SAMOA TAX FACTS 2017
INDIVIDUAL INCOME TAX RATES

Income derived by residents in Samoa on worldwide basis is taxable in Samoa. Expatriates who are residents in Samoa for a specified period of time are required to pay taxes on income. Non-residents may be exempt from tax in certain situations. The following table outlines the marginal rates of tax that apply to individuals.

<table>
<thead>
<tr>
<th>From</th>
<th>To</th>
<th>Tax rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>12,000</td>
<td>Nil</td>
</tr>
<tr>
<td>12,001</td>
<td>15,000</td>
<td>10%</td>
</tr>
<tr>
<td>15,001</td>
<td>20,000</td>
<td>20%</td>
</tr>
<tr>
<td>20,001</td>
<td>and above</td>
<td>27%</td>
</tr>
</tbody>
</table>

CORPORATE TAX RATE

Companies are taxed at a flat rate of 27%. The following table outlines rates of tax that apply to life insurance companies, shipping and film rental businesses as well as to non-resident and resident companies that conduct business in Samoa.

<table>
<thead>
<tr>
<th>Company or type of company</th>
<th>Tax base</th>
<th>Tax rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident</td>
<td>Worldwide taxable income</td>
<td>27%</td>
</tr>
<tr>
<td>Non resident</td>
<td>Samoa source taxable income</td>
<td>27%</td>
</tr>
<tr>
<td>Resident insurance company</td>
<td>Non Samoa source reinsurance income</td>
<td>2.5%</td>
</tr>
<tr>
<td></td>
<td>General insurance taxable income</td>
<td>27%</td>
</tr>
<tr>
<td></td>
<td>Life insurance fund investment income</td>
<td>10%</td>
</tr>
<tr>
<td>Non resident insurance company</td>
<td>Life insurance premiums income</td>
<td>7.5%</td>
</tr>
<tr>
<td></td>
<td>General insurance premiums income</td>
<td>15%</td>
</tr>
<tr>
<td></td>
<td>Reinsurance premiums income</td>
<td>7.5%</td>
</tr>
<tr>
<td>Non resident shipping company</td>
<td>Gross income</td>
<td>5% wt</td>
</tr>
<tr>
<td>Non resident film rental company</td>
<td>Gross income</td>
<td>15% wt</td>
</tr>
</tbody>
</table>

wt - the tax is in the form of withholding tax

EXEMPT INCOME

The following types of income are some of the income that is classified as exempt from income tax:

▶ Income derived by the trustee of an approved fund
▶ A dividend paid by a resident company
▶ Income of not for profit organisations
▶ Income of Ministers of Religion
▶ Foreign-source income, other than salary or wage income, of a temporary resident
▶ Income from the sale of primary production
▶ Income from capital investments in hotels that was made after 30 June 2003 if the capital investment is greater than $1m tala.

WITHHOLDING TAXES

Withholding taxes apply to resident and non-residents on certain types of income as outlined below. Withholding tax is considered a final tax. For non residents the final tax can be claimed in most cases in the tax returns of the country of residency even in the absence of a formal double tax agreement.

Non-resident withholding taxes apply to the following types of income

<table>
<thead>
<tr>
<th>Tax base</th>
<th>Rate of tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance premium under a life policy or arising from reinsurance</td>
<td>7.5%</td>
</tr>
<tr>
<td>Interest, royalty, general insurance premiums, management fees, fees for personal (including professional) services or natural resource amounts</td>
<td>15%</td>
</tr>
<tr>
<td>Non-resident international transportation income</td>
<td>5%</td>
</tr>
<tr>
<td>Life insurance taxable income from investments of premium incomes</td>
<td>10%</td>
</tr>
</tbody>
</table>

Resident withholding taxes apply to the following types of income

<table>
<thead>
<tr>
<th>Tax base</th>
<th>Rate of tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income paid by a licensed financial institution</td>
<td>15%</td>
</tr>
<tr>
<td>Hire of machinery</td>
<td>10%</td>
</tr>
<tr>
<td>Personal including professional services income paid by a Government entity to a resident person</td>
<td>10%</td>
</tr>
<tr>
<td>Directors fees</td>
<td>15% or 27% if Director is already taxed at top marginal rate</td>
</tr>
</tbody>
</table>

CAPITAL GAINS TAX

Net capital gains for the tax year are taxed at the rate of 27%. The cost of the asset (for the purpose of calculating the capital gain or loss) is increased by 5% per annum from 1 January after the acquisition date.

Exempt capital gain or loss:

▶ Assets acquired before 31 December 1989
▶ Disposals of principal place of residence
▶ Assets held for more than 3 years
▶ Assets used to derive exempt income
▶ Non Samoan assets disposed by Samoa residents

Foreign capital gains tax paid overseas is allowed as a tax credit and the capital gain has been included in the calculation of the net capital gain for the tax year. The amount of the credit allowed is subject to certain rules.
VALUATION OF FRINGE BENEFITS
The value of fringe benefits are included the salary and wage income of the employee and taxed at normal the salary and wage tax rates. Fringe benefits do not include allowances and reimbursements paid to employees.

Fringe benefits are counted at any time in terms of the value provided by an employer to an employee during the fortnight as it assumes that the minimum pay frequency for most employers is fortnightly. Furthermore, fringe benefits are reduced by any payments made by the employee towards the costs paid by the employer prior to being included in salary and wage income of the employee.

Types of Fringe Benefits
The following are classified as fringe benefits:
- Motor vehicle at 20% of the cost or fair market value pro-rated for the pay period
- Housekeeper, driver, gardener, or other domestic assistance is valued at the cost paid by the employer
- Loan made by employer to employee is valued at the difference between market interest and interest paid to the employer. If interest is waived by employer the value of the benefit is also waived.
- Property transferred or services are provided to the employee is valued at the cost.
- Accommodation or housing is valued either at fair market rent where the employer owns the property or the rent paid by the employer for the accommodation or housing.
- Meals or refreshments provided to the employee are valued at the cost to the employer.
- Any other benefits provided by the employer to the employee not defined above are valued at cost or fair market value.

VALUE ADDED GOODS AND SERVICES TAX

Imposition of GST
GST is levied at the rate of 15% on the following:
- taxable supply made by a registered person
- taxable imports
- taxable supply of imported services

Supply of imported services are services made to a registered person and:
- supply is made by non registered person and
- the supply is not taxable because it is not made in Samoa and
- the supply would have been taxable if it was made in Samoa and
- the registered person receiving the supply would not have been entitled to a credit for the input tax payable if the services had been acquired by the person in taxable supply.

Liability for GST
The liability for taxable supplies made by a registered person and taxable supply of imported services are included in the bi-monthly GST returns by the registered person as output tax.

Registration
- The registration threshold is $130,000 tala in gross annual turnover.
- Input tax credits for newly registered persons can be claimed up to 4 months prior to registration

Exempt supplies
The following are exempt supplies:
- Financial services
- Donated good or services by a not-profit body
- Transport services by buses and taxis - excludes specific hire
- Inter-connection fees between resident suppliers of telecommunication services
- Departure tax
- Domestic shipping travel
- Supply of goods and services for overseas aid funded projects where an MOU expressly states the exception

Zero-rated supplies
The following are zero rated supplies:
- Export of goods
- Supply of goods as consumable stores on ship and aircraft for use outside of Samoa
- Supply of services directly in connection with temporarily imported goods
- Supply of telecommunication services by a resident teleco to a non-resident teleco
- Supply of international transport services
- Supply of educational services
- Supply of medical goods or services provided in hospitals
- Supply of electricity
- Supply of water

LODGEMENT DATES AND PROVISIONAL TAX

Due dates for income tax returns
Income tax returns for all taxpayers including partnerships or trustees of trusts must submit the income tax return within 3 months after the end of the tax year.

The tax year is the calendar year from 1st January to 31st December. Where a financial year is other than 31st December the Commissioner’s approval must be obtained for a substituted tax year prior to lodging the income tax return.

For example a taxpayer with a 31 December tax year and financial year has a 31 March tax return lodgement deadline.

For a 30 June financial year the tax return lodgement deadline is 30 September. The tax year is 31 December of the preceding calendar year e.g.: 30 June 2017 financial year end refers to the 31 December 2016 tax year because the commencement of this particular tax year was in 2016.

Provisional taxes
Taxpayers who are liable for provisional taxes must pay 3 instalments of provisional taxes by 31 March, 31 July, and 31 October every year. Each amount of provisional tax is 1/3rd of the provisional tax payable estimate based on the previous years tax assessment.

The first to the third instalment dates for provisional tax follow the first instalment date after the taxpayers financial year. For example a 31 December year end would mean that the 1st instalment of provisional tax is due on 31 March of the subsequent year. For a 30 June year end the first instalment of provisional tax is due on 31 July of that same year.

Provisional tax shortfall penalty
Where the estimate of provisional tax payable for the tax year is less than 80% of the actual income tax payable (referred to as provisional tax shortfall) the taxpayer is liable for provisional tax shortfall penalty of 50% if the underestimate is due to fraud or wilful neglect or 10% in any other case.
Contact

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