

# 2008 Budget Brief

23 November 2007



Hon. Mahendra Chaudhry  
Minister for Finance, National Planning  
and Sugar Industry

The Minister for Finance, National Planning and Sugar Industry, Honorable Mahendra Chaudhry, presented the 2008 National Budget today.

This resume provides a brief outline of the major aspects of the Interim Government's Budget for the year 2008 and is based upon a quick analysis of the Budget Address.

The theme of the Revised 2008 Budget is "**Building a Platform for Quick Recovery and Sustainable Growth**" with major objectives of:

- Stabilising the financial system
- Protecting government finances
- Redirecting resources to productive areas
- Laying a solid platform for fiscal and economic sustainability.

Through a combination of fiscal and policy initiatives, the Interim Government has sought to foster investment and economic development.

The Minister acknowledged that whilst recognizing that many challenges remains, the Interim Government is firmly committed to achieving growth. The Minister stated that "It is a responsible budget with a set task to get the economy and Government finances right.....In short, it is an instrument for building better Fiji".

As this is a general guide, we recommend that you seek professional advice before taking action on specific topics. We emphasise that the full impact of the Budget will be known after a detailed analysis of the Budget and our firm will issue further reports based upon such analysis.

We trust that you find this resume useful. If you would like to discuss any aspect of the impact of the Budget on your organisation, please take the opportunity to contact:

## Inside This Issue

- Overview
- Direct Taxation Measures
- New Tourism Incentive Package
- Indirect Taxation Measures – VAT, HTI, GTI, Land Sales Tax and Customs
- Government Expenditure
- Budget Estimates
- Import Fiscal Duty and Import Excise Duty Changes

Suva Office:	Contact Name	Email
	Nalin Patel	nalinpatel@glal.com.fj
	Pradeep Patel	pradeep@glal.com.fj
	Pradeep Fonseka	pfonseka@glal.com.fj
	Manjula Suraweera	pmanjula@glal.com.fj
	Rajesh Kuttiam	rkuttiam@glal.com.fj

Lautoka Office:	Contact Name	Email
	Rajesh Sangekar Kumar	rsangekar@glal.com.fj kumar@glal.com.fj

Address:	Address	Address
	Level 10, FNPF Place 343 Victoria Parade GPO Box 855, Suva, Fiji	125 Vitogo Parade PO Box 867, Lautoka, Fiji
	Telephone: [679] 331 4300 Facsimile: [679] 330 1841	Telephone: [679] 666 2722 Facsimile: [679] 666 4266

## Disclaimer

Before readers take any action, we recommend that specific questions on subjects covered in this publication be directed to your financial, tax and legal advisers. We accept no responsibility for any errors this publication may contain, whether caused by negligence or otherwise, or for any losses, however caused, sustained by any person that relies on it. The advisers listed above will be pleased to provide you with further information.

## OVERVIEW

Minister for Finance, National Planning and Sugar Industry, Honorable Mahendra Chaudhry presented the 2008 National Budget with the theme of "*Building a Platform for Quick Recovery and Sustainable Growth*".

The Minister also announced the Government's new policy direction for 2008 to 2010 of "*Sustainable Economic Empowerment Development Strategies*" (SEEDS) with the six policy platforms to guide development initiatives in the medium term including:

- Commitment to returning Fiji back to democratic rule, strengthening good governance, weeding out corruption and modernizing existing administrative systems;
- Commitment to growing the size of the economy;
- Commitment to reforming Fiji's public sector with the objective to reduce its size and increase efficiency and productivity.
- Commitment to the reform of public financial institutions.
- Commitment to the greater and more effective utilization of Fiji's land resource.
- Commitment to Social and Community development that promotes national unity, better health and education services, rural development, poverty eradication and social equity and environmental sustainability.

The Minister said that "*Budget 2008 conjointly with the People's Charter for Building a Better Fiji attempts to set Fiji on the right course*".

### Economic Outlook

Key indicators of economic outlook are summarised below:

	2008 Budget Estimate	2007 Revised Forecast	2007 Budget Estimate
Gross domestic product at market prices – million dollars	\$5,826	\$5,568	N/A
GDP Growth – real	2.2%	- 3.9%	-2.5%
Expenditure – million dollars	\$1,527	\$1,334	\$1,573
Revenue –million dollars	\$1,411	\$1,356	\$1,472
Net budget ( Surplus/ (deficit) – million dollars	(\$116)	\$22	(\$101)
Net budget Surplus/ (deficit) as a % of GDP	(2.5%)	0.4%	(2.0%)
Inflation – estimates	3.5%	3.5%	3.0%

### Medium Term Macroeconomic Targets

The medium term macroeconomic targets of the Government are:

Macroeconomic Indicator	Targets
Economic Growth	5% per year
Inflation	Less than 3% over a 5 year period
Foreign Exchange Reserves	4 – 5 months of import cover
Government Deficit	Balance budget by 2011
Government Debt	45% of GDP by 2011
Investment	Above 25% of GDP

### Direct Taxation Measures

- Full details relating to taxation measures announced in the 2008 budget are provided later in this budget brief.

### New Tourism Incentive Package

- Full details relating to new tourism incentive package announced in the 2008 budget are provided later in this budget brief.

### Indirect Taxation Measures – VAT and Customs

- Full details relating to indirect taxation measures announced in the 2008 budget are provided later in this budget brief.

### Revenue Policy

- Government's revenue and taxation policy are guided by the following conventions:
  - Maintaining the integrity of the VAT system;
  - Minimizing the level of distortions;
  - Ensuring a simple, transparent and equitable tax system;
  - Simplifying and streamlining bureaucratic tax administrative processes;
  - Tightening compliance within the tax system;
  - Improving collection of tax arrears; and
  - Promoting the user pay principle.

### Government Expenditure Mix

- The expenditure mix for 2008 stands at 77% operating and 23% capital.

### Foreign Reserve

- Foreign reserve is currently around \$930 million, to provide 4.3 months cover of imports of goods.

### Civil Service Pay

- The reinstatement of the remaining 4% of the civil service pay cut will be subject to Government's revenue performance and the emergence of other priorities and demands.

### Civil Service Reform

- The Civil Service Reform Program in 2008 will focus on the review and restructure of Ministries and Departments to streamline functions and operations, and a reduction in employment cost.

### Public Enterprise Reforms

- Government will continue its reform agenda in the public sector to improve service delivery as well efficient and effective use of resources.

Quote - *"You are neither right nor wrong because the crowd disagrees with you. You are right because your data and reasoning are right".*

*Warren Buffett*

## DIRECT TAXATION MEASURES

Direct taxation measures announced for 2008, which will become effective from 1 January 2008 (unless stated otherwise), are as follows:

### Income Tax Threshold

- Income tax threshold to increase from \$8,840 to \$9,000.

### Export Income Deduction

- Export Income Deduction to remain at 50% in 2008 (instead of 25%) to assist exporters of goods and services.

### Head Office Expenses

- For non-resident companies, tax deduction limit will be introduced on Head Office Expenses repatriated to home country. It is expected that FIRCA will introduce further details and guidelines in relation to this matter.

### General Entertainment Expenses

- Tax deduction limit will be introduced on entertainment expenses. It is expected that FIRCA will introduce further details and guidelines in relation to this matter.

### Income Tax Exemptions

- Income tax exemptions to be provided to:
  - Land Transport Authority
  - Exporters Club Limited

### Removal of Income Tax Exemptions

- Income Tax Exemptions to be removed for:
  - Fiji Television Limited
  - Fijians Trust Fund.
  - Dividend from Unit Trust of Fiji.

### Tax Exemption on interest on savings

- Interest, on savings, of up to \$200 will be exempted from tax.

### Dividend Regulation

- The review of Income Tax (Dividend) Regulations will be undertaken. FIRCA will investigate international practices and consider placing a limit up to which dividends are to be exempted.

### FIRCA's IT System

- FIRCA to enhance its IT system with the provision of portal (for taxpayer and tax agent). This facility is expected to be introduced from 2008.

### Withholding Tax Concession to TNT Worldwide Express

- Withholding tax concession for TNT Worldwide Express to be removed.

### Donation of Vehicles to Fiji Police Force

- 150% tax deduction relating to donation of vehicle to the Fiji Police Force will be removed.

### 150% tax deduction on capital investment for import substitution activities

- Tax deduction will be allowed to approved companies engaged in import substitution activities as a compensating measure for customs duty protection being reduced from 27% to 15%.
- This incentive will not cover motor vehicles and furniture and fittings.

### Tax deduction for interest on housing mortgage

- First home buyers will be allowed tax deduction allowance up to \$400 for interest on housing mortgage.

### Remittance of profits by companies incorporated in Fiji and branch operation

- Measures will be looked at to encourage reinvestment of profits of foreign companies incorporated in Fiji and branch operations.
- It is expected that FIRCA will introduce further details and guidelines in relation to this matter.

### 150% tax deductions on retained earnings

- The deduction will be allowable to companies, including branch which re-invest their earnings or profit in Fiji.
- 150% tax deduction will be allowed on capital investment (excluding motor vehicles/ furniture and fittings) which creates additional employment.
- It is expected that FIRCA will introduce further details and guidelines in relation to this matter.

### Tax deduction for sports sponsorship

- 150% tax deduction will be available for cash contributions of more than \$100,000 made to the Sports Fund and approved by the Commissioner of Inland Revenue based on specific criteria.

### Small & Medium Enterprises

- The scope of tax incentives will be extended by increasing gross turnover threshold from \$200,000 to \$300,000.
- The incentives will also extend to persons engaged in farming of Dalo, Cassava and other root crops, and supportive projects to Tourists Industry.

### Information Communication Technology (ICT) Tax Incentives

- Incentives available to the Kalabu ICT Zone (10 years tax holiday) will also apply to investment outside the zone.
- 10 year tax holiday will be available to ICT investment made before 31 December 2010.
- Incentives will be granted for businesses employing more than 50 employees.
- FIRCA will introduce some licensing requirement.

### Employee Benefits

- The basis of calculating Valuation of Employee Benefits is currently being reviewed and will be updated. This will cover wide range of employment related benefits covering motor vehicle, housing, electricity, water, telephone and others.

### Resident Interest Withholding Tax

- Section 9A of the Income Tax Act relating to resident interest withholding tax to be amendment to reflect the change in tax rates from 2004.

### Delay in Lodgment of Tax Returns

- Section 44 of the Income Tax Act to be amended to cover Accountants and/ or Tax Agents to be held liable for the delay in lodgment of tax returns.

### Presumption to Joint Accounts

- Section 44A of the Income Tax Act to be amended to include a provision dealing with presumption as to tax debt in properties that is under joint tenancy and not tenancy in common.

### Liability of new companies

- Section 31 of the VAT Decree to be inserted in the Income Tax Act regarding the liability of new Companies for tax payable by former companies with substantially the same shareholders or under the same control.

### Husband & Wife to be registered as partnership

- Section 51(1) of the Income Tax Act to be amended to allow husband and wife to be registered as partnership for tax purposes.

### Notification for Change of Address or Status

- To enable FIRCA to update records, especially on cessation of business or where taxpayer will no longer derive any income in Fiji, a provision similar to Section 24 of the VAT Decree will be introduced whereby taxpayers shall be required to notify to FIRCA for change of address or status.

### Tax Credit for Interest Withholding Tax

- Provision in Section 104 of the Income Tax Act is to be updated for crediting of withholding tax deducted at source from interest.

### Filing of Withholding Tax Summary and Assessment

- Legislation to be introduced to have provision for taxpayers to lodge annual summaries of payments made to non-residents together with withholding tax deductions.
- Section 54 of the Income Tax Act will be amended to extend its scope and allow lodgment of details relating to taxes collected under:
  - Section 8A - non-resident miscellaneous tax and
  - Section 10A (royalty withholding tax).

### Rental Income Reporting - Late Lodgment Penalty

- Section 94 of the Income Tax Act, relating to penalties for failing to lodge returns, will be amended to include persons failing to lodge Rental Income Reporting System under Section 47A.

### Sixth Schedule of the Income Tax Act – Film Making and Audio Visual Incentives

- Definition of “production activity” in Section 44 will be redefined to ensure clarity.
- Legislation will be clarified to state that One Audio Visual production should have on one application.
- Actual local spending must be provided at the end of each project.
- The term “Production” will be defined to clarify what it comprises, the commencement period and other issues.
- Legislation to be clarified to state that investors can apply for one final approval covering many episodes.
- VAT Decree will be amended to state that “live broadcast” will be deemed to be export of services, and accordingly will be zero rated. Issues relating to “live broadcast” and “recorded” will be clarified.
- Legislation will be clarified to distinguish between the Audio Visual License and the Studio operators license.
- Legislation will be amended to clarify that temporary Studio City Zone license must be used within the 12 months from the date of the issuance of the license.

### 11<sup>th</sup> Schedule of the Income Tax Act – Hotel Investment Tax Incentives

- Insert a new provision in the 11th Schedule of the ITA to define “Minister” as Minister responsible for Finance.
- Section 18(1) to be amended by deleting the word “paragraph 14” and substituting it with the word “paragraph 16”.

### Pension Definition

- The word “pension” will be defined in Section 2 of the Income Tax Act. This is to avoid misunderstanding in the application of Section 17(50) relating to exemption of pension received by individual and Section 110 relating to approved funds.

## NEW TOURISM INCENTIVE PACKAGE

New tourism incentive package will be introduced effective 1 January 2009.

Investors will be allowed either Standard Allowance or Hotel Investment Package.

### Standard Allowance

- 55% Investment Allowance on total capital expenditure provided there is no shift of revenue offshore.
- 150% tax deduction on expenditure for environmental protection and community support. Environment protection activities include sewerage treatment, potable water treatment, reforestation, erosion control. Community support includes wharves, roads and water supply.
- 125% tax deduction on expenditure for upgrade of public infrastructure such as roads, sewerage systems and water supplies.

### Hotel Incentive Package

- 7 years tax holiday for capital investments not less than \$10m.
- Import duty exemption on all capital goods (including capital equipment, plant and machinery) not available in Fiji that is used in carrying out the investment.

Quote - *"The hardest thing in the world to understand is income tax."*

*Albert Einstein*

## INDIRECT TAXATION MEASURES – VAT, HTT, GTT, LAND SALES TAX AND CUSTOMS

Indirect taxation measures announced for 2008, which will become effective from 1 January 2008 (unless stated otherwise), are as follows:

### VALUE ADDED TAX

#### VAT Exemption on Government Salaries & Wages

- VAT will not be levied on government salaries and wages (comprising of Standard Expenditure Group 1 & 2).

#### VAT Decree – Employee Benefits

- Section 3(10) to be clarified to deem a supply made from an employer to an employee as a benefit under the ITA.

#### VAT Refund for New Dwelling House

- Removal of VAT refund for new dwelling house.

#### Liability for VAT payable by companies left with insufficient assets

- Introduction of Section 41A of the ITA in the VAT Decree to enable the Commissioner to recover any outstanding tax from a director or shareholder of a company that has entered into an arrangement to deplete the assets of the company, leaving the company unable to pay its tax liability.

#### Personal Liability of Directors

- Introduction of Section 74A of the ITA in the VAT Decree which states that directors of a company may be personally sued if the company becomes insolvent or liquidated.

#### Alignment of registration period

- Section 22 of the VAT Decree to be amended to require registration within 30 days. This is to ensure consistency with other Acts administered by FIRCA.

### HOTEL TURNOVER TAX ACT

#### Increase in Hotel Turnover tax rate

- Hotel turnover tax rate to increase from 3% to 5%.

#### Invoicing of HTT

- Amendments to HTT Act and VAT Decree to ensure that the HTT and VAT component are shown separately on the invoice.

### GAMBLING TURNOVER TAX DECREE

#### Gambling Turnover Tax (GTT)

- Increase in GTT rate from 10 to 25 percent.
- Remittance (P4 Summary) to be done weekly and not monthly.
- Tax on winnings to be deducted at source.

### LAND SALES ACT

#### Land Sales Tax Exemption

- Land sales tax exemption to be allowed only to the “predecessor in title” and no “any predecessor in title”.

## CUSTOMS ACT AND CUSTOMS TARIFF ACT

All measures related to Customs Act are summarized as follows:

### Specific Import Duty and Excise Duty Measures

- Further specific details relating to import duty, import excise duty and excise duty changes, which are effective today, are provided later in this budget brief.

### Warehousing period on all motor vehicles, plant and machinery

- Warehousing period for all motor vehicles, plant and machinery imported on or after the Budget announcement will only be warehoused for 4 months.

### Imports of motor vehicles (motor cars, trucks and buses)

- Imports of motor vehicles (motor cars, trucks and buses) of more than 4 years of age will be banned.

### Imports of plastic bags

- Imports of plastic bags will be banned.

### Tariff rectifications in Chapter 4 and Chapter 85 of CTA

- Amendments to rectify anomalies in the Customs Tariff Act for Ghee and mobile phone.

## GOVERNMENT EXPENDITURE

Major allocations sector wise are summarized below, and include allocations as provided below:

### General Elections

- \$3.5 million for preparatory works for the upcoming General Elections.

### Tourism

- \$12 million to Fiji Visitor's Bureau.
- \$100,000 for implementation of Tourist and Development Plan.

### Sugar

The major allocations to this sector include:

- \$5 million for National Sugar Adaptation Strategy Project.
- \$2 million for drainage facilities.

### Agriculture

The major allocations to this sector include:

- \$1.3 million to fund Government's Import Substitution Programme.
- \$2 million for Export Promotion Programme.
- \$5.2 million for river dredging, farm drainage and irrigation activities.
- \$1 million for Coconut Industry Development.
- \$150,000 for quarantine monitoring and surveillance.

### Infrastructure

The major allocations to this sector include:

- \$56 million for upgrading regional water supplies and regional sewerage services.
- \$40 million for road infrastructure.

### Rural and Regional Development

The major allocations to this sector include:

- \$2.5 million for Rural and Outer Island Development Programme.
- \$5 million for Northern Division Programme.
- \$4.6 million for Provisional Development, Self Help and Community Development Projects.

### Education

\$296 million has been allocated for education. Major allocations include:

- \$36 million to the University of the South Pacific.
- \$8 million to Fiji Institute of Technology.
- \$1.8 million to University of Fiji.

### Health

A total of \$139.5 million has been allocated for health. The major allocations include:

- \$9.5 million to pharmaceuticals.
- \$2.9 million for consumables.
- \$500,000 for HIV/ AIDS prevention.

- \$2 million for upgrading urban hospitals.
- \$2.5 million granted to Fiji School of Medicine.
- \$1.7 million for maintenance of health centres and nursing stations countrywide.

#### Small and Micro Enterprise Development

Major allocations are:

- \$780,000 for National Centre for Small and Micro-Enterprises Development.
- \$300,000 for micro-finance capital grant.
- \$200,000 to support the business incubation centre.

#### Housing Programme

Major allocations to this sector include:

- \$5 million for upgrading squatter settlements.
- \$2 million for HART and the Public Rental Board.

#### Forestry

Major allocations to this sector include:

- \$100,000 for completion of the National Forestry Inventory.
- \$500,000 for upgrading of the Timber Utilisation and Research Division located in Nasinu.

#### Fisheries

Major allocations to this sector include:

- \$400,000 for upgrading Galoa hatchery
- \$400,000 for Pearl Development Programme.
- \$450,000 for Seaweed Development Programme.

#### Sports

Major allocations include:

- \$250,000 for preparation and participation at the 2008 Beijing Olympics.
- \$200,000 for designated for the development of rural sporting facilities.

#### Law and Order

Major allocations to this sector include:

- \$70.5 million to the Fiji Police Force.
- \$81.5 million to the Fiji Military Forces.
- \$13.7 million for the Prisons Department.

#### Good Governance

Major allocations include:

- \$3 million for FICAC.
- \$400,000 for National Council for Building a Better Fiji.

**BUDGET ESTIMATES**

(F\$ million)	2003	2004	2005	2006	2007 (Estimate)	2008 (Budget Estimate)
<b>Budget Expenditure:</b>						
Operating	983	1,024	1,076	1,232	994	1,210
Capital	245	206	214	212	241	269
Value-Added Tax	94	93	101	114	99	48
	<u>1,322</u>	<u>1,323</u>	<u>1,391</u>	<u>1,558</u>	<u>1,334</u>	<u>1,527</u>
<b>Budget Revenue:</b>						
General	1,067	1,175	1,222	1,401	1,356	1,409
Capital	-	1	-	-	-	2
Sale of Government Shares	-	-	-	-	-	-
	<u>1,067</u>	<u>1,176</u>	<u>1,222</u>	<u>1,401</u>	<u>1,356</u>	<u>1,411</u>
<b>Net Budget (Deficit)/Surplus</b>	<b>(255)</b>	<b>(147)</b>	<b>(169)</b>	<b>(157)</b>	<b>22</b>	<b>(116)</b>
Debt Repayment – Principal	(126)	(157)	(203)	(192)	(271)	(254)
	<u>(381)</u>	<u>(304)</u>	<u>(372)</u>	<u>(349)</u>	<u>(249)</u>	<u>(370)</u>
<b>Gross Deficit</b>	<b>(381)</b>	<b>(304)</b>	<b>(372)</b>	<b>(349)</b>	<b>(249)</b>	<b>(370)</b>
<b>Net Deficit as a % of GDP</b>	<b>5.9%</b>	<b>3.2%</b>	<b>3.7%</b>	<b>2.9%</b>	<b>0.4%</b>	<b>2.0%</b>

Quote - *"We don't have a trillion-dollar debt because we haven't taxed enough; we have a trillion-dollar debt because we spend too much".*

*Ronald Reagan*

## IMPORT FISCAL DUTY AND IMPORT EXCISE DUTY CHANGES

The Import Fiscal Duty and Import Excise Duty changes with immediate effect are as summarised below:

### 1. Tariff Changes

Policy	Descriptions
1. Restructure of Tariff Bands	<ul style="list-style-type: none"> <li>From (0%, 3%, 15% &amp; 27%) to (0%, 5%, 15% &amp; 27%).</li> <li>Increase all items currently at 3% Fiscal duty to 5% (New band).</li> <li>Duty on raw material will remain at concessionary rate of 3% under code 236 of CTA.</li> </ul>
2. Inspections traps, drain covers, gratings and the like	Increase import fiscal duty from 3% to 15%
3. PCs & units thereof including parts & accessories other than for schools	Increase import fiscal duty from 0% to 5%
4. Monitors & projectors excluding TV apparatus	Increase import fiscal duty from 0% to 5%
5. Laptops	Increase import fiscal duty from 0% to 15%
6. Mobile phones	Increase import fiscal duty from 3% to 15%
7. Coconut fresh or dried	Increase import fiscal duty from 3% to 15%
8. Pineapple	Increase import fiscal duty from 3% to 15%
9. Guavas, mangoes & mangosteens	Increase import fiscal duty from 3% to 15%
10. Oranges	Increase import fiscal duty from 3% to 15%
11. Mandrines	Increase import fiscal duty from 3% to 15%
12. Lemons	Increase import fiscal duty from 3% to 15%
13. Pontoons/landing stages	Increase import fiscal duty from 3% to 15%
14. New trucks, cab & chassis and trailers	Increase import fiscal duty from 15% to 27%
15. Used and recondition trucks, cab & chassis and trailers	Impose specific fiscal duty rates instead of the 15% current duty rate
16. New earthmoving equipment	Increase import fiscal duty from 3% to 5%
17. Used & reconditioned earthmoving equipment	Increase import fiscal duty from 3% to 27%
18. White rice	Decrease import fiscal duty from 27% to 15%
19. Paper bags, sacks, and biodegradable plastic bags	Decrease import fiscal duty from 27% to 15%
20. Bicycles	Decrease import fiscal duty from 15% to 5%
21. Copper cables	Decrease import fiscal duty from 27% to 15%
22. Rigid plastic pipes	Decrease import fiscal duty from 27% to 15%
23. Flexible pipes, tubes & hoses	Decrease import fiscal duty from 27% to 15%
24. Kitchenware including Bombay pots	Decrease import fiscal duty from 27% to 15%
25. Peas (Pisum Sativum)	Decrease import fiscal duty from 27% to 15%
26. Beans (Vigna, spp., phaseolus supp)	Decrease import fiscal duty from 27% to 15%
27. Other leguminous vegetables	Decrease import fiscal duty from 27% to 15%
28. Dried leguminous vegetables split – split of peas (e.g. dhal)	Decrease import fiscal duty from 15% to 5%
29. Salmon	Decrease import fiscal duty from 27% to 15%
30. Herring	Decrease import fiscal duty from 27% to 15%

## 1. Tariff Changes [Cont'd]

Policy	Descriptions
31. Sardines	Decrease import fiscal duty from 27% to 15%
32. Tuna, skipjack	Decrease import fiscal duty from 27% to 15%
33. Mackerel	Decrease import fiscal duty from 27% to 15%
34. Anchovies	Decrease import fiscal duty from 27% to 15%
35. Other canned fish	Decrease import fiscal duty from 27% to 15%
36. Other prepared or preserved fish	Decrease import fiscal duty from 27% to 15%
37. Cement	Decrease import fiscal duty from 27% to 15%
38. Meet of beef fresh, chilled or frozen	Decrease import fiscal duty from 27% to 15%
39. Meet of pork fresh, chilled or frozen	Decrease import fiscal duty from 27% to 15%
40. Meet of chicken fresh, chilled or frozen	Decrease import fiscal duty from 27% to 15%
41. Used or reconditioned buses	<p>Decrease number of duty bands &amp; reduce specific duty rates as follows:</p> <ul style="list-style-type: none"> <li>• More than 10 persons including driver not exceeding 15 - \$10,400</li> <li>• More than 16 persons including driver not exceeding 22 - \$12,400</li> <li>• 23 or more persons including driver - \$16,500</li> </ul>
42. Used or reconditioned motor cars & other passenger vehicles	<p>Decrease number of duty bands &amp; amendments to specific duty rates as follows:</p> <ul style="list-style-type: none"> <li>• Not exceeding 1000cc - \$5,550</li> <li>• Exceeding 1000cc but not exceeding 1500 cc - \$7,350</li> <li>• Exceeding 1500cc but not exceeding 3000 cc - \$11,150</li> <li>• Exceeding 3000cc to \$15,000</li> </ul>
43. New trucks, cab & chassis and trailers	Impose import excise rate of 15%
44. Used & reconditioned trucks, cab & chassis and trailers	Impose import excise rate of 15%
45. New earthmoving equipment	Impose import excise rate of 5%
46. Used and reconditioned earthmoving equipment	Impose import excise rate of 15%

## 2. Excise Changes

Policy	Descriptions
1. Alcohol	Increase excise duty based on CPI (3%)

## 3. Customs Concession under Part II &amp; Part III of Customs Tariff Act (CTA)

Policy	Descriptions
1. Repeal of Code 113 (b) in Part II of the CTA	<ul style="list-style-type: none"> <li>Code 113 (b) to be repealed to remove the exemption on golf buggy or cart</li> <li>Normal duty rate of 15% will now apply</li> </ul>
2. Expand Code 124 in Part II of the CTA	<ul style="list-style-type: none"> <li>Code 124 to be expanded to provide a concessionary rate of 15% on bio-degradable cornstarch bags</li> </ul>
3. Amend Code 228 in Part III of the CTA	<ul style="list-style-type: none"> <li>Reduce tourist ships &amp; crafts period from 12 months to 3 months</li> <li>Reduce extension period from 6 months to 3 months upon Minister's discretion</li> </ul>
4. Amend Code 215 in Part III of the CTA	<ul style="list-style-type: none"> <li>Modification to the statement "All goods" in column 3 to read "<b>Goods as approved by the Comptroller.</b>"</li> </ul>
5. Amend Code 230 in Part III of the CTA	<ul style="list-style-type: none"> <li>Column 3 to be re-worded to read "<b>Goods as approved by the Comptroller.</b>"</li> </ul>
6. Amend Code 235 in Part III of the CTA	<ul style="list-style-type: none"> <li>Modification with additional statement and paragraph number. Adding paragraph No. (i) before the word "Building" in column 3 and the statement "<b>which are not manufactured or available in Fiji</b>" after the word utensils in Column 3</li> </ul>
7. Code 236 in Part III of the CTA	<ul style="list-style-type: none"> <li>Raw material to remain at 3% duty rate</li> </ul>

## 4. Customs Concession under Section 10 of Customs Tariff Act (CTA)

Policy	Descriptions
1. Bus Industry	<ul style="list-style-type: none"> <li>Reduction of fiscal duty rate on new buses for public transport from 27% to 5% importation by registered bus operators on or before 31 December 2010.</li> <li>Reduction on import excise rate on new buses for public transport from 15% to 5% imported by registered bus operators on or before 31 December 2010.</li> <li>Removal on concession of tyres.</li> </ul>
2. Registered minibus operators	<ul style="list-style-type: none"> <li>Amend to include concessionary rate to be 27% or 60% of the existing specific rate whichever is greater.</li> </ul>
3. Liquefied Pressure Gas (LPG) vehicle	<ul style="list-style-type: none"> <li>Amend to include concessionary rate to be 27% or 60% of the existing specific rate whichever is greater.</li> </ul>
4. Fiji Electricity Authority	<ul style="list-style-type: none"> <li>Reduce the fuel rebate from 18 cents to 10 cents per litre.</li> <li>Duty must be paid upfront and refund claims must be made from FIRCA.</li> </ul>

## 4. Customs Concession under Section 10 of Customs Tariff Act (CTA) [Cont'd]

Policy	Descriptions
5. Inter-Island Shipping Vessels	<ul style="list-style-type: none"> <li>• Duty free fuel concession remains on ADO and IFO.</li> <li>• Full duty must be paid upfront and refund claims must be made from FIRCA.</li> </ul>
6. Manufacturers	<ul style="list-style-type: none"> <li>• Remove 2 cent/kg concession on Butane Gas</li> </ul>
7. Educational materials and stationery	<ul style="list-style-type: none"> <li>• Remove "paper plates" and "disposable ball pen refill" from the list.</li> <li>• Add "ball pens" to the list.</li> <li>• Increase concessionary rate from 3% to 5%.</li> </ul>
8. Duty free concession on fabrics used in the manufacture of diaper	<ul style="list-style-type: none"> <li>• Remove duty free concession on fabrics used in the manufacture of diaper.</li> <li>• New duty rate of 5% will now apply.</li> </ul>
9. Duty concession to industries	<ul style="list-style-type: none"> <li>• Increase duty concession on copper cables and plastic pipes from 3% to 5%.</li> </ul>
10. Rewa Dairy Co-operative Limited	<ul style="list-style-type: none"> <li>• Remove duty free concession and apply a duty concession of 5% on full cream powdered milk in bulk, liquid milk in bulk, and bulk butter.</li> </ul>

*The Partners and Staff of the Firm wish you a Merry Christmas and a Prosperous New Year.*