

## PAYE Process & Procedures – Employers

PAYE tax is collected through source deductions from salaries, wages and other remuneration receivable from employment.

The tax is calculated on chargeable income after the deduction of allowances, if applicable, from total income.

Employers are responsible for the deduction and remittance of PAYE tax to the Fiji Islands Revenue & Customs Authority. They are also required to comply with other regulations and instructions that may be issued from time to time.

The features for these regulations are contained in Sections 80, 81 and 82 of the [Income Tax Act](#).

### PAYE Employee Declaration ([IRS458](#))

An employee may file a declaration stating the PAYE allowance to which he/she may be entitled. This will enable the employer to determine the correct amount of tax to be deducted in each pay period.

### Allowances

PAYE allowances that may be claimed as a deduction are:

- marital status.
- dependent child.
- FNPF/Insurance.

The employer is required to ascertain the amount of total annual allowance applicable to each pay period:

- weekly - divide total allowance by 52
- fortnightly - divide total allowance by 26
- bi-monthly - divide total allowance by 24
- monthly - divide total allowance by 12

and enter the amount in the appropriate part of the PAYE declaration form. This amount is referred to as the "Tax Free Emoluments".

### Overtime Payments

Overtime payments are to be included as part of the regular emoluments and PAYE tax is to be calculated on this total.

### **Tax deductions on extra ordinary payments (L/N 69)**

If an employer makes a payment in respect of bonus, gratuity or other additional earnings or retrospective increase in emoluments the following basis for tax deduction should be made based on a reasonable estimate of what that employees total emolument will be from the present employer for that calendar year including the payments that is being made:

**(w.e.f – 01/06/08)**

	<b><i>Income Bracket</i></b>	<b><i>Rate</i></b>
1	\$0 - \$15,000	Nil tax
2	\$15,001 - \$15,600	25% of excess over \$15,000
3	\$15,601 - \$22,000	\$150 + 31% of excess over \$15,600
4	\$22,001 +	\$2,650 + 31% of excess over \$22,000

Casual or seasonal employees

The Commissioner of Inland Revenue (CIR) may advise employers of the amount of tax to be deducted if the emoluments are of a nature that deduction of tax (by reference to the tax tables) would constitute undue hardship.

In the case of persons hired under a "contract of service", the employer is not required to deduct tax if a valid "certificate of exemption" is produced.

Death of an employee

Deductions are to be made in accordance with the provisions of the regulation unless the Commissioner of Inland Revenue directs otherwise.

Exemptions from tax deductions

Tax shall not be deducted in the following cases:

- emoluments exempted from the payment of tax (**e.g. pension**).
- where total income or chargeable income falls below the tax threshold.
- payments in respect of domestic services.

**Payment of PAYE deducted**

The employer is to remit to FIRCA **by the 30 th of every month** following the month in which the tax was deducted on remittance advice (IRS350) (**e.g. deductions for the month of July 2008 is to be paid to the CIR by the 31 st of August, 2008**).

Upon cessation of business, the PAYE payment is to be paid within 7 days of the day in which business ceased to operate.

## PAYE Employee Certificate

The employer is required to furnish to the employee on or before the last day of February each year a PAYE Employee Certificate ( IRS452 ) in duplicate, showing the following details:

- name and address.
- tax identification number/employment number.
- gross emoluments.
- value of benefits.
- total tax deducted.
- total personal allowances claimed.
- period of employment.

Two (2) further copies:

- triplicate to Commissioner.
- quadruplicate retained by employer for record purposes.

Other instances for certificate to be furnished to employees:

- cessation of business - **not later than 1 month** after business ceases(PAYE Employee Certificate ([IRS452](#)))
- cessation of employment - **not later than 7 days** (Employer's Certificate of salary or wages paid ([IRS460](#)))
- death of an employee - **not later than 30 th of the following month** to the legal representative or next of kin.

### Salary/Wages advice slip

An employer is to furnish an employee particulars of payment including the gross emoluments and amount of tax deducted in the appropriate form.

### Records to be kept

- wages record/payroll
- summary of emoluments ([PAYE Annual Summary](#))

Annual return of total emoluments paid and taxes deducted for each employee is due by the end of February each year following the year in which tax was deducted. This should be submitted to the Commissioner in duplicate showing the following particulars:

- name and address of employer.
- gross amount of emoluments paid to all employees.
- total tax deducted from all employees.

## Inspection

All wages sheets and other records relating to the calculation or payment of emoluments must be produced for inspection whenever required by the Commissioner.

## Books of Account

Every employer is required to keep adequate books of accounts for tax purposes. Every book of account and documents which are essential to explain any entry is to be preserved for a period of **not less seven (7) years**.

## Electronic Reporting Requirements

In some cases an employer must provide details of payments to employees in [electronic](#) rather than the paper format.

Electronic reporting is required by the following employers:

- all those in the public sector.
- those in the private sector who have paid total emoluments of over **FJ\$1,000,000** in the reporting period.
- those with **fifty (50) plus employees** who have PAYE deducted.

## What to do with the completed form

You may either post the form to [FIRCA](#) or bring it into any of our Customer Enquiry Centres.



[http://www.frca.org.fj/docs/employers/employers-payee\\_process\\_procedures.htm](http://www.frca.org.fj/docs/employers/employers-payee_process_procedures.htm)