



### **Payday Reporting: Are You Preparing For This?**

*From 2021, the Fiji Revenue and Customs Service (FRCS) will be implementing payday reporting for Fijian employers, now is the time to make sure your business is prepared.*

The implementation of payday reporting through the Taxpayer Online Services (TPOS) will be one of the key changes in 2021. Employers in Fiji will have the option to submit their own figures or prepare file every payday and submit it monthly. This information includes PAYE (Pay as You Earn) deductions and Fiji National Provident Fund (FNPF) contributions.

#### **Modernising the PAYE System**

FRCS is framing the shift as a much-needed modernization of the way businesses submit pay information, and an opportunity to make the process simpler, more accurate, and more efficient for everyone. Although many employers are raising concerns about their increased compliance burden, FRCS assures it will allow a transition period for implementation for employers and emphasizes that ultimately this should reduce administrative costs in the medium to long term.

Payday reporting also enables FRCS to respond quickly to taxpayer requests such as departing employee certificate and withholding tax queries to name a few.

Essentially, payday reporting is aimed at saving employers time and effort in the payroll department while offering employees a way to build a real time picture of their tax obligations – a system adopted by our counterparts in New Zealand.

#### **So, what do the employers need to know?**

Employers are our collection agents for payroll taxes. As a start, employers need to know that their files can be rejected in TPOS if it contains data that is highlighted as 'invalid'. Currently, the Employee Monthly Summary (EMS) files only performs a check on valid Taxpayer Identification Numbers (TINs). In the new system, this validation check is extended to TIN and date of birth combination. Thus employers should check that all employee records have as a minimum, a TIN, birth registration number and date of birth. For a non-resident employee, passport biodata is sufficient.

Employers with payroll systems should start a conversation with their payroll vendor to assess if the payday reporting requirement can be easily built into their system. This would

make the filing process even easier.

Employers who don't have a payroll system can use the FRCS Payday Excel template. This template can be substituted for a payroll system as it complies with minimum standards for processing employee pay and related taxes.

### **What is payday filing?**

Payday Reporting is what the name depicts, which is reporting the pay details every payday. Automatic calculation of tax liability by the system is expected to minimize tax computation errors, increases consistency, and provides assurance to employers that their employees' tax liability is being computed correctly. The success of this approach, however, relies on the employer to correctly break down each employee's pay into the correct classifications and to populate them correctly on the return.

### **Who needs to use payday filing?**

As a start we are giving the choice to the Employers to enter their own figures or use the automated calculations (payday reporting option). Payday reporting will be optional when it is rolled out in 2021 but will become mandatory at a later date. Even though it is optional, we encourage employers to adopt payday reporting early so they have ample time to learn the new process before it becomes mandatory.

### **When I need to file?**

With payday reporting the files are prepared every payday and submitted monthly. The current filing due dates remain the same.

### **How will the payroll process change?**

The payroll process remains the same but the reporting format to FRCS will change. Employers should review their current process to ensure payday reporting does not become an extra step but saves steps in the overall process.

### **Overview of the TPOS payday reporting process**

Below is a brief outline of the payday reporting process when it is introduced on the Taxpayer Online Services (TPOS).

On TPOS, the employer will be required to create "**Payment Periods**" by entering the period start date, period end date, date on which the wages was paid and the payment frequency. There are 4 possible payment periods:

- Monthly (employees are paid once a month: 12 payments a year)
- Bi-monthly (employees are paid twice a month: 24 payments a year)
- Fortnightly (employees are paid once every two weeks: 26 payments a year)
- Weekly (employees are paid once every week: 52 payments a year)

The employer has to then upload the Payday for all payment periods falling within the filing period. The Payday will be validated for TINs, date of birth, employment start date, employment end date and special payments approval numbers.

Please check that your employees have signed up for TPOS and their information is current, up to date and correct. The **“new check”** on the online process that is different to the current is the **employee ‘TIN and Date of Birth’ match**. If these details for any employee in their file is not updated and are not current, then the entire file will not be accepted. Hence, it is extremely important for employers to ensure their employee records are updated and are accurate.

Upon loading of all Payday reports for all payment periods falling within the filing period the Employer then can click on “Submit” button to indicate that all the payday filing period has been uploaded for that particular month.

Ultimately Payday Reporting is about consistency, empowerment, reducing cost of doing business, predictability and making taxes simpler!

### **What FRCS is doing to assist employers**

This article is part of a series of articles that FRCS will be publishing in addition to other information, education and communication materials to educate and create awareness on payday reporting to ensure smooth transition of change in processes for all parties involved.

For further guidance on payday reporting and other tax issues please contact us on [payefinal@frcs.org.fj](mailto:payefinal@frcs.org.fj) or [info@frcs.org.fj](mailto:info@frcs.org.fj) or contact us on 1326 or visit any nearest FRCS Office.

You may also watch our PAYE webinar video with subsequent question and answers on <https://www.frcs.org.fj/our-services/taxpayer-online-service-tpos/webinar-sessions/> for more information and education on what’s coming for PAYE on the Taxpayer Online Services.

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