

Tax talk - companies listed in the South Pacific Stock Exchange now and in 2016

FS: How much tax does a company pay if it gets listed on South Pacific Stock Exchange.

CEO: Companies listed on the South Pacific Stock Exchange enjoy the concessionary rate of 10%. This means that they only pay 10% tax on any profits earned and not the normal corporate tax rate of 20%.

FS: Is there an incentive for deduction on Expenses Incurred in the process of a company preparing to list with the South Pacific Stock Exchange?

CEO: Yes, a company is allowed a deduction of 150% of the prescribed costs incurred in a tax year in preparation for listing on the South Pacific Stock Exchange. Costs include investment advisory fees, legal fees, accounting fees, company admin and management cost, stamp duties, listing fees, underwriting costs, special report costs.

FS: When disposing shares listed on the South Pacific Stock Exchange do they have to pay Capital Gains tax?

CEO: No, listed companies are exempted from paying capital gains tax on any capital gain made on the disposal of shares listed on the South Pacific Stock Exchange. This includes any capital gain made by a resident person from the sale of shares where a private company goes through re-organization, restructure or amalgamation for the purposes of listing or as part of a listing process on the South Pacific Stock Exchange, provided that the private company is listed on the South Pacific Stock Exchange within 24 months from the date of commencement of re-organization, restructure or amalgamation.

FS: How about the dividends earned through the South Pacific Stock Exchange?

CEO: Any dividend earned by the members of a company listed on the South Pacific Stock Exchange is exempted from tax, for both dividends paid by a company listed on the South Pacific Stock Exchange to a **resident** and **non-resident** shareholder. This includes nominal value of bonus shares provided to a shareholder to the extent that the shares have been paid up out of profits arising from the reconstruction, reorganization of the company's structure solely for the purpose of listing on the SPSE if the company— is listed on the South Pacific Stock Exchange within 12 months of such reconstruction or reorganization or such longer period as the CEO may allow; and remains listed on the SPSE for not less than 3 years.

FS: Are the income earned from trading in shares subject to tax?

CEO: No, the net gain derived by a resident during the tax year from the trading of shares in a company listed with the South Pacific Stock Exchange is exempt income. Income made from the gain of the sale of shares that may arise from the re-organization, re-construction or amalgamation of a private company for the purposes of listing or as part of a listing process on the South Pacific Stock Exchange, prior to listing, or after listing on the South Pacific Stock Exchange. The private company shall be listed with the South Pacific Stock Exchange within 24 months from the date of commencement of the re-organization, re-construction or amalgamation of the private company. If not listed within 24 months, income then becomes taxable.

FS: How about listed companies that may want to repatriate dividends abroad?

CEO: Listed companies when repatriating dividends payable to non-resident listed company shareholders have to ensure that the following: Seek tax clearance from Fiji Revenue and Customs Authority (FRCA) by submitting a p-value calculation from auditors; and (iii) If, based on the p-value calculation the dividends are qualified, the dividends payable to non-residents are deemed fully taxed,

hence, no withholding tax (WHT) will be charged by FRCA on the dividends repatriated to non-resident shareholders of the listed company.