



FIJI REVENUE AND
CUSTOMS SERVICE

Budget 2019/2020

Tax & Customs Policies

FIA Seminar – Nadi

Presentation by:

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2019/2020 National Budget Highlights

- Law rate broad based taxation regime;
- Maintain low and competitive tax rates;
- Simplicity, consistency and harmonized policies;
- Improve tax and customs voluntary compliance;
- Promote environment protection initiatives;
- Stimulate economic growth and development.



Direct Tax Measures:

Export Income Deduction

- Re-introduced from 2018.
- Deduction allowed at the rate of 50%.
- Will be maintained for 3 years

Employers Contribution to FNPF

- Deduction increased from 50% to 100%.



Direct Tax Measures

Renovations of Buildings

- 25% investment allowance.
- Threshold reduced from \$1 million to \$250,000.
- Extended to all commercial buildings apart from those in towns and cities.



Direct Tax Measures

Film Making and Audio Visual Incentives

- 47% to 75% Rebate on Fiji Expenditure to Fiji resident Co.'s
- 200% tax deduction for investing in camera and other filming Equipment
- Tax Holiday for set up Production Companies.
 - 7 years for \$2m > capital investments
 - Import duty exemption on raw materials, plant, machinery and equipment.



Direct Tax Measures

- **Tax Exemption** on interest from Government, State-Owned Entities and Statutory Authority Financial Instruments by individuals and private entities (excludes financial institutions)
- **Loss Carried Forward** increased from 4 to **8** years (for tax year starting 1 Jan 2019; apportionment will be required where applicable).
- Threshold for 150% tax deduction for donations to Sports Fund reduced from \$50,000 to **\$15,000**.



Direct Tax Measures:

Residential Housing Development Incentive

- have at least 15% of the units below the price ceiling of \$300,000.
- also be available for a ground level multi-unit housing developments.
- The following incentives will also be available:
 - **Income tax exemption on developer profits** for the project.
 - Import duty exemption - capital equipment, plant and machinery.
 - Subsidy on the proportion of capital investment :
 - Less than \$100,000 – 7%
 - \$100,000 to \$200,000 – 5%
 - \$200,000 to \$300,000 – 3%



Direct Tax Measures:

Housing Development for Public Rental

- Any private sector business investing in a multi-unit rental housing development will be granted an income **tax holiday** for the **entire duration** of the rental agreement with government

Retirement Villages & Aged Care Facility

- Tax Holiday:
 - \$250,000 - \$1,000,000 - 5 Years
 - \$1,000,000 - \$2,000,000 - 7 Years
 - More than \$2,000,000 13 Years
- Import duty exemption on raw materials, plant, machinery and equipment.



Direct Tax Measures:

Waste Management at Naboro Tax Free Zone

- Tax Holiday:
 - \$250,000 - \$1,000,000 - 5 Years
 - \$1,000,000 - \$2,000,000 - 7 Years
 - More than \$2,000,000 13 Years
- duty exemption on raw materials, plant, machinery and equipment.



Direct Tax Measures:

Pharmaceutical Manufacturing Incentive

- Tax Holiday:
 - \$250,000 - \$1,000,000 - 5 Years
 - \$1,000,000 - \$2,000,000 - 7 Years
 - More than \$2,000,000 13 Years
- Duty Exemption on raw materials, plant, machinery and equipment.
- Ethanol – 0% import duty



Direct Tax Measures:

Construction of Warehouses/Storage Facilities

Incentive Package 1: Construction for Rental

- plug & play facility;
 - \$250,000 - \$1,000,000 - 5 Years
 - \$1,000,000 - \$2,000,000 - 7 Years
 - More than \$2,000,000 13 Years
- duty exemption on raw materials, plant, machinery and equipment.

Incentive Package 2: Self-Use (new or existing Co.s)

- i. 50% Investment Allowance: More than \$1m
- ii. 100% Investment Allowance: More than \$2m.



Other New Tax & Customs Initiatives

- **SLIP Extension** - building materials, furnishings & fittings, equipment, room amenities, kitchen and dining room equipment & utensils, and specialized water sports equipment;
- **ICT** - the **conditions** of employing a minimum of 50 employees and exporting 60% of the services to qualify for the ICT incentive is **removed**. The annual license fee of \$1,000 is also removed;
- **Stamp Duties** on all offshore borrowings will not be applicable. Funds to be brought into Fiji.



Value Added Tax

VMS support for SME's

- Entities with an annual turnover of less than \$500,000.
- Will be granted a free
 - VMS application software;
 - Free smart card; and
 - Free card reader.
- VMS Extension :
 - Registration – 30 October 2019
 - POS Provider/Plan – 31 December 2019
 - Completion – 30 April 2020



Value Added Tax

Import VAT Exemption on:

- Aircraft licensed under Civil Aviation Act 1976
- Vessel Maritime Transport Act 2013
- Hybrid and electric ships.



ECAL (Environment & Climate Adaptation Levy)

- 10% on import of passenger motor vehicles
- 10% on the import of white goods.
- Plastic bag levy will be increased from 20 cents to 50 cents effective from **1 January 2020**.



Customs Tariff - Fiscal Duty

Fiscal Duty on motor vehicles

- Increase in Fiscal Duty on motor vehicles increased;
- Both for hybrids and non-hybrids;
- Age criteria for used hybrids reduced from 8 years to **5 years** and all vehicles imported must be **EURO 4 compliant**;
- Vehicle for transportation of goods, buses, road tractor's and special purpose vehicles have been **removed with age criteria** and only need to be **EURO 4 Compliant**.



Customs Tariff - Fiscal Duty

Incentive for Public Transportation

- Will be extended for another 2 years (until 30 June 2023)
Includes taxis, buses and inter-island shipping.

Fiscal Duty on Buses

- New buses (not less than 16 seats) will be reduced to **0%**.
- Used buses (not less than 16 seats) will be reduced to **5%**.



Customs Tariff - Fiscal Duty

- Reduction of import duty on heavy machinery : new – **10% to 5%** ; used **15% to 5%** . Includes: ship derricks and cranes, fork-lift trucks, work trucks, bulldozers graders, levelers, excavators, shovel loaders, road rollers and scrapers.
- Fiscal duty on steel, galvanized, stainless steel pipes and rectangular tubing's not manufactured in Fiji has been granted a concessionary rate of **5% Fiscal**
- Tyres for bicycle, motor cycle, cane knives, wind ventilators and Soap Noodles has been reduced to **0%**
- Batteries for laptop, tablets, cellular phones and power banks has been reduced from **32% to 5%**



Customs Tariff - Fiscal Duty

Reduction in fiscal duty on vehicles used for transporting of goods from 32% to 15%.

- Businesses in the agriculture and wholesale & retail sector
- Fiscal duty on trucks primarily used for the transport and delivery of goods has been reduced
- (Excluding twin-cabs)



Customs Tariff - Fiscal Duty

Concession for the Hotel Industry

- Importation of capital equipment, plant, machinery, building materials, furnishings and fittings, equipment, room amenities, kitchen and dining room equipment and utensils, specialized water sports equipment.
- Duty has been reduced to **10% to 5%**
- Items attracting Fiscal Duty of 5% will attract **3%.**



Customs Tariff - Fiscal Duty

Biodegradable:

- i. Kitchenware,
- ii. Tableware
- iii. Environmentally friendly cleaning chemicals
- iv. Detergents.

Duty has been reduced from **32% to 0%**.



Customs Tariff - Import Excise

Non-Hybrid Motor Vehicles

- Import Excise rate will be reduced from **15% to 5%.**

Import excise on buses

- Import excise on new and used buses will be reduced to **0%.**



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Thank you

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