

FY20 PFTAC Work Plan - May 2019 to April 2020: Tonga - FINAL OUTTURN AS AT APRIL 2020

TA Area	Objective	Country	Outcome Targeted	Activity	May 2019 - April 2020 (in person-days)			Number of Missions/ Activities	Updated Inputs at Oct 31, 2019 (person-days - changes in red)			Number of Missions/ Activities	% of updated plan delivered at end-Oct	Updated Inputs at Apr 30, 2020 (person-days - changes in red)			Number of Missions/ Activities	% of updated plan delivered at end-Apr	Delivery Status	Milestones	Comments	Planned Date	Experts	
					PFTAC resident advisors	ST experts	Total		PFTAC resident advisors	ST experts	Total			PFTAC resident advisors	ST experts	Total								
Financial Sector Supervision	1. Develop and strengthen banking regulations in line with international standards	Tonga	To be established in CDPort	Second follow-up mission from the Regional Workshop on Insurance Legislation and Prudential Standards	0	10	10	1	-	10	10	1	0%	-	-	-	0%	Cancelled	To be established in CDPort	Workshop to review and establish revision plan for insurance legislation and prudential standards held in May 2018. Follow up bilateral mission held in November 2018. Second follow-up.	1-May-19	Claxton/ Rush		
Government Finance Statistics	1. Strengthened macroeconomic and financial statistics compilation and dissemination for decision making: compilation methodologies in line with international standards for GFS	Tonga	1.5 Data are compiled and disseminated using the coverage and scope of the latest manual/guide.	Complete the institutional unit table for the public sector and investigate source data for GFS compilation purposes.	12	0	12	1	-	-	-	-	0%	-	-	-	0%	Shift to FY21	• Review and finalize the list of institutional units for the public sector. [RBM – GO – 5.13, 5.14 and 10.3]	The institutional scope includes all significant general government institutional units and its associated transactions.	Jan-20	LTX		
			1.9 Data are compiled and disseminated using appropriate statistical techniques, including to deal with data sources, and/or assessment and validation of intermediate data and statistical outputs.	Mapping the national chart of accounts (CoA) to GFS.															The revised CoA for BCG include the GFSM 2014 economic and functional coding for automating the GFS compilation. [RBM – GO – 9.6]	Bridge tables from national source data to GFS classifications have been constructed and are used to compile GFS.				
			1.12 Higher frequency data has been compiled and disseminated internally and/or to the public.	Compile, review and disseminate data to the IMF Statistics Department.															• Compile and disseminate annual data for BCG for FY2018. • Compile and disseminate annual public sector debt statistics. [RBM – GO – 12.3]	GFS for general government operations are compiled and disseminated on an annual basis.				
Real Sector Statistics	1. Strengthen compilation and dissemination of data on macroeconomic and financial statistics for decision making according to the relevant internationally accepted statistical standard, including developing/improving statistical infrastructure, source data, serviceability and/or metadata.	Tonga**	1.3 Staff capacity increased through training, especially on developing source data, compilation methods, and dissemination	Principles and techniques required for benchmarking and rebasing	-	12	12	1	-	12	12	1	0%	-	-	-	0%	Cancelled	• Staff members trained on quality control of administrative data.	Mission only makes sense if more staff is allocated to economic statistics. Large backlog in publication. Still only drafted and unpublished figures for 2017 available	Feb-20	McAllister		
			1.4 Data are compiled and disseminated using the concepts and definitions of the latest manual/guide	Begin work to set new annual benchmarks for rebasing in FY19															• GDP(P) classification converted from ISIC Rev. 3 to ISIC Rev. 4. • FISIM is correctly estimated and allocated. • Business register set-up completed. • Rebased GDP estimates to 2016 population census					
			1.10 Source data are adequate for the compilation of the national accounts	Further assist on obtaining and using tax data alongside/in place of business survey																				
			National accounts compiled and disseminated on a quarterly basis	Feasibility study - introduction of quarterly national accounts (QNA)															12	-			12	1
Macroeconomic Management	1. Improved macroeconomic policy advice to government and central bank management	Tonga	1.3 Sound medium-term macroeconomic framework	Support the use of the Tonga macroeconomic and fiscal framework.	5	0	5	1	-	-	-	0%	-	-	-	0%	FY21	(1) The GDP forecasting framework continues to be used in budget preparations (Jun. 19). (2) The Tonga projection model continues to be used in budget preparations (Jun. 19). (3) Fiscal forecasting is enhanced (Apr. 20).	Nov-19	Claus				
Public Financial Management	1. Improved laws and effective PFM institutions	Tonga	1.2 MoF capacity can meet enacted PFM responsibilities	Pre-PEFA	12	17	29	1	5	-	5	1	100%	5	-	5	1	100%	Aug 26 - 30, 2019	PEFA self-assessment is conducted.	Oct-19	Kubasta		
				PEFA Assessment	24	15	39	1	0%	24	15	39	1	100%	Nov 11 - 22, 2019	Kubasta/ Neves/ Kaufmann								
				Developing PFM Roadmap	-	10	10	1	0%	-	5	5	1	100%	Apr 24 - 30, 2020 (remote)	Kaufmann								
				Climate Change Policy Assessments	-	-	-	-	-	8	-	8	1	100%	Feb 3 - 11, 2020	Neves								
	3. Improved Budget Execution and Control	Tonga	3.1 Budget execution and controls are strengthened	1.1 Legal Framework enacted	Review draft legislation	12	17	29	1	-	13	13	1	0%	-	-	-	0%	Shift to FY21	Review draft legislation and implementation strategies	Jan-20	McKenzie		
				3.1 Budget execution and controls are strengthened	Training is provided on implementing a risk based internal audit for payroll	2	17	19	1	-	17	17	1	100%	-	17	17	1	100%	Aug 19 - 30, 2019	Risk based planning implemented. Payroll audit conducted.	STX days: 2 weeks in country; 1 weekend; 2 travel days; 3 pre-post mission days	Jul-19	Kubasta/ Prcevic
				4.1 Chart of Accounts is aligned with International Standards	Review progress on chart of accounts and identify next steps.	-	15	15	2	-	-	-	-	0%	-	-	-	-	0%	Subsumed	Updated economic code is implemented. Segment structure is adopted.	1 mission in country of 1 week and additional mission to continue monitoring implementation WAH	STX - TBD	
				4.2 Comprehensiveness, frequency, and quality of fiscal reports is enhanced	Review of treasury business operations to improve efficiency of financial reporting.	12	25	37	2	-	-	-	-	0%	-	-	-	-	0%	Subsumed	Improved operations implemented to enable timely reporting on in year and annual financial reported	If MS is available, this mission could be combined with the in-country work COA. LTX participation dependent on consultant selected.	STX - TBD	
Revenue Administration	1. Strengthened revenue administration management and governance arrangements	Tonga	1.2.2 Organizational arrangements enable more effective delivery of strategy and reforms	Review and enhance implementation of large taxpayer office	0	16	16	1	-	16	16	1	100%	-	16	16	1	100%	Sep 30 - Oct 11, 2019	Plan in place to expand LTO by 31/12/2020	Strategy developed to expand number of taxpayers in the LTO	Aug-19	Sutherland	
				1.5.1.- 1.5.4. Corporate priorities are better managed through effective risk management	Renew the compliance improvement strategy	0	32	32	2	-	32	32	2	50%	-	32	32	2	100%	Jul 29 - Aug 9, 2019/ Mar 2 - 11, 2020	New generation CIP designed and implemented	Current Compliance Improvement Plan is evaluated	Jun-19/ Feb-20	Home
				1.5.1.- 1.5.4. Corporate priorities are better managed through effective risk management	Review progress with implementation of the Industry Partnership - Tourism Industry	0	16	16	1	-	16	16	1	100%	-	16	16	1	100%	Sep 23 - Oct 5, 2019	An industry partnership initiative targeting high risk industry segments showing compliance improvements by 6/30/20.	An industry partnership strategy to improve compliance has been introduced but due to staff shortages has struggled to get off the ground.	Jun-19	Shrosbree
				1.1 - 1.7. Strengthen revenue administration management and governance arrangements	Review reform progress and status of PFTAC Recommendations, overlapping with STX review of revenue administration, management and governance arrangement	2	0	2	1	2	-	2	1	100%	2	-	2	1	100%	Oct 16 - 17, 2019	Successful implementation of a reform strategy and governance framework.	Conduct a review of current reform initiatives and provide additional recommendations where necessary.	Jun-19	Eysselein
	2. Strengthened core functions evidenced by an accurate taxpayer base, taxpayer services supporting voluntary compliance, improvements in filing, payment and audit activities	Tonga	2.3.1 - 2.3.2 A larger proportion of taxpayers meet their filing obligations as required by law	2.3.1 - 2.3.2 A larger proportion of taxpayers meet their filing obligations as required by law	Improve on-time filing and management of outstanding tax returns	0	12	12	2	-	12	12	2	50%	-	9	9	2	100%	Jul 22 - Aug 2, 2019/ Apr 20 - May 1, 2020	On-time filing operating at improved efficiency levels by 31/12/2020 and measured against TADAT dimensions.	Potential to improve on time filing which will contribute to improved levels of voluntary compliance	May-19/ Oct-19	Scott
				2.4.1 - 2.4.3 A larger proportion of taxpayers meet their payment obligations as required by law	Improve on time payment and management of tax arrears	0	20	20	-	20	20	-	50%	-	14	14	-	-	-	100%	On-time payment operating at improved efficiency levels by 31/12/2020 and measured against TADAT dimensions.	Included under 2.3.1 - 2.3.2. Potential to improve on-time payment	May-19/ Oct-19	Scott
				2.5.1.-2.5.2 Audit and other verification programs more effectively ensure accuracy of reporting	Review progress and further strengthen the audit function	0	16	16	1	-	16	16	1	100%	-	16	16	1	100%	Jun 10 - 21, 2019	The audit function operating at improved efficiency levels by 31/12/2020 and measured against TADAT dimensions.	A PFTAC audit modernization plan has been accepted by the authorities but additional TA is required to assist with implementation.	Jun-19/ Oct-19	Bell
				2.1 - 2.5. Strengthened core tax administration functions	Review reform progress and status of PFTAC Recommendations, overlapping with STX review of revenue administration, management and governance arrangement	3	0	3	1	1	-	1	-	0%	1	-	1	-	100%	Oct 16 - 17, 2019	Successful implementation of a reform strategy and governance framework.	Visit included under objective 1 Conduct a review of current reform initiatives and provide additional recommendations where necessary.	May-19	Eysselein
2.5.Audit and other verification programs more effectively ensure accuracy of reporting	Auditor development and training	-	-	-	-	-	16	16	1	100%	Apr 27 - May 22, 2020	Bell												
2.5.Audit and other verification programs more effectively ensure accuracy of reporting	Roll-out of VAT Audit methods and toolbox	-	16	16	1	0%	-	-	-	0%	Cancelled	Successful implementation of a reform strategy and governance framework.	Visit included under objective 1 Conduct a review of current reform initiatives and provide additional recommendations where necessary.	Jun-19	Haigh									

TOTAL	60	225	285	19	49	205	254	18
Updated Plan Total Days								
Delivered by Oct 31:					12	97	109	9
Percentage of Revised Plan:					24%	47%	43%	50%

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Revenue Administration	Legal	Tonga	1.8. Effective implementation of a new tax or modernized legislation	Finalize renewal of Consumption Tax legislation	0	18	18	1	-	12	12	1	0%	-	8	8	1	100%	Nov 18 - 22, 2019	Modernized laws implemented by 30/6/2019.	PFTAC is supporting a request by the authorities to modernize their tax laws.	Aug-19	Burns

TOTAL	0	18	18	1	0	12	12	1
Updated Plan Total Days	0	12	12	1				
Delivered by Oct 31:	0	0	0	0				
Percentage of Revised Plan:	0%	0%	0%	0%				

TOTAL	60	243	303	20
Updated Plan Total Days	49	217	266	19
Delivered by Oct 31:	12	97	109	9
Percentage of Revised Plan:	24%	45%	41%	47%

Actual Outturn at April 30, 2020:	57	164	221	17
Percentage of Mid-Year Revised Plan:	116%	76%	83%	89%
Percentage of Original Plan:	95%	67%	73%	85%