IMPROVING THE LIFE OF SOLOMON ISLANDERS

Inland Revenue Division Solomon Islands

Governance and Reform in the Solomon Islands

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Solomon Islands at a Glance

- **Population (November 2019):** 720,956—369,396 (51.2%) men; 351,560 (48.8%) women.
- **Geography:** Archipelago of approximately 1,000 islands in the southwest Pacific, spanning 1,700 km, with 9 provinces and a capital territory.
- **Urban versus rural distribution:** 27.6% urban; 72.4% rural.
- **Age and morbidity:** Median age is 21.4 years; 37% are under 15; life expectancy is 72.1 years.
- **Education:** 46% primary, 28% secondary, 8% tertiary—men more likely to proceed beyond primary.
- **Average Income:** Approximately $2,100 USD/per year—$2,600 men; $1,300 women.
- **Water and Sanitation:** 68% of population has access to basic drinking water and 41% to basic sanitation facilities.
- **Languages:** Official language is English with Pijin-English and 70+ indigenous languages are widely used.

Domestic Resource Mobilization Project

- **Grant Agreement:** 5-year agreement, signed with Asian Development Bank in October 2021
- **Funding Support from** ADB, Australia, New Zealand, and Solomon Islands Government
- **Start Date:** Project launched in 2022.
- **Objective:** To modernize the tax administration and increase revenue generation

Key Challenges To Be Addressed

Complex Tax Laws: Including planned legislative changes, introduction of the Tax Administration Act, the Income Tax Act and Value Added Tax

Persistently Low Filing Rates: With income tax filing at 20% and declining

Outdated Tax Administration and Information System: Unable to support daily operational requirements

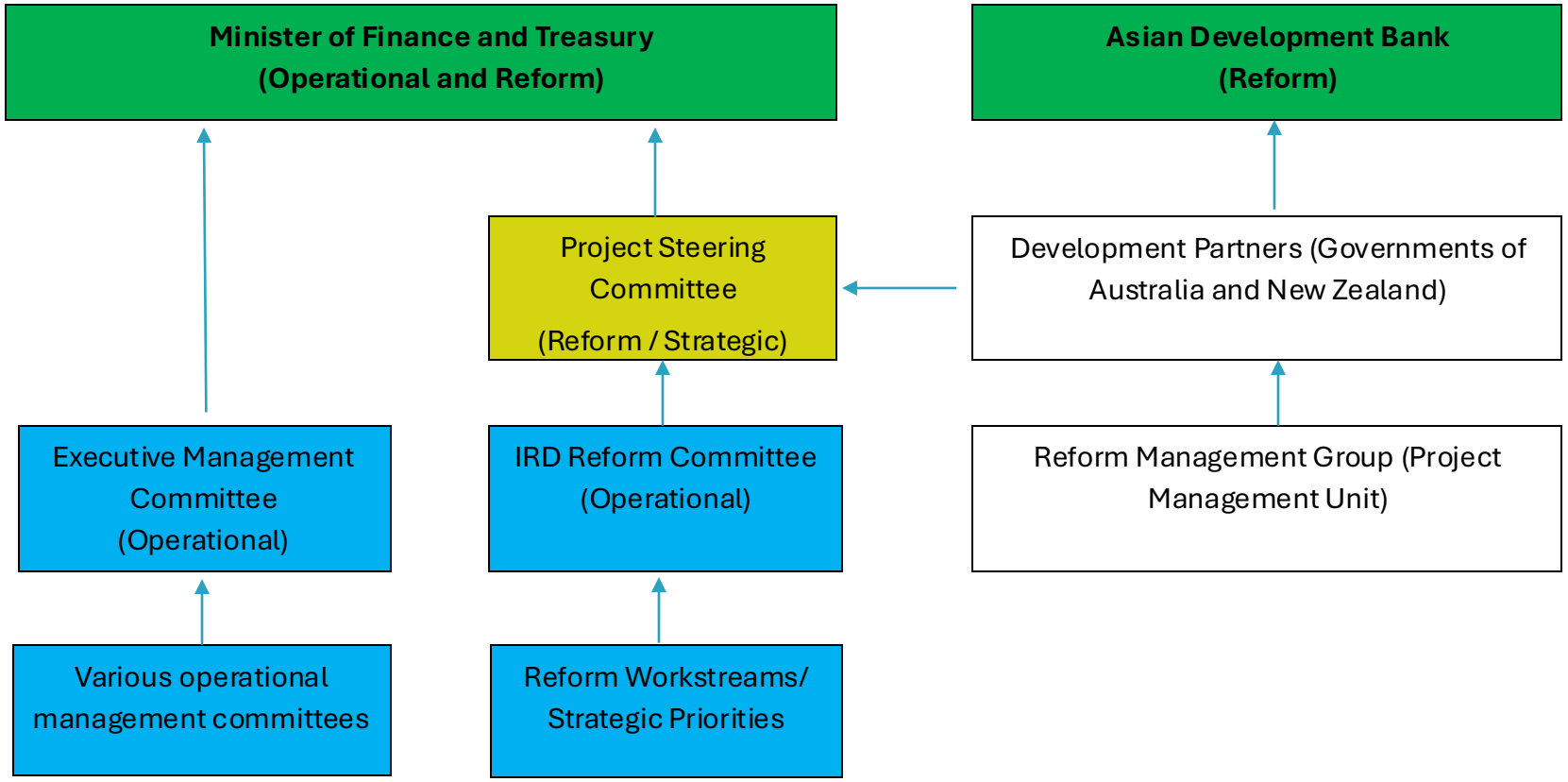
Undocumented business processes: Leading to inconsistent interpretation and application

Insufficient organisational capacity: With key gaps in HR development, recruitment and gender policies, leadership capabilities, and staff training

Our Focus Moving Forward

- Organizational Renewal
- Staff Development/Capacity Improvement
- Updating Tax Laws and Policies
- Business Process Improvement
- Enhancement to Taxpayer Services
- Information Systems Upgrades
- Advancing Gender Equality
- Tax Gaps and Tax Expenditures Assessments

Driving Success Through Governance Environment



Local Leadership: How We're Driving Success and Sustainability

- **Strong Leadership Commitment:** Setting the tone from the top
- **Active Management Ownership:** Senior Managers driving the reform in their respective areas
- **Clear Accountability:** Monitoring and reporting to stay on track
- **Strategic Partnerships:** Collaborating with public and private sectors
- **Culture Shift in Motion:** Engaging staff, building pride and confidence
- **Strategic Plan:** Embedding reform into our strategic plan and long-term vision
- **Strategic Change Management:** Support smooth, successful and sustainable implementation of reforms, change communications and engagement and provide capacity building.

Key Success from Reform at Year Three (3)

- New Structure in Placed, doubling the size of the organization by 110%;
- New Revenue Management System is put in placed in August 2024
- Tax Administration Act passed in 2022;
- VAT is Currently Progressed to Parliament
- Income Tax Rewrite is underway.
- Revenue has now been increased by 37.8%($715M) from 2021 to 2025.

Thank you ITC for the Support

- Some 10 Years ago, I presented our journey to undertake reform. This time, I presented an update of that Journey for the last three years.

- I would like to thank International Tax Compact and Addis Tax Initiatives for the continues support through Training, and Reform Initiatives to Improve Domestic Revenue Mobilization.