



<p>PRACTICE STATEMENT NO. 13/2016</p>
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SUBJECT	<p>FIJI REVENUE & CUSTOMS AUTHORITY</p> <p>SOCIAL RESPONSIBILITY TAX</p>
DATE OF EFFECT	1 st January 2016
CONFIDENTIALITY STATUS	May be released to the public
LEGISLATIVE REFERENCE	<p>Sections 8, 108 (1), 110, 111 of Income Tax Act 2015</p> <p>Income Tax (Rates of Tax and Levies) Regulations 2016 [Legal Notice No. 5]</p>
PRACTICE COORDINATOR	National Manager Revenue Collection

INDEX	
Introduction	2
Legislative Basis	2
Administration.....	2
Examples	3
Attachment – SRT Rates	4

INTRODUCTION

1. The purpose of this Practice Statement is to provide guidance on the application of the Social Responsibility Tax (SRT). It is issued with the authority of the Chief Executive Officer (CEO) of the Fiji Revenue & Customs Authority (FRCA).
2. SRT is an additional income tax imposed on high income earners including individuals and trustees that derive chargeable income over \$270,000.
3. SRT is collected in the same manner as the PAYE system for employees and Advance Tax Payment System (formerly Provisional Tax) for the self-employed.

LEGISLATIVE BASIS

4. The Social Responsibility Tax (SRT) is imposed under section 8 (2) of the *Income Tax Act 2015*, which states -

(2) In addition to the Income Tax imposed under subsection (1) and subject to this Act, a tax to be known as the “Social Responsibility Tax” is imposed for each tax year at the rate prescribed by Regulations made under this Act on an individual, including an employee, who is liable for Income Tax for the tax year.

(3) The Income Tax and Social Responsibility Tax imposed under subsections (1) and (2) for a tax year are computed by applying the rate or rates of Income Tax and Social Responsibility Tax applicable to the person prescribed by Regulations made under this Act to the chargeable income of the person for the year, with any tax credits allowed to the person for the year subtracted from the resulting amount.

ADMINISTRATION

5. The SRT rates for resident and non-resident individuals are provided for in the *Income Tax (Rates of Tax and Levies) Regulations 2016*.
6. Employers are required to make SRT deductions and remit to FRCA with PAYE deductions.
7. Sole traders who expect to earn over \$270,000 are required to estimate their chargeable income. If the estimate exceeds \$270,000, they must calculate the amount of SRT due each month and make payments to FRCA.
8. Individuals with both employment and business income can arrange for SRT deductions through their employers or make payments directly to FRCA.

9. The tax paid either through deduction or direct payment is allowed as a credit against income tax assessed for the tax year.

EXAMPLES

Example 1: Tax treatment for a resident individual Mr. Y

Year	2016	2017	2018
Chargeable Income	\$300,000	\$273,000	\$270,000

Tax Year	SRT calculation	IT Calculation	SRT payable	IT payable
2016	$(\$300,000 - \$270,000) * 0.23$ = <u>\$6900</u>	$\$49,460 + 0.20(\$300,000 - \$270,000)$ = <u>\$55,460</u>	\$6,900	\$55,460
2017	$(\$273,000 - \$270,000) * 0.23$ = <u>\$690</u>	$\$49,460 + 0.20 (\$273,000 - \$270,000)$ = <u>\$50,060</u>	\$690	\$50,060
2018	$(\$270,000 - \$270,000) * 0.23$ = <u>\$0</u>	$\$5,460 + 0.20 (\$270,000 - \$50,000)$ = <u>\$49,460</u>	Nil	\$49,460

The SRT payable by Mr. Y for 2016, 2017 and 2018 will be \$6,900, \$690 and \$0 respectively. The IT payable for the same years will be \$55,460, \$50,060 and \$49,460 respectively

Example 2: Tax treatment for a non - resident individual Mr. Z

Year	2016	2017	2018
Chargeable Income	\$300,000	\$273,000	\$270,000

Tax Year	SRT calculation	IT Calculation	SRT payable	IT payable
2016	$(\$300,000 - \$270,000) * 0.23$ = <u>\$6900</u>	$\$54,000 + 0.20(\$300,000 - \$270,000)$ = <u>\$60,000</u>	\$6,900	\$60,000
2017	$(\$273,000 - \$270,000) * 0.23$ = <u>\$690</u>	$\$54,000 + 0.20 (\$273,000 - \$270,000)$ = <u>\$54,600</u>	\$690	\$54,600
2018	SRT = Nil	$\$10,000 + 0.20 (\$270,000 - \$50,000)$ = <u>\$54,000</u>	Nil	\$54,000

The SRT payable by Mr. Z for 2016, 2017 and 2018 will be \$6,900, \$690 and \$0 respectively. The IT payable for the same years will be \$60,000, \$54600 and \$54,000 respectively.

ATTACHMENT

2012 and subsequent years SRT rates

Chargeable income FJD\$	Social Responsibility Tax FJD\$
0–16,000	Nil
16,001–22,000	Nil
22,001–50,000	Nil
50,001–270,000	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

End of PS

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