

# Tax on capital gains

**FT** [fijitimes.com/story.aspx](http://fijitimes.com/story.aspx)

IN December last year, amendments to 15 Bills were passed and enacted by the Parliament of Fiji to allow for the changes announced in the 2015 Budget. The amendments were made to a number of tax bills including the Capital Gains Tax Decree. In this issue of Tax Talk, Business reporter Ropate Valemei speaks with Fiji Revenue and Customs Authority general manager tax Visvanath Das about capital gains tax and its benefits.

FT: What is capital gains tax?

FRCA: Capital Gains Tax (CGT) is a tax that is levied on profits or gains realised on the disposal of capital assets, at the rate of 10 per cent, with effect from May 1, 2011. CGT is imposed and collected on a self-assessment basis and the vendor is liable for the tax. It is computed on the VAT exclusive price of the capital asset. It does not apply on assets that form part of trading stock. A capital asset refers to the assets including any interest in the asset listed below:

- \* Land and buildings;
- \* Vessels more than 100 tonnes, for example, ships;
- \* Yachts;
- \* A share, security, equity, or other financial asset;
- \* Intangible assets, for example, good will;
- \* An interest in a partnership or trust; and
- \* An airplane, helicopter or other aircraft

FT: When are you required to pay CGT?

FRCA: When you sell or dispose a capital asset, you must lodge a CGT return within 30 days regardless of whether you make a gain or loss. If tax is payable, you must make the payment at the time you lodge the return. You don't have to pay CGT:

- \* If you are a resident individual or a Fiji citizen and the gain you make is \$20,000 or below;
- \* When you sell or dispose of your first residential property or principal place of residence;
- \* When you sell or dispose of your shares in a company listed on the South Pacific Stock Exchange (SPSE);
- \* When the asset sold or disposed was used to derive income that is exempt from tax;
- \* On the sale or disposal of shares (units) in an approved unit trust;
- \* If you are a resident or Fiji citizen and have transferred your share in a family home to a joint owner;
- \* On a gain arising from the sale of shares in a company as part of the process for listing on the SPSE; and
- \* When you transfer your share in a company or your principal place of residence to another immediate family member (conditions apply)

FT: How do you calculate CGT?

FRCA: You are a resident and plan to sell your second home to Mr X for \$90,000. You bought the house for \$60,000. The gain on sale and CGT payable is as follows:

Capital gain = selling price - cost

That is, \$90,000 - \$60,000 = \$30,000

Capital gains tax: \$30,000 x 10 per cent = \$3,000

FT: Which forms are you required to complete when you dispose or sell a capital asset?

FRCA: You will be required to complete:

- \* CGT Return (IRS230)
- \* CGT declaration form (IRS228)

FT: What are the documents that must be lodged with the CGT declaration and return forms?

FRCA: Documents that must be lodged include:

- \* Stamped transfer document;
- \* Previous transfer document;
- \* TIN of the vendor(s);
- \* Undertaking from the solicitors for payable cases;
- \* Details with evidence of cost of improvements and incidentals;
- \* Additional Information that may be required is as follows;
- \* Breakdown and evidence of capital improvements;
- \* Evidence of the source of fund if major structural improvement is done on the property;
- \* Written confirmation of address of the vendor;
- \* Passport and visa of the vendor if they are residing overseas;
- \* Loan offer from the bank if the property is under mortgagee sale;
- \* Sale and purchase agreement;
- \* Valuation report as and when required from a Registered Valuer or an Independent Assessor appointed by the Solicitor-General's office; and
- \* Other details upon request by FRCA.

FT: Where are the forms available from?

FRCA: You can download the form from FRCA website on <http://www.frca.org.fj/taxation-forms-capital-gains-tax/>

Alternatively you can collect the forms from any FRCA Customer Enquiries Centre Fiji wide.

FT: Where can CGT applications be lodged?

FRCA: You can lodge your applications at any FRCA Customer Enquiries Centre Fiji wide.

FT: Where can you get more information on CGT?

FRCA: You can email [tepu@frca.org.fj](mailto:tepu@frca.org.fj) or contact our personnel on telephone numbers 3243505, 3243819, 3243845, 3243836 or visit our website <http://www.frca.org.fj/cgt-2/>

Please note, penalties will apply for failure to comply with any tax laws.

\* This is a weekly column specifically targeting tax issues. If you have any topics that you want Talk Tax to focus on, please email [rvalemei@fijitimes.com.fj](mailto:rvalemei@fijitimes.com.fj) or [gpanapasa@fijitimes.com.fj](mailto:gpanapasa@fijitimes.com.fj)

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