



NOTIFICATION TO ALL EMPLOYERS

The Prime Minister and Minister for Finance in the 2012 Budget announced the introduction of the Fringe Benefit Tax (FBT) Regime at a rate of 20% effective from January next year.

1. ALL employers that provide fringe benefits to employees, directors and associates etc. must register for FBT purposes.

2. Effective from **1 January 2012**, all employers will be required to:
 - (a) Charge and account at the rate of 20% on the gross-up value of benefits;

 - (b) Furnish quarterly returns and pay Fringe Benefit Tax to the Commissioner of Inland Revenue within one month after the end of each quarter

TYPES OF FRINGE BENEFITS

Debt Waiver fringe benefit, Household Personnel fringe benefit, Housing fringe benefit, Loan fringe benefit, Meal & Refreshment fringe benefit, Motor vehicle fringe benefit, Private expenditure fringe benefit, Property fringe benefit, Residual fringe benefit, Net value of benefits

CALCULATING FRINGE BENEFIT TAX

1. Gross Up Value of Benefits

Multiply the value of the Fringe Benefit provided by 1.25 this is the gross up value of benefits

The Gross Up Formula is:

$$\text{Gross Up Value of Benefit} = \frac{A}{(1-r)}$$

Where: A is the value of the fringe benefit for calculation base

r is the rate of FBT which is 20%

2. FBT Payable

Multiply the gross up value by 20%. This is the amount of Fringe Benefits Tax payable.

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