



Ministry of Finance and National Planning
GOVERNMENT OF TONGA.

PRESS RELEASE

NEW GOVERNMENT INVESTMENT INCENTIVES TO SUPPORT PRIVATE SECTOR GROWTH & DEVELOPMENT

The Tongan Government is now introducing further initiatives to support the private sector including streamlining business licence schemes and tax incentives. The Investment Incentives Bulletin is launched today at 12:00pm, Wednesday 6 August 2014 at the Ministry of Revenue Customs Conference by the Minister responsible, Hon. Siosifa Tu'utafaiva. The same will be made public on the Government websites: www.mctl.gov.to; www.mic.gov.to and www.finance.gov.to. These are supported by Government's wider policies to improve service delivery.

2. The new initiatives to support investment and growth of the private sector are based on consultation with the private sector, as part of the government undertakings to foster closer partnerships with the private sector. These new investment incentives complement and extend what is already in place, and are included in the Investment Incentives Bulletin. They include:

- new, time-limited, tax exemptions for tourism and manufacturing sectors will be available for two years, from the 16 July 2014
- streamlined procedures for businesses seeking specific incentives beyond the standard ones provided
- small business tax for business with turnover up to \$100,000 to lighten the preparation of tax returns by small businesses
- \$13m of Government funds to be managed by TDB as low interest loans.

3. Government recognizes that the forgone revenue is a risk to its ability to finance operations and service delivery to the public. If these incentives are successful, however, it will help make it cheaper and easier to do business in Tonga, both for existing business and new start ups. This will increase incomes and employment for our people which means we can collect more tax revenue to better meet the other demands from the people of Tonga.

4. In addition to launching the new initiatives, the Investment Incentives Bulletin is part of Government's effort to bring together important information in one place that can make it easier for businesses to start up and expand. Feed back on the Bulletin and other information that could be provided is much appreciated.

5. Government will continue to work together in partnership with the private sector through the concerned government ministries and with the six Sector Growth Committees covering Agriculture, Fisheries, Tourism, Manufacturing, Construction, and Commerce (Wholesale & Retail) Trades, to help these incentives contribute to further growth.

6. For more information, please see the ministries' web sites, or contact:

Tatafu Moeaki, CEO of the Ministry of Finance and National Planning
Daphney Stone, CEO of the Ministry of Revenue and Customs
Vaimoana Taukolo, CEO of the Ministry of Commerce, Tourism and Labour.

Ministry of Finance and National Planning
6 August 2014.