

Talk Tax - 2016 Stamp Duty Changes

FT: There were some incentives on Stamp Duty for Small & Micro Enterprises (SME's) announced in 2016 Budget. Please explain.

A/CEO: Yes the Minister for Finance has announced for waiver of stamp duty for Small & Micro Enterprises on all instruments or written documents effective 1st January 2016. Small & Micro Enterprises under Stamp Duties Act includes any business with an annual gross turnover or sales not exceeding \$500,000 per annum.

FT: Does this mean that SMEs will not have to pay any stamp duty on mortgage, financial lease, tenancy agreement and any other instrument.

A/CEO: Yes, so long as those instruments relates to their business, including the purchase or transfer of a vehicle, any agreement and export entries for business purpose.

FT: How does an SME qualify for the exemption?

A/CEO: To qualify for this exemption, the applicant (SME's) will have to be a registered business that must have a business license, is tax and customs compliant and will be required to provide a Statutory Declaration confirming that they have a gross turnover not exceeding \$500,000. Copies of financial statements must be attached where applicable. The policy intention for this incentive is to assist the SME's. Post assessment audits will be conducted to verify declarations. Severe penalties will be imposed where taxpayers make false declarations or scheme to evade this tax.

FT: What will be the Stamp Duty rates on New Registration of Vehicles at LTA from 1st January 2016?

A/CEO: Stamp Duty will be payable on New Registration of Vehicles at LTA from 1st January 2016. The stamp duty will depend on the engine capacity of the motor vehicle and will be payable by the new owner of the vehicle. The rates are as follows:

Engine Size	Stamp Duty (\$)
0-999cc	25.00
1000-1599cc	50.00
1600-1999cc	100.00
2000-2599cc	200.00
2600-2999cc	300.00
3000-3599cc	400.00
3600cc – more than 3600cc	500.00

FT: Will stamp duty also apply on transfer of motor vehicles?

A/CEO: Yes stamp duty will also apply on transfer of motor vehicles. The transfer of ownership of vehicle will attract 3% stamp duty. This will be covered under the transfer instrument.

FT: What other new instruments was announced in 2016 Budget?

A/CEO: Some other new instruments announced by the Minister for Finance in 2016 budget are as follows:

◆ ***Deed of Assignment of Trademarks***

- Stamp duty will be applicable at the rate of 3% will be imposed on the value of the trademark that is being transferred by way of Deed of Assignment. The person primarily liable to pay the stamp duty will be the person executing the deed.

◆ **Finance Leases Or Loan Agreement**

- Stamp duty will be applicable at the rate of 1.75% on Finance Lease or Loan agreements including related party loans but excluding all personal loans not exceeding \$10,000. The person primarily liable to pay the stamp duty will be the lessee or borrower.

FT: Can you please clarify what are the conditions for the first home buyers to be exempt from paying stamp duty?

A/CEO: First home buyers must satisfy the following conditions in order to be exempted from paying stamp duty:

- the buyer must be a Fiji citizen;
- the property being purchased must be the first property in Fiji or elsewhere;
- The house can have 1 or more than 1 flat

FT: What if I sell my home within 5 years of purchase; will I have to pay back the stamp duty waived?

A/CEO: Effective 1st January 2016, there will be no stamp duty payable if the house is being sold within 5 years from purchase. Every Fiji Citizen will be allowed one exemption per life time upon purchase of a home.

FT: What is a crop-lien agreement and will it be subject to stamp duty?

A/CEO: Crop-lien is where farmers borrow money from lenders to purchase their goods such as tools for growing their crop and enter into agreement in exchange for a lien on the farmer's forthcoming harvest. Stamp duty will be exempted on such crop lien agreements.