

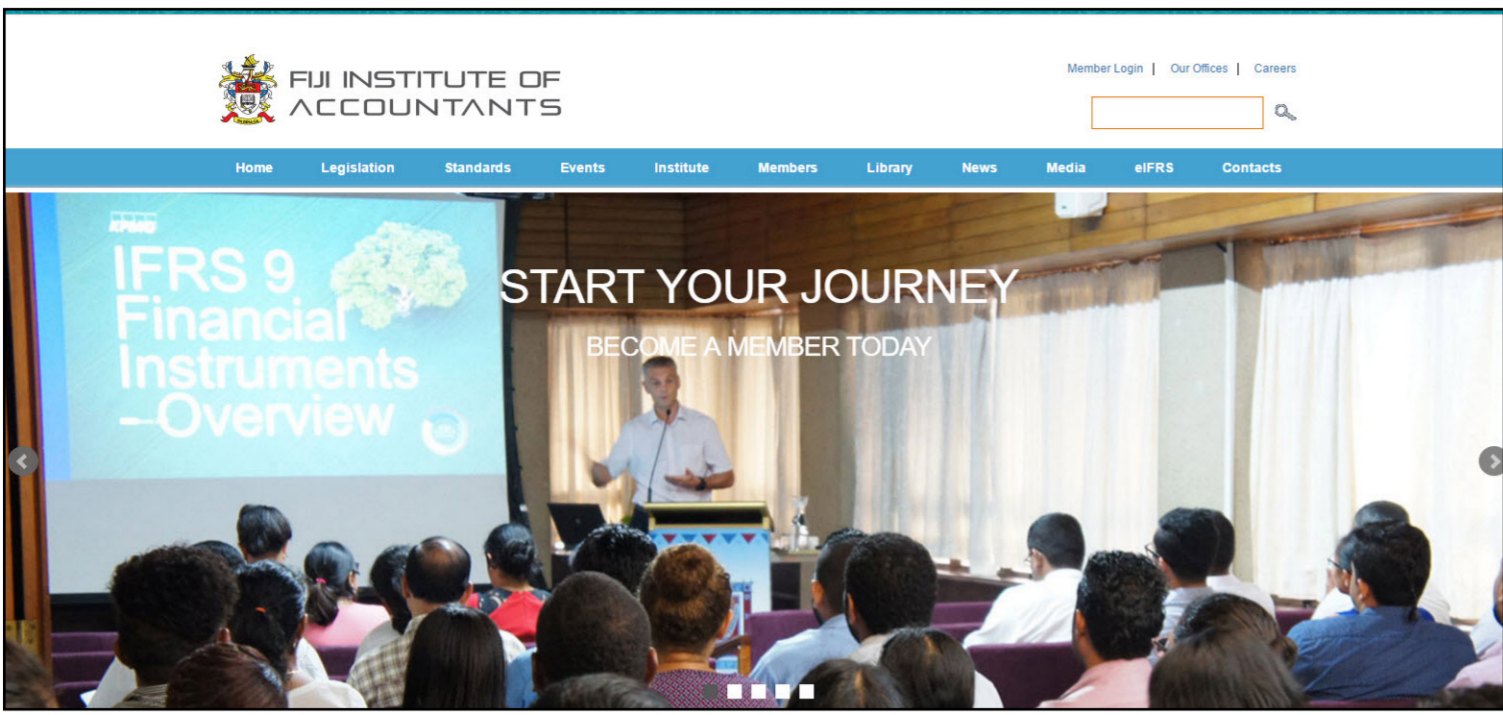


# Littera

ISSUE 23 APRIL 2017

MEMBER INFORMATION & SNAPSHOTS OF KEY DEVELOPMENTS

## WEBSITE GETS FACELIFT



The FIA website was developed quite some years ago. Since then, there has been significant advancements in technology as well as a shift in the information needs of members and any other interested users.

The Communications Committee, with the blessing of the FIA Council undertook the initiative to organise a facelift of the website. Below is the screen shots of the new version of the website.

The facelift was carried out by Dated, a subsidiary of Vodafone.

The key features that were enhanced as part of the facelift are as follows:

- New Website Design and Revamp
- Mobile Responsive Interface - website will be compatible with

smartphone devices.

- Better and Faster Loading speed on the CMS Upgrade
- Upcoming Event Functionality

• Facebook Integration - Users can now post facebook messages from website rather than going to facebook page. They can even 'like' and share posts.

• Upgraded Membership Portal functionality - (once FIA administrator gives the login to members) Members have their own eIFRS Portal.

- Homepage Banner Rotator - For appealing look of the websites homepage.

The Chair of the FIA Communications Committee, Mr Murgessan Pillay said,

"we are delighted to have achieved a significant milestone during the year, in our efforts to improve service delivery to our members. And we are particularly pleased that quite fittingly, Dated, the right to carry out the job as Vodafone group is a major sponsor of FIA".

The Chair further added, "This is not the end but the beginning in our efforts to improve service delivery. Now that we have a webpage that has been technologically upgraded, there is greater freedom to disseminate information through this channel or add on ancillary facilities. Watch the space."

Members are urged to fully utilise the webpage

### Auditors and Liquidators Please Note

There has been some confusion regarding the need for auditors and liquidators to register under the provisions of section 416(1) (b) of the 2015 Companies Act. The Office of the Solicitor General has clarified the situation as follows:

- >> "Under section 748, an auditor or liquidator that was appointed under the 1983 Companies Act is deemed to be validly appointed until the expiration of the transition period [2 January 2017]
- >> Following the expiration of the transition period, an auditor or liquidator must then be reappointed into that position and registered under the 2015 Companies Act
- >> Section 748 requires all auditors and liquidators that were appointed under the 1983 Companies Act to be re-appointed

### ADMISSIONS

The Institute is pleased to welcome the following persons, who have been admitted to membership, in various different categories, during January to March 2017:

**CHARTERED ACCOUNTANT WITH A CERTIFICATE OF PUBLIC PRACTICE**  
DINESH CHAND - D.CHAND & CO

### CHARTERED ACCOUNTANT

NILESH CHAND - ASLEO CARE (FIJI) LTD  
RADHA RADHIKA DEVI - RAMANI & CO  
BHAVIK KHATRI - KPMG  
KRITHNEEL SINGH - OFFICE OF THE AUDITOR GENERAL  
MANDVI NANDITA SINGH - CHARAN, JEATH SINGH GROUP OF COMPANIES  
ALL ERSHAD - E & Y  
CHANDRA, ASHMITA - NEIL UNDERHILL & ASS  
FATIKA, ROSALIA - USP  
GOHIL, VISHKA ARUN - DIOXCE OF POLYNESIA  
ISAACS, CONRAD ROGER - TRANS PACIFIC REGION OF SOA  
KUMAR, PRANETH PRAKESH - VISION INVESTMENT  
KUMAR, SHEENAL SHIVANI - PWC  
LATA, SHASHREEN - VODAFONE FIJI LTD  
LODHIA, CHANDRAKANT - AGRICOM (FIJI) LTD  
NAND, ANVINDRA AVENITH - PWC  
NAND, NEELAM NILESHINI - MUNROLEYS  
NARAYAN, SUHAJANA DEVEEEN - ITAUKEI AFFAIRS BOARD  
NAWAZ, MOHAMMED NASEEM - CREDIT CORPORATION  
NISHA, SARREEN REHANA - F&B  
PRASAD, NILESH KASHISH - WILLIAMS & GOSLING  
RAM, NIRAJ SANKHIV - RAMS CONSULTANCY  
SINGH, MONISHA - USP  
SINGH, ROSELYN - E & Y  
VANIQUI, ISHRELI TOKACALCA - FRCA

### PROVISIONAL MEMBER

AHMED, ZIBRAN - UCHOOSE FASHION  
AUTAR, NATASHA SHIVANI - FNU  
BANO, NARFEZA NAZIA - ADB  
CHANDRA, NAVIN - MINISTER OF INFRASTRUCTURE & TRANSPORT  
DEVI, BHAVISHA - ALIZ PACIFIC

FINAU, KELLERA KRISTYLE - VODAFONE FIJI LTD  
JAL, SHIVNEET - O&G LATA  
JANUJ SANJESHINI - ESP  
MALA, VINETA - SUN (FIJI) NEWS LTD  
NAICKER, MELINDA MONICA - FEA  
NANDANI, POONAM KALPANA - UPRISING BEACH RESORT  
PRASAD, KAVNEEL - MIN OF INFRASTRUCTURE & TRANSPORT  
PRASAD, MOHINI LATA - ODUM INTERNATIONAL LTD  
PRASAD, RONIT RAJNEESH - FICAC  
PRASAD, SANJEEV - FRCA  
PRIT, DAVENDRA KUMAR - WILLIAMS & GOSLING  
SATWAN - FIJI ROADS AUTHORITY  
SHAH, FAREESHA NAZMEEN - E & Y  
SHARMA, JOTISH JITESH - RBF  
SHARMA, KESHAV RAM - FIJI ROADS AUTHORITY  
SHARMA, PRIYANKA - EBY  
SINGH, RAJNAIL DUTT - FIJI NATIONAL UNIVERSITY  
SOLOMON, FERETI KEMUELI - AROHA CO PTE LTD  
VERMA, GESHNEEL RAVITEESH - FIJI NATIONAL UNIVERSITY

SHADAB SHIBDAZ ALI - OFFICE OF THE AUDITOR GENERAL  
MUNESHWAR PRASAD DUTT - LAND TRANSPORT AUTHORITY  
SHIREEN SHELVIN LATA - PACIFIC ENERGY  
SITVINI LULU NAVIOTA - OFFICE OF THE AUDITOR GENERAL  
SEREANA TUPOU SARO - FIJI NATIONAL UNIVERSITY

### AFFILIATE ACCOUNTANT

ALI, IMBRAAZ - SIGATOKA RIVER JET TOUR LTD  
ALI, MOHAMMED RIZWAN - SCC  
KUMAR, PRIYANKA - DATEC FIJI LTD  
PRASAD, LALINI ANJANA - DATEC FIJI LTD  
PRASAD, SHEENAL LATA - E & Y  
RAIKOTI, ESTHER ALICIA KAWAKAKE - FHL PROPERTIES LTD  
RANIGA, MILAN - FIJI HIGHER EDUCATION COMM. RITA, MINU - SCC  
ARTI DEVI - WATER AUTHORITY OF FIJI  
SARAKES SALABABA MATAKADA - ITAUKEI LAND TRUST BOARD

OVERSEAS MEMBER - PROVISIONAL MEMBER  
NAROVU, ANA KULUTEA - COOK ISLANDS AUDIT OFFICE  
PANDEY, SRANKAN KUMAR - DINESH K.S.SHARMA & CO



## FIA Rewards High Achievers

As part of its commitment towards developing and promoting the accounting profession, the Institute rewards high achievers in accounting studies at secondary school level.

For the 2016 school year, the following students were awarded prizes for being the best Year 13 accounting students in their respective Divisions: Nikhil Narayan, Swami Vivekananda College - Western Division;

Samantha Petero, Rotuma High School - Eastern Division; Shreta Singh, Rishikul Sanatan College - Central Division, and Shivneel Reddy, Labasa Muslim College - Northern Division.

The FIA congratulates the students on their exceptional achievement and wishes them continued success.

Pictured above are the students showing their awards and trophies with Jerome Kado, FIA President.

## Renu gets top award

Renu Chand, Past President of the Fiji Institute of Accountants, is among 144 Chartered Accountants worldwide awarded a top accounting honour recognising outstanding service to their profession, by CAANZ (Chartered Accountants Australia and New Zealand).

Chand has more than 20 years' experience as a Chartered Accountant in Fiji and New Zealand and is Partner at KPMG Fiji.

"A Fellowship recognises the outstanding achievement and contribution of members to the accounting profession," says Kirsten Patterson, New Zealand Country Head of Chartered Accountants ANZ.

"Our 2016 Fellows highlight the wide-ranging pro-bono work done by members for local community organisations, often drawing on their professional knowledge and experience."

A recent survey shows Chartered Accountants average more than three hours a week volunteering or working pro bono for not-for-profit organisations.

Patterson says Fellowship Fiji Chartered Accountant gets top awards are especially powerful because they are conferred by fellow Chartered Accountants ANZ members.

The FIA Council and Secretariat congratulates Renu on her well deserved accomplishment and looks forward to her continued service to the fraternity at large.



## BUSINESS TALK

For the benefit of members, we publish at least one article of interest on a relevant accounting topic in every issue of Littera. In this issue we talk to you about 'Deemed Dividends' from a tax point of view. We acknowledge and thank FRCA for providing us the article below.

### 'VAT on residential dwelling that has features of a hotel-like accommodation and facilities'

- 1. Is VAT on residential dwelling exempted from VAT?**  
Yes, the Value Added Tax Decree (VATD) exempts the supply of rented accommodation in a "dwelling" that is occupied by tenants as their main place of residence or home. This means that the supply of accommodation in a Residential Dwelling by way of hire provided it is used predominantly as a place or residence or abode is not subject to VAT.
- 2. How do you define dwelling?**  
"Dwelling" under the VAT decree means "... any building, premises, structure, or other place, or any part thereof, used predominantly as a place of residence or abode of any individual, together with any appurtenances belonging thereto and enjoyed with it; but does not include a commercial dwelling;"
- 3. What is the definition of commercial dwelling?**  
"Commercial dwellings" are those establishments that provide residential accommodation in hotels and similar premises including buildings where various services are supplied as part of the supply of accommodation. Apart from hotels, residential accommodation in motels, inns, homestays, serviced buildings and serviced apartments are regarded as dwellings that provide hotel-like accommodation, therefore such supplies are not exempt. The supply of accommodation in any building, premises or apartment may include the supply of a service or facility or a combination of services and facilities.
- 4. So what is the new law on residential dwelling that provides hotel-like accommodation?**  
Effective 01 January 2016, a change to the exemption provision relating to the supply of residential accommodation excludes residential apartments which provide hotel-like accommodation and facilities. The new amendment means that any rented premises supplied as a main place of residence or used as a home by an individual is not exempt if the accommodation contains features that are similar to that provided in hotels. The change ensures that all rented residential accommodation in establishments that provide services or facilities that are similar to that provided in hotels, including managed serviced apartments as they are treated in the same way regardless of the structure adopted to provide the accommodation.
- 5. So what are these features of Residential Apartment Hotel-like accommodation and facilities?**  
Some of the common features of rented residential accommodation that is not exempt from VAT are: Security services; Housekeeping and/or laundry services; Free access to TV channels; Free or paid internet services such as Wi-Fi and emails; Provision of swimming pools; Provision of meals. Recreational area e.g. shared gyms, pools; Booking system for accommodation; Cooking facilities with other services; and any other service to ensure safety and comfort.
- 6. Is the accommodation and/or facilities or services mentioned above to be clearly stipulated in the written contract? What other features do you look for?**  
The accommodation and additional services contracts between the tenant and landlord can be verbal or written; duration of stay occupancy can be short or long; there may be a variety of accompanying features and characteristics. The degree of management and control exercised in relation to the provision of services is necessary for identifying the combination of features that would indicate that accommodation is in a serviced apartment and therefore a commercial dwelling.
- 7. What should owners of such residential properties that provide hotel-like accommodation do?**  
Responsible or accountable persons will be required to make changes to lease agreements to show the VAT component. They are also required to provide information on pricing and issue tax invoices to their tenants. They will also be required to keep records to support the computation of taxable supplies. Persons who supply residential accommodation in a commercial dwelling or makes supplies that meets the description of 'hotel like' services and facilities for VAT purposes, will need to register for VAT. They can do this in consultation with us or with their accountants. The following is a guide:

Registration status	Requirement	Advantage
a) If already registered	Start charging the 9% VAT	Can claim input VAT on purchases made for the period concerned.
b) If not registered and turnover exceeds or will exceed \$100,000 in any 12-month period	Must register and start accounting for VAT from the date the person became liable to register;	Can claim input VAT on purchases made for the period concerned
c) If not registered and turnover is below \$100,000	May register voluntarily.	A person who is not registered is not permitted to charge tax on supplies made.

**8. How does a person register?**  
Persons who are required to register because their turnover is more than \$100,000 (excluding VAT) should complete an Application for Registration form available from the FRCA. They should do this within 21 days of becoming liable to register. Those wanting voluntary registration may make application on same form. A person may apply for registration in anticipation of beginning a taxable activity. For example, a person who plans to open a business at the beginning of the following month can apply in advance for registration effective from the day the business commences.

**9. Will the person be notified of the registration status and the effective date of registration?**  
Once the application for registration has been made and the FRCA is satisfied that the person is to be registered, then the person will be notified. The effective date of registration will generally be the date that application is made, or where any person is required to register and fails to do so, they will normally be registered with effect from the date they first became liable to register.

**10. How about Non-profit Bodies that in the residential dwelling business that provide hotel like services?**  
For VAT purposes a Non-profit Body is any society, association, or organization (whether incorporated or not) that is not carried on for profit or gain of any member, and whose rules do not allow the distribution of money, or other property, to any of its members. Most charitable organizations, sports clubs, service organizations, professional groups, churches, social clubs, school committees, and PTAs are non-profit bodies for the purpose of VAT. However, a non-profit body that hires residential dwelling that are hotel like accommodation and facilities and whose taxable supplies is more than \$100,000, will be required to register for VAT and charge VAT to its tenants.

### 'Sale of Going Concern Business'

- 1. What are the VAT implications on the sale of a business?**  
For VAT purposes, a business or a commercial activity that is operated continuously or regularly is known as a taxable activity. When a taxable activity (business) is sold by a VAT registered person, the supply will be subject to Value Added Tax (VAT) at nine percent (9%). However, a supply may be taxed at zero percent (0%) if it involves the sale of a taxable activity as a going concern to another registered person.
- 2. Can you elaborate on the difference?**  
The sale of a taxable activity or assets is treated as an ordinary taxable supply. It is treated in the same way as the supply of trading stock. Therefore the seller must include 9% VAT in the sale price unless it can be zero-rated. When a supply is zero-rated, two things must exist and these are:  
• the buyer and seller must be registered persons and  
• the business must be operating at the point of transferring and the buyer must be capable of running it.  
The following is a guide that can be used to determine whether a supply is taxable at 9% or 0%:  
• A business is operating but the buyer is not registered, 9% VAT applies;  
• If a business is sold to another registered person but has ceased operations at the time of sale, 9% VAT applies  
• Assets of a business sold, 9% VAT applies;  
• A business is sold as a going concern where both the buyer and seller is registered for VAT, 0% VAT applies;
- 3. What is a 'going concern' for tax purpose?**  
The term 'going concern' is not defined in any tax law. Therefore, the Authority relies on the ordinary concept under which a business that is being sold operates right up to the date of settlement. It could be sold on an as-is basis or walk out - walk in basis but the main thing is that the buyer is able to continue operations without interruption. This means that the sale should include all or most of the things that are necessary to enable the taxable activity to continue operating before and after the day of sale. Only the legal ownership of the business changes.
- 4. How does FRCA determine that a business was sold as a going concern?**  
A business can only operate normally when it has certain assets. For tax purposes, the transfer of assets which are central to the taxable activity are indicators that a business is sold as a going concern. Some of the issues that the Authority considers are listed below -  
i. transfer of legal ownership of the premises or right to use the premises - this is usually stated in the sale and purchase agreement;  
ii. agreement between the buyer and seller that the business is a going concern - this must be stated in the sale and purchase agreement or confirmed in writing by both parties;  
iii. the taxable activity must be operating at the settlement date;  
iv. transfer of all assets needed to run the business - these would include customer lists, special equipment/tools etc. - a description of the assets being transferred will normally be included in the sale and purchase agreement;  
v. transfer of employees - employees are
- 5. What if only part of a business is sold?**  
Such supplies are taxable and charged with VAT at 9%. However if that part is capable of separate operation, meets the tax requirements of a going concern and is sold to another VAT registered person, the supply is taxed at 0%.
- 6. What is the process for applying for VAT to be zero-rated on sale of a Going Concern business?**  
There is no legal requirements for registered persons to apply for approval to zero-rate a supply of goods or services. However, in relation to the sale of a going concern, registered persons are encouraged to seek advice from us or their tax agent or representative. This is important because although general rules are provided, whether a going concern exists or not and whether a sale is a going concern or not are decided on a case by case basis. A person may apply in writing for tax advice and must attach all the relevant details.
- 7. What if a person does not apply for advice and zero-rates a supply?**  
VAT is a self-assessment system and it is important for registered persons to know how the law applies to them. Self-assessment means that they calculate the tax to pay and account for it in returns. However, they face the risk of audit and will be required to pay the VAT component, if the information reported is found to be false. When it is established at a later date that any of the information was false or the arrangement was entered into for the purpose of avoiding tax, the supplier will be required to pay the VAT that should have been paid, even though no VAT was charged. The total value of the supply will be treated as VAT inclusive.
- 8. Is a site inspection conducted for every request?**  
If a request for tax advice is received, wherever possible, our auditors will conduct a site visit, after which FRCA will provide a formal written notice, advising on the tax rate that may apply (9% or 0%) based on the available information.
- 9. What else is the seller required to do when a business is sold as a going concern?**  
When a business is sold as a going concern, VAT on the supply must be accounted for in the taxable period in which the sale took place. If the person will cease to be a registered person, the person must file a final VAT return and account for VAT on the sale of the taxable activity in that return.

Disclaimer: FIA, its secretariat or its editorial team takes no responsibility on the accuracy and/or interpretation of contents of these articles. Readers are advised to seek their own independent advice on any specific matter of interest either directly from FRCA or their tax advisers.

## School visits are always high on the agenda ...

Our Marketing & Branding team regularly visits schools to directly talk to students about the accounting profession. Here are pictures from some of the visits.

