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Newsletter

August 2021

Fiji National Provident Fund Amendment Update

Ernst & Young wishes to bring to your attention the recent changes to the Fiji National Provident Fund Act effective 1st August 2021.

A. Definition of Entitlement Event

Section 4(1) of the Principal Act is amended in the definition of "entitlement event" to include any age that is below the prescribed age. This lesser age may also be prescribed and may be subject to prescribed conditions.

B. Extension of reduced mandated contributions

The Fiji National Provident Fund (COVID-19 Response) (Amendment) Act 2020 ('COVID-19 Response Amendment') amended the Fiji National Provident Fund Act 2011 ('Act') to reduce the rates of mandated contributions by employers and employees from 10% and 8% respectively, to 5% each. The reduction in the rates of mandated contributions was initially effective from 1 April 2020 to 31 December 2020.

This has been extended to 31 December 2021.

C. Increase in mandated contributions

The Fiji National Provident Fund (Budget Amendment) (Act) 2021 seeks to amend the Act to increase the rates of mandated contributions by employers and employees from 5% to 6% each with effect from 1 January 2022 to 31 December 2022.

Let us know should you wish to seek clarifications on the issues highlighted.

Our advice is based on the current taxation legislation and our understanding of FRCS's current interpretation of the law. We note however that, it is our experience that the FRCS can be inconsistent in their interpretation of the tax law and we cannot guarantee that the advice will not be challenged. Nor is it possible to guarantee the outcome of such a challenge if it occurs. Should you have any contact from the FRCS in respect of this advice, we recommend that you contact us for advice on how to proceed.

It is also important that you ask us to review any advice already given if a transaction is delayed, or is to be repeated, or if an apparently similar transaction is to be undertaken. Our original advice may no longer be applicable or appropriate in such circumstances.



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