

National Budget 2024-25

*An Economically Stable, Secure,
and Sustainable Fiji*

28 June 2024



Building a better
working world



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Country Managing Partner
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The theme of the 2024-2025 National Budget places greater emphasis on macroeconomic stability and fiscal sustainability and ensures funding is allocated towards key priority areas such as education, infrastructure and health.

Introduction

The Honorable Professor Biman Prasad in his capacity as the Deputy Prime Minister and Minister for Finance, Strategic Planning, National Development & Statistics delivered the Government national budget for the year 2024 - 25 (FY24/25) in Parliament today on the 28th of June 2024.

Real Gross Domestic Product “GDP” grew by 8% last year however is forecast to slow to 2.8% in F24 with moderate growth predictions of 3% annually in 2025 and 2026. The Fiji economy not unlike around the region has experienced significant headwinds with Fiji being particularly affected by depopulation and its effects on the economy.

Government revenue is forecast to increase to \$3.9 billion however expenditure is forecast at \$4.5 billion yielding a deficit of \$635 million or 4.5% of GDP (at market prices). Government debt is forecast at 78% of GDP by the end of July 25 with a target to eventually be below 60% of GDP. Tax revenue as a percentage of GDP is forecast at 23% in F24/25 compared to 19% in F22/23.

The F24/25 National Budget offers no significant changes to taxation with the shelving of the proposed dividend tax which is a relief to business and a removal of the 3% fiscal duty on imports for manufacturing which is also a relief to manufacturers.

Tourism as the driver of the Fiji economy grossed earnings of \$2.4 billion in F23 and is expected to grow further to exceed \$2.5 billion in F24. Incentives for investment in tourism remain largely unchanged however the Short Life Investment Package will be extended to companies who acquire existing hotels and spend in excess of \$50M on the upgrade.

Budget 2024-25 perspectives

Key measures:

Significant reforms and measures includes:

- ▶ A 200% tax deduction will be available for any donations made above \$10,000 to support Fiji's bid in hosting the 2031 Pacific Games.
- ▶ The investment allowance under the hotel incentives which was increased to 50% during the pandemic will be reverted to 25%.
- ▶ The 20-year tax holiday available to new hotels under SLIP will be extended to companies who acquire existing hotels & resorts and undertake extensions & refurbishments over \$50 million.
- ▶ A new incentive with tax holidays and import duty concessions will be available for companies setting up a specialized Drug Rehabilitation Centre.
- ▶ The Export Income Deduction incentive will be extended until tax year 2025.
- ▶ Airport Departure Tax will increase to (1) \$170 effective from 1 August 2024; and (2) \$200 effective from 1 August 2025. The 96-hour exemption period on transit will be reduced to 48 hours effective from 1 August 2024.
- ▶ The 3% fiscal duty applicable on raw materials, machinery, and packaging materials will be removed.
- ▶ A 5% fiscal duty will be levied on imports of ships, boats and floating structures. The 32% fiscal duty on other boats manufactured locally will be maintained.
- ▶ Domestic excise duty on alcohol & tobacco will be increased by 5%.
- ▶ The water resource tax rate for extraction below 10 million liters per month will increase from 1 cent per liter to 5 cents per liter.
- ▶ The 3% export duty on sugar will be removed. The requirement to obtain a permit for the export of sugar will also be removed.
- ▶ The VAT Act will be amended to mandate the issuance of tax invoices for all transactions, irrespective of the transaction amount.
- ▶ The implementation of VMS was suspended for a few years following the rollout of phases 1 and 2. Effective from 1 August 2024, VMS will be reactivated, and businesses included in phases 1 and 2 that have not yet been implemented will be required to implement.
- ▶ Effective from 1 August 2024, the national minimum wage will be increased to \$4.50 an hour with a further increase to \$5.00 an hour effective from 1 April 2025.

Our views

Budget 2024-2025 aims to strike a balance between responsible fiscal management and spurring growth. It was unveiled against the backdrop of projected economic growth of 8.0% in FY2022-2023 and with an expected fiscal deficit of 4.5% in FY2023-2024, down from 7.1% in FY2022-2023.

Overall, the measures proposed in this Budget are cohesive, comprehensive and inclusive, and lay the foundation for a more sustainable future.

Recognizing the need for a highly skilled talent pool that is adaptable to industry needs, Budget 2024-2025 proposes various measures aimed at upskilling and training. This includes an overall allocation of \$5.9 million for technical and vocational education and training (TVET). By facilitating ongoing skills development and learning opportunities, Budget 2024-2025 will upskill the Fijians and strengthen the nation's long-term competitiveness in an evolving and increasingly digitalized global economy.

The Budget also prioritizes the welfare of the Fijians, especially lower-income groups and vulnerable segments of society, by providing necessary support to counter the escalating cost of living.

There were various measures to maintain and enhance Fiji's competitiveness as an investment destination, address leakages, improve the regulatory framework and business landscape and spur economic growth.

Against the backdrop of economic uncertainty, the Government has designed well-balanced policies to attract investors, support the vulnerable and maintain fiscal responsibility. We look forward to the implementation of the Budget.



Economic outlook

The Fiji's Economy

Budget 2024-25 strongly supports domestic demand

Key takeaways

What a difference 12 months makes?

The economy of Fiji has made a robust comeback from the slump caused by the pandemic in 2020 and 2021, with GDP exceeding the levels seen before the pandemic in 2023, sooner than expected. Additionally, Fiji's economic resurgence has been the quickest compared to other countries that heavily rely on tourism.

For the year 2024 projected economic growth has been modestly adjusted downward to 2.8 percent. This downward revision is mainly due to the lackluster performance of sectors reliant on natural resources (with the exception of mining) and a deceleration in domestic consumer spending, which stems from a population decrease caused by permanent emigration, Fijians obtaining work permits through various employment programs, and an increase in long-term visitor visas. Despite these factors, the tourism sector remains vibrant and is anticipated to maintain its upward trajectory in 2024. Looking ahead, economic growth is expected to realign with the pre-pandemic average of around 3.0 percent over the medium term.

In 2023, Fiji's overall merchandise exports experienced a 3.5 percent increase, amounting to \$2,402.7 million. This increase was significantly influenced by a rise in re-exports, with mineral fuels and lubricants being particularly prominent, which compensated for a reduction in domestic exports. In 2023, Fiji saw its total merchandise imports increase by 6.0 percent, reaching \$6,979.0 million. This growth was largely propelled by a surge in the importation of machinery and transport equipment, particularly road vehicles, in addition to mineral fuels, food, and various manufactured goods.

Looking ahead to 2024, it is anticipated that Fiji's total exports will grow by 5.5 percent, reaching \$2,534.7 million. This growth is expected to be supported by an increase in re-exports, alongside a resurgence in domestic exports. Imports are predicted to rise by 2.7 percent, amounting to \$7,170.9 million. The primary factor for this increase in imports is expected to be food, although the growth rate is projected to be tempered due to a slowdown in domestic consumption and tourism activities.

The Budget 2024-25 is based on the following key thrusts below, to shape and build a thriving and dynamic future for Fiji.

- Sustainability
- Security
- Stability
- Innovation
- Public participation
- Trust

The Budget is guided by following key principles and key initiatives:

Key principles

- Sustainable and inclusive economic growth
- Governance and institutional reforms
- Social justice to moderate inequalities

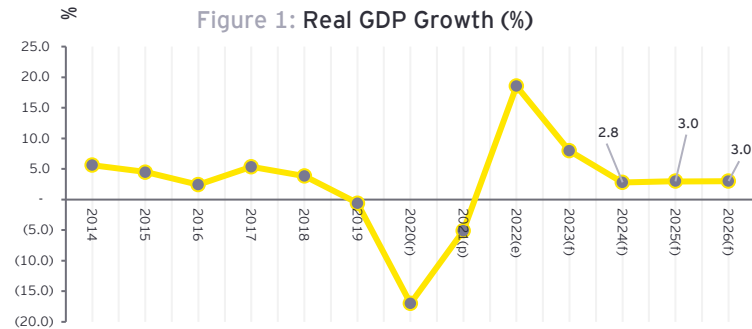
Strategic initiatives

- Fiscal sustainability
- Meeting the economic needs of Fijians
- Attracting high impact investments
- Revitalizing the public sector and local government
- Empowering public-private cooperation
- Prioritizing the digital agenda
- Strengthening the role of government agencies and government linked-companies
- Infrastructure upgrades
- Reducing absolute poverty
- Reducing the cost of living
- Fostering harmony and unity

Economic Indicators

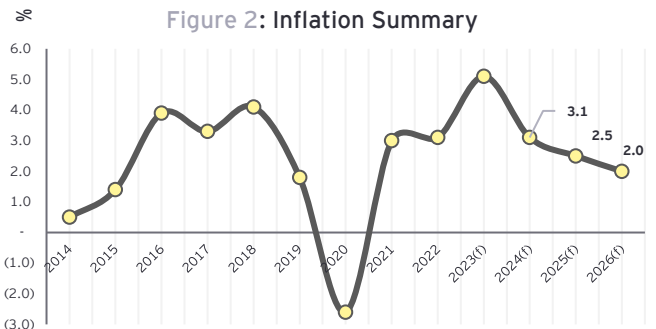
1. Economic growth and Inflation rate

Figure 1: Real GDP Growth (%)



Sources: Fiji Bureau of Statistics and 2023-24 Economic and Fiscal Update (Ministry of Finance)

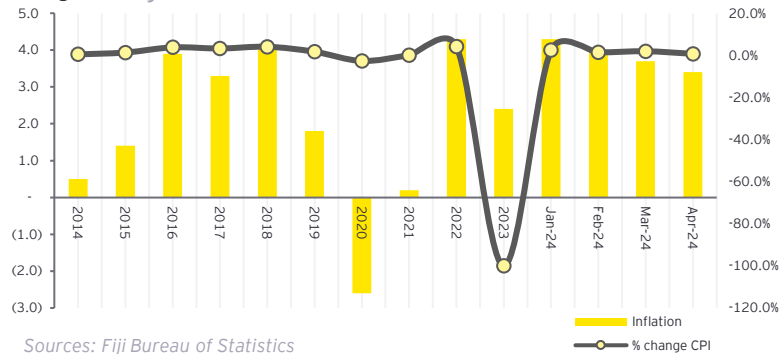
Figure 2: Inflation Summary



Sources: Fiji Bureau of Statistics and 2023-24 Economic and Fiscal Update (Ministry of Finance)

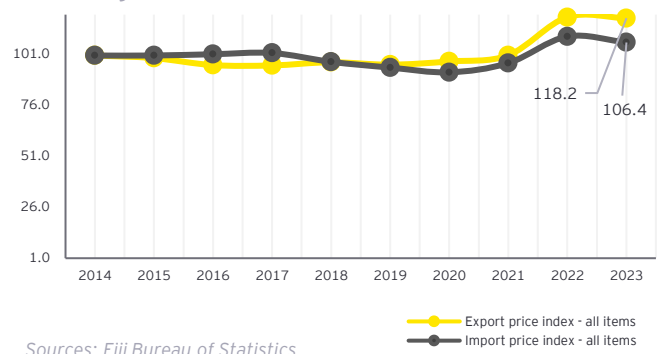
2. Consumer Price Index and Terms of Trade

Figure 3: Consumer Price Index & Inflation



Sources: Fiji Bureau of Statistics

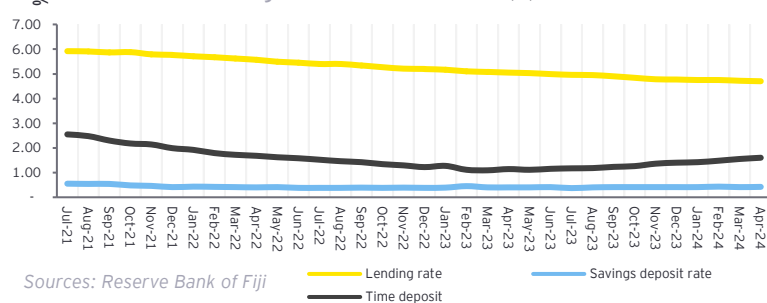
Figure 4: International Merchandise Trade Index



Sources: Fiji Bureau of Statistics

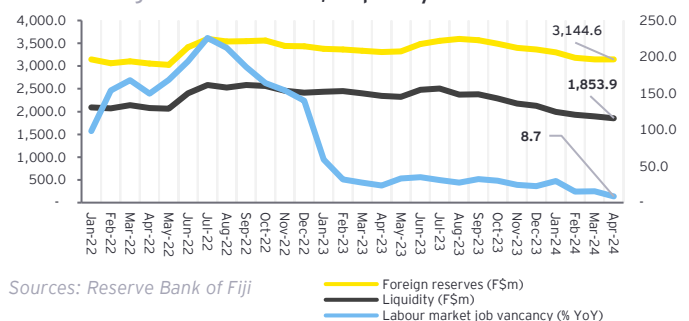
3. Interest Rates (%) and Others

Figure 5: Interest rates (%)



Sources: Reserve Bank of Fiji

Figure 6: Reserves, Liquidity and Job Market



Sources: Reserve Bank of Fiji

4. Other indicators

	2022 (p)	2023 (f)	2024 (f)	2025 (f)	2026 (f)
Economic growth (%)	18.6%	8.0%	2.8%	3.0%	3.0%
Inflation rate (%)	3.1%	5.1%	3.1%	2.5%	2.0%
Visitor arrivals in pax	636,312	929,740	957,632	986,361	1,015,952
Sugar & molasses exports (FJ\$m)	159.7	159.8	165.3	164.4	169.3
Timber exports (FJ\$m)	71.4	63.2	60.7	66.1	68.8
Gold exports (FJ\$m)	101.4	97.8	134.6	201.8	224.3
Fish exports in (FJ\$m)	77.9	60.6	70.6	82.0	93.5
Mineral water exports in (FJ\$m)	361.8	356.4	335.9	385.2	396.3

Sources & Notes:

Data from 2015-2021 are based on the Fiji Bureau of Statistics August 31, 2022 release.

2023-2026 is from Budget Summary

(e) - estimated

(f) - forecast

(p) - provisional

(r) - revised

n.a - not available

Government's Fiscal Performance

Micro-fiscal developments

The table below is the cashflow statement that provides the fiscal position of Government of 4 comparable years.

In FJ\$M	2020-21 (Actual)	2021-22 (Actual)	2022-23 (Actual)	2023-24 (Revised)	2024-25 (Budget)
Direct taxes	466.2	464.6	659.4	977.1	1,029.7
Indirect taxes (ex. SEG 13 VAT)	918.5	1,197.9	1,586.4	1,975.7	2,152.3
Value Added Tax	415.2	630.6	968.8	1,251.1	1,346.2
Customs Tax	399.8	442.0	471.7	553.4	569.6
Service Turnover Tax	1.1	0.1	0.1	0.2	-
Water Resource Tax	72.0	83.6	74.1	71.8	81.2
Departure Tax	0.9	16.4	61.7	88.4	144.2
Stamp Duty	7.9	0.5	0.2	0.1	-
Telecommunication Levy	0.8	0.8	0.8	0.8	0.8
ECAL	20.8	23.9	8.3	9.9	10.2
Fee, Fines, Charges & Penalties	123.7	148.7	161.7	164.0	169.4
Grants in aid	283.8	232.6	167.0	191.6	178.6
Other revenue	104.2	110.2	133.2	175.9	262.6
Total operating receipts	1,896.3	2,153.9	2,707.6	3,484.3	3,792.6
Operating payments	(2,189.0)	(2,261.5)	(2,566.4)	(2,984.0)	(3,235.7)
Net operating (deficit)/surplus	(292.6)	(107.6)	141.2	500.3	556.9
Investment receipts	218.7	7.4	3.0	10.1	7.0
Investment payments	(973.3)	(1,123.0)	(983.7)	(1,039.0)	(1,199.4)
Net (deficit)/surplus	(1,047.3)	(1,223.3)	(839.4)	(528.6)	(635.5)
as a % of GDP	(11.1)	(11.9)	(7.1)	(4.0)	(4.5)

In FJ\$M	2020-21 (Actual)	2021-22 (Actual)	2022-23 (Actual)	2023-24 (Revised)	2024-25 (Budget)
GDP at market prices	9,163.6	10,280.9	11,880.0	13,170.2	14,022.8
Debt	7,663.7	9,131.5	9,747.5	10,276.1	10,911.6
Debt as a % of GDP	83.6	88.8	82.0	78.0	77.8
Interest payments	363.2	370.3	456.3	529.4	540.0
Interest payments - % of total operation expenditure	16.6	16.4	17.8	17.7	16.7

Highlights

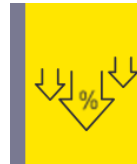
Real
GDP Growth
FY24-25
3.0%



Operating
capital mix
FY24-25
73:27



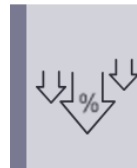
FY24-25 Fiscal
Deficit
**4.5% of
GDP**



32.9%
Growth in
gross tax
revenues



Debt to GDP
forecast
FY24-25
77.8%



Key takeaways

- ▶ The FY2024-2025 Budget projected a real GDP growth of 3.0% as per its baseline case. The Budget has assumed a fiscal year nominal GDP growth of 6.5% in FY2024-2025 and 5.2% in FY2025-2026.
- ▶ The projected net shortfall for the fiscal year 2024-2025 is set at \$635.5 million, which equates to -4.5% of the GDP. This forecast is based on anticipated total revenues of \$3,916.7 million against total expenditures of \$4,552.2 million. The planned fiscal gap for the fiscal year 2024-2025 will be covered through a mix of domestic borrowing and concessional loans from abroad. By the close of July 2025, the government's debt is expected to reach 77.8% of GDP, amounting to \$10,911.6 million.
- ▶ The forecast for non-tax revenue in FY2024-2025 stands at \$617.7 million, which is an increase of \$76.0 million or 14.0 percent from the previous fiscal year, FY2023-2024. The government anticipates receiving approximately \$178.6 million in cash grants and about \$162.3 million from dividends and profits of State-Owned Enterprises and the Reserve Bank of Fiji during FY2024-2025. Additionally, the government expects to collect \$50.0 million through reimbursements and recoveries from various existing trust fund accounts.
- ▶ The total revenue projection for FY2024-2025 is estimated at \$3,916.7 million. This projection comprises approximately \$3,299.0 million in tax revenue and \$617.7 million in non-tax revenue. A comprehensive breakdown of the revenue sources is available in the detailed 2024-2025 Budget Estimates document.
- ▶ The budget for the total government spending in FY2024-2025 is set at \$4,552.2 million, which is an increase of approximately \$446.0 million or 10.9 percent over the revised estimate for the previous fiscal year, FY2023-2024. This rise in expenditure is due to higher allocations for both recurrent and capital expenses, with additional funds earmarked for social protection, education, health services, and infrastructure development. The distribution between operating and capital expenses for the 2024-2025 budget is formulated at a ratio of 73:27.

Budget 2024-2025: Overview

Revenue strategy

Government revenue is now projected to increase to around 27.0 percent of GDP in the medium term, similar to pre-COVID levels. Since significant changes to taxes have been implemented, there is little opportunity for subsequent changes in tax rates in the near to medium-term. The Government's focus therefore will shift towards improving compliance through education and self-regulation, streamlining and re-evaluating some of the tax exemptions and incentives and putting strategies to counter deliberate tax evasion and avoidance.

The revenue policy is guided by the following principles:

- Widen the tax base by gradually removing exemptions and other distortions and bringing provisions in place to collect revenues from e-commerce transactions.
- Improve tax compliance and collection of tax arrears.
- Make the tax regime and tax administration even simpler to encourage tax compliance.
- Review the VAT regime to move towards a single rate when the time is appropriate, including expenditure strategies to support the vulnerable.
- Review the Export Income Deduction incentive with a view to remove Fiji out of the EU blacklist.
- Review non-tax revenues on a cost recovery basis while also ensuring that the vulnerable and disadvantaged are protected.

Expenditure strategy

The expenditure policy aims to maintain a level of spending that can be financed at a reasonable cost, considering prevailing economic conditions and anticipated revenue. This will help reduce unproductive spending, review transfers to extra budgetary units, streamline operations and prioritise high impact capital projects. A capital operating mix of at least 70:30 will be targeted in the medium-term.

The key expenditure principles are as follows:

- Increase the efficiency of public expenditure to control the growth of expenses at sustainable levels.
- Undertake a holistic review to right-size the civil service and contain the public sector wage bill.
- Tighten control on operational expenditures, including travel, communications, trainings, workshops, fuel & maintenance and purchase of supplies with KPIs of agency heads and Permanent Secretaries linked to these targets.
- Restructure the social protection framework to prioritize the most vulnerable segments of society, and reforming existing subsidy mechanisms.
- Conduct proper investment appraisal and project selection for all new capital projects and strictly adhering to the Public Sector Investment Programme guidelines.

- Resources must be allocated based on a multi-year perspective and the implementation capacity of agencies, considering the need to meet competing expenditure demands.
- Encourage more private sector participation in public infrastructure projects and delivery of other public services through Public-Private Partnerships (PPP) and other innovative arrangements.
- Proper and effective monitoring of projects and budget utilisation through the Ministry of Finance.
- Funding for ongoing programmes to be based on assessment of current and past performance and progressive achievement of planned outputs.

Medium term fiscal framework

The table below outlines the fiscal framework for the FY2024-2025 Budget and the medium-term, taking into account the macroeconomic forecasts.

Particulars	23-24 (Revised)	24-25 (Budget)	25-26 (Budget)	26-27 (Budget)
Revenue	3,577.6	3,916.7	4,095.9	4,214.5
As a % of GDP	27.2	27.9	27.8	27.2
Expenditure	4,106.2	3,299.0	3,469.9	3,644.9
As a % of GDP	31.2	32.5	31.5	30.7
Net deficit	(528.6)	(635.5)	(552.2)	(544.2)
As a % of GDP	(4.0)	(4.5)	(3.7)	(3.5)
Debt	10,276.1	10,911.6	11,463.8	12,008.0
As a % of GDP	78.0	77.8	77.7	77.6
GDP at market prices	13,170.2	14,022.8	14,745.9	15,483.2

Government Debt

The Coalition Government's fiscal consolidation plan to reduce deficits through major revenue reforms in FY2023-2024 Budget has put debt on a downward trajectory. Debt as a percentage of GDP fell over the last two fiscal years, declining from 90.6 percent in FY2021-2022 to 82.0 percent in FY2022-2023 and further to 78.0 percent by the end of FY2023-2024.

The projected total Government debt as of July 2024 is \$10,276.1 million, equivalent to 78.0 percent of GDP, of which \$6,593.2 million (64.2 percent) is domestic debt and \$3,682.9 million (35.8 percent) external debt. Table below depicts Government's debt position from FY2019-2020 to FY2023-2024.

In FJ\$M	July-20	July-21	July-22	July-23	July 24(f)
Domestic debt	4,976.5	5,241.2	5,767.4	6,170.5	6,593.2
External debt	1,709.5	2,422.5	3,364.1	3,577.0	3,682.9
Total debt	6,686.0	7,663.7	9,131.5	9,747.5	10,276.1
Debt (as a % of GDP)	62.7	84.2	90.6	82.0	78.0
Domestic debt to Total debt (%)	74.4	68.4	63.2	63.3	64.2
External debt to Total debt (%)	25.6	31.6	36.8	36.7	35.8
Nominal GDP	10,660.7	9,098.8	10,082.4	11,880.0	13,170.2



Tax measures

1. Direct tax measures
2. Indirect tax measures



Tax measures

**Tax policy that
provides
certainty and
confidence**

2024-2025 Tax Policy Measures Highlights

Direct Tax

- Accelerated depreciation rates reorganized
- Transfer of benefits for reorganization
- Taxation of property income for non-profit organizations
- Reinstatement of pre-pandemic incentives
- Elimination of Double Tax Taxation for Fiji citizens working abroad

Indirect tax

- Tax invoices for transactions below \$10 is now required
- Annual VAT return filing option is now removed
- Increase in Airport Departure Tax
- Increase in the Water Resource Tax rate
- The Information Sharing Regulation will be amended to allow sharing of information with the Outsource Fiji/BPO Council of Fiji

Personal tax

- Business losses offsets against employment income reversed

Key takeaways

- Expansion of taxation on non-profit organization.
- Removal of 3% duty for manufacturing sector.
- Increase in departure tax to \$170 effective 1st August 2024 to \$200 effective 1 August 2025.
- Increase in domestic excise duties on alcohol and tobacco products by 5 percent and an increase in excise tax of 5 cents per litre on carbonated/sugar-sweetened Beverages. Similarly Import excise will be increased on the same products.
- Increase in the water resource tax rate from 1 cents per liter to 5cents per liter for extraction below 10 million litres.

Direct tax measures (1/3)

(i) Income Tax Act

Policy	Description										
1. Advance Tax Payment Rules	<ul style="list-style-type: none"> ▶ The payment of advance tax will be reverted to pre-pandemic rules. ▶ For companies, effective from tax year 2025, advance taxes will be paid in the sixth, ninth and twelfth months of their tax year. ▶ For other businesses, effective from the tax year 2025, advance taxes will be paid in April, August and November. 										
2. Accelerated Allowance for Depreciation on Buildings	<ul style="list-style-type: none"> ▶ The accelerated depreciation allowance will be reorganized to be claimed from the existing 100% in the first year to 20% per annum in the next 5 years. 										
3. Depreciation Schedule	<ul style="list-style-type: none"> ▶ The depreciation rates will be extended to include specialized assets such as dams and other assets specific to electricity generation. 										
4. Transfer of Benefits for Reorganization	<ul style="list-style-type: none"> ▶ The tax losses incurred under the accelerated depreciation incentive can now be transferred under the reorganization provision provided that the same asset qualifies for the transfer. 										
5. Incentive for 2031 Pacific Games Bid	<ul style="list-style-type: none"> ▶ A 200% tax deduction will be available for any donations made above \$10,000 to support Fiji's bid in hosting the 2031 Pacific Games. 										
6. National Rugby League (NRL) Bid Incentive	<ul style="list-style-type: none"> ▶ Rugby League Bid (Fiji) Pte Ltd is bidding for a place in the NRL competition and to support the bid, a 200% tax deduction will be available for sponsorship over \$250,000 to Rugby League Bid (Fiji) Pte Ltd. ▶ A 13-year tax holiday and duty concession will also be available to Rugby League Bid (Fiji) Pte Ltd, similar to the Fijian Drua incentive once the bid is successful. 										
7. Business Losses	<ul style="list-style-type: none"> ▶ The provision introduced during the COVID-19 pandemic which allowed for the offset of business losses of up to \$20,000 against employment income will be reversed. ▶ This will be effective for tax year 2024.. 										
8. Fringe Benefits Tax (FBT) - Value per Quarter for Motor Vehicles	<ul style="list-style-type: none"> ▶ The FBT value per quarter will be amended to the following new rates as summarized below: <table border="1"> <thead> <tr> <th>Threshold (engine capacity)</th><th>New Rates</th></tr> </thead> <tbody> <tr> <td>Less than 1,800cc</td><td>\$2,000</td></tr> <tr> <td>1,800cc to 2,000cc</td><td>\$3,000</td></tr> <tr> <td>Above 2,000cc</td><td>\$4,000</td></tr> <tr> <td>Irrespective of the engine capacity, if the cost of the vehicle exceeds \$100,000</td><td>\$5,000 plus 4% of the excess of the cost above \$100,000</td></tr> </tbody> </table> <ul style="list-style-type: none"> ▶ This will be effective from 1 January 2025. 	Threshold (engine capacity)	New Rates	Less than 1,800cc	\$2,000	1,800cc to 2,000cc	\$3,000	Above 2,000cc	\$4,000	Irrespective of the engine capacity, if the cost of the vehicle exceeds \$100,000	\$5,000 plus 4% of the excess of the cost above \$100,000
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Irrespective of the engine capacity, if the cost of the vehicle exceeds \$100,000	\$5,000 plus 4% of the excess of the cost above \$100,000										
9. Fringe Benefits Tax (FBT) - Value per Quarter for Electric Vehicles	<ul style="list-style-type: none"> ▶ The FBT value per quarter table will be extended to electric vehicles as summarized below:: <table border="1"> <thead> <tr> <th>Threshold (cost)</th><th>New Rates</th></tr> </thead> <tbody> <tr> <td>Less than \$20,000</td><td>\$2,000</td></tr> <tr> <td>\$20,000 to \$40,000</td><td>\$3,000</td></tr> <tr> <td>\$40,000 to \$60,000</td><td>\$4,000</td></tr> <tr> <td>Above \$60,000</td><td>\$5,000 plus 4% of the excess of the cost above \$60,000</td></tr> </tbody> </table> <ul style="list-style-type: none"> ▶ This will be effective from 1 January 2025. 	Threshold (cost)	New Rates	Less than \$20,000	\$2,000	\$20,000 to \$40,000	\$3,000	\$40,000 to \$60,000	\$4,000	Above \$60,000	\$5,000 plus 4% of the excess of the cost above \$60,000
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\$20,000 to \$40,000	\$3,000										
\$40,000 to \$60,000	\$4,000										
Above \$60,000	\$5,000 plus 4% of the excess of the cost above \$60,000										

Direct tax measures (2/3)

(i) Income Tax Act (continued)

Policy	Description								
10. Exemptions for Nonprofit Organizations	<ul style="list-style-type: none"> To ensure fairness in the application of taxation, along with 'business income', 'property income' derived by non-profit organizations will now be subject to income tax. 								
11. Clarity on the Incentive Applications	<ul style="list-style-type: none"> The requirement to obtain a provisional approval will be clarified to state that the provisional approval must be obtained prior to the commencement of the construction of the project. 								
12. Project Definition Under the Tax-Free Region Incentive	<ul style="list-style-type: none"> The definition of "Project" will now be enhanced under the Tax-Free Region (TFR) Regulations. The new definition will ensure that a TFR license can only be granted to a new entity based at a single location in the TFR. 								
13. TFR Incentive - Existing Indigenous Companies.	<ul style="list-style-type: none"> The TFR incentive will be amended to allow existing i-Taukei companies to qualify for the TFR incentive for new investments above \$250,000. 								
14. TFR Incentive	<ul style="list-style-type: none"> The new Pacific Koro Business Park development in Kalabu, Valelevu will be declared as a TFR. 								
15. Information Communication Technology (ICT) Incentives	<ul style="list-style-type: none"> The ICT Incentive Regulations will be amended to include the requirement of obtaining a provisional approval and a final approval. Additionally, the ICT incentive qualifying criteria will be amended to comply with the European Union (EU) taxation standards. 								
16. Pandemic Reserve	<ul style="list-style-type: none"> With the World Health Organization declaring an end to the pandemic, the 150% tax deduction available for deposit(s) made to a pandemic reserve account will be removed. 								
17. Investment Allowance - Hotel Incentives	<ul style="list-style-type: none"> The investment allowance under the hotel incentives which was increased to 50% during the pandemic will be reverted to 25%. 								
18. Short Life Investment Package (SLIP) - Existing Companies	<ul style="list-style-type: none"> The 20-year tax holiday available to new hotels under SLIP will be extended to companies who acquire existing hotels & resorts and undertake extensions & refurbishments over \$50 million. 								
19. Drug Rehabilitation Centre Incentive	<ul style="list-style-type: none"> A new incentive with tax holidays and import duty concessions will be available for companies setting up a specialized Drug Rehabilitation Centre. The tiers of tax holidays are as follows. <table border="1"> <thead> <tr> <th>Capital Investment</th><th>Tax Holiday Period</th></tr> </thead> <tbody> <tr> <td>\$250,000 to \$1,000,000</td><td>5 years</td></tr> <tr> <td>\$1,000,001 to \$2,000,000</td><td>7 years</td></tr> <tr> <td>Over \$2,000,001</td><td>13 years</td></tr> </tbody> </table>	Capital Investment	Tax Holiday Period	\$250,000 to \$1,000,000	5 years	\$1,000,001 to \$2,000,000	7 years	Over \$2,000,001	13 years
Capital Investment	Tax Holiday Period								
\$250,000 to \$1,000,000	5 years								
\$1,000,001 to \$2,000,000	7 years								
Over \$2,000,001	13 years								
20. Elimination of Double Taxation for Fiji Citizens Working Abroad	<ul style="list-style-type: none"> The Exempt Income Tax Regulations will be amended to prevent double taxation for Fiji citizens employed by the Fiji Government working in countries that do not have double tax agreements with Fiji. 								
21. Employment Taxation Scheme	<ul style="list-style-type: none"> The 300% tax deduction available for wages or salaries paid for work placements, apprenticeship and part-time workers will be extended for another 12 months until 31 December 2025. The 400% tax deduction currently available for wages or salaries paid to persons with disability will also be extended until 31 December 2025. 								
22. Sub-Division of Land Incentive	<ul style="list-style-type: none"> The Sub-Division of Land Incentive will be extended by another 12 months until 31 July 2025. 								
23. Export Income Deduction	<ul style="list-style-type: none"> The Export Income Deduction incentive will be extended until tax year 2025. 								

Direct tax measures (3/3)

(ii) Tax Administration Act (TAA)

Policy	Description
1. VAT Evasion Penalty	<ul style="list-style-type: none"> ▶ To ensure VAT compliance, a 200% VAT evasion penalty will be introduced. ▶ Previously, the VAT evasion penalty was 300% but was removed during the pandemic.
2. Forfeited Refunds	<ul style="list-style-type: none"> ▶ The forfeited refunds provision will be amended to allow for the offset of any new tax debt.
3. Offsetting of Refunds	<ul style="list-style-type: none"> ▶ Tax refund balances with FRCS cannot be used to offset against Water Resource Tax and Airport Departure Tax payables.
4. Detained Non-Perishable Goods	<ul style="list-style-type: none"> ▶ The 10 days for the seizure & detainment of non-perishable goods will be increased to 30 days.
5. Bulk Data Collection	<ul style="list-style-type: none"> ▶ FRCS will now be able to request bulk data for risk analysis.

Indirect tax measures (1/4)

(i) Value Added Tax (VAT) Act

Policy	Description
1. Issuance of Tax Invoice for Transactions below \$10	<ul style="list-style-type: none"> ▶ The VAT Act will be amended to mandate the issuance of tax invoices for all transactions, irrespective of the transaction amount.
2. VAT Monitoring System (VMS)	<ul style="list-style-type: none"> ▶ The implementation of VMS was suspended for a few years following the rollout of phases 1 and 2. Effective from 1 August 2024, VMS will be reactivated, and businesses included in phases 1 and 2 that have not yet been implemented will be required to implement. ▶ The industry list for the rollout of phase 3 will be reviewed and the effective date will be announced with the new industry listing at a later date.
2. VAT Return Filing	<ul style="list-style-type: none"> ▶ The annual VAT filing option will be removed, and taxpayers will be transitioned to quarterly or monthly filing options. ▶ This will be effective from 1 January 2025.

(ii) Airport Departure Tax Act

Policy	Description
1. Airport Departure Tax	<ul style="list-style-type: none"> ▶ The Airport Departure Tax will increase to: <ol style="list-style-type: none"> 1. \$170 effective from 1 August 2024; and 2. \$200 effective from 1 August 2025. ▶ The 96-hour exemption period on transit will be reduced to 48 hours effective from 1 August 2024.

(iii) Fiji Revenue and Customs Service Act

Policy	Description
1. Information Sharing	<ul style="list-style-type: none"> ▶ The Information Sharing Regulation will be amended to allow sharing of information with the Outsource Fiji/BPO Council of Fiji.

(iv) Customs Tariff Act

Policy	Description
1. Prefabricated Buildings	<ul style="list-style-type: none"> ▶ The fiscal duty on the importation of prefabricated buildings will be reduced from 32% to 5%.
2. Motor Vehicle for the Members of Parliament	<ul style="list-style-type: none"> ▶ A new concession under code 201C will be available to exempt duty and Import VAT on the acquisition of one motor vehicle per member of parliament within their term.
3. Personal Imports Concession	<ul style="list-style-type: none"> ▶ The \$2,000 threshold for personal imports will be reduced to \$1,000. ▶ Import VAT will now be levied on all imports cleared under concession code 212. ▶ The exclusion list under this concession will now include e-cigarettes, vapes and vape refills.

Indirect tax measures (2/4)

(iv) Customs Tariff Act (continued)

Policy	Description
4. Passenger Allowance	<ul style="list-style-type: none"> ▶ The passenger allowance for passengers disembarking in Fiji will be extended to include electronic cigarettes, vapes and vape refills not exceeding 200ml. ▶ The liquor allowance has increased from 2.25 liters to 3 liters.
5. Crew Allowance for International Scheduled Flights	<ul style="list-style-type: none"> ▶ The crew allowance will be applied to local airline crew only who depart for international scheduled flights.
6. Removal of the 3% Fiscal Duty for Approved Manufacturer/Producer	<ul style="list-style-type: none"> ▶ The 3% fiscal duty applicable on raw materials, machinery, and packaging materials under concession codes 231, 231A, 231B, 236 and 236A will be removed.
7. New Concession Code 236C	<ul style="list-style-type: none"> ▶ A new concession code will be introduced to accommodate manufacturers processing alcoholic beverages through the mixing & blending process.
8. Manufacturers and Producers Concession	<ul style="list-style-type: none"> ▶ To provide clarity, the conditions for concession code 236 will be amended to include the requirement of a substantial transformation process.
9. Yachting Period	<ul style="list-style-type: none"> ▶ The tourist vessel/yacht cruising period which was increased to 54 months during the pandemic to assist the yachts will be reduced to 24 months under concession code 228.
10. Import of Ships, Boats & Floating Structures	<ul style="list-style-type: none"> ▶ A 5% fiscal duty will be levied on imports of ships, boats and floating structures under Chapter 89. ▶ The 32% fiscal duty on other boats (HS Code 8903.99.90) manufactured locally will be maintained.
11. Goods Imported for Disabled Persons	<ul style="list-style-type: none"> ▶ Hospital beds will be exempt from fiscal duty and import VAT.
12. Mining Industry or Mining Exploration	<ul style="list-style-type: none"> ▶ To provide additional support to the mining industry, concession code 252 will be amended to include "any other relevant goods" along with the existing list of concessions available to the industry.

(v) Excise Act

Policy	Description
1. Excise Duty	<ul style="list-style-type: none"> ▶ The domestic excise duty on alcohol & tobacco will be increased by 5%. ▶ A corresponding increase to the import excise on the above products will also be imposed.
2. Electronic Copies of Warehouse Documents	<ul style="list-style-type: none"> ▶ The Excise Act will be amended to include the storage of electronic copies of documents by the excise manufacturers.
3. Duty Accounting Period for Manufacturers of Excise Products	<ul style="list-style-type: none"> ▶ For ease of business administration, an additional option of monthly filing of returns and payments will be available to excise manufacturers who are involved in the manufacturing of sweet biscuits, snack food and sugar confectionaries.
4. Penalty Provisions - Warehousing of Excisable Goods	<ul style="list-style-type: none"> ▶ A late payment penalty of \$115 will be applicable if excise duty is not paid within 3 working days of lodgment.
5. Penalty Provisions - Duty Accounting Period	<ul style="list-style-type: none"> ▶ A late payment penalty of 5% will be applicable on the unpaid excise duty. ▶ A further 2% penalty will be applicable for each month of default.

Indirect tax measures (3/4)

(vi) Water Resource Tax Act

Policy	Description
1. Increase in the Water Resource Tax Rate	<ul style="list-style-type: none"> ▶ The water resource tax rate for extraction below 10 million liters per month will increase from 1 cent per liter to 5 cents per liter.

(vii) Customs Act/Regulation

Policy	Description
1. Customs Objection Period	<ul style="list-style-type: none"> ▶ The customs objection decision timelines will be increased from 20 working days to 90 consecutive days with an additional 90 consecutive days subject to the submission of additional information.
2. Fiscal Duty Deferral for the Importation of Yachts	<ul style="list-style-type: none"> ▶ The time to pay arrangement for the payment of duty for yacht imports above \$2 million will be removed.
3. Sugar Exports	<ul style="list-style-type: none"> ▶ The 3% export duty on sugar will be removed. ▶ The requirement to obtain a permit for the export of sugar will also be removed.
4. Definitions under the Customs Act	<ul style="list-style-type: none"> ▶ To provide clarity, the following definition(s) will be amended:- <ol style="list-style-type: none"> Manufacturer - A manufacturer is a person or company that produces finished goods from raw materials by using various tools, equipment, and processes, that transform materials into new products. Produce - means any tangible commodity extracted, cultivated or harvested from the land, underground, from the seas of Fiji, including from under the sea, from the seabed and beneath the seabed or other natural resources. Producer - means the owner or entity that yields or causes to yield a tangible commodity through extraction, cultivation, or harvesting from the land, from the seas of Fiji, or other natural sources. Mixing & Blending - The process of mixing and blending two or more local or imported products together to make the final product.
5. Electronic Signature	<ul style="list-style-type: none"> ▶ The Customs Act is amended to allow the use of electronic signatures in customs documents.
6. Penalty Provisions - Goods Delivered Under Special Circumstances	<ul style="list-style-type: none"> ▶ A penalty provision of \$115 will be applicable if the Single Administrative Documents (SADs) for goods delivered under special circumstances are not filed within 48 hours.
7. Penalty Provisions - Late Inward Manifest Registration	<ul style="list-style-type: none"> ▶ A penalty provision of \$115 per application will be imposed for the late submission of an airway bill or bill of lading.
8. Penalty Provisions for Petroleum Companies	<ul style="list-style-type: none"> ▶ A 5% penalty provision will be applicable for petroleum companies who fail to make payments by the specified dates under the regulations.
9. Overtime Provisions - Inspection of Aircraft	<ul style="list-style-type: none"> ▶ A new overtime fee of \$1,725 will be introduced for the inspection of private and unscheduled flights.
10. Overtime Provisions - Weekday/ Weekend	<ul style="list-style-type: none"> ▶ The overtime rates for weekends and public holidays will be amended to \$50 per hour or a portion of an hour. ▶ The overtime rates for weekdays, but outside of the working hours will be amended to \$60 per hour or a portion of an hour.

Indirect tax measures (4/4)

(vii) Customs Act/Regulation (continued)

Policy	Description
11. Customs Prohibited Import Export Regulation (CPIER)	<ul style="list-style-type: none"> ▶ The list of goods that may be imported on conditions (Schedule 2, Item 14 (a)) is amended to include the exemption of 8 years age criteria for the imports of used or reconditioned motor vehicles for the purpose of medical, tourism and tourism investment projects, national security & defense and mining.
12. Customs Prohibited Import Export Regulation (CPIER)	<ul style="list-style-type: none"> ▶ The list of imported goods, that are absolutely prohibited (Schedule 1, Item 7) is amended to extend the remaining shelf life on the importation of pasta, chips, noodles and biscuits from 3 months to 6 months.



Other measures

1. Fiji National Provident Fund
2. Minimum Wage Rate
3. Accident Compensation Commission
4. Land Transport Authority

Other measures

1. Fiji National Provident Fund

Policy	Description
1. Reinstatement of pension payment	<ul style="list-style-type: none"> For pensioners that opted for a reduced pension rate following the 2011 pension reforms, will have this reinstated. Earlier arrangement for the affected pensioners to access the Government scheme will cease effective 1 August 2024.

2. National Wage Rate

Policy	Description
1. Increase in National Minimum Wage Rate	<ul style="list-style-type: none"> The NMWR increase will effectively be done from 1st August 2024. Government will increase the National Minimum Wage to \$5.00 per hour in a two phased approach. Effective from 1 August 2024, the National Minimum Wage will increase to \$4.50 an hour. This will be further increased to \$5.00 an hour effective from 1 April 2025. All sectoral wages will also increase by \$0.50 across the board effective from 1 August 2024 followed by a further increase of \$0.50 from 1 April 2025.

3. Accident Compensation Commission of Fiji

Policy	Description
1. Accident Compensation Commission of Fiji	<ul style="list-style-type: none"> Functions of the ACCF relating to workers compensation and injury at school will be transferred to the Ministry of Employment, Productivity and Workplace Relations.

4. Land Transport Authority

Policy	Description
1. The work of the Accident Compensation Commission of Fiji	<ul style="list-style-type: none"> ACCF will focus on its core role to manage the no fault motor vehicle accidents.

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