

Tax and taxi operators

THE tax status of taxi operators is important because self-employed persons are required to keep business records for up to seven years, register for income tax purposes, lodge an annual tax return and pay the tax if any. This week, Business Reporter ROPATE VALEMEI brings you Fiji Revenue and Customs Authority (FRCA) CEO Jitoko Tikolevu on taxi operators and tax.

TIMES: When do taxi operators have to lodge tax returns?

TIKOLEVU: For income tax purpose, tax returns are lodged annually for example 2015 return is lodged by March 31, 2016. For VAT purpose, it can be monthly, quarterly or yearly.

TIMES: Which tax return form do taxi operators have to complete and lodge with FRCA?

TIKOLEVU: Taxi operators will have to lodge Form B. You can download the tax return form from our website on <http://www.frca.org.fj/taxation-forms-tax-returns/>

TIMES: Do taxi operators still have to lodge their income tax return if their business is less than \$16,000 in a year?

TIKOLEVU: Yes, all persons conducting business either self-employed or formal business must lodge returns. If their income is below \$16,000, no taxes will be payable however returns have to be lodged for updating FRCA records.

TIMES: What other supporting documents do taxi operators have to lodge with their return?

TIKOLEVU: Other supporting documents that have to be filed together with the return are Statement of Financial Performance (P&L), Statement of Financial Position (Balance Sheet) and Depreciation Schedule for any depreciation claimed. FRCA has designed sample financial statements template to assist taxi operators in complying with this requirement. You can download the template from our website on <http://www.frca.org.fj/taxi-business/>.

TIMES: Do taxi operators have to register for VAT?

TIKOLEVU: Anyone carrying on a business is required to register for VAT if their annual gross sales or turnover exceeds \$100,000. A taxi operator conducting a taxable activity (business) has the option to register voluntarily even if his/her total annual gross sale is less than \$100,000. Once a person is registered he/she must collect VAT by including VAT in the fare charged to passengers. In other words, the taxidriver becomes a collection agent for the Government.

TIMES: What are some advantages for registering for VAT?

TIKOLEVU: Since VAT is not a cost to the registered person, there are distinct advantages of registering for VAT. The business or owner will be able to claim all VAT paid on business

purchases, such as VAT paid on fuel and oil, servicing maintenance, base fees, business licence fees, purchase of parts, tyres and tubes, purchase of new motor vehicles etc.

TIMES: Are taxi operators required to register and pay fringe benefit tax (FBT)?

TIKOLEVU: Taxi operators often use their own taxis for private purposes however as they are not employees, fringe benefit tax does not apply to such usage. Instead, an adjustment for private use is made in their profit and loss account. However, if a taxi operator has employees and provides them with non-cash fringe benefits, then the taxi operator will be required to account for fringe benefit tax (FBT) in FBT returns every 3 months. FBT returns are due on the last day of the month following the end of a quarter. For example, the FBT return for the period January-March 2015 is due on April 30, 2015.

TIMES: Why do taxi permit holders/owners need a tax clearance before renewing their taxi permits with LTA?

TIKOLEVU: This is part of tax compliance check whereby all taxi permit holders need to update their tax returns and where applicable pay the necessary taxes. This also enables the tax office to keep track of the number of permits or size of taxpayer businesses and the taxes payable. If tax clearance is not given, LTA will not renew taxi permits.