

Talk Tax : Rental Income Declaration

FS: I note that FRCA is doing inspections on landlords that earning from rental income and some may not be aware that they have to declare their Income?

CEO: The Fiji Revenue and Customs Authority is embarking on a 30 day Voluntary Declaration period for Residential rental operators to come forward and declare their previously undeclared rental income and also provide updated information. The 30 day declaration period will begin on 1st November 2016 and will end on 30th November.

FS: Why if FRCA embarking on this Declaration period?

CEO: The aim of the exercise is to promote voluntary tax compliance and encourage everyone to take responsibility towards their tax obligations. Whilst FRCA has an option to conduct tax audits and detect under-reporting of income, it seeks to pursue partnership and create an environment where taxpayers can freely come forward to disclose the right information. We all have a responsibility towards paying the correct taxes and it is therefore important that taxpayers take advantage of this initiative.

FS: As a Residential Rental Operator what do I need to do?

CEO: You are required to fill in the FRCA Voluntary Tax Compliance Initiative -Rental Income Declaration Form which you can download from the official FRCA website www.frca.org.fj or collect from any of the FRCA offices Fiji wide.

FS: Who is required to fill the Rental Declaration Form?

CEO: Individuals and companies that have not declared rental income received by renting out their homes and properties are required to fill and complete the Rental Declaration Form. This also includes home owners who are providing “home stay” facilities and have not been declaring this in their tax returns.

FS: As landlord, I have been lodging my tax returns, however I have not fully declared my rental income. What am I required to do?

CEO: As an individual you are required to lodge an amended tax return (Form B Return) for all those years where you had under-declared your rental income. If you are a company then you need to lodge an amended company return [Form C]

FS: How about in cases where the landlord has never declared any rental income at all. What is required of the landlord?

CEO: First you need to register for a Tax Identification Number (TIN). Once registered, you are required to complete and submit the Rental Income Declaration Form. If you operate a business, you will need to lodge either the business (Form B) or company (Form C) tax returns and declare all your sources of income.

FS: Some landlords may not know how to compile tax returns. How can they be assisted?

CEO: They can engage the services of the registered tax agents who will assist you for a fee. A list of approved Tax agents is available on our website www.frca.org.fj at any FRCA office. Alternatively they can seek assistance from FRCA officers at any Customer Enquiry Centre are willing to provide guidance for free.

FS: What forms and documents am I required to submit in order to meet the Tax Compliance requirements?

You will need to lodge your Income Tax Return, where you had understated income in the previous returns the landlord may lodge an Amended Return for under-declaring or not declaring rental income at all. The land lord will also have to complete the Rental Income Declaration Form. FRCA may request documentary evidence to support your income declared such as copies of rental agreements and contracts where available, summary of receipts, bank deposits, bank statements etc.

FS: What will happen if someone fails to declare his or her rental income in the tax returns to FRCA?

CEO: Severe penalties will be imposed on customers who falsely declare their rental income. Our audit and compliance unit will inspect for under-reporting of income by any taxpayer and if found that the landlord evaded tax by failing to lodge or failing to report the right income, amended assessments are raised.

FS: What happens to the information a landlord provides in the declaration?

CEO: We will update the landlords records with this latest information and also verify the correctness of the tax returns lodged to FRCA to ascertain whether the correct taxes have been assessed and paid.

FS: For how many years of rental income will I need to declare during this voluntary disclosure period?

CEO: A landlord is required to lodge the rental income for the last 3 years ie 2013, 2014 and 2015. It is envisaged that the landlord will be fully tax compliant from 2016 onwards

FS: If FRCA reassess my taxes based on the declaration and the landlord end up in a tax payable position, can I be allowed a time to pay arrangement?

CEO: Yes payment arrangements can be made and our debt management team will liaise with you on this if the assessment confirms that you have tax liabilities.

FS: Can the landlord apply for the remission of the late payment and late lodgment penalties?

CEO: The landlord may request for the waiver of the penalties, and depending on the gravity of the tax avoidance, FRCA may consider waiving the penalty by a certain percentage.

FS: My Rental income is more than \$100,000, do I need to register for VAT

CEO: Yes you will need to register for VAT

FS: Your Public Notice mentioned that FRCA already has information and is in contact with a number of agencies. Can you explain more on this?

CEO: We have received a number of reports on people engaged in rental activities but are not tax compliant. Therefore before we begin our audit and investigations we intend to provide 30 period for people to voluntarily declare and report correct incomes. Secondly, FRCA has teamed with other agencies who have indicated unreported rental activities within the urban and peri-urban centers of Fiji.

FS: As a tenant I am aware of some landlords that own multiple residential houses and flats and I feel that the Tax office is not aware of such activities. Can I also lodge a report?

CEO: Yes, we encourage all citizens to report any suspected unreported rental or tax evasion by sending us an email with details of your concern on voluntary.compliance@frca.org.fj or contact us on 3243-670 or 3243-610. We reassure informers that your report will be treated in strict confidence.

FS: After completing the Rental Forms etc. is there a special section that looks after it?

CEO: The Return should be addressed to Voluntary Tax Compliance Project, Audit and Compliance Division, Fiji Revenue and Customs Authority, Private Mail Bag, Suva. Our offices are located in Suva, Sigatoka, Nadi, Lautoka, Ba, Rakiraki, Labasa and Savusavu. If delicting in person, you may visit the Audit and Compliance Division- Building 2-Level 3, FRCA Complex, Suva, or email to voluntary.compliance@frca.org.fj

FS: Any Other advice you would like to provide to the public?

CEO: Please make use of this opportunity and educate others who may be your neighbors, friends, families within Fiji and overseas and who may not be aware of their tax obligation. We all have a critical role to play in securing the economic development and contribute positively for Fiji to grow.