

REPUBLIC OF NAURU

REVENUE ADMINISTRATION (AMENDMENT) BILL 2020

SECOND READING SPEECH

Honourable Martin Hunt MP

22 October 2020

Mr Speaker Sir,

I introduce to the House today the *Revenue Administration (Amendment) Bill 2020*.

Mr Speaker, I am pleased to inform this august House that in December 2019, the Council of the European Union in its meeting adopted a revised conclusion of non-cooperative jurisdictions for tax purposes. It also considered the position of the Republic of Nauru. This House may recall that the Republic was reviewed by the Organisation for Economic Co-operation and Development ('OECD'), and was found '*largely compliant*' in 2018 – 2019. This resulted in the Council of the European Union removing the Republic from its list of non-cooperative jurisdictions for tax purposes. This means that for the purposes of the European Union and its member countries, Nauru is now compliant with the tax requirements of transparency and accountability.

However, subsequent to the decision a letter was issued to the Department of Finance to rectify some minor amendments to the legislation to meet the requirements in compliance with the conditions of the Council of the European Union.

Mr Speaker, a Bill was passed in the last session of the Parliament which removed the discrimination of resident and non-resident service tax. This Bill adds an additional amendment which is to give a wider discretion to the Nauru Revenue Office. The *Employment and Services Tax Act 2014* and the *Business Tax Act 2016*, both impose obligations on persons to declare their incomes or profit respectively. In order to do that, the eligible taxpayers are required to register for a Tax Identification Number. Currently under Section 9 of the Act, there is a mandatory requirement for registration for a Tax Identification Number for 'resident persons'. Resident persons are defined in Section 3 of the *Business Tax Act*, which is largely persons whose income is sourced in the Republic.

In addition, Section 9 requires any other person to register for tax as soon as his or her liability to pay tax arises.

Mr Speaker, the current addition to Section 9(1) is to empower the Secretary for Finance to require 'any other person to register for tax' who may not fall in the first 2 categories. That is in addition to the resident tax payers and those obliged to register under the Act due to their liability to pay tax.

Mr Speaker, this Bill once passed, will serve to ensure that the necessary revenue administrative legal framework is in place, so that the intended outcomes of the tax law are achieved. These amendments will ensure that Nauru remains compliant with international or global taxation communities, including that of the Council of the European Union.

The Bill also makes an amendment to section 66A(1) consequent upon the amendment to section 41 of the *Business Tax Act*.

Mr Speaker, the explanatory memorandum details the provisions of the Bill. Sir, I request that the explanatory memorandum be read and recorded in the Hansard Report.

I commend the Bill to the House.