

REPUBLIC OF NAURU
BUSINESS TAX BILL 2016
SECOND READING SPEECH
Honourable David Adeang M.P.
12th May 2016

Mr. Speaker Sir,

I have the pleasure of introducing to the House today the Business Tax Bill 2016. This Bill represents the second phase of the Republic of Nauru's commitment to the implementation of a series of robust taxation reform measures.

Phase I taxation reform commenced on 1st October 2014 with the introduction of the Employment and Services Tax Act and the Revenue Administration Act.

Mr Speaker, the administration of Phase I legislation has proven to be an outstanding success story for the Republic of Nauru. Tax revenue collections and the high level of taxpayer compliance with current tax laws have surpassed all expectations to date.

Phase II tax reform initiatives had already received "in principal" approval by Cabinet on 5th June 2014. Subsequent submissions were approved by Cabinet to defer the tabling of this Bill until now to accommodate a range of competing factors.

Mr Speaker, I believe the timing is now right to implement the next phase of tax initiatives.

Phase II taxes to be levied under the Business Tax Bill include –

- Small Business tax to be imposed on non-resident individuals conducting business solely in Nauru where annual gross revenue is not more than AUD \$250,000;

- Business Profits tax to be imposed on the net profit of a business with a tax free threshold applied to resident individuals;
- Non Resident tax imposed on royalty, interest and insurance premiums paid to a non-resident; and finally
- International Transportation Business tax imposed on payments to non-residents for carriage loaded or embarking in Nauru and set for overseas departure.

All such taxes would apply from 1 July 2016 with the tax law administered by the Nauru Revenue Office.

Implementation of Phase II reform measures will only build on the solid taxation foundation already laid down by Nauru's Phase I tax initiative.

Importantly, it will also provide additional and much needed revenue for this government to utilise which can only enhance community confidence in its developing tax administration.

Mr Speaker, the Explanatory Memorandum describes in detail the provisions of the Business Tax Bill.

I hereby commend the Bill to the House.