PRACTICE
STATEMENT No. 58/2017
Issued: 17 October 2017

SUBJECT	Fiji Revenue and Customs Service Environment and Climate Adaptation Levy on Plastic Bags
DATE OF EFFECT	1 August 2017
CONFIDENTIALITY STATUS	May be released to the public
LEGISLATIVE REFERENCES	Environment and Climate Adaptation Levy Act 2015 Environment and Climate Adaptation Levy (Plastic Bags) Regulations 2017 Tax Administration Act , 2009
PRACTICE CO-ORDINATOR	Deputy Director Revenue Management

INDEX

INTRODUCTION

1. The purpose of this Practice Statement is to provide guidance on the application of the Environment and Climate Adaptation Levy (ECAL) on Plastic Bags. It is issued with the authority of the Chief Executive Officer of the Fiji Revenue and Customs Service.

2. With effect from 1 August 2017, all businesses that use a register (point of sale invoicing device into which a cashier enters data for a transaction) are required to charge ECAL on plastic bags issued free to customers. i.e. plastic bags with handles that are provided by businesses for carrying or transporting goods.

3. The ECAL which is ten cents per plastic bag, is charged to discourage the use of plastic bags in Fiji. It is paid by a consumer based on their choice but collected by the business (retailer) who will then remit it to the Fiji Revenue and Customs Service monthly.

4. ECAL collected will be go towards the ECAL Fund. This has been set up to fund projects and activities associated with climate change. The Fund is administered by the Ministry for Economy.

5. Collection of ECAL will be implemented on a phased approach beginning with all businesses with a Point of Sale System. These registers are the ones supported by software programs, either through connection to a server or through an in-built system or both.

6. All businesses required to collect ECAL must display a public notice in their premises informing consumers of the ECAL charged on plastic bags. The business must also show any ECAL charged separately on the sales receipt. VAT does not apply on the amount charged for ECAL.

7. Businesses that do not have a Point of Sale System to electronically capture and reconcile plastic bags issued to customers are not required to collect ECAL.

LEGISLATIVE BASIS

8. The ECAL on plastic bags is imposed under Section 6 (1) Part 3 Division 1 of the *Environment and Climate Adaptation Levy Act 2015.* (ECAL Act)

9. The provisions for the collection of ECAL on plastic bags are in the *Environment and Climate Adaptation Levy (Plastic Bags) Regulations 2017.*

10. The term plastic bag is defined in Section 2 of the ECAL Act. It means a carry bag with handles made or partly made of polyethylene that is provided by a prescribed business for the carrying or transporting of goods or a bag prescribed by regulation. It does not apply to plastic bags that form part of a product's packaging.

11. Regulation 3 of the ECAL Regulations states that the prescribed businesses are those that use registers (a point of sale device) to enter sales data. The person

required to account for ECAL is any person responsible for the daily management of a business such as the owner, manager, sole precedent partner

12. The provisions of the Tax Administration Act, 2009 relating to record keeping and imposition of penalties apply.

APPLICATION

13. ECAL is collected by a prescribed business when a customer chooses to use the plastic bags issued by the business.

Example 1

Xco is a business required to charge ECAL. It sells a wide variety of products including groceries, footwear, clothing and household items.

- *Many of the clothing items are covered in plastic wrapping. This type of plastic bags are not subject to ECAL as the plastic bag forms part of the product's packaging.*
- *Plastic bags with handles provided for packing purchased groceries or goods are subject to ECAL if the customer wants to use the bags*
- *ECAL does not apply on plastic bags without handles used to wrap bread and meat, to pack fruit and vegetables*

14. The ECAL rate is $0.10c per plastic bag and is payable by the customer.

Example 2

Xco is a prescribed business. Xco provides customers with plastic bags to pack purchased groceries. Customers may bring their own carry bags. Customer Y opted to use 8 plastic bags.

The cashier will be required to charge 10 cents for each plastic bag issued so Customer Y will pay $0.80 (10 cents x 8 plastic bags).

15. If ECAL is charged to a customer, the amount collected must be included in the sales receipt but shown separately.

Example 3

Using the details in the example above, the tax invoice issued by Xco will show the following :

Groceries	*$100*
VAT	*9*
Total sales	*$109*
ECAL	*$0.80 (0.10 x 8)*

16. Regulation 4 provides that ECAL collected must be paid to the CEO on the last day of each month following the month in which the tax was paid. Businesses will be required to keep records of the following:

a. number of plastic bags stocked by the business at the beginning of each month;
b. number of plastic bags provided to consumers in that month;
c. number of plastic bags remaining in the stock of the business at the end of that month; and
d. amount of ECAL collected in that month.

Example 4

Xco - ECAL record for the month of August 2017 which must be kept to support ECAL collected

Plastic bags purchased/issued	*No. of plastic bags*
Opening Stock	*10,000*
Add: Purchase	*5, 000*
Total	*15,000*
Less: Closing stock	*7,000*
Plastic bags issued	*8,000*
ECAL @10%	*$800*

17. The CEO may, in any particular case, require a business to pay ECAL within a period of less than one month. If applicable, ECAL must be paid within 14 days from the date of notification together with the ECAL report.

Example 5

Xco retail business will close down on 2 March 2018. The CEO issues a notice dated 6 March 2018 to Xco for lodgement of final ECAL report and payment within 14 days. The ECAL must be paid by 20 March 2018.

PROCESS

18. A person accountable for collecting the ECAL on plastic bags is required do the following-
- display a notice informing consumers of the ECAL charged on plastic bags;
- where a customer chooses to use the plastic bag issued free of charge by the business, collect 10 cents for each plastic bag issued;
- include the amount of ECAL charged in the sales receipt;
- pay the ECAL collected each month before the end of the following month;
- keep records of plastic bags in stock, issued and ECAL collected.

19. The amount of ECAL collected is to be sent the Revenue and Customs Service with the Remittance Advice Slip (Form IRS350). ECAL collected will be deposited in the ECAL Fund Account.

20. For comments and enquiries please e-mail: info@frcs.org.fj.

ATTACHMENT

Extract from Environment and Climate Adaptation Levy Act

"PART 3 – IMPOSITION OF ENVIRONMENT AND CLIMATE ADAPTATION LEVY ON PRESCRIBED ITEMS

Division 1 – Imposition of Environment and Climate Adaptation Levy on plastic bags

Imposition of Environment and Climate Adaptation Levy on plastic bags

6.—(1) An Environment and Climate Adaptation Levy shall be charged on plastic bags distributed by businesses prescribed by regulations.

(2) Pursuant to subsection (1), the Environment and Climate Adaptation Levy charged on plastic bags is $0.10c per plastic bag.

(3) The Environment and Climate Adaptation Levy on plastic bags is payable by the person to whom a plastic bag is provided.

(4) The levy imposed under subsection (1) shall—

(a) not be subject to the Value Added Tax imposed under the Value Added Tax Act 1991; and

(b) be clearly and separately shown on a tax invoice, invoice or receipt issued for the purchase of any goods.

Collection of Environment and Climate Adaptation Levy for plastic bags

7. The Environment and Climate Adaptation Levy payable under this Division shall be collected by the Fiji Revenue and Customs Service in the manner prescribed by regulations.

Extract from Environment and Climate Adaptation Levy (Plastic Bags) Regulations 2017 which come into force on 1 August 2017. [LEGAL NOTICE NO. 61/2017]

"Interpretation

2. In these Regulations, unless the context otherwise requires—

"accountable person" means the owner, manager, sole precedent partner and otherwise the person who is responsible for the daily management of a business;

"business" means a business as prescribed under regulation 3;

"cashier" means a person who, as part of his or her employment with a business, operates a register for the business; and

"register" means a point of sale invoicing device into which a cashier enters data for a transaction.

Business to which these Regulations apply

3. For the purposes of section 6(1) of the Act, a "business" means any business that utilises a register.

Collection of Environment and Climate Adaptation Levy on plastic bags

4.—(1) The Environment and Climate Adaptation Levy charged on plastic bags must be collected by a cashier at the point at which a plastic bag is provided by the business to a consumer.

(2) The accountable person must—

(a) ensure that the Environment and Climate Adaptation Levy is collected in accordance with subregulation (1);

(b) ensure that the Environment and Climate Adaptation Levy collected under subregulation (1) is paid to the CEO before or on the last day of each month following the month in which the Environment and Climate Adaptation Levy is collected; and

(c) provide together with such payment a report in respect of the month in which the Environment and Climate Adaptation Levy is collected, setting out the—

(i) number of plastic bags stocked by the business at the beginning of that month;

(ii) number of plastic bags provided to consumers in that month;

(iii) number of plastic bags remaining in the stock of the business at the end of that month; and

(iv) amount of Environment and Climate Adaptation Levy collected in that month.

(3) Notwithstanding subregulation (2), the CEO may, in any particular case, require that the Environment and Climate Adaptation Levy be paid within a period of less than one month.

(4) Pursuant to subregulation (3), the accountable person must—

(a) not later than 14 days from the date the CEO requires, pay to the CEO the Environment and Climate Adaptation Levy collected at the time the CEO makes such a request; and

(b) provide along with such payment a report containing the particulars contained in subregulation 2(c).

Consumer awareness

5.—(1) A business must display a notice informing consumers of the Environment and Climate Adaptation Levy charged on plastic bags.

(2) Pursuant to subregulation (1), the notice must be clearly legible and displayed in a conspicuous place."