

1. What is Fringe Benefits Tax?

Fringe benefits are payments in kind to employees such as housing, motor vehicle, loans, household personnel, debt waiver, entertainment, property, life insurance etc. provided by employers to employees. Fringe benefits tax is imposed on employers paying fringe benefits to their employees. It is imposed on and payable by employers.

2. Who is Liable for Fringe Benefits Tax?

All employers who provide fringe benefits to their employees are liable to pay fringe benefits tax.

3. What is the Fringe Benefit Tax Rate?

The fringe benefit tax rate as at 2021 is 27%.

4. How is the Fringe Benefits Tax Calculated?

Fringe benefits tax liabilities are computed by multiplying the fair value of the benefits provided by the applicable rate. The taxable amount is determined by dividing the fair value of the benefits provided by $(1-r)$, where r is the tax rate.

For example, X Co. Ltd provided the following fringe benefits in 2016 and incurred the stated costs:

- Housing accommodation at a cost of D100,000. Employees pay rent to the company amounting D25,000 per annum.
- Two motor vehicles worth D500,000 each. The cars are used 75% of the time for

business and 25% for personal and are allocated fuel of D60,000 each.

- Household personnel costing D24,000.

The fringe benefits tax liability is D79,546 and is calculated as follows:

Fringe Benefit	Value
Housing (100,000-25,000)	D75,000
Motor Vehicle (500,000*2*25%/4)	D62,500
Fuel (60,000*2*25%)	D30,000
Household Personnel	D24,000
Total Benefits at Fair Value	D191,500
Taxable Fringe Benefits	D294,615
Fringe Benefits Tax Liability	D79,546

5. How Often Should an Employer File Returns and Pay Fringe Benefits Tax?

- Employers are required to file fringe benefits tax returns annually and are required to make quarterly payments on their annual fringe benefits tax liabilities.
- The quarterly payments are credited to their tax liability at the end of the tax year.
- The closing dates for the payments of quarterly instalments are the 15th of the month following the end of the quarter.
- The closing date for filing and payment of final tax liability is 3 months after the end of the tax year.

6. How and Where to File Returns and Pay Fringe Benefits Tax?

Employees earning fringe benefits are not liable for fringe benefits tax payments or filing.

Employers are required to submit returns and pay fringe benefits tax liabilities at the nearest DTD Tax Office. Payments can also be made at the GRA's designated partner banks.

7. Objections & Appeals of Tax Decisions

Employers not satisfied with any tax decision can within 30 days, object to such decision through the Objection and Appeal process. The process starts with an objection to the Commissioner General through to an appeal to the Tax Tribunal and then to the High Court where necessary.

8. Who is Exempted from Fringe Benefits Tax?

No employer providing fringe benefits is exempted from filing or paying fringe benefits tax. However, the following benefits are exempted from taxation;

- A pension contribution that is exempted from taxation.
- Fringe benefits provided by the government of The Gambia.
- A fringe benefit provided to an employee if the income of that employee is exempted from income tax.

9. Is the Fringe Benefits Tax a Final Tax?

No. However, the tax and the value of the benefits provided are allowable for deductions in assessing the employer's final tax liability.

10. Offences

The following are offences punishable under the Income and Value Added Tax Act 2012.

- Failure to furnish Tax returns and other documents
- Giving false or misleading information
- Failure to notify the Commissioner General for a change in business name or address
- Failure to recover tax from a person holding money on behalf of a taxpayer
- Improper use of TIN
- Obstructing Revenue Officers in the performance of their duty.

This brochure is not intended as an exhaustive explanation or replacement of fringe benefits tax laws. If you require detail information about your fringe benefits tax obligations, you should contact the nearest GRA Office.



Gambia Revenue Authority Fringe Benefits Tax Brochure

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