
FIJI REVENUE & CUSTOMS SERVICE



**SUMMARY OF
REVENUE POLICIES
2019 – 2020 BUDGET**

7 JUNE 2019

2019 - 2020 BUDGET SUMMARY OF REVENUE POLICIES

Part 1 – Direct Tax Measures

(i) **Income Tax**

Policy	Description
1. Export Income Deduction Incentive	<ul style="list-style-type: none"> ➤ The Export Income Deduction will be re-introduced with retrospective application from 2018 and maintained for 3 years. The Export Income Deduction will be allowed at the rate of 50%. ➤ The Export Income Deduction will expire in 2020.
2. Deduction for Employers Contribution to FNPF	<ul style="list-style-type: none"> ➤ The deduction for employer’s contribution to FNPF will be increased from 50% to 100% effective from 1st January 2020.
3. Incentive for Renovations of Buildings	<ul style="list-style-type: none"> ➤ The threshold to qualify for the 25 percent investment allowance under the Income Tax (Renovation of Building Incentive) Regulation will be reduced from \$1 million to \$250,000. ➤ The incentive will be extended to other buildings apart from those in towns and cities but will only be available to commercial buildings.
4. Film Making and Audio Visual Incentives	<ul style="list-style-type: none"> ➤ The Income Tax (Audio Visual Incentives) Regulation 2016 will be amended with the following changes: <ul style="list-style-type: none"> • The film tax rebate will be increased from 47% to 75% and will be based on the expenditure incurred in Fiji and paid to Fiji Resident companies for goods and services. • The maximum rebate payable per approved final certificate will not be more than \$15 million. ➤ A 200% tax deduction will be available to companies investing in camera and other filming equipment for audio visual productions. ➤ Income tax holiday will be available to companies who set up production facilities including equipment, cameras, editing and post production studios. <ul style="list-style-type: none"> • Income tax exemption for a period of 7 years will be available provided capital investments is more than \$2 million. • Import duty exemption on raw materials, plant, machinery and equipment (including spare parts) required for the establishment of the business.
5. Tax Exemption on interest earned on Government	<ul style="list-style-type: none"> ➤ Tax exemption on interest earned from Government, State-Owned Entities and Statutory Authorities financial instruments

2019 – 2020 BUDGET REVENUE POLICIES – TAX AND CUSTOMS

Policy	Description								
securities and Government Guaranteed Securities	(bonds, treasury bills and promissory notes) by individuals and private entities excluding financial institutions.								
6. Residential Housing Development Incentive.	<p>➤ Income Tax (Residential Housing Development Package) Regulations 2016 will be amended to provide clarification on a ceiling on the sale price of residential housing so that it is affordable to potential average Fijian home buyers.</p> <p>➤ The incentive will only be available with the following condition to a multi-storey development:</p> <ul style="list-style-type: none"> • Each storey to have at least 15% of the units below the price ceiling of \$300,000. This requirement only applies to the first 5 storeys of the development. <p>➤ The incentive will also be available for a ground level multi-unit housing developments.</p> <p>➤ The following incentives will also be available:</p> <ul style="list-style-type: none"> • Income tax exemption on developer profits for the entire project. • Import duty exemption on the importation of capital equipment, plant and machinery. • Subsidy on the proportion of capital investment incurred for the development of the housing units at the following rates: <ul style="list-style-type: none"> ▪ Less than \$100,000 – 7% ▪ \$100,000 to \$200,000 – 5% ▪ \$200,000 to \$300,000 – 3% 								
7. Development of Housing for Public Rental	➤ Any private sector business investing in a multi-unit rental housing development will be granted an income tax holiday for the entire duration of the rental agreement with government.								
8. Tax incentive for retirement villages and aged care facilities	<p>➤ A new incentive package will be available to investments in retirement villages and aged care facilities. The following incentives will be available:</p> <ul style="list-style-type: none"> • Income tax exemption based on the following capital investment levels: <table border="1" style="margin-left: 40px; margin-top: 10px;"> <thead> <tr> <th style="text-align: center;">Capital Investment (\$)</th> <th style="text-align: center;">Tax Holiday</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">\$250,000 - \$1,000,000</td> <td style="text-align: center;">5 Years</td> </tr> <tr> <td style="text-align: center;">\$1,000,000 - \$2,000,000</td> <td style="text-align: center;">7 Years</td> </tr> <tr> <td style="text-align: center;">More than \$2,000,000</td> <td style="text-align: center;">13 Years</td> </tr> </tbody> </table> • Import duty exemption on raw materials, plant, machinery and equipment (including spare parts) required for the establishment of the business. 	Capital Investment (\$)	Tax Holiday	\$250,000 - \$1,000,000	5 Years	\$1,000,000 - \$2,000,000	7 Years	More than \$2,000,000	13 Years
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9. Tax incentive for waste management at Naboro Tax Free Zone.	<p>➤ To promote safer and environmentally friendlier waste management initiatives, the following incentives will be granted to companies engaged in waste management business in Naboro:</p> <ul style="list-style-type: none"> • Income tax exemption based on the following capital investment levels: <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: center;">Capital Investment (\$)</th> <th style="text-align: center;">Tax Holiday</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">\$250,000 - \$1,000,000</td> <td style="text-align: center;">5 Years</td> </tr> <tr> <td style="text-align: center;">\$1,000,000 - \$2,000,000</td> <td style="text-align: center;">7 Years</td> </tr> <tr> <td style="text-align: center;">More than \$2,000,000</td> <td style="text-align: center;">13 Years</td> </tr> </tbody> </table> <ul style="list-style-type: none"> • Import duty exemption on raw materials, plant, machinery and equipment (including spare parts) required for the establishment of the business. 	Capital Investment (\$)	Tax Holiday	\$250,000 - \$1,000,000	5 Years	\$1,000,000 - \$2,000,000	7 Years	More than \$2,000,000	13 Years
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10. Incentives for construction of warehouses or similar investments	<p>➤ Government will be encouraging investment in the business of warehousing and storage facilities given the increasing business needs. Storage facilities requires significant set up and operation costs. Therefore, a new incentive package is granted to companies investing in warehouses and storage facilities.</p> <p>➤ Incentive Package 1: Companies engaging in warehousing business.</p> <ul style="list-style-type: none"> • Income tax exemption based on the following capital investment levels: <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: center;">Capital Investment (\$)</th> <th style="text-align: center;">Tax Holiday</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">\$250,000 - \$1,000,000</td> <td style="text-align: center;">5 Years</td> </tr> <tr> <td style="text-align: center;">\$1,000,000 - \$2,000,000</td> <td style="text-align: center;">7 Years</td> </tr> <tr> <td style="text-align: center;">More than \$2,000,000</td> <td style="text-align: center;">13 Years</td> </tr> </tbody> </table> <ul style="list-style-type: none"> • Import duty exemption on raw materials, plant, machinery and equipment (including spare parts) required for the establishment of the business. <p>➤ Incentive Package 2: A new or existing company engaging/ engaged in any business; invests in warehouses.</p> <ul style="list-style-type: none"> • 50% investment allowance for capital investment more than \$1 million. • 100% investment allowance for capital investment more than \$2 million. 	Capital Investment (\$)	Tax Holiday	\$250,000 - \$1,000,000	5 Years	\$1,000,000 - \$2,000,000	7 Years	More than \$2,000,000	13 Years
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11. Loss Carried Forward	<p>➤ The loss carried forward provision will be increased from 4 years to 8 years. This will only be applicable to losses incurred in financial year starting 1 January 2019 and onwards.</p>								
12. ICT Incentives	<p>➤ The ICT Incentive (13-year tax holiday) is available under the Income Tax (Exempt Income Incentives) Regulations 2016.</p> <p>➤ To promote investments in the ICT sector, the conditions of employing a minimum of 50 employees and exporting 60% of the services to qualify for the ICT incentive will be removed.</p> <p>➤ The annual licence fee of \$1,000 will also be removed.</p>								

2019 – 2020 BUDGET REVENUE POLICIES – TAX AND CUSTOMS

Policy	Description								
13. Incentive package for pharmaceutical manufacturing.	<p>➤ To promote investment in the pharmaceutical manufacturing sector, the following incentive will be granted to businesses investing in pharmaceutical manufacturing:</p> <ul style="list-style-type: none"> • Income tax exemption based on the following capital investment levels: <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: center;">Capital Investment (\$)</th> <th style="text-align: center;">Tax Holiday</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">\$250,000 - \$1,000,000</td> <td style="text-align: center;">5 Years</td> </tr> <tr> <td style="text-align: center;">\$1,000,000 - \$2,000,000</td> <td style="text-align: center;">7 Years</td> </tr> <tr> <td style="text-align: center;">More than \$2,000,000</td> <td style="text-align: center;">13 Years</td> </tr> </tbody> </table> • Import duty exemption on raw materials, plant, machinery and equipment (including spare parts) required for the establishment of the business. <p>➤ This incentive will also be available to any existing business in the pharmaceutical manufacturing sector and the tax holiday will start from the date approval will be granted.</p>	Capital Investment (\$)	Tax Holiday	\$250,000 - \$1,000,000	5 Years	\$1,000,000 - \$2,000,000	7 Years	More than \$2,000,000	13 Years
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14. Hotel Investment Incentives	<p>➤ The current duty exemption available under the Short Life Investment Package (SLIP) incentive on the importation of capital equipment, plant and machinery will be extended to include building materials, furnishings & fittings, equipment, room amenities, kitchen and dining room equipment & utensils, and specialized water sports equipment.</p>								
15. Pay day reporting summary for PAYE	<p>➤ To promote on-time lodgement, effective from 1st January 2020, every employer lodging monthly EMS will be required to lodge pay day reporting summary for PAYE.</p>								
16. Tax deduction for donation to the sports fund.	<p>➤ The threshold to qualify for the 150% tax deduction available for donations to Sports Fund will be reduced from \$50,000 to \$15,000.</p>								
17. Income Tax Act 2015 – Section 67 (d): Exempt Capital Gains	<p>➤ Section 67(d) will be amended to exclude CGT exemption from gains made on disposal of shares other than disposal of share by companies listed in the South Pacific Stock Exchange.</p>								
18. Income Tax Act - Rates and Levies Regulations	<p>➤ The Rates and Levies Regulation will be amended to include redundancy in excess of \$15,000 together with chargeable income and apply normal rate of income tax. This change will align the redundancy provision to the normal income tax bracket.</p>								
19. Collection of Provisional Tax Regulation	<p>➤ Collection of Provisional Tax Regulation has been amended to include penalty provisions for the offence of Withholding EPT and not remitting to FRCS.</p>								

(ii) Tax Administration Act

Policy	Description
1. Section 2 of TAA	<ul style="list-style-type: none"> ➤ Section 2 of TAA will be amended to include the definition of Trust and Trustee as in the Income Tax Act. ➤ <i>A trustee is defined in the income tax act as 'an executor of the deceased person's estate'. Hence, it is important to define in TAA as well for the purpose of recovery of deceased person's liability.</i>
2. Recovery of tax debt owed by deceased person	<ul style="list-style-type: none"> ➤ Section 22 of TAA will be amended to cover all taxes as tax debt recoverable.
3. Section 33 of TAA - Refunds	<ul style="list-style-type: none"> ➤ Section 33 of TAA will be amended to include forfeiture of refunds after 3 years. ➤ Section 33(3) of TAA will be amended to remove the word "Fiji" as this will allow refunds to be made to taxpayers that do not have bank accounts in Fiji.
4. TAA 34 (1) (b) - Record Keeping and Information collection - Accounts and records	<ul style="list-style-type: none"> ➤ Amend Section 34(1)(b) to include additional provisions to take reasonable care of maintaining the accounts, documents, in the most appropriate manner (<i>including electronic format</i>) in a secure place, for a period of not less than 7 years after the end of the tax period to which they relate.
5. Section 49 of TAA and the Tax Administration (Infringement Notices) Regulations 2018	<ul style="list-style-type: none"> ➤ Section 49 of TAA will be amended to include non-filing of other documents in addition to the tax returns similar to Section 43 of TAA. Other documents may include Electronic Monthly Summary (EMS) and Electronic Provisional Tax (EPT) Summary. Failure to file other documents also becomes an offence. ➤ The Tax Administration (Infringement Notice) Regulations 2018 will be amended to include the amendment to Section 49 of TAA.
6. Section 70 of TAA - Lodging of Documents	<ul style="list-style-type: none"> ➤ Section 70 of TAA will be extended to include lodging of documents electronically. Currently Section 70 of TAA specifies that matter of lodging of documents for tax purposes must be delivered by personal delivery, registered or normal post.
7. Section 72 of TAA- Service of notices.	<ul style="list-style-type: none"> ➤ Section 72 of TAA will be amended to include service of notice through electronic means in addition to personal and postal service.
8. Lodgement/Payments Due Date	<ul style="list-style-type: none"> ➤ Section 74 of TAA will be amended to state "last day of the month" to cater for online lodgements and payments.

(iii) Stamp Duty Act

Policy	Description
1. Stamp duty exemption on offshore borrowing	<ul style="list-style-type: none"> ➤ Stamp duties levied on all offshore borrowings will be removed with the requirement that funds are brought into Fiji.
2. Definition of Small and Micro Enterprise (SME)	<ul style="list-style-type: none"> ➤ The definition of a SME will be amended to address non-compliance. Businesses will no longer be regarded as SMEs if they are connected to larger entities.

Part 2: Indirect Tax Measures

(i) Value Added Tax Act

Policy	Description
1. VAT exemption on importation of aircraft and vessel.	➤ To assist the airline and shipping companies in Fiji, licenced under Civil Aviation Act 1976 and Maritime Transport Act 2013 respectively, the importation of aircraft and vessel will be exempted from Import VAT.
2. Import VAT exemption for hybrid and electric ships	➤ Importation of hybrid and electric ships will be granted VAT exemption.
3. VAT Monitoring System (VMS) support for SME's	➤ Entities with an annual turnover of less than \$500,000 will be granted a free VMS application software, free smart card and free card reader by the Fiji Revenue and Customs Service.

(ii) Environmental and Climate Adaptation Levy Act

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1. Environmental and Climate Adaptation Levy on Motor Vehicles	<p>➤ To curb the issues of traffic congestion, accidents, infrastructure damage and loss of time and productivity, a 10% ECAL will be imposed on motor vehicles.</p> <p><u>ECAL Structure on Hybrid Vehicles</u></p> <table border="1"> <thead> <tr> <th>Cylinder Capacity</th> <th>Description</th> <th>ECAL</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Less than 1,500 cc</td> <td>New</td> <td>10 %</td> </tr> <tr> <td>Used</td> <td>10%</td> </tr> <tr> <td rowspan="2">1,500 cc to 2,500 cc</td> <td>New</td> <td>10%</td> </tr> <tr> <td>Used</td> <td>10%</td> </tr> <tr> <td rowspan="2">2,500 cc to 3,000 cc</td> <td>New</td> <td>10%</td> </tr> <tr> <td>Used</td> <td>10%</td> </tr> <tr> <td rowspan="2">exceeding 3,000 cc</td> <td>New</td> <td>No additional ECAL (10% ECAL already in place)</td> </tr> <tr> <td>Used</td> <td>No additional ECAL (10% ECAL already in place)</td> </tr> </tbody> </table> <p><u>ECAL Structure on Non Hybrid Vehicles</u></p> <table border="1"> <thead> <tr> <th>Cylinder Capacity</th> <th>Description</th> <th>ECAL</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Less than 1,000 cc</td> <td>New</td> <td>10%</td> </tr> <tr> <td>Used</td> <td>10%</td> </tr> <tr> <td rowspan="2">1,000 cc to 1,500 cc</td> <td>New</td> <td>10%</td> </tr> <tr> <td>Used</td> <td>10%</td> </tr> <tr> <td rowspan="2">1,500 cc to 2,500 cc</td> <td>New</td> <td>10%</td> </tr> <tr> <td>Used</td> <td>10%</td> </tr> <tr> <td rowspan="2">2,500 cc to 3,000 cc</td> <td>New</td> <td>10%</td> </tr> <tr> <td>Used</td> <td>10%</td> </tr> <tr> <td rowspan="2">exceeding 3,000 cc</td> <td>New</td> <td>10%</td> </tr> <tr> <td>Used</td> <td>10%</td> </tr> </tbody> </table>	Cylinder Capacity	Description	ECAL	Less than 1,500 cc	New	10 %	Used	10%	1,500 cc to 2,500 cc	New	10%	Used	10%	2,500 cc to 3,000 cc	New	10%	Used	10%	exceeding 3,000 cc	New	No additional ECAL (10% ECAL already in place)	Used	No additional ECAL (10% ECAL already in place)	Cylinder Capacity	Description	ECAL	Less than 1,000 cc	New	10%	Used	10%	1,000 cc to 1,500 cc	New	10%	Used	10%	1,500 cc to 2,500 cc	New	10%	Used	10%	2,500 cc to 3,000 cc	New	10%	Used	10%	exceeding 3,000 cc	New	10%	Used	10%
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2. Plastic Levy	➤ Plastic levy will be increased from 20 cents to 50 cents on Low Density Polyethylene (LDPE) plastic bags effective from 1 January 2020.
3. White Goods	➤ A 10% ECAL will be levied on the import of the following goods: <ul style="list-style-type: none"> • Smart phones; • Air conditioners; • Freezer/Refrigerator; • Television; • Washing Machines; • Dryers; • Dishwashers; • Electric Stoves; • Microwaves; • Electric Lawn Mowers; • Toasters; • Electric jugs

(iii) Customs Tariff Act - Fiscal Duty Changes

Policy	Description																																
1. Increase fiscal duty on passenger motor vehicles	➤ To curb the issues of traffic congestion, road accidents and loss of time and productivity, import duty on passenger motor vehicles will be increased with the following new rates. Tariff Structure on Hybrid Vehicles <table border="1" style="margin: 10px auto;"> <thead> <tr> <th style="text-align: center;">Cylinder Capacity</th> <th style="text-align: center;">Description</th> <th style="text-align: center;">Current Fiscal Duty</th> <th style="text-align: center;">New Duty Rates</th> </tr> </thead> <tbody> <tr> <td rowspan="2" style="text-align: center;">Less than 1,500 cc</td> <td style="text-align: center;">New</td> <td style="text-align: center;">Free</td> <td style="text-align: center;">Free</td> </tr> <tr> <td style="text-align: center;">Used</td> <td style="text-align: center;">\$2,000 per unit</td> <td style="text-align: center;">\$4,000 per unit</td> </tr> <tr> <td rowspan="2" style="text-align: center;">1,500 cc to 2,500 cc</td> <td style="text-align: center;">New</td> <td style="text-align: center;">Free</td> <td style="text-align: center;">Free</td> </tr> <tr> <td style="text-align: center;">Used</td> <td style="text-align: center;">\$2,500 per unit</td> <td style="text-align: center;">\$5,000 per unit</td> </tr> <tr> <td rowspan="2" style="text-align: center;">2,500 cc to 3,000 cc</td> <td style="text-align: center;">New</td> <td style="text-align: center;">Free</td> <td style="text-align: center;">Free</td> </tr> <tr> <td style="text-align: center;">Used</td> <td style="text-align: center;">\$3,000 per unit</td> <td style="text-align: center;">\$6,000 per unit</td> </tr> <tr> <td rowspan="2" style="text-align: center;">exceeding 3,000 cc</td> <td style="text-align: center;">New</td> <td style="text-align: center;">Free</td> <td style="text-align: center;">Free</td> </tr> <tr> <td style="text-align: center;">Used</td> <td style="text-align: center;">\$6,500 per unit</td> <td style="text-align: center;">\$13,000 per unit</td> </tr> </tbody> </table> <p>The age criteria for the importation of used hybrid vehicles has been reduced from 8 years to 5 years or less and EURO 4 compliant.</p>	Cylinder Capacity	Description	Current Fiscal Duty	New Duty Rates	Less than 1,500 cc	New	Free	Free	Used	\$2,000 per unit	\$4,000 per unit	1,500 cc to 2,500 cc	New	Free	Free	Used	\$2,500 per unit	\$5,000 per unit	2,500 cc to 3,000 cc	New	Free	Free	Used	\$3,000 per unit	\$6,000 per unit	exceeding 3,000 cc	New	Free	Free	Used	\$6,500 per unit	\$13,000 per unit
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	Used	32% or \$7,500 per unit	32% or \$11,500 per unit																																					
1,500 cc to 2,500 cc	New	5%	15%																																					
	Used	32% or \$11,500 per unit	32% or \$16,000 per unit																																					
2,500 cc to 3,000 cc	New	32%	32%																																					
	Used	32% or \$18,000 per unit	32% or \$23,000 per unit																																					
exceeding 3,000 cc	New	32%	32%																																					
	Used	32% or \$23,000 per unit	32% or \$28,500 per unit																																					
2. Concessionary duty incentive for Public Transportation	➤ This incentive will be extended for another 2 years (until 30 June 2023), The concessionary duty regime includes taxis, buses and inter-island shipping.																																							
3. Fiscal duty on buses	<ul style="list-style-type: none"> ➤ Fiscal duty on new buses (not less than 16 seats) will be reduced to 0%. ➤ Fiscal duty on used buses (not less than 16 seats) will be reduced to 5%. This concession will only be available for 2 years. 																																							
4. New readymade clothing for children	➤ Fiscal duty on new readymade clothing for children will be reduced from 32% to 5%. The reduced rate will be based on global sizes in children’s category.																																							
5. Reduction of import duty on heavy machinery under Chapter 84 of the Customs Tariff	<ul style="list-style-type: none"> ➤ Given the increased civil and road construction work, import duty on heavy machinery is reduced by 5%. ➤ Items under Chapter 84 amongst other items include ship derricks and cranes, fork-lift trucks, work trucks, bulldozers graders, levellers, excavators, shovel loaders, road rollers and scrapers. The details are provided below: <table border="1" style="width: 100%; border-collapse: collapse; margin: 10px auto;"> <thead> <tr> <th style="width: 15%;">Description</th> <th style="width: 15%;">Current Fiscal Duty</th> <th style="width: 15%;">Current Import Excise</th> <th style="width: 15%;">New Fiscal Duty</th> <th style="width: 15%;">New Import Excise</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">New</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">Free</td> </tr> <tr> <td style="text-align: center;">Used</td> <td style="text-align: center;">15%</td> <td style="text-align: center;">Free</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">0%</td> </tr> </tbody> </table>	Description	Current Fiscal Duty	Current Import Excise	New Fiscal Duty	New Import Excise	New	5%	5%	5%	Free	Used	15%	Free	5%	0%																								
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Used	15%	Free	5%	0%																																				
6. Reduction in fiscal duty on vehicles used for transporting of goods/trucks stipulated under Heading 8704 of the Customs Tariff.	<ul style="list-style-type: none"> ➤ To assist businesses in the agriculture and wholesale & retail sector, fiscal duty on trucks primarily used for the transport and delivery of goods has been reduced. ➤ All new vehicles under Heading 8704 of the Customs Tariff which currently attracts a fiscal duty rate of 15% will be reduced to 5%. This will exclude dual purpose (twin cab) vehicles. 																																							

2019 – 2020 BUDGET REVENUE POLICIES – TAX AND CUSTOMS

Policy	Description
	<ul style="list-style-type: none"> ➤ All used vehicles under Heading 8704 of the Customs Tariff which currently attracts a fiscal duty rate of 32% will be reduced to 15%. The specific rates of duty will be reduced by 50%. This will exclude dual purpose (twin cab) vehicles. ➤ The age limit requirement on used vehicles under Heading 8704 for transport of goods will be removed provided the vehicles are Euro 4 compliant.
7. Reduction in fiscal duty on special purpose vehicles.	<ul style="list-style-type: none"> ➤ Fiscal duty on used special purpose vehicles will be reduced from 32% and \$6,057 per unit whichever is the greater” to “5% per unit” and import excise will increase to 5%. ➤ Examples of special purpose vehicles include, crane lorries, firefighting vehicles, concrete mixer lorries, road sweeper lorries, spraying lorries, mobile workshops and mobile radiological units.
8. Ethanol for pharmaceutical manufacturing industries	➤ Fiscal Duty on the importation of ethanol by manufacturers of pharmaceutical supplies will be reduced to zero.
9. Biodegradable kitchenware and tableware	➤ Fiscal duty on biodegradable kitchenware and tableware will be reduced from 32% to 0%.
10. Duty concession for the hotel industry	➤ For all hotels, fiscal duty on the importation of capital equipment, plant, machinery, building materials, furnishings and fittings, equipment, room amenities, kitchen and dining room equipment and utensils, specialized water sports equipment will be reduced to 5% for all items having a fiscal duty of 5% and above and for all items having fiscal duty of 5% will be reduced to 3%.
11. Biodegradable and environmentally friendly cleaning chemicals and detergents.	➤ Fiscal duty on biodegradable and environmentally friendly cleaning chemicals and detergents will be reduced from 32% to 0%.
12. Wheeled Trolleys	➤ Fiscal duty on wheeled trolleys will be reduced from 15% to 5%.
13. Bicycle and motor cycle tyres	➤ Fiscal duty on bicycle and motor cycle tyres will be reduced from 5% to 0%.
14. Steel pipes, galvanized pipes, stainless steel pipes and rectangular tubing	➤ Fiscal duty on steel pipes, galvanized pipes, stainless steel pipes and rectangular tubing not manufactured in Fiji will be granted a concessionary duty rate of 5%.
15. Cane Knives	➤ Fiscal duty on cane knives will be reduced from 5% to 0%
16. Batteries for laptop, tablets, cellular mobile phone and power banks	➤ Fiscal duty on batteries for laptop, tablets, cellular mobile phone and power banks will be reduced from 32% to 5%.
17. Wind Ventilators	➤ Fiscal duty on wind ventilators will be reduced from 15% to 0%.
18. Non-Woven Plastic Bags	➤ Fiscal duty on non-woven plastic bags will be increased from 15% to 32%.
19. Soap Noodles	➤ Fiscal duty on soap noodles will be reduced to 0%.

2019 – 2020 BUDGET REVENUE POLICIES – TAX AND CUSTOMS

(iv) Import Excise Duty

Policy	Description																																							
1. Import Excise and ECAL on Non-Hybrid Motor Vehicles	<p>➤ The Import Excise rate will be reduced from 15% to 5% and a 10% ECAL will be introduced on non-hybrid vehicles. The tax burden will remain the same. The new Import Excise and ECAL rates will be restructured as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Cylinder Capacity</th> <th style="text-align: center;">Description</th> <th style="text-align: center;">Import Excise</th> <th style="text-align: center;">ECAL</th> </tr> </thead> <tbody> <tr> <td rowspan="2" style="text-align: center;">Less than 1,000 cc</td> <td style="text-align: center;">New</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">10%</td> </tr> <tr> <td style="text-align: center;">Used</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">10%</td> </tr> <tr> <td rowspan="2" style="text-align: center;">1,000 cc to 1,500 cc</td> <td style="text-align: center;">New</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">10%</td> </tr> <tr> <td style="text-align: center;">Used</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">10%</td> </tr> <tr> <td rowspan="2" style="text-align: center;">1,500 cc to 2,500 cc</td> <td style="text-align: center;">New</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">10%</td> </tr> <tr> <td style="text-align: center;">Used</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">10%</td> </tr> <tr> <td rowspan="2" style="text-align: center;">2,500 cc to 3,000 cc</td> <td style="text-align: center;">New</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">10%</td> </tr> <tr> <td style="text-align: center;">Used</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">10%</td> </tr> <tr> <td rowspan="2" style="text-align: center;">exceeding 3,000 cc</td> <td style="text-align: center;">New</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">10%</td> </tr> <tr> <td style="text-align: center;">Used</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">10%</td> </tr> </tbody> </table>	Cylinder Capacity	Description	Import Excise	ECAL	Less than 1,000 cc	New	5%	10%	Used	5%	10%	1,000 cc to 1,500 cc	New	5%	10%	Used	5%	10%	1,500 cc to 2,500 cc	New	5%	10%	Used	5%	10%	2,500 cc to 3,000 cc	New	5%	10%	Used	5%	10%	exceeding 3,000 cc	New	5%	10%	Used	5%	10%
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3. Ethanol for pharmaceutical manufacturing industries	<p>➤ Import Excise on the importation of ethanol by manufacturers of pharmaceutical supplies will be reduced to 0%.</p>																																							
4. Chicken	<p>➤ Import Excise on the import of chicken will be increased from 0% to 10%.</p>																																							
5. Reduction of import excise on heavy machinery under Chapter 84 of the Customs Tariff	<p>➤ Given the increased civil and road construction work, import duty on heavy machinery is reduced by 5%.</p> <p>➤ Items under Chapter 84 amongst other items include ship derricks and cranes, fork-lift trucks, work trucks, bulldozers graders, levellers, excavators, shovel loaders, road rollers and scrapers. The details are provided below:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Description</th> <th style="text-align: center;">Current Fiscal Duty</th> <th style="text-align: center;">Current Import Excise</th> <th style="text-align: center;">New Fiscal Duty</th> <th style="text-align: center;">New Import Excise</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">New</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">Free</td> </tr> <tr> <td style="text-align: center;">Used</td> <td style="text-align: center;">15%</td> <td style="text-align: center;">Free</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">0%</td> </tr> </tbody> </table>	Description	Current Fiscal Duty	Current Import Excise	New Fiscal Duty	New Import Excise	New	5%	5%	5%	Free	Used	15%	Free	5%	0%																								
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2019 – 2020 BUDGET REVENUE POLICIES – TAX AND CUSTOMS

<p>6. Reduction in import excise on vehicles used for transporting of goods stipulated under Heading 8704 of the Customs Tariff.</p>	<ul style="list-style-type: none"> ➤ To assist businesses in the agriculture and wholesale & retail sector, import excise on trucks primarily used for the transport and delivery of goods has been reduced. ➤ All new vehicles under Heading 8704 of the Customs Tariff which currently has import excise rates at 5% and 15% will be reduced to 0%. This will exclude dual purpose (twin cab) vehicles. ➤ All used vehicles under Heading 8704 of the Customs Tariff which currently has import excise at a rate of 15% will be reduced to zero. This will exclude dual purpose (twin cab) vehicles. ➤ The age limit requirement on used vehicles under Heading 8704 for transport of goods will be removed. The vehicle will have to be Euro 4 compliant.
<p>7. Steel pipes, galvanized pipes, stainless steel pipes and rectangular tubing</p>	<ul style="list-style-type: none"> ➤ Import excise on steel pipes, galvanized pipes, stainless steel pipes and rectangular tubing not manufactured in Fiji will be granted a concessionary duty rate of 5%.

(v) Customs Legislation

Policy	Description
<p>1. New provision in the Customs Act to allow the offsetting of customs liability if the tax payer has pending customs refunds.</p>	<ul style="list-style-type: none"> ➤ Customs duty refunds to be allowed to be offset against the duty liability of tax payers. This will minimize refunds and will ensure there are no outstanding liabilities.
<p>2. Duty Protection</p>	<ul style="list-style-type: none"> ➤ Previously, manufacturers and producers who were granted duty protection were required to seek approval from PS, Ministry of Economy prior to increasing prices. ➤ Section 137F of the Customs Act will be amended to remove this requirement. Manufacturers and producers will now only be required to inform PS Economy. ➤ Fijian Competition and Consumer Commission (FCCC) will be engaged if any review of prices is required.
<p>3. Restrict the Import of left hand drive Vehicle</p>	<ul style="list-style-type: none"> ➤ To align with LTA regulations which does not approve the registration of the left hand drive vehicles, Customs Prohibited Imports & Exports Regulation (CPIER) will be amended to restrict the importation of left hand drive vehicles. The importation will be subject to approval by LTA.
<p>4. Expiry of goods</p>	<ul style="list-style-type: none"> ➤ A new provision will be introduced in the Excise Act whereby goods will have to be cleared from the excise bond and excise warehouse prior to product expiry date. A new provision will incorporate the expiry date of the warehousing period for the excisable goods.
<p>5. Period of Warehousing of</p>	<ul style="list-style-type: none"> ➤ Section 52 (2) of the Customs Act will be amended whereby the customs bonded warehousing period and extension of re-warehousing will be reduced from 1 year to six months for all goods. The change in

2019 – 2020 BUDGET REVENUE POLICIES – TAX AND CUSTOMS

Policy	Description
the Bonded Goods	warehouse period will allow for faster turnover and better control and management of the stock.
6. Administrative Summons	➤ Custom Act Section 95E will be amended to include a penalty provision for failing to comply with administrative summons.
7. Extension of “time to pay duty”	➤ Section 101B of the Customs Act will be amended to allow the extension of time to pay duties and penalties. The current provision only allows extension in time for payment of duties.
8. Keeping of Business Records	➤ Section 114A of the Customs Act will be amended to include third parties associated with import and export to maintain all business records and other prescribed information. The current provisions only limits record keeping for licensees, importer and exporter.
9. Grounds For Remission of Penalty	➤ Section 137 C(a) will be amended to set a timeframe of 15 working days after clearance of goods for voluntary disclosure of errors or omission.

END

**For avoidance of doubt, please refer to the 2019- 2020 Budget Supplement*