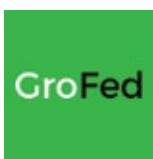


OPTIONS FOR REGISTERING A FARMER ORGANISATION IN TONGA

Version 1, March 2022

This leaflet is supported by the Farmer Organisations for Africa, Caribbean and Pacific (FO4ACP) program, which aims to improve incomes and livelihoods of family farmers in the Africa, Caribbean and Pacific countries and enhance their food and nutrition security and safety. The program is a partnership between the European Union, the African, Caribbean and Pacific Group of States, the International Fund for Agricultural Development and the Pacific Island Farmers Organisation Network.



This leaflet summarises the options for registering different types of farmer groups. It aims to help farmers decide which option is the most appropriate for their organisation. Please note, it is a general guide only, and specific legal and tax advice should be taken before registering your organisation (see back of leaflet).

WHY REGISTER A FARMER GROUP?

Farmers can work together informally, without registering the group. However, many groups choose to register themselves so that they are legally recognised. Benefits of formalising a farmer organisation include:

- easier access to government and non-government assistance, such as grants or training
- able to open a bank account, and hold assets such as property, in the name of the group
- a registered organisation has more status, giving farmers a stronger voice on industry platforms
- protects the members from certain kinds of legal and financial liability.

HOW DO WE DECIDE THE BEST OPTION FOR REGISTERING OUR FARMER GROUP?

The best registration option for a group is usually driven by the purpose of the group, and its activities.

Purposes and activities might include:

- working together to increase trade and profits for the individual members
- working together to support development of the industry, following shared ideals and values
- working together to strengthen knowledge on good practices, through training and information sharing
- working together to advance the shared interests of the group members within the wider industry.

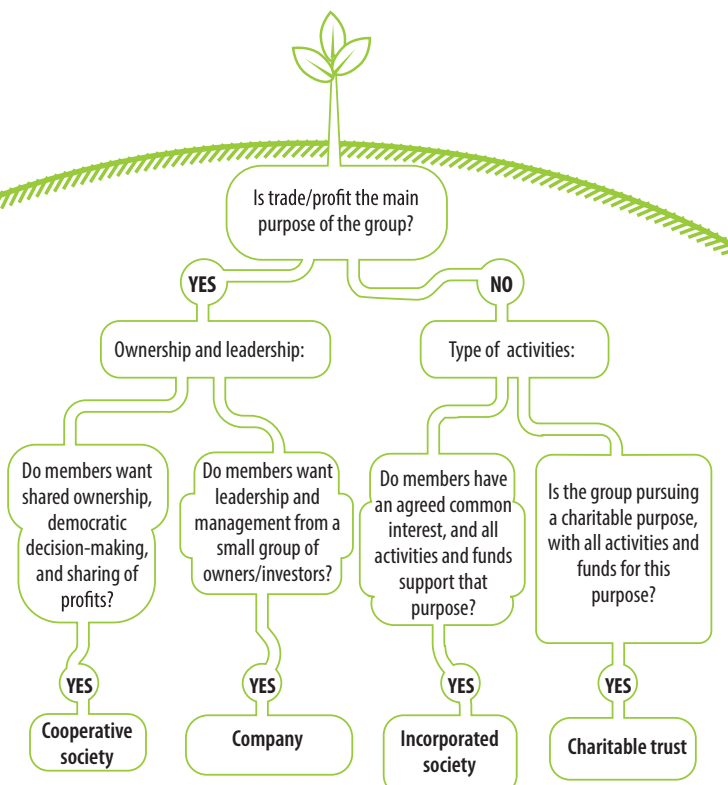
This table outlines some of the characteristics of the four main registration options, to help guide the decision on which might be the preferred option for a farmer group. The full requirements for each type of organisation are given in detail in the relevant legislation. The information below is an interpretation of the legislation, and its accuracy cannot be guaranteed. You should obtain legal advice before making a decision on which registration option to take.

	COMPANY	COOPERATIVE SOCIETY	INCORPORATED SOCIETY	CHARITABLE TRUST
Profit or non-profit?	Profit	Profit	Non-profit	Non-profit
Legal framework	Companies Act 1995	Cooperative Societies Act 1988	Incorporated Societies Act 1988	Charitable Trusts Act 1993
	Legislation is available at http://www.pacii.org/countries/to.html			
Main features	A company is the most common form of registration where business and profit are the primary motivation. It has the most detailed regulatory laws, and therefore the clearest status.	A cooperative is a democratic organisation, owned and controlled by its members for a common benefit. Members pool their resources together to produce and market their goods and services, and share the profits.	An incorporated association is an option where members (at least five) join together for a common benefit, but not for individual profit. The law states that the society can be "for any lawful purpose but not for pecuniary gain". The group adopts rules to govern activities, and states its purpose on application for incorporation. Any funds raised are used to pursue the purpose of the society.	A charitable trust must be "exclusively or principally for charitable purposes", which is defined as "relief of poverty, the advancement of education or religion, or any matter beneficial to the community".
Trade freedom/restrictions	As long as a company is in compliance with the Companies Act, it is free to trade without restrictions.	As long as a cooperative is in compliance with its incorporation documents and the Cooperative Societies Act, it is free to trade.	An incorporated society is restricted to activities that contribute to the objective of the society, as agreed at registration.	Activities should support the charitable purpose, as defined in the Act and set out in the registration documents.
Income tax (at 2021 – note rates can change subject to the annual national budget)	Income is taxed at 25%.	Income is taxed at 25%.	Income is taxed at 25%; however, income other than business income may be exempt from tax. Consult the Ministry of Revenue and Customs.	Income other than business income is exempt from tax.
	Consult the Ministry of Revenue and Customs or a tax agent for advice on any benefits, incentives or exemptions that may apply.			
Record keeping and reporting requirements	Companies are required to keep complete records as set out in the Companies Act. Annual reporting requirements are detailed in the Act.	Less reporting requirements than companies; these are detailed in the Cooperative Societies Act, and include annual auditing of accounts.	Less reporting requirements than companies; these are detailed in the Incorporated Societies Act, and include annual reporting to the Registrar.	Less reporting requirements than companies; these are detailed in the Charitable Trusts Act, and include annual reporting to the Registrar.
	It is recommended that all farmer organisations keep at least the following basic records: details of members, details of staff, finances (accounts), and minutes of any meetings and decisions.			

The main options for registering a farmer organisation in Tonga are:

- Company
- Incorporated society
- Charitable trust
- Cooperative society

The following decision plant helps identify the best registration option for a farmer organisation, based on its purpose and activities.



FURTHER INFORMATION

Legal advice



For legal advice, you should consult a law firm.

Tax advice

The Ministry of Revenue and Customs has information and advice on tax issues for businesses on its website – go to www.revenue.gov.to select **TAX/Non-Individuals**

For advice for non-profit organisations – go to www.revenue.gov.to then select **TAX/Non-Profit**



You can visit a tax office for face-to-face advice – tax offices are located in Nuku'alofa, Vava'u (Neiafu), Ha'apai (Pangai) and'Eua (Angaha)

You can also consult a registered tax agent – for a current list, go to www.revenue.gov.to then select **TAX/Taxpayer Information** from the left-hand menu select **Tax Agents** then click on 'registered tax agents'

Government support



For advice on record keeping for businesses – go to www.revenue.gov.to then select **TAX/Taxpayer Information** from the left-hand menu select **Record Keeping**

The Ministry of Trade and Economic Development manages the Business Registries Office – go to www.businessregistries.gov.to/. The website includes useful information including how to incorporate a company, filing annual returns, and links to relevant legislation



PIFON

Pacific Island Farmers Organisation Network (PIFON) provides services and networking for farmer groups in Tonga and other Pacific Island countries: <https://pacificfarmers.com/>