

Guidelines for completing Employment income tax return form July 2018

In compliance with the provisions of sections 70 and 143 of the Revenue Act 72/2016 of 16/07/2016 and the relevant regulations determining the modalities of application of Revenue Act stated above, every employer¹ is required to withhold tax from a payment of employment income to an employee² as prescribed by regulations (s.143).

An employer shall pay to the tax administration³ any tax that has been withheld, deducted or that should have been withheld within fifteen (15) days after the end of the month in which the payment, subject to withholding tax, was made by the employer (s.148(1)). An employer who fails to withhold tax is personally liable to pay to the tax administration the amount of tax, which has not been withheld (s.149(1)). An employer shall maintain, and keep available, records showing payments made to an employee and tax withheld from those payments (s.150(1)). The records shall be kept for five years after the end of the period to which the records relate (s.150(2)). The employer is required to deliver to the payee or employee a tax credit certificate setting out the amount of payments made, and tax withheld during the month.

Employment income means any income derived by an employee from any employment (s.70 and s.143 of RA and Regulation 18(2)(f) (ii)).

General filing information

Tax period: Enter in this box the month to which the return is related. **E.g. May, July or October.**

Reporting period: It is the 1st to 15th of each month following the month the return relates to.

Section A: Taxpayer's details

A1- Employer's full name: Enter in this box the name on your taxpayer registration certificate.

A2- Trade business name: Enter in this box your business name as provided during your tax registration or the current trade business if different from registered name.

A3- Taxpayer Identification Number: Record in this box, the single identifying number issued to you for tax reporting purposes by the tax administration.

A4- Business address: Enter in this box your business address as the one provided during tax registration or your current address if changed.

A5- Village: Enter in this box the name of your village where your business is located.

A6- Mobile telephone number: Enter in this box the active telephone number where the administration can contact you.

A7- E-mail address: Enter in this box, your e-mail address you provided during your tax registration or the current e-mail address if changed.

A8: Size of taxpayer: Tick into one of the check box if you are a large, medium or small taxpayer

Section B: Computation of Employment Income Tax withheld by the employer

B1- Permanent employees: Enter in this box, the total number of employees that work for the employer on a permanent basis including those employed under short and long term contract or more or equal to 30 days during a tax year.

B2- Occasional/Temporary employees: Enter in this box, the number of employees who are not engaged on a permanent basis and who work less than 30 days during a tax period.

B3- Employees with second employer: Enter in this box, the number of your employees that have a second employer.

¹ The employer means a person who employs or remunerates an employee.

² An employee is an individual engaged the position of an individual in the employment of another person, a directorship of a company, a position entitling the holder to a fixed or ascertainable remuneration or the holding or acting in any public office.

³ Inland Revenue Department Office where the employer is registered.

Computation of chargeable income and tax due

B4-Total wages and salaries: Enter in this box the total amount of wages and salaries paid to all your employees.

B5-Total allowances in cash paid, bonus and taxable payments: Enter in this box the total amount of allowances paid to all your employees.

B6-Total benefits in kind: Enter in this box the total value of benefits paid to all your employees as benefits in kind including employer provided private use of motor vehicle and employer provided accommodation.. The benefits in kind are computed as follows:

- **Vehicle benefit:** $(20\% \times \text{market value} \times \frac{\text{days available}}{\text{days in year}}) - \text{employee payment}$

The **market value** refers to the market value of the vehicle at the time it was first provided for the use of the employee; **days available** means the number of days during the year when the vehicle was used or available for use by the employee, with part day availability being treated as whole days; **employee payment** refers to any payment made by the employee for the benefit.

- **Housing benefit:** is the lesser of –

(a) the market rent of the accommodation or housing reduced by any payment made by the employee for the benefit; or,

(b) 15% of the employment income, including the amount referred to in (a), paid by the employer to the employee for the year of income in which the accommodation or housing was provided.

B7-Terminal benefits: Enter in this box if there are terminal benefits paid to the employee(s).

B8-Contribution to a retirement fund by the employees: Enter in this box the total amount of money contributed by employers to employee retirement fund.

B9-Taxable employment income: Sum up the amounts in line B4, B5, B6, B7 and subtract the amount in line B8 then enter the amount in this box.

B10 - Total Employment Income Tax due: Enter the total amount of Employment Income Tax due which is 5% of the amount in line B9.

B11 - Stamp Tax 1%: Enter the amount of stamp tax due which is 1% of the amount in line B9.

B12 - Amount of tax withheld payable: Enter in this box total amount tax withheld an payable (add amounts in lines B10+B11).

Section C: Declaration by the Taxpayer or the Representative

Full name and Title: Enter in this box the name of the person who prepared this employment income tax return and his/her title.

Signature, Stamp and Date: Put your signature (and stamp if applicable) and date of completion of the return in the box provided.

Section D: Official use only (Tax administration)

Tax Centre: Enter in this box the tax centre (IRD office) that is handling the employer's tax affairs.

General receipt (GR) number: Enter in this box the number of receipt of payment of taxes in boxes B10 and B11 above.

Penal tax: Enter in this box total amount of penal tax applied in relation to the tax violation as established by the receiving officer.

Late payment fee: Enter in this box the amount of late payment fee charged on tax unpaid.

Total tax due: Enter in this box total tax due (Penal tax *PLUS* Penalty for late payment *PLUS* Principal tax in B12).

Attachment: Tick in the text box if taxpayer submitted the payroll sheet and/or employment contract.

Date: Enter in this box the date the return (and attachment if applicable) was filed by the employer.

Name of return reception officer: Enter in this box the full name of return reception officer who received the declaration form.

Signature and Stamp: Sign the form and affix the office stamp in the box provided.

End of Guidelines
