



FIJI REVENUE & CUSTOMS AUTHORITY

PRESS RELEASE

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FRCA's 2011 Revenue Collection Exceeds Forecast

The Fiji Revenue & Customs Authority (FRCA) has yet again recorded another solid revenue performance with outstanding tax collection last year. "FRCA has exceeded the revenue collection in 2011 by \$42.4m. Total tax revenue collected was \$1.586b against the revised forecast of \$1.543b" said Chief Executive Officer, Mr. Jitoko Tikolevu. He added that when compared to the original forecast, FRCA has exceeded the collection by \$89.0m. The original forecast of \$1.496b was increased by \$46.6m to \$1.543b during the 2012 Budget process and to collect \$42.4m on top of \$46.4m suggests that FRCA has performed well throughout the year.

Most of the \$42.4m positive revenue variance was received from Income Tax and Value Added Tax (VAT). A summary of the revenue collection for 2011 is tabulated below:

Table 1: 2011 Revenue against Forecast

Tax Type	2011 Collection (\$m)	2011 Revised Forecast (\$m)	Variance (\$m)	2011 Original Forecast (\$m)
Income Tax	476.5	449.1	27.4	449.5
Value Added Tax	618.3	599.4	18.9	584.3
Hotel Turnover Tax	36.5	37.5	-1.0	27.8
Capital Gains Tax	3.3	2.3	0.9	5.0
Stamp Duty	13.1	12.3	0.8	-
Customs	343.6	345.4	-1.8	356.8
Resource Tax	34.7	34.8	-0.09	22.6
Departure Tax	59.0	62.0	-3.0	51.0
Fish Levy	1.0	0.7	0.3	-
Total	1,586.0	1,543.5	42.4	1,496.9

“The revenue growth in 2011 was a record 21.7% against the GDP growth rate of 2.1% thereby implying that solid revenue collection is also due to new revenue policies as well as FRCA’s continuous compliance efforts. The 21.7% revenue growth rate was the highest ever in FRCA’s history.” Mr. Jitoko Tikolevu said.

FRCA’s solid performance has increased the tax to GDP ratio from 21.4% in 2010 to 23.2% that prevailed last year.

“VAT continued to be the dominant source of the overall tax revenue by accounting for about 39%. Income Tax and Customs accounted for 30% and 22% respectively. When compared to the last three years, it is observed that the proportion of VAT revenue to total tax revenue is increasing whilst the opposite trend is noticed for Income Tax and Customs mainly due to reduction in tax rate and increased concessions. The increased VAT rate from 12.5% to 15% in 2011 has further ensured that VAT continues to remain the dominant source of tax revenue in the future” he said.

Mr. Jitoko Tikolevu added that FRCA’s performance has assisted the funding of the 2011 National Budget. “We have collected about 90% of total government revenue in 2011 as compared to the 84.8% recorded in 2010.

Mr. Tikolevu emphasized that FRCA’s compliance strategy has also contributed to the 2011 solid performance as seen from \$51.2m collection from outstanding taxes. He stated that the overall tax arrears as at 2011 have reduced by 4%.

2012 will be a huge challenge for us as we look at the revenue forecast of \$1.729b. In 2012, FRCA will put strong emphasis on compliance, publicity and awareness to ensure effective implementation of new measures announced in the Budget.

Jitoko Tikolevu

CHIEF EXECUTIVE OFFICER

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