



## **Tax Talk- Duty Concessions**

In its effort to stimulate the growth in the Fijian economy, the Fijian Government has introduced a series of duty concessions amongst other fiscal incentives such as income tax holidays. The duty concession regime complements the liberal tax system that is characteristics of low tax rates and simplicity in the overall revenue administration in Fiji.

This week we will look into the number of duty concessions available and the requirements that has to be fulfilled in order to qualify for these concessions.

### **Concessions available for Manufacturers and Producers**

An approved manufacturer or producer is eligible for duty concession under Code 236 to Part 3 of the Customs Tariff at concessionary rate of Free Fiscal, Free Import Excise and 9% VAT.

The concession is applicable on the Raw materials which are used directly in the manufacture of the approved goods and specialized machinery, equipment and accessories that are used directly in the manufacturing process.

The concessions however are not applicable on the parts and materials of the approved machinery, motor vehicles for the use of the Manufacturer/ Producer and any other raw materials and machinery, equipment and accessories that is not directly a part of the manufacturing process.

This incentive is not extended to a simple mixing and blending process to produce the final product. Imported goods to be used as raw materials for the manufacture or production of an approved product will be eligible for duty concession under this incentive.

### **The Concession Approval Process:**

The manufacturer/producer is required to write in formally to the Chief Executive Officer (CEO) seeking approval for concession of the raw materials and machinery, providing the details such as type / nature of business, Company Registration, Investment Certificate (foreign), location of business, List of products manufactured/ produced by the company, List of raw material required for the manufacture of the product, specialized machinery, equipment and accessories that will be directly used in the manufacturing process and the manufacturing process flowchart. Revenue and Customs may request for further information and documentation for assessment purposes. An inspection may also be undertaken to determine the eligibility of the duty

concession.

### **Post Application**

Upon receipt of the applications, this shall be assessed by Revenue and Customs in accordance with the conditions of Code 236 and where more information is required in terms of the business operations and documents, the company shall be contacted to furnish the same.

Revenue and Customs will make an appointment with the applicant for a site inspection to see the manufacturing / production process. After the necessary inspections and if the documents and processes are in order, the applicant is formally advised on the approval/rejection under Code 236. If the application is approved under Code 236, the applicant shall be eligible to import the raw material or machinery under duty concession.

In case of a newly established manufacturing or production company, a provisional approval shall be granted on the importation of raw materials and machinery, pending the necessary inspections by FRCS.

Once operational, a formal inspection shall be carried out to determine the eligibility of duty concession under Code 236. After the necessary inspections for provisional approval, if it is identified that the company does not meet the conditions of Code 236, normal duty shall be recovered on the imported goods. Applications may take a minimum of 7 working days to process.

### **Concessions under Code 231**

An approved manufacturer or a producer in Fiji is eligible for duty concession on packaging materials (not manufactured and available locally) under Code 231 to Part 3 of the Customs Tariff at concessionary rate of Free Fiscal, Free Import Excise and 9% VAT.

The concession is applicable on containers and other packaging goods including labels used in packing, commercial conveyance or putting up goods for sale. The approved Manufacturer or producer has to formally write in to the CEO requesting for duty concession on the packaging materials. The packaging materials should however be for the immediate packaging of the final product and is not to be taken to include packaging or displaying Fiji produce at the point of sale.

Details and specifications of the specific packaging materials and or any samples etc. are to be made available for verification by the processing officers. FRCS shall assess the application accordingly and thereafter the applicant shall be advised of the approval or decline of the request.

The packaging materials may be approved for duty concession provided that the local manufacturers are unable to manufacture and supply the packaging materials according to the applicants required specifications and timelines. The application may also take a minimum of 7 working days to process.

### **Duty Concessions under section 10 approval**

Any importer requesting for a concession not specified in the Customs Tariff is required to lodge their applications with the Ministry of Economy (MOE) for consideration towards any duty concession, attaching the relevant documents.

The MOE in conjunction with Revenue and Customs shall conduct their assessment on the details of the application. Once the application is processed, a formal response shall be sent by the Ministry of Economy to the importer. While the application is being assessed, Revenue and Customs may contact the applicant directly for any further information and documentation that may assist in the assessment of concession application.

Once approved, the importer is required to engage a licensed Customs House Agent (CHA) for the formal clearance of their consignment. The Customs Agent shall liaise with the Revenue and Customs Processing Team for processing of the Customs entry and clearance of the goods.

### **Agricultural/Sugar/Forestry/Fishery incentives on imported goods**

Under the agriculture/sugar/forestry/fishery incentives provided for by the Government, the importation of specialized agriculture, livestock and dairy machineries, equipment and agricultural inputs, specialized forestry and fisheries equipment are eligible for duty concession at the rates of Free Fiscal, Free Import Excise and 9% VAT.

The importation under concession is subject to the condition that a letter of support is issued by the Ministry of Agriculture, Ministry of Sugar, Department of Forests and Ministry of Fisheries in relation to goods under concession.

### **Concession Process**

The importer is required to formally write to the relevant Ministries stating the machineries and inputs he/she is intending to import and its application to the Agriculture/Sugar/Forestry or Fishing industry.

The relevant Ministries shall do their assessment and a letter of support is issued by the Ministry of Agriculture/ Sugar/ Forestry or Fisheries to the importer/applicant. The importer shall then lodge the application for vetting and approval (together with invoices, bill of lading etc.) with Revenue and Customs.

Revenue and Customs shall assess the duty concession in line with the policy intentions of the agriculture/sugar/forestry and fishing industry. Goods that may not be eligible under this incentive shall need to be duty paid.

If approved, the importer is then required to engage a licenced Customs House Agent for the formal clearance of their consignment. The Customs Agent shall liaise with the Revenue and Customs Processing Team for processing of the Customs entry and clearance of the goods.

The Fiji Revenue and Customs Service is here to serve you- our taxpayers and we are ready to assist you to facilitate your request. However, we request taxpayers to obtain the necessary approvals prior to the importation of goods and machinery into the country to avoid unnecessary delays and costs for clearance such as storage fees etc. or in extreme scenarios re-export costs.

Please visit any nearest Revenue and Customs office for further assistance and clarification.