



Revised National Budget to Benefit Businesses

The 2021-2022 Revised National Budget was announced on 24 March 2022 which reflected a number of changes including tax reforms. Tax reform is generally undertaken to increase the effectiveness of tax and customs laws to maximize the economic and social benefits that can be achieved through the tax system. These also includes tax incentives and concession given to businesses to encourage investment and re-creation of employment. In this week's Tax Talk, we will focus on some major incentives and concessions available to businesses.

1. Hotel Investment Incentive

The Income Tax (Hotel investment Incentives) Regulation came into effect on 1 January 2016. There are two types of tax incentives available to investors interested in investing in Hotel and Tourism Industry in Fiji, the Standard Allowance ("SA") and the Short Life Investment Package ("SLIP").

In the FY2021/2022 Budget, the Short Life Investment Package (SLIP) was extended to renovations and refurbishments of existing hotels or resorts. In the 2021/2022 Revised National Budget, the 5-year tax holiday for investments of more than \$2 million has been extended for an additional 12 months until 31 December 2023. The duty free importation for all hotels and resorts has also been extended for an additional 12 months until 31 December 2023.

2. Film-Making and Audio-Visual Incentives

The Income Tax (Film-making and Audio-visual Incentives) Regulations 2016 has been amended as follows:

The film tax rebate has been reduced from 75% to 20% and will be based on the expenditure incurred in Fiji and paid to Fiji residents for goods and services.

Also the maximum rebate payable per approved final certificate will not be more than \$4 million.

3. Tax Incentive for the Fijian Drua

This is a new incentive to support the Fiji Rugby Union and Fijian Drua in meeting the New Zealand Rugby Union's (NZRU) financing requirements for Super Rugby Pacific. The Fijian Government will invest \$6 million for 51% shareholding in Counter Ruck Pte Limited, or (CRL) which was established by the Fiji Rugby Union to own and operate the Fijian Drua.

A 13-year tax holiday will be given to the Fijian Drua to assist in its development. Import duty exemption will also be available on the importation of items specifically used for the establishment of the High Performance Unit for the Fijian Drua. The period of exemption will be available from 1 July 2022 to 30 June 2023.

In addition, a 200% tax deduction will be available for sponsorships of not less than \$250,000 made to the Fijian Drua.

4. Tax Deduction for Salaries and Wages

The 300% tax deduction is still available to employers for an employee quarantined and or tested positive for COVID – 19, and this has been extended from 31 December 2022 to 31 December 2023.

5. Tax Deduction for Maternity Leave

Employers can now claim a 200% tax deduction for wages and salaries paid to staff on maternity leave.

6. Customs Concession- CODE 243 – Companies and individuals Involved in or with Sugar Cane Industry

Companies involved in milling and processing of raw sugar will be allowed duty concession on the following:

- Approved factory upgrade and maintenance materials
- Tramline & spares
- Mill part
- Laboratory glassware & chemicals
- Sugar processing equipment

7. Reduced Duty on Bins

To help save our environment and to keep it clean, the fiscal duty on wheelie bins has been reduced from 32% to 5% and import excise has been reduced from 15% to 0%.

For more details on the 2021-2022 Revised National Budget Revenue Policies please refer to the link <https://www.fracs.org.fj/wp-content/uploads/2022/03/2021-2022-Revised-National-Budget-FINAL.pdf> on FRCS website.