



TAX TALK

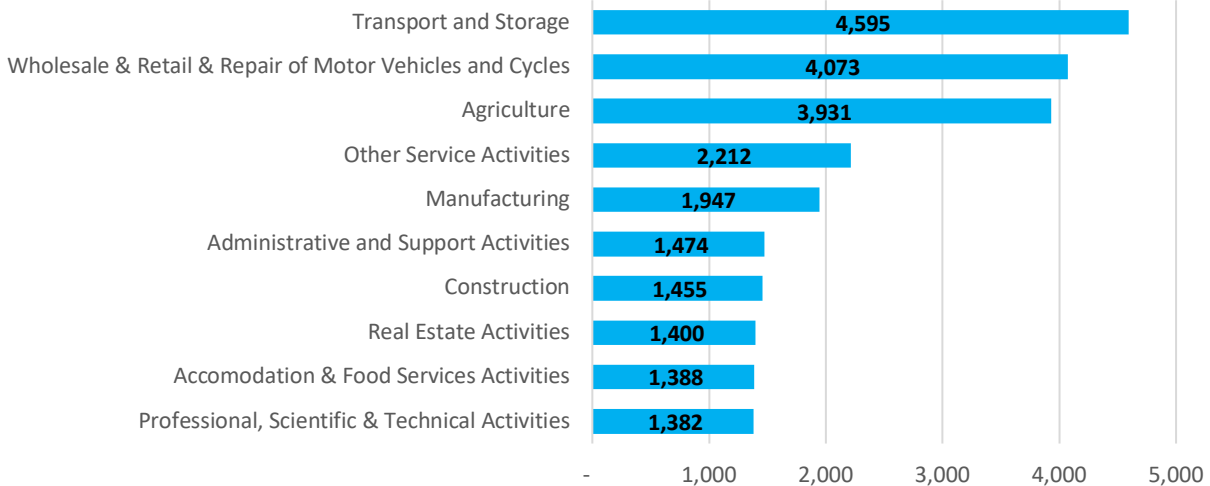
Small and Micro Enterprises (SMEs) benefit from incentives provided by the Fijian Government

Is your business earning an income less than FJD 500,000 per annum? If so, then it is a Small and Micro Enterprise (SME) for tax purposes and can enjoy a number of benefits that many SMEs have been enjoying through the incentives provided by the Fijian Government.

The Fiji Revenue and Customs Service (FRCS) has 28,984 registered SMEs in its database and in the last three years (2016 to 2018), these businesses have contributed \$378,763,052 in taxes towards the Fijian economy.

Transport and storage sector is the largest SME sector in Fiji with 2,740 registered businesses, followed by Agricultural sector with 2,213 businesses and Wholesale and Retail sector with 2,143 registered businesses respectively.

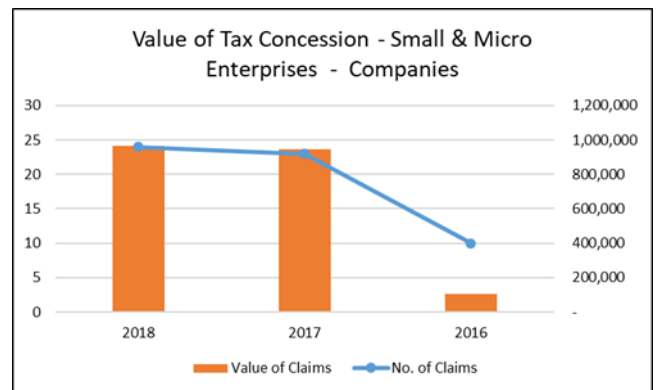
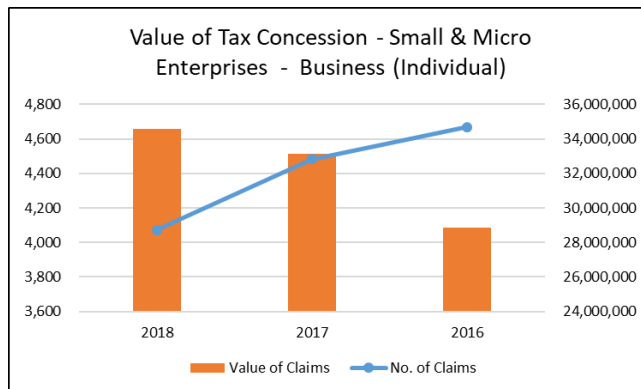
Top 10 Sectors for Small & Micro Enterprises



Incentives for SMEs

From 2016 to 2018, a total of 13,283 SME operators benefitted from the various incentives and duty concessions provided by the Fijian Government worth \$98.6 million dollars. Out of the 13,283 SME operators that benefitted from these incentives, 13,226 are sole traders and 57 are companies with turnover of less than \$500,000 per annum.

Some of the incentives currently provided to the SME sector are 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. It is important that SME business owners know about these incentives so that they can utilise the opportunities of growth provided to them by the Fijian Government.



Stamp Duty exemption for SMEs

The Fijian Government announced the waiver of stamp duty on all instruments or written documents for SMEs effective from 1st January 2016. Under the Stamp Duties Act, this waiver is available to any business that has an annual gross turnover or sale not exceeding \$500,000, provided it is a registered business with a valid business license, are tax and customs compliant and will be required to provide a Statutory Declaration confirming a gross turnover not exceeding \$500,000.

These businesses must provide copies of financial statements where applicable. The policy intention for this incentive is to assist the SMEs. Post assessment audits will be conducted to verify declarations. Penalties will be imposed where taxpayers make false declarations or scheme to evade this tax.

VAT Registration for SMEs

SMEs with turnover of \$300,000 or less per annum and are registered for VAT, also qualify to file VAT returns annually instead of filing it monthly under the VAT Act 1991. The intention of this policy is to give flexibility to SMEs to save cost and time associated with filing returns with accountants or Tax Agents as some may not be able to pay accountants and tax agents every month to make and file returns on their behalf

EFD/VMS Assistance to SMEs

Announced in the 2019-2020 National Budget, all entities with an annual turnover of less than \$500,000 will be granted a free VAT Monitoring System (VMS) application software and a free smart card reader from FRCS. This has been effective from 1 August 2019 and to date there have been 729 successful SME assistance applicants for this.

Tax exemption to SMEs in the Agricultural Sector

All SMEs with an annual turnover is \$500,000 or less per annum and are involved in the Agricultural sector qualify for Income Tax exemption under the Income Tax Act 2006 provided that their business income is only derived from the Agricultural activities.

However, the business will have to file the yearly tax returns stating the income derived and the subsequent profits generated. All those SMEs that are purely Agricultural based and deal with raw and unprocessed materials (produce supplier) like dalo and kava also have the option of not registering for VAT regardless of their annual turnover.

In cases where businesses choose to voluntarily register for VAT, then they will have to charge and pay VAT to FRCS. However, if the SME is not registered for VAT then they cannot charge VAT on their supplies.

Dedicated SME Support Centre

FRCS has a one stop shop dedicated to the SMEs where all relevant Information are provided to ensure that this important business sector is enabled to better understand its tax obligations including registration, filing and payment obligations as well as to assist SME to meet Its reporting requirements.

Some of the advisory services available through the SME Support Centre located at the FRCS Head Office in Nasese includes:

- Business registration
- Lodgement of Tax Returns
- Payments
- VAT registration and filing
- Record keeping
- Customs duty concession available for SMEs
- Tax and Customs incentives
- New budget policies and its tax implications
- Registration and use of Electronic Fiscal Device/VMS

In addition to this, the SME Support Centre also processes Tax Clearance applications for amounts below FJD 20,000.

FRCS encourages SME operators to visit the SME Support Centre for advisory and services provided.

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