FS: When is CGT imposed on sale of a property?
CEO: Capital gains tax at the rate of 10% is imposed on a property when a person sells the property at a gain. The gain is calculated by subtracting the cost of the property from the selling price.

FS: What would be included in the costs in a property that was purchased a long time ago?
CEO: Apart from the actual cost of acquiring the property, other costs include incidental expense incurred during acquisition and disposal i.e. Stamp Duty paid on acquisition, Solicitors Fees, Accounting fee, Commission agents fee, Advertising cost, Valuation fee; and improvement (construction or development) costs. It is a requirement that when stating costs, documentary proof is provided.

FS: Is interest on mortgage of the property allowed as part of the cost?
CEO: No, interest on mortgage will not be included as part of the cost as it is a financial cost and not a capital cost

FS: Can a third party represent the owner of the property?
CEO: Yes, where the taxpayer is represented by another party e.g. relative, friend, tax agent, solicitor, accountant or any other person, a letter authorizing the bearer to transact business on behalf of the taxpayer must be produced.

FS: When does a person have to lodge a CGT return?
CEO: A CGT return must be submitted within thirty days after the sale of the property for the calculation of CGT and also for the release of a clearance - Certificate of Capital Gains Tax.

FS: What are some details that a person selling a property will need to inform FRCA?
CEO: The information provided by the taxpayer is critical for the proper assessment of the Capital Gains Tax. They will have to inform FRCA on whether the property has a house constructed on it? Was it the family's place of residence; was this their only property; whether the property is or was on rent and if there is any variance due to sub-division.

FS: What are some of the documents a person selling the property will have to provide?
CEO: The application lodged with the Authority should include the following: CGT Return (IRS 230); CGT Declaration (IRS 228); Stamped Transfer (current); Last dealing (i.e. last transfer); Loan offer letter; Share Transfer (in case of sale of shares); Sale and Purchase Agreement (optional); and Tax Invoice/Invoice copies (in case of improvements).

FS: What happens in CGT returns lodged and with no cost documentation attached e.g. in case of property improvements?
CEO: Source documents are required for all improvements. Where source documents are not available, expenses will not be allowed. If it's an investment property and there are no documents available, financial statements would be required to check for the value of improvements in the Depreciation Schedule. In absence of any documentary evidence a valuation report showing the valuation of the property at the time it was constructed or improved will be accepted. If the property was constructed then bank mortgage document and offer letter will be of help in allowing the improvement cost. Permit/Proposal to build from Town/City

council will also suffice as this too has the estimated value that will cost to construct the property.

FS: What if a person has no documentary proof on the improvement costs to the property, and hence is not satisfied with the CGT assessed by FRCA?
CEO: Where a person is not satisfied with the assessment issued then he/she can have an Independent Assessor appointed by the Solicitor General and the decision of the independent assessor will be binding upon all the parties. Note that the services provided by the independent assessor appointed by the Solicitor General will be of no cost to the property owner as this will be borne by FRCA and the Solicitor General's office.

FS: What are some CGT exemptions on property?
CEO: CGT exemptions on property are: Gain not exceeding FJD $20,000 made by a resident individual or a Fiji Citizen; and Gain made on disposal of an individual's first residential property or principal place of residence of a resident individual or a Fiji Citizen. In the case of Fiji Citizen, the occupants are to be the nuclear family members (spouse & children) in order to qualify. First residential property means the first residential property that is a Resident or Fiji Citizen has acquired and who has sole ownership or co-owns the same with his or her spouse and includes a spouse living in a de-facto relationship; and principal place of residence means the place of residence where the individual lives. A capital gain made by a resident or a Fiji Citizen on disposal of his/her share in a family home, provided however that the disposal of shares is by way of transfer to an existing joint tenant or tenant in common. Family home means a residential property in which family members, whether immediate or extended, hold shares as joint tenants or tenants in common.

FS: Does the exemption include non-resident and non-Fiji Citizen?
CEO: No, the exemption is not available to non-resident & non-Fiji citizen as well as other persons (Companies, Partnerships, Trusts, Estate, etc.) apart from individual.