

Customs Tariff (Budget Amendment) Bill 2017

Bill No. 32 of 2017

Introduction

The **Customs Tariff (Budget Amendment) Bill 2017** seeks to amend the Customs Tariff Act 2004 ('**Principal Act**'). Customs Duty is a tariff or tax imposed on goods when transported across international borders. The purpose of Customs Duty is to protect each country's economy, residents, jobs, environment, etc., by controlling the flow of goods, especially restrictive and prohibited goods, into and out of the country.¹

Objectives, scope and intent of the Bill

The main objective of the Customs Tariff (Budget Amendment) Bill 2017 ('**Bill**') is to amend the Customs Tariff Act 1886 ('**Principal Act**') with accordance to the 2017-2018 Budget. Changes to customs tariffs are a general part of the budget process and will happen most years.

Summary of provisions

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

Clause 2 – 10 amends the Principal Act in relation to the penalties imposed for certain offences. See annexe A for more detail.

Clause 11 – 14 amends Schedule 2 (Parts 1, 2 and 3) to provide changes to the fiscal, excise and import duty for a number of items. It also introduces concessions on a range of new items. Details of the tariff items amended as part of clause 11 are available in the consolidated Customs Tariffs Act 1986, which is available in the Library.

The following items have had an **increase in fiscal duty** —

- **prefabricated buildings**, increase from 5% to 32%
- **acetylene gas**, duty protection will be given to local manufacturers by increasing fiscal duty on Acetylene Gas from 5% to \$5.90 per kg or 32% whichever is greater.

The following items have had a **decrease in fiscal duty**—

Building and construction items

- **fabricated steel structures**, reduction from 32% to 5%
- **insulated cables**, reduction from 32% to 15%
- **vinyl sheet piling**, in line with Fiji's climate change commitment fiscal duty on vinyl sheet piling will be reduced from 32% to 0%
- **glues**, reduction from 15% to 5%
- **epoxies**, reduction from 15% to 5%
- **safety matches**, reduction from the specific rates of \$13.02, \$9.52 and \$2.33 per gross box to 32%

¹ <https://www.cbp.gov/travel/international-visitors/kbyg/customs-duty-info>

- **sealer and protective coatings**, reduction from 15% to 5%
- **steel and aluminium louvre frames**, from 32% to 5%
- **polishes, creams** and similar products, reduction from 15% to 5%

Electronic items

- **microphones**, reduction from 15% to 5%
- **single and multiple speakers**, reduction from 15% to 5%
- **hailers**, reduction from 15% to 5%
- **DVD raw materials**, reduction of fiscal duty on polycarbonate DVD imported in pairs (poly-carbonated and dummy disc) from \$0.50 a pair to 15% on value. The value addition process still remains in place.

Motor vehicle items

- **new parts for motor vehicles**, reduction from 15% to 5%
- **new engines for motor vehicles**, reduction from 15% to 5%.

Food items

- **energy bars**, reduction from 32% to 5%
- **canned sardines**, reduction from 32% to 15%.

Child care items

- **baby cots**, reduction from 32% to 5%
- **baby shoes**, reduction from 32% to 5%
- **baby wipes**, reduction from 32% to 0%.

An **export tax** will be imposed on the following items—

- **rock, gravel and aggregates**, being natural resources for Fiji will have a 5% export tax

No fiscal duty will be imposed on the following items—

- **raw material** (calcium carbide) for manufacturers will be available at 0% fiscal duty

The Bill also provides for the **introduction of the following concessions—**

- Duty free concession will be granted for items imported for all **Health Promotion** Programs
- Exemption of duties, taxes and levies will be granted for **aid funded projects** in Fiji and
- Whilst **donations to Government ministries** are granted duty concessions, VAT component will be borne by the recipient ministry/agency.

Concessionary duty regime for taxi operators

- 0% fiscal duty on the importation of **new hybrid vehicles** for taxi purposes
- 0% fiscal duty on the importation of **used hybrid vehicles** for taxi purposes is available for taxi operators who own only 1 taxi
- a reduced fiscal duty of 5% is available for **importation of normal vehicles** (non-hybrid) with an engine capacity less than 2500cc and

- a reduced fiscal duty of 5% is available for importation of **new normal vehicles** (non-hybrid) with an engine capacity above 2500cc.

Concessionary duty regime for bus operators

- 0% fiscal duty on the **importation of new buses** is available for bus operators with an annual gross turnover of less than \$1.5 million based on tax returns and the sitting capacity of the buses being imported
- a reduced fiscal duty of 5% on the importation of used buses is available for bus operators who have an annual gross turnover of less than \$1.5 million based on 2016 tax return. This is applicable to buses with seating capacity of 16 passengers or more. This concession is available for two years only

Protective clothing and other fabrics – reduction of fiscal duty

- **gloves**, reduction from 32% to 5%
- **wetsuits**, reduction from 32% to 5%
- **neoprene boots**, reduction from 32% to 5%
- **towelling fabric** imported in rolls by the local manufacturer reduction from 15% to 10% and
- **readymade towels**, reduction of fiscal duty on towels imported by others from 32% to 15%.

Hybrid car batteries - reduction of fiscal duty

- **hybrid batteries and cells**, reductions from 32% to 5%.

New duty free concessions will now be available on the following items:

Inter-Island Shipping Industry

- import of all new inter-island passenger and cargo vessels
- import of all used inter-island passenger and cargo vessels. (This incentive is available for 2 years only)

Aquaculture

- items imported for the development of aquaculture e.g. prawn, shrimp, seaweed farming, inshore fisheries etc

Events and tournaments

- goods imported for international sports tournaments
- goods imported for international meetings, incentives, conventions and exhibitions held in Fiji
- national team uniforms duty concession code 250 will be amended to expand the concessions available to include training, warm-up, playing and outdoor uniforms.

Gender analysis

The changes in customs tariffs will have a different impact on men and women. For example, the reduction of duty on a number of child care items will have a positive impact on women as they perform the majority of child care roles. The gender impact of the health promotion programmes will depend on the health issues that they are targeting. This is because men and



women will experience a range of different in health-related issues.

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