

Tax Talk- Fijians to benefit from relief policies announced by Government

The Fijian Government announced a number of policies to assist businesses and individuals in its COVID-19 Response Budget. The relief measures announced are effective from 1 April 2020. In this week's Tax Talk we will discuss in detail the change in policies and how it will benefit Fijians.

Removal of Stamp Duty on Mortgage

From 1 April 2020, any mortgage executed, will not attract Stamp Duty charges. However, taxpayers will still have to pay the applicable Stamp Duty on all transfer documents.

Stamp Duty applications from 1 April 2020 to 31 December 2020 will be as follows:

1. Stamp Duty levied on mortgage for resident taxpayers has been reduced from 1.75% to 0%.
2. Stamp Duty levied on mortgage for non-resident taxpayers has been reduced from 5% to 0%.

Similarly, the Stamp Duty of \$10 on Airway bill for any goods, merchandise or effects exported from Fiji has also been removed. While Stamp Duty has been removed, taxpayers are advised that the process to lodge Stamp Duty applications remains unchanged.

A document or instrument must be presented for assessment of duty and stamping within two months after signing or execution. During this period, documents will be stamped without any fine. However, after two months, any late stamping will incur fines.







FRCS will conduct inspections on properties on an ad-hoc basis especially for cases where conditional exemptions has been granted. If a taxpayer makes an incorrect declaration, FRCS will recover the tax underpaid accordingly.

In addition to the new relief measures introduced in the COVID-19 Response Budget, any small and medium enterprise with an annual gross turnover not exceeding \$500,000 is already exempted from paying Stamp Duty.

Reintroduction of Certificate of Exemption for Contractors Provisional Tax

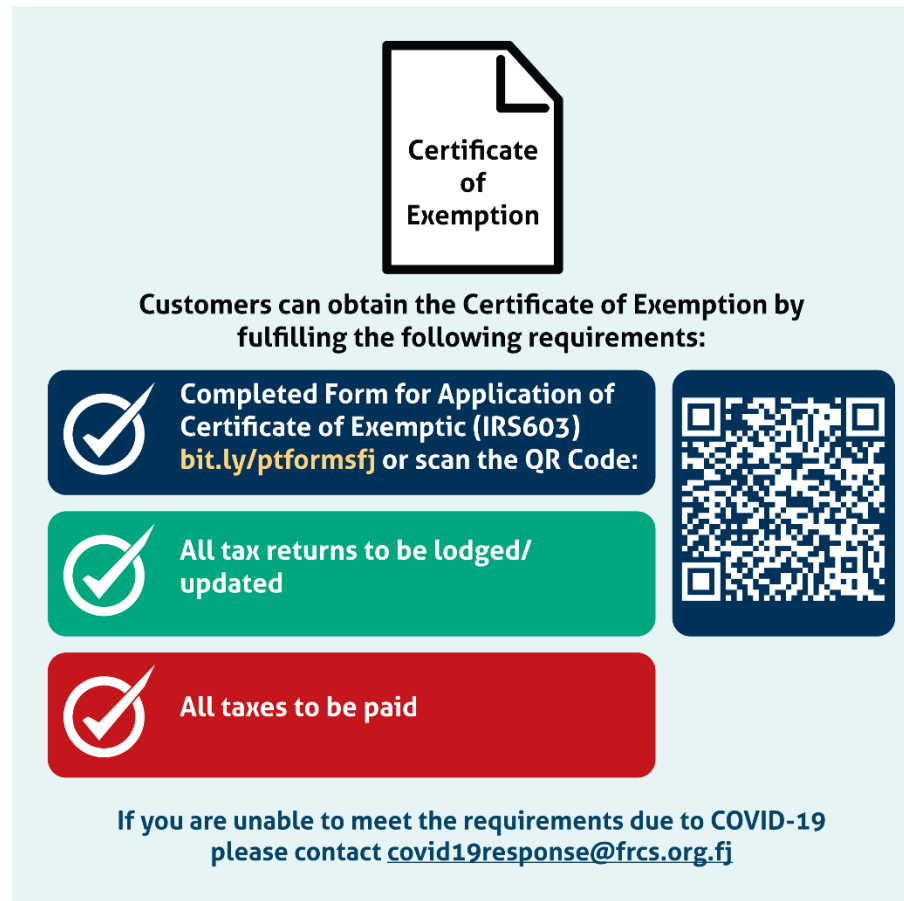
The COVID-19 Response Budget also reintroduced the Certificate of Exemption for 5% Provisional Tax withheld on contract for services. This policy will improve cash flow management of contractors since they will now receive pre-tax payments for the services provided.

From 1 April 2020, all persons engaged in contract for services can apply for Certificate of Exemption for 5% Provisional Tax under the Income Tax (Collection of Provisional Tax) Regulations 2016.

<p>Stamp Duties removed</p> <p>Stamp Duty levied on mortgage</p>  <p>Stamp Duty on any Airway Bill for any goods, merchandise, or effects exported from Fiji</p> 	<p>Suspension of TELS Repayments</p> <p>Repayments have been suspended from 1 April 2020 to 31 December 2020.</p> <p>Due dates for the Accelerated Repayment Incentives for the various discount percentages has been extended by 9 months</p> 
<p>Emport Income Deduction Increased</p> <p>Rate raised from 50% to 60% for years 2020 to 2022</p>  <p>A separate set of records is to be kept for export sale and all domestic sales together with separate expenses for all export and domestic sales.</p> 	<p>Deferment of VAT Monitoring System</p> <p>Implementation of the VAT Monitoring System has been deferred to 1 January 2021.</p> <p>Will only be applicable on businesses with gross turnover of more than \$100,000</p> 

The Certificate of Exemption can be obtained by completing the application form, which is available on the link <https://www.frsc.org.fj/our-services/taxation/taxation-forms/provisional-tax/> and the completed form can be emailed to coe@frsc.org.fj.

For smooth administration of Certificate of Exemption initiatives, businesses and companies that engage in contract for services must ensure that they are registered with FRCS for Provisional Tax before withholding 5%.



The infographic features a light blue background. At the top center is a white document icon with a black border and a folded corner, containing the text "Certificate of Exemption". Below this is the heading "Customers can obtain the Certificate of Exemption by fulfilling the following requirements:". To the left of the QR code are three colored boxes, each with a white checkmark icon: a dark blue box for the application form, a green box for tax returns, and a red box for taxes paid. To the right of these boxes is a large QR code. At the bottom, a dark blue box contains contact information for COVID-19 related issues.

Certificate of Exemption

Customers can obtain the Certificate of Exemption by fulfilling the following requirements:

- Completed Form for Application of Certificate of Exemptic (IRS603) bit.ly/ptformsfj or scan the QR Code:
- All tax returns to be lodged/ updated
- All taxes to be paid

If you are unable to meet the requirements due to COVID-19 please contact covid19response@frsc.org.fj

Suspension of Tertiary Loan Repayments

Furthermore, as part of the COVID-19 relief package, the tertiary loan repayments for those students who have studied under the Tertiary Education and Loans Scheme (TELS) has been suspended. Repayment has been suspended from 1 April 2020 to 31 December 2020.

Employers who have been deducting tertiary loan repayments from their employee's salaries and wages are strongly advised to suspend all deductions during the mentioned period. With the suspension of deductions, customers are also advised that all due dates for the **Accelerated Repayment Incentives** has been extended by 9 months. It will ensure that TELS and PSC Loan recipients do not lose out in taking full advantage of the Accelerated Repayment Incentives due to the current suspension in repayments.

Export Income Deduction Incentive

Export Income Deduction rate has been increased from 50% to 60% for the tax year 2020 and the rate of 60% will be maintained until 2022. This tax incentive encourages export of goods and services from Fiji to stimulate economic growth and inflow of foreign exchange. A deduction for export income is allowed in accordance with Section 25(8) of Income Tax Act 2015.

Export income means net profits derived by a person from the business of exporting goods and services, but excludes re-exports. The export income deduction is only allowed if FRCS is satisfied that the export earnings have been remitted back to Fiji.

Deferment of VAT Monitoring System (VMS)

FRCS also wishes to advise members of the public that the implementation of the VAT Monitoring System has been deferred to 1 January 2021. VMS will now be applicable on gross turnover of more than \$100,000 only. Taxpayers who voluntarily register for VAT (that is, those presently below \$100,000) will not be captured. The policy will assist small businesses in mitigating financial costs and promote ease of doing business.

For more information, please email us on covid19response@frcs.org.fj.