



**PRACTICE
STATEMENT
No. 8/2012**

SUBJECT	FIJI REVENUE & CUSTOMS AUTHORITY: TELECOMMUNICATION LEVY
DATE OF EFFECT	1 January 2012
CONFIDENTIALITY STATUS	May be released to the public
LEGISLATIVE REFERENCES	<i>Income Tax Act 1974</i>
PRACTICE CO-ORDINATOR	National Manager Revenue Collection

INDEX

Introduction	2
Legislative basis	3
Imposition of the tax.....	3

INTRODUCTION

- 1) The purpose of this Practice Statement is to provide guidance on the application of the Telecommunication Levy.
- 2) The Telecommunication Levy is imposed a rate of 1% on all voice calls under the provisions of the Income Tax Act 1974 which is effective from 1 January 2012. It is issued with the authority of the Chief Executive Officer, of the Fiji Revenue & Customs Authority (FRCA).
- 3) All telecommunication service providers that conduct such services including the provisions for voice calls are required to register with FRCA effective from 01.01.12 or within 30 days from commencement of business.
- 4) Once registered a notification of Telecommunication Levy Registration will be sent for confirmation.
- 5) For the purpose of the Telecommunication Levy, 'voice calls' means:

"All modes of voice calls transmitted whether inbound or outbound and a charge is made."
- 6) The telecommunication levy shall be charged to the user of the telecommunication service to whom the telecommunication service provider would charge.
- 7) The telecommunication levy does not apply to internet services and other fixed charges
- 8) The telecommunication service provider is responsible for lodging a Telecommunication Levy return with the payment of the telecommunication levy to FRCA.

LEGISLATIVE BASIS

- 9) In the 2012 Budget Address, the Minister of Finance announced that a Telecommunication Levy is to come into force on 1 January 2012. The Telecommunication Levy is imposed on users of the telecommunication under Section 7F of the *Income Tax Act 1977* (Decree No.7 of 2012 dated 10 January 2012).
- 10) **Section 7F** states:

"(1) A levy to be known as "telecommunication levy" at a rate of 1% shall be imposed on all voice calls transmitted by any telecommunication services.

(2) The person liable for the levy shall be the user of telecommunication service to whom the charges are incurred.

(3) The licensed telecommunication service provider shall on or before 15 days after the last day of each month, lodge a return in the approved form and pay the levy due.”

IMPOSITION OF THE TELECOMMUNICATION LEVY

- 11) The Telecommunication Levy is imposed a rate of 1% on all voice calls transmitted by any telecommunication service provider.
- 12) The telecommunication levy shall be charged to the user of the telecommunication service to whom the telecommunication service provider would charge.
- 13) The telecommunication levy is imposed on the VAT exclusive amount of the charge.
- 14) The telecommunication service provider is responsible for lodging a Telecommunication Levy return with the payment of the telecommunication levy to FRCA.
- 15) The telecommunication service provider is responsible for lodging a Telecommunication Levy return with the payment of the telecommunication levy to FRCA on or before the 15th day after the last of each month the levy was charged.

Example

Company X is charges the following by Telecommunication Services Y in January 2012:

<u>Bill for January 2012</u>		
	Total Charges (exclusive of VAT)	\$10,000
<i>less</i>	Internet charges	\$ 2,000
<i>less</i>	Rental and Fixed Charges	\$ 1,000
<i>equal</i>	Total Voice Call Charges	\$7,000
	Telecommunication Levy (1%)	\$ 70

Telecommunication Services Y will have to lodge the January 2012 Telecommunication levy Return with the Telecommunication levy of \$70 to FRCA by the 15 of February 2012

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