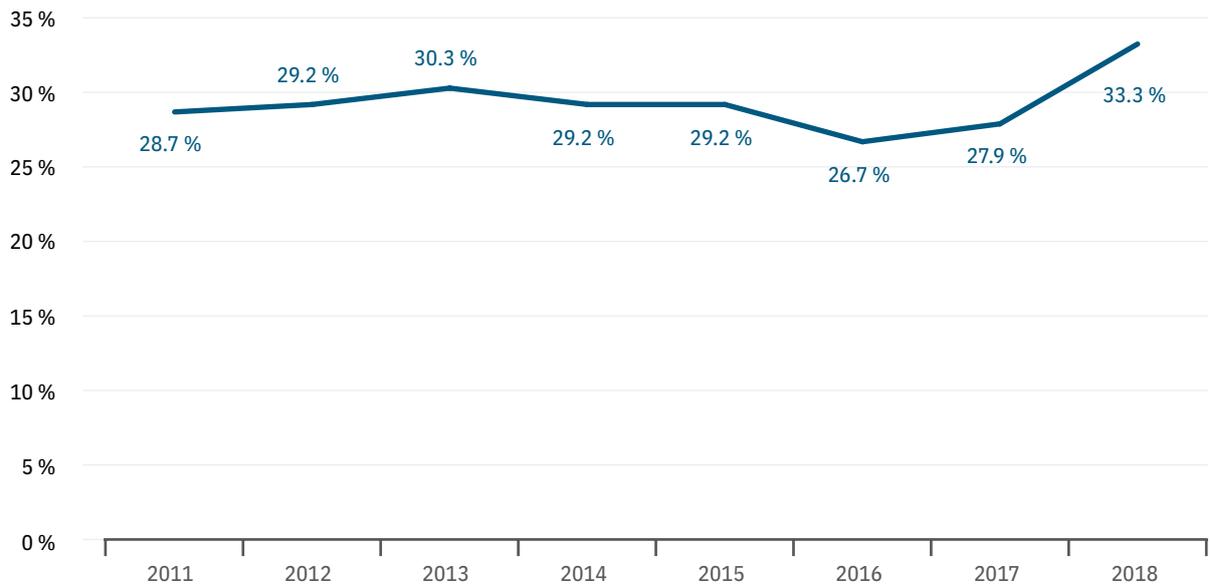




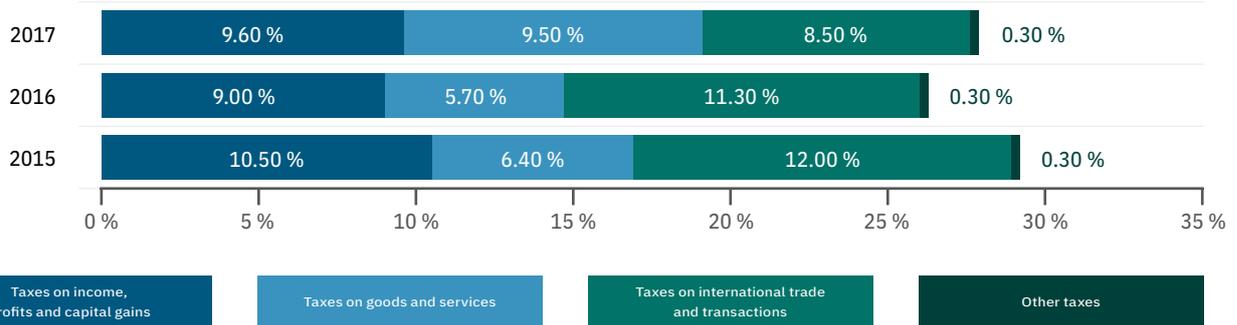
Solomon Islands

Stepping up domestic revenue mobilisation



Tax revenues (% of GDP) (2011-2018)

Source: Government Finance Statistics (2019)/Central Bank of the Solomon Islands (2019)



Tax revenues, by sources (% of GDP) (2015, 2016 & 2017)

Public Expenditure and Financial Accounting (PEFA)

2012 (2011 framework)

- D+** Transparency of taxpayer obligations and liabilities
- C** Effectiveness of measures for taxpayer registration and tax assessment
- D+** Effectiveness in collection of tax payments

*A = internationally-recognised level of good performance
D = performance is below the basic level*

Doing Business, Ease of Paying Taxes 2017 (DB 2018), values from 2016 (DB 2017) in parentheses

Payments (number per year)	Time (hours per year)	Total tax rate (% of profit)	Postfiling Index (0-100)
34 (34)	80 (80)	32 (32)	100 (99.08)

Overall ranking
37 / 190 (39 / 190)

Recent reform steps

Since 2017, the Solomon Islands introduced six public rulings, three guides and six operational policies. Furthermore, eight technical training packages were prepared and presented to the staff.

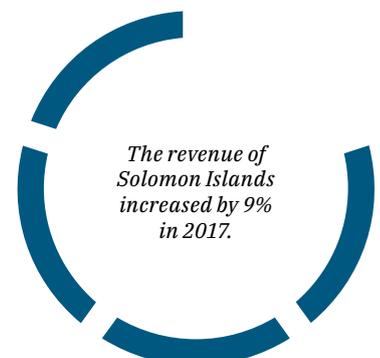
Some amendments to the Tax Acts have been implemented in 2018, such as orders to increase types of income subject to withholding tax. A **complete tax reform** planned to be undertaken over next 3 years has commenced in early 2018. Three advisors have been funded by the Asian Development Bank and a new Tax Administration Bill has been drafted.

Progress achieved

The revenue of Solomon Islands increased by 9% in both 2017 and 2018. In part, this is due to the localisation of the Commissioner’s position, who concentrated more on results through:

- Increased audits and decreasing debt;
- The introduction of online filing and payment for all taxes by end of 2018;
- Online objections and automated individual income tax assessments;
- Improved customer understanding and **compliance** through increased filling of returns, issuing of public rulings, improved staff capacity, and including technical capacity of staff in providing customer service.

Building a strong organisation, the Solomon Islands have reviewed their structure while the Pacific Financial Technical Assistance Centre (PFTAC)/IMF have made recommendations. These will be implemented shortly.



Outlook: DRM priorities in 2019

<i>Priority activities</i>	<i>Expected outcomes</i>
<ul style="list-style-type: none">• Fully participate in tax reform consultations and implement the new Tax Administration Act• Introduce online filing and payment as well as online objections• Improve registration and taxpayer services• Establish a legal enforcement unit and develop an ongoing legislative change programme to implement improvements	<ul style="list-style-type: none">▶ Simplify tax acts and making them easily understandable, improving compliance▶ Make it easy for taxpayer to file and pay tax, whereby objections are handled online and internal business processes are streamlined▶ Embed ID registration policy into operations to manage registration▶ Tax lawyer is appointed to provide legal advice to Inland Revenue Division staff and policy developments▶ Legislative programme is agreed upon and implementation begins▶ Work to be checked more professionally for quality and made sure that it is transparent and accountable▶ Develop a sustainable framework▶ Get management sign-off and establish business ownership