



National Investment Policy Statement



Kingdom of Tonga

Ministry of Labour, Commerce and Industries
April 2009

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Foreword



Boosting investment, both domestic and foreign, is a key objective of the Government. It is with pleasure, then, that I present this National Investment Policy Statement for the Kingdom of Tonga. The Government recognises the important role that the private sector plays in creating employment and generating wealth – and in the generation of revenue to support the delivery of public services. Investment is the life-blood of the private sector, and it is my sincere hope that this National Investment Policy Statement will make an important contribution towards the achievement of Goal 3 of Tonga’s Strategic Development Plan 8: *promoting sustained private sector growth*.

At a practical level, the National Investment Policy Statement will serve several useful purposes. Firstly, it will provide a transparent and public statement of investment policy for all private sector investors, enhancing investment prospects. Secondly, it will be a valuable tool for my Ministry in its investment promotion efforts. Thirdly, it will inform all officials of the extent of Government’s investment policy, enabling all investment efforts to be better co-ordinated and directed. And finally, it will be a benchmark against which Government can effectively review investment policies to ensure those policies are best practice.

A handwritten signature in black ink, appearing to read 'Lisiata 'Aloveita 'Akolo', written in a cursive style.

The Hon. Lisiata ‘Aloveita ‘Akolo
Minister of Labour, Commerce, and Industries

April 2009

Executive Summary

Objective

The National Investment Policy Statement of Tonga (NIPS) is a document intended to bring clarity and transparency for investors on the current policies and administrative procedures in place for investment. A statement of current practices, the NIPS provides information on the steps investors need to take in order to invest in Tonga, with reference to other government policies and issues that may impact their investment. It is the first compilation of all steps necessary across all government agencies ever produced by the government, and will inform additional work in regulatory simplification and improving the business environment in the Kingdom. Additionally, it will be a valuable tool for the Ministry of Labour, Commerce, and Industries (MLCI) in its investment promotion efforts and will help to better coordinate and direct investment efforts across the government.

Structure

The NIPS is organized along three broader themes:

- Investing in Tonga (Rules and Regulations),
- Living and Working in Tonga, and
- Other Government Policies.

Under each heading is a wealth of information; for example, Investing in Tonga contains information on investment guarantees, investment regulation, foreign investment approval, importing and exporting, investment incentives, and industrial infrastructure.

In addition to these three broad themes, the document also contains other information that is necessary for investors, including information on the Reserve and Restricted Lists, how to apply for licenses, contact information of relevant Ministries, and information on tariffs and price controls in the Kingdom.

Finally, as the Ministry charged with overseeing investment efforts in Tonga, the NIPS gives an overview of the services that the Trade and Investment Promotion Unit (TIPU) in the MLCI can offer investors and how it can facilitate their entry into the country.

The Way Forward

The NIPS should be a valuable document to help investors navigate their way through the Kingdom. In its current form, it is not a strategic document, nor does it argue a particular policy stance across the broad issues connected with investment. It merely represents a statement of the way Tonga operates today. In coming months, however, NIPS will also serve as a baseline for the government to examine its own policies regarding investment, and measure whether desired outcomes for investment are being met by the current regime. In this sense, the NIPS represents the first serious attempt by the Ministry of Labour, Commerce, and Industries (MLCI) to examine as a whole the government's policies towards investment and investors and how they can be improved or augmented.

Overview

Like all other countries, Tonga is subject to external forces – most of them beyond our control. High and rising prices of basic commodities, like oil and flour, are but two examples of the negative economic impact we currently experience.

However, what is within our control is our ability to create conditions that ensure and enhance the livelihoods of Tongans, including a prosperous future for our youths. Moreover, while we focus on economic conditions and investment climate, we are concerned to do so within the framework of policies that ensure the preservation of our rich culture.

Tonga has a historical and harmonious relationship with nature. We are blessed that nature makes available to us many rich resources. Fishing and agriculture are economic activities that express that natural relationship to this earth. Many Tongans have derived their substance and their wealth from these activities, and continue to do so today. GDP in constant prices increased by 4.4% in 2006 and remained flat during 2007. During those economic periods, Fishing, agriculture and forestry contributed 22% to Tonga's GDP, in both, both in 2006 and 2007; while Construction, Finance and Business Services and Manufacturing, which are sectors that absorb employment, all declined on a constant prices basis. Among others, these figures seem to indicate that our economy's resilience rests in those activities that are closely aligned to our natural resources base. Therefore, our Economic Sector Strategies and Business Environment Services Strategies as outlined in SDP8, in support of our Goal # 3 *To promote private sector – led economic growth* would seem to be well placed. Of course, *macroeconomic stability* is the basis for the attainment of that goal through the strategies that enable the positive performance of economic actors in the private sector.

Ensuring macroeconomic stability was foreseen as the linchpin when it was declared as Goal # 2 in SDP8.

At this juncture, when the National Investment Policy Statement is being presented, we continue to look at the sound management of fiscal and monetary policies as a critical element in the realization of private sector investment; and therefore, in the generation of employment and creation of wealth. Needless to say, both employment generation and wealth creation are prerequisites for sustainable economic development in Tonga, and elsewhere.

The possibility to develop the economic activity of tourism is also something that nature provides to us. Tourism around the world has been attracted by countries that have developed the necessary infrastructure and services that sustain that economic activity. The private sector is cognizant of the fact that the large – scale financing required to upgrade and invest in new infrastructure facilities may only be attracted by the public sector and invested by the public sector via its expenditures budget. At the same time, the private sector recognizes that such public investment will cause a spinoff to other private sector investment opportunities.

As we aim to develop agriculture, fishing and tourism for the purpose of enhancing economic activities that benefits us all, we need to ensure as well, that while we do so, the Tongan culture is preserved. We should do this because our culture is the natural expression of our relationship to the land, to the sea and to the natural beauty in which Tonga is immersed.

Key websites:

Ministry of Labour, Commerce & Industries: www.mlci.gov.to

Tonga-law: www.tonga-law.to

Ministry of Tourism: www.tongaholiday.com

Department of Fisheries: www.tongafish.gov.to

Ministry of Lands, Survey & Natural Resources: www.lands.gov.to

Department of Inland Revenue & Custom: www.revenue.gov.to

Reserve Bank of Tonga: www.reservebank.to

For any further enquiries kindly contact the Ministry of Labour, Commerce & Industries at the following address:-

Secretary for Labour, Commerce & Industries
P.O.Box 110
FWC Building
Salote Rd.
Nuku'alofa
TONGA

Email: secretary@mlci.gov.to

Ph: (676) 23 688 or 27 302

Fax: (676) 23 887

Website: www.mlci.gov.to

Welcome to Tonga

Background

Tonga - unique among Pacific nations - never completely lost its indigenous governance. The archipelagos of "The Friendly Islands" were united into a Polynesian kingdom in 1845. Tonga became a constitutional monarchy in 1875 and a British protectorate in 1900; it withdrew from the protectorate and joined the Commonwealth of Nations in 1970. Tonga remains the only monarchy in the Pacific.

People

Population:

- 119,009 (July 2008 est.)

Age structure:

0-14 years: 33.7% (male 20,484/female 19,633)

15-64 years: 62% (male 36,699/female 37,108)

65 years and over: 4.3% (male 2,135/female 2,950) (2008 est.)

Population growth rate:

- 1.669% (2008 est.)

Literacy:

definition: can read and write Tongan and/or English

total population: 98.9%

- *male:* 98.8%
- *female:* 99% (1999 est.)

Economy

Tonga has a small, open, South Pacific island economy. It has a narrow export base in agricultural goods. Squash, vanilla beans, and yams are the main crops, and agricultural exports, including fish, make up two-thirds of total exports. The country must import a high proportion of its food, mainly from New Zealand. The country remains dependent on external aid and remittances from Tongan communities overseas to offset its trade deficit. Tourism is the second-largest source of hard currency earnings following remittances. Tonga had 41,000 visitors in 2004. The government is emphasizing the development of the private sector, especially the encouragement of investment, and is committing increased funds for health and education. Tonga has a reasonably sound basic infrastructure and well-developed social services. High unemployment among the young, a continuing upturn in inflation, pressures for democratic reform, and rising civil service expenditures are major issues facing the government.

GDP - real growth rate:

-3.5% (2008 est.)

GDP - per capita (PPP):

\$4,400 (2008 est.)

GDP - composition by sector:

agriculture: 25%

industry: 17%

services: 57% (FY05/06 est.)

Labor force:
33,910 (2003)

Labor force - by occupation:
agriculture: 31.8%
industry: 30.6%
services: 2,003% (2003 est.)

Unemployment rate:
13% (FY03/04 est.)

Inflation rate (consumer prices):
5.9% (2007 est.)

Major Industries:
agriculture, tourism, fisheries and manufacturing

Major Exports:
fish, root crops, squash, vanilla & kava

Major Imports:
food & live animals, machines, transport, equipment, manufactured goods, minerals & fuels etc.

Merchandise Exports (FOB):
squash, fish, root crops, vanilla and copra

Merchandise Imports (CIF):
US\$116.5 million (2005)

Tonga's natural resources are its land, its people and the sea. The economy depends heavily on agriculture. Crops are grown for subsistence and for sale on the local market. Traditional root crops and vegetables such as taro, kumara, cassava, watermelon and yams are also exported to New Zealand, Australia US and American Samoa.

There is also a growing industrial sector with food processing, fisheries products, agriculture and tourism being the principle industries. The Tourism industry contributes to the economy with foreign exchange earnings. Another important support for the economy is migrant remittances and foreign aid both playing an important role in adjusting the balance of payment.

Sources:

<https://www.cia.gov/library/publications/the-world-factbook/geos/tn.html>
<http://www.mcli.gov.to>

The Investment Promotion Unit: Helping investors in Tonga

Investment promotion and facilitation is the responsibility of the Trade and Investment Promotion Unit in the Industry Division of the Ministry of Labour, Commerce, and Industries. The Unit provides services to foreign and domestic investors, including:

- Service Delivery: Both pre- and post-investment, the Unit will help investors with their visits to the Kingdom, help them to get started, assist with necessary permits and licenses, and provide aftercare services;
- Outreach: providing promotional materials, maintaining the website, and keeping domestic and foreign press apprised of opportunities in Tonga;
- Investment targeting: helping Tongan companies establish connections abroad, creating seminars and road shows for investors, and keeping current on investment trends globally and how they will affect Tonga; and
- Policy advocacy: being the investor's voice in government and relaying information from the private sector to help improve policies and keep them investor-friendly.

While legislation is in place to establish a Tonga Trade and Investment Board, it has yet to commence operation. The National Economic Development Council (NEDC), chaired by the Prime Minister, plays a high-level role in investment promotion and facilitation.

For further information, please contact the Ministry of Labour, Commerce & Industries at the following information:-

Secretary for Labour, Commerce & Industries
Ministry of Labour, Commerce & Industries
P. O. Box 110
Salote Rd.
Nuku'alofa
TONGA

Email: secretary@mlci.gov.to

Ph: (676) 23 688

Fax: (676) 23 887

Website: www.mlci.gov.to

INVESTING IN TONGA: RULES AND REGULATIONS

1. International agreements

Tonga is a strong supporter of the multilateral system, and is party to the following international agreements:

1. Trade Agreements

1. South Pacific Regional Trade and Economic Co-operation Agreement (SPARTECA) signed in 1980
2. Pacific Island Countries Trade Agreement (PICTA) ratified in 2001
3. Pacific Agreement on Closer Economic Relation (PACER) – 2002
4. Tonga and Fiji had signed a bilateral trade agreement in 1995, aimed at facilitating the free flow of agricultural products.
5. Tonga had participated in the Regional Long-Term Sugar Agreement, running from 1995-1998.
6. Cotonou Agreement
7. World Trade Organisation (WTO) 2007

2. Conventions related to the environment and governance

1. Montreal Protocol on substances that deplete the ozone layer.
2. Convention on Biological Diversity.
3. Cartagena Protocol on Biosafety.
4. United Nations Single Convention on Narcotic Drugs (1961)
5. United Nations on Psychotropic Substances (1971)
6. United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
7. Waigani Convention (1995)
8. United Nations Framework Convention on Climate Change
9. United Nations Convention to Combat Desertification
10. Vienna Convention for Protection of Ozone Layer
11. Stockholm Convention on Persistent Organic Pollutants
12. World Intellectual Property Organization (WIPO)
13. Paris Convention (2001)
14. Berne Convention (2001)

For further information, please contact Ministry of Foreign Affairs, at the following address:-

Secretary for Foreign Affairs
Ministry of Foreign Affairs
P. O. Box 821
Salote Rd.
Nuku'alofa
TONGA

Email: vainga.tone@gmail.com

Ph: (676) 23 600

Fax: (676) 23 360

2. Investment Guarantees

Expropriation

Government guarantees that it will not acquire the property of a foreign investment business with a valid foreign investment certificate without just compensation. These businesses will also have the protection of Clause 4 of the Constitution of Tonga, “Same law for all classes,” which ensures foreigners are equal with Tongan citizens before the law (non-discrimination).

Intellectual Property

The Intellectual Property and Company Registration Office (IPCR) is responsible for implementation of intellectual property legislation. These include:

- Industrial Property Act 1994
- Copyright Act 2002
- Protection of Geographical Indications Act 2002
- Protection of Layout-Designs (Topographies) of Integrated Circuits Act 2002
- Protection Against Unfair Competition Act 2002; and the Supreme Court, responsible for settling intellectual property disputes. All intellectual property regulations had to be approved by the Cabinet.

The Government of Tonga is working on appropriate amendments on its intellectual property legislation to ensure consistency with WTO obligations.

Dispute settlement

The provisions of the Arbitration Act 1996 (UK) apply to any arbitrations under the Foreign Investment Act 2002. Subject to domestic laws, the Convention for the Settlement of International disputes has the force of law in Tonga. The Supreme Court is responsible for settling intellectual property disputes.

3. Investment Regulation

The Government of Tonga regulates investment mainly through legislation, although in some instances where specific legislation does not exist policy is applied on a case by case basis. The three principle instruments of legislation are:

- The Companies Act 1995 and subsequent amendments
- The Business Licenses Act 2002 and Business Licenses Regulations 2007
- The Foreign Investment Act 2002 and Foreign Investment Regulations 2006

Company registration

Under the Companies Act of 1995, companies wishing to do businesses in Tonga can be registered with the Registrar of Companies. They can either be incorporated as a Tongan company under Part II of the Act or register as an overseas company under Part XVIII of the Act.

The Ministry is working on improving the Companies Act 1995 and preparing a bill for a Personal Property Security Act (PPSA). The amendments to the Companies Act aimed at removing many of the administrative barriers as well as lowering the transaction costs for companies operating in Tonga. The purpose of the PPSA is to promote commerce by facilitating business and consumer credit secured by personal property. The PPSA should

improve the legal environment, for example, with respect to loans for equipment, inventory, livestock, building improvements, and consumer goods.

Registering as a Tongan company

A complete application must include the following:

1. Form 1 – Application for Incorporation
2. Form 2 – Adequate Liquidity
3. Form 3 – Consents of Directors/Company Secretary
4. Form 4 – Consent of Shareholders
5. Company Constitution – certified by the applicant
6. Copy of notice of name reservation
7. Application fee of T\$471.50 (15% Consumption Tax included)

Registering as an overseas company

A complete application must include the followings:

1. Company Name must be reserved under prescribed FORM 5. Name reservation fee is T\$69.00 (15% Consumption Tax included)
2. Application to be made on Form 22, stating:
 - the names of overseas company
 - full names and residential addresses of company directors & company secretary at the time of application
 - the full physical address of the place of business in Tonga
 - the full name and residential address of person in Tonga being authorized to accept documents/communications on behalf of the overseas company
3. Evidence of incorporation in the country of registration
4. Copy of instrument constituting or defining the constitution of the company
5. Copy of notice of reservation of name
6. Application fee of T\$759.00 (15% Consumption Tax included)

Business licensing

The Business License Act 2002 requires that all persons carrying out any business activity for the purposes of generating revenue in trade, commerce or industry in Tonga must hold a valid business license, except for the hawking or selling of fish, agricultural produce or native articles.

Schedule 2 of the Business License Regulations 2007 lists 126 Business Activities, whereby a Business License is required for each business activity.

To apply for a Business License it is necessary to first obtain a sector-specific permit from the relevant ministry if operating in the following sectors:

Sector	Permit / Ministry
Tourism related businesses	Tourist License
Liquor outlets	Liquor License
Fish and marine product related businesses	Fishing License
Restaurants and food related businesses	Health Certificate
Wholesale and retail outlets	Health Certificate
Technical trades and professions	Qualification documents or practicing certificates specific to each trade or

	profession; Law Practitioners Practising Certificate; Health Practitioners Certificate
Foreign exchange and international money transfer services	Letter of approval from the Reserve Bank of Tonga
Electrical services	Letter of approval from Tonga Power Board.
Construction services	Letter of approval from Ministry of Works
Taxi services	Vehicle registration
Therapeutic goods outlets	Letter of approval from the Ministry of Health
Flammable goods outlets	Letter of approval from the Fire Department
Services involving the use of gases	Letter of approval from the Department of Environment
Businesses involving the export of native plants	Letter of approval from the Ministry of Agriculture, Food, Forestry and Fisheries

Applications for a License need to be accompanied by copies of;

- (i) passport or birth certificate if a sole proprietor or a partnership,
- (ii) Partnership Agreement if a partnership,
- (iii) Company Registration Certificate if a company, and
- (iv) Foreign Investment Registration Certificate if a foreign investor.

Additional statistical information on the anticipated turnover and number of employees by categories is required of all applicants.

If the application is for “Importing”, details of the expected goods to be imported and the countries of origin is also to be provided.

All licenses are valid for the period ending on 31st December next following the date of its issue unless renewed. The prescribed fees for a Business License is T\$86.75 (15% CT incl.) and T\$74.25 (15% CT incl.) for Renewals.

4. Foreign Investment Approval

The Government of Tonga welcomes foreign investment, and governs it through two key pieces of legislation:

- The Foreign Investment Act 2002
- The Business Licenses Act 2002

Under the Foreign Investment Act every foreign investment business is required to obtain and hold a valid foreign investment registration certificate issued by the Secretary for Labour, Commerce and Industries. A foreign investor must already hold a foreign investment registration certificate before applying for a business license.

Foreign investor definition

A foreign investor is defined as:

- A person who is not a Tongan subject, and does not reside in Tonga; or

- In the case of a partnership or an unincorporated joint venture, where a person who is not a Tongan subject controls more than 25% of the venture; or
- In the case of a company,
 - A company incorporated outside Tonga
 - A company incorporated inside Tonga where a person who is not a Tongan subject controls more than 25% of the voting shares.

Reserved, Restricted, and Prohibited activities

Certain activities are (i) reserved for Tongan citizens, (ii) have restrictions placed upon foreigners, or (iii) are prohibited to Tongans and foreigners alike.

The Reserved and Restricted Lists are contained in Schedules 1 and 2 of the Foreign Investment Regulations 2006 respectively (see Attachment 3 and 4). Prohibited activities are defined in Schedule 1 of the Business Licenses Act 2002.

Foreign investment administration

The Government requires that all foreign investments be registered with the Ministry of Labour, Commerce, and Industries. Application forms are available from the Ministry's Office or website: www.mlci.gov.to and are processed within 7 working days for a one-off fee of TOP115 (15% CT incl.). In determining an application for a foreign investment registration certificate, MLCI assesses whether or not the proposal is for a reserved, restricted, or prohibited activity. A certificate will not be issued for activities that are reserved or prohibited, or which do not comply with the conditions applicable to a restricted activity.

Certificates are valid from the date of issue until the termination of the business activity in question. Information is held on a foreign investment register by MLCI, and is open for inspection. Certificate holders may apply to transfer the certificate to another foreign business. It should be noted that all business activities in Tonga require a separate Business License. Once a foreign investor has been granted a certificate, they should submit a copy of it as part of the documentation supporting their application for a business license.

For any further enquiries please contact the Ministry of Labour, Commerce & Industries at the following address:-

Secretary for Labour, Commerce, & Industries
 Ministry of Labour, Commerce & Industries
 P. O. Box 110
 FWC Building
 Salote Rd.
 Nuku'alofa
 TONGA

Email: secretary@mlci.gov.to

Ph: (676) 23 688

Fax: (676) 23 887

Website: www.mlci.gov.to

5. Imports and Export

Imports and exports are regulated under the Customs Act (Act No. 5, 2007), the Excise Tax Act (2007), and the Customs and Excise Management Act (Act No. 4, 2007). Customs tariff rates and export tax rates are described in the schedule attached to the Customs Act according to the Harmonized System nomenclature.

Customs tariff rates are levied at zero, 10%, 15%, and 20%. Summary details are provided in Attachment 5.

Excise tax rates are described in Schedule 1 attached to the Excise Tax Act. Various per unit rates are levied on alcoholic beverages, tobacco, mineral fuels, and motor vehicles. Summary details are provided in Attachment 5.

For further information, please contact Custom Department at the following information:-

Deputy Commissioner of Revenue
Custom Department
Fakafanua Center
Vuna Rd
P.O. Box 146
Nuku'alofa

Ph: (676) 23 651

Fax: (676) 24 124

Website: www.revenue.gov.to

6. Investment Incentives

Since Tonga enters the WTO in 2007, there has been limited offer of benefits or incentives for investors as the Industrial Development Incentives Act has been repealed to enable compliance with WTO accession requirements. However, there are new incentives available under the new Customs Act 2007 with exemption to 800+ lists of capital goods.

For further information, please contact Custom Department at the following information:-

Deputy Commissioner of Revenue
Custom Department
Fakafanua Center
Vuna Rd
P.O. Box 146
Nuku'alofa

Ph: (676) 23 651

Fax: (676) 24 124

Website: www.revenue.gov.to

7. Industrial infrastructure

The Government has developed a Small Industries Centre which consists of factory shed and nursery building as well as land plots available for both manufacturing and services sector for sub-leased. The Centre consists of thirty five (35) industries from both the manufacturing and service sectors. All factory sheds and nursery buildings are fully occupied and empty land plots are also sub-leased for the purpose of constructing private owned buildings, owing to the Government's inability to construct more buildings to meet the demand. While it is fully occupied, more applicants are queuing up for a chance at locating at the Small Industries Centre.

For further information, please contact the Ministry of Labour, Commerce & Industries at the following information:-

Secretary for Labour, Commerce & Industries
Ministry of Labour, Commerce & Industries
P.O Box 110
Salote Road
Nuku'alofa

Email: secretary@mlci.gov.to
Ph: (676) 23 688
Fax: (676) 23 887
Website: www.mlci.gov.to

LIVING AND WORKING IN TONGA

8. Access to Land

Access to land in Tonga is by way of leasing: it is illegal to buy and sell land. All land in the country is organised into estates belonging to the King and his nobles, or the government. Individual titles to land within these estates are also held by Tongan born males over the age of 16 who have been successful in registering the land.

Any person, regardless of their gender or nationality, can lease land in Tonga from an estate owner or a Tongan male who has registered title to an allotment of estate land. A land lease can either be an informal arrangement between the estate owner/registered title-holder and the lessee, or a formal arrangement that must be processed by the Ministry of Lands.

Under formal lease arrangements, land that has been leased can also be sub-leased to another party. The process to sub-lease land is the same process to lease land. There is also a small amount of land available to investors within two Small Industry Centres (SIC) located on Tongatapu and Va'vau. The SICs are managed by the Ministry of Labour, Commerce and Industries. The procedures for leasing SIC land are different to the process used to obtain a formal land lease (see section on 'Industrial infrastructure').

A summary of the steps involved in formally leasing land are outlined below:

1. Identification of potential land

The Ministry of Land, Survey and Natural Resources (MLSNR) can assist in identifying vacant plots and other areas available for leasing. At the request of the investor, the Ministry will consult with registered land title-holders to confirm the availability of land for lease, and can facilitate an introduction.

2. Negotiation of lease terms and conditions

Negotiation of the terms and conditions of the lease is a private matter between the registered landholder (lessor, represented by the King) and the investor (lessee). In the case of government land, the Valuation Division, MLSNR is required to value the land.

The Land Act allows for a lease term up to a maximum of 99 years, although they are typically not granted for more than 50 years. Lease rates are not guided by legislation, but it standard practice for the lessor and lessee to review the lease rate at regular intervals, i.e. every 5 years.

3. Preparation and submission of application to register a lease

Once the terms and conditions of the lease have been agreed on, the two parties obtain an application form (L-9) from the Ministry, or in the case of Vava'u and Ha'apai at the Governor's office. MLSNR or the Governor's office calculates the fee for conducting a survey and preparing a map of the property. Fees are stipulated in Schedule IV of the Land Act and are payable to MLSNR or the Governor's office at the time the application is submitted.

4. Application assessment

On Tongatapu, the Valuation Division, MLSNR assesses the application. On Vava'u and Ha'apai, staff at the Governor's office completes this task. If the criteria are met the application is submitted to the Minister of Lands in Nuku'alofa

for signature. If approved by the Minister, the application is submitted to Cabinet for signature.

5. *Notification of decision*

If the application fails to meet any of the above criteria MLSNR will notify the applicant of the problem. It is the applicant's responsibility to consult the landowner and resolve any outstanding issues. Once the application has been signed by Cabinet, MLSNR will notify the applicant (lessee) of the approval and initiate the surveying and mapping of the property.

6. *Survey and preparation of Deed of Lease & map of property*

The approved application is forwarded to the Mapping & Drafting Division, MLSNR who prepare a sketch plan of the property based on MLSNR records. The sketch plan is then forwarded to the Survey Division, MLSNR who conduct a field survey of the property. The results of the survey are then sent back to the Mapping & Drafting Division for preparation of the Deed of Lease and map of the property. The survey can be done by a private surveyor rather than MLSNR. MLSNR contacts the applicant (investor) once the Deed of Lease and map have been completed. The applicant is required to pay MLSNR a registration fee to obtain the Deed of Lease and map. The Deed of Lease requires the lessee to submit a letter to the Minister of Lands seeking permission to make any changes to the stated purpose, period or rate. Written permission must also be obtained from the Ministry of Lands for any buildings or structures constructed on the property.

For any further enquiries please contact the Ministry of Land, Survey and Natural Resources at the following address:-

Secretary for Lands, Survey & Natural Resources
Ministry of Land, Survey & Natural Resources
P. O. Box 5
Vuna Rd.
Nuku'alofa
TONGA

Email: ceo@lands.gov.to
Ph: (676) 23 611
Fax: (676) 23 216
Website: www.lands.gov.to

9. Employment

Minimum wage rates

There is no policy for minimum wages rates for Tonga, for further information please contact the Ministry of Labour, Commerce & Industries.

Trade Minimum wage rates

Although the law of the country allows for their formation, trade unions have not been established in Tonga. Freedom of association to promote the welfare of workers and to create better understanding and cooperation between employers and employees are in existence especially amongst teachers, nurses and various other professions.

10. Expatriate Employment

Visas are available for foreign investors choosing to reside in Tonga (Business visa), and for expatriates employed by both foreign and domestic companies (Employment visa). Visas are granted by the Immigration Division of the Ministry of Foreign Affairs, and in both cases, Foreign Affairs will require a letter of support from the Ministry of Labour, Commerce and Industries (MLCI).

The Government has decided to allow visa extensions up to a maximum period of five years.

Business visas: A key part of the Ministry's decision-making process is to assess if persons applying for visas have the necessary skills and financial resources for the business activity in question, and that the activity in question is open to non-Tongans (see 'Foreign Investment Regulation').

Employment visas: In determining whether or not to provide a letter of support, a key consideration of the MLCI will be whether there are skills gaps in the local labour market, and the ability of the industry sector in question to absorb more non-citizen labour without unduly impacting upon local counterparts. In forming a view on this, the Ministry will seek views from relevant government ministries, as well as other organizations and associations as appropriate

Checklists for both visa types are at Attachment 1 and 2. Processing times are 14 days or less for applications meeting all requirements.

For further information, please contact Ministry of Labour, Commerce & Industries at the following address:-

Secretary for Labour, Commerce & Industries
Ministry of Labour, Commerce & Industries
P. O. Box 110
Salote Rd.
Nuku'alofa
TONGA

Email: secretary@mlci.gov.to

Ph: (676) 23 688

Fax: (676) 23 887

Website: www.mlci.gov.to

11. Residency Permits

Requirement for residency (temporary) visa

1. Application form to be duly completed
2. Proof of Tongan ancestry, former Tongan or married to a Tongan. e.g. birth certificate, marriage certificate, spouse's Tongan Passport (however, if applicant is under 18 – then certified copy of birth certificate and proof of parent's Tongan ancestry are required)
3. 2 Passport photos for each applicant
4. Application Fee of \$115.00 Tongan Pa'anga (over 18 years of age) and \$34.50 Tongan Pa'anga for under 18 years of age

Assured Income Visa

The Government of Tonga welcomes non-Tongan passport holders who wish to retire in Tonga, and who have a regular income from a pension or fund from an overseas source (evidence of foreign income in excess of TOP10,000 is required). An Assured Income Permit allows residency in the Kingdom, but does not allow an applicant to work, study, or start a business. Assured Income Permits are issued for 2 years or more, and are renewable.

For further information, please contact Ministry of Foreign Affairs, Immigration Division at the following address:-

Secretary for Foreign Affairs
Ministry of Foreign Affairs
P. O. Box 821
Salote Rd.
Nuku'alofa
TONGA

Ph: (676) 26 969

Fax: (676) 26 971

OTHER GOVERNMENT POLICIES

12. Revenue and tax rates

Fiscal policy in Tonga is aimed primarily at balancing the budget, increasing the efficiency of government services, promoting private sector development, improving public debt management and strengthening the monitoring and management of public enterprises. Taxes levied in Tonga include individual income tax, corporate income tax and consumption tax.

In the case of;

1. Individual income tax, tax is levied at the rate of;
 - No tax: \$0 - \$7,400
 - 10%: \$7,401 - \$30,000
 - 20%: \$30,001 – above with certain limited deductions being allowable.

2. A Resident and Non-resident company, tax is levied at the rate of 25%.

3. Non-residents receiving income subject to withholding tax;
 - 5%: Insurance premiums
 - 7.5%: Rent
 - 10%: Independent services
 - 15%: Interest, dividends, royalties and management fees.

4. For non-residents shipping, airline companies and charterers, tax is 3% of gross income from passengers, livestock, mail, merchandise and other goods leaving Tonga. Tax Agents have to be registered.

A tax reform programme is being implemented with the objective of enhancing the effectiveness and transparency of the tax administration and fostering the development of a fair business environment. Under the new taxation system, emphasis is being moved from trade to internal taxes. The new system will be based on a small number of broad based taxes. The first stage of this reform involved the introduction of a broad based consumption tax of 15% introduced in April 2005 replacing sales tax, port and service tax, and fuel sales tax. The threshold level is set at T\$100,000. Agricultural producers are exempt.

To supplement revenues raised by these taxes, wide arrays of fees are levied for the provision of licences, permits or approvals and for an array of Government services. The most significant of these, from an investment perspective, are for business licenses, visas, foreign investment licences and company registration.

For further information, please contact the Inland Revenue Department at the following address:-

Commissioner of Revenue
Inland Revenue Department
Queens Salote Ex-Students Center
Railway Rd
P.O. Box 502
Nuku'alofa

Email: adminrev@kalianet.to
Ph: (676) 23 444
Fax: (676) 26 638
Website: www.revenue.gov.to

Tonga levies a stamp duty on many commercial transactions. All lease agreements for land or buildings are subject to a 1% duty on annual rental. The stamp duty on conveyance or transfer of any lease or sub-lease of land and the sale of any buildings, fences, growing crops or livestock is 10% of the purchase price.

For further information, please contact the Ministry of Finance at the following address:-

Secretary for Finance
Ministry of Finance and National Planning
Vuna Rd
Nuku'alofa

Email:
Ph: (676) 23 066
Fax: (676) 26 011
Website: www.finance.gov.to

13. Price controls

Given the small size of the local economy can in some instances result in local monopoly conditions, the Government of Tonga subjects some goods to price control (see Attachment 6). Prices of these goods are regulated and set by the Competent Authority as mandated under the Price and Wages Control Act 1988.

The Competent Authority's members consist of 5 members – Minister of Labour, Commerce & Industries (Chairperson); Minister of Finance; Chief Executive Officer, Minister of Labour, Commerce and Industries, President of the Tonga Chamber of Commerce and Industries; and the President of Tonga Small Business Association.

The roles and other functions of the Competent Authority are implemented under the Commerce Division, MLCI, in accordance to the Price and Wage Control Act 1988.

14. Monetary Matters

The Tongan banking system is overseen by the National Reserve Bank of Tonga (NRBT), which supervises in accordance with Basel Core Principles. There are three commercial banks (ANZ, Malaysian-Borneo Finance, and the Westpac Bank of Tonga) and one development bank (Tonga Development Bank). In addition there are several non-bank financial institutions.

Local borrowing

The Foreign Exchange Control (Amendment) Regulations 2000 require the prior approval of the NRBT of all local borrowing by non-resident controlled entities exceeding T\$50,000. There are no restrictions on foreign borrowing.

Repatriation of funds

There are no restrictions on the repatriation of funds sourced from offshore as long as there is evidence of funds originally being brought onshore. The NRBT's prior approval is required for all outward current transfers of T\$50K and above, and all capital transfers regardless of the amount. These applications are readily approved if all documentary evidence is provided. Approval for all outward current transfers of less than T\$50,000 have been delegated to the commercial banks and authorized restricted foreign exchange dealers.

The NRBT's Exchange Control Policy Guidelines lists all documentary requirements for each type of payment which are available for use by the banks, authorized restricted foreign exchange dealers and the public.

Foreign Exchange

The NRBT establishes the value of the Tongan Pa'anga daily by reference to a weighted basket of currencies of Tonga's most important partners in foreign trade and payments transactions. The NRBT quotes daily buying and selling rates for the US dollar against the Tongan pa'anga. These rates generally form the basis of the commercial banks' publicly quoted foreign exchange dealing rates.

Interest Rates

Interest rates are determined by the market. The NRBT's Prudential Statement No. 4, Disclosure of Interest Rates and Fees & Charges (effective 2 August 2007), requires banks to publicly disclose the interest rates and fees and charges relating to their products and services. The general public should be clearly informed of the interest rates and fees and charges to enable them to compare between various services/products and providers. This in turn fosters competition and market discipline.

For further information, please contact the National Reserve Bank of Tonga at the following information:-

Governor
National Reserve Bank of Tonga
Salote Rd
Private Bag No. 25
Nuku'alofa

Email: nrbt@reservebank.to
Ph: (676) 24 057
Fax: (676) 24 201
Website: www.reservebank.to

15. Environmental Protection

The Ministry of Land, Survey, Natural Resources and Environment is responsible for governing the environmental aspects of major business activities, under the Environmental Impact Assessment Act 2003.

Should a proposed activity fall within the definition of 'major project', the proponent should notify the Ministry by completing and submitting Form 1. The Ministry will then advise within 30 working days whether an environmental impact assessment of the project is required, or alternatively, whether additional information is required before a decision

can be reached. If, after 30 working days, the proponent has not received a response from Ministry, then the proponent can assume that no environmental impact assessment is required.

Should the Ministry deem that an environmental impact assessment is required, undertaking it and submitting it to the Ministry is the responsibility of the project proponent. The assessment should be appropriate for the scale and intensity of the proposed activity and should be submitted with a copy of the development application. Once the assessment has been received by the Ministry, it will be reviewed and a decision will be conveyed to the proponent with or without conditions. The Ministry will be assisted in its consideration of environmental impact assessments by an Environmental Assessment Committee Secretariat with public and private representation. In completing the impact assessment, the Proponent may seek the assistance of the EAC Secretariat in determining what degree of assessment should be undertaken. The Minister's written advice in such matters shall be final. At its discretion, the Ministry may also deem an environmental impact assessment completed under the law of a foreign country to fulfil the requirements of the Act.

The factors to be taken into account by the Minister and the Secretariat when considering the likely impact of an activity upon the environment should include whether that activity may cause:

- a) Any environmental impact upon a community
- b) Any transformation of a locality
- c) Any environmental impact upon the ecosystems of a community
- d) Any diminution of the aesthetic, recreational, scientific or other environmental quality or value of a locality
- e) Any effect upon a locality, place or building having aesthetic, archaeological, architectural, cultural, historical, scientific, social significance or any other special value for present or future generations
- f) Any endangering of any species of flora or fauna
- g) Any long-term effects upon the environment
- h) Any degradation of the quality of the environment
- i) Any risk to the safety of the environment
- j) Any curtailing of the beneficial uses of the environment
- k) Any pollution of the environment
- l) Any environmental problems associated with the disposal of waste
- m) Any increased demands upon resources, natural or otherwise, which are, or likely to become, in short supply
- n) Any effect upon the supply of electricity, water, waste collection services, telephone or other services
- o) Any increase in the amount or duration of traffic generated by either the construction of the development or by its consequent use
- p) Any cumulative effect with any other existing or likely future activities.
- q) Any occurrence or increase of natural hazards such as soil erosion, flooding hazardous substances
- r) Any introduction of species not previously present in Tonga that may affect the environment and biodiversity

For further information, please contact the Ministry of Lands, Survey Natural Resources & Environment at the following information:-

Secretary for Lands, Survey, Natural Resources & Environment
Ministry of Land, Survey & Natural Resources

P. O. Box 5
Vuna Rd.
Nuku'alofa
TONGA

Email: ceo@lands.gov.to
Ph: (676) 23 611
Fax: (676) 23 216
Website: www.lands.gov.to

16. Consumer protection

The Consumer Protection Act 2000 provides regulatory frameworks covering safety and quality standards for goods and services, prohibition of misleading conduct in trade, and warranties in consumer contracts. It also prohibits exclusive dealing (defined as an agreement that goods will not be sold to or bought from a third party), price discrimination if this would “substantially lessen” competition in a market, and the misuse of market power by a firm that is “in a position substantially to control a market for goods or services”.

The Protection Against Unfair Competition Act 2002 defines a number of activities to be “an act of unfair competition”.

For further information, please contact Ministry of Labour, Commerce & Industries at the following address:-

Secretary for Labour, Commerce & Industries
Ministry of Labour, Commerce & Industries
P. O. Box 110
Salote Rd.
Nuku'alofa
TONGA

Email: secretary@mlci.gov.to
Ph: (676) 23 688
Fax: (676) 23 887
Website: www.mlci.gov.to

APPENDICES

Attachment 1

Business Visas

Requirement for business visa for new & renewed applications

1. Application form must be appropriately and fully completed (please note that one family can share one form)
2. 2 recent passport photos for all applicants
3. Signed declaration (page 3 of the application form)
4. Application fee of \$230 Tongan Pa'anga and any other required fee(s)¹
5. Valid passport (valid for the period for which the visa is to be issued)
6. A medical report (in accordance to prescribed Health Form) issued within the past 6 months by a medical practitioner approved by Tonga Immigration or by any of the doctors specified below²
7. A National Police Clearance issued in the past 3 months (for persons over age of 16) from country of ordinary residence³
8. 2 character references from 2 individuals who have known the applicant for a significant period of time (referee's full contact details must be provided which will later be verified by the visa officer)
9. Letter of support from Ministry of Labour, Commerce & Industries (MLCI) [please note that Immigration will not consider an application that is not supported by MLCI]⁴
10. For renewed applications, a letter of support from the Inland Revenue Department on history of tax payment(s) is required

Please also take note of the following:

1. A Business Visa application may take up to one month of assessment and processing
2. The Immigration Division may also inspect the business/company for genuineness of operation
3. Applicants travelling to Tonga with intention of setting up a business may enter the country on a Visitor's Visa but must advise Tonga Immigration of their intention in advance and in writing, otherwise a fee of \$1150.00 Tongan Pa'anga is to be paid
4. Please note that foreign documents may either be originals or certified copies issued by recognized authorities (please attach English translation)

¹ Please note that a penalty fee of \$1150.00 Tongan Pa'anga is applied to those who have overstayed their visas or wish to adjust from a Visitor to Business Visa.

² Doctors recommended by Immigration are Dr. 'Akanesi Makakaufaki, Dr. Seini Kupu and Dr. Malakai 'Ake for Vaiola Hospital, Ministry of Health, Nuku'alofa. As for applications lodged to Vava'u Office, Dr. 'Alani Tangitau is the recommended doctor.

³ The Immigration Division reserves the right to request a police record from the country of residence in the past 5 years

5. Applicants should supply copies of their documents if they wish the originals to be returned to them
6. INCOMPLETE application(s) may result in a DELAY and/or REJECTION

Attachment 2

Employment Visas

Requirement for employment visa for new & renewed applications

1. Application form must be appropriately and fully completed (Please note that one family can share one form)
2. 2 recent passport photos for all applicants
3. Signed declaration (page 3 of the application form)
4. Application Fee of \$172.50 Tongan Pa'anga and any other required fee(s)⁵
5. Valid passport (valid for the period for which the visa is to be issued)
6. A medical report (in accordance to the prescribed Health Form) issued within the past 6 months by a medical practitioner approved by Tonga Immigration or by any of the doctors specified below⁶
7. A National Police Record issued in the past 3 months (for persons over age of 16) from country of ordinary residence⁷
8. 2 character references from 2 individuals who have known the applicant for a significant period of time (referee's full contact details must be provided which will be later verified by the case/visa officer)
9. Letter of support from Ministry of Labour, Commerce & Industries (MLCI) [please note that Immigration will not consider an application that is not supported by MLCI]⁸
10. For renewed applications, a letter of support from Inland Revenue Department on history of tax payment(s) is required

Please also take note of the following:

1. An Employment Visa application may take up to one month of assessment and processing
2. The Immigration Division may also inspect the business/company for genuineness of operation
3. Applicants travelling to Tonga with intention of obtaining an Employment visa may enter the country on a Visitor's Visa but must advise Tonga Immigration of their intention in advance and in writing, otherwise a fee of \$1150.00 Tongan Pa'anga is to be paid
4. Please note that foreign documents may either be originals or certified copies issued by recognized authorities (please attach English translation)

⁵ Please note that a penalty fee of \$1150.00 Tongan Pa'anga is applied to those who have overstayed their visas or wish to adjust from a Visitor to Employment Visa.

⁶ Doctors recommended by Immigration are Dr. 'Akanesi Makakaufaki, Dr. Seini Kupu and Dr. Malakai 'Ake for Vaiola Hospital, Ministry of Health, Nuku'alofa. As for applications lodged to Vava'u Office, Dr. 'Alani Tangitau is the recommended doctor.

⁷ The Immigration Division reserves the right to request a police record from the country of residence in the past 5 years.

⁸ An employment contract for all applicants is required, each contract must include the job specification of the applicant and a repatriation clause for conclusion/termination of the contract by either party (which places the burden of repatriation on the employer).

5. Applicants should supply copies of their documents if they wish the originals to be returned to them
6. A BOND may be imposed if a repatriation clause is not included in the contract where the immigration officer is uncertain that either parties will be able to pay their return airfare
7. INCOMPLETE application(s) may result in a DELAY or REJECTION

**SCHEDULE 1
(Regulation 3)**

RESERVED LIST

1. Taxis
2. Passenger vehicles for hire
3. Used motor vehicle dealers
4. Retailing activity which consist of the distribution of grocery products (food & household provisions) for final consumption
5. Wholesaling activity
6. Baking of white loaf bread
7. Tongan cultural activities, including:
 - i. folktales, folk poetry, and folk riddles;
 - ii. folk songs and instrumental folk music;
 - iii. folk dances, and folk plays;
 - iv. production of folk arts in particular, drawings, paintings, carvings, sculptures, woodwork, jewellery, handicrafts, costumes, and indigenous textile
8. Raising of chicken for the production of eggs
9. Security business
10. Export of green and mature coconuts
11. Wiring and installation of residential and commercial buildings with capital investment of less than \$500,000
12. Production / Farming of:
 - (a) root crops (yams, taro, sweet potato, cassava);
 - (b) squash;
 - (c) paper mulberry;
 - (d) pandanus ; and
 - (e) kava
13. Fishing activities comprising:
 - (a) Reef fishing
 - (b) Inshore fishing within 12 nm (Zone C) in water less than 1000 meters
 - (c) Bottom fishing in water depth less than 500 m

Restricted List

Attachment 4

SCHEDULE 2 (Regulation 4)

RESTRICTED LIST

No.	Business activity	Condition
1.	Commercial fishing comprising: <ul style="list-style-type: none">- Tuna fishing- Bottom fishing in water deeper than 500m- Other deep water fishing not less than 100 m- Aquaculture	Subject to their respective Resource Management Plan (administered by the Ministry of Fisheries)
2.	Agricultural supply store distributing seeds, fertilizers, chemicals.	Subject to the requirements of the Pesticide Act 2002
3.	Education facility	Subject to requirements of the Education Act (Cap.86)
4.	Medical or Health activity	Subject to the requirements of the Public Health Act 1992; Therapeutic Goods Act 2001; Nursing Act 2001; Medical and Dental Practices Act 2001; Pharmacy Act 2001; Health Practitioners Review Act 2001.

Tonga Customs Tariff Schedule

Attachment 5

TONGA GOVERNMENT GAZETTE SUPPLEMENT EXTRAORDINARY

Amendment on July 2008

ORDER-IN-COUNCIL

THE ACT OF THE CONSTITUTION OF TONGA (Cap. 2)

(Clause 19(b))

In exercise of the powers conferred by clause 19(b) of the Constitution (Cap. 2) and section 3 of the Excise Tax Act 2007, the Treasurer, with the consent of Privy Council, makes the following Order:

- (1) That excise tax shall be imposed at such rates and on those goods specified in Schedule 1 of this Order.
- (2) That excise tax shall not be imposed on those goods specified in Schedule 2 of this Order.
- (3) That the excisable goods specified in Schedule 3 shall be restricted from importation into Tonga.
- (4) That this Order In Council shall come into force on the same date as the Excise Tax Act 2007.

SCHEDULE 1

Chapter 22: Beverages, spirits and vinegar.

Tariff Item	Excise Goods Description	New Excise Tax Rate
22.03	Beer made from malt.	
2203.00.10	--- Beer imported, not more than 3% alcohol by volume	\$40 per lal
2203.00.20	--- Beer imported, more than 3% and not more than 5% volume by alcohol	\$40 per lal
2203.00.30	--- Beer imported, more than 5% alcohol by volume	\$40 per lal
2203.00.40	Beer domestic	\$17 per lal
2203.00.90	--- Other	\$40 per lal
22.04	Wine of fresh grapes, including fortified wines; grape must other than that of heading 20.09.	
2204.10.00	- Sparkling wine	\$40 per lal
	- Other wine; grape must with fermentation prevented or arrested by the addition of alcohol:	
2204.21.00	-- In containers holding 2L or less	\$40 per lal
2204.29.00	-- Other	\$40 per lal
2204.30.00	- Other grape must	\$40 per lal
22.05	Vermouth and other wine of fresh grapes flavored with plants or aromatic substances.	

2205.10.00	- In containers holding 2L or less	\$40 per lal
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2205.90.00	- Other	\$40 per lal
22.06	Other fermented beverages (for example, cider, sherry, mead); mixtures of fermented beverages and mixtures of fermented beverages and non-alcoholic beverages, not elsewhere specified or included.	
2202.00.00	Other fermented beverages (for example, cider, sherry, mead); mixtures of fermented beverages and mixtures of fermented beverages and non-alcoholic beverages, not elsewhere specified or included.	\$40 per lal
22.08	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol; spirits, liqueurs and other spirituous beverages.	
	- Spirits obtained by distilling grape wine or grape marc	
2208.20.10	--- Mixed drinks, not exceeding 10% by volume of alcohol	\$40 per lal
2208.20.80	Locally manufactured	\$20 per lal
2208.20.90	--- Other	\$40 per lal
	- Whiskies	
2208.30.10	--- Mixed drinks, not exceeding 10% by volume of alcohol	\$40 per lal
2208.30.80	Locally manufactured	\$20 per lal
2208.30.90	--- Other	\$40 per lal
	- Rum and tafia	
2208.40.10	--- Mixed drinks, not exceeding 10% by volume of alcohol	\$40 per lal
2208.40.80	Locally manufactured	\$20 per lal
2208.40.90	--- Other	\$40 per lal
	- Gin and Geneva	
2208.50.10	--- Mixed drinks, not exceeding 10% by volume of alcohol	\$40 per lal
2208.50.80	Locally manufactured	\$20 per lal
2208.50.90	--- Other	\$40 per lal
	- Vodka	
2208.60.10	--- Mixed drinks, not exceeding 10% by volume of alcohol	\$40 per lal
2208.60.80	Locally manufactured	\$20 per lal
2208.60.90	--- Other	\$40 per lal
	- Liqueurs and cordials	
2208.70.10	--- Mixed drinks, not exceeding 10% by volume of alcohol	\$40 per lal
2208.70.80	Locally manufactured	\$20 per lal
2208.70.90	--- Other	\$40 per lal
	- Other	
2208.90.10	--- Mixed drinks, not exceeding 10% by volume of alcohol	\$40 per lal
2208.90.80	Locally manufactured	\$20 per lal
2208.90.90	--- Other	\$40 per lal

Chapter 24: Tobacco and manufactured tobacco substitutes.

2403.10.00	- Smoking tobacco, whether or not containing tobacco substitutes in any proportion	\$100 per kg
24.2	Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes.	
Tariff Item	Excise Goods Description	New Excise Tax Rate
24.02	Cigars, cheroots and cigarillos and cigarettes, of tobacco or of tobacco substitutes	
	- Cigars, cheroots and cigarillos, containing tobacco	
2402.10.00	Imported - Cigars, cheroots and cigarillos, containing tobacco	\$150 per 1,000 cigarettes
2402.10.10	Locally manufactured - Cigars, cheroots and cigarillos, containing tobacco	\$150 per 1,000 cigarettes
	- Cigarettes containing tobacco	
2402.20.00	Imported - Cigarettes containing tobacco	\$150 per 1,000 cigarettes
2402.20.10	Locally manufactured - Cigarettes containing tobacco	\$150 per 1,000 cigarettes
	- Other	
2402.90.00	Imported	\$150 per 1,000 cigarettes
2402.90.10	Locally manufactured	\$150 per 1,000 Cigarettes
	Other manufactured tobacco and manufactured tobacco substitutes; “homogenised” or “reconstituted” tobacco; tobacco extracts and essences.	
	- Other:	
2403.91.00	-- “Homogenised” or “reconstituted” tobacco	\$100 per kg
2403.99.00	-- Other	\$100 per kg

Chapter 27: Mineral fuels, mineral oils and products of their distillation, bituminous substances; mineral waxes.

Tariff Item	Excise Goods Description		New Excise Tax Rate
27.10	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included, containing by weight 70% or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations; waste oils. - Petroleum oils and oils obtained from bituminous minerals (other than crude) and preparations not elsewhere specified or included, containing by weight 70% or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations, other than waste oils:		
	-- Light oils and preparations		
	--- Gasoline and other motor spirit		
2710.11.11	---- For use as a fuel in aircraft		50 cents per litre
2710.11.19	---- Other		50 cents per litre
2710.11.90	--- Other light oils and preparation		50 cents per litre
	-- Other		
2710.19.10	--- Jet fuel and kerosene for use as fuel in aircraft	aircraft	50 cents per litre
2710.19.20	--- Other kerosene and other white spirit		Free
2710.19.30	--- Distillate fuels		50 cents per litre
2710.19.40	--- Residual fuel oils		50 cents per litre
2710.19.50	--- Unleaded petrol		50 cents per litre
2710.19.90	--- Other		50 cents per litre
	- Waste oils:		

	-- Containing polychlorinated biphenyls (PCBs), polychlorinated terphenyls (PCTs) or polybrominated biphenyls (PBBs)		
	--- Gasoline and other motor spirit		
2710.91.11	---- For use as a fuel in aircraft		50 cents per litre
2710.91.19	---- Other		50 cents per litre
2710.91.20	--- Jet fuel and kerosene for use as fuel in aircraft	aircraft	50 cents per litre
2710.91.40	--- Distillate fuels		50 cents per litre

2710.91.50	--- Residual fuel oils		50 cents per litre
2710.91.60	--- Unleaded petrol		50 cents per litre
2710.91.90	--- Other		50 cents per litre
	-- Other		
	--- Gasoline and other motor spirit		
2710.99.11	---- For use as a fuel in aircraft		50 cents per litre
2710.99.19	---- Other		50 cents per litre
2710.99.20	--- Jet fuel and kerosene for use as fuel in aircraft	aircraft	50 cents per litre
2710.99.30	--- Other kerosene and other white spirit		50 cents per litre
2710.99.40	--- Distillate fuels		50 cents per litre
2710.99.50	--- Residual fuel oils		50 cents per litre
2710.99.60	--- Unleaded petrol		50 cents per litre
2710.99.90	--- Other		50 cents per litre
27.11	Petroleum gases and other gaseous hydrocarbons.		
	- Liquefied:		
2711.11.00	-- Natural gas		\$300 per metric tonne

2711.12.00	-- Propane		\$300 per metric tonne
2711.13.00	-- Butanes		\$300 per metric tonne
2711.14.00	-- Ethylene, propylene, butylene et butadiene		\$300 per metric tonne
2711.19.00	-- Other		\$300 per metric tonne
	- In gaseous state:		
2711.21.00	-- Natural gas		\$300 per metric tonne
2711.29.00	-- Other		\$300 per metric tonne

Chapter 87: Vehicles other than railway or tramway rolling stock, and parts and accessories thereof.

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Tariff Item	Excise Goods Description	New Excise Tax Rate
87.3	Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading 87.02), including station wagons and racing cars.	
8703.10.00	- Vehicles specially designed for traveling on snow; golf cars and similar vehicles	\$.75 per cc of engine capacity
	vehicles, with spark- ignition internal combustion reciprocating piston engine:	
8703.21.10	New of a cylinder capacity not exceeding 1,000cc	\$.75 per cc of engine capacity
8703.21.20	Used of a cylinder capacity not exceeding 1,000cc	\$.75 per cc of engine capacity
8703.22.10	New of a cylinder capacity exceeding 1,000cc but not exceeding 1,500cc	\$.75 per cc of engine capacity
8703.22.20	Used of a cylinder capacity exceeding 1,000cc but not exceeding 1,500cc	\$.75 per cc of engine capacity
8703.23.10	New of a cylinder capacity exceeding 1,500cc but not exceeding 3,000cc	\$1.00 per cc of engine capacity
8703.23.20	Used of a cylinder capacity exceeding 1,500cc but not exceeding 3,000cc	\$1.00 per cc of engine capacity
8703.24.10	New of a cylinder capacity exceeding 3,000cc	\$1.25 per cc of engine capacity
8703.24.20	Used of a cylinder capacity exceeding 3,000cc	\$1.25 per cc of engine capacity
	vehicles, with compression-ignition internal combustion piston engine (diesel or semi-diesel):	
8703.31.10	New of a cylinder capacity not exceeding 1,500cc	\$.75 per cc of engine capacity
8703.31.20	Used of a cylinder capacity not exceeding 1,500cc	\$.75 per cc of engine capacity
8703.32.10	New of a cylinder capacity exceeding 1,500cc but not exceeding 3,000cc	\$1.00 per cc of engine capacity
8703.32.20	Used of a cylinder capacity exceeding 1,500cc but not exceeding 3,000cc	\$1.00 per cc of engine capacity
8703.33.10	New of a cylinder capacity exceeding 3,000cc	\$1.25 per cc of engine

		capacity
8703.33.20	Used of a cylinder capacity exceeding 3,000cc	\$1.25 per cc
		of engine
		capacity
8703.90.10	New other	\$1.25 per cc
		of engine
		capacity
8703.90.20	Used other	\$1.25 per cc
		of engine
		capacity

SCHEDULE 2

The following import or manufacture of excisable goods shall be exempt from liability for payment of excise tax –

- (a) alcoholic beverages manufactured by a natural person over the age of 18 and used for his personal use, provided that the quantity shall not exceed six litres of alcohol per annum, subject to the provision of any other law in the Kingdom;
- (b) goods carried across the territory of the Kingdom in transit;
- (c) 2.25 litres of potable spirits or 4.5 litres of beer imported as accompanied baggage by a person arriving in the Kingdom above the age of 18 or any combination not exceeding half of each of the quantities specified herein;
- (d) manufactured tobacco imported as accompanied baggage by a person arriving in the Kingdom above the age of 18, including cigars and cigarettes not exceeding 500 grams aggregate (500 cigarettes shall be deemed to be equivalent to 500 grams of tobacco);
- (e) the temporary import of goods into the Kingdom, guaranteed by bond or security acceptable to the Chief Commissioner, subject to a Customs officer being satisfied that they are goods of a prescribed class or are goods belonging to a prescribed person and that they will be exported from the Kingdom, within 4 months;
- (f) diesel fuel for use in the generation of electricity by the national supplier, certified as such by the Tonga Electric Power Board;
- (g) diesel fuel for use in commercial fishing boats certified as such by the Chief Commissioner;
- (h) fuel and lubricants solely for use in aircraft for international air services or domestic commercial air and shipping services operating within the Kingdom;
- (i) goods required for the accredited diplomatic representatives to the Kingdom;
- (j) goods required under agreements of technical assistance entered into by the Government of Tonga;
- (k) a vehicle for the sole use and registration of an educational institution approved by the Ministry of Education and if such conditions are not observed within 5 years of importation, unless the full excise tax or such lesser amount as the Chief Commissioner may decide, shall have been paid, shall be forfeited; and
- (l) a vehicle for the personal use of an official in the service of overseas governments or international organisations if imported within 6 months from the date the official first takes up

Products Subject To Price Control

Attachment 6

Products Subject to Price Control

Tariff Line Item	Commodity
	Milo, Milk Powder evaporated or condensed
11.02	Flour
1701.0000	Sugar
0405.0000	Butter
15.17	Margarine
0402.1000	Baby Milk
0902.0000	Tea
1006.0000	Rice
0901.0000	Coffee
1801.0000	Cocoa
15.01 – 1516.0000	Edible Oils of all types
15.01	Cheese and Dripping
2501.0000	Salt
19.01	Infant Food Preparations – Infant Food for babies
2710.0020	White Benzene
2710.0070	All Lubricant Oils
3808.1000	Insecticides
3808.3000	Herbicides
3808.2000	Fungicides
3101.0000 – 3105.0000	All chemicals and fertilisers for agricultural use
27.10	Liquid petroleum products (LP Gas)
2710.0010	Motor Spirit
2710.0040	Kerosene
not available	Diesel

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