



# A Guide for Bus and Taxi Operators

## If you operate a Bus or Taxi business you have tax obligations

### How do I know if I am in business?

In general you are in business when:

- You start charging others for goods and/or services
- You regularly sell these goods and/or services
- You intend to make a profit

In most cases, ALL taxi and bus operators will be considered to be in business.

For example, Mr. Billy Nate owns 2 buses which he operates to provide public transport in Honiara. He employs 2 bus drivers and 2 bus conductors.

Clearly, Mr Billy Nate is in business and has tax obligations.

### How do I register my business for tax?

If you are operating a business the first step is to register the business with Inland Revenue. Before you can register your business you need to obtain a Tax Identification Number (TIN), if you do not already have one. You need to complete TIN Registration Form IR1 and forward it to IRD. We may contact you if any further information is required. If you are a company please ensure you supply a copy of your certificate of Incorporation or Business Name Registration certificate from Company Haus.

### When do I use my TIN?

The TIN should be written on all IRD payment forms and returns and on any correspondences or dealings with IRD. This will make it quicker and easier to deal with IRD.

The TIN will also be required when you apply for bus

and taxi vehicle licenses to Inland Revenue Transport Licensing Section.

### What are my tax obligations?

As a business operator your tax obligations will mean that:

- You need to file income tax returns
- You will pay income tax
- You need to keep business records

If you employ staff in your business:

- You may need to deduct tax (PAYE) from your employee's wages

### Types of taxes Buses and Taxi Operators should pay:

#### Income Tax obligations:

Every year you are required to lodge Income Tax Returns together with your Financial Statements (that is a record of income received and purchases made (such as money spent on fuel, tyres, repairs and paying your driver and conductor). From the Tax return lodged, IRD will then work out how much tax you will pay from your Business income.

In most cases, your Income Tax Return will cover the 12 month period up to December each year. The return should be lodged by 31 March of the following year for each year. Should you require extra time, you can write to IRD for an extension of time.

Failure to lodge in your return on time will attract penalties.

To file income tax returns you will use the following forms;

Contact Inland Revenue if you need assistance:

- ☎ Telephone us on 21493
- ✉ Email us at [Taxeducationteam@mof.gov.sb](mailto:Taxeducationteam@mof.gov.sb)
- 🌐 Visit our website [www.ird.gov.sb](http://www.ird.gov.sb)

- ✉ Send mail to PO Box G9, Honiara
- 🏢 Visit the Inland Revenue office at the MOFT Compound on Mendana Avenue

- IR21 if you are a sole trader or partnership
- IR22 if you are a registered company

### Provisional Tax obligations:

Provisional tax is income tax that is collected by instalments throughout the year. You are required to pay an instalment every 3 months. The dates are 20<sup>th</sup> March, June, September and December.

When you lodge your income tax return for the year, an assessment will be made for the tax payable on the profits you have made. The amount of provisional tax payable is one quarter of the tax assessed by the Commissioner on your last assessed return.

If it is your first year in business, you will need to estimate what your profit for the year will be. Your provisional tax payments for the first year will be based on this estimate.

Any provisional tax that you have made during that year will be credited against the tax payable on assessment once you have filed your return. If you have paid too much provisional tax you will receive a refund. If the provisional tax paid is less than your final liability you will need to make an additional tax payment for that year.

### Record Keeping

It is very important that you keep records of all your business transactions. This includes;

- An Invoice/exercise book for your fares collected
- Receipts of purchases such as fuel
- Bank statements
- Cheque butts
- A Wage book if you are an employer

Your sales book should have columns to show Date; Time of trip; Amount collected; and Expenses.

If these records are well kept it helps you to see how your business is performing as well as meet your tax obligations. It is a legal obligation for every business to keep records for up to 7 years.

### Employer Obligations (PAYE Tax):

If you are employing staff you will need to register and account for PAYE. When you pay salary and

allowances to your employees you need to deduct PAYE tax.

For example, if Mr. Brown pays a fortnightly salary of \$1,000 and \$800 for his driver and assistant respectively. PAYE tax deducted should be \$46.20 for driver and \$24.20 for the assistant.

The PAYE deduction includes;

- Wages/Salaries
- Overtime
- Leave and sick pay
- Directors fees
- Bonuses
- Allowances

If you are giving non cash benefits such as; Housing, board lodging or Motor vehicles, you must also deduct PAYE.

The due date for PAYE is 15<sup>th</sup> of the following month and there is late lodgment/payment penalties for payment received after the due date.

When paying PAYE it is important to lodge it with the IR9 monthly summary form.

To help calculate PAYE tax we have tax tables available in our office. We also have a tax calculator that calculates PAYE tax instantly. Both facilities can be obtained electronically and in hard copy.

### What are the due dates for payments?

Income Tax - 30 September

Provisional Tax instalments




- 20<sup>th</sup> March
- 20<sup>th</sup> June
- 20<sup>th</sup> September
- 20<sup>th</sup> December



PAYE Tax deductions - 15<sup>th</sup> of the following month for each month

### How do I get help?

Inland Revenue is here to help. If you have problem with your tax obligations contact us immediately rather than leaving it far too long. Refer below for our contact options.

Contact Inland Revenue if you need assistance:

-  Telephone us on 21493
-  Email us at [Taxeducationteam@mof.gov.sb](mailto:Taxeducationteam@mof.gov.sb)
-  Visit our website [www.ird.gov.sb](http://www.ird.gov.sb)

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