

Talk Tax – Tax contribution to the welfare of the underprivileged in Fiji through SRT.

FS: What is Social Responsibility Tax (SRT)?

CEO: Social Responsibility Tax is the tax collected attributed as a special contribution to the welfare of the underprivileged in Fiji. Underprivileged includes social welfare recipients, after care fund pensioners, single mothers, and other assistance by Government to the poor and the needy of people in Fiji.

FS: Who is liable to pay SRT?

CEO: Individuals, trustees of estates and trustees of taxable trusts whose chargeable income is more than \$270,000 in an income year are required to pay this tax.

FS: Why do these individuals earning more than \$270,000 have to pay an extra tax?

CEO: This is done so that individuals earning more than \$270,000 pay tax at a rate that creates equity in our tax system. With the implementation of the reduction in tax rates from 31% to 20% for individuals in 2012, showed that those in the higher echelon's had a higher savings when compared to those that earned lesser which was regressive in nature. Hence, it was necessary to impose such tax so as to foster progressivity in our tax regime. The SRT makes personal income taxes more progressive.

FS: How is the tax calculated?

CEO: The tax rate ranges from 23% to 29% per annum for resident and non-resident individuals as is calculated as follow:

Chargeable Income (\$)	Tax Payable (\$)
0-270,000	Nil
270,001 - 300,000	23% of excess over \$270,000
300,001 - 350,000	\$6,900 + 24% of excess over \$300,000
350,001 - 400,000	\$18,900 + 25% of excess over \$350,000
400,001 - 450,000	\$31,400 + 26% of excess over \$400,000
450,001 – 500,000	\$44,400 + 27% of excess over \$450,000
500,001 – 1,000,000	\$57,900 + 28% of excess over \$500,000
1,000,001 +	\$197,900 + 29% of excess over \$1,000,000

FS: Does this tax apply to non-residents?

CEO: Yes it applies to the non-residents on income derived or earned in Fiji. Whilst a non-resident would pay PAYE from the first dollar earned, the SRT applicable will only be imposed on income exceeding \$270,000 similar to residents.

FS: Who is responsible for the collection and payment of the tax?

CEO: For salaried and wages employees, employers must deduct and remit the SRT to FRCA on a monthly basis. However, Fiji nationals employed in international organizations such as embassies and foreign missions based in Fiji will be required to make the payments themselves if there is no PAYE and SRT system in their organization. For individuals who derive business income such as rental income, taxi income etc. must estimate their chargeable income and pay SRT monthly. For individuals who derive both employment and business income can either inform their employers

of their estimated chargeable income for the year or self-compute and make payments directly to FRCA.

FS: How can employees check whether SRT is deducted correctly from their pay?

CEO: Employees can use the **PAYE Regulation-6-Formula** template which is available on our website and can be accessed on <http://www.frca.org.fj/pay-as-final-tax/>. Employees can claim refunds in cases where they have overpaid SRT by filing a return at the end of the year.