



Tonga

**PACIFIC GAMES 2019 TAXATION
INCENTIVES ACT 2017**

Act 3 of 2017



PACIFIC GAMES 2019 TAXATION INCENTIVES ACT 2017

Arrangement of Sections

Section

1	Short Title	5
2	Interpretation.....	5
3	Act to prevail over other taxation laws	6
4	Administration of the Act	6
5	Special Tax Incentives	6
6	Report on financial implications of determination	7
7	Decisions as to special tax incentives	7
8	Regulations	8
9	Repeal	8



PACIFIC GAMES 2019 TAXATION INCENTIVES ACT 2017

Act 3 of 2017

**AN ACT TO MAKE PROVISION IN RELATION TO SPECIAL TAX
INCENTIVES FOR OFFICIAL SPONSORS OF THE 2019 PACIFIC
GAMES AND RELATED TAXATION INCENTIVES**

I assent,
TUPOU VI,
30th March 2017.

BE IT ENACTED by the King and Legislative Assembly of Tonga in the
Legislature of the Kingdom as follows:

1 Short Title

This Act may be cited as the Pacific Games 2019 Taxation Incentives Act 2017.

2 Interpretation

In this Act, unless the context otherwise requires –

“**Minister**” means the Minister responsible for revenue and customs;

“**Ministry**” means the Ministry responsible for revenue and customs;

“**Official sponsor**” means a person or company whose status of an official sponsor has been verified and approved by the Minister;

“**Pacific Games**” means the Pacific Games to be held in the Kingdom in 2019;

“special tax incentive” means a tax incentive granted by the Minister under section 5 of this Act; and

“taxation laws” means the Consumption Tax Act 2003, Customs Act 2007, Customs and Excise Management Act 2007, Excise Tax Act 2007, Income Tax Act 2007, Revenue Services Administration Act 2002, as amended, and all subsidiary legislation made under those Acts or the successors of those laws, currently in force in the Kingdom.

3 Act to prevail over other taxation laws

- (1) Subject to the Constitution and subsection (2), the provisions of this Act shall prevail when any of its provisions conflict with the provision of any other law.
- (2) This Act shall only be applied for the benefit of persons eligible to a special tax incentive.

4 Administration of the Act

This Act shall be administered by the Minister.

5 Special Tax Incentives

- (1) A person may apply to the Minister for a special tax incentive under this Act.
- (2) Subject to taxation laws, and section 7(1)(e), a special tax incentive may be granted by the Minister to eligible persons as follows –
 - (a) 200% of the donation made to a national sports federation, to be allowed as a deduction for income tax purposes if the following requirements are met –
 - (i) the donation is made in cash or in kind;
 - (ii) the donation is \$50,000 or more;
 - (iii) the donation is made to a national sports federation registered under the Incorporated Societies Act (Cap. 28) or TASANOC; and
 - (iv) the accounts of the recipient national sports federation are audited by an accounting firm recognised by the Ministry;
 - (b) 200% of the value of an investment made to a tourism entity, approved by the Minister, and made during a time period prescribed by the Minister, to be allowed as a deduction for income tax purposes, where such investment is equivalent to \$3,000,000 or more; and
 - (c) for an Official sponsor of the Pacific Games, a special incentive enabling the Minister to either –
 - (i) allow as a deduction for income tax purposes up to 200% of the value of its sponsorship;

- (ii) grant exemption from customs duties and taxes for goods to a maximum of up to 200% of the value of its sponsorship; or
- (iii) apply a maximum amount of up to 200% of the value of its sponsorship towards a combination of both –
 - (A) a deduction for income tax purposes; and
 - (B) a customs duty and tax exemption for goods imported by the official sponsor with a customs value equivalent to the balance value of its sponsorship following any allowable deductions in sub-paragraph (A).

6 Report on financial implications of determination

- (1) Before the Minister makes a determination of any matter under this Act, the Minister shall receive and consider a report from the Chief Executive Officer for Revenue and Customs in relation to all financial implications of a proposed determination, including matters relating to -
 - (a) the actual effect on the revenue of Government arising from the grant of any special tax incentive or the reduction of any tax liability under this Act;
 - (b) a cost benefit analysis of the proposed special tax incentive as a comparison of the net value of the sponsorship in relation to the loss of Government revenue arising from the grant of any special tax incentive;
 - (c) any other relevant matter relating to the finances and revenues of Government in relation to an application, or generally arising as a result of the special tax incentives that may be granted under this Act; and
 - (d) such other matters as may be prescribed.
- (2) The Minister with the consent of Cabinet shall determine the procedures to be applied relating to this section.
- (3) The Ministry shall maintain a record of all the business and determinations of the Minister under this Act.

7 Decisions as to special tax incentives

- (1) Subject to the provisions of this Act, the Minister, with the consent of Cabinet, shall -
 - (a) consider applications from eligible persons for special tax incentive;
 - (b) determine the value of sponsorship, donation or investment proposed by the applicant for a special tax incentive;
 - (c) determine whether any special tax incentive shall be granted and the value of that special tax incentive;

- (d) determine how any special tax incentive is to be applied towards a tax or duty liability of eligible persons; and
- (e) determine the period over which the special tax incentive is to be spread.

8 Regulations

- (1) The Minister with the consent of Cabinet may make regulations prescribing matters -
 - (a) required or permitted by this Act to be prescribed; or
 - (b) necessary or convenient to be prescribed for carrying out or giving effect to this Act.
- (2) Without limiting the generality of subsection (1), regulations may be made for the purposes of -
 - (a) prescribing the manner and form of application for a special tax incentive;
 - (b) prescribing requirements for consultation and negotiation in respect of an application for special tax incentive; and
 - (c) the method of valuation of sponsorship provided by an Official sponsor.

9 Repeal

This Act shall be repealed on 30 June 2020.

Passed by the Legislative Assembly this 16th day of February 2017.