta Financial Services Authority under the title "Taxation - Double Tax Treaties": www.msa.com.mt

Electronic Communication

As mentioned in the last newsletter, the Malta Inland Revenue Department is introducing a system of electronic communication with taxpayers via the Internet.

The first phase of this system, consisting of the electronic lodgement of income tax returns by companies, is now in place. The response so far has been encouraging and the take-up is expected to improve even further in the future.

A facility which has also been introduced for companies who opt to lodge their return electronically and which has been very well received is the possibility of viewing one's payments history online.

In the near future, the Inland Revenue Department expects to increase the services and facilities offered electronically as well as to extend them to other taxpayers besides companies.

SINGAPORE

Country Correspondent:

Miss Ang Sor Tjing

RESIDENTS LESS THAN 5 YEARS CAN GET "Not Ordinarily Resident" STATUS

- 1) Persons who have been in Singapore for less than five years can qualify for Not Ordinarily Resident (NOR) tax status under transition rules. The NOR Scheme offers tax benefits to newly arrived residents for five years. Those who are already in Singapore can now enjoy NOR benefits for the remainder of their five-year period.
- 2) The NOR Scheme was announced during the 2002 Budget Statement. It adds to Singapore as an attractive hub for companies to locate their executives.
- 3) The transition rules allow individuals who relocate to Singapore in the last 5 years to also benefit from the NOR Scheme. For example, someone who has been a Singapore tax resident since YA2001, and was a non-resident before that, will be eligible for NOR benefits from YA 2003 to YA2005.
- 4) The transition rules also allow a person who is not a tax resident in YA2003 to qualify for NOR benefits for 5 years beginning from YA2004 if he becomes a Singapore tax resident in that year. This means that expatriates and returning Singaporeans need only have one year of non-residency before being eligible for NOR benefits.
- 5) once an individual's NOR status expires, he will have to be a non-tax resident for at least 3 consecutive years before he can qualify for the NOR benefits again. As an example, someone who qualifies for the NOR benefits from YA2003-2007 will be able to qualify for the NOR benefits again no earlier than YA2011, and only if he has not been a Singapore tax resident for YA2008-YA2010.
- 6) The IRAS has released details of the NOR Scheme, the transition rules and the income tax incentives available to qualifying individuals. Details of the NOR Scheme are available at the IRAS website (<http://www.iras.gov.sg>)

Introduction of a loss-transfer system of group relief for corporations (in short, the group relief system)

Under the group relief system to be introduced from YA2003, only the current year losses and capital allowances of a company (other than those relating to its foreign branches) within a group can be offset against the current year profits of another company within the same group for income tax purposes. Investment allowances are however, not allowed to be transferred with the group. For the purpose of the group relief system, a group consists of a Singapore incorporated parent company and all its Singapore incorporated subsidiaries. Two Singapore incorporated companies would also be members of the same group if one is at least 75% owned directly or indirectly by the other or both are at least 75% owned directly or indirectly by another Singapore incorporated company. The 75% ownership is to be determined based on shareholding of ordinary shares only. In determining indirect shareholding, any holdings by non-Singapore incorporated company will be ignored. In other words, once there is a foreign incorporated company in the ownership chain, the group relationship will not be considered.

Further details of the group relief system have been worked out. A circular has been issued and is available at the IRAS website (<http://www.iras.gov.sg>)

ST LUCIA

Country Correspondent:

Lesley Ann Modeste

CONFERENCES

Three members of the Systems Unit attended the Eastern Caribbean Oracle Users' Group Annual Conference and General Meeting which was held in Trinidad on 14 March 2002.

This Conference provided officers the opportunity to gain knowledge and share experiences with their counterparts in the technological field.

TRAINING

The Department hosted a one day Refresher Workshop on the completion and submission of Income Tax Returns. Fifteen (15) of the less experienced staff members participated in this Workshop. This enabled staff of the Department to provide improved service during the peak filing period.

STAFF AWARDS

Twenty four (24) Officers were presented with Certificates of Merit for the year 2001. For the first time the most outstanding officer for each section was recognised with a presentation of a plaque and other tokens of appreciation ranging from dinners and weekend stays at resorts in the island. The highlight of the day's activity was the presentation of the award for "**EMPLOYEE OF THE YEAR**" TO Mr Sean Greenidge of the Collections Section.

BUDGETARY ANNOUNCEMENTS

The 2002/2003 Budget delivered by the Prime Minister on 30 April 2002 outlined several new policy measures designed to stimulate the economy, induce foreign investment, facilitate private sector reorganisation and financing, increase capital investment in the public sector, strengthen liquidity and boost economic performance. The main fiscal measures which directly impact on the Inland Revenue Department are:

TAX PAYMENT SETTLEMENT PLAN

With immediate effect the Department would be offering this scheme, which is not to be regarded as a tax amnesty. The plan offers incentives to taxpayers by providing a waiver of interest and penalties in return for prompt settlement of income tax arrears as follows:

- Income Year 1996 and prior

Taxpayers who have arrears in respect of assessments of tax, penalties interest and penalties of up to 70% and 100% respectively, if the arrears are settled by 31 March 2003. If the settlement extends to 31 March 2004, the waiver on interest penalties will not exceed 40% and 100% respectively.

- Income Year 1997 to 2000

Taxpayers with arrears in respect of assessments of tax, penalties and interest for the period may be entitled to a waiver on interest and penalties of up to 40% and 100% respectively if settlement is made by 31 March 2003. If the settlement extends to 31 March 2004, the waiver will be reduced to 30% on interest.

INCREASE IN PERSONAL ALLOWANCE

In keeping with Income Tax Amendment No. 9 of 2001, The Personal Allowance for Income Year 2002 has increased to \$14,000.

The adjustment which came into effect on 1 January 2002 will progressively ease an additional one thousand (1000) individuals from the payment of income tax.

CORPORATE TAX

Capital Cost Allowance

The Income Tax Act currently allows for Capital Allowances to be claimed on buildings used for the manufacture of goods or materials, the extraction of natural resources by mining or drilling, and for agricultural purposes. Starting from Income Year 2002, certain qualifying businesses will be allowed to claim capital allowances on commercial buildings used in the retail and service sectors, at an annual rate of 2.5%.

This incentive will not be available to companies that are granted fiscal incentives in the tourism industry as these companies already enjoy 100% income tax waivers. The allowances will be based on the initial cost of the building, in the case of a new acquisition or construction, or on the written-down value of the buildings already in existence.

Accumulated Tax Losses

Beginning Income Year 2002, accumulated income tax losses will be made available to the subsidiary or parent companies of a group on the reorganisation of that group. The utilisation of the tax loss will be based on the substance of the group reorganisation, which must be approved by the Comptroller of Inland Revenue. The utilisation of losses will be subject to the current rules as to carry-forwards and maximum set-off of losses in any year.

In addition, groups or companies wishing to reorganise their structures in order to become more competitive, or to list portions of their businesses on the Eastern Caribbean Stock Exchange, will be allowed Stamp Duty waivers in respect of the transfer of properties between group companies, or to new companies where there is no change in beneficial ownership.

These incentives will be provided only where the Comptroller has approved the reorganisation, based on an application by the group or company. Stamp duties that can be waived include the vendor's tax on the transfer of property paid by the vendor, and the stamp duty on the registration of the title paid by the purchaser.

TAX on CELLULAR PHONE BILLS

A 10% cellular tax will be levied on the consumers of cellular phone services. The tax is based on the gross sales or gross receipts of the cellular service provider, and becomes effective on 4 May 2002. The providers will be responsible for charging the tax on the sale of phone cards and cellular calls, and will be required to remit the proceeds of this tax no later than the 15th of the following month.

TICKET TAX

Effective 1 July 2002, all persons enplaning to St Lucia, will be required on purchasing their tickets to pay a fee of US\$5.00.

OTHER

TAX PREPARERS FORUM 2002

The Department successfully hosted the 4th Annual Tax Practitioners' Forum on 18 March 2002. This Forum provided the opportunity for Tax Practitioners and Consultants to interact with the management of the Department on current legislation and administrative procedures which are currently utilised. Ideas and recommendations were also sought from this target group for improved service in the operations of our Department.

The activity continues to be a priority on the calendar of events for the Department as we seek to improve our communication with our clients.

DEPARTMENT'S WEBSITE & LOGO LAUNCHED

The Inland Revenue Department's website. This was officially launched on 18 March. The site provides general information on legislation and other tax related matters.

The advent of this new technological tool has opened the doors of the Department to the wider world. It is envisaged that in time, the website will address the needs of our many clients by the availability of information on the various legislations which are administered by the Department.

COMMUNITY HELP DESKS

"**Taking taxes to the People**" was the theme used for the establishment of HELP DESKS during the month of MARCH - the peak filing period.

The Help Desks which were manned by officers of the Department, were strategically located at the shopping Malls and Post Offices in the capital Castries, Rodney Bay in the north and Vieux Fort in the south of the Island.

These Desks served as a one-stop shop for not only was assistance given in the completion of the Income Tax Return for employees and self-employed individuals but issues relating to Property Tax were also dealt with.

TANZANIA

Country Correspondent:

Mr M H K Mfaume

APPOINTMENTS

Following the appointment of **Mr Harry M Kitillya**, the former Commissioner for Income Tax, to the post of the Deputy Commissioner General of the Tanzania Revenue Authority in December 2001, **Mr Segerine K Marwa**, then the Deputy Commissioner for Income responsible for Up-Country Regions and Technical Services, was appointed Acting Commissioner for Income Tax. **Mr Patrick N Kassera** has been appointed Deputy Commissioner for Up-Country regions and Technical Services as from 13 May 2002.

TAX NEWS

In the Budget Speech for the Financial Year 2002/2003 the Minister for Finance of the Government of the United Republic of Tanzania announced the following main changes in the Income Tax Act:

- 1) To amend the current 100% capital expenditure deduction against the gains or profits of the year in which expenditure is incurred and replace with the following arrangement:
 - (a) 50% expensing of capital expenditure of all plants and machinery during the first year of use.
 - (b) In subsequent years allow wear and tear allowance on declining balance as follows:
 - 37.5% for class I plant and machinery investments including tractors, heavy vehicles, industrial equipments qualifying for investment deduction and computers.
 - 25% for class II investments including light vehicles, aircraft and motor bikes.
 - 12.5% for class III investments including ships, furniture and other small plants and machinery.
- 2) To allow indefinite loss carry-forward instead of the present five year carry-forward limit.
- 3) To increase tax the threshold of taxable remunerations (PAYE) from Tshs. 45,000/ = to Tshs. 50,000/ = month.

- 4) To increase the minimum threshold for taxable benefits and facilities provided to an employee by an employer from Tshs. 1,000/ = to Tshs. 50,000.
- 5) To exempt from withholding tax interest until maturity, payable on long-term bonds, that is of at least three years maturity period, which are issued and listed in the Dar es Salaam Stock Exchange during the fiscal year 2002/03.
- 6) To introduce 10% withholding tax on annual director's fees payable to non full-time directors serving on Boards of Directors of companies.
- 7) To grant investment allowance in respect of telecommunication equipment and tele-communication towers owned and used by telecommunication companies.

UGANDA

Country Correspondent:

Mr John Ssegane

URA Structured

Uganda Revenue Authority adopted new organisation structure from 1 July 2002. Under the new Structure, emphasis has been put on specialisation of focus in tax audits, while centralising the collection function for all tax heads.

The new Structure created 4 revenue departments namely:

- I) International Trade Taxes Department (To administer income taxes, fees and licences).
- II) Domestic Direct Taxes Department (To administer VAT and local excise duty and Casino taxes).
- III) Domestic Indirect Taxes Department.
- IV) Expansion and Collection Department (To collect all taxes assessed by DDT and DIT Departments).

The structure is completed by five other support departments. They are:

- I) Finance Department.
- II) Human Resource Department.
- III) Information Technology and Corporate Services

Department.

- IV) Board and Legal Services Department.
- V) Internal Audit & Tax Investigation Department.

Each of the above departments is headed by a Commissioner. The full executive appointments under the new Structure are as follows:

- 1) Ms Annebritt Maria Aslund -

Commissioner General

Uganda Revenue Authority

(continues in office)

2) Mr Justine Zaake -

Deputy Commissioner General

(Revenue) (continues in office)

3) Mr Stephen Besweri Akabway -

Deputy Commissioner General

(Administration)

(also continuing in office)

4) Mrs Feddy Mwerinde -

Commissioner Expansion & Collection

5) Ms Allen Kagina -

Commissioner Customs & Excise Department

6) Commissioner Domestic Direct Taxes

7) Mr Francis O. Byamugisha -

Ag Commissioner

Domestic Indirect Taxes Dpt

8) Mr Othieno W O Wilson -

Commissioner

Finance Department

9) Mr Mpeka Muhumuza

Christopher - Commissioner

Information Technology &

Corporate Services

10) Ms Ssemakula Musisi -

Ag Commissioner

Board & Legal Services

11) Mr Kyamugina -

Ag Commissioner

Internal Audit & Tax

Investigation

12) Mrs Kaggwa Jennifer -

Commissioner

Human Resource Department

UNITED KINGDOM

Country Correspondent:

Ms Angelia Burke

Controlled Foreign Companies (CFCs): Change to Excluded Countries Regulations

The Government announced on 23 July that it had decided that changes to the rate of corporation tax (CT) in Ireland meant that it was no longer appropriate for companies operating there to enjoy automatic exemption from the UK's CFC rules (see Inland Revenue News Release of 23 July: "Controlled Foreign Companies (CFCs): Change to Excluded Countries Regulations"). The amending regulations (SI 2002 No. 2406) required to give effect to this change have today been laid before the House of Commons in line with the earlier announcement, and will take effect as regards accounting periods of CFCs beginning on or after 11 October 2002.

Reform of Corporation Tax

A consultation to take forward the Government's agenda for reforming the corporate tax system has been launched.

Announcing the consultation, Paymaster General Dawn Primarolo said:

"In 1997 the Government set out to reform and modernise the corporate tax system and boost the UK's competitiveness in the global business environment. The strategy and objectives underpinning these reforms were set out in our consultation document of July 2001. They guided the reforms made in this year's Budget and the proposals discussed in today's document. I would urge businesses and all those with an interest in corporate tax to read and respond to the consultation."

The new consultation document Reform of Corporation Tax seeks the views of business and other interested parties on three potential areas for further reform:

- the tax treatment of capital assets not covered by earlier reforms;
- rationalisation of the way in which the scheduler system taxes various types of income; and
- the differences in the tax treatment of trading and investment companies.

The consultative document examines these three proposals in greater detail, seeks views on their implications and how they might be implemented.

The consultative document can be found on

Treasury's website at www.hm-treasury.gov.uk

Inland Revenue's website at www.inlandrevenue.gov.uk

Tax Reliefs for Further Energy-Saving Investments: Expanding the ECA Scheme

New technologies are being added to the existing eight classes of energy-saving technologies that can qualify for 100 per cent first-year allowances under the Enhanced Capital Allowances (ECA) scheme.

A new Energy Technology List of qualifying technologies and products was published. The new technologies now included are: -

- heat pumps for space heating
- radiant and warm air heaters
- solar thermal systems
- compressed air equipment
- refrigeration display cabinets and compressors.

In addition, the existing technology class for boilers has been expanded to include efficient oil-fired condensing boilers.

Businesses that invest in qualifying technologies can not only benefit from the enhanced tax relief, but can also help the environment and reduce their energy needs, fuel bills and climate change levy payments.

Customs and Excise and Inland Revenue Response to the Adjudicator's Annual Report

Dame Barbara Mills, the Adjudicator for complaints about Customs & Excise and the Inland Revenue, today published her 3rd Annual Report.

Richard Broadbent, Chairman of Customs and Excise, was pleased the Adjudicator had recognised the seriousness with which the Department treats complaints. In welcoming the report he said:

"Customs has had a successful year in tackling tobacco and alcohol smuggling during which our officers have been on the front-line face to face with smugglers. We cut Cross-Channel smuggling by 76% last year, a step change in results. As this report recognises, there is an inevitable link between our work in relation to smuggling and complaints to the Adjudicator. We take seriously all complaints made and seek to act at all times with professionalism and respect for others. While over 80 million people travel in and out of the UK every year, the total number of complaints about excise seizures taken on for full investigation by the Office of Adjudicator was 41. "In order to continue to minimise problems, we have taken positive steps to restructure our complaints procedures and improve the information we make available to the public, including a new leaflet guide for shoppers that we have posted at all major ports and airports."

Inland Revenue Chairman Nick Montagu welcomed the Report, saying:

"I am pleased that our continuing efforts to improve the way we deal with complaints have resulted in a further fall of 25%, following 18% last year, in the complaints going to the Adjudicator.

It is also a credit to our Tax Credit Office that the Adjudicator has praised a number of initiatives they have taken to improve customer service and help resolve problems quickly."

HM Customs and Excise at www.hmce.gov.uk

Inland Revenue website at www.inlandrevenue.gov.uk