



Tonga

**INCOME TAX (AMENDMENT)
REGULATIONS 2014**



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Tonga

INCOME TAX (AMENDMENT) REGULATIONS 2014

INCOME TAX ACT 2007

IN EXERCISE of the powers conferred by section 93 of the Income Tax Act 2007, the Minister of Revenue and Customs, with the consent of Cabinet, makes the following regulations -

1 Short title and commencement

- (1) These Regulations may be cited as the Income Tax (Amendment) Regulations 2014.
- (2) These Regulations shall come into force on the same day as the Income Tax (Amendment) (No. 2) Act 2013 comes into force.
- (3) In these Regulations, the Income Tax Regulations 2008 as amended, shall be referred to as the Principal Regulations.

2 Regulation 2 amended

Regulation 2 of the Principal Regulations is amended by inserting the following definition in the correct alphabetical order -

““**small business tax**” means the small business tax imposed under section 8 of the Act;”.

3 New regulations 23, 24 and 25 inserted

The Principal Regulations is amended by inserting the following new regulations 23, 24 and 25 after regulation 22 -

“23 Applications under section 8 of the Act

- (1) An application under subsection 8(5) of the Act for section 5 of the Act to apply to the applicant for a fiscal year shall be lodged with the Chief Executive Officer by 31 March preceding the commencement of the fiscal year or within such further time as the Chief Executive Officer may allow.
- (2) If an application under subsection 8(5) of the Act for a fiscal year by a person is not lodged within the time specified in sub-regulation (1) including any extension of time allowed under sub-regulation (1), the person is subject to section 8 of the Act for the year.
- (3) An application under subsection 8(7) of the Act for section 8 of the Act to apply to the applicant for a fiscal year shall be lodged with the Chief Executive Officer by 31 March preceding the commencement of the fiscal year or within such further time as the Chief Executive Officer may allow.
- (4) If an application under subsection 8(7) of the Act for a fiscal year made by a person is not lodged within the time specified in sub-regulation (3) including any extension of time allowed under sub-regulation (3), the person is subject to section 5 of the Act for the year.

24 Small business tax forms

- (1) For the purposes of section 8 of the Act a small business tax return to be lodged under section 68(2) of the Act shall be in Form 12 in the Schedule and lodged in the manner prescribed in regulations 23 and 24 of the Revenue Services Administration Regulations 2003.
- (2) The small business tax refund form required to be lodged with the Chief Executive Officer under section 92(1) shall be in Form 13 in the Schedule.
- (3) The application for the normal income tax to apply and not the small business tax form required to be lodged with the Chief Executive Officer under section 8(5) shall be in Form 14 in the Schedule.
- (4) The application for the small business tax to apply to an individual who has previously been granted approval for the normal income tax to apply form required to be lodged with the Chief Executive Officer under section 8(7) shall be in Form 15 in the Schedule.

25 Record-keeping

- (1) A taxpayer subject to tax under section 8 of the Act shall keep only the following records –
 - (a) a cash book recording daily sales, including credit sales; and
 - (b) if the taxpayer employs employees, a salary and wages register.
- (2) Sub-regulation (1) applies despite anything in regulation 9 of the Revenue Services Administration Regulations.”.

4 Schedule amended

The Principal Regulations are amended by inserting the following new forms 12, 13, 14 and 15 –

“



GOVERNMENT OF TONGA
Ministry of Revenue and Customs

INCOME TAX ACT 2007

Form 12

Income Tax Regulations 2008 (Regulation 24(1))
SMALL BUSINESS TAX RETURN FOR INDIVIDUALS

INSTRUCTIONS: You shall use this form if you are an individual in **business** and your annual gross turnover is less than \$100,000 and you have NOT been approved by the Chief Executive Officer to be subject to the normal income tax or, if previously approved by the Chief Executive Officer, you have been granted approval for the small business tax to apply to you. You cannot apply to have the small business tax apply to you within 3 years of the date of service of the notice granting you permission for the normal income tax to apply.

Note – Business does not include professional services such as medical, dental, legal, accounting, financial, managerial, engineering, architectural, consulting or other similar services.

You shall lodge this return within 28 days of the end of the Quarter (that is lodged by 28th October, 28th January, 28th April, 28th July) together with payment of any small business tax, if your annual gross turnover is more than \$50,000.

If it is \$50,000 or less, the return and the tax due shall be lodged by the 31st October.

Small Business Tax Rates

ANNUAL GROSS TURNOVER	SMALL BUSINESS TAX PAYABLE
\$10,000 or less	\$100
\$10,001-\$30,000	\$250
\$30,001 - \$50,000	\$500
More than \$50,000	2% of annual gross turnover

You should also complete a Form 10 for all other income including salary and wages, interest, land rent and rental income. Use Form 13 Application for a refund of small business tax if you have paid too much small business tax during the year. You can only apply for a refund within 3 years after the date on which the small business tax was paid.

Year of Income:

Quarter (if annual gross income more than \$50,000) September December March June (circle applicable one)

Tax Identification Number (TIN)

(if you do not have a TIN you will need to complete a FORM 3 – Individual application for TIN)

Name	
Date of birth	Place of Birth

Status Married Single Widow Widower

Residential Address in Tonga

Address where notices are to be sent

Phone/fax Numbers and email address

Phone

Fax

Email

Principal Business/

Business Trading name and address of Main Business

Name

Address

Is this your first small business return? Yes No

Are you a resident of Tonga for Tax purposes? Yes No

Did you sell goods or services using the internet? Yes No

ANNUAL GROSS TURNOVER

1. Enter details of your Annual or Quarterly gross turnover \$

Provide details of how you have calculated your annual gross turnover details

Cash Book yes/no

2. Tax Paid previous quarter(s)

3. Annual Tax Due or tax due this quarter \$

4. TOTAL DUE - PAY THIS AMOUNT \$

Declaration

I declare that the information I have given is true and correct

Signature Date

Print name

TO: MINISTRY OF REVENUE AND CUSTOMS, Small Business Division, PO Box 7, Nukualofa Tonga

Amount of Small Business Tax payment: \$



GOVERNMENT OF TONGA
Ministry of Revenue and Customs
INCOME ACT 2007

Form 13

Income Tax Regulations 2008 (Regulation 24(2))

REFUND OF SMALL BUSINESS TAX

You shall send this summary to us within three (3) years after the date on which the tax was paid. You should use this form if you overpaid your small business tax.

Small Business Tax Rates

ANNUAL GROSS TURNOVER	SMALL BUSINESS TAX PAYABLE
\$10,000 or less	\$100
\$10,001- \$30,000	\$250
\$30,001 - \$50,000	\$500
More than \$50,000	2% of annual gross turnover

NOTE: You should complete a Form 9 for a refund of all other income including salary and wages, interest, land rent and rental income.

Year of Income/*Quarter*:

Tax Identification Number (TIN)
(if you do not have a TIN you will need to complete a FORM 3 – Individual –application for TIN)

Name

Date of birth

Address in Tonga

Principal Business

Calculate your individual tax summary		\$	\$
1	Annual Gross Turnover		
2	SBTax due		
3	SBTax paid for year or quarter(s)		
4	SBTAX REFUND		

Declaration

I declare that the information I have given is true and correct.

Signature.....Date...../...../.....



GOVERNMENT OF TONGA
Ministry of Revenue and Customs

INCOME TAX ACT 2007**Form 14****Income Tax Regulations 2008 (Regulation 24(3))****APPLICATION FOR THE NORMAL INCOME TAX TO APPLY AND NOT THE SMALL BUSINESS TAX FORM**

This form is to be used by those INDIVIDUALS who are applying for the normal income tax to apply to them and not the small business tax.

Under the small business tax provisions the small business tax applies to an individual whose annual gross turnover is less than \$100,000 unless approval has been given by the Chief Executive Officer to that individual to remain in the normal income tax system. You shall lodge this application by the 31st March preceding the commencement of the fiscal year or within such further time as the Chief Executive Officer may allow.

You will only be granted approval to remain in the normal income tax system if you have been/are keeping proper records and have a good record of lodging your tax returns. Proper records for a small business taxpayer are:

- Cash book recording daily sales (including credit sales) and purchases
- Salary and wage register (if employing staff)
- Quarterly inventory records
- Records of expenditure

You shall remain in the normal income tax system if your business consists of professional services such as medical, dental, legal, accounting, financial, managerial, engineering, architectural, consulting or other similar services.

Approval to remain in the normal tax system remains in force until the Chief Executive Officer, on application in writing by the individual using Form 15, permits the individual to be subject to the small business tax. An application to be subject to small business tax where an individual has been previously granted approval to remain in the normal tax system cannot be made within 3 years of the date of service of the notice granting the person permission to remain in the normal income tax system.

Please:

- **complete the form;**
- **attached herewith:**
 1. **copies of your cash book recording daily sales (including credit sales) and purchases**
 2. **a salary and wage register;**
 3. **quarterly inventory records; and**
 4. **records of expenditures.**

Should any of the above not be provided (or their equivalent to the satisfaction of the Chief Executive Officer) your application will not be approved and you will be required to pay the small business tax

YOUR FULL NAME: _____

TRADING NAME (if any): _____

TIN (Taxpayer Identification Number) if issued: _____

(before this application can be granted you shall have a TIN. Please contact us to obtain one – you will need to complete Form 3 – Individual Application for TIN available from our office or from our website www.revenue.gov.to)

YOUR ADDRESS:

Specific Location/Street Address: _____

Postal Address (if different): _____

Phone Number: _____

Fax Number: _____

Email Address: _____

Date of first year of operation: _____

YOUR COMPLIANCE HISTORY WITH MINISTRY OF REVENUE AND CUSTOMS

1. Income Tax (IT) Details:

Last Income Tax Lodged

Financial Year/s

(Financial Year) : _____

not yet lodged : _____

Income Tax Arrear

Financial Year/s : _____

Amount : _____

Penalties : _____

Total : _____

2. Consumption Tax (CT) Details

Last CT lodged : _____

Month/s

(Month)

not yet lodged : _____

CT Arrear

CT Period : _____

Amount : _____

Penalties : _____

Total : _____

3. PAYE Details

Last PAYE lodged : _____

Month/s

(month)

not yet lodged : _____

PAYE Arrear

PAYE Period : _____
 Amount : _____
 Penalties : _____
 Total : _____

4. PAYE Reconciliation Details

Last PAYE Reconciliation lodged : _____ Financial Year (s)
 (Financial Year) not yet lodged : _____

5. Customs Details

1). Import Duty Arrear : _____
 2). Excise Duty Arrear : _____

6. Record Keeping details

1. cash book recording daily sales (including credit sales) and purchases – YES/NO
 2. a salary and wage register (if employing staff) - YES/NO;
 3. quarterly inventory records - YES/NO
- and
4. records of expenditures - YES/NO

DECLARATION:

I declare the above information is true and complete.

Signature: _____

Name: _____ Date: ____ / ____ / ____

Position: _____

FOR OFFICIAL USE ONLY

Date of Receipt of Application: ____ / ____ / ____ Receiving Officer: _____

Recommendation (including any Conditions that should be applied to issuing the Notice):

Recommending Officer: _____ Date of Recommendation: ____ / ____ / ____

Approving Officer: CHIEF EXECUTIVE OFFICER _____

Date : _____

Date of Issue of Notice: ____ / ____ / ____



GOVERNMENT OF TONGA
Ministry of Revenue and Customs

INCOME TAX ACT 2007

Form 15

Income Tax Regulations 2008 (Regulation 24(4))

APPLICATION FOR THE SMALL BUSINESS TAX TO APPLY TO AN INDIVIDUAL WHO HAS PREVIOUSLY BEEN GRANTED APPROVAL FOR THE NORMAL INCOME TAX TO APPLY FORM

This form is to be used by those INDIVIDUALS who are applying for the small business tax to apply to them where they have previously been granted approval for the normal income tax to apply to them

Under the small business tax provisions the small business tax applies to an individual whose annual gross turnover is less than \$100,000 unless approval has been given by the Chief Executive Officer to that individual to remain in the normal income tax system. You shall lodge this application by the 31st March preceding the commencement of the fiscal year or within such further time as the Chief Executive Officer may allow.

You may, but not within 3 years of the date of service of the notice granting you permission to remain in the normal income tax system, apply to have the small business tax apply to you.

You shall remain in the normal income tax system if your business consists of professional services such as medical, dental, legal, accounting, financial, managerial, engineering, architectural, consulting or other similar services.

Please:

- **complete the form;**
- **attached your notice of approval to remain in the normal income tax system**

YOUR FULL NAME: _____

TRADING NAME (if any): _____

TIN (Taxpayer Identification Number): _____

YOUR ADDRESS:

Specific Location/Street Address: _____

Postal Address (if different): _____

Phone Number: _____ Fax Number: _____

Email Address: _____

Date of first year of operation.

YOUR COMPLIANCE HISTORY WITH MINISTRY OF REVENUE AND CUSTOMS

1). Import Duty Arrear : _____

2). Excise Duty Arrear : _____

6. Annual Gross Turnover

Please provide your Annual Gross Turnover for the past 3 years

Year 1 \$

Year 2 \$

Year 3 \$

DECLARATION:

I declare the above information is true and complete.

Signature: _____

Name: _____ Date: ____ / ____ / ____

Position: _____

FOR OFFICIAL USE ONLY

Date of Receipt of Application: ____ / ____ / ____ Receiving Officer: _____

Recommendation (including any Conditions that should be applied to issuing the Notice):

Recommending Officer: _____ Date of Recommendation: ____ / ____ / ____
Approving Officer: CHIEF EXECUTIVE OFFICER _____
Date : _____
Date of Issue of Notice: ____ / ____ / ____

Made in Nuku'alofa this 1st day of August 2014.

Hon. Siosifa T Tu'utafaiva
Minister for Revenue and Customs