

BILL NO. 26 OF 2017

A BILL

FOR AN ACT TO AMEND THE VALUE ADDED TAX ACT 1991

ENACTED by the Parliament of the Republic of Fiji—

Short title and commencement

- 1.—(1) This Act may be cited as the Value Added Tax (Budget Amendment) Act 2017.
- (2) This Act comes into force on 1 August 2017.
- (3) In this Act, the Value Added Tax Act 1991 is referred to as the “Principal Act”.

Section 44 amended

2. Section 44 of the Principal Act is amended after subsection (1) by inserting the following new subsection—

“(2) For the purpose of ensuring that a person does not pay tax more than once in relation to a taxable supply, a registered person shall—

- (a) only charge and pay the CEO the tax that is payable for the taxable supply provided by the registered person; and
- (b) not charge tax for a taxable supply where tax has been charged by another registered person with respect to that taxable supply.”.

*Section 70 amended***3.** Section 70 of the Principal Act is amended by—

(a) in subsection (9), deleting the definition of “dwelling house” and substituting the following—

““dwelling house”, in relation to an eligible person, means a building constructed solely as a first residential property of that eligible person and includes any land or appurtenances belonging to the dwelling house or usually enjoyed with it;” and

(b) in subsection (11)(a), deleting “12 months” and substituting “10 years”.

*Section 72 amended***4.** Section 72 of the Principal Act is amended by—

(a) in subsection (1)—

(i) in paragraph (a)—

(A) deleting “\$500” and substituting “\$5,000”; and

(B) deleting “3 months” and substituting “10 years”;

(ii) in paragraph (b)—

(A) deleting “\$1,000” and substituting “\$15,000”; and

(B) deleting “6 months” and substituting “10 years”; and

(iii) in paragraph (c)—

(A) deleting “\$1,500” and substituting “\$25,000”; and

(B) deleting “one year” and substituting “10 years”;

(b) in subsection (2)—

(i) in paragraph (a)—

(A) deleting “\$500” and substituting “\$5,000”; and

(B) deleting “3 months” and substituting “10 years”;

(ii) in paragraph (b)—

(A) deleting “\$1,000” and substituting “\$15,000”; and

(B) deleting “6 months” and substituting “10 years”; and

(iii) in paragraph (c)—

(A) deleting “\$1,500” and substituting “\$25,000”; and

(B) deleting “one year” and substituting “10 years”;

(c) deleting subsection (3) and substituting the following—

“(3) Every person who commits an offence against section 71(a) shall be liable to a fine not exceeding \$10,000.

(3A) Pursuant to subsection (3) the Chief Executive Officer shall issue a notice to the person requiring that person to register and pay the appropriate fine within 6 months from the date of issuance of the notice.

(3B) Every person who fails to register and pay the fine within the time specified under subsection (3A) shall be liable upon conviction to a fine not exceeding \$50,000 or to imprisonment for a period not exceeding 10 years, or to both such fine and imprisonment.”; and

(d) in subsection (4)—

(i) in paragraph (a)—

(A) deleting “\$1,500” and substituting “\$10,000”; and

(B) deleting “one year” and substituting “10 years”; and

(ii) in paragraph (b)—

(A) deleting “\$3,000” and substituting “\$20,000”; and

(B) deleting “2 years” and substituting “10 years”.

Schedule 2 amended

5. Schedule 2 to the Principal Act is amended after paragraph 29 by inserting the following new paragraph—

“**30.** The supply of fish to Pacific Fishing Company Limited.”.

VALUE ADDED TAX (BUDGET AMENDMENT) BILL 2017

EXPLANATORY NOTE

(This note is not part of the Bill and is intended only to indicate its general effect)

1.0 BACKGROUND

- 1.1 The Value Added Tax Act (Budget Amendment) Bill 2017 (**'Bill'**) seeks to amend the Value Added Tax Act 1991 (**'Act'**).
- 1.2 The Bill provides for relief from value added tax (**'VAT'**) for the construction of first residential homes, the supply of fish to Pacific Fishing Company Limited (**'PAFCO'**) and also strengthens compliance.

2.0 CLAUSES

- 2.1 Clause 1 of the Bill provides for the short title and commencement. If passed by Parliament, the amending legislation will come into force on 1 August 2017.
- 2.2 Clause 2 of the Bill amends section 44 of the Act by including a new provision to ensure a person is not taxed twice for the same taxable supply.
- 2.3 Clause 3 of the Bill amends section 70(9) of the Act by clarifying the definition of "dwelling house" for a person to claim for a VAT refund.
- 2.4 Clause 3 of the Bill also amends section 70(11)(a) of the Act by increasing penalties to prevent any abuse of the concession.
- 2.5 Clause 4 of the Bill amends section 72 of the Act by increasing penalties to strengthen compliance.
- 2.6 Clause 5 of the Bill amends Schedule 2 to the Act which provides that the VAT on the supply of fish to PAFCO is zero-rated.

3.0 MINISTERIAL RESPONSIBILITY

3.1 The Act comes under the responsibility of the Minister responsible for finance.

A. SAYED-KHAIYUM
Attorney-General