



Tax Talk –Tax Compliance Certificate

In this week's article, we look at the Tax Compliance Certificate – what it is for, what it is, and how it can help individuals residing in Fiji and Fiji-based companies with meeting their taxation obligations.

Paying taxes to grow Fiji

Not only should we pay taxes as part of our civic duty, but also we should take pride in the fact that, by paying our taxes, we contribute to 'growing' Fiji and help raise the standard of living for every Fijian citizen.

Our taxes make it possible for the Government to provide public services such as road infrastructure, free medical services, free education, social welfare payments, subsidized water and electricity and rural electrification projects.

Objectives

The Tax Compliance Certificate has been designed to assist all Fijians to understand and meet their taxation obligations. It increases the ability of FRCS to identify compliant and non-compliant taxpayers, and it provides the means by which FRCS can assist the non-compliant to voluntarily comply.

The Taxation Compliance Certificate supports the overall objective of FRCS, which is to make it easier for all to comply with their taxation obligations and create level playing field for all taxpayers in Fiji.

What is a Tax Compliance Certificate?

The Tax Compliance Certificate is a document issued, signed and stamped by the Fiji Revenue and Customs Service (FRCS).

It provides the proof that, at the time the certificate was issued your tax lodgments and payments, or those of your company, are satisfactory.

It provides the proof that either the taxpayer (whether individual or a company) is up to date with all tax payments or customs duties payments, or the taxpayer has made satisfactory payment arrangements with FRCS.

The certificate is also proof that the taxpayer has either lodged all tax returns or has made satisfactory arrangements with FRCS for lodging tax returns.

Who needs a Tax Compliance Certificate?

You or your company, your business or any entity must obtain a valid Tax Compliance Certificate from FRCS in order to submit an Expression of Interest or Tender to supply goods or services for any government or public sector business contract.

In the same way, you or your company or business must have a valid Tax Compliance Certificate in order to submit an Expression of Interest or business tender in the private sector.

If you or your company applies for any registration, permit or license from any government ministry or entity you, or your company, must obtain a valid Tax Compliance Certificate from FRCS.

An individual, company or business also needs a Tax Compliance certificate in order to register or renew a business license.

You may also need to meet other requirements, such having the relevant license to practice. There are Government-appointed bodies and boards that administer the issuing and renewal of practicing licenses to members of professional bodies or institutes.

A person whose tax affairs are in order and who needs a Tax Compliance Certificate for personal reasons may also be issued one upon request. Personal reasons include obtaining loans, travel visas, employment or migration, for example.

What do I need before I apply for a Tax Compliance Certificate?

You need to have a proper Tax Identification Number (TIN) before you can apply for a Tax Compliance Certificate on behalf of yourself, your company or your business. Not having a proper TIN will result in the delay and non-issuance of a Tax Compliance Certificate.

Applicants should ensure that the all information on related parties, such as correct TINs and up-to-date-tax affairs are in order, to help with the timely processing of the Tax Compliance Certificate application.

As FRCS conducts a complete compliance check when a Tax Compliance Certificate application is received, it is important that the TINs of directors and partners of companies and partnership businesses are also correct.

All Tax Compliance Certificate applications must be received on the form:
Application Form for Tax Compliance Certificate for Individuals and Non-Individuals.

This application form can either be downloaded from our website: <http://www.frcs.org.fj/tax-compliance-certificate/> or obtained from any of our FRCS Customer Service Centres, Fiji-wide.

How long is a Tax Compliance Certificate valid?

A Tax Compliance Certificate has a one-year validity period, from the 1st January to 31st December. This means it can only be used in the particular year it is issued, and is valid from the date it is issued until the 31st December of that year.

For example, if your Tax Compliance Certificate was issued on the 18th June 2018, it will be valid until 31st December 2018. All Tax Compliance Certificates become invalid on the 31st December of the year in which they are issued.

A Certificate of Tax Compliance may be issued for a limited time period, based on the taxpayer's level of compliance, for one month, or three months, for example, where a satisfactory arrangement has been made between the taxpayer and FRCS.

When can I apply for a Tax Compliance Certificate for 2019?

All resident individuals, businesses, companies and entities that wish to apply for a Tax Compliance Certificate for 2019 may start sending their applications to FRCS from January 2019 onwards.

How do I submit my application?

The completed application forms can be submitted at any FRCS Customer Enquiry centre, or sent to FRCS by post or email.

Honouring tax arrangements

The intention of the Tax Compliance Certificate is to assist taxpayers to voluntarily comply with their tax obligations.

FRCS makes it possible for taxpayers, whether individuals or businesses, to make formal tax arrangements if they are unable to meet lodgment or payment deadlines.

It is important that taxpayers honour and keep to the satisfactory tax return lodgment or tax payment arrangements made with FRCS, that allow them time to lodge and pay their taxes.

Dishonouring tax arrangements

Some individuals and businesses continually use these satisfactory tax return lodgment or tax payment arrangements and the Tax Compliance Certificate as a way to evade paying their taxes.

One of the more common ways this happens is after FRCS has established that satisfactory lodgment and payment arrangements have been made by an individual or a business and a Tax Compliance Certificate has been issued as the result of these arrangements. But then, the taxpayer fails to keep to the previously agreed upon tax arrangements.

FRCS is also concerned at the number of Tax Agents and Accountants who are involved in such practices and have not honored lodgment and payment arrangements.

At best, this is negligent, at worst, it is dishonest, and can only create an environment of distrust. FRCS does not condone such practices, and wishes to see this behaviour by taxpayers and partners eliminated.

Creating an environment of trust

Traditionally, there has been a fearful environment associated with doing business with the tax office.

As FRCS wants to eliminate this perception and promote voluntary compliance, the Service provides assistance to individuals and businesses, free of charge.

Helping with your tax needs

Therefore, FRCS invites businesses to advise us of your tax needs, so that we can assist you to comply with your taxation obligations.

FRCS understands that there are times when, for a variety of reasons, the individual, or a company or business is unable to meet their lodgment or payment obligations.

FRCS is able to help by giving you, or the company or business, time to lodge and pay your taxes by making a formal arrangement with us.

We will also help your business if you need assistance with return lodgments, proper record keeping, tax calculations, or the preparation of financial account, for example.

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