



**IMPROVING THE LIFE OF SOLOMON ISLANDERS**  
Inland Revenue Division Solomon Islands

## Fact Sheet for Employees

### **Changes to personal exemption- information for employees**

#### **What are the changes?**

From 1 January 2020, the personal exemption threshold will be increased from \$15,080 to **\$30,080**. This means that you will pay less tax from 1 January 2020.

If your total income for the year is \$30,080 or less, (ie **\$578.51** a week) you will not pay PAYE tax.

For someone earning \$31,000 a year, the tax payable in 2019 was \$1,861.60. From 1 January 2020 the tax payable will be **\$101.20** – a saving of **\$1,760.40** a year or **\$33.85** a week.

#### **How will I get the benefit of the new exemption?**

If you are an employee, your employer will deduct less tax from any payment made to you on or after 1st January 2020.

New tax tables have been prepared by Inland Revenue Division for your employer to use from 1st January 2020. They can obtain the tax tables electronically by email or visit our website [www.ird.gov.sb](http://www.ird.gov.sb). They may also call in our office and we will download them into their flash drive or disk.

The attached schedule to this flyer outlines for you the increases that you can expect to see over a range of salaries.

#### **When do the changes take effect?**

If you are an employee the changes will apply to any payment of salaries or wages made on or after 1st January 2020.

#### **What rates of tax apply above the personal exemption?**

Income Tax Rates for the year 2020 and the future years will now be as follows:

The first \$30,080 is exempt from tax. The balance of the income is then subject to tax at the following rates.

\$1	\$15,000	11%
\$15,001-	\$30,000	\$ 1,650 + 23% of excess
\$30,001-	\$60 000	\$ 5,100 + 35% of excess
\$60,001 and over		\$15,600 + 40% of excess

A PAYE taxpayer who earns \$50,000 will be taxed as follows:

Gross Annual salary	\$50,000
Less Personal Exemption	<u>\$30,080</u>
Income Chargeable to tax	\$19,920

The first \$15,000 is taxed at 11%	\$1,650.00
The balance of \$4,920 is taxed at 23%	<u>\$1,131.60</u>
Total Tax Payable	\$2,781.60

Gross Income	\$50,000.00
Less tax payable	<u>\$ 2,781.60</u>
Net Annual Pay	\$47,218.40

#### **What do I need to do at the end of the income year?**

If you are an employee and you have no other income, you will not be required to lodge an income tax return.

If your employer has not withheld the correct amount of tax during the year then you should lodge a Form 18 Over or Under Deduction of PAYE with Inland Revenue so that the correct amount of tax is paid.

#### Need more information?

If you need more information you can contact us by visiting our Customer Service Centre, writing to us at P O Box G9, Honiara, or by telephoning us on 22556.

Annual Salary	Total Tax 2019	Fortnight Deduction 2019	Total Tax 2020	Fortnight Deduction 2020	Annual Saving	Fortnight Saving
\$20,000	541.20	20.82	-	-	541.20	20.82
\$25,000	1,091.20	41.97	-	-	1,091.20	41.97
\$30,000	1,641.20	63.12	-	-	1,641.20	63.12
\$35,000	2,781.60	106.98	541.20	20.82	2,240.40	86.16
\$40,000	3,931.60	151.21	1,091.20	41.97	2,840.40	109.24
\$45,000	5,081.60	195.44	1,641.20	63.12	3,440.40	132.32
\$50,000	6,822.00	262.39	2,781.60	106.98	4,040.40	155.41
\$55,000	8,572.00	329.70	3,931.60	151.21	4,640.40	178.49
\$60,000	10,322.00	397.01	5,081.60	195.44	5,240.40	201.57
\$70,000	13,822.00	531.62	8,572.00	329.69	5,250.00	201.93
\$80,000	17,568.00	675.69	12,072.00	464.30	5,496.00	211.39
\$90,000	21,568.00	829.54	15,572.00	598.92	5,996.00	230.62
\$100,000	25,568.00	983.38	19,568.00	752.62	6,000.00	230.76