

Stamp duty charges

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LAST week, we

discussed recent

changes to stamp duty charges and its

implementation. In this

second part, Fiji

Revenue and Customs Authority CEO Jitoko Tikolevu speaks with Business reporter

Ropate Valemei about various stamp duty charges and its

application.

TIMES: Is the transfer of a vehicle through love and affection, for example, father to son or daughter exempt from stamp duty?

TIKOLEVU: No, there is no exemption on transfers through love and affection. Stamp duty of 3 per cent will be on the market value of the vehicle.

TIMES: Will stamp duty apply on the transfer of vehicle from an owner to his or her business name as a sole trader and vice versa?

TIKOLEVU: No, the stamp duty is exempt; however, the business registration certificate and the tax identification number (TIN) will have to be presented to FRCA for verification purpose.

TIMES: Will stamp duty apply on transfer through probate or will?

TIKOLEVU: No. Stamp duty will not apply for transfers under probate. However, a copy of the will and or probate will be required. Our officers will fill the requisition form and attach it to the transfer form exempting the transaction from stamp duty.

The transfer form together with our requisition form will then have to be taken to LTA. Where companies transfer vehicle within the same company, stamp duty will only apply if the transfer is made between two separate legal entities. If the transfer does not have any consideration, the stamp duty will apply on the open market value or a price you would ask if you had sold to somebody else.

TIMES: Why does a person have to pay 3 per cent stamp duty on transfer of second-hand motor vehicle when they have already paid 1.75 per cent on the bill of sale?

TIKOLEVU: If a taxpayer finances the purchase through a financing institution, stamp duty will be payable on the bill of sale at the rate of 1.75 per cent of the consideration. Effective from February 1, 2015, any transfer of second-hand motor vehicle will attract stamp duty payable at the rate of 3 per cent of the consideration on the LTA Transfer form. These are two separate instruments as specified in Section 3 Part 1 under the heading Schedule, hence separate stamp duty payable for separate instruments.

* Stamp duty on property.

TIMES: What are some of the conditions for conditional exemption on properties?

TIKOLEVU: Stamp duty is exempted for first residential property. The property should not have more than two flats. If the title is other than Certificate of Title (CT), then the term has to be more than 50 years;

Consent has to be granted from TLTB, Ministry of Lands, Housing Authority before it can be lodged for processing;

If a taxpayer is taking a loan for the purchase of their first residential property, the loan purpose is solely for purchase only. If bank instruction confirms other purposes, it will attract stamp duty;

If there is a variation on mortgage (for construction), plan of the proposed dwelling is to be attached;

TIMES: How much do I have to pay in order to get my residential tenancy agreement stamped, if I am paying a monthly rental of \$450?

TIKOLEVU: Stamp duty on residential tenancy agreement depends on the monthly rental incurred by the tenant. Effective from August 30, 2014, where the monthly rental is less than \$700, stamp duty of \$10 applies, and where the monthly rental is between \$700 and \$1500, a stamp duty of \$20 applies and if the monthly rental exceeds \$1500, stamp duty of \$500 applies.

TIMES: If there is no residential tenancy agreement, is there any other document that I can use to pay for the stamp duty?

TIKOLEVU: Yes. A copy of the receipt for monthly rental paid should suffice in order for us to denote the stamp duty payable.

For more information, please email tepu@frca.org.fj, contact our personnel on telephone numbers 3243505, 3243819, 3243845, 3243836 or visit our website <http://www.frca.org.fj/stamp-duties-unit/>.

* This is a weekly column specifically targeting tax issues. If you have any topics that you want Talk Tax to focus on, please email rvalemei@fijitimes.com.fj or Business editor Geraldine Panapasa on gpanapasa@fijitimes.com.fj.

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