FIJI REVENUE AND CUSTOMS SERVICE

Your Guidance to Compliance

KEEP GOOD RECORDS | STAY COMPLIANT | BUILD A BRIGHTER FIJI



1 Overview



Topic: Falsified VAT Input Claims

The Fiji Revenue and Customs Service (FRCS) has identified numerous cases of VAT fraud involving falsified VAT input claims. In some instances, investigations revealed that certain accountants were complicit in these fraudulent activities.

2 What are the issues?

A taxpayer is considered to have committed an offence as per Section 49 of Tax Administration Act 2009, if they engage in any of the following practices:

- **Inflating invoice amounts** — deliberately overstating invoice values to increase VAT refund claims.
- **Submitting duplicate invoices** — using the same invoice more than once to claim VAT multiple times.
- **Using falsified or non-existent invoices** — fabricating invoices or claiming VAT for transactions that never occurred.



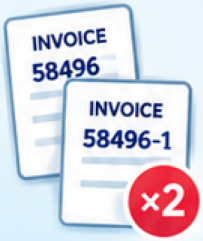
3 Examples

Example 1: Manipulation of invoice amount



Taxpayer A has invoiced $150 to Taxpayer B. While lodging VAT return, Taxpayer B has claimed $1,500 as VAT input (over claiming by $1,350).

Example 2: Double claim of one invoice



Taxpayer Z issued Taxpayer Y with an invoice number 58496. While lodging VAT return, Taxpayer Y has claimed the same invoice two times by including additional number (58496, 58496-1).

Example 3: Fraudulent claim



Taxpayer X purchases a high volume of products from Supplier A. While submitting their list of claims, they include an invoice number which was never issued by Supplier A.

4 What is FRCS doing about it?



FRCS is implementing the following measures:

- Taxpayer education and awareness programs.
- Conducting VAT audits to detect irregularities.
- Imposing penalties on offenders as per Section 46 of Tax Administration Act 2009, which includes 200% penalty on VAT evasion.
- Leveraging advanced tools such as data analytics and enhanced verification processes.
- Enforcing the use of e-invoicing through the VAT Monitoring System.
- Referral to Police/FICAC for Criminal Prosecution.

5 What should you do?



- **Tax compliance must be a top priority.** Businesses are expected to operate with honesty, integrity, and transparency to maintain trust and avoid severe penalties.
- Ensure that VAT returns are correctly filed.
- It is encouraged for business to adopt e-invoicing (fiscalised invoices).

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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