



Self-Assessment System and how does it work

What is the purpose of this publication?

The purpose of this publication is to inform taxpayers about the change from the Official Assessment System (OAS) to the Self-Assessment System (SAS) and how SAS works and how it is different to OAS.

1. What is Self-assessment System?

This is a simple method of assessment where taxpayers assess themselves on the income they have received or have accrued and to pay the tax which they calculate on this income.

It is not a new tax but a system where the taxpayer is given the responsibility to compute their own tax liability with limited or no intervention by tax officials.

Self -Assessment is a total process change from the current system of assessment known as the Official Assessment System.

The responsibility is shifted to the taxpayer for proper accounting, assessment and payment of their tax liability.

How different is it from the current system?

Under the Official Assessment System, the taxpayer is required to declare his/her income in the Return Form, and submit the Return Form to the IRD:

- IRD then discusses the contents of the return with the taxpayer
- IRD then raise an assessment.
- A Notice of Assessment is sent to the taxpayer and
- Based on the tax indicated in the Notice, payment is made accordingly.

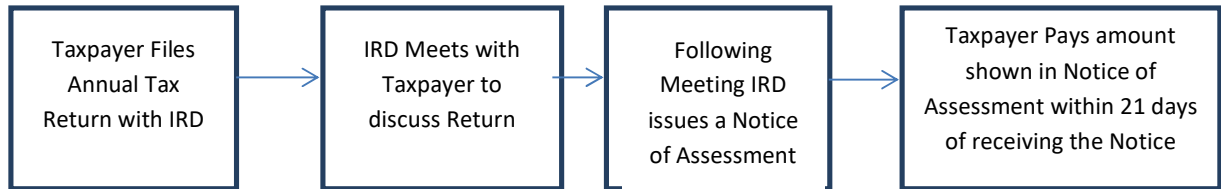
Under the Self-Assessment System the taxpayer will still be required to complete and submit his/her income in the Return Form and submit the Return Form to IRD by the required dates.

However under SAS:

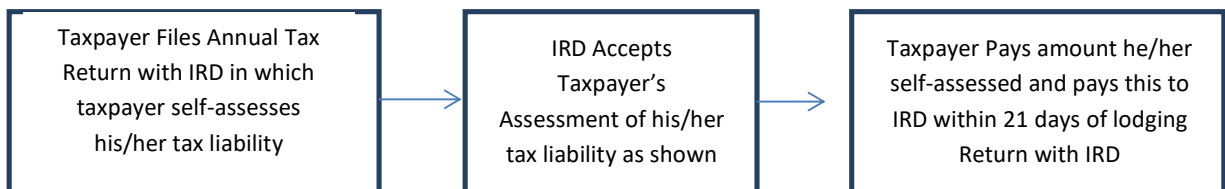
- No assessment will be made to the taxpayer as the return the taxpayer submitted will be deemed to be an assessment raised by IRD
- Instead, a notice will be sent to the taxpayer showing the amount on the assessment as submitted and the amount which the taxpayer has already paid will be shown.

Comparing Official Assessment System and Self-Assessment System

Steps under Official Assessment System



Steps under Self-Assessment System



Responsibilities of Taxpayers under the Self-Assessment System

- The taxpayer is responsible to keep the required books and records to support their Return And must ensure his/her Return and self-assessment are correct
- Must keep the required books and records in order to be audited and must follow the instructions of auditing if he/she is regarded to be audited.
- Must ensure he/she files his/her Return and makes the required tax payment to IRD by the due dates.

Responsibilities of Internal Revenue Department

- IRD will help taxpayers understand and comply with their tax obligations through the following **means**:
 - Engagement with taxpayers and their representatives
 - Designing forms, publishing publications, providing information on the website
 - Interpreting tax legislation

Objection and Appeal under Self-Assessment

- Under Self-Assessment System the taxpayer cannot object or make an appeal on the amount which they self-assessed.
- However, where IRD amends a taxpayer's assessment as part of the auditing process, the taxpayer can object it or make an appeal.

For additional information please contact the Internal Revenue Department at one of its offices or at:

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