FIJI REVENUE AND CUSTOMS SERVICE

STANDARD INTERPRETATION GUIDELINE 2024-21

VALUE ADDED TAX ACT 1991 – TAXABLE PERIODS

This Standard Interpretation Guideline (SIG) sets out Fiji Revenue and Customs Service's (FRCS) policy and operational practice in relation to policy changes announced in the 2024/2025 National Budget regarding the change in taxable periods for VAT registered persons.

The SIG is issued with the authority of the Chief Executive Officer (CEO) of FRCS.

All legislative references in this SIG are to the Value Added Tax Act 1991 (VAT Act) (unless otherwise stated).

This SIG is in effect from 1 January 2025 and may need to be reviewed in the event of any relevant legislative amendments.

CONTENT

PURPOSE

1. This SIG provides practical guidance on the taxable periods for VAT registered persons with effect from 1 January 2025.
2. It includes the 2024-2025 National Budget amendment which was effected through the Value Added Tax (Budget Amendment) Act 2024 (Act No. 6 2024).

INTRODUCTION

3. A "taxable period" is the reporting period for a VAT registered person.

4. The frequency of VAT return filing for a registered person is determined by their taxable period. For instance, a business with a monthly taxable period must submit VAT returns and pay the corresponding tax monthly.

5. From 1 January 2025, VAT-registered persons will have either:
   - a monthly return period (compulsory if annual turnover is or above $300,000); or
   - a three monthly (quarterly) return period (annual turnover is less than $300,000).

6. Currently there are four categories:
   - Category A - monthly filing (compulsory if annual turnover is or will be more than $300,000)
   - Category B - quarterly filing;
   - Category C - annual filing for produce suppliers primarily engaged in the supply of sugarcane ;
   - Category D - annual filing for small and medium enterprises with an annual gross turnover of $300,000 and below.

7. As Categories C and D will no longer apply, any new applicant for VAT registration in the period up to 31 December 2024, will be placed in either Category A or B.

8. Examples illustrated in this SIG demonstrate the CEO's interpretation and application of the taxation implications relating to taxable periods. The examples do not cover the infinite number of factual scenarios that may arise. The relevant legislative provisions must be considered and applied to each case on its particular facts. That is, conclusions should not be drawn by determining whether the facts of a particulars case may be analogous with particular examples, but rather on the basis of applyingthe correct tests established by the law.

9. The full text of the legislative provisions is contained in the Appendix.

LEGISLATIVE ANALYSIS

10. Section 32 VAT Act provides the rules for determining a registered person's taxable period.

11. The CEO is required to place each registered person in one of the taxable period categories set

out in the VAT Act.[1]

12. There will be two categories from 1 January 2025[2]:
    - Category A, with taxable periods of one month ending on the last day of each month in each year; or
    - Category B, with taxable periods of 3 months ending on the last day of any month in any year.

13. The significance of the taxable period is as follows:

    - Category A – must file returns and pay tax monthly

Month (s)	**Due date**
January	28th February or 29th February (in a leap year)
February	31st March
March	30th April
April	31st May
May	30th June
June	31st July
July	31st August
August	30th September
September	31st October
October	30th November
November	31st December
December	31st January (following year)

    - Category B – must file returns and pay tax quarterly

Month (s)	**Due date**
January – March	30th April
April – June	31st July
July – September	31st October
October – December	31st January (following year)

14. Example 1

Scenario 1
ACo is a new company and estimated annual turnover in the next 12 months is $500,000. VAT registration was approved on 2 February 2025.

Which category will apply? What's the tax implications?

CEO's position:
Category A applies and ACo must file monthly VAT returns. The first return will be for the taxable period ending 28 February 2025 and is due on 31 March 2025 together with any VAT payment due.

Scenario 2
Suppose ACo's annual turnover in the next 12 months will be $90,000.

[1] Section 32 (1)
[2] Clause 3 (a) Value Added Tax (Budget Amendment) Act 2024

Which category will apply? **CEO's position:** Category A unless ACo applies to be placed in Category B. If placed in Category B, ACo must file quarterly VAT returns. The first return will be for the taxable period January to March 2025 and is due on 30 April 2025 together with any VAT payment due.

15. In general, the CEO will place a registered person in Category A if Category B does not apply[3].

16. A registered person who is placed in Category A can apply to be placed in Category B.

    In determining a registered person's right to lodge returns on a quarterly basis, the essential test is that "taxable supplies" in the last 12 months have not exceeded (or are unlikely to exceed in the next 12 months) $300,000[4].

17. Example 2

ACo's VAT registration was approved on 2 February 2025 and ACo was placed in category A. On 2 March 2026, ACo applies to be placed in category B. How will the determination be made? **CEO's position:** The CEO will consider the following: 1. Value of taxable supplies in the past 12 months. In this case, the last 12 months is from March 2025 to February 2026 2. Estimated value of taxable supplies in the next 12 months. In this case, the next 12 months is from April 2026 to March 2027. What's the tax implications? If the taxable supplies for both periods fall below $300,000, the application may be approved.

18. The following will not be considered in determining the total value of taxable supplies:
    (a) any cessation of or any substantial and permanent reduction in the size or scale of, any taxable activity carried on by that registered person; or
    (b) the replacement of any plant or other capital asset used in any taxable activity carried on by that registered person[5].

19. Example 3

ACo is a landlord and is registered for VAT. ACo wants to file quarterly returns to reduce costs. The following information was provided in ACo's application for change in taxable period from monthly to quarterly:

[3] Section 32 (2)
[4] Section 32(3)
[5] Section 32(4)

Period	Normal supplies ($)	Sale of asset ($)	Total sales ($)
March 2025	20,000		20,000
April 2025	20,000		20,000
May 2025	20,000		20,000
June 2025	20,000		20,000
July 2025	20,000		20,000
August 2025	20,000	50,000	70,000
September 2025	20,000		20,000
October 2025	20,000		20,000
November 2025	20,000		20,000
December 2025	20,000	40,000	60,000
January 2026	20,000		20,000
February 2026	20,000		20,000
Total	**$240,000**	**$90,000**	**$330,000**

Will ACo qualify for the change?

CEO's position:
Yes, monthly sales is standard $20,000 per month and the annual gross turnover is $240,000. $90,000 will not be taken into account as it does not form part of normal supplies.

As the value of normal supplies is below $300,000 the CEO can change the category to B.

20. The CEO may direct a change in category from A to B or B to A in the following circumstances:
(a) on written application by the registered person; or
(b) following the notification by the registered person of a change in status; or
(c) where the CEO is satisfied that the person's annual turnover has exceeded $300,000[6].

21. A registered person may only make a written application to the CEO to change the category after the expiry of 12 months from the date on which the last written application was made[7].

22. Example 4

ACo's VAT registration was approved on 2 February 2025 and ACo placed in Category A.

On 2 June 2025, ACo applies to be placed in Category B.

Can the CEO allow the change?

CEO's position:

No. Section 32(5) provides that a registered person can only apply for a change after the expiry of 12 months from the date on which the last written application was made. In this case the VAT registration date (2 February 2025) is taken as the first application so ACo will be eligible for a change after January 2026.

[6] Section 32(5)
[7] Proviso to Section 32(5)

23. Once the CEO approves a change from one category to the other, the person is deemed to have been placed in the new category with effect from the day following the end of the taxable period during which the direction was made by the CEO.[8]

24. **Example 5**

ACo's VAT registration was approved on 2 February 2025 and ACo placed in Category A. On 2 April 2026, ACo applies to be placed in Category B. The application is approved on 28 April 2026. What's the tax implications? **CEO's position:** ACo's taxable period is monthly. The direction was made on 28 April 2026 for which the taxable period ends 30 April 2026, ACo is deemed to have been placed in the quarterly filing category with effect from 1 May 2026. The last monthly return to file will be for April 2026. The first quarterly return will be for the period April – June 2026 to account for May and June sales.

25. Section 32 (7) provides that even though the end of a taxable period is the last day of the month for that taxable period, a taxpayer can apply to have another day as the last day in the taxable period. If approved , the CEO can only allow a date within 7 days earlier or later than the last day in the taxable period. However, this does not affect the due date for filing of returns as set out in section 33 (1) VAT Act.

Transitional provisions for Category C and D registered persons

26. Registered persons currently placed in categories C and D will be required to file a return for the period January to December 2024 by 31 January 2025. [9]

27. All registered persons with estimated gross annual turnover up to $300,000 for 2025 will be deemed to be quarterly filers with effect from 1 January 2025.[10] The first quarterly return for the period January to March 2025 will be due on 30 April 2025.

28. With effect from 1 January 2025, any registered person with an estimated annual gross turnover exceeding $300,000 in 2025 will be required to file monthly VAT returns [11]. The first return for January 2025 will be due on 28 February 2025.

29. For further information and clarification in regard to this SIG, please email us at tipu@frcs.org.fj

[8] Section 32(6)
[9] Section 4 (1) Value Added Tax (Budget Amendment) Act 2024 (Act No. 6 2024).
[10] Section 4 (2) Value Added Tax (Budget Amendment) Act 2024 (Act No. 6 2024).
[11] Section 4 (2) Value Added Tax (Budget Amendment) Act 2024 (Act No. 6 2024).

APPENDIX

ACT NO. 6 OF 2024

I assent.

W. M. KATONIVERE
President

[12 July 2024]

AN ACT

TO AMEND THE VALUE ADDED TAX ACT 1991

ENACTED by the Parliament of the Republic of Fiji—

Short title and commencement

1.—(1) This Act may be cited as the Value Added Tax (Budget Amendment) Act 2024.

(2) This Act comes into force on 1 January 2025, except section 2*(a)* which comes into force on 1 August 2024 and section 2*(b)* which comes into force on 28 June 2024.

(3) In this Act, the Value Added Tax Act 1991 is referred to as the "Principal Act".

Section 14 amended

2. Section 14(4A)*(a)* of the Principal Act is amended by—

(a) after "(the President and his or her family),", inserting "201C (a Member of Parliament),"; and

(b) deleting "212 (a private individual),".

Section 32 amended

3. Section 32 of the Principal Act is amended by—

(*a*) in subsection (1)—

(i) in paragraph (*a*), after ";" inserting "or";

(ii) in paragraph (*b*), deleting ";" and substituting "."; and

(iii) deleting paragraphs (*c*) and (*d*);

(*b*) in subsection (2), deleting "Category B or C or D" and substituting "a category";

(*c*) in subsection (3), deleting "or C or D"; and

(*d*) in subsection (5), deleting the chapeau and substituting the following—

"(5) The Chief Executive Officer may direct that a registered person change from Category A to Category B or, as the case may be, Category B to Category A—".

Transitional

4.—(1) Any registered person who is placed in Category C or Category D under section 32 of the Principal Act prior to the commencement of the Value Added Tax (Budget Amendment) Act 2024, must furnish the Chief Executive Officer with an annual tax return and the accompanying Input tax schedule in the prescribed form as may be approved by the Chief Executive Officer, by 31 January 2025 for the taxable period of 2024.

(2) Any registered person who is placed in Category C or Category D under section 32 of the Principal Act prior to the commencement of the Value Added Tax (Budget Amendment) Act 2024, is deemed to be placed in Category A or Category B under section 32 of the Principal Act at the commencement of the Value Added Tax (Budget Amendment) Act 2024, for the purposes of the person's taxable periods.

Passed by the Parliament of the Republic of Fiji this 12th day of July 2024.

APPENDIX 2 LEGISLATION

[Section 2] Interpretation

Taxable period - in relation to a registered person, means a taxable period determined under section 32 of this Act;

[Section 32] Taxable periods

(1) Each registered person shall be placed by the Chief Executive Officer in one of the following categories for the purposes of determining that person's taxable periods for

the purposes of this Act— Category A, with taxable periods of one month ending on the last day of each month in each year; or

Category B, with taxable periods of 3 months ending on the last day of any month in any year, as may be determined by the Chief Executive Officer.

(2) Every registered person who is not placed in a category pursuant to subsection (3), shall be placed by the Chief Executive Officer in Category A.

(3) The Chief Executive Officer may, on written application by a registered person, place that person in Category B if the total value of that person's taxable supplies— has not, in the 12 months ending with the last day of any month, exceeded $300,000 or such other amount as the Minister may from time to time, by Legal Notice declare; or
is not likely to exceed that amount in the period of 12 months beginning on the first day of any month.

(4) For the purposes of subsection (3), the total value of a registered person's taxable supplies shall be deemed not to have exceeded any amount specified in or under that subsection where that total value exceeds any such amount solely as a consequence of— any cessation of or any substantial and permanent reduction in the size or scale of, any taxable activity carried on by that registered person; or the replacement of any plant or other capital asset used in any taxable activity carried on by that registered person.

(5) The Chief Executive Officer may direct that a registered person change from Category A to Category B or, as the case may be, Category B to Category A—

(a) on written application by the registered person; or

(b) following the notification by the registered person under section 24(c) of a change in status; or

(c) where the Chief Executive Officer is otherwise satisfied that the registered person has ceased to satisfy the conditions of subsection (3),
provided that a registered person may only make a written application to the Chief Executive Officer to change the category that determines the registered person's taxable periods after the expiry of 12 months from the date on which the last written application was made.

(6) Where the Chief Executive Officer directs that a registered person change from one category to the other, the person shall be deemed to have been placed in the new category with effect from the day following the end of the taxable period during which the direction was made by the Chief Executive Officer.

(7) Notwithstanding anything in this section, the Chief Executive Officer may, upon written application by a registered person, determine a day in substitution for the last day referred to in subsection (1)(a), (b) and (c), not being a day more than 7 days earlier or 7 days later than that last day, but any such determination shall be disregarded for the purposes of section 33(1).