



### VAT Monitoring System

As announced in the 2020/2021 National Budget on July 17 2020, the implementation of the Phase 3 of the Value Added Tax (VAT) Monitoring System (VMS) under the Tax Administration (Electronic Fiscal Device) Regulations 2017 has been further deferred to 1<sup>st</sup> January 2022. The VAT Monitoring System will be applicable on gross turnover of more than \$100,000.00. Taxpayers, who voluntarily register for VAT (i.e. those presently below \$100,000.00), will not be captured in VMS.

#### VAT Monitoring System

Launched in 2017, the VAT Monitoring System is a tool applicable to gazetted group of businesses to monitor the sale of all goods and services. Under the current tax law, all gazetted group of businesses with annual gross sales exceeding FJ\$100,000, are required to register and account for VAT based on their registered taxable period which is either monthly, quarterly or annually.

VAT is trust money collected by all registered person(s) and businesses in Fiji on behalf of the Government and therefore should be correctly accounted to the Fiji Revenue and Customs Service (FRCS). Some registered businesses have been charging VAT but unfortunately have not been correctly declaring the amount of VAT collected.

#### Changes in Tax Rate for VAT Monitoring System

In the 2020/2021 National Budget, there were changes in tax rates for certain tax types. These changes will impact VMS compliance, hence FRCS is requesting all relevant parties to take note that effective from 1<sup>st</sup> August 2020, following changes in VMS/EFD tax rates are applicable:

Name	Abbreviation	Tax Label	Old Rate/ Amount	New Rate/ Amount	Note
Value Added Tax	VAT	A	9.00 %	<b>9.00 %</b>	Applies to all goods & services except for exempt and zero- rated goods & services
Value Added Tax Export	VAT- EXPORT	B	0.00 %	<b>0.00 %</b>	Applies to exported goods and services only
Value Added Tax Excluded	VAT- EXCL	C	0.00 %	<b>0.00 %</b>	Applies VAT Exclusive goods and services only
Service Turnover Tax	STT	E	6.00 %	<b>0.00%</b>	6% STT on all prescribed services has been removed
Environment Climate Adaptation Levy	ECAL	F	10.00 %	<b>5.00%</b>	Reduced from 10% to 5%
Plastic Bag Levy	PBL	P	FJ\$0.50	<b>FJ\$0.50</b>	No changes
Non-Tax	N-TAX	N	0.00	<b>0.00</b>	Applicable only to businesses who are not registered for VAT

We encourage all consumers to carefully check all fiscal invoices to ensure that correct tax rates have been levied to avoid any overpayment. Should you find any inconsistencies on the fiscal invoices, please email us on [efdenquiry@frcs.org.fj](mailto:efdenquiry@frcs.org.fj).

### **Compliant Taxpayers**

The roll-out of the VMS is being done in phases. The first phase of roll out was for supermarkets and pharmacies while the second phase includes hardware companies, accounting firms, medical centers, travel agencies and the law firms. We are pleased to announce that Phase 1 and 2 of Electronic Fiscal Device (EFD)/Vat Monitoring System (VMS) achieved 95 % and 91% compliance respectively. FRCS would like to thank all Phase 1 and 2 businesses for their continuous support, commitment and dedication in achieving this compliance level towards the VMS journey. We would also like to encourage and will assist and support the remaining businesses from Phase 1 and 2 to come on board and achieve compliance.

### **Importance of EFD/VMS**

The objective of the VAT Monitoring System is to have efficient and reliable software to encourage voluntary tax compliance and at the same time, collect the much needed revenue for the government.

The VMS software is linked to the Taxpayers Point of Sale (POS) and provides real time data to FRCS on total company sales and the amount of VAT or any other tax collected.

Companies that are registered for VMS will have QR Code on their fiscal invoice. FRCS encourages customers to download the FRCS Receipt Vericator from Google

App Store, as when you scan the QR Code on your fiscal invoice this will ensure the VAT component of your purchase is registered with FRCS and at the end of the month, if the business does not pay their VAT, we have evidence of unpaid trust money. When scanning the QR Code, you will also be able to save and download a copy of your purchases, which will help you to keep track of all your expenses electronically and avoid you keeping invoices for too long, as the details on the invoices may fade by the time you want to claim your expense details. The VMS is also expected to minimise fraudulent activities.

### VMS- Phase 3 Group of Businesses

As outlined in the Government of Fiji Gazette, Volume 20 No.9 (Dated 21<sup>st</sup> May,2019) <https://www.frsc.org.fj/wp-content/uploads/2019/05/GN-38-Tuesday-21-May-20191.pdf>, below is the list of the business industries that need to register for VMS/EFD Phase 3.

<b>GROUP OF BUSINESS</b>	<b>DESCRIPTION</b>
<b>Accommodation</b>	Includes hotels, boarding houses, lodging houses, guest houses and any building, vessel, premises, structure , caravan or house on wheels not being a public institution used for the business of receiving guests or travelers for any period of time or to which persons are entitled to resort for accommodation for hire or reward of any kind.
<b>Architecture and Engineering</b>	Includes architectural and engineering activities and related technical consultancies
<b>Commercial Health Care Services</b>	Includes the provision of health care services on a commercial basis such as private hospitals, general or specialty medical and surgical hospitals, sanatoria, nursing homes, asylums, rehabilitation centers, medical practices, dental practices, allied health practices and optometry practices that are profit oriented businesses.
<b>Construction</b>	Includes contractors and subcontractors in the construction or maintenance of buildings, construction or other civil engineering projects, demolition and site preparation, electrical installation, plumbing, heat and air- conditioning installation, other construction installation, building completion and finishing and other specialized construction activities.
<b>Food Services</b>	Includes the provision of food or drink whether alcoholic or otherwise in exchange for money or consideration such as restaurants, bars, night clubs , taverns and catering services.
<b>Freight Operators</b>	Includes freight transport by road, sea and coastal freight water transport, inland freight water transport, freight air transport, warehousing and storage, service activities incidental to land transportation, service activities incidental to water transportation, service activities incidental to air transportation, cargo handling, other transportation support activities, postal activities and courier activities, including customs agents.
<b>Real Estate Agents</b>	Includes licensed real estate agent activities in relation to owned or leased property.
<b>Service Stations</b>	specialized stores involved in the provision of the retail sale of automotive fuel and other goods, servicing of vehicles and other services provided at service stations.

<b>Wholesalers and Manufacturers</b>	Includes dealers, traders, manufacturers, wholesalers and distributors of goods for sale that purchase great quantities of goods for resale. This also includes hardware companies, supermarkets and pharmacies that are wholesalers and manufacturers.
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Businesses, that are part of Phase 3 and meet the requirements outlined in the COVID -19 Response Budget must register for EFD/VMS through the following link (<https://eservices.fracs.org.fj/EFD>) on FRCS website.

For more information please email us on [info@fracs.org.fj](mailto:info@fracs.org.fj).

Ends.