

Fiji's International Taxation Regime

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Presentation Outline

- Fiji Tax Reforms
- Evolution of International Taxation in Fiji
- Fiji and International Tax Agenda
- International Tax Compliance
- FRCA's Tax Compliance



Fijian Tax Reforms

- ...a shift towards towards low rate, broad based tax regime
- ...a shift towards indirect taxation
- ...a shift towards **progressive taxation** system
- ...a mix of taxes designed using sound fundamentals:
 - ...a Worldwide Income Taxation Regime
 - ...a consumption based VAT regime incorporating destination principle
 - ...a more liberal Trade Tariff Regime that also supports domestic industries
- ...a simpler revenue administration
 - FRCA establishment and reforms thereafter
 - A range of administrative reforms
 - Introduction of modern tax laws
 - Alignment with international conventions



Evolution of International Taxation in Fiji



Evolution of International Taxation

• Worldwide Tax System

Residency

Source

Territorial Tax System



Model Convention

•	International juridical double taxation can be defined as		
	imposition <u>of comparable taxes</u>		
	in two or <u>more states</u>		
	on <u>same taxpayer</u>		
	in respect of same subject matter		
	for <u>identical periods</u>		

- International juridical double taxation is where the same taxpayer is taxed on the same income twice.
- International economic double taxation arises when....
 two enterprises as residents in different states are...
 asssessed tax on same income...
 without relief given by either states...
- International economic double taxation is where same income being taxed in the hands of multiple taxpayers.

Article 4 of OECD Model Tax Convention : Resident

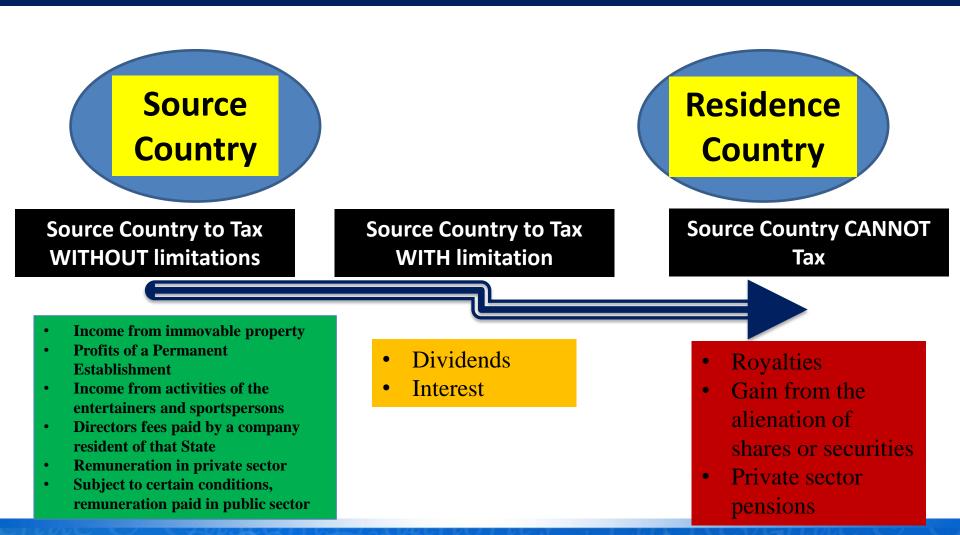
- Any person liable to tax under <u>domestic law</u> by reasons of:
 - Domicile
 - Residence
 - Place of Management
 - Other criterion of a similar nature
- If an <u>individual</u> is a resident for <u>both the States</u>, the following tie-breaker rules apply:

	Deemed to be resident of a contracting state on the basis of	If not, then on the basis of
1	Permanent Home (ie, where is his permanent home?)	Centre of vital interests (ie, where economic and personal relations are closer)
2	Centre of vital interests (ie, where economic and personal relations are closer)	Habitual abide (ie, where is his habitual home?)
3	Habitual abide (ie, where is his habitual home?)	National (ie, he is a national of which country?)
4	National (ie, he is a national of which country?)	Mutual Agreement Procedure (ie, as per Article 25 of DTA)

Other than an individual – place of effective management.



Concepts of Residency and Source





Fiji's International Taxation Regime Today

- (a) Definition of Arms Length Principle
- (b) Residency Rules
- (c) Temporary Residence
- (d) Source Rules
- (e) Permanent Establishment Rules
- (f) Withholding Taxes
- (g) Double Tax Agreements
- (h) Thin Capitalization
- (i) Transfer pricing
- (j) Thin Capitalization



Fiji and International Tax Agenda



Fiji and International Tax Agenda

- DTAs
- TIEA
- Global Forums
- BEPS
- Multilateral Instrument on Tax Treaty Abuse



International Tax Compliance



International Tax Agenda

- Tax Fraud
- Profit Shifting
- Customs Undervaluation
- Customs Overvaluation
- Money Laundering
- Invoicing Scam



Thanks

