



Tax Talk

Tax and Duty Evasion

While the Fijian Government continues to provide Tax and Customs incentives for businesses communities in order to promote growth and development, businesses and individuals continue to evade Tax and Customs duties through illegitimate means. They defraud the Government which in turn has an impact on the citizens from lost Government revenues. It is our duty to ensure such abuses are stopped and those involved are prosecuted and or dealt with accordingly.

The Fiji Revenue and Customs Service (FRCS) has recently investigated a number of businesses who were trying to evade taxes and duties through fraudulent means. These includes under-declaring sales, paying employees in cash, using family members to siphon money offshore, falsifying invoices, double invoicing and third party invoicing.

Medical Practitioner under investigation

A Medical Practitioner was recently investigated by the Fiji Revenue and Customs Service for gross under-declaration of sales for the period 2011 to 2018. The Medical Practitioner under-declared its sales by \$4million dollars during this period. An investigation was initiated after FRCS received information through its whistleblower line outlining the fraudulent practice the Medical Practitioner is involved in.

Falsified documents used

Investigation by FRCS reveals that the Medical Practitioner was paying wages to its employees in cash and provided FRCS and Department of Immigration with falsified documents. Officers from the Fiji Revenue and Customs Service also managed to obtain documents in relation to the taxpayer's investment overseas.

Offshore Assets

Further investigations also revealed that the Medical Practitioner had invested monies in properties overseas which was siphoned offshore through tax evasion and fraudulent activities. It has also been established that family members were used to siphon money overseas through regular travel thus carrying cash across borders.

Fine

The Medical Practitioner has been issued with a tax bill of \$1.06 million dollars including penalties due to the severity and planning of tax evasion.

Partnership

The Fiji Revenue and Customs Service during the course of its investigation was assisted by the Australian Federal Police (AFP). As the investigation into this matter commenced, FRCS was notified that the taxpayer had bought tickets to fly abroad. A stop departure order was issued and relevant authorities were notified of the situation.

Risk analysis profiles and tax dodgers

FRCS is mindful that dishonest people will try to take advantage of the system. Therefore, the Service carries out regular risk analysis and profiling to identify high, medium and low risk cases, the likelihood that they will defraud the system, and then deals with those appropriately. Risk profiling may sometimes indicate holding refunds pending further verifications. Any fraudulent attempts by taxpayers are met with the imposition of a 300% penalty or prosecution –absolutely non-negotiable.

FRCS also consults and shares information with our stakeholders to assist in the identification of tax dodgers. For example, Service is looking at the list of all building and other contractors and subcontractors awarded construction works and reconciling the tender award amounts with the sums declared in the VAT Returns. Where discrepancies are established, the VAT short payments become subject to the 300% penalty. Of course, a systematic audit process is exhausted before any audit assessments are raised to give fair representation opportunity to taxpayers.

Assisting voluntary compliance

FRCS has been conducting a number of awareness sessions with construction companies and sub-contractors on the importance of voluntary compliance. We encourage taxpayers to voluntarily comply and save themselves from unnecessary penalty exposure by doing the right thing

Here to serve

FRCS is here to serve and assist taxpayers so that they can operate effectively and efficiently. The business community is encouraged to communicate and use the FRCS services, and they are most welcome to call or visit any FRCS office, Fiji-wide, if they need assistance in understanding their tax obligations. This is all for the betterment of the nation.

Take Advantage of our SME Centre

The FRCS has established 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. You can email or call SME support center staff directly on the numbers below;

Name	Phone	Email
Fiona Walli	3243558	fwalli@frcs.org.fj
Vimal Ram	3243540	vram@frcs.org.fj
Joana Duabaubau	3243780	jduabaubau@frcs.org.fj

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 and 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.

Reporting Customs and Tax Evasion

Members of the public are encouraged to report any Customs or Tax evasions or any unprofessional conduct by simply emailing to Chief Executive Officer on ceo@frcs.org.fj or a letter addressed to him or you can also report it in person.

Taxpayers can also directly call the Revenue and Customs Chief Executive Officer Mr. Visvanath Das on 9907740 to lodge complaints or our Chief Investigations Officer Mr. Rajas Swamy on 9980489. The Revenue & Customs is here to administer the Tax and Customs laws and it is our duty to ensure fairness and consistency in the application of the law to ensure that we are creating a level playing field for all taxpayers.

For more information please email us on info@frcs.org.fj