FIJI REVENUE AND CUSTOMS SERVICE

STANDARD INTERPRETATION GUIDELINE 2026 – 04

VAT REFUND ON SOLAR INSTALLATION
SECTION 70(E) VALUE ADDED TAX ACT 1991

This Standard Interpretation Guideline ("SIG") sets out Fiji Revenue and Customs Service's ("FRCS") policy and operational practice in relation to VAT refunds on capital solar installation projects .

It 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.

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

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PURPOSE

1. This SIG provides practical guidance on the VAT refund scheme in relation to solar projects for residential use which is available under Section 70E Value Added Tax Act 1991 (VAT Act).

2. The incentive is available from 1 August 2025 and applies to qualifying capital expenditure incurred on or after this date. VAT refunds will be processed in accordance with the VAT Act and conditions set out in this Guide.

INTRODUCTION

3. The VAT refund scheme provides a financial incentive for a person that installs a qualifying solar project for residential use. It does not apply to the installation of solar heaters and stand-alone solar lighting systems.

4. The features of the scheme are as follows:
   a) it is available to persons who have paid VAT on a qualifying solar system installation project for residential use;
   b) the capital expenditure must include the complete installation of solar resource monitoring equipment, e.g. a complete solar energy system (not parts in isolation);
   c) the refund will be based on VAT paid from 1 August 2025 onwards.

5. If a project contractor is registered for VAT, the total project cost will include VAT.

6. The refund amount will be based on valid tax invoices for goods and services acquired for the solar project.

7. To apply for a VAT refund, an eligible person must submit a claim in the approved form through the FRCS Taxpayer Online Service (TPOS).

8. There is no restriction on the number of times an eligible person may make a claim for qualifying solar projects. This means that claims are allowable for multiple residential properties. However, for co-owned properties, only one of the owners may apply.

9. The examples used throughout this SIG are merely illustrative. They 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 applying the correct tests established by the law.

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

LEGISLATIVE ANALYSIS

11. Section 70E of the VAT Act provides the legal basis for the refund of VAT paid by an eligible person on expenses of a capital nature for the installation of a solar project for residential use.

12. A solar project is capital in nature if it includes the following:

- solar panels;
- batteries for power supply imported with solar unit or electrification purposes;
- solar prepayment meters and other related accessories;
- solar hot water heaters and related equipment;
- solar water pumps and related accessories;
- hybrid solar electrically powered items;
- solar and electrical charging stations, energy storage systems and related components;
- any other item required for the project that the CEO considers necessary.

13. To enable the CEO to determine the extent to which expenses are capital in nature, the eligible person must provide the following:
    - details of the solar installation project;
    - tax invoice(s) issued by the service provider.

14. The refund provision is effective from 1 August 2025 therefore only applies to VAT paid from 1 August 2025.

EXAMPLE 1 - Solar project installation

Scenario 1
Ben plans to install a solar water system at his residence.
The total purchase and installation service cost is $1,800.

Is this a qualifying solar system installation?

CEO's position:
No. The installation of solar water heaters alone is specifically excluded from the provision in section 70E.

Scenario 2
Ben plans to install a solar system for lighting and electrical appliances at his residence. It will include the installation of solar panels.
The total purchase and installation service cost is $6,300.

Is this a qualifying solar system installation?

CEO's position:
Yes. The expense must be capital in nature and involve the installation of solar panels and other accessories.

15. The solar installation project must be for residential use.

EXAMPLE 2 - Solar project installation for residential and commercial use

Ben owns 3 residential properties in Suva. He conducts a taxable activity but is not registered and not liable to register for VAT.
Property 1 is his home.
Property 2 is rented out to an individual for $500 a month.
Property 3 is an Air BnB, gross annual income is about $36,000.

Scenario 1
Ben hires XCo (a solar system supplier) to manage his solar installation project in Property 1 (his home).
XCo completes the job and issues a tax invoice to Ben with the following details:

Date:	15 October 2025
Sales (VAT exclusive):	$5,600
VAT @12.5%	$700
Total (VAT inclusive)	$6,300

Is property 1 a qualifying residence?

CEO's position:
Yes. The solar system is for residential use.

Scenario 2
Suppose the solar installation project was for use in Property 2 (rented residential premises).
Is property 2 a qualifying residence?

CEO's position:
Yes. The solar system is for residential use.

Scenario 3
Suppose the solar installation project was for use in his Air BnB (Property 3).
Is property 3 a qualifying residence?

CEO's position:
No. The supply of short-term accommodation in an Air BnB is commercial in nature therefore the solar installation is not a qualifying expense for the purpose of the VAT refund scheme.

Note – for business taxpayers, solar systems are assets and the ordinary rules for income tax (e.g. depreciation) and VAT purposes (input tax if applicable) apply.

Scenario 4
Suppose that Property 3 contains 2 flats (Flat 1 on long term residential lease, Flat 2, Air BnB – short term commercial lease) and one solar project was installed for use in both apartments.
Since there is one title to the property, will the refund for property 3 be apportioned?

CEO's position:
Yes, an adjustment is required
As there are only 2 flats, an acceptable apportionment method is 50% of the total cost.
If there were 3 flats (1 residential, 2 commercial) 1/3 of total cost is acceptable.

Scenario 5
Suppose Ben has an agricultural lease with a private residence built on it and installs a solar system for a total project cost amounting to $6,300.
Is this a qualifying residence?

CEO's position:
Yes. The expense must be capital in nature and involve the installation of solar panels and other accessories for use in that residence.

APPLICATION PROCESS

16. An eligible person must have a valid Taxpayer Identification Number.

17. Refund applications are to be submitted through TPOS. Taxpayers facing difficulties can contact FRCS for assistance.

18. Applications must be supported by original tax invoices and any other document the CEO requires.

19. Processing of applications will include verification of documents and may include a site inspection before the refund is released. The intention is to eliminate any possible fraudulent claims.

20. For residential properties in rural areas e.g. on mataqali land, a letter from the mataqali head ("*Turaga ni Koro")* will be required to confirm the solar project installation.

REFUND CLAIM DUE DATE

21. In general, the CEO is not required to refund any tax to an eligible person within 3 years after the time of supply of the goods or service.

22. For this refund scheme, the time of supply will be the date in which the project is completed, as shown in the examples below.

Date project completed	Due date to submit refund claim	Date filed	Validity
20 March 2026	20 March 2029	20 March 2029	Valid as refund claim made within the 3-year period
20 March 2026	20 March 2029	21 March 2029	Invalid as refund claim made after the 3-year period

REFUND CALCULATIONS

23. The amount refundable is the VAT paid.

EXAMPLE 3

Ben submitted a refund application for a qualifying project in January 2026.

Installation work started in July 2025 and was completed in September 2025. The contractor (XCo) issued a tax invoice to Ben which shows:

Date:	**15 October 2025**
Sales (VAT exclusive):	$5,600
VAT @12.5%	$700
Total (VAT inclusive)	$6,300

How much refund is due to Ben?

CEO's position: The amount of VAT refundable is $700

Suppose the tax invoice shows:

Date:	**15 October 2025**
Sales (VAT exclusive):	$31,000
VAT @12.5%	$ 3,875
Total (VAT inclusive)	$34,875

How much refund is due to Ben?

CEO's position: The amount of VAT refundable is $3,875

MULTIPLE & JOINT OWNERSHIP

24. There is no limit on the number of times a person can claim for multiple qualifying properties. For joint ownership, only one owner should apply for the refund on a qualifying property.

EXAMPLE 4 – Solar project installation in co-owned properties

Scenario 1
Ben and Elena own a house jointly and install a qualifying solar system.
Total cost: $5,000 VIP and VAT component is $555.55

Can both owners apply for the VAT refund?

CEO's position: Either Ben or Elena can apply.

Scenario 2
Ben and Elena own a second property and install a qualifying solar system for the same amount.

Can both owners apply for the VAT refund?

CEO's position: Either Ben or Elena can apply

REFUND OFFSET

25. A VAT refund can be held and set off against other tax payable owed by the person and the balance (if any) refunded.

EXAMPLE 5 - Refund offset against tax payable

Scenario 1
In October 2025 CEO processed Ben's VAT refund claim for $3,875
At the time of processing, tax ledgers showed Ben had income tax arrears of $5,000.

How will the tax offset rules apply?

CEO's position:
Yes. The CEO is required to first apply the amount of the refund against any overdue tax owed by the person.
Refund due: $$3,875
Less: tax arrears $5,000
Amount refundable: $0.

Scenario 2
Suppose Ben's income tax arrears was $2,000.

How will the tax offset rules apply?

CEO's position:
The CEO is required to first apply the amount of the refund against any overdue tax owed by the person.

Refund due: $$3,875
Less: tax arrears $2,000
Amount refundable: $1,875.

OFFENCES

26. The general provisions in section 71 (e) VAT Act, on offences relating to false and misleading statements, apply to persons applying for VAT refunds.

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

APPENDIX 1 LEGISLATION

SECTION 70E Value Added Tax Act 1991

Tax refund on solar projects for residential use

70E.— (1) Notwithstanding anything contained in this Act, a person may apply for a refund of tax in respect of a capital investment for the installation of a solar project for residential use.

(2) The Chief Executive Officer may require any additional document that he or she considers necessary for the application made under subsection (1).

(3) The entitlement under subsection (1) does not apply to the installation of a solar heater or a stand-alone solar lighting system.

SECTION 33 TAX ADMINISTRATION ACT 2009

[Section 33] Refunds

(1) If the CEO is required to pay a refund of overpaid tax to a taxpayer under a tax law, the CEO must—

a) first apply the amount of the refund against any tax or duty owing by the taxpayer under any tax, customs or excise law; and then

b) refund the balance (if any) to the taxpayer,

c) notify the taxpayer, or his or her tax agent or representative, of his or her decision in writing.

APPENDIX 3 CHECK LIST

Urban areas or areas with Title	Mataqali land
Title copy/ Lease copy and DP plan if freehold	Letter from Turaga ni koro to confirm package installation and place of residence
Statutory declaration to confirm what is installed and use of property	Statutory declaration to confirm what is installed and use of property
Tax invoices	Tax invoices
Photos	Photos
ID with address	ID with address