

THE TAX REFORM PROGRAMME 1979/80

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Tax policy and tax administration represent a primal aspect of government's economic policy. The need for an evaluation of the effectiveness of our tax system was recognized and consequently the government undertook a programme of tax reform, the proposals for which were submitted in May 1979.

2. The Tax Reform Programme seeks to focus on the functional competence of the system, particularly with respect to revenue flow; the versatility of the tax system in satisfying planning objective (e.g. not discouraging industrial expansion, encouraging craft and other labour intensive occupations, encouraging savings and investment, etc.); the effectiveness of those aspects of taxation which must be adjusted from time to time (e.g. the tax base, the rate structure, etc.); and the institutional arrangements for managing or administering the process of taxation (e.g. the performance of the Collector General and Income Tax Departments). More specifically, many of the proposed changes for reform are directed to the structure of the major components of taxation (such as income taxes, consumption duty, excise and sales taxes, property taxes, etc.), as well as to the methods of administering them. Special consideration has been given to the broadening of the tax base and to increasing the spread of the tax burden. Of paramount importance also is the updating and streamlining of the system of tax administration in order to improve compliance among taxpayers, as well as to improve the flow of tax revenues.

3. The Government had earlier given the commitment that the overall burden of taxation for the fiscal year 1979/80 would not be increased, but rather every effort would be made to improve social equity. Consequently, the Tax Reform Programme has not proposed that there should be any appreciable changes to tax rates for 1979/80. In cases such as excise taxes, consumption duty, and stamp duty, where adjustments might become necessary in an effort to achieve efficiency and simplicity, any marginal upward adjustment will be offset by downward adjustments elsewhere so that the overall tax burden is not increased.

4. The Reform proposals, also in fulfillment of the Government's commitment, have not sought as an objective to increase in 1979/80 the share of the economy's output which goes into taxes. However, because our economy as well as the tax system itself have been experiencing the highly unsatisfactory and undesirable situation whereby the flow of tax revenues does not automatically adjust to increases in incomes and prices, tax reform has had to seek to redress this problem.

TAXATION OF PERSONAL INCOME

As of the 1980 year of assessment, the following changes to the income tax structure will become effective:

I Adjusting the Income Bands and Tax Rates

These adjustments will be as follows:

For every Dollar of the first	\$7,000	of statutory income	30¢
" " " " " next	\$3,000	" " "	40¢
" " " " " "	\$2,000	" " "	45¢
" " " " " "	\$2,000	" " "	50¢
For every Dollar of the remainder			57.5¢

The highest marginal rate will now be 57.5 percent.

II Extension of, and Increase in the Special Tax Credit of \$104.00

With effect from the year of assessment 1977, a special tax credit of \$104 has been allowed to each individual whose statutory income for the year of assessment does not exceed \$11,000 and the major part of which is emoluments taxable under section 5(1)(c) of the Income Tax Act. This special credit will now be increased to \$156.00, and will also be allowed to all individuals with income not in excess of \$12,000 without any condition as to the source of the income. That is to say both earned income such as wages and salaries as well as unearned income such as rents and dividends will enjoy this credit.

III Increase the Tax Credit Granted in Respect of a Child

At present a dependent child qualifies for tax credit to the taxpayer up to a maximum of \$80. This credit will now be increased to \$100.

IV Extend the Tax Credit in Respect of Household Help

Currently, there is allowed to a person whose statutory income for the year of assessment does not exceed \$10,000, a tax credit of \$208 in respect of a household helper employed on a weekly basis. This credit will now be allowed to all persons who employ help in the running of the household. The employer would only be eligible if the household helper is a registered contributor to the National Insurance Scheme.

V Tax Credit in respect of Working Wife

Consequent on the enactment of Act 37 of 1971, a married man although still subject to tax on his wife's unearned income was no longer liable for tax on her earned income unless that both jointly elected to be assessed on the amount of their combined incomes. The resultant tax benefit accruing to the husband was, however, diminished by the simultaneous withdrawal not only of the wife's earned income allowance, but also of the allowance ordinarily granted to an individual who is married and has a wife living with him.

While the reason for the withdrawal of the wife's earned income allowance is obvious, it is less clear why the wife's allowance has been withdrawn, especially since there appears to be no sound basis in equity for the denial of the relief. The fact is that a married man whose wife lives with him has a continuing responsibility for her maintenance. A husband who is assessed separately will therefore be allowed the tax credit of \$140 for his wife living with him.

VI Tax Credit in Respect of Contribution to Approved Pension Schemes by Self-Employed Persons

At present, provisions for an income at retirement are provided to all employed persons through the NIS and in the case of many workers, through a variety of pension schemes. Provision now exists in the Income Tax Act under which, for the purpose of ascertaining chargeable income, an employee is allowed, as a deduction, an amount not exceeding 10% of emoluments in respect of contributions to an approved superannuation fund.

The Act will now be amended to enable self-employed persons to obtain the advantages with regard to ensuring a pension on retirement similar to those enjoyed by employed persons.

The amendment will therefore provide for the grant of a statutory allowance with an upward limit to the self-employed person who saves in an approved pension scheme.

VII Separate Assessment and Charge of Wife's Unearned Income

Under the provision at section 50(1) of the Income Tax Act, unless an election is otherwise made, a married woman living with her husband is assessed and charged the tax on her earned income as though she were a single person. Her husband, however, continues to be liable in terms of section 49(1) for that portion of her income which is 'unearned' income. This means that if the wife had income consisting of dividends, rent, interest, etc. the husband will be liable to tax although the income belongs to the wife.

The provision is discriminatory and there should be total separation of the incomes of husband and wife, with the wife being liable for assessment in regard to her income from whatever sources - employment, investment, etc., unless an election is otherwise made.

The Act will be amended to provide for the separate assessment and charge of wife's income.

VIII Allow Overseas Holiday Expenses to be Spread Over Three Years

Currently, relief from income tax in respect of payments for overseas passages to employees is circumscribed by time and monetary limits. Thus, in regard to time it is provided that:

"where the relief is granted in respect of any year to any individual, similar relief shall not be granted to that individual in respect of the next two succeeding years" ..

The limitation will now be lifted and restated to the effect that the amounts of \$900 for an individual or \$3,600 for a family of four may be spread over the period of three years.

IX Deduction on Account of Tax from Payments to Certain Contractors and Sub-Contractors

Provision is to be made that a person making a payment to a self-employed contractor or sub-contractor will be required to deduct tax at the rate of 5% or such other rate agreed with the Commissioner of Income Tax and notified by the Commissioner to the person making the payment, and pay the tax so deducted over to the Commissioner. The amount so deducted is to be treated as a payment on account of the contractor's or sub-contractor's income tax liability.

The person making the payment will deduct the tax from so much of the payment as is not shown to represent the direct cost to any other person of materials used or to be used in carrying out the relevant operations.

X Providing Information to the Commissioner of Income Tax on Interest Earned and Paid or Credited to Depositors

Over the years, the Commissioner of Income Tax has not been able to enlist the cooperation of most financial institutions to furnish him with particulars of interest paid or credited to depositors.

In recognition therefore, of the need to arm the Commissioner in this effort to combat evasion, provision is to be made to require that persons carrying on the business of

banking or accepting deposits, notwithstanding anything contained in any other Act to submit to the Commissioner of Income Tax required information as to the amounts paid out to a depositor in interest providing that sum is equal to \$600 and above.

XI Objection to Assessment in Respect of No Return Cases

Under the provision at Section 75 of the Income Tax Act, if any person disputes an assessment he may apply to the Commissioner within thirty days from the date of the notice of assessment, by notice of objection in writing to review and revise the assessment made.

This provision is being used by many taxpayers as a basis for delaying or deferring settlement of an objection, the main area of delay being in the submission of proper returns of income in cases where the Commissioner made assessments because taxpayers neglected to make returns.

The Act will therefore be amended to provide that where a taxpayer has filed an objection and the Commissioner pursuant to the request for him to review and revise the assessment, requests information in order to enable him to do so, if the information is not provided within thirty days of the Commissioner's request, or such further period as the Commissioner in his discretion may request, the appeal or objection of the taxpayer will become null and void, and the Commissioner may therefore proceed with court action.

TAXATION OF CORPORATE INCOME

The system of taxing corporate profits whereby a company is charged CPT (Company Profits Tax) on its total profits and the shareholder is also charged independently to income tax on the dividend received from these profits will be retained.

Corporate Tax Rate : As far as the tax rate is concerned, the nominal differential CPT rates as well as the ACPT (Additional Company Profits Tax) and ICPT (Investment Company Profits Tax) will be abolished. The Separate Entity System by itself provides sufficient disincentive to distribution and at a reduced administrative cost. The present policy is one of encouraging retentions in order to provide funds for reinvestment, and discouraging consumption expenditure through distributions.

The Corporate tax system would be greatly simplified with a uniform tax rate on company profits established, once chargeable income has been ascertained. The proposed single rate is 45%. For agricultural companies however, there would be an increase of

20.0 percentage points in the rate (which is now 25%). It is therefore proposed that the rate applicable to such companies be retained at 25.0%. The system for corporate taxation would now define two types of companies, agricultural and nonagricultural. An "agricultural company" means a body corporate whose business consists mainly in the carrying on of agriculture, horticulture, fruit growing, seed growing, dairy farming, livestock breeding, livestock keeping or fishing, and the major part of whose income is derived therefrom.

Group Relief for Losses

Where companies belong to a group because they are under common control, some of them may be paying income tax on their profits while others in the same group may have suffered losses. Under this system the group as a whole may be paying tax although it has suffered a net loss. It has therefore been decided to introduce a system whereby group losses can be considered for tax relief.

The following conditions must, however, be satisfied before relief can be granted:

- i) Two companies are to be regarded as members of a group only if one is at least a 75% subsidiary of the other or they are both 75% subsidiaries of a third company. A 75% subsidiary would be a company in which its parent holds directly or indirectly, not less than 75% of its ordinary share capital;
- ii) For these purposes a consortium would not qualify as a group;
- iii) No member of the group should be resident outside Jamaica;
- iv) Transferrable losses must be the losses computed in accordance with the Income Tax Act, and losses incurred before the commencement of the enabling provision will not be admitted;
- v) Where accounting periods do not coincide, profits and losses to be set off must be in respect of the overlapping period and should therefore be apportioned accordingly;
- vi) A claim for group relief must receive the consent of the surrendering company notified to the Commissioner on a prescribed form;
- vii) Payment is not a necessary condition for relief although the companies may find it to their advantage to make or receive payment for the surrender of losses. Where a payment is made, it is not to be taken into account in

computing profits or losses of either the company receiving or surrendering the losses;

- viii) A claim for group relief should be made within one year after the end of the accounting period to which the losses relate.

All of the above changes in Corporate income taxes will become effective as of January 1980.

PROPERTY TAXES

The changes in respect of property taxes involve:

- i) Make provision that all property tax arrears be paid up before any registered property can be transferred, mortgaged or leased;
- ii) To make provision to enable the Collector General to lodge caveats on registered property for which tax is owing;
- iii) To provide for the sale of tax liens in cases where the tax debt due has not been discharged after two years;
- iv) It is also decided that effective January 1980, the surtax burden now imposed on properties valued at \$12,000 and over will be removed.

INDIRECT TAXATION

Internal taxes on consumption can no longer be said to be too selective in their coverage of goods, neither can it be said that they are not broadly based. This was certainly the case up to February 1976. Since that time, however, these taxes have become global in extent covering virtually all commodities save raw materials, which were either excluded from the schedules of duties or exempted from the duties prescribed. Nevertheless, our internal taxes are not sufficiently systemized and lie scattered about in three random disconnected bundles called consumption duty (global in its coverage of goods), excise duty (restricted in its coverage of goods), and a retail sales tax on only seven categories of goods. Up to June of 1978, the situation was even worse, for then there were two independent streams of consumption duty viz: a schedule of basic consumption duties and a schedule of additional consumption duties. Fortunately, these were consolidated in June of 1978, or to be more exact, they were mechanically super-imposed the one upon the other to give the current schedule of consumption duties.

The Aims of Reform in Indirect Taxation

Reform in this area will have as its basic aims unity, simplicity, neutrality and buoyancy.

- i) Unity, that is, the replacement of the present set of taxes by a single system of internal taxation;
- ii) Simplicity, that is, the removal of unnecessary complexities and the establishment of a relatively simple system and an equity that would be conducive to greater taxpayer acceptance and ease of administration. Having, for example, rates which are easy to calculate;
- iii) Neutrality, that is minimising the situation whereby mark-up is placed on the tax and the consequent inflationary effect of these taxes, while not jeopardising revenue flows;
- iv) Securing buoyancy, that is the automatic security of the "real income" of the Government by ensuring that as prices and incomes rise the revenues keep pace.

Phases of Reform

The reform programme for indirect taxation will take place in phases. There is an immediate programme which will now be implemented. Then there is the second phase which will be put into effect about November, and this will be followed by a final phase, the implementation of which will depend on the experience gathered in carrying out phase two as well as the speed with which it is implemented. In the immediate phase will be the following:

- a) Tax Relief on Products of Labour Intensive Industries:
Production/Employment could be stimulated if labour intensive industries were given a tax advantage over capital intensive industries manufacturing the same line of goods. For example, in textiles, wood-work, etc. This exemption would only apply:
 - i) to goods which are produced wholly by human labour;
 - ii) to goods in respect of which the man-made element is at least as important, if not more important than the machine-made element.

Agreement has already been reached with the National Institute of Craft whereby administration of these exemptions would be facilitated by collaboration between the Collector

General and the Institute.

b) Exemption of Goods from Excise/Consumption Duty when wholly manufactured/produced from duty-paid raw material. The mechanisms will be:

- i) a duty-free transfer facility from one manufacturer to another in respect of raw materials;
- ii) a drawback arrangement to facilitate "over-the-counter" retail sales of raw material to a manufacturer on a duty-free basis;
- iii) an open bonding arrangement to facilitate the duty-free retail sale of low-duty raw material to a manufacturer.

The mechanism being now proposed to overcome this final obstacle would prescribe that, if a manufacturer proved that he had used only duty-paid raw material in the manufacture of his final goods, exemption from excise/consumption duty would be provided. Excise/consumption duty revenue loss would be offset by the duty collected on the raw material.

c) Accelerated Drawback for Exports

Calculation of drawback is time-consuming causing a considerable time-lag between the date of execution of the necessary customs/excise/consumption duty formalities and the actual payment of the drawback. This time-lag can run into many months.

The circumstances giving rise to drawback vary, but arise chiefly:

- i) when goods on which excise/customs/ consumption duties have been paid are exported (or re-exported) or are put on board a ship or aircraft as "ships stores";
- ii) when goods manufactured locally from duty-paid raw material are exported.

Legislative mechanisms will be devised to allow "provisional" and hence immediate payment of drawback as self-assessed by the applicant, provided that the applicant had lodged a sufficient bond with the Collector General. When the drawback claim is checked and the actual amount

certified for payment, the difference between this and the sum paid in advance could be settled between the Collector General and the applicant and the bond disengaged for further similar drawback use in favour of the same applicant.

d) Legislative Weapons to Reduce Arrears of Excise/Consumption Duty/Sales Tax

These arrears will be attacked by the following legislative mechanisms:

- i) Withholding of the amounts refundable to a manufacturer or vendor to offset his arrears of duties;
- ii) Automatic penalties for arrears of duties;
- iii) Collection of arrears of duties from third parties.

We believe that, as is the experience of other countries, a powerful and perfectly acceptable legislative weapon for accelerating the collection of arrears of duties consists of provisions to -

- i) empower the Collector General to withhold amounts refundable to any person, using such amounts to offset his arrears of payment of duty;
- ii) empower the Collector General to assign to himself monies owned by any person to a manufacturer/vendor of chargeable goods and to use same when it is paid to him by the debtor to liquidate the arrears of excise, consumption duty/retail sales tax of that manufacturer/vendor;
- iii) ensure that arrears of duties entailed automatic penalties.

These devices have proved in other countries to be effective tools for the elimination of arrears of taxes without resorting to legal action and other cumbersome procedures such as liens against assets.

- e) There will be a downward adjustment to the rates of duty applicable to motor cars and commercial-type vehicles. In the case of motor cars, the duties (customs duty, stamp duty and retail sales tax) currently goes up to 173.143% of CIF value where the vehicle has an engine capacity exceeding 1199 c.c. and 163.175% when the engine capacity does not exceed 1199 c.c. The following is an example of this form of the current price structure:

CIF value	\$	100	
45% Customs Duty	<u>45</u>	.....	45
	145		
10% Stamp Duty	<u>14.5</u>	.....	14.5
	159.5		
25% Mark-up	<u>39.875</u>		
	199.375		
57% Retail Sales Tax	<u>113.643</u>	.....	<u>113.643</u>
Retail Price	313.018	=	173.43% of CIF.

It is now intended to reduce the overall rate of duty on motor cars to the following levels as from a date to be announced.

- i) When the engine capacity does not exceed 1500 c.c. duty level will be reduced to 100% of CIF value .
- ii) When the engine capacity exceeds 1500 c.c. but does not exceed 2000 c.c. the duty level will be reduced to 150% of CIF value.

The existing overall duty of 173.143% of CIF will continue to apply to cars with engine capacity exceeding 2000 c.c. The new price structure will take the following form:

Example

When engine capacity exceeds 1500 c.c. but does not exceed 2000 c.c.

CIF value	\$100	
45% Customs Duty	<u>45</u>	..... 45
	145	
10% Stamp Duty	<u>14.5</u>	..... 14.5
	159.5	
25% mark-up	<u>39.875</u>	
	199.375	
45.39185% Retail Sales Tax	<u>90.5</u>	..... <u>90.5</u>
Retail Price:	289.875	150.0% of CIF

In the case of commercial-type vehicles, the duties (customs duty, stamp duty and retail sales tax) goes up to 168.598% when the engine capacity exceeds 1199 c.c. and 159.028% of CIF value when the engine capacity does not exceed 1199 c.c. The following is an example of the form of the current price structure:

	CIF	\$100	
45% Customs Duty		<u>45</u>	
		145	..... 45
10% Stamp Duty		<u>14.5</u>	..... 14.5
		159.5	
20% mark-up		<u>31.9</u>	
		191.4	
57% Retail Sales Tax		<u>109.098</u>	..... <u>109.098</u>
	Retail Price	300.498	168.598 of CIF.

It is now intended as from a date to be announced to reduce the overall rate of duty to 85% of CIF value irrespective of engine capacity. The new price structure will take the following form:

	CIF value	100	
45% Customs Duty		<u>45</u>	..... 45
		145	
10% Stamp Duty		<u>14.5</u>	..... 14.5
		159.5	
20% mark-up		<u>31.9</u>	
		191.4	
13.32288% Retail Sales Tax		<u>25.5</u>	..... <u>25.5</u>
	Retail Price	216.9	85.0% of CIF

In addition to adjusting downwards the duty rates on motor cars and commercial type vehicles, there will also be a downward adjustment to the overall duties on motor vehicle parts, but this will be done in conjunction with a reduction of the percentage mark-up which is currently allowed on these goods. Currently, the duties (customs duty, consumption duty and stamp duty) gross up to 82.325% of CIF value in the case of motor car parts and 64.45% in the case of parts for commercial-type vehicles. The price structure on imported parts currently takes the following form:

		<u>PARTS FOR MOTOR CARS</u>	
	CIF value	\$100	
30% Customs Duty		<u>30</u>	..... 30
		130	.....
27 $\frac{1}{2}$ % Consumption Duty		<u>35.75</u>	..... 35.75
		165.75	
10% Stamp Duty		<u>16.575</u>	..... <u>16.575</u>
		182.325	82.325 of CIF
2% Warehouse Costs		<u>3.6465</u>	
		185.9715	
100% mark-up		<u>185.9715</u>	
	Retail Price	371.9430	

It is now intended, as from a date to be announced, to reduce the overall duty rates on motor vehicle parts as follows:

Parts for motor cars:	45% of CIF value
Parts for commercial-type vehicles:	35% of CIF value.

IMPORTED MOTOR CAR PARTSExample

CIF value	100		
30% Customs Duty	<u>30</u>	.....	30
	130		
11.53846% Consumption Duty	<u>15</u>	.....	15
	145		
Zero Stamp Duty	<u>-</u>	.....	<u>Zero</u>
	145		145% of CIF
(7%) Warehouse Costs and Financing	()		
Mark-up	(a new system) (of mark-ups)		
Retail Price	(Considerably) (reduced retail) (price)		

IMPORTED PARTS FOR COMMERCIAL-TYPE VEHICLESExample

CIF value	100		
30% Customs Duty	<u>30</u>	.....	30
	130		
3.84615% Consumption Duty	<u>5</u>	.....	5
	135		
Zero Stamp Duty	<u>-</u>	.....	<u>Zero</u>
	135		35% of CIF
(7%) Warehouse costs & Financing	()		
	()		
Mark-up	(a new system) (of mark-up)		
Retail Price	(considerably) (reduced retail) (price)		

A new system of mark-ups is being devised which, in conjunction with the reduced duties will result in a considerable reduction of the present levels of retail prices which, as already said are now almost four times the size of the CIF value. The Ministry of Industry and Commerce will shortly table a Ministry Paper on this intricate subject.

- i) Rationalization of Duty Concessions enjoyed by Quasi-Government Institutions including Statutory Bodies, Parish Councils and Government Enterprises

A quasi-government institution may be identified as such, by virtue of its possessing the following qualities:

- i) Such an institution should perform functions which would otherwise

(in a civilized society) be the responsibility of Government;

- ii) It should be subjected to ministerial control and direction in the formulation and execution of its policies and possibly, to some degree, in the appointment personnel;
- iii) Its revenue should be wholly or substantially derived from funds provided by Government, and it should be responsible to account to the Government for the way in which its funds are expended.

There are about 216 of the above bodies and the duty concessions afforded to them are substantial. During the fiscal year 1979/80 there will be an overall review and rationalization of the duty concession policies operative as regards quasi-government institutions. It is expected that as of 1980/81 there will be a fundamental adjustment to the system which now operates.

The Second Phase of the Reform Programme

A sales tax at the manufacturer's level offers the most straight-forward route through which there could be an initial movement towards real reform of our system of internal commodity taxes for this fiscal year. The excise and consumption duties are already in effect; manufacturer's sales taxes and both the legislation and the administrative apparatus relative to these taxes exist and are operational. Policy level work, will essentially involve the institution in the first instance of a merger of excise and consumption duties followed thereafter by work towards simplification and rationalization of the resultant composite rate structure including replacement by ad valorem duties wherever feasible of the plethora of low level specific duties now infest our excise taxes. The "Big Four" viz: spirits, beer, cigarettes and gasoline would however, retain their current specific rates of duty.

The treatment of the seven categories of consumer durables which are now subject to a retail sales tax should be as follows: Consumption duties and sales taxes thereon should be consolidated (taking account of cascade effects) into a series of sales tax rates. Additional items of important consumer durables of high visibility, and restricted as to identifiable retail outlets should be charged with sales taxes which would replace existing consumption duties.

The above programme would be implemented during the course of fiscal year 1979/80, and hopefully by November of 1979.

The third Phase of the Reform Programme will consider the introduction of a generalized sales tax at the retail level. The schedule for this phase will, however, depend on the experience gained in implementing the second phase, and will be announced in due course.

TRANSFER TAX AND STAMP DUTY

Transfer Tax

No fundamental changes are contemplated in regard to the provisions of the Transfer Tax Act. However, for this phase of the tax reform programme, we intend only to amend the Act to exempt from transfer tax, shares held by a shareholder in a building society when such shares pass on the death of the shareholder.

Stamp Duty

The present Stamp Duty Act is outdated and needs to be substantially amended. This amendment is urgently being pursued as quite often many aspects of the law serve only to frustrate and impede transactions subject to Stamp Duty.

ADMINISTRATION OF THE REVENUE SYSTEM

The revenue system essentially constitutes the Revenue Division in the Ministry of Finance and Planning and the respective revenue collecting agencies, (i.e. the Collector General and the Income Tax Departments). The efficiency and effectiveness in the operation of the overall system with respect to the design of tax policy and the consequent assessment and collection of revenues is to a great extent affected by the limited manpower and supportive technical resources, poor systems and a lack of inter-departmental coordination.

A principal area of focus initially will consist of a serious drive to increase the flow of revenues from those areas where there has been appreciable lags. Two major areas in this regard are property taxes and income taxes. In the case of property taxes a programme is being affected immediately to clean up the tax roll to eliminate outstanding areas and to speed up tax collections. Taxable properties will be classified for administrative purposes into three categories based on value:

\$50,000 and over

\$25,000 - \$50,000

Below \$25,000.

These categories will be tackled in sequence (beginning with the more valuable) by Revenue Field Officers who will be redeployed from present low tax yielding areas in order to expedite enforcement. The fullest force of the law, which will be supplemented by tax liens will be used to ensure that this programme of action brings in the desired level of property taxes.

The focus of the plan of action for income taxes will be an expansion of the tax net.

Here we will immediately mobilise resources in the Income Tax Department to update and expand the list of potential taxpayers. A complete inventory of such income earners as:

- i) Professionals, e.g. Accountants, lawyers, etc.
- ii) Commission Agents, (Betting Commissions, etc.)
- iii) Contractors and sub-contractors with -
 - Government
 - Statutory Bodies
 - Bauxite Companies
 - Oil Companies, etc.
- iv) Haulage Contractors;
- v) Trade and business licence operators;
- vi) Public Passenger and Commercial motor vehicle operators.

Further, the Intelligence Unit in the Income Tax Department will be activated to support the thrust. An organised programme of assessment collection and audit will be introduced with specific targets established within the Department for control purposes. The area of taxpayer assistance will be expanded. For dealing with delinquency of known taxpayers, it is proposed to intensify enforcement procedures now on stream, involving getting outstanding returns and collection of unpaid taxes.

Both in the cases of property taxes and income taxes an integrated public education programme will be introduced in order to enhance taxpayer compliance. Further improvement to the tax administration will also involve projects to be undertaken as part of the overall programme of reform, many of which will be started in 1979/80 and will represent ongoing programmes. These include:

- i) Reorganise the Revenue Division in the Ministry and improve technical supports;
- ii) Improve legal facilities in the Ministry;
- iii) Reorganise the structure of the Income Tax Department to achieve better vertical linkages and an improved department generally;
- iv) Institute a public education programme for income taxes and other taxes directed from the Revenue Division of the Ministry of Finance and Planning;
- v) Design improved electronic data processing facilities;
- vi) Redesign and simplify the income tax return forms.

- vii) Install a corps of Revenue Field Officers with the powers of levy;
- viii) Design and institute a coordinated training programme for personnel in the Revenue Collection Agencies;
- ix) Improve staffing in Stamp Duty Division;
- x) Increase and improve staffing of Legal Section of Income Tax Department;
- xi) Establish a data collection and assembly facility in the Collector General's Department - in relation to Customs;
- xii) Improve personnel development in the Collector General's Department by recruiting, training and the provision of reference manuals;
- xiii) Improve the Composite Income Tax Act by redrafting sections;
- xiv) Start on the establishment of a Revenue Board on which earlier decision had been taken.

Eric O. Bell
Minister of Finance & Planning
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