



Tax Talk - The Whistle Blower Policy

The Fijian government has put in place quite a number of tax and customs policies that have led to the increase in tax and customs revenue collection over the years. The introduction of VAT self-assessment, VAT Monitoring System, electronic filing, electronic payments, tax compliance letters ensures a robust tax system that is directed towards voluntary compliance. This is the principal goal of any tax system in the world. The Revenue & Customs is putting a lot of effort in ensuring that it continues to build the trust of stakeholders, taxpayers and the general public through continuous and effective partnership.

As we talk about effective partnership in this week's article we will look at how the Whistle Blower Policy has been used over the years by individuals as a way to effectively report to Revenue and Customs about illegal activities. The whistle blower policy is one that every individual can use to report on tax and customs law breakers regardless of their status in life.

Last financial year, a total of 271 whistleblower cases were received by Revenue and Customs. We have successfully closed 204 cases while 67 are still pending. Total taxes collected through these complaints amounts to \$8.93 million dollars. These includes \$4.94 million in real taxes and \$3.99 million dollars in penalties.

Total reward payout to these whistleblowers in the last financial year amounts to \$313,958.

Whistle Blower Policy

The whistle blowing policy encourages members of the public to report or disclose any fraudulent acts, unethical behavior, breaches of FRCS Legislation, Regulations and Policies committed by any company or business person including any aspect of service provision or the conduct of officers or any member of Revenue and Customs. A whistle blower should make disclosures without fear of victimization or subsequent discrimination or disadvantage. It is somewhat different from just raising a complaint; the advantage of this policy is that it is an avenue where cash reward is given to a whistle blower whose claims are substantiated.

How to Raise a Concern?

Every individual may raise their concern in writing, by telephone email or in person to the Office of the CEO. A whistle blower other than persons who are not Revenue and Customs staff who wish to remain anonymous must identify and submit the following:

- The back ground and history of the concern (giving relevant dates); and
- The reason(s) why he or she is particularly concerned; you can call the CEO on 9907740
- Documentary or physical evidence whether direct or indirect of the concern or complaint.
- Telephone contacts and Names if possible.

Any disclosure(s) made, against the FRCS CEO and Board Members must be raised directly with the Office of the Minister of Economy or the Chairman of the FRCS Board. Disclosures made against the Chairman of the FRCS Board must be raised directly with the Office of the Minister of Economy copied to the FRCS CEO.

Whistleblower Confidentiality

All concerns will be treated, as far as possible, in the strictest confidence and every effort not to reveal the identity of the whistle blower if he or she wishes so. However, the discretion of the CEO will pertain to the seriousness of the breach and where the whistle blower's concerns require any further action, he or she, may at some future date must act as a witness or to provide evidence.

Whistleblower Reward Matrix

The Whistleblower Reward Matrix is assessed on 8 factors with different weightings. The factors are grouped into **3 Primary and 5 Secondary factors**. The Primary Factors (PF) are related to the significance, reliability and degree of information received which led to the successful net revenue gain. Each of the respective Primary factors must attain a score of more than zero.

The **Secondary Factors (SF)** are related to the timeliness and the level of assistance provided by the Whistleblower which led to tax compliance and resource savings. An independent team shall conduct due diligence and as such relevant auditors/investigators will be consulted during the process before a Whistle blower reward is determined.

Revenue and Customs has made a payment of \$250,000 to a whistle blower whose information led to the successful recovery of some \$8 million dollars in taxes and penalties from a company in the Western Division. This is the highest reward so far for any whistle blower and reflects our commitment to clamp down hard on Tax Evaders. The case involved a company engaged in the motor vehicle industry manipulating its sales record and under declaring for VAT and Income taxation. Following the information provided by the whistle blower, Revenue and Customs carried out detailed investigation with the sales reported in the company's tax returns and bank account where major discrepancies were noted.

Victimization of Whistle Blower

Employees are often the first to realize that there may be something wrong within their organization. Normally, employees would be expected to raise any concerns initially with their line manager. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the organization. They may also fear harassment, discrimination or victimization. In these circumstances it may be easier to ignore the concern rather than report what may just be suspicion of misconduct. The whistle blower policy will proceed on confidential basis and will reassure employees that they will be protected by Revenue and Customs from possible retaliations of any sort if there exists reasonable belief that disclosures made, have been made in good faith. If what a whistle blower alleges is true, or his or her suspicions are reasonable, he or she will have nothing to fear because he or she, will be performing their respective duty to Revenue and Customs and to those for whom he or she are providing a service. In fact, a whistle blower may be making himself or herself vulnerable if he or she does not raise the necessary alarm to Revenue and Customs.

Revenue and Customs will not tolerate or allow any form of harassment, victimization or discrimination including informal pressures, direct or indirect use of authority. We will take appropriate action to protect a whistle blower when he or she, raises a concern in good faith. If there are any intimidation, threats or instances of harassment, victimization or discrimination against a 'whistleblower' we will take appropriate disciplinary action against the individual concerned. Any investigation conducted into allegations of potential misconduct or related matters will not influence or be influenced by any disciplinary or redundancy procedures that is already affecting the person who blew the whistle.

If a whistle blower makes an allegation in good faith, no action will be taken against the whistle blower. If, however, he or she makes an allegation frivolously, maliciously or for personal gain, a separate investigation may be carried out and if necessary, disciplinary action taken against the whistle blower by Revenue and Customs. There shall be zero tolerance from the Revenue and Customs on such behavioral intentions.

Reporting Whistle Blower Cases

Members of the public are encouraged to report any Customs or Tax evasions or any unprofessional conduct in relations to Revenue and Customs officers by simply emailing ceo@frcs.org.fj or Letter addressed to the CEO or by reporting it in person. Taxpayers can also directly call the Revenue and Customs Chief Executive Officer on 9907740 to lodge complaints or our Chief Ethical Standards Officer on 9980489.

The Revenue & Customs is here to administer the tax and customs laws and it is our duty to ensure fairness and consistency in the application of the law to ensure that we are creating a level playing field for all taxpayers.