



TAX TALK

How to apply for Duty Concessions?

The Fijian Government offers a wide range of incentives and concessions to support Fijian business establish and grow. This becomes Government's policy intervention and investment in Fiji's economy.

This week, Tax Talk looks at the various types of import duty concessions that are available, and their respective requirements in order to qualify for these concessions.

As a manufacturer/producer, can I have a concession on my imports of raw material?

- ✓ An approved manufacturer or producer is eligible for duty concession under **Code 236 to Part 3** of the Customs Tariff
- ✓ The concessionary rates are at 0% Fiscal duty, 0% Import Excise duty and 9% VAT.
- ✓ An approved manufacturer is a person/company who makes or produces goods especially in a large scale.
- ✓ The concession is for raw materials, machinery, equipment and accessories which are used directly in the manufacture of the approved goods.
- ✓ This concession **does not apply** to spare parts and any other raw materials and machinery, equipment and accessories that are **not directly part** of the manufacture of the approved goods.
- ✓ **This incentive is not extended to companies and entities engaged in simple mixing and blending processes to produce the final product.**

Duty concession under **Concession Code 236B** is available for manufacturers or producers who obtain finished goods through a **process of assembling, mixing or blending** (excluding alcoholic beverages and motor vehicles) provided:

- ✓ there is sufficient processing in Fiji
- ✓ the final goods obtained meets the **value added criteria of not less than 25%** of the factory cost of the final good
- ✓ the finished goods meets the industry standards for use in Fiji.
- ✓ the goods imported for the assembly, mixing or blending are to be used only for the purpose for which concession is granted and **not for re-sale**.

How do I apply for concession approval?

The manufacturer/producer must make a formal application to the CEO seeking approval for concession of the raw materials and machinery:

- Providing the details such as type / nature of business, Company Registration, Investment Certificate (foreign), location of business,

- List of products manufactured/ produced by the company, list of raw material required for the manufacture of the product;
- List machinery, equipment and accessories that will be directly used in the manufacturing process and
- The manufacturing process flowchart and any other relevant information and documentation.
- An inspection may also be undertaken to determine the eligibility of the duty concession.

Application Assessment

- ✓ Document assessment is conducted in accordance with the conditions of the Concession Code
- ✓ If any further information or clarification is required in terms of the business operations and documents, the company is contacted to furnish the same.
- ✓ A site inspection to see the manufacturing / production process.
- ✓ If inspections, documents and processes are in order, the applicant is formally advised on the approval or otherwise.

Once the approval is granted, the applicant is eligible to import raw materials and or machinery under the respective duty concession.

I am just starting my manufacturing/production business. Can I apply for a duty concession?

In case of a newly established manufacturing or production company, a provisional approval shall be granted on the importation of raw materials and machinery, pending the necessary inspections by FRCS provided the conditions under Code 236 are complied with.

Once operational, a formal inspection shall be carried out to determine the eligibility of duty concession under Code 236. After the necessary inspections for provisional approval, if it is identified that the company does not meet the conditions of Code 236, normal duty shall be recovered on the imported goods. **Applications may take a minimum of 7 working days to process.**

Are there any concessions on packaging materials?

Any approved manufacturer/producer in Fiji is eligible for duty concession on packaging materials that are not manufactured or available locally or if the local products do not meet the required technical specifications. Then concession under Code 231 to Part 3 is available at concessionary rate of 0% Fiscal duty, 0% Import Excise duty and 9% VAT.

What packaging does the concession apply to?

The concession is applicable to containers and other packaging goods including labels used in packing, commercial conveyance or putting up goods for sale.

Any approved manufacturer or producer has to formally write to the CEO requesting for duty concession on the packaging materials. The packaging materials should be for the immediate packaging of the final product. This does not include packaging for displaying Fiji produce at the point of sale. Packaging for packing, repacking or labelling of goods that have been

imported into Fiji repacking and labelling is not be eligible for duty concession under Code 231.

Details and specifications of the specific packaging materials and or any samples etc. are to be made available for verification by the processing officers. FRCS will assess the application accordingly and thereafter advise the applicant of the approval or decline of the application.

The packaging materials may be approved for duty concession provided that the local manufacturers are unable to manufacture and supply the packaging materials according to the applicants required specifications and timelines. In cases where there is a dispute in the local pricing in comparison to the prices of the imported packaging materials, FRCS generally facilitates both the parties to negotiate and agree to an amicable pricing suitable for both the importer and the local manufacturer. **The application may also take a minimum of 7 working days to process.**

Can I apply for other Duty Concessions?

Any importer requesting for concession not specified in the Customs Tariff is required to lodge their applications with the Ministry of Economy (MOE) for consideration towards any duty concession, attaching the relevant documents. The applicant should provide the details of the importation, list & cost of the goods and how the duty reduction will contribute to the economic benefit of the country.

The MOE in conjunction with Revenue and Customs will conduct an assessment on the details of the application. Once the application is processed, a formal response will be sent by the Ministry of Economy to the importer. While the application is being assessed, Revenue and Customs may contact the applicant directly for any further information and documentation that may assist in the assessment of concession application.

Once approved, the importer is required to engage a licensed Customs House Agent (CHA) for the formal clearance of their consignment. The Customs Agent shall liaise with the Revenue and Customs Processing Team for processing of the Customs entry and clearance of the goods.

Are the incentives on imported goods in the Agricultural/Sugar/Forestry/Fishery sectors?

Most of the imported agricultural items are already concessionary under the Customs Tariff attracting duty rates of 0% Fiscal duty, 0% Import Excise duty and 9% VAT. Furthermore, same concessions are available for the agriculture/sugar/forestry/fishery incentives provided for by the Government - the importation of specialized agriculture, livestock and dairy machineries, equipment and agricultural inputs, specialized forestry and fisheries equipment.

This concession is not extended to spare parts and items of a general purpose nature.

The importation under this concession is subject to the condition that a letter of support is issued by the Ministry of Agriculture, or Ministry of Sugar, or Department of Forests or Ministry of Fisheries in relation to goods under concession. **Items approved under this concession cannot be put up for sale and are to be used exclusively for purposes for which the concession is granted.**

How do I apply for a concession on these types of imported goods?

The importer is required to formally write to the relevant Ministries stating the machineries and inputs he/she is intending to import and its application to the Agriculture/Sugar/Forestry or Fishing industry.

The relevant Ministries shall make their assessment and a letter of support is to be issued by the Ministry of Agriculture/ Sugar/ Forestry or Fisheries to the importer/applicant. The importer shall then lodge the application for vetting and approval (together with invoices, bill of lading etc.) with Revenue and Customs.

Revenue and Customs will assess the duty concession in line with the policy intentions of the agriculture/sugar/forestry and fishing industry. Goods that may not be eligible under this incentive will need to be duty paid.

If approved, the importer is then required to engage a licensed Customs House Agent for the formal clearance of their consignment. The Customs Agent shall liaise with the Revenue and Customs Processing Team for processing of the Customs entry and clearance of the goods.

To help us serve you better, FRCS wishes to remind its stakeholders that **all concession approvals should be obtained PRIOR to the goods being loaded, shipped or arrival into Fiji.**

All applications must be lodged with the complete documentation and legislative formalities must be completed with FRCS in a timely manner. This will ensure the seamless clearance of goods at the border and reduce unnecessary costs and delays in the absence of any concession approvals or non-compliant to FRCS legislative requirements.

We look forward to continue serving our customers better with reciprocal cooperation from the importers, exporters, carrier/shipping agents, customs agents, cargo agents and the general public for efficient and effective service delivery adding and creating value for our customers.

Please visit any nearest Revenue and Customs office for further assistance or you can also email your queries on info@frcs.org.fj