



TAX TALK

Provisional Tax Certificate of Exemption

In the COVID-19 Response Budget announced on 26th March 2020, the Certificate of Exemption for the 5% Provisional Tax was reintroduced. The policies announced in the COVID -19 Response Budget was to assist Fijians recover during the unprecedented times of the pandemic as well as to sustain the Fijian economy.

From February 2021, submission for the Provisional Tax Certificate of Exemption (PT COE) will be implemented on the Taxpayer Online Services (TPOS). This week's Tax Talk, focuses on the processes involved in submission of the Provisional Tax Certificate of Exemption on TPOS.

Provisional Tax Certificate of Exemption

Provisional Tax is a withholding tax on the gross amount of payments on the following:

- A commission for the provision of insurance.
- A commission for the sale of any property, such as books, publications, buildings, land, etc.
- A payment under a contract for service, including progress payments.

The 5% Provisional Tax is calculated on the VAT Exclusive (VEP) Gross amount. However, following the announcement of COVID-19 Response Budget polices, exemption on the provisional tax can be requested from the Fiji Revenue and Customs Service (FRCS).

Any taxpayer who carries on business in Fiji is eligible to request for PT CEO. Certificate of Exemption is issued under regulation 3A of the Income Tax (Collection of Provisional Tax) Regulations 2016 will assist businesses which has difficulties with cash flows.

If a "Payee" is issued with a COE, the "Payee" should be exempted from the applicable PT. In this respect the "Payer" shall not deduct Provisional Tax when effecting payment to "Payee". The COE needs to be produced to the "Payer" during the time of payment.

For the purpose of provisional tax, we define "Payer" as a person who makes a payment and can also be referred to as the contractee or customer while "Payee" is a person who receives the payment and can also be referred to as contractor or supplier.

The application for PT COE will follow an approval processes whereby once the application is submitted, it will be reviewed and approval will be based on compliance checks on the taxpayer and related parties.

A PT COE is issued to the payee only upon request. The COE may be revoked by FRCS if a person is found to have purposely provided either materially incomplete or false information when making the application. COE may also be revoked if the taxpayer dishonors a payment arrangement made with Debt Management Unit (DMU) at FRCS.

How PT COE is currently filed

Currently the provisional tax certificate of exemption is submitted through ept@frcs.org.fj which is then processed by FRCS.

Filing PT COE on TPOS

When PT COE will be implemented online in February, the processes will apply:

1. Log onto TPOS <https://tpos.frcs.org.fj/taxpayerportal#/Logon> using username and password.
2. Navigate to the "Requests" tile and select "**Certificates**", and then "**Request for Provisional Tax Certificate of Exemption**". Following this, the applicant will be navigated to the PT COE Application. PT COE application is mainly divided into three steps including Instructions, Reason of request and Declaration.

3. Instructions

On this page, the instructions for submitting request for PT COE are listed. The applicant must confirm that he/she read and understood the instructions by clicking on the checkbox.

However, it is important to note that if the taxpayer already has a valid PT COE, she/he would not be able to apply for the same until the existing Certificate expires. On clicking the checkbox, the taxpayer will receive an error message stating that "PT COE already issued. Please re-apply when the existing certificate expires."

4. Reason of Request

Once the declaration checkbox is checked, the taxpayer can then proceed to "Reason to Request" page. It is mandatory for the taxpayer to furnish the reason for requesting PT COE as leaving this field blank will result in them not being able to proceed further.

However, it is optional for the Taxpayer to upload Supporting Documents. The taxpayer will be required to save the form, if previously not done, prior to uploading any documents. A unique "Form Reference Number" will be generated when the form is saved for the first time. Once the taxpayer has provided the mandatory details, they can proceed further to the next step i.e. Declaration.

5. Declaration

On the declaration page, the taxpayer needs to confirm that the information in the application is true and correct.

- If the taxpayer is an individual, no additional information will be required.
- If the taxpayer is a non-individual, the user will be required to input their Taxpayer Identification Number (TIN) and their designation must be selected from a drop-down.
- Click on the "Submit" button.

On the confirmation page, the taxpayer can download a copy of the confirmation of the submission. Confirmation of submission will be emailed to the taxpayer's registered email address. It can also be accessed from the "Correspondence" tile on the taxpayer's dashboard.

Non-Compliance

A warning message will be generated if the taxpayer or its related parties are non-compliant, i.e. either of them or both have either overdue filing obligations or payment obligations or both. If such cases, close the warning message and proceed with submitting the application by clicking on the "Submit" button.

Validation of PT COE

For anyone who wants to validate the PT COE, the validator is available on the FRCS website under the link <https://tpos.frcs.org.fj/certificatevalidator/index.html>

Once they select the Certificate Type as "PT Certificate of Exemption ", the following fields will be enabled for input:

1. **Reference Number** - This is the reference number of PT COE issued.
2. **Date of Issue** – The date mentioned on the issued certificate.

Enter a valid 'Reference Number' along with corresponding 'Date of Issue' and click the 'Verify' button. The validator will display messages whether the PT COE is valid, revoked or expired.

For more information, please email us on info@frcs.org.fj.