



TAX TALK- VAT MONITORING SYSTEM (VMS)

Objective of VMS

The objective of the VAT monitoring system (VMS) is to have efficient and reliable software to encourage voluntary tax compliance and at the same time collect the much needed revenue for the government which is currently being evaded.

The VMS software which will be linked to the company's cash registers will provide real time data to FRCS on total company sales and the amount of VAT collected.

This initiative is in line with Government's objective of implementing efficient and reliable systems to stop tax evasion

Implementation of VMS

All supermarkets and pharmacies are reminded that in accordance with the Tax Administration (Electronic Fiscal Device) 2017 Regulations, they are required to install the Electronic Fiscal Devices (EFD) at their businesses by 31 December 2017.

Other business sectors will need to follow the same obligation and these groups of business will be announced later in the year.

To ensure compliance from these two sectors, FRCS has provided an EFD test environment to developers and manufacturers of Point of Sale (POS) systems and Electronic Sales Data Controller (E-SDC) devices to test before final submission for accreditation to the Technical Committee.

Awareness session

Our officers are working closely with the two sectors and POS Vendors by facilitating awareness sessions from September 25th in the Central/Eastern, Western and Northern Division. This information can also be accessed on our website <http://www.frsc.org.fj/vat-monitoring-system-vms/>. In addition to this a number of meeting have been organized between FRCS and the businesses for better

understanding of the implementation process. The team is working closely with the supermarkets and pharmacies to ensure that they are compliant by the deadline.

Suppliers of smart cards

FRCS is currently collecting best offers from suppliers of the smart cards to customize the secure element which will be issued to each company at the time of their enrollment, that is accreditation/activation of EFD in the supermarkets / pharmacies respectively. However, FRCS will consider every transaction issued through EFD as official from the December 31st deadline.

Companies have two options for the system - for those who opt to for the Internet independent system, they will have to have one secure element card per point of sale, while others who choose to have online POS system will need only one to authenticate themselves with FRCS.

This project is the first of its kind in Fiji and possibly the pacific, but is the norm in countries like Argentina, China, Brazil, Spain, Russia, Mexico and Turkey. Benefits of the system include reduced risk of theft from employees and most importantly create a level playing field for all taxpayers.

A complete list of Frequently Asked Questions regarding this are available online <http://www.frcs.org.fj/wp-content/uploads/2017/08/Frequently-Asked-Questions.pdf>

Accredited POS and E-SDC

We wish to advise all interested vendors that the accreditation process for Point of Sale (POS) systems and Electronic Sales Data Controller (E-SDC) devices for the VAT Motoring System (VMS) / Electronic Fiscal Device (EFD) is **now open**.

Hardware and software which is sold as POS or E-SDC needs to be tested to ensure compliance with Technical Standards. By definition POS can be any electronic device used to produce invoices, such as cash register or computer program on notebook, tablet etc.

Vendors for one or both systems are invited to register their test solutions with FRCS and apply for accreditation via email to EFDCCompliance@frcs.org.fj

FRCS will provide POS developers with Instructions on how they can test ESDC & VSDC options using our Test environment.

The Service wishes to remind all Supermarkets and Pharmacies that the compliance date is 31 December, 2017 therefore, you are encouraged to do the needful with your POS providers early to avoid fines and penalties for non-compliance.

Level Playing Field

Our aim is to create a level playing field for all Fijians. There are some very compliant taxpayers who always pay their fair share of taxes on time and it is unfair on them if we let go of those who evade taxes and do not file in their returns on time nor pay taxes on time.