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A. NOTICE ISSUED BY THE FIJI ISLANDS TRADE AND INVESTMENT BUREAU

The Fiji Islands Trade and Investment Bureau (FITIB) has issued a general notice dated 17 January 2009 to all foreign investors and their agents who were issued with a Foreign Investment Registration Certificates (FIRC) between 1 January 1999 and 31 December 2003. All such foreign investors are required to contact the FITIB within one month from the date of this notice.

If the project has been implemented you are required under section 17 (3) of the Foreign Investment Act 1999 and Foreign Investment (Amendment) Act 2004 to complete and return a copy of the D1 form to confirm the project has been implemented. It is a requirement that the D1 form is filled and returned to the FITIB within 1 month of the implementation of the project. In addition, statistical information on the project is required to be submitted to FTIB (Foreign Investors Survey Form) on an annual basis. These forms are available on the FITIB's website: <http://www.ftib.org.fj/ftib-application-forms.cfm>.

Under section 13 of the Foreign Investment Act failure to fulfil the requirements above can result in the cancellation of the FIRC.

B. 200 PERCENT DEDUCTION FOR FLOOD APPEAL

On 14 January 2009, the Fiji Islands Revenue and Customs Authority (FIRCA) issued a press release (Press Release No. 1/2009) advising that the Cabinet at its meeting on 13th January, 2009 approved the 200 percent tax deductions for contribution of \$1,000 or more made to the Prime Minister's National Disaster, Relief and Rehabilitation Fund (PM's Fund).

To facilitate the donations and the provision of the Incentive, the FIRCA further advised the general public of the following:

- The 200 percent deduction will only apply to cash donations of \$1,000 or more;
- The 200 percent deduction on the donations will be claimed against income of the taxpayer for the income year 2009;

- Individuals, business or corporate entity making cash donations to the PM's Fund through the Colonial National Bank Account No 4706578 should provide their name and their Tax Identification Number (TIN) to the Bank who upon deposit will provide them with a receipt to verify the amount of deposit. The taxpayer should submit this receipt together with his 2009 Income Return; and
- Organizations or Companies who wish to establish an Account/Fund to raise funds for the flood victims should submit their applications for approval to the Chief Executive Officer (CEO) of FIRCA. Upon approval, donors to this Account will enjoy the tax deductions provided that the cash donation is more than \$1,000. Donors are required to provide their name and their Tax Identification Number (TIN) to the Bank who upon deposit will provide them with a receipt to verify the amount of deposit. The taxpayer should submit this receipt together with his 2009 Income Return.

We have obtained approval from the FIRCA which confirms the 200 percent deduction is applicable for the Fiji Times Flood Appeal.

Please note that the above provision has not yet been gazetted.

C. PRACTICE STATEMENT NO. 30 – VALUATION OF BENEFITS UNDER THE PAY-AS-YOU-EARN SYSTEM

On 9 January 2008 and 9 May 2008, we issued Technical Updates in relation to Practice Statement No. 30 (PS 30) issued by the FIRCA, which sets out the practice adopted by the FIRCA in relation to the taxable value of benefits, cash or otherwise, provided by an employer to an employee or person associated with an employee.

On 30 December 2008, the FIRCA released a revised PS 30.

The changes made in the revised Practice Statement which are effective 1 January 2008 are as follows:

1. Housing Benefit (All employees including civil servants and school teachers)

- Under the revised PS 30 the estimated taxable value per annum would be as follows:

<i>Housing/Quarters</i>	<i>OLD taxable value of benefit per annum</i>	<i>NEW taxable value of benefit per annum</i>
(i) Furnished house/quarters	1/5 of basic emoluments less any rent paid by the employee	1/8 of basic emoluments less any rent paid by the employee
(ii) Unfurnished house/quarters	1/6 of basic emoluments less any rent paid by the employee	1/9 of basic emoluments less any rent paid by the employee
(iii) Standard quarters supplied to a large number of employees	1/5 or 1/6 of basic emoluments discounted by 1/3 less any rent paid by the employee	1/8 or 1/9 of basic emoluments discounted by 1/3 less any rent paid by the employee

<i>Housing/Quarters</i>	<i>OLD Taxable value of benefit per annum</i>	<i>NEW Taxable value of benefit per annum</i>
(iv) Where the employer's business operations are located 15 kilometres away from any town or city centre and employees are housed near the employer's business <i>[This does not apply to government quarters classified as special Grades I to IV]</i>	1/5 or 1/6 of basic emoluments discounted by 1/3 less any rent paid by the employee	1/8 or 1/9 of basic emoluments discounted by 1/3 less any rent paid by the employee
(v) Accommodation rented by the employer	Actual rent paid; or value as determined in (i), (ii), (iii) or (iv) above <u>less</u> any rent paid by the employee; whichever is less.	Actual rent paid; or value as determined in (i), (ii), (iii) or (iv) above <u>less</u> any rent paid by the employee; whichever is less.

- The following threshold has been introduced:

The assessable benefit will be calculated on emoluments up to \$113,000 and if the emoluments exceed \$113,000, the excess shall not be taken into account in determining this benefit. However, in the case where accommodation is rented by the employer, the maximum assessable benefit to the employee shall be the lesser of the actual rent paid or the benefit determined as in (i), (ii), (iii) and (iv) above.

2. Housing benefit – Shareholder/ Director of Public/Private Companies & Family Controlled Companies

- The FIRCA has revised the estimated taxable value per annum only for cases where the quarters / house are owned by the employer. The revised value of benefit is to be calculated as follows:

<i>Housing/Quarters</i>	<i>OLD Taxable value of benefit per annum</i>	<i>NEW Taxable value of benefit per annum</i>
Quarters/house owned by employer	Up to a cost of \$70,000 - 11% of the cost <u>plus</u> in respect of any cost exceeding \$70,000 up to \$100,000 -12% of such excess <u>plus</u> in respect of any excess over \$100,000 -13% of such excess	Up to a cost of \$70,000 - 9% of the cost <u>plus</u> in respect of any cost exceeding \$70,000 up to \$100,000 -10% of such excess <u>plus</u> in respect of any excess over \$100,000 -11% of such excess

3. Hotel managers and executive staff

3.1 The revised value of benefits of free meals is as follows:

<i>Meals</i>	<i>OLD Taxable value of benefit per annum</i>	<i>NEW Taxable value of benefit per annum</i>
Hotel manager & executive staff	\$7,665 per annum	\$4,720 per annum
Spouse	\$7,665 per annum	\$4,720 per annum
Children	1- 5 years - \$1,916 6-15 years - \$2,575 16 years and over - \$3,832	0- 4 years - \$Nil 5-12 years - \$1,770 13 - 18 years - \$2,575 18 years and over - \$4,720

3.2 The revised value of benefits of free accommodation is as follows:

<i>Accommodation</i>	<i>OLD Taxable value of benefit per annum</i>	<i>NEW Taxable value of benefit per annum</i>
Where a hotel room is provided	Market rate	<ul style="list-style-type: none"> • 25% of contract rate. Contract rate is the lowest room rate given to a wholesaler for a package / or the rate used by the property for the monthly rental of the room or apartment. • On call - NIL
House/quarters rented by the employer	Actual rent paid	<ul style="list-style-type: none"> • Family on site - 20% of rent paid by employer • No family on site - 20% of rent paid by employer • On call - NIL
House/Quarters owned by the employer	<ul style="list-style-type: none"> • up to a cost of \$70,000 – 11% of the cost; plus • any cost between \$70,000 and \$100,000 – 12% of such cost; plus • any cost over \$100,000 – 13% of such cost 	<ul style="list-style-type: none"> • up to a cost of \$70,000 – 9% of the cost; plus • any cost between \$70,000 and \$100,000 – 10% of such cost; plus • any cost over \$100,000 – 11% of such cost

- The value of benefits can still be calculated on a pro-rata basis depending on the number of meals consumed per day and usage.
- The following provisions have been introduced:
 - Where an employee is on-call, the \$Nil tax benefit will only apply to temporary accommodation. Where an employee is entitled to permanent accommodation, the rates in 3.2 above will apply.
 - Where any director, manager or employee is entitled to purchase of goods from a hotel's bulk store free of charge, the value of the benefit will be the VAT exclusive cost price of the goods.

4. Subordinate staff living in hotel premises

- The assessable value of free meals and accommodation in respect of subordinate staff living in hotel premises remain the same. However, where single quarters are allocated to more than one person, the estimated taxable value will now be reduced proportionately by the number of employees in residence.

All employers will need to consider the implications of the above revisions to the PS 30 when issuing PAYE Employee Certificates to their employees for the 2008 income year given that the revisions are effective 1 January 2008.

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