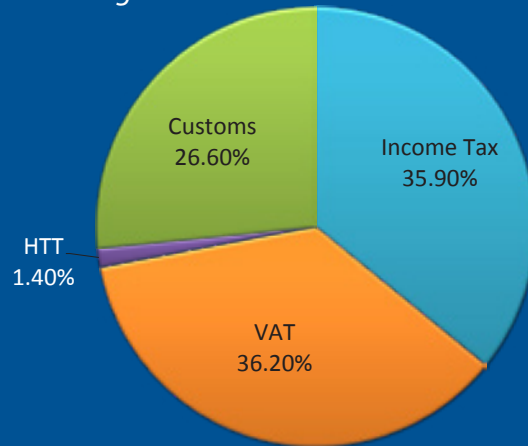


## Foreword

Tax revenue collection for the first half of 2008 remained buoyant with accumulated net collection exceeding forecast by \$14.2m. The revenue growth during this period was underpinned by positive collection from Income Tax and Value Added Tax (VAT).

Figure 1: Total Revenue Ratio



VAT collection continues to dominate total revenue collection, followed closely by Income Tax and Customs (Figure 1).

## Contents

• **INCOME TAX COLLECTION**

• **HTT COLLECTION**

• **VAT COLLECTION**

• **CUSTOMS COLLECTION**

• **OVERALL PERFORMANCE**



### EDITORIAL NOTE

The Policy Bulletin is a monthly newsletter to update FIRCA's key stakeholders and the general public on revenue performance and macro policy issues. It is also circulated to FIRCA staff for information.

The Bulletin is compiled and published by the Policy, Economic Analysis, Research & Corporate Communications Unit on behalf of the CEO.

For more information, contact:  
[FIRCA-Policy&Research@frc.org.fj](mailto:FIRCA-Policy&Research@frc.org.fj)

**REVENUE AS AT 30 JUNE 2008**

Table 1 shows the accumulated revenue collection compared to the forecast as at 30 June 2008.

Additionally, the net revenue collection for June was above the forecast by \$5.9m.

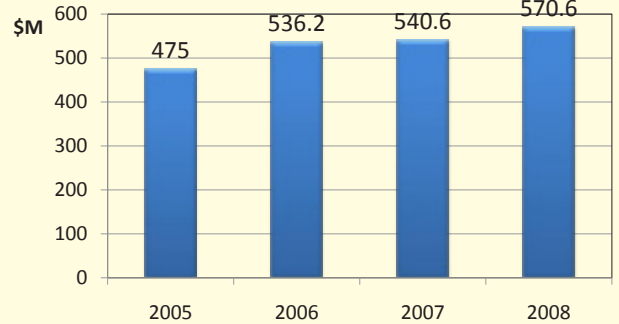
*Table 1: Total Revenue Collections Comparative to Forecast <sup>1</sup>*

Type	Accumulated Revenue as at June 08 (\$)	Accumulated Revenue Forecast - June 08 (\$)	Accumulated Revenue Variance - June 08 (\$)
Income Tax	204,723,295	196,156,523	8,566,771
VAT	206,314,746	193,289,889	13,024,856
HTT	7,813,519	10,236,117	(2,422,598)
Customs	151,737,136	156,707,796	(4,970,660)
<b>Total</b>	<b>570,588,695</b>	<b>556,390,326</b>	<b>14,198,369</b>

Cumulative to June, net revenue collection was \$570.6m, representing an increase of 5.5% over the comparable period in 2007 (Figure 2). Accumulated net revenue collection as at 30 June was above the forecast by \$14.2m.

Net revenue collection for the month of June amounted to \$117.4m, representing an increase of 8.4% compared to the same period in 2007. Relative to last year, increases were noted across all the major components of revenue.

*Figure 2: Revenue Collection Cumulative to 30 June 2005 - 2008*



1 Differences, if any, in total revenue figures are due to rounding off.

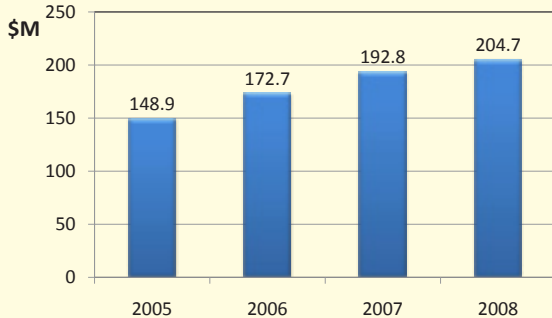
**INCOME TAX COLLECTION**

Net Income Tax collection for the month of June totaled \$53.9m, increasing by 11.7% compared to the corresponding period in 2007. Net Income Tax collection for June was above the monthly forecast by \$6.0m.

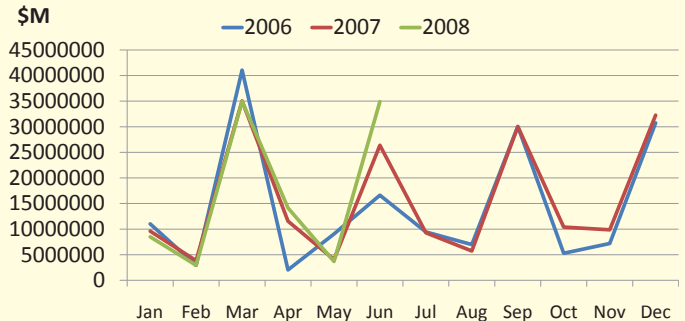
year amounted to \$99.1m and was 9.5% higher than the same period last year. Additionally, January to June Corporate Tax collection was above the forecast by \$7.9m.

Income Tax collection cumulative to June was 6.2% higher than last year's level and above the forecast by \$8.6m.

*Figure 3: Income Tax Collection as at 30 June 2005 - 2008*



*Figure 4: Corporate Tax Trend 2006-2008*



PAYE Tax collection for the month of June amounted to \$16.0m, representing a decline of 5.7% than that recorded for the same period in 2007. PAYE Tax collection was below the forecast by \$3.3m.

Withholding & Dividend Tax collection for June amounted to \$3.8m, representing an increase of 61.7% compared to the same period last year. Moreover, Withholding & Dividend Tax collection surpassed its monthly forecast by \$1.8m. Cumulative to June, Withholding & Dividend Tax collection totaled \$16.5m, representing an increase of 27.3% as compared to the corresponding period in 2007. Withholding & Dividend Tax collection cumulative to June was also above the forecast by \$7.0m.

Cumulative to June, PAYE Tax collection was \$108.3m, higher by 4.1% than the same period last year. PAYE Tax collection as at 30 June was below the forecast by \$0.9m.

For the month of June 2008, tax collection from Other Taxes amounted to \$1.9m, lower by 49.0% than that recorded in the same period in 2007 and was below the forecast by \$1.0m. Other Taxes collection cumulative to June amounted to \$14.6m and was below the forecast by \$3.4m.

Corporate Tax collection for June recorded \$34.9m, and was above the forecast by \$11.3m. Corporate Tax collection for the first half of the

**HOTEL TURNOVER TAX COLLECTION**

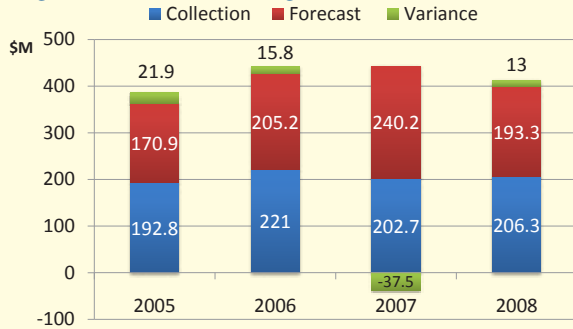
Hotel Turnover Tax (HTT) collection for June was \$1.9m, representing an increase of 104.2% over last years' level and \$0.3m above the forecast. The substantial increase is reflecting the increase in HTT rate from 3% to 5% effective from 1 April 2008.

Cumulative to June, HTT collection amounted to \$7.8m, higher by 34.1% over the corresponding period last year.

## VAT COLLECTION

Net VAT collection for June recorded \$34.5m, representing an increase of 1.2% over the corresponding period last year. This was attributable to relatively higher collection from Customs VAT (increase by 9.6%) and Domestic VAT (increase by 17.0%) which more than offset lower collection from Government VAT. Moreover, cumulative to June, net VAT collection was above forecast by \$13.0m.

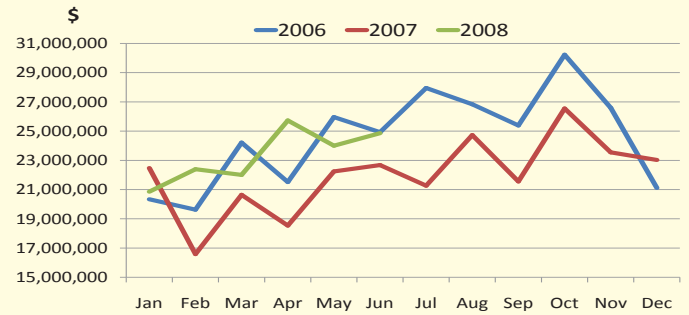
Figure 5: VAT Collection Against Forecast 2005-2008



Import VAT collection for the month of June totaled \$24.9m and was above the forecast by \$0.3m. Cumulative to June, Import

VAT collection amounted to \$139.8m, which was higher by 13.5% compared to the corresponding period in 2007 and was also above the forecast by \$10.1m. The high Import VAT collection is reflecting the high food and energy prices.

Figure 6: Import VAT Trend 2006-2008

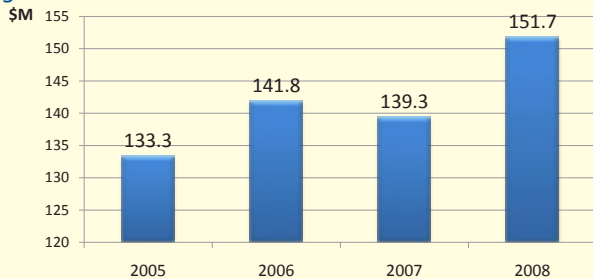


Domestic VAT collection for June was \$19.2m and above the forecast by \$0.2m. Cumulative to June, Domestic VAT collection was \$114.8m, higher by 4.2% than the comparable period in 2007.

## CUSTOMS COLLECTION

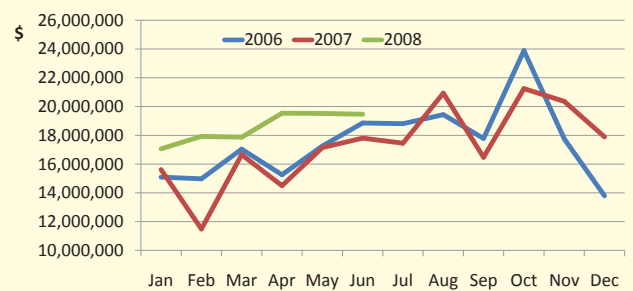
Net Customs collection for the month of June amounted to \$26.9m, representing an increase of 8.0% compared to the corresponding period in 2007. Further, June net Customs collection was below the forecast by \$1.6m. Cumulative to June, net Customs collection was \$151.7m, representing an increase of 8.9% compared to the same period last year.

Figure 7: Total Customs Collection as at 30 June 2005 - 2008



Fiscal Duty collection for the month of June totaled \$19.5m and was 9.3% higher than collection recorded in the same period last year. Cumulative to June, Fiscal Duty collection amounted to \$111.4m, recording an increase of 19.5% as compared to the corresponding period in 2007 and was also above the forecast by \$2.2m.

Figure 8: Fiscal Duty Collection Trend 2006-2008



Import Excise Duty collection for June amounted to \$1.7m and was above forecast by \$0.3m. Import Excise Duty collection cumulative to June amounted to \$9.0m, which was 44.9% higher than the comparable period in 2007. Cumulative to June, Import Excise Duty collection surpassed forecast by \$1.7m.

Excise Duty collection for the month of June recorded \$5.9m, representing an increase of 2.2% as compared to the corresponding period last year. Excise Duty collection as at 30 June was \$29.8m, representing a decline of 17.1% compared to the corresponding period in 2007. Excise Duty collection cumulative to June was below the forecast by \$8.7m.

Export Duty collection of \$0.2m for the month of June was above forecast by \$0.1m and 75.6% higher than collection recorded in the same period in 2007. Export Duty collection cumulative to June totaled \$3.3m, recording a decline of 5.4% over the comparable period last year. However, Export Duty collection cumulative to June was above the forecast by \$0.9m.

## OVERALL PERFORMANCE

Net revenue collection for the month of June amounted to \$117.4m, higher by 8.4% on an annual basis and was also above the forecast by \$5.9m. In cumulative terms, net tax revenue collection as at 30 June totaled \$570.6m, representing an increase of 5.5% compared to same period in 2007. Cumulative to June, tax collection remained above the forecast by \$14.2m.