

Talk Tax – Stamp Duty on Motor Vehicles

FT: What is Stamp Duty?

ACEO: Stamp duty is a tax imposed on legal documents that includes an agreement and that have been signed. Such documents are termed “instruments”. It is payable only on documents described in the First Schedule to the Stamp Duties Act Cap 205 Rev. 1985 such as: Agreements (with/without seal); Article of Association; Bill of Sale; Crop Liens; Deed Poll; Declaration of Trust; Memorandum of Association; Mortgage ; Transfer; Power of Attorney; and Variation of Mortgage.

FT: In the 2016 Budget announcement the Minister for Finance announced stamp duty on new registration of motor vehicles. What are the stamp duty rates on New Registration of Vehicles effective from 1st January 2016?

ACEO: The stamp duty rates on new registration of motor vehicles depend on the engine cylinder capacity and 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: Who is required to pay stamp duty on motor vehicle registration?

ACEO: The new owner or the buyer of the vehicle is required to pay stamp duty.

FT: Are there persons that can be exempted from paying this motor vehicle stamp duty?

ACEO: Yes, any individual or business in Fiji termed as a Small and Micro Enterprises (SME's) is exempted from paying stamp duty. These are small business operators that Government is assisting. On application for an exemption, the SME operator would have to show proof of the following:

1. That the SME is a registered business entity and hence have a business license;
2. A signed statutory declaration from the taxpayer confirming that the business gross turnover is less than \$500,000; and
3. A copy of the latest Profit and Loss Statement (for existing business).

The SME must also be tax and customs compliant. In cases where there are outstanding Tax Returns, FRCA will still assist, however, you will have to agree on an arrangement to file all outstanding Tax Returns or a time to pay arrangement in cases of outstanding tax arrears.

FT: Where should the stamp duty be paid for new vehicle registrations?

ACEO: Stamp duty for new registration of vehicles must be paid at any of FRCA offices Fiji wide, however, all effort is being made for this to be paid at Land Transport Authority (LTA). Whilst stamp duty for new vehicle registration is being paid at FRCA, the transfer of vehicle registered vehicle is being paid at any LTA office Fiji wide.

FT: What documents does FRCA require from new vehicle registration buyers that come in for Stamp Duty at FRCA office?

ACEO: One will have to complete the Stamp Remittance New Registration (Form IRS506) and submitted together with the LTA vehicle registration documents namely the LTA registration form and the Invoice from the vehicle dealer.

FT: What are the penalties or fine for late?

ACEO: A 25% penalty will apply on the amount of stamp duty payable if vehicle registration documents for stamping are presented after 2 months and a 50% penalty will apply on the amount of stamp duty payable if vehicle registration documents for stamping are presented after 3 months. FRCA had issued a Public Notice stating that Stamp Duty is to be paid by 30th June 2016 on all vehicles registered from 1st January 2016 till 30th April 2016 to avoid any penalties.

FT: Will stamp duty also apply on transfer of registered motor vehicles? If yes where should it be paid?

ACEO: Yes stamp duty will also apply on transfer of registered motor vehicles. The transfer of ownership of vehicle will attract 3% stamp duty on the selling price of the vehicle and the buyer is required to pay this. We have engaged Land Transport Authority (LTA) to receipt stamp duty on our behalf on transfer of motor vehicles.

FT: Where the vehicle is being transferred as a gift, how would we value the vehicle?

ACEO: A person will have to declare a value on the LTA Transfer Form which will be taken to the transfer price of the vehicle.

FT: How about those seeking loan for the purchase of a motor vehicle, will they be paying stamp duty on financing?

ACEO: Yes, there is a separate Stamp Duty on mortgage and the duty rate is 1.75% of the value of loan which is paid by the person taking the loan. Note that this is separate and distinct from the registration of motor vehicle. Generally the banks or financiers would organize for this stamp duty whilst the motor vehicle dealers would organize the stamp duty for registration or transfer of a motor vehicle.

FT: What is your advice to motor vehicle dealers?

ACEO: Vehicles that have already been registered from 01 January 2016 and on which Stamp Duty was not paid, the Fiji Revenue and Customs Authority is requesting owners to make Stamp Duty payment at their nearest FRCA Office. Please take note that vehicles will not be considered for renewal by the Land Transport Authority (LTA) if the Stamp Duty has not been paid. Fines of up to 50% will apply on unpaid duties after 30th June 2016. Motor Car Dealers and the General Public are advised to pay Stamp Duty at any FRCA Office prior to registration with LTA. Whilst Government has rolled out incentives and exemptions to assist SME's, severe penalties will be imposed where taxpayers will make false declarations or scheme to evade this tax.