

Tax Talk - Back to School VAT

FS: As there are no fees with primary and secondary schools are students charged VAT on Tertiary Education Tuition Fees?

CEO: These would depend on whether the school is registered with the Ministry of Education or not. Under the VAT Act, the following which are registered with the Ministry of Education are exempt from VAT: primary school, secondary school, the Fiji College of Agriculture, the Fiji Institutes of Technology, the Fiji School of Medicine, the Fiji School of Nursing, Fiji National Training Council, the Lautoka Teachers College, Monfort Boystown, the Pacific Regional Seminary, the Pacific Theological College and the University of the South Pacific; or any other similar educational institute as approved by the CEO FRCA.

FS: Will students be paying 9% VAT on books and other educational materials and services charged by schools that you've listed above?

CEO: No, since the respective educational institutions listed are exempted from registering for VAT, hence, they cannot charge VAT on any sales or services as all these sales will also be exempted from VAT e.g. text books, uniforms etc. Schools text books that are provided to students is provided free of charge to students, however, where the schools charge students for a fee it should be exempted from VAT.

FS: How about those educational facilities that are not registered with the Ministry of Education but are profit oriented business?

CEO: Those educational institutions carried on for the purposes of commercial profit or gain to any proprietor, member, or shareholder will be required to register for VAT if their annual sales exceed \$100,000. These means that the tuition fee and other services charged by such institution would be subject to 9% VAT.

FS: Whilst the University of the South Pacific (USP) is listed on the as a registered under the Ministry of Education they do charge VAT on text books sold from its bookshop. Why is this?

CEO: Yes, the USP bookshop is separately identified from the school and because its annual sales exceed \$100,000 they are required to register for VAT and hence they charge students the 9% VAT on text books accordingly.

FS: Are school uniforms being sold by garment and apparel shops operating on a commercial basis subject to VAT?

CEO: Yes, garment stores that are registered for VAT will charge VAT on uniforms and other educational apparel that they sell. This also applies to school sandals being sold by VAT registered footwear shops.

FS: How about school texts books sold from bookshops and supermarkets, are they subject to VAT?

CEO: Again, if the book store or supermarket is registered for VAT, they will charge the 9% VAT on any sale made. This is a VAT requirement for all VAT registered persons. I always advise consumers to always demand for a tax invoice when paying for goods.

FS: Why is important to demand for a Tax Invoice?

CEO: This will ensure that the business accounts for the correct VAT when filing and paying VAT. We've reports on some businesses who would offer different prices for the same good depending whether you want a Tax Invoice or not. Without the Tax Invoice the price is slightly cheaper whilst if you want a Tax Invoice then you'll have to pay for the full amount as stated in the retail price that is VAT Inclusive.

FS: What is your advice on such cases?

CEO: Be an honest Fijian. Request for a tax invoice, pay the retail price that is VAT Inclusive and report such unscrupulous business bribes to FRCA or FICAC. We have to take pride in our beloved country. One must understand the importance of paying taxes in our country. About 90% of the Government Budget in a year is from taxes. Paying your tax means you are contributing to the betterment of our nation - developing the infrastructure of the country such as building new roads, providing free education and bus fare assistance, free food rations for the poor and needy, national security and defense, environment preservation, disaster assistance, and etc.. The government needs upright and honest Fijians.

FS: Some committee base schools have made major renovations; some have erected new class rooms CEO: for the school. Can they claim VAT on these renovations or for the construction of a new classroom?

If the school is registered under the Ministry of Education, they would be exempt from registering from VAT and hence cannot claim VAT on its purchases.

FS: Some schools request for assistance or donations e.g. transportation for special needs students, can they request for a waiver of VAT on importation for such vehicles?

CEO: Yes, assistance can be sought from FRCA for such cases. The Minister of Economy will have to approve such request on the waiver of VAT and duty before we can give clearance.

FS: There are some non- profit organization from abroad that want to donate to schools computers, books sportswear etc. Are there any concessions on these?

CEO: Items for import into the country will depend on the concessions and their respective tariff rates. Goods such as computers and books for education have concession allowance. For sportswear, there is no concession code, however, we will need to have the Minister of Economy's approval. Before importing such donations into Fiji, it is advisable that the request for VAT and duty waiver is sought from the Minister first. We've had some cases where some goods had to be charged duty as manifest declaration included other goods other than those that were approved.