

**Government of Tonga**

# **Ministry of Revenue and Customs**



## **Corporate Plan and Budget**

**Financial Year  
2025/26 – 2027/28**

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## List of Abbreviations

APIS – Advanced Passenger Information  
ASYCUDA – Automated System for Customs Data  
BMS – Border Management System  
CATA – Commonwealth Associations of Tax Administrations  
CEO – Chief Executive Officer  
CSD - Corporate Service Division  
CT - Consumption Tax  
DFAT – Department of Foreign Affairs and Trade  
FY - Fiscal/Financial Year  
GDP – Gross Domestic Product  
GPA - Government Priority Agenda  
HR - Human Resources  
ICT - Information & Communications Technology  
IMF- International Monetary Fund  
JNAP – Joint National Action Plan on Climate Change and Disaster Risk Reduction 2010–2025  
JNAP II – Joint National Action Plan (II) on Climate Change and Disaster Reduction 2018-2028  
JPRM – Joint Policy Reform Matrix  
KPI - Key Performance Indicator  
MDA - Ministry, Department & Agency  
MORC - Ministry of Revenue & Customs  
MSDP – Migration and Sustainable Development Policy  
NAPID – National Action Plan on Illicit Drugs  
NCD - Non-communicable diseases  
OCO – Oceania Customs Organization  
PFMA - Public Finance Management Act  
PFTAC – Pacific Financial Technical Assistance Center  
PITAA – Pacific Islands Tax Administrators Association  
POS - Point of Sales  
PPIU – PACER Plus Implementation Unit  
PSC - Public Service Commission  
SDG - Sustainable Development Goals  
TFSP – Tonga Fisheries Sector Plan  
TSDF II - Tonga Strategic Development Framework II  
TTPF – Tonga Trade Policy Framework  
WCO – World Customs Organization  
WTO – World Trade Organization

## Foreword from the Minister



The Ministry of Revenue and Customs Corporate Plan and Budget for the financial year 2025/26 to 2027/28 has my full endorsement as Minister of Revenue and Customs. This plan sets a renewed strategic direction aimed at strengthening Inland Revenue performance, modernizing tax administration processes, promoting voluntary compliance, enhancing border security and facilitating trade.

I am pleased with the Ministry's performance over the past financial years, particularly in consistently achieving more of our targeted revenue collection. Despite challenges such as natural disasters and the global pandemic, our commitment to improving tax administration and customs processes has strengthened Tonga's economic resilience. These achievements are a testament to the dedication of our staff and the ongoing collaboration with our stakeholders.

To sustain this momentum and address both existing and emerging challenges, the Ministry has reviewed and refined its Corporate Plan and Budget, introducing new strategic priorities that will ensure continued progress. This plan aligns with the Government Priority Agenda (GPA), the Tonga Development Framework II (TSDF II) 2015-2025 and the Sustainable Development Goals (SDGs) 2030. By enhancing the effectiveness and efficiency of revenue and customs administration, we aim to reduce compliance costs for taxpayers and traders while strengthening economic stability.

While challenges lie ahead, I am confident that through diligence, strategic stakeholder engagement and continuous improvement, we will build on our successes. We remain committed to further strengthening our role in Tonga's economic development.

Respectfully,

A handwritten signature in blue ink, reading "Hon. Mateni Tapueloeti".

Hon. Mateni Tapueloeti  
**Minister for Revenue and Customs**



## Message from the Chief Executive Officer



The Corporate Plan and Budget of the Ministry of Revenue and Customs is highlighted by a renewed vision and organizational realignment which seeks to raise the bar in terms of what we want to achieve and be recognized for in the future.

It will enable the advancement of sustainable strategic measures that are aimed at supporting the accomplishment of the Governments' overall aims and objectives.

Our engagement with taxpayers and other key stakeholders will be tailored in a way that earns public confidence in the tax and customs system and promotes voluntary compliance with minimal prompting by the MORC.

Most importantly we will carry out our duties in a disciplined environment displaying integrity and strong governance and the success of this Corporate Plan will be measured through a set of performance indicators which will be closely monitored and reported on.

Respectfully,

Mr. Michael Cokanasiga  
**Chief Executive Officer for Revenue and Customs**



## 1. Executive Summary

The Ministry of Revenue and Custom consists of three (3) Programs: 1) Leadership and Shared Services, 2) Inland Revenue and 3) Customs.

The following outlines our renewed vision, mission, and core values that will guide our organization over the next three years:

### 1.1 OUR VISION

**“To be recognized as a trusted and modern Tax and Customs administration serving with excellence”**

### 1.2 OUR MISSION

**“Quality delivery of risk driven and ICT based programs and services to promote voluntary compliance with tax and customs laws”**

### 1.3 CORE VALUES

Our core values are reflected in the acronym “SIMPLE” -

<b>S</b>	-	SERVICE
<b>I</b>	-	INTEGRITY
<b>M</b>	-	MODERN
<b>P</b>	-	PARTNERSHIPS
<b>L</b>	-	LOYALTY
<b>E</b>	-	EXCELLENCE



## 1.4 Mandate

Clause 18 of the Constitution stipulates that all the people have the right to expect the Government to protect their liberty and property and therefore it is right for all people to support and contribute to the Government according to the law.

Stemming from the Constitution of Tonga, section 64 of the Revenue Services Administration Act establishes the MORC with responsibilities to;

- a) develop and ensure the overall effective application of the fiscal policies of the Government of Tonga; and
- b) ensure the effective coordination of the policies for the collection and preservation of tax under revenue laws

In addition to the Revenue Services Administration Act, the following primary legislation also mandates the MORC to ensure compliance with Tax and Customs legislation, protect our borders and facilitate international trade (*refer to Annex 1 for more details*)

- Income Tax Act & Regulations;
- Consumption Act & Regulations;
- Customs Act & Regulations
- Customs and Excise Management Act & Regulations;
- Excise Tax Act & Regulations

The aforementioned statutory roles guide the operations of MORC and its contributions to achievement of the following Sustainable Development Goals (SDGs), specific targets and indicators (Table 1).

**Table 1: Specific SDGs Targets and Indicators**

Sustainable Development Goals	Targets	Indicators
<b>8</b> Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	<b>8.1</b> Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries.	<b>8.1.1</b> Annual growth rate of real GDP per capita.
<b>9</b> Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	<b>9.1</b> Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.	<b>9.1.2</b> Passenger and freight volumes, by mode of transport.

<b>16</b> Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.	<b>16.4</b> By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime.	<b>16.4.2</b> Proportion of seized, found or surrendered arms whose illicit origin or context has been traced or established by a competent authority in line with international instruments.
<b>17</b> Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.	<b>17.1</b> Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection.	<b>17.1.1</b> Total government revenue as a proportion of GDP, by source  <b>17.1.2</b> Proportion of domestic budget funded by domestic taxes.
	<b>17.8</b> Fully operationalize the technology bank and science, technology and innovation capacity-building mechanism for at least developed countries by 2017 and enhance the use of enabling technology, in particular information and communications technology.	<b>17.8.1</b> Proportion of individuals using the internet.
	<b>17.12</b> Realize timely implementation of duty free and quota-free market access on a lasting basis for all least developed countries, consistent with World Trade Organization decisions, including by ensuring that preferential rules of origin applicable to imports from least developed countries are transparent and simple, and contribute to facilitating market access.	<b>17.12.1</b> Weighted average tariffs faced by developing countries, least developed countries and small island developing States
	<b>17.15</b> Respect each country's policy space and leadership to establish and implement policies for poverty eradication and sustainable development.	<b>17.15.1</b> Extent of use of country – owned results frameworks and planning tools by providers of development cooperation.



## 1.5 Stakeholders

MORC hereby acknowledges its key stakeholders and their ongoing collaboration that contributes to revenue growth, trade facilitation and border security. We insist in executing this plan to ensure the services we offer are responsive, efficient and professional. (Refer to Annex 2 for more details)

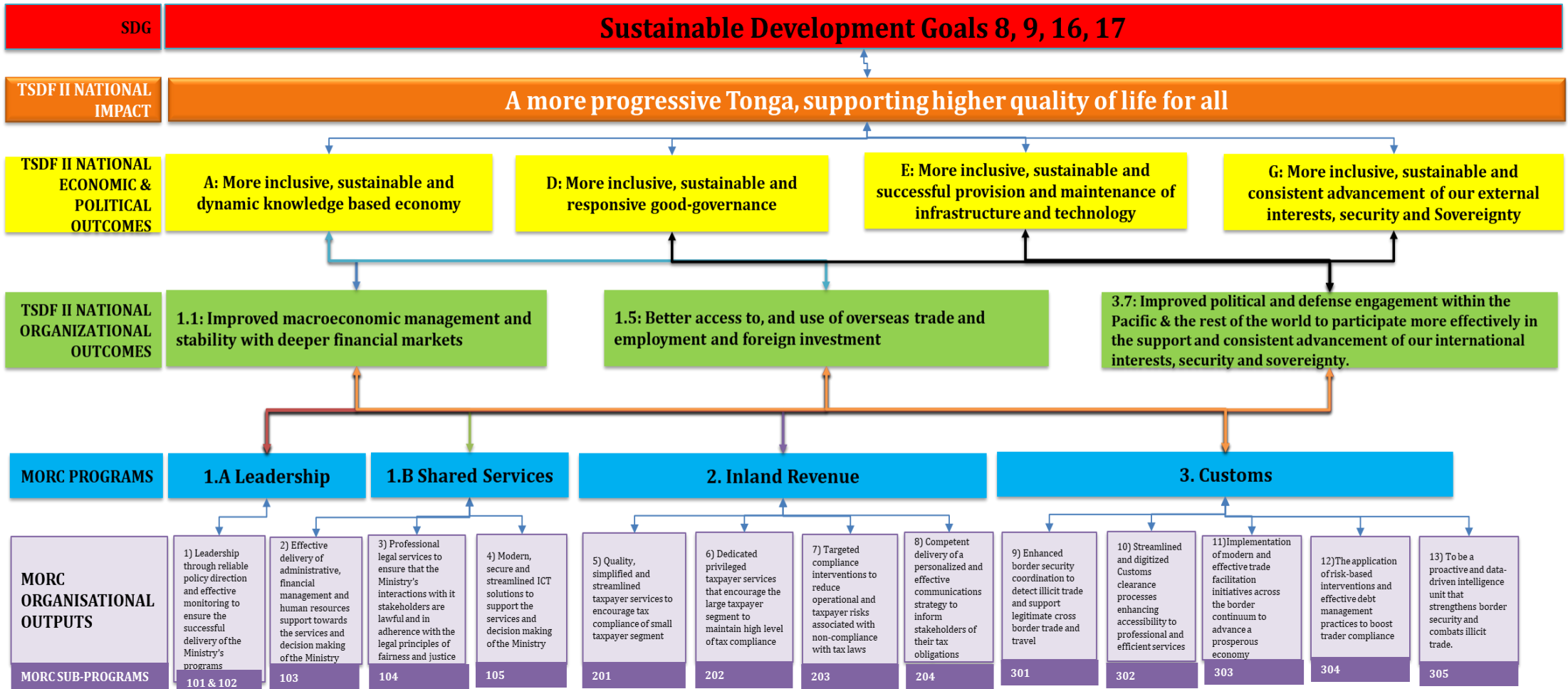
Table 2: MORC's Stakeholders				
Stakeholders	Customer of MORC	Supplier to MORC	Partner with MORC	Oversight of MORC
1. Informal Business Sector	✓	✓	✓	
2. All employees	✓		✓	
3. All businesses	✓		✓	
4. Tax Agents	✓		✓	
5. Customs Broker	✓		✓	
6. Public Enterprises	✓		✓	
7. MDA	✓	✓	✓	
8. Cabinet				✓
9. Legislative Assembly				✓
10. International Donor Partners		✓	✓	

The following is a summary of our key stakeholders:

- Government – MORC works in close cooperation with our partners in other line Ministries, Departments and Agencies (MDA's), some of whom include, the Ministry of Finance, Ministry of Trade and Economic Development, Tonga Statistics Department, Tonga Police, His Majesty's Armed Forces, Public Service Commission and the Prime Minister's Office
- Taxpayers & Travelers – MORC is committed to establishing a more customer- focused approach to better meet the needs of our taxpayers, and travelers. We will continue to design, develop, and deliver educational and awareness products and services to assist them towards compliance with their tax and customs obligations as well as enhancing their ability to meeting their respective needs.
- Tax Agents – As advisers, tax agents play a vital role in all tax systems, helping taxpayers understand and comply with their tax obligations in an increasingly complex world. Tax agents are empowered under revenue laws to assist taxpayer with their inland revenue obligations.
- Customs Brokers – Customs brokers are a key link to ensure that shipments arriving or departing Tonga comply with all legal requirements of Customs Law. We will continue to build strong relations with this group to improve facilitation of legitimate trade.
- International Affiliations – MORC is currently affiliated with the following organizations: World Customs Organization (WCO), Commonwealth Association of Tax Administrations (CATA), Pacific Islands Tax Administrators Association (PITAA), Oceania Customs Organization (OCO).
- Development Partners – Numerous development partners continue to provide vital capacity development for MORC. Some of our key partners include, International Monetary Fund, IMF Pacific Financial Technical Assistance Centre (PFTAC), PACER Plus Implementation Unit (PPIU), World Bank Group, the Asian Development Bank, the Governments of Australia, the People's Republic of China, Japan and New Zealand.

1.6 Result Map

Figure 1: MORC's Result Map



## 1.7 TSDF II, SDG, GPA and National Frameworks

### 1.7.1 TSDF II Impacts and Outcomes Supported by MORC

MORC supports the National Impacts of Tonga's long term Tonga Strategic Development Framework II 2015-2025 which upholds the theme " *A more progressive Tonga supports higher quality of life for all*". The framework provides that MORC is responsible for supporting seven (7) SDG Indications and four (4) out of the seven (7) national outcomes of the framework:

The specific SDG Indicators highlighted are as follows-;

- 8.1.1 Annual growth rate of real GDP per capita
- 9.1.2 Passenger and freight volumes, by mode of transport
- 16.4.2 Proportion of seized, found or surrendered arms whose illicit origin or context has been traced or established by a competent authority in line with international instruments
- 17.1.1 Total government revenue as a proportion of GDP, by source
- 17.1.2 Proportion of domestic budget funded by domestic taxes
- 17.4.1 Debt service as a proportion of exports of goods and services
- 17.8.1 Proportion of individuals using the internet
- 17.12.1 Weighted average tariffs faced by developing countries, least developed countries and small island developing States
- 17.15.1 Extent of use of county – owned results frameworks and planning tools by providers of development cooperation

The MORC is responsible for supporting the following National Outcomes of the framework;

- A: more inclusive, sustainable and dynamic knowledge-based economy
- D: more inclusive, sustainable responsive good governance
- E: more inclusive, sustainable and successful provision and maintenance of infrastructure and technology
- G: more inclusive, sustainable and consistent advancement of our external interests, security and sovereignty

Our varying levels of contributions to the above National Outcomes as highlighted in the TSDF are as stated below; -

Significant Contributions:

- 1.1 Improved macroeconomic management and stability with deeper financial markets
- 1.5 Better access to and use of overseas trade and employment and foreign investment
- 3.7 Improved political and defense engagement within the Pacific and the rest of the world

Moderate Contributions:

- 1.2 Closer public/private partnership for economic growth
- 1.3 Strengthened business enabling environment
- 3.1 More efficient, effective, affordable, honest, transparent & apolitical public service

focused on clear priorities

Partial Contributions:

- 2.1 Improved collaboration with & support to civil society organizations and community groups
- 2.6 Improved collaboration with & support to civil society organizations and community groups
- 3.4 Modern & appropriate Constitution, laws & regulations reflecting international standards of democratic processes
- 3.6 Improved collaboration with development partners ensuring programs better aligned behind gov't priorities
- 4.3 More reliable, safe and affordable information & communication technology (ICT) used in more innovative ways.

## 1.7.2 Government Priority Agenda

The current Government Priority Agenda requires the MORC to place particular emphasis on delivering services and operations in order to contribute to six (6) of the nine (9) agenda that are concerned with the issue of National Resilience, Quality of Services and Affordability and Progressive Economic Growth.

### A. National Resilience GPA

#### **GPA 1:**

Building resilience and safer platforms to natural disasters and meeting the ongoing challenges of climate (tropical cyclones, sea level rising, tsunamis, global pandemic etc.) and address economic crisis;

#### **GPA 3:**

Mobilizing National and International response to effectively reduce supply and the use of Illicit Drugs, and address harms reduction processes.

### B. Quality of Services and Affordability

#### **GPA 5:**

Improving access to quality and affordable healthcare system focusing on COVID 19, Non-Communicable Diseases (NCDs) and preventative measures;

#### **GPA 6:**

Building quality and easy access to government services, public enterprises focusing on increased access to high-speed broadband technology and more affordable energy, communication, drinking water, and clean environment for Tonga to support inclusive growth.

### C. Challenges and Opportunities for Progressive Economic Growth

#### **GPA 7:**

Creation of trade opportunities from regional and international trade agreements focusing on agriculture, fisheries, handicrafts, tourism and promoting of value addition and product diversification and simultaneously reduce technical barriers to private sector development and heavy reliance on imports;

#### **GPA 9:**

Strengthen bilateral engagement with accredited partner countries; optimize cooperation with regional and international intergovernmental institutions; strengthen partnerships with development partners, private sector, non-government actors, focusing on sound economic investment, to sustain progressive equitable and vibrant socioeconomic growth.

*(Refer to Annex 3 for details of MORC's outputs, activities, GPA Targets to and the targets for the next 3 years)*

### 1.7.3 Sector Plans, Regional & Community Development

MORC is also responsible for making vital contributions to various Sector plans as well as overall regional and community development. Some of these key National plans and strategies include the following –

- National Action Plan on Illicit Drugs [2021-24]
  - SPA 1: Supply Reduction
  - SPA 2: Demand Reduction
- Tonga Trade Policy Framework 2017-2025
  - Pillar 1: Industrial and Investment Development
  - Pillar 2: Export Development and Trade Facilitation
- Migration and Sustainable Development Policy
  - Strategic Area 10: Enforcing Border and Human Security
  - Strategic Area 11: Eradicating Human Trafficking
  - Strategic Area 12: Reintegrating Returned Migrants
- Tonga National Strategy for the Prevention and Control of Non-Communicable Diseases 2021- 2025
  - Key Result Area 3: Health Promotion and Disease Prevention

*(refer to Annex 3 – details of targets from the above-mentioned plans that MORC contributes to)*

## 2. MORC's Overview

### 2.1 MORC's Outputs Grouped into Divisions/Sub-Programs and Programs

**Table 2: MORC's Outputs Groups into Divisions/Sub-Programs and Programs**

Program(s)	Ministry's Outputs	Activities/Strategies	Responsible Division
<b>Program 1:</b> <b>A. Leadership</b>	(1) Leadership through reliable policy direction and effective monitoring to ensure the successful delivery of the Ministry's programs	Executive Policy Leadership	Office of the Minister
		Executive oversight and management	Office of the CEO
		Executive support & International relations	
		Policy & planning	
		Internal audit	
		Strategic risk management	
<b>B. Shared Services</b>	(2) Effective delivery of administrative, financial management and human resources support towards the services and decision making of the Ministry	Human resources management (Revenue & Customs)	Corporate Services Division
		Financial management (Revenue & Customs)	
	(3) Professional legal services to ensure that the Ministry's interactions with its stakeholders are lawful and in adherence with the legal principles of fairness and justice	Policy advice (Revenue & Customs)	Legal Services Division
		Legislative policy reform and Legal drafting (Revenue & Customs)	
		Legal disputes (Revenue & Customs)	
	(4) Modern, secure and streamlined ICT solutions to support the services and decision making of the Ministry	Infrastructure Support & Maintenance (Revenue & Customs)	ICT Division
		Operation Support & Data Management (Revenue & Customs)	
		ICT Project Support (Revenue & Customs)	
<b>Program 2:</b> <b>Inland Revenue</b>	(5) Effectively & efficiently register, process and safekeeping of all stakeholder's tax information	Processing	Tax Operations Division
		Registration (Revenue & Customs)	
		Reconciliation/Tax Clearance	
		Filing Management	
	(6) Dedicated privileged taxpayer services that	Heilala Tax Services	Large Taxpayers Division
		Large Business	



<b>Program Customs</b>	3:	encourage the large taxpayer segment to maintain high level of tax compliance	Processing Customer Service Counter	Tax Compliance Improvement Division
		(7) Targeted compliance interventions to reduce operational and taxpayer risks associated with non-compliance with tax laws	Audit & Investigation Returns & Debt Collection	
		(8) Competent delivery of a personalized and effective communication strategy to inform stakeholders of their tax obligations	Customer Information Support Services	Client Support & Public Relations Division
			Internal Service Level Monitoring	
			Public Relations & Education	
		(9) Enhanced border security coordination to detect illicit trade and support legitimate cross border trade and travel	Seaport Operations Airport Operations Maritime Branch	Border Management Division
			Cargo and Passenger Inspections	
			Cargo clearance processing Warehouse & Depot operations and clearance processing Local excise manufacturing monitoring and clearance processing Customer Services Counter	Revenue Management Division
		(11) Implementation of modern and effective trade facilitation initiatives across the border continuum to advance a prosperous economy	Authorized Economic Operator Program Data Analysis & Governance Tariff and Concessions ASYCUDA World	
			Post Clearance Audit Licensing & Supply Chain Assurance Debt Management Trade Fraud Investigations	Enforcement Division
			Targeting Centre Cargo Movement Field Intelligence Illicit Drugs Operations Support	
		(13) To be a proactive and data driven intelligence unit that strengthens border security and combats illicit trade.		Intelligence Division

### 3. MORC Programs and Sub-Programs

In our efforts to bring about continuous improvement across the functions of the Ministry, a review of our processes and current organizational structure resulted in reform to ensure the implementation of a more functional, risk-driven organizational structure that is to become effective by FY 2025/26. The approved organizational structure for FY 2025/26 is aimed at bringing about greater productivity, efficiency, accountability and clarity in the roles performed by various Divisions of the Ministry. This will be achieved through the reduction of duplication of roles, more coordinated and targeted use of our limited resources and establishing clearer roles and channels for both communication and decision making.

#### 3.1 Program 1: Leadership & Shared Services.

Link to last CP&B [Mark the appropriate cell]	Ongoing	Minor change	Major Change	New
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- Staff rotation and new positions proposed for Program 1

##### 1.A Leadership

- Intelligence & Anti-Illicit Drugs Unit (102311) moved to Program 3 and become Sub-Program 5 (305) named "Intelligence"
- "Executive leadership" is the amended Activities under Office of the Minister
- "Executive oversight and management" is the amended Activities under the Office of the CEO
- Split Unit under Office of the CEO called "Executive Support & International relations" now 102311
- Split Unit under Office of the CEO called "Policy and Planning Units" will also come under 102311
- 102411 Strategic Risk Management was 203211

##### 1.B Shared Services

- 103.Corporate Services Division, will restructure by streamlining functions under two SADCEO positions, one for HR & Payroll and one for Financial Management- both reporting to the DCEO of CSD. While the budget allocations for 103111 and 103211 will remain unchanged, the structure will indicate (111) or (211) next to each position to clarify which budget vote funds the staff. This transition prepares for FY 2026/27, when the budget will be fully aligned with this structural change.

#### 3.2 Program 2: Inland Revenue.

Link to last CP&B [Mark the appropriate cell]	Ongoing	Minor change	Major Change	New
--	---------	-----------------	-----------------	-----

- Restructure of Active and Vacant positions and new positions proposed for Program 2
- 201 now has 4 Activities
- 201311, Outer-Island Offices is now merged to 201111
- 201211, Registration was moved from 201111
- 201311, Reconciliation/Tax Clearance was 201211
- 201411, Filing Management is a new activity move from 201111
- 202, Large Taxpayers Division (was Large Business Division), 202111 Heilala Tax Services (was Heilala Tax System), 202211 Large Business Processing (was Large Taxpayers)
- 203 now has 2 Activities
- 203211, Returns and Debt Collection was 203311

### 3.3 Program 3: Customs.

Link to last CP&B [Mark the appropriate cell]	Ongoing	Minor change	Major Change	New
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- Restructure of Active and Vacant positions and new positions proposed for Program 3
- 301, Border Management (was Border Control), 301111.Seaport Operations (was Major International Ports), 301211.Airport Operations (move from 301111), 301311.Maritime Branch (merge of 301211 & 301411), 301411.Cargo and Passenger Inspections (was 302211)
- 302.Revenue Management (was Cargo Clearance), 302111. Clearance Processing (was 302311 One Stop Shop), 302211 Warehouse & Depot Management (was 302111 Warehousing, Petroleum & LPG Depot), 302311 Local Excise Manufacturing (New activity), 302411.Customer Services (was Heilala & Public Relations. Heilala Taxpayer processing will be the responsibility of dedicated desk in the Cargo clearance processing team)
- 303.Trade Partnership (was Trade Facilitation and Policy), 303111 Authorized Economic Operator Program (was Trade Partnership), 303211 Data Analysis & Governance (was Policy Analysis & Statistics)
- 304211 Licensing & Supply Chain Assurance (was Risk Management), 304311 Debt Management (was Debt Management & Recovery), 304411 Trade Fraud Investigations (new activity)
- 305. Intelligence (was 102311 under Office of the CEO)

### 3.4 Ministry's Organizational Structure

Figure 2: Current FY 2024/25 Organizational Structure

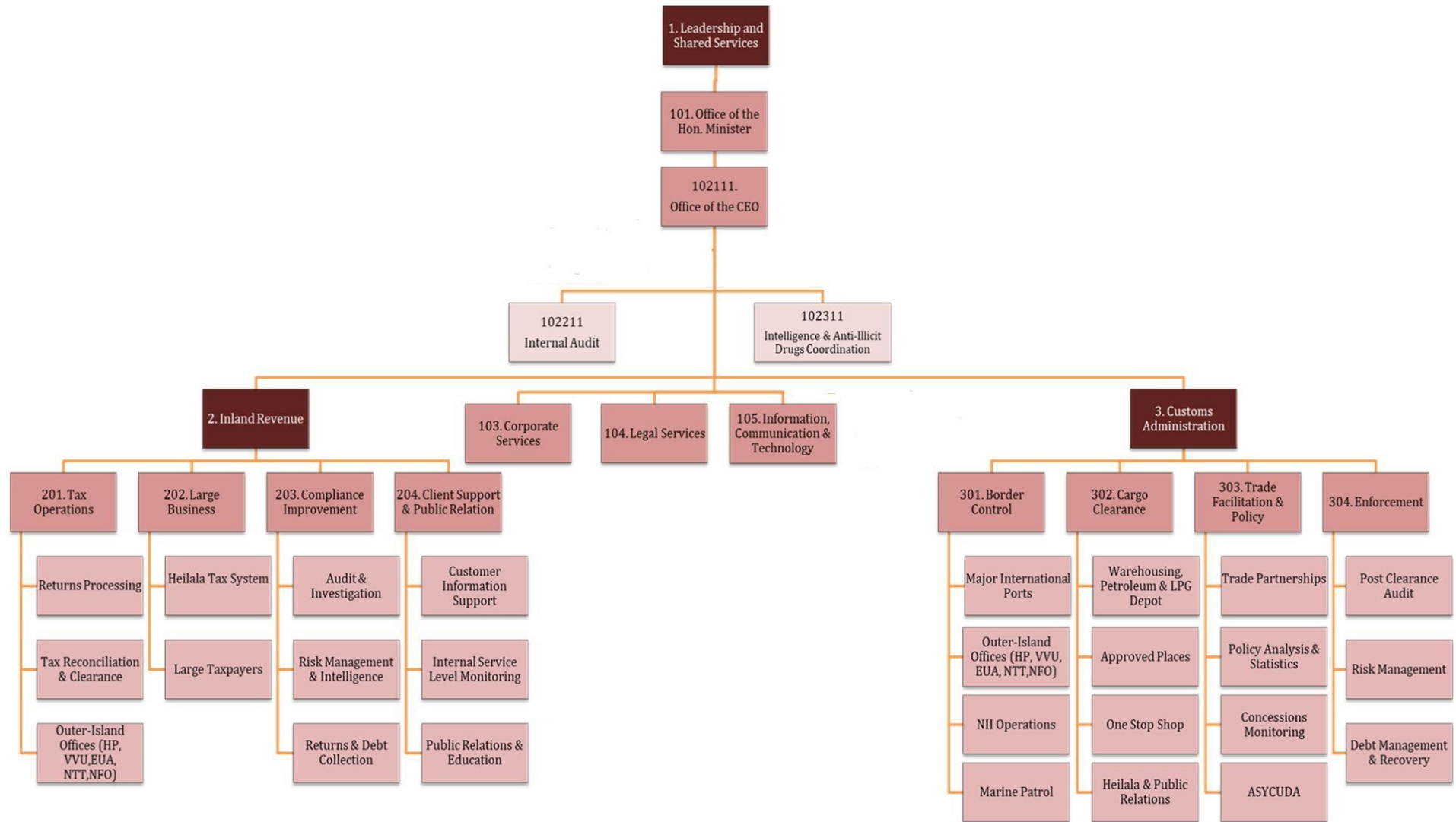
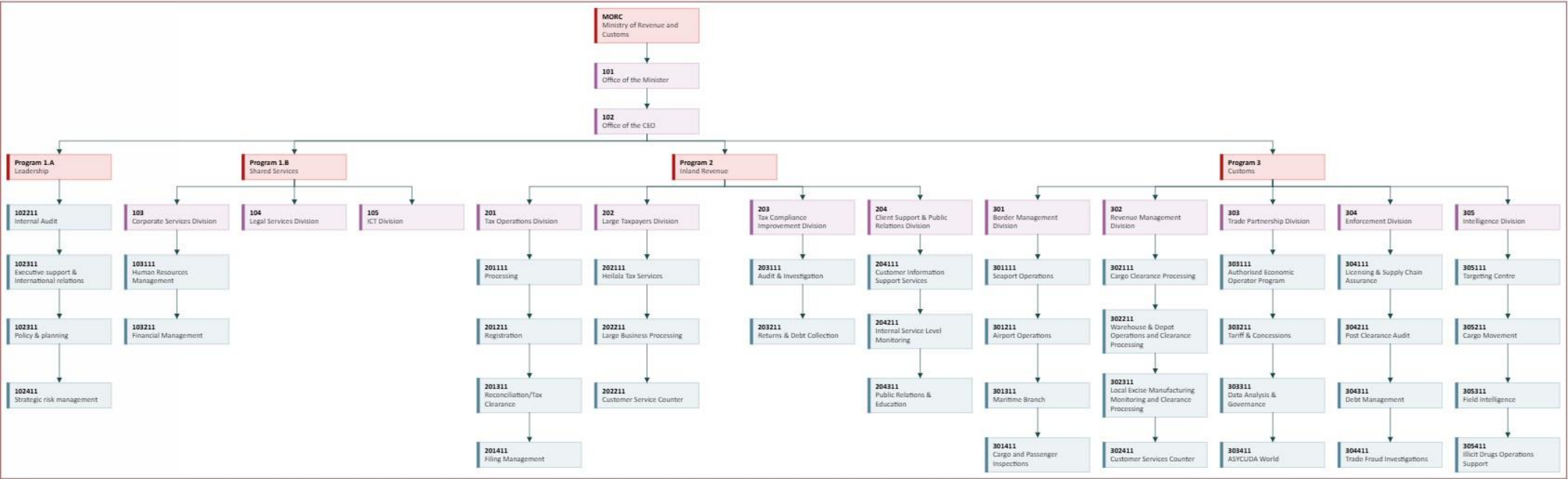


Figure 3: New FY 2025/26 Organizational Structure



Refer to Annex 4 for more details

## 3.5 New Initiatives / Priorities

Table 4: New Initiatives /Priorities

New Initiatives	Activities	FY 2025/26	FY 2026/27	FY 2027/28	Justification	Program #	Sub Program #
1. <b>New Tax Processing System:</b>	<ul style="list-style-type: none"> <li>Start-up and mobilization</li> <li>Implementation</li> <li>Post Implementation</li> </ul>	\$3.8m	\$9.6m	\$1.2m	<ul style="list-style-type: none"> <li>Modernization &amp; Digital Transformation: a system that offers a fully digital, end-to-end solution for tax operations, it aligns with global best practices in tax digitization, enabling MORC to streamline tax collection, compliance and taxpayer services</li> <li>User-Friendly &amp; Scalable Solution: provides a one-stop-shop e-services portal, making tax filing and payment more convenient for taxpayers. The system is designed for flexibility, allowing MORC to adapt to future tax policy changes without major system overhauls</li> <li>Interoperability &amp; Government Integration: can interface with existing government systems and facilitate data-sharing between ministries, improving corss-agency coordination. This feature is crucial for compliance monitoring, reducing tax evasion and improving revenue forecasting.</li> <li>Efficiency &amp; Revenue Growth: The system automates tax processes from levy to collection, reducing administrative burdens and improving tax compliance rate. Its intelligent data reporting helps in policy decision-making and optimizing tax revenue collection.</li> <li>Cost Effectiveness &amp; Sustainability: a modern system approach focusing on increasing government revenue without raising taxes or cutting key services. The system reduces manual errors, improves operational efficiency and provides better risk management tools.</li> <li>Step-by-step Implementation Approach: supports a gradual rollout of tax types, allowing MORC to transition smoothly with minimal disruption to services. This approach ensures effective budget planning and staff training during implementation.</li> </ul> <p>Why not RMS 10?</p> <ul style="list-style-type: none"> <li>RMS 10 is an incremental upgrade to RMS 7,</li> </ul>	1	1.5

					<p>meaning it still relies on the same legacy structure controlled by Data Torque in New Zealand</p> <ul style="list-style-type: none"> <li>● Unlike other modern systems, RMS 10 does not provide the same level of modular flexibility or customization for Tonga's specific tax environment.</li> <li>● Data Torque's system is primarily revenue collection-focused, whereas other available options offer a holistic tax administration approach, integrating policy, compliance and taxpayer engagement.</li> <li>● The costing financial year budget estimates provided are based on costing of prospective suppliers currently providing similar services to other for MORC as it offers a future-proof, scalable and integrated tax solution that aligns with Tonga's modernization goals. It will enhance revenue collection, improve taxpayer services and support the government's long term financial strategies.</li> </ul>		
<b>2. Combatting the Illicit Drugs trade at Tonga's Borders</b>	<ul style="list-style-type: none"> <li>● Enhancing intelligence capability to deliver assessments that correctly identify threats and risks.</li> <li>● Recruitment and training to enhance Customs Detector Dog capabilities and delivering operations at the international points of entry and customs-controlled areas.</li> <li>● Enhancing Customs maritime patrol capabilities through the establishment of a specialist Customs Maritime Branch responsible for targeted maritime patrols and surveillance, small craft processing and oversight of outer island international points of entry.</li> <li>● Establishment of Air Cargo</li> </ul>	\$1,000,000	\$950,000	\$9500,000	<ul style="list-style-type: none"> <li>● This initiative is one of the priorities of the government of Tonga, and it is vital area to boost and to be funded because of how important it is to the health and safety of the community and National Resilience (GPA 3)</li> </ul>	3	3.5



	Control Unit and Port Control Units under with the support of the UNODC, WCO and ABF supported Passenger and Cargo Control Program.						
<b>3. PITAA Conference</b>	<ul style="list-style-type: none"> <li>The PITAA Heads Conference hosted by Vanuatu in 2024 will include a hosting as part of its program a Farewell dinner co-hosted by the PITAA Secretariat and the next PITAA Heads Conference (Tonga). This cost has been incorporated in the 24/25 budget.</li> <li>Tonga (MoRC ) are the hosts of the PITAA Heads Annual Conference scheduled to take place on or about September 2025.</li> </ul>	\$250,000	-	-	<ul style="list-style-type: none"> <li>The PITAA Heads Conference is an annual event that brings together tax administration officials from 15 Pacific Island Countries and Timor Leste.</li> <li>In line with agreed host country obligations of PITAA, Tonga will be responsible for all logistics arrangements in-country, transportation, meetings, catering and other activities involving Tax Heads. Members are responsible for their own travel and accommodation costs (where possible, PITAA and the Host country may negotiate accommodation rates on behalf of Conference delegates ahead of the conference.).</li> </ul>	1	1.2
<b>4. Project to establish a New Office Building for the Inland Revenue functions in Tongatapu.</b>	<ul style="list-style-type: none"> <li>Identify ideal locations for accessibility and future expansion</li> <li>Engage stakeholders (Ministry of Finance) for input</li> <li>Budgeting &amp; Funding Approval</li> <li>Design &amp; Infrastructure Planning</li> <li>Procurement &amp; Construction</li> <li>Transition &amp; Office Setup</li> <li>Launch &amp; Public Awareness</li> <li>Post-Implementation Monitoring</li> </ul>	-	\$1m	\$5m	<ul style="list-style-type: none"> <li>The current office has ongoing maintenance issues including serious plumbing/waste water leaks into Office spaces, poorly maintained sewerage system, frequent electrical wiring issues and damage leading to regular power point outages. These health and safety issues impact daily operations and performance and also limit and further enhancement of tax administration and services.</li> <li>A new office will provide a safer and modern facilities, improving staff productivity, taxpayer services and long-term financial sustainability, while supporting digital transformation and digital growth.</li> </ul>	1	1.3

## 4 Ministry Budget and Staffing

**Table 5: Ministry Budget by Recurrent (cash & in-kind) millions)**

<b>Expenditure Item (\$m)</b>	<b>FY 2024/25 (recurrent)</b>	<b>FY 2024/25 (development)</b>	<b>FY 2025/26 (recurrent)</b>	<b>FY 2025/26 (development)</b>	<b>FY 2026/27 (recurrent)</b>	<b>FY 2026/27 (development)</b>	<b>FY 2027/28 (recurrent)</b>	<b>FY 2027/28 (development)</b>
<b>Established Staff (10xx)</b>	\$6,152,400	-	\$6,060,400	-	\$6,060,400	-	\$6,060,400	-
<b>Un established Staff (11xx)</b>	\$314,900	-	\$464,100	-	\$464,100	-	\$464,100	-
<b>Travel and Communication (12xx)</b>	\$275,800	-	\$266,400	-	\$266,400	-	\$266,400	-
<b>Maintenance and Operations (13xx)</b>	\$1,418,000	170,000	\$1,630,000	-	\$1,630,000	-	\$1,630,000	-
<b>Purchase of Goods and Services (14xx)</b>	\$2,512,900	-	\$3,020,100	-	\$3,040,100	-	\$3,040,100	-
<b>**Assets (20xx)</b>	\$496,700	-	\$4,693,500	7,000,100	\$1,685,700	-	\$2,385,700	-
<b>Grants and Transfers (15xx)</b>	\$32,000	-	\$2,600	-	\$2,600	-	\$2,600	-
<b>Total Expenditure Recurrent</b>	<b>\$11,202,700</b>	<b>\$170,000</b>	<b>\$16,137,100</b>	<b>\$7,000,100</b>	<b>\$13,149,300</b>	<b>-</b>	<b>\$13,149,300</b>	<b>-</b>

**Table 6 : MORC's Revenue Budget**

Item Description	2024/25 (\$)	2025/26 (\$)	2026/27 (\$)	2027/28 (\$)
PAYE Tax - Government (Small Business)	9,793,100	11,681,600	14,052,300	13,468,200
PAYE Tax - Non-Government (Large/Small Business)	12,354,800	17,090,300	19,026,300	19,927,700
Corporate Tax – Small Business	1,097,100	1,399,400	2,737,400	2,780,200
Corporate Tax – Large Business	29,646,700	24,262,700	26,588,200	27,402,200
Withholding Tax - Residents	689,400	670,500	1,537,000	1,855,500
Withholding Tax - Non-Residents	11,500,000	18,375,100	21,458,200	23,612,400
Tax Debts Recovered - Income Tax	3,762,000	5,219,900	7,322,100	8,436,700
Consumption Tax - Domestic	29,446,900	28,478,200	33,990,200	34,488,200
Consumption Tax Recovered	1,593,200	2,833,900	3,123,800	3,324,700
Consumption Tax (Non-Government)	105,576,900	111,116,600	115,368,900	116,417,600
Consumption Tax (Government)	2,152,900	-	-	-
Import Duties (Non-Government)	29,540,300	32,186,700	35,589,800	35,759,300
Import Duties (Government)	423,500	975,800	2,409,600	3,944,800
Excise Tax (Non- Government)	59,905,900	71,114,900	73,850,400	77,077,900
Excise Tax (Government)	1,000	500	600	600
Attendance Fees	498,900	249,700	269,700	264,400
Custom Entry Processing Fee	714,300	353,200	381,700	374,000
Wharfage on Goods	150,200	101,300	109,500	107,300
Customs Penalties	156,100	176,600	190,700	187,000
Customs Fees	28,200	16,400	17,700	17,300
Auction Proceeds	299,100	100,000	108,000	105,900
Customs Security	74,000	43,100	46,500	45,600
<b>Total Government Recurrent Revenues</b>	<b><u>\$299,404,500</u></b>	<b><u>\$329,054,500</u></b>	<b><u>\$358,178,600</u></b>	<b><u>\$369,597,500</u></b>

<b>Table 7: MORC's Total Staff by Key Category</b>				
<b>Category</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
<b>Established Staff</b>				
Executive Officer (Band A-G)	11	10	9	9
Professional Staff (Band H-L)	79	107	81	81
Other Staff (Band M-S)	129	145	124	124
<b>Total Established Staff</b>	<b>219</b>	<b>262</b>	<b>214</b>	<b>214</b>
<b>Unestablished Staff</b>	<b>19</b>	<b>16</b>	<b>18</b>	<b>18</b>
<b>Total Staff</b>	<b>238</b>	<b>278</b>	<b>232</b>	<b>232</b>
<b>Total Recurrent Cost (\$m)</b>	<b>\$6,467,300</b>	<b>\$6,524,500</b>	<b>\$6,524,500</b>	<b>\$6,524,500</b>
<b>Staff funded by Development</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Program 1: Leadership and Shared Services

### Total Budget & Staff by for Sub-Program 1.1: Office of the Minister

<b>Description</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
<b>Total = Recurrent (\$m)</b>	-	-	-	-
Executive Staff (Band A-G)	1	1	1	1
Prof Staff (Band H-L)	-	-	-	-
Other Staff (Band M-S)	-	-	-	-
<b>Total Established</b>	-	-	-	-
<b>Unestablished</b>	-	-	-	-

### Total Budget & Staff for Sub-Program 1.2: Office of the CEO

<b>Description</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
<b>Total = Recurrent (\$m)</b>	\$278,800	\$459,200	\$551,139.05	\$551,139.05
Executive Staff (Band A-G)	1	1	2	2
Prof Staff (Band H-L)	4	7	7	7
Other Staff (Band M-S)	5	1	10	10
<b>Total Established</b>	10	9	19	19
<b>Unestablished</b>	1	1	1	1

Output 1: Leadership through reliable policy direction and effective monitoring to ensure the successful delivery of the Ministry's' programs						SDG/TSDF		Budget	
Activity:	KPIs	2024/25	2025/26	2026/27	2027/28	TARGETS #	INDICATORS #	Recurrent	Development
Executive leadership and policy reform	Fully comply with Cabinet and Parliament's requirements	Timeliness & Accuracy	Timeliness & Accuracy	Timeliness & Accuracy	Timeliness & Accuracy	8.1	8.1.1	\$185,700	
Executive oversight and management	Always provide accurate advice to the Minister and ensure MORC's outputs are achieved	Timeliness & Accuracy	Timeliness & Accuracy	Timeliness & Accuracy	Timeliness & Accuracy			9.1	9.1.2
Internal Audit	Provide independent assessment(s) of the adequacy of the MORC's internal control systems	Timeliness & Accuracy	Timeliness & Accuracy	Timeliness & Accuracy	Timeliness & Accuracy	16.4	16.4.2	\$39,200	
						17.1	17.1.1 17.1.2		
Executive Support & International	Managing Cabinet Submission and provide executive support for international engagements	Number of Cabinet Submission approved and implemented	Number of Cabinet Submission approved and implemented	Number of Cabinet Submission approved and implemented	Number of Cabinet Submission approved and implemented	17.4	17.4.1	\$28,500	
						17.8	17.8.1		
						17.12	17.12.1		
						17.15	17.15.1		
		Develop and update registry of national contacts points for international engagement	Develop and update registry of national contacts points for international engagement	Develop and update registry of national contacts points for international engagement	Develop and update registry of national contacts points for international engagement				
		Timely consolidation of tax and customs international obligations under various agreement	Timely consolidation of tax and customs international obligations under various agreement	Timely consolidation of tax and customs international obligations under various agreement	Timely consolidation of tax and customs international obligations under various agreement				

<b>Policy and Planning</b>	Ensure timely development of the CP and AMP, develop, review and update tax and customs policies and manage international relations and plannings	100% completion and submission of CP and AMP on time	100% completion and submission of CP and AMP on time	100% completion and submission of CP and AMP on time	100% completion and submission of CP and AMP on time				
		Number of policies development, review updated and approved	Number of policies development, review updated and approved	Number of policies development, review updated and approved	Number of policies development, review updated and approved				
		Number of executive briefs, reports or recommendations provided for international engagements	Number of executive briefs, reports or recommendations provided for international engagements	Number of executive briefs, reports or recommendations provided for international engagements	Number of executive briefs, reports or recommendations provided for international engagements				
<b>Strategic Risk Management</b>	Identification, assessment, ranking and quantification of compliance risks	85% of the annual tax risk management plan completed	87% of the annual tax risk management plan completed	89% of the annual tax risk management plan completed	90% of the annual tax risk management plan completed			\$130,900	

**Total Budget & Staff for Sub-Program 1.3: Corporate Services Division**

Description	2024/25	2025/26	2026/27	2027/28
<b>Total = Recurrent (\$m)</b>	\$832,500	\$704,500	\$704,500	\$704,500
Executive Staff (Band A-G)	1	1	1	1
Prof Staff (Band H-L)	17	19	14	14
Other Staff (Band M-S)	21	19	20	20
<b>Total Established</b>	39	39	35	35
<b>Unestablished</b>	3	3	4	4

<b>Output 2:</b> <i>Effective delivery of administrative, financial management and human resource support towards the services and decision making of the Ministry</i>						SDG/TSDF		Budget	
Activity:	KPIs	2024/25	2025/26	2026/27	2027/28	TARGETS #	INDICATORS #	Recurrent	Development
<b>Human Resources</b>	Ensure MORC always comply with PFMA (Treasury Instructions) and the Income Tax Act	Timeliness & Accuracy	Timeliness & Accuracy	Timeliness & Accuracy	Timeliness & Accuracy	8.1	8.1.1	Revenue \$1,886,400 Customs \$3,337,300	
						9.1	9.1.2		
						16.4	16.4.2		
						17.1	17.1.1		
<b>Financial Management</b>	Ensure that MORC staff always comply with the Public Service Act, Policy and Instructions	Timeliness & Accuracy	Timeliness & Accuracy	Timeliness & Accuracy	Timeliness & Accuracy	17.4	17.4.1		
						17.8	17.8.1		
						17.12	17.12.1		
						17.15	17.15.1		
	Always provide accurate report of the Ministry's Revenue & Expenditure								



**Total Budget & Staff for Sub-Program 1.4: Legal Services Division**

Description	2024/25	2025/26	2026/27	2027/28
<b>Total = Recurrent (\$m)</b>	\$124,100	\$105,200	\$134,271.35	\$134,271.35
Executive Staff (Band A-G)	1	1	1	1
Prof Staff (Band H-L)	3	4	3	3
Other Staff (Band M-S)	-	-	-	-
<b>Total Established</b>	4	5	4	4
<b>Unestablished</b>	-	-	-	-

<b>Output 3:</b> <i>Professional legal services to ensure that the Ministry's interactions with its stakeholders are lawful and in adherence with the legal principles of fairness and justice</i>						SDG/TSDF		Budget	
Activity:	KPIs	2024/25	2025/26	2026/27	2027/28	TARGETS #	INDICATORS #	Recurrent	Development
<b>Policy Advice &amp; Development</b>	Managing legal risks arising from daily operations	Task completion rate 70%	Task completion rate 75%	Task completion rate 80%	Task completion rate 85%	8.1	8.1.1	\$109,600	
						9.1	9.1.2		
<b>Legislative Reform and Drafting</b>	Managing legislative risks and risks arising from change of laws	Annual review of MORC Laws	Annual review of MORC laws	Annual review of MORC laws	Annual review of MORC laws	16.4	16.4.2		
						17.1	17.1.1		
						17.4	17.4.1		
<b>Legal Disputes</b>	Manage disputed tax litigation & associated challenges and risks of offences under Revenue & Customs Legislations	Recover 5% of total claim	Recover 10% of total claim	Recover 15% of total claim	Recover 20% of total claim	17.8	17.8.1		
						17.12	17.12.1		
						17.15	17.15.1		

**Total Budget & Staff for Sub-Program 1.5: Information, Communication & Technology Division**

Description	2024/25	2025/26	2026/27	2027/28
<b>Total = Recurrent (\$m)</b>	\$248,700	\$305,600	\$305,600	\$305,600
Executive Staff (Band A-G)	1	1	1	1
Prof Staff (Band H-L)	7	5	5	5
Other Staff (Band M-S)	3	5	4	4
<b>Total Established</b>	11	11	10	10
<b>Unestablished</b>	3	-	-	-

<b>Output 4:</b> <i>Modern, secure and streamlined ICT solutions to support the services and decision making of the Ministry</i>						SDG/TSDF		Budget	
Activity:	KPIs	2024/25	2025/26	2026/27	2027/28	TARGETS #	INDICATORS #	Recurrent	Development
<b>Infrastructure &amp; Maintenance</b>	Operational and secure at all times	90% operational and secure at all times	95% operational and secure at all times	95% operational and secure at all times	95% operational and secure at all times	17.1 17.8	17.1.1 17.8.1	\$4,367,100	
<b>Operation Support &amp; Data Management</b>	95% staff satisfaction with the IT services provided on quarterly basis, 400 support tickets per year	95% staff satisfaction	95% staff satisfaction	95% staff satisfaction	95% staff satisfaction				
<b>ICT Projects Support</b>	Progress of ICT Infrastructure Projects	Complete ICT infrastructure projects	Continue maintenance and support and conduct annual review ICT projects needs	Continue maintenance and support and conduct annual review ICT projects needs	Continue maintenance and support and conduct annual review ICT projects needs				

## Program 2: Inland Revenue

### Total Budget & Staff for Sub-Program 2.1: Tax Operations Division

Description	2024/25	2025/26	2026/27	2027/28
<b>Total = Recurrent (\$m)</b>	\$638,300	\$648,800	\$692,407.55	\$692,407.55
Executive Staff (Band A-G)	1	1	1	1
Prof Staff (Band H-L)	12	12	11	11
Other Staff (Band M-S)	17	22	21	21
<b>Total Established</b>	30	35	33	33
<b>Unestablished</b>	2	1	2	2

Output 5: <i>Effectively &amp; efficiently register, process and safekeeping of all stakeholder's tax information</i>						SDG/TSDF		Budget	
Activity:	KPIs	2024/25	2025/26	2026/27	2027/28	TARGETS #	INDICATORS #	Recurrent	Development
<b>Processing</b>	Accurate, completely and timely registered and processed of all Tax Returns before the due date	90% of returns registered & processed	92% of returns registered & processed	95% of returns registered & processed	100% of returns registered & processed	8.1 17.1	8.1.1 17.1.1	\$240,300	
	All Tax Operations & Functions are fully provided to Outer Island's Taxpayers within the given timeline	90% within the given timeline	92% within the given timeline	95% within the given timeline	100% within the given timeline			\$340,000	
<b>Registration</b>	Accurate, completely and timely registration of all Tax-type applications with in the given timeline	90% of all registration within the given timeline	90% of all registration within the given timeline	90% of all registration within the given timeline	90% of all registration within the given timeline			\$94,900	
<b>Reconciliation/ Tax Clearance</b>	All tax accounts are reconciled within the financial year	90% of tax accounts reconciled	92% of tax accounts reconciled	95% of tax accounts reconciled	100% of tax accounts reconciled			\$120,500	

<b>Filing Management</b>	Appropriate management and update of all Taxpayers' information and records before end of Financial Year	90% of all physical manual files are accurate, timely and completely updated before end of FY	92% of all physical manual files are accurate, timely and completely updated before end of FY	95% of all physical manual files are accurate, timely and completely updated before end of FY	100% of all physical manual files are accurate, timely and completely updated before end of FY			\$31,600	
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**Total Budget & Staff for Sub-Program 2.2: Large Taxpayers Division**

Description	2024/25	2025/26	2026/27	2027/28
<b>Total = Recurrent (\$m)</b>	\$359,500	\$346,600	\$442,173.10	\$442,173.10
Executive Staff (Band A-G)	1	1	1	1
Prof Staff (Band H-L)	11	10	12	12
Other Staff (Band M-S)	1	1	2	2
<b>Total Established</b>	13	12	15	15
<b>Unestablished</b>	1	1	1	1

<b>Output 6:</b> <i>Dedicated privileged taxpayer services that encourage the large taxpayer segment to maintain high level of tax compliance</i>						SDG/TSDF		Budget	
Activity:	KPIs	2024/25	2025/26	2026/27	2027/28	TARGETS #	INDICATORS #	Recurrent	Development
<b>Heilala Tax Services</b>	Scope, currency, and accessibility of information.	90% within the given timeline	92% within the given timeline	95% within the given timeline	100% within the given timeline	8.1 17.1	8.1.1 17.1.1	\$271,800	
<b>Large Business Processing</b>	Scope of initiatives to reduce taxpayer compliance costs & Scope of verification actions taken to detect international tax Issues.	90% within the given timeline	92% within the given timeline	95% within the given timeline	100% within the given timeline			\$116,900	
<b>Customer Service Counter</b>	Achieving customer's Satisfaction at all times	90% within the given timeline	92% within the given timeline	95% within the given timeline	100% within the given timeline	8.1 17.1	8.1.1 17.1.1		

**Total Budget & Staff for Sub-Program 2.3: Tax Compliance Improvement Division**

Description	2024/25	2025/26	2026/27	2027/28
<b>Total = Recurrent (\$m)</b>	\$702,500	\$561,200	\$561,200	\$561,200
Executive Staff (Band A-G)	1	1	1	1
Prof Staff (Band H-L)	16	11	15	15
Other Staff (Band M-S)	6	5	5	5
<b>Total Established</b>	23	16	21	21
<b>Unestablished</b>	-	-	-	-

<b>Output 7:</b> <i>Targeted compliance interventions to reduce taxpayer risks associated with non-compliance with tax laws</i>						SDG/TSDF		Budget	
Activity:	KPIs	2024/25	2025/26	2026/27	2027/28	TARGETS #	INDICATORS #	Recurrent	Development
<b>Audit &amp; Investigation</b>	Scope of verification actions taken to detect and deter inaccurate reporting	85% of the annual tax audit plan completed	87% of the annual tax audit plan completed	89% of the annual tax audit plan completed	91% of the annual tax audit plan completed	17.1	17.1.1 17.1.2	\$306,800	
<b>Returns &amp; Debt Collection</b>	Stock and flow of tax arrears	Ratio of core tax arrears >12 months old as a % of total core tax arrears is 50% above and up to 75%	Ratio of core tax arrears >12 months old as a % of total core tax arrears is 37.5% above and up to 50%	Ratio of core tax arrears >12 months old as a % of total core tax arrears is 25% above and up to 50%	Ratio of core tax arrears >12 months old as a % of total core tax arrears is below 25%			\$180,800	

**Total Budget & Staff for Sub-Program 2.4: Client Support & Public Relations Division**

Description	2024/25	2025/26	2026/27	2027/28
<b>Total = Recurrent (\$m)</b>	\$274,100	\$242,600	\$308,918	\$308,918
Executive Staff (Band A-G)	-	-	1	1
Prof Staff (Band H-L)	5	6	7	7
Other Staff (Band M-S)	7	7	7	7
<b>Total Established</b>	12	13	15	15
<b>Unestablished</b>	1	-	1	1

<b>Output 8:</b> <i>Competent delivery of a personalized and effective communications strategy to inform stakeholders of their tax and customs obligations</i>						SDG/TSDF		Budget	
Activity:	KPIs	2024/25	2025/26	2026/27	2027/28	TARGETS #	INDICATORS #	Recurrent	Development
<b>Customer Information Support Services</b>	Achieving customer's satisfaction at all times	90% of customer satisfaction	92% of customer satisfaction	95% of customer satisfaction	100% of customer satisfaction	17.1	17.1.1	\$152,700	
<b>Internal Service Level Monitoring</b>	Attaining unique satisfactory level of service	90% of service requirement	92% of service requirement	95% of service requirement	100% of service requirement			\$43,600	
<b>Public Relations &amp; Education</b>	Attaining training and forums and media awareness organized are delivered within the given timeline	90% of awareness are delivered	92% of awareness are delivered	95% of awareness are delivered	100% of awareness are delivered			\$72,700	

## Program 3: Customs Administration

### Total Budget & Staff for Sub-Program 3.1: Border Management Division

Description	2024/25	2025/26	2026/27	2027/28
<b>Total = Recurrent (\$m)</b>	\$1,269,600	\$790,900	\$899,010.10	\$899,010.10
Executive Staff (Band A-G)	1	1	1	1
Prof Staff (Band H-L)	8	9	10	10
Other Staff (Band M-S)	37	53	41	41
<b>Total Established</b>	46	63	52	52
<b>Unestablished</b>	7	5	8	8

Output 9: Enhanced border security coordination to detect illicit trade and support legitimate cross border trade and travel						SDG/TSDF		Budget		
Activity:	KPIs	2024/25	2025/26	2026/27	2027/28	TARGETS #	INDICATORS #	Recurrent	Development	
Seaport Operations	Full enforcement of border clearance protocols and security, PCCU and ACU	100% Enforcement	100% Enforcement	100% Enforcement	100% Enforcement	9.1	9.1.2	\$339,800	\$7,000,000	
Airport Operations						16.4	16.4.2	\$168,900		
Maritime Branch	Maritime patrol operations implemented in accordance with operational plans	90% within the given timeline	90% within the given timeline	95% within the given timeline	100% within the given timeline			\$698,600		
	Customs operations are fully provided at the Outer Islands within the given timeline	90% within the given timeline	90% within the given timeline	90% within the given timeline	90% within the given timeline			\$370,800		
Cargo and Passenger Inspections	Robust inspections according to risk-based selections that enhance specialization in physical examination with emphasis on combatting illicit drugs and trafficking crimes	100% sustain national security	100% sustain national security	100% sustain national security	100% sustain national security			\$194,500		
	Effective and timely operation of x-ray machines to facilitate trade and deter	100% accuracy and completeness of checking	100% accuracy and completeness of checking and reporting	100% accuracy and completeness of checking and reporting	100% accuracy and completeness of checking and reporting					



	illicit trade	and reporting							
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**Total Budget & Staff for Sub-Program 3.2: Revenue Management Division**

Description	2024/25	2025/26	2026/27	2027/28
<b>Total = Recurrent (\$m)</b>	\$651,000	\$459,900	\$485,337.30	\$485,337.30
Executive Staff (Band A-G)	1	1	1	1
Prof Staff (Band H-L)	8	6	6	6
Other Staff (Band M-S)	20	12	20	20
<b>Total Established</b>	29	19	27	27
<b>Unestablished</b>	1	1	1	1

Output 10: <i>Streamlined and digitized Customs clearance processes enhancing accessibility to professional and efficient services</i>						SDG/TSDF		Budget	
Activity:	KPIs	2024/25	2025/26	2026/27	2027/28	TARGETS #	INDICATORS #	Recurrent	Development
<b>Cargo Clearance Processing</b>	Professional client services and 1 working day facilitation of Custom clearance processes	1 working day	1 working day	1 working day	1 working day	16.4 17.1 17.15	16.4.2 17.1.1 17.15.1	\$508,400	\$100
<b>Warehouse &amp; Depot Operations and Clearance Processing</b>	Proper management of warehouses/ stock at all times	At all times	At all times	At all times	At all times				
<b>Local Excise Manufacturing Monitoring and Clearance Processing</b>	Proper management of warehouse stocks, monitoring of production and managing stock taking at all times.	At all times	At all times	At all times	At all times				
	Accuracy and timeliness processing of Excise duty	At all times	At all times	At all times	At all times				

<b>Customer Services Counter</b>	TIN processing, consultation and referral of other Customs enquiries to relevant Divisions	90% of within the given timeline	92% of within the given timeline	95% of within the given timeline	100% of within the given timeline				
	Accurate revenue collection, receipt generated payment and reconciliation for handover in a daily basis.	92% of awareness are delivered	92% of awareness are delivered	95% of awareness are delivered	100% of awareness are delivered				

**Total Budget & Staff for Sub-Program 3.3: Trade Partnership Division**

Description	2024/25	2025/26	2026/27	2027/28
<b>Total = Recurrent (\$m)</b>	\$312,600	\$312,600	\$338,037.30	\$338,037.30
Executive Staff (Band A-G)	1	1	1	1
Prof Staff (Band H-L)	7	9	9	9
Other Staff (Band M-S)	4	4	5	5
<b>Total Established</b>	12	14	15	15
<b>Unestablished</b>	-	-	-	-

<b>Output 11:</b> <i>Implementation of modern and effective trade facilitation initiatives across the border continuum to advance a prosperous economy</i>						<b>SDG/TSDF</b>		<b>Budget</b>	
Activity:	KPIs	2024/25	2025/26	2026/27	2027/28	TARGETS #	INDICATORS #	Recurrent	Development
<b>Authorized Economic Operator Program</b>	Adherence to requirements of WCO, WTO and regional trade agreements such as the standards of Trusted Trader Programs	Timeliness & Accuracy	Timeliness & Accuracy	Timeliness & Accuracy	Timeliness & Accuracy	17.1 17.12	17.1.1 17.12.1	\$539,500	
<b>Tariff &amp; Concessions</b>	Adherence to national tariff, policies and international tariff obligation and standards	Timeliness & Accuracy	Timeliness & Accuracy	Timeliness & Accuracy	Timeliness & Accuracy	17.1 17.15	17.1.1 17.15.1		
<b>Data Analysis &amp; Governances</b>	Adherence to regional and national trade data requirements	Timeliness & Accuracy	Timeliness & Accuracy	Timeliness & Accuracy	Timeliness & Accuracy	17.1 17.15	17.1.1 17.15.1		
<b>ASYCUDA World</b>	Modernize and automate over 90% of Customs procedures	60%	70%	80%	90%	17.1 17.12	17.1.1 17.12.1		

**Total Budget & Staff for Sub-Program 3.4: Enforcement Division**

Description	2024/25	2025/26	2026/27	2027/28
<b>Total = Recurrent (\$m)</b>	\$185,100	\$124,100	\$181,333.40	\$181,333.40
Executive Staff (Band A-G)	-	-	1	1
Prof Staff (Band H-L)	3	3	5	5
Other Staff (Band M-S)	3	6	6	6
<b>Total Established</b>	6	9	12	12
<b>Unestablished</b>	-	1	1	1

<b>Output 12:</b> <i>The application of risk-based interventions and effective debt management practices to boost trader compliance</i>						SDG/TSDF		Budget	
Activity:	KPIs	2024/25	2025/26	2026/27	2027/28	TARGETS #	INDICATORS #	Recurrent	Development
<b>Licensing &amp; Supply Chain Assurance</b>	Timely identifies and address security vulnerability in the supply chain	-	100% conduct and complete license compliance and supply chain security	100% conduct and complete license compliance and supply chain security	100% conduct and complete license compliance and supply chain security	16.4	16.4.2	\$218,300	-
<b>Post Clearance Audit</b>	The percentage of Audit Plan completed	90% completion	80-90% Complete	80-90% Complete	80-90% Complete				
	The percentage of Compliance rate improvements	-	70-90% Improve	70-90% Improve	70-90% Improve				
<b>Debt Management</b>	The improvement Rate of Debt recovery Managements	90% follow-up	70% of collectible debts recover	70% of collectible debts recover	70% of collectible debts recover				
<b>Trade Fraud Investigations</b>	To effectively conduct trade fraud investigation	-	20% of internal and external fraud rate identified out of the total transaction processed	20% of internal and external fraud rate identified out of the total transaction processed	20% of internal and external fraud rate identified out of the total transaction processed				

**Total Budget & Staff for Sub-Program 3.5: Intelligence Division**

Description	2024/25	2025/26	2026/27	2027/28
<b>Total = Recurrent (\$m)</b>	-	\$124,100	\$181,333.40	\$181,333.40
Executive Staff (Band A-G)	-	-	1	1
Prof Staff (Band H-L)	-	5	5	5
Other Staff (Band M-S)	-	10	6	6
<b>Total Established</b>	-	15	12	12
<b>Unestablished</b>	-	3	1	1

<b>Output 13:</b> <i>The application of risk-based interventions and effective debt management practices to boost trader compliance</i>						SDG/TSDF		Budget	
Activity:	KPIs	2024/25	2025/26	2026/27	2027/28	TARGETS #	INDICATORS #	Recurrent	Development
<b>Targeting Centre</b>	<ul style="list-style-type: none"> <li>- Number of high-risk shipments successfully identified.</li> <li>- Average time taken to assess and flag potential risks.</li> <li>- Number of flagged shipments found to be non-compliant</li> </ul>	90% Timeliness & Accuracy	90% Timeliness & Accuracy	90% Timeliness & Accuracy	90% Timeliness & Accuracy	16.4	16.4.2	\$945,700	-
<b>Cargo Movement</b>	<ul style="list-style-type: none"> <li>- Number of manifests, shipments, and unloading activities that meet customs and regulatory standards.</li> <li>- Time taken for</li> </ul>	90% Timeliness & Accuracy	90% Timeliness & Accuracy	90% Timeliness & Accuracy	90% Timeliness & Accuracy				

	<p>documentation, manifest approvals, inspections, and cargo releases</p> <ul style="list-style-type: none"> <li>- Number of compliance issues, discrepancies, and security incidents identified and successfully resolved.</li> </ul>								
<b>Field Intelligence</b>	<ul style="list-style-type: none"> <li>- Number of successful identifications of fraudulent or illegal activities.</li> <li>- Average time taken to process and resolve intelligence cases.</li> <li>- Number of intelligence reports leading to enforcement actions.</li> </ul>	90% Timeliness & Accuracy	90% Timeliness & Accuracy	90% Timeliness & Accuracy	90% Timeliness & Accuracy				
<b>Illicit Drugs Operations Support</b>	<ul style="list-style-type: none"> <li>- Number of intelligence assessments that correctly identify threats and risks.</li> <li>- Average time taken to process and deliver</li> </ul>	90% Timeliness & Accuracy	90% Timeliness & Accuracy	90% Timeliness & Accuracy	90% Timeliness & Accuracy				

	<ul style="list-style-type: none"> <li>- actionable intelligence. Number of intelligence-driven decisions leading to successful operations.</li> </ul>								
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## 5 Annexes

### Annex 1: MORC Statutory Legislations

No.	Legislation	Purpose
1	Consumption Tax Act	Imposition of Consumption Tax on taxable supply by taxable person and taxable import
	Consumption Tax Regulations	Implement of Consumption Tax Act
2	Customs Act	Duty imposed on exports and imports
	Customs (PACER Plus) Regulations 2020	Facilitate the implementation of PACER Plus
	Customs Regulations 2008	Implement Customs Act
3	Customs and Excise Management Act	Payment and management of Customs duty
	Customs and Excise Management Regulations 2008	Implementation of Customs and Excise Management Act
4	Excise Tax Act	Tax levied on the movement of excisable goods
	Excise Tax Regulations 2008	Implementation of the Excise Tax Act
5	Income Tax Act	Impose tax on chargeable income, tax on certain payments to non-resident, tax on shipping and air transport income of a non-resident person
	Income Tax Regulations	Implementation of the Income Tax Act
6	Revenue Services Administration Act	Administer revenue services
	Revenue Services Administration Regulations	Implementation of Revenue Services Administration Act

## Annex 2: Detailed Stakeholder Analysis

Stakeholder	Customer of MORC	Supplier to MORC	Partner with MORC	Oversight of MORC
<b>All Businesses</b>	Educate, advice and provide information	Information, commercial goods, services and charges	Compliance Improvement	
<b>All Employees</b>	Educate, advice and provide information		Compliance Improvement	
<b>Tax Agents</b>	Instruct, advice and provide guidance		Assist with driving taxpayer compliance	
<b>Customs Brokers</b>	Instruct, advice and provide guidance		Assist with driving trade compliance	
<b>Public Enterprises</b>	Educate, advice and provide information		Compliance Improvement	
<b>MDA</b>	Educate, advice and provide information	Third party information within the government	Compliance Improvement	Oversight by PSC, MOF & PMO – policy, planning & budget
<b>Cabinet</b>	Advice, recommendations and information			Direction
<b>Legislative Assembly</b>	Advice, recommendations and information			Direction
<b>International Donor Partners</b>	Advice, guidance, instructions, services and information	Development assistance and advice	Delivery of aid funded programs	



## Annex 3: MORC's Outputs, Activities and GPA Targets

GPA Targets	Outputs	Programs	2025/26 (targets)	2026/27 (targets)	2027/28 (targets)
<b>GPA 1:</b> <b>JNAP II (Mainstreaming)</b> <b>Target 14:</b> Resilience measures are mainstreamed into relevant legislations and are integral to all public and private sector policies, plans and development programs and projects. <b>MSDP</b> <b>Target:</b> Development of a new Border Management System (BMS) to meet international standards	<b>Output (1)</b> <b>Output (9)</b>	1.1 Office of the Minister 1.2 Office of the CEO 3.1 Border Management Division	90% achieving the target	95% achieving the target	100% Achieving the target
<b>GPA 3:</b> <b>NAPID (Supply Reduction)</b> <b>Target:</b> Reduction in supply and availability of drugs as evidence by (i) Street prices; (ii) Supplier arrest; (iii) Quantities seized and (iv) Drug user anecdotal evidence <b>Target:</b> Installation and implementation completion of (i) Asycuda system; (ii) Advanced Passenger Information System (APIS); (iii) Cargo and baggage x-ray machines <b>Target:</b> Increase success rate in detection of illicit consignments <b>Target:</b> Increase % of drug analysis conducted in Tonga by local qualified experts <b>Target:</b> Increase multi agency operation conducted over total counter drug-operations <b>NAPID (Demand Reduction)</b> <b>Target:</b> Establish of a PR Strategy on Illicit drugs that is approved and implemented	<b>Output (1)(3) and (4)</b> <b>Output (9) (11) and (13)</b>	1.2 Office of the CEO 1.4 Legal Services Division  1.5 ICT Division  3.1 Border Management Division  3.3 Trade Partnership Division  3.5 Intelligence Division	90% achieving the target  40% achieving the target	95% achieving the target  50% achieving the target	100% achieving the target  60% achieving the target

<b>GPA 5:</b> <b>COVID (Pillar 4)</b> <b>Target:</b> Sustainability and consistency of updates on the number of travelers inbound at Sea/Airports	<b>Output (9)</b>	3.1 Border Management Division	90% achieving the target	95% achieving the target	100% achieving the target
<b>GPA 6:</b> <b>Budget Strategy 2022/23-2024/25</b> <b>Target:</b> GDP growth by 3.6% 2023 <b>JPRM</b> i)Reform tax: 01) Reform tax exemptions and zero ratings for at least 2 of: development projects, tourism, heavy machinery, building supplies (private, education & community), fishing and agriculture by Dec 202; 02) Reform tax exemptions to TPL by Dec 2023. <b>DGSF (Goal 5)</b> <b>Target:</b> Implement e-Payment system for all Government-related transactions	<b>Output (1) and (2)</b>	1.2 Office of the CEO 1.3 Corporate Services Division	90% achieving the target	95% achieving the target	100% achieving the target
<b>Output (6)(8) and (10)</b>		2.2 Large Taxpayers Division 2.4 Client Support & Public Relation Division 3.2 Revenue Management Division	90% achieving the target	95% achieving the target	100% achieving the target
<b>GPA 7:</b> <b>TSDF II</b> <b>Target:</b> By 2025 to reach 5% average Annual GDP <b>Budget Statement</b> <b>Target:</b> GDP growth by 3% by 2025 <b>Tonga Strategic Development Framework (TSDF) II</b> <b>Target:</b> By 2025 the Debt Service Ratio reaches 2% <b>Budget Statements</b> <b>Target:</b> Debt service at 28% by 2024/25 <b>Tonga Strategic Development Framework (TSDF) II</b> <b>Target:</b> By 2025 the Debt Service Ratio reaches 2% <b>TFSP (Component 1)</b> <b>Target:</b> Increase exports/ value added <b>Target:</b> Increase Government revenue <b>Target:</b> Increase contributions of Fisheries Sector to the GDP	<b>Output (1) – (13)</b>	All MORC Divisions outputs can contribute	90% achieving the target	95% achieving the target	100% achieving the target
			90% achieving the target	95% achieving the target	100% achieving the target

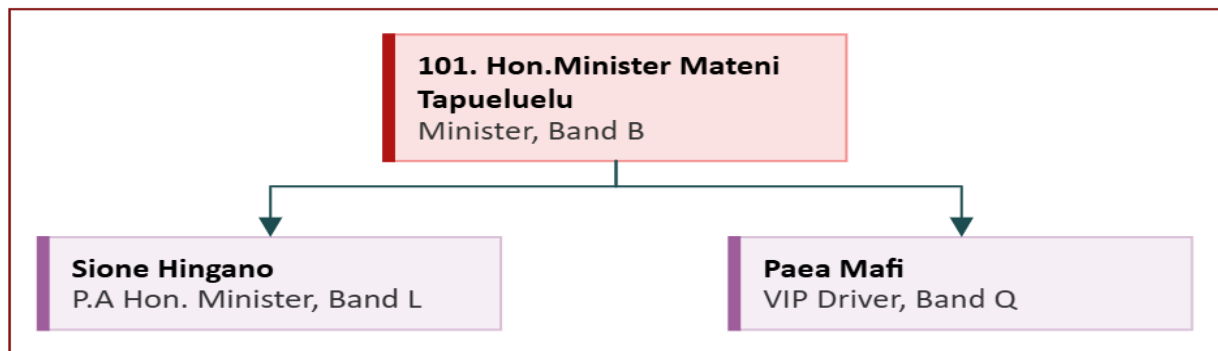
<b>TFSP (Component 3)</b> <b>Target:</b> Increase Public and private investment <b>Target:</b> Support local investors <b>TTPF (Export development and Trade Facilitation)</b> <b>Target:</b> By 2025, increase to 15% share of exports in GDP (%) <b>Target:</b> By 2025, increase by 30% more than baseline on number of firms consistently exporting  <b>TTPF (Inclusivity and Citizen Economic Empowerment)</b> <b>Target:</b> By 2024, increase 15% less than baseline on value of imports and unhealthy food (meat, soft drinks) (Note: tbc MORC lead MDA) + related MDA)	<b>Output (9) and (13)</b>	3.1 Border Management Division 3.5 Intelligence Division	90% achieving the target	95% achieving the target	100% achieving the target
	<b>Output (10)</b>	3.2 Revenue Management Division	90% achieving the target	95% achieving the target	100% achieving the target

<p><b>GPA 9:</b> <b>JPRM</b> <b>Target:</b> PFM Act (PFTAC/DFAT): 01) Cabinet approval for submission to Parliament of revised PFM Act that outlines key fiscal responsibility principles to guide fiscal policy and a numerical limit on the stock of government guaranteed debt 2023; 02) One follow-on action related to the PFM Act/ PFM Action Plan. Possibly PFM regulations and/or Treasury Instructions by Dec 2023 <b>Target:</b> Reform tax exemptions and zero ratings for at least 2 of; development projects, tourism, heavy machinery, building supplies (private, education &amp; community), fishing and agriculture by Dec 2022 <b>Global partnership (National development planning and results orientation)</b> <b>Target:</b> Increase the overall quality of national results framework encompassing priorities, targets and indicators, alignment to SDGs, budget information and regular progress report. <b>Target:</b> Increase development partners alignment to country priorities through objectives, indicators, data from national strategies and join evaluation between development partners and government. <b>Global partnership (Quality and use of public financial management system)</b> <b>Target:</b> Strengthening Public financial management systems <b>Target:</b> Increase development partners use of country systems such as PFM System: budget execution, financial reporting, auditing and procurement systems. <b>Budget Statement FY 2022/23</b> <b>Proposed target:</b> Strengthen and improve our Bilateral engagement for additional financial resources from multiple sources on the development programme of Tonga <b>Budget Statement FY 2022/23</b> <b>Proposed target:</b> Policy triggers achieved under the Joint Policy Reform Matrix</p>	<b>Output (11)</b>	3.3 Trade Partnership Division	90% achieving the target	95% achieving the target	100% achieving the target
	<b>Output (12)</b>	3.4 Enforcement Division	90% achieving the target	95% achieving the target	100% achieving the target

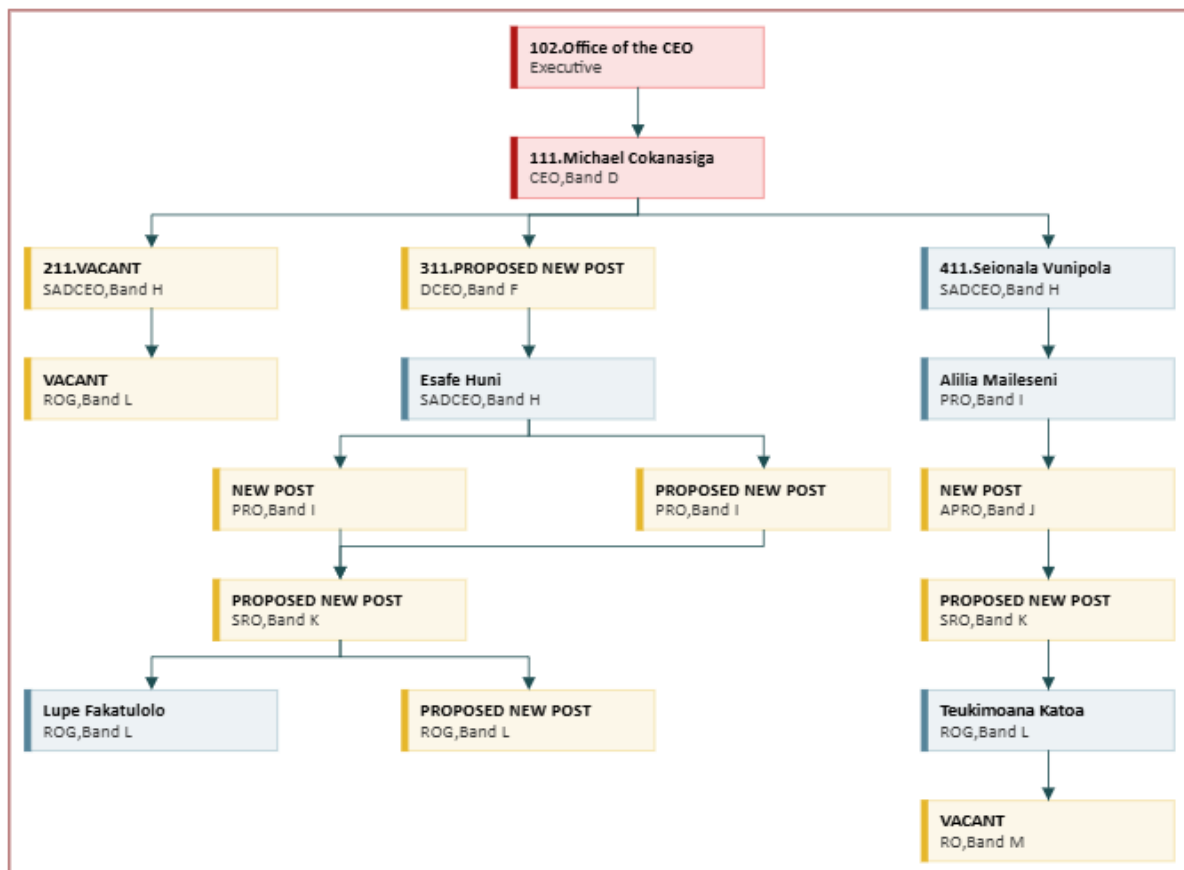
## Annex 4: Detail Organizational Structure by Division/Sub-program

### Program 1.A: Leadership

#### Sub-Program 1.1: Office of the Hon.Minister

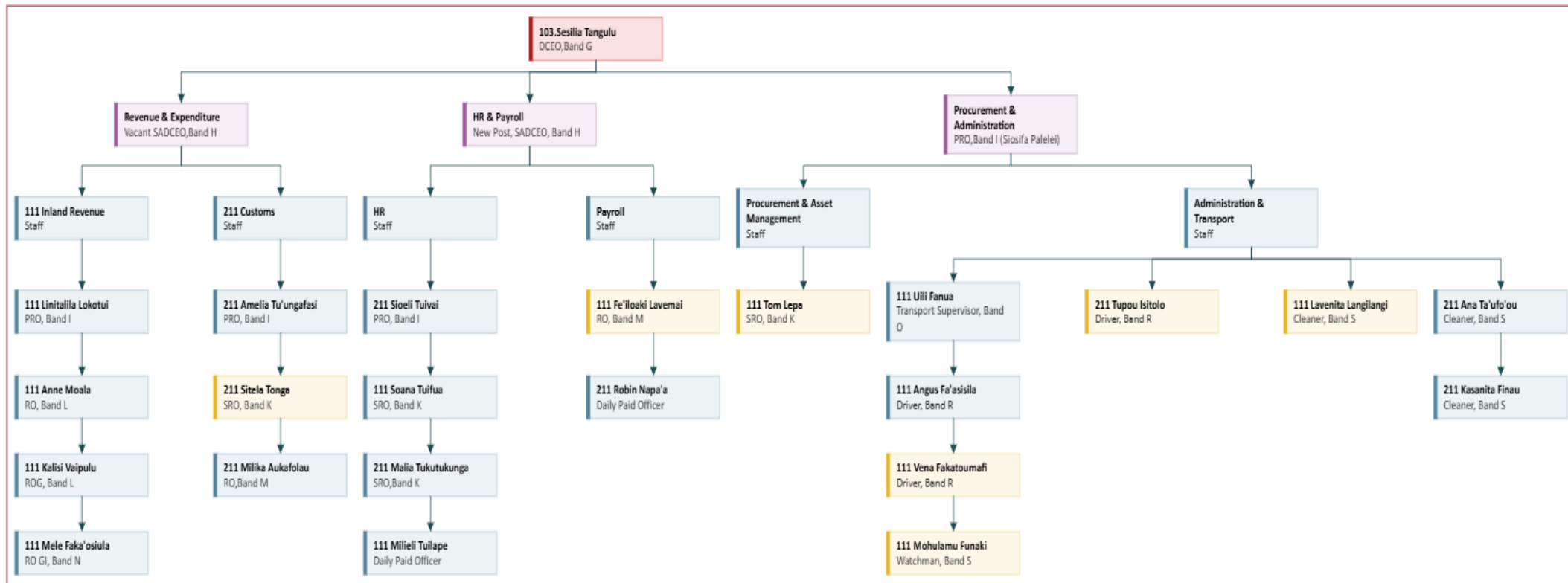


#### Sub-Program 1.2: Office of the CEO

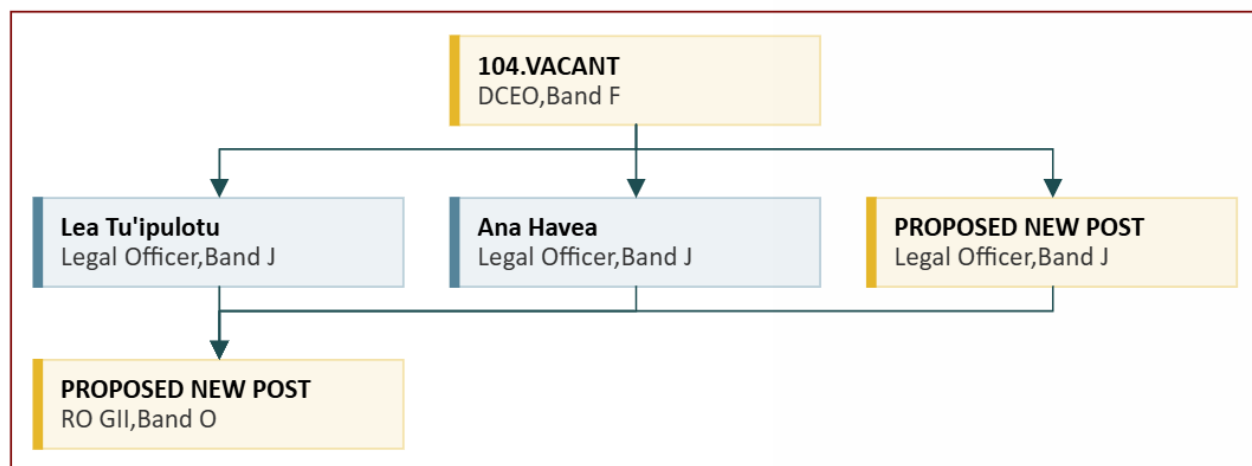


# Program 1.B. Shared Services

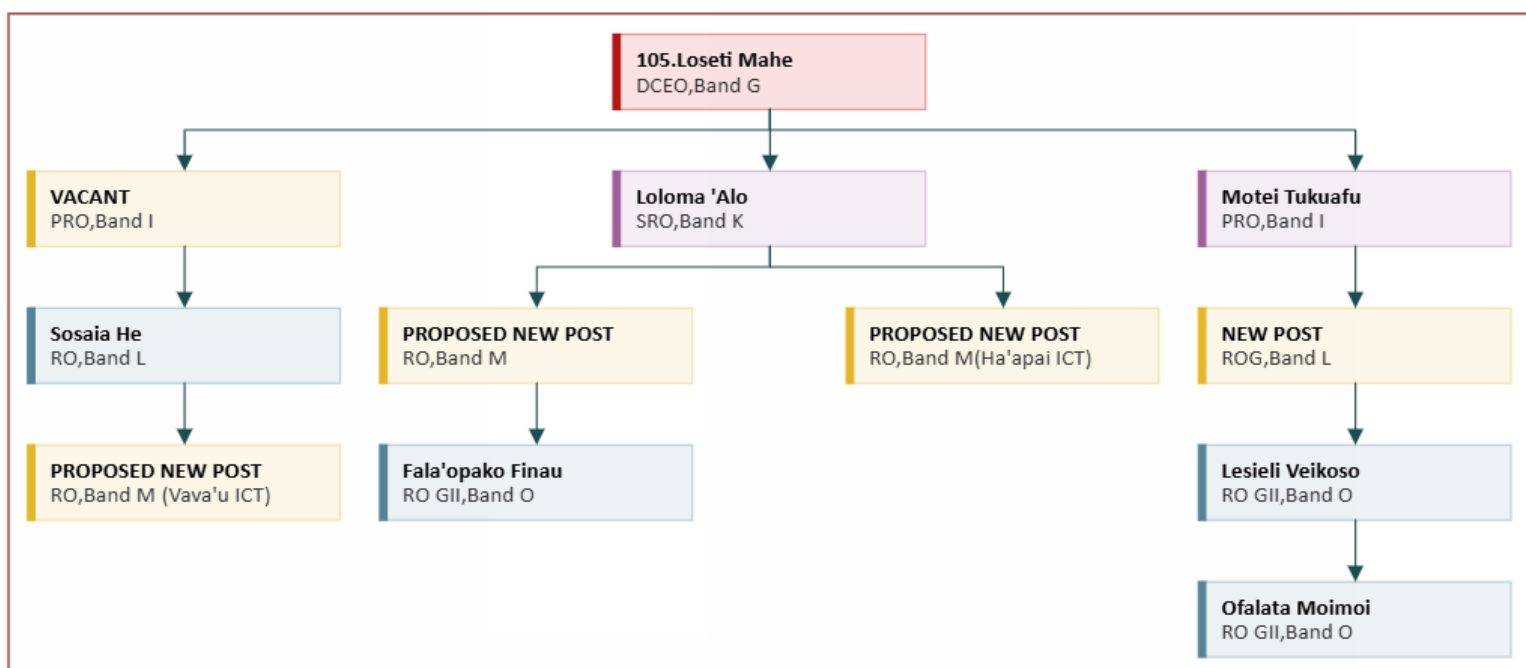
## Sub-Program 1.3: Corporate Services Division



## Sub-Program 1.4: Legal Services Division

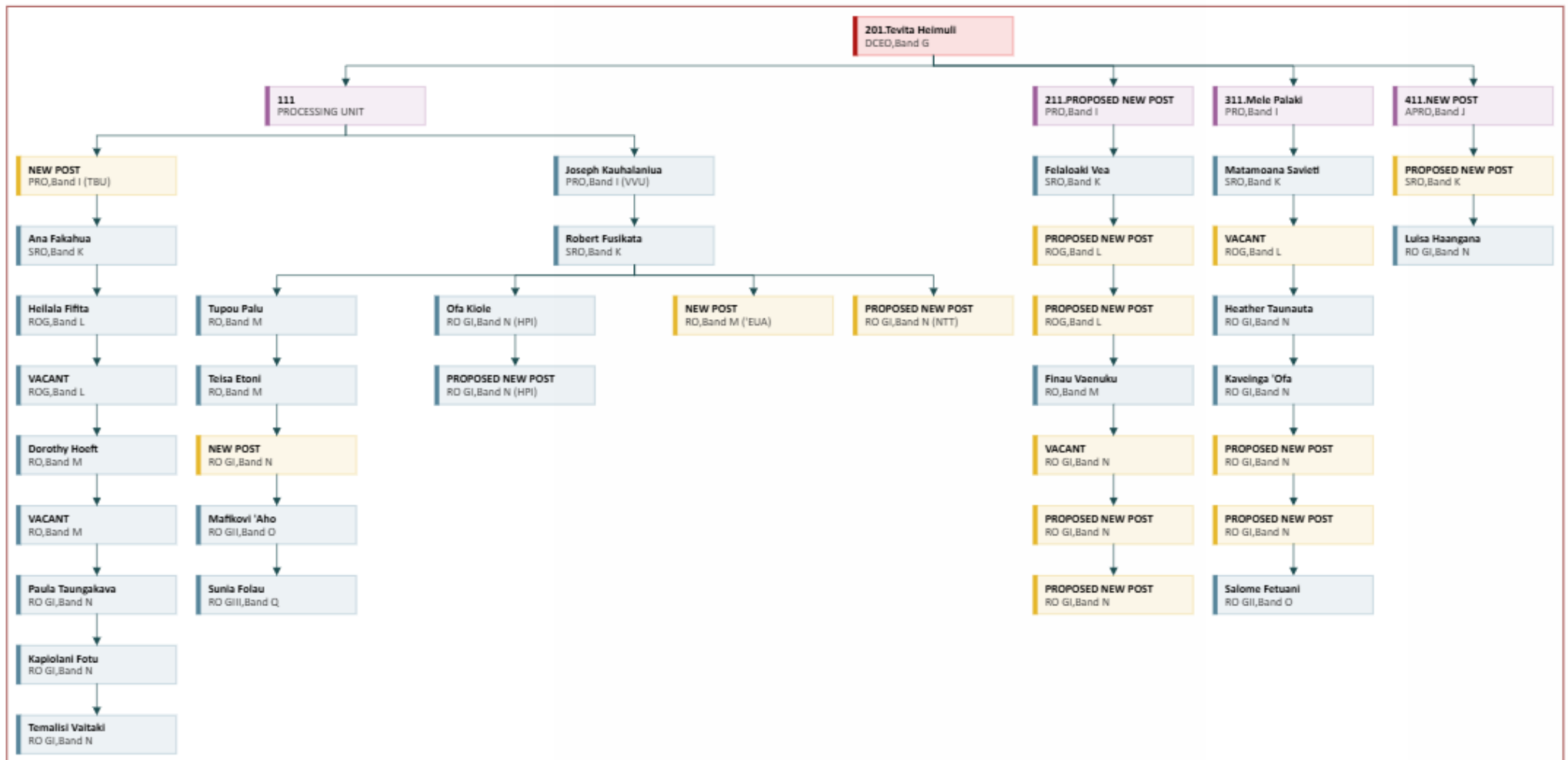


## Sub-Program 1.5: Information, Communication & Technology



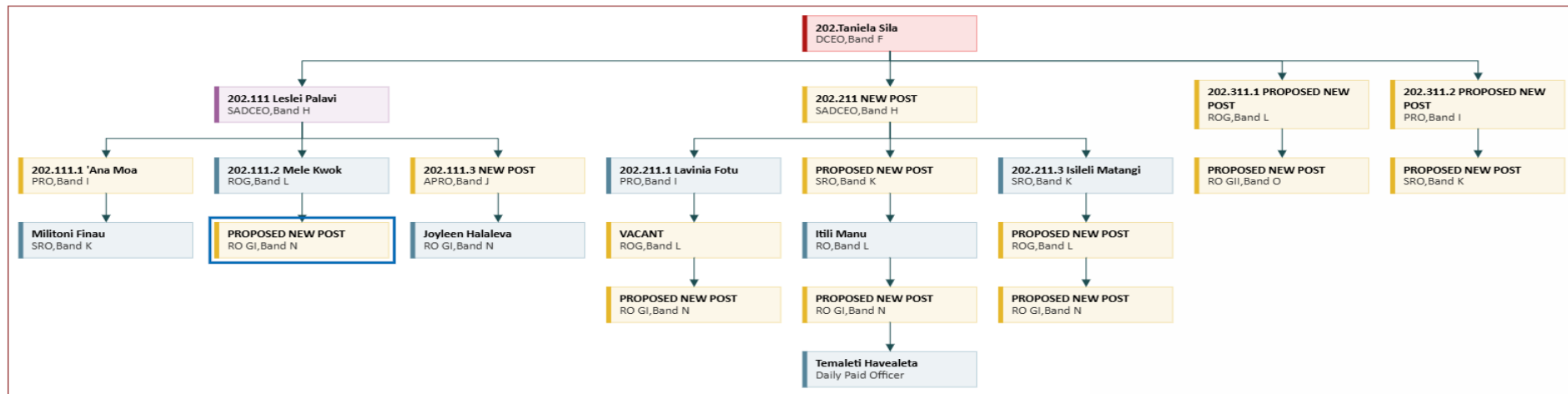
# Program 2: Inland Revenue

## Sub-Program 2.1: Tax Operations

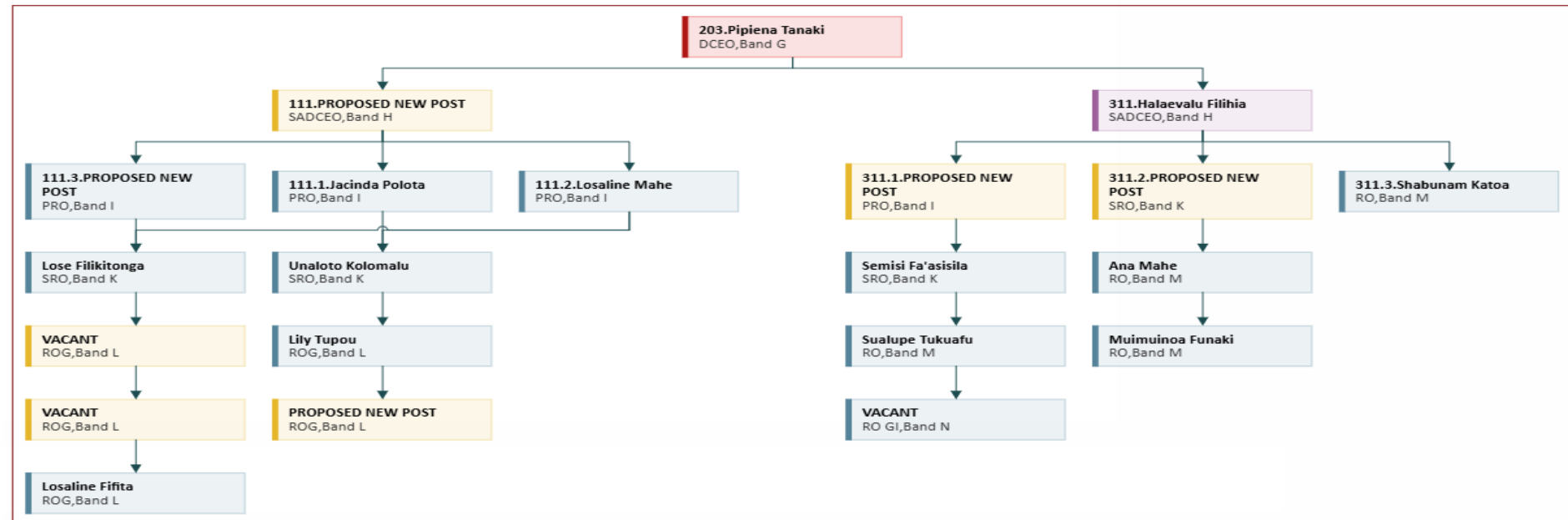




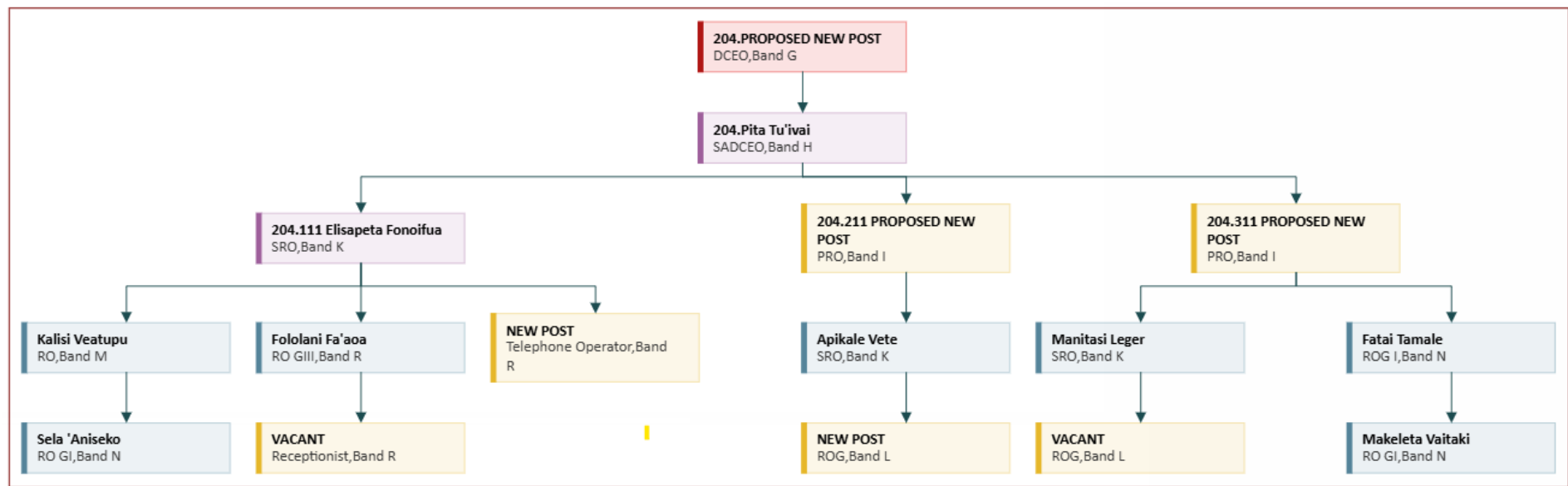
## Sub-Program 2.2: Large Taxpayers Division



## Sub-Program 2.3: Compliance Improvement

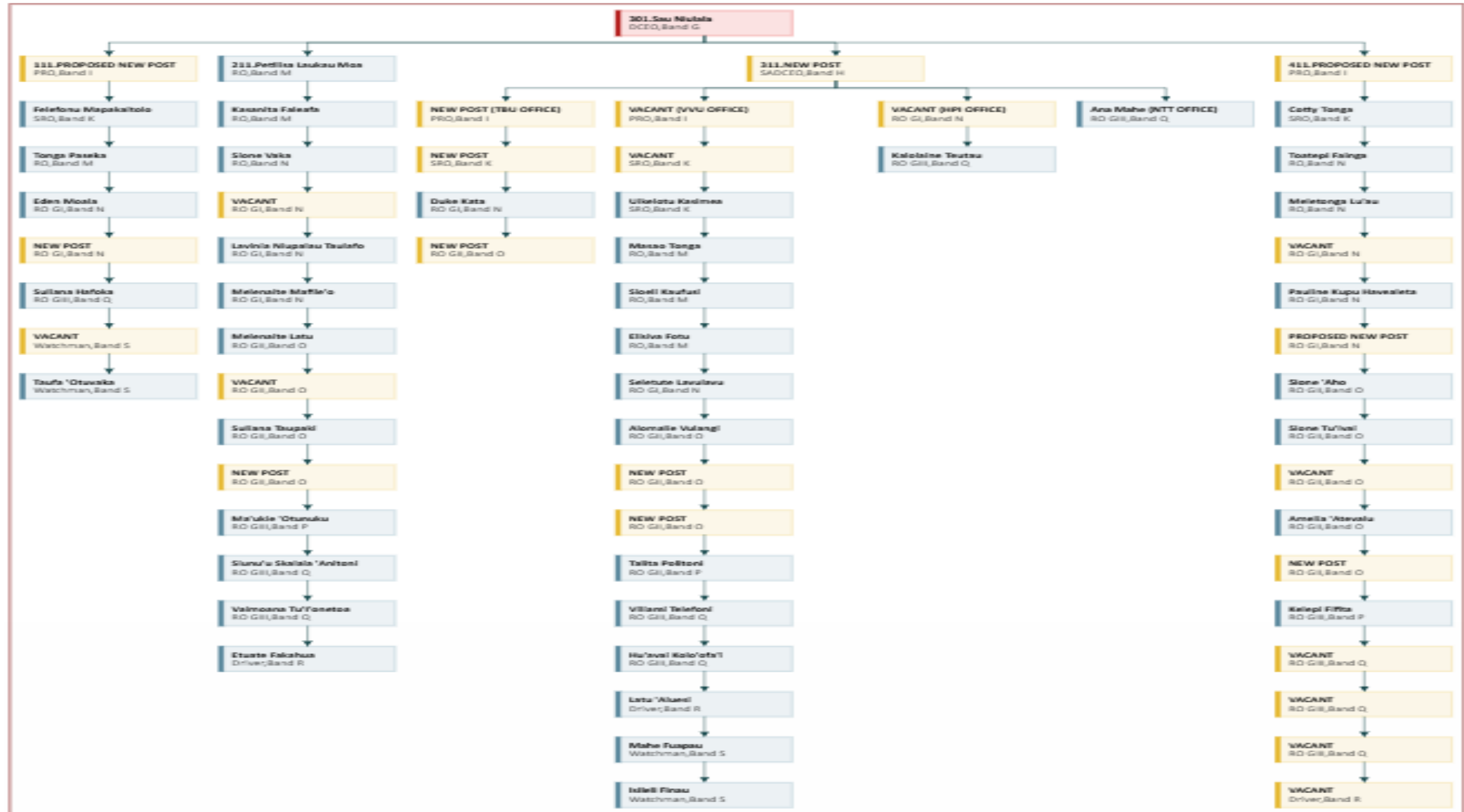


Sub-Program 2.4: Client Support & Public Relation

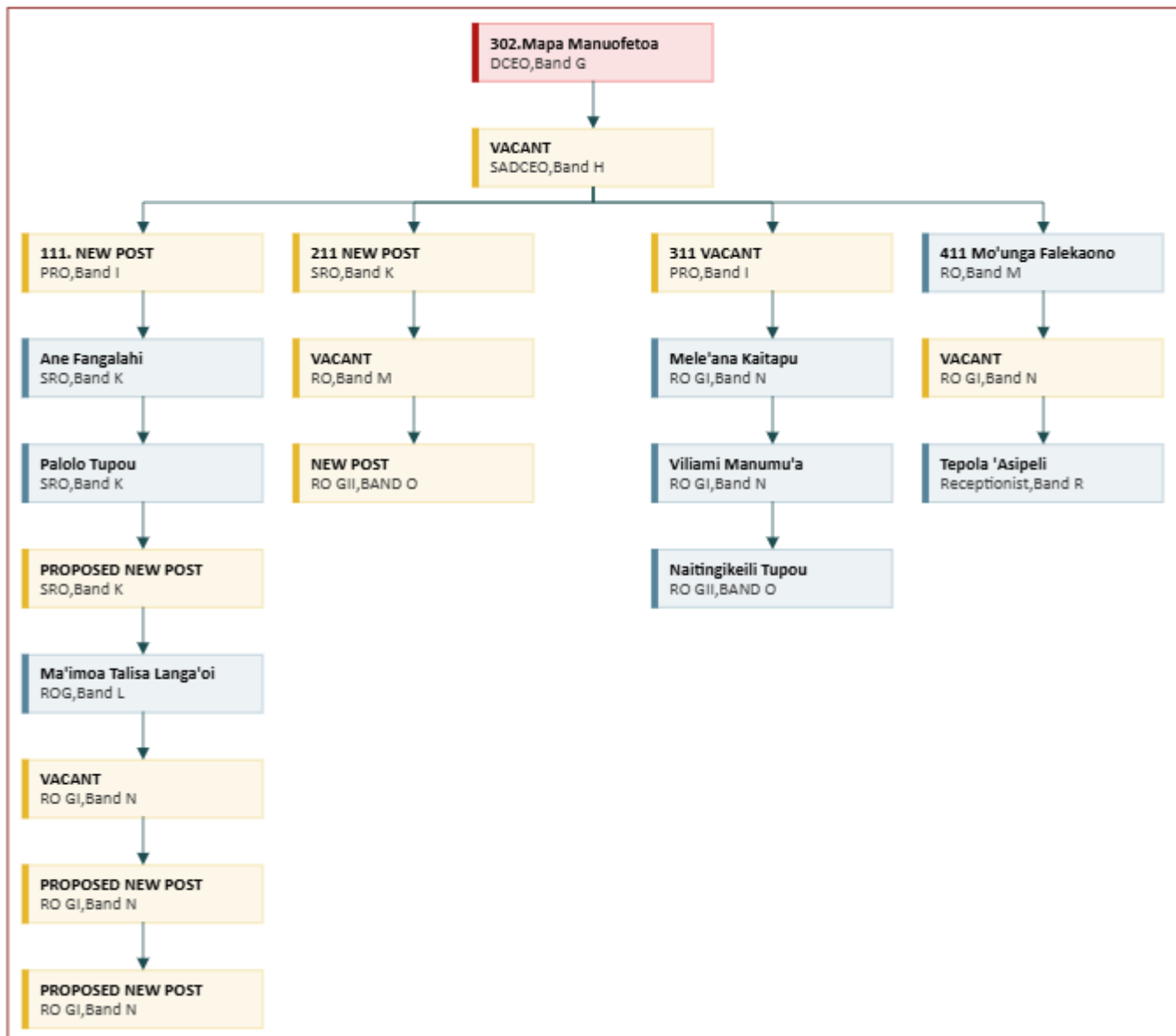


Program 3: Customs Administration

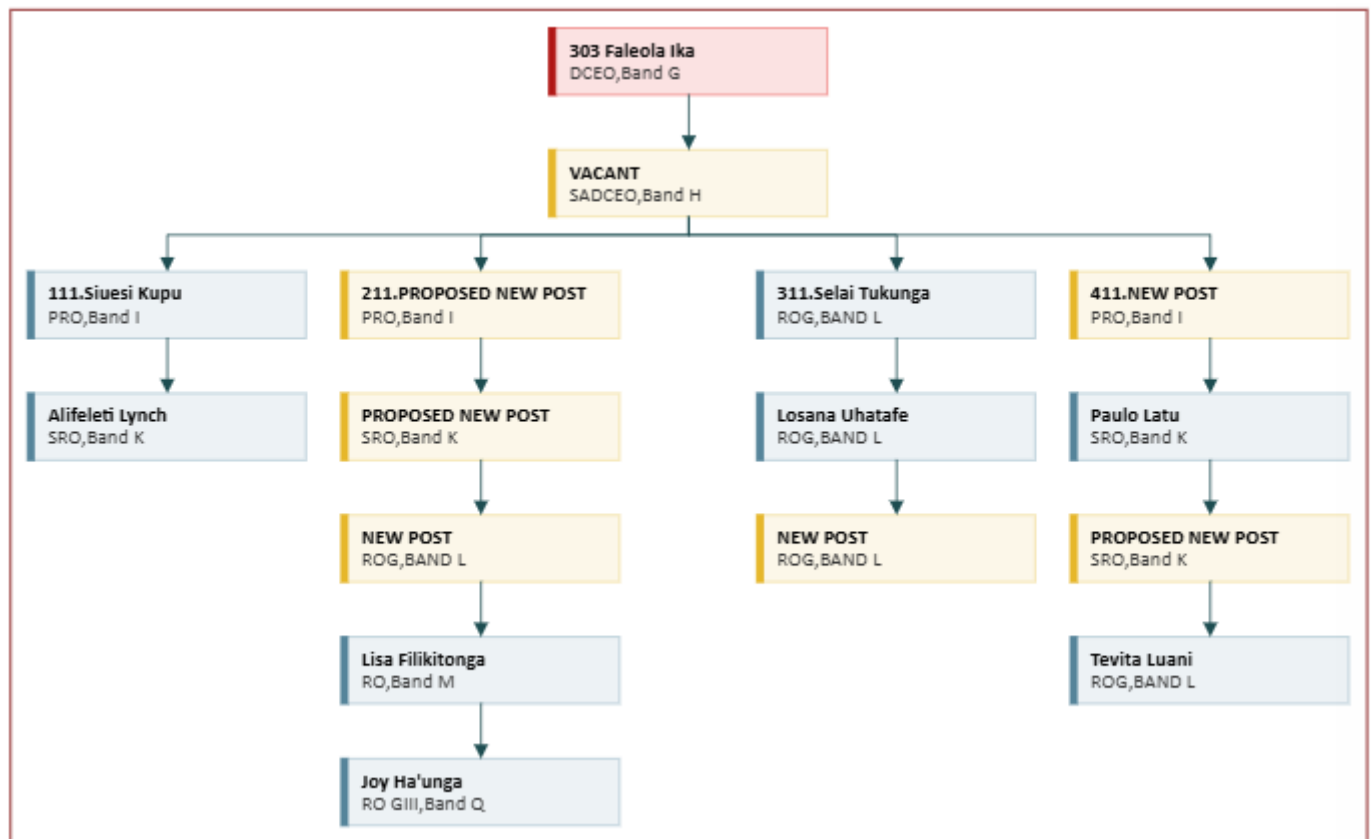
## Sub-Program 3.1: Border Management Division



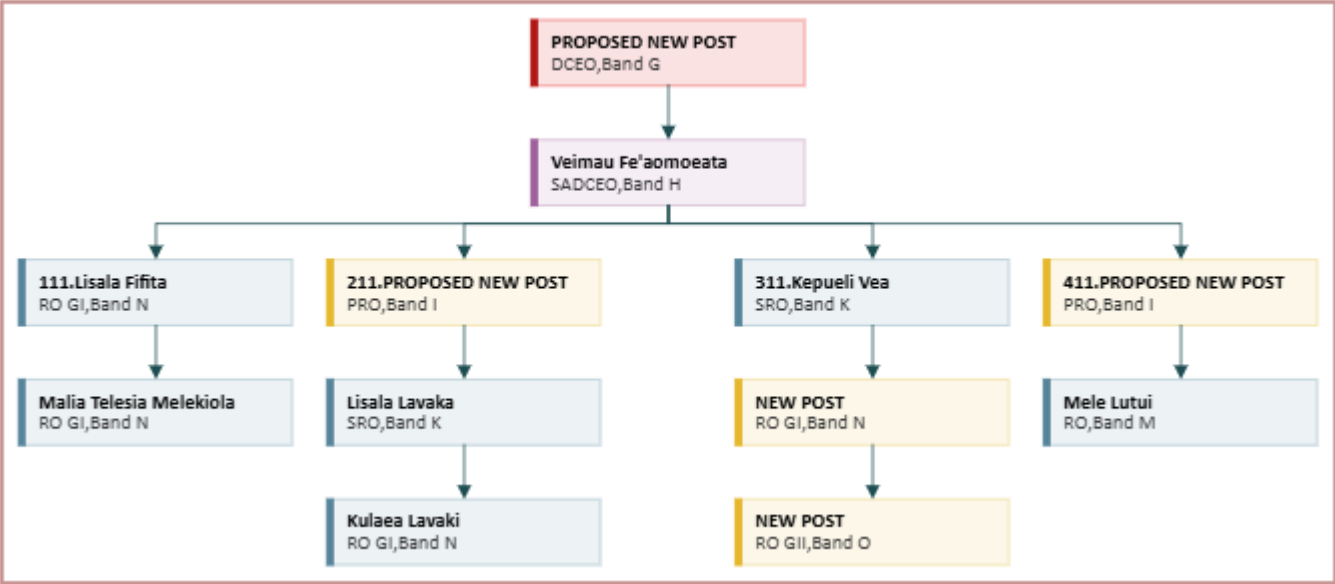
## Sub-Program 3.2: Revenue Management Division



### Sub-Program 3.3: Trade Facilitation Division



Sub-Program 3.4: Enforcement Division



Sub-Program 3.5 Intelligence Division

