



PRESS RELEASE

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REVENUE COLLECTIONS EXPECTED TO BE AT PAR WITH LAST YEAR'S LEVEL

Despite the economic contraction of around 3.1% anticipated for this year, tax revenue collections are expected to be at par with last year's level said Mr. Jitoko Tikolevu, the Acting Chief Executive Officer of the Fiji Islands Revenue and Customs Authority. Cumulative to June, revenue collections grew by 0.8% compared to the corresponding period in 2006.

However, Mr. Tikolevu added that due to lower-than-expected collections in the month of July, collections for the first seven months amounted to \$635.5 million, representing a decline of 1.5% compared to the same period last year. "Lower tax revenue collections in the first seven months were attributable to lower collections from VAT and Customs which more than offset positive contributions from Income Tax" he said.

On a more positive note, Mr. Tikolevu added that Income Tax collections cumulative July was 9.3% higher than the comparable period in 2006. "Increase in income tax collections were attributable to positive collections from PAYE tax, company tax, other taxes and withholding & dividend, which more than off set lower-than-expected collections from provisional taxes and other miscellaneous" Tikolevu explained.

VAT collections which are the largest component of tax revenue were subdued. Cumulative to July, net VAT collections amounted to around \$239m

representing a decline of 11.3% over the comparable period in 2006. "This is attributable to the weak consumer demand and a contraction in imports experienced this year" said Mr. Tikolevu.

Similarly, net Customs collections which are the second largest component of tax revenue cumulative to July were 2.2% lower than the corresponding period in 2006. According to FIRCA, this was attributable to lower collections in fiscal duty which more than offset positive collections from import excise duty, excise duty and export duty. "With the peak period for imports approaching, Customs collections are expected to improve" added Tikolevu.

At 31 July, 2007 tax arrears totaled \$155.9m, which was a decline of 5.0% from that recorded in June. According to Mr. Tikolevu, FIRCA is on track to maximize arrears collections and hence reducing the total tax arrears further by the end of the year.

In the coming months, Mr. Tikolevu is confident that tax revenue collections will improve as the economy continues to recover. "The Authority has put in place measures this year to improve compliance and our business processes in order to maximize revenue collections and assist Government in meeting its social and economic obligations" Tikolevu said.

Jitoko Tikolevu

Acting Chief Executive Officer

FIJI ISLANDS REVENUE & CUSTOMS AUTHORITY