



## **STANDARD INTERPRETATION GUIDELINE 2019-15**

### **TAX ADMINISTRATION (ELECTRONIC FISCAL DEVICE) REGULATIONS 2017 – EFD PHASE III**

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This Standard Interpretation Guideline (SIG) sets out Fiji Revenue and Customs Service's (FRCS) policy and operational practice in relation to implementation of EFD for the group of businesses which fall under Phase III.

It is issued with the authority of the Chief Executive Officer (CEO) of FRCS.

All legislative references in this SIG are to the Tax Administration (Electronic Fiscal Device) Regulations 2017

The contents of this SIG is with effect from 31 July 2019 and may need to be reviewed in the event of any relevant legislative amendments.

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## PURPOSE

1. The purpose of this SIG is to issue a practical guidance on the installation of an Electronic Fiscal Device (“EFD”) for the groups of businesses to be captured under Phase III.

## INTRODUCTION

2. EFD is aimed at providing efficient and reliable software to encourage voluntary tax compliance and at the same time collect the revenue for the government.
3. EFD ensures that incidences of improper invoices, under-declared sales and corresponding tax payable, black economy risks and data manipulation is minimized. EFD may also assist taxpayers in voluntarily complying with their tax obligations.
4. The EFD software is linked with a taxpayer’s point of sale and provides real time data to FRCS on total taxpayer’s sales and the amount of VAT and other taxes collected.
5. In order to ensure that the transition to EFD is smooth, the rollout has been done in phases. Where Phase I targeted supermarkets and pharmacies, Phase II increased the scope to all hardware companies, accounting firms, medical centres, travel agencies and law firms.
6. On 21<sup>st</sup> May 2019, the Minister for Economy announced the group of businesses to be captured under Phase III. These business are:
  - a. accommodation;
  - b. architecture and engineering;
  - c. commercial health care services;
  - d. construction;
  - e. food services;
  - f. freight operators;
  - g. real estate agents;
  - h. service stations; and
  - i. wholesalers and manufacturers.
7. It is estimated that there are more than 16,500 taxpayers who fall under the group of businesses listed above.
8. The CEO of FRCS has recognized the practical difficulties in implementing and operating EFD in some sectors relative to the number of taxpayers involved within Phase III. This translated into difficulties in meeting the prescribed timeline of 31<sup>st</sup> July 2019.
9. In order to assist businesses in making a smooth transition towards the implementation of EFD, the Minister has given an extension to the timeline for Phase III till 30<sup>th</sup> April 2020. FRCS intends to implement this in sub-stages.

## LEGISLATIVE ANALYSIS

10. Regulation 28 of the Tax Administration (Electronic Fiscal Device) Regulations 2017 allows the Minister to prescribe groups of businesses and the time by which that business must be operating an EFD, by notice in writing, in the Gazette.
11. This means that the Minister can specify which taxpayers fall under each phase of the EFD implementation rollout. The Minister also has the powers to specify the timeline by which these taxpayers must be EFD compliant.
12. Gazette Notice 38 of 2019 specifies the groups of businesses under phase III who are to install, implement and operate an EFD.
13. Phase III includes the following groups of businesses with the following expected number of taxpayers:

<b>Groups of Businesses</b>	<b>Description</b>	<b>Expected Number of Taxpayers</b>
Accommodation	Includes hotels, boarding houses, lodging houses, guest houses and any building, vessel, premises, structure, caravan or house on wheels not being a public institution used for the business of receiving guests or travellers for any period of time or to which persons are entitled to resort for accommodation for hire or reward of any kind.	2667
Architecture and engineering	Includes architectural and engineering activities and related technical consultancies.	534
Commercial health care services	Includes the provision of health care services on a commercial basis such as private hospitals, general or specialty medical and surgical hospitals, sanatoria, nursing homes, asylums, rehabilitation centres, medical practices, dental practices, allied health practices and optometry practices that are profit oriented businesses.	460
Construction	Includes contractors and subcontractors in the construction or maintenance of buildings, construction of other civil engineering projects, demolition and site preparation, electrical installation, plumbing, heat and air-conditioning installation, other construction installation, building completion and finishing and other specialised construction activities.	4346
Food services	Includes the provision of food or drink whether alcoholic or otherwise in exchange for money or consideration such as restaurants, bars, nightclubs, taverns and catering services.	1504
Freight operators	Includes freight transport by road, sea and coastal freight water transport, inland freight water transport, freight air transport, warehousing and storage, service activities incidental to land transportation, service activities incidental to water transportation, service activities incidental to air transportation, cargo handling, other transportation support activities, postal activities and courier activities, including customs agents.	2806
Real estate agents	Includes all real estate agent activities in relation to owned or leased property and any real estate agent activity on a fee or contract basis.	3110
Service stations	Specialised stores involved in the provision of the retail sale of automotive fuel and other goods, servicing of vehicles and other services provided at service stations.	195

Wholesalers and manufacturers	Includes dealers, traders, manufacturers, wholesalers and distributors of goods for sale that purchase great quantities of goods for resale. This also includes hardware companies, supermarkets and pharmacies that are wholesalers or manufacturers.	1093
<b>Total</b>		<b>16715</b>

14. The 2019-2020 Budget also announced provision of free software to an enterprise with annual gross turnover of less than \$500,000.
15. In order to further assist taxpayers under Phase III to be EFD compliant, the implementation will be further broken down into three timed stages as follows:
  - a. Registration;
  - b. Supplier Accreditation and Implementation Plan; and
  - c. Compliance with EFD.
16. Phase III compliance has been spread into three stages to allow taxpayers to progressively implement EFD by 30<sup>th</sup> April 2020. This would assist taxpayers in managing the cost of implementation over stages and avoids the pressures of late implementation.

#### **Registration – 31<sup>st</sup> October 2019**

17. All taxpayers that fall within Phase III should be registered for EFD with FRCS by the 31<sup>st</sup> of October 2019.
18. The registration is done via the VMS Portal and is accessible on the link <https://eservices.frsc.org.fj/EFD>.

#### **Supplier Accreditation and Implementation Plan – 31<sup>st</sup> December 2019**

19. The taxpayer or its solution provider (supplier) should have commenced and made significant progress in the accreditation of their software via the Tax Core administration portal.
20. The taxpayer must also provide an implementation plan to FRCS which would outline the timeframe as to when the taxpayer becomes EFD compliant<sup>1</sup>.
21. The implementation plan should be submitted to FRCS prior to 31<sup>st</sup> December 2019.

#### **Compliance with EFD – 30<sup>th</sup> April 2020**

22. All taxpayers that fall within phase III must be fully compliant by 30<sup>th</sup> April 2020. This means that the taxpayers must have now implemented and begun to operate EFD devices in their business.

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<sup>1</sup> The implementation plan must show that the taxpayer will be fully compliant on or before 30<sup>th</sup> April 2020.

23. FRCS may pursue compliance tools such as infringement notices or prosecution of those taxpayers who are not EFD compliant by this deadline.

### **Conclusion**

24. FRCS also acknowledges and appreciates taxpayers who are voluntarily registering and implementing EFD in their businesses prior to the effective date for their respective businesses.
25. Thus, it is advised that **all** the other remaining businesses must prepare to be EFD compliant as they will be required to become compliant.
26. Taxpayers may voluntarily register and implement EFD in their businesses prior to the effective date for their business.
27. For further information and clarification in regard to this SIG, please email us at [tipu@frcs.org.fj](mailto:tipu@frcs.org.fj)

**APPENDIX: LEGISLATION**

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EXTRAORDINARY



**GOVERNMENT OF FIJI GAZETTE**  
**PUBLISHED BY AUTHORITY OF THE FIJI GOVERNMENT**

Vol. 20

TUESDAY, 21st MAY 2019

No. 38

[579]

TAX ADMINISTRATION (ELECTRONIC FISCAL DEVICE) REGULATIONS 2017

SPECIFICATION OF GROUPS OF BUSINESSES AND TIME IN RESPECT OF GROUPS OF BUSINESSES

FOR the purposes of regulation 28 of the Tax Administration (Electronic Fiscal Device) Regulations 2017, I hereby specify that the groups of businesses listed below must install, implement and operate an EFD (of which each POS and E-SDC is accredited) on or before 31 July 2019—

Groups of businesses	Description
Accommodation	Includes hotels, boarding houses, lodging houses, guest houses and any building, vessel, premises, structure, caravan or house on wheels not being a public institution used for the business of receiving guests or travellers for any period of time or to which persons are entitled to resort for accommodation for hire or reward of any kind.
Architecture and engineering	Includes architectural and engineering activities and related technical consultancies.
Commercial health care services	Includes the provision of health care services on a commercial basis such as private hospitals, general or specialty medical and surgical hospitals, sanatoria, nursing homes, asylums, rehabilitation centres, medical practices, dental practices, allied health practices and optometry practices that are profit oriented businesses.
Construction	Includes contractors and subcontractors in the construction or maintenance of buildings, construction of other civil engineering projects, demolition and site preparation, electrical installation, plumbing, heat and air-conditioning installation, other construction installation, building completion and finishing and other specialised construction activities.
Food services	Includes the provision of food or drink whether alcoholic or otherwise in exchange for money or consideration such as restaurants, bars, nightclubs, taverns and catering services.
Freight operators	Includes freight transport by road, sea and coastal freight water transport, inland freight water transport, freight air transport, warehousing and storage, service activities incidental to land transportation, service activities incidental to water transportation, service activities incidental to air transportation, cargo handling, other transportation support activities, postal activities and courier activities, including customs agents.
Real estate agents	Includes all real estate agent activities in relation to owned or leased property and any real estate agent activity on a fee or contract basis.
Service stations	Specialised stores involved in the provision of the retail sale of automotive fuel and other goods, servicing of vehicles and other services provided at service stations.

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Wholesalers and manufacturers	Includes dealers, traders, manufacturers, wholesalers and distributors of goods for sale that purchase great quantities of goods for resale. This also includes hardware companies, supermarkets and pharmacies that are wholesalers or manufacturers.
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Made this 18th day of May 2019.

A. SAYED-KHAIYUM  
 Attorney-General and Minister for Economy

EXTRAORDINARY

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**GOVERNMENT OF FIJI GAZETTE**  
**PUBLISHED BY AUTHORITY OF THE FIJI GOVERNMENT**

Vol. 20

WEDNESDAY, 31st JULY 2019

No. 61

[905]

TAX ADMINISTRATION (ELECTRONIC FISCAL DEVICE) REGULATIONS 2017

EXTENSION OF TIME SPECIFIED IN RESPECT OF GROUPS OF BUSINESSES

FOR the purposes of regulation 28 of the Tax Administration (Electronic Fiscal Device) Regulations 2017, I hereby extend the time that the groups of businesses specified in Gazette No. 579 of 2019 must install, implement and operate an EFD (of which each POS and E-SDC is accredited) from 31 July 2019 to 30 April 2020.

Made this 31st day of July 2019.

A. SAYED-KHAIYUM  
Attorney-General and Minister for Economy

## TAX ADMINISTRATION (ELECTRONIC FISCAL DEVICE) REGULATIONS 2017

### [TAA 10,140] Enforcement of compliance

**28 (1)** In this regulation—

**EFD** means an EFD of which each POS and E-SDC is accredited;

**group of businesses** means a group of businesses specified by the Minister by notice in the Gazette;  
and

**time specified by the Minister in respect of a group of businesses** means the period of time specified by the Minister, by notice in the Gazette, within which a taxpayer, who has a business that is a member of the group, must be operating an EFD for the business.

**(2)** A taxpayer who operates a business that is a member of a group of businesses must, before the expiry of the time specified by the Minister in respect of a group of businesses, ensure that an EFD is installed, implemented and operating for each business that is a member of the group and any other business operated by the taxpayer under the same Taxpayer Identification Number as the business in the group.

[subreg (2) subst LN 26 of 2019 reg 3, effective 21 May 2019]

**(3)** A taxpayer who contravenes subregulation (2) commits an offence.

[subreg (3) subst LN 26 of 2019 reg 3, effective 21 May 2019]

**(4)** A taxpayer who commits an offence against subregulation (3) is liable upon conviction to—

(a) a fine not exceeding—

(i) if the gross annual turnover of the taxpayer's business is less than \$500,000, \$10,000;

(ii) if the gross annual turnover of the taxpayer's business is \$500,000 or more but less than \$1,500,000, \$25,000; or

(iii) if the gross annual turnover of the taxpayer's business is \$1,500,000 or more, \$50,000;

(b) a term of imprisonment not exceeding 24 months; or

(c) both a fine and imprisonment.

**(5)** Where a taxpayer under subregulation (4) is a company, each director of the company is also liable upon conviction to a term of imprisonment not exceeding 24 months.

## **Tax Administration (Electronic Fiscal Device) (Amendment) (No. 2) Regulations 2019**

IN exercise of the powers conferred on me by section 118A(2) of the Tax Administration Act 2009, I hereby make these Regulations—

*Short title and commencement*

1.—(1) These Regulations may be cited as the Tax Administration (Electronic Fiscal Device) (Amendment) (No. 2) Regulations 2019.

(2) These Regulations come into force on the date of publication in the Gazette.

(3) In these Regulations, the Tax Administration (Electronic Fiscal Device) Regulations 2017 is referred to as the “Principal Regulations”.

*Regulation 12 amended*

2. Regulation 12(2) of the Principal Regulations is amended in paragraph (o) after “EFD” by inserting “in the form of a Quick Response (QR) Code issued by the Service”.

*Regulation 17 amended*

3. Regulation 17(1) of the Principal Regulations is amended in paragraph (b)—

- (a) by deleting “DONOTPAYFOR THE GOODS AND SERVICES SUPPLIED TO YOU UNLESS YOU ARE ISSUED A FISCAL INVOICE.”; and
- (b) after “[www.frcs.org.fj](http://www.frcs.org.fj)” by inserting “. Please contact the Fiji Revenue and Customs Service via e-mail at [efdcompliance@frcs.org.fj](mailto:efdcompliance@frcs.org.fj) or the nearest Fiji Revenue and Customs Service office if you are not issued a fiscal invoice.”.

*Regulation 28 amended*

4. Regulation 28 of the Principal Regulations is amended by—

(a) deleting subregulation (2) and inserting the following new subregulations—

“(2) The Minister may by notice in the Gazette extend the time specified by the Minister in respect of a group of businesses.

(2A) The Minister may delegate the power under subregulation (2) to the CEO.

(2B) A taxpayer who operates a business that is a member of a group of businesses must, before the expiry of the time specified by the Minister in respect of a group of businesses or the extension, ensure that an EFD is installed, implemented and operating for each business that is a member of the group and any other business operated by the taxpayer under the same Taxpayer Identification Number as the business in the group.”; and

(b) deleting subregulations (3), (4) and (5) and inserting the following new subregulation—

“(3) A taxpayer who contravenes subregulation (2B) commits an offence and is liable on conviction to a fine not exceeding \$50,000 and an additional penalty of \$100 for each day the offence continues.”.

Made this 31st day of July 2019.

A. SAYED-KHAIYUM  
Attorney-General and Minister for Economy

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[LEGAL NOTICE NO. 60]

TAX ADMINISTRATION ACT 2009

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**Tax Administration (Infringement Notices)  
(Amendment) Regulations 2019**

IN exercise of the powers conferred on me by section 60C of the Tax Administration Act 2009, I hereby make these Regulations—

*Short title and commencement*

1.—(1) These Regulations may be cited as the Tax Administration (Infringement Notices) (Amendment) Regulations 2019.

(2) These Regulations come into force on the date of publication in the Gazette.