## FRCS Assistance

### 1. Tax Education

FRCS provides training and awareness to taxpayers. This is a free of charge service and can be requested by all taxpayers.

For more information, please contact us on 3243000, 1326 or email at education@frcs.org.fj.

### 2. TPOS Assistance

We also have educational materials on TPOS processes on our website. This includes video tutorials, user guides and webinar sessions etc. The guides may be used by online users to assist them in accessing different processes on TPOS.

For more information please visit this link below: *https://bitly.cx/hMeSg*

FIJI REVENUE AND CUSTOMS SERVICE

Revenue & Customs Service Complex,
Lot 1 Corner of Queen Elizabeth Drive
& Ratu Sukuna Road, Nasese, Suva.

3243000 or 1326 info@frcs.org.fj
www.frcs.org.fj

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FIJI REVENUE AND CUSTOMS SERVICE


# VAT Reverse Charge (VRC)

The VRC is a tax covered under Section 21 of the VAT Act 1991

## What is VRC?

It is VAT charged at the rate of 15% on specific imported services listed in **Paragraph 14, Second Schedule of the VAT Act**. The term **"reverse charge"** refers to the amount of VAT a local would have paid on that service if it was purchased in Fiji.

## Who pays VRC?

It is paid by the locals receiving the supply of service.

## VRC Calculation on Payment for Imported Services

### 1. How do you calculate VRC?

The VAT Reverse Charge is calculated based on the gross/invoice amount. There are 2 ways to calculate the VRC amount, namely:

- Gross Up method
- Net Off method

The use of the methods is dependent on the arrangement made between the supplier and recipient of the service.

### Gross Up method

Under this method, the recipient of the service (local persons) is required to calculate the VRC amount by dividing the invoice amount by 0.85. The result is then multiplied by the VAT rate of 15% in order to determine the VRC amount. Refer to the example below:

**E.g. the gross invoice amount of payment for consultancy services is $2000.**

| Gross Invoice Amount | VAT Reverse Charge (VRC) |
|---|---|
| **FJ$2000** | VRC = $2000/0.85<br>= $2352.94 x 15%<br>= $352.94 |

### Net Off method

Under this method, the recipient of the service (local persons) is required to calculate the VRC amount by multiplying the invoice amount with the VAT rate of 15%. Refer to the example below:

**E.g. the gross invoice amount of payment for consultancy services is $2000.**

| Gross Invoice Amount | VAT Reverse Charge (VRC) |
|---|---|
| **FJ$2000** | VRC = $2000 x 15%<br>= $300 |

### 2. When is VRC paid?

VRC is paid at the time a tax clearance is applied at FRCS. The VRC applicable must be paid to FRCS in order for the Tax Clearance Certificate to be issued.

## Claiming a Vat Reverse Charge

### 1. Is VRC claimable by a VAT registered person?

A VAT registered person can claim VRC as Input (i.e. VAT paid on supplies) in their VAT return. When filing a VAT return on TPOS, the VRC paid will automatically pre-populate on the applicable return line.

### 2. Is VRC also applicable to taxpayers who are not registered for VAT?

Yes, they will also be required to pay VRC to FRCS for the payment of the applicable imported service. However, since they are not registered for VAT, they will not be able to claim the VRC paid.