

**Part 1**  
**TAX TALK – DUTY ON HYBRID VEHICLE IMPORTS FROM 1 JANUARY 2017**

**FS: The Minister for Economy in his 2016-2017 Budget address has announced modest duty on second-hand Hybrid vehicles from 1<sup>st</sup> January 2017. What has FRCA done so far with regards to this implementation?**

**CEO:** Yes. The Government had announced for a deferred implementation of duty on second-hand Hybrid vehicles effective 1<sup>st</sup> January 2017. The legislative amendments to the Customs Tariff Codes is already in place as well as the Customs IT System – ASYCUDA World – has also been programmed to start imposition of the applicable duty rates. We have already posted a Public Notice in this respect for prior awareness.

**FS: What are the specific duty rates that will be applicable and how does it apply to individual importers and motor car dealers who would be importing a second-hand hybrid vehicle from 01 January 2017?**

**CEO:** In fact the duty will be applied in exactly the same way – that is the same rates apply whether you import one unit for personal use or many units - for resale. The duty rates are applicable based on engine capacity. Effective from 1<sup>st</sup> January 2017 all reconditioned or used Hybrid Vehicle will be subject to duty rates as follows:

<b>Engine Capacity</b>	<b>Fiscal Duty/Unit</b>	<b>Import Excise</b>	<b>VAT</b>
Not exceeding 1000 cc	\$2,000 or 32% whichever is greater	15%	9%
More than 1000cc but less than 1500cc	\$2,000 or 32% whichever is greater	15%	9%
More than 1500cc but less than 2500cc	\$2,500 or 32% whichever is greater	15%	9%
More than 2500cc but less than 3000cc	\$3,000 or 32% whichever is greater	15%	9%
More than 3000cc	\$6,500 or 32% whichever is greater	15%	9%

**FS: Your table of duty rates above does not seem to be consistent with the Budget announcement of “modest duty”. You have the 32% as well as 15% Import Excise. This is confusing.**

**CEO:** Firstly, you need to understand the Tariff structuring in our Customs Tariff Act. The international tariff structure is always as **Fiscal Duty, Import Excise** and **VAT**. So when an item is duty free, it is legislated as – Free Fiscal, Free Excise and 9% VAT. So whence bringing the same to dutiable imports category, then the existing tariff structure for second hand vehicles is:

Engine Capacity	Fiscal Duty/Unit	Import Excise	VAT
Not exceeding 1000 cc	\$3,550 or 32% whichever is greater	15%	9%
More than 1000cc but less than 1500cc	\$7,500 or 32% whichever is greater	15%	9%
More than 1500cc but less than 2500cc	\$11,500 or 32% whichever is greater	15%	9%
More than 2500cc but less than 3000cc	\$18,000 or 32% whichever is greater	15%	9%
More than 3000cc	\$23,000 or 32% whichever is greater	15%	9%

Example 1. - Let's say that the value for duty of a hybrid vehicle with an engine capacity of 2400cc is FJD\$7,550. The duty calculation shall be as follows:

Scenario 1:

Fiscal Duty @32%	Import Excise	VAT	Total Duty
\$2,416	\$1,132.50	\$998.91	\$4,547.41

If the total duty was collected at the **specific rate**, it would be as follows:

Scenario 2:

Fiscal Duty @ \$2500	Import Excise	VAT	Total Duty
\$2,500	\$1,132.50	\$1,006.38	\$4,638.88

In this example, Scenario 2, applies.

Example 2. - If a second hand hybrid vehicle (2400cc) which has a value for duty of FJD \$50,000 is imported then the applicable duty is:

Fiscal Duty @ 32%	Import Excise	VAT	Total Duty
\$16,000	\$7,500	\$6,615	\$30,115

In this instance, the duty component will include fiscal rate at 32% since it is greater than the specific rate of \$2,500 per unit.

**FS: What is the duty rate for importing a brand new Hybrid and plug in Electric vehicle in 2017?**

**CEO:** These are **duty free**, that is to say, **Free Fiscal, Free Import Excise and 9% VAT.**

**FS: How about motor vehicle dealers selling second hand hybrid vehicles that has been imported and already cleared prior 1 January 2017?**

**CEO:** Motor vehicle dealers selling second-hand hybrid motor vehicles that was brought into the country with no duty paid i.e. prior to 1st January 2017, should not be charging customers any new duty. We expect these car dealers to be honest and responsible when selling such vehicles to customers. If any dealer does that, they will be subject to full brunt of the law under **Customs Infringement** Framework for not passing on the duty concession to the consumer.

For a degree of assurance and confidence, buyers can re-confirm or clarify with FRCA the landed cost to ensure that duty concession is passed onto the final consumer.

**FS: What should an individual do before importing a used vehicle into Fiji?**

**CEO:** Prior to importing the used vehicle, the Importer should apply for an 'Import License' in writing to Fiji Revenue & Customs Authority to avoid any unnecessary delays for clearance from wharf. The vehicle will not be released from Customs control, if the importer does not produce the valid import license at the time of clearance. FRCA had cases where Importers have imported vehicles into the country only to learn that vehicle is a prohibited good. There is an age restriction criteria in place for the importation of second hand (diesel, unleaded, LPG, CNG, hybrid, electric and solar) vehicles. Used diesel and petrol vehicles should not be more than 5 years from the year of manufacture and should be EURO 4 standardized. Used Liquid Petroleum Gas (LPG), Compressed Natural Gas (CNG), Electric, Hybrid and Solar vehicles age should not be more than 8 years from the year of manufacture and are to be EURO 4 standardized.