

How to complete an FS4

Note: This is a self copying form. Please write only on the white (ie top) copy.

Who is required to complete an FS4?

All payees (ie full-time, part-time and other employees) are required to complete a separate FS4 for each source of local emolument income. Pensioners have been granted an exemption from this requirement in respect of pension emoluments but are still required to complete an FS4 in respect of each source of employment based emoluments.

An FS4's is required be lodged:

- within seven days of commencement of any new employment; or
- whenever any material details of a current FS4 change.

What happens if I don't complete an FS4?

If you do not complete an FS4 your payer will be required to deduct tax from your emoluments at the top marginal tax rate.

How to complete this form

As a payee you are responsible for completing Section 1 (i.e. the left hand side) of the FS4. You must complete Parts A and E of the form and ONLY ONE of parts B, C or D.

What to do after completing Section 1

Once you have completed Section 1 of the FS4 you need to return it to your payer so that he can complete Section 2 of the form. When both halves of the form have been completed your payer will:

- send the top copy of the form to the Inland Revenue Department;
- retain the second copy for audit purposes; and
- return the third copy to you, to retain with your other tax records.

Notes to assist you in completing Section 1

PART B - Main Source Emoluments

You should complete Section 1 Part B if this FS4 is in relation to employment which provides you with your *main source of emolument income*.

Tick box B1 if:

- a) you are single, widow/er, separated and you do not qualify for the "parent computation" or as a "single parent"; or
- b) you are married with a working spouse whose income is such that it is more advantageous to you if the "single" rates of tax are applied to the chargeable income of each of you and you do not qualify for the "parent computation".

Tick box B2 if:

- a) you are married with a non-working spouse; or
- b) you qualify as a "single parent" and the "married" rates are applicable to your chargeable income; or
- c) you are married with a working spouse whose income is such that it is more advantageous to you if the "married" rates of tax are applied to both incomes added together.

Tick box B3 if you qualify for the "parent computation".

Tick box B4 if you satisfy the conditions for overseas employment and wish to have tax deducted at 15%.

Tick box B5 if you satisfy the conditions stipulated in the "Tax Credit Women Returning to Employment Rules" and you are opting for a full year's tax credit.

Tick box B6 if you satisfy the conditions stipulated in the Highly Qualified Persons Rules.

PART C - Part-Time Employment

You should complete Part C Section 1, if this FS4 is in relation to an employment which qualifies under the special part-time tax provisions. To qualify under the part-time employment provisions you have to satisfy the following conditions:

- you (or your spouse) must be a pensioner or a full-time student/apprentice or you (or your spouse) are employed full-time elsewhere;
- your part-time employment is not with the same payor with whom are employed on a full-time basis (i.e. you may not have a full-time employment with an employer and a part-time employment with another employer when both employers form part of the same group of companies because companies forming part of the same group are considered as the same employer).

If you are completing Part C you should tick only one out of boxes C1, C2, C3 or C4. If you tick box C3 (employed full-time elsewhere) you are also required to provide the P.E. number of your full-time employer.

Nil Tax Rate. You should tick box C5 ONLY IF:

- your projected total income *from all sources* is expected to be below the taxable limit; AND
- you wish to have emoluments from this part-time employment paid free of tax deductions (i.e. Nil rate).

You should note that if you incorrectly tick this box you may lose your right to benefit from the 15% reduced part-time tax deduction rate.

15% Tax Rate. You should tick box C6 ONLY IF you have previously filled in an FS4 with the same payer indicating that the 'NIL' part-time tax rate was to apply and you now wish to have these emoluments taxed at the part-time rate of 15%.

You must also insert the date of effect (i.e. for recommencement of the 15% part-time rate). This date may be retrospective (i.e. you may ask your payer to deduct tax with respect to previous part-time employment periods where tax was not deducted). It remains your responsibility to ensure that the whole amount of tax at 15% is duly deducted by 31 December.

PART D - Other Emoluments

You should complete Section 1 Part D if this FS4 is in relation to emoluments which are neither your main source of emolument income nor qualify under the special part-time tax provisions. Other Emoluments will usually be subject to tax deductions at the prescribed rate of 20%.

Box D1. If you wish to have tax deducted at the 20% rate you should tick box D1.

Box D2. If you wish to have tax deducted at a higher rate you should tick box D2 and indicate rate.

Box D3. If you wish to have tax deducted at a lower rate than 20%, and you are a pensioner or a student, you should tick box D3.

Box D4. If you wish to have tax deducted at a lower rate than 20%, but you are not a pensioner or a student, you should tick box D4 to request CIR's permission.

Please note:

- anyone may elect to have tax deductions from Other Emoluments at higher than the prescribed rate; but
- strict conditions govern the reduction of such deduction rate to less than the prescribed rate.