2020-2021

National Budget Commentary

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2020-21
National Budget Commentary

At a glance

The Honorable Minister for Economy, Attorney General, Minister for Civil Services and Communications Mr. Aiyaz Sayed-Khaiyum delivered tonight (17 July 2020) the 2020/2021 ('F21') National Budget address. The F21 budget follows on from the COVID-19 response budget of March 2020 in response to the devasting effects of the virus on the Fiji economy.

The key focus of the F21 budget is to provide taxation relief in particular to businesses and at the same time continue the significant Government spending impact on the economy despite drastically reduced taxation revenues.

Taxation reform

Significant taxation reform includes:

- Support for tourism dependent businesses in the form of the abolishment of Service Turnover Tax of 6% on all prescribed services and a reduction in the Environmental and Climate Adaption levy ("ECAL") from 10% to 5%. Similarly, the threshold for businesses that are required to charge ECAL has increased to those with revenue over F$3m pa (from $1.25m);
- Departure tax is also reduced to $100 per passenger (from $200) with cash incentives for the first 150,000 visitors to return to Fiji for holiday. Excise tax on alcohol has also been reduced by 50%, improving the tourism product offering in this regard;
- There are major structural taxation changes such as the abolishment of stamp duty altogether, which will reduce transaction costs and insurance costs for business;
- Custom duties and import exercise have also been restructured with major reductions in duties affecting some 1,600 plus import categories; and
- There are other major taxation reforms such as new investment packages for medical investment, subdivision of lots, private sector investment in buildings and residential housing development.

Government of Fiji Fiscal position

The costs to the Government of Fiji by the pandemic have been dramatic with Government revenue forecast to decline to $1.7 billion in F21 from $2.76 billion in F20 and $3.1 billion in F19.

Government expenditures have and will remain constant between $3.6 billion in F19 to $3.7 billion in F21.

The fiscal deficit for F21 is set at 20.2% of GDP or $2 billion. There is also an obligation for principal payments of $750 million taking the gross deficit to $2.75 billion. The fiscal deficit in F20 was $0.8 billion.

Debt levels are expected to increase as a result to $8.3 billion or 83.4% of GDP by the end of July 2021.

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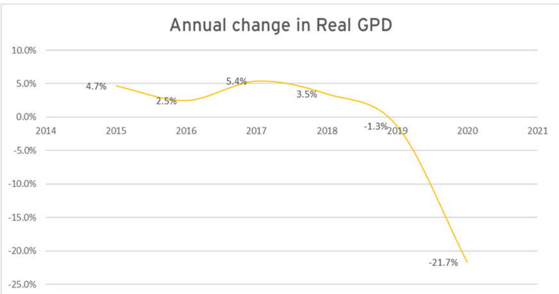
The Fiji Economy

The COVID-19 pandemic has severely disrupted the global economy with devastating impacts on financial markets, jobs and businesses. The International Monetary Fund (IMF) has projected a global contraction of 4.9 percent for 2020, making this the worst economic crisis since the Great Depression in the 1930s.

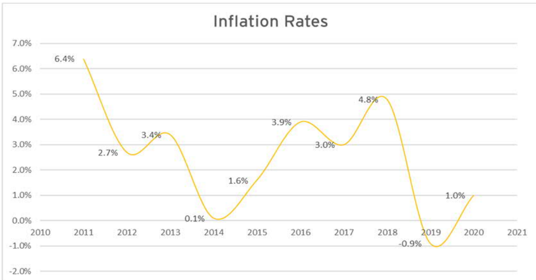
The Fijian economy is estimated to have contracted by 1.3 percent in 2019 amid the global slowdown, weak domestic demand and low business confidence, ending nine consecutive years of economic growth since 2010.



In 2020, the Fijian economy is projected to contract by 21.7 percent given the devastating impact of the COVID-19 pandemic on the tourism sector and its rippling effects on all other sectors of the economy. This is the largest economic contraction in Fiji's history.

Tourism related activities contribute around 35 percent to GDP and visitor arrivals are forecast to decline by 75 percent in F20. As a result, accommodation & food service activities, wholesale & retail trade, transport & storage, administration & support services and arts & entertainment are expected to contract severely.

Year-end annual inflation in 2019 was -0.9 percent, mainly due to lower prices in alcoholic beverages, tobacco & narcotics, communications, housing, water, electricity, gas & other fuels and transport.



Year-end inflation for 2020 is expected at 1 percent, reflecting the impact of the pandemic on domestic and external demand, as well as global commodity prices such as crude oil.

Total exports grew by 2.7 percent in 2019 to $2,167.8 million, led by higher re-exports which more than offset the decline in domestic exports. The contraction in domestic exports was driven by declines in pine woodchips, cement, gold, cartons and garments, which negated growth in exports of mineral water, sugar, fish, mahogany, molasses, taro and chemicals.

In 2019, total imports fell by 8.6 percent to $5,075.8 million, due to declines in the import of machinery and transport equipment, manufactured goods, chemicals, mineral fuel, miscellaneous goods, food & live animals, crude materials and animal & vegetable oil & fats. This reflects lower aggregate demand, the slowdown in economic activity and tightening financial conditions earlier in the year.

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Fiji recorded a current account deficit of $572.5 million in 2019, equivalent to 4.9 percent of GDP, an improvement from a 7.3 percent deficit in 2018.

Tourism earnings grew by 2.7 percent to $2,065.5 million in 2019. With significantly lower expected visitor arrivals in 2020, earnings are projected to fall by about 70 percent. However, for 2021 and 2022, tourism earnings are expected to rebound by 66.6 percent and 6 percent, respectively.

Personal remittances stood at $587.5 million in 2019 and are forecast to decrease by 15 percent to $499.5 million in 2020. In 2021 and 2022, remittances are projected to grow by 14.1 percent and 10 percent, respectively, in line with the anticipated global growth.

Monetary policy

The Reserve Bank of Fiji (RBF) will continue to focus on ensuring adequate level of foreign reserves and low and stable inflation. Foreign reserves (RBF holdings) levels in early July 2020 were around $2.15 billion, equivalent to almost 7 months of retained imports.

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Government of Fiji Fiscal position

At a glance

Table 1 below is the cashflow statement that provides the fiscal position of Government for 3 comparable years. It provides the actual fiscal position of the Government for the FY2018 - 2019, projections for FY2019 – 2020, the revised budget as a result of the COVID-19 pandemic and the budget estimates for FY2020 - 2021.

Table 1: Government of Fiji Statement of Cash Flows

In F$M	2018 – 19 Actual	2019 - 20 Initial Budget	2019 – 20 Revised Budget	2019 – 20f	2020 – 21f
Receipts	3,181	3,492	2,508	2,699	1,674
Tax receipts	2,820	3,080	2,022	2,189	1,466
Non-Tax revenue	361	412	486	510	208
Payments	3,600	3,841	3,536	3,536	3,674
Operating payments	2,464	2,535	2,393	2,438	2,466
Capex	1,136	1,306	1,143	1,098	1,208
Net Deficit	-419	-349	-1,028	-837	-2,000
- % of GDP	-3.6	-2.7	-9.0	-8.2	-20.2
Debt	5,735	5,979	6,989	6,705	8,256
- % of GDP	49.3	47.1	60.9	65.6	83.4
GDP	11,636	12,704	11,480	10,214	9,905

Sources: Revised Budget estimates are from COVID-19 Response Supplementary Budget delivered in March 20
Economic and fiscal update supplement to the 2020-2021 budget address

Key highlights of the Government fiscal position are:

- Government receipts in F21 will be down 38% compared to the prior year (F20) and down 47% from F19;
- Government expenditure in F21 will increase by 4% compared to the prior year (F20) and stands at $3.7 billion;
- The deficit increases by $1,164 million to $2,000 million as a result;
- GDP is expected to contract by -3% in F21 with largest decline being in F20 of -21.7%;
- Government debt to GDP will be 83.4% as the deficit will be funded by borrowing;
- The Increase in debt levels will be primarily sourced internationally from the World Bank, ADB and other international borrowers with the FNPF funding 32%.

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Government Revenue

Government revenue, of which tax revenue comprises 90%, have nearly halved due to the pandemic. Tax revenues are expected to further decline in F21 due to the reduction in a number of taxes to stimulate economic activity support tourism and increase domestic demand.

Government revenue as a percentage of GDP will as a result drop dramatically from 27% in F19 to 16% in F21. Significant concessions have been made on future tourism tax revenue as well on customs duties to encourage economic activity.

Expenditure

The largest component of Government's operating expenditure is personnel costs. In FY2018-2019, personnel costs amounted to $1,017 million or around 41.9% of total operating expenditure, and around 28.2% of total expenditure.

There will be no reduction in pay for all other civil servants. Government, as the largest employer in the economy (around 38,000 civil servants), is mindful that any significant reduction in public sector wages and salaries will place considerable strain on domestic activity and the welfare of thousands of families.

Interest in F21 is forecast at $403m (F20 $350m) which equates to 11% of total expenditure or forecast at 4% of GDP.

Government debt

Government debt as at July 2020 is forecast to reach $6.7 billion or 65.6% of GDP due to an increased borrowing limit in the 2019-2020 COVID-19 Response Budget to accommodate a higher deficit of 8.2%. The significant increase in debt to GDP is also attributed to the downward revision of nominal GDP given the massive economic contraction projected for this financial year.

Particulars	July 16	July 17	July 18	July 19	July 20 (f)
Domestic Debt	3,245.0	3,300.8	3,763.0	4,278.5	4,955.1
External Debt	1,262.6	1,370.9	1,457.5	1,456.8	1,750.3
Total Debt	4,507.7	4,671.7	5,220.5	5,735.2	6,705.4
Debt (as a % of GDP)	44.7	43.5	46.0	49.3	65.6
Domestic Debt to Total Debt (%)	72%	71%	72%	75%	74%
External Debt to Total Debt (%)	28%	29%	28%	25%	26%

Medium term fiscal framework

The table below outlines the medium-term fiscal framework for FY 2019-2021 to FY 2022-2023.

	2020-2021 Budget	2021-2022 Target	2022-2023 Target
Revenue	1,673.6	1,805.7	1,886.2
As a % GDP	16.9	16.4	16.3
Tax Revenue	1,465.7	1,626.9	1,708.3
Non-Tax Revenue	207.9	178.8	177.9
Expenditure:	3,674.6	2,357.1	2,233.6
As a % of GDP	37.1	21.4	19.3
Net Deficit	(2,001.0)	(551.4)	(347.4)
As a % of GDP	(20.2)	(5.0)	(3.0)
Debt:	8,256.4	8,807.8	9,155.1
As a % of GDP	83.4	79.9	79.1
GDP at Market Prices:	9,905.3	11,027.5	11,578.9

Tax

Revenue Policies

Government has brought in a draft of direct taxation measures and indirect taxation measurement as per below:

Part 1 – Direct Tax Measures

i. Income Tax Act

<table>
<tr><th>Policy</th><th>Description</th></tr>
<tr><td>1. Social Responsibility Tax (SRT) and Environment & Climate Adaptation Levy (ECAL)</td><td>The ECAL component of SRT will be reduced from 10% to 5%. The new SRT and ECAL structure will be as follows:
<table>
<tr><th>Chargeable Income</th><th>Social Responsibility Tax Payable</th><th>Environment & Climate Adaptation Levy</th></tr>
<tr><td>270,001 – 300,000</td><td>13% of excess over $270,000</td><td>5% of excess over $270,000</td></tr>
<tr><td>300,001 – 350,000</td><td>5,400 + 14% of excess over $300,000</td><td>5% of excess over $300,000</td></tr>
<tr><td>350,001 – 400,000</td><td>14,900 + 15% of excess over $350,000</td><td>5% of excess over $350,000</td></tr>
<tr><td>400,001 – 450,000</td><td>24,900 + 16% of excess over $400,000</td><td>5% of excess over $400,000</td></tr>
<tr><td>450,001 – 500,000</td><td>35,400 + 17% of excess over $450,000</td><td>5% of excess over $450,000</td></tr>
<tr><td>500,001 – 1,000,000</td><td>46,400 + 18% of excess over $500,000</td><td>5% of excess over $500,000</td></tr>
<tr><td>1,000,000 +</td><td>161,400 + 19% of excess over $1,000,000</td><td>5% of excess over $1,000,000</td></tr>
</table>
</td></tr>
<tr><td>2. Advance Payments of Tax</td><td>

The rule for advance payment as amended in the COVID-19 Response Budget will be made permanent.
Companies will be required to make advance tax payments in 9 installments at the rate of $11\frac{1}{9}$%.
Additionally, the application of penalties was removed in the COVID-19 Response Budget and was valid until 31 December 2020. This waiver continues to apply for the next 3 years.

</td></tr>
<tr><td>3. Debt Forgiveness</td><td>

As announced in the COVID-19 Response Budget, debt forgiveness is not subject to income tax for all debt outstanding forgiven from 1 April 2020 up to 31 December 2020.
The existing policy and the forgiveness period for the new debt is extended until 31 December 2021.

</td></tr>
</table>

Tax

<table>
<tr><th>Policy</th><th>Description</th></tr>
<tr><td></td><td>▶ In addition, debts created between 1 April 2020 to 31 December 2021 will also be eligible for income tax exemption under debt forgiveness provisions.</td></tr>
<tr><td>4. Thin Capitalisation</td><td>▶ The debt-to-equity ratio will be increased from the current 2:1 to 3:1.
▶ Therefore, a higher amount of tax deductibility in relation interest will be allowed for foreign controlled Fiji company.</td></tr>
<tr><td>5. Depreciation write-off incentive</td><td>▶ A 100% write-off on purchase of fixed assets of up to $10,000 used for business purposes was announced in the COVID-19 Response Budget.
▶ In light of the current economic situation, this policy will be made permanent.</td></tr>
<tr><td>6. Accelerated Depreciation</td><td>▶ A 100% write-off for the construction of a new commercial and industrial building, provided that approvals are obtained prior to 31 December 2020, was made available in the COVID-19 Response Budget.
▶ This incentive will be made permanent.</td></tr>
<tr><td>7. Tax deduction for reduction of commercial rent</td><td>▶ As part of the government assistance package to businesses, a tax deduction was accorded to landlords for reduction of commercial rent. The deduction applied to existing rental contracts whereby landlords need to provide record of rental income received for the past 6 months.
▶ The reduction refers to the rent payable after 01 April 2020 to 31 December 2020.
▶ This tax deduction will be further extended until 31 December 2021.</td></tr>
<tr><td>8. New Medical Investment Incentive</td><td>▶ The existing package will be repealed and replaced with the following:
Private Hospital
• Income tax exemption for the establishment of a new hospital based on the following capital investment levels:
<table>
<tr><th>Capital Investment ($)</th><th>Tax Holiday</th></tr>
<tr><td>$2,500,000 - 5,000,000</td><td>7 years</td></tr>
<tr><td>$5,000,001-$10,000,000</td><td>13 years</td></tr>
<tr><td>More than $10,000,000</td><td>20 years</td></tr>
</table>
</td></tr>
</table>

Tax

<table>
<tr><th>Policy</th><th>Description</th></tr>
<tr><td></td><td>
An investment allowance will be available for the refurbishment, renovation and extension of a hospital based on the following capital investment levels:
<table>
<tr><th>Capital Investment ($)</th><th>Tax Deduction</th></tr>
<tr><td>$500,000 - $1,000,000</td><td>30%</td></tr>
<tr><td>More than $1,000,000</td><td>60%</td></tr>
</table>
Ancillary Medical Services
Income tax exemption for the establishment of a new ancillary medical service centre based on the following capital investment levels:
<table>
<tr><th>Capital Investment ($)</th><th>Tax Holiday</th></tr>
<tr><td>$500,000 - $3,000,000</td><td>7 years</td></tr>
<tr><td>$3,000,001 - 10,000,000</td><td>13 years</td></tr>
<tr><td>More than $10,000,000</td><td>20 years</td></tr>
</table>
An investment allowance will be available for the refurbishment, renovation and extension of an ancillary medical service centre based on the following capital investment levels:
<table>
<tr><th>Capital Investment ($)</th><th>Tax Deduction</th></tr>
<tr><td>$500,000 - $1,000,000</td><td>30%</td></tr>
<tr><td>More than $1,000,000</td><td>60%</td></tr>
</table>
</td></tr>
<tr><td>9. New Incentive Package for Subdivision of lots</td><td>
A new incentive package will be introduced for investment in the business of sub-division of lots for residential or commercial purpose. The following benefits will be available:
<table>
<tr><th>Capital Investment ($)</th><th>Tax Deduction</th></tr>
<tr><td>Less than $1,000,000</td><td>20%</td></tr>
<tr><td>$1,000,001 - $3,000,000</td><td>30%</td></tr>
<tr><td>$3,000,001 - $7,000,000</td><td>40%</td></tr>
<tr><td>More than $7,000,000</td><td>60%</td></tr>
</table>
Duty concession will be available on importation of raw materials, equipment and machinery for the establishment of the project.
Income tax exemption will be available on developer profits for proceeds of sale.
The new Incentive Package for Sub-division of lots will be applicable from 1 August 2020 to 31 July 2022.
</td></tr>
</table>

Tax

Policy	Description
10. New Incentive Package for Private sector investment in buildings	▶ A new incentive package will be introduced for private companies investing in buildings to be used by government or entities approved by government. ▶ The following benefits will be available: • Duty concession will be available on importation of raw materials, plant, machinery and equipment for the establishment of the project. • Tax exemption will be available on rental income.
11. Residential Housing Development Incentive – Development of Housing for Public Rental	▶ Regulation 12, Part 3 of the Income Tax (Residential Housing Development Package) Regulations 2016 will be extended to include duty concessions for the importation of raw materials, machinery and equipment for the establishment of the housing project.
12. Tax incentives for Corporate Bonds	▶ To support post COVID-19 recovery through provision of additional avenues for corporate financing, the issuance of corporate bonds will be incentivized as follows: • A 150% tax deduction will be allowed to companies for listing of corporate bonds with the South Pacific Stock Exchange (SPSE). This deduction will be applied on the cost of listing. • A 150% tax deduction will be allowed on interest paid on corporate bonds. • Interest income earned on corporate bonds will be exempt from tax.
13. FNPF Contribution	▶ To provide immediate financial support to employers during this time of financial hardship, the mandatory FNPF contribution was reduced to 5 percent in the COVID-19 Response Budget. This policy is further extended until 31 December 2021. ▶ Employer contribution exceeding the 5% mandatory FNPF contribution and up until 10%, will be allowed a tax deduction of 150% of the excess. ▶ The deduction will be applied retrospectively from 1 April 2020.
14. Capital Gains Tax (CGT)	▶ CGT exemption threshold for capital gains made by a resident individual or Fijian citizen will be increased from $16,000 to $30,000.
15. Income Tax Act – Section 2: Definition of Capital Asset	▶ Depreciable Assets will now be taxed under Capital Gains Tax rules and not income tax rules. ▶ Therefore, the definition of Capital Asset in Section 2 of the Income Tax Act 2015 will be extended to include depreciable assets and section 34 will be amended to clarify rules on disposal of depreciable assets.

Tax

Policy	Description
16. Fringe Benefit Tax	▸ A tax deduction will be allowed to the employer for Fringe Benefits Tax. Consequently, Section 22 of the Income Tax Act will be amended.
17. Non-Resident Withholding Tax	▸ Section 10 will be amended to exclude accommodation provided or reimbursed, airfare, transport and allowances from the application of Non-Resident Withholding Tax.
18. Permanent Establishment	▸ The Permanent Establishment Rules will be amended to allow consistent application with international taxation rules.
19. Tax deduction on loans taken for medical purposes	▸ A tax deduction will be allowed on loan (inclusive of both principal amount and interest accrued) taken from a licensed financial institution for medical treatment. ▸ The applicant will be required to provide medical certificate, details of the loan facility and receipts to confirm expenses. ▸ The following expenses are eligible: • hospital expenses; • food and accommodation if part of the package with the hospital; • international air fares; and • interest expenses incurred with the loan (in case of consolidated • loan), interest deduction will be allowed proportionately.
20. Corporate Reorganization	▸ Deferral rules for company incorporation will be introduced. ▸ Transfer of assets by an individual shareholder to a company at the point of incorporation will not be subject to tax. ▸ Subsequently, disposal of assets will be subject to normal tax.
21. Donation to the Sports Fund	▸ The threshold to qualify for the 150% tax deduction available for donations to the Sports Fund will be removed. ▸ The recipient of the donation must be registered with the Fiji National Sports Commission.
22. Tax deduction to hire local artists	▸ A 150% tax deduction will be allowed to hotels and resorts that hire local artists such as craftsmen, dancers and musicians.

Tax

Tax Administration Act

Policy	Description
1. Audit Penalty	▸ 300% VAT evasion penalty and 75% income tax audit penalty will be replaced with a low, harmonized and progressive audit penalty regime. ▸ Audit penalty rates for tax shortfall for Income Tax, VAT and Other Taxes will be 15% per annum and will be computed using the simple interest formula. The same rate and methodology will be applied for tax benefits obtained through overestimation of tax losses. ▸ Consequently, section 46 and Section 46A will be amended and section 46B will be removed.

Stamp Duty Act

Policy	Description
1. Stamp Duty	▸ Stamp Duty Act will be repealed.

Airport Departure Tax Act

Policy	Description
1. Review of Airport Departure Tax	▸ The Airport Departure Tax will be reduced from $200 to $100.

Part 2 – Indirect Tax Measures

ii. Service Turnover Tax Act

Policy	Description
1. Service Turnover Tax (STT)	▸ The 6% STT on all prescribed services will be removed.

Tax

Value Added Tax Act

Policy	Description
1. VAT Monitoring System (VMS)	▸ The implementation of the VAT Monitoring System (VMS) as captured in the Electronic Fiscal Device (EFD) Regulations will be further deferred to 01 January 2022.
2. VAT Reverse Charge	▸ The provisions of VAT Reverse Charge applicable on supplies received from abroad will be repealed.
3. VAT on Residential Rents	▸ A person engaged in the supply of residential accommodation, irrespective of the annual gross turnover will be exempted from VAT.

Environmental & Climate Adaptation Levy Act

Policy	Description
1. Environment & Climate Adaptation Levy (ECAL)	▸ The Environment & Climate Adaptation Levy (ECAL) will be reduced from 10% to 5%. ▸ The threshold for application of ECAL will be increased from $1.25m to $3m for all prescribed services.
2. ECAL on Superyacht Charter.	▸ ECAL on Superyacht charter will be reduced from 10% to 5%.
3. Environment & Climate Adaptation Levy (ECAL) on Motor Vehicles	▸ ECAL on motor vehicles will be reduced from the current 10% to 5%. <u>ECAL Structure on Hybrid Vehicles</u>

Cylinder Capacity	Description	Current ECAL	New ECAL
Less than 1,500 cc	New	10%	5%
	Used	10%	5%
1,500 cc to 2,500 cc	New	10%	5%
	Used	10%	5%
2,500 cc to 3,000 cc	New	10%	5%
	Used	10%	5%
Exceeding 3,000 cc	New	10%	5%
	Used	10%	5%

Tax

<table>
<tr><th>Policy</th><th>Description</th></tr>
<tr><td></td><td>
<u>ECAL Structure on Non-Hybrid Vehicles</u>
<table>
<tr><th>Cylinder Capacity</th><th>Description</th><th>Current ECAL</th><th>New ECAL</th></tr>
<tr><td rowspan="2">Less than 1,000 cc</td><td>New</td><td>10%</td><td>5%</td></tr>
<tr><td>Used</td><td>10%</td><td>5%</td></tr>
<tr><td rowspan="2">1,000 cc to 1,500 cc</td><td>New</td><td>10%</td><td>5%</td></tr>
<tr><td>Used</td><td>10%</td><td>5%</td></tr>
<tr><td rowspan="2">1,500 cc to 2,500 cc</td><td>New</td><td>10%</td><td>5%</td></tr>
<tr><td>Used</td><td>10%</td><td>5%</td></tr>
<tr><td rowspan="2">2,500 cc to 3,000 cc</td><td>New</td><td>10%</td><td>5%</td></tr>
<tr><td>Used</td><td>10%</td><td>5%</td></tr>
<tr><td rowspan="2">Exceeding 3,000 cc</td><td>New</td><td>10%</td><td>5%</td></tr>
<tr><td>Used</td><td>10%</td><td>5%</td></tr>
</table>
</td></tr>
<tr><td>4. Environment & Climate Adaptation Levy (ECAL) on White Goods</td><td>
ECAL on white goods will be reduced from the current 10% to 5%. The goods are as follows:

Smart phones;
Air conditioners;
Refrigerators and Freezers;
Televisions;
Washing Machines;
Dryers;
Dishwashers;
Electric Stoves;
Microwaves;
Electric Lawn Mowers;
Toasters;
Electric Jugs; and
Hair Dryers

</td></tr>
<tr><td>5. Exemption of ECAL on concession codes 232, 284 and 285</td><td>The ECAL Act will be amended to include concession code 232, 284, and 285 for exemption of ECAL on vehicles and white goods imported under duty concession.</td></tr>
</table>

Tax

Policy	Description
6. Refund of ECAL in line with the duty drawback provisions of Customs Act	▸ The ECAL Act will be amended to include provisions of refund for ECAL paid on customs declaration in instances of a re-export.

Customs Act

Policy	Description
1. Age limit on passenger motor vehicles	▸ The age limit requirement on non-hybrid passenger motor vehicles will be removed. Vehicles are still required to be Euro 4 compliant. ▸ The age limit requirement for hybrid passenger motor vehicles remains at 5 years.
2. Luxury Vehicle Levy	▸ Luxury vehicle levy imposed on passenger motor vehicles will be removed.
3. Objection to Tax Decision	▸ Customs Act will be amended to allow a tax payer or importer dissatisfied with a tax decision to lodge an objection with the CEO, FRCS.
4. Trans-shipment Levy (Fish Levy)	▸ The Fish Levy of $450 per ton will be removed.
5. Importation of mobile plant, machinery and cranes	▸ A restriction will be imposed on the importation of mobile plant, machinery and cranes exceeding 32 tonnes as per Section 80 Land Transport authority Regulations.

Local Excise Duty

Policy	Description
1. Decrease in Local Excise Duty on Alcohol	▸ The Local Excise Rate on Alcohol will be reduced by 50%.

Tax

New Local Excise Rates for Alcohol

Description	2019-2020 Rates	2020-2021 Rates
Ale, Beer, Stout and other fermented liquors of an alcoholic strength of 3% or less	$3.43/litre	$1.72/litre
Ale, Beer, Stout and other fermented liquors of an alcoholic strength of 3% or more	$3.99/litre	$2.00/litre
Potable Spirit Not Exceeding 57.12 GL	$75.47/litre	$37.74/litre
Potable Spirit Exceeding 57.12 GL	$132.17/litre	$66.09/litre
Still Wine	$5.32/litre	$2.66/litre
Sparkling Wine	$6.07/litre	$3.04/litre
Other fermented beverages: Still	$5.32/litre	$2.66/litre
Sparkling	$6.07/litre	$3.04/litre
Ready to Drink Mixtures of any Alcohol and non-alcoholic beverages of an alcoholic strength by volume of 11.49% or less	$2.45/litre	$1.23/litre

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