



**PRACTICE
STATEMENT
NO. 14/2016**

SUBJECT	FIJI REVENUE & CUSTOMS AUTHORITY TELECOMMUNICATIONS LEVY
DATE OF EFFECT	1 st January 2016
CONFIDENTIALITY STATUS	May be released to the public
LEGISLATIVE REFERENCE	Sections 98, 135(1), 136 & 137 of Income Tax Act 2015 Income Tax (Rates of Tax and Levies) Regulations 2016 Legal Notice No. 5 Tax Administration Decree (TAD) 2009
PRACTICE COORDINATOR	National Manager Revenue Collection

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INTRODUCTION

1. The purpose of this Practice Statement is to provide guidance on the application of the Telecommunications Levy. It is issued with the authority of the Chief Executive Officer (CEO) of the Fiji Revenue & Customs Authority (FRCA).
2. The Telecommunications Levy (TL) is imposed on a user of telecommunications services. It is computed by applying the prescribed rate (1%) to the charges incurred by the user for calls transmitted by any licensed telecommunications service provider.
3. The service provider is liable to pay the TL on behalf of the user of the service and must file a TL return and pay the tax within fifteen days after the end of the month in which the tax was due.

LEGISLATIVE BASIS

4. The Telecommunications Levy is imposed on a user of telecommunications services under section 100 of the *Income Tax Act 2015*. It states-

“98.—(1) Subject to this Act, a levy to be known as the telecommunications Levy” is imposed for a Calendar month at the rate prescribed by Regulations made under this Act on a user of telecommunications services.

(2) The Telecommunications Levy imposed under subsection (1) for a Calendar month is computed by applying the rate prescribed by Regulations made under this Act to the charges incurred by the person for calls transmitted by a licensed telecommunications service provider.

(3) The licensed telecommunications service provider providing the telecommunications service on which the Telecommunications Levy is imposed is liable to pay the levy on behalf of the user of the telecommunications services.”

5. Section 135 (1) which is on the filing of TL returns states -

‘A licensed telecommunications service provider liable for the Telecommunications Levy must file a Telecommunications Levy return within 15 days following the end of each Calendar month.’

6. Section 136 sets out the due dates for lodgment and payment of TL-

'The Telecommunications Levy payable by a person for a Calendar month is due on the date that the Telecommunications Levy return, for the month is due.'

7. Section 137 covers the record keeping requirements –
'A person liable for the Telecommunications Levy must keep such accounts, documents and records to enable the computation of the amount of levy payable.'
8. The provisions of the Tax Administration Decree 2009 relating to the lodgment of returns, collection and payment of tax, requests for extension of time to lodge /pay, requests for review of assessment/penalties and other general issues applies to the collection of TL.

ADMINISTRATIVE PENALTIES

9. The following administrative penalties apply –
 - (i) Late or incorrect return penalty 20% of the tax payable
 - (ii) Late payment penalty if the TL remains unpaid by the due date, a penalty of 25% will be apply on the amount unpaid.
 - (iii) Another administrative penalty of 5% is imposed under section 44 (3) on a case by case basis on the amount of unpaid tax applicable for every defaulting month or day respectively.

EXAMPLES

10. **Example 1:** Company X is charged the following by Telecommunications Service Provider Y in February 2016:

	Bill for February 2016
Total call charges (exclusive of VAT)	\$10,000
TL = \$10,000 * 0.01	
Telecommunication Levy (1%)	\$100.00

Telecommunications Service Provider Y must send the February 2016 TL return with the payment of \$100 to FRCA on or before 15th March 2016.

11. **Example 2:** *Facts as given in Example 1, assume that Telecommunications Service Provider Y failed to lodge or pay TL by 15th March 2016.*

Penalties applicable:

- *Late Lodgment Penalty (LLP) is 20% of tax payable = 20/100 * \$100 = \$20.00*
- *Late Payment Penalty (LPP) is 25% on the amount of unpaid tax = 25/100 * \$100 = \$25.00*

The total tax payable will be:
= Levy Payable + LLP + LPP
= \$100 + \$20 + \$25
*= **\$145.00***

Telecommunication Service Provider Y will be liable for the penalties of \$45.00

End of PS

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