PUBLIC CIRCULAR NO.1 OF 2019

REVENUE MEASURES INTRODUCED IN THE 2019/2020 BUDGET ADDRESS

1. The Fiji Revenue & Customs Service revenue measures introduced in the 2019/2020 Budget Address are contained in Bills amending the Customs Act 1986, Customs Tariff Act and the Excise Act.
2. The duty rates and other changes relating to the Customs Tariff Act shall apply to goods arriving for the first time in Fiji by ship or aircraft effective 8 June 2019. The mentioned time and date also applies to goods relating to changes to the Excise Act.

3. The duty rates shall also apply for goods removed for home consumption from Warehouses, Inland Freight Stations (IFS) (uncleared cargo), Consul Freight Station (CFS), Tax Free Regions, Excise factories and all uncleared cargo effective 8 June, 2019.
4. As part of the Government's initiative to improve public transport services and contribute towards the national efforts in the reduction of carbon emission for a friendlier transport sector, import duty has been increased on the importation of petrol/diesel motor vehicles into Fiji. In addition, the import excise regime has been restructured whereby import excise on vehicles with engine capacity not exceeding 3000cc and less has been reduced from 15% to 5% while a 10% ECAL (Environmental Climate Adaptation Levy) has been introduced. The tax burden shall remain the same. ECAL shall be collected at the time of importation on the customs entry and the effective date shall be announced later by the Government.

5. Similarly, there has been an increase in the import duty rates for hybrid motor vehicles along with the imposition of ECAL at a rate of 10%. This will be collected at the time of importation. **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**.

6. The duty concession regime for approved taxi operators on the importation and purchase ex-bonded warehouse of motor vehicles has been extended for another two years. Similarly, the duty concession regime for inter-island companies on the importation of new and used vessels has also been extended for another 2 years.
7. To allow for newer and safer public transport, duty has been reduced on the

importation of new and used buses. The fiscal duty and import excise for new and used buses (carrying not less than 16 persons including the driver) will be reduced as follows:

- New Buses – free fiscal, free import excise and 9% VAT
- Used Buses – 5% fiscal, free import excise and 9% VAT
- The age criteria has been waived however the vehicle must meet Euro 4 standards.

8. This is further supported by the reduction in the duty rates for bicycle and motor bike tyres from 5% fiscal to free fiscal.

9. Additionally, new vehicles which run on diesel fuel and are not Euro 4 standardized vehicles must now be Euro 4 compliant. A new vehicle paid for on or before 7 June 2019 may still be imported provided that the importer proves to the Comptroller that the new vehicle was paid for on or before 7 June 2019.

10. As an assistance towards the increased civil and road construction work, import duty on new and used heavy machinery has been reduced by 5%. Other heavy machinery included in this reduction are derricks and cranes, fork-lift trucks, bulldozers, graders, levelers, excavators, shovel loaders, road rollers and scrapers etc.

11. Fiscal duty on trucks and trailer primarily used for the transport and delivery of the goods has been reduced to assist businesses in the agriculture, wholesale and retail sectors. The new trucks will now attract a fiscal duty rate of 5% whereas the used trucks will attract a duty rate of 5% fiscal and 5% import excise. This change excludes dual purpose vehicles such as the twin cabs etc.

12. Furthermore, the age limit requirement on used vehicles (primarily for the transport of goods and electric, solar and CNG vehicles) has been removed however the vehicles will still need to be EURO 4 compliant.

13. To strengthen climate change and environment protection initiative of the government, a new duty concession regime has been developed to allow for biodegradable tableware and kitchenware to be imported into Fiji at zero rated duty. Similarly, a concession has been created to allow for duty concession on biodegradable and environmentally friendly cleaning chemicals and detergents at zero rated fiscal duty.

14. To support the local poultry industry, a 10% import excise shall now be levied on the importation of fresh, chilled or frozen poultry.

15. Concession has also been created to allow for reduced rate of duty on the importation of power banks and batteries for laptops, tablets, cellular mobile phones.

16. The tourism sector has been significantly assisted with an improvement to the current duty concession provisions for existing hotels and resorts. Code 235 of the Customs Tariff will now facilitate the importation of buildings materials, furnishings and fittings at the rate of 5% Fiscal, Free Import Excise and 9% VAT for goods that currently attract more than 10%. Similar goods that have a rate of 5% Fiscal has now

been reduced to 3%. Heavy plant and machinery for the project will now attract Free Fiscal, Free Import Excise and 9% VAT.

17. A new inclusion will be made to Code 235 as Code 235A for companies and entities that are granted Short Life Investment Package (SLIP) under the Income Tax (Hotel Investment Incentives) Regulations 2016. Under this incentive, the hotel/resort will now be able to import building materials, furnishings and fittings, equipment, front office, bedroom, kitchen and dining room amenities at the rate of free fiscal, free import excise and 9% VAT. The actual commencement of the project should be within 2 years from the date of provisional approval issued.

18. To assist the local businesses and construction industry, steel pipes, galvanized pipes, stainless steel pipes and rectangular tubing that are not manufactured and available locally to the required standards or technical specifications will be eligible for importation into the country at a reduced fiscal rate of 5%. However, the importer must prove to the Comptroller that the items imported fulfills the industry standards before importation and consideration towards duty concession.

19. To support manufacturing industries who produce goods through assembly, mixing and blending and who do not meet the substantial transformation criteria, a new concession code has been created under the Customs Tariff as Code 236B for companies and entities approved for assembly, mixing and blending. The raw materials under this concession code shall attract a duty rate of 3% fiscal, free import excise and 9% VAT. To be eligible for this duty concession, the company must meet the value added criteria of not less than 25% of the factory cost of obtaining the finished goods.

20. A wider range of facilities for the care of retired or aged citizens is another priority of the government. an incentive package therefore has been created for companies and entities that invest in retirement villages and aged care facilities. This package will include duty concessions on the importation of raw material, machinery and equipment for initial establishment.

21. Furthermore, an incentive has also been announced to promote the establishment of film productions and editing and post production studios in the country. With this incentive, the Production Companies will be able to import film, editing, post production and camera equipment at concessionary rates of duty.

22. Government is also encouraging investments in the business of warehousing and storage facilities given the increasing business needs. To encourage investments in Warehouses and Storage Facilities, an incentive has been created for the importation of raw materials, plant, machinery and equipment for initial establishment at the rates of free fiscal, free import excise and 9% VAT.

23. To promote safer and environmentally friendlier methods of waste disposal, the government has introduced an incentive package for companies and entities setting up waste recycling plants in Naboro. With this incentive, approved companies and entities can import raw materials, plant, machinery and equipment for the initial establishment of the business. The applicable rates for this incentive is Free Fiscal, Free Import Excise and 9% VAT.

24. Duty on cane knives has been reduced to assist the agriculture and sugar cane industries. Importers, wholesalers and distributors are to ensure that the price reduction is reflected in the final selling cost of the cane knives to the local community.

25. Additionally, wind-driven ventilators, light-emitting-diodes (LED) lamps and lighting will now be facilitated at reduced rates of free fiscal, free import excise and 9% VAT.

26. An ECAL of 10% will be imposed on the following white goods: smart phones, air conditioners, freezers, refrigerators, television, washing machine, dryers, dishwashing machine, electric stove, microwave, electric lawn mowers, toasters and electric kettle. The effective dates of the ECAL shall be announced later.

27. The bonded warehouse time period for storage of goods pending customs duty has been reduced to six months and a further extension of only 6 months shall now apply. Similarly, the storage of goods in the excise bond shall now be based on the actual product expiry of the excise goods and should be removed from the excise bond prior to the expiry of the goods. Penalty provisions shall apply if the excise goods are not removed within the required time frame.

28. The changes to the Customs Act, Customs Tariff Act and Excise Act announced in the 2019/2020 Budget Address is reflected in the attached Bills.

Queries and Clarifications

Any queries on this public circular can be directed to the Revenue Managers at our ports of entry.

Clarification or queries may also be referred to the following officers:

1. Deputy Director Policy - Mr. Shavindra Nath
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   Phone: 324-3033

2. Chief Customs Officer Tariff & Trade – Ms. Shelini Kumar
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CHIEF EXECUTIVE OFFICER

11 June 2019