



Nauru Taxation Reform

PFTAC Steering Committee Meeting - Fiji

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NAURU TAXATION REFORM

- Historically there was no taxation in Nauru
- Preliminary analysis and proposals facilitated by PFTAC
- 2012 PFTAC Report recommended a package of reforms (Mullins Report)
- 2013 PFTAC Tax Reform Concept Paper prepared (Hayes Report)
- Cabinet *approved-in-principle* on 2nd February 2014 the implementation of a 2 Phase tax reform program
 - Phase I: Introduction of an employment and services tax
 - Phase II: Introduction of business tax
- In April 2014 the Deputy Secretary Revenue was recruited to implement a taxation system (Australia DFAT funded under PACTAM)
- In May 2014 legal draftsman funded by PFTAC to draft tax legislation
- In November 2014 a Tax Implementation Adviser was recruited (Australia DFAT funded under PACTAM))

PHASE I & II Reforms

➤ **Revenue Administration Act (RAA)**

- Certified on 10th September 2014 and effective on 1st October 2014

➤ **Employment & Services Tax Act (ESTA)**

- Certified on 10th September 2014 and effective from 1st October 2014

➤ **Business Tax Act (BTA)**

- Certified on 9th June 2016 and effective from 1st July 2016

Other reforms / achievements

- Nauru has become a signatory (June 2016) to the Multilateral Convention and the Multilateral Competent Authority Agreement, for the automatic exchange of information for tax purposes
- Nauru has committed to the automatic exchange of information by September 2018
- Nauru received a “largely compliant” rating from GF *Fast Track Review* in June 2017 and will undergo in-country assessment in Q2 of 2018
- AEOI Act, Beneficial Ownership Act in place and a Trust Act is currently being developed and hopefully be enacted in the next few months
- Corporations Act and Partnership Act have been amended to conform with OECD Standard
- Nauru signed a qualified commitment to BEPS Inclusive Framework in November 2017
- Nauru accepted invitation in February 2018 to participate in the *Revenue Statistics in Asian and Pacific Countries* publication
- Nauru is also now participating in ISORA reporting