MINISTRY OF REVENUE
"A resilient and prosperous Samoa through effective revenue governance"

IS02

INFORMATION SHEET
Salary and Wage Tax (or PAYE[1] Tax)

❖ What is salary and wage income?

- It is the income that is received by an employee from employer for the employment services extended under an employment contract or contract for service; including as well income received by ministers of religion from their spiritual services provided to members of their congregation. Such income includes, but not limited to:
  - Salary
  - Wages
  - Any other remuneration received through employment
  - Leave pay or payment received instead of leave
  - Overtime pay
  - Bonuses
  - Commission
  - Fee
  - Or other work condition supplement
  - Allowance received as part of employment (e.g. living allowances, rent, utility, education, entertainment, meeting, travel, subsistence, cost of living)
  - If employer reimburses employee for expenditure incurred
  - Pension or supplement to a pension received in respect of employment
  - Bonus, gratuity, retiring allowance, or payment received on retirement or termination of employment, or because of redundancy/loss of employment.
  - Income of a minister of religion (*Information Sheet IS07 Treatment of Income of Ministers of Religion in the pipeline*)

❖ When are you liable to pay Salary and Wage Tax or PAYE Tax?

- If an employee receives an income that exceeds SAT$576 per fortnight, then you the employer, are liable to pay salary and wage income tax or PAYE on behalf of your employee.
- If your employee's fortnightly income is equal to or less than SAT$576, you do not pay any taxpayer; but your obligation to file remains still (refer below).
- The rates for salary and wage income tax or PAYE are set out in the table below:

Fortnightly income($)	Fortnightly Rate of PAYE tax
0 - 576	NIL
577 - 962	20%
963 +	27%

[1] PAYE stands for Pay-As-You-Earn (tax). A term that is used interchangeably as 'salary and wage tax' but same as Salary and Wage tax.

21st August 2020

❖ Obligations of an Employer.

- If you employ or hire any individual(s) to do work for you, you are required to comply with the following obligations:
  - ↳ Register first for salary and wage tax or PAYE tax which is free. You will need to complete Registration Form IR11.
  - ↳ Make sure you remit salary and wage tax or PAYE tax from your employees' salary and wage income (i.e. fortnightly salary or wage income or payment from employer) but only those whose pay exceed the threshold of SAT$576; and pay or remit those deducted taxes to the Inland Revenue Services (Level 4, DBS Building).
  - ↳ You must file a salary and wage tax return or the P4 Form every month, which should include all your employees, both whose pay is equal to or less than the threshold and those who meet or exceed the threshold.
  - ↳ You must ensure to file and pay the applicable PAYE taxes on the P4 Form before or on the 15th date of each subsequent month. E.g. PAYE tax of the month of January 2020 will be filed and paid before or on the 15th Feb 2020.
  - ↳ Make sure to calculate salary and wage tax every fortnight using the rates set out in the Table above.

- It is important to note that salary and wage tax is trust money. It is your employees' taxes that you as the employer are entrusted and obligated to pay to the government on behalf of the employee. It is an offence if you fail to pay these taxes to government and you will be penalized and/or face prosecution.

❖ Consequences if Employer fails to meet obligations.

- If you fail to meet your obligations as an employer you may face penalties under the Tax Administration Act 2012 and Income Tax Act 2012.
- For more information, refer to *Information Sheet IS04 – Penalty and Interest Regime.*

❖ Right of the Employee.

- As the employee, you must be aware of the following:
  - ↳ Make sure your employer has correctly calculated your tax. If you need help understanding how to calculate your tax, feel free to call our Inland Revenue Services on *telephone no. 20411* and request to put you through to our Taxpayer Services Division.
  - ↳ If you think you have been overtaxed, you can request to the Commissioner, which must be in writing, to re-calculate your PAYE tax with supporting documents such as your pay slip of pay period in which you noted an overpayment of PAYE tax and TY15 (for example)
  - ↳ Your employer is responsible for paying your tax on your behalf; so make sure that is done. You can call our Taxpayer Services Division to check records to confirm payment of your taxes. We will share this information to you if you provide legal ID that you are

this person. All taxpayers tax information are held in strict confidence in terms of section 9 of the Tax Administration Act 2012 and will only release if you provide that formal consent.

- ↳ Salary and wage tax or PAYE tax on your corresponding salary & wage income is a final tax. This means that the tax being calculated on your pay on a fortnightly basis is your final tax liability; and you cannot reduce that amount by any deductions or credits. Hence, there is no separate salary and wage tax return required to be lodged by an employee.

❖ Exempt Income

- Schedule 2 of the Income Tax Act 2012 recognizes certain employees who earn income from their employment in Samoa but are not liable to salary and wage tax or PAYE tax. Provided below is a list of employees with exempt income:
  - ↳ A non-citizen of Samoa who holds office as an official of a foreign government or international organization in Samoa to the extent provided in the Diplomatic Privileges and Immunities Act 1978.
  - ↳ A non-citizen of Samoa who is an employee of a Trustee Company (registered under the Trustee Companies Act 1988), or an employee of a company registered under the International Banking Act 2005 or the International Insurance Act 1988; but only if that employee remains in Samoa solely for the purposes of that employment.