



TAX TALK

Pay As You Earn (PAYE) - What's New on the Taxpayer Online Services (TPOS)

In this week's Tax Talk, we will focus on the Pay As You Earn (PAYE) and the new processes for PAYE on the Taxpayer Online Services (TPOS). This is to inform the people of the new processes related to PAYE on the TPOS and help them better prepare for the change.

Pay As You Earn

Pay-As-You-Earn (PAYE) is a mechanism through which taxes (normally income tax) are collected from employment income. In Fiji, three distinct taxes – namely Income Tax, Social Responsibility Tax (SRT) and Environment and Climate Adaptation Levy (ECAL) – are collected through the PAYE mechanism.

Under the PAYE mechanism, Income Tax is imposed on the employment income of an individual for a tax year. The amount of Income Tax payable for a year is determined by multiplying the estimated total annual chargeable employment income by the rate of Income Tax applicable to the relevant income bracket. Resident Individuals whose chargeable income is \$30,000 are exempted from PAYE. SRT is a tax imposed on an individual, who has a chargeable income exceeding FJ\$270,000.00. SRT came into effect from 1st January 2012. ECAL on employment income was introduced on 01st August 2017. The rate of ECAL is imposed on an individual, who has chargeable income of FJ\$270,000.00 or more

Resident Individuals Tax Bracket

Chargeable Income (\$)	Tax Payable (\$)	Social Responsibility Tax (\$)	Environment and Climate Adaptation Levy (\$)
0 – 30,000			
30,001 – 50,000	18% of excess over \$30,000		
50,001 – 270,000	\$3,600 + 20% of excess over \$50,000		
270,001 – 300,000	\$47,600 + 20% of excess over \$270,000	13% of excess over \$270,000	5% of excess over \$270,000
300,001 – 350,000	\$53,600 + 20% of excess over \$300,000	3,900 + 14% of excess over \$300,000	5% of excess over \$270,000

350,001 – 400,000	\$63,600 + 20% of excess over \$350,000	10,900 + 15% of excess over \$350,000	5% of excess over \$270,000
400,001 – 450,000	\$73,600 + 20% of excess over \$400,000	18,400 + 16% of excess over \$400,000	5% of excess over \$270,000
450,001 – 500,000	\$83,600 + 20% of excess over \$450,000	26,400 + 17% of excess over \$450,000	5% of excess over \$270,000
500,001 – 1,000,000	\$93,600 + 20% of excess over \$500,000	34,900 + 18% of excess over \$500,000	5% of excess over \$270,000
1,000,001 +	\$193,600 + 20% of excess over \$1000,000	124,900 + 19% of excess over \$1,000,000	5% of excess over \$270,0

The Income Tax rate for non-resident individuals from 1st January 2013 onwards is 20%. Unlike resident individuals, there is no tax-free threshold nor multiple rates of tax for non-residents. There is no difference between the rate of SRT and ECAL applicable to resident and non-resident individuals.

Changes in the PAYE Process under TPOS

Current Process for PAYE	Proposed Process for PAYE on TPOS
<ul style="list-style-type: none"> Currently, the Employee Monthly Schedule (EMS), a flat Notepad file that is generated by employers through payroll software or FRCS Flat File Generators is emailed to payeems@frcs.org.fj The Income Tax, SRT and ECAL liability of each employee is computed manually or by the payroll software used by the employer Application of SRT Ring-fencing Payments/Redundancy and Lump sum is a manual process. Current system allows employers with more than 2 Branch Numbers 	<ul style="list-style-type: none"> Online Filing Filing confirmation number for tracking Can see filing obligation as they are due. Chronological filing. Nil PAYE return Filing does not require Employee TIN. Online Payment. "Add Notes" functionality. Employees can download withholding statement from their portal. Amendments to PAYE return can be carried out via Employers Portal. In TPOS Application of SRT Ring-fencing Payments/Redundancy and Lump sum will be carried out through the Taxpayer Request

	<p>Portal and will have a tracking number.</p> <ul style="list-style-type: none"> • Employees with two or more employments at the same time during the year can apply for Special Tax Rate Certificate through their own Portals with evidence in regards to their multiple employments. The purpose of Special Tax Rate Certificate is to ensure that there is no overpayment of tax at the end of the tax year. All Special Tax Rate certificates will expire at the end of every calendar year.
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Filing of PAYE Return on TPOS

1. Log into TPOS <https://tpos.fracs.org.fj/taxpayerportal#/Logon> using the your username and password
2. Navigate to "Filing Obligations" tile.
3. Employer must specify, whether he is filing a Nil return for the period. If the employer states that they are filing a Nil return, they will be required to specify a reason for filing a Nil return.
4. Employer has 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)
5. 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.
6. 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.

Important Reminders for Employers

- PAYE is planned to go live in January 2021.
- Please ensure that all employers sign up to the portal if they have not done so. If they don't they will not be able to file the PAYE return.
- Please visit any FRCS office nearest to you to get your one-time log-in code before you sign-up.
- Please ensure that all your PAYE return filings are up to date.
- The employers' current periodical filing obligations will continue in the new system:
 - If you are currently filing one Employer Monthly Summary (EMS) you will continue with the same in TPOS.
 - If you are currently filing more than one EMS you will be required to file two (Confidential & Non-Confidential).
- Please check that your employees have signed up in TPOS and their information is up-to date. The new check in the new check in the online process that is different to the current is the employee 'TIN and Date of Birth' match. If any employee in their file is not updated, the entire file will not be accepted. Thus, important for employers to ensure their employee records are updated.
- In any case they are unable to sign up in TPOS; they can fill in the **Information Update Form** and attach birth certificate and photo id and deliver it to any FRCS Office nearest to them. The **Information Update Form** is available in our website:<https://www.frcs.org.fj/wp-content/uploads/2018/05/Information-Update-For-Individuals-Non-Business-IRS551S-.pdf>

It is very important that Employers receive the completed Employee Tax Declaration Form from their new employees as their Tax declaration in regards

- to Primary or Secondary tax codes will assist the employer in determining the correct tax rates.
- FRCs will continue to post new updates over the next few months and share these through different communication channels.

If employers have any PAYE queries and issues, they can e-mail info@frcs.org.fj and/or payefinal@frcs.org.fj or contact our Call Center Hotline on 1326 or visit any nearest FRCS Office.

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