

BILL NO. 18 OF 2017

A BILL

FOR AN ACT TO AMEND THE SERVICE TURNOVER TAX ACT 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 2017.

(2) This Act comes into force on 1 August 2017.

(3) In this Act, the Service Turnover Tax Act 2012 is referred to as the “Principal Act”.

Section 2 amended

2. Section 2 of the Principal Act is amended in the definition of “Commissioner” by deleting “and Commissioner of Inland Revenue”.

Section 3 amended

3. Section 3 of the Principal Act is amended by—

(a) in subsection (1), deleting “10%” and substituting “6%”; and

(b) in subsection (4)—

(i) deleting “10% Service Turnover Tax” and substituting “tax”; and

(ii) deleting paragraph (b) and substituting the following—

“(b) be clearly and separately shown on a tax invoice, invoice or receipt issued for the payment of any prescribed service.”.

Section 4 amended

4. Section 4 of the Principal Act is amended after subsection (3) by inserting the following new subsection—

“(4) For the purpose of ensuring that a person does not pay Service Turnover Tax more than once in relation to a prescribed service, an accountable person shall—

(a) only charge and pay the CEO the Service Turnover Tax that is payable for the prescribed service provided by the business under the responsibility of the accountable person; and

(b) not charge Service Turnover Tax for a prescribed service where Service Turnover Tax has been charged by another person with respect to the prescribed service.”.

Amendment to reference to “Commissioner”

5. The Principal Act is amended by deleting “Commissioner” wherever it appears and substituting “CEO”.

June 2017

SERVICE TURNOVER TAX (BUDGET AMENDMENT) BILL 2017

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 Act 2012 (**'Act'**) was introduced in 2012 for the imposition of tax on the turnover of prescribed services.
- 1.2 The Service Turnover Tax (Budget Amendment) Bill 2017 (**'Bill'**) amends sections 2, 3 and 4 of the Act.
- 1.3 From 1 August 2017, the rate of Service Turnover Tax (**'STT'**) will be reduced from 10% to 6%. This means that 6% will be levied on the turnover of any person providing a service that is prescribed in the Schedule to the Act (**'prescribed service'**).
- 1.4 It will be a requirement for STT to be clearly and separately shown on a tax invoice, invoice and receipt that is issued upon the payment of a prescribed service.
- 1.5 An accountable person who is required to charge and pay STT to the Commissioner under the Act must only charge STT for the prescribed services that the accountable person provides. For example, a hotel customer who uses a jet ski service that is provided by a jet ski company while staying at the hotel should only be levied STT by the jet ski company. The hotel should not be levying STT on the customer for the jet ski service provided by the jet ski company but charged to the hotel. The customer should not be taxed twice for STT on the jet ski service.

2.0 CLAUSES

- 2.1 Clause 1 of the Bill provides for the short title and commencement. If passed by Parliament, the amending legislation will come into force on 1 August 2017.

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2.2 Clause 2 of the Bill amends section 2 of the Act in the definition of “Commissioner” by deleting “and Commissioner of Inland Revenue”.

2.3 Clause 3 of the Bill amends section 3(1) of the Act by deleting “10%” and substituting “6%”. Also, the reference to “10% Service Turnover Tax” in section 3(4) of the Act is amended to “tax” for consistency with the language used in section 3(2). It is also a requirement under the Bill that STT be clearly and separately shown on a tax invoice, invoice and receipt that is issued upon the payment of a prescribed service.

2.4 Clause 4 of the Bill amends section 4 of the Act after subsection (3) by inserting the following new subsection—

“(4) For the purpose of ensuring that a person does not pay Service Turnover Tax more than once in relation to a prescribed service, and accountable person shall—

(a) only charge and pay the CEO the Service Turnover Tax that is payable for the prescribed service provided by the business under the responsibility of the accountable person; and

(b) not charge Service Turnover Tax for a prescribed service where Service Turnover Tax has been charged by another person with respect to the prescribed service.”.

2.5 Clause 5 of the Bill amends the Act by deleting “Commissioner” wherever it appears and substituting “CEO”.

3.0 MINISTERIAL RESPONSIBILITY

3.1 The Act comes under the responsibility of the Minister responsible for finance.

A. SAYED-KHAIYUM
Attorney-General