



Welcome Tax Accountants and Tax Professionals

Information Seminar for Tax
Accountants and Tax
Professionals 18th March 2020

Agenda



Time	Subject	Presenter
9.30	Welcome and opening remarks	Director DCIR, Harold Tarosa
9.40	Tax Agent Registration	Manager IR Melton Aru
10.15	Tax Agent requirements and responsibilities	Manager IR Melton Aru
10.30	Refreshment break	
10.45	The new Penalty regime	Manager IR Kalo Paul
11.00	CT to Taxpayer Identification Numbers (TIN's)	Team Leader IR - Andrea Shem
11.10	Record Keeping for International Companies The Common Reporting Standard	Principal Officer IR - Andrew Norwo, Revenue Policy Unit/Treasury - Janet Simbolo, Advisor Ian Pittard
11.30	Facilitated Q+A	Deputy Director DCIR Collins Gesa
11.45	Closing Remarks	Deputy Director DCIR Collins Gesa

Opening Remarks

Harold Tarosa

Director

*Department of Customs and
Inland Revenue*





Tax Agent Registration



- ▶ From 1 April 2020, only registered tax agents can demand or receive a fee for providing “tax agent services”
- ▶ It is an offence to contravene the above



Tax Agent Registration



► Tax Agent Services are defined as:

1. the preparation of tax returns on behalf of taxpayers;
2. the preparation of notices of objection on behalf of taxpayers in relation to the tax laws;
3. the provision of advice to taxpayers on the application of the tax laws;
4. representing taxpayers in their dealings with the Department in relation to the tax laws;
5. the transaction of any other tax-related business on behalf of taxpayers with the Department in relation to the tax laws.



Tax Agent Registration



- ▶ Make an initial application and then apply for renewal each year
 - ▶ 2020 = Initial App will be for 1 Apr to 31 Dec
 - ▶ 2021 = Renewal will be for 1 Jan to 31 Dec
- ▶ There is an application fee (non-refundable) for both the initial application and the renewal



Tax Agent Registration



► To be registered applicants must:

1. meet fit and proper person criteria
2. meet good character criteria
3. have a tax clearance certificate
4. provide tax agent services from an office located in Vanuatu



Tax Agent Registration



- ▶ The application process:
 - ▶ Step 1: Apply for a tax clearance certificate
 - ▶ Step 2: Apply for tax agent registration
 - ▶ Approved forms must be used



Tax Agent Registration



Lets review the application forms

Tax Agent requirements and responsibilities



- ▶ To maintain tax agent status apply for renewal each year
- ▶ A registered tax agent must notify DCIR if they:
 - ▶ cease to satisfy the registration criteria
 - ▶ no longer wish to be registered

Tax Agent requirements and responsibilities

- ▶ If filing a tax return on behalf of a taxpayer a registered tax agent must:
 1. Have a written authority from the taxpayer
 2. Make a declaration on the tax return

Refer to the information note on this subject





Refreshment break



- ▶ **Wifi Name: Warwick Conference**
- ▶ **Wifi Password: DOC2020**



The New Penalty regime



► Key points:

1. We prefer and expect payment and filing on time
2. The Tax Administration Act introduced a new penalty regime
3. It applies from 1 January 2020 (to outstanding balances at 31 December and returns due after 1 January 2020)
4. It applies to VAT and Rent Tax
5. As well as late payment penalties there are late filing penalties



The New Penalty regime

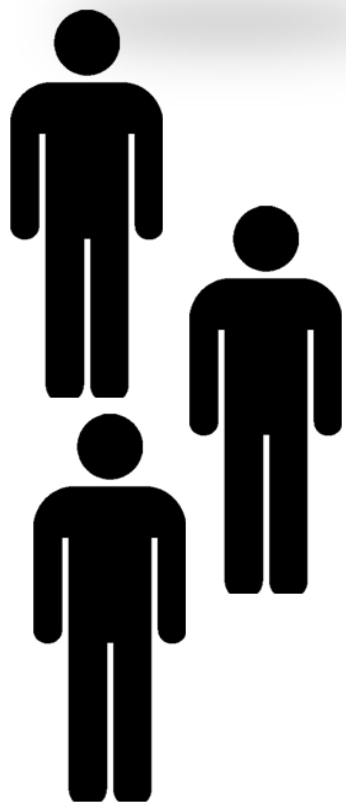


Late Filing - if an individual, penalties will be imposed as follows:

1. A late filing penalty of VT30,000, and
2. VT3,000 for each day the return remains not filed



The New Penalty regime



Late filing - if an entity (Company, Partnership etc) penalties will be imposed as follows:

1. A late filing penalty of VT50,000, and
2. A penalty of VT5,000 - for each day the return remains not filed



The New Penalty regime



Late Payment penalties are:

1. 5% of the total that should have been paid; and
2. An interest charge for each day until payment is made - calculated at a daily rate of 20% per annum.



CT to Taxpayer Identification Numbers (TIN's)



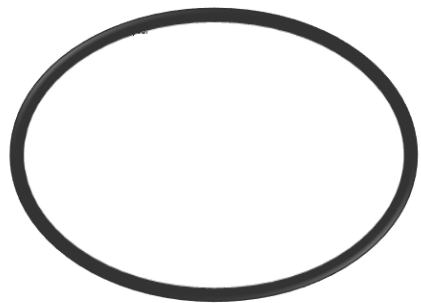
1. Everyone in the business community will need to have a TIN
2. If there is already a CT number, that becomes the TIN.
3. During 2020 it is expected that business's will transition from CT to TIN (eg invoices, receipts etc)



CT to Taxpayer Identification Numbers (TIN's)



1. New business will need to apply for a TIN - there are forms for this purpose on the DCIR website
2. There are penalties for failing to apply for a TIN
3. The TIN should be used in all contacts with Inland Revenue



Record Keeping for International Companies

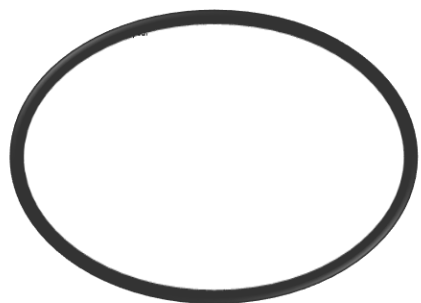


All businesses must keep good records

- ▶ Keeping good accounting records is an important part of managing a business.
- ▶ Also, many laws require different records to be kept.
- ▶ The new Tax Administration Act No.37 of 2018 sets out clearly the **MINIMUM** records that must be kept by all businesses or property investors in Vanuatu.
- ▶ These rules replace the record keeping requirements that were previously imposed by the International Tax Cooperation Act No.7 of 2016.

Who must keep records?

- ▶ The minimum record keeping rules in the Tax Administration Act apply to all business and property investors, including local companies, **international companies**, foundations, trusts, partnerships and individuals.

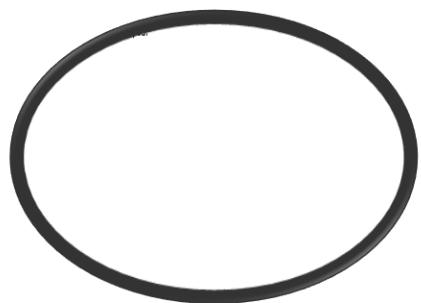


Record Keeping for International Companies



What records must I keep?

- ▶ In addition to records that may be required for the purposes of a tax law or any other Act, a person carrying on a business or investing in property must maintain records that correctly explain all transactions entered into by that person.
- ▶ The records must:
 - ▶ • be maintained in English, French, or Bislama; and
 - ▶ • enable the financial position of the person to be determined with reasonable accuracy at any time; and
 - ▶ • allow financial statements to be prepared; and
 - ▶ • be maintained in a manner so as to enable the person's tax liability under the tax law to be readily ascertained.
- ▶ Records includes records includes all source and underlying documents relating to transactions entered into by the person, including, invoices, purchase orders, delivery dockets, receipts, contracts, and Customs documentation.
- ▶ If you maintain records outside Vanuatu, the Director of DCIR may require you to make the records available in Vanuatu for inspection. Records should be kept in English, Bislama or French, however, if not, you will be required to translate them at your own cost.



Record Keeping for International Companies

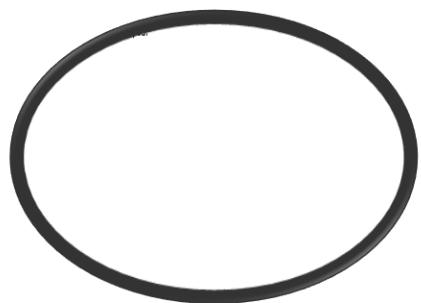


How long must I keep my records

- ▶ You have to retain your records for 5 years (or such other time as may be prescribed) after the end of tax period to which they relate.
- ▶ If you are being audited or disputing a tax assessment, you must keep the records for a longer time.
- ▶ If entity ceases to exist (e.g. a company is liquidated), all directors, partners, trustees, and controlling members of the entity, as the case may be, must ensure that the records of the entity are retained for the required period.

Administration of the law

- ▶ Director of DCIR is responsible for administering and enforcing the tax Administration Act to ensure that all businesses keep the required records.
- ▶ Over coming months, the Director will be assisting businesses and property investors understand their record keeping requirements and ensure that proper records are kept.
- ▶ Penalties can be imposed if businesses fail to keep proper records

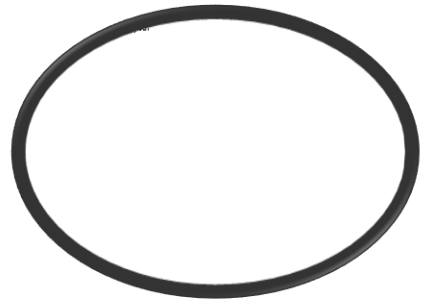


Record Keeping - a few points to remember



Records must be kept by all persons (individuals and entities carrying on business in Vanuatu - to the minimum standard required by the TAA.

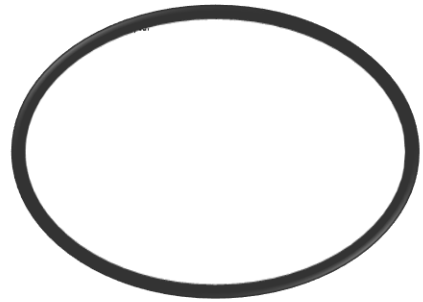
- ▶ Go to this link <https://doft.gov.vu/index.php/widgetkit/tax-policy-and-exchange-information>



The Common Reporting Standard



- ▶ All Financial Institutions are subject to that Applied Common Reporting Standard and may have an obligation to register and report with the Director.
- ▶ The Applied CRS rules are contained in Schedule 2 of the Tax Administration Act Regulation Order No. 154 of 2019.



The Common Reporting Standard

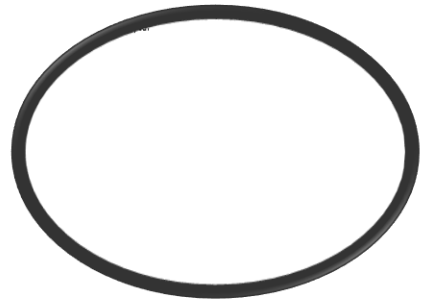


Who may be required to file a Notice?

Any Financial Institution which holds reportable accounts

What is a Financial Institution?

Type	Characteristics
Depository Institutions	<ul style="list-style-type: none">• Banks, savings/loan institutions, credit unions etc.• Accepts deposits in the course of a banking or similar business.
Custodial Institutions	<ul style="list-style-type: none">• Custodian banks, brokers, depositories etc.
Investment Entities	<ul style="list-style-type: none">• $\geq 20\%$ of gross income from holding Financial Assets for others.• Funds, portfolio managers, investment trusts etc.• (i) Gross income primarily ($\geq 50\%$) from business investment activities (trading/investing in Financial Assets, portfolio management etc.) on behalf of customers; or• (ii) Gross income primarily ($\geq 50\%$) from investment in Financial Assets <u>and</u> managed by a Financial Institution.
Specified Insurance Companies	<ul style="list-style-type: none">• Life insurance companies.• Insurance company making payments on a Cash Value Insurance/Annuity Contracts.



The Common Reporting Standard



What is a Reportable Account?

Broadly, a reportable account is any account held by a Financial Institution where the account holder person from a foreign country (other than the United States of America) that is not excluded from reporting.

Registration of Financial Institutions

Financial Institutions must Register before 31 March 2020.

Annual Reports

Financial Institutions must file a return in accordance with the applied CRS on or before 31 May 2020. If nothing to report, must file a NIL return.

The Common Reporting Standard

MDES-CRS Reporting Plan

Portal Status:

- 1 – Release for Reporting
- 2 – Release for Relations Management & Testing
- 3 – Not Released

Portal Status	Period	EOI - process	
1	JAN	Corrections for previous years	MDES
2	FEB-MAR	New MDES Registrations	
2	MAR	EOI Relation Manages & XML Validations	
1	APR-MAY	FATCA/CRS Reporting for 2019	
2	31-May	Deadline reporting	
2	JUL-AUG	Exchange reports via CTS	CTS
3	30-Sep	Deadline Exchange (CTS)	
1	OCT-DEC	Corrections for 2019 & previous years records	



Tax
Administration Act
Awareness
Training

Jan
2020



Facilitated Q+A



Information Seminar for Tax
Accountants and Tax
Professionals 18th March 2020

Closing Remarks

*Collins Gesa
Deputy Director
Department of Customs
and Inland Revenue*

