

CONSUMPTION TAX REGULATIONS

Arrangement of Regulations

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CONSUMPTION TAX REGULATIONS

Made by the Minister of Revenue, with the consent of Cabinet under section 25 of the Consumption Tax Act¹

Commencement [4th March, 2005]

1 Short title

These Regulations may be cited as the Consumption Tax Regulations.

2 Interpretation

In these Regulations, unless the context requires otherwise —

“**Act**” means the Consumption Tax Act;²

“**Minister**”³ has the same meaning as in the Revenue Services Administration Act⁴; and

“**tax fraction**” has the same meaning as in section 11(7) of the Act.

3 Exercise of right or option

Where a right or option is exercised, the consideration for the supply on exercise of the right or option is limited to the additional consideration (if any) for the supply or in connection with the exercise of the right or option.

4 Lay-by sales

- (1) In this regulation, “**lay-by agreement**” means any purchase agreement for goods under which —
 - (a) the purchase price is payable by at least one additional payment after the payment of a deposit;
 - (b) delivery of the goods takes place at any time after payment of the deposit; and
 - (c) ownership of the goods is transferred by delivery.
- (2) A supply of goods under a lay-by agreement shall occur on the date the goods are delivered to the purchaser.

- (3) Where a lay-by agreement is cancelled and the seller retains any amount paid by the purchaser or recovers any amount owing by the purchaser under the agreement —
 - (a) the cancellation of the agreement shall be a supply of services by the seller at the time of cancellation; and
 - (b) the value of the supply shall be the amount retained or recovered by the seller reduced by an amount equal to the amount retained or recovered multiplied by the tax fraction.

5 Vouchers

- (1) In this regulation, “**voucher**” means any voucher, stamp or similar article that can only be redeemed by the holder for supplies of goods or services, other than a postage stamp.
- (2) Where —
 - (a) a voucher is issued entitling the holder to receive supplies of goods or services up to a monetary amount on redemption of the voucher; and
 - (b) the voucher is issued for a consideration in money,the issue of the voucher is not a supply.
- (3) Where a voucher referred to in sub-regulation (2) is redeemed for a supply of goods or services, the value of the supply shall include the consideration for the voucher.
- (4) Where —
 - (a) a taxable person issues a voucher for no consideration; and
 - (b) the voucher entitles the holder to a discount on the price of goods or services supplied by another person,the value of the supply of goods or services shall include the monetary value of the voucher reduced by an amount equal to the monetary value multiplied by the tax fraction.
- (5) A taxable person is entitled to an input tax credit in respect of any amount paid to a supplier in respect of the redemption by the supplier of a voucher referred to in sub-regulation (4).
- (6) The amount of the input tax credit is the amount paid to the supplier multiplied by the tax fraction.

6 Phone cards

The supply of telecommunications services through the use of a phone card acquired in Tonga that can be used either in or outside Tonga shall occur at the time the phone calls are made with the card.

7 Vending machines

A supply of goods by means of a vending machine, meter or other device operated by a coin or note shall occur on the date the coin or note is taken from that machine, meter or other device by or on behalf of the supplier.

8 Used goods

The value of a taxable supply of used goods purchased from a person who is not a taxable person by a taxable person whose enterprise involves the re-supply of such goods in substantially the same state shall be equal to the excess (if any) of —

$$A - B$$

where,

A is the consideration for which the goods are supplied by the vendor; and

B is the consideration for which the goods were acquired by the vendor.

9 Refunds

(1) In this regulation —

“**charitable activities**” means activities consisting of the free distribution of food, meals, board, lodging, clothing, necessities or amenities to any persons in necessitous circumstances, but not including any activities relating to the conduct of a business;

“**international agreement**” means an agreement between the Government and a foreign government or public international organization for the provision of financial, technical, humanitarian, or administrative assistance to the Government; and

“**non-profit organization**” means an institution, body, or trust of a public character that the Minister has certified as conducting activities exclusively for charitable purposes, which includes the relief of poverty, advancement of education or religion beneficial to the community.

(2) The Minister may authorize the granting of a refund in respect of Consumption Tax paid or borne on a taxable supply to⁵ —

- (a) a public international organization, foreign government, or any other person to the extent that organization, government, or person is entitled to exemption from Consumption Tax under an international agreement; or
 - (b) a non-profit organization in respect of a taxable supply to the organization of goods or services acquired for the purposes of providing charitable activities.
- (3) The Minister may authorize any relief under this regulation on such conditions and subject to such restrictions as he may consider appropriate.
- (4) Any claim for a refund of tax under this regulation shall be made in such form and at such time as the Minister may prescribe and shall be accompanied by proof of payment of Consumption Tax or such other certification as the Minister may require.

10 Forms relating to registration

- (1) An application for registration shall be in Form 1 in the Schedule and an application for cancellation shall be in Form 2 in the Schedule.
- (2) A registration certificate shall be in Form 3 in the Schedule.

11 Short form tax invoice

Where the value of a taxable supply by a taxable person to another taxable person is less than \$500, the Consumption Tax invoice for the supply may be limited to the following particulars —

- (a) the words “Consumption Tax invoice” in a prominent place;
- (b) the date the Consumption Tax invoice is issued;
- (c) the name of the supplier;
- (d) the taxpayer identification number (TIN) of both the supplier and the purchaser; and
- (e) a brief description of the goods or the services supplied.

12 Forms

The Minister may specify, issue and publish in the Gazette, a local newspaper or a website established for that purpose, a form for the purposes of any return, application, notice, or other document to be lodged under the Act.

13 Consumption Tax registration before commencement date

- (1) The Minister may register persons for the purposes of Part III of the Act.
- (2) Any registration certificate issued by the Minister pursuant to sub-regulation (1) shall be deemed to have been issued under the provisions of Part III of the Act.
- (3) The provisions of Part VII of the Revenue Services Administration Act shall apply to the Taxpayer Identification Number provided by the Minister in respect of any registration made under sub-regulation (1).

14 Progressive or periodic supplies

- (1) If the period of a supply referred to in section 9(5) of the Act begins before and ends after the commencement date of the Act, the supply shall be treated as having been made continuously and uniformly throughout that period and the supply shall be apportioned accordingly.
- (2) Sub-regulation (1) shall not apply to the supply of a warranty in relation to goods or a service if the value of the warranty was included in the price of the goods or service.

SCHEDULE

FORM 1

APPLICATION FOR REGISTRATION

(Regulation 10)

FORM 2

APPLICATION FOR CANCELLATION OF REGISTRATION

(Regulation 10)

FORM 3

REGISTRATION CERTIFICATE

(Regulation 10)

Form 1
(Regulation 10)



REVENUE SERVICES DEPARTMENT

POTUNGAUE KI HE NGAahi NGAUE TANAKI PA'ANGA HU MAI

Large Business Division

Va'a Ngaahi Pisinisi Lalahi

PO Box 7, Nuku'alofa, Tonga
Puha 7, Nuku'alofa, Tonga

Telephone: (676) 23 444 Facsimile: (676) 25 018
Telefoni: (676) 23 444 Fekisimili: (676) 25 018

RM201

CONSUMPTION TAX APPLICATION FOR REGISTRATION

(Kole Fika Lesisita ki he Tukupau Ngaue'aki)

Answer all the questions and make sure you sign the declaration. **Please print clearly**

Office use only (*Ngaue'aki 'e he 'Ofisi*)

(Tali kotoa 'a e ngaahi fehu'i pea fakapapau'i 'oku ke fakamo'oni ho hingoa. Katakai 'o tohi mata'itohi lahi ke mahino)

--	--	--	--	--	--

RMD number issued/confirmed
(Fika Tukupau kuo 'oatu/fakapapau'i)

1. Taxpayer Identification Number (TIN)

(Fika Tukupau 'a e Taha Tukupau)

--	--	--	--	--	--

2. Language - What is your preferred language for statements etc. that will be issued to you?

(Lea - Ko e ha 'a e lea 'oku ke loto ke ngaue'aki atu ki ho'o fakamatala 'e 'oatu?)

Tick one box

<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------

English (faka-Pilitania)
(Fili puha 'e taha) Tongan (faka-Tonga)

3. Taxpayer Name

(Individual print surname first)

Hingoa Taha Tukupau

(Ko e taautaha ke 'uluaki tohi ho hingoa fakaiku)

4. Type of business

Tick one box
nisi

(Ko e ha fa'ahinga pisinisi (Fili pe puha 'e taha)

Individual (sole trader)

Taautaha

Estate/Trust

Koloa 'a e pekia/Talasiti

Company

Kautaha

Club

Kalapu

Partnership

Kaunga Pisi-

Other

Kautaha kehe

5. Trade Name - if your trading

name is different from your taxpayer name shown above, print it here

(Hingoa fefakatau'aki - Kapau 'oku kehe 'a e hingoa 'oku ke ngaue'aki ki ho'o tukupau 'i 'olunga pea tohi heni)

6. Business Location Street Name (*Hingoa Hala*)

(Tu'unga Pisinisi)

Village (*Kolo*)

(Tu'unga Pisinisi)

Island (*Motu*)

7. Mailing Address - Print the address you want statements and other mail to go to (if different from above)

Tu'asila Meili - Tohi ho Tu'asila anga maheni 'oku ke fiema'u ke li atu ki ai ho meili (kapau 'oku kehe mei ho tu'asila ha 'i 'olunga)

P.O. Box No. (*Puha*)

Street Name (*Hala*)

Island (*Motu*)

8. **Contact Details:** *(Ngāhi fakahiiki fetu'utaki)*
- | | |
|--|----------------------|
| Work <i>(Ngāue)</i> | <input type="text"/> |
| A Mobile <i>(Telefoni To'oto'o)</i> | <input type="text"/> |
| Fax Number <i>(Fekisimili)</i> | <input type="text"/> |
| Email Address <i>(Tu'asila E-mēli)</i> | <input type="text"/> |
9. **Nature of Business**
- | | | | |
|--|--|--|--|
| <input type="checkbox"/> Retailer <i>Natula 'o e pisinisi pe ngāue</i> | <input type="checkbox"/> Farmer <i>Fakamovetevete</i> | <input type="checkbox"/> Importer <i>Faama</i> | <input type="checkbox"/> Exporter <i>Hu koloa mai Hu Koloa atu</i> |
| Please tick <i>Kataki 'o fuka'ilonga'i</i> | <input type="checkbox"/> Wholesaler <i>Fakalukafua</i> | <input type="checkbox"/> Others <i>Fa'ahinga pisinisi kehe</i> | |
10. **Business Start Date** *Ko e ha 'aho kamata kautaha*
- | | | |
|----------------------|----------------------|----------------------|
| <input type="text"/> | <input type="text"/> | <input type="text"/> |
| day | month | year |
| 'Aho | Mahina | Ta'u |
11. From what **date do you wish to register** for Consumption Tax? *Ko e ha 'aho te ke loto ke lesisita ai ki he Tūhau Ngāue'aki?*
- | | | |
|----------------------|----------------------|----------------------|
| <input type="text"/> | <input type="text"/> | <input type="text"/> |
| day | month | year |
| 'Aho | Mahina | Ta'u |
12. Was your **total turnover** (taxable supplies) in the last 12 months more than \$100,000? Or do you expect your turnover for the next 12 months to be more than \$100,000? If no, then this application is for voluntary registration.
- ('Oku ke pehe 'e \$100,000 ho'o pa'anga hu mai fakakatoa 'i he ta'u pe lahi hake? 'Oku ke pehe 'e \$100,000 pe lahi hake ho'o pa'anga hu mai fakakatoa 'i he ta'u ka hoko? Kapau 'oku 'ikai pea koe kole lesisita volentia).*
- | | |
|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> |
| Yes ('Ia) | No ('Ikai) |

13. **Declaration (Fakapapau)**
- I declare that the information given on this form is true and correct. *('Oku ou fakaha ko e fakamatala 'oku 'oatu 'oku mo'oni mo tonu)*
- | | |
|-------------------------------|---|
| <i>Name (Hingoa)</i> | <i>Position/Title (Tu'unga/Hingoa 'o e Lakanga)</i> |
| <input type="text"/> | <input type="text"/> |
| <i>Signature (Fakamo'oni)</i> | <i>Date ('Aho)</i> |
| <input type="text"/> | <input type="text"/> |

FORM 2
(Regulation 10)



REVENUE SERVICES DEPARTMENT
Potungauē ki he Ngaahi Ngaue Tanaki Pa'anga Hu Mai

Large Business Division
Va'a Pisinisi Lalahi

P.O. Box 7, Nuku'alofa, Tonga
Puha 7, Nukat'alofa, Tonga

Telephone: (676) 23 444 Facsimile: (676) 25018
Telefoni: (676) 23 444 Fekisimili: (676) 25 018

RM209

APPLICATION TO CANCEL CT REGISTRATION

(Kole ke Kaniseli Iesisisa Tukuhau Ngaue'aki)

Please answer all questions and sign the declaration

(Kataki 'o tali kotoa 'a e ngaahi fehu'i pea fakapapai'i 'oku ke fakamo'oni ho hingoa.)

1 Taxpayer Name
(Hingoa Taha Tukuhau)

2 Tax Identification Number
(Fika Tukuhau)

3 Contact telephone number
(Fika fetu'utaki telefoni)

4 If you wish to cancel your registration, one of the two conditions below must apply to you
(Kapau 'oku ke loto ke tamate'i ho Iesisisa, ko e taha he ongo founa 'i lalo kuopau ke kau tonu kia koe)

- Tick one box
(Fili pe puha 'e taha)
- I have ceased all CT activities.
'Oku 'ikai toe lele ha ngaue he CT
- I am conducting a taxable activity, but my turnover for the next twelve months will be less than \$100,000.00
('Oku ou fakahoko 'a e ngaue tukuhau'i, ka 'e 'ikai a'u ki he \$100,000 'a e koloa fakatau 'i he mahina 'e taha ua ka hoko.)

5 Date on which the taxable activities ceased
Ko e fe 'aho 'e ngata ai ngaue 'oku tukuhau
day month year
'aho mahina ta'u

6 On what date should your registration cease?
Ko e ha 'aho 'e fakangata ai ho Iesisisa?
day month year
'aho mahina ta'u

7 Will you be keeping any of the business assets when your registration ceases? Yes No
Te ke tauhi ha ngaahi koloa tauhi 'o e pisinisi 'i he 'Io 'Ika
taimi 'e ngata ai Iesisisa?

If yes, please attach list of assets indicating value lesser of cost or open market of each asset.
(Kapau 'oku 'io, kataki 'o fakapipiki ha lisi 'o e koloa tauhi fakahaa'i ai ko fe 'oku si'isi'i 'i homo mahu'inga pea mo e mahu'inga 'i he make'i 'o e koloa tauhi takitaha.)

8 Have you filed your final TCT return for the business? Yes No
Na'e 'osi fakahu mai ho'o fakamatala pisinisi CT faka'osi? 'Io 'Ika

If yes, have you accounted for TCT on the assets you have sold or kept? Yes No
Kapau 'oku 'io, na'e ke akauni ki he CT ki he koloa tauhi na'e fakatau pe tauhi? 'Io 'Ika
If yes, in which taxable period(s)?
Kapau 'oku 'io, ko e fe (ngaahi) vaha'a taimi tukuhau ko ia?

9. Declaration / *Fakapapau*

Full name (*Hingoa Kakato*) _____

Title (*Hingoa 'o e lakanga*) _____

Address Street Name (*Hala*) _____

(*Tu'asila*) P.O. Box (*Puha*) _____

Village (*Kolo*) _____

Island (*Motu*) _____

I declare that the above information is true and correct.

(*'Oku ou fakaha ko e fakamatala 'oku 'oatu 'oku mo'oni mo tonu*)

Signature (*Fakamo'oni*)

Date (*'Aho*)

FOOMU 3
(Regulation 10)



Revenue Services Department

Potungaue ki he Ngaahi Ngaue Tanaki Pa'anga Hu Mai

Inland Revenue – **Large Business Division**

Tukuhau Vahenga – Ngaahi Pisinisi Lalahi

PO Box 7, Nuku'alofa, Tonga

Puha 7, Nuku'alofa, Tonga

Telephone (676) 23 444 Facsimile: (676) 25 018

Telefoni: (676) 23 444 Fekisimili: (676) 25 018

CONSUMPTION TAX

Tukuhau Ngaue'aki

REGISTRATION CERTIFICATE

Tohi Fakamo'oni Lesisita

(legal name)

(hingoa 'o e tokotaha lesisita)

.....

Trading as

(Kautaha Fakapisinisi)

(trading name/s)

(hingoa 'o e kautaha)

.....

Taxpayer Identification Number:

Fika Lesisita Taha Tukuhau

This certificate is valid as and from

and certifies that this business is authorised to charge and collect Consumption Tax

'Oku fakamafai'i 'a e kautaha fakapisinisi ni ke nau fakahoko 'a e founga tanaki Tukuhau Ngaue'aki (CT) 'o kamata lau mei he 'aho

Chief Commissioner of Revenue

Komisiona Pule Va'a Tanaki Pa'anga Hu Mai

THIS CERTIFICATE MUST BE DISPLAYED IN A PROMINENT PLACE AT YOUR PLACE OF BUSINESS WHERE THE PUBLIC MAY VIEW IT.

KUO PAU 'E FAKAHAA'I 'A E TOHI NI 'I HA FEITU'U 'I HE 'OFISI 'O E PISINISI KE FAKATOKANGA'I LELEI 'E HE KAKAI KOTOA PE 'OKU NAU FEKAU'AKI FAKANGAUE.

ENDNOTES

¹ GS 2/2005

Amended by GS 17/2009, commenced on 12 August, 2009

² Cap 26.02

³ Change from CCOR to Minister Act 5 2012

⁴ Cap 26.14

⁵ Amended by GS 17/2009

ORDER-IN-COUNCIL**GS 3B of 31st March 2005****CONSUMPTION TAX ACT 2003**

In exercise of the powers conferred by Section 5(3)(a) of the Consumption Tax Act 2003, the Minister of Revenue, with the consent of Privy Council, makes the following Order:

1. The following supplies shall be exempt from consumption tax—

- (a) medical prescription, dental, nursing or health services;
- (b) education services;
- (c) financial services;
- (d) public transport services;
- (e) lease of land for residential purposes.

2. The following taxable supplies shall be subject to a zero rate of consumption tax—

- (a) an export of goods;
- (b) an export of services supply for use outside Tonga;
- (c) a supply of international transport of goods or passengers services from a place outside Tonga to another place or if the transport or part of the transport is across the territory of Tonga;
- (d) the supply of goods as part of the transfer of part or whole of a business as a going concern by a registered person to another registered person, provided that the supplier and recipient have—
 - (i) agreed in writing that part or whole of the business is supplied as a going concern; and
 - (ii) notifies the Minister, in writing, of the details of the transfer, at the date of the transfer on which consumption tax has been credited as input tax;
- (e) electricity supplied by any supplier for domestic purposes; and
- (f) the first 20 cubic meters of water per month supplied by any supplier for domestic purposes.

Added at 31 March 2005

- (a) supplies of goods and services by a supplier in Tonga to His Majesty the King; and
- (b) electricity supplied by a supplier for commercial use.

3. The following shall be exempt from consumption tax—

- (a) imports which if supplied in Tonga would be an exempt supply under Order 1;
- (b) imports not exceeding \$500 in value accompanying a person arriving in Tonga; or

(c) imports by diplomats according to law.
Made at Nuku‘alofa this 8 day of March, 2005.

ORDER-IN-COUNCIL
GS 5 of 10th June 2005
CONSUMPTION TAX ACT 2003

In exercise of the powers conferred by Section 5(3)(a) of the Consumption Tax Act 2003, the Minister of Revenue, with the consent of Privy Council, makes the following Order:

1. The following imports shall be exempt from Consumption Tax—
 - (a) insecticides, pesticides and fungicides for use in agriculture;
 - (b) agricultural machinery and implements, including hand tools and timber milling machinery;
 - (c) agricultural seeds and fertilizers;
 - (d) stock feed;
 - (e) live poultry;
 - (f) live bovine animals;
 - (g) live swine; and
 - (h) packaging materials for use in agriculture.
 2. The following taxable supplies shall be subject to a zero rate of Consumption Tax—
 - (a) insecticides, pesticides and fungicides for use in agriculture;
 - (b) agricultural machinery and implements, including hand tools and timber milling machinery;
 - (c) agricultural seeds and fertilizers;
 - (d) stock feed;
 - (e) live poultry;
 - (f) live bovine animals;
 - (g) live swine; and
 - (h) packaging materials for use in agriculture.
- Made at Nuku‘alofa this 10 day of June, 2005
Minister of Revenue.

ORDER-IN-COUNCIL
GS 19 of 27th August 2009
CONSUMPTION TAX ACT 2003
(Section 5(3)(a))

In exercise of the powers conferred by Section 5(3)(a) of the Consumption Tax Act 2003, the Minister of Revenue, with the consent of Privy Council, makes the following Order:

- (1) In this Order –

“charitable activities” means activities consisting of the free distribution of food, meals, board, lodging, clothing or other necessities, comforts, or amenities to any persons in necessitous circumstances, but not including any activities relating to the conduct of a business;

“charitable purposes” includes the relief of poverty, advancement of education or religion, or any other person beneficial to the community;

“international agreement” means an agreement between the Government and a foreign government or public international organisation for the provision of financial, technical, humanitarian, or administrative assistance to the Government; and

“non-profit organisation” means an institution, body, or trust of a public character that the Minister has certified as conducting activities exclusively for charitable purposes.

(2) Imports by –

- (a) a public international organisation, foreign government, or any other person to the extent that organisation, government, or person is entitled to exemption from consumption tax under an international agreement; or
- (b) a non-profit organisation acquired for the purposes of providing charitable activities,

shall be exempt from consumption tax.

Made at Nuku’alofa this 21st August 2009.

Minister of Revenue

ORDER-IN-COUNCIL
GS 20 of 19th October 2009
CONSUMPTION TAX ACT 2003

In exercise of the powers conferred by Section 5(3)(a) of the Consumption Tax Act 2003, the Minister of Revenue, with the consent of Privy Council, makes the following Order:

1. The following taxable supplies shall be subject to a zero rate of consumption tax –

- (a) fuel supplied for use in public domestic air and shipping services operating within the Kingdom.

Made at Nuku'alofa this 21st day of August 2009

Minister of Revenue

ORDER-IN-COUNCIL
GS 21 of 19th October 2009
CONSUMPTION TAX ACT 2003

In exercise of the powers conferred by Section 5(3)(a) of the Consumption Tax Act 2003, the Minister of Revenue, with the consent of Privy Council, makes the following Order:

1. The following taxable supplies shall be subject to a zero rate of consumption tax –

(a) aircraft and vessel parts supplied for the use in public domestic air and shipping services operating within the Kingdom.

Made at Nuku'alofa this 4th day of September 2009

Minister of Revenue

CONSUMPTION TAX ORDER 2011
CONSUMPTION TAX ACT 2003
GS 20 16 June 2011

IN EXERCISE of the powers conferred by section 5(3)(a) of the Consumption Tax Act 2003, the Minister of Revenue, with the consent of Cabinet, makes the following Order:

1 The following imports shall be exempt from Consumption Tax –

- (a) herbicides for use in agriculture;
- (b) live horses, asses, mules and hinnes, and
- (c) live sheep and goats.

2 The following taxable supplies shall be subject to a zero rate of Consumption Tax –

- (a) herbicides for use in agriculture;
- (b) live horses, asses, mules and hinnes, and
- (c) live sheep and goats.

Made at Nuku'alofa this 8th day of June 2011.

Hon. Clive Edwards

Minister of Revenue