



**MINISTRY FOR REVENUE
WORKING TOGETHER FOR A
SECURE AND PROSPEROUS SAMOA**

ANNUAL REPORT 2013-2014

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STATEMENT TO PARLIAMENT

The Honourable Speaker of the House
Legislative Assembly
Independent State of Samoa



Dear Mr. Speaker,

In accordance with the reporting requirements of the Public Finance Management Act 2001, I respectfully submit to you the Annual Report of the Ministry for Revenue for the year 1 July 2013 to 30 June 2014.

The report is the document of accountability of the Ministry for transmission and tabling in the Legislative Assembly of Samoa.

I have enclosed 80 copies of the report for your reference.

Yours faithfully,

Honourable Tuiloma Lameko
MINISTER FOR REVENUE

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CHIEF EXECUTIVE OFFICER'S OVERVIEW

This year was yet another eventful and challenging year. Faced with an expansionary budget and a projected accelerated road to recovery following Cyclone Evans and the imminent hosting of the SIDS conference by the country, the Ministry was fully alert to its primary consideration of revenue collections. Total revenue budgeted to be collected by the Ministry as a result of the expansionary budget was 3% more than the previous year. Through dedication and hard work, the Ministry managed to collect 5% more than the previous year but fell short by 10% of collecting on the total budget target for the year.



To ensure the momentum of institutional reforms were sustained, the Ministry was also fully occupied throughout the whole year as the reforms under its Customs Modernisation Project and Phase 2 Business Transformation of the Inland Revenue were in full swing. In the midst of these huge undertakings, the Ministry came unexpectedly under tremendous pressure as a Special Committee of Parliament launched its investigations into the Ministry following allegations of 'dishonesty' in the Ministry. Coincidentally, the Ministry during the year had some high profile cases of non-compliance filed in court which did not escape the media's attention, and thereby adding to the pressures of public scrutiny. It is evidence of the Ministry's strength and maturity as an accountable organisation that it was able and continues to consistently exercise the full extent of the law on those (both internally and externally) who choose not to comply, despite the pressures this brings about.

As an accountable organisation to the public, the Ministry worked hard to ensure its reporting accountabilities on its performance was current and up-to-date. This year the Ministry brought all its outstanding annual reports up to date and tabled its annual reports for the years 2008/2009, 2009/2010, 2010/2011, 2011/2012 and 2012/2013.

Despite the many challenges, I am pleased to report that the Ministry had achieved a great number of milestones that its staff can be proud of. Some of these are highlighted separately in the next Chapter. The key highlight of the year was the launch of the ASYCUDA World - the upgraded, web-based system for Customs operations. Together with the prior launch of a further upgrade of RMS7 (the information system that manages the tax system of the country) in its Inland Revenue Services, the Ministry was in the forefront of a number of tax and customs administrations in the Pacific to improve how it interacts with its customers and taxpayers and setting the basis for a modern and electronically-enabled Customs and Tax Administration.

Central to all its achievements are the role of staff of the Ministry and the level of engagement staff have in the Ministry that contribute to an "organisation of choice" for dedicated staff to improve and work in for a "secure and prosperous Samoa". We take the engagement level of staff seriously and therefore measure it every year. This year, the overall level of engagement improved from 4.1 to 4.2; but more importantly, the proportion of staff who are "highly engaged" increased tremendously, as well as those considered "engaged". We take seriously how we lead and grow our staff, so we take leadership skills and capacity building as a goal. We have invested two years in a leadership programme that grows leaders in the Ministry; at the end of the second year of this programme, we will have developed 26 leaders under the programme.

The leadership programme paved the way for cementing our partnership with the New Zealand government through Customs New Zealand. Other assistance have flowed through such as funding a number of experts such as the Legal Expert who assisted in drafting our new Customs Legislation, the HR Specialist who reviewed the Customs Organisational Structure aligning it to the Ministry's functions and a number of other technical and operational assistance with training of border staff, intelligence training, and provision of small operational tools for the staff.

The year for the Ministry was very much about change, it was about building its future, and it was about building capacity and accountability, and most importantly improving its service to the public.

I am proud of our Ministry's performance and am confident we will be able to manage and handle the changes in the years to come. It is our vision that over the next few years, we will continue to:

- simplify our processes, policies and systems to help all our stakeholders;*
- transform the available technology for the benefit of the Public, Ministry and Government;*
- utilise the combined understanding of customer needs to design and deliver integrated services that work across government; and*
- share expertise, tools and information with many other Government Agencies, so as to improve how people and businesses can connect with government through better digital services.*

The Ministry's many achievements for this financial year would not have been possible if not for the assistance of many agencies, and I would like to acknowledge and express my sincere gratitude for their help. Thank you especially to the New Zealand Ministry of Foreign Affairs and Trade, the New Zealand Inland Revenue Department, the New Zealand Customs Service, the New Zealand High Commissioner, UNCTAD, the WCO Asia Pacific Regional Capacity Building Office, PFTAC and OCO; It would be remiss of me to forget our partners at the border - MAF Quarantine, Immigration, SAA, SPA and the Police for our joint work; the Members of Parliament for their patience, understanding and support; the Ministers of Cabinet for their continuous support and approval of our Ministry's many initiatives and our very own Minister, Hon. Tuiloma Lameko and Associate Ministers for their untiring support, wisdom and guidance.

Last but not least, I want to thank and congratulate my Management and staff of the Ministry for Revenue, whose vigilant performance and steadfast commitment has produced such great results. Malo lava ma Fa'afetai.

God Bless.

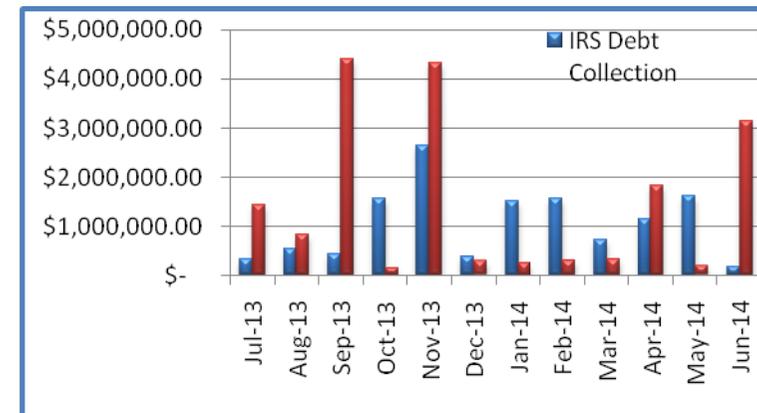
Pitolau Lusia Sefo Leau
CHIEF EXECUTIVE OFFICER

PART I. YEAR 2013.2014 AT A GLANCE

During the Financial Year 2013/2014, the Ministry for Revenue has continued to contribute to the outcomes of Border protection and security, Trade facilitation, administration of the country's tax system, and working collaboratively with its stakeholders and the public in general in collecting revenue due to the state. Highlights of the Ministry's performance during this year include:

A. COLLECTING REVENUE DUE TO THE STATE

- i. The Ministry managed to collect \$426.3million, representing 90% of the approved budget estimates of \$471.5million. The total shortfall of \$45.1million is represented by Government VAGST of \$11.0million. The total collection for this financial year reflects an increase of \$12million from last year's actual collection.
- ii. Continuous efforts made by the Ministry in collecting debts. Greater results are expected in future years from the implementation of new/reviewed processes in place, the effective follow up and the unyielding commitment made by staff. Total debt collected during this year was \$30,068,672.00 [IRS = \$11,600,427.00 and Customs = \$17,468,245.00]. A glance at debt collection per month for IRS and Customs is displayed by the graph.



B. WORKING WITH OUR STAKEHOLDERS

- i. The continuous improvement in the results of the Customer Satisfaction Survey that the Ministry conducts every quarter as illustrated in the table below. The Ministry sets the acceptable level of Customer Satisfaction at 85%. The results throughout the year have been promising and the Ministry continues to work towards improving these results.

Quarter	IRS	CUSTOMS
July – September 2013	85%	71%
October – December 2013	81%	75%
January – March 2014	89%	77%
April – June 2014	92%	86%

- ii. Numerous consultations were conducted for the public and our stakeholders prior to the launching of the two computerized systems, RMS7 for IRS and Asycuda World for Customs. These consultations were treated as the means of sharing information, obtaining the public’s views on the new systems but also to have a mutual understanding and agreement on how these work. When the two systems were finally launched, trainings were then conducted on how the two systems can be operated by our stakeholders for their needs.
- iii. Positive progress and feedback from our taxpayers through continuous networking with them, and helping to encourage voluntary compliance. We measure the level of compliance in terms of filing of returns and paying on time of taxes and this is done on a monthly basis. The main purpose for this analysis is to identify areas that need immediate attention, ensuring the highest level of compliance at all times. The average annual compliance rates for the two segments; Large enterprises (LE’s) and Small, Medium

enterprises (SME’s) during this financial year is provided in the following table.

Compliance rates in filing of returns and payment of taxes for FY2013.2014					
Segment	Tax Types	Ave. % in Filing	Annual target (%) in filing	Ave % in Payment	Annual target (%) in paying
LE	PAYE	79	60-90	83	50-80
	VAGST	66		69	
SME	PAYE	28	20-50	87	48-50
	VAGST	25		71	

- iv. The completion of a survey conducted by the Ministry to understand the reasons why taxpayers do not comply with their tax obligations. The survey aimed at raising the understanding of the ministry in factors that influence taxpayers’ attitudes towards compliance. Once the Ministry understands these factors, it will then be in a better position to develop effective strategies and interventions. The ministry is now working on analyzing data collected, to determine the causes from these data and will provide a full report for information and the development of mitigation strategies.
- v. The increase in the number of illegal and prohibited imports intercepted by Customs officers and K9 operations at the border.

- vi. The finalisation and submission of the Customs Bill 2014 for Cabinet in July 2014. Numerous consultations were conducted in finalizing the Customs Bill 2014 to gather the views from the public and our stakeholders. Views from the public varied and these were taken into consideration in the final bill. During these consultations, the public and stakeholders were assured that the treatment of non-compliance by both the public/stakeholders and the employees of the ministry will be consistent.
- vii. Complete review of all Customs Processes and the development of new processes to assist the ministry with the execution of its duties. These processes clearly identify the parts of the legislation that give rise to the processes, the parties involved, the responsible body and the steps to guide all parties in implementing the process. These processes were discussed with staff and stakeholders and all were approved by the Project Steering Committee before the launch of the Asycuda World in May 2014.

C. HUMAN RESOURCE DEVELOPMENT

- i. The 2013 Public Service top Award for Inspirational Leadership was awarded to the Chief Executive Officer of the Ministry for Revenue in September for being an individual who demonstrates exceptional qualities, including the ability to inspire and motivate others. The Inspirational Leadership award recognizes individuals who

demonstrate exceptional leadership qualities, including an ability to achieve results; who exemplifies professionalism and integrity in all areas of work; that goes above and beyond what is normally required of them and has an ability to inspire and motivate others to do the same.

- ii. Our commitment to maintaining the highest level of integrity and good governance within the Ministry which had resulted in the termination of services of a number of officers who had failed to uphold the requirements of our governing legislations in the performance of their duties. These included forgery, fraudulent and misuse of public funds. In all cases, the officers had admitted to breaching the PSC and MfR's Code of Conduct. One incident is now with the Ministry of Police.
- iii. The election of the Chief Executive Officer of the Ministry for Revenue as a member of the Oceania Customs Organization (OCO) Management Board in May. This followed two years of dedicated work by the Ministry's CEO on Steering Committees of this regional organisation to improve its governance, improve its service delivery to its member countries including Samoa. This organisation has been beset with mismanagement and governance challenges that have required a complete overhaul by the new Management Board of the organisation to regain its standing and reputation with members and donor countries and agencies.

- iv. The 3rd Staff Engagement Survey that determines the degree to which each employee is committed to the Ministry for Revenue was conducted in August 2013. The overall level of staff engagement increased to 4.2 from the previous year's rate of 4.1. The encouraging result from this year's survey is that the proportion of staff who are "highly engaged" increased significantly and combined with the "engaged" proportion showed consistent improvement in the Ministry over the years. The results of the survey formed the basis for improvement works within the Ministry for the period from August 2013 to July 2014. During this period, the Ministry had prioritised fourteen (14) action points for improvements.
- v. The Graduation Ceremony to mark the completion of the 1st Pacific Leadership Program to be held in Samoa under the assistance of the New Zealand Government through the Customs New Zealand. Thirteen (13) participants graduated after a year of workshops, action plans and projects. The ceremony was attended by the New Zealand High Commissioner for Samoa, representatives from Customs New Zealand, members of Parliament, Government Ministries/Organizations' Chief Executive Officers and families. During the same ceremony, the New Zealand High Commissioner announced the Government of New Zealand's agreement to fund the 2nd Pacific Leadership Program for the Ministry's employees. This was due to a large extent on the success of the first PLP and because of the facilitators' confidence in the leadership provided by the Ministry's CEO and Management.
- vi. The launching of the 2nd Pacific Leadership Program in February 2014. The program is attended by 13 officers, with the majority being ACEOs and senior officers. The program is the ministry's attempts to continually build the professionalism and leadership skills of its employees in line with its aspirations in its strategic documents.
- vii. The celebration of the World Customs Day with a Battle of the Minds Quiz, a first to be conducted in the public service. The topics used for the BOMQ were the ministry's governing legislations, strategic plans, frameworks, policies, procedures, standards and operational statements. The activity was a success in that it promoted staff engagement, team work and most importantly, forcing staff members to read and learn about the Ministry.

PART II. STATEMENT OF SERVICE PERFORMANCE 2013.2014**A. PERFORMANCE UNDER OUTPUTS****Output 1: POLICY ADVICE TO THE RESPONSIBLE MINISTER****Output Manager:** Chief Executive Officer**Scope of Appropriation:** Provide advice and direction for the Ministry's programmes and initiatives**Output Performance Measures, Standards or Targets**

Performance Measure/Indicator	Baseline Data	2012-2013	2013-2014	Traffic Light Progress Indicator	Output Manager's comments on progress towards achievement of the Target they have been funded to deliver, including what corrective actions are being taken
	Baseline (Base Year)	Estimated Actual	Budget Standard or Target		
Level of satisfaction of the Minister with the quality and timeliness of advice provided to him.	N/A	100%	100%	Completed / Achieved	The Minister is briefed on all matters relating to the Ministry on a timely manner. All requests for supplies of goods/services are provided in a timely manner.
Actual tax/revenue collections as a % of proposed collections	N/A	100%	100%	Behind Schedule	The Ministry had only managed to collect \$426,366,674 or 90% of the target budget of \$471,551,624; a shortfall in absolute terms of \$45,184,950. Please refer to the Revenue Report for explanations
Date by which OECD Peer Review of Samoa is completed and published.	N/A	New measure	31 December 2014	Behind Schedule	The Second Phase of Samoa's OECD Peer review has been deferred from its original starting date due to the backlog of other countries that are under review by the OECD. Thus, the completion date will now be 30 June 2015. Preparations are underway. A national task force has already been set up to ensure that Samoa is prepared for the review. The OECD has recently confirmed that this Review will be launched officially in September 2014, with an on-site visit by Assessors scheduled for the second week of December 2014. The Review is still scheduled to be completed by 30 June 2015.

Performance Measure/Indicator	Baseline Data	2012-2013	2013-2014	Traffic Light Progress Indicator	Output Manager's comments on progress towards achievement of the Target they have been funded to deliver, including what corrective actions are being taken
	Baseline (Base Year)	Estimated Actual	Budget Standard or Target		
Date by which Customs Modernisation Project is implemented.	N/A	New measure	30 June 2014	Completed / Achieved	The ASYCUDA World Software was successfully launched on 29 th May 2014 upon completion of the Review of the processes and procedures. The new Customs Act was passed by Parliament and we are awaiting decision from PSC on our review of the Human Resource structure.
Date by which a Compliance Improvement Plan is completed and implemented across the whole Ministry	N/A	New measure	30 June 2014	On Schedule/ Target	The 2012 Compliance Improvement Plan (CIP) with 89 total activities was rescheduled from last FY to be completed by 30 June 2014. The 27 activities rescheduled to this FY were mostly policy forecasting in nature for our business improvements; their review, development and implementation are on schedule. 25 activities are now completed with 2 activities in their final stage (>75% but < 100%) before implementation. It must be noted that all activities identified under the 2012 CIP, to address high priority risk areas and issues, are on-going in their application for the improvement of our clients' compliance behaviours in meeting their tax obligations.
Date by which the Annual Report for FY2011/12 is submitted to the Minister	N/A	30 November 2012	30 September 2013	Completed / Achieved	The Ministry's Annual Report FY2012.2013 was submitted to the Minister on time and is now included in the Legislative Assembly's Agenda Items for this calendar year.
Number of internal audits conducted	N/A	12	19	Behind Schedule	<p>A total of 10 reviews were carried out by the Internal Audit function :</p> <ul style="list-style-type: none"> • 3 planned reviews as per Annual Plan, • 3 spot check, • 3 ad hoc reviews and • 1 special investigation on TAS <p>Non-achievement of target was heavily due to the TAS special investigation which was carried out for 6 months and all our resources and time were fully utilized in completing this task.</p>

Performance Measure/Indicator	Baseline Data	2012-2013	2013-2014	Traffic Light Progress Indicator	Output Manager's comments on progress towards achievement of the Target they have been funded to deliver, including what corrective actions are being taken
	Baseline (Base Year)	Estimated Actual	Budget Standard or Target		
Number of Post & Clearance Audits conducted	N/A	45	50	Completed / Achieved	Secondary Checks from 01st Jan-30th June 2014. <ul style="list-style-type: none"> • 1448 total entries registered and assessed through the green lane • 530 entries were randomly selected for secondary checks Results: 6 entries issued short payment (3 paid) 3 entries modified for refunds Cases: 2 cases for PCA audit in progress New measures approved for financial year 2014-2015

Output 2:

MINISTERIAL SUPPORT

Output Manager:

Chief Executive Officer

Scope of Appropriation:

Provide the Minister for Revenue with administrative and technical support services.

Output Performance Measures, Standards or Targets

Performance Measure/Indicator	Baseline Data	2012-2013	2013-2014	Traffic Light Progress Indicator	Output Manager's comments on progress towards achievement of the Target they have been funded to deliver, including what corrective actions are being taken
	Baseline (Base Year)	Estimated Actual	Budget Standard or Target		
Level of support services to Honourable minister & associate minister, quality of support provided as per annual questionnaire	N/A	100%	100%	Completed/ Achieved	The Minister's Office was provided with timely support services throughout the financial year. The same quality services were provided for the two Associate Ministers at the Tofilau Eti Alesana Building.

Output 3:

TAXPAYER SERVICES

Output Manager:

Assistant Chief Executive Officer – Taxpayer Services

Scope of Appropriation:

To provide efficient and effective customer tax services through the processes of issuing timely assessment notices, maintain and update registration database, disseminate timely and comprehensible information on tax obligations, tax amendments, together with tax advisory and educational services, so as to encourage and promote voluntary compliance.

Output Performance Measures, Standards or Targets

Performance Measure/Indicator	Baseline Data	2012-2013	2013-2014	Traffic Light Progress Indicator	Output Manager's comments on progress towards achievement of the Target they have been funded to deliver, including what corrective actions are being taken
	Baseline (Base Year)	Estimated Actual	Budget Standard or Target		
Taxpayers lodging tax returns as a percentage of those required to lodge tax returns	N/A	90%	Large Ent. - 85% file on time Small & Medium Ent. - 50% file on time	Completed/Achieved	The average % of tax returns filed on time by LE's is about 87%; SME's which filed tax returns on time is about 51%. Some taxpayers requested for tax filing extension
Number of new registration added to database	N/A	1,000	LEs - 2% of new; SMEs - 98% of new	Completed/Achieved	1469 New taxpayers were registered in the FY2013.2014. Of this total, 1% are LE's and 99% are SME's
Number of public awareness programmes on general taxpayer services	N/A	30	70 seminars / 800hrs	Completed/Achieved	Total of 73 seminars were conducted and 600 hours spent on compliance activities.

Output 4: COLLECTIONS, RECOVERY AND ENFORCEMENT

Output Manager: Assistant Chief Executive Officer – Collection, Recovery and Enforcement

Scope of Appropriation: The efficient and effective collection of all outstanding debts and arrears due to the Ministry.

Output Performance Measures, Standards or Targets

Performance Measure/Indicator	Baseline Data	2012-2013	2013-2014	Traffic Light Progress Indicator	Output Manager's comments on progress towards achievement of the Target they have been funded to deliver, including what corrective actions are being taken
	Baseline (Base Year)	Estimated Actual	Budget Standard or Target		
Percentage of recoverable debt collected	N/A	New Measure	20% of the total debt is recoverable within FY LE's: 9% of recoverable debt SME's: 11% of recoverable debt	Behind Schedule	13% of the total debt has been collected in this financial year. This was 7% below the target. Of the 13% total collectable debt, 7% was from LE's and 6% was from SME's.
Number of default arrangements	N/A	New Measure	LE's - < than 20% of approved IAs are cancelled SME's - < than 50% of approved IAs	Completed/Achieved	There were 58 approved Installment Arrangements (IA's) during the 2013/2014 year. All of these were for SME's. 31% of SME Installment Arrangements defaulted. This is within the target of fewer than 50%. 7 cases have been finalised as debts have been fully settled.
Number of cases referred to Enforcement Team for recovery actions	N/A	New Measure	LE's - 20 cases SME's - 40 cases	Completed/Achieved	Total cases referred to Enforcement were 27 which is 45% of annual target. Of these 27 cases, 2 were for LEs and 25 were for SMEs. Throughout the year, a change in process occurred where the first level enforcement work was transferred back to the responsibility of the collections officers. This change in process resulted in fewer cases referred to enforcement as a greater number were finalised by collections officers.

Performance Measure/Indicator	Baseline Data	2012-2013	2013-2014	Traffic Light Progress Indicator	Output Manager's comments on progress towards achievement of the Target they have been funded to deliver, including what corrective actions are being taken
	Baseline (Base Year)	Estimated Actual	Budget Standard or Target		
Number of cases recommended for legal action	N/A	60	Outstanding returns: 100 cases Outstanding debt: 50 cases	Behind Schedule	For outstanding returns, only 22% of targets were referred to Legal team for court actions while no referrals done for outstanding debt. (Total cases referred to Legal is 33 (22% of target) to which all are for outstanding returns and none for outstanding debt)
Percentage of total returns outstanding	N/A	New Measure	LE's: 50% of outstanding returns are collected; SME's: 40% of outstanding returns are collected	Behind Schedule	31% of LE's outstanding returns have been collected; 7% have been collected from the SME's outstanding returns. Database is being continuously updated to deregister long inactive taxpayers who have ceased operations and have no arrears. This activity will see a reduction in total outstanding returns next year.
Percentage of non-renewed business license holders	N/A	New Measure	40% of non-renewed are collected	Behind Schedule	75% of the target for non-renewed business license holders have their business licenses renewed.

Output 5.0

AUDIT & INVESTIGATION

Output Manager:

Assistant Chief Executive Officer – Audit & Investigations

Scope of Appropriation:

To ensure that Government receives the correct revenue by conducting audits and investigations on all taxpayers/registered persons tax affairs to verify the accuracy of their returns lodged, and to identify those non lodgers/filers, non compliers with the Tax Laws to ensure that they do pay tax as well as to encourage voluntary compliance.

Output Performance Measures, Standards or Targets

Performance Measure/Indicator	Baseline Data	2012-2013	2013-2014	Traffic Light Progress Indicator	Output Manager's comments on progress towards achievement of the Target they have been funded to deliver, including what corrective actions are being taken
	Baseline (Base Year)	Estimated Actual	Budget Standard or Target		
Number of cases reviewed and selected for audit under Large Enterprises, Small & Medium Enterprises and Special Audits	N/A	New Measure	10% of cases are risk reviewed under case management; LE's - 13 audit cases SME's - 98 audit cases Special Audits – 6 audit cases VAGST - 80 credit check cases.	Completed/Achieved	Of the 10% target, have reviewed and completed 12 audits; 41 Credit checks audits (CCA) for Large Enterprises; reviewed and completed 32 audits; 102 CCA for Small-Medium-Enterprises; reviewed and completed 3 audit; 3 CCA for Special files . 153 Refund screening (VAGST Credit checks) done.
Number of business operating outside the tax system (hidden economy)	N/A	New Measure	20 cases to bring into the system.	Completed/Achieved	Business operating outside the tax system 3 LEs,16 SMEs & 1 Special Audit were detected in terms of non registered for VAGST, PAYE & no Business Licenses were identified
Number of cases issued with penal tax for tax avoidance /evasion	N/A	10	100% of audit cases charged with shortfall penalty	Completed/Achieved	All audit cases have been charged with Tax Shortfall penalty of 0% to 50% as per s.51 Tax Administration Act 2012.

Output 6.0**BORDER PROTECTION AND ENFORCEMENT****Output Manager:**

Assistant Chief Executive Officer – Border Protection and Enforcement

Scope of Appropriation :

Responsible for the provision of border protection services through the effective use of risk assessment, re-screening information for processing the movement of goods and people and detect the movement of illicit, restricted goods and undesirable travellers.

Output Performance Measures, Standards or Targets

Performance Measure/Indicator	Baseline Data	2012-2013	2013-2014	Traffic Light Progress Indicator	Output Manager's comments on progress towards achievement of the Target they have been funded to deliver, including what corrective actions are being taken
	Baseline (Base Year)	Estimated Actual	Budget Standard or Target		
Number of International passengers processes at ports of entry.	N/A	162,000	164,000	Completed/Achieved	Fagalii IN = 29,876; OUT = 30,944. Faleolo IN = 135,544; OUT = 132,896
Number of Incoming and outgoing aircrafts and vessels cleared.	N/A	10,320	10,300	Behind Schedule	Vessels: Incoming = 428; Outgoing = 416 Aircrafts: Incoming = 2,389 [Fagalii]; 1,640 [Faleolo]. Outgoing = 2,453 [Fagalii]; 1,542 [Faleolo]. A total of 8,869
Number of incidents of non compliance detected	N/A	8	10	Completed/Achieved	12 incidents of non-compliance detected.
Goods cleared/reconciled within 6 months of importation	N/A	New Measure	Minimum 90% of total imports	Completed/Achieved	Total number of bills for imported goods from July 2013 - June 2014 = 33,383. Number of bills cleared = 30,399.

Output 7.0

TRADE FACILITATION & COMPLIANCE

Output Manager:

Assistant Chief Executive Officer – Trade Facilitation

Scope of Appropriation:

Responsible for the facilitation of trade through the effective use of risk management.

Output Performance Measures, Standards or Targets

Performance Measure/Indicator	Baseline Data	2012-2013	2013-2014	Traffic Light Progress Indicator	Output Manager's comments on progress towards achievement of the Target they have been funded to deliver, including what corrective actions are being taken
	Baseline (Base Year)	Estimated Actual	Budget Standard or Target		
Number of declarations processed for trade facilitation	N/A	Import = 16,700 Export = 1,950	<ul style="list-style-type: none"> • 28,000 declarations • Import = 17,000 • Export = 1,950 • Personal Effect = 9,050 	Completed/Achieved	Declarations = 29,379 Import = 16,927 Export 2,268 increase of 4.9% Personal Effects = 10,184
Percentage of import declarations subjected to customs secondary check.	N/A	65%	35%	Completed/Achieved	100% secondary checks were conducted during the processes to all declaration to determine their correctness and to maximize voluntary compliance, and even if it is under the selectivity criteria channels. 2366 yellow declarations
Percentage of approvals under industrial Schemes & Trade Measures.	N/A	15%	15%	Completed/Achieved	Incentive Scheme \$1,993,034.43; Concession \$2,760,019.48; representing 2243 declarations 28.1% Annual record of 13.25%
Number of cases of non compliance after Customs Secondary Checks.	N/A	250	250	Completed/Achieved	3211 modifications of erroneous entries were detected and done, accounting for additional revenue of \$77,198.93 Discrepancies as identified comprised of misinterpretation, under valuation, omission of other costs that should be included as part of price paid or payable of the transaction value.
Percentage of cases been dealt with.	N/A	90%	90	Completed/Achieved	Remedial actions are taken instantly once discrepancies are identified/modified unless there is worse scenario where it is referred to legal division to pursue further

Output 8.0**INTELLIGENCE AND ENFORCEMENT****Output Manager:****Assistant Chief Executive Officer – Border and Intelligence Enforcement****Scope of Appropriation:**

Gathering of intelligence through risk management processing on the movement of people, goods & crafts at the border, and, the auditing of the International Trade documents for Compliance.

Output Performance Measures, Standards or Targets

Performance Measure/Indicator	Baseline Data	2012-2013	2013-2014	Traffic Light Progress Indicator	Output Manager's comments on progress towards achievement of the Target they have been funded to deliver, including what corrective actions are being taken
	Baseline (Base Year)	Estimated Actual	Budget Standard or Target		
Number of intelligence reports submitted to local and overseas Customs.	N/A	12	20	Completed/Achieved	27 Intelligence reports submitted to local and overseas Customs and law enforcement agencies.
Number of offences detected by K9 Unit	N/A	10	14	Behind schedule	10 incidents detected by the K9 Unit that resulted in suspects being detained in Police custody
Number of High risk profiled importers raised as a result of Post Compliance audits	N/A	New Target	10	Completed/Achieved	12 importers profiled as high risk to date

Output 9.0

REVENUE SERVICES

Output Manager:

Assistant Chief Executive Officer – Revenue Services

Scope of Appropriation:

Provision of quality revenue collection to be more effective and efficient, should be transparent and accountable in administration of services relating to Customs and Inland Revenue collection.

Output Performance Measures, Standards or Targets

Performance Measure/Indicator	Baseline Data	2012-2013	2013-2014	Traffic Light Progress Indicator	Output Manager's comments on progress towards achievement of the Target they have been funded to deliver, including what corrective actions are being taken
	Baseline (Base Year)	Estimated Actual	Budget Standard or Target		
Total Revenue due to the State is receipted at different locations of the Ministry & stations are accounted and lodged on time.	N/A	100%	100%	Completed/Achieved	99% achieved due to a few sub-receipts that were held at the vault to await assessment of matching entries to enable the cashier to post receipts through the Customs ASYCUDA system
Percentage of deferred arrears	N/A	Total collected by December 12 was \$179,761.29. This is made up of: - <ul style="list-style-type: none"> • 3 months = 80%; • 4 - 12 months = 50%; • 1 - 4 years = 30% and • 5 - 7 years = 5% 	4 to 12 months = 100% 1 to 4 years = 30% 5 - 7 years = 10%	Behind Schedule	4 to 12 months = 91% 1 to 4 years = 10% 5 to 7 years = 2%
The number of deposits and refunds for the Collector of Customs Accounts	N/A	6	15	Critical Shortfall/Delay	4 deposits; 1 was not related to Temporary Imports but for a payment transferred from overseas for unpaid duties. (Note: This measure will be revisited).

Output 10.0

EXCISE, WAREHOUSE & LIQUOR ADMINISTRATION

Output Manager:

Assistant Chief Executive Officer – Excise, Warehouse & Liquor Administration

Scope of Appropriation:

Effective and efficient administration of the import excise and domestic excise Taxes, control of warehouses, and Liquor Administration.

Output Performance Measures, Standards or Targets

Performance Measure/Indicator	Baseline Data	2012-2013	2013-2014	Traffic Light Progress Indicator	Output Manager's comments on progress towards achievement of the Target they have been funded to deliver, including what corrective actions are being taken
	Baseline (Base Year)	Estimated Actual	Budget Standard or Target		
Volume of Excise products for assessment of excise tax	N/A	<ul style="list-style-type: none"> • 123,000THS • 3,240 kgs • 10,500,000 litres 	<ul style="list-style-type: none"> • 160,000THS • 9,500kgs • 10,308,791 litres 	Behind Schedule	<ul style="list-style-type: none"> • 157,230 THS [thousand sticks] of cigarette processed for levying of the domestic excise tax. • 4,646 THS processed for export. • 4,494 KGS [kilograms] tobacco processed for levying of the domestic excise tax • 3,519 kgs for export. • 5,628,031.04 litres of beer, • 3,895,103.30 litres of non alcohol beverages and 56,521.74 litres of spirit processed for levying of the domestic excise tax. • 552 litres of spirit and • 957,248 litres of beer processed for export. <p><u>IMPORT EXCISABLE PRODUCT</u></p> <ul style="list-style-type: none"> • 278 THS imported into the country • 372,334.36 litres of non alcohol beverage • 33,413.26 litres of beer also received into the country. • 97,771 litres of imported beer and spirit been re-exported. <p><i>Volumes of THS and KGS are low due to high</i></p>

Performance Measure/Indicator	Baseline Data	2012-2013	2013-2014	Traffic Light Progress Indicator	Output Manager's comments on progress towards achievement of the Target they have been funded to deliver, including what corrective actions are being taken
	Baseline (Base Year)	Estimated Actual	Budget Standard or Target		
					<i>competition from the local tobacco. Contributed also is the enforcement of the law for selling cigarettes by packets only. The low amount of litres of alcohol is due to the increase of alcohol strengths [from 4.6% to 5, 6 and 7%] but the excise is the same. The increase in alcohol strengths resulted in lower volume of alcohol consumed by the public, thus less excise.</i>
Number of License Customs Warehouses & domestic excise manufacturing warehouses subject to Customs operations & controls	N/A	15 warehouse • 7 license customs warehouse • 8 manufacturing excise warehouse	16	Completed/Achieved	License Customs W/House = 8 active Domestic Excise Manufacturing W/House = 8 active, subject to customs control, monitoring and secondary checks.
Total volume of petroleum products received [litres] subject to normal Customs processes	N/A	95,000,000	95,000,000	Completed/Achieved	95,376,851 litres received and calibrated for payment of excise.
Number of warehouse operators, domestic excise manufacturers, bonded area, liquor licenses subject to payment of license.	N/A	602	635	Completed/Achieved	<ul style="list-style-type: none"> • License Customs W/House = 8 • Domestic Excise Manufacturing = 8 • Bonded Area = 16 • Liquor Licenses = 626 • Total Warehouse Operators = 642

Output 11.0**LEGAL & TECHNICAL SERVICES****Output Manager:**

Assistant Chief Executive Officer – Legal and Enforcement

Scope of Appropriation:

This appropriation is to provide advice, guidance and assurance of impartiality and consistency in the Ministry's application of Tax and Customs laws.

Output Performance Measures, Standards or Targets

Performance Measure/Indicator	Baseline Data	2012-2013	2013-2014	Traffic Light Progress Indicator	Output Manager's comments on progress towards achievement of the Target they have been funded to deliver, including what corrective actions are being taken
	Baseline (Base Year)	Estimated Actual	Budget Standard or Target		
Percentage of legal advice provided that meets the level of timeliness and quality that is required by the CEO, management and stakeholders of the ministry.	N/A	100%	100%	Completed/Achieved	100 percent of requests for advice are responded to and the quality and accuracy of advice meets the target standard. Whilst a few requests are not met within the requested timeframes, quality advice is provided in 100 percent of cases. In order to address timeliness issues, one new Legal Officer has been recruited (as of 19 May 2014), who will assist greatly with resourcing, which has been the major obstacle to providing timely advice in 100 percent of cases.
Percentage of referrals prosecuted (number of referrals and number prosecuted)	N/A	60%	85%	Completed/Achieved	This target has been met. 100 percent of matters referred to Legal have been actioned in one of the following ways: (i) prosecution; (ii) referral to Police for criminal investigation and charges; (iii) referral for disciplinary action; or (iv) settlement out of Court.
Conclusion of Double Taxation Agreement with New Zealand	N/A	New Measure	30-Dec-13	Completed/Achieved	The negotiations of the DTA with New Zealand have been concluded successfully. The Agreement text has been agreed upon and Cabinet has endorsed the final draft of the text. However, we are currently awaiting some additional text from New Zealand to insert into the Agreement before it is finalised and executed between our two Governments. The new text will reflect recent developments in the OECD Global

Performance Measure/Indicator	Baseline Data	2012-2013	2013-2014	Traffic Light Progress Indicator	Output Manager's comments on progress towards achievement of the Target they have been funded to deliver, including what corrective actions are being taken
	Baseline (Base Year)	Estimated Actual	Budget Standard or Target		
					Forum, in respect of "Tax base-erosion" and "Profit-shifting". Because Samoa and NZ are both members of the Global Forum, both have agreed to include the additional text as international best-practice. Essentially, the text of the Agreement has been agreed and finalised. No further negotiations are required.

Output 12.0

POLICY FORECAST AND BUSINESS IMPROVEMENT

Output Manager:

Assistant Chief Executive Officer – Policy Forecast and Business Improvement

Scope of Appropriation:

This appropriation is to provide policy advice, forecasting of tax revenues and business improvement projects for the Ministry.

Output Performance Measures, Standards or Targets

Performance Measure/Indicator	Baseline Data	2012-2013	2013-2014	Traffic Light Progress Indicator	Output Manager's comments on progress towards achievement of the Target they have been funded to deliver, including what corrective actions are being taken
	Baseline (Base Year)	Estimated Actual	Budget Standard or Target		
Percentage of policy advice is assessed as adequate - complete, convincing, consulted, clear and concise.	N/A	New Measure	100%	Completed/ Achieved	Policy advices produced are of high quality. Quality assurance measures are in place to ensure that the advice is accurate, well researched, consulted and consistent with the Ministry laws. In areas where technical expertise is required, consultants are recruited to provide the policy advice.

Performance Measure/Indicator	Baseline Data	2012-2013	2013-2014	Traffic Light Progress Indicator	Output Manager's comments on progress towards achievement of the Target they have been funded to deliver, including what corrective actions are being taken
	Baseline (Base Year)	Estimated Actual	Budget Standard or Target		
Forecasting of tax revenues and reports of future tax and non-tax are accurate, reliable, and meets the level of timeliness that is required by the Ministry and other stakeholders.	N/A	New Measure	100%	Completed/Achieved	Forecasting and costing of future tax is on target. This is a new Division and processes are being developed to identify and analyse data and to report to the appropriate Division for action. Forecasting of tax revenues for the 2013/14 FY was done based on previous collection, as well as indicators such as projects currently undertaken in the country. The Ministry now reports to Cabinet on a quarterly basis and also provide data and reports to other stakeholders on a regular basis as well as on request. A consultant is currently working with us to further improve data analysis and reporting.
A business improvement Work Plan is completed, and projects identified and assigned under the Plan are completed on time.	N/A	New Measure	30-Jun-14	Behind Schedule	This output is behind schedule as the Plan and the development of the methodology, due to funding, has been pushed under Phase 2 of the ISP - Business Transformation and we are looking at completing this in November in the FY 2014/15.

B. PERFORMANCE UNDER INSTITUTIONAL STRENGTHENING PROJECTS

1. *THE IRS INSTITUTIONAL STRENGTHENING PROJECT – BUSINESS TRANSFORMATION*

The following achievements have been delivered through the second phase of the Institutional Strengthening Programme - Business Transformation

i. **Institutional Foundations**

- Reviewed Samoa's tax structure for small and micro businesses. Developed new policy for legislative reform and conducted public consultation on the options to simplify tax for small/micro businesses.
- Assessed the VAGST legislation to ensure consistency with other revenue administrations, respond to the changing global business operations (e.g. internet and mobile telecommunications) and to remove potential barriers to establishing businesses within Samoa. Conducted public consultation on possible changes to the VAGST legislation.
- Implemented the Compliance Improvement Plan which as a result has started to influence the social norms with regards to compliance. Improved the detection of non-compliance and increased taxpayer awareness of consequences for non-compliance through prosecution activity and application of shortfall penalties.
- Developed new guides to assist businesses with start up and good record keeping.

ii. **Automation to improve efficiency and effectiveness**

- Designed electronic services that allow taxpayers to self serve, through improving access to educational information and processing of returns and payments including:
 - Online services and information delivered through internet and/or smart phones,
 - Electronic filing delivered via internet,
 - Electronic payment options,
- Designed new automated processes for HR procedures through extending workflow technology e.g. leave applications, vehicle bookings and internal requisitions.
- Updated all taxpayer information and brochures to the Ministry for Revenue internet site.

iii. **Staff development and capacity building**

- Delivered tax technical training and professional development programmes identified in the training needs analysis from Phase One, including specialised customer service training "Focusing on Service Delivery".
- Trained investigation staff in the application of audit methodology and risk analysis.
- Delivered training on cash suppression and methods of income determination.

- Trained Collections and Enforcement staff on the processes involved in debt collection and the application of the range of enforcement powers under the legislation.
- Trained the Policy Forecasting and Business Improvement team on the methods to forecast revenue and monitor business performance through data.
- Refined the processes for ensuring high quality technical decision's through quality reviews and technical and Legal support in audit, enforcement and disputed cases.
- Introduced a complete project management framework including guides and templates.
- Completed third annual staff engagement survey.

2. THE CUSTOMS INSTITUTIONAL STRENGTHENING PROJECT: CUSTOMS MODERNISATION

The overall objective of the Customs Modernization Project (CMP) is to make the Revenue Administration, in particularly the Customs Services more efficient and effective. It aims to strengthen the quality of Revenue Administration, which is critical to improve the revenue flows for the provision of Government services, whilst strengthening the economy through better services to the trading community, improved border management procedures and strengthen the capacity to monitor and provide timely statistics on international trade.

It is the aim that the completion of the project will greatly assist the Ministry for Revenue (MfR) to increase efficiency in the Customs clearance process, improve revenue control, minimise revenue leakage and identify potential improvements to systems, workflow processes and practices through the implementation of the latest ASYCUDA World (AW) computerized system.

In order to achieve the objective for the project, six main components were identified and became the main deliverables of the Project:

- Review of the existing Customs automated processes;
- Review of the Legislative Framework;
- Review of the Human Resource Structure;
- Deployment of the infrastructure for the AW knowledge transfer to the National Project Team;
- Provide the AW expertise to the National Project Team;
- Deployment of the ASYCUDA World

Highlights of the Customs Modernisation Project Financial Year 2013.2014

Some of the highlights of the Customs Modernisation Project for the financial year 2013/2014 include:

- i. The review of all the existing Customs business processes and procedures, which was completed in January 2014. This also led to the development of Standard Operating Procedures (SOP's) which serve as a guideline for all the business processes in each division.

- ii. Continuous expertise was deployed from UNCTAD through ongoing missions by various Customs experts who assisted the project team in different stages of the project. A systems expert was seconded to assist the project team in preparation for the launch of the Asycuda World Software as well as review the existing IT infrastructure of other agencies to enable system integration as per Component 6 of the project.
- iii. In December 2013, the project mobilisation seminars were held at the Tanoa Convention Centre, giving the Ministry an opportunity to give an update to all its stakeholders on the project.
- iv. Work on scoping the gaps in Customs legislations with international conventions (such as the RKC) started. Assistance was provided by NZ Customs Service through financing a legal drafter to assist with drafting the complete rewrite of the Customs Act 1977. In March 2014 public consultations for all stakeholders were conducted for the rewrite of the Customs Act.
- v. In January 2014, four additional members from the three operational divisions joined the National project team to assist with the workload of the project and ensure that the target date of the system launch was met.
- vi. In March 2014, work commenced on the HR component with assistance of an HR expert from NZ Customs.
- vii. From April – May 2014, training commenced for the Asycuda World Software for all existing users of the Asycuda ++ system. These training sessions were conducted for all main and sub agents, brokers; Customs staff and all users were covered prior to the launch of the Asycuda World System.
- viii. On May 29th 2014, the new Asycuda World system was successfully launched by the Minister for Revenue and this was attended by various members of Parliament, heads of government Ministries / Corporations and stakeholders of the Ministry.
- ix. In May 2014, all the Standard Operating procedures were tabled and approved by the Project Advisory Group.
- x. A number of functional and technical trainings were also conducted for members of the National Project Team. In September 2013, four NPT members and the ACEO Information Technology attended the Asycuda World Functional Training that was held in Suva, Fiji. In March 2014, three IT staff including the IT specialist member of the project team attended the Technical Training in Fiji.
- xi. Customs electronic operations have expanded to include online assessment and payment of declarations from currently four (4) sites – Customs office at Faleolo Airport, Fagalii Airport, Matautu Wharf and Post Office in Apia.

C. HUMAN RESOURCE DEVELOPMENT

The following tables provide a summary of training conducted/attended by the Ministry's employees during this financial year.

Local Training

	Areas of Training	# of Training Session Provided
1	New Legislations, Policies and Standards	6
2	Tax Administration (including Audit and Investigation)	8
4	Human Resource matters	12
5	Tariff Classification and Interpretation	2
6	Computer Training – ASYCUDA WORLD [including session conducted for brokers and Freight Stations]	15
7	Trade Facilitation	2
8	Auditing: Internal Controls and Audit Evidence	7
9	Risk Management	9
10	Security of Information	6
11	Leadership Skills and Knowledge	3
12	Customer Service	2
13	Records Management	2
14	Portable Storage Device Standard	6
15	Classification and Handling of Information	6
TOTAL		86

Overseas Training

	Areas of Training	# of Training Provided
1	Administration [Management, Monitoring and Leadership]	3
2	Tax Administration	4
3	Customs [Border Protection and Enforcement & Trade Facilitation]	16
4	ASMP internship programme [ASYCUDA Support Mechanism]	1
TOTAL		24

D. NEW PLANS, POLICIES & FRAMEWORKS DEVELOPED

The following Plans, Policies, Frameworks, Standards and Statement of Operations were developed by the Ministry during the Financial Year 2013/2014 to guide and assist with the performance of its duties.

1. Succession Planning Framework 2013

Succession Planning focuses on solving specific staff development problems associated with expected and sometimes unexpected workforce changes. It aims to prepare individuals for advancement opportunities in all job categories, job levels, functions, and locations.

2. Implementation Plan for the Occupational Health and Safety Policy 2013

The Implementation Plan for the Occupational Health and Safety Policy include staff training, communication and monitoring activities that will improve the health and wellbeing of staff. A healthier workforce will mean less absenteeism and higher productivity.

3. Default Assessment COL002

The Operational Statement (OS) is an enforcement tool and sets out the process to be followed in terms of a non-filer with an estimated tax to pay. The purpose of the OS is to improve compliance and to protect the revenue that would be owed had the return been filed.

4. Voluntary Disclosure – GEN003

The Operational Statement (OS) serves as a guide for making voluntary disclosure, the timing of notification and criteria of a full accurate disclosure. It aims to advise taxpayers of the incentive of tax penalties if they are honest and upfront with their tax matters.

5. Application of Tax Shortfall Penalty – INV003

The Operational Statement clarifies what tax shortfall is and the way the CIR will administer the new laws contained in Part 12 of the TAA, in particular Section 52 regarding Shortfall Penalty.

6. Percentage for Private Use – INV004

This Operational Statement ensures everyone understands what can be claimed and what cannot and the percentage applied to particular expenses and reasons behind it. The OP assists in the preparation of tax returns and financial statements for tax purposes in that it determines the amount that any taxpayer can claim for business expense and which portion is for private use. It helps with preparing of tax returns and financial statements for tax purpose.

7. Vehicle Usage and Safety Policy 2014

Vehicle Usage and Safety Policy ensures the efficient and effective utilisation of all vehicles, timely and proper assignment of vehicles and monitoring of vehicle usage.

8. Managing and Monitoring Attendance at Work Policy Framework 2013

The Managing and Monitoring Attendance at Work Policy Framework assists Managers in monitoring attendance and ensuring attendance issues are dealt with consistently within each Division. The Framework ensures high productivity through regular attendance.

9. Policy Review Cycle Standard 2014

The Policy Review Cycle Standard ensures policies used by the Ministry for its daily operations are kept up to date and relevant.

10. HR Generic Knowledge and Skills Awareness Framework 2013

This Framework sets out the Ministry's role under HRD, which includes ensuring all its employees are aware and fully understand the general requirements and guidelines that govern the performance of their duties while they serve as Public Servants. The generic guidelines include, but are not limited to Values, Principles, Code of Conduct, Working Conditions and Entitlements.

11. Positive Management of Under Performance Framework 2014

This Framework defines poor performance and provides a guide of how one needs to deal with poor performance. It ensure that any officer who performs poorly (low productivity, disengaged, poor leadership, inappropriate communication e.g. too much, too little, to the wrong person) understands their performance is unacceptable but they will be supported with a defined process to improve their performance. If their performance does not improve under this framework, it will then escalate to the next Manager and may become a disciplinary issue.

12. Framework for Quizzes 2014

This framework broadens the existing scope of the Ministry's capacity building efforts, to include technology as a means of accessing additional activities through the use of computer software. The Framework assists the Ministry in reinforcing learning and at the same time, provides the means to assess the employees' level of knowledge and understanding, and measure the effectiveness of training and communication provided for staff.

13. Information Classification and Handling Standard 2014

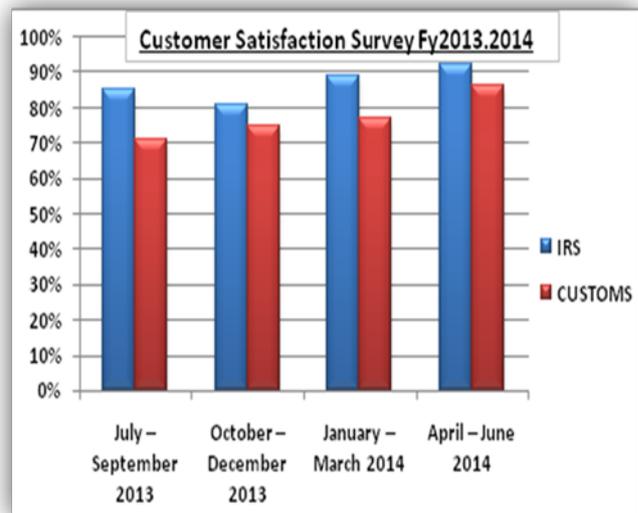
This Standard sets out four different grades that all information should be classified under. These are Public, Controlled, Protected and Highly Protected. The Classification of information considers how information is disclosed or made available, what the consequences might be if the information is disclosed, lost, or for some reason becomes unavailable. Categorizing information this way assists the Ministry staff to select and apply appropriate controls to protect the confidentiality, integrity and availability of such information. It also assists the ministry staff in fulfilling its secrecy obligations under Section 9 of the Tax Administration Act 2012.

E. SURVEY CONDUCTED

1. CUSTOMER SATISFACTION SURVEY – CONDUCTED EVERY QUARTER

The Customer Satisfaction Survey is conducted every quarter. The survey enables us to determine the level of satisfaction of our clientele with regards our general services at the counter, by correspondences and during field work. We place great value on the result of these surveys and use these to immediately address and improve our services to all our customers.

The Customers’ acceptable Level of Satisfaction is bench-marked at 85%. The results throughout the year have been promising and the ministry continues to work towards further improvements.



2. STAFF ENGAGEMENT SURVEY – CONDUCTED IN AUGUST 2013

The 2013 ‘Staff Survey’ was the third *engagement* survey completed at the Ministry. The survey gives the staff an opportunity to express what they think about working in the Ministry.

Staff Engagement is defined by the Ministry as the degree to which a person is committed to the organisation they work for. It is a measure of their ‘*discretionary effort*’ and ‘*intention to stay*’ at the organisation – i.e. the degree to which they are willing to contribute above and beyond just ‘doing their job’. The survey focuses on the following aspects of engagement.

- | | |
|--|---|
| <ol style="list-style-type: none"> 1. Staff understanding of their job and what is expected of them. 2. Recognition 3. Co-workers 4. Communication | <ol style="list-style-type: none"> 5. The Ministry’s mission, vision and direction 6. Leadership 7. Development and careers 8. General satisfaction and intentions. |
|--|---|

At the end of the survey, the following actions were confirmed to be the best strategies to address the concerns raised by the staff. The majority of these actions have been completed and are now used by the Ministry in the performance of its duties.

Figure 1.1

Key Areas	Actions
Tools, Resources and Wellbeing	i. Develop a Review Cycle for all Policies : Completed
	ii. Divisional Asset Plan and Register : Completed
	iii. Develop a Vehicle Usage Policy : Completed

Key Areas	Actions
	iv. Develop Research Library on CRIS : Near completion v. Implementation Plan for the Occupational Health and Safety Policy : Completed vi. Develop an HR Awareness Framework : Completed
Managing Performance	vii. Attendance Monitoring Framework : Completed viii. Managing Poor Performance Framework : Completed
Open and Honest Communication	ix. Develop an Internal Communication Framework : Completed x. Showcasing the different functions of the Ministry : Near Completion xi. Develop an Awareness Programme for Vision, Mission, and Values etc of the Ministry: Completed. Combined with HR Awareness Framework
Opportunities for Development	xii. Gather Training for e-Learning on CRIS : Near Completion xiii. Formalise the Quiz Process : Completed

3. TIME RELEASE STUDY – CONDUCTED IN MAY 2014

The Time Release Study is a tool and method to measure the actual performance of Customs activities that are related to trade facilitation and border control. It also measures the effectiveness of operational procedures in the standard processing of imports, exports and transit movements of trade. The World Customs Organization highly recommends the use of this for modernization projects which also aim at building Customs to Customs cooperation, better coordinated border management and build partnerships with the business community.

A two (2) day trial of the Time Release Study was conducted with assistance from the Coordinator of the ASYUDA Support Mechanism for the Pacific office in Fiji, together with senior members of the IT Division in early May 2014.

This first official Time Release Study was conducted in February 2014 by three members of the IT Division for two weeks with a much higher sample group. The comparative analysis of the results are shown in Figure 1.2 below with results of the survey to be published in September 2014.

Figure 1.2

Month	Total No. of Entries (Sample)	Registration to Lodgement	Lodgement to 1 st Asmt	Lodgement to final Assessment	Assessment to Payment	Payment to singed CRA	Authorised CRA	Total Average Time	
Trial Feb 14	18	Not Included	6hrs	11hrs	included/A	4mins	38mins	11	Hrs Mins
May 14	63	4	17 hrs	9hrs	N/A	1min	5mins	30.15	Hrs Mins

F. STATEMENT OF REVENUE COLLECTION FOR THE FINANCIAL YEAR ENDING 30 JUNE 2014

1. REVENUES TO THE STATE

Description	Year to Date		Annual Budget		Explanations
	Actual + Commitment	%	Full Year Budget	Excess/ (Shortfall)	
Import Duty	53,257,588	105%	50,947,424	2,310,164	1. Collection exceeded target, and \$6m more than previous FY. 2. This is due to an increase in volume and value of imports and one of the factors for the increase is the SIDS.
Excise - Imports	44,695,062	87%	51,148,863	(6,453,801)	1. Higher consumption of local products coupled with their aggressive advertising campaigns and the use of deferral on payment of vehicles. 2. Petroleum tanker expected to arrive late in June, arrived in July.
Excise - Domestic	50,037,977	99%	50,534,996	(497,019)	1. There is an increase in budget collection of about \$10m, and a shift from 76% to 99% collection compared to last FY. 2. This is due to an increase in consumption of locally made products as well as the number of events and celebrations held in the FY.
PAYE - Income Tax	57,843,419	94%	61,429,168	(3,585,749)	Minor shortfall due to late remittance of PAYE tax by some employers which are now followed up by the Collection & Enforcement division.
Sole Trader - Income Tax	518,303	46%	1,137,798	(619,495)	Most have made prepaid terminal (current) tax as 2013 provisional tax. Also installment arrangements have been made with some taxpayers who could not pay arrears in full.
Sole Trader Provisional Tax	703,348	88%	800,030	(96,683)	Target is not met due to slow collection of arrears.
Company - Income Tax	13,983,514	94%	14,912,304	(928,790)	Although there is a shortfall, there is an increase of \$3m if compared to last FY. Most have made prepaid terminal (current) tax as 2013 provisional tax. Also installment arrangements have been made with some taxpayers who could not pay arrears in full. Another reason is due to some large companies paying less or nil income tax than expected as they have investment tax credits (due to investments paid into Approved Tourism projects) now applied to offset respective income tax liabilities.
Company Provisional Tax	17,400,295	66%	26,455,170	(9,054,875)	Some large companies which have paid investments into approved tourism projects have reduced or nil amount of provisional tax payable on the basis that their terminal tax will be reduced/nil as they will use their hotel investment tax credits to offset part or all of their tax liabilities. Another reason for the shortfall is due to a very high estimate/target, which is \$12m more than the previous year.
Withholding tax	14,648,814	143%	10,242,653	4,406,161	Collection exceeded target. Some withholding tax arrears of previous FY have now been collected in this FY

Description	Year to Date		Annual Budget		Explanations
	Actual + Commitment	%	Full Year Budget	Excess/ (Shortfall)	
VAGST Government Ministries	889,451	6%	15,622,196	(14,732,745)	There was only a minimum amount received from MoF for this output. The overestimation of target is an issue that have been discussed with MOF and now taken into account in the 2014/15 FY, in which target is now reduced to around \$1.7m to reflect the current collection
VAGST Private Sector	38,260,288	73%	52,668,820	(14,408,532)	The shortfall is due to: <ol style="list-style-type: none"> 1. Low collection of arrears and installment arrangements for some registered taxpayers with outstanding arrears. 2. Businesses increase imports for construction/renovation for hotels as well as foodstuff in preparation for SIDS, so sales will not be realised in the 2013/14 FY but in the 2014/15.
VAGST Imports	131,670,036	99%	132,920,199	(1,250,163)	A minor shortfall if compared to target but collection has increased by around \$4m, and this is consistent with the increase in import duty.
Business Licences	1,381,081	99%	1,399,870	(18,789)	A minor shortfall but otherwise consistent with previous FY.
TOTAL	425,289,175	90%	470,219,491	(44,930,316)	

2. COST RECOVERIES

Description	Year to Date		Annual Budget		Explanations
	Actual + Commitment	%	Full Year Budget	Excess/ (Shortfall)	
Border Protection & Enforcement and Intelligence and Enforcement	466,806	67%	699,132	(232,326)	Over-estimate based on previous collection. This situation is rectified and is reflected in the new targets for 2014/2015 FY.
Trade Facilitation & Compliance	272,868	87%	312,249	(39,381)	Shortfall is due to the overstated budget.
Excise Warehouse & Liquor Administration	337,825	105%	320,752	17,073	High number of warehouse & shops estimated that would apply for license compared to what was actually received.
TOTAL	1,077,499	81%	1,332,133.00	(254,634)	
OVERALL TOTAL	426,366,674.00	90%	471,551,624.00	(45,184,950)	

GENERAL COMMENTS:

Final collection of Revenue to the State for the FY2013.2014 was a shortfall of 10% or \$45.1million. The delay in transferring funds under the Government Ministries VAGST by the Ministry of Finance, the reduction in company provisional and terminal income tax and VAGST Private as well as the slow collection of arrears in some arrears contributed to the shortfall recorded for this financial year.

G. EXPENDITURE REPORT FOR THE FINANCIAL YEAR ENDING JUNE 2014

Description	Year to Date		Annual Budget		Comments
	Actual	% Budget Spend	Full Year Budget	Budget Remaining	

1. OUTPUTS PROVIDED BY MINISTRY

3410 - Policy Advice to the Minister for Revenue

Personnel	440,228	90%	486,945	46,717	Savings from PCA positions on board late FY13/14
Operating	352,397	100%	353,582	185	
Capital	68,922	99%	69,500	578	
TOTAL	861,546	95%	910,027	48,481	

3420 - Ministerial Support

Personnel	274,727	96%	285,224	10,970	Unutilised virements processed based on MOF-Budget division advise
Operating	251,183	99%	253,222	2,039	
Capital	-	0%	-	-	
TOTAL	525,911	98%	538,446	12,535	

3430 - Taxpayer Services

Personnel	623,632	100%	623,993	361	
Operating	235,984	98%	239,595	3,611	
Capital	90,029	99%	90,791	762	
TOTAL	949,644	100%	954,379	4,735	

3440 - Debt Collection and Recoveries

Personnel	503,192	99%	508,268	5,076	Savings identified from vacant positions
Operating	157,501	98%	159,683	2,182	
Capital	11,940	100%	11,984	44	
TOTAL	672,633	100%	679,935	7,302	

3450 - Audit and Investigation

Personnel	633,146	99%	640,322	7,176	Savings identified from vacant positions
Operating	156,334	99%	158,027	1,693	F
Capital	72,270	99%	72,927	657	
TOTAL	861,750	99%	871,276	9,526	

Description	Year to Date		Annual Budget		Comments
	Actual	% Budget Spend	Full Year Budget	Budget Remaining	

3460 - Border Management & Enforcement

Personnel	597,706	110%	544,291	-53,415	Overtime overspent due to full recruitment of staff
Operating	181,814	100%	182,117	303	
Capital	39,285	96%	40,922	1,637	
TOTAL	818,805	107%	767,330	-51,475	

3470 - Trade Facilitation & Compliance

Personnel	270,134	99%	273,200	3,066	Savings identified from vacant positions
Operating	116,886	100%	117,107	221	
Capital	10,130	100%	10,130	0	
TOTAL	397,150	99%	400,438	3,288	

3480 - Intelligence and Enforcement

Personnel	154,604	115%	134,626	-19,978	Overtime overspent due to numerous Police raids where Customs officer assigned to K9 Unit assisted
Operating	79,845	100%	79,929	84	
Capital	23,237	98%	23,650	413	
TOTAL	257,686	108%	238,205	-19,481	

3490 - Revenue Services

Personnel	297,178	100%	296,844	334	
Operating	122,097	99%	123,771	1,674	
Capital	34,336	98%	34,872	536	
TOTAL	453,611	100%	455,486	1,875	

3500 - Excise Warehouse & Liquor Administration

Personnel	437,320	100%	438,354	1034	
Operating	107,030	100%	107,391	361	
Capital	-	0%	-	-	
TOTAL	544,349	100%	545,744	1,395	

Description	Year to Date		Annual Budget		Comments
	Actual	% Budget Spend	Full Year Budget	Budget Remaining	

3510 - Legal and Technical

Personnel	159,514	92%	173,132	13,618	Savings identified from vacant positions
Operating	117,888	100%	118,116	228	
Capital	0	0%	-	-	
TOTAL	277,403	95%	291,248	13,845	

3530 - Policy, Forecasting & Business Improvement

Personnel	193,857	100%	193,712	145	
Operating	70,303	98%	71,520	1,217	
Capital	-	0%	-	-	
TOTAL	264,160	100%	265,232	1,072	

3591 - Central Services Unit 1 [Information Technology Division and Corporate Services]

Personnel	951,166	98%	973,035	21,869	Savings identified from vacant positions
Operating	74,575	96%	77,470	2,895	
Capital	17,783	94%	19,000	1,217	
TOTAL	1,043,523	98%	1,069,505	25,982	

Total Outputs Provided by Ministry	\$7,928,172	100%	\$7,987,252	\$59,080	
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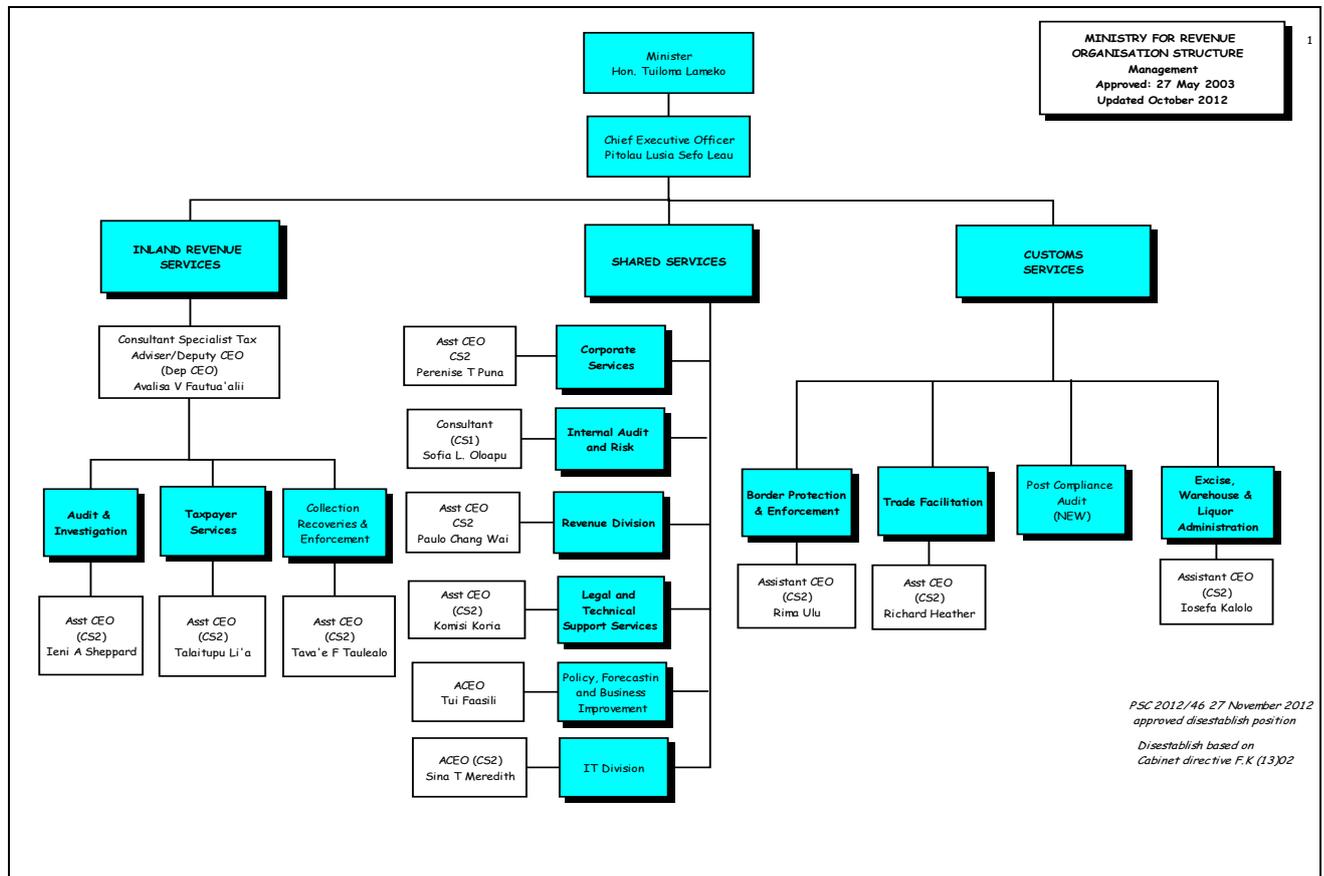
2. TRANSACTIONS ON BEHALF OF STATE

Description	Year to Date		Annual Budget		Comments
	Actual	% Budget Spend	Full Year Budget	Budget Remaining	
Commonwealth Association of Tax Administration	14,637	98%	15,000	363	
World Customs Organisation	90,042	86%	104,679	14,637	Savings from foreign currency fluctuation
Oceania Customs Organisation	32,000	100%	32,000	0	
ASYCUDA Support Mechanism	241,600	97%	250,000	8400	Savings from foreign currency fluctuation
Government Building	50,560	100%	50,560	0	
Rents & Leases : DBS	373,070	63%	590,625	217,555	Savings identified from decrease in rent paid plus over projection of budget amount
Rents & Leases : Airports	13,652	34%	40,000	26,348	Decrease in lease agreement resulted in this under-spent.
Rents & Leases: Polynesian Cargo	-	-	10,000	10,000	No invoices or statement of claim received from Polynesian Cargo
Rents & Leases : Savaii	11,597	97%	12,000	403	
Institutional Strengthening Project [ASYCUDA]	45,418	95%	48,000	2,582	
International Customs Day	9,569	96%	10,000	431	
VAGST Output Tax	342,651	85%	403,038	60,387	This allocation is automatically calculated by the Finance One, base on the ministries budget. The utilisation is based on the ministry's spending during the year and is automatically deducted on Finance One.
Collection Enforcement Assistance	124,848	100%	125,000	152	
DATA TORQUE - Revenue Mgmt System	151,129	98%	154,400	3,271	Savings from fluctuation of exchange rate
ISP Customs Modernisation	355,865	100%	356,557	692	
ISP Phase 11 Inland Revenue - Design Brief	1,798,065	100%	1,800,000	1,935	Foreign exchange fluctuations
TOTAL	3,654,702	91%	4,001,859	347,157	
OVERALL TOTAL	11,582,874	97%	11,989,111	406,237	

[source: Finance One Accounting System, report run August 2014]

PART III. OTHER INFORMATION

A. ORGANISATIONAL STRUCTURE AND GOVERNANCE



Note.

- The Senior Management Team consists of :-
 - Chief Executive Officer;
 - 1 Deputy Chief Executive Officer, Inland Revenue; and
 - 12 Assistant Chief Executive Officers
- Ms Rima Ulu was reappointed as ACEO Border Protection and Enforcement on 4th April 2014
- Mr Paul Chang Wai commenced work as ACEO Revenue in January 2014, replacing Miss Palepa Swanney who resigned from the service in August 2013.

B. PERSONNEL

The Ministry's workforce as of 30th June 2014 consisted of 178 employees. This number varied during the financial year due to the continuous movement of staff.

Outputs	Divisions	# of Staff
1	Policy Advice to the Minister	3
	Internal Audit and Risk	2
	Post Clearance Audit	3
2	Ministerial Support	4
3	Taxpayer Services	28
4	Debt & Collection	17
5	Audit & Investigations	16
6	Border Management & Enforcement	28
7	Trade & Compliance	8
8	Enforcement & Intelligence	1
9	Revenue Services	10
10	Excise & Warehouse	10
11	Legal & Technical Services	6
13	Policy Forecasting & Business Improvement	3
CSU 1	Information & Technology	9
CSU 1	Corporate Services (including Casuals)	30
TOTAL		178

Output	Board / Committee	# of Staff
1	Liquor Board	12
2	Advisory Committee	28

Staff Mobility

	No. of staff
Resignation	18
Termination	3
Retirement	1
End of Contract	1
Contract renewed	1
New Contract Award	1
New Recruits	41
Promotions	31

C. OUR CORPORATE COMMITMENT

The Ministry for Revenue's corporate commitment is clearly set out in two Strategic Documents. These are:-

1. Corporate Plan 2012 – 2016
2. Our Future 2012 – 2015

❖ **OUR VISION**

Working together for a secure and prosperous Samoa

❖ **OUR MISSION**

To collect Government revenue, protect our borders and facilitate legitimate trade and travel;

❖ **OUR VALUES**

The key values of the Ministry are:

1. Integrity
 - *Honest*
 - *Impartial*
 - *Transparency*
 - *Accountable*
2. Service Commitment
3. Respect
4. Working Together
5. Efficiency and Effectiveness

❖ **STRATEGIC DIRECTION**

1. Provide an excellent service to customers that meet their needs and encourages them to comply
2. Understand our customers to promote compliance
3. Improve our tools, processes, legislation, systems, and equipment
4. Invest in our people

❖ **OUR SERVICE CHARTER**

A critical factor for achieving the Ministry for Revenue's strategic direction, is the ability to demonstrate the type of relationship, the values, and behaviour expected of both staff and customers as set out in its **Customer Service Charter**:

How We Will Work With You

- We will be easy to deal with following through on what we say we will do in a prompt, professional manner
- We will be responsive to individual, cultural and special needs
- The staff you are dealing with will give you his/her name
- We value your feedback and use it to improve our services.

Reliable Advice and Information

- We will provide you with reliable and correct information about your obligations;
- We will assist you to get in touch with the right people for your needs;
- We will make it easy for you to question the information, advice and service we will give you.

Consistently and Fairly

- We will apply the law consistently so everyone has the opportunity to voluntarily comply;
- We will take your particular circumstances into account as far as the law allows;
- We will inform you about the options available if you disagree with us, and we will work with you to reach an outcome

Confidentiality

- We will treat all information about you as private and confidential, and keep it secure;
- We will only use or disclose it in accordance with the law.

❖ *OUR FUTURE ASPIRATIONS*

1. Customers meet all of their obligations of their own accord – and the Ministry for Revenue makes this easy;
2. Increasingly, the community regards paying tax and duties as contributing to society;
3. The community views effective border management as important in protecting their way of life;
4. The community has confidence that appropriate action will be taken against those who do not comply; and
5. The community regards the Ministry for Revenue staff as professional, knowledgeable, trustworthy and helpful.

D. PRINCIPAL LEGISLATIONS

Underpinning all our work are our statutory obligations to maintain the integrity of the laws we administer and maintain the confidentiality of the information we hold. The following laws mandate the work of the Ministry and are administered and implemented at both Inland Revenue and Customs offices.

- i.** Customs Act 2014 (at time of print, this Act has been passed and repeals the Customs Act 1977)
- ii.** Customs Tariff Act 1975
- iii.** Income Tax Act 2012
- iv.** Tax Administration Act 2012
- v.** VAGST Act 1993/1994
- vi.** Excise Tax Rate Act 1984
- vii.** Excise Tax (Domestic Administration) Act 1984
- viii.** Excise tax (Import Administration) Act 1984
- ix.** Business Licence Act 1998
- x.** Liquor Act 2011
- xi.** Customs (Alteration to Nomenclature) Order 2012
- xii.** Customs (Turkey Tails) Prohibition Order 2013
- xiii.** Customs Valuation Regulations 2011
- xiv.** Customs (Tourism development and Manufacturing) Regulations 2010
- xv.** Customs (Aviation Transport Development) Regulations 2012
- xvi.** Business Licence Regulations 2012
- xvii.** Draft Amendments of Acts and Regulations that are with the Office of the Attorney General include:-
 - Tax Administration Amendment Bill 2014 (at time of print this Bill is now with the Parliament Select Committee)
 - Business License Amendment Regulations 2013
 - Income Tax (Investment Tax Credits) Regulations 2013
 - Income Tax (Withholding Tax) Regulations 2013

The Ministry also administers other legislations at the border on behalf of other Government Agencies e.g. LTA, MAFF, MNRE and MCIL.