



PRESS RELEASE

FIRCA RESPONDS TO FDB CRITICISMS REGARDING MOMI BAY DEVELOPMENT

The Fiji Islands Revenue and Customs Authority (FIRCA) wishes to respond to severe criticisms made of it in the article published in the Fiji Times Business column of 15th February 2007, headed : " ATTITUDE "CAUSED RESORT LOSS"". The article, purporting to report an interview with Mr Tukana Bovoro, Chief Executive Officer of the Fiji Development Bank, blamed FIRCA for allegedly bringing the Momi project to a standstill. It asserted an "inflexible attitude" by FIRCA; an "intransigent attitude" by FIRCA; that FIRCA is "myopic" and does not "see the larger picture"; that FIRCA is "fixated at achieving" its "internal KPIs"; and that it "forgets the larger role that we all play in the development and rehabilitation of the Fijian economy". The criticisms by Mr. Bovoro relate to certain actions taken by FIRCA.

FIRCA completely rejects the criticisms sought to be levelled at it by Mr Bovoro.

The taxpaying public, and all citizens of Fiji, should be aware that the lifeblood of the economy of Fiji is the tax collected by FIRCA. Where tax is due, FIRCA will pursue same. Were that not the case, collections by FIRCA would slacken or collapse with catastrophic results for the nation. For funding of the most basic necessities of life-security, health, roads, etc - the Government of the day depends upon the vigour and effectiveness of FIRCA.

Collection of tax to provide the lifeblood of the nation is not ignoring "the larger picture"; it is the "larger picture." If FIRCA is branded as "inflexible" or "intransigent" or "myopic"for persisting in that collection, so be it. It is right and proper in the national interest

that FIRCA vigorously pursue collection of tax, whether that is or is not to the liking of Mr Bovoro, or of developers who engage in activities attracting tax. Such engaging is the voluntary and deliberate decision of developers which FIRCA cannot ignore and which the nation cannot afford to let FIRCA ignore.

The assertion by Mr Bovoro of FIRCA being fixated at achieving its "own internal KPIs" deserves special mention. It needs to be pointed out that the abbreviation "KPI" refers to Key Performance Indicators. The Key Performance Indicators which will apply to FIRCA stress above all tax collection, basic for the functioning of society. That KPI is hardly merely "internal." It is a KPI which FIRCA would not pursue as a whim or for its own amusement. It will pursue it to ensure national survival. The KPI is not separate from "the larger picture." It is the larger picture.

FIRCA will thus in no way desist from carrying out its statutory duty to collect tax. It will not be deterred by misconceived criticisms such as those dealt with above.

As far as further clarifications are concerned, FIRCA is constrained by the Income Tax Act from revealing any information which has come into its possession or its knowledge in the course of its official duties. This prohibition precludes FIRCA commenting upon, or expressing its view in regard to, certain statements set out in the article, eg the assertion that "Australian owned company Matapo Ltd invested \$80 million into the project." Clarification of such statements may no doubt be sought elsewhere.

FIRCA also responds to the assertion of a change of tax policy on land purchase by FIRCA. Far from FIRCA instituting such a change, the taxing provisions under which FIRCA acts in its assessment of land sales have appeared in the Income Tax Act since 1974. In 2005, Parliament provided an administrative mechanism, for the protection of the public revenue, endorsing the orthodox view as to the timing of such assessments. This change was not a change of policy by FIRCA, but by an Act of Parliament enacted in the public interest.

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