**NAURU TAX RATES**

**As at 1 July 2019**

**1. Employment and Services Tax (EST)**

# (i) Employment Tax

## Resident employees

 (1) The rates of employment tax applicable to a resident individual are:

1. for a monthly pay period:

|  |  |
| --- | --- |
| **Monthly Employment Income**  | **Rate**  |
|  $0 – $8,400   |  0%  |
|  Above $8,400   |  20%  |

1. for a fortnightly pay period:

|  |  |
| --- | --- |
| **Fortnightly Employment Income**  | **Rate**  |
|  $0 – $3,870   |  0%  |
|  Above $3,870   |  20%  |

1. for a weekly pay period:

|  |  |
| --- | --- |
| **Weekly Employment Income**  | **Rate**  |
|  $0 – $1,935   |  0%  |
|  Above $1,935   |  20%  |

1. for an employee with a pay period other than monthly, fortnightly or weekly, the rate or rates advised by the Secretary to the employer of the employee under section 17(3).

## Non-resident employees

Non – resident employees pay employment tax on a monthly basis on their respective Gross Salaries/Wages/Allowances at the following rates. Employment tax is withheld at the time of payment by employers, and remitted to the NRO on a monthly basis -

* 10% tax rate up to 30 June 2018;
* 20% tax rate effective from 1 July 2018 **with** **only** GoN expatriate employees entitled to an annualised $20,000 tax free threshold;
* 30% tax rate effective from 1 July 2019 for Regional Processing Centre (RPC) individual employees **only**;
* GoN expatriate employees are taxed at 20% from 1 July 2019 and retain a $20,000 annualised tax free threshold;
* All other non-resident employees are taxed at 20% from dollar one (1).

# (ii) Services Tax

## Applies only to non-resident persons

**Non-resident service providers** such as contractors (individuals, companies, partnerships/trusts and/or other persons) pay services tax on a monthly basis at the following rates payable on their gross service fee/s. Services tax is withheld at the time of payment by the payer, and remitted to the NRO on a monthly basis - –

* 10% tax rate up to 30 June 2018;
* 20% tax rate from 1 July 2018 **with** **only** GoN service providers entitled to an annualised tax free threshold of $20,000;
* 30% tax rate effective from 1 July 2019 for all non-resident persons providing services to or in connection with the **RPC**.
* Non-resident **individuals** providing services to GoN are taxed at 20% from1 July 2019 but retain the $20,000 annualised tax free threshold on their services income;
* All other non-resident persons providing independent services are taxed at a rate of 20% from dollar one (1).

**2. Business Taxes effective 1 July 2016**

Three (3) separate taxes are imposed under the Business Tax Act.

1. **Small Business Tax** **(SBT)** only applies to **Non-Resident Individuals** with a gross revenue up to $250,000 per annum where the business is conducted **solely** in Nauru. The rate of SBT is payable quarterly as follows –

* + 1.5% on total gross revenue up to 30 June 2017;
	+ 2.5% on total gross revenue effective from 1 July 2017.

1. **Business Profits Tax (BPT)** is imposed at various rates on a person conducting business that has taxable income for the year. Note the gross income threshold for Business Profits Tax is an annual turnover/sales > $250,000.

# BPT tax rates applicable to resident persons

##  Resident Individuals

The tax rates for resident individuals after applyinga tax free threshold on the first

$250,000 of taxable income are as follows:–

* 10% up to 30 June 2018;
* 20% effective from 1 July 2018.

## Other Resident Persons

The tax rates for all other resident persons including Companies, Partnerships, Trusts and all other persons are as follows: –

* From 1 July 2016 to 30 June 2017 – the tax rate was 10% for **all other resident persons.**

* From 1 July 2017 to 30 June 2018 , the tax rates were as follows :-

* + **Resident Companies** where the annual gross income is up to (<) $15M – a 10% tax rate;
	+ **Resident Companies** where the annual gross income is greater than (>) $15M – a 20% tax rate;
	+ **Resident Partnerships** – a 10 % tax rate reduced by $250,000 in respect of each resident individual member;
	+ **Resident Trusts** – a 10% tax rate reduced by $250,000 in respect of each resident individual beneficiary;
	+ **Any other resident person** – a 10% tax rate applied.

* From 1 July 2018 , the tax rates are as follows :-

* + **Resident Companies** where the annual gross income is up to (<) $15M – a 20% tax rate;
	+ **Resident Companies** where the annual gross income is greater than (>)$15M – a 25% tax rate;
	+ **Resident Companies** controlled by a non-resident person or associate – a 25% tax rate;
	+ **Resident Partnerships** – a 20 % tax rate reduced by $250,000 in respect of each resident individual member;
	+ **Resident Trusts** – a 20% tax rate reduced by $250,000 in respect of each resident individual beneficiary;
	+ **Any other** resident person – a 20% tax rate applies.

## Non – Resident Persons

* From 1 July 2016 to 30 June 2017 – the tax rate was 10% for **all non-resident persons including individuals, companies, partnerships, trusts.**

* From 1 July 2017 to 30 June 2018 , the tax rates were as follows :-

* + **Non-resident Companies** where the annual gross income is up to (<) $15M – a 10% tax rate;
	+ **Non-resident Companies** where the annual gross income is greater than (>) $15M – a 20% tax rate;
	+ **Non-resident Partnerships** – a 10 % tax rate;
	+ **Non-resident Trusts** – a 10% tax rate;
	+ **Any other** non-residentpersons – a 10% tax rate applied.

* From 1 July 2018 , the tax rates are as follows :-

* + **Non-resident Companies** conducting business in Nauru through a Permanent Establishment – 25% tax rate;
	+ **Non-resident Partnerships** – 20% tax rate;
	+ **Non-resident Trusts** - 20% tax rate;
	+ **Any other** non-resident person - 20% tax rate applied.

(iii) **Non Resident Tax** **(NRT)**

 This tax is imposed on a **non-resident** who has derived interest, a royalty, or insurance premium from sources in Nauru.

The rate of NRT is payable quarterly with the following rates of tax applicable :–

* 10% up to 30 June 2018;
* 20% effective from 1 July 2018.

**3. Telecommunications Service Tax**

Telecommunications service tax is imposed on the gross revenue received by the service provider in respect of sales of telecommunications services in a calendar month under the *Telecommunications Service Tax Act 2009*.

Tax rates are as follows –

* Telecommunications service tax rate was 10% up to 30 September 2016.
* Rate increased to 15% from 1 October 2016.