

PwC Fiji Bulletin

12 December 2019



1. Tax Reporting Requirements

Recent amendments to the Fiji Income Tax Act (“FITA”) and the Income Tax (Withholding Tax) Regulations 2019 (“the Regulations”) include the following compliance requirements that taxpayers should be aware of:

(Refer Income Tax (Budget Amendment) Act 2019 and Income Tax (Withholding Tax) (Amendment) Regulations 2019)

1.1. Monthly withholding tax summary

Effective 1 August 2019

Taxpayers are required to prepare and lodge a “monthly withholding tax summary as prescribed” with the Fiji Revenue and Customs Service (“FRCS”) for any taxes withheld under Subdivision 4 (Withholding Tax) of the FITA (except for taxes withheld from employment income – see 1.2 below). The taxes covered by this requirement include the following:

- Resident interest withholding tax;
- Withholding of tax from payments to non-resident persons
- Withholding of tax from commissions and other payments for services

This tax summary was previously required to be lodged with the FRCS on an annual basis.

1.2. Employee Monthly Schedule - Payday reporting

Effective 1 January 2020

Lodgement with the FRCS of Employee Monthly Schedules (“EMS”) are currently required to be made by the end of each month in relation to employee taxes withheld for the prior month. Payment of the employee taxes withheld are also currently due by this date.

With effect from 1 January 2020, where the employee’s chargeable income exceeds \$30,000¹, the employer shall, **on each pay day of the employee**, submit a summary of the taxes withheld in the approved electronic format.

Where the employee’s chargeable income does not exceed \$30,000, the employer shall, once in every 6 months, submit a summary of the taxes withheld in the approved electronic format (this requirement is deemed to have come into force on 1 August 2017)².

The payment of employee taxes will continue to be due on a monthly basis.

¹ Whilst the Regulations are silent on the relevant period this amount relates to, this is presumed to be for the year.

² This assumes that the employer is privy to an employee’s total chargeable income. However, this is normally not the case. Employers would normally deduct taxes based on the total employment income of an employee. Where the employment income of an employee is below the tax threshold of \$30,000 per annum, the employer would normally not withhold any PAYE tax.

2. Standard Interpretation Guidelines

The FRCS has issued a number of Standard Interpretation Guidelines (“SIGs”) and these are available on the FRCS website (<https://www.frcs.org.fj/our-services/practice-statements/standard-interpretation-guideline-2018-02/>).

The SIGs provide the FRCS interpretation on various tax laws. Accordingly, we suggest that you read these SIGs and are familiar with the same as using practices contrary to the SIGs could expose taxpayers to potential penalties.

We have concerns in relation to certain practices noted in the SIGs and are liaising with the FRCS in relation to the same.

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