



### Resident Interest Withholding Tax Certificate Of Exemption (RIWT COE)

The Fiji Revenue and Custom Service (FRCS) had recently announced its next release of new online services. These services will be available on the Taxpayer Online Services (TPOS) from February 2021 onwards. Taxpayers can look forward to experiencing efficient tax services for ease of compliance. In this week's edition, we focus on the new Resident Interest Withholding Tax Certificate of Exemption (RIWT COE) digital process and the different requirements involved when making an application on TPOS.

Under the Fiji Income Tax Act 2015, when a resident person or a non-resident company based in Fiji makes a payment of interest to a resident person, he or she is required to withhold 10% of that payment and pay the amount withheld FRCS, unless it is exempt income of the recipients. The amount withheld is referred as the Resident Interest Withholding Tax.

From 1<sup>st</sup> August 2018, the interest income earned by an individual whose gross income is \$30,000 or less in a year is exempted from RIWT. People aged 55 years or above and pensioners who earn interest income up to \$30,000 are also eligible to apply for a Certificate of Exemption from RIWT from FRCS provided this is their only source of income.

People exempted from paying RIWT need to have a Certificate of Exemption to avoid having RIWT deducted from their interest. Currently the RIWT COE is filed manually.

#### Requirements for Application of RIWT COE

A certificate of exemption will only be issued for term and fixed deposit accounts. Prior to issuing a RIWT, the applicant needs to have all their tax returns lodged, taxes paid and explain the source of the funds on which interest is earned.

#### RIWT COE process on TPOS

When RIWT COE will be implemented online, the following processes will apply:

1. Log onto TPOS <https://tpos.fracs.org.fj/taxpayerportal#/Logon> using username and password.
2. Navigate to the "Requests" tile and select "**Certificates**", and then "**Request for Resident Interest Withholding Tax Certificate of Exemption**". Following this, the applicant will be navigated to the RIWT COE Application.
3. **Instructions**  
Instructions for submitting request for RIWT COE are listed here and the taxpayer must read and confirm that he/she has understood the instructions by clicking on the checkbox. The next step us eligibility section.
4. **Eligibility**  
Here, the applicant will be asked the question "**Are you a resident of Fiji for tax purpose?**" and depending on the answer, further options to proceed will be displayed on the screen.
  - A. If the applicant represents a **company** and has selected "**Yes**" as the answer to the above question, then the options of following types of interest will be available to select from:

1. Interest payable on a loan charged on the public revenue of Fiji, which the Minister for Economy has declared to be exempt income.
  2. Interest from the financial instruments of the Government, a state-owned entity, or a statutory authority
  3. Interest derived from a deposit in a Fiji Dollar External Account
- B.** If the applicant is an **individual person**, then in addition to the above questions, three additional questions will appear including:
4. Interest derived by a citizen of a foreign country from a financial institution in Fiji recognized in the "Fiji My Second Home" Programme.
  5. Interest derived from a bank by a senior citizen (55 years old or above) or a pensioner, which does not exceed FJD 30,000 per year, and the only other source of income is pension income paid by the Government, Fiji National Provident Fund or any approved fund
  6. Interest derived from a licensed Bank by an individual taxpayer, which does not exceed FJD 30,000
- C.** If the applicant represents **Non-Profitable Organisation (NPO)**, then an additional type of interest will be applicable including the above six types which is Interest derived from a financial institution by a non-profit organisation
- D.** In case the applicant has answered "**No**" for the "**Are you a resident of Fiji for tax purpose?**", then two more types of interests will be available for Individual, Company and NPO which are interest paid by a resident company or a permanent establishment in Fiji of a non-resident company to a non-resident person in respect of a loan and interest derived by a non-resident person from a deposit in a Foreign Currency Account, where the deposit is above the equivalent of FJD150,000.

## 5. Details

Requirements on what details to provide will depend on which type of interest selected in Eligibility Section. These requirements are outlined below:

| Interest   | Requirements  |
|--|---|
| <p><b>I.</b> Interest payable on a loan charged on the public revenue of Fiji, which the Minister for Economy has declared to be exempt income</p>                 | <ul style="list-style-type: none"> <li>▪ Details of the loan charged on the public revenue of Fiji</li> <li>▪ Estimated annual interest value</li> <li>▪ Exemption declaration by Minister for Economy.</li> </ul>  |
| <p><b>II.</b> Interest paid by a resident company or a permanent establishment in Fiji of a non-resident company to a non-resident person in respect of a loan</p> | <ul style="list-style-type: none"> <li>▪ Taxpayer Identification Number (TIN) of recipient of the loan. Recipient can be an Individual person or a company.</li> <li>▪ Amount of loan value</li> <li>▪ Duration of loan</li> <li>▪ Estimated annual interest value</li> <li>▪ Consent that all conditions specified in Part 4(2) of the Income Tax (Exempt Income) Regulations are satisfied</li> <li>▪ Mandatory evidence of qualifying loan arrangement.</li> </ul> |

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|--|---|
| <b>III.</b> Interest from the financial instruments of the Government, a state-owned entity, or statutory authority  | <ul style="list-style-type: none"> <li>▪ Maturity date</li> <li>▪ Estimated annual income</li> <li>▪ Evidence of investment in financial instrument.</li> </ul>   |
| <b>IV.</b> Interest derived by a citizen of a foreign country from a financial institution in Fiji recognized in the “Fiji My Second Home” Programme   | <ul style="list-style-type: none"> <li>▪ Name of financial institution’s details</li> <li>▪ Estimated annual income value</li> <li>▪ Consent that all conditions specified in Part 4(2) of the Income Tax (Exempt Income) Regulations are satisfied.</li> </ul> |
| <b>V.</b> Interest derived by a non-resident person from a deposit in a foreign currency account where the deposit is above the equivalent of FJD150,000   | <ul style="list-style-type: none"> <li>▪ Name of financial institution’s details</li> <li>▪ Estimated annual income value.</li> </ul>   |
| <b>VI.</b> Interest derived from a deposit in a Fiji dollar external account   | <ul style="list-style-type: none"> <li>▪ Name of financial institution’s details</li> <li>▪ Estimated annual income value.</li> </ul>   |
| <b>VII.</b> Interest derived from a financial institution by a non-profit organisation, interest derived from a bank by a senior citizen (55 years old or above) or a pensioner, which does not exceed FJD 30,000 per year, and only other source of income is pension income paid by the Government, Fiji National Provident Fund (FNPF) or any approved fund and interest derived from a licensed Bank by an individual taxpayer which does not exceed FJD 30,000, | <ul style="list-style-type: none"> <li>▪ Bank details such as bank name, branch, their valid bank account number, account expiry date</li> <li>▪ Details of source of funds</li> <li>▪ Estimated annual interest value.</li> </ul>                              |

## 6. Declaration

The declaration page requires confirmation that the information in the application is true and correct. If the taxpayer is a non-individual, then TIN and their designation will be required.

Finally, the taxpayer needs to click on the “Submit” button.

The taxpayer can download confirmation of the submission which will also be emailed to them.

### Validation of RIWT COE

The validator for RIWT COE will be available on the FRCS website when this process is implemented online on the link <https://tpos.fracs.org.fj/certificatevalidator/index.html>.

Once Certificate Type as “RIWT Certificate of Exemption”, is selected, the following fields will appear:

1. **Reference Number** - This is the reference number of RIWT 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 RIWT COE is valid, revoked or expired.

### Education and Awareness

FRCS has developed a number of education and awareness materials on the online processes of the various tax types to support taxpayers through the new transition. These can be accessed on FRCS website <https://www.fracs.org.fj/our-services/taxpayer-online-service-tpos/webinarsessions/> and FRCS You Tube channel [https://www.youtube.com/channel/UCNTGMfofPp8-P\\_KkxOfGKaw/](https://www.youtube.com/channel/UCNTGMfofPp8-P_KkxOfGKaw/).

For more information, please email us on [info@fracs.org.fj](mailto:info@fracs.org.fj).

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