

## **Talk Tax – Credit Card Levy**

### **FT: What is Credit Card Levy?**

**CEO:** Credit Card Levy is a tax imposed at the rate of 2% on the debit or outstanding balance that remains unpaid at the end of the due date for payment in a billing cycle in a credit card account. The outstanding balance includes overdue amount plus the bank's administrative charges such as fees and interest penalty for late payment.

### **FT: Who pays this levy?**

**CEO:** This levy is paid by any credit card holder who maintains an account with any financial institutions in Fiji such as BSP, ANZ and Westpac bank etc.

### **FT: Does this levy apply to Foreign Credit Cards used here in Fiji?**

**CEO:** No this levy does not apply to foreign credit card used here in Fiji as it specifically applies only to local or Credit Cards issued by banks registered in Fiji.

### **FT: Who is responsible for collecting this levy and remitting to FRCA?**

**CEO:** The banks that have credit card product or facility available for customers in Fiji are responsible for the collection from each respective credit card holder. The banks must deduct the correct amount of levy on the outstanding balance on the card account and remit the amount to FRCA together with the Credit Card Levy return on or before the 15th of the following month in which it was collected. The banks must keep the supporting documents for the computation of levy for a minimum of seven years for Fiji Revenue and Custom Authority inspection purposes.

### **FT: What if there is no outstanding balance on the due date of the billing cycle of the credit card?**

**CEO:** If there is no outstanding balance on the due date of billing cycle, there will be no Credit Card Levy charged. Hence, Credit Card holders must ensure to clear any debit balance before the end of the due date for payment in a billing cycle to avoid paying the Credit Card Levy.

### **FT: Who is exempted from the levy?**

**CEO:** Whilst diplomats are exempted under the Diplomatic Privileges and Immunities Act for income tax purpose, they will also be charged the Credit Card Levy for any outstanding balance if they use a Credit Card issued here in Fiji by Financial Institutions registered here in Fiji.

### **FT: There were some issues raised concerning the effective date on the implementation of a policy change in the process; that is from outstanding balance at the end of the month to outstanding balance as at the due date of the billing cycle?**

**CEO:** Yes this matter was raised through the Complaints Management Forum through the Consumer Council and the matter is currently being discussed. The banks have indicated through the Reserve Bank that they find it difficult to identify those Credit Card holders that have been overcharged. We are still discussion with the Reserve Bank and the Complaints Management Forum on a way forward for this.