



INQUIRY

ARREARS IN REVENUE AND THE IDENTIFICATION AND COLLECTION OF AMOUNTS DUE FROM TAXES AND DUTIES

TERMS OF REFERENCE

1.0 Background

- 1.1 Section 66A of the Legislative Assembly (Procedure Rules) 1976 provides for the establishment of the Public Accounts Committee as a Standing Committee of the Anguilla House of Assembly and establishes its authority. Section 9 of the House of Assembly Powers and Privileges Act RSA cH15 outlines a series of offences related to committees of the House of Assembly..
- 1.2 The Financial Administration and Audit Act RSA c.F27 and Financial Instructions Section 7 clearly establishes responsibility for the collection of revenue and arrears. Additionally, the various acts for the collection of taxes provide more specifics as it regards the collection of the same; these include inter alia: the Property Tax Act, the Interim Stabilisation Levy Act, the Inland Revenue Department Act; the Accommodation Tax Act.
- 1.3 At 31st December 2013 the Government of Anguilla was owed 31.7 million EC Dollars, this figure was up from 22.3 million dollars at the end of 2012. These figures were extracted from Note 19 of the report of the Chief Auditor on the 2013 Accounts of the Government of Anguilla.
- 1.4 Paragraphs 33-38 and 53-64 of the 2013 report of the Chief Auditor and previous reports highlights the situation as it regards arrears in revenue and more specifically the identification and collection of amounts due from taxes and duties. The report recommends the action that the Government of Anguilla needs to take to remedy the situation.
- 1.5 In the section of the 2013 Chief Auditor's Report, "Financial health and Outlook", the Chief Auditor notes in paragraph 74:

Effective collection of revenue due to the Government, in particular revenue arising from taxes and duties, will be critical in ensuring that the Government can meet these obligations.

The obligations referred to in paragraph 74 are detailed in paragraph 73 and include: funding the resolution of the banking crisis; pension liabilities, and the payment of unrecognised creditors.

- 1.6 Paragraph 76 within the same section notes that arrears in revenue have increased significantly over the years; 12.0 million in 2010, 19.0 million in 2011, 22.3 million in 2012, 31.7 million in 2013 and 39.9 million in 2014 (figure for 2014 is unaudited)

1.7 The Accountant General's Report and Accounts of the Consolidated Fund 2013 (the report is included in the Chief Auditors Report 2013) in the section "The FY 2013 Fiscal Review" notes that there was a deficit of 11.3 million XCD in 2012 and of 7.4 million XCD in 2013. Additionally The Government of Anguilla's Fiscal Outturn Summary for 2016 indicates a XCD 58,129,810 shortfall in total projected revenue for the period.

1.0 Objectives of the Inquiry

- 1.1 Underscore the responsibility of various Offices for the collection of arrears and amounts due in taxes;
- 1.2 Ascertain the amounts in arrears owed to the Government of Anguilla;
- 1.3 Gain an understanding of the systems and processes used to determine the amount due in taxes to the Government of Anguilla and to identify the gaps therein;
- 1.4 Determine the causes for the existing situation as it regards arrears in revenue and the existing gaps in the systems and processes used to identify the amounts due in taxes;
- 1.5 Ascertain what progress if any has been made by various Departments and Offices to fairly state and collect amounts due to the Government of Anguilla;
- 1.6 Make recommendations towards improving the existing situation as it regards the same;
- 1.7 Examine any other related matters.

2.0 Witnesses

- 2.1 Permanent Secretary Finance
- 2.2 Comptroller Inland Revenue
- 2.3 Accountant General
- 2.4 Comptroller of Customs

3.0 Schedule

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| 3.1 Friday 10 th March | --- | Press release and notice to witnesses |
| 3.2 Tuesday 21 st March | 10:00am | Witness briefing (In Camera) |
| 3.3 Tuesday 21 st March | 11:00am | Committee briefing (In Camera) |
| 3.4 Wednesday 22 nd March | 9:30am | Evidence session (Public) |
| 3.5 Wednesday 22 nd March | 2:00pm | Committee Meeting (In Camera) |
| 3.6 Tuesday 18 th April | --- | Publication of Preliminary Report |
| 3.7 Tuesday 25 th April | --- | Publication of Final Report |