

NRO 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:

(a) for a monthly pay period:

Monthly Employment Income	Rate
\$0 – \$8,400	0%
Above \$8,400	20%

(b) for a fortnightly pay period:

Fortnightly Employment Income	Rate
\$0 – \$3,870	0%
Above \$3,870	20%

(c) for a weekly pay period:

Weekly Employment Income	Rate
\$0 – \$1,935	0%
Above \$1,935	20%

(d) 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 still taxed at 20% from 1 July 2019 and retain a \$20,000 annualised tax free threshold;
- All other non-resident employees are still 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 still taxed at 20% from 1 July 2019 but retain the \$20,000 annualised tax free threshold on their services income;
- All other non-resident persons providing independent services are still taxed at a rate of 20% from dollar one (1).

2. Business Tax (BT) effective 1 July 2016

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

(i) **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.

- (ii) **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 applying a 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-resident persons – 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.

Telecommunications Services Tax

Telecommunications Services Tax is imposed on the gross revenue received by the service provider in respect of sales of telecommunications services in a calendar month of telecommunication service providers on a monthly basis under the Telecommunication Act.

Tax rates are as follows –

- Telecommunication Services Tax Rate was 10% up to 30 September 2016.
- Rate increased to 15% from 1 October 2016.

Schedules of the various tax rates are available on the GoN Website under *Tax Legislation*.