



REPUBLIC OF NAURU

Business Tax Bill 2016

No. 31 of 2016

Table of Provisions

PART 1 – PRELIMINARY MATTERS

- | | |
|----|------------------------------|
| 1 | Short title |
| 2 | Commencement and application |
| 3 | Definitions |
| 4 | Associate |
| 5 | Fair market value |
| 6 | Non-profit organisation |
| 7 | Permanent establishment |
| 8 | Resident individual |
| 9 | Source of income |
| 10 | Act binds the Republic |

PART 2 – IMPOSITION OF TAX

- | | |
|----|------------------------------------|
| 11 | Imposition of business profits tax |
| 12 | Imposition of small business tax |

- 13 Imposition of non-resident tax
- 14 Imposition of international transportation business tax
- 15 General provisions relating to taxes imposed under this Act

PART 3 – BUSINESS PROFITS TAX

Division 1 – Taxable Income

- 16 Taxable income

Division 2 – Gross Revenue and Allowable Deductions

- 17 Gross revenue
- 18 Exempt income
- 19 Deductions
- 20 Non-deductible expenditures and losses
- 21 Depreciation of depreciable assets and business intangibles
- 22 Bad debts
- 23 Net loss carry forward

Division 3 – Tax Accounting

- 24 Method of tax accounting
- 25 Change in tax accounting method

Division 4 – Business Assets

- 26 Jointly owned business assets
- 27 Acquisition of a business asset
- 28 Disposal of a business asset
- 29 Cost of a business asset
- 30 Net book value of a business asset
- 31 Consideration for the disposal of a business asset
- 32 Deferral of recognition of gain or loss
- 33 Registration of transferred assets

PART 4 – ANTI-AVOIDANCE

- 34 Transfer pricing
- 35 Thin capitalisation
- 36 Tax avoidance schemes

PART 5 – PROCEDURE

- 37 Application of the Revenue Administration Act
- 38 Records
- 39 Tax returns
- 40 Payment of tax
- 41 Instalments of business profits tax

- 42 Collection of international transportation business tax from non-resident ship owners or charterers
- 43 Collection of international transportation business tax from non-resident aircraft owners or charterers
- 44 Withholding tax

PART 6 – ADMINISTRATIVE MATTERS

- 45 Currency translation
- 46 Regulations
- 47 Consequential amendments to Employment and Services Tax Act
- 48 Transitional provisions

SCHEDULE 1 – RATES OF TAX

SCHEDULE 2 – BUSINESS PROFITS TAX THRESHOLD

SCHEDULE 3 – AMENDMENT OF EMPLOYMENT AND SERVICES TAX ACT
2014

REPUBLIC OF NAURU

Business Tax Bill 2016

Act No. 31 of 2016

A Bill for an Act to provide for the taxation of business income, and for related purposes

Certified:

Enacted by the Parliament of Nauru as follows:

PART I – PRELIMINARY MATTERS

1 Short title

This Act may be cited as the *Business Tax Act 2016*.

2 Commencement and application

- (1) This Act commences on the date that notice of the Act is published in the Gazette.
- (2) Subject to subsections (3) and (4), this Act applies from 1 July 2016.
- (3) Section 35 applies from the date specified by the Secretary in a notice in the Gazette.
- (4) Clause 3 of Schedule 3 applies from 1 October 2014.

3 Definitions

In this Act:

‘acquisition’, in relation to a business asset, has the meaning in 27;

‘amount’ includes an amount-in-kind;

‘associate’ has the meaning in section 4;

‘business’ means any activity, whether continuous or short term, conducted for the purposes of economic gain, other than an employment,

and includes any trade, manufacture, profession, or other commercial activity;

‘business asset’ means an asset, whether revenue or capital in nature, used in the conduct of a business wholly or partly to derive gross revenue, including inventory, a depreciable asset, a business intangible, or goodwill;

‘business intangible’ means:

- (a) a copyright, patent, design or model, plan, secret formula or process, trademark, or other like property or right that has a limited useful life and is used wholly or partly to derive gross revenue;
- (b) a customer list, distribution channel, or unique name, symbol or picture, or other marketing intangible that has a limited useful life and is used wholly or partly to derive gross revenue;
- (c) contractual rights (including arising as a result of a prepayment of expenses) with a benefit for a limited period, but which exceeds one year, used wholly or partly to derive gross revenue;
- (d) an expenditure used wholly or partly to derive gross revenue that provides an advantage or benefit for a period of more than one year, other than expenditure incurred to acquire any tangible personal or real property; or
- (e) preliminary expenditure;

‘business profits tax’ means business profits tax imposed under section 11;

‘business profits tax threshold’ means the monetary amount specified in the Second Schedule;

‘company’ means:

- (a) a corporation incorporated under the Corporations Act 1972;
- (b) a foreign corporation within the meaning of the Corporations Act 1972;
- (c) a statutory corporation created under Nauru law or the law of a foreign country;

‘consideration’, in relation to a business asset, has the meaning in section 31;

‘cost’, in relation to a business asset, has the meaning in section 29;