



2019 Business Tax Return (Form B)

The Fiji Revenue and Customs Service (FRCS) continues to assist business individuals (sole traders) by ensuring that they effectively and promptly comply with their tax obligations. One of the main tax obligation that businesses carry out every year is '*filing*' an income tax return. Filing an income tax return is an annual activity seen as a moral and social duty of every business owner in Fiji.

As we draw closer to the end of another tax year, FRCS wishes to remind all individual business taxpayers that their annual tax obligations will be due soon.

This week, we will discuss on the Form B tax return, who is required to file, the information required and when the annual return becomes due.

Filing Tax Returns is a Legislative Requirement

Section 3 of the Tax Administration Act 2009 requires a taxpayer to file a tax return in the approved form and in the manner required by the tax office. This basically means that any persons that falls under the category of a taxpayer as defined in Section 2 of the same Act will be required to file a tax return e.g. those who earn business income and fall in the listing below. Section 2 defines a *taxpayer* in the context of income tax as:

- i. a person liable for income tax on chargeable income for a tax year;
- ii. a person who has chargeable income for a tax year but who has no income tax liability in respect of the chargeable income;
- iii. a person who has zero chargeable income or a loss for a tax year;
- iv. a person liable for withholding tax

The Form B Tax Return

The Form B Income Tax return is filed to report on the annual business income of a taxpayer. The income declared is simply the business income of the individual and other sources of income derived during the 2019 tax year. E.g. Salary/Wage, Rental, Commission, Dividend etc. It is due on the 31st of March of every year hence Form B taxpayers will be required to file their 2019 Form B Tax returns either on or before the 31st of March 2020.

Who is required to file a Form B?

The following individuals will be required to file a Form B return:

Nature	Description
Sole-traders	Includes individuals engaged in the following list below: <ul style="list-style-type: none"><input type="checkbox"/> Farmers/Fishermen<input type="checkbox"/> Consultants<input type="checkbox"/> Commission based earners<input type="checkbox"/> Contractors<input type="checkbox"/> Lawyers<input type="checkbox"/> Doctors<input type="checkbox"/> Retailers and Wholesalers<input type="checkbox"/> Middlemen<input type="checkbox"/> Rental Property Owners<input type="checkbox"/> Money Lenders<input type="checkbox"/> Taxi/Hire Plate owners<input type="checkbox"/> Dairy/Canteen/Minimart operators<input type="checkbox"/> Market Vendors<input type="checkbox"/> Hawkers<input type="checkbox"/> Restaurant Operators/Caterers<input type="checkbox"/> Any other business activity not listed above
Partners	Includes Individual partners of a partnership business
Trustees/Beneficiaries	Includes individual trustees or beneficiaries of trusts and estates
Directors	Includes individuals who are directors of companies and are receiving business income

Filing a Form B Return

1. Updated Information

When completing the Income Tax return, it is critical that taxpayers provide their current business details on the forms. These includes contact details such as telephone and mobile numbers, email, postal address, residential/business address, bank account details, passport numbers, nature of business etc. Form B taxpayers are encouraged to update their own tax information on the Taxpayer Online Service by Signing Up on the following link: <https://tpos.frcs.org.fj/taxpayerportal#/Logon>.

2. Completing Applicable Return Lines

It is mandatory that the applicable return lines in the tax return are filled based on the attached set of financial statements. The Tax office often receives incomplete and unsigned returns and such returns are not fully processed until the taxpayer completes the return. If we find that a filed return is incomplete or situations where further information is required, the taxpayer is informed and such returns would not be processed unless the information we require is received.

3. Attaching Business Financials

Business taxpayers required to file a Form B must provide business financials together with the tax return where applicable. Generally, business financials are standard accounting documents which provide information on the financial position of the business. It is highly recommended that the Financials be in accordance with the International Financial Reporting Standards(IFRS) as approved by the Fiji Institute of Accountants. The same standards are used for the purpose of reporting and determining taxes for a business in a tax year. Given below are the required financials:

a) Profit & Loss Statement (P&L)

Form B individuals are required to submit a P&L Statement at the time of filing. Firstly, Form B individuals must understand that the profit and loss statement is a document that only reports on the business expenses and revenue during a specific period of time. In order for Revenue & Customs to determine whether the business had made a net profit or loss it will refer to the P&L statement. Where income exceeds the business expense for the tax year the P&L statement will indicate a business net profit. If expenses exceed income, then the P&L statement will indicate a business net loss. The sample P&L statement can be accessed on our website through the link: <https://www.frcs.org.fj/our-services/taxation/business/sample-financial-statements-for-small-business-operators/>

b) Balance Sheet

In some cases, individuals that file a Form B are also required to provide a Balance Sheet at the time of lodgment. The balance sheet also known as statement of financial position is an important document that is provided with the Form B return as it reports an individual's business's assets, liabilities and owner's equity for the tax year. In simple terms the balance sheet basically represents an individual's net worth.

c) Depreciation Schedule

Where a business is making a claim for depreciation of a business asset it is mandatory to attach a depreciation schedule. A depreciation schedule simply reflects the distribution of the cost of an asset over its useful life. In order to keep good accounting records, the business individual must track how much depreciation each business asset in the depreciation schedule. The depreciation schedule should include all the information required to determine annual depreciation, such as the original purchase date, original cost, number of days used in a tax year, additions and disposals, accumulated depreciation, previous years written down value and closing written down value.

Business Expenses

Form B taxpayers can only claim expenses related to the business and not expenses that are personal or capital in nature. Capital expenditures may be claimable if a specific deduction is allowed under the Income Tax Act. Business expenses includes all common or necessary costs of carrying on a trade or business. These are referred to as revenue or recurring expenses that the business incurred in order to make profit. For example – fuel for a taxi, business or practice license for market vendors, hawkers, lawyers, doctors etc. These are necessary costs/expenses that a business owner incurs to enable the business to operate.

Time to File Arrangements

The extension of time to file a tax return is an arrangement that is also mandatory under the Tax Administrative Act for a Form B taxpayer to undertake where he/she is unable to comply or file a Form B tax return on the 31st of March 2020. This means that a Form B taxpayer can request an extension of time to file a Form B return if the request was made before the due date. Similarly, the extension of time to file a tax return will only be granted on the basis that FRCS is satisfied with the reasons and taxpayer is compliant with other tax matters

Consequences of Failing to Lodge Tax Returns

The Tax Administration Act provides the various enforcement actions that can applied to non-compliant taxpayers. This may consist of Late Lodgment Penalty (LLP), Garnishee Order, Departure Prohibition Order (DPO), Infringement Notices, Temporary Closure of Business[TCOB] and Prosecution for failure to lodge tax returns.

Our whistleblower program is also recording an increasing number of complaints on individuals and businesses that are involved in unregistered businesses, illegal activities, undisclosed cash dealings and possible tax avoidance schemes. These are also being profiled and analyzed.

The tax office will continue with its education and compliance programs and in return we expect business individuals to abide by the law and voluntary come forward to register themselves and file their tax returns. The major consequence of non -compliance is that we are depriving our people the much needed developments and social benefits and we are limiting our economic potential as a nation. Non-compliant behavior will be dealt with severe penalties.

Taxpayer Online Service (TPOS)

All Form B taxpayers are encouraged to update their tax information on the new Taxpayer Online Service portal to ensure that they receive timely tax services. Any outdated tax information can simply be changed on the Change of Circumstance Tile on TPOS.

All Form B taxpayers that wish to access their own taxpayer portal are encouraged to Sign Up first on the link: <https://tpos.frcs.org.fj/taxpayerportal#/Logon> before they can access their own tax information on the following link. A One Time Login Code (OTLC) needs to be obtained from any of the FRCS offices before taxpayers can sign up and use the TPOS.

For more information, you can visit our website on www.frcs.org.fj or email us at info@frcs.org.fj .