



### Corporate Income Tax – How it works and what’s new on TPOS!

In December 2019, the Fiji Revenue and Customs Service (FRCS) launched the Taxpayer Online Services (TPOS). TPOS is a self-service system and offers significant benefits to the taxpayers and will also enhance FRCS services.

TPOS is launched in phases. The first phase allowed for registration of new Taxpayer Identification number (TIN), Joint Electronic Identification Number (JEDI) and filing of Telecommunications Levy (TL), Value Added Tax (VAT), Service Turnover Tax (STT), Fringe Benefit Tax (FBT) and Environment and Climate Adaptation Levy (ECAL).

FRCS is currently preparing for Phase 2 implementation and is engaging with stakeholders on some of the taxes planned for the Phase 2 roll-out including Provisional Tax (PT), Corporate Income Tax (CIT) and Personal Income Tax (PIT). In this week’s Tax Talk, we will focus on Corporate Income Tax and the new processes for CIT on TPOS.

#### **Corporate Income Tax (CIT)**

Corporate Income Tax is imposed on non- Individuals taxpayers such as companies, estates and trusts. The chargeable income is calculated after reducing various deductions allowed and any allowable losses carried forward from previous year to the taxpayer from his gross income. CIT return is filed annually having yearly obligations.

Taxpayer must file an Income Tax return for the year within 3 months after the end of the tax year.

#### **Payment of Self- Assessed Tax Liability under (TPOS)**

The income tax liability of a person is paid to FRCS in two ways including advance payments and withholding taxes.

Withholding tax is a tax withheld or deducted from income such as dividend, interest, royalty, insurance premium, management fee, natural resource amount or fee for provision of professional or other independent services that are received by either a resident or non-resident.

Advance Tax is a payment of income tax liability by a business or company before

the end of the financial year. A person liable for Income Tax for a tax year is required to make advance payments of Income Tax in accordance with section 110 of the Income Tax Act 2015 (ITA). A person is required to pay 3 advance payments for a tax year using the formula given below:

$$\frac{1}{3} \times (A - B)$$

where:

**A** is the person's assessed Income Tax liability for the preceding tax year, including under a self-assessment, after reduction of any foreign tax credit allowed to the person for that year; and

**B** is so much of A that was paid by amounts withheld under Subdivision 4 of Division 2 of Part 9 of the ITA (other than final taxes).

### COVID 19 BUDGET RESPONSE ADVANCE PAYMENT

Following the COVID -19 Response Budget announcement, a company is liable to make advance payments of income tax on the last day of the sixth, seventh, eighth, ninth, tenth, eleventh and twelfth months of the tax year and the first and second months of the following tax year; for

- the 2019 tax year ending on any date from 30 April 2020 to 30 June 2020; or
- the 2020 tax year ending on any date from 31 July 2020 to 31 December 2020

### Tax Rates for CIT

The current rates of Income Tax applicable are:

Taxpayer type	Rate
Company that has established or relocated its headquarters to Fiji	17%
Company listed on the South Pacific Stock Exchange (SPSE)	10%
Any other company	20%
Trust	20%

### Current process for filing of CIT Returns

Different types of taxpayers are currently required to file different Income Tax returns. Companies are required to submit Form C while Trusts and Estates need to submit Form E. The table below provides details of current process for filing CIT Returns and the new process for filing CIT Returns on TPOS when the new process will be implemented.

Current Process for Filing CIT Returns	What will be the New Process for Filing CIT Returns on TPOS
1. CIT return lodged at FRCS Customer Enquiry Centre (CEC)	1. Log in to FRCS Taxpayer Online Services (TPOS) Portal using the username and password
2. Data entered, batches, validated by Data Operators at CEC	2. Navigate to filing obligation

3. Assessor assess and Checker checks the returns at Company Section	3. Create the obligation, if lodging for the first time or select the relevant CIT filing obligation, if the obligation has already been created. CIT returns must be filed in chronological sequence.
4. Return processing report – tax liabilities/ tax credit posted to ledger	4. Select the relevant CIT Return, answer questions, fill required field and schedules, upload documents and complete the returns
	5. Submit online completed CIT return online. Taxpayers will be able to submit the return after passing all validations. Once the return is submitted, it will be automatically processed.
	6. The taxpayer’s CIT liability for the tax year or the refund amount will be posted to their CIT account. CIT Return Filing Confirmation will be generated and emailed to the taxpayer.

### Information needed when Filing CIT

To file CIT returns, the company needs to declare annual financial dealings as it is a serious offence to make false income tax return. Documents that may be needed under the Taxpayer Online Services include:

- Auditors report
- Statement of Comprehensive income
- Statement of changes in equity
- Statement of Financial position
- Statement cash flows
- Notes to Financial statements
- Details Income Statements
- Depreciation schedule including disposal schedule

#### Details of Expenses Required for Tax Information Purposes

Prior to implementing the new online CIT process, FRCS will further engage with stakeholders through the pilot testing of the process.

From 2021, the format for filing of CIT Return will be different. FRCS will be covering the details of this new format in its future awareness sessions.

FRCS continues with its commitment to simplify tax processes and provide a reliable way for voluntary compliance. TPOS has simplified the processes and enhanced services for customers. You can access TPOS on <https://tpos.frcs.org.fj/taxpayerportal>.

For more information and feedback please email us on [info@frcs.org.fj](mailto:info@frcs.org.fj) or [dgounder@frcs.org.fj](mailto:dgounder@frcs.org.fj) or [vnailotei@frcs.org.fj](mailto:vnailotei@frcs.org.fj) or [asingh003@frcs.org.fj](mailto:asingh003@frcs.org.fj).

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