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Fiji Tax Profile

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Contents

1	Corporate Income Tax	1
2	International Treaties for the Avoidance of Double Taxation	6
3	Indirect Tax (e.g. VAT/GST)	7
4	Personal taxation	8
5	Other Taxes	10
6	Free Trade Agreements	12
7	Tax Authority	13



1 Corporate Income Tax

Corporate Income Tax

Company tax (includes deemed companies such as all bodies and associations (corporate or unincorporated) and unit trusts).

Tax Rate

Corporate Entity

Tax Rate

Resident/Non-Resident companies	20 percent
Listed companies in the South Pacific Stock Exchange (SPSE)	10 percent
Foreign companies whose regional/global headquarters are based in Fiji	17 percent

Residence

A company is considered to be resident in Fiji if it is incorporated under Fiji law. Companies incorporated under foreign law are considered to be Fiji resident if they carry on business in Fiji and have either its practical management and control in Fiji, or its voting power controlled by resident shareholders. Non-resident companies are taxed only on their Fiji sourced income. Resident companies are taxed on their worldwide income.

Compliance requirements

Company income tax returns are required to be lodged within three months following the balance date. The mandatory filing dates apply unless the company is linked to a 'tax agent' under the Tax Agents Lodgement Programme whereby a deferred filing date may be approved where the company's tax affairs are in order.

International Withholding Tax Rates

Dividends paid or credited to a non-resident are subject to withholding tax at 15 percent to the extent that the underlying profits have not been subject to corporate income tax. Fully qualifying dividends are not subject to withholding tax (discussed further below under Dividends and Imputation). The rate of withholding tax may vary under a tax treaty.

Royalty payments to non-residents are subject to withholding tax at 15 percent. This rate may vary under a tax treaty. Royalty withholding tax is also applicable to residents at 15 percent.



Miscellaneous payments (such as know-how payments, management payments and professional services) to non-residents are subject to withholding tax at 15 percent. This rate may vary under a tax treaty.

Interest payments to non-residents are subject to withholding tax at 10 percent. This rate may vary under a tax treaty. A separate resident withholding tax regime exists.

The recipient of the payment (or to whom the payment accrues) is liable for the withholding tax, which is levied at the earlier of payment or crediting of the dividend, royalty, miscellaneous payment or interest and payable by the end of the month following payment or crediting. Notwithstanding this, the tax is payable and recoverable from the person or agent by whom such payment is made or credited.

Dividends and imputation

Company tax paid generates qualifying dividend tax credits, which can be attached to dividends paid. Qualifying dividend tax credits can be used by non-resident shareholders to reduce non-resident dividend withholding tax on the dividend.

Dividends received by resident companies from Fiji incorporated companies are exempt from income tax.

Dividends received by a resident shareholder from companies listed on the South Pacific Stock Exchange are exempt from income tax.

Dividends received by resident companies from non-resident subsidiaries are subject to income tax in Fiji, with foreign tax credits generally allowed for withholding tax paid in respect of such dividends. The quantum of foreign tax credits allowed is capped (and a calculation is required). Tax credits are not recognised in respect of any underlying taxes on the foreign sourced dividend.

Capital gains

Capital Gains Tax (CGT) is a transactional tax and is payable at a rate of 10 percent on the capital gain on disposal of certain capital assets.

Capital losses are not recognised for CGT purposes.

The historical cost base is applicable for the purpose of calculating any capital gain or loss.

Non-residents are only subject to CGT on Fiji assets as defined in the CGT Decree.



Tax Losses

Tax losses can only be carried forward for a period of 4 years, effective from 1 January 2012.

There is no provision for the carry back of tax losses.

There is no provision for the grouping or offset of tax losses.

The carry forward of tax losses has two tests, continuity of ownership and continuity of business.

Company advance tax

Fiji has a company advance tax regime. Companies are subject to advance tax payments based on the immediately preceding year's income tax assessment as follows:

Due six months before balance date : 33.3 percent

Due three months before balance date : 33.3 percent

Due by balance date : 33.4 percent

Tax Consolidation / Group relief

There is no provision for a parent company and its wholly-owned subsidiaries to be treated as a consolidated group (as one taxpayer).

Transfer of shares

Stamp duty at the rate of 3 percent applies on transfer of shares. Sale of shares in a company is subject to capital gain tax (unless the shares are listed on the SPSE).

Transfer of assets

Stamp duty at the rate of 3 percent applies on the transfer of land and buildings.

CFC rules

Fiji does not have Controlled Foreign Company ("CFC") rules.



Transfer Pricing

Fiji has a comprehensive transfer pricing regime based on the OECD Transfer Pricing Guidelines and the 'arm's length' principle following the introduction of the Transfer Pricing Regulations from 1 January 2012.

Transfer pricing documentation is not required to be lodged with the annual income tax return. However, the Fiji Inland Revenue Services (IRS) has emphasised the need for robust contemporaneous transfer pricing documentation. Where the IRS undertakes a transfer pricing audit and proposes to amend an assessment, the taxpayer is required to prove that the IRS position is incorrect.

Fiji currently does not have provisions in respect of Advance Pricing Agreements ("APAs").

Thin Capitalisation

Fiji does not have any provision for thin capitalisation. (This is proposed to be introduced in the draft Income Tax Decree.)

The Reserve Bank of Fiji requires non-resident companies to comply with certain Debt:Equity ratios, of up to 3:1 for foreign ownership between 90 percent to 100 percent, in relation to any local financing.

General Anti-avoidance

Fiji has general anti-avoidance rules.

Anti-treaty shopping

Anti-treaty shopping provisions are contained in a number of tax treaties.

Other specific anti-avoidance rules

None

Rulings

None

Intellectual Property Incentives

None

R&D Incentives

There are no specific tax incentives for R&D. Research and development costs are generally deemed capital and are capitalised for tax purposes.



Other incentives	Fiji has various tax incentives for industries and sectors such as Hotels, Shipping, Tax Free Regions/Zones (TFR/TFZ), Audio Visual, Small and Micro Enterprises, Information Communication Technology (ICT), Exporters and Manufacturers.
Hybrid Instruments	None
Hybrid entities	None
Special tax regimes for specific industries or sectors	<p>Fiji has special tax regimes for specific industries and sectors as discussed above.</p> <p>In addition, there are specific rules for financial entities, such as banks and life insurers which are governed by the Reserve Bank of Fiji.</p>
Related Business Factors	<p><i>Forms of legal entities typically used for conducting business</i></p> <p>The typical form of legal entity used for conducting business in Fiji is a limited liability company or a foreign branch.</p> <p><i>Capital requirements for establishing a legal entity</i></p> <p>Foreign entities must meet capital requirements for the purposes of investment in Fiji. The minimum investment requirement is based on the type of activity and range from FJD0 to FJD5 million.</p> <p><i>Other local requirements for establishing a legal entity</i></p> <p>A company must have a minimum of 2 shareholders and a minimum of one resident director and secretary, i.e. normally resident in Fiji.</p> <p><i>Foreign exchange control rules</i></p> <p>There are foreign exchange control rules in Fiji.</p> <p>Reserve Bank of Fiji (RBF) approval is required where there is any foreign shareholding in a Fiji incorporated company. RBF rules are in place for minimum Debt:Equity requirements for local borrowing by foreign companies. Exchange control rules also in place relating to remittances of funds offshore.</p>

2 International Treaties for the Avoidance of Double Taxation

In Force

- Australia
- India
- Japan
- Korea
- Malaysia
- New Zealand
- Papua New Guinea
- Qatar
- Singapore
- United Arab Emirates
- United Kingdom

Negotiated, not yet in force at time of publication

New tax treaty or amendment protocols are in negotiation with China, Russia, and Sri Lanka but are not yet in force at the time of publication.

Tax information exchange agreements

Generally, information sharing arrangements exist with all tax treaty countries.



3 Indirect Tax (e.g. VAT/GST)

Indirect Tax

Value Added Tax (“VAT”)

Standard Rate

The Value Added Tax is a broad based indirect tax. Almost all supplies of goods and services are subject to the tax (see exceptions below).

The standard VAT rate is 15 percent.

Exceptions: some goods and services are treated as zero-rated (e.g. exports) or exempt (e.g. financial services).

Further information

For more detailed indirect tax information, refer to:

[KPMG 2015 Asia Pacific Indirect Tax Guide](#)



4 Personal taxation

Income Tax

Personal income tax (resident and non-resident individuals)

Top Rate

Resident individuals tax rates applies as follows:

Where chargeable income exceeds	Tax Rate
16,000 – 22,000	7 percent in excess of FJD16,000
22,000 – 50,000	FJD420 + 18 percent in excess of FJD22,000
> 50,000	FJD5,460 + 20 percent in excess of FJD50,000

Non-resident individuals are imposed a flat rate tax of 20 percent.

Social Responsibility Tax (SRT)

SRT is imposed on the chargeable income of resident and non-resident individuals who are liable for income tax. Calculated at progressive rates on chargeable income exceeding FJD270,000.

Where chargeable income is in excess of FJD270,000, SRT rate starts at 23 percent and increasing by 1 percent for every FJD50,000 for income above FJD300,000. Maximum SRT is 29 percent, applicable to income above FJD1,000,000.

Superannuation fund

Fiji has a national work-based superannuation scheme called “Fiji National Provident Fund” (FNPF). Membership is compulsory for all Fiji citizen employees, with limited exceptions (e.g. domestic workers, self-employed persons who own more than 20 percent of their business).

Where the employee is a Fiji citizen, the employer must make a contribution calculated at 18 percent of gross cash emoluments to FNPF of which the maximum of 8 percent may be recouped from the employee. The rate of 18 percent is from 1 January 2015 and was previously 16 percent. Savings are generally locked-in until the retirement age (currently 55). Employer contributions in excess of 18 percent (and up to 30 percent) may be made, but the “excess” contribution is taxable to the employee as income.

Where the employee is an expatriate (non-citizen), the employee and employer may elect for the employee to join the FNPF in which case the employee and employer must jointly apply for registration within 3 months of the expatriate employee commencing employment in Fiji.

Voluntary membership is available for those persons who are not permitted to be members and is subject to certain conditions.

International Social Security Agreements

None

Further information

For more detailed personal taxation information on other countries, refer to:

[KPMG’s Thinking Beyond Borders](#)



5 Other Taxes

Fringe benefit tax (FBT)	FBT applies to non-cash benefits provided by employers (or associated persons) to employees (or associated persons), such as housing, motor vehicles, debt waiver, household personnel, low-interest loans, private expenditures, meals and refreshments, property, travel benefits and any residual benefits. It is levied on employers at a rate of 20 percent (on gross up basis). Some special valuation rules apply.
Gambling Turnover Tax (GTT)	GTT of 15 percent applies on all prescribed gambling activities.
Service Turnover Tax (STT)	STT of 5 percent applies on all prescribed (tourism type) goods and services.
Credit Card Levy (CCL)	CCL is payable by the holder of a domestic credit card. CCL of 2 percent applies on any unpaid debit balance at close of due date of billing cycle.
Telecommunication Levy (TL)	TL is payable by the telecommunications provider. TL of 1 percent applies on all voice call charges (on VAT exclusive basis).
Third Party Insurance Levy (TPIL)	TPIL is payable by the insurance company. TIPL of 20 percent applies on total third party insurance premium collected.
Contractor's Provisional Tax (PT)	PT of 15 percent is required to be deducted from the contractual payments and commissions (at source) made to Fiji taxpayers. Exceptions apply where the contractor has a valid certificate of exemption.
Customs duty	<p>Customs (fiscal duty) duty is levied on almost all goods entering Fiji. The rates vary according to the types of goods, whether a concession is available, and the country of origin. The maximum duty rate (at 32 percent) may be applicable if the goods are locally produced/ manufactured.</p> <p>Motor spirits, tobacco and alcohol products are levied with excise duty. The rates vary between the products.</p>
Stamp duty	Fiji has a stamp duty regime. The stamp duty is levied based on the value (market) of the instrument relating to the transfer.



Property taxes

Fiji has a CGT regime and gains realised on disposal of capital assets (for residents) and Fiji assets (for non-residents) are subject to CGT at a rate of 10 percent, unless such transactions are caught for income tax.

Inheritance / gift tax

No inheritance or gift tax applies in Fiji. Refer also stamp duty.

**Fiji National University
(Training Levy)**

Training levy of 1 percent applies on total gross emoluments (calculated and paid half yearly in March and September).



6 Free Trade Agreements

In force

- SPARTECA – South Pacific Regional Trade Agreement – a regional trade agreement between Australia, New Zealand and countries of the South Pacific Forum.
- PICTA – Pacific Island Countries Trade Agreement – a free trade agreement between 14 Forum Island countries.
- PACER – Pacific Agreement on Closer Economic Relation
- MSGTA – The Melanesian Spearhead Group Trade Agreement
- IEPA – Interim Economic Partnership Agreement – an economic partnership agreement with the European Community.

Concluded / signed (pending domestic ratification)

N/A

In negotiation

N/A



7 Tax Authority

Tax Authorities

Fiji Revenue and Customs Authority (FRCA)

<http://www.frca.org.fj/>

Tax Audit Activity

Inland Revenue's enforcement activity is based on risk profiling ('risk reviews') of taxpayers and industry specific projects. Generally, large taxpayers and corporates can expect to receive an annual risk review (this is typically by way of Inland Revenue questionnaires and, in some cases, a follow-up meeting). Material issues identified, if any, may trigger a full audit of the taxpayer. Inland Revenue audits generally go back for the previous 3 years; however the Inland Revenue may re-open returns for the previous seven years.

Appeals

Taxpayers can enter into the disputes process to challenge an Inland Revenue reassessment of their tax affairs. This is a legislatively prescribed process, with requirements imposed on each party. Disputes are referred to the Amendments and Correspondence Control Unit of Inland Revenue for resolution. If the amendment process finds in favour of the taxpayer, the outcome is generally binding on the Inland Revenue. If the Amendment Unit finds in favour of Inland Revenue, the taxpayer can take the dispute to litigation in the Courts. This can however be a costly affair and is typically avoided unless the tax amount involved is significant.

Tax Governance

N/A



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