

BILL NO. 24 OF 2015

A BILL

FOR AN ACT TO AMEND THE SERVICE TURNOVER TAX DECREE 2012

ENACTED by the Parliament of the Republic of Fiji—

Short title and commencement

1.—(1) This Act may be cited as the Service Turnover Tax (Budget Amendment) Act 2015.

(2) This Act shall come into force on 1 January 2016.

(3) In this Act, the Service Turnover Tax Decree 2012 shall be referred to as the “Decree”.

Section 3 amended

2. Section 3 of the Decree is amended by deleting “5%” and substituting “10%” in subsections (1) and (4).

New part inserted

3. The Decree is amended by inserting the following new part after part 2—

“PART 2A—ANTI-AVOIDANCE

Avoidance of Service Turnover Tax

5A. If there are reasonable grounds for the Chief Executive Officer to believe that any dealings have the direct or indirect effect of—

- (a) altering the incidence of any Service Turnover Tax that is payable or suffered by, or which would otherwise have been payable or suffered by any person;
- (b) relieving any person from any liability that has arisen or which would otherwise have arisen to pay Service Turnover Tax or file a Service Turnover Tax return;
- (c) evading or avoiding any liability which is imposed or would otherwise have been imposed on any person under this Decree; or
- (d) hindering or preventing the operation of this Decree in any respect,

the Chief Executive Officer may, without prejudice to such validity as it may have in any other respect or for any other purpose, disregard or vary the dealings and make such assessments as the Chief Executive Officer considers just and proper in the circumstances.”

Schedule amended

4. The Schedule to the Decree is amended—

- (a) in paragraphs 10 and 11 by deleting “\$1.5 million dollars” and substituting “\$1.25 million”;
- (b) in paragraph 12 by deleting “with an annual gross turnover of over \$300,000.”;
- (c) in paragraph 13 by deleting “with an annual gross turnover of over \$300,000 dollars”;
- (d) in paragraph 14 by deleting “with an annual gross turnover of over \$50,000”;
- (e) by deleting paragraph 16.

*Office of the Attorney-General
Suvavou House
Suva*

November 2015

SERVICE TURNOVER TAX (BUDGET AMENDMENT) BILL 2015

EXPLANATORY NOTE

(This note is not part of the Bill and is only intended to indicate its general effect)

1.0 BACKGROUND

- 1.1 The Service Turnover Tax Decree 2012 (**‘Decree’**) was introduced in 2012 for the imposition of tax on the turnover of prescribed services.
- 1.2 The Decree came into force on 1 January 2012 and was later amended in 2012 and 2014.

2.0 CLAUSES

- 2.1 The Service Turnover Tax (Budget Amendment) Bill 2015 (**‘Bill’**) seeks to amend the Decree.
- 2.2 Clause 1 of the Bill provides the short title and commencement date.
- 2.3 Clause 2 of the Bill amends section 3 of the Decree in order to change 5% to 10%.
- 2.4 Clause 3 of the Bill amends the Decree by inserting a new part to deal with the avoidance of Service Turnover Tax.
- 2.5 Clause 4 of the Bill amends paragraphs 10 and 11 of the Schedule to the Decree to reduce the threshold from \$1.5 million to \$1.25 million.
- 2.6 Clause 4 of the Bill also amends paragraphs 12, 13 and 14 of the Schedule to the Decree so that the annual gross turnover threshold is deleted, and deletes paragraph 16 of the Schedule.

3.0 MINISTERIAL RESPONSIBILITY

- 3.1 The Decree comes under the responsibility of the Minister for Finance.

A. SAYED-KHAIYUM
Attorney-General