

Jurisdiction's name:	Nauru
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Information on Residency for tax purposes

Section I – Criteria for Individuals to be considered a tax resident

The following provisions outline whether an individual is considered to be a resident for tax purposes in Nauru –

1. Employment & Services Tax Act (EST) 2014

- **Section 3** - Definitions - *resident individual* -refers one to Section 7 of the EST;
- **Section 7** - a *resident individual* is defined in sub sections 1 and 2;
- Employment & Services Tax Act Explanatory Memorandum (**EM**) - (Section 7) provides detailed legislative guidance, including a range of factors that assist determine if one is considered to be a *resident individual* for tax purposes.

2. Business Tax Act (BTA) 2016 (Draft)

- Section 3 – Definitions – *resident individual* refers one to Section 8 of the BTA;
- Section 8 – a *resident individual* is defined in sub -sections 1 and 2;
- Business Tax Act Explanatory Memorandum (**EM**) - (Section 8) provides detailed legislative guidance, including a range of factors that assist determine if one is considered to be a *resident individual* for tax purposes.

Section II – Criteria for Entities to be considered a tax resident

The following provisions outline what constitutes (i) a person (entity) and (ii) a resident person (entity) for tax purposes in Nauru -

1. Employment & Services Tax Act (EST) 2014

- **Section 3** - Definitions - *person* –is defined to mean an individual, company, partnership, trust, body of persons, government, political subdivision of a government, or international organisation. The definition is broad and includes some entities (such as a partnership, trust and body of persons) that are not separate legal persons;
- **Section 3** – Definitions - a *resident person* is defined in the narrative of this provision;
- **Section 3** - Definitions – a *resident individual* has the meaning in Section 7
- Employment & Services Tax Act Explanatory Memorandum (**EM**) - (Section 3) provides detailed legislative guidance as what defines a *person* and a *resident person* for the purposes of the EST

2. Business Tax Act (BTA) 2016 (Draft)

- **Section 3** – Definitions – *person* – is defined (same as EST Section 3 definition)
- **Section 3** – Definitions – a *resident person* is defined in the narrative of this provision;
- **Section 3** – Definitions – a *resident company* means a company referred to in paragraph (b) of the definition of *resident person*;
- **Section 3** – Definitions – a *resident individual* has the meaning in Section 8;
- Business Tax Act Explanatory Memorandum (**EM**) (Section 3) provides detailed legislative guidance as to what defines a *person*, a *resident person* and a *resident company* for the purposes of the BTA

Section III – Entity types that are as a rule not considered tax residents

The following provisions outline what constitutes (i) a person (entity), (ii) a non-resident person (entity) and (iii) a non resident individual for tax purposes in Nauru -

1. Employment & Services Tax Act (EST) 2014

- **Section 3** - Definitions - *person* –is defined to mean an individual, company, partnership, trust, body of persons, government, political subdivision of a government, or international organisation. The definition is broad and includes some entities (such as a partnership, trust and body of persons) that are not separate legal persons;
- **Section 3** – Definitions - a *non-resident person* is defined in a person who is not a *resident person*;
- **Section 3** - Definitions - *non-resident individual* -refers one to Section 7 of the EST;
- **Section 7** – Definitions - a *non resident individual* is defined in sub section 3;
- Employment & Services Tax Act Explanatory Memorandum (**EM**) (Sections 3 and 7). provide detailed legislative guidance as what defines a *person*, a *resident person* and a *non –resident individual* for the purposes of the EST

2. Business Tax Act (BTA) 2016 (Draft)

- **Section 3** – Definitions – *person* – is defined the same as the EST definition;
- **Section 3** – Definitions – a *non-resident person* means a person who is not a *resident person*;
- **Section 3**- Definitions – a *non resident individual* means an individual who is not a *resident individual*;
- Business Tax Act Explanatory Memorandum (**EM**) (Section 3) provides detailed legislative guidance as to what defines a *person*, a *non -resident person* and a *non resident individual* for the purposes of the BTA.

Section IV – Contact point for further information

The contact details of the Nauru competent service within their tax authority, which can be contacted in case of further questions on tax residency.

Deputy Secretary Revenue – Terry Greenwood -terrygreenwood22@hotmail.com

(EU Member States can furthermore refer to the Taxes in Europe Data Base maintained by the European Union, which contains a wide range of information on all taxes in the EU Member States, including on tax residency.)