



# Employer Guide

Information to help employers meet their PAYE Final & Fringe Benefit  
Tax Responsibilities

February 2014

# Preface

This plain language guide contains basic but important information to assist employers to meet their requirements to the Fiji Revenue and Customs Authority (FRCA). The guide is based on the provisions of the Income Tax Act 1974 and the associated regulations, but is not intended as a legal interpretation of the Decree. Should you have a situation for which the information in the Guide is inadequate, it is important that you contact FRCA directly.

## Contacts

If you need help with any of your employer responsibilities or you have questions about anything in this guide, 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.

FRCA also has a brochure on Fringe Benefit Tax (FBT) and a FBT Practice Statement No. 2/2012.

## The rights and responsibilities of FRCA and Employers

You can expect FRCA to treat you fairly with honesty and with integrity and provide you with all the information that you need to be able to comply with the Act, which is set out in this guide. In return FRCA expects that you will be truthful in your dealings with them and that you will provide all relevant information relating to the issue at hand.

Meeting your tax obligations can mean giving to FRCA your personal and business information. FRCA is responsible and accountable to protect that information and to ensure that it is used lawfully and for the purpose for which it is given. For full details of our privacy policy go to [www.frca.org.fj](http://www.frca.org.fj) (keyword: privacy).

Please note that under the Tax Administration Decree 2009, we can exchange information about you to selected government agencies and other countries, which have a Double Taxation Agreement with Fiji.

You are entitled to view your personal information that is kept by FRCA. Call the FRCA PAYE Final Tax team or email to [payefinal@frca.org.fj](mailto:payefinal@frca.org.fj) to make arrangements to see this information.

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# Guide Summary

If you have anyone working for you, it's your responsibility to deduct PAYE FINAL tax from the "gross income from employment" that they receive from you and to give that information to FRCA. This guide explains what you are required to do as an employer.

## How to use this guide:

### Part 1 – Deducting and paying PAYE FINAL to FRCA

Part 1 defines and explains who an employee is and provides information about the amounts you may have to deduct from your employees' wages and account to FRCA.

This part also explains the following:

- How to complete the Employer Monthly Summary (EMS)
- Correcting your EMS after it has been filed.
- Electronic Filing.
- What to do when there is a change in your employee or business status.
- Tax treatment of other types of payments to employees apart from normal wages.
- How to deduct Provisional Tax on certain payments issued to self-employed persons.
- Making PAYE FINAL payments to FRCA.

### Part 2-Fringe Benefit Tax (FBT)

This part explains your obligation as an employer to pay FBT.

### Part 3-Penalties

Penalties may be imposed if you fail to meet your employer responsibilities.

### Part 4 - Record keeping

This part tells you what records you need to maintain as an employer.

### Part 5 - Tax services you may need

This part lists our services, contact details and other useful information.

### Part 6 – Appendices

## Part 1 - Deducting and Paying PAYE FINAL to FRCA

In this part we explain: (a) registering as an employer; (b) employees' tax code declaration and (c) the PAYE FINAL tax that you will need to deduct from your employees' pay and remit to FRCA.

### Registration

#### Are you a new employer?

If yes, you will need to register with FRCA as an employer within 30 days of commencement of your business.

#### Who should register?

All employers are required to register for PAYE FINAL purposes with FRCA if they either:

- employ someone as part of their business or organisation;
- control the manner in which the person works;
- supply any equipment for that person to use when working for you.

#### How do you register?

##### *Sole Trader Businesses*

You are required to complete Section E of the Application for TIN registration of Salary/Wage Earners/Sole Trader Businesses form (IRS001).

##### *Companies, Partnerships, Trusts or Estates*

The Accountable person is required to complete Section D of the Application for New or Changes to Registration of Companies, Partnerships, Trusts or Estates form (IRS003).

A registration letter will be issued by FRCA to all registered employers.

### Employee Tax Code Declaration

All employees, including those earning below the threshold must complete an Employee Tax Code Declaration Form (Form IRS 458A).

All new employees are required to complete the Employee Tax Code Declaration Form within 5 working days from commencement of their employment.

It is important that all employees fully complete the Employee Tax Code Declaration form including the following:

- Full name
- Tax identification number (TIN)
- Tax code.

As an employer, if you do not receive a tax code declaration form from your employee within the 5 working days, you are required to deduct tax at the no-declaration rate of twenty percent (20%) from your employee's gross employment income.

Please note that a new tax code declaration form is not required to be completed by an employee each year.

An employee can change their tax code, if they submit a new Employee Tax Code Declaration form.

If you need extra forms, you can print them from the FRCA website: [www.frca.org.fj](http://www.frca.org.fj).

### Primary employment

The rate of PAYE FINAL tax that will be deducted from employees' gross earnings will depend on the tax code that they declare to their employer.

Most employees have one main job. This job is known as their primary employment, for which tax code "P" applies.

An employee is to use the primary tax code "P" for their main source of

employment income. Once you have the employee's tax code, use the PAYE FINAL tax formula to work out how much PAYE FINAL to deduct from each pay.

### Secondary employment

If an employee is already using a primary tax code "P" for their main source of income and has another job, the employee must then complete another Form IRS 458A for secondary employment, using the secondary tax code "S".

The secondary rate of PAYE FINAL to be applied is twenty percent (20%) of the gross payment.

An employee with more than one secondary employment will need to complete a tax code declaration for each of the secondary employments using the secondary tax code "S".

### Special Tax Rate

The rate applies only to employees with secondary employment. An employee with one or more secondary employment may apply for a Special Tax Rate using the approved form.

The CEO may furnish the employee with a Special Tax Rate Certificate (STRC) within 5 working days of receipt of an application.

The CEO may at any time, cancel any STRC. No person shall alter any STRC issued by the CEO under Reg 8(6) and (7) of the Income Tax (Withholding Tax) Regulations 2013.

#### *Example:*

Sam has one full-time job and three part-time jobs. He uses a primary tax code "P" for his full-time job and a secondary tax code "S" for his three part-time jobs.

If an employee works for you using a primary tax code and also does a different type of work for you outside normal working hours, you will amalgamate the two sources of income and calculate PAYE FINAL on the total amount using the primary tax code "P".

Where an employee has a secondary job with a different employer the employee must complete a separate Tax Code Declaration form using the secondary code "S".

#### *Example:*

Mac works in the Ministry of Health as a pharmacist between 8 am and 5pm, Monday to Friday, and is paid fortnightly. He also works between 6 pm and 10 pm, Tuesdays and Thursdays, in Metro Pharmacy, and is paid monthly.

Mac is required to complete two Tax Code Declaration forms (IRS 458A). One is for the Ministry of Health with the tax code "P". The other for Metro Pharmacy with the tax code "S".

### Employees on the wrong tax code

It is important that your employees use the right tax code. Using the correct tax code can help your employee avoid a tax bill at the end of the year. FRCA will check the details on your Employer Monthly Summary (Form IRS 421A) to ensure the right amount of tax is deducted from the salary or wages of the employees listed on your Summary.

If we have singled out a salary or wage earner using a wrong tax code, we will write to the employee informing them that they are using the wrong tax code. The employee will need to complete a new Employee Tax Code Declaration form stating their correct tax code effective from the next pay period.

### Who is an employee?

It is very important that you know the people who are working for you as employees; or whether they are self-employed. The reason being, tax laws treat the two groups differently.

It is important to note that you are responsible for your employees' tax deductions.

In most cases, it is quite clear, whether or not someone is an employee. Generally in practise, if you control how and when the person's work is done,

then the person is your employee. If your answer is “yes” to all or most of the following questions, the worker is probably your employee.

- Does the person have to do the work, rather than being able to hire someone for help?
- Can you tell the worker what to do on the job, and when and how to do it?
- Do you pay the worker at a set rate (e.g., hourly, weekly, monthly, or by unit of production)? A person paid by commission or on a piece-work basis may still be an employee, especially if there are other employees who work on the same basis.
- Can the worker get overtime rates?
- Does the person work set hours, or a given number of hours, each week or month?
- Does the person work at your premises, or at a place you specify?
- Do you set the standards for the amount and quality of the person’s work?

The Instruction Sheet IRS 459A will assist employee on the correct tax code to select.

### Non-resident employees

Employers must deduct PAYE FINAL from wages paid to non-resident employees in the same way as for resident employees. However, there are non-resident tax rates that apply to non-residents. Non-resident tax rates can be sourced from our website: <http://www.frca.org.fj/non-residents-tax-rates-2001-2012>.

In general, an employee is a non-resident for tax purposes if the following criteria are met:

- the person’s permanent place of abode is outside of Fiji;
- the person is in Fiji for less than 183 days and does not intend to make Fiji his usual place of abode;

A non-resident is liable for Fiji tax on income for personal services performed in Fiji, and other income from Fiji sources.

If you need more information on issues of residency, send FRCA an email to [tepu@frca.org.fj](mailto:tepu@frca.org.fj) or see our website: [www.frca.org.fj](http://www.frca.org.fj).

### Work Permits

If you are hiring a non-resident employee, they must have a work permit. You are to contact Department of Immigration on phone 3312622 or email to [imm-mrn@govnet.gov.fj](mailto:imm-mrn@govnet.gov.fj) for further information.

### Persons responsible to deduct PAYE from their own earnings

In certain cases, employees, instead of the employer are required to deduct and remit PAYE Final to FRCA. The common cases are:

- part-time private domestic workers, such as home helpers, attendant caregivers, nannies and gardeners.
- local employees of Foreign & Diplomatic Mission are liable to PAYE FINAL on their gross employment income, as well as Fiji based employees of overseas companies.

They’re responsible for paying their own PAYE FINAL, but they’re not classified as self-employed

If you think you are in the above category please send an email for more information to [tepu@frca.org.fj](mailto:tepu@frca.org.fj) or [payefinal@frca.org.fj](mailto:payefinal@frca.org.fj).

### Employment versus Self Employed

PAYE FINAL is required to be deducted from gross employment income whereas self-employed income such as a contract payment is not liable to have PAYE FINAL deducted.

If it is later found that you failed to deduct the PAYE FINAL from your employees income under the guise that it was self-employed income you could find yourself liable for the amount of PAYE FINAL under deducted

and be exposed to penalties.

## Completing the Employer Monthly Summary(EMS)

This monthly summary (Form:IRS 421A) is to be completed and lodged by all employers who pay salary or wages and are deducting PAYE from total employment income as a final withholding tax. It should be lodged in an electronic format approved by the Commissioner

### Employer’s Tax Identification Number (TIN) – Column 1

Write in here your employer TIN.

### Name of Employer – Column 2

Write in here your employer name.

### Branch – Column 3

Write in here the three digit Branch number.

### Period Ending – Column 4

Write in here the month in which the PAYE FINAL was deducted.

### Employees TIN – Column 5

Write in here the Tax Identification Number of each employee.

### Employees Name – Column 6

Write in here the full names of each individual employee.

### Tax Code – Column 7

Use the tax code given by the employee in their Tax Code Declaration Form IRS 458A.

### Employment Period – Columns 8 and 9

Write in here the employee’s start date (Column 8) and finish date (Column 9) of employment during the month.

If the employee has continuous employment during the month, enter the first day of the month in the start date and the last day of the month in the finish date.

### Employment Income – Column 10

Write in here the gross employment income paid to the employee for the month, including:

- Salary, wages, overtime, bonus, gratuities;
- Stipend, commission, cash benefits and other amounts for services.

### PAYE FINAL – Column 11

Write in here the total amount of PAYE FINAL Withholding Tax deducted from the resident or non-resident employee during the month.

### Social Responsibility Tax (SRT) Column 12

Write in here the total amount of SRT deducted from the resident or non-resident employee during the month.

### Lump Sum Payments – Column 13

Write in here the total lump sum payments paid to any employee during the month.

### Redundancy Payments – Column 14

Write in here the total amount paid as redundancy payments to any employee during the month.

### Other PAYE– Column 15

Write in here the total PAYE FINAL deducted from lump sum and redundancy payments (columns 13 and 14) paid to the employee during the month.

### **Total PAYE deducted - Column 16**

Write in here the total of PAYE FINAL deducted from the employee in columns 11 and 15.

### **Declaration**

The Accountable person is the person authorized to act and sign on behalf of the employer.

### **When should the EMS be lodged?**

The Summary is to be lodged to FRCA no later than the last day of the month following the month to which the EMS relates. e.g. the January Summary is due by 28th or 29th February.

### **Filing your EMS and making payment**

This monthly summary (Form: IRS 421A) is to be completed and lodged by all employers in an electronic format approved by the Commissioner. When making the payment to FRCA, it should be accompanied by a Remittance Advice Slip (IRS350) in accordance with Income Tax (Withholding Tax) Regulations 2013.

Completed EMS can be sent to [payeems@frca.org.fj](mailto:payeems@frca.org.fj)

### **The payment that you will need to remit to FRCA is the EMS total of Columns 12 and 16.**

The total of columns 12 (Code 2), and 16 (Code 22) are to be entered in Part 1 of the Remittance Advice Slip under PAYE FINAL. When sending the EMS payments by mail, send the cheque together with your Remittance Advice Slip to:

**CEO FRCA  
Private Mail Bag  
Suva**

For more detailed information on making payments refer to pages 11 & 12.

### **Correcting your EMS after it's been filed**

If you want to amend your Employer Monthly Summary (EMS) after the cut-off time you need to send in a new EMS for the respective month inclusive of the amendments that you want to make to [payeems@frca.org.fj](mailto:payeems@frca.org.fj).

### **Electronic filing your EMS and Payment**

To file your EMS electronically you have two options:

- on screen form (Flat file is available in the FRCA website), or
- file transfer.

If you're using a computerised payroll system, file transfer is probably the best method to use. Payroll software developers have the 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 to FRCA through the internet.

Before you can file electronically, you'll need:

- a computer that can connect to the internet;
- an internet browser, either Internet Explorer 6 or higher, or Mozilla Firefox v:02 or higher;
- an internet connection;
- an email address.

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.

### **Change in Employee Status**

#### **When an employee stops working for you**

You must show each employee's finish date on the Employer Monthly Summary.

### **Employee rehired in the same year**

If an employee stops working for you and is rehired in the same year, the employee must complete another Tax Code Declaration (Form IRS 458A).

You'll also need to show the employee's start date on your Employer Monthly Summary.

### **Employee on transfer**

If an employee transfers from one branch of a company to another branch and is paid by the new branch office on a separate payroll, the correct treatment is:

- (a) the old branch treats the transfer as if the employee has stopped work;
- (b) if the employee is paid from a central or head office, that office continues deducting PAYE FINAL from the employee's earnings. The employee doesn't need to complete a new Employee Tax Code declaration.

### **If you stop paying wages permanently**

Advise FRCA of the date you ceased paying wages permanently, by sending an email to [payefinal@frca.org.fj](mailto:payefinal@frca.org.fj). This applies irrespective of whether or not your business is continuing. An employer has not stopped paying wages permanently until the last Employer Monthly Summary is filed and the outstanding PAYE FINAL is paid to FRCA. At this point, you will be deregistered as an employer.

### **Payments to Employees other than Salary & Wages**

Besides paying salaries and wages to your employees, you may make other payments such as allowances which could be subject to PAYE FINAL. This is discussed below.

### **Allowances**

Allowances paid to employees usually arise from:

- an industrial collective agreement;
- an agreement made between the employer and employees—commonly known as an in-house agreement.

Generally employees receive two types of allowances:

- (a) Allowances that reimburse the employee for expenses they have incurred on behalf of the employer. These are commonly known as reimbursing allowances and are not taxable.
- (b) Allowances that benefit the employee. These are taxable to the extent it exceeds any expense that the employee has incurred on behalf of the employer. If no expense has been incurred by the employee, then the total amount of the allowances is taxable from which PAYE FINAL should be deducted.

Taxable allowances (i.e. those that benefit the employee) are added to the employee's gross earnings and PAYE FINAL is deducted from this total.

Tax-free allowances (i.e. those that reimburse the employee) should not have PAYE FINAL deducted.

You don't need to apply for our approval to pay tax-free allowances to your employees. You can decide for yourself, using FRCA's guidelines. The allowances commonly paid are as follows.

### **Cash Benefit allowances**

Benefit allowances are payments made in addition to salary or wages, which benefit the employee. A benefit allowance is taxed with the employee's wages in the pay period it's paid.

Any cash benefit allowance you pay to an employee, unless it is a reimbursing allowance, is fully taxable.

### **Reimbursing allowances**

Reimbursing allowances are payments made to employees to compensate them for expenses they've incurred while doing their job—such as mileage allowances, education and meal allowances.

Work-related relocation payments made to your employees are tax-free provided all of the following conditions are met:

- Your employee's relocation is required as the result of:

- taking up new employment with a new employer, or
- taking up new duties for you at a new location, or
- continuing in their current position but at a new location.
- the payment reflects actual expenditure incurred.
- the expenditure is incurred before the end of the tax year in which your employee relocates.

### Travelling allowances

Employers need to decide how to tax a travelling allowance paid to an employee. An allowance paid for an employee's usual travel costs between home and work is taxable. A travel allowance is tax free to the extent that the amount paid reimburses an employee's additional transport costs, is for the employer's benefit.

Add the taxable amount to your employee's gross income and work out PAYE FINAL on the total.

### Per Diem allowances

This allowance is an amount that an employee may be entitled to in the normal course of their work. Where they are receiving more than what they are entitled to, the excess is subject to PAYE FINAL tax.

### Lump sums

A lump sum payment to an employee other than a redundancy payment is taxable, but only to the extent that exceeds \$5,000.00 in any one income year.

For information on what is not regarded as Lump Sum Payments refer Section 17(13)(ii) of the Act. Overtime or any regular payments are not lump sum payments.

### Restrictive covenant and exit inducement payments

These payments are taxable as follows:

#### Restrictive covenant payments

These are payments made in return for a person agreeing to restrict their ability to perform services. This includes payments made to an employee when their employment is terminated and they agree not to carry on business in competition with their former employer. It also includes payments made when an employee enters into a restrictive covenant with a wholly owned company and then sells the shares in that company to their employer. These types of payments are classed as source deduction payments, so PAYE FINAL must be deducted.

#### Exit inducement payments

Exit inducement payments are made by a prospective employer or contractor to a person to give up a particular status or position. These include payments to employees whose job status changes, even if they don't have a career change.

These types of payments are also included in gross earnings, so PAYE FINAL must be deducted.

Both restrictive covenant and exit inducement payments are taxed at the normal PAYE FINAL rate. Refer to the PAYE FINAL formula in our website: <http://www.frca.org.fj/wp-content/uploads/2012/11/PAYE-Regulation-6-formula-.xlsx>.

### Retiring and redundancy payments

#### Retiring allowances

A retiring allowance is a payment made to an employee on retirement. The employment must have been fully terminated because of:

- the employee's decision
- the terms of any union contract
- the length of service of the employee, or
- the employer's policy.

Retiring allowances which may be a lump sum payment are taxable in full and also subject to SRT, if gross earnings are in excess of \$270,000 for both resident and non-resident.

#### Example:

Mr X (Code P) a resident taxpayer received a retirement pay of \$30,200.50 in addition to his normal salary in 2013.

Salary for Mr X	\$240,000.00
Retiring payment	\$ 30,200.50
PAYE FINAL	\$ 49,500.10
SRT	\$ 46.12

#### Redundancy payments

"Redundancy payment" means a bona fide lump sum payment, other than a retiring allowance on the occasion of the termination of employment, where-

(a) In the case of an individual who is an employee and who is not a seasonal worker, the employment is terminated by the employer, the termination being attributable, wholly or mainly, to the fact that the position filled by that individual is, or will become, superfluous to the needs of the employer; or

(b) In the case of an individual who is an employee and a seasonal worker, that individual's usual seasonal employment is made unavailable by the employer, the unavailability being attributable, wholly or mainly, to the fact that the individual's position or usual position is, or will become, superfluous to the needs of the employer.

A redundancy payment is different from a retiring allowance. The decision to terminate employment is the employer's. Redundancy payments may be made to an employee whose position is no longer needed.

The following are not redundancy payments, and are liable for PAYE FINAL:

- any payment relating to a situation solely involving a seasonal lay-off; or
- any payment contingent on the completion of either a fixed-term engagement or an engagement to complete work specified in a contract; or
- any payment in lieu of notice terminating the employment of the employee; or
- any payment which, if it had not been made upon termination of employment, would, in the opinion of the CEO, have been paid so as to constitute monetary remuneration of the employee; or
- any payment made by a company pursuant to its articles of association to any of its directors; or
- any payment which, in the opinion of the CEO, is excessively large in relation to the earnings and length of service of the employee.

A severance payment may be a redundancy payment for tax purposes. A lump sum severance payment made to a permanent employee when a specific job or project is finished is a redundancy payment if the position of the employee has been fully terminated, and the position is no longer required by the employer.

If the employee stays with the same employer on another job or project, any payment is liable for normal PAYE FINAL.

Employees who received a redundancy payment will be allowed tax exemption up to \$15,000 redundancy in accordance with Section 17A of the Income Tax Act.

Any amount in excess of \$15,000 is subject to 15 percent tax deduction.

### Termination of employment

To treat any payment as a retiring allowance or redundancy payment, the person's employment must have been terminated. If employment is not terminated, the payment is liable for normal PAYE FINAL.

Employment is not terminated if the employee:

- is still employed by a company that is at least 50 percent owned by the same shareholders, or under the control of the same persons.
- is still employed by the same employer, even if the employer's business has changed
- is still with the same business, even if the ownership of the business has changed
- has remained in substantially the same employment. This means if the employee continues to work under a contract of employment with substantially the same employer.

The following two types of payment are not retiring allowances or redundancy payments, and are liable for normal PAYE FINAL:

- Payments for accumulated annual leave, long-service leave and sick leave. These are payments that don't relate to retirement or redundancy and these payments are subject to PAYE FINAL.

- Payments made as a result of a merger, takeover, amalgamation or reconstruction between two parties if:
  - the employee is rehired by any party to the transaction within six months of termination of employment, and
  - the employee's new job is substantially the same kind of employment they had before.

"Substantially the same kind of employment" means doing the same type of work. This is based on such things as similarity of duties, similar conditions of employment and a similar job description.

For example, if you rehire an employee to do most of the old duties but with slightly different salary and leave arrangements, the employment is substantially the same kind. However, if you rehire the employee in a different area that needs new skills, it's not substantially the same.

### Holiday pay

Include holiday pay and pay for statutory holidays as earnings in the period you actually pay them. To calculate tax on your employee's holiday pay you can use our PAYE FINAL Tax formula. You can also view our PAYE FINAL formula, from our website <http://www.frca.org.fj/wp-content/uploads/2012/11/PAYE-Regulation-6-formula.xlsx>.

### Loss of earnings (workers) compensation

Loss of earnings compensation paid by Ministry of Labour to your employees is liable for PAYE FINAL. You the employer will deduct PAYE FINAL using the employee's tax code.

Similarly, if an injury occurs at work and you pay an employee for the period up until the time compensation is payable, you must deduct PAYE FINAL using the employee's tax code.

If you subsidise an employee who's receiving compensation, deduct PAYE FINAL on the extra payment you make using the secondary tax rates.

If you pay the employee salary or wages and Ministry of Labour then reimburses you; deduct PAYE FINAL using the employee's tax code.

### Honoraria

Sometimes payments are made for a service where the usual custom is that a price is not set. These payments are called honoraria. Generally these payments are made to volunteers and subject to PAYE FINAL tax.

Note, where both honoraria and reimbursements for actual expenses are paid to a person for volunteer activities, and provided records are kept to show how much of the payment relates to each, the reimbursement expenses will be tax free.

### Treatment of other types of Contractual Income

There are other types of income outside of an employment relationship which are liable to have provisional tax deducted. Examples of the types of income for which provisional tax is required to be deducted are follows:

- commission agents fees
- election day workers payments
- fishing income
- payments to musicians, performers, dance bands and orchestras
- payments to piece-workers and outworkers
- payments to recognised seasonal workers
- payments to screen production industry workers
- payments for "activity in the community" projects
- labour-only contract payments in the building industry.

The provisional tax of 15 percent will apply to the abovementioned contractual payments. The payer should withhold the provisional tax and remit it to FRCA in the month following the month in which the payment was deducted.

The more common provisional payments relate to the following:

### Commission agents

For agents who receive commission only, the gross commission will be

subject to provisional tax.

Some agents get a salary or other fixed remuneration plus commission from the same employer.

If an agent is an employee, add the gross commission to the fixed remuneration for the period it was paid in. Calculate PAYE FINAL using the current PAYE FINAL formula.

Whether you deduct PAYE FINAL using the tax tables or provisional tax depends on whether the agent is an employee or is self-employed.

### Shareholder Employee Salaries & Directors Fees

Fees paid to directors are subject to PAYE FINAL. If the director is an employee of the same company that pays the Directors' Fees together with the shareholders' salary then it's liable for PAYE FINAL also. If the Director is an employee of a company other than the company that pays the directors fees, then it becomes his "Secondary" employment Code "S". PAYE should be deducted from this as well.

### Election day workers

Election day workers are people employed on a casual basis immediately before, on, or after polling day.

### Making PAYE FINAL payments to FRCA

#### PAYE FINAL Payment Due Date

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, fortnightly, bi-monthly or monthly basis. A Remittance Advice Slip must be completed and submitted together with the payment & the Employer Monthly Summary.

If your payment is made late, you'll be charged 25% late payment penalties. Refer to Part 3.

#### Example:

An employer pays wages fortnightly on 8 and 22 October 2013. The PAYE Final tax deducted from the employee's wages will be accounted for in the EMS for October 2013, which is due and payable to FRCA on 30 November, 2013.

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 to FRCA on a monthly basis using the Remittance Advice Slip.

### Remittance Advice Slip (Form IRS 350)

You can file your Remittance Advice Slip (Form IRS 350) electronically.

If you do not file online, fill in the Form IRS 350 details and send back the form to FRCA with your payment.

### Completing the Remittance Advice Slip

Enter the following details for the period covered by the Employer Monthly Summary (Form IRS 421A).

#### Total PAYE FINAL tax

Insert the total PAYE FINAL deducted from your employees' gross employment income during the period. (As per Box 11 on the Employer Monthly Summary).

#### Total Other PAYE FINAL

Insert the total Other PAYE FINAL deducted from your employees' Redundancy or Lump Sum payments during the period. (As per Box 15 on the Employer Monthly Summary).

#### Total PAYE FINAL Payment

Insert the total of the above two figures (Box 11 & 15) as per box 16, on the Employer Monthly (Form IRS 421A). This total is to be entered in Part 1 of

the Remittance Advice Slip under PAYE FINAL (Code 2).

### **Total Social Responsibility Tax**

Insert the total SRT deducted from all of your employees gross earnings during the period. Refer Box 12. This total is to be entered in Part 1 of the Remittance Advice Slip (Code 22).

**“Nil” EMS** if you don't pay salary or wages in any period.

### **Salary and wages paid irregularly or under the Tax Free Threshold**

If the wages you pay do not require PAYE FINAL tax to be deducted because the employees income are below the threshold, you must still advise FRCA by filing a “nil” Employer Monthly Summary (Form IRS 421A).

(Refer Appendix 3 on page 18 for Sample completed Remittance Advice Slip)

### **How to pay your deductions**

You can make payments:

- through internet banking (Bill Pay Services)
- by post—but never send cash
- at a Westpac, ANZ or BSP branch
- at our Customer Service Centres.
- by using our drop box (cheques only)
- by credit card (a processing fee applies for each transaction).

Electronic payments are automatic payment, direct credit and online banking. Major Banks offer an online tax payment service on their website which ensures sufficient payment reference details are included with your payment.

If your bank does not offer this service you can pay using their standard online service but you need to ensure we have all the details to credit your payment to your account.

When posting a cheque for payment:

- make your cheque payable to “Fiji Revenue & Customs Authority”
- cross it “Not Negotiable”, and
- post it with the payment slip, detailing your TIN, name and tax payment types you are making.

For clarification on payment options you may contact our Customer Service Centre. Refer to page 2.

## Part 2 – Fringe Benefit Tax

### What is a Taxable Benefit?

Taxable benefits include any benefits whether in cash or in kind that is provided free by the employer to the employee or persons associated with the employee (e.g. housing, telephone, water).

The value of benefits received by an employee from their employer is subject to either PAYE FINAL or the fringe benefit tax. Where cash benefits are provided to employees, employers are required to deduct PAYE FINAL from emoluments. If non-cash benefits are provided to the employee, fringe benefit tax should be paid by the employer.

### Who are regarded as employees for FBT purposes?

An employee is defined as “an individual engaged in employment”.

Other office holders such as directors, managers and associates (including certain relatives) of the employees are also treated as employees for the purpose of the FBT Decree.

### What is Fringe Benefit Tax?

Fringe Benefits Tax (FBT) is a tax levied at the rate of 20 percent on the fringe benefit taxable amount (non-cash benefits only) of the employer for each quarter, with effect from 01st January 2012. (Refer Fringe Benefit Tax Decree [http://www.frca.org.fj/wp-content/uploads/2012/11/Fringe\\_Benefit\\_Tax\\_Decree\\_2012.pdf](http://www.frca.org.fj/wp-content/uploads/2012/11/Fringe_Benefit_Tax_Decree_2012.pdf) and FBT Practice Statement) [http://www.frca.org.fj/wp-content/uploads/Practise\\_Statements/Fringe\\_Benefits\\_Tax.PDF](http://www.frca.org.fj/wp-content/uploads/Practise_Statements/Fringe_Benefits_Tax.PDF)

The following are fringe benefits, which are subject to FBT:

- a debt waiver fringe benefit.
- a household personnel fringe benefit.
- a housing fringe benefit.
- a loan fringe benefit.
- a meal or refreshment fringe benefit;
- a motor vehicle fringe benefit;
- a private expenditure fringe benefit;
- a property fringe benefit; and
- a residual fringe benefit.

The following benefits are exempt from FBT:

- Scholarship provided by an employer that is exempt.
- Cost of passages of an employee that is deductible from the employee's chargeable income.
- Fringe benefits provided to a member of the State's armed forces in respect of employment giving rise to income that is exempt.
- Occasional departmental or celebratory lunches or dinner, refreshments provided at training courses, occasional cocktail parties or firm picnics, or one-off private use of a car.
- A meal or refreshment provided in a canteen, cafeteria, or dining room (referred to as an “eating facility”) operated by or on behalf of an employer solely for the benefit of employees and which is available to all non-casual employees on equal terms
- The provision of accommodation or housing to an employee in a remote area (i.e. an area that is fifteen kilometres, or more, from a town or city centre, and includes on board a vessel when not berthed.) This is subject to the fact that the employee's usual place of employment is in the remote area and it is necessary for the employer to provide accommodation or housing in the remote area.
- An allowance related to private expenditure (which is included in the emoluments of an employee) and that is subjected to PAYE FINAL.
- A contribution by an employer for the benefit of an employee to the Fiji National Provident Fund or a superannuation fund, superannuation scheme, pension or provident fund, or a retirement plan, including excess FNPF contributions.
- A benefit provided under an employee share scheme and that is subjected to PAYE FINAL.

### Valuation of Fringe Benefits

In general, the value of a benefit should be the fair market value of the benefit at the time it is provided to the employee.

The value of a fringe benefit must be reduced by any payment made by the employee for the benefit.

The value of any benefit should be apportioned if the expenditure incurred by an employer is partly for work purposes and partly for the private benefit of an employee.

The tables below highlight how the various categories of fringe benefits are to be valued.

#### Motor Vehicle Fringe Benefit Valuation

The value of a motor vehicle fringe benefit for a quarter is as follows-

Engine Capacity	Value for each Quarter (VEP Amount)
Under 1,800cc	\$656
1,800cc and <2,000cc	\$778
2,000cc and above	\$958
Irrespective of engine capacity, if the cost exceeds \$100,000	\$958 plus 2.5% of the excess of the cost over \$100,000

#### Housing Fringe Benefit Valuation

Scenario	Value of Housing Fringe Benefit
Employer owns the accommodation or housing.	Fair market rent for the accommodation or housing for the quarter; reduced by any payment made by the employee for the accommodation or housing.
Employer rents the accommodation or housing.	Total rent paid by the employer for the accommodation or housing for the quarter; reduced by any payment made by the employee for the accommodation or housing..
Furnished Accommodation	The maximum quarterly value of the benefit is one-eighth of the emoluments paid to the employee for the quarter.

In both cases, the value of the benefit is reduced by any payment made by the employee for the accommodation or housing.

The determination of the value of a housing fringe benefit under subsection (2) of Section 11 of FBT Decree is subject to the ceiling in subsection (3).

### Property Fringe Benefit Valuation

Scenario	Value of Property Fringe Benefit
<p><b>Transfer of Property or Services</b></p> <p>(1) If the employer's business involves the supply of property or services to customers.</p> <p>(2) In any other case.</p>	<p>The normal selling price of the property or services, reduced by any payment made by the employee to the employer for the property or services</p> <p>The cost to the employer of acquiring the property or services, reduced by any payment made by the employee to the employer for the property or services.</p>
<p><b>Provision of Services</b></p> <p>(1) Provision of free or subsidized air travel to an employee by an employer that is an airline operator, travel agent, or tour operator.</p>	<p>Forty (40%) of the standard economy fare for the flight, reduced by any payment made by the employee to the employer for the flight.</p>

**Note:**

"Services" include the use of property or the making available of any facility, such as a child care or recreational facility (e.g. access to a gymnasium).

### Valuation of Other Fringe Benefits

Benefit Type	Value of Fringe Benefit
Debt Waiver Fringe Benefit	Amount of the debt waived by the employer.
Household Personnel Fringe Benefit	Total emoluments paid by the employer to the household personnel, reduced by any contribution made by the employee for the benefit.
Loan Fringe Benefit	Difference between the interest that would have been paid if the loan was made at the market lending rate for the quarter and the actual interest (if any) paid by the employee.
Private Expenditure Fringe Benefit	Payment incurred for the particular private expenditure. (e.g. school fees of the employee's children, utilities bills, non-work related medical expenses, medical insurance premiums, life insurance premiums)
Meal and Refreshment Fringe Benefit	Employer's cost of providing the meal or refreshment to the employee reduced by any amount paid by the employee for the meal or refreshment.
Residual Fringe Benefit	Fair market value of the benefit provided less any payment made by the employee to the employer for the benefit.

**Note:**

1. The insurance premiums will only be treated as fringe benefits if the employee is the beneficiary under the policy.

2. A meal or refreshment provided in a canteen, cafeteria, or dining room operated by or on behalf of an employer solely for the benefit of

employees and which is available to all non-casual employees on equal terms is an exempt fringe benefit. While such a benefit is still a fringe benefit, the value of the benefit is not to be taken into account in determining the fringe benefits taxable amount.

### Employer Obligations

Generally employers are required to comply with the following:

- Employers are required to register as a FBT payer if they are providing such benefits to their employees.
- Employers are required to keep records to support the computation of FBT payable including the valuation of fringe benefits.
- Employers will continue to show the value of benefits provided to employees in their Tax Withholding Certificate. This should be clearly declared as non-cash benefits.

#### Who should account for FBT?

- an employer providing non-cash benefits to employees;
- each trustee of a trust that provides non-cash benefits to employees;
- each partner in a partnership business that provides non-cash benefits to employees.

#### Lodging of Fringe Benefit Tax Return

The employer must lodge the quarterly return within one month after the end of the quarter.

#### Payment of Fringe Benefit Tax

This should be paid at the time of lodging of the quarterly return. The due dates for each quarter are 30 April, 31 July, 31 October and 31 January.

#### Penalties

Refer page 15 for information on penalties.

#### Offences

An employer who fails to file a fringe benefit tax return is seen to be committing an offence and is liable for a maximum fine of FJ\$10,000 or to imprisonment for a term not exceeding 12 months or to both a fine and imprisonment

The courts can impose a maximum fine of FJ\$15,000 or to imprisonment for a term not exceeding 12 months or to both a fine and imprisonment on any of the following offences:

- failure to keep adequate records and accounts relating to the fringe benefits provided to employees;
- failure to allow authorized tax officials from entering the business premises to inspect fringe benefits provided to employees, fringe benefit tax collection or payment records;
- failure to produce any books or records relating to the fringe benefits provided to employees and collection/payment of fringe benefit tax.

### Anti – Avoidance Provisions

#### Avoidance of FBT

The FRCA Chief Executive Officer may, without prejudice to such validity as it may have in any other respect of for any other purpose, disregard or vary any of the following dealings and make just and proper assessments in the circumstances:

- altering the incidence of FBT that is payable or suffered by, or which would otherwise have been payable or suffered by any person;
- relieving any person from any liability that has arisen or which would otherwise have arisen to pay FBT or file a FBT return;
- evading or avoiding any liability which is imposed or would otherwise have been imposed on any person under the FBT Decree; or
- hindering or preventing the operation of the FBT Decree in any respect.

## Calculation of Fringe Benefit Tax

### Computation of Fringe Benefits

The fringe benefits taxable amount is computed according to the following formula-

$$A / (1-r)$$

A = the total value of fringe benefits provided by the employer to the employees in the quarter; and

r = the FBT rate specified in section 5(2)

#### Example:

Total value of fringe benefits provided by an employer for a quarter is \$80,000. Calculate FBT payable by the employer for the quarter.

Step 1: FBT Taxable Amount

$$\begin{aligned} &= A / (1-r) \\ &= \$80,000 / (1-0.20) \\ &= \$80,000 / (0.80) \\ &= \$100,000 \end{aligned}$$

Step 2: FBT Payable

$$\begin{aligned} &= \text{FBT Rate} * \text{FBT Taxable Amount} \\ &= 20\% * \$100,000 \\ &= \$20,000 \end{aligned}$$

### Additional Information

All employers are requested to be mindful of the following additional information for compliance purposes.

- Benefits provided to an employee form part of their emoluments and must be disclosed even if they may not be subject to PAYE FINAL.
- Employees will not pay PAYE FINAL again on non-cash benefits provided as this is a final tax paid by the employer.
- The taxable value of the benefits will not be included in employees' emoluments for the purposes of determining PAYE FINAL deductions.
- Once a benefit is subject to FBT, it is not subject to PAYE FINAL.
- FBT paid is not an allowable expense/deduction to the employer.
- FBT is a self-assessment tax; therefore the employer's FBT return will also serve as your notice of FBT assessment.
- Fiji nationals employed by Diplomatic and Consular Missions and certain public international organisations that are exempt from tax under a convention or other international agreement will be required to personally account for the tax on those benefits, as is the case with PAYE FINAL.

### Have you ceased providing fringe benefits?

If you've ceased or are about to cease providing fringe benefits, send an email to [tepu@frca.org.fj](mailto:tepu@frca.org.fj) or [payefinal@frca.org.fj](mailto:payefinal@frca.org.fj) or call our PAYE FINAL Team and let FRCA know. For more information, see our Fringe Benefit Practice Statement No. 2/2012, which is available on our FRCA website: [http://www.frca.org.fj/wp-content/uploads/Practise\\_Statements/Fringe\\_Benefits\\_Tax.PDF](http://www.frca.org.fj/wp-content/uploads/Practise_Statements/Fringe_Benefits_Tax.PDF).

## Part 3-Penalties

As an employer you're responsible for deducting and accounting for PAYE FINAL, SRT and FNPF contributions from your employees' gross wages. It's a serious matter if any employer doesn't properly deduct or pay employees' PAYE FINAL or other deductions. You will face penalties if you don't meet your employer responsibilities.

If you believe you'll be unable to lodge or pay by the due date, please contact FRCA as soon as possible. By contacting FRCA before the due date, you may be able to reduce the amount of penalties that will be charged.

### Late Lodgement Penalty (LLP)

If you don't lodge your Employer Monthly Summary (Form IRS 421A) by the due date, you will have to pay a LLP.

A LLP of 20 percent of the outstanding PAYE FINAL is imposed for each late Form IRS 421A.

### Late Payment Penalties (LPP)

A penalty of 25 percent will apply on any PAYE, FBT and SRT unpaid after the due date for payment. An additional penalty of 5 percent will be applied on the remaining unpaid tax for each month that the PAYE, FBT and SRT remain unpaid. FRCA will also charge you a late payment penalty if you miss a payment.

### Penalty notice

If a payment is late, and the penalty isn't paid, FRCA will send you a Statement of Tax Account (STA) showing the penalty charged.

This notice isn't a Remittance Advice Slip (Form IRS 350), so don't use it for your normal PAYE FINAL payment. Indicate the amount of penalty you are paying and the month it relates to in the Remittance Advice Slip.

### Evasion/Anti Avoidance

Anyone convicted of knowingly attempting to evade their responsibilities can be fined up to \$25,000 and/or be imprisoned for up to 24 months. It's also illegal for an employer to aid or assist another person to commit an offence.

**Incorrect EMS**

Employers must provide FRCA with their correct employees' details in the Employer Monthly Summary .

Failing to provide the correct details is a serious offence and can result in the employer being prosecuted and penalized in accordance with the Tax Administration Decree 2009.

**Voluntary disclosure**

If there's any omission or error in your PAYE FINAL affairs, you should tell FRCA about it. We may still charge audit penalties but, if you tell FRCA before we notify you of an audit or investigation, we may reduce the penalties.

**If you disagree**

We make every effort to apply the tax laws fairly and correctly, but sometimes you may disagree with how we've assessed your tax. In most cases we can correct the assessment before you need to lodge an objection. If we can't agree, there is a formal objection process to follow, so your rights are protected in case the matter goes to court.

For more information, read our Practice Statement on Administration of Amendments to Income Tax and VAT Assessments (PS #7) <http://www.frca.org.fj/practice-statement/>

**Part 4 - Record Keeping Requirements**

**Records you need to keep**

You must keep all wage records for seven (7) years, including all employee tax code declaration forms, pay sheets and PAYE FINAL payment receipts. Your records must be in the English language.

To help with your record keeping, you can purchase commercially designed wage books and computer payroll software packages. These are available from any reputable supplier. Please ensure that the software package is FRCA accredited. Refer to our website for the list of accredited software developers <http://www.frca.org.fj/wp-content/uploads/2012/11/FRCA-Accredited-Software-Vendors-As-at-23-04-13-.pdf>

**Manual record keeping (in absence of electronic records)**

- Start a new page in your wage book as soon as an employee starts work with you or at the beginning of each tax year. Make sure they give you the personal details you need.
- Keep a separate page for each employee, even, if they were only employed for one day.
- Complete all these wage details each pay day:
  - total gross earnings (amount before PAYE FINAL tax is deducted).
  - total fringe benefits (cash and non-cash provided before PAYE FINAL tax is deducted).
  - the amount of PAYE FINAL deducted.
  - the amount of FPNP deducted.
- Summarise the details for each employee at the end of each deduction pay-

ment period on a monthly basis.

- Keep a summary that shows the totals for each deduction period for Gross Wages, PAYE Final and FPNP deductions.

The information in your wage book will help you complete the Remittance Advice Slip (Form IRS 350) and complete the Employer Monthly Summary (Form IRS 421A).

When completing the Employer Monthly Summary (Form IRS 421) it does not matter when a pay period starts or ends. Only include those deductions from gross earnings actually paid or credited to employees during the period covered by the Employer Monthly Summary.

**Audit procedures**

Every employer can expect to be audited by our PAYE FINAL Inspectors from time to time. This will involve checking your PAYE FINAL records against the EMS lodged to ensure that correct taxes are paid.

All financial records must be maintained for seven years. If you want to destroy records within seven years, you **must** seek CEO's approval.

Failure to keep adequate records is a very serious matter and can result in either a fine, imprisonment or both.

**Wage Book**

(a) Name: Joe Blogs Employee's TIN: 02-25882-0-1

(b) Address: Lot 42, Vukasa Street, Nasinu. Employee's tax code: P Date applied: 01/01/13

(c) Occupation: Chief Engineer Date started: 01/01/13 Finish date:

Week Ending	Gross Pay		PAYE FINAL calculated		SRT calculated		Lump Sum deduction		Redundancy deduction		Total PAYE FINAL Deductions	Net Pay to worker
	For Week	For Month	For Week	For Month	For Week	For Month	For Week	For Month	For Week	For Month		
08/04/13	5201 92		953 08		2 21							
15/04/13	5201 92		953 08		2 21							
22/04/13	5201 92		953 08		2 21							
29/04/13	5201 92		953 08		2 21							
April 2013		20,807 68		3,812 32		8 84					3812 32	16,986 52

**EMPLOYER MONTHLY SUMMARY FOR APRIL 2013**

Employee TIN	Employee's Name	Tax Code (P or S)	Employment			PAYE FINAL	SRT	Lump Sum	Redundancy	Other PAYE FINAL	Total PAYE FINAL Deductions	Net Pay to worker
			Start	Finish	Income (\$)							
02-25882-0-1	Joe Blogs	P			20,807 68	3,812 32	8 84				3,812 32	16,986 52
14-23453-0-1	Kevin Woods	P			2,000 00	65 00					65 00	1,935 00
12-34523-0-2	Satish Ram	P			3,600 00	353 00					353 00	3,247 00
	<b>Total</b>				<b>26,407 68</b>	<b>4,230 32</b>	<b>8 84</b>				<b>4,230 32</b>	<b>22,168 52</b>

## Part 5 – Services you may need

### Tax Advisory Service

FRCA's Taxpayer Education officers offer a free business tax information service to individuals, new businesses and organisations to help them meet their tax responsibilities.

Services available include:

- taxes you need to know about
- records that you need to keep
- completing your tax returns (e.g., PAYE FINAL and employer summaries)
- when to file returns and make payments and
- advice on technical tax issues.
- request workshops and trainings

If you need help with any of your employer responsibilities or you have questions about anything in this guide, 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 Su-

kuna 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.

### Not satisfied with our service?

We're committed to providing you with quality service. If there's a problem, we'd like to know about it and have the chance to resolve it. You can call the staff member you've been dealing with or, if you're not satisfied, ask to speak with their Team Leader/Manager. If your complaint is still unresolved you can contact FRCA on our PAYE Final Team or email [payefinal@frca.org.fj](mailto:payefinal@frca.org.fj) or [tepu@frca.org.fj](mailto:tepu@frca.org.fj).

If you disagree with how we've assessed your tax, you are required to follow a formal objection process. For more information, read our Practice Statement on Administration of Objections against Income and VAT Assessments (PS # 6) <http://www.frca.org.fj/practice-statement/> or contact our Amendments and Correspondence Control Unit on phone 324 3941.

## Part 6 – Appendices

### APPENDIX 1: SAMPLE OF COMPLETED EMPLOYEE TAX CODE DECLARATION FORM



#### Employee Tax Code Declaration

(This form must be completed by every Employee and submitted to the Employer)

Taxation Division

Section A: Employee Details	
First Name: John	Postal Address: P.O.Box 127
Middle Name:	SUVA
Last Name: Drake	
TIN: 0 1 0 9 8 7 6 0 1	Phone Contact: 323 2451

Section B: Tax Code and FNPF Number	
Please indicate by a tick (✓) if this is your (Tick one box only)	
Primary Employment : <input checked="" type="checkbox"/>	
or	
Secondary Employment : <input type="checkbox"/>	
FNPF No : 1 0 0 5 3 7 1	

Section C: Declaration	
I declare that the information contained in this Employee Tax Code Declaration is true and correct in every detail.	
Signature: <i>J Drake</i>	Date: 07 / 12 / 12
<b>IT IS A SERIOUS OFFENCE TO MAKE A FALSE DECLARATION</b>	

Section D: Acknowledgement of Receipt	
Name of Receiving Officer:	
Signature of Receiving Officer:	Date Received: / /

APPENDIX 2: SAMPLE OF COMPLETED EMPLOYER MONTHLY SUMMARY



EMPLOYER MONTHLY SCHEDULE

Taxation Division

TIN: 50-14320-0-7 **1** NAME: XYZ COMPANY LTD **2**

BRANCH: **3** PERIOD ENDING: 31/01/2013 **4**

5	EMPLOYEE TIN	6	EMPLOYEE NAME	7	TAX CODE (P OR S)	EMPLOYMENT			11	PAYE (\$)	12	SOCIAL RESPONSIBILITY TAX	13	LUMP SUM	14	REDUNDANCY	15	OTHER PAYE	16	TOTAL PAYE	
						8	START	9													FINISH
	01-09876-0-1		John Drake		P		01/01/13		31/01-13		1,300.00		0.00								0.00
	02-12345-0-1		Pita Thomas		P						1,333.33		0.00								0.00
	03-09876-0-3		James Caan		P						1,458.33		8.75								8.75
	04-09876-0-3		Alwya Thomas		P						22,541.67		4,130.00		9.58		5,000.00			0.00	4,130.00
	02-09876-0-3		Pita Jones		P						38,750.00		7,371.67		4,037.50		15,000.00			0.00	7,371.67
	<b>TOTAL</b>										65,383.33		11,510.42		4,047.08		5,000.00		15,000.00	0.00	11,510.42

**DECLARATION**

I, John Prasad declare that the information given in this return is true and correct.

Signature: *J Prasad* Date: 18 / 02 / 13

IT IS A SERIOUS OFFENCE TO MAKE A FALSE STATEMENT TO THE COMMISSIONER

**FOR OFFICIAL PURPOSES**

Receiver: \_\_\_\_\_ Date Received: \_\_\_\_/\_\_\_\_/\_\_\_\_

IRS421 [Last Revised: 05-Dec-2012]

APPENDIX 3: SAMPLE COMPLETED REMITTANCE ADVICE SLIP



REMITTANCE ADVICE SLIP

Taxation Division

Tax Identification Number: 5 0 1 4 3 2 0 0 7

Name of Taxpayer: XYZ COMPANY LTD Phone No. (H): \_\_\_\_\_

Postal Address: P O BOX 134 Phone No. (W): 323 2771

SUVA Mobile: 999 4856

Email Address: \_\_\_\_\_

	Tax Payment Type	Month/Year	Amount (\$)
1	PAYE (Code 2) SRT (Code 22) FBT (Code 26) 15% Contractual Payment (Code 3)	Jan/2013	11,510.42 4,047.08
2	VAT (VAT return must accompany payment) (Code 11)		
3	STT (STT return must accompany payment) (Code 12)		
4	Income Tax (Code 01)		
5	Provisional Tax (Code 03) (Please tick) April <input type="checkbox"/> August <input type="checkbox"/> November <input type="checkbox"/>		
6	Company Advance Tax (Code 01) (Please tick) 1 <sup>st</sup> Installment <input type="checkbox"/> 2 <sup>nd</sup> Installment <input type="checkbox"/> 3 <sup>rd</sup> Installment <input type="checkbox"/> Final Installment <input type="checkbox"/>		
7	RIWT (Code 10) Branch No. _____		
8	Withholding Tax (Code 05) (Please tick) Know How <input type="checkbox"/> Interest <input type="checkbox"/> Film Hire <input type="checkbox"/> Royalty <input type="checkbox"/> Non Resident dividend <input type="checkbox"/>		
9	VAT Reverse Charge (Code 09)		
10	Late Payment Penalty (Please specify)		
11	GTT (week ending) (Code 08)		
12	Other Levies (Credit Card(24), Telecom(23) & Third Party Levy(25))		
13	Other payments (Please specify)		
Total Tax Remitted			15,557.50

A computer printed receipt will be issued for all payments made to FRCA

IRS350 [Revised: 03-Dec-2012]

## APPENDIX 4: SAMPLE COMPLETED AMENDED EMPLOYER MONTHLY SUMMARY



Taxation Division

AMENDED EMPLOYER MONTHLY  
SCHEDULE

TIN: 50-14320-0-7 <b>1</b>	NAME: XYZ COMPANY LTD <b>2</b>
BRANCH: <b>3</b>	PERIOD ENDING: 31/01/2013 <b>4</b>

5	6	7	EMPLOYMENT			11	12	13	14	15	16
EMPLOYEE TIN	EMPLOYEE NAME	TAX CODE (P OR S)	8 START	9 FINISH	10 INCOME (\$)	PAYE (\$)	SOCIAL RESPONSIBILITY TAX	LUMP SUM	REDUNDANCY	OTHER PAYE	TOTAL PAYE
01-09876-0-1	John Drake	P	14/02/12	31/01-13	1,300.00	0.00					0.00
02-12345-0-1	Pita Thomas	P			1,333.33	0.00					0.00
03-09876-0-3	James Caan	P			1,458.33	8.75					8.75
04-09876-0-3	Alwya Thomas	P			22,541.67	4,130.00	9.58	5,000.00		0.00	4,139.58
02-09876-0-3	Pita Jones	P			38,750.00	7,371.67	4,037.50		15,000.00	0.00	7,371.67
01-09876-0-6	Arvind Lal	S			4,166.67	833.33					833.33
<b>TOTAL</b>					69,550.00	12,343.75	4,047.08	5,000.00	15,000.00	0.00	12,343.75

**DECLARATION**

I, John Prasad declare that the information given in this return is true and correct.

Signature: *J Prasad* Date: 28 / 02 / 13

**IT IS A SERIOUS OFFENCE TO MAKE A FALSE STATEMENT TO THE COMMISSIONER**

**FOR OFFICIAL PURPOSES**

Receiver:  Date Received:

IRS421 [Last Revised: 05-Dec-2012]

## APPENDIX 5: EMPLOYER Q &amp; A

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** or **payefinal@frca.org.fj** or you can visit our website (**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.