

Vital transportation

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FRCA's assistance towards the bus industry has been in the form of Customs rebates, Customs concessions, the VAT zero rating of bus fares. Picture: FILE

THE bus industry plays an important role in the nation's economy. The Fijian Government, through the Fiji Revenue and Customs Authority, has been supporting the Fiji bus industry as it plays a significant and critical role in transporting the citizens of Fiji including schoolchildren, elderly and disabled people. FRCA chief executive officer Jitoko Tikolevu speaks to Business reporter ROPATE VALEMEI about the taxman's role in developing the bus industry.

TIMES: The bus industry is an important sector in Fiji. How does FRCA assist the industry?

TIKOLEVU: The Fijian Government, in its role to provide basic transportation for members of society, continues to work together with the Fiji Bus Operators Association (FBOA) to ensure that Fiji citizens are provided the best service. FRCA's assistance has been in the form of Customs rebates, Customs concessions, the VAT zero rating of bus fares, which has replaced Customs rebates on fuel and the continuous reforms to the tax rates in Fiji.

TIMES: How was the fuel rebate assistance provided to the bus industry?

TIKOLEVU: The fuel rebate scheme was the assistance provided to the bus operators, that for every litre of fuel purchased, \$0.18 was refunded.

In addition to the rebates were the reductions in duty for bus companies importing new buses and other identifiable bus features including cabs and chassis. On average FRCA refunded \$3million to bus operators annually through fuel rebates. On January 7, 2011, an agreement was signed by the Fijian Government and FBOA on the removal of rebates and that the bus services be classified as a zero rated supply under the VAT Decree.

TIMES: Do commuters pay for VAT in their bus fares?

TIKOLEVU: The removal of the fuel rebates scheme and the reintroduction that the bus services be classified as zero rated meant that commuters didn't have to pay VAT on their bus fare. While the VAT rate was increased from 12.5 per cent to 15 per cent in that year, bus fares did not increase.

TIMES: What does this mean for the bus operators?

TIKOLEVU: As a zero rated supplier, bus operators did not have to pay any VAT on their services except for special or chartered trips. However, any VAT paid on importations, repairs and maintenance and other business-related costs is claimable as a refund.

TIMES: How long does it take to process VAT refunds for bus operators?

TIKOLEVU: The normal turnaround time for processing and issuing VAT refunds under the VAT Decree is three months from the lodgment of the VAT return. Under certain circumstances the refunds are processed and issued depending on its urgency requests, however, there are cases where VAT refunds are held for more than three months because of incomplete returns or for further clarification.

When lodging VAT returns, it is mandatory that a complete input schedule is attached. The input schedule would contain the vendor or service provider name, respective tax identification number (TIN), cost of the good or service and the VAT component.

TIMES: Has there been a reduction on the duty for importing buses?

TIKOLEVU: In 2010, duty was reduced on new vehicles for transport of 23 persons or more fiscal duty reduced from 32 per cent to 5 per cent. Import excise was reduced from 15 per cent to 5 per cent. The reduction in duty saw an increase in bus importation.

TIMES: Can FRCA please explain the present concessions it provides on the importation of buses?

TIKOLEVU: Concessions available for bus operators excluding minibus operators are covered under concession code 241 (i), (ii), (iii) in the table.

* 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@fjtimes.com.fj or Business editor Geraldine Panapasa on gpanapasa@fjtimes.com.fj.