

TONGA

NEW AUTHORITY GUIDE

THOMSON REUTERS TAX RESEARCH
JUNE 2016 CONTENT UPDATE #1

Introduction

The authority of Tonga has been added to ONESOURCE Determination, including rates, catch-all rules and cross-border logic. It is created in accordance with Tong Consumption Tax Act to account for importing, exporting, manufacturing and consumption of goods and services.

PART I – UPDATES TO DETERMINATION

Zone

The authority of Tonga has been attached to the country-level zone of Tonga.

ZONE NAME	PARENT ZONE	ZONE LEVEL	3-CHAR CODE	DEFAULT PRODUCT GROUP
Tonga	World	Country	TON	Harmonized

Registration Mask

The following registration mask was added.

REGISTRATION MASK
<code>^TO ^d{6}\$</code>

Authority Options

NAME	CONDITION	VALUE	START DATE	END DATE
CL - Customer Location Reverse Charge	Foreign Transaction	Registration Required	06/01/2016	N/A
CR - Registration Requirement	Both	Registration Requirement	06/01/2016	N/A
Filing Groups Goods	- None -	No	06/01/2016	N/A
Filing Groups Customer Location Service	- None -	No	06/01/2016	N/A
Filing Groups Physical Performance	- None -	No	06/01/2016	N/A
Foreign Seller – Physical Performance	- None -	No	06/01/2016	N/A
GS - Goods Reverse Charge	Not Applicable	Not Applicable	06/01/2016	N/A
Intra-Company tax free - Goods	- None -	Yes	06/01/2016	N/A
Intra-Company tax free sale - Customer Location Service	- None -	Yes	06/01/2016	N/A
Intra-Company tax free sale - Physical Performance	- None -	Yes	06/01/2016	N/A
PP - Physical Performance Reverse Charge	Not Applicable	Not Applicable	06/01/2016	N/A
Turn Off Authority	- None -	No	01/01/1901	N/A

Rate Updates

The following rates have been added in the authority of Tonga.

RATE CODE	RATE DESCRIPTION	RATE	START DATE
NL	Not Liable	0%	1/1/1901
SR	Standard Rate	15%	6/1/2016
ZR	Zero Rate	0%	6/1/2016

Catch-all Rules

The following catch-all rules have been added in the authority of Tonga.


RULE ORDER	RATE CODE	TAX CODE	START DATE	BASIS
5000	N/A	N/A	6/1/2016	Consumption Tax Act 2003 (as amended in 2012)
5001	NL	N/A	6/1/2016	Consumption Tax Act 2003 (as amended in 2012)
5002	ZR	N/A	6/1/2016	Consumption Tax Act 2003 (as amended in 2012)
5008.9999	SR	OVERRIDE_STANDARD	6/1/2016	Consumption Tax Act 2003 (as amended in 2012)
9980	ZR	ZERO RATED	6/1/2016	Consumption Tax Act 2003 (as amended in 2012)
9990	-None-	N/A	6/1/2016	Consumption Tax Act 2003 (as amended in 2012)
10000	NL	N/A	1/1/1901	Consumption Tax Act 2003 (as amended in 2012)
10000	SR	N/A	6/1/2016	Consumption Tax Act 2003 (as amended in 2012)

PART II – TAX RESULT EXAMPLES

Test 1: Goods shipment from Tonga to Tonga – Purchase

WORKBENCH ELEMENTS	VALUES
Company Role	Buyer
Transaction Type	Goods
Ship From	Tonga
Ship To	Tonga
Seller Registration	123456
Buyer Registration	654321
Result	Input VAT in Tonga

The following image shows the details of the purchase.

View Results: 1		Gross Amount: 10000.00	Eff%: 15%				
Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt
Country: TONGA	Tonga	Consumption Tax	S	I		15%	1500.00
							1500.00 TOP
 Authority Messages:							
Authority	RuleOrder	Message					
Tonga	10000	GCBG1: Standard input VAT in Ship To Location.					

Test 2: Goods shipment from New Zealand to Tonga – Purchase

WORKBENCH ELEMENTS	VALUES
Company Role	Buyer
Transaction Type	Goods
Ship From	New Zealand
Ship To	Tonga
Seller Registration	N/A
Buyer Registration	654321
Result	Import VAT in Tonga Recovery of import VAT in Tonga


The following image shows the details of the purchase.

View Results: 1		Gross Amount: 10000.00	Eff%: 0%				
Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt
Country: TONGA	Tonga	Consumption Tax	IM	O		15%	1500.00
Country: TONGA	Tonga	Consumption Tax	IM	I		15%	1500.00
							0.00 TOP
Authority Messages:							
Authority	RuleOrder	Message					
Tonga	10000	GCBG2: Import VAT in Ship To Location.					
Tonga	10000	GCBG3: Recovery of import VAT in Ship To Location.					

Test 3: Goods shipment from Tonga to Tonga – Sale

WORKBENCH ELEMENTS	VALUES
Company Role	Seller
Transaction Type	Goods
Ship From	Tonga
Ship To	Tonga
Seller Registration	123456
Buyer Registration	654321
Result	Output VAT in Tonga


The following image shows the details of the sale.

View Results: <input type="button" value="1"/>		Gross Amount: 10000.00	Eff%: 15%				
Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt
Country: TONGA	Tonga	Consumption Tax	S	0		15%	1500.00
							1500.00 TOP
 Authority Messages:							
Authority	RuleOrder	Message					
Tonga	10000	GCSG1: Standard output VAT in Ship To Location.					

Test 4: Goods shipment from Tonga to New Zealand – Export

WORKBENCH ELEMENTS	VALUES
Company Role	Seller
Transaction Type	Goods
Ship From	Tonga
Ship To	New Zealand
Seller Registration	123456
Buyer Registration	N/A
Result	Zero-rated export from Tonga

The following image shows the details of the export.

View Results: <input type="button" value="1"/>		Gross Amount: 10000.00	Eff%: 0%					
Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	
Country: TONGA	Tonga	Zero Rated Export	ZE	0		0%	0.00	
							0.00 TOP	
 Authority Messages:								
Authority	RuleOrder	Message						
Tonga	5000	GCSG8: Zero-rated export in Ship From location.						

Test 5: Service supply from Tonga to Tonga – Seller

WORKBENCH ELEMENTS	VALUES
Company Role	Seller
Transaction Type	Service
Supply	Tonga
Seller Registration	123456
Buyer Registration	654321
Result	Output VAT in Tonga

The following image shows the details of the sale.

View Results: 1 ▾		Gross Amount: 10000.00		Eff%: 15%				
Zone		Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt
Country: TONGA		Tonga	Consumption Tax	S	O		15%	1500.00
								1500.00 TOP
📄 Authority Messages:								
Authority		RuleOrder		Message				
Tonga		10000		GCSP2: Output VAT in Service location.				

Test 6: Service supply from New Zealand to Tonga – Reverse Charge

WORKBENCH ELEMENTS	VALUES
Company Role	Buyer
Transaction Type	Service
Seller Primary	New Zealand
Buyer Primary	Tonga
Seller Registration	N/A
Buyer Registration	654321
Result	Reverse charge in Tonga

The following image shows the details of the reverse charge.

View Results: 1		Gross Amount: 10000.00	Eff%: 0%				
Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt
Country: TONGA	Tonga	Consumption Tax	RC	O		15%	1500.00
Country: TONGA	Tonga	Consumption Tax	RC	I		15%	1500.00
							0.00 TOP
Authority Messages:							
Authority	RuleOrder	Message					
Tonga	10000	GCBCL31: Reverse charge in Buyer's country.					
Tonga	10000	GCBCL32: Recovery of reverse charge in Buyer's country.					

CONCLUSION

This guide explains changes made in ONSOURCE Indirect Tax Determination in connection with the authority of Tonga. Please contact Customer Support with any additional questions.