



Fiji Islands Revenue and Customs Authority

PRESS RELEASE

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Outstanding Tax Revenue Collection in 2010

“Fiji Islands Revenue & Customs Authority’s (FIRCA) revenue collection in 2010 was outstanding” said Mr. Pio Tikoduadua, Chairman of the FIRCA Board. Total revenue collection for 2010 totaled **\$1,303,258,703** surpassing the revised projected revenue by **\$22.3m** or **1.7%** and above the 2009 total collections by **\$91m**. When compared to the original forecast, FIRCA has performed significantly above expectations. The growth was mainly driven by solid collection of Value Added Tax (VAT); Hotel turnover tax and Customs duty collected were also above the forecast. Although the total income tax collected was below the forecast, PAYE which is the major component of Income Tax exceeded the forecast.

Mr Tikoduadua, added that he was satisfied with this performance as it was achieved against the backdrop of a challenging economic environment given the economic growth was revised downwards to 0.1% from 1.8%.

Revenue Type	Actual Collections (\$m)	Revised Forecast (\$m)	Variance (\$m)	2009 Collections (\$m)	Variance (\$m)
Income Tax	426.3	435.5	-9.3	451.9	-25.7
Value Added Tax	495.7	474.1	21.7	402.7	93.1
Hotel Turnover Tax	30.6	26.3	4.3	25.0	5.6
Customs	350.2	344.5	5.7	332.4	17.8
Resource Tax	0.46	0.52	-0.06	0.3	0.17
Total	1,303.3	1,280.9	22.3	1,212.2	91.0

Net Income Tax collection for 2010 amounted to **\$426.3m**, lower by **5.6%** compared to 2009 and below the revised forecast by **\$9m**. The decrease in corporate tax collected in 2010 reflects the reduction in the corporate tax rate from 31% in 2008 to 29% in 2009 and now 28% in 2010.

Net VAT collection for 2010 recorded **\$495.7m**. VAT collection was mainly driven by relatively good collection from Domestic VAT and Import VAT which increased by **12.8%** and **10.2%** respectively compared to 2009.

Net Customs collection in 2010 surpassed the forecast by **\$5.6m** with actual collection amounting to **\$350.2m**, underpinned by higher collection from fiscal duty. **Fiscal duty** collection increased by **5%** on year on year basis.

Mr Tikoduadua also noted some challenges faced by FIRCA in 2010 such as the containment of tax arrears. Tax debt as at 31 December 2010 was **\$132.5m**, representing an increase of **20.7%** compared to 2009. In 2010, arrears collection was **\$52.3m**, which is lower compared to the amount collected in 2009.

The 2010 revenue collection is the highest ever achieved by FIRCA, surpassing 2009 levels (and other years). In 2010, a massive **\$148.2m** was paid out in VAT refunds.

The tourist VAT Refund which was introduced in February 2010 also recorded a refund of \$1.7m, which shows that this incentive is being utilized by tourists reflecting an increase in shopping by tourists.

Looking ahead, Mr Tikoduadua also stated that FIRCA has an enormous responsibility in 2011 to collect more than \$200m over the 2010 forecast. This reflects the highest annual increase in the history of revenue collected in Fiji. The revenue forecast for 2011 is \$1.496b.

Overall, I am happy with FIRCA's performance and achievements in 2010 and I thank the FIRCA Management and its staff who have worked extremely hard last year to achieve this remarkable performance.

PIO TIKODUADUA
FIRCA BOARD CHAIRMAN