

**Year 11**

**Accounting**

**Week 3 - (7<sup>th</sup> to 11<sup>th</sup> June)**

**Activities**

**Personal Income Tax**

- a) Which organization in Fiji issues the Tax Identification Number (TIN)?
- A. Fiji Revenue and Customs Service
  - B. Fiji National Provident Fund
  - C. Fiji Institutes of Accountants
  - D. Institute of Auditors in Fiji
- b) Explain Tax Identification Number.
- c) Differentiate between personal income tax and social responsibility tax.
- d) What is employee obligation?
- e) Define the term double taxation.
- f) State two offences where penalty is charged.
- g) Explain **one** type of penalty that is charged by Fiji Revenue and Custom Service (FRCS).
- h) Pay as You Earn (PAYE) has become a final withholding tax. Identify **one** situation in which an employee will be required to lodge a tax return form to Fiji Revenue & Customs Services (FRCS).

**Calculations**

- a) Mr. Kevin Brown is entitled to a salary and other cash benefits of **\$120,000** for 2020. He is a **non-resident** for tax purpose in Fiji and he is paid monthly. Refer to the Tax Table.

**NON-RESIDENT TAXPAYERS TAX TABLE**

<b>Chargeable Income (\$)</b>	<b>Tax Payable (\$)</b>	<b>Social Responsibility Tax (\$)</b>
0 – 30,000	20% of excess of \$0	Nil
30,001 – 50,000	\$6,000 + 20% of excess over \$30,000	Nil
50,001 – 270,000	\$10,000 + 20% of excess over \$50,000	Nil
270,001 – 300,000	\$54,000 + 20% of excess over \$270,000	13% of excess over \$270,000
300,001 – 350,000	\$60,000 + 20% of excess over \$300,000	3,900 + 14% of excess over \$300,000
350,001 – 400,000	\$70,000 + 20% of excess over \$350,000	10,900 + 15% of excess over \$350,000
400,001 – 450,000	\$80,000 + 20% of excess over \$400,000	18,400 + 16% of excess over \$400,000
450,001 – 500,000	\$90,000 + 20% of excess over \$450,000	26,400 + 17% of excess over \$450,000
500,001 – 1,000,000	\$100,000 + 20% of excess over \$500,000	34,900 + 18% of excess over \$500,000
1,000,001 +	\$200,000 + 20% of excess over \$1000,000	124,900 + 19% of excess over \$1,000,000

i) Calculate the PAYE payable by Mr. Kevin Brown for the year 2020.

b) Study the situation given below and answer the question that follows.

Mahira is employed by Bondwell and University of the South Pacific. She is working as a full time IT Assistant at Bondwell, earning \$18, 000 per annum. Mahira also works part time tutor at USP where she earns \$10 000 per annum.

**Required:**

i. Explain the difference between primary and secondary employment.

ii. Identify the secondary employment for Mahira.

c) Mr. Timoci is an engineer at Fiji Airways. He is entitled to a salary of \$45 000 for 2017. He is a Fiji resident and is paid fortnightly. Refer to the tax table attached and use your knowledge to answer the questions that follow.

**RESIDENT TAXPAYERS TAX TABLE**

Chargeable Income (\$)	Tax Payable (\$)	Social Responsibility Tax (\$)
0 - 30,000	Nil	Nil
30,001 - 50,000	18% of excess over \$30,000	Nil
50,001 - 270,000	\$3,600 + 20% of excess over \$50,000	Nil
270,001 - 300,000	\$47,600 + 20% of excess over \$270,000	13% 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

i. Calculate the income tax payable amount by Mr. Timoci for the year ended 2017.

d) Mrs. Rose Sharma is the founder and Chief Executive Officer (CEO) of Tropical Juice Factory. She is entitled to a salary and other cash benefits that amounts to **\$428 000** for 2016. She is a **non-resident** and for tax purposes in Fiji is paid monthly. Refer to the attached tax table.

**NON-RESIDENT TAXPAYERS TAX TABLE**

Chargeable Income (\$)	Tax Payable (\$)	Social Responsibility Tax (\$)
0 - 30,000	20% of excess of \$0	Nil
30,001 - 50,000	\$6,000 + 20% of excess over \$30,000	Nil
50,001 - 270,000	\$10,000 + 20% of excess over \$50,000	Nil
270,001 - 300,000	\$54,000 + 20% of excess over \$270,000	13% of excess over \$270,000
300,001 - 350,000	\$60,000 + 20% of excess over \$300,000	3,900 + 14% of excess over \$300,000
350,001 - 400,000	\$70,000 + 20% of excess over \$350,000	10,900 + 15% of excess over \$350,000
400,001 - 450,000	\$80,000 + 20% of excess over \$400,000	18,400 + 16% of excess over \$400,000
450,001 - 500,000	\$90,000 + 20% of excess over \$450,000	26,400 + 17% of excess over \$450,000
500,001 - 1,000,000	\$100,000 + 20% of excess over \$500,000	34,900 + 18% of excess over \$500,000
1,000,001 +	\$200,000 + 20% of excess over \$1000,000	124,900 + 19% of excess over \$1,000,000

i. Calculate the Social Responsibility Tax (SRT) payable by Mrs. Rose Sharma for the year 2016.

- ii. Which regulatory body is responsible for collecting Social Responsibility Tax (SRT) payments?
- e) Miss. Jennifer is entitled to a salary of \$50,000 and is a full time employee at ABC Co Ltd. She is a Fiji resident and is paid monthly. Due to major restructure in the company, ABC Co Ltd terminated the appointments of 22 employees. One of them was Miss Jennifer. She received a redundancy package of \$85,000.
- i. Calculate the tax payable by Miss Jennifer for this payment.
  - ii. Explain two situations where redundancy payment does not apply.
- f) Mr. Zin Yang is employed by Earth Works Co. Ltd and UNI Fiji .His primary employment is as a manager in Earth Works Co. Ltd whilst his secondary employment is as a part-time Chinese tutor at University of Fiji. He is entitled to a salary of \$35,000 from Earth Works Co. Ltd and a salary of \$12,000 from University of Fiji. Earth Works Co. Ltd deducted tax of \$1,560 whilst University of Fiji deducted tax of \$2, 500 at source. Note: He is non- resident for tax purposes.
- i. Determine the Tax payable or refundable for 2018 by completing the “Form S”. Refer to tax table below.

Particulars	\$
<b>Total Income</b>	
<b>Less Total Exemptions and Deductions</b>	
<b>Chargeable Income subject to Normal Tax</b>	
<b>Normal Tax Payable</b>	
Less PAYE deducted at source	
Social Responsibility Tax Payable	
SRT deducted at source	
<b>Tax Refund</b>	
<b>Tax Payable</b>	

**NON-RESIDENT TAXPAYERS TAX TABLE**

<b><i>Chargeable Income (\$)</i></b>	<b><i>Tax Payable (\$)</i></b>	<b><i>Social Responsibility Tax (\$)</i></b>
0 – 30,000	20% of excess of \$0	Nil
30,001 – 50,000	\$6,000 + 20% of excess over \$30,000	Nil
50,001 – 270,000	\$10,000 + 20% of excess over \$50,000	Nil
270,001 – 300,000	\$54,000 + 20% of excess over \$270,000	13% of excess over \$270,000
300,001 – 350,000	\$60,000 + 20% of excess over \$300,000	3,900 + 14% of excess over \$300,000

