

# Newsletter

## Service Turnover Tax (STT) Gazette Notice August 2020 Update

Ernst & Young wishes to bring to your attention STT amendments effective 1<sup>st</sup> August 2020.

A. Repeal of the Principal Act

i) Background

The Service Turnover Tax Act 2012 ('Act') was promulgated in 2012 to impose a tax on prescribed services and for related matters.

Effective 1<sup>st</sup> August 2020, the STT Act is repealed.

Notwithstanding the repeal of the Service Turnover Tax Act 2012 and the consequential amendments are provided under section 4 and the Schedule:

- (a) any Service Turnover Tax imposed under the Service Turnover Tax Act 2012 continues to apply to transactions entered into and paid before 1 August 2020;
- (b) the Chief Executive Officer of the Fiji Revenue and Customs Service continues to exercise the powers provided under section 5A of the Service Turnover Tax Act 2012 in relation to transactions entered into before 1 August 2020;
- (c) an accountable person registered under the Service Turnover Tax Act 2012 and deemed to be registered under the Environment and Climate Adaptation Levy Act 2015 before 1 August 2020 continues to be deemed as registered in accordance with the Environment and Climate Adaptation Levy Act 2015;
- (d) Service Turnover Tax payable before 1 August 2020 which is collected by an accountable person is held in trust for the State pursuant to section 22 of the Tax Administration Act 2009; and
- (e) the payment of Service Turnover Tax payable under the Service Turnover Tax Act 2012 before 1 August 2020 must be recovered in accordance with the procedures and powers provided under the Tax Administration Act 2009 as though the Service Turnover Tax Act 2012 had not been repealed.

Let us know should you wish to seek clarifications on the issues highlighted.

Our advice is based on the current taxation legislation and our understanding of FRCS's current interpretation of the law. We note however that, it is our experience that the FRCS can be inconsistent in their interpretation of the tax law and we cannot guarantee that the advice will not be challenged. Nor is it possible to guarantee the outcome of such a challenge if it occurs. Should you have any contact from the FRCS in respect of this advice, we recommend that you contact us for advice on how to proceed.

It is also important that you ask us to review any advice already given if a transaction is delayed, or is to be repeated, or if an apparently similar transaction is to be undertaken. Our original advice may no longer be applicable or appropriate in such circumstances.



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