



TAX TALK

Reduced Customs Tariffs Helps Ease Prices of Imported Goods

The 2020/2021 National Budget introduces a wide-range of revenue policies to provide a stable economic environment that is conducive to fostering strong and sustainable economic growth. These policies are intended to stimulate economic activity following the impact of the COVID-19 pandemic and its aftermath.

The reduction in taxes and customs tariffs is expected to enhance investment and economic activities that will help support recovery, assisting business sustainability through tax relief, flexible payment arrangements, targeted tax incentives and ensuring simple, streamlined taxation and customs administrative processes. It will also help improve ease of doing business in Fiji. Major reform in customs tariff is expected to see a decrease in prices of consumer goods, household items, motor vehicles, food and other items.

Reduction of duties on 1647 items

Customs duty has been reduced on 1647 items. For more than 1000 items, duties have been reduced to 5% or zero % while on more than 500 items, duty fell from 32% to 15%. Through reduction in tariffs, the Fijian Government is ensuring that the ordinary citizens are getting cost effective and quality products.

The list below show duty reduction on some of the basic items used commonly by consumers. An exhaustive list on tariff reduction can be accessed on <https://www.frccs.org.fj/our-services/taxation/budget-amendments/>.

Food Items

Good news for all consumers as reduction of fiscal duty to 5% has seen products such as vegetarian soya chunks, protein concentrates, tomatoes, lettuce, cucumber, peanut butter, pasta, soya sauce, chocolate, vinegar, mixed condiments, soups and broths preparations, canned fruits (pineapples, peaches, apricots, cherries etc.), breakfast cereals, maple syrup, caviar, preserved fish (salmon, herring, anchovies etc.) become affordable for more people.

Household Items

Household items like blankets, curtains, bed linen, table linen, kitchen linen, floor coverings such as carpets and linoleum, tableware and kitchen ware of wood, plastic flasks, wooden clothes hangers, multi-wick stove, refrigerators, wall clocks, freezers,

dry cleaning machine, washing machines, microwave, toasters, coffee makers, cooktops, food grinders and mixers have fiscal duties reduced to 5%.

Construction Materials

Reduction of duties to 5% from 15% and 32% on items such as PVC fittings, building stones (granite, marble, travertine), flooring panels, ceiling fans, stainless steel tubes and pipes, wooden frames, wooden shuttering and prefabricated structural components for building or civil engineering of cement is expected to enhance accessibility to quality and affordable construction materials for more people.

Personal Care and Hygiene

Personal care and hygiene products such as liquid bath soap, toothpaste, dental floss, toothbrushes, combs, lipsticks, eyeliners, eye shadows, facial powders, preparations for hair use (shampoo, conditioners, hair relaxers), manicure or pedicure preparations, complete wigs, fake eye lashes, hair curling wands, hair dryers, hair removing appliances and shavers, perfumes and perfumed bath salts have fiscal duty reduced to 5%.

Baby Products

Reduction of 5% fiscal duty also applies to baby walkers and swings, baby strollers and wheeled toys.

Books

The protective fiscal duty rate on exercise books have also been reduced from 32% or \$1 per unit (whichever is greater) to 5%. This is to ensure quality and cost effective products to ordinary Fijians.

Electronics

Fiscal duty on electronics such as sound recording or reproducing apparatus, digital cameras, radios, instant print cameras, surveillance cameras, video recording apparatus have been reduced to 5%. Loudspeakers, microphones, headphones and earphones will now be duty free.

Reduction in Fiscal Duty and Removal of Import Excise on White Goods

The table shows the reduction in fiscal duty and removal of import excise on white goods below. The Environment and Climate Adaptation Levy (ECAL) have also been reduced from 10% to 5% on import of the white goods stated below. ECAL reductions come into effect from 1st August 2020.

Goods	Previous Rates			New Rates		
	Fiscal Duty	Import Excise	Value Added Tax (VAT)	Fiscal Duty	Import Excise	Value Added Tax (VAT)
Smart phones	Free	Free	9%	Free	Free	9%
Air conditioners	15%	10%	9%	5%	Free	9%
Refrigerators and Freezers	15%	5%	9%	5%	Free	9%
Televisions	15%	10%	9%	5%	Free	9%
Washing Machines	15%	10%	9%	5%	Free	9%
Dryers	15%	10%	9%	5%	Free	9%
Dishwashers	15%	10%	9%	5%	Free	9%
Electric Stoves	15%	10%	9%	5%	Free	9%
Microwaves	15%	10%	9%	5%	Free	9%
Electric Lawn Mowers	5%	Free	9%	5%	Free	9%
Toasters	15%	10%	9%	5%	Free	9%
Electric Jugs	15%	Free	9%	5%	Free	9%
Hair Dryers	15%	10%	9%	5%	Free	9%

Reduction in Fiscal Duty on Passenger Motor Vehicles

The import duty on used passenger motor vehicles have been reduced by up to 75%. The new import duty structure is as follows:

Tariff Structure on Hybrid Vehicles

Cylinder Capacity	Description	Previous Fiscal Duty	New Duty Rates
Less than 1,500 cc	New	Free	Free
	Used	\$4,000 per unit	\$1,000 per unit
1,500 cc to 2,500 cc	New	Free	Free
	Used	\$5,000 per unit	\$1,250 per unit
2,500 cc to 3,000 cc	New	Free	Free
	Used	\$6,000 per unit	\$1,500 per unit
Exceeding 3,000 cc	New	Free	Free
	Used	\$13,000 per unit	\$3,250 per unit

Tariff Structure on Non-Hybrid Vehicles

Cylinder Capacity	Description	Previous Fiscal Duty	New Duty Rates
Less than 1,000 cc	New	15%	5%
	Used	32% or \$7,000/unit	15% or \$1,750/unit
1,000 cc to 1,500 cc	New	15%	5%
	Used	32% or \$11,500/unit	15% or \$2,875/unit
1,500 cc to 2,500 cc	New	15%	5%
	Used	32% or \$16,000/unit	15% or \$4,000/unit
2,500 cc to 3,000 cc	New	32%	15%
	Used	32% or \$23,000/unit	15% or \$5,750/unit
Exceeding 3,000 cc	New	32%	15%
	Used	32% or \$28,500/unit	15% or \$7,125/unit

The age limit requirement on non-hybrid passenger motor vehicles have been removed. However, these vehicles will still be required to be Euro 4 compliant. The age limit requirement for the hybrid passenger vehicles remains at 5 years.

The luxury vehicle levy imposed on passenger vehicles have been removed.

Additionally, importers are required to apply for Import license with the Fiji Revenue and Customs Service (FRCS) prior to importation.

The Environment and Climate Adaptation Levy (ECAL) on motor vehicles have also be reduced from the current 10% to 5%.

The fiscal duty on all machineries have been reduced from 5% to 0% with the exception of second –hand machineries, which remains at 5%. The Customs and excise measures are effective from 18th July 2020.

For the 2020/2021 National Budget Summary on Revenue Policies, visit <https://www.frsc.org.fj/our-services/taxation/budget-amendments/> . For more information please email us on info@frcs.org.fj.