



# EMPLOYER Q&A ON PAYE FINAL TAX

The law introducing PAYE Final Withholding Tax (PAYE FINAL) is contained in the Income Tax Amendment Act 2013. Reference: Decree 16 and 37, 2013, effective 1st January 2013.

## 1. What is an Employer Monthly Summary (EMS)?

The (EMS) is a summary form which contains all of your employee names, TIN, their respective gross wages, other income, and the PAYE deducted for a month. The EMS is a new requirement effective from 01 January 2013 for all Employers to lodge electronically to FRCA on a monthly basis.

## 2. Who is required to lodge?

All employers are required to lodge, even if you don't pay wages in any month or the wages you pay do not attract PAYE Final because your employees are under the tax free threshold.

## 3. When do I have to lodge the EMS?

The EMS is to be lodged before the end of the month following in which the employees PAYE Final were deducted. For example the EMS for January to be lodged with FRCA on or before the end of February.

## 4. What if I had lodged my EMS and now I want to make amendments?

You'll need to send in a new EMS for the respective month inclusive of the amendments that you want to make.

## 5. Is it mandatory that the EMS is sent electronically?

Yes, all employers must file their EMS electronically. This enables employers to send their monthly payroll details to us over a secure internet connection. It's fast and efficient.

To file your EMS electronically you have two options:

- onscreen form, or
- file transfer.

If you're using a computerised payroll system, file transfer is probably the best method to use. Payroll software developers have our specifications and can help you buy a suitable package or upgrade any existing software.

If you keep a manual wage book, the on screen form option may suit you. This is an onscreen version of the paper form you can send us through the internet.

## 6. I don't have a computer what can I do?

If you don't have a computer we have kiosks at our respective Customer Service Centers to assist employers. You can ask any Customer Service officer to assist you to complete your EMS using the kiosk.

## 7. What happens when an employee stops working is rehired or is transferred?

You must indicate on the EMS each employee's finish date. If an employee stops working for you and is rehired in the same year, you must get another Tax Code Declaration. You'll also need to show the employee's start date.

A company has not stopped paying wages permanently until its entire wages, including shareholder-employee salaries, have been finally calculated.

## 8. What if you've ceased business?

You'll need to file an EMS for the month that you ceased that is to include the finish date for each of your employees. You are also required to advise the CEO in writing of the date that you have ceased business.

## 9. Are cash allowances subject to PAYE Final?

In general, there are two types of employee cash allowances. Reimbursing allowances and benefit allowances. Reimbursing allowances are those that reimburse an employee for expenses that have incurred on the employer's behalf. Reimbursing allowances are generally not taxable to the employee.

Benefit allowances are those that make payment to the employee as part of their remuneration. Benefit allowances are taxable and should be included in the gross wages paid from which PAYE Final is to be deducted.

## 10. We are having trouble getting employees to provide their Tax Identification Number (TIN) - what can we do?

It is **COMPULSORY** by law that all employees provide their TIN. You have to ensure that all employees are registered with a TIN and note that all employees are required to lodge with their Tax Code Declaration form with you.

## 11. What happens if employees use the wrong tax code in their declaration?

Using the correct tax code will help your employee avoid having a tax bill at the end of the year. We suggest that when a new employee starts that you give them an employee brochure that is available from FRCA that outlines the employees' responsibilities including the need to correctly complete their tax code declaration that includes their tax code.

## 12. If we don't have a TIN for an employee, can we fill in the fields zeros for example, 00-00000-0-0?

No, and if you do lodge an EMS with TIN zero's it will be rejected at the time of filing. A correct TIN is required for each employee on your EMS. You will have to get the employee registered for a TIN with FRCA.

## 13. We have been sending our EMS through soft copy but it keeps getting rejected, why?

The major reason is primarily due to invalid employee TINs, however, there could be other reasons as well. Refer to contact numbers at the end of this Q & A.

**NOTE: It is important to capture the correct TIN in the EMS.**

#### **14. Our employees are sometimes paid weekly and sometimes fortnightly how does it affect the EMS?**

Irrespective of the payment frequency, any payment received by the employee in relation salary, wages or emolument, and where such payment is subject to PAYE Final, the employer is required to deduct the correct tax in accordance with the tax code and the applicable tax rates.

#### **15. How do we calculate the PAYE Final?**

PAYE Final is the basic amount of income tax you take out of your employees' wages whenever you pay them. You can use the PAYE Final formula which is available on our website: <http://www.frca.org.fj/wp-content/uploads/2012/11/PAYE-Regulation-6-formula-.xlsx> to calculate the amount of tax to deduct from an employee's gross wages.

#### **16. When do I pay PAYE Final to FRCA?**

PAYE Final is due in one payment by the last day of the following month for all PAYE Final deducted in the previous month. This is irrespective of whether you are paying on a weekly or fortnightly basis. A Remittance Advice Slip must be completed and submitted together with the payment.

If the PAYE Final due date for payment falls on a Saturday, Sunday, or public holiday, you are required to make your payment on the last working day of the month.

Social Responsibility Tax (SRT) should also be paid on a monthly basis using the Remittance Advice Slip. If your payment is made late, you'll be charged late payment penalties.

#### **17. How do I make the PAYE Final payment?**

You can make payments:

- through Internet Banking (Bill Pay Services)
- by post—but never send cash via postal mail.
- at any Westpac, ANZ, BSP branch
- by using our drop box
- by credit or debit card (a bank fee maybe charged for each transaction).

#### **18. What is the Remittance Advice Slip?**

It is the slip used for easy and proper identification of the tax type that you would be paying. This ensures that your payments are credited to your correct accounts.

You have to complete the Remittance Advice Slip before you make any payment to any FRCA cashier.

If you don't pay salary or wages in any period or the payments are below the tax free threshold, you need not fill the Remittance Advice Slip, however you will still need to send your EMS.

#### **19. Will you be inspecting my records? How long do I need to keep it?**

You must keep all wage records for seven years, including all pay sheets and PAYE Final payment receipts. Your records must be in English. If you want to destroy records within 7 years, you must seek CEO's approval. If you have a computerised payroll system you must keep the same records as for a manual one. You may keep your records stored electronically, but you must be able to print them out if we ask you to.

#### **20. If I want to know more where do I go?**

If you need help with any of your employer responsibilities or you have questions about anything in this document, please contact FRCA as follows:

- The Designated PAYE Final Tax Team on 3243581/3243584/3243580/3243525/3243578/3243562/3243690/3243507; or
- Taxpayer Education and Publicity Unit on 3243505/3243509/3243565/3243523/ 9384993

You may also email your query to [tepu@frca.org.fj](mailto:tepu@frca.org.fj) or [payefinal@frca.org.fj](mailto:payefinal@frca.org.fj) or you can visit our website ([www.frca.org.fj](http://www.frca.org.fj)) or any of the following FRCA offices:

- Suva – FRCA Complex, corner of Queen Elizabeth Drive and Ratu Sukuna Road, Nasese.
- Levuka-Main Street, Levuka Town.
- Lautoka-19 Tavewa Avenue, Lautoka City.
- Nadi-Nadi International Airport.
- Sigatoka-FDB Building, Main Street, Sigatoka Town.
- Rakiraki-1st Floor, FDB Building, Vaileka Street, Rakiraki Town.
- Labasa-1st Floor Ratu Raobe Building, Corner of Nanuku & Jaduram Street, Labasa Town.
- Savusavu-Main Street, Savusavu Town.