



Monday 13 December 2021

MEMBERS PRE-SITTING BRIEFING

A total of 34 Members of Parliament convened today, Monday 13 December 2021 at the Conference Room of Maota Tofilau Eti Alesana (MTEA), Mulinnu for their usual Members Pre-Sitting Briefing. The *Income Tax Amendment Bill 2021* was the only paper on the Agenda. The Deputy Speaker said the prayers before the Hon Mr Speaker welcomed the Members who were present and officially opened the Briefing. The Chief Executive Officer (CEO) for the Ministry of Customs and Revenue presented an overview of the Bill and also responded to queries and concerns raised by Members.

(1) INCOME TAX AMENDMENT BILL 2021

Presenter: *Afioga Matafeo Avalisa Viali-Fautuaalii*
Chief Executive Officer - Ministry for Customs and Revenue

The CEO greeted the Hon Speaker and Members who were present at the briefing and began her presentation by stating the objects of the Bill. Afioga Matafeo explained that the Bill seeks to amend the *Income Tax Act 2012* (Principal Act). She further clarified that the Bill has 3 overarching objectives:

- (a) To remove all provisions that pertain to the imposition of tax on a minister of religion;
- (b) To remove all obligations that were imposed on a minister of religion following the imposition of the salary and wage income tax; and
- (c) To include income derived by a minister of religion as an exempt income.

The CEO then referred to the Bill and noted all the 7 clauses and their respective amendments which generally seek to repeal all reference to impositions of tax on religious ministers.

Issues/Comments by Members:

The Prime Minister, Afioga Hon. FIAME Naomi Mataafa, further clarified after the CEO's presentation by asserting that the proposed amendments of the Bill were in alignment with the new government's political party manifesto which they declared they would change when elected to Government.

Afioga Hon TAPUNUU queried whether all religious ministers were subject to the law regardless of their denomination.

The CEO clarified that all religious leaders serving in villages were subject to the law when the provisions were enforced.

Afioga ALAIASA noted the controversy that surrounded the taxation of religious ministers and sought clarification from the CEO on an estimated earning by the Ministry when the imposition of tax on religious leaders was enforced; secondly, the Member queried whether the Ministry had a contingency plan in place to cover the loss from the religious ministers' taxes.

The CEO responded that approximately more than \$480,000 was collected from religious ministers' taxes (noting that this is an equivalent to 1% of the Ministry's earnings); with this in hindsight, the Ministry is confident that the discontinuing of religious ministers tax will not affect the Ministry's revenues.

Susuga Hon TUILAEPa raised 4 general issues on the Bill; firstly, since the Bill seeks to repeal all impositions of tax on religious ministers, based on importance placed on their spiritual calling, the Hon Member suggested that it is only fitting all religious ministers (including those who work and earn an income) are exempt from paying taxes.

Secondly, the Hon Member noted that a meeting/consultation with the National Council of Churches was conducted, then queried the outcome of the meeting; thirdly, the Member queried whether it was allowed for a religious minister to continue paying taxes from his/her own free will, regardless of the Act saying otherwise; and lastly, whether a research was conducted to determine how many religious ministers were earning above the threshold of \$15,000 and how much were earning less.

The Hon Deputy Prime Minister, who is also the responsible Minister for Customs and Revenue asserted to the Opposition Leader that a thorough response will be provided in due time. Then clarified that the taxation of religious leaders commenced in 2018, and has been notably ineffective as there have been only 23 religious leaders who pay taxes from the 600 plus religious leaders in Samoa. This heightened the need to halt the provision and repeal as it was not effective.

The Hon Leader of Opposition clarified that the 23 religious ministers the Deputy PM is referring to are only EFKS Ministers and not inclusive of all other denominations as this is the only denomination who continuously rejected the taxation of religious leaders.

The Member for Aleipata Itupa i Luga queried whether there were any legal implications on a religious minister who continues to pay taxes; to which the CEO responded that if it not referred to as tax or duty, then it cannot be collected by the Ministry as it does not have the power to collect any 'voluntary tax'.

The CEO acknowledged the Hon Speaker and Hon. Members for their time and interest on the Bill and concluded her presentation.

The Members Briefing concluded at 11:15am