FIJI REVENUE AND CUSTOMS SERVICE

Your Guidance to Compliance

KEEP GOOD RECORDS | STAY COMPLIANT | BUILD A BRIGHTER FIJI

1 Overview

Topic: Fringe Benefit Tax (FBT) and VAT Output Adjustment

Businesses providing fringe benefits to their employees are obliged to:

1. **Register for FBT,** lodge FBT returns and pay fringe benefit tax.
2. **Make** a corresponding VAT output adjustment in their VAT returns, if VAT is applicable on the benefit, as the value of the fringe benefit should be deemed as supply for VAT purposes.

2 What are the issues?

Businesses providing Fringe Benefits to their employees:

1. Are not making VAT output adjustment for fringe benefits, where VAT is applicable, even if they are lodging for and paying FBT.
2. **Unaware** whether fringe benefit provided is vatable or exempt.
3. General lack of awareness concerning the tax implications of fringe benefits provided.

3 What is FRCS doing about it?

The FRCS is actively promoting **VAT** compliance through a multi-faceted approach:

1. Engaging in initiatives to increase general awareness of VAT obligations.
2. Providing specialized training programs for MSMEs.
3. Continues to conduct verifications and audits; if FRCS identifies tax discrepancies, audit penalties may be imposed.

4 What should you do?

Elevate Your Tax Responsibility:

1. Proactively manage your tax obligations — if your company is providing fringe benefits to employees, ensure that correct adjustments are made under the VAT Output adjustment section in the VAT returns.
2. Participate in FRCS MSME trainings.
3. Visit the FRCS website to access legislation and guidelines.
4. Reach out to FRCS if you have any queries or questions.

Example

If a company provides a motor vehicle fringe benefit to a staff with a quarterly fringe benefit value of **$2,000**, the VAT Output Adjustment, will be calculated as:

value (**$2,000**) multiplied by the VAT rate **(1/9)** would be **$222.22** for that quarter.

5 Our Contact:

Call us on
3243000 or **1326**

Email:
smcompliance@frcs.org.fj

If you have any doubts or questions regarding VAT, don't hesitate to contact the tax office directly for clarification. It's always better to be proactive and ensure compliance than to risk penalties or legal action.

KEEP COMPLYING FOR A STRONGER FIJI