FIJI REVENUE AND CUSTOMS SERVICE

2024-2025 NATIONAL BUDGET

SUMMARY OF REVENUE POLICIES

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NATIONAL BUDGET
SUMMARY OF REVENUE POLICIES

Part 1 Direct Tax Measures

(i) Income Tax Act

<table>
<tr><th>Policy</th><th>Description</th></tr>
<tr><td>1. Advance Tax Payment Rules</td><td>➢ The payment of advance tax will be reverted to pre-pandemic rules.
➢ For companies, effective from tax year 2025, advance taxes will be paid in the sixth, ninth and twelfth months of their tax year.
➢ For other businesses, effective from the tax year 2025, advance taxes will be paid in April, August and November.</td></tr>
<tr><td>2. Accelerated Allowance for Depreciation on Buildings</td><td>➢ The accelerated depreciation allowance will be reorganized to be claimed from the existing 100% in the first year to 20% per annum in the next 5 years.</td></tr>
<tr><td>3. Depreciation Schedule</td><td>➢ The depreciation rates will be extended to include specialized assets such as dams and other assets specific to electricity generation.</td></tr>
<tr><td>4. Transfer of Benefits for Reorganization</td><td>➢ The tax losses incurred under the accelerated depreciation incentive can now be transferred under the reorganization provision provided that the same asset qualifies for the transfer.</td></tr>
<tr><td>5. Incentive for 2031 Pacific Games Bid</td><td>➢ A 200% tax deduction will be available for any donations made above $10,000 to support Fiji's bid in hosting the 2031 Pacific Games.</td></tr>
<tr><td>6. National Rugby League (NRL) Bid Incentive</td><td>➢ Rugby League Bid Fiji Pte Ltd is bidding for a place in the NRL competition and to support the bid, a 200% tax deduction will be available for sponsorship over $250,000 to Rugby League Bid (Fiji) Pte Ltd.</td></tr>
<tr><td>7. Business Losses</td><td>➢ The provision introduced during the COVID pandemic which allowed for the offset of business losses of up to $20,000 against employment income will be reversed.
➢ This will be effective for tax year 2024.</td></tr>
<tr><td>8. Fringe Benefits Tax (FBT) – Value per Quarter for Motor Vehicles</td><td>➢ The FBT value per quarter will be amended to the following new rates as summarized below:
<table>
<tr><th>Threshold (engine capacity)</th><th>New Rates</th></tr>
<tr><td>Less than 1,800cc</td><td>$2,000</td></tr>
<tr><td>1,800cc to 2,000cc</td><td>$3,000</td></tr>
<tr><td>Above 2,000cc</td><td>$4,000</td></tr>
<tr><td>Irrespective of the engine capacity, if the cost of the vehicle exceeds $100,000</td><td>$5,000 plus 4% of the excess of the cost above $100,000</td></tr>
</table>
➢ This will be effective from 1 January 2025.</td></tr>
<tr><td>9. Fringe Benefits Tax (FBT) – Value per Quarter for Electric Vehicles</td><td>➢ The FBT value per quarter table will be extended to electric vehicles as summarized below:
<table>
<tr><th>Threshold (cost)</th><th>New Rates</th></tr>
<tr><td>Less than $20,000</td><td>$2,000</td></tr>
<tr><td>$20,000 to $40,000</td><td>$3,000</td></tr>
<tr><td>$40,000 to $60,000</td><td>$4,000</td></tr>
<tr><td>Above $60,000</td><td>$5,000 plus 4% of the excess of the cost above $60,000</td></tr>
</table>
This will be effective from 1 January 2025.</td></tr>
</table>

Part 1 Direct Tax Measures

(i) Income Tax Act

10. Exemptions for Nonprofit Organizations	➢ To ensure fairness in the application of taxation, along with 'business income', 'property income' derived by nonprofit organizations will now be subject to income tax.
11. Clarity on the Incentive Applications	➢ The requirement to obtain a provisional approval will be clarified to state that the provisional approval must be obtained prior to the commencement of the construction of the project.
12. Project Definition Under the Tax-Free Region Incentive	➢ The definition of "Project" will now be enhanced under the Tax-Free Region (TFR) Regulations. The new definition will ensure that a TFR license can only be granted to a new entity based at a single location in the TFR.
13. TFR Incentive – Existing Indigenous Companies.	➢ The TFR incentive will be amended to allow existing i-Taukei companies to qualify for the TFR incentive for new investments above $250,000.
14. TFR Incentive	➢ The new Pacific Koro Business Park development in Kalabu, Valelevu will be declared as a TFR.
15. Information Communication Technology (ICT) Incentives	➢ The ICT Incentive Regulations will be amended to include the requirement of obtaining a provisional approval and a final approval. ➢ Additionally, the ICT incentive qualifying criteria will be amended to comply with the European Union (EU) taxation standards.
16. Pandemic Reserve	➢ With the World Health Organization declaring an end to the pandemic, the 150% tax deduction available for deposit(s) made to a pandemic reserve account will be removed.
17. Investment Allowance – Hotel Incentives	➢ The investment allowance under the hotel incentives which was increased to 50% during the pandemic will be reverted to 25%.
18. Short Life Investment Package (SLIP) – Existing Companies	➢ The 20-year tax holiday available to new hotels under SLIP will be extended to companies who acquire existing hotels & resorts and undertake extensions & refurbishments over $50m.
19. Drug Rehabilitation Centre Incentive	➢ A new incentive with tax holidays and import duty concessions will be available for companies setting up a specialized Drug Rehabilitation Centre. The tiers of tax holidays are as follows: Capital Investment — Tax Holiday Period $250,000 to $1,000,000 — 5 years $1,000,001 to $2,000,000 — 7 years Over $2,000,001 — 13 years
20. Elimination of Double Taxation for Fiji Citizens Working Abroad	➢ The Exempt Income Tax Regulations will be amended to prevent double taxation for Fiji citizens employed by the Fiji Government working in countries that do not have double tax agreements with Fiji.
21. Employment Taxation Scheme	➢ The 300% tax deduction available for wages or salaries paid for work placements, apprenticeship and part-time workers will be extended for another 12 months until 31 December 2025. ➢ The 400% tax deduction currently available for wages or salaries paid to persons with disability will also be extended until 31 December 2025.

22. Sub-Division of Land Incentive	➢ The Sub-Division of Land Incentive will be extended by another 12 months until 31 July 2025.
23. Export Income Deduction	➢ The Export Income Deduction incentive will be extended until tax year 2025.

(ii) Tax Administration Act (TAA)

Policy	Description
1. VAT Evasion Penalty	➢ To ensure VAT compliance, a 200% VAT evasion penalty will be introduced. ➢ Previously, the VAT evasion penalty was 300% but was removed during the pandemic.
2. Forfeited Refunds	➢ The forfeited refunds provision will be amended to allow for the offset of any new tax debt.
3. Offsetting of Refunds	➢ Tax refund balances with FRCS cannot be used to offset against Water Resource Tax and Airport Departure Tax payables.
4. Detained Non-Perishable Goods	➢ The 10 days for the seizure & detainment of non-perishable goods will be increased to 30 days.
5. Bulk Data Collection	➢ FRCS will now be able to request bulk data for risk analysis.

Part 2 Indirect Tax Measures

(i) Value Added Tax (VAT) Act

Policy	Description
1. **Issuance of Tax Invoice for Transactions below $10**	➢ The VAT Act will be amended to mandate the issuance of tax invoices for all transactions, irrespective of the transaction amount.
2. **VAT Monitoring System (VMS)**	➢ The implementation of VMS was suspended for a few years following the rollout of phases 1 and 2. Effective from 1 August 2024, VMS will be reactivated, and businesses included in phases 1 and 2 that have not yet been implemented will be required to implement. ➢ The industry list for the rollout of phase 3 will be reviewed and the effective date will be announced with the new industry listing at a later date.
3. **VAT Return Filing**	➢ The annual VAT filing option will be removed, and taxpayers will be transitioned to quarterly or monthly filing options. ➢ This will be effective from 1 January 2025.

(ii) Airport Departure Tax Act

Policy	Description
1. **Airport Departure Tax**	➢ The Airport Departure Tax will increase to: 1. $170 effective from 1 August 2024; and 2. $200 effective from 1 August 2025. ➢ The 96-hour exemption period on transits will be reduced to 48 hours effective 1 August 2024.

(iii) Fiji Revenue and Customs Service Act

Policy	Description
1. **Information Sharing**	➢ The Information Sharing Regulation will be amended to allow sharing of information with the Outsource Fiji/BPO Council of Fiji.

(iv) Customs Tariff Act

Policy	Description
1. **Prefabricated Buildings**	➢ The fiscal duty on the importation of prefabricated buildings will be reduced from 32% to 5%.
2. **Motor Vehicle for the Members of Parliament**	➢ A new concession under code 201C will be available to exempt duty and Import VAT on the acquisition of one motor vehicle per member of parliament within their term.
3. **Personal Imports Concession**	➢ The $2,000 threshold for personal imports will be reduced to $1,000. ➢ Import VAT will now be levied on all imports cleared under concession code 212. ➢ The exclusion list under this concession will now include e-cigarettes, vapes and vape refills.

4. Passenger Allowance	➢ The passenger allowance for passengers disembarking in Fiji will be extended to include electronic cigarettes, vapes and vape refills not exceeding 200ml. ➢ The liquor allowance has increased from 2.25 liters to 3 liters.
5. Crew Allowance for International Scheduled Flights	➢ The crew allowance will be applied to local airline crew only who depart for international scheduled flights.
6. Removal of the 3% Fiscal Duty for Approved Manufacturer/ Producer	➢ The 3% fiscal duty applicable on raw materials, machinery, and packaging materials under concession codes 231, 231A, 231B, 236 and 236A will be removed.
7. New Concession Code 236C	➢ A new concession code will be introduced to accommodate manufacturers processing alcoholic beverages through the mixing & blending process.
8. Manufacturers and Producers Concession	➢ To provide clarity, the conditions for concession code 236 will be amended to include the requirement of a substantial transformation process.
9. Yachting Period	➢ The tourist vessel/yacht cruising period which was increased to 54 months during the pandemic to assist the yachties will be reduced to 24 months under concession code 228.
10. Import of Ships, Boats & Floating Structures	➢ A 5% fiscal duty will be levied on imports of ships, boats and floating structures under Chapter 89. ➢ The 32% fiscal duty on other boats (HS Code 8903.99.90) manufactured locally will be maintained.
11. Goods Imported for Disabled Persons	➢ Hospital beds will be exempt from fiscal duty and import VAT.
12. Mining Industry or Mining Exploration	➢ To provide additional support to the mining industry, concession code 252 will be amended to include "any other relevant goods" along with the existing list of concessions available to the industry

(v) Excise Act

Policy	Description
1. Excise Duty	➢ The domestic excise duty on the production of alcohol & tobacco will be increased by 5%. ➢ A corresponding increase to the import excise on the above products will also be imposed.
2. Electronic Copies of Warehouse Documents	➢ The Excise Act will be amended to include the storage of electronic copies of documents by the excise manufacturers.
3. Duty Accounting Period for Manufacturers of Excise Products	➢ For ease of business administration, an additional option of monthly filing of returns and payments will be available to excise manufacturers who are involved in the manufacturing of sweet biscuits, snack food and sugar confectionaries.
4. Penalty Provisions – Warehousing of Excisable Goods	➢ A late payment penalty of $115 will be applicable if excise duty is not paid within 3 working days of lodgment.
5. Penalty Provisions – Duty Accounting Period.	➢ A late payment penalty of 5% will be applicable on the unpaid excise duty. ➢ A further 2% penalty will be applicable for each month of default.

(vi) Customs Act/Regulations

Policy	Description
1. **Customs Objection Period**	➢ The customs objection decision timelines will be increased from 20 working days to 90 consecutive days with an additional 90 consecutive days subject to the submission of additional information.
2. **Fiscal Duty Deferral for the Importation of Yachts**	➢ The time to pay arrangement for the payment of duty for yacht imports above $2m will be removed.
3. **Sugar Exports**	➢ The 3% export duty on sugar will be removed. ➢ The requirement to obtain a permit for the export of sugar will also be removed.
4. **Definitions under the Customs Act**	➢ To provide clarity, the following definition(s) will be amended: - a. Manufacturer – A manufacturer is a person or company that produces finished goods from raw materials by using various tools, equipment, and processes, that transform materials into new products. b. Produce – means any tangible commodity extracted, cultivated or harvested from the land, underground, from the seas of Fiji, including from under the sea, from the seabed and beneath the seabed or other natural resources. c. Producer – means the owner or entity that yields or causes to yield a tangible commodity through extraction, cultivation, or harvesting from the land, from the seas of Fiji, or other natural sources. d. Mixing & Blending – The process of mixing and blending two or more local or imported products together to make the final product.
5. **Electronic Signature**	➢ The Customs Act is amended to allow the use of electronic signatures in customs documents.
6. **Penalty Provisions – Goods Delivered Under Special Circumstances**	➢ A penalty provision of $115 will be applicable if the Single Administrative Documents (SADs) for goods delivered under special circumstances are not filed within 48 hours.
7. **Penalty Provisions – Late Inward Manifest Registration**	➢ A penalty provision of $115 per application will be imposed for the late submission of an airway bill or bill of lading.
8. **Penalty Provisions for Petroleum Companies**	➢ A 5% penalty provision will be applicable for petroleum companies who fail to make payments by the specified dates under the regulations.
9. **Overtime Provisions – Inspection of Aircraft**	➢ A new overtime fee of $1,725 will be introduced for the inspection of private and unscheduled flights.
10. **Overtime Provisions – Weekday/Weekend**	➢ The overtime rates for weekends and public holidays will be amended to $50 per hour or a portion of an hour. ➢ The overtime rates for weekdays, but outside of the working hours will be amended to $60 per hour or a portion of an hour.
11. **Customs Prohibited Import Export Regulation (CPIER)**	➢ The list of goods that may be imported on conditions (Schedule 2, Item 14 (a)) is amended to include the exemption of 8 years age criteria for the imports of used or reconditioned motor vehicles for the purpose of medical, tourism and tourism investment projects national security & defense and mining.

12. Customs Prohibited Import Export Regulation (CPIER)	➢ The list of imported goods, that are absolutely prohibited (Schedule 1, Item 7) is amended to extend the remaining shelf life on the importation of pasta, chips, noodles and biscuits from 3 months to 6 months.

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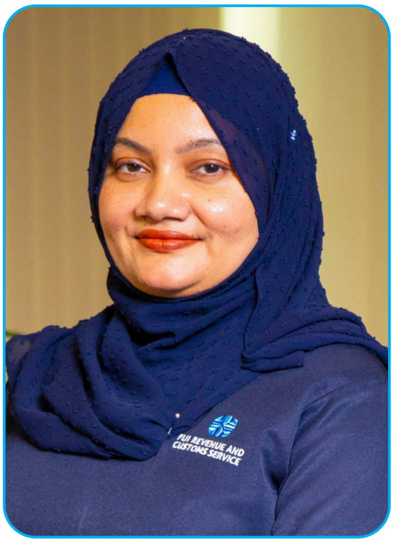

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