



Practice Statement No. 2

Revised: 7/11/12

SUBJECT :	Fiji Revenue and Customs Authority: Extension of Time to File Income Tax Return <ul style="list-style-type: none"> • Granting of Extension and Revocation • Tax Agent Lodgment Program (TALP)
DATE OF EFFECT:	1 st of January, 2009.
CONFIDENTIALITY STATUS:	May be released to public
LEGISLATIVE REFERENCES:	Tax Administration Decree (Decree No. 50 of 2009) Section 5(2)
PRACTICE CO-ORDINATOR:	National Manager Debt Management Services, Lodgment Enforcement & Amendments

INDEX	
Introduction	2
Legislative Basis	2
Conditions for Granting of Extensions	3
Revocation of Extensions	4
Details of Lodgment Program	5
Table of Due Dates	6

INTRODUCTION

1. This statement sets out the practice of the Taxation Division in relation to the granting of extension of time and administration of the Tax Agent Lodgment Program for lodgment of Income Tax returns.
2. It is used with the authority of the Chief Executive Officer of the Fiji Revenue and Customs Authority, who is Commissioner of Inland Revenue or authorized Tax Officer.
3. The income tax law requires returns to be lodged by a certain date. For the fiscal year ended 31 December 20XX, the majority of returns must be lodged by 31 March 20YY. This single lodgment date causes a spike in the workload of tax agents and the Tax Office and therefore the provision for extension of lodgment due date has been provided for in the law.
4. It is important that all taxpayers who apply for an extension of time are treated in a similar way. It is also important that taxpayers have access to this document, to understand the basis on which the extensions of time discretion powers have been applied to them.
5. TALP lodgment program is a system where tax agents lodge Income Tax returns progressively over a period rather than all at once in accordance with the statutory due date. The objective of a lodgment program is to ease the workload of tax agents and the tax office, while at the same time providing Government with the revenue it needs to operate.
6. The Lodgment Enforcement Unit (LEU) have been delegated the power to extend, under section 5(2) of the Tax Administration Decree, the due date for lodgement of returns from that specified in the law to a later date (so that a taxpayer will not be prosecuted during this extension period).
7. This Practice Statement embodies an exercise of that delegated power to extend the due dates for returns prepared only by registered tax agents. The extended due dates are set out in a schedule at the end of this Statement.
8. All decisions on extensions of time to lodge, or their revocation, made by FRCA officers are required to be documented, or stored electronically if appropriate. The name of the decision-maker and the basis of the decision should be explained, with reference to the relevant parts of these guidelines.

LEGISLATIVE BASIS

9. Section 5 of the Tax Administration Decree (Decree 50 of 2009).

Extension of Time to File a Tax Return

5.— (1) A taxpayer required to file a tax return under a tax law may apply in writing to the CEO before the due date for an extension of time to file the return.

(2) The CEO may, upon satisfaction that there is reasonable cause, grant an application under subsection (1) and must serve notice of the decision on the applicant.

(3) An extension of time granted under this section does not change the date for payment of tax due as specified in the tax law under which the return has been made.

CONDITIONS FOR GRANTING EXTENSIONS

10. A request for an extension of time to lodge must be made by the taxpayer or a tax agent prior to the due date of the return. The request must state each year for which the extension is sought, the taxpayer's full name and Tax Identification Number (TIN).
11. If the due date has passed, an extension of time will not be granted and prosecution action will be considered by FRCA. Consideration of any factors giving rise to late lodgement will be considered prior to making the decision to commence prosecution action.
12. **Blanket requests for extensions, such as for all the clients of a particular tax agent, will be rejected.** Each case must be treated on its own merits, which is not possible under blanket requests. Also, the computer systems need to be updated to record any new due date granted, which requires the TIN of the taxpayer to be known.
13. In the request for an extension of time to lodge, the taxpayer must make a full statement of the reasons and support by documentary evidences as to why they should be granted an extension. Requests that do not provide reasons will be rejected.
14. The following are examples of acceptable reasons for requesting an extension of time:
 - a) the taxpayer's business has suffered a catastrophe such as a fire at the business premises;
 - b) the taxpayer has been subject to a natural disaster such as a cyclone;
 - c) the taxpayer has suffered severe ill-health or has died; and
 - d) civil commotion and unrest.
15. The following are examples of unacceptable reasons for requesting an extension of time:
 - a) the taxpayer is too busy with their business affairs to lodge the documents;
 - b) the extension will ease the workload of the taxpayer's tax agent;
 - c) the taxpayer's business has suffered a downturn in profitability; and
 - d) the taxpayer is in bankruptcy, liquidation or under management.
16. Irrespective of whether or not the taxpayer has an acceptable reason for requesting an extension of time, the extension should only be granted if the taxpayer passes a test of having a good compliance history. A taxpayer will pass this test if, and only if, during

the last three years:

- a) they have lodged all documents required by the tax law on time or within the time as extended by the Commissioner;
- b) they have paid all tax debts on time or within any time-to-pay arrangements agreed between the taxpayer and the Debt Management Services (DMS); and
- c) they have never been audited, or if they have been audited, the audit did not lead to any increase in a tax liability.

REVOCATION OF GRANTED EXTENSIONS

17. The Commissioner reserves the right to revoke, without restriction, any extension of time granted for the lodgement of documents.
18. However, where an extension has been granted by a duly authorised officer in the course of their duties, and in accordance with these guidelines, revocation should be a rare event. Taxpayers require certainty in their dealings with FRCA. Once an extension is granted in accordance with these guidelines, it should only be revoked in exceptional circumstances, such as:
 - a) information coming to light indicating that the taxpayer is involved in tax avoidance schemes or may be about to flee the country; and
 - b) the extension being issued by a LEU officer otherwise than in the proper course of their duties.

DETAILS OF TAX AGENTS LODGMENT PROGRAM (TALP)

19. The Lodgment Program only applies to taxpayers who are the clients of a registered tax agent for a particular tax year. The "chargeable income" figure in the following table is the chargeable income disclosed in the return (or as subsequently amended) of the most recent year lodged.
20. The following taxpayers cannot be part of the Lodgment Program because of their nature: - visiting entertainers and other special taxpayers (TIN series 27).
21. If a taxpayer uses a substituted accounting period (SAP), they can also use the Lodgment Program, but the extension period runs from the last day of their fiscal period. For example, if the table allows a 30 September 20XX lodgment date for a taxpayer with a fiscal period ending on 31 December 20XX, a taxpayer with a period ending 30 June 20XX can use the Lodgment Program to lodge by 31 December 20XX.
22. The date granted under the Program is the revised due date. If a taxpayer or agent wished to lodge earlier than that date they may find this more convenient.
23. If a taxpayer lodges under the Program on the basis of a certain level of chargeable income payable, that level of chargeable income may be adjusted upon assessment, audit or if

further information later comes to light. In such cases late lodgment penalty will be charged for the period from the actual lodgment date to the date required for lodgment for the actual (adjusted) level of chargeable income.

24. The Lodgment Program does not apply where the IRS requires a return in order to process an application for a tax clearance.
25. A taxpayer who is not covered by the Lodgment Program is subject to the normal statutory due date for lodgment required by the Decree. Outside the Lodgment Program, Practice Statements No. 1 continues to operate. A taxpayer who is not covered by the program may request a remission of late lodgment penalty under Practice Statement No. 1. or an extension of time to lodge under Practice Statement No. 2.

TAX AGENT LODGEMENT PROGRAM DUE DATES FOR RETURNS

Category	Type of taxpayer	Last due date for lodgment under the program
1	Individuals not subject to provisional tax (salary & wage earners, or individuals with rental loss)	The last day of the 6 th month after the statutory due date
2	Individual subject to provisional tax (sole traders, partners, beneficiaries, trustees and individuals receiving dividend, interest or rental income)	<ol style="list-style-type: none"> a. The last day of the 2nd month after the statutory due date, if chargeable income is greater than \$50,000 b. The last day of the 4th month after the statutory due date, if chargeable income is between \$20,001 -50,000 c. The last day of the 6th month after the statutory due date, if a loss or chargeable income nil to \$20,000
3	Public company or listed unit trust, private company or co-operative	<ol style="list-style-type: none"> a. The last day of the 2nd month after the statutory due date, if chargeable income is greater than \$50,000 b. The last day of the 4th month after the statutory due date, if chargeable income is between \$20,001 -50,000 c. The last day of the 6th month after the statutory due date, if a loss or chargeable income nil to \$20,000

4	Trustees	Trustee should lodge a return, in their capacity as trustee of a trust, by the same date as that trust (per the dates in Items 5-6 in this column).
5	Deceased estates (TIN series 70)	<p>a. 30 June 20XX, if taxpayer's date of death occurred from 1 January prior year to 30 June prior year.</p> <p>b. 30 September 20XX, if taxpayer's date of death occurred from 1 July prior year to 31 December prior year</p>
6	Inter vivos trusts, including trading trusts (TIN series 75). All TRUST must have a 31 st December balance date.	<p>a. The last day of the 2nd month after the statutory due date, if chargeable income is greater than \$50,000</p> <p>b. The last day of the 4th month after the statutory due date, if chargeable income is between \$20,001 -50,000</p> <p>c. The last day of the 6th month after the statutory due date, if a loss or chargeable income nil to \$20,000</p>
7	Partnerships	<p>a. The last day of the 2nd month after the statutory due date, if chargeable income is greater than \$50,000</p> <p>b. The last day of the 4th month after the statutory due date, if chargeable income is between \$20,001 -50,000</p> <p>c. The last day of the 6th month after the statutory due date, if a loss or chargeable income nil to \$20,000</p>