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Newsletter

August 2021

Income Tax Regulations Update

Ernst & Young highlights for your attention the following related income tax regulation updates that are administered by the Fiji Revenue Customs Services (FRCS) effective 1st August 2021.

A. Tax Administration (Electronic Fiscal Device) (Amendments) Regulations 2021

The implementation of the VAT Monitoring System (VMS) as captured in the Electronic Fiscal Device (EFD) Regulations will be further deferred until 31 December 2023.

Implementation will be made compulsory on businesses from 1 January 2024.

B. Income Tax (Recycling Business Investment Incentive) Regulations 2021

Companies wishing to start a Recycling Business can qualify for this incentive.

A provisional approval before commencement will be required. A minimum of \$250,000 investment is required for income tax exemption.

The incomes tax exemption thresholds are as follows upon receipt of final approval:

- from \$250,000 to \$500,000, for a period of 3 consecutive fiscal years;
- from \$500,001 to \$2,000,000, for a period of 5 consecutive fiscal years;
- from \$2,000,001 to \$5,000,000, for a period of 10 consecutive fiscal years;
- from \$5,000,001 to \$10,000,000, for a period of 15 consecutive fiscal years;
- more than \$10,000,000, for a period of 20 consecutive fiscal years.

We attach the Regulations for further details.



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C. Income Tax (Employment Incentives) (Amendment) Regulations 2021

Regulation 8C of the Income Tax (Employment Incentives) 2016 is amended to:

- allow a deduction to a person for 300% of the amount of salary or wages paid to an employee if the employee–
 - has tested positive for COVID-19 or is a primary or secondary contact of a person who has tested positive for COVID-19; and
 - is required by the Ministry of Health and Medical Services to be quarantined.
- provided that the person submits documentary evidence from the Ministry of Health and Medical Services confirming the above paragraphs in respect of the employee.

D. Income Tax (Other Incentives) (Amendment) Regulations 2021

(i) Land rent deduction

Regulation 5 is amended to capture that a landlord who reduces rent payable under a tenancy agreement is allowed a deduction of 200% of the aggregate sum of the difference between the rent payable on 31 July 2021 and the rent payable in the period commencing on and from 1 August 2021 and ending on 31 July 2022.

(ii) Shopping website development/upgrade platform

Regulation 12 is inserted into the ITA 2015. A 200% tax deduction will be allowed on the development or upgrade of online shopping websites with integrated payment platforms.

(iii) Fogging Machines

Regulation 13 is inserted into the ITA 2015. A person is allowed a deduction for 200% of the amount of expenses incurred for any investment in a fogging machine used for the purpose of sanitization or decontamination.

(iv) Installation, implementation and operation of EFD 14

A taxpayer who–

- (a) operates a business; and
- (b) installs, implements and operates an EFD for the business and any other business operated by the taxpayer under the same Taxpayer Identification Number as the business, is allowed a deduction of 300% of the costs incurred in the exemption period for the installation, implementation and operation of each EFD.

E. Fiji Revenue and Customs Service (Information Sharing) (Amendment) Regulations 2021

Regulation 5 has been amended to include the following:

At the discretion of the Chief Executive Officer, information regarding the identification, income or other 145 records held with the Service relating to a person may be released by the Service:

- (a) where an authorized agency has obtained the consent of the person to whom the information pertains to have his or her information released to the authorized agency; and
- (b) where that information will assist an authorized agency in verifying information in the performance of its functions and duties; or
- (c) where it is necessary to do so in order to assist in an audit or an investigation conducted by an authorized agency.

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

We will be issuing shortly the amendments to the various tax regulations administered by the FRCS in due course.

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.



STEVEN PICKERING
Country Managing Partner
Assurance
Email: steve.pickering@fj.ey.com



SIKELI TUINAMUANA
Senior Partner
Assurance
Email: sikeli.tuinamuana@fj.ey.com



SHANEEL NANDAN
Partner
Assurance
Email: shaneel.nandan@fj.ey.com



PENI TORA
Associate Partner
Assurance
Email: peni.tora@fj.ey.com



JOHN FAKTAUFON
Director
Tax
Email: john.faktaufon@fj.ey.com



FAREESHA SHAH
Senior Manager
Tax
Email: fareesha.shah@fj.ey.com

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Made this 30th day of July 2021.

A. SAYED-KHAIYUM
Attorney-General and Minister for Economy

[LEGAL NOTICE NO. 63]

INCOME TAX ACT 2015

Income Tax (Other Incentives) (Amendment) Regulations 2021

IN exercise of the powers conferred on me by section 25A of the Income Tax Act 2015, I hereby make these Regulations—

Short title and commencement

1.—(1) These Regulations may be cited as the Income Tax (Other Incentives) (Amendment) Regulations 2021.

(2) These Regulations come into force on 1 August 2021.

(3) In these Regulations, the Income Tax (Other Incentives) Regulations 2018 is referred to as the “Principal Regulations”.

Regulation 5 amended

2. Regulation 5 of the Principal Regulations is amended after subregulation (1) by inserting the following new subregulation—

“(1A) Subject to subregulation (2), a landlord that reduces the rent payable under a tenancy agreement is allowed a deduction of 200% of the aggregate sum of the difference between the rent payable on 31 July 2021 and the rent payable in the period commencing on and from 1 August 2021 and ending on 31 July 2022.”.

Regulation 8 amended

3. Regulation 8 of the Principal Regulations is amended by deleting “50%” and substituting “200%”.

Regulations 12, 13 and 14 inserted

4. The Principal Regulations are amended after regulation 11 by inserting the following new regulations—

“Online shopping websites and payment platforms

12. A person is allowed a deduction for 200% of the amount of expenses incurred for the development or upgrade of an online shopping website with an integrated payment platform.

Fogging machines

13. A person is allowed a deduction for 200% of the amount of expenses incurred for any investment in a fogging machine used for the purpose of sanitisation or decontamination.

Installation, implementation and operation of EFD

14.—(1) A taxpayer who—

(a) operates a business; and

- (b) installs, implements and operates an EFD for the business and any other business operated by the taxpayer under the same Taxpayer Identification Number as the business,

is allowed a deduction of 300% of the costs incurred in the exemption period for the installation, implementation and operation of each EFD.

- (2) In this regulation—

“business” means a business supplying goods and services that is operated by a taxpayer;

“EFD” has the meaning given in regulation 28(1) of the Tax Administration (Electronic Fiscal Device) Regulations 2017;

“exemption period” means the period commencing on and from 1 August 2021 to 31 December 2023;

“taxpayer” has the meaning given in section 2 of the Tax Administration Act 2009; and

“Taxpayer Identification Number” has the meaning given in section 2 of the Tax Administration Act 2009.”.

Made this 30th day of July 2021.

A. SAYED-KHAIYUM
Attorney-General and Minister for Economy

[LEGAL NOTICE NO. 64]

FIJI REVENUE AND CUSTOMS SERVICE ACT 1998

Fiji Revenue and Customs Service (Information Sharing) (Amendment) Regulations 2021

IN exercise of the powers conferred on me by section 54 of the Fiji Revenue and Customs Service Act 1998, I hereby make these Regulations—

Short title and commencement

1.—(1) These Regulations may be cited as the Fiji Revenue and Customs Service (Information Sharing) (Amendment) Regulations 2021.

(2) These Regulations come into force on 1 August 2021.

Regulation 5 amended

2. Regulation 5 of the Fiji Revenue and Customs Service (Information Sharing) Regulations 2019 is amended by—

- (a) deleting subregulation (3) and substituting the following—

“(3) Notwithstanding subregulation (1), at the discretion of the Chief Executive Officer, information regarding the identification, income or other

**EXTRAORDINARY
GOVERNMENT OF FIJI GAZETTE SUPPLEMENT**

No. 36

SATURDAY, 31st JULY

2021

[LEGAL NOTICE NO. 60]

TAX ADMINISTRATION ACT 2009

**Tax Administration (Electronic Fiscal Device)
(Amendment) Regulations 2021**

IN exercise of the powers conferred on me by section 118A of the Tax Administration Act 2009, I hereby make these Regulations—

Short title and commencement

1.—(1) These Regulations may be cited as the Tax Administration (Electronic Fiscal Device) (Amendment) Regulations 2021.

(2) These Regulations come into force on 1 August 2021.

Regulation 28 amended

2. Regulation 28(2D) of the Tax Administration (Electronic Fiscal Device) Regulations 2017 is amended by deleting “31 December 2021” and substituting “31 December 2023”.

Made this 30th day of July 2021.

A. SAYED-KHAIYUM
Attorney-General and Minister for Economy

[LEGAL NOTICE NO. 61]

INCOME TAX ACT 2015

**Income Tax (Recycling Business Investment
Incentives) Regulations 2021**

IN exercise of the powers conferred on me by section 142 of the Income Tax Act 2015, I hereby make these Regulations—

PART 1—PRELIMINARY

Short title and commencement

1.—(1) These Regulations may be cited as the Income Tax (Recycling Business Investment Incentives) Regulations 2021.

(2) These Regulations come into force on 1 August 2021.

Interpretation

2.—(1) In these Regulations, unless the context otherwise requires—

“capital goods” means raw materials, capital equipment, plant, machinery, spare parts and any other goods employed in the production of other goods but does not include furniture or motor vehicles;