2021-2022

Fiji National Budget Report

16 July 2021

pwc

Contents

Note from Senior Partner, PwC

The Attorney-General and Minister for Economy, Civil Service and Communications, Honourable Aiyaz Sayed-Khaiyum presented the 2021-2022 Fiji Budget last evening which seeks to revitalise the country and the economy after the severe impact of the initial and second wave of COVID-19 over the last three months. Building on the strategy from last year, the Budget seeks to further improve the ease and cost of doing business, maintain tax law changes and stimulate investment.

Government's three key objectives of the budget are as follows:

1. Protection from the virus; vaccinate to achieve herd immunity;
2. Continue to support those hardest hit; and
3. Future proof Fiji against future pandemics and effects of climate change and diversify the economic base beyond tourism.

COVID-19 mitigation along with vaccination are central to the Government's recovery strategy. Full vaccination of 80% of the eligible population of 587,000 by 31 October 2021 is a key Government target. The budgetary measures may be reviewed in six months should this target not be achieved.

The Government has opted to maintain civil service pay levels but reduce costs by putting a freeze on new recruitments, strengthening controls over its expenditure and making Government processes more efficient. It has forecast total revenue for the new financial year at $2.1 billion and expenditure at $3.7 billion resulting in a net deficit of $1.6 billion or 16.2% of GDP. The projected debt level is now estimated to be $9.1 billion or 91.6% of GDP.

Specific allocations have been made for unemployment support, providing financing and other benefits to support small to large businesses and the informal sector. Initiatives announced include:

- Information Communication and Technology/Business Process Outsourcing incentives - including incentives for new cable connections, online systems development & connectivity incentives;
- Tourism incentives for new and existing properties including Tourism Fiji marketing;
- Agriculture incentives including sugar pricing guarantees;
- Micro Small and Medium Enterprises incentives including financing support;
- Double Taxation Agreement reviews with Australia and New Zealand and alignment with international norms including withholding tax on professional fees;
- Tax amnesty on penalties;
- Improving the ease and cost of doing business including the VAT Monitoring System being deferred, implementation incentives and waiver of certain business licence and other fees; and
- Recycling sector incentives and a new scheme to provide jobs for unemployed Fijians under a "Jobs for Nature" initiative.

Local and foreign investment will be critical for the creation of jobs and economic revival. Growing the economy is the key to both budget restoration and funding structural expenditure programs. All eyes will remain on Government to rise to its goals and implement reforms with urgency

Further information and analysis of the various features and budget announcements are detailed in the following pages.

Nitin Gandhi
Senior Partner, PwC Fiji

"Investment will be critical for the creation of jobs and economic revival.

At a Glance

Key spending areas

Business

- $200m for working capital requirements of businesses
- COVID-19 recovery credit guarantee facility for businesses
- $200m funding for businesses at maximum rate of 3.99%; interest for first 2 years fully paid by Government

Health

- $403.3m allocation
- $12m for food and other essential items for those in quarantine and isolation
- $5m for private general practitioners to relieve pressure off public system
- Upgrading and refurbishing of divisional and sub-divisional hospitals, health centres and nursing stations.

Education

- $704.6m allocation
- TELS entry mark has been increased to a minimum of 280
- $100 monthly top up for students required to complete a period of industrial or clinical attachments
- Introduction of a new TELS stream with 5,000 placements available for TVET courses

Welfare

- $145.5m allocation
- Social Protection Programmes including the Poverty Benefit Scheme,Child Protection Allowance, Food Voucher Program.

Economic growth

2020: -15.7%
2021: -4.1%

Inflation rate

2020: -2.8%
2021: -1.5%

Employment

FNPF employer and employee contributions to increase to 6% from 1 January 2022

Fiscal position

Budget deficit
Gross: $1.973bn
Net: $1,605bn

Net deficit as a percent of GDP: 16.2%

Core Government revenue and expenditure

$2.085bn Total revenue

- $457m Direct tax
- $1.141bn Indirect tax
- $157m Sale of Government assets
- $300m Other revenue

$3.690bn Total expenditure

- $2.423bn Operating expenditure
- $1.221bn Capital
- $46m VAT

Spotlight on the Budget

Budget Estimates

	2020-2021 Budget $m	2020-2021 Revised $m	2021-2022 Budget $m	2022-2023 Target $m
Revenue	1,673.6	2,111.2	2,085.1	2,965.6
Expenditure	3,674.6	3,216.7	3,690.5	3,493.8
Net (Deficit)	**(2,001.0)**	**(1,105.5)**	**(1,605.4)**	**(528.2)**
Loan Redemption	(749.5)	N/A	(367.8)	N/A

Economic Indicators

	2020-2021 Budget $m	2020-2021 Revised $m	2021-2022 Budget $m	2022-2023 Target $m
GDP at market prices	9,905.3	9,598.1	9,889.2	11,237.5
GDP at constant prices	8,293.7	9,005.3	8,639.0	9,172.2
Growth rate	**(21.7%)**	**(15.7%)**	**(4.1%)**	**6.2%**
Debt	8,256.4	7,606.0	9,061.4	9,589.6
Debt as a % of GDP	83.4%	79.2%	91.6%	85.3%

Interest payments	**403.0**	**374.7**	**376.9**	**N/A**
Interest payments - % of total operating expenditure	16.64%	16.97%	15.55%	N/A
Revenue from sale of Government Assets	-	210.5	157.0	N/A

	2020 (p)	2021 (f)	2022 (f)	2023 (f)
Visitor arrivals	146,905	16,892	268,317	715,511
Inflation	(2.8%)	1.5%	2.4%	3.4%
Anticipated sugar export quantity - tonnes ('000s)	**111.0**	**71.7**	**100.4**	**117.8**

	Jul-2018	Jul-2019	Jul-2020	Apr-2021
Government Guarantees ($m)	586.7	673.3	939.0	1,032.2
Total Contingent Liabilities ($m)	1,173.2	1,264.6	1,561.5	1,612.4

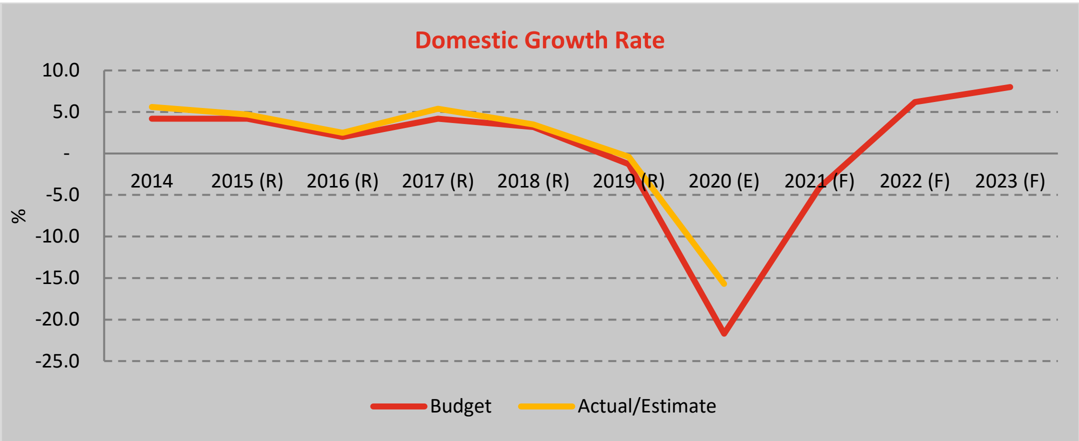
Key:
f Forecast p Provisional N/A Data not available

State of the Nation

Economic Growth

Growth rate

2020 estimated:	-15.7%, due to the reduction in tourism activity after border closures, weak domestic demand and low business confidence.
2021 expected:	-4.1%
2022 expected:	+6.2%.
2023 expected:	+8.0%.



Source: Supplement to the 2021-2022 Budget Address

Overview 2020

The Fijian economy is estimated to have contracted by 15.7 percent in 2020 due to the reduction in tourism activity after border closures which resulted in record low consumer and business confidence, increase in unemployment and decline in business and household incomes as well as a fall in Government's tax collections and ultimately suppressed domestic demand. This is reportedly the largest economic contraction in Fiji's history.

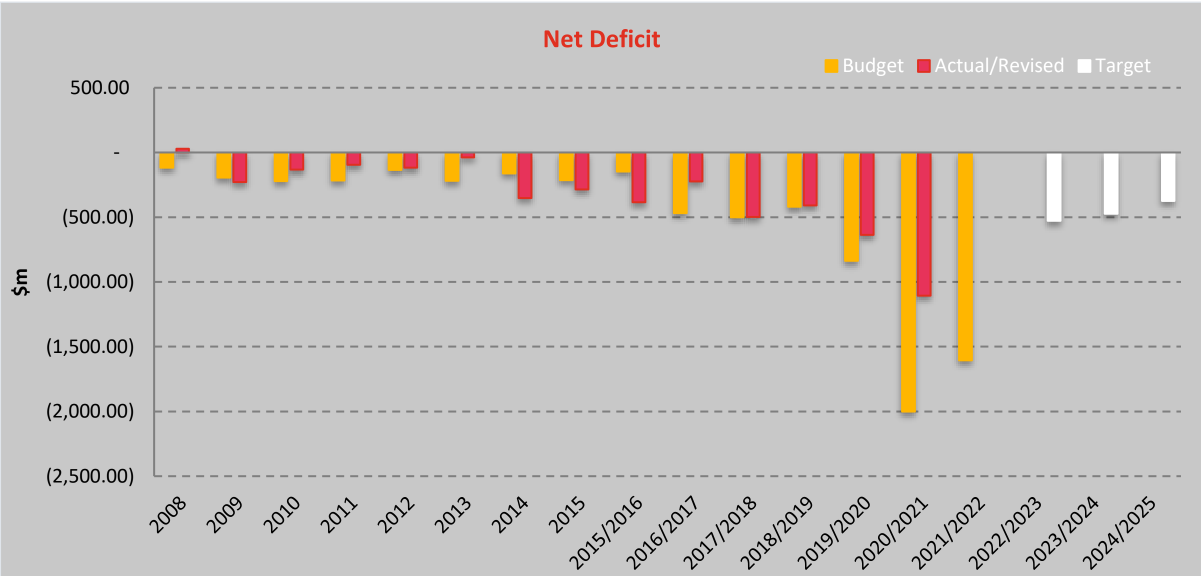
Overview 2021

In 2021, the Fijian economy is projected to contract by 4.1 percent from the devastating impact of the COVID-19 pandemic on the tourism sector, including localised lockdowns and restrictions in movement and economic activity in most parts of Viti Levu.

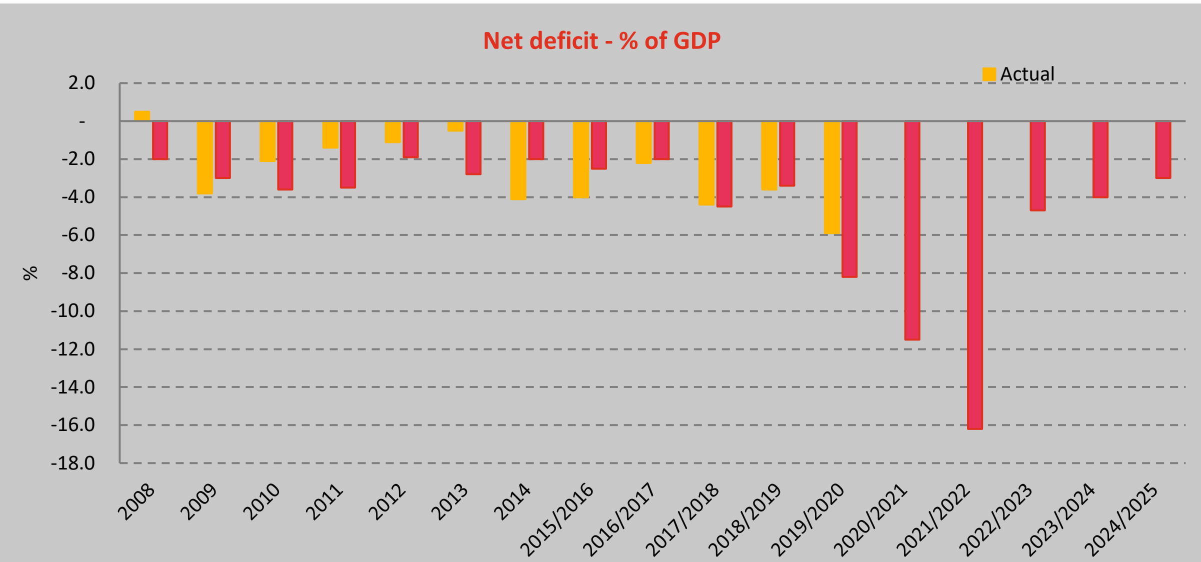
Overview 2022 and 2023

The economy is projected to rebound in 2022 and 2023 by 6.2 percent and 8.0 percent respectively. The recovery is based on expected reopening of borders to international travel by early or mid-2022 and Government's initiative to rejuvenate the domestic economy activities. The resumption of tourism activity will lead to broad-based growth in 2022 and 2023 as overall domestic demand rebounds.

Budget Deficit



Source: Supplement to the 2021-2022 Budget Address



Source: Supplement to the 2021-2022 Budget Address

Summary of Fiscal Position

	2019-2020 Actual Performance $ million	2020-2021 Revised Projection $ million	2021-2022 Budget Estimates $ million
Total actual revenues	2,716.70	2,111.20	2,085.10
Total expenditures	3,535.70	3,216.70	3,690.50
Net deficit	(637.00)	(1,105.50)	(1,605.40)
Net deficit as a percentage of GDP	-5.9%	-11.5%	-16.2%

Source: Supplement to the 2021-2022 Budget Address

Balance of payments

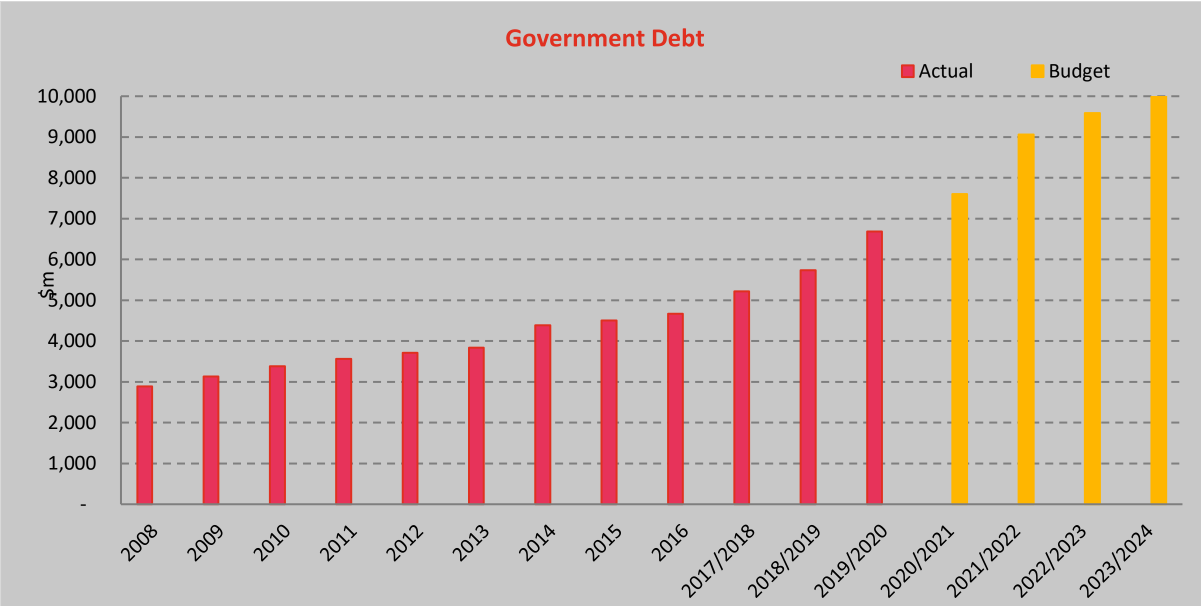
	Current account deficit	Capital and financial account balance (excluding reserves)
2019	$1,294.8 million (13.2% of GDP)	$760.2 million (7.7% of GDP)
2020	$1,243.4 million (13.1% of GDP)	$1,440.3 million (15.1% of GDP)
2021 projected	$900.1 million (-8.8% of GDP)	$609.8 million (6.0% of GDP)
2022 projected	$462.2 million (-4.0% of GDP)	$513.2 million (4.5% of GDP)

Source: Supplement to the 2021-2022 Budget Address

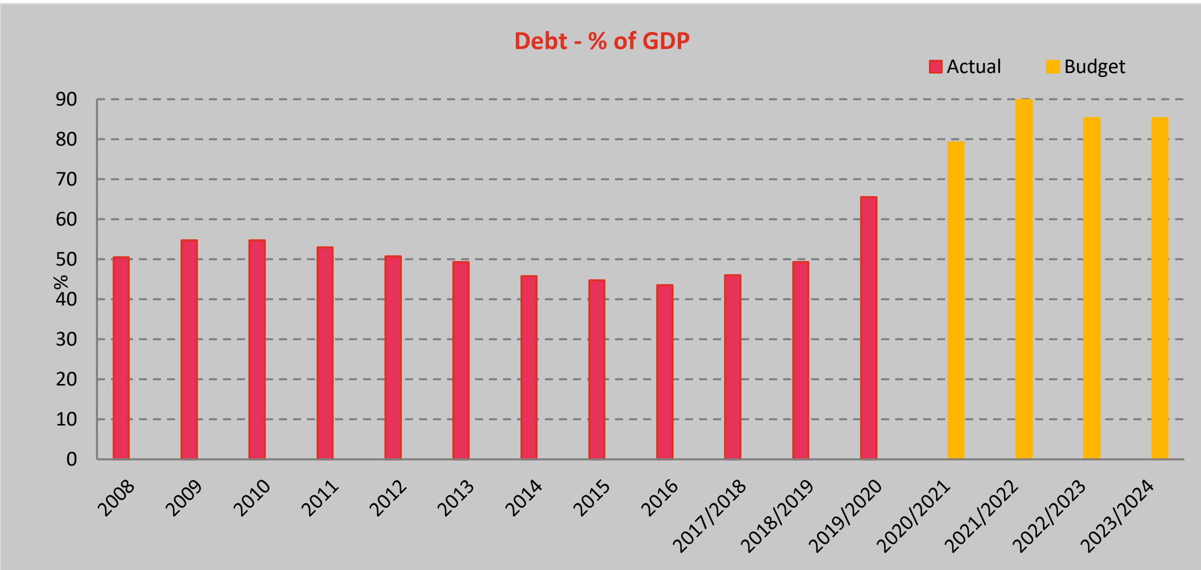
Government debt

Government debt as at July 2021 was budgeted to reach $8.3 billion or 83.4% of GDP. However, it is now estimated that Government debt as at 31 July 2021 will be lower at around $7.6 billion or 79.2% of GDP.

The lower than projected debt for the end of July 2021 mirrors the lower fiscal deficit estimated for the 2020-2021 fiscal year. Fiscal deficit for the 2020-2021 fiscal year is now estimated at around 11.4% of GDP, substantially lower than the budgeted 20.2% of GDP.

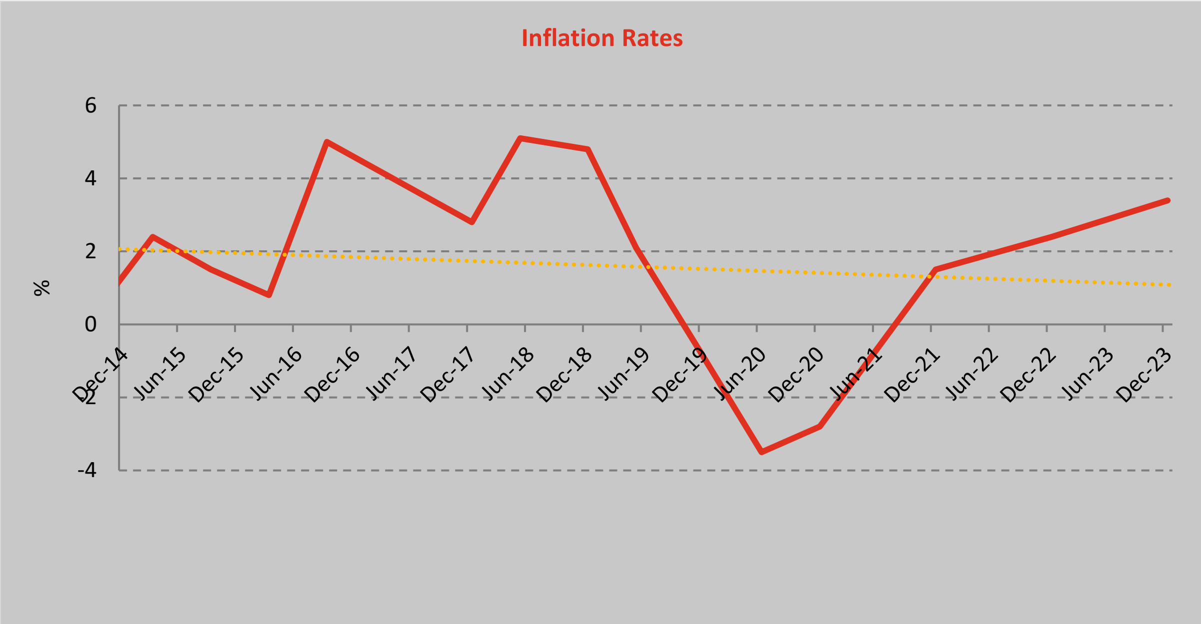


Source: Supplement to the 2021-2022 Budget Address



Source: Supplement to the 2021-2022 Budget Address

Inflation



Source: Supplement to the 2021-2022 Budget Address

Headline inflation remained negative throughout 2020. The year-end annual inflation in 2020 was -2.8 percent, mainly due to lower prices in the alcoholic beverages, housing, water, electricity, gas & other fuels, recreation & culture, clothing & footwear and transport categories.

The year-end outlook for 2021 inflation is 1.5 percent, reflecting the increase in global oil and food prices this year. The year-end inflation for 2022 and 2023 is projected to increase further to 2.4 percent and 3.4 percent, respectively in line with the expected economic recovery and anticipated increases in food and crude oil prices globally.

Exports and Imports

	Impact	Contributing factors
2020:		
Exports	Decrease to $1,755.4 million or by 19.0%	The COVID-19 pandemic negatively affected the global economy and its supply chains, impacting the production and demand for Fiji's export commodities.
Imports	Decrease to $3,738.1 million or by 26.4%	Supply-side issues due to COVID-19 induced restrictions also impacted the logistics of trade globally.
Expected 2021:		
Exports	Projected to contract to $1,661.5 million or by 5.4%	The projected fall in Fiji's exports is due to continued subdued global demand as well as supply issues as a result of the prolonged COVID-19 pandemic induced crisis.
Imports	Decrease to $3,663.6 million or by 2.0%	Decreases in most categories of imports as the COVID-19 pandemic continued to negatively impact the world into 2021.

Source: Supplement to the 2021-2022 Budget Address

Monetary Policy

The RBF maintained its accommodative stance through 2020 into 2021, as its monetary policy objectives of adequate foreign reserves and stable inflation remained intact.

The RBF provided various support to the economy on the onset of COVID-19, which included a reduction of its Overnight Policy Rate to 0.25 percent from 0.50 percent, an expansion of its various lending facilities and other quantitative easing measures.

From a macro-prudential perspective, supervisory assessments have shown that the financial system remains stable, supported by adequate capital positions, high level of banking system liquidity and sufficient provisioning levels. However, going forward, the reopening of borders and resumption of international travel will be crucial for the recovery of the economy and continued stability.

By year-end, banking system liquidity is expected to remain more than ample against the backdrop of Government's higher external loan drawdowns and lower import payments. As at 14 July, liquidity levels were around $1,623.6 million. Given excess liquidity and the current accommodative monetary policy stance, interest rates are projected to remain stable.

Interest Rates

The RBF reduced its overnight policy rate in March 2020 to support economic recovery and lending and deposit rates generally fell thereafter. More recently, the downward movement in lending rates have been due to high liquidity and subdued lending activity.

The weighted average outstanding lending rate for commercial banks was 5.97 percent in May 2021,15 basis points lower when compared to December 2020. Similar reductions have also been noted for yields on Government securities. In contrast, the weighted average outstanding time deposit rate fell to 2.74 percent from 3.16 percent in December 2020. The weighted average savings deposit rate picked up from 0.54 percent to 0.55 percent from the end of last year.

Exchange Rates

In June, the Nominal Effective Exchange Rate (NEER) index was higher over the year (0.7%), indicating general strengthening of the FJD.

However, the Real Effective Exchange Rate (REER) index fell over the year (- 1.5%), denoting gain in trade competitiveness largely on account of lower relative prices against major trading partner currencies.

Government Revenue

Direct and indirect tax collections

	Direct tax ($ millions)	Indirect tax ($ millions)
2019-2020 actual	610.5	1,551.7
2020-2021 revised	462.3	922.9
2021-2022 budgeted	457.2	1,094.6

There are no major changes in taxes in 2021-2022. The reduction in a number of taxes which was implemented in 2020-2021 to stimulate economic activity, support tourism and domestic demand will remain.

Other Government Revenue

The Government plans to divest its shares in ATH Limited, Fiji Airports Limited and other smaller state-owned entities. This is expected to generate approximately $157.2 million.

Government Expenditure

Total Operating Payments

Allocation of operating payments	2020-2021 %	2021-2022 %	2019-2020 actual $ million	2020-2021 revised $ million	2021-2022 budgeted $ million
Personnel costs	42.3	40.8	987.8	934.0	988.6
Transfer payments	27.4	26.7	655.6	605.4	646.5
Supplies and consumables	11.0	10.4	276.3	243.9	252.5
Purchase of outputs	2.2	6.0	57.2	48.8	145.8
Interest payments	17.0	15.6	345.1	374.7	376.9
Other operating payments	0.1	0.5	11.9	0.9	13.2

The major operating grants provided in the Budget include:	$ million
Water Authority of Fiji	72.1
Social Pension Scheme	55.3
Judiciary	48.9
Fiji National University	44.4
Poverty Benefit Scheme	36.0
Fiji Revenue and Customs Service	32.1
Free Education Year 1-8	31.9
Free Education Year 9-13	24.3
Fiji Elections Office	23.1
University of the South Pacific	23.0
Land Transport Authority	20.6
Fiji Roads Authority	12.6
Grant to Fiji’s Servicemen’s After Care Fund	12.0
Child Protection Allowance	11.3
Allowance for persons with disability	10.8
Legal Aid Commission	8.9
Fiji Independent Commission Against Corruption	7.9
Parliament	7.1
Tourism Fiji	6.2
Office of the Director of Public Prosecutions	6.1
Bus Fare Programme for Elderly/ Disabled persons	5.0

Investing Activities

	2019-2020 actual $ million	2020-2021 revised $ million	2021-2022 budgeted $ million
Investing revenue	218.5	220.9	157.2
Transfer payments	843.0	871.9	1,075.7

The allocations for major capital grants and transfers during 2021-2022 include:

Activity	$ million
Fiji Roads Authority	259.8
Unemployment Benefit	200.0
Water Authority of Fiji	122.9
Tertiary Education Loan Scheme – Tuition	67.7
Sugar Stabilisation Fund	47.0
Tertiary Loan Scheme – Accommodation	46.0
Fiji Recovery Rebate Package - Fiji Airways	40.0
National Toppers Scholarship Scheme – Local Scholarship Scheme	39.4
COVID-19 Contingency Fund	25.0
Tourism Fiji Marketing Grant	20.0
Ongoing Rehabilitation and Construction of Schools and Public Buildings	20.0
Fertiliser Subsidy – FSC	15.6
Grant to Walesi	15.5
COVID-19 Food Supply and Other Items for quarantine and isolation	12.0
Subsidy - Residential	11.0
COVID-19 Credit Guarantee Facility Interest Subsidy	8.0
Purchase of shares - Fiji Airways	7.6
Subsidy - Micro Small Medium Enterprises	7.0
Construction of New CWM Hospital Maternity Unit	7.0
Committee on Better Utilisation of Land and Agriculture Marketing Authority	6.9
Online Business and Construction Licensing System	6.7
House-wiring for Grid Extension Project	6.0

Total purchase of physical non-current assets, including spending on capital construction and purchases, during 2019-2020 amounted to $145.2 million. The spending is anticipated to decrease to $111.4 million in 2020-2021 and increase to $145.5 million in 2021-2022.

Government Debt

The following table summarises total Government debt:

	July 2017 $ million	July 2018 $ million	July 2019 $ million	July 2020 $ million	July 2021 forecasted $ million
Domestic debt	3,300.8	3,763.0	4,278.5	4,976.5	5,240.8
External debt	1,370.9	1,457.5	1,456.8	1,709.5	2,365.2
Total debt	**4,671.7**	**5,220.5**	**5,735.3**	**6,686.0**	**7,606.0**
Debt (as a % of GDP)	43.5%	46.0%	49.3%	65.5%	79.2%
Domestic/Total Debt	71.0%	72.0%	75.0%	74.0%	69.0%
External/Total Debt	29.0%	28.0%	25.0%	26.0%	31.0%

Source: Supplement to the 2021-2022 Budget Address

Domestic Debt Stock

The domestic capital market remains the major source of borrowing for the Government, with institutional investors like FNPF and insurance companies. Major debt instruments for the domestic market include Government Bonds and Treasury Bills.

Total domestic debt in 2020 was equivalent to 48.7% of GDP.

External Debt Stock

The table below summarises Government's external debt position from 2017 to 2021.

	July 2017 $ million	July 2018 $ million	July 2019 $ million	July 2020 $ million	July 2021 forecasted $ million
Loans	968.6	1,037.2	1,023.8	1,285.3	2,365.2
Global Bonds	402.3	420.3	433.0	424.2	-
Total External Debt	**1,370.9**	**1,457.5**	**1,456.8**	**1,709.5**	**2,365.2**
External Debt to GDP (%)	**12.8%**	**12.8%**	**12.5%**	**16.7%**	**24.6%**

Source: Supplement to the 2021-2022 Budget Address

In October 2020, Government refinanced the Global Bonds through funding secured from Asian Development Bank (ADB) and the Asian Infrastructure Investment Bank (AIIB).

Majority of the external debt is denominated in US dollars (69.3%) followed by the Chinese Yuan (18.7%) and Japanese Yen (12.0%).

Contingent Liabilities

Government's contingent liabilities are around $1.6 billion as of April 2021, equivalent to 16.8% of GDP. This comprised of Government guarantees of $1,032.2 million equivalent to 10.8% of GDP and other contingent liabilities of $580.2 million.

Tax Measures

Unless otherwise specified, excise tax, fiscal import duty, import excise duty and Environment Climate Adaptation Levy (**ECAL**) changes are expected to be effective from 17 July 2021 and all other tax changes are expected to be effective from 1 August 2021, unless stated otherwise.

Direct Tax Measures

<table>
<tr><th>Policy</th><th>Description</th></tr>
<tr>
<td>1. Investment in Infrastructure for Information Communications Technology (ICT) purposes.</td>
<td>

Any new investment in the infrastructure for businesses engaged in the ICT Sector will be granted a tax holiday and a duty concession package, provided that 90% of the income for the investor shall be derived from the ICT business.

<u>Tax Exemption Structure</u>

<table>
<tr><th>Capital Investment ($)</th><th>Tax Holiday</th></tr>
<tr><td>$2,000,000 to $5,000,000</td><td>10 years</td></tr>
<tr><td>$5,000,001 to $10,000,000</td><td>15 years</td></tr>
<tr><td>In excess of $10,000,000</td><td>20 years</td></tr>
</table>
<ol start="2">
If the investor is also involved in developing strata titles and selling it to ICT/Business Process Outsourcing (BPO) companies, the sale proceeds will also be exempt from income tax.
<u>Customs Exemption</u>
Customs import duty exemption for the establishment of the business will be available on the importation of raw materials, machinery and equipment including spare parts.

The same tax holiday period will also be extended to existing ICT/BPO companies.

</td>
</tr>
</table>

<table>
<tr><th>Policy</th><th>Description</th></tr>
<tr><td>2. Incentive for Investment in ICT Park</td><td>Any new investment in an ICT Park (including data storage services) will be granted a tax holiday and a duty concession package.
1. <u>Tax Exemption Structure</u>
<table><tr><th>Capital Investment ($)</th><th>Tax Holiday</th></tr><tr><td>$10,000,000 to $30,000,000</td><td>20 years</td></tr><tr><td>In excess of $30,000,000</td><td>25 years</td></tr></table>2. <u>Customs Exemption</u>
Customs import duty exemption for the establishment of the business will be available on the importation of raw materials, machinery and equipment including spare parts.</td></tr>
<tr><td>3. Incentive for investment in Cable Landing and Infrastructure</td><td>Any company who wishes to invest in network cable (submarine cable) and associated infrastructure development will be provided a tax holiday and duty concession package. The cable should land in Fiji.
1. <u>Tax Exemption Structure</u>
<table><tr><th>Capital Investment ($)</th><th>Tax Holiday</th></tr><tr><td>Investment above $40,000,000</td><td>30 years</td></tr></table>2. <u>Customs Exemption</u>
Customs import duty exemption for the establishment of the business will be available on the importation of raw materials, machinery and equipment including spare parts.</td></tr>
<tr><td>4. Hotel Investment Incentive</td><td>1. Extend Short Life Investment Package (SLIP) to renovations and refurbishments of existing hotels or resorts:
• 5 year tax holiday for investments more than $2,000,000. The incentive will be available effective from 1 August 2021 until 31 December 2022. This incentive can be claimed only once.
2. SLIP for new hotels
• For new hotels, increased income tax exemption is available for substantial investments of more than $40,000,000. The revised tier will be as follows:
<table><tr><th>Capital Investment ($)</th><th>Tax Holiday</th></tr><tr><td>$250,000 - $1,000,000</td><td>5 years</td></tr><tr><td>$1,000,001 - $2,000,000</td><td>7 years</td></tr><tr><td>$2,000,001 - $40,000,000</td><td>13 years</td></tr><tr><td>In excess of $40,000,000</td><td>25 years</td></tr></table>3. Standard Allowance will be increased to 50% from 25%.
4. Duty free importation for all hotels and resorts will be available from 1 August 2021 until 31 December 2022. 5% ECAL will also be waived on all imports.</td></tr>
</table>

<table>
<tr><th>Policy</th><th>Description</th></tr>
<tr><td>5. Incentive for Investment in Recycling Business</td><td>

Any new investment in the recycling business will be granted a tax holiday and a duty concession package.
<u>Tax Exemption Structure</u>
<table>
<tr><th>Capital Investment ($)</th><th>Tax Holiday</th></tr>
<tr><td>$250,000 to $500,000</td><td>3 years</td></tr>
<tr><td>$500,001 to $2,000,000</td><td>5 years</td></tr>
<tr><td>$2,000,001 to $5,000,000</td><td>10 years</td></tr>
<tr><td>$5,000,001 to $10,000,000</td><td>15 years</td></tr>
<tr><td>In excess of $10,000,000</td><td>20 years</td></tr>
</table>
<u>Customs Exemption</u>
Customs import duty exemption for the establishment of the business will be available on the importation of raw materials, machinery and equipment including spare parts.
</td></tr>
<tr><td>6. Agriculture Incentive</td><td>

In the bid to encourage investment in the agriculture sector, the Government has further incentivised the agriculture industry, whereby any new activity in commercial agricultural farming and agro-processing qualify for income tax exemption based on the following capital investment levels:
<table>
<tr><th>Capital Investment ($)</th><th>Tax Holiday</th></tr>
<tr><td>$100,000 - $250,000</td><td>5 years</td></tr>
<tr><td>$250,001 - $1,000,000</td><td>10 years</td></tr>
<tr><td>$1,000,001 - $2,000,000</td><td>15 years</td></tr>
<tr><td>More than $2,000,000</td><td>20 years</td></tr>
</table>
Duty free importation of all machinery, plants, equipment and tools will continue for the agriculture sector.
</td></tr>
<tr><td>7. Natural Disaster Reserve Fund</td><td>

Funds kept in the Natural Disaster Reserve Fund as at 30 June 2021 can be also utilised for current pandemic purposes.
A new Reserve Fund for business continuity during pandemics will be set-up for future use.
</td></tr>
<tr><td>8. Export Income Deduction Incentive</td><td>

As announced in the COVID-19 Response Budget, the Export Income Deduction was increased from 50% to 60% and the rate is valid till 2022. The 60% Export Income Deduction has been extended until 31 December 2024.
Agriculture and fisheries sector will qualify for an increased Export Income Deduction of 90%. This deduction will be available until 31 December 2024.
</td></tr>
<tr><td>9. Taxation of the mining sector</td><td>The taxation on mining sector as stipulated under Part 6 of the Income Tax Act 2015 will be made effective from 1 August 2021.</td></tr>
<tr><td>10. Income Tax Exemption for Unit Trusts</td><td>All Unit Trusts will be exempted from Income Tax.</td></tr>
<tr><td>11. Tax deduction for development or upgrade of online shopping websites with integrated payment platforms</td><td>A 200% tax deduction will be allowed on the development or upgrade of online shopping websites with integrated payment platforms.</td></tr>
</table>

Policy	Description
12. Tax deduction for investment in fogging machines	A 200% tax deduction will be allowed for investment in fogging machines specifically used for decontamination and sanitizing purposes.
13. Debt Forgiveness	As announced in the COVID-19 Response Budget and the 2020-2021 National Budget, debt forgiveness is not subject to income tax for all debt outstanding forgiven from 1 April 2020 up to 31 December 2021. This policy will now be further extended. Debt creation period will be extended from 31 December 2020 to 31 December 2021. Debt forgiveness period will be extended from 31 December 2021 to 31 December 2022.
14. Exempt interest income	Income Tax Act will be amended to simplify the rules to allow interest income earned to be exempted on income less than $30,000.
15. Re-organization	• Section 88 of the Income Tax Act 2015 will extend the scope to cover partnership structure. • Furthermore, the definition of group companies will be expanded to include transfer of assets between companies that have common shareholders.
16. Tax deduction for salaries and wages	• The 300% deduction allowed on salaries and wages paid to an employee quarantined and/or tested positive for COVID19 will be further extended from 31 December 2020 to 31 December 2022. • A letter from the Ministry of Health and Medical Services will be required for verification.
17. Tax deduction for reduction of commercial rent	• The tax deduction given to landlords for the amount of reduction of commercial rent will be increased from 100% to 200%. • The tax deduction will be further extended until 31 July 2022.
18. Fiji National Provident Fund (**FNPF**) Contribution	• The mandatory employer and employee FNPF contribution will be increased from 5% to 6% effective from 1 January 2022 till 31 December 2022. • Employer contribution exceeding the 6% mandatory FNPF contribution up until 10% will be allowed a tax deduction of 300%.

Tax Administration Act

Policy	Description

1. Withholding Tax on professional service fees	• Consistent with Double Taxation Agreement (**DTAs**) and domestic law provisions, FRCS will facilitate refund of withholding tax collected on professional service fees.
	  ○ Withholding tax directly paid to non-residents will be refunded through discussions with the respective competent authorities using Mutual Agreement Process article in the DTAs. Tax Administration Act will be amended to explicitly provide for this;
	  ○ Withholding tax paid by Fiji residents on behalf of nonresidents will be paid using the section 33(5) of the Tax Administration Act after verifying documents and assessments.

Policy	Description
2. Section 11 – Amendment of Tax Assessments	FRCS will only go back 3 years to amend tax returns of companies that have a gross turnover of less than $1.25 million. Section 11 of the Tax Administration Act will be amended accordingly.
3. Dishonored cheques	In an effort to deter taxpayers from presenting dishonored cheques, a fine of $500 will be imposed.
4. Tax write-off threshold	The tax write-off threshold will be increased from $500 to $100,000.
5. Tax amnesty	• Tax amnesty will be granted to taxpayers with tax arrears to obtain waiver for all penalties upon payment of real taxes. • To qualify for the amnesty, taxpayers must make payment arrangements within 3 months from 1 August 2021 and make payments before 30 June 2022.
6. Tax refunds to offset customs debt and customs refund to offset tax debt	Taxpayers will be allowed to use excess credit in VAT/Income Tax or any other tax type to offset against customs debt. This policy will not be applicable for disputed tax. Similarly, taxpayers will be allowed to use excess customs credit to offset against any tax debt.
7. Rulings	The ruling legislation will be implemented from 1 August 2021.
8. Any court of competent jurisdiction may remit the matter to the CEO	Section 86 of the Tax Administration Act will be amended to allow matters to be referred to the CEO by any court of competent jurisdiction.
9. VAT Monitoring System (**VMS**)	• The implementation of the VMS as captured in the Electronic Fiscal Device (**EFD**) Regulations will be further deferred until 31 December 2023. Implementation will be made compulsory on businesses from 1 January 2024. • Furthermore, businesses who wish to implement VMS on a voluntary basis until 31 December 2023, will qualify for a tax deduction of 300% based on the expenditure incurred in the implementation process.

Value Added Tax

Policy	Description
1. VAT exemption on parametric insurance	• Schedule 1 of the VAT Act will be amended to ensure that parametric insurance is an exempt supply. • Indemnity pay-out will also be exempted from VAT.
2. Definition for omnibus	The definition of omnibus for VAT zero rating purposes will be amended to align with the definition contained in the LTA Act.
3. Disclosure of VAT registration status	The VAT Act will be amended to include the provision of disclosing or publishing of registration status of registered persons by the FRCS CEO.
4. VAT exemption on crew allowance	Section 14 will be amended to include concession code 218A for VAT exemption on crew allowance.
5. VAT exemption on unaccompanied luggage	Section 14 will be amended to include concession code 219A for VAT exemption on unaccompanied luggage for a travelling passenger.

Environment and Climate Adaptation Levy

Policy	Description
1. Refund of the Environment & Climate Adaptation Levy (**ECAL**)	Provision will be made to allow refund of ECAL for any errors and omissions, along with customs duty.
2. ECAL exemption on private importation	Schedule 2 of ECAL Act will be amended to include concession code 212 for exemption of ECAL on private importation.
3. ECAL exemption on passenger/ crew allowance	Schedule 2 of ECAL Act will be amended to include concession codes 218 and 218A for exemption of ECAL on crew allowance.
4. ECAL exemption on travelling passenger's unaccompanied luggage	Schedule 2 of ECAL Act will be amended to include concession codes 219A for exemption of ECAL on travelling passenger's unaccompanied luggage.
5. ECAL exemption on importation of goods for hotels and resorts	Schedule 2 of ECAL Act will be amended to include concession codes 235 and 235A for exemption of ECAL on importation of goods for hotels and resorts.

Gambling Turnover Tax

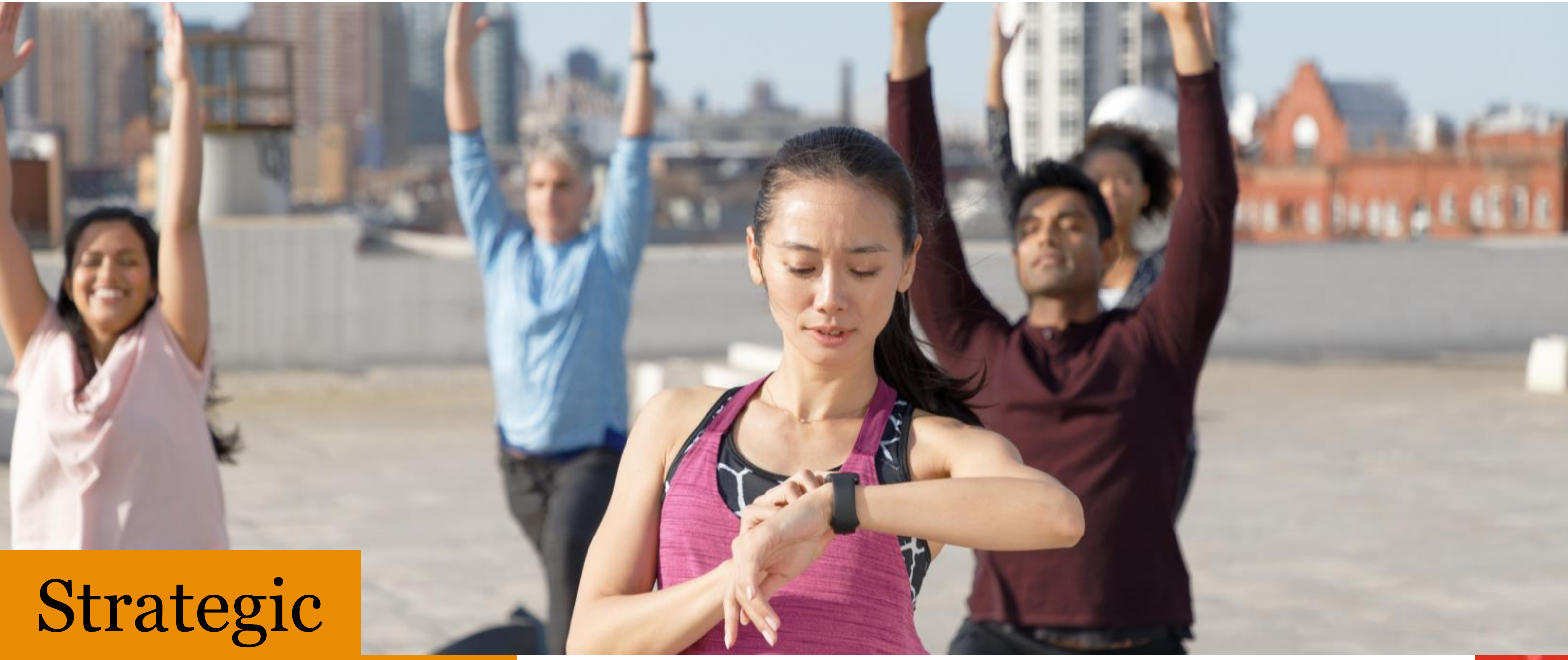
Policy	Description
1. Gambling Turnover Tax	The Gambling Turnover Tax rate will be applied at the rate of 15% on the value of ticket.

Fiji Revenue and Customs Service (Information Sharing) Regulations 2019

Policy	Description
1. Information Sharing	Information sharing will be extended between FRCS, authorised government agencies and statutory bodies.

Customs and Excise Changes

Please refer to Appendix A which contains details of the Customs and Excise changes.



Strategic Direction

Medium Term Fiscal Strategy

The Minister indicated that fiscal consolidation will be the cornerstone of the Government's medium-term fiscal strategy aimed at reducing the debt to GDP ratio.

The FY2021-2022 Budget adopts a similar fiscal stance to the FY2020-2021 Budget with a relatively higher fiscal deficit and elevated projected debt. The Minister said that this is necessary in protecting the vulnerable, assisting households in need of financial support and keeping the economy afloat amidst the final stages of the crisis.

Revenue reforms continue to focus on broadening the tax base, moderate tax increases, and simplification of the tax policy structure to restore revenues broadly at pre-pandemic levels. These will be required to return to macro-fiscal stability with lower debt levels and a sustainable debt profile.

Government will pursue budget support grants and divestment of state entities, while restraining Government expenditures, in particular, containing the size of the civil service, scaling back operating transfers, and careful appraisal and selection of capital projects.

Debt management will focus on prudent borrowings at the lowest cost possible with a key focus on concessional financing through multilateral and bilateral development partners, and managing fiscal risks emanating from contingent liabilities. Government will continue to pursue policy based development finance with agencies like the World Bank, Asian Development Bank ("ADB"), Asian Infrastructure Investment Bank ("AIIB"), Japan International Cooperation Agency ("JICA") and other development partners.

Apart from fiscal restraint, more emphasis will be placed on private sector-led growth by streamlining regulatory hurdles, improving productivity, and helping boost competitiveness. Reforms will be directed towards increasing productivity and efficiency in state-owned enterprises through strategic partnerships with both foreign and domestic investors.

The Government's Medium-Term Fiscal framework provides the broad revenue, expenditure, deficit and debt target for the next 15 years. The following table summarises Government's medium-term fiscal targets for the next 5 years:

Fiscal Targets	Year 1 2021-2022 $ million	Year 2 2022-2023 $ million	Year 3 2023-2024 $ million	Year 4 2024-2025 $ million	Year 5 2025- 2026 $ million
Revenue	**2,085.1**	**2,965.6**	**3,095.5**	**3,267.8**	**3,450.4**
As a % of GDP	21.1%	26.4%	26.2%	26.1%	26.0%
Tax	1,597.6	2,695.5	2,832.3	3,002.2	3,182.3
Non-tax	487.5	270.1	263.3	265.6	268.0
Expenditure	**3,690.5**	**3,493.8**	**3,567.5**	**3,643.0**	**3,715.5**
As a % of GDP	37.3%	31.1%	30.2%	29.1%	28.0%
Net deficit	**(1,605.4)**	**(528.2)**	**(472.0)**	**(375.2)**	**(265.2)**
As a % of GDP	**(16.2%)**	**(4.7%)**	**(4.0%)**	**(3.0%)**	**(2.0%)**
Debt	9,061.4	9,589.6	10,061.5	10,436.8	10,701.9
As a % of GDP	91.6%	85.3%	85.3%	83.4%	80.7%
Nominal GDP	**9,889.2**	**11,237.5**	**11,799.3**	**12,507.3**	**13,257.7**

Source: Supplement to the 2021-2022 Budget Address

Government has provided the following in relation to the above targets:

In FY2022-2023, Government revenues are expected to rebound to 90 percent of pre-COVID revenue levels with expenditures to reduce. As a result, the net deficit in FY2022-2023 is expected to decline to 4.7 percent and further reduce over the four-year period to 2 percent by FY2025-2026. From FY2025-2026 onwards, Government will target to maintain deficit levels at 2 percent of GDP.

To reverse the COVID-19 crisis resultant fiscal imbalances and ensure macro-fiscal stability, Government has redefined broad fiscal parameters as follows:

- Debt to GDP ratio to reduce to 80 percent of GDP by FY2025-2026 and 60 percent by FY2035-2036;
- Fiscal deficit to reduce to below 5 percent from FY2022-2023 and further reduce to 2 percent of GDP post FY2025-2026 or earlier;
- Revenue to GDP ratio to be maintained at 26 percent of GDP by FY2022-2023;
- Expenditure to GDP ratio to be reduced to 30 percent of GDP by FY2023-2024;
- Target to achieve and maintain an operating surplus from FY2022-2023;
- Return to and maintain surplus primary balance position from FY2023-2024 or earlier; and
- Direct borrowings only to high impact, high return and strategic capital expenditures.

Government Policies

Government's policies relating to revenue, expenditure and debt are summarised as follows.

Revenue

The framework focuses on achieving sustainable revenue trajectory in the medium term. The key revenue principles are as follows:

- Widening the tax base.
- Implementing fees, fines and charges on a cost recovery basis.
- Improving compliance and collection of revenue and arrears.
- Promoting the user -pay principle.
- Review existing government incentives and concessions to ensure that assistance remains well targeted and loss of revenue is minimised.
- Simplifying and streamlining bureaucratic tax administrative processes.
- Maintaining a simple, equitable and non-distortionary tax system and tax laws.

Expenditure

The budget focuses on public expenditure restraint and reprioritisation and is guided by the following principles:

- Adopt zero-based budgeting for the FY2022-2023 Budget with caps placed on operating expenditure across all Ministries and agencies.
- Continuing the freeze on public sector hiring and remuneration, including for all grant recipient entities.
- Undertake a holistic review to right size the civil service.
- All new projects that have not started to be put on hold, unless critical.
- Review and downsize the scope and design of all planned projects.
- Projects that have already started to be slowed down or re-scoped if possible.
- Tighten control on operational expenditures and link with KPIs of agency heads and Permanent Secretaries.
- Review service contracts and renegotiate pricing or cancel contracts if it will result in cost savings.
- Review grant funding to state entities and industries.
- Review the Tertiary Education Loans Scheme (TELS) and Toppers scholarship programmes.
- Assessment of funding for ongoing programmes.
- Proper feasibility to be undertaken for all new capital projects by the Ministry of Economy.
- Resources allocation based on a multi-year perspective and the implementation capacity of agencies.
- Ministries to submit expenditure for 3 budget years.
- Low impact expenditure programmes to cease.
- New initiatives to be rolled out in phases to manage costs.
- Review of existing programmes to ensure proper allocation of resources that will deliver value for money.
- Strengthening control on operational spending.
- Encourage more private sector participation in public infrastructure projects and delivery of other public services through innovative financial mechanisms.
- Proper and effective monitoring of projects and budget utilisation through the Ministry of Economy.

Debt

- Put debt to GDP ratio back on a downward trajectory.
- Lower the cost of debt through concessional financing from multilateral and bilateral partners.
- Maintain an optimal cost and maturity structure for the debt portfolio to ensure prudent liability management.
- Development of the domestic bond market to focus more on transparency, secondary market trading, settlement mechanism and investor diversification.
- Ensure consistent domestic market operation and provide clear investor guidance and market signalling for market development.
- Minimise risks associated with on-lending and contingent liabilities.

Budget Allocations

	• Ministry of Housing and Community Development - $10.9 million, a decrease of $3.4 million from the 2020-2021 revised estimate.
	• Ministry of Education, Heritage and Arts - $442.9 million, a decrease of $7.7 million from the 2020-2021 revised estimate. The decrease is mainly due to reduction in the budget for operating grants and transfers. • Higher Education Institutions - $71.4 million, a decrease of $10 million from the revised estimate for 2020-2021. The decrease is mainly due to reduction in grants for USP and FNU. • $159.6 million for various scholarships, loans and grants administered by the Tertiary Scholarship and Loans Board; $28.0 million to support the ongoing rehabilitation and construction of schools and $2.7 million to support Year 13 and University students with data bundle.
	• Ministry of Health and Medical Services - $403.3 million, an increase of $9 million over the 2020-2021 revised estimate. The increase is largely in the area of wages and salaries. However, there is a drop of capital expenditure of $6.6 million.
	• Ministry of Agriculture – $61.9 million, a decrease of $3.4 million from the 2020-2021 revised estimate. • Ministry of Sugar Industry – $72.2 million, an increase of $7.3 million from the 2020-2021 revised estimate. The increase relates to increased allocation towards the Sugar Stabilisation Fund.
	• Fiji Roads Authority ("FRA") - $272.4 million, a decrease of $67.6 million from the 2020-2021 estimate. The decrease is mainly due to reduction in capital grants by $66 million. • Water Authority of Fiji – $194.9 million, an increase of $14.5 million from the 2020-2021 estimate. The increase is largely in the area of capital grants and transfers. • Ministry of Infrastructure and meteorological - $23.8 million, a decrease of $6.9 million from the 2020-2021 estimate. The decrease is mainly due to reduction in operating expenditure, capital grants and transfers. • Ministry of Waterways and Environment - $13.4 million, a decrease of $2.5 million from the 2020-2021 estimate.
	• Ministry for Women, Children and Poverty Alleviation – $145.5 million, a decrease of $10.6 million from the revised 2020-2021 estimate. The decrease is mainly due to a reduction in operating grants & transfers and special expenditure. • Ministry of Youth and Sports - $10.2 million, a decrease of $1.6 million from the 2020-2021 estimate.

- Fiji Police Force - $184.3 million, a decrease of $16.3 million from the revised 2020-2021 estimate. The decrease is mainly due to reduction in capital construction expenditure.
- Republic of Fiji Military Forces - $79.7 million, a decrease of $4.4 million from the revised 2020-2021 estimate.
- Peacekeeping Missions - $50.5 million, a decrease of $3.8 million from the revised 2020-2021 estimate.
- Fiji Corrections Service - $36.5 million, an increase of $2.8 million from the revised 2020-2021 estimate.

- Ministry of Commerce, Trade, Tourism and Transport - $81.3 million, a decrease of $5.6 million from the revised 2020-2021 estimate.
- Ministry of Communications - $54.6 million, an increase of $7.4 million from the revised 2020-2021 estimate. The increase is mainly in the area of capital grants and transfers.

- Ministry of Civil Service - $2.3 million, a decrease of $0.7 million from the revised 2020-2021 estimate.
- Ministry of Economy - $53.9 million, a decrease of $10.5 million from the revised 2020-2021 estimate. The decrease is mainly due to reduction in operating grants & transfers and special expenditure.
- Ministry of Foreign Affairs - $28.1 million, a decrease of $4.5 million from the revised 2020-2021 estimate.

Appendix A: Customs and Excise Import Changes

Customs Act

Policy	Description
1. Dishonored cheques	A fine of $500 will be imposed for both tax and customs revenue streams.
2. Advanced notification of arrival of a ship	Section 11A of the Customs Act will be amended to allow ships to provide advanced notification of arrival not less than 48 hours.
3. Importation of goods for commercial purposes	A maximum threshold of $2,000 will be introduced for the registration of the Customs entry import value for commercial consignments for Gold Card Taxpayers.
4. Section 96	• A new provision on re-lodgment of refund will be included in section 96 of the Customs Act 1986, whereby re-lodgment will be allowed for a maximum of 30 days. • Furthermore, section 96(6) of the Customs Act 1986 will be amended to increase the minimum refund amount to $50 from $10.
5. Customs refunds to offset tax debt	Excess credit or overpayment of customs duties, bonds or fees will be used to offset against tax debt. This policy will not be applicable for disputed amounts.
6. New 100% Electric vehicles and quad bikes	Schedule 3 item 6 of the Customs Prohibited Imports and Exports Regulations (CPIER) will be amended to exempt new 100% electric vehicles and quad bikes from being Euro 4 compliant.
7. Arrival and Report of Aircraft and Ships	Section 36(1) of the Customs Regulations will be amended to reword and replace the words “excess or short” with “amendment”, to allow all forms of amendments to be made to the inward report.
8. Departure and Clearance of Aircraft and Ships	Regulation 94 of the Customs Regulations will be amended to reword and replace the words “excess or short” with “amendment”, to allow all forms of amendments to be made to the manifest.
9. Service of Notices	Section 188 of the Customs Act will be amended to include provision for serving notice by electronic means.
10. Penalty	Regulation 15 of the CPIER will be amended to increase the penalty from $10,000 to $25,000. This is to align to the other penalties for offences stipulated in the Custom laws.
11. Duty Deferment payment for Bonded Warehouse Operators	Section 92 of the Customs Act will be amended to allow removal of goods from Bonded Warehouse without customs duty being payable immediately, subject to certain conditions.
12. Notice of Claim on seizure of goods	• Section 157(1) of the Customs Act will be amended to reduce the period of claim from 3 months to 14 days. • Section 158 will also be amended to reduce the period for procedure after notice of claim from 2 months to 14 days.
13. Recovery of Duties	With the aim of harmonizing tax and customs legislations, section 95 of the Customs Act will be amended to include provisions where Directors/Shareholders will be personally liable for recovery of duties and penalties for companies that are in financial difficulty.
14. Offence for not maintaining Proper Records	Section 114B of the Customs Act will be amended to include an offence provision whereby businesses will be deemed accountable for failing to keep proper records.

Policy	Description
15. Electronic Submission of documents	Regulation 107(3) of the Customs Regulations will be amended to allow taxpayers or customs agents to submit relevant documents electronically.
16. E-cigarettes	Schedule 2 – Item 16 of the CPEIR will be amended to include e-cigarettes as a restricted item for importation. A permit to import will be required prior to importation.
17. Definition of freight forwarders	To ensure compliance to customs laws, the Customs Act will be amended to include the definition of freight forwarders.
18. Licensing of freight forwarders	The Customs Act will be amended to include provision for licensing of freight forwarders.
19. Recovery of Duty as a result of Audit and Investigation	Section 101A of the Customs Act will be amended to include a timeline for recovery of duty as a result of audit or investigation. In the case of fraud, recovery can be made anytime, while for any other reason, recovery is to be made within 6 years.
20. Import VAT payments	Import VAT payments for Gold Card Taxpayers will be deferred for two months effective from 1 August 2021.
21. Importation of pasta, chips, noodles and biscuits	To ensure availability of unexpired quality products, the CPIER will be amended to include provision remaining shelf life on the importation of pasta, chips, noodles and biscuits to not less than 12 months.

Customs Tariff Act: Fiscal Duty and Import Excise Changes

Policy	Description
1. Increase fiscal duty on steel pipes, galvanized pipes, stainless steel pipes and rectangular tubing	Tariff on steel pipes, galvanized pipes, stainless steel pipes and rectangular tubing will be increased to fiscal duty of 32% or $0.40 per kg whichever is greater and 10% import excise. The description will be aligned to include pipes with a wall thickness of 1.6mm to 2.3mm.
2. Reduction in fiscal duty on liquid milk, full cream milk, yogurt, butter and cheese	• Fiscal duty on liquid milk, full cream powdered milk, yogurt, cheese and butter will be reduced to 5%. • The new duty will be effective from 31 August 2022.
3. Reduction in fiscal duty on green tea	Fiscal duty on green tea will be further reduced from 5% to 0%.
4. Concession Code 221 – Shipping companies	Concession code 221 will be extended to include plastic seals, bolt seals and dangerous goods stickers.
5. Reduction in fiscal duty on spare parts for electrical equipment	Fiscal duty on spare parts for electrical equipment such as detector machines will be reduced to 0%.
6. Reduction in fiscal duty on cement	• Given the current shortage of cement in the market, fiscal duty on cement will be reduced to 5% for a period of 6 months, from 1 August 2021 to 31 January 2022. • Importation of cement will be facilitated under concession code 124.
7. Importation of egg trays and cup holders	Importation of egg trays and cup holders will be subject to fiscal duty of 32%, however orders placed prior to 16 July 2021 can be facilitated under concession code 231.
8. Concession code 124 – Concessions applicable to particular goods	Concession code 124 will be extended to include cement, timber, reinforcing bars, veneer plywood and nails in the event that there is unavailability of supply by local manufacturers.
9. Reduction in duty on fruit juices	Fiscal Duty will be reduced from 32% to 15% on fruit juices that are not manufactured locally or have no added sugar.

Policy	Description
10. Increase in fiscal duty on non woven bags	• Fiscal duty on nonwoven bags classified under chapter 63 will be increased to 32%. • To provide protection for the domestic suppliers and align the tariff, the fiscal duty will be increased from 5% to 32% on sacks and bags falling under heading 6305 of the Customs Tariff Act.
11. Reduction in fiscal duty on automotive batteries	As a relief measure to bus companies and taxi operators, fiscal duty on all automotive batteries will be reduced from 32% to 15%.
12. Concession code 302 – broadcasting and network service provider	Duty concession at the rate of Free fiscal duty and Free import excise will be extended towards importation of transmission and graphic equipment and spare parts.
13. Reduction in fiscal duty on audio visual equipment	Fiscal duty on audio visual equipment as stipulated below, will be reduced to 0%: • Television cameras, digital cameras and video camera recorders; • Pocket-size radio cassette players; and • Radio receivers.
14. Concession code 256 – Companies, entities and educational institutions	Concession code 256 applicable on companies, entities and educational institutions will be removed as fiscal duty for items classified under this code have already been reduced in the 2020-2021 National Budget.
15. Removal of Her Majesty Customs (HMC) License	To reduce the cost of doing business and modernize/ simplify business processes, the requirement to acquire a HMC license will be revoked.
16. Fiscal duty for vegemite	Fiscal duty on vegemite will be reduced from 32% to 5%.
17. Concession code 235 – Existing hotels and resorts	• Concession code 235 will be extended to include outdoor equipment. • In addition, duty concessions on heavy plant and machinery will be removed as fiscal duty has already been reduced in the 2020 – 2021 National Budget.
18. Concession code 219 – A bona fide passenger finally disembarking in Fiji	• Concession code 219 will be extended to include provision for unaccompanied luggage. • In addition, concession code 219 will be extended to include 219A to accommodate duty free allowance on unaccompanied luggage of a travelling passenger.
19. Concession code 218 – A bona fide passenger finally disembarking in Fiji	• Concession code 218 will be amended to increase allowance for accompanied luggage from $1,000 to $2,000. • The code will also be amended to include allowance for unaccompanied luggage of an accumulated value of $2,000. • In addition, concession code 218 will be extended to include 218A to legislate crew allowance for flight crew disembarking from an aircraft.
20. Concession code 115 – Concessions applicable to particular goods	• Concession code 115 will be amended to remove vessels classified under headings 89.01, 89.02, 89.03, 89.04 and 89.05 as fiscal duty for these have already been reduced to 0% in the 2020-2021 National Budget. • Furthermore, the code will be amended to include vessels classified under heading 8903.99.90 – other vessels.
21. Concession code 273 – Companies or entities	Concession code 273 will be extended to include equipment, accessories and chemicals related to desalination and sewerage treatment projects.

Policy	Description
22. Concession code 252 – Companies or entities involved in mining industry	Concession code 252 will be extended to include companies involved in mining exploration.
23. Concession code 301 – termidor chemicals	Duty concession on the importation of termidor chemicals to Free fiscal duty.
24. Concession code 117 - Concessions applicable to particular goods	• Concession code 117 applicable on shaped textile fabric or assembled fabrics will be removed as fiscal duty for items classified under this description have already been reduced to 5% in the 2020-2021 National Budget. • Additional Note 15 to Chapter 50 will also be deleted as it is an explanatory note for concession code 117.
25. Concession code 287 – Approved taxi operators	Concession code 287 (iv) will be amended to increase the age limit for used and reconditioned petrol and diesel vehicles from 2 years to 5 years from the year of manufacture.
26. Concession code 291 – Approved companies or entities	Concession code 291 applicable on approved companies or entities will be removed as fiscal duty on importation of ethyl alcohol classified under this code have already been reduced significantly in the 2020-2021 National Budget.

Contact us:

Nitin Gandhi - Partner
nitin.gandhi@pwc.com
7020894 / 9990894

Jerome Kado – Partner
jerome.kado@pwc.com
7020899 / 9990899

Wiliki Takiveikata - Partner
wiliki.takiveikata@pwc.com
7020895 / 9990895

Kaushick Chandra - Partner
kaushick.chandra@pwc.com
7020900

Deepa Kapadia – Partner
deepa.kapadia@pwc.com
7020883

Narotam Solanki - Partner
narotam.solanki@pwc.com
7020907

Paritosh Deo - Partner
paritosh.xx.deo@pwc.com
7020910

Penaia Samisoni – Partner
Penaia.x.samisoni@pwc.com
7020882

Belinda Eastgate - Director
belinda.eastgate@pwc.com
7020892

Febriyenni Moein - Director
febriyenni.x.moein@pwc.com
702 0891

SUVA

8th Floor, Civic Tower
272 Victoria Parade
G.P.O. Box 200
Suva, Fiji

Ph: (679) 331 3955 / 331 5199
Fax: (679) 330 0947

LAUTOKA

52 Narara Parade
P.O. Box 54
Lautoka, Fiji

Ph: (679) 666 0400 / 666 1055
Fax: (679) 666 1798

This Fiji National Budget Report has been prepared to provide a prompt overview of the general issues raised in the 2021-2022 Fiji National Budget. It does not exhaustively cover the subjects discussed. When specific issues occur in practice it may be necessary to refer to the laws and regulations and to obtain appropriate professional advice.

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