

## **Tax Talk - Environmental Levy**

### **FT: What is Environmental Levy?**

CEO: As was announced by the Minister of Finance, the introduction of the Environmental Levy reinforces Government's commitment for all Fijians the right to a clean environment. The levy would mostly be applicable to Visitors that come for the luxury of the accommodations and the natural beauty and recreational opportunities in Fiji, and they will willingly pay a small additional charge to support environmental protection programmes.

### **FT: What is the rate Environmental Levy?**

CEO: The Environmental Levy rate is 6% and is levied on the 'turnover' of prescribed service providers. 'Turnover' means the total charges for prescribed services billed to consumers. Environmental Levy payable is computed by applying the tax rate to the fee for the prescribed service (exclusive of Value Added Tax and Service Turnover Tax).

### **FT: What services will be subject to Environmental Levy?**

CEO: Environmental Levy is charged or levied on prescribed services listed under the Schedule of the Environmental Levy Act. Prescribed services include the provision of:

- accommodation, refreshments and any other services in **licensed hotels or tourist vessels**
- meals, beverages and any other services in **licensed restaurants, bars, clubs, bistros and coffee shops with an annual gross sales of \$1.25m or more.**
- all services in **licensed nightclubs**
- travel, tour and sight-seeing services by **inbound tour operators**
- all services including entry ticket fees provided within **cinema premises**
- all **hired or rented car services** with 'LH' and 'LR' license number plates excluding taxi's with 'LT' license number plates
- all **water sports** activities such as river safaris by water sports operators
- accommodation and any other services by a registered **home stay operators**
- recreational activities by **recreational activity operators** such as skydiving
- **live entertainment** by personal participation of artists or **exhibition of products** where entry fees is charged for events venue
- charter flight services by aircraft operators except flights for medical or natural disaster relief evacuation services

### **FT: Do the above service providers need to register for Environmental Levy before they start charging from 1 January 2016?**

CEO: Yes, registration is compulsory for 'service providers' listed under the prescribed list under the Environmental Levy Act. However, those that are currently registered for STT purpose do not have to register as FRCA will automate their Environmental Levy registration. For new businesses, a person should first obtain a Tax Identification Number, and then register for Environmental Levy purposes. Registration must be done within 30 days before the commencement of the business. The registration form is available on our website ([www.frca.org.fj](http://www.frca.org.fj)) and Customer Enquiry Centers. In general, the Environmental Levy applies to licensed businesses. However, where a person may not have the necessary permits to operate, the person will be deemed to be registered for Environmental Levy, if their operations fall within the description of prescribed services.

### **FT: How is the Environmental Levy calculated?**

CEO: Environmental Levy is applicable on the value of service charged **exclusive** of VAT and STT. Example - Service charged by a registered person is \$100 exclusive of VAT and other taxes.

Service charge		\$100 (VEP)
Environmental Levy calculation	\$100 x 6%	Environmental Levy = \$6.00
STT calculation	\$100 x 10%	STT = \$10.00
VAT calculation	\$100 x 9%	VAT = \$9.00
Total		\$125.00 (inclusive of all taxes)

**FT: Will the price displayed by ‘service providers’ be inclusive of the Environmental Levy for customers to be aware?**

**CEO:** Yes, those charging the Environmental Levy are required to clearly identify the total cost inclusive of the taxes applicable. Under the VAT Decree, registered persons are required to display the price of all prescribed services supplied at the retail level in Fiji as inclusive of tax (if any) chargeable on that supply. However, tourism publicity material utilized overseas to advertise the supply of any goods and services by any registered person may be displayed as exclusive of tax (if any) chargeable on that supply, provided that any tourism publicity material on which an exclusive of tax price is displayed must clearly state that the price displayed is subject to the tax. When issuing the receipt the respective tax components should also be clearly shown to customers.

**FT: Will the service providers be required to lodge Environmental Levy Returns separate from the STT Return and the VAT return?**

**CEO:** Yes, a separate return will be required for the Environmental Levy and the person accountable must submit a return together with the tax payment by the end of the month following the month in which the levy was collected. The due date for lodgment of the Environmental Levy Return is also the due date for payment of the levy. Example: Environmental Levy collected in January 2016 must be paid to FRCA by 29 February 2016.

**FT: Do companies still have to lodge a monthly return if no Environmental Levy was collected?**

**CEO:** In cases where the business continues to operate but there is no Environmental Levy to report for a period, a return indicating that there was no turnover for that particular period must be submitted. Accountable persons will be required to keep records to support the computation of the Environmental Levy. Penalties apply for failure to comply with any of the provisions of the Act.