



Tax Talk- How to apply for Duty Concessions?

The Fijian Government offers a wide range of incentives and concessions on import duty so that businesses can take advantage of these, and invest in the nation's economy.

This week, Tax Talk looks at the types of import duty concessions that are available, and what requirements must be met in order to qualify for these concessions.

As a manufacturer/producer, can I have a concession on my imports of raw material?

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

The concession is applicable on the raw materials, machinery, equipment and accessories which are used directly in the manufacture of the approved goods.

This concession however does not apply to spare parts and any other raw materials and machinery, equipment and accessories that are not directly part of the manufacture of the approved goods.

This incentive is not extended to companies and entities engaged in simple mixing and blending processes to produce the final product.

How do I apply for concession approval?

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, 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.

Application Assessment

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 and or machinery under duty concession. An approved manufacturer is deemed to be a person who makes or produces goods especially in a large scale.

I am just starting my manufacturing/production business. Can I apply for a 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 provided the conditions under Code 236 are complied with.

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.

Are there any concessions on packaging materials?

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

What packaging does the concession apply to?

The concession is applicable to 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. In addition, goods that have been imported into Fiji for the purposes of packing, repacking or labelling shall not be eligible for duty concession under Code 231.

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.

Can I apply for other Duty Concessions?

Any importer requesting for 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 applicant should provide the details of the importation, list & cost of the goods and how the duty reduction will contribute to the economic benefit of the country.

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.

Are there incentives on imported goods in the Agricultural/Sugar/Forestry/Fishery sectors?

Most of the imported agricultural items are already concessionary under the Customs Tariff attracting duty rates of Free Fiscal, Free Import Excise and 9% VAT. In addition, 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. This concession however is not extended to spare parts and items of a general purpose nature.

The importation under this 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. Items approved under this concession shall not be put up for sale and are to be used exclusively for purposes for which the concession is granted.

How do I apply for a concession on these types of imported goods?

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 make their assessment and a letter of support is to be 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.

To help us serve you better, FRCS wishes to remind its stakeholders that all concession approvals should be obtained PRIOR to the goods being loaded, shipped or arrival into Fiji. All application must be lodged with the complete documentation and legislative formalities must be completed with FRCS in a timely manner. This will ensure the seamless clearance of goods at the border and reduce unnecessary costs and delays in the absence of any concession approvals or non-compliant to FRCS legislative requirements.

We look forward to continue serving our customers better however the same cooperation is requested from the importers, exporters, carrier/shipping agents, customs agents, cargo agents and the general public.

Please visit any nearest Revenue and Customs office for further assistance and clarification or you can also email your queries on info@frcs.org.fj