

Wednesday, 14 August 2019

Write up from National Revenue Authority Press Conference

Agenda

1. Exemptions
2. PIT – including non-staff UN workers
3. Pension taxation
4. Recruitment of NRA staff
5. Collection figures
6. New Taxation Act

1. Exemptions

- The NRA took over the exemption process approximately 4 months ago and have since been able to speed up the process.
- There are three types of exemptions:
 - International community (treaty-based exemptions)
 - Humanitarian community (NGO Act exemptions)
 - Government departments
- There are no exemptions for private companies, however in specific circumstances, private companies can be granted tax incentives.
- The Commissioner General claimed that the exemption process is now only taking 3 or 4 days to clear from his office.
- All organisations are reminded that exemptions will only be granted in the name of the qualifying organization, not in the name of a supplier or private company/individual.

2. PIT

- The NRA has been receiving legal opinions from the lawyers of several INGOs saying they should be exempt from expat PIT. These opinions are based on past tax laws or misreading the law. There are currently no existing, ratified, double-taxation agreements with South Sudan. Even the agreement with Morocco is not ratified.
- UN Agencies PIT – all service contractors and non-fixed term (or TA) staff are obligated to pay tax.
- The NRA consulted with 18 UN agencies and only 5 are so far complying (UNDP, WFP, UN Women, UNAID, UNIDO). WFP staff alone owed \$700,000 in arrears since January 2019.
- All expat staff of Embassies will pay PIT unless their country has a bilateral agreement with the Government of South Sudan.

3. NSIF taxation

- The Taxation Act does not address Gratuity and Severance. These are 'alien to the law' and therefore are not within the mandate of the Commissioner General to rule on. If that is the case, then the previous statement of the Ministry of Labour that these are not to be taxed (as end-of-service benefits), would stand.
- The Commissioner General exercised Section 27 of the Taxation Act to make a ruling exempting NSIF from taxation until the law is clear and harmonized on the issue – possibly under the new Taxation Act coming this year.

- The Commissioner General re-iterated that any taxes deducted and remitted on NSIF before the date of the exemption circular will not be returned, but that any deducted and not remitted should be given to the staff.
- Private pension schemes are also tax-free, but only to a maximum of the 8% and 17% contributions and not in addition to NSIF deductions.

4. NRA recruitment

- The NRA is divided into two main Directories:
 - Directory of Customs
 - Directory of Taxation
- The NRA will have 650 staff, 600 of whom are divided between the two Directories and 50 who will be for “new ideas”
- The establishment of the NRA is currently a project of the International Aid Coordination Department of the Ministry of Finance.
- The NRA will have 5 Commissioners, 1 Deputy Commissioner and 2 Assistant Commissioners. So far they have recruited 5 out of the 8 posts – 3 Commissioners, and 2 Assistant Commissioners and NSS are undertaking background checks.
- The CG remarked that further recruitment, and therefore the whole country programme of the NRA, has been stalled because, “the very people the President has appointed to support me are undermining his vision.”

5. Collection figures

- Between January and July the NRA collected \$41,953,187USD and 8,899,027,565 SSP
- In July the NRA collected \$5million USD and 1,500,000,000 SSP
- Non-oil revenue has jumped from 2% to 24% of the national resource envelope. This could rise to 40% when the system is fully operational.

6. New Taxation Act

- The NRA will be holding a consultation on the new Taxation Act on the 23 and 26 August.
- They are also forming a Stakeholder Committee to engage with the database development in mid-September.