



**PRACTICE  
STATEMENT  
No. 6/2012  
Revised 24/2/14**

<b>SUBJECT</b>	<b>FIJI REVENUE &amp; CUSTOMS AUTHORITY: SOCIAL RESPONSIBILITY TAX</b>
<b>DATE OF EFFECT</b>	1 January 2012
<b>CONFIDENTIALITY STATUS</b>	May be released to the public
<b>LEGISLATIVE REFERENCES</b>	<i>Income Tax Act 1974 Tax Administration Decree 2009 Income Tax (Withholding Tax) Regulations 2013</i>
<b>PRACTICE CO-ORDINATOR</b>	National Manager Revenue Collection

**INDEX**

Introduction .....	2
Legislative basis .....	2
Administration.....	3
Returns and payments.....	4
Refunds .....	5
Appendix.....	6

## **INTRODUCTION**

- 1) The purpose of this Practice Statement is to provide guidance on the application of the Social Responsibility Tax (SRT) which is effective from 1 January 2012. Individuals and employers can use this as a guide for making calculations and payments. It is issued with the authority of the Chief Executive Officer of the Fiji Revenue & Customs Authority (FRCA).
- 2) SRT is a special contribution to the welfare of the underprivileged in Fiji and is administered in the same manner as the PAYE system for employees and Provisional tax system for sole traders.
- 3) It applies to individuals, trustees of estates and trustees of taxable trusts whose chargeable income is more than \$270,000 in a year of income. In other words, the tax threshold for SRT purposes is \$270,000 and it is not affected by any change in the income tax threshold.

## **LEGISLATIVE BASIS**

- 4) In the 2012 Budget Address, the Minister for Finance introduced a new form of taxation, the Social Responsibility Levy, effective from 1 January 2012. Further amendments were announced in the 2013 and 2014 budgets respectively. These included a change in the name to 'Social Responsibility Tax, progressive tax rates and the same threshold for residents and non residents.
- 5) The SRT is imposed on individuals by section 7E of the Income Tax Act, 1974; which states:

*“(1) Subject to this Decree, a tax to be known as “social responsibility tax ” is imposed for a tax year at the rate specified in the Table A8 on a resident person and Table B6 Fourth Schedule on a non-resident person, (other than a company) who is liable for income tax.*

*(2) The Social Responsibility Tax payable under subsection (1) for a tax year is computed by applying the rate specified in –*

- (a) Table A8 of Fourth Schedule to the total chargeable income of a resident person;*
- (b) Table B6 of Fourth Schedule to the total chargeable income of a non-resident person.*

*(3) The individual including employees and employers shall be liable for the tax.*

*(4) The individual including employee and employer shall lodge the return in the approved form and pay the tax on or before the end of each month following the month in which the tax was due.*

(5) Subject to subsection (2)(a), the Chief Executive Officer may refund the Social Responsibility Tax in accordance with section 33 of the Tax Administration Decree 2009, if the Social Responsibility Tax has been overpaid.

(6) For the purposes of the Social Responsibility Tax, the term “chargeable income” shall mean chargeable income as calculated for the purpose of normal tax.

(7) The Minister may make Regulations with regards to the Social Responsibility Tax.”

### **ADMINISTRATION**

6) SRT applies to individuals (residents and non residents) that, in an income year, have a “chargeable income” exceeding \$270,000.

7) SRT tables similar to the standard PAYE tax tables have been developed so that individuals and employers can work out the amount to pay.

8) The tax rates for 2012 as amended and subsequent years are attached (refer Appendix) and is payable in monthly installments.

9) Employers are required to make SRT deductions and send it to FRCA with PAYE deductions. 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.

#### **Example 1**

Mr. AX 's chargeable income for 2012 is \$420,000. According to the SRT table, SRT for the chargeable income bracket \$400,001 - \$450,000 is 26% of the excess over \$400,000 plus \$31400. SRT payable for 2012 will be \$36600  
( \$420,000 - \$400,000 x 0.26 + \$31400 = \$36600)

#### **Example 2**

In 2013 Mr. AX's chargeable income was \$450,000.  
According to the SRT table, SRT for the chargeable income bracket \$400,001 - \$450,000 is 26% of the excess over \$400,000 plus \$31400.  
SRT payable for the year will be \$44400  
( \$450,000 - \$400,000 x 0.26 + \$31400 = \$44400)

### Example 3

*Mr. BX receives a fixed salary for the 3 years 2012, 2013 and 2014. His chargeable income for all years is \$275,000. According to the SRT table, SRT for the chargeable income bracket \$270,001 - 300,000 is 23% of the excess over \$270,000.*

*SRT payable for each year will be = \$1150  
.( \$275,000 - \$270,000 x 0.23 = \$1150)*

### Example 4

*Mr. CX 's chargeable income for the years 2012, 2013 and 2014 amounts to \$270,000, \$280,000 and \$305,000 respectively.*

*SRT will be payable as follows:*

- *2012 - Nil*
- *2013 - \$2300 .( \$280,000 - \$270,000 x 0.23 = \$2300)*
- *2014.- \$8100 ( \$305,000 - \$300,000 x 0.24 + 6900 = \$8100)*

## **Returns and payments**

10) The SRT is payable monthly. It will be collected in the following manner:

a) Salaried employees

- employers must make the SRT calculations, deductions and remittances in the same manner as PAYE
- Fiji nationals employed in international organizations, embassies and foreign missions will be required to make their own arrangements for payment.

b) Self employed including trustees of estates and trusts

- Make an estimate of 'chargeable income' similar to the Provisional tax system and make monthly payments directly to FRCA

c) Individuals earning both employment income and income from other sources

- For those that earn both employment income and business income (e.g. rental, consultancy, taxi income) they will be required to either inform their employers of their "estimated" chargeable income for the year, and/or make payments directly to FRCA.

11) Where an employer is making a payment in respect of a number of employees, only one remittance form is to be filled.

**Refund claims for SRT overpaid**

12) An application for a refund must be made in the approved form - Form B (sole traders and trustees) or Form S (employees).

13) For amendment requests, a return form clearly labeled “Amended Return” must be filled including information reported in the original return ; the reason for amendment and calculation of tax overpaid.

=end

## Appendix

### *SRT Rates 2012 and subsequent years*

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”

=====