

2004 BUDGET

SUMMARY OF REVENUE POLICIES - TAXATION

- ◆ Introduction of the *Fiji Integrated Taxation System (FITS)* to improve tax administration;
 - ◆ *Corporate and personal tax rates* reduction from 32% to 31%;
 - ◆ Extension of the accelerated depreciation rates on buildings for a further 2 years until 31/12/2007;
 - ◆ Accelerated Depreciation provisions for *renewable energy and water storage facility*;
 - ◆ Amendment to the *Export Income Deduction* provision (Section 21B) to clarify the meaning of "export income";
 - ◆ Insertion of penalty provisions for the *non-lodgment of income tax returns*;
 - ◆ Insertion of penalty provisions for the non-lodgment of *PAYE and Gambling Turnover Tax* annual summaries;
 - ◆ Increase in the *Widow and Widower tax deduction* allowance from \$1000 to \$1200;
 - ◆ Introduction of *Binding Rulings*;
 - ◆ Insertion of a provision relating to the *Departure Prohibition Order* which would provide FIRCA the power to stop anyone from leaving the country if that person owes tax;
 - ◆ Strengthening of provisions relating to *Distress of Goods* of taxpayers that have outstanding taxes;
 - ◆ Amendments to the *Audio Visual Incentives* provisions (6th Schedule of the Income Tax Act);
 - ◆ Extension of *Employment Taxation Scheme* (150% tax deduction) to 2004;
 - ◆ 150% deduction to private companies that *purchase and donate vehicles for Police*;
 - ◆ Strengthening of the *Anti Avoidance provisions* in the Income Tax Act;
 - ◆ Taxation of Trusts;
 - ◆ *Directors of a company to be held liable* after a company goes into liquidation;
 - ◆ Increase in the *Provisional Tax rate from 15% to 30%*;
 - ◆ Amendment to the *non-resident miscellaneous withholding tax* provision to allow imposition of 15% on gross amount rather than the net;
 - ◆ *200% deduction for contribution over \$100,000* made to the Fiji Amateur Sports and National Olympic Committee (FASANOC);
 - ◆ *Capital Markets Incentive* – 150% deduction on expenses for restructuring;
 - ◆ Amendment to the Section 44 of the VAT Decree to allow an assessment raised for only one taxable period to encompass a *number of taxable periods*;
 - ◆ Repeal of the *Tax Free Zones Decree, 3rd, 5th and 7th Schedule* of the Income Tax Act. The 2001 amendment only restricted the new application date to 31 December, 2000;
 - ◆ Value Added Tax Decree will be amended to restrict taxpayers to claim *VAT refunds for dwelling house only once*. A further amendment will ensure that Vat refund from the dwelling house, if any, would first be offset against any other tax liability;
 - ◆ Amendment to update the *tax fraction* formula in light of the increased VAT rate from 10% to 12.5% in the 2003 Budget;
 - ◆ Amendment to the VAT Decree to ensure that any outstanding *VAT refunds are first offset against any tax owed*; and
 - ◆ Details on *Customs and Excise* changes are contained in the 2004 Budget Supplement.
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