



## INSTRUCTIONS FOR COMPLETION OF PROVISIONAL TAX CALCULATION FOR NEW BUSINESSES AND OTHER INCOME RECIPIENTS

### Who should complete this form?

This form should be completed by people who receive the following types of income:

- sole trader business income
- income from being a partner in a partnership
- income from being a beneficiary of a trust or an estate
- investment income (rent, interest, dividends etc)

that is subject to provisional tax for the first time.

### When should the form be completed?

This form should be completed as soon as possible after starting to earn the above types of income.

Do not complete this form if:

- you have already lodged one or more income tax returns which declare the above types of income that is/are subject to provisional tax; or
- the date you intend to complete and lodge this form is later than 1 August.

### Purpose of this form

This form is used by the FRCS to estimate the amount of provisional tax payable in the first year of a new sole trader business or other person liable to provisional tax for the first time (partners, beneficiaries and investment income earners).

### What is provisional tax?

Provisional tax is a payment of income tax in advance, usually in instalments, which makes provision for the amount of tax payable at the end of the year. The provisional tax payable throughout the year is credited to the amount of tax payable at the end of the year. If provisional tax is estimated correctly, the amount provided for should be the same as, or close to, the final tax payable.

**Benefits of provisional tax** Provisional tax allows you to build up enough tax credits to cover your annual tax assessment. This allows a person in business or receiving other income to pay tax as they earn income, just like how employees have PAYE tax deducted each pay to cover their annual tax assessment.

If you do not pay provisional tax in the first year of earning business or other income, when you lodge your first income tax return:

- you will have to pay the tax in the assessment; plus
- you will have to pay an equal amount in provisional tax to cover the next year's tax assessment.

Paying provisional tax in advance helps your cash flow, and avoids you having to provide for two amounts of tax payments in the first full year of operating the business or receiving other income.

### **How to complete the form**

Complete the form in a blue or black pen.

**PLEASE WRITE CLEARLY.**

All boxes on the form must be completed. If an item is Not Applicable write “N/A” in the box.

### **Section A: Personal Details**

Write your name and Tax Identification Number (TIN) in the boxes provided. If you do not have a TIN apply to the FRCS for one on the form called “Application for Registration – Salary/Wage Earners, Sole Trader Businesses and others”.

### **Section B: Business/Other Details**

If you are a sole trader, write the date you commenced business in the appropriate box.

If you are a partner, write the date the partnership commenced.

If you are a beneficiary of a trust or estate, or investment income recipient, write “1 January”.

Write the date that your fiscal year ends. For most people this will be “31 December”. If your accounting year is other than 31 December write the date.

The provisional tax calculation in this form will be calculated from the two dates above. It will also take into account the date you complete and lodge this form with the FRCS. These dates will affect the amount and timing of your provisional tax instalments.

### **Section C: Provisional Tax Calculation**

There are 6 steps in the calculation:

**Step 1:** Write your estimated total (gross) income for the period from business or other income in the box provided.

**Step 2:** Write your estimated total deductions for the period which you expect will be allowed against the total (gross) income in Step 1.

**Step 3:** Take the amount in Step 2 away from the amount in Step 1. This will give you your estimated chargeable income for the period.

**Step 4:** Calculate the tax payable on the estimated chargeable income in Step 3. As the tax rates change each year, ask the FRCA what the current year’s personal tax rates are. In doing so advise the FRCS whether or not you are a resident of Fiji for tax purposes.

**Step 5:** Write the estimated allowances (e.g. children’s allowance) you will be claiming against the tax payable in Step 4.

**Step 6:** Take the amount in Step 5 away from the amount in Step 4. This will give you your total provisional tax instalments payable for the period.

Note: If you need assistance in completing this form phone or call into your nearest FRCS office. See last page for contact details.

### **Section D: Schedule of Instalments**

The amount of provisional tax calculated in Step 6 of Section 6 above is payable in either one, two or three instalments, or not at all, depending on the date you complete and lodge this form with the FRCS.

If you lodge this form between 1 January and 30 April, the provisional tax is payable in 3 equal instalments on 30 April, 31 August and 30 November.

If you lodge this form between 30 April and 31 August, the provisional tax is payable in 2 equal instalments on 31 August and 31 November.

If you lodge this form between 31 August and 31 November, the provisional tax is payable in a single instalment on 31 November.

If you lodge this form after 31 November, no provisional tax is payable. Wait until you lodge your return and receive your first notice of assessment to tell you how much is payable. However, you may at any time voluntarily advance payments of income tax which will be credited toward your annual assessment.

If your fiscal year starts on a date other than 1 January, use that date in place of 1 January in the above schedule of instalments.

### **Section E: Declaration**

Sign and date the form in the boxes. Note that there are penalties in the tax law for making a false declaration.

When the form asks you to make an estimate, you must do so to the best of your ability.

### **What to do with completed form**

You may either post the form to the FRCS or bring it into an FRCS office.

If **posting** the form send it (with a cheque for payment of any tax) to:

#### For Central & Eastern Division businesses:

Commissioner of Inland Revenue  
Private Mail Bag  
Suva

#### For Western Division businesses:

Commissioner of Inland Revenue  
Private Mail Bag Lautoka

#### For Northern Division businesses:

Commissioner of Inland Revenue  
Private Mail Bag  
Labasa

If **bringing** the form into a FRCS office, take it to the office nearest you at the following addresses:

#### For Central & Eastern Division businesses:

Revenue & Customs Services Complex  
Corner of Ratu Sukuna Road & Queen Elizabeth Drive  
Nasese

#### For Western Division businesses:

Revenue House  
19 Tavewa Avenue  
Lautoka

#### For Northern Division businesses:

First Floor Rupan Building  
Corner of Nanuku & Jaduram Street  
Labasa

If bringing the form to FRCS office, an FRCS officer will check it and advise if you have missed out any details. If you need help filling in the form ask the FRCS officer at the counter.

## Example of Provisional Tax Calculation

Jone is a high school leaver who takes over the family business when his parents retire. He operates it in his own name as a sole trader. The date this happens is 15 March.

Jone goes to see the FRCS who give him the registration form for sole trader businesses and the provisional tax calculation form.

Jone completes the registration form and the FRCS issues him with a TIN. He completes the provisional tax calculation form and sends it to the FRCS on 5 May.

Jone estimates his gross income for the period 15 March to 31 December to be \$50,000. He expects his business deductions to be \$30,000, leaving him with a chargeable income of \$20,000.

After taking away wife and child allowances, the tax payable on Jone's chargeable income is (example only) \$6,000.

Jone should therefore pay provisional tax instalments as follows:

31 August            \$3,000

31 November        \$3,000