

A Guide to Late Payment & Late Filing Penalties

IRD applies penalties automatically when returns and payments are filed late

Tax laws are designed to encourage voluntary compliance by:

- Clearly setting out your obligations
- Applying penalties when obligations are not met

When returns or payments are late, penalties are automatically charged.

1. Late Filing Penalties

Business owners and employers are required to file tax returns and PAYE returns by specified dates. If you don't file on time you will be charged a late filing penalty.

The Penalty Amount

The penalty for late filing of an income tax return or PAYE monthly employer summary (IR9) is an initial \$500 and \$50 for each further month it remains outstanding.

When are the Returns Due?

Income Tax Returns are due 3 months after the end of your financial year. For most businesses this is 31 March.

PAYE returns are due on the 15th of the month following the one in which you deduct the tax.

Goods tax and sales tax returns are due within 30 days after the end of the month in which the relevant sales were made.

Can I get an Extension of Time to file?

If you need an extension of time to file your Income Tax Return you must make your request in writing. If the extension of time is approved, the new date becomes your due date to file your return. If you do not file your return by this new date a penalty will be imposed.

If you have an accountant they may have already applied for an extension of time for you to file your income tax return. Please check with your accountant if you are unsure.

2. Late Payment Penalties

Penalties are also charged for taxes not paid on time. There are different rates of penalty for different tax types:

TAX TYPE	INITIAL	ADDITIONAL
Income tax Provisional Tax Withholding Tax	10% of tax due	10% every 6 months
PAYE	10% of tax due	5% if paid within 1 month of the due date, and 10% if paid between 1 and 6 months of due date, and 15% for each additional 6 month period not paid
Goods Tax	20% of tax owing	
Sales Tax	10%/yr calculated daily	

When we charge a penalty we will notify you of the penalty by way of letter or Statement of Account. The penalty should be paid immediately along with the outstanding tax.

3. Requests for Remission or Cancellation

If you think a penalty has been charged incorrectly please advise us in writing so that we can investigate the situation.

In some circumstances you may be able to apply to have the penalty remitted. For example where a payment or return is late because of:

- Events outside your control
- Incorrect advice from IRD
- A one off error and you normally have a good compliance record

Remission requests must be in writing and are subject to the discretion of the Commissioner.

Contact Inland Revenue if you need assistance:

- ☎ Telephone us on 22369
- ✉ Email us at Taxeducationteam@mof.gov.sb
- 🌐 Visit our website www.ird.gov.sb

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