

1985 – 2001

The Inland Revenue Department continued to administer the Income Tax, Land Sales, Hotel Turnover, Estate and Gift Duties and Turnover Tax Acts. By 2001 after the merge of the Inland Revenue and the Customs and Excise Departments in 1999, the list of legislations increased to include the Customs Act 1986, Customs Tariff Act 1986, Excise Act 1986, Merchandise Marks Act (Cap 241), Value Added Tax Decree 1991 and the Wreck and Salvage Act (Cap 198). Accordingly the functions of the Fiji Islands Revenue & Customs Authority (now known as the Fiji Revenue & Customs Authority) increased to encompass the functions of both former departments.

In the years leading up to the merge, the Inland Revenue Department continued to work on enhancing their processes and managing their resources effectively to increase efficiency and thus productivity. Computerization was introduced to compute tax, input taxpayer's details and create a databank to match data and select cases for audit and investigation. To increase capacity building staff continued to go on local and overseas training and attachments whilst international tax administrations sent their staff to Fiji for the same.

During this period high tax and duty rates prevailed whilst more revenue was generated through income taxes and customs with a ratio of 52 % on average coming from income tax. High customs duties reflected adoption of import substitution policies. Duty rates were as high as 200 %. Tax and Customs revenues to total government revenue averaged 77 %. In this era, there was a comprehensive local excise regime with many goods subject to tax. In addition tax to GDP was below 20 % and with the introduction of VAT in 1992 the tax regime became modernized (F. Rahman, personal communication, October 15, 2012). In Mr. Mailekai's words (former Commissioner of Inland Revenue 1987 – 2001) "The introduction of the VAT has completely transformed Fiji's taxation system from one that was complex, inequitable and had a low revenue raising capacity; to one which is relatively simple, equitable and with a high revenue-raising capacity". Consequently the strategy evolved from a traditional functional approach to one that was more customer-focused. This was reflected in the sharp increase of staff numbers to the change in the organizational structure.