



## Tax Talk

### Small and Medium Enterprise (SME) Support Center

In the past few months, the Fiji Revenue and Customs Service (FRCS) introduced a number of initiatives to assist taxpayers and increase voluntary compliance in the country.

One of the initiative is the establishment of a Small and Medium Enterprise (SME) Support Center at the FRCS Head office in Nasese, Suva. The SME support center provides free advisory services to all SME operators and those taxpayers who need free advisory assistance. There are plans in pipeline to have SME centers in all FRCS offices Fiji wide in the coming days.

This initiative is a roll out from Governments announcement during the 2019/2020 national budget address to assist small business operators on Tax and Customs related issues. It is an intentional approach to ensure we better meet the needs of micro, small and medium enterprises in Fiji who have the potential to be the big businesses in future.

#### **Advisory Services**

Through the FRCS Information Support Centre, the Small and Medium Enterprises are now able to access services similar to that of the gold card service. The Centre is a one-stop shop where all relevant information will be provided to ensure this important business segment is enabled to better understand their registration, filing and payment obligations as well as to assist SME to meet their reporting requirements.

Some of the advisory services available for SME's includes;

- Business registration
- Lodgment of Tax Returns
- Payments
- VAT registration and filing
- Record keeping
- Customs duty concession available for SME's
- Tax and Customs Incentives
- New budget policies and its tax implications
- Registration and use of Electronic Fiscal Device/VMS

Other than once listed above, the SME Centre is also processing Tax Clearance applications for amounts below FJ\$20,000.

## Importance of SME

The importance of Small and Micro Enterprises (SME) sector is well recognized in developing countries due to its significant contribution towards economic efficiency and a healthy business climate. SMEs play a fundamental role in accomplishing various socio-economic objectives of the country such as creation of employment opportunities, promotion of innovative ideas and fostering entrepreneurship.

## Current Tax Incentives available for SME's.

With a view to encourage SMEs within the country a number of welfare initiatives were introduced by the Government of Fiji. The primary purpose of these initiatives are to encourage SME sector growth and to remove undue burden and red tape. Presently, SMEs have access to a range of concessions such as stamp duty concession under the Stamp Act 1920, tax concession under the Income Tax Act 2015, and relaxation of taxable period under the VAT Act 1991. Considering that these incentives have been designed exclusively to boost SME sector, it is essential to ensure that genuine SMEs gain from these incentives.

The table below outlines the incentives available to SME's.

PARTICULARS	STAMP DUTIES ACT 1920	INCOME TAX ACT 2015	VAT ACT 1991
Who is eligible?	An SME with an annual gross turnover not exceeding \$500,000	An SME with an annual gross turnover not exceeding \$500,000	An SME with an annual gross turnover not exceeding \$300,000
What is the relevant provision?	Paragraph 29, Part 2 of Stamp Duties Act 1920	Paragraph 4, Part 9, Income Tax (Exempt Income) Regulation, 2016	Section 32, 33 - Part 7 of VAT Act 1991
What is the concession available?	Stamp Duty exemption	Income Tax concession to specified sectors viz. income of SMEs engaged in Agriculture, Fisheries and Tourism	Relaxation of VAT return filing - To be filed for taxable period consisting of 12 months.
What are the requirements to avail the concession?	The enterprise - <ul style="list-style-type: none"> <li>• must be a small and micro enterprise under the Small and Micro Enterprises Development (SME) Act 2002.</li> <li>• must have an annual gross turnover not exceeding \$500,000</li> <li>• must provide a statutory declaration confirming the gross turnover is \$500,000 or less.</li> </ul>	The enterprise - <ul style="list-style-type: none"> <li>• must have an annual gross turnover not exceeding \$500,000</li> <li>• must be operating in agricultural, fisheries or tourism sector.</li> </ul>	The enterprise - <ul style="list-style-type: none"> <li>• must have an annual gross turnover not exceeding \$300,000.</li> </ul>

	<ul style="list-style-type: none"> <li>• must not be connected to an enterprise having a gross annual turnover more than \$500,000.</li> </ul>		
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### **EFD/VMS assistance provided to SME's**

In the 2019-2020 budget announcement, Government stated that all small to medium-sized enterprises- meaning all businesses whose gross turnover is less than \$500,000, will be provided free software by FRCS. FRCS has selected a panel of providers and what SMEs can do is make an application to FRCS to let us know they are SMEs and that they require our assistance. The SME can select a software provider and once they have agreed which one they want to go with, FRCS will pay for installation.

### **Conclusion**

Tax and Customs reforms are aimed at strengthening the economy, ensuring fairness at all levels. However, when businesses and/or enterprises exploit the legal loopholes to avail tax or stamp duty concessions, those in genuine need are deprived of the welfare benefits. We encourage all small business operators to come forward and experience this service. This will greatly assist you to voluntarily comply with the Tax and Customs laws of Fiji.

For more information please email us on [info@frcs.org.fj](mailto:info@frcs.org.fj)