

Tax Talk - Tax Compliance Certificate

FT: What is this Tax Compliance Certificate (TCC)?

ACEO: The Tax Compliance Certificate is a mechanism for voluntary tax compliance and encourages responsibility and partnership between FRCA and its customers. A Tax Compliance Certificate is issued from FRCA to a person as proof that the person is compliant with the lodgments of tax returns and payment of taxes in accordance with relevant tax law. Hence, the applicant must ensure that all tax returns for tax obligations registered for are submitted and all outstanding tax liabilities settled. The same applies to directors or partners in case the applicant is a Limited Liability Company or Partnership.

FT: When is this Tax Compliance Certificate required?

ACEO: Any person that submits an Expression of Interest or tender to supply goods and services for any government or public sector business contract; or applies for any registration, permit or license from any government ministry or entity; or Exporter/Importers License; Bank Loan, Financing or Asset Transfer; Vehicle Registration or transfer with LTA and for Visa/ Travel and Migration.

FT: How can a person apply for a Tax Compliance Certificate?

ACEO: One can fill the 'Application for Tax Compliance Certificate' form which can be obtained from any of the FRCA offices. Application for a Tax Compliance Certificate shall be on the prescribed form "Tax Compliance Certificate Application Form. The electronic form which can be downloaded from FRCA website: www.frca.org.fj is fillable. Otherwise a person can obtain the form from any of the nearest FRCA Customer Service Centers Fiji wide. The completed Tax Compliance Certificate Application Form should contain the correct Tax Identification Number (TIN). In case of limited liability companies and partnerships, the names and TIN of the Directors or Partners as the case may be, shall also be provided. Once we are satisfied that the applicant has fulfilled relevant obligations to lodge outstanding tax returns and pay tax dues to the state, the Tax Compliance Certificate will be issued for up to a term of one year from the date of issuance.

FT: You mentioned earlier, the certificate is valid for one year only. What can the taxpayer do after the term has expired for the certificate? Will they have to go through the whole application process again to obtain another certificate?

ACEO: Yes. The applicant will need to apply for a new certificate by filling the application form again and if all the requirements have been fulfilled, the certificate will be renewed. This will be the practice annually.

FT: How do you know if the Tax Compliance Certificate is valid?

ACEO: The Tax Compliance Certificate should have the FRCA logo imprinted, it must have a certificate number, issue date, signed by an authorized officer and it must carry the original official FRCA stamp.

FT: What verification process is applied by FRCA when a company applies for Tax Compliance Certificate?

ACEO: FRCA will verify the tax payments status of the company and all its directors. We will also verify the lodgment of all directors' tax returns and company tax returns that includes all returns type as Income Tax, VAT, Service Turnover, Environment Levy, Fringe Benefit, Provisional Tax Summary and Employer Monthly Summary [EMS].

FT: Does the above checks extend to Partnerships, Co-operatives, Non Profit Bodies, Estates and Trusts.

ACEO: Yes- Definitely- similar tax compliance verification will be carried out on partners, directors and trustees.

FT: In what circumstances do you refuse the issue of Tax Compliance Certificate?

ACEO: We try and assist businesses as best as we can. There are those that have outstanding taxes and tax returns. When they come in to request for a Tax Compliance Certificate, we make arrangements for a time to payment till all outstanding taxes are cleared and outstanding returns are to be lodged. In such cases where arrangements have been made we still give the Tax Compliance Certificate. A person may be refused a Tax Compliance Certificate, where a taxpayer is a habitual offender or have not honored the arrangements made.

FT: What is the validity of the Tax Compliance Certificate?

ACEO: Taxpayers with tax compliant history will be issued certificate with one year validity from the date of approval. Taxpayers that have issues and have made arrangements with FRCA will be issued certificate 3-6 month's validity. Example 1. An application is received from Mr. X dated 17th April 2016. Verification is made – He does not have any outstanding taxes or returns. The application is processed and Tax Compliance Certificate is issued with validity 17.04.2017. Example 2. Ms. A makes an application dated 30th May 2016. Verification is made – she has tax arrears of \$2,500. There is arrangement with FRCA to clear debt in 3 monthly installments. Application is processed and Tax Compliance Certificate issued with 3 months validity 30th August 2016.

FT: In what circumstances will FRCA revoke a Tax Compliance Certificate issued?

ACEO: FRCA may revoke a Tax Compliance Certificate issued, if an applicant at the time of making the application, knowingly furnished particulars that is found to be either materially incomplete or false; or when the arrangement for payment or lodgment of outstanding tax returns are not honored.

FT: So what are guidelines that a person need to know when applying for a Tax Compliance Certificate?

ACEO: A Tax Compliance Certificate shall be issued to taxpayers who are compliant with their tax obligations. Taxpayers are required to promptly file their tax returns, pay all the assessed tax within the allowed time and declare the correct income and expense when lodging their return.

FT: Is Tax Compliance Certificate processed only from Suva or is it processed at your other district offices Fiji wide?

ACEO: The application form is processed in all FRCA offices Fiji wide hence the issuance of Tax Compliance Certificate by FRCA is decentralized to its Customer Service Centers countrywide. The issuance of the Tax Compliance Certificate is the responsibility of the Officer-In- Charge in their respective districts.

FT: The Tax Compliance Certificate issued to any person means that the business is fully tax compliant, however, will you be still carrying out audit?

ACEO: The issuance of the Tax Compliance Certificate by FRCA implies that we believe and have trust in the business, however, the audit is a routine process and a mere verification of the returns and documents declared. The issuance of a Tax Compliance Certificate does not stop any audit to be carried out and any taxes found to be owed will be payable despite the fact that a Tax Compliance Certificate has been issued.