

*FIJI ISLANDS
REVENUE
&
CUSTOMS
AUTHORITY*

TAX

AMNESTY

October 15th to December 31st

2007



TAX AMNESTY - GENERAL INFORMATION

- 1) *The Fiji Islands Revenue & Customs Authority will offer a Tax Amnesty, which commences on 15 October 2007 and ends on 31 December 2007. Initially, the tax amnesty period was scheduled to end on 16 November 2007; however, this has been extended due to public demand. There will be no further extensions after this date.*
- 2) *The Tax Amnesty is designed to assist taxpayers in three ways:*
 - *to enable them to get up to date with the lodgment of returns for Income Tax, Value Added Tax (VAT) and Gambling Turnover Tax*
 - *to enable taxpayers to amend returns that have previously been lodged with FIRCA and where the information returned is incorrect*
 - *to allow taxpayers that have fallen behind in the payment of taxes, the opportunity to pay those tax arrears*
- 3) *The incentives for taxpayers to come forward are that penalties that have been imposed will be waived upon:*
 - *payment of overdue tax; or*
 - *lodgment of outstanding returns; or*
 - *a complete disclosure of any information not previously made.*

The penalties covered under the tax amnesty are those that the Commissioner of Inland Revenue is empowered to remit.

- 4) *To assist taxpayers, FIRCA has established a Tax Amnesty Unit (TAU). The role of the TAU is to provide service on tax amnesty matters and to answer any queries that taxpayers may have in relation to the tax amnesty.*
- 5) *To assist in this undertaking, FIRCA has established a tax amnesty hotline and enquiry centers in the three main centers Suva, Lautoka and Labasa.*
- 6) *Accordingly, taxpayers are encouraged to contact the TAU team directly for all tax amnesty queries. The hotline number is 0800 3312 058 and the hours of operation are: Monday – Thursday: 8.00 am – 4.30 pm
Fridays: 8.00am–4.00pm.*

- 7) *For those who wish to lodge tax amnesty returns and/or make payments or discuss taxation affairs with an officer of the tax amnesty team, the contact details are:*
 - *Suva TAU - Ground floor, Ro Lalabalavu House, Victoria Parade, Suva.*
 - *Lautoka TAU - FIRCA building, Tavewa Avenue*
 - *Labasa TAU - Macuata Tikina House*

For those who wish to mail tax amnesty returns and/or payments, the mailing address is:

*Tax Amnesty Unit
Fiji Islands Revenue & Customs Authority
Private Mail Bag
Suva or Lautoka or Labasa*

- 8) *Taxpayers wishing to mail any tax amnesty returns and/or tax amnesty payments, should clearly identify that the returns and /or payments made are in relation to the tax amnesty. This should be mailed well before the closing date so that it is received on or before 31 December 2007.*
- 9) *It must be emphasized that the introduction of a tax amnesty is designed to strengthen voluntary compliance and the staff of FIRCA is committed to ensuring the success of this project.*

All you have to do is visit the TAX AMNESTY UNIT (TAU) nearest to you or call our toll free number for ENQUIRIES on how to take advantage of the benefits offered by the tax amnesty.

Other contact details are :

Lautoka - 6660966 (Georgina Sawake – Team leader)

Labasa - 8811399 (Epi Ledua – Team Leader).

Suva - 3222429 (Moala Nata – Project Manager) and 3222436 (Arieta Raitamata – Team Leader)

E-mail address: tau@frca.org.fj

Website: www.frca.org.fj

TAX AMNESTY GUIDELINES



GENERAL

1) *What is a tax amnesty?*

It is a way of helping tax defaulters to settle their tax arrears. During a tax amnesty, a limited time is given for tax defaulters to come forward voluntarily and get their tax affairs up to date. In turn, the tax authority will remit penalties that have been imposed, provided all the conditions of the tax amnesty are met.

2) *What are the main features of the tax amnesty that FIRCA will offer from 15 October to 31 December 2007?*

- *Where tax payers that have not been compliant with the tax laws make satisfactory arrangements to settle pending matters within the tax amnesty period, penalties that have been or will be imposed on late returns, incorrect returns and late payments will be withdrawn.*
- *A team of tax officials has been set up to handle all enquiries, returns, payments and correspondence relating to the tax amnesty.*
- *To enable the Tax Amnesty Unit (TAU) personnel to handle queries promptly, interested persons should clearly indicate what type of amnesty they are seeking. This can be done, by indicating verbally or in writing the type of tax amnesty that is sought (i.e. tax amnesty return or tax amnesty payment)*

3) *What are the conditions under which penalties will be remitted?*

The conditions that must be satisfied are:

- *Taxpayers must make a complete and true disclosure of matters relating to the relevant returns during the amnesty period*
- *Taxpayers must make payments for over due tax during the amnesty period*

TAX AMNESTY GUIDELINES



4) What are the types of penalties that may be withdrawn during the tax amnesty period?

- i) Late lodgement penalty will be waived where overdue returns are submitted during the amnesty period
- ii) Late payment penalty and other penalties included in assessments will be waived where payments for overdue tax are made during the amnesty period
- iii) the penalty for making a false return will be remitted where an incorrect return had been submitted previously and a complete disclosure of the facts is made during the amnesty period.

The list of penalties that can be remitted are tabled below:

Income Tax Act	Late lodgement penalty (LLP) [s.94]
	Company additional tax (IAPP) [s.92 (3)]
	Late provisional tax payment penalty [s. 99 (1)]
	Incorrect return penalty (OIP) [s.95]
	Late payment penalty (LPP) [s.97]
Value Added Tax Decree	Failure to deduct /remit withholding tax (PAYE, 15% PT, resident or non resident withholding tax) [s.93]
	Additional tax imposed under s 60 (a) & (b) for failing to lodge a return or to pay VAT on time
	Penal tax – for failing to submit a correct return [s.76]
Gambling Turnover Tax Decree	Penalty for overstating Input tax/ understating Output tax [76A]
	Late payment penalty (LPP) [s.5 (3)]

5) Can the Commissioner of Inland Revenue remit any fine that has been imposed by a court of law in relation to any tax matter?

- No. The Commissioner has no power to remit any fine imposed by a Court. Accordingly, the taxpayer is bound by the decision of the Court and the fine must be paid.
- Penalties for offences that can be compounded by the Commissioner are not covered under the tax amnesty as well.

6) Will I be required to pay all the tax due on the returns lodged during the tax amnesty period immediately?

Some payments must be made at the time that a return is lodged. This applies to :

- Returns and remittances for PAYE deducted by employers
- 15% provisional tax deducted by persons making payments under a contract for services
- 15% non resident withholding tax deducted by persons making payments to non residents for certain services
- VAT returns

Late payment penalty will be remitted where the entire overdue tax is paid within the tax amnesty period.

For other tax types, the due date for payment will be shown on the notice of assessment. The period of time for payment is 30 days from the date of issue of the notice.

Late payment penalty will apply if the tax is not paid by the due date.

TAX AMNESTY RETURN

7) What is a tax amnesty return?

- For the purposes of the tax amnesty, FIRCA will accept as an amnesty return, any overdue return (including those that become due during the amnesty period) submitted by any person deriving income in Fiji.
- NB: Under section 44 of the Income Tax Act, a salary and wage earner who solely derives income from employment and where the total income for each year of income is less than the taxable threshold is not required to lodge returns unless a demand for such return is issued.

8) What are the implications for those taxpayers that have existing arrangements for extension of time to lodge returns?

For existing arrangements, penalties will not apply if the return is lodged within the time frame already agreed to.

Where under previous arrangements a taxpayer failed to lodge a return, penalties will be remitted if the return is lodged within the amnesty period. However, if legal action has been initiated by FIRCA, the taxpayer will be required to meet with our solicitors for further discussion.

9) Under what circumstances would a return be considered to be incorrect or false?

- Income tax - a return already submitted and in which income is understated or a false claim for exemption, deduction or allowance is made; or any of the information returned is incorrect.
- VAT – a return in which output tax is understated and/ or input tax is overstated or any other information returned is incorrect
- Annual returns/summaries – any return in which the information relating to the collection of tax is not correctly declared.

10) Will I be required to make another return to replace the incorrect one already submitted?

No. Details should be provided in writing together with your calculation of the additional tax due. Amended financial statements will be required where applicable.

11) Does the tax amnesty apply to persons whose tax affairs are under investigation or have been referred for recovery through the courts?

Yes. In such cases, the taxpayer is encouraged to make a complete disclosure of the facts. This is the condition under which any existing audit or legal action will be withdrawn.

For existing audits, the case can be withdrawn provided both the Auditor and the Team Leader responsible for the case are satisfied with the additional information returned.

For those referred for legal action, the case can be withdrawn provided the authorized Legal officer in consultation with the Debt Management Services' case manager is satisfied with the representations made by the taxpayer.

TAX AMNESTY GUIDELINES



TAX AMNESTY PAYMENT

12) What is a tax amnesty payment?

For the purposes of the amnesty, a tax amnesty payment is any payment for overdue tax including those that fall within the amnesty period.

13) What if all the real tax payable on an assessment has been paid except the penalties?

Partial remission of penalty may be considered where only administrative penalties (i.e. those included in the assessment and late payment penalty) remain to be paid.

14) Where an amount of tax is due on an amnesty return, can taxpayers use the period of the amnesty to extend beyond the normal 30-day period to make the tax payment without incurring a late payment penalty?

This depends on the type of tax amnesty return that is lodged. For those payments that are late (e.g. return by employers) or become due within the amnesty period, taxpayers have until the last day of the amnesty to pay the debt in full without incurring a late payment penalty. For those due outside the amnesty period, any arrangement for deferment of payment will be handled under the existing procedures that are administered by FIRCA's Debt Management Services.

15) Will a portion of the late payment penalty be remitted where only part of the overdue tax is paid during the amnesty period?

No. The condition for full waiver of penalties is that all overdue taxes are paid during the amnesty period.

16) Where FIRCA has instigated recovery action against a taxpayer for unpaid tax, will recovery action cease and the late payment penalty remitted if the taxpayer pays the overdue tax during the amnesty period?

Yes. Recovery action will cease and the penalty will be remitted provided the entire overdue tax for which the recovery action has been instigated is paid. Recovery action will continue where the taxpayer has made only part payment of the overdue tax.

17) Will the late payment penalty continue to accrue on unpaid tax during the amnesty period?

Yes. Late payment penalty will be imposed on any overdue tax that falls within the amnesty period. The penalty will be waived if the entire overdue tax is paid within the amnesty period.

Miscellaneous

18) I have never lodged a return before, how do I obtain a tax identification number (TIN)?

The TAU will register a person who has completed a registration form and has complied with the requirements for registration. Returns and payments can only be made after the TIN is issued. Taxpayers may apply in person to obtain a TIN or send the completed and signed form through the post or by fax. All applications that are made in relation to the tax amnesty will be processed at the FIRCA TAU units located at Ro Lalabalavu House, Suva; FIRCA building, Tavewa Avenue Lautoka; and Macuata Tikina House, Labasa.

19) I have not been able to register and lodge returns for VAT because your office has not accepted my application for registration.

- The Commissioner is required to determine whether or not a person is carrying on a taxable activity before he can register a person. A taxable activity is any activity carried on continuously or regularly and which involves or is intended to involve the supply of goods and services to another person for a consideration.
- An applicant must satisfy the Commissioner that he will be making taxable supplies therefore will be required to submit additional information if required to do so.
- The Commissioner can also determine the effective date of commencement of the business, which means that it can be backdated to allow the registered person to claim input VAT on expenses relating to setting up of the taxable activity.

20) I have not lodged Income tax or VAT returns for the past 4 years (2006,2005,2004 and 2003) and my calculation shows that I am due for a refund of tax overpaid. Will you refund all the taxes overpaid?

Only overpayments for returns received within 3 years from the end of the year of assessment are refundable. The statutory period for making refunds is three years after the end of the year of assessment (Income Tax) and three years immediately after the end of the taxable period (VAT).

A claim for tax overpaid must be made within the time frame given in the Income Tax Act and Value Added Tax Decree respectively. If a claim is not made within the statutory period, the refund is forfeited. The forfeiture of the refund is not covered under the tax amnesty.

21) Where legal action has been instituted against the taxpayer for non-lodgement of prior year returns or non-payment of tax, will FIRCA withdraw charges if the outstanding returns/payments are lodged/made during the amnesty period?

Yes. Where FIRCA initiated legal proceedings prior to the commencement of the amnesty period, the taxpayer can take advantage of the amnesty period to lodge prior year returns or make payments, provided the necessary conditions are met. The conditions are that a full and complete disclosure of the material facts must be made during the amnesty period. Our Legal officers and authorized Auditors and Assessors will handle this on a case-by-case basis.

22) An income tax and/or VAT audit was completed prior to the commencement of the amnesty period. The completed audit raised a tax liability and an incorrect return penalty and late lodgement penalty. Where the taxpayer has not paid the tax owing and the penalties imposed, can he take advantage of the amnesty period to pay the tax so that the penalties are waived?

Yes, provided the entire overdue tax is paid during the amnesty period.

TAX AMNESTY GUIDELINES

23) *Where an income tax and/or VAT audit commences during the amnesty period, can taxpayers take advantage of the amnesty period to make voluntary admissions without incorrect return penalties being imposed?*

Yes. Incorrect return penalties will be waived on voluntary admissions, provided the admissions are made prior to or during the initial audit interview. Any disclosure made after the initial audit interview will not be treated as voluntary admissions and the normal range of penalties will apply.

Where both the authorized auditor and Team leader agree that the voluntary disclosure is satisfactory, the incorrect return penalty can be withdrawn once the entire tax due is paid within the amnesty period.

Taxpayers whose tax affairs are not under audit will not be penalized for lodging incorrect returns in the past if they make any voluntary disclosure during the amnesty period.

Contact details

Q) *Where can I get more information on the tax amnesty?*

The contact details for general enquiries on the tax amnesty are: -

Website: www.frca.org.fj

Email: tau@frca.org.fj

Call Toll Free: 0800 3312 058

*Mail Address: Tax Amnesty Unit
Fiji Islands Revenue & Customs Authority
Private Mail Bag
Suva/ Lautoka or Labasa*

Location of Tax Amnesty Units:

Suva - Ground Floor, Ro Lalabalavu House

Lautoka - FIRCA building, Tavewa Avenue

Labasa - Macuata Tikina House

Tax Amnesty Units Hours of Operation:

Monday – Thursday 8.00 a.m – 4.30 pm and Fridays 8.00 a.m – 4.00 p.m. All TAU centers will remain open throughout the lunch hour.

Team leaders

<i>Name</i>	<i>Location</i>	<i>Phone contact</i>
<i>Moala Nata</i>	<i>Suva</i>	<i>3222 429</i>
<i>Arieta Raitamata</i>	<i>Suva</i>	<i>3222 436</i>
<i>Georgina Sewake</i>	<i>Lautoka</i>	<i>6660 966</i>
<i>Epi Ledua</i>	<i>Labasa</i>	<i>8811 399</i>

