



STANDARD INTERPRETATION GUIDELINE 2018 - 19

CUSTOMS CONCESSION – CODE 253

COMPANIES OR ENTITIES INVOLVED IN SHIP OR BOAT BUILDING INDUSTRY

This Standard Interpretation Guideline ('SIG') sets out Fiji Revenue and Customs Service's ("FRCS") policy and operational practice in relation to the Customs Concessions granted to companies or entities involved in ship or boat building under Code 253.

It is issued with the authority of the Chief Executive Officer ("CEO") of FRCS.

All legislative references in this SIG are to the *Customs Tariff Act ("CTA") 1986* (unless otherwise stated).

This SIG is in effect from 18th June, 2018 and may need to be reviewed in the event of any relevant legislative amendments.

CONTENTS

Executive Summary.....	2
Introduction	2
Legislative Provision.....	2
Governing Conditions	2
Qualifying Criteria and Conditions.....	3

EXECUTIVE SUMMARY

1. Efficient maritime transport has an essential role to play in growth and sustainable development. Particularly for a developing country like Fiji, a lot of other sectors depend on maritime transport for transfers of technology, equipment, food, medication, etc. similar to the concessions granted to the land transport sector such as buses and taxis, government has also granted fiscal benefits to companies involved in the shipping sector.
2. Customs Concession Code 253 is applicable to companies and entities involved in boat building whereby importation of fixtures, fittings and raw materials that are used to build boats are granted duty rates of free fiscal, free import excise and 9% VAT.
3. While the legislative provisions are set out in the CTA, the industry needs to be very clear in terms of the administration and the application of the law.
4. This SIG therefore, sets out the CEO's official position on the application of Customs Concession, Code 253.
5. The SIG relates to the list of goods, persons and bodies that can qualify for duty concession under Code 253 to Part III of the Customs Tariff.

INTRODUCTION

6. The purpose of this SIG is to provide clarity and certainty to the application of the provisions under Code 253. The pre-requisites to qualify test rules and the entitlements under the code are discussed.
7. This SIG will also serve as a checklist to the applicants to self-assess their eligibility.
8. Furthermore, it will ensure that there is a uniformed approach to the processing of applications under this provision.

LEGISLATIVE PROVISION

Code	Owner	Goods Eligible	Fiscal	Import Excise	Vat	Conditions	Authority
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
253	Companies or entities involved in Ship or Boat Building Industry.	(i) Identifiable fixtures, fittings and components. (ii) Approved raw materials.	Free	Free	9%	(a) That the goods are solely to be used in ship or boat building industry. (b) That the goods are not for sale and are used exclusively for purposes for which the concession is granted. (c) That the disposal or use of the Super Yacht for the purpose other than that for use the concession is granted be subject to the provision of Section 17 of the CTA.	The person approved by the CEO.

GOVERNING CONDITIONS

9. The concession is to be claimed at the time of importation by the person or body specified in column (2).

10. The goods are of a kind relating to a name or description specified in column (3).
11. All conditions specified in column (7) and any other conditions that may be specified by the CEO are to be fulfilled.
12. When any conditions affecting the goods are not fulfilled after the goods leave Customs Control, the CEO may disallow the concession and collect the duty applicable under Part 1. Further action may also be taken such as penalties and/or compounding.

QUALIFYING CRITERIA AND CONDITIONS

13. This concession is designed only for companies or entities involved in ship or boat building industry. The applicant must be registered to build ships and boats in Fiji.
14. In the context of this concession raw materials are the basic items that are used directly to build the boat, fixtures are defined as items that are bolted on permanently while fittings are materials that are free standing and portable.
15. This concession is not extended to companies and entities involved in repairing of ships and boats.
16. Materials imported must be specifically used to build boats and not for the replacement of parts in ready built boats and ships.
17. To apply for this concession the following documents are to be submitted:
 - Application letter
 - Company Registration
 - Investment Fiji Certificate (Foreign Investors)
 - Specifications of boats built by the company
 - Detailed description of the process undertaken when building boats.
18. The list of identifiable fixtures, fittings, components and raw materials should be provided by the applicant at the time of initial application.
19. Upon receipt of the applications, this shall be assessed by FRCS in accordance with the conditions of Code 253 and where more information is required in terms of the business operations, documentation, and the company shall be contacted to furnish the same.
20. Once approved for duty concession, the Single Administrative Document (SAD) has to be lodged along with other mandatory documentations such as the Invoice, Bill of Lading/Air Way Bill, C45 Form (Declaration of Sale Document), Packing List (where required) and other documents relevant to the consignment (concession declaration, import licence, concession approval letters etc.) for clearance of the goods.
21. If the goods cleared under this provision are used for purposes other than for which the duty concession was granted, the company shall be investigated and penalized accordingly.
22. If there is any element of doubt or suspicion, the Investigation, Compliance, Intelligence Division (ICI) or the Enforcement & Monitoring Unit can be consulted.

23. Furthermore, import data is to be obtained from the ASYCUDA system for confirmation.
24. For any other clarifications you may contact the Tariff and Trade team on FICS-SuvaTariff&Trade@frcs.org.fj