



## **Tax Talk – Tax Free Region**

In this week's article, we look at Fiji's Tax Free Regions.

Vanua Levu, part of Viti Levu, and some other islands, have been declared as Tax Free Regions by the Government of Fiji.

This declaration forms part of the incentives being offered by Government to businesses, to foster economic growth and attract investors by enhancing development and investment, as well as increasing employment and improving utilities and infrastructure in these areas.

### **What is a Tax Free Region?**

A Tax Free Region (TFR) is an area where companies can operate without being subject to income tax, provided that they have been granted a TFR operating license.

### **Who qualifies for this incentive?**

This incentive is available to those who meet the following three criteria:

1. A newly incorporated entity/company engaged in a new business;
2. The company is based in the declared Tax Free Regions, and
3. The minimum investment level of the company is \$250,000

If these three criteria are met, the applicant is granted a Provisional TFR.

### **How do I apply for establishment in the Tax Free Region scheme and a Provisional TFR license?**

There is an application form, Form 6, and a checklist that you need to complete and submit to the Chief Executive Officer, Fiji Revenue and Customs Service.

Once approved, the applicant will be granted a provisional TFR license. It is important to note that the license is subject to approval from the Minister for Economy, in concurrence with the Minister for Industry and Trade.

Once granted the provisional approval, the company may commence the establishment of the business.

All projects must commence within 18 months from the date of provisional approval being issued.

### **What benefits are available under the Provisional TFR license?**

The benefits available under the Provisional TFR license to include:

1. Import duty exemption on raw materials  
the machinery and equipment, (and the parts thereof)  
required for the establishment of the business in the Tax Free Region;
2. The company is based in the declared Tax Free Regions, and
3. The minimum investment level of the company is \$250,000

Once the establishment of the business is completed, the licensee is required to obtain a final TFR license.

### **How do I obtain a Final TFR license?**

The company is required to apply to FRCS for the Final TFR license upon establishment and before commencing business.

This will require the company to submit the following:

1. An audited report to verify the level of capital investment,
2. The date that trading will commence.

The business will also have to furnish half-yearly progress reports to FRCS.

### **How long will the tax holiday last?**

The length of the tax holiday granted to the company will be confirmed upon verification of the investment level, using the following tiered approach:

1. For a period of 5 consecutive fiscal years; a capital investment from \$250,000 to \$1,000,000.
2. For a period of 7 consecutive fiscal years; a capital investment from \$1,000,000 to \$2,000,000.
3. For a period of 13 consecutive fiscal years, a capital investment above \$2,000,000.

The duty exemption granted under the provisional approval will then cease.

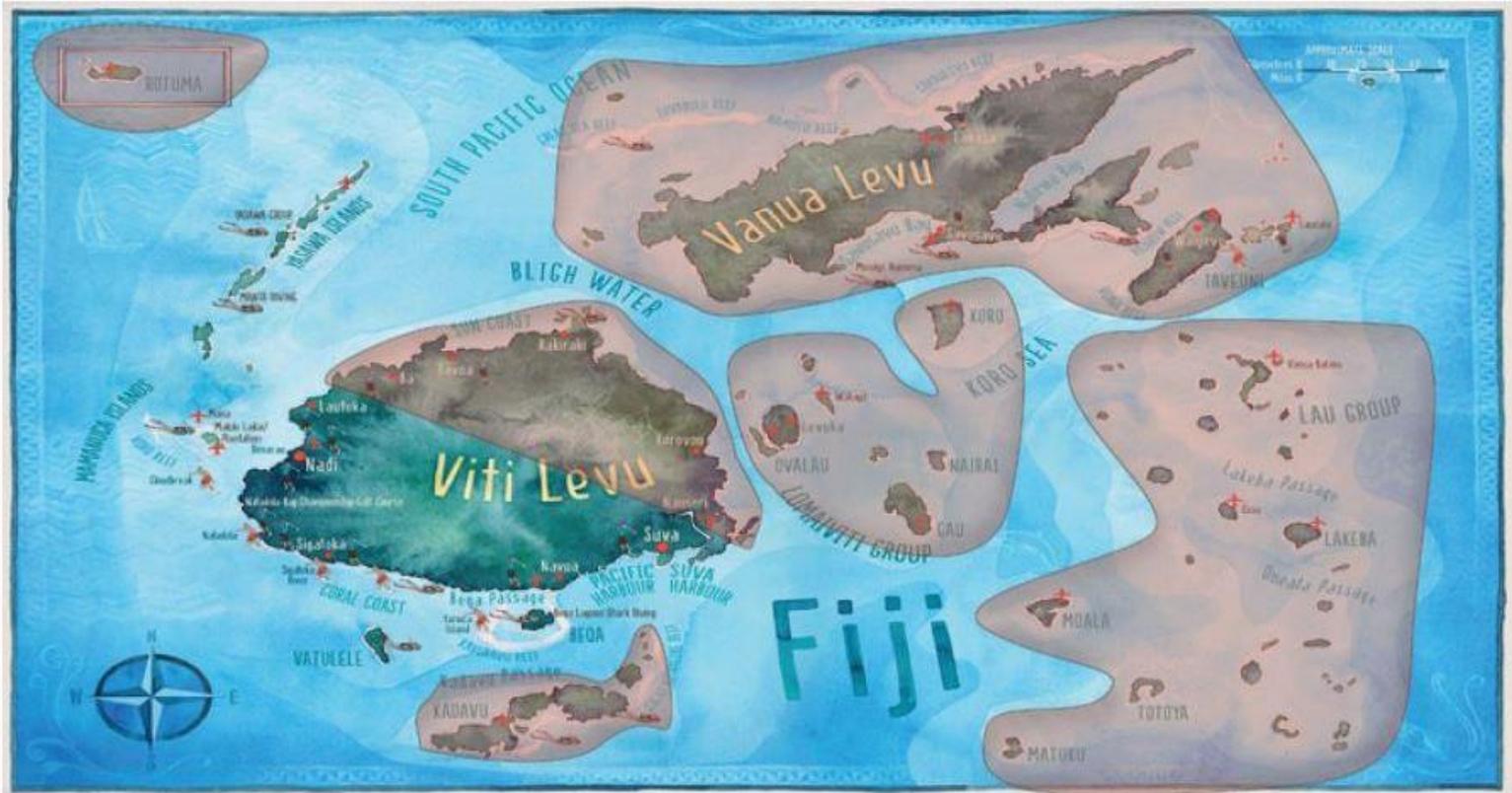
### **Which regions are classified as Tax Free Regions in Fiji?**

1. The entire island of Vanua Levu including Taveuni, Rabi, Kioa and other Islands generally included for government's administrative purpose as being in the Northern Division;
2. The islands of Rotuma, Kadavu, the Lomaiviti and Lau group of islands, and
3. From Nausori Airport side of the Rewa river (excluding township boundary) to the Ba side of the Matawalu River.

**Will there be any monitoring of businesses that establish in a Tax Free Region?**

FRCS will undertake strict monitoring to ensure that businesses establishing in the Tax Free Regions adhere to all requirements, as stipulated under the Income Tax (Tax Free Region Incentives) Regulation 2016.

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 - Tax Free Regions