

### RECENT & UPCOMING TA MISSIONS

#### March

<b>PFM</b>	Cook Is.	Developing monitoring/ projection framework
	Fiji	Progress review of Accounting Reform
	PNG	PEFA Self Assessment in preparation for a formal Assessment
	Tonga	PEFA Self Assessment Support AusDFAT Assessment of National Systems
<b>Tax</b>	Fiji	Review of the Audit Function – Phase 2
		Evaluation of technical specifications for a new commercial off-site system (COTS)
		Improving core tax functions
	Tonga	Self Assessment and Compliance Risk Management (Mission1)
	Regional- Fiji	Managing modern tax administration workshop
		Introducing an Industry Partnership Strategy to improve tax compliance workshop
<b>Statistics</b>	Cook Is.	National Accounts: Strengthening Annual Methodology
	Regional- Guam	Training on National Accounts
<b>Macro</b>	Regional- Fiji	Incorporating natural disaster risk into Fiscal Planning workshop
	Cook Is.	Developing macroeconomic/fiscal projection framework
<b>PFTAC/IMF</b>	Cook Is.	PFTAC Steering Committee

#### IN THIS ISSUE

Recent & Upcoming TA Missions	1
Meetings, Seminars & Workshops	2
Staff Development	3
Focus: Tax administration Workshops in PICs	3
Country TA Strategies: Samoa	5

#### April

<b>PFM</b>	Solomon Is.	PFM Roadmap Implementation
		Non Tax Review
<b>Tax</b>	FSM	Compliance Risk and business process review (Mission 3)
		Review overall reform progress
	Regional- Fiji	Compliance Risk Management approach
<b>Statistics</b>	Fiji	Review of experimental GDP
		National Accounts: Quarterly(1) – GDP by production
	FSM	National Accounts: Strengthening Annual Methodology
	Palau	National Accounts: Strengthening Annual Methodology
<b>Financial Supervision</b>	PNG	Compilation of GDP estimates
		Palau
<b>Macro</b>	PNG	To develop macroeconomic model/fiscal planning framework
		Samoa
	Vanuatu	Updating and developing RBVs financial programming

## May

<b>PFM</b>	Cook Is.	Review and revision of PFM law
	Fiji	Review and rewrite of financial instructions
		Review of operations for Fiji National Provident Fund (Phase 1)
	Tuvalu	PEFA Self Assessment with Australian DFAT
	Vanuatu	PEFA Self Assessment & PFM Roadmap
<b>Tax</b>	Marshall Is.	Review reform progress, provide guidance on the development of a Strategic Plan and review core tax functions
<b>Statistics</b>	Cook Is.	Balance of Payments Statistics
	Regional -Fiji	Participation in the Pacific Steering Committee
	Regional -PNG	Training on National Accounts
	Vanuatu	National Accounts: Rebase
<b>Financial Supervision</b>	Samoa	Group workshop on Drafting a Credit Union Act
	Tonga	On-site examination of a commercial bank Review of Prudential Guidelines/ desk review
<b>Macro</b>	Cook Is.	Provide off-site assistance in preparing macro-fiscal projections for budget
	Fiji	Incorporate debt dynamics into medium term fiscal planning process Examine monetary policy transmission mechanism

## MEETINGS, SEMINARS & WORKSHOPS

### MANAGING MODERN TAX ADMINISTRATION, NADI, FIJI, 2-6 MARCH, 2015

This workshop, presented to 10 senior tax administration managers, provided a complete and systematic overview of modern tax administration management. Three PIC managers, which formed part of a PFTAC train-of-trainer program, played an instrumental role in the delivery of the training material.

### INTRODUCING AN INDUSTRY PARTNERSHIP STRATEGY TO IMPROVE TAX COMPLIANCE WORKSHOP, SUVA, FIJI, 9-13 MARCH, 2015

This workshop was designed to provide PIC tax administrations with insight into how establishing a relationship with poorly complying small and medium-sized industries, which often operate in the cash economy, can lead to improved compliance and a better understanding of common problems and reasons for non-compliance. This workshop, attended by 13 countries, was identified through the PITAA training needs analysis conducted in mid-2014.

### INCORPORATING NATURAL DISASTER RISK INTO FISCAL PLANNING WORKSHOP, SUVA, FIJI, 9-10 MARCH, 2015

The workshop was designed to help countries in the region develop disaster risk management strategies in the context of fiscal planning. The main objective was to give fiscal policy makers an overview of strategies and procedures that can mitigate the economic and fiscal impact of natural disasters. The workshop was organized and conducted by the PFTAC in coordination with the Disaster Risk Financing and Insurance (DRFI) Program at the World Bank, and hosted by the Pacific Islands Forum Secretariat (PIFS). Participants from 12 PFTAC member countries attended, along with representatives from international institutions and donor countries/institutions.

### ARREARS, FILING AND RETURNS TRAINING, SUVA, FIJI, 23-25 MARCH, 2015

Available data suggests that PIC's are facing challenges in keeping outstanding tax returns and tax arrears at manageable levels. Recognizing this, the workshop provided 21 participants with best practice strategies for increasing the rate of both timely filed returns and payment of taxes, and securing tax returns from those who do not file by the statutory deadline, and the recovery of tax arrears. The importance of maintaining an accurate registration data base was also highlighted.

### TRAINING COURSE ON NATIONAL ACCOUNTS, GUAM, 25 MARCH-02 APRIL, 2015

This sub-regional training course was attended by six regional compilers and focused on the analysis of business accounts as inputs to the measurement of gross domestic

product (GDP) and also the measurement of GDP in constant prices. The training was supported with exercises and case studies including presentations by participants. The course was rounded out with discussions on Government Finance Statistics and advice on how the national accounts compilation methodologies can be improved. The course was followed by further direct technical assistance to both Palau and Federated States of Micronesia

### EU-SPC DEEP SEA MINERALS PROJECT MEETING, NADI, FIJI, 13 APRIL 2015

PFTAC Coordinator Scott Roger participated in the project Steering Committee meeting which covered, inter alia, Project activities over the past year, planned activities, and an external assessment of the project. Mr. Roger reported on the joint EU-SPC-PFTAC workshop on financial aspects of deep sea mining, held in the Cook Islands in 2014. A conference volume is being prepared for publication. The presentation is available on the PFTAC website.

### INTRODUCING COMPLIANCE RISK MANAGEMENT, NADI, FIJI, 28 APRIL-01 MAY, 2015

This workshop will outline what is required to introduce a sound and effective compliance risk management plan in a tax administration context. It will provide insight into each of the five consecutive steps of the compliance risk

## TAX ADMINISTRATION: WORKSHOPS IN PACIFIC ISLAND COUNTRIES

During the last year PFTAC continued to strengthen relationships with the Pacific Island Tax Administration Association (PITAA) which resulted in a number of workshops which were identified through a PFTAC/PITAA Pacific Island training needs analysis conducted in mid 2014.

Analysis of this information resulted in the design of a two phased training strategy which focused on providing executives and members of senior management teams with an overview of modern tax administration followed by workshops on core tax functions.

PITAA, supported by PFTAC, also made major strides towards establishing itself as a recognized and reputable

management cycle – from the identification of potential risk, risk assessment and prioritization, to possible treatment forms and evaluation of the compliance activity. The approach or the workshop will be highly participative and will give participants, (a) a conceptual understanding of compliance risk management, (b) a context of other countries compliance environments and the range of interventions taken, (c) the beginnings of a Tax Compliance Management program (TCMP) for their own country, or refine their existing TCMP, which they can further develop on their return.

## STAFF DEVELOPMENTS

**Iris Claus** joined PFTAC in February 2015 as Macroeconomic Advisor. She previously held policy and research positions at the Asian Development Bank, the New Zealand Inland Revenue, the New Zealand Treasury, the Reserve Bank of New Zealand,



and the Bank of Canada. She is on the editorial boards of the *Journal of Economic Surveys* and *Asian Economic Papers* and Senior Fellow at the University of Waikato, New Zealand.

---

regional training provider with the PITAA Executive Committee taking firm steps towards implementing a permanent secretariat and tiered subscription structure based on the size of the 16 administrations in the Pacific.

A good example of PITAA's emerging strength and regional facilitation role is reflected by the assistance provided by the Fiji Revenue and Customs Authority (FRCA) to Nauru in the development and implementation of an IT software application for Nauru's recently introduced Employment and Services Tax. A further achievement during the year related to a PFTAC/PITAA train-of-trainer program which will gradually pass on some responsibility to PITAA members to co-present at workshops facilitated by PFTAC - the first such initiative took place in March 2015 where officials from PIC tax administrations, with training ability, were identified and included as co-facilitators of the Managing Modern Tax

Administration workshop (for smaller tax administrations) which was a great success.

The following workshops were presented during the last quarter of FY2015:

- Managing Modern Tax Administration Workshop, Nadi, Fiji – 4-6 March, 2015
- Introducing an Industry Partnership Strategy Workshop, Nadi, Fiji – 9-13 March, 2015.
- Arrears filing and returns workshop, Suva, Fiji 23-27 March, 2015.
- Introducing Compliance Risk Management Workshop, planned for Nadi, Fiji 28 April – 1 May, 2015

PFTAC has commenced the design of an Information Technology (IT) tool kit of materials that will provide PIC's with leading practices in the IT area. IT is an increasingly important topic for tax administrations who face a complex IT landscape, with many areas of potential IT solutions, multiple approaches to implementation, and many vendors. To assist PICs in this area PFTAC has commissioned the development of a tool kit that will provide PICs with detailed information on the development of IT strategies, business continuity and IT procurement processes. This package will form part of PFTACs contribution to building a regional model approach which will be made available to all PICs through the PITAA website.

PFTAC, through PITAA, will assist in the development of a taxpayer survey tool kit that will be used to gauge

taxpayer perceptions of PIC tax administrations. The PITAA secretariat identified this initiative as a key priority that would provide valuable insight into the strengths and weaknesses of PIC tax administrations and afford them the opportunity to address weaknesses identified. These surveys will provide tax administrations with a tool they can benchmark against annually to measure overall taxpayer satisfaction.

The PFTAC/PITAA training plan FY 2016 is reflected below:

### **Anticipated PFTAC/PITAA FY16 Training and Capacity Building Plan**

- Customs and Tax workshop highlight the benefits from a more integrated approach to operations and risk management
- Audit workshop on the interpretation and analysis of financial statements
- Management training for core tax functions with a focus on audit, taxpayer services and arrears management
- VAT Fraud workshop
- Compliance Risk Management
- Train-of-trainer support for PFTAC designed workshops/courses

## COUNTRY TA STRATEGIES



### SAMOA

In the **Public Financial Management** area, inputs are expected to be relatively small given the large project-based support available to support the Ministry of Finance's PFM reform plan. PFTAC will be available to provide follow-up support to previous work to strengthen the medium-term budgeting system (1.5). In the medium-term, PFTAC would look to assist the authorities implement a follow-up PEFA assessment, probably in 2014 (1.1).

In the **revenue** area, Samoa continues to make good reform progress with continued support through PFTAC. More recently PFTAC provided technical assistance to the Samoa Ministry of Revenue which included: (a) redrafting the Income Tax Act and Tax Administration Act (2.2); (b) a review of the existing VAGST legislation (2.2); and (c) drafting legislation for a presumptive tax (2.2). To strengthen overall compliance management PFTAC assisted in the development of a new Compliance Improvement Strategy which adopts a more integrated functional approach to address top compliance risks (2.5).

In **financial sector supervision**, PFTAC's Resident Technical Advisor developed an on-site examination program for Samoa. A Short Term Expert was engaged to assist the Central Bank in performing two on-site examinations of local banks during the FY15. The program will include the delivery of a workshop prior to each examination on a topic relevant to the examination process. Representatives from the Central Bank of Samoa will also attend the annual meeting of the Association of Financial Supervisors of Pacific Countries and associated workshops, sponsored by PFTAC. Samoa will receive technical assistance with the oversight of Credit Unions, including the drafting of a new Credit Union Act.

In **statistics**, Samoa is relatively well advanced against the overall results framework; based on PFTAC advice, it produces quarterly National Accounts on two independent measures (4.1) with production of a range of income indicators (4.3). Balance of payments statistics are now being developed according to BPM6 standards (4.9).

PFTAC is expected to resume TA in national accounts as support from the International Strengthening Program has been phased-out. The IMF HQ projects on balance of payments and government finance statistics are expected to wind down during financial year 2016.

Assistance in the **macroeconomics** area will continue to be instrumental to the success of budget reforms. PFTAC will continue assisting Ministry of Finance to improve the accuracy and sophistication of its revenue and GDP forecasting (5.1, 5.3) and in building capacity to produce its own debt sustainability analyses (5.4). This work will continue to aim to build stronger links with the Central Bank of Samoa (CBS)