



Tonga

INCOME TAX (AMENDMENT) ACT 2020

Act 12 of 2020



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**AN ACT TO AMEND THE INCOME TAX ACT CONSEQUENT UPON
THE ENACTMENT OF THE REVENUE SERVICES ADMINISTRATION
ACT 2020 AND TO EXEMPT PAYOUTS FROM THE LEGISLATIVE
ASSEMBLY RETIREMENT FUND**

I assent,
TUPOU VI,
29th October 2020.

BE IT ENACTED by the King and Legislative Assembly of Tonga in the Legislature of the Kingdom as follows:

1 Short Title, Commencement and Interpretation

- (1) This Act may be cited as the Income Tax (Amendment) Act 2020.
- (2) This Act shall come into force on the day that the Revenue Services Administration Act 2020 comes into force.
- (3) In this Act, the Income Tax Act 2007, as amended, shall be referred to as the "Principal Act".

2 Repeal of sections

The Principal Act is amended by repealing sections 70, 70A, 71, 75, 87, 88, and 92.

3 Section 2 amended

Section 2 of the Principal Act is amended —

- (a) by deleting the word **“associate”** and its definition and replacing it with the following —

““associate” has the meaning in the Revenue Services Administration Act 2020;”;
- (b) in the definition of **“taxpayer”** by inserting the words “or a negative cash balance” after the word “loss”; and
- (c) by inserting the following definitions in the correct alphabetical order —

““approved form” has the meaning in the Revenue Services Administration Act 2020;”;

““negative cash balance” means a negative cash balance computed under section 67K or 67W, as the case may be;”.

4 New section 20A

The Principal Act is amended by adding a new section 20A after section 20 as follows -

“20A Exempted payouts from Legislative Assembly Retirement Fund

- (1) Any amount paid by the Legislative Assembly Retirement Fund to a member or an officer on their discontinuance, or upon dissolution of the Legislative Assembly, shall be exempt income.
- (2) For the purposes of this section “discontinuance” means –
 - (a) in relation to a member of the Legislative Assembly, occurs when that member’s term in office ends, whether by death, resignation, retirement on medical grounds, disqualification or expulsion or by dissolution of the Legislative Assembly, or where he fails to secure a seat in an electoral district; and
 - (b) in relation to an officer employed by the Legislative Assembly, occurs when that officer’s term of employment ends, whether by death, resignation, retirement or dismissal.”.

5 Section 67C amended

Section 67C of the Principal Act is amended —

- (a) in subsection (2), by deleting the words “and shall be in the form and manner prescribed in the Regulations”; and
- (b) by repealing subsections (4), (5), (6), and (7).

6 Section 67L amended

Section 67L of the Principal Act is amended by repealing subsections (2), (4), (5), (6), and (7).

7 Section 67O amended

Section 67O of the Principal Act is amended —

- (a) in subsection (2), by deleting the words “shall be lodged in the form and manner prescribed in the Regulations and”; and
- (b) by repealing subsections (4), (5), (6), and (7).

8 Section 67X amended

Section 67X of the Principal Act is amended by repealing subsections (2), (4), (5), (6), and (7).

9 Section 68 amended

Section 68 of the Principal Act is amended by repealing subsections (3) and (4).

10 Section 74 amended

Section 74 of the Principal Act is amended by repealing subsections (2), (3), and (5).

11 Section 85 amended

Section 85(1) of the Principal Act is amended by deleting the words “as prescribed in the Regulations” and replacing them with “in the approved form”.

12 Section 86 amended

Section 86(2) of the Principal Act is amended by deleting the words “as prescribed in the Regulations” and replacing them with “in the approved form”.

13 Section 89 amended

Section 89(5) of the Principal Act is amended by deleting the number “92” and replacing it with “44(3) of the Revenue Services Administration Act 2020”.

14 Section 91 amended

Section 91(4)(c) of the Principal Act is amended by deleting the number “92” and replacing it with “44(3) of the Revenue Services Administration Act 2020”.

Passed by the Legislative Assembly this **14th** day of **September** 2020.