

Environmental Incentives

2018 - 2019 Tax and Customs Incentives

Bio – Fuel Production

• Tax holiday is available to a taxpayer undertaking a new activity in processing agricultural commodities into bio-fuels as approved by the Commissioner from 1 January 2009 to 31 December 2028. To qualify, the taxpayer shall be exempt from tax as follows:

- Capital Investment from FJD\$250,000 to FJD\$1,000,000 for a period of 5 conservative fiscal years; or
- Capital Investment from FJD\$1,000,000 to FJD\$2,000,000 for a period of 7 conservative fiscal years; or
- Capital Investment above \$2,000,000 for a period of 13 consecutive fiscal years.

• Employ 20 local employees or more for every income year.

Legislative Provision: Income Tax (Exempt Income) Regulations 2016, Part 9 Economic Development Exemptions.

Customs Concessions

Approved companies involved in the production of Bio-Diesel and Ethanol are eligible for duty concession under Code 262 of the Customs Tariff on the following:

- Importation of plant, machinery and equipment for initial establishment of the factory at rates of Free Fiscal, Free Import Excise and 9% VAT.
- Importation of chemical required for bio-fuel production at rates of Free Fiscal, Free Import Excise and 9% VAT.
- The Importation of all agricultural items will be subject to zero Duty (specialized machinery, equipment and agricultural inputs provided that a support letter is obtained from the Ministry of Agriculture).

Electric Vehicles Charging Stations

The income of any business setting up Electric Vehicle Charging Stations shall:

- be granted seven (7) years tax holiday; and
- be granted a subsidy up to a maximum of 5% of the total capital outlay incurred in the development of electric vehicle charging stations provided that the capital expenditure is not less than \$100,000.
- be allowed to carry loss forward to 8 years.

Any business investing in electric buses shall be allowed a tax deduction of 55%.

Legislative Provision: Legal Notice No. 70, Income Tax Act 2015

Renewable Energy Projects and Power Cogeneration

- 5-year tax holiday is available to a taxpayer undertaking a new activity in renewable energy projects and power cogeneration as approved by the Commissioner.
- Duty free importation of renewable energy goods is also available.

Legislative Provision: Income Tax (Exempt Income) Regulations 2016, Part 9 Economic Development Exemptions.

Customs Concession

Companies or entities involved in importation of Renewable Energy Goods are eligible for Duty concession under Code 264, Part (iii) of the Customs Tariff as follows:

- (i) Solar and electrical charging stations, energy storage systems and related components at a rate of Free Fiscal Duty, Free Import Excise and 9% VAT.

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Film Making & Audio Visual Incentives

2018 - 2019 Tax and Customs Incentives

INCOME TAX DEDUCTIONS

- 150% deduction for capital expenditure on an F1 audio-visual production.
- 125% deduction for capital expenditure on an F2 audio-visual production.

Levels of Expenditure in Fiji for an audio-visual production for F1 and F2 status should not be less than:

- 40% for a large format film, a feature film or broadcast television programmes;
- 50% for a direct to video programme or video disk programme; and
- 55% for an audio recording.

INCOME TAX EXEMPTIONS

- Net income from an F1 production is exempt until taxpayer has received a 60% return on capital expended. Thereafter, net income will be fully taxed at the marginal rate.
- Net income from an F2 production is exempt until taxpayer has received a 50% return on capital expended. Thereafter, net income will be fully taxed at the marginal rate.

STUDIO CITY ZONE CONCESSIONS

- Any sole proprietor, partnership or company that carries on a production activity (the production of, distribution of or supply of services to audio-visual productions) may qualify for an operating licence in the Studio City Zone and be entitled to an exemption from tax on the income from the production activity carried on in the Zone.
- Tax free status for "permanent residents" of the Studio City Zone on income derived as earnings from audio-visual productions.
- For residence in the Zone to be approved, in the case of citizens, the individual must be;
 - resident in the Zone for at least 183 days;
 - have pre-tax audio visual earnings in excess of FJD\$100,000;
 - have fixed assets in the Zone in excess of FJD\$250,000; and

- maintain a primary place of residence in the Studio City Zone.

- For residence in the Zone to be approved, in the case of non-citizens (or a citizen who derives a minimum of 80% of audio visual earnings from outside Fiji), the individual must be; -

- resident in the Zone for at least 60 days;
- have pre-tax audio visual earnings in excess of FJD\$100,000;
- have fixed assets in the Zone in excess of FJD\$250,000; and
- maintain a permanent place of residence in the Studio City Zone.

FILM TAX REBATE

Summary Part 5 – Income Tax (Film making and Audio-visual Incentives) Regulations 2016

Fiji Film Tax Rebate Bill	
Rebate Amount	47% tax rebate or credit on production costs spent in Fiji: paragraph 68(1)
Eligibility	Films and television productions, as per existing Sixth Schedule: paragraph 69
Minimum Spend in country	Minimum spend in Fiji F\$250,000 for feature films and broadcast television; and \$50,000 for production intended as an advertising program or commercial in at least one significant international market: paragraph 69(e)
Maximum Rebate	F\$11.75 million, so even if more than \$25 million spent in Fiji the maximum rebate is still F\$11.75 million: paragraph 68(2).
Exclusions	Where a producer has chosen to access the film tax rebate, the producer will not be able to obtain any other tax concessions under Part 5 of the Income Tax (Film-making and Audio-visual Incentives) Regulations 2016, Paragraph 68(2).

Additional Incentives (Allowable Expenditures);

- Allowable expenditure incurred for services rendered by the producers (producers fees) – provided that such expenditure shall not exceed 10% of the total Fiji Expenditure. Producers are not restricted to remain in Fiji throughout the production of the film.
- 75% of the expenditure incurred to purchase costumes, make-up and set design properties not available in Fiji that will be used in relation to the film production in Fiji provided that any such costumes, make-up and set design properties shall be left in Fiji at the end of the production.
- Expenditure incurred to purchase the writers story and rights for the production of the film provided that the producer submits the following documentary evidence;
 - Notarized legal contract with the writer which is registered in Fiji with the Registrar of Deeds upon payment of the appropriate stamp duty;
 - Evidence of payment made directly into the writer's bank account from the Fiji bank account; and
 - Receipt of acknowledgement of payment received.

- Approved post-production expenditure on the film paid from a Fiji bank account to the extent that it is incurred or reasonably attributable to approved post-production services in relation to the completing of the film made in Fiji. The maximum payable in rebate shall be granted upon the production of documentary evidence of the expenditure. Rebate is around 2%-2.5% of production budget.
- Expenditures incurred on hiring of cameras and filming equipment from outside Fiji, where such cameras and filming equipment are not available in Fiji.

Additional Requirements;

- Companies should engage Audio Visual Agents
- Fiji as a location needs to be accredited and acknowledged in the film's credits and other accreditation as stipulated by Film Fiji in their approval letter.

Legislative Provisions: Income Tax (Film-making and Audio-visual Incentives) Regulations 2016.

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Hotel Investment Incentives

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STANDARD ALLOWANCE

Investment allowance of 25% of total capital expenditure is allowed as a deduction.

Conditions

- Applicable to building of new hotel including renovations, refurbishments, extension of existing hotel and International Retiree Facilities.
- Recipients shall complete the project within two years from the date the provisional approval was granted.
- Investment Allowance can only be written-off against the income of the hotel business or income from the hotel premises.
- Losses carried forward for 4 years.
- Investors would only need to provide a sketch plan to obtain provisional approval for the investment allowance, and not necessarily a certified approval.
- There should not be any shift of tax revenue to other countries.
- There will be no Investment Allowance from 2017 for existing hotels.

Legislative Provision: Part 2, Income Tax (Hotel Investment Incentives) Regulations 2016

SHORT LIFE INVESTMENT PACKAGE

- 4 year tax holiday for capital investments not less than FJD\$7million.
- Import duty exemption on all capital goods (including capital equipment, plant & machinery) not available in Fiji but this does not include furniture or motor vehicles that are used in carrying out the investment.

Conditions

- Short Life Investment Package (SLIP) Incentives is available for retirement facilities and hospital resorts.

- SLIP Incentives is also available for NEW Apartments provided the length of stay is not more than 6 months.
- Recipients of the provisional approval for SLIP shall complete the project within two years from the date the provisional approval was granted.
- There will be no SLIP from 2017 for existing hotels.
- Investors would only need to provide a sketch plan to obtain provisional approval for the investment allowance, and not necessarily a certified approval.

Legislative Provision: Part 3, Income Tax (Hotel Investment Incentives) Regulations 2016

BACKPACKER OPERATIONS

- Income tax exemptions will be introduced for locally owned backpacker operators with annual sales turnover of FJD\$1m or less.
- Duty exemption on the importation of raw materials and equipment used for the establishment of a backpacker hotel. (This incentive will only be available to backpacker businesses who are granted the income tax holiday).

Legislative Provision: Part 9, Income Tax (Exempt Income) Regulations 2016

CUSTOMS CONCESSION

- Hotels and Resorts are eligible for duty concessions under Code 235 to Part 3 of the Customs Tariff. The following items are eligible;
 - Building materials, furnishings and fittings, equipment including front office equipment, room amenities, kitchen and dining room equipment and utensils, which are not manufactured and available in Fiji at a rate of 10% Fiscal Duty, Free Import Excise and 9% VAT.
 - Heavy plant and machinery for project development work provided such plant and machinery is reexported after completion of the project at a rate of 5% Fiscal Duty, Free Import Excise and 9% VAT.

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Information Communication Technology Incentives

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(i) INFORMATION COMMUNICATION TECHNOLOGY (ICT)

Information Communication Technology business means services provided by a person by way of software development, customer contact centers, engineering and design, research and development, animation and content creation, distance learning, market research, travel services, finance and accounting services, human resource services, legal procedure, compliance and risk services and other administrative services (e.g., purchasing, etc.), but does not include an internet café or any retail or wholesale of information technology products or the repair, sale or service of any such products.

The income of any new operator who is granted a license from 1 January 2009 to be exempt from tax for a period of 13 years.

- Any new operator may apply and pay a license fee of \$1,000 per annum to the Commissioner of Inland Revenue. The Tax exemption is granted from the date of the initial license.
- Income tax exemption is available to investors under the following criteria; -
 - Business employs 50 employees or more for any 6 months within the income year; and
 - 50 percent of its total services is exported.

(ii) RESEARCH AND DEVELOPMENT INCENTIVE

A 250% tax deduction is applicable on any expenditure incurred by an eligible ICT company investing in Research and Development.

(iii) ICT ACCREDITED TRAINING INSTITUTIONS

The income of any new operator setting up internationally accredited ICT training institutions who is granted a license from 1 January 2015 to be exempt from tax for a period of 13 years.

- Any new operator may apply and pay a license fee of \$1,000 per annum to the Commissioner of Inland Revenue. The Tax exemption is granted from the date of the initial license.
- Income tax exemption is available to investors under the following criteria: -
 - Business employs 50 employees or more for any 6 months within the income year; and
 - 50 percent of its total services is exported.

APPLICATION DESIGN AND SOFTWARE DEVELOPMENT

The income of any new operator setting up ICT businesses involved in Application designing and Software development who is granted a license from 1 January 2015 to be exempt from tax for a period of 13 years

- Any new operator may apply and pay a license fee of FJD\$1,000 per annum to the Commissioner of Inland Revenue. The tax exemption is granted from the date of the initial license.
- Income tax exemption is available to investors under the following criteria; -
 - Business employs 50 employees or more for any 6 months within the income year; and
 - 50 percent of its total services is exported.
 - Duty free and VAT exemption on the importation of all items required for the establishment of the business.

SMALL ICT START-UPS

- For small ICT start-ups, a 150% deduction on all start-up costs will be made available with no employment conditions/ requirements attached.

Legislative Provision: Income Tax (Exempt Income Regulations 2016, Part 9 Economic Development Exemptions).

CUSTOMS CONCESSIONS

Approved companies involved in ICT/BOP operations, ICT accredited training institutions and startups involved in the design and software development are eligible for duty concession under Code 261 of the Customs Tariff as follows;

- Computer, computer parts & accessories, specialized plant, equipment & fittings, specialized furniture and any other goods imported for the purpose of ICT at duty rates of Free Fiscal, Free Import Excise and 9% VAT.



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Medical Investment Incentives

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i. PRIVATE HOSPITAL

A private hospital means a building or premises where persons suffering from any sickness, injury or infirmity are given medical or surgical treatment, but does not include a hospital or other establishment or institution operated or maintained by the Government or a sick bay or first aid post maintained by a commercial or industrial undertaking for the benefit of its employees and their families.

The income of any business setting up Private Hospitals on or after 1 January 2016:

- Shall be exempt from tax for a period of 10 years with a minimum capital investment level of FJD\$7,000,000
- 60% Investment Allowance will apply for refurbishments, renovations and extensions with a minimum capital investment of FJD\$1,000,000
- Duty Concession (Free Fiscal Duty, Free Import Excise & Free VAT) on medical, hospital, surgical, dental goods that are used and imported by the business.
- Recipients of the provisional approval for setting up Private Hospitals shall complete the project within two years from the date the provisional approval was granted.
- Loss carried forward of 8 years
- Hospitals under Private Public Partnership (PPP) arrangements are eligible for the medical tax incentives.

ii. ANCILLARY MEDICAL SERVICES

Ancillary Medical Services means those ancillary medical services provided by a company, including pathology lab services, Magnetic Resonance Imaging services (MRI) and other diagnostic services.

The income of any business setting up Ancillary Medical Services such as Pathology Lab, MRI, other diagnostics on or after 1 January 2016:

- Shall be exempt from tax for a period of 4 years with a minimum capital investment level of FJD\$2,000,000
 - 60% Investment Allowance will apply for refurbishments, renovations and extensions with a minimum capital investment of \$500,000
 - Duty Concession (Free Fiscal Duty, Free Import Excise & Free VAT) on medical, hospital, surgical, dental goods that are used and imported by the business.
 - Recipients of the provisional approval for setting up Ancillary Medical Services shall complete the project within two years from the date the provisional approval was granted
 - Loss carried forward of 8 years
 - Hospitals under Private Public Partnership (PPP) arrangements are eligible for the medical tax incentives.
- Legislative Provision: Part 2, Income Tax (Medical Investment Incentives) Regulations 2016.

CUSTOMS CONCESSIONS

Approved companies under the Income Tax (Medical Investment Incentives) Regulations 2016 are eligible for Duty Concessions under Code 292 for the following:

- Medical, hospital, dental and surgical goods at a rate of Free Fiscal Duty, Free Import Excise and 9% VAT
- Capital goods (Capital equipment, plant, machinery and any other goods as approved by the Comptroller) at a rate of Free Fiscal Duty, Free Import Excise and 9% VAT.

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Residential Housing Development Incentives

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Under this incentive the income of the company;

- shall be exempt from tax on developer profits from the sale of residential units; and
- shall be granted a subsidy up to a maximum rate of 5% of the total capital expenditure incurred in the residential housing development
- Shall be eligible for duty concession under Code 293 for capital goods including capital equipment, plant, machinery and other goods at a concessionary rate of Free Fiscal Duty, Free Import Excise and 9% VAT. This does not include kitchenware, raw materials, furniture and other prescribed goods.

Conditions

(i) This Incentive is available to companies with;

- capital investment (including the cost of support infrastructure and overseas consultant fees but excluding the cost of land over FJD\$2,000,000 with at least 20 residential housing units; and
- the project commences on or after 1 January 2016 and the building is completed within 2 years from the date the provisional approval was granted.
- The development should comprise of residential units targeting the low, medium and high end users.

(i) Provisional approval is granted after the Minister consults the Minister responsible for Housing.

Legislative Provision: Part 2, Income Tax (Residential Housing Development Package) Regulations 2016.

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SME

Small and Micro Enterprises (SME's) Incentives

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Income tax exemption to be applicable to selected sectors with maximum turnover threshold of \$500,000. The sectors include:

- Agriculture and Fishing (For Agriculture, this will cover activities in the entire Agriculture Sector).
- Tourism (Sea Cruise and River Tour Operators).
- Community and Social Services (Amusement, recreation services; traditional handicraft producers (not "middleman" or agents).
- Supportive projects to tourism industry (flora, fauna and other natural characteristics of Fiji; and history, traditions, cultures and ways of life of its peoples).
- Waiver of stamp duty for Small and Micro Enterprises on all instruments.

Legislative Provisions: Income Tax (Exempt Income) Regulations 2016, Part 9 Economic Development Exemptions and Stamp Duties Act.

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Tax Free Region Incentives

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Who will qualify for this incentive?

This incentive is available to a newly incorporated entity engaged in a new business established in the following areas;

- Vanua Levu – included Taveuni, Rabi, Kioa and other islands generally included for governments administrative purpose as being in the Northern Division.
- Rotuma
- Kadavu
- Levuka
- Lomaiviti
- Lau and
- Nausori-Lautoka region (from Nausori Airport side of the Rewa River (excluding township boundary) to the Ba side of the Matawalu River.
- Any company may apply to the Minister for Economy in a prescribed form for an operating licence.

Criteria for Grant of Licence

- The company is a newly incorporated entity engaged in a new business.
- The minimum initial level of investment should be FJD\$250,000.

Tax Exemptions Available

The income of any new activity approved and established between 1 January 2018 to 31 December 2028 in Vanua Levu – included Taveuni, Rabi, Kioa and other islands generally

included for governments administrative purpose as being in the Northern Division, Rotuma, Kadavu, Levuka, Lomaiviti, Lau and Nausori-Lautoka region (from Nausori Airport side of the Rewa river (excluding township boundary) to the Ba side of the Matawalu river) shall be exempt from tax as follows;

- capital investment from FJD\$250,000 to FJD\$1,000,000, for a period of 5 consecutive fiscal years; or
- capital investment from FJD\$1,000,000 to FJD\$2,000,000, for a period of 7 consecutive fiscal years; or
- capital investment above FJD\$2,000,000 for a period of 13 consecutive fiscal years.

Duty Exemption

Approved companies under the tax free region incentives are eligible for duty concession under Code 290 of the Customs Tariff on the importation of raw materials, machinery and equipment (including parts and materials) insofar as they are required for the establishment of the business at rates of Free Fiscal, Free Import Excise and 9% VAT.

Other benefits under the Tax Free Region

- Additional 5 years of income tax exemption is available to any company granted a license and having indigenous Fijian landowner equity of at least 25 percent.
- Additional 7 years of income tax exemption is available to any hotel developer granted a license and having indigenous Fijian landowner equity of at least 25 percent.

Legislative Provisions: Income Tax (Tax Free Region Incentives) Regulations 2016.





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