



PKF

FIJI NATIONAL BUDGET 2021-2022

SUMMARY

- COVID19 FOCUS
 - Vaccination and Business Support

The Honourable Attorney General, Minister for Economy, Civil Service and Communications presented Government's 2021/2022 annual Budget yesterday, 16 July 2021.

- The Budget was premised on Protection from the COVID 19 virus and supporting business sustainability and making Fiji "future proof"
- Government expects to achieve the national vaccination target of 80% (469,321) of the 586,651 people to be fully vaccinated by 31 October 2021
- Fiji has secured enough vaccines to achieve the targeted population
- New incentives and relief measures were announced but these were conditional upon vaccination for COVID19
- A range of expenditure control measures such as freezing of hiring and remunerations, tightening on operational expenditure, hold on new projects, adoption of a zero-based budgeting for 2022 and 2023 with caps on operating expenditure and overall review on all expenditure
- Government is expected to prepare another budget in January 2022

FISCAL FRAMEWORK 2021 - 2022

(\$M)	2019-2020	2020-2021	2020-2021	2021-2022
	(Actual)	(Budget)	(Revised)	(Budget)
Revenue	2,716.7	1,673.6	2,111.2	2,085.1
As a % of GDP	25.3	16.9	22.0	21.1
<i>Tax Revenue</i>	2,194.0	1,465.7	1,410.9	1,597.6
<i>Non-Tax Revenue</i>	522.7	207.9	700.3	487.5
Expenditure	3,353.7	3,674.6	3,216.7	3,690.5
As a % of GDP	31.2	37.1	33.5	37.3
Net Deficit	(637.0)	(2,001.0)	(1,105.5)	(1,605.4)
As a % of GDP	(5.9)	(20.2)	(11.5)	(16.2)
Debt	6,686.0	8,256.4	7,606.0	9,061.4
As a % of GDP	62.3	83.4	79.2	91.6
GDP at Market Prices	10,739.6	9,905.3	9,598.1	9,889.2

ECONOMIC OUTLOOK (Ministry of Economy)

- The Fijian economy registered its largest ever economic contraction of 15.7 % in 2020
- A further contraction of 4.1 % is expected in 2021
- This means a loss of \$2 billion in GDP
- While the economy is expected to re-bounce in 2022, it will take more than 3 years for the economy to return to pre-COVID levels

COVID-19 containment, vaccination and herd immunity

“Only an effective health response to the pandemic will secure a sustainable foundation for the recovery of the Fijian economy. Scientific evidence suggests that mass vaccination is the only way out of this crisis, and this is now also backed up by country experiences where high rates of vaccination have brought about a lot of normalcy”

“As of 15 July 2021, 377,090 Fijians or 64 percent of the target population have already received their first dose of the AstraZeneca vaccine while 73,127 or 12.5 percent of the target population has been fully vaccinated with 2 doses. Based on this trend and the planned vaccination drive, Fiji should be able to achieve the targeted vaccination rate and achieve herd immunity in the next few months”

“To support the drive, Government has also introduced “No Jab No Job” policy. In accordance with section 127(8) of the Fijian Constitution and with the approval of the Minister responsible, it is now a condition of employment, and of access to employment, for all employees to be vaccinated against COVID-19. It is now mandatory that all civil servants must have at least received their first dose of the COVID-19 vaccine no later than 15 August 2021 and receive their second dose of the vaccine 8 weeks after the first dose. There are some exceptions”.

(Source: Economic and Fiscal Update, Supplement to the 2021-2022 Budget Address, Ministry of Economy, 16 July 2021)

Here are some highlights and a quick summary of the measures and initiatives rolled out to achieve the Budget objectives and mobilisation plan.

VACCINATION

- Vaccination drive will be enhanced to achieve herd immunity by October 2021
- Vaccination passports will be issued to fully vaccinated people

FNPF ASSISTANCE TO CONTINUE

- 200 million in unemployment support to qualifying individuals in the formal and informal sectors
- Informal sector in applicants in Viti Levu will be eligible for \$120 per month provided they vaccinate before the first week of August
- Formal sector applicants will qualify from all over Fiji

ELECTRICITY AND WATER SUBSIDY

- Households below \$30000 income will not pay any electricity costs from 1 August 2021 to 31 January 2022
- Small businesses will pay domestic rates
- Free water initiative will continue

QUARANTINE FOOD PACKS

- This will continue

ACCESS TO PRIVATE PRACTITIONERS

- This will continue

MARKET VENDOR STALL AND FISHING FEES

- Stall and fishing licence fees will be paid for market vendors and fishing boats for one year and 2 years respectively

WAIVER OF ACCF LEVY

- The ACCF levy will be waived for one year from 1 August 2021 to 31 July 2022
- Drivers licence fees and defensive for renewal from 1 August 2021 to 31 July 2022
- Waiver of fees for road user levy, wheel tax for expired or compounded vehicles

PROVISION OF SANITARY PADS

- Sanitary pads will be provided to female students from year 7 to 13

INCREASE IN FNPf LEVY

- FNPf levy will increase by 1% to become 6% from January 2022
- FNPf COVID 19 Home Loan Assistance
- Members can access 100% of General and 50% of Preserved account
- Members can draw their funds before 55 years of age if the balance is \$10000 or below

SUGAR INDUSTRY

- Government will provide a guaranteed sugar price of \$85 per tonne

OTHERS

- EFTPOS facilities to be implemented throughout all Government and statutory agencies
- Waiver of tax penalties for taxpayers with arrears if they make arrangements to pay by 31 October 2021 and real tax liabilities settled by 30 June 2022
- No pay reductions for Civil service employees but this will be reviewed in January 2022.
- VMS implementation deferred to 31 December 2023

FINANCIAL SUPPORT FOR BUSINESS REVIVAL

- \$200 million special funding for MSMES will be made available through a RBF guarantee scheme
- Government will pay interest on these loans for the first two years
- Interest rate on these loans will be no more than 3.99 %

COVID19 RECOVERY CREDIT GUARANTEE SCHEME

	Turnover	Max eligibility	Guarantee
Micro	Less than \$50,000	\$10,000	90
Small	\$50,001 to \$300,000	\$20,000	85
Medium	\$300,001 to \$1,250,000	\$50,000	80
Large	Greater than \$1,250,000	\$100,000	75
Total Available Funding		\$200 million	
Interest rate		3.99 percent	

DIRECT TAX MEASURES

Income Tax Act

Policy	Description								
1. Export Income Deduction Incentive	<ul style="list-style-type: none"> ▪ The Export Income Deduction (EID) will be increased from 50% to 60% for tax years till 31 December 2024. ▪ Agriculture and fisheries sector qualify for export income tax deductions of 90%. The deduction will be maintained until 31 December 2024. 								
2. Hotel Investment Incentive Package	<ul style="list-style-type: none"> ▪ Extend SLIP to renovations and refurbishments of existing hotels or resorts. ▪ 5-year tax holiday for investments more than \$2m. The incentive will be available for the next 18 months effective from 1 August 2021. This incentive can be claimed only once. ▪ The existing package will be repealed and replaced with the following: <ul style="list-style-type: none"> ▪ Short Life Investment Package (SLIP) <ul style="list-style-type: none"> ▪ Another tax exemption tier added for investments in excess of \$40 million. ▪ Income tax exemption for the construction of new hotels based on the following capital investment levels: <table border="1" data-bbox="630 1339 1338 1524"> <thead> <tr> <th>Capital Investment (\$)</th> <th>Tax Holiday</th> </tr> </thead> <tbody> <tr> <td>\$2m to \$5m</td> <td>10 years</td> </tr> <tr> <td>\$5m to \$10m</td> <td>15 years</td> </tr> <tr> <td>In excess of \$10m</td> <td>20 years</td> </tr> </tbody> </table> ▪ Standard Allowance <ul style="list-style-type: none"> ▪ An Investment allowance of 50% will be allowed on the capital expenditure incurred for the construction, renovation, refurbishment and extension. ▪ Duty free importation for all hotels and resorts for 18 months effective from 1 August 2022. 5% ECAL will also be waived on all import. 	Capital Investment (\$)	Tax Holiday	\$2m to \$5m	10 years	\$5m to \$10m	15 years	In excess of \$10m	20 years
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<p>3. Incentive for New Investment in Recycling Business</p>	<ul style="list-style-type: none"> Investment in the recycling business will be granted a tax holiday and a duty concession package as follows: <p><u>Tax Exemption Structure</u></p> <table border="1" data-bbox="630 373 1336 659"> <thead> <tr> <th>Capital Investment (\$)</th> <th>Tax Holiday</th> </tr> </thead> <tbody> <tr> <td>\$250,000 to \$500,000</td> <td>3 years</td> </tr> <tr> <td>\$500,000 to \$2m</td> <td>5 years</td> </tr> <tr> <td>\$2m to \$5m</td> <td>10 years</td> </tr> <tr> <td>\$5m to 10m</td> <td>15 years</td> </tr> <tr> <td>In excess of \$10m</td> <td>20 years</td> </tr> </tbody> </table> <p><u>Customs Exemption</u></p> <p>Customs import duty exemption for the establishment of the business. Exemption will include raw materials, machinery and equipment including spare parts.</p>	Capital Investment (\$)	Tax Holiday	\$250,000 to \$500,000	3 years	\$500,000 to \$2m	5 years	\$2m to \$5m	10 years	\$5m to 10m	15 years	In excess of \$10m	20 years
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<p>4. Agriculture Incentive</p>	<ul style="list-style-type: none"> Incentivized the agriculture incentive, whereby any new activity in commercial agricultural farming and agro-processing qualify for income tax exemption based on the following capital investment levels: <table border="1" data-bbox="652 1026 1313 1255"> <thead> <tr> <th>Capital Investment (\$)</th> <th>Tax Holiday</th> </tr> </thead> <tbody> <tr> <td>\$10,000 to \$250,000</td> <td>10 years</td> </tr> <tr> <td>\$250,000 to \$1,000,000</td> <td>15 years</td> </tr> <tr> <td>\$1,000,000 to \$2,000,000</td> <td>15 years</td> </tr> <tr> <td>More than \$2,000,000</td> <td>20 years</td> </tr> </tbody> </table>	Capital Investment (\$)	Tax Holiday	\$10,000 to \$250,000	10 years	\$250,000 to \$1,000,000	15 years	\$1,000,000 to \$2,000,000	15 years	More than \$2,000,000	20 years		
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<p>5. Natural Disaster reserve fund</p>	<ul style="list-style-type: none"> The scope of the Natural Disaster Reserve Fund will now include deposits being made for pandemic purposes. Funds kept in the NDR as at 30th June 2021 can be also utilized for pandemic purposes. A new Reserve Fund for business continuity during pandemics will be available for future use. 												
<p>6. Mining Sector Taxation</p>	<ul style="list-style-type: none"> The taxation on mining sector as stipulated under Part 6 of the Income Tax Act 2015 will be made effective from 01 August 2021. 												
<p>7. Income Tax Exemption for Unit Trusts</p>	<ul style="list-style-type: none"> All Unit Trusts will be exempted from Income Tax 												

8. Tax deduction for development or upgrade of online shopping websites with integrated payment platforms	<ul style="list-style-type: none"> ▪ A 200% tax deduction will be allowed on the development or upgrade of online shopping websites with integrated payment platforms.
9. Tax deduction for investment in fogging machines	<ul style="list-style-type: none"> ▪ A 200% tax deduction will be allowed for investment in fogging machines specifically used for decontamination and sanitizing purposes.
10. Debt Forgiveness	<ul style="list-style-type: none"> ▪ Debt forgiveness is not subject to income tax for all debt outstanding forgiven from 1 April 2020 up to 31 December 2021. This policy will now be further extended as follows: <ul style="list-style-type: none"> • Debt creation period will be extended from 31 December 2020 to 31 December 2021. • Debt forgiveness period will be extended from 31 December 2021 to 31 December 2022.
11. Exempt interest income	<ul style="list-style-type: none"> ▪ Income Tax Act will be amended to simplify the rules to allow interest income earned exempted on income less than \$30,000.
12. Re-organization of business structure	<ul style="list-style-type: none"> ▪ Section 88 of the Income Tax Act 2015 will extend the scope to cover partnership structure. ▪ Furthermore, the definition of group companies will be expanded to include transfer of assets between companies that have common shareholders.
13. Tax deduction for salary and wages paid	<ul style="list-style-type: none"> ▪ The 300% deduction allowed on salaries and wages paid to an employee quarantined and/or tested positive for COVID-19 will be further extended from 31 December 2020 to 31 December 2022. ▪ Letter from the Ministry of Health and Medical Services will be required for verification.
14. Tax deduction for reduction of commercial rent	<ul style="list-style-type: none"> ▪ The tax deduction given to landlords for the amount of reduction of commercial rent will be increased from 100% to 200%. ▪ The tax deduction will be further extended until 31 July 2022.
15. Tax deduction for reduction of commercial rent	<ul style="list-style-type: none"> ▪ A tax deduction will be accorded to landlords for reduction of Commercial rent. The reduction refers to the rent payable after 01 April 2020 to 31 December 2020. ▪ The deduction will only apply to existing rental contracts. ▪ Landlord will have to provide record of rental income received for the past 6 months.

16. FNPF Contribution	<ul style="list-style-type: none"> ▪ The mandatory FNPF contribution will be increased from 5% to 6 percent. ▪ Employer contribution exceeding the 6% mandatory FNPF contribution up until 10% will be allowed a tax deduction of 300% of the excess. A 100% deduction is allowed under Section 23 of the Income Tax Act whilst the remainder 200% will be provided through the Other Incentives Regulations.
17. Film Making and Audio-Visual Incentives	<ul style="list-style-type: none"> ▪ Film Tax Rebate payment for pending payments will resume in the new fiscal year, while processing of all new provisional applications will still be suspended.

Tax Administration Act

Policy	Description
1. Withholding Tax on professional service fees	<p>Consistent with DTAs and domestic law provisions, FRCS will facilitate refund of withholding tax collected on professional service fees.</p> <ul style="list-style-type: none"> ▪ Withholding tax directly paid to non-residents will be refunded through discussions with the respective competent authorities using Mutual Agreement Process article in the DTAs. Tax Administration Act will be amended to explicitly provide for this; ▪ Withholding tax paid by Fiji residents on behalf of non-residents will be paid using the section 33(5) of the Tax Administration Act after verifying documents and assessments.
2. Section 11 – Amendment of Tax Assessments	<ul style="list-style-type: none"> ▪ FRCS will only go back 3 years to amend tax returns of Companies that have a gross turnover of less than \$1.25 million. Section 11 of the Tax Administration Act will be amended accordingly.
3. Dishonored cheques	<ul style="list-style-type: none"> ▪ In an effort to deter taxpayers from presenting dishonored cheques, a fine of \$500 will be imposed.
4. Tax write-off threshold	<ul style="list-style-type: none"> ▪ The tax write-off threshold for CEO FRCS will be increased from \$500 to \$100,000.

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5. Tax amnesty	<ul style="list-style-type: none"> ▪ Tax Amnesty will be granted to taxpayers with tax arrears to obtain waiver for all penalties upon payment of real taxes. ▪ To qualify for the amnesty, taxpayers must make payment arrangements within 3 months from 1 August 2021 and make payments before 30 June 2022
6. Tax refunds to offset customs debt and customs refund to offset tax debt	<ul style="list-style-type: none"> ▪ Taxpayers will be allowed to use excess credit in VAT/Income Tax or any other tax type to offset against customs debt. This policy will not be applicable for disputed tax. Similarly, taxpayers will be allowed to use excess customs credit to offset against any tax debt.
7. Ruling	<ul style="list-style-type: none"> ▪ The ruling legislation will be implemented from 1 August 2021.
8. Any court of competent jurisdiction may remit the matter to the CEO	<ul style="list-style-type: none"> ▪ Section 86 of the Tax Administration Act will be amended to allow matters to be referred to the CEO by any court of competent jurisdiction.
9. VAT Monitoring System (VMS)	<ul style="list-style-type: none"> ▪ 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. ▪ Furthermore, businesses who wish to implement VMS on a voluntary basis until 31 December 2023, will qualify for a tax deduction of 300% based on the expenditure incurred in the implementation process.

INDIRECT TAX MEASURES

Value Added Tax Act

Policy	Description
1. VAT exemption on all climate and disaster parametric insurance	<ul style="list-style-type: none"> ▪ A climate and disaster parametric insurance refers to micro- insurance products targeting farmers, fishermen, small businesses, market vendors and other vulnerable groups, for which a small subscription fee is paid and in the event of disasters, the insured party receives payout. ▪ Indemnity payout will be exempted from VAT. ▪ Schedule 1 of the VAT Act will be amended to ensure that parametric insurance is an exempt supply.

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2. Definition for omnibus	<ul style="list-style-type: none"> The definition of omnibus for VAT zero rating purposes will be amended to align with the definition contained in the LTA Act.
3. Disclosure of VAT registration status	<ul style="list-style-type: none"> The Value Added Tax Act will be amended to include the provision of disclosing or publishing of registration status of registered persons by the CEO.
4. Exemption on crew allowance	<ul style="list-style-type: none"> Section 14 will be amended to include concession code 218A for VAT exemption on crew allowance.
5. VAT exemption on unaccompanied luggage	<ul style="list-style-type: none"> Section 14 will be amended to include concession code 219A for VAT exemption on unaccompanied luggage for a travelling passenger.

Environmental & Climate Adaptation Levy Act

Policy	Description
1. Refund of the Environment & Climate Adaptation Levy (ECAL)	<ul style="list-style-type: none"> Provision will be made to allow refund of ECAL for any errors and omissions, along with customs duty.
2. ECAL exemption on private importation	<ul style="list-style-type: none"> Schedule 2 of ECAL Act will be amended to include concession code 212 for exemption of ECAL on private importation.
3. ECAL exemption on passenger/ crew allowance	<ul style="list-style-type: none"> Schedule 2 of ECAL Act will be amended to include concession codes 218 and 218A for exemption of ECAL on crew allowance.
4. ECAL exemption on travelling passenger's unaccompanied luggage	<ul style="list-style-type: none"> Schedule 2 of ECAL Act will be amended to include concession codes 219A for exemption of ECAL on travelling passenger's unaccompanied luggage.
5. ECAL exemption on importation of goods for hotels and resorts	<ul style="list-style-type: none"> Schedule 2 of ECAL Act will be amended to include concession codes 235 and 235A for exemption of ECAL on importation of goods for hotels and resorts.

Customs Tariff Act – Fiscal Duty and Import Excise Changes

Policy	Description
1. Increase in fiscal duty on steel pipes, galvanized pipes, stainless steel pipes and rectangular tubing	<ul style="list-style-type: none"> Tariff on steel pipes, galvanized pipes, stainless steel pipes and rectangular tubing will be increased to fiscal duty of 32% or \$0.40 per kg whichever is greater and 10% import excise. The description will be aligned to include pipes with a wall thickness of 1.6mm to 2.3mm.
2. Reduction in fiscal duty on liquid milk, full cream milk, yogurt, butter and cheese	<ul style="list-style-type: none"> Fiscal duty on liquid milk, full cream powdered milk, yogurt, cheese and butter will be reduced to 5%. The new duty will be effective from 31 August 2022.
3. Reduction in fiscal duty on green tea	<ul style="list-style-type: none"> Fiscal duty on green tea will be further reduced from 5% to 0%.
4. Concession Code 221 – Shipping companies	<ul style="list-style-type: none"> Concession code 221 will be extended to include plastic seals, bolt seals and dangerous goods stickers.
5. Reduction in fiscal duty on spare parts for electrical equipment	<ul style="list-style-type: none"> Fiscal duty on spare parts for electrical equipment such as detector machines will be reduced to 0%.
6. Reduction in fiscal duty on cement	<ul style="list-style-type: none"> Given the current shortage of cement in the market, fiscal duty on cement will be reduced to 5% for a period of 6 months, from 01 August 2021 to 31 January 2022. Importation of cement will be facilitated under concession code 124.
7. Importation of egg trays and cup holders	<ul style="list-style-type: none"> Importation of egg trays and cup holders will be subject to fiscal duty of 32%, however orders placed prior to 16 July 2021 can be facilitated under concession code 231.
8. Concession code 124 – Concessions applicable to particular goods	<ul style="list-style-type: none"> Concession code 124 will be extended to include cement, timber, reinforcing bars, veneer plywood and nails in the event that there is unavailability of supply by local manufacturers.
6. 9. Reduction in duty on fruit juices	<ul style="list-style-type: none"> Fiscal Duty will be reduced from 32% to 15% on fruit juices that: <ul style="list-style-type: none"> are not manufactured locally; or have no added sugar.
7. Increase in fiscal duty on nonwoven bags	<ul style="list-style-type: none"> Fiscal duty on nonwoven bags classified under chapter 63 will be increased to 32%. To provide protection for the domestic suppliers and align the tariff, the fiscal duty will be increased from 5% to 32% on sacks and bag falling under heading 6305 of the Customs Tariff Act.
8. Reduction in fiscal duty on automotive batteries	<ul style="list-style-type: none"> As a relief measure to bus companies and taxi operators, fiscal duty on all automotive batteries will be reduced from 32% to 15%.

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9. Concession code 302 – broadcasting and network service provider	<ul style="list-style-type: none"> ▪ Duty concession at the rate of Free fiscal duty and Free import excise will be extended towards importation of transmission and graphic equipment and spare parts.
10. Reduction in fiscal duty on audio visual equipment	<ul style="list-style-type: none"> ▪ Fiscal duty on audio visual equipment as stipulated below, will be reduced to 0%: <ul style="list-style-type: none"> - Television cameras, digital cameras and video camera recorders; - Pocket-size radio cassette players; and ▪ Radio receivers.
11. Concession code 256 – Companies, entities and educational institutions	<ul style="list-style-type: none"> ▪ Concession code 256 applicable on companies, entities and educational institutions will be removed as fiscal duty for items classified under this code have already been reduced in the 2020- 2021 National Budget.
12. Removal of HMC License	<ul style="list-style-type: none"> ▪ To reduce cost of doing business and modernize/ simplify business processes, the requirement to acquire a HMC license will be revoked.
13. Fiscal duty for vegemite	<ul style="list-style-type: none"> ▪ Fiscal duty on vegemite will be reduced from 32% to 5%.
14. Concession code 235 – Existing hotels and resorts	<ul style="list-style-type: none"> ▪ Concession code 235 will be extended to include outdoor equipment. ▪ In addition, duty concession on heavy plant and machinery will be removed as fiscal duty have already been reduced in the 2020 – 2021 National Budget.
15. Concession code 219 – A bona fide passenger finally disembarking in Fiji	<ul style="list-style-type: none"> ▪ Concession code 219 will be extended to include provision for unaccompanied luggage. ▪ In addition, concession code 219 will be extended to include 219A to accommodate duty free allowance on unaccompanied luggage of a travelling passenger.
16. Concession code 218 – A bona fide passenger finally disembarking in Fiji	<ul style="list-style-type: none"> ▪ Concession code 218 will be amended to increase allowance for accompanied luggage from \$1,000 to \$2,000. ▪ The code will also be amended to include allowance for unaccompanied luggage of an accumulated value of \$2,000. ▪ In addition, concession code 218 will be extended to include 218A to legislate crew allowance for flight crew disembarking from an aircraft.
17. Concession code 115 – Concessions applicable to particular goods	<ul style="list-style-type: none"> ▪ Concession code 115 will be amended to remove vessels classified under headings 89.01, 89.02, 89.03, 89.04 and 89.05 as fiscal duty for these have already been reduced to 0% in the 2020-2021 National Budget. ▪ Furthermore, the code will be amended to include vessels classified under heading 8903.99.90 – other vessels.

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18. Concession code 273 – Companies or entities	<ul style="list-style-type: none"> Concession code 273 will be extended to include equipment, accessories and chemicals related to desalination and sewerage treatment projects.
19. Concession code 252 – Companies or entities involved in mining industry	<ul style="list-style-type: none"> Concession code 252 will be extended to include companies involved in mining exploration.
20. Concession code 301 – termidor chemicals	<ul style="list-style-type: none"> Duty concession on the importation of termidor chemicals to Free fiscal duty.
21. Concession code 117 - Concessions applicable to particular goods	<ul style="list-style-type: none"> Concession code 117 applicable on shaped textile fabric or assembled fabrics will be removed as fiscal duty for items classified under this description have already been reduced to 5% in the 2020- 2021 National Budget. Additional Note 15 to Chapter 50 will also be deleted as it is an explanatory note for concession code 117.
22. Concession code 287 – Approved taxi operators	<ul style="list-style-type: none"> Concession code 287 (iv) will be amended to increase the age limit for used and reconditioned petrol and diesel vehicles from 2 years to 5 years from the year of manufacture.
23. Concession code 291 – Approved companies or entities	<ul style="list-style-type: none"> Concession code 291 applicable on approved companies or entities will be removed as fiscal duty on importation of ethyl alcohol classified under this code have already been reduced significantly in the 2020-2021 National Budget.

Customs Legislation

Policy	Description
1. Dishonored cheques	<ul style="list-style-type: none"> A fine of \$500 will be imposed for both tax and customs revenue streams.
2. Advanced notification of arrival of a ship	<ul style="list-style-type: none"> Section 11A of the Customs Act will be amended to allow ships to provide advanced notification of arrival not less than 48 hours.
3. Importation of goods for commercial purposes	<ul style="list-style-type: none"> A maximum threshold of \$2,000 will be introduced for the registration of the Customs entry import value for commercial consignments for Gold Card Taxpayers.
4. Section 96	<ul style="list-style-type: none"> A new provision on re-lodgment of refund will be included in Section 96 of the Customs Act 1986, whereby re-lodgment will be allowed for maximum of 30 days. Furthermore, Section 96(6) of the Customs Act 1986 will be amended to increase the minimum refund amount of \$50. The minimum refund of \$10 remains.
5. Customs refunds to offset tax debt	<ul style="list-style-type: none"> Excess credit or overpayment of customs duties, bonds or fees will be used to offset against tax debt. This policy will not be applicable for disputed amount.

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6. New 100% Electric vehicles and quad bikes	<ul style="list-style-type: none"> Schedule 3 Item 6 of the Customs Prohibited Imports and Exports Regulations will be amended to exempt new 100% electric vehicles and quad bikes from being Euro 4 compliant.
7. Arrival and Report of Aircraft and Ships	<ul style="list-style-type: none"> Section 36(1) of the Customs Regulations will be amended to reword and replace the words “excess or short” with “amendment”, to allow all forms of amendments to be made to the inward report.
8. Departure and Clearance of Aircraft and Ships	<ul style="list-style-type: none"> Regulation 94 of the Customs Regulations will be amended to reword and replace the words “excess or short” with “amendment”, to allow all forms of amendments to be made to the manifest.
9. Service of Notices	<ul style="list-style-type: none"> Section 188 of the Customs Act will be amended to include provision for serving notice by electronic means.
10. Penalty	<ul style="list-style-type: none"> Regulation 15 of the Customs Prohibited Imports and Exports Regulations will be amended to increase penalty from \$10,000 to \$25,000. This is to align to the other penalties for offences stipulated in the Custom laws.
11. Duty Deferment payment for Bonded Warehouse Operators	<ul style="list-style-type: none"> Section 92 of the Customs Act will be amended to allow removal of goods from Bonded Warehouse without customs duty being payable immediately, subject to certain conditions.
12. Notice of Claim on seizure of goods	<ul style="list-style-type: none"> Section 157 (1) of the Customs Act will be amended to reduce the period of claim from 3 months to 14 days. Section 158 will also be amended to reduce the period for procedure after notice of claim from 2 months to 14 days.
13. Recovery of Duties	<ul style="list-style-type: none"> With the aim of harmonizing tax and customs legislations, Section 95 of the Customs Act will be amended to include provisions where Directors/Shareholders will be personally liable for recovery of duties and penalties for companies that are in financial difficulty.
14. Offence for not maintaining Proper Records	<ul style="list-style-type: none"> Section 114B of the Customs Act will be amended to include an offence provision whereby businesses will be deemed accountable for failing to keep proper records.
15. Electronic Submission of documents	<ul style="list-style-type: none"> Regulation 107(3) of the Customs Regulations will be amended to allow taxpayers or customs agents to submit relevant documents electronically.
16. E-cigarettes	<ul style="list-style-type: none"> Schedule 2 – Item 16 of the CPEIR will be amended to include e- cigarettes as a restricted item for importation. A permit to import will be required prior to importation.
17. Definition of freight forwarders	<ul style="list-style-type: none"> To ensure compliance to customs laws, the Customs Act will be amended to include the definition of freight forwarders.
18. Licensing of freight forwarders	<ul style="list-style-type: none"> The Customs Act will be amended to include provision for licensing of freight forwarders.

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19. Recovery of Duty as a result of Audit and Investigation	<ul style="list-style-type: none"> Section 101A of the Customs Act will be amended to include timeline for recovery of duty as a result of audit or investigation. In the case of fraud, recovery can be made anytime, while for any other reason, recovery is to be made within 6 years
20. Import VAT payments	<ul style="list-style-type: none"> Import VAT payments for Gold Card Taxpayers will be deferred for two (2) months effective from 1 August 2021.
21. Importation of pasta, chips, noodles and biscuits	<ul style="list-style-type: none"> To ensure availability of unexpired quality products, the CPIER will be amended to include provision remaining shelf life on the importation of pasta, chips, noodles and biscuits to not less than 12 months.

Gambling Turnover Tax Act

Policy	Description
1. Gambling Turnover Tax	The Gambling Turnover Tax rate will be applied on at the rate of 15% on the value of ticket.

Fiji Revenue and Customs Service (Information Sharing) Regulations 2019

Policy	Description
1. Information Sharing	Information sharing will be extended between FRCS, authorized government agencies and statutory bodies.

DISCLAIMER

The contents of this publication have been extracted from the Budget Address and Budget Estimates provided to us by the Ministry of Economy. Accordingly, whilst every care has been taken in the preparation of the publication no responsibility is accepted for persons acting on this information without prior consultation.

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