Tax Talk- COVID-19 Policy measures introduced by Government to assist all Fijians

The Fijian Government has introduced a number of policy measures in the COVID-19 Response Budget announced on 26th March 2020 to assist all Fijians recover during the unprecedented times of COVID-19 pandemic as well as to sustain the Fijian economy. Fijians are encouraged to take advantage of these policy measures and fully benefit from it. Some of these measures that can benefit Fijians are.

Waiver of Penalties
To assist taxpayers, the Fijian Government announced that all late lodgment penalties imposed between 1st April 2020 to 31st December 2020 will be waived as per section 48D of the Tax Administration Act 2009. This applies for returns that are due to be filed for the period commencing on and from 31 March 2020 to 31 December 2020.

In addition, the above relief does not prevent a taxpayer who is liable to pay tax imposed by any tax law from payment of the tax by the due date. However, taxpayers facing economic hardships can make payment arrangements with the Fiji Revenue and Customs Service (FRCS) Debt Management Unit under section 25 of the Tax Administration Act 2009.

Taxpayers affected by COVID-19 can also apply for extension of tax payments. FRCS is mindful of the current business environment and situation hence will consider genuine applications depending on the submissions received.

Submissions for extension of payment can be made to FRCS Debt Management Services before the payment due date. Taxpayers are urged to make payment arrangements with FRCS before the payment due dates.

Tax deduction of reduction of commercial rent

The Income Tax (Other Incentives) Regulations 2018 is amended and under the new change a landlord is allowed a tax deduction for reduction of commercial rent. This means tenancy for any premises used for commercial purposes but not include residential purpose. The rent reduction refers to the rent payable between 01 April 2020 to 31 December 2020. The deduction will only apply to existing rental contracts. Landlord will have to provide record of rental income received for the past 6 months.
Advance payment of tax

Taxpayers who are liable to make advance payments for Income Tax are advised that the due dates are now spread over monthly basis for ease of payments. This will be as follows:

(a) in the case of a company, on the last day of the sixth, seventh, eighth, ninth, tenth, eleventh and twelfth months of the tax year and the first and second months of the following tax year; or

(b) in the case of any other person, on 30 April, 31 May, 30 June, 31 July, 31 August, 30 September, 31 October, 30 November and 31 December,

For taxpayers, whose advance tax payment is due by 31st March 2020 and are genuinely facing financial difficulties due to COVID-19 in making such tax payments, can make arrangements with FRCS.

Taxpayers who reasonably believe that their Income Tax liability for a tax year will be significantly lower than the Income Tax liability assessed for the previous tax year may file a statement of the Income Tax estimated to be payable by the person for the year at any time before the end of their respective tax year of assessment.
Assistance to Exporters

Exports play an important role in Fiji’s economy, securing the much needed foreign exchange and promoting economic growth and development of the country.

To assist exporters during this difficult times, the Fijian Government has increased the Export Income Deduction rate to 60%. This tax incentive encourages export of goods and services from Fiji to stimulate economic growth and inflow of foreign exchange. A deduction for export income is allowed in accordance with Section 25(8) of Income Tax Act 2015.

Export income means net profits derived by a person from the business of exporting goods and services, but excludes re-exports. The export income deduction is only allowed if FRCS is satisfied that the export earnings have been remitted back to Fiji.

Incentives for donation to Government of Fiji COVID-19 fund
Taxpayers who make any amount of cash donation to the Government of Fiji COVID-19 Response Fund will be allowed a deduction for 300% under Regulation 6 of the Income Tax (Other Incentives) Regulations.

The deduction is to be claimed in the taxpayers Income Tax return (Form S, Form B, and Form C) due for the year by attaching the receipt from Government of Fiji or evidence of deposit slip.

Tax Compliance Certificate and Tax Clearance

Meanwhile, as part of its phase two launch of the Taxpayer Online System (TPOS), the Fiji Revenue and Customs Service (FRCS) is currently working on having Tax Clearance and Tax Compliance Certificates included in its online services.

Tax Compliance Certificate (TCC) Application Process
Taxpayers intending to obtain their TCC online need to have internet access and are able to log into their own taxpayer portal. All the TCC’s issued will be valid for 12 months. This will create ease of doing business and give third parties greater confidence in businesses itself.

Tax Clearance Application Process
Through TPOS taxpayers will be able to apply for a Tax Clearance online without having to join a queue and wait for longer hours in the tax office. This saves more time for taxpayers and allows them to use productive hours for their businesses. In addition, TPOS enables taxpayers to be cost effective when accessing Tax Clearance services. No more do they need to visit FRCS to submit or collect a TC application.

The Difference

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<thead>
<tr>
<th>Current Process</th>
<th>TPOS</th>
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<tbody>
<tr>
<td>Complete TC and TCC manual forms</td>
<td>Complete TC/TCC Online forms</td>
</tr>
<tr>
<td>Make copies and attach relevant documents</td>
<td>Scan and download originals and attach to online application</td>
</tr>
<tr>
<td>Visit FRCS Office to submit TC/TCC form</td>
<td>Access TPOS from anywhere in the world and submit a TC/TCC online form</td>
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<td>----------------------------------------</td>
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<tr>
<td>Visit FRCS Office to collect processed TC/TCC</td>
<td>Access processed TC/TCC on Correspondence Tile</td>
</tr>
<tr>
<td>Can only obtain the original copy of processed TC/TCC once however if it misplaced then taxpayer have to visit FRCS again to obtain another copy</td>
<td>Access processed TC/TCC on Correspondence Tile at any time and place even if it is misplaced</td>
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For more information on COVID-19 related incentives please email us on covid19response@frcs.org.fj or call us on 3243000.