



# 2016/17

## ANNUAL REPORT

( August 1st to 31st July )



## **Vision Statement**

A World Class Revenue Authority Delivering Excellence in Revenue Collection, Border Protection, Trade and Travel Facilitation.

## **Mission Statement**

Helping Fiji Grow As A Leading Contributor And Funder Of Sustainable Economic, Security And Social Initiatives.

## **Core Values**

- One Organisation
- Integrity
- Leadership
- Valuing Employees
- Results Focus
- Partnership Development

# Table Of Contents

<b>The Board of Directors</b>	<b>1</b>
<b>The Chairman's Report</b>	<b>2</b>
<b>The Chief Executive Officers Report</b>	<b>3</b>
<b>The Executive Leadership Team</b>	<b>4</b>
<b>About FRCS</b>	<b>5</b>
<b>FRCS Strategic Overview</b>	<b>6</b>
<b>Organisational Structure</b>	<b>7</b>
<b>Revenue Performance</b>	<b>8-13</b>
<b>Four Areas of Strategic Focus</b>	<b>14 - 22</b>
• Partnership	14
• Legislation and Process	17
• People	20
• Technology	21
<b>The Financial Statements</b>	<b>24 -55</b>

## The Board of Directors



**Mr. Ajith Kodagoda**  
Chairman



**Mr. Jone Vatukela**  
Board Director



**Mr. Faiz Khan**  
Board Director



**Ms. Makereta Konrote**  
Board Director



## Report from the Chairman



Dear Minister,

I am pleased to present the Annual Report of the Fiji Revenue and Customs Service (FRCS) for the year ending 31st July 2017. FRCS has continued to sustain high revenue collection through improved internal processes leading to increased operational efficiency.

The Board has a visionary approach for FRCS which is, to make tax administration simpler with a long-term goal to help improve our country's social and economic well-being.

The year has been unique in itself given that FRCS continued with the introduction of advanced technologies in the business environment such as the approval of the New Tax Information System (NTIS) and the VAT Monitoring System (VMS). Also, a new organisational structure was endorsed to ensure the smooth running of the organisation in terms of its journey to be a world class organisation.

The Vision and Mission statements are implemented to guide and set the pace for its current operations and future development. One of the major areas of focus for financial year 2016-2017 is adherence and compliance to ethical practices in all aspects of operations.

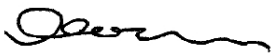
We are indeed thankful to the Government for its continuous support in providing FRCS with all the necessary resources to better collect taxes, identify non-compliance and tax cheaters and protect our borders more effectively.

The Ministry of Economy and the Reserve Bank of Fiji lead the financial sector of Fiji with a clear vision for the wider benefit of the Fiji economy and her people. I must acknowledge and also thank the Prime Minister, Minister for Economy and other Government agencies for their continuous support to the Service.

I thank my fellow Directors for their contribution on all matters including those connected with the Board's governance and ethics. Their expertise and professionalism were of immense benefit in discharging the responsibilities of the Board.

The Chief Executive Officer and the Senior Management performed their duties with exceptional dedication and commitment. I am also grateful to the majority of the taxpayers of the country who have assisted us in carrying out the tasks of the Service.

Lastly, I assure you Sir, that the Board is committed to the implementation of strategies to ensure that Customer and Stakeholder interaction with FRCS is enriching and value adding and will continue to assist them in any way possible in growing the economy. The ultimate objective, however, is to ensure increased or greater employment, increased investment and the improvement of living standards for all our people.



**Ajith Kodagoda**  
Chairman of the Board

# Chief Executive Officer's Report



Dear Customers and Colleagues,

I am pleased to present the Fiji Revenue and Customs Service's (FRCS) Annual Report for the year 2016-2017 commencing on the 1st of August 2016 and ending on 31st July 2017. Under the guidance of a dedicated Board and equipped with modern laws and resources, FRCS continues to deliver its outputs in line with its core Vision; "A World Class Revenue Authority Delivering Excellence in Revenue Collection, Border Protection, Trade and Travel Facilitation".

Our realizations mirror the commitment of our people working together with a common Vision and Mission guided by a set of Values whereby FRCS has once again, established its ability to transform challenges into opportunities and continue to achieve growth.

FRCS together with the Fijian Government continue to bring reforms in the taxation system that we envisage will incentivize voluntary compliance, promote growth and stimulate economic prosperity to all. These tax policy changes are to ensure that we continue to create conducive environment for investments.

In 2017, the Fijian economy is forecasted to record an unprecedented eighth year of consecutive positive growth post-independence, whereby the growth in the economy is anticipated to be at 3.8%. This positive outlook for the domestic economy entails that the FRCS has to achieve

higher tax revenue given the expansion in various sectors of the local economy, particularly in the manufacturing; financial & insurance activities; construction; wholesale & retail trade and the transport & storage sectors. As a result, there is a stringent call for setting higher standards for Border Control and Trade.

Strategic change has occurred in the Service with the implementation of Strategic Plan for 2017 – 2020 which has been approved by the Minister with four strategies focus areas being; People, Technology, Legislation and Partnerships. Our People and Technology Strategies are our priority cornerstones for accelerating FRCS's transformation journey. Development programs were also introduced to ensure that our people have new leadership skills and capabilities needed to effectively and efficiently implement the changes needed to take the organisation forward.

Accordingly, our organisational structure is re-aligning to take advantage of internal synergies and technological advancements that will not only make us more efficient and effective but also make it easier for our customers-taxpayers, traders or travelers to voluntarily comply.

We are also mindful of the expectations entrusted to us, in particular, the collection of revenue on behalf of Government. Overall, FRCS has collected \$2.58b for the year. There is a 6.5% growth in revenue noted over last year's collection. These indicators are at sustainable levels and I must thank all my officers and management team for their commitment and hard work during the past year.

We are of the view that stakeholders play a very critical role in the achievement of our objectives and are also key instruments to driving the transformation of tax culture in Fiji. FRCS is now taking a proactive approach to raise awareness to the general public by rolling out a number of compliance initiatives. To make such initiatives a success, partnership with our stakeholders, customers and all staff is vital in terms of communicating the right advice and encouraging taxpayers to freely come forward and fulfil their tax obligations.

We continue to proactively engage with our customers to make them understand their businesses' tax obligations and at the same time, be tax compliant. This proactive engagement is now being complimented with tools such as an online platform where taxpayers can update their details and raise their queries online from the comfort of their homes via the MySay and MyInfo portals on the FRCS website.

New Initiatives through technological advancements such as VMS (Vat Monitoring System) and New Tax Information System (NTIS) is another means of improving our operational environment. We also have new initiatives such as the Dog Unit and X-ray Machines to ensure effective safeguarding of our borders. Our policies have been amended in line with the announcement of the Government budget and reforms to ensure that the taxpayers, investors and relevant stakeholders benefit through tax incentives granted in various sectors of the economy.

Regular visitations are also held with outer islands, often in partnership with Government. FRCS has embarked on a transformation journey to deliver excellence in our services and in fulfilling our role. Our strategy to achieve this requires redesigning our business operating model with a strong focus on the 'One Service One Team' concept.

This Annual Report is reporting on the achievements of FRCS in four areas of strategic focus. These are Partnership, Legislation & Processes, People and Technology and it reflects the key achievements in each of these areas.

I look forward to the next financial year which I understand will be yet another challenge for the organisation but we are prepared to meet the expectations of Government, our stakeholders and customers. Our journey to Transformation continues and there is absolutely no turning back!



**Visvanath Das**  
Chief Executive Officer



# THE EXECUTIVE LEADERSHIP TEAM



**Mrs. Emily Yalimawai**  
Chief Information Officer



**Mr. Visvanath Das**  
Chief Executive Officer



**Mr. Kumar Sami Goundar**  
Director Revenue Management



**Mr. Fazrul Rahman**  
Director Corporate Services



**Mr. Shane Panettiere**  
Director Border



**Mr. Shameem Khan**  
Director Intelligence  
Compliance & Investigations



**Mrs. Fane Vave**  
Director International  
& Stakeholder Relations



**Mrs. Ruth Williams**  
Director People  
Capability & Culture

# ABOUT FRCS

The Fiji Revenue and Customs Service (FRCS) is a statutory Authority established under the FRCS Act 1998 that is governed by a Board and administered by a Chief Executive Officer.

## FRCS's role is to:

- Collect taxes and duties on behalf of Government;
- Provide quality advice on tax and customs matter to all its stakeholders;
- Facilitate trade and travel; and
- Protect the border.

## Our services are available from eleven (11) locations throughout Fiji:

- |           |            |            |            |
|-----------|------------|------------|------------|
| • Suva    | • Lautoka  | • Rakiraki | • Savusavu |
| • Nausori | • Sigatoka | • Levuka   | • Rotuma   |
| • Nadi    | • Ba       | • Labasa   |            |

## FRCS has seven operating arms:

- Revenue Management
- Border Force
- Intelligence, Compliance and Investigations
- People, Capability and Culture
- Corporate Services
- Technology
- International and Stakeholder Engagement





# FRCS STRATEGIC OVERVIEW

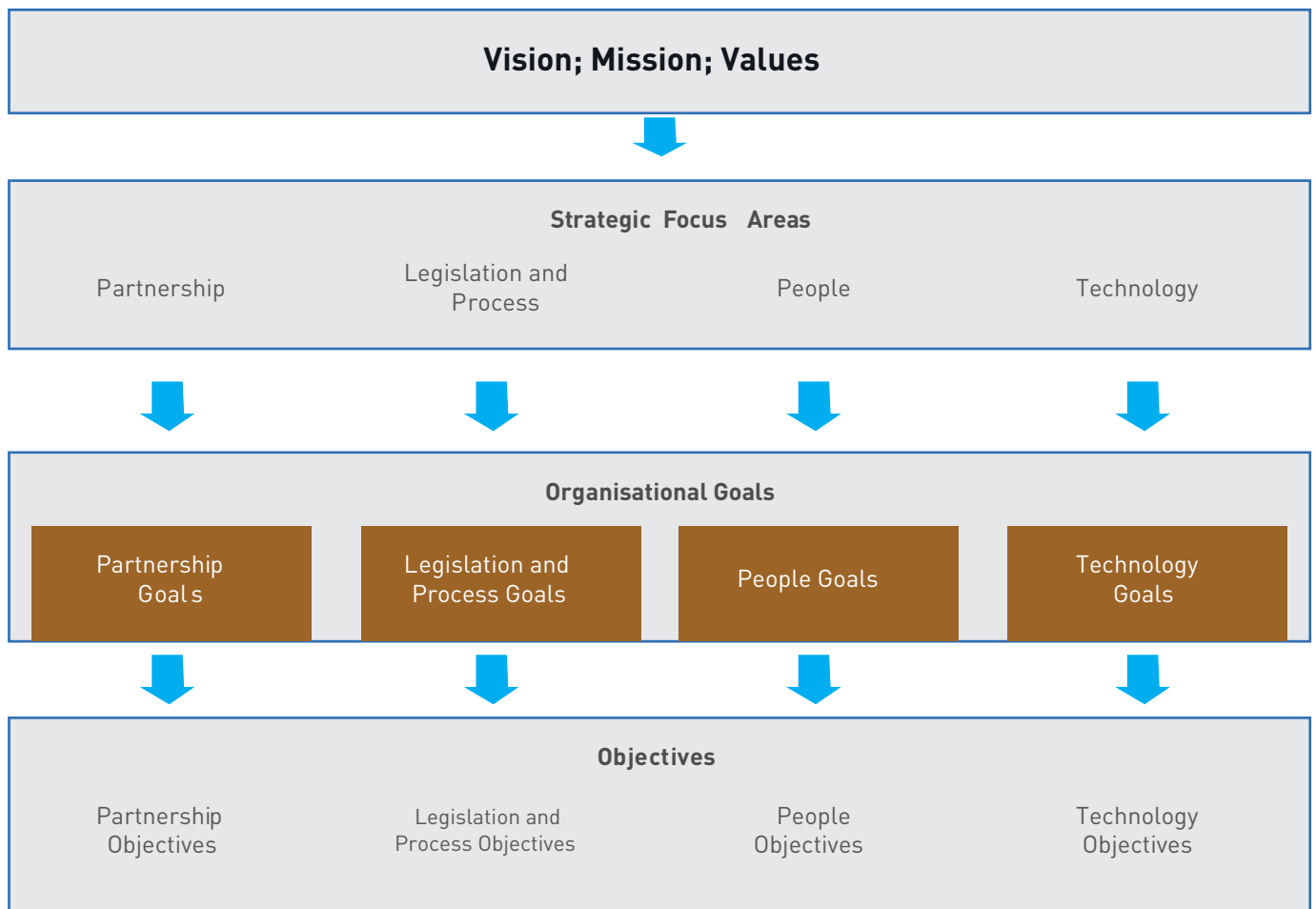
The organisation's Strategic Plan underwent a complete review in 2016. This Annual Report is compiled and summarized against the four Strategic Focus Areas (SFA) of the new Strategic Plan.

## Strategic Focus Areas

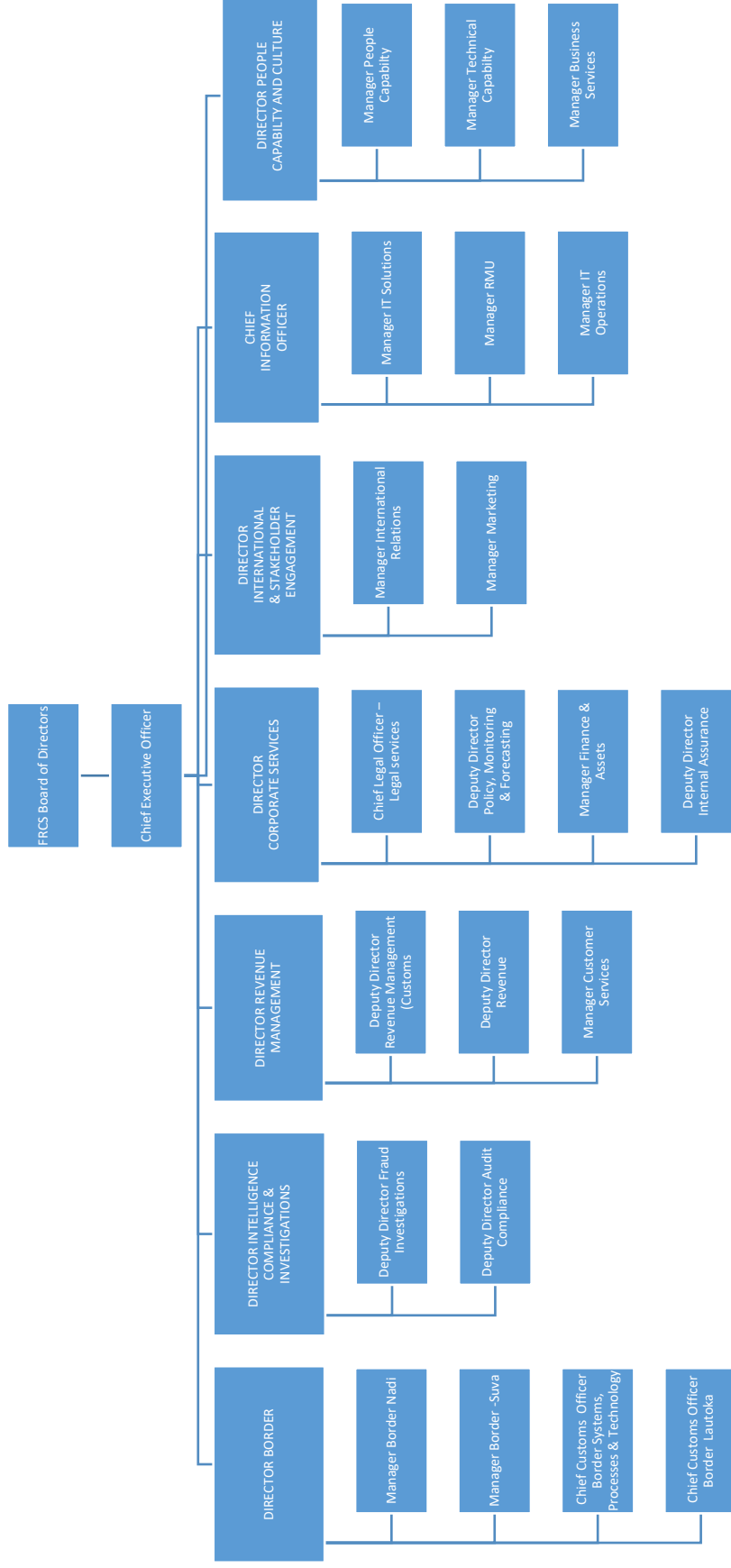
The Strategic Focus Areas (SFA's) of FRCS's Strategic Plan are the Focus Areas that are the foundation stones of our strategy. They expand on the Vision Statement and create the structure around how the organisation can achieve its goals.

There are four SFA's for FRCS. These are:

- Partnership;
- Legislation and Process;
- People; and
- Technology.



# ORGANISATIONAL STRUCTURE





# REVENUE PERFORMANCE

## Revenue Collection

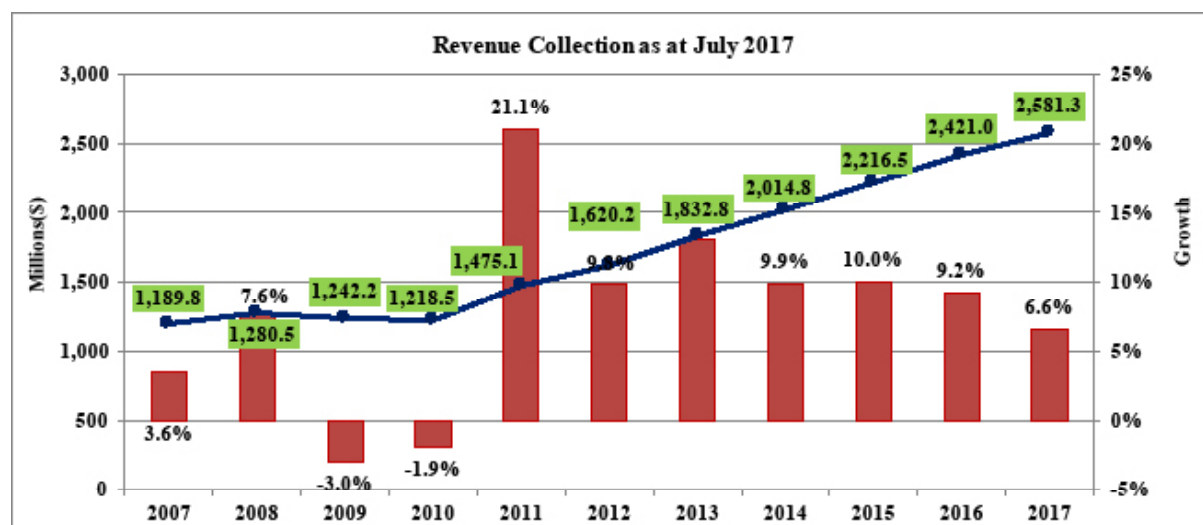
The Fiji Revenue and Customs Service (FRCS) ended the year on a positive note, collecting a total revenue of \$2.58b against the original forecast of \$2.67b, an improvement of 6.6% over 2015-2016 period. The revenue accounted for 90.6% of total Government revenue. A positive growth reflects continued resilience in the economy, modernization of tax policies and institutional strengthening, improved tax compliance and effective debt management strategies. The high revenue collection also represents the buoyant investment activity due to tax concessions and incentives.

The \$2.58b revenue collection is an achievement for FRCS given the pace at which revenue is growing since the \$2b mark in 2014. FRCS is striving towards hitting the \$3b mark just within 4 years.

This is despite adopting a new tax regime, which involved major tax cuts and significant reforms.

Historically, FRCS's revenue collection has exceeded the forecast in most years and this good record of accomplishment reflects a continuous effort by the organisation to excel above expectations. The revenue collection in the last 4 years is showing an upward trend following the negative impact flow on effects in 2009 of the global food and fuel crises. In current times, revenue performance continues to show agility despite the economic losses caused by the TC Winston and structural changes to Value Added Tax- the main driver of revenue.

## Revenue Trend

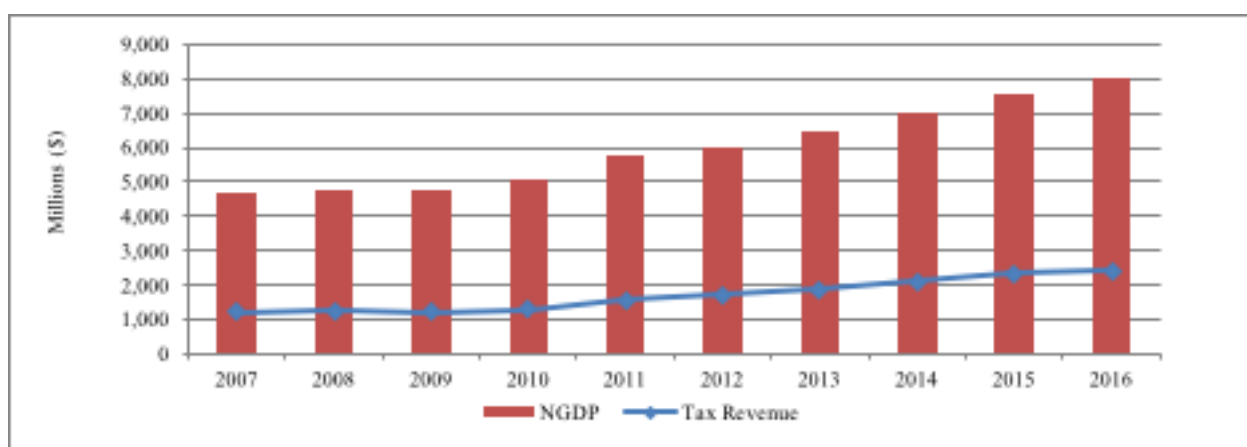


Source: Fiji Revenue & Customs Service

## Economic Growth

In 2016, the domestic economy expanded by 6.0%. The manufacturing; financial & insurance activities; wholesale & retail; transport & storage and the accommodation & food service sectors underpinned the 2016 growth outcome. Consumption and investment activity grew moderately with increase in new lending for consumption purposes, high remittances, improved labor market conditions and growth in domestic cement sales. The direction of tax revenue closely resembles GDP trends and this can be seen from the analysis covering the 10-year period, 2007-2017.

## Nominal GDP and Tax Revenue



Source: Fiji Revenue & Customs Service

The table below demonstrates various types of tax collected:

## Performance by Major Tax Type

Tax Type	Revenue (\$)	Forecast (\$)	Variance (\$)	Tax Mix	Contribution to Growth	% of NGDP	Revenue Buoyancy	Revenue Buoyancy -RGDP
Income Tax	700,416,316	599,731,464	100,684,852	27.1%	2.5%	6.8%	1.23:1	3.6:1
VAT	702,780,155	928,242,012	-225,461,857	27.2%	-2.6%	6.8%	-1.06:1	-3.1:1
Trade Tax	607,624,736	681,795,452	-74,170,717	23.5%	1.2%	5.9%	0.66:1	1.9:1
Other	570,449,024	468,114,058	102,334,966	22.1%	5.5%	5.6%	3.85:1	11.2:1
Total	2,581,270,231	2,677,882,986	-96,612,755	100.0%	6.6%	25.1%	0.84:1	2.5:1

Source: Fiji Revenue & Customs Service

The income tax that primarily includes Pay as You Earn (PAYE) and corporate tax demonstrated a very strong performance. The income tax recorded the highest positive variance against the forecast. PAYE was 10.2% higher than that of 2015-2016 whilst the corporate tax was over the forecast by \$72.2million. The positive performance is a likely result of improved business profitability along with improving compliance. The net income tax recorded a growth of 12.7% even after huge income tax refunds were given. The total income tax refunds given out stood at \$59.7m. In addition, improving compliance with respect to PAYE as a Final Tax and changes in labor market conditions such as pay rise in both public and private sectors led to growth in PAYE tax.

Value Added Tax (VAT) performed modest in the 2016-2017 period. A total of \$702.5m was collected with weak performance over the comparable period. While it is acknowledged that VAT being the main driver of revenue is facing a challenging phase due to the VAT rate reduction in 2016 from 15% to 9%, the revenue perspective in the long term will stabilize due to the multiplier effects of the reduction.

Trade taxes performed well recording a growth rate of 5.2% over the last fiscal year. Overall customs collection was below the target by \$74.1m. While trade taxes demonstrate a steady growth, the 2016-2017 fiscal period represents post Tropical Cyclone Winston recovery phase. Significant recovery and construction activities were visible, however duty concessions on fiscal duty and import excise duty and together with low level of imports led to reduction in the customs collection.

Performance in other tax types was mainly driven by Service Turnover Tax (STT), Environmental Levy (EL), Capital Gains Tax (CGT) and Stamp Duty. The high growth rate of 46.7% by STT is attributed to the increase in the rate from 5% to 10% in the 2016 budget. Similarly, improving compliance with respect to the implementation of EL in the second year contributed to positive performance at 155.4% growth rate. CGT grew by 32.5% in line with growing property market. Further Stamp Duty recorded a growth of 9.7%. Instruments that contributed to positive stamp duty collections were Mortgage, Transfer of Property, Transfer of Share or Stock and Bill of Sale



and are consistent with high growth of vehicle sales, investment in property and real estate activity.

## Modernisation Of Tax Revenues

The high revenue collection is also as a result of the tax reforms. FRCS took gigantic strides in 2016-2017 towards establishing itself as a modern revenue administration. This included a broad array of measures ranging from major tax policy reforms to minor institutional strengthening initiatives. The changes redefined the tax system in Fiji across all tax types. As a result of the reforms, the tax system today is based on modern foundations of economic efficiency, equity and simplicity.

The VAT system is significantly reformed which makes it more equitable and less burdensome while producing more revenue for Government to provide essential services. Under this change, the VAT rate has reduced from 15% to 9%, and exemptions that currently existed on rice, cooking oil, fish, flour, tea, powdered milk, kerosene and prescription drugs has been eliminated.

The previous structure of exempt VAT, zero rated VAT, and normal VAT provided the window of opportunity to unscrupulous traders to manipulate their records to underreport VAT sales. In addition, by having exemptions to VAT, a regressive taxation system is created. Hence, the reforms have corrected such issues.

Furthermore, in line with broad based approach, Environmental Levy was introduced at a rate of 6% to support funding of environment related projects.

## Tax to GDP Ratio by Tax Types

	2006	2011	2016
Income Tax	9.0%	8.3%	8.4%
Corporate Tax	3.8%	3.1%	4.4%
PAYE	4.7%	3.5%	2.1%
VAT	10.3%	10.8%	8.2%
Trade Tax	6.8%	6.0%	7.3%
Others	0.2%	2.6%	6.5%
Total	26.4%	27.6%	30.4%

Source: Fiji Revenue & Customs Service

Despite the adoption of low tax rate regime, the tax to GDP has exceeded the 30% mark. This high ratio does not indicate increased tax burden but rather reflects increased collections owing to positive shocks to the economy.

## Tax Mix

	2006-2007	2011-2012	2016-2017
Income Tax	36.1%	28.5%	27.1%
VAT	36.9%	37.5%	27.3%
Trade Taxes	25.8%	22.3%	23.6%
Others	1.2%	11.8%	22.1%
Total Revenue	100.0%	100.0%	100.0%

Source: Fiji Revenue & Customs Service

The 2016-2017 tax mix illustrates the results of the fundamental tax policy reforms over the years to cut direct taxes (corporate tax rate reduced; personal income tax rate reduced and threshold increased) and introduce new indirect revenue sources (introduction of levies). The other significant structural change was the reduction of VAT rate from 15% to 9%. The changing tax mix is consistent with international trends where countries in its quest to promote investment are cutting direct taxes and are adopting broad based regime.

## Improving Compliance

FRCS firmly believes that following the tax reforms of 2012, the tax burden on the community has reduced significantly and therefore there should not be any incentive for taxpayers to engage in tax evasion and avoidance initiatives. To minimize such activities, the Intelligence, Compliance & Investigation division formulated compliance strategies to improve the overall level of taxpayer compliance. The Unit also constantly undertakes research to develop new methodology to understand taxpayer behavior relating to underreporting and non-filing of returns.

In 2016-2017 fiscal year, the team collected a total of \$61.7m from taxation related issues.

### Compliance Collection- Tax Related Issues

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Large & International	\$3,048,968.19	\$4,658,359.19	\$4,658,906.28	\$6,684,526.76	\$19,050,760.41
Small & Medium	\$3,378,695.41	\$9,279,452.42	\$5,049,499.20	\$4,029,289.77	\$21,736,936.80
Transfer Pricing	\$464,078.50	\$65,000.00	\$74,904.81	\$1,572,843.09	\$2,176,826.40
VAT	\$4,701,077.70	\$3,786,195.45	\$4,193,991.18	\$1,886,192.92	\$14,567,457.25
Fraud & Evasion	\$860,137.30	\$173,462.51	\$1,863,845.77	\$1,226,264.39	\$4,123,709.97
<b>Total</b>	<b>\$12,452,957.10</b>	<b>\$17,962,469.57</b>	<b>\$15,841,147.24</b>	<b>\$15,399,116.93</b>	<b>\$61,655,690.83</b>

Source: Fiji Revenue & Customs Service

The Unit completed 1,387 cases with total assessment value of \$90.9m for the fiscal year ending July 2017.

### Cases Completed and Value of Assessment

	Total Assessment	Jobs completed	2016-2017
Quarter 1	\$13,444,597.22	345	27.1%
Quarter 2	\$12,010,349.74	246	27.3%
Quarter 3	\$19,851,177.12	412	23.6%
Quarter 4	\$45,691,819.42	384	22.1%
<b>Total</b>	<b>\$90,997,943.50</b>	<b>1,387</b>	<b>100.0%</b>

Source: Fiji Revenue & Customs Service

On the trade side, the team also oversees compliance in trade related areas. To strengthen compliance and promote flow of legitimate trade, the team screens pre-arrival information to identify high-risk containers, cargo and passengers for examination. While 100% examination is constrained, the team makes significant effort to virtually screen all data for indications of risks. This allows the appropriate application of resources to focus on high-risk shipments for examination prior to entering a port of entry. In 2016-2017 period, a total of \$35.3m was collected from trade related compliance issues.

## Compliance Collection- Trade Related Issues

Units	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Suva Compliance	\$442,426	\$295,954	\$347,630	\$574,596	<b>\$1,660,606</b>
Suva Investigation	\$398,124	\$916,864	\$7,845,461	\$1,001,114	<b>\$10,161,563</b>
Lautoka Compliance	\$746,236	\$779,204	\$495,224	\$135,013	<b>\$2,155,677</b>
Lautoka Investigation	\$67,740	\$96,544	\$9,262,077	\$115,285	<b>\$9,541,645</b>
Nadi Compliance	\$253,385	\$252,183	\$9,567,793	\$1,023,164	<b>\$11,096,525</b>
Nadi Investigation	\$170,835	\$137,111	\$238,377	\$150,284	<b>\$696,607</b>
<b>Total</b>	<b>\$2,078,746</b>	<b>\$2,477,860</b>	<b>\$27,756,562</b>	<b>\$2,999,455</b>	<b>\$35,312,623</b>

Source: Fiji Revenue & Customs Service

Overall, total compliance collections stood at \$96.9m. This represents 3.8% of total revenue collection for the 2016-2017 fiscal year. FRCS for the first time ever developed a Compliance Improvement Strategy that outlines the audit scope at broader level. This is a public document and was launched in 2016. FRCS develops its operational compliance strategies from the following two analyses:

- Risk Differentiation Framework – An approach developed by IMF and used by other tax administrations. This framework groups taxpayers into 4 quadrants based on their level of compliance as computed using their effective tax rate. These quadrants are (i) High Risk Taxpayers; (ii) Key Taxpayers; (iii) Medium Risk Taxpayers; and (iv) Low Risk Taxpayers. An analysis is done for all taxpayers in each sector and their risk level is determined.
- Macroeconomic Compliance Model – A model developed by FRCS and supported by IMF. This model does correlation analysis between economic growth and tax growth for each economic sector.

A combination of these two measures ensures a robust compliance risk management approach and assists the team in case selection and risk profiling. The development of the Risk Assessment and Profiling Team (RAPT) also ensures a structured and systematic process for deciding what is important in a tax compliance context and how major compliance risks will be addressed.



## Effective Debt Management

Total tax arrears for the 2016-2017 fiscal period stood at \$108.2m which was 4.2% of the total revenue collection. The total debt collections of \$158.4m for the year was mainly sourced from Time to Pay arrangements, bank and third party garnishees, immigration alerts, LTA alerts, tax compliance certification, property charges and recoveries from Official Receivers office.

A usual challenge facing FRCS was the reduction of the tax arrears and in 2016-2017 period; this was a major area of focus. A consistent control on current debts, effective recovery strategies with proactive engagement and partnership with tax debtors, has resulted in a debt level of \$108.2m.

While this remains to be a challenge, the debt level is also attributed to assessments from special audit case referrals. Hence, taxpayers enter into time to pay arrangements and these gets reflected in the arrears figures until collection.

The Unit targeted sustainable tax arrears to be within 5% of net tax revenue for 2016-2017. This was achieved as the actual tax arrears of \$108.2m was 4.2% of net tax revenue for the year. Cash collection of arrears exceeded the forecast by 25.7% or \$15.4m.

## Debt Management Performance

	Target	Achieved
Target	Achieved	\$75.4m
Cash Collection of Arrears	\$60m	\$75.4m
Cash Collection of Current Debt	\$60m	\$83.0m
Total Cash Collection by DMS Team	\$120m	\$158.4
Debt Level	<\$60m	\$108.2

Source: Fiji Revenue & Customs Service

The Lodgment Enforcement unit collected \$53.5m, accounting for 89.0% of the target. The key activities undertaken in the last financial year to encourage on time lodgments as well as to enforce the filing of overdue returns are as follows

## Lodgment Enforcement Unit Activities & Results

August 2016 to July 2017	
No. of Taxpayers Covered	31,139
No. of Demands Issued	39,378
No. of Final Notices Issued	311
No of Legal Referrals	20
No. of cases Prosecuted for Non-Lodgment	2
Tax Payable on Demanded Returns Lodged	\$53,536,374.71
No of Staff in LEU and Data Cleansing Team	14

Source: Fiji Revenue & Customs Service

# FOUR AREAS OF STRATEGIC FOCUS

## PARTNERSHIP



### Inauguration of the Asia/Pacific Vice-Chair's Office

The World Customs Organisation (WCO) Secretary General Mr. Kunio Mikuriya officially launched the ceremony of the WCO Asia/Pacific (A/P) on 28 July 2016 in Suva, Fiji. The ceremony was attended by Minister for Ministry of Economy -Honorable Mr. Aiyaz Sayed-Khaiyum and Dato' Sri Khazali bin Hj Ahmad, Director General of the Royal Malaysian Customs Department (RMCD) and former A/P Regional Vice-Chair.

FRCS has taken up the role of A/P Vice-Chair for the next 2 years whereby Fiji is the first WCO Member in the Pacific sub-region to be entrusted with this responsibility. FRCS is determined to continue to foster close communication and coordination among the Member administrations in the A/P Region with a view to address the challenges faced by Customs and raising the profile of the Region within the international Customs

### Review of Double Tax Agreement (DTA) between Fiji and New Zealand

The first round of negotiations for the review of DTA between NZ and Fiji was held from the 28th to the 31st of November 2016. The Fiji delegation was led by FRCS CEO.

The current DTA was signed in 1976 and since then there has been no review. With the introduction of new taxes, removal of certain

taxes, and strengthening of tax evasion clauses, both countries felt the need to urgently review the 40M year old DTA. Furthermore, the international bodies such as the Organisation for Economic Co-operation and Development (OECD) and the United Nations (UN) have also developed and revised the guidelines in the form of Model Conventions to address the double taxation issue. These advancements were not well reflected in the existing DTA; hence this required a review of the entire agreement.

The negotiation was conducted in a friendly, co-operative and atmosphere of mutual understanding with open exchange of information and ideas. At the conclusion of the 1st round of negotiation discussion, an agreed draft agreement was signed by the two lead negotiators. The draft agreement is supportive of the OECD's final recommendation regarding the design of tax treaty measure in respect of its Action Plan on Base Erosion and Profit Shifting (BEPs) however some of the recommendations will be considered during the second round of negotiation. The second round of negotiation is expected to take place in the first quarter of 2018 with the venue to be confirmed later. Currently Fiji has 11 DTAs. There are also plans to re-negotiate DTAs with Australia, PNG and other DTA partners as well.

### Pacific Islands Tax Administrators Association (PITAA) Heads Meeting

The 13th Annual Heads Meeting of PITAA was hosted by FRCS at the Intercontinental Fiji Resort and Spa, Natadola Fiji from Tuesday 14th to Friday 16th September, 2016. This was attended by 30 delegates from 11 member countries. There were 12 Observers from Pacific Financial Technical Assistance Centre (PFTAC), International Monetary Fund (IMF), New Zealand Inland Revenue Department (NZIRD), OECD, PACTAM, IBFD, Adam Smith International, Global Forum, ADB and Trade (DFAT), OCO, Sogema Technologies and The Autonomous Region of Bougainville.

The meeting was officially opened by Honorable Aiyaz Sayed-Khaiyum the Attorney General, Minister for Economy, Public Enterprise, Civil Service and Communications of Fiji who stressed the importance of collaboration within the Pacific Island nations. He highlighted the importance of the tax office engaging upfront with their respective Governments on tax and customs matters especially in terms of bilateral agreements.

Further to the signing of the Host County Agreement by Fiji, the Annual Heads meeting, the Executive committee endorsed the appointment of Ms. Koni Ravono as the new Head of Secretariat. The

meeting also endorsed the PITAA Strategic Plan 2017 – 2021 with the vision of “Leading Pacific Island Administrators towards international best Practice”.

The annual meeting also featured member administrations sharing experiences on compliance improvement strategy implementation and administration of reforms. Members benefitted from a number of technical presentations from subject matter experts that assisted in deepening members understanding on some of the challenges which included increasing revenue mobilization to finance sustainable development, Base Erosion and Profit Shifting (BEPS) Implementation, exchange of information, E-taxation and national payment systems.

Member administrations agreed to continue to collaborate in areas of capacity building, exploring into regional resource pool in specialized areas such as transfer pricing and tax tribunal, information sharing and strengthen awareness on tax administrations.

Members also noted opportunities for accessing assistance and technical expertise available with various agencies such as IMF, PFTAC, IBFD, ADB, OECD Global Forum.



## Tax Amnesty on Declaration of Local Assets

In line with Government budget policy, FRCS has implemented a Tax Amnesty for waiver of tax and associated penalties on declaration of all undeclared local assets within Fiji.

This Amnesty Program emanated from last year’s Offshore Assets Declaration Amnesty which resulted in declaration of half a billion dollars’ worth of assets held by Fijians offshore. Similar to Offshore Assets there are many taxpayers who have local undeclared assets under their name or held in the names of their spouses, children, trusts and nominees etc. This was an opportunity to declare local assets in exchange for forgiveness of any tax payable in respect of the qualifying person’s local assets and all administrative penalties for tax periods prior to 1st January 2017.

The amnesty period for this program was from 1st January 2016 to 30th September 2016.

## FRCS hosts World Customs Organisation Regional Meeting

The twenty-sixth meeting of the World Customs Organisation (WCO) Asia/Pacific (A/P) Regional Contact Point (RCP) Meeting was held in Sigatoka, Fiji from 9th to 11th November, 2016. Delegates from Australia, Bhutan, Cambodia, China, Fiji, Hong Kong, China, Indonesia, India, Iran, Japan, Korea, Malaysia, Maldives, New Zealand, Papua New Guinea, Samoa, Singapore, Sri Lanka, Thailand, Vanuatu and Vietnam attended the meeting. The representatives from the WCO, the WCO Regional Intelligence Liaison Office A/P (RILO A/P) and the WCO Regional Office for Capacity Building A/P (ROCB A/P) and Oceania Customs Organisation (OCO) also attended as observers.

The regional contact point meeting brings together key senior members of Asia Pacific Custom Organisations to discuss matters pertinent to customs administrations in the region.

## Real Estate MOU

A Memorandum of Understanding (MOU) to exchange vital tax information was signed between the FRCS and the Real Estate Licensing Board. Under this MOU, FRCS will be able to access to information in relation to buying and selling of properties as well as the exact number of registered Real Estate agents in the country. The MOU will ensure that FRCS will get real time data on these sales and whether it is reflected in the tax collection for that particular month. FRCS will now be able to request for all relevant information from the Real Estate Licensing Board.

FRCS is moving towards self-assessment and voluntary compliance, putting the onus of voluntary compliance with the Taxpayers, ensuring that the framework of the VAT legislation and Withholding Tax Provisions of Income Tax Act 2015 is strictly adhered to at all times. This building of trust and willingness for the Tax Office to work in partnership with the business community and taxpayers of Fiji, is a unique approach to trusted trader initiatives in the bigger economies, where liberalization of free trade agreements has been committed by jurisdictions.

## Compliance Improvement Strategy

The Compliance Improvement Strategy (CIS) was officially launched on 11th March, 2016. A first ever compliance document introduced by FRCS, the CIS will enable FRCS to adopt different strategies to improve taxpayer perceptions towards their tax obligations.

The compliance strategy outlines specific strategies for different segments and industries, such as taxpayer services, large & international taxpayers, small and medium taxpayers, small taxpayers and other identified industries.



In order to make our taxpayers commit to their tax obligations and enhance voluntary compliance, it is important to understand their behavior towards their tax obligations. This is achieved through our introduction of Risk Differentiation Framework (RDF), which will enable to profile taxpayers and group them in four quadrants (low and medium risk to key compliant and high risk taxpayers), to better understand their behavior of non-compliance.

The strategies in the CIS will enable FRCS to achieve its objective of taxpayers committing to their tax obligations and enhancing voluntary compliance. A unit has been setup to monitor the CIS Action Plan.

## Gold Card Member Renewals

Eighty (80) companies who have had a consistent history of excellent taxation compliance were issued Gold Card certificates in January 2017. Of the total, seventeen are new members. The membership has more than doubled since the Gold Card initiative commenced in 2012. The Gold Card Premium Services is to reward deserving FRCS customers or Fijian taxpayers who have been tax compliant in the past few years. It is also to visibly recognize that such entities and individuals are passionate and worthy citizens of our beloved country. FRCS also introduced a new Gold Card Partner, namely "Go Advertising".

## Intelligence Analysis Training

The Australian Department of Immigration and Border Protection (DIBP) conducted a 5-day workshop on Intelligence Analysis Foundation from 6th -10th March, 2017 and Intelligence Analysis Intermediate course from 13th - 17th March, 2017 at the FRCS Regional Training Centre which was fully funded by Oceania Customs Organisation (OCO). These courses have helped Intelligence & Immigration Officers to improve the efficiency, effectiveness and consistency to work together and share information in order to reduce border issues and to minimize the risk of intelligence failure.

## FRCS Signs Agreement with NZ Customs

The FRCS has signed an agreement with the New Zealand Customs Services to successfully deliver the Fiji Country Plan and at the same time strengthen its border management. Under the Fiji Country Plan, the New Zealand Customs Services (NZCS) will assist the FRCS transformation project in order to improve border management in Fiji.

Improved border management will contribute to economic growth-including the facilitation of legitimate trade and travel and improved border security. This will not only benefit Fiji, but neighboring Pacific countries including New Zealand. As part of the agreement, the NZ Customs will provide technical expertise and support to the FRCS to improve border management through the delivery of the Fiji Country Plan (2017-2021). FRCS in turn will provide personnel and infrastructure to deliver the Plan. This Plan builds on earlier assistance to FRCS that included the Pacific Leadership Programme (PLP) and detector dog assistance.

The mutual intentions of the Country Plan covers customs in the area of information sharing, capacity building, and resource provision and information exchange. The total value of the project is approximately NZD \$1.6m over the next 5 years. Globally, there are potential threats of transnational crime, including people and drug smuggling, money laundering and these risks impact not only Fiji but countries for whom Fiji is a trans-shipment point. The technical assistance by the New Zealand Customs Services will assist us to enhance capacity and competency to clamp down on those risks that pose a threat to our border security.

## Cross Border Paperless Trade in future to increase compliance

Cross Border paperless trade will increase efficiency, compliance and risk management in the future. Fiji border stakeholders engaged in a one-day national consultation workshop on cross border paperless trade facilitation workshop in Suva.

Cross border paperless trade is trade taking place on the basis of electronic communications, including exchange of trade related data and documents in electronic form across borders. United Nations ESCAP representative from Thailand, Mr. Yann Duval from the Trade Facilitation Unit, Trade Investment and Innovation Division office conducted the workshop in collaboration with FRCS.

Fiji has ratified the World Trade Organisation Trade Facilitation Agreement (TFA).Henceforth, the electronic trade treaty will focus on implementing digital trade facilitation measures to specifically achieve paperless trade across our borders that will also support the WTO TFA. Furthermore, it is also expected to harmonize the growing number of bilateral and sub-regional paperless trade initiatives in the region. The key benefit is that we can grow our exports and reduce the transaction time and cost of trade. The new framework under the UN ESCAP ties in well with our plans for the future sustainability of FRCS and certainly for Fiji's trade competitiveness and economic growth.

## Fiji Signs OECD Multilateral Instrument

Fiji has signed the multilateral convention to implement tax treaty related measures to Prevent Base Erosion and Profit Shifting (BEPS) otherwise known as the Multilateral Instrument (MLI) in Paris along with 67 other countries on 7th June, 2017. This is a step forward to implement tax avoidance strategies that exploit gaps and mismatches in tax rules.

FRCS Board chairman, Mr. Ajith Kodagoda represented Fiji at the signing ceremony in Paris. The MLI offers concrete solutions for Governments to close the gaps in existing international tax rules by transposing results from the BEPS Project into bilateral tax treaties worldwide. The MLI modifies the application of thousands of bilateral tax treaties concluded to eliminate double taxation. It also implements agreed minimum standards to counter treaty abuse and

to improve dispute resolution mechanisms while providing flexibility to accommodate specific tax treaty policies.

Fiji has also signed the mandatory binding arbitration which gives certainty to taxpayers that treaty-related disputes will be resolved within a specified timeframe. FRCS will take the lead role in implementing the MLI strategies.

FRCS is happy to be on board with 67 other countries in implementing the Multilateral Instrument which will further enable us to establish methods for eliminating double taxation. The Service has been working closely with Organisation for Economic Co-operation and Development (OECD) to ensure we implement the mandatory MLI provisions

Fiji is the only Pacific Islands Tax Administration Association (PITAA) member that has signed the MLI and as the PITAA Secretariat Chair. Fiji is also taking the lead role in the fight against BEPS. Through the Memorandum of Understanding signed between FRCS and PITAA recently, member countries can seek assistance from FRCS to share insight on the benefits of being a signatory to the Multilateral Convention.

### Stakeholder Forums

The FRCS has held a number of forums to assist taxpayers and inform stakeholders on the importance of filing tax returns correctly and on time.



The sectors that were part of these forums are Construction, Tourism, Duty Free, Supermarkets, Hardware companies, Real Estate Sector and Retailers. Officials from the FRCS presented on VAT returns, VAT fraud and Tax Evasion to the participants.

In line with its Corporate intent, FRCS is now actively engaging with its stakeholders to educate and assist them on their tax obligations. Taxpayer education is the bridge, linking FRCS to its Stakeholders and is a key tool to transform tax culture in Fiji. Failure to understand taxation leads to non-compliant behavior amongst taxpayers hence

the stakeholder forums is vital to educate stakeholders on their tax obligations.

Most taxpayers want to do the right thing and pay their fair share of tax however due to the lack of information and awareness, people do not comply with tax and customs regulations. FRCS strongly emphasized on the need to strike a balance between revenue and service targets. Taxpayer education is an important enabler in any efficient tax administration. Our stakeholders should be able to understand the tax rules and these tax rules should be simple and clear in order to enhance tax compliance.

Apart from the stakeholder forums, FRCS is now proactively engaging and visiting business houses to educate them on their tax obligation and at the same time assisting them to file their tax returns correctly and on time. This proactive engagement is being complimented with tools such as an online platform where taxpayers can update their details and raise their queries online from the comfort of their homes via the mySay and myInfo portals on the FRCS website.

## LEGISLATION & PROCESS



### Transformation journey - Change Initiatives

The Change Team activities range from the implementation of the change hour in Legal and Internal Assurance, coaching and preparing the Executive Leadership Team on Strategic Planning, assisting various business units in the drafting of project plans, managing projects, participating in CEO's People Capability and Culture roadshow, assisting the New Tax Information System (NTIS) project team in the documentation of work, drafting achievement and monitoring templates, creation of the Change Strategic Document as a working document and the continuation of process mapping of the NTIS registration process and Nadi Baggage Hall and the compilation of the fortnightly Q4C newsletters.

## Successfully drafting the 2017 – 2020 Strategic Plan

In October 2016, FRCS has successfully completed a significant review of its long-term Strategic Plan.

The strategic planning process consists of two key components:

- a) Bottom up planning; and
- b) Top down planning

This was done in order to get all levels of the organisation involved in the planning process. This was to foster better understanding and ownership of the plan.

The plan has been designed to be compact and easy to read in order to make it easier for our staff and stakeholders to understand. This approach has become more popular for statutory bodies locally and internationally. The plan contains the four Strategic Focus Areas (SFA) of the Plan, which are Partnership, People, Legislation & Processes and Technology. The One Service, One Team, One Customer focus is at the core of the four SFA's. For each SFA, there are "Organisational Goals" and these break down further into "Objectives" and "Measures".

The plan also contains FRCS's indicators of financial performance such as Collection of Revenue, Management of Debt, and Cost of Collection. In order to ensure that the plan is implemented, a dashboard monitoring system will be put in place as well as a monitoring wall. The objectives will also be cascaded down to the organisation's performance management system.

## Launch of the Fiji Detector Dog Unit

Police Commissioner Brigadier-General Sitiveni Qiliho, CEO of FRCS Mr. Visvanath Das, General Manager Border Operations of New Zealand Customs Anne-Marie Taggart, Manager International Strategy of NZ Police Inspector Cameron Sigley and New Zealand High Commissioner Mark Ramsden in November 2016, officially opened the new kennels for detector dogs at Nadi International Airport.



The kennels houses four fully trained detector dogs donated by the New Zealand Government. The dogs and their handlers (from Fiji Police and FRCS) were trained in New Zealand in 2015. This project is a joint initiative resulting from partnership amongst Fiji Revenue and Customs Service, Fiji Police Force, New Zealand Police and New Zealand Customs. This is funded by the New Zealand Pacific Security Fund that has the intent to strengthen Fiji's border security by increasing detection and seizures of prohibited goods including illicit drugs and currency.

The project not only strengthens Fiji's border security, but also helps fight transnational crime across the Pacific. As a close neighbor to Fiji, New Zealand is committed to continuing to work with the Fiji Police and Customs to address the security risks to the region brought by transnational crime.

Fiji can now boast to have some of the most highly trained detector dogs at our borders to fight organized crimes in Fiji. The Detector Dog Unit is based at the Nadi International Airport and this is the first time FRCS has a dedicated detector dog capability unit. These Detector Dogs will help FRCS and police to strengthen border security and counter organized criminal groups using Fiji as a transit point for moving illicit goods to New Zealand and Australia.

## Fiji Business Excellence - Prize Award for FRCS

The Fiji Revenue and Customs Service (FRCS) was awarded the Fiji Business Excellence Prize Award on the 5th of November, 2016, at the 2016 Fiji Business Excellence Awards. FRCS was one of only seven organisations to be recognized at the Prize Level, with Vodafone Fiji receiving the highest level of recognition, the President's Award.



After receiving the award from the Acting President Chief Justice Anthony Gates, the CEO expressed his sincere gratitude to the hard working and committed staff of FRCS, without whom there will be no success in the efforts.



The Prize award means that FRCS has good integration of Quality Management into FRCS's business operations. Improved performance as a result can be demonstrated across most criteria areas, including aspects of performance most important to the organisation. The organisation is demonstrably amongst 'best in class'. It is close to being recognized as world class. FRCS is well on its journey of Transformation with Plans and quest for change and commitment to build a better FRCS that will be world class at everything it does.

## Practise Statements Published

In our efforts to create consistency in application of the tax laws, the service has finalized some 54 Practice Statements providing clarifications and guidance notes in terms of interpretation and application of these laws together with illustrative examples for ease of understanding. These Practice Statements are now available on the FRCS website as well as internally on the FRCS Intranet. The Practice Guidelines on tax and customs laws are under development. These Practice Statements or Guidelines have been developed after robust consultations with our stakeholders as well as tax experts and legal counsels within the service. We have encouraged all our staff to provide comments on draft Practice Statements. We encouraged consultative and partnership approach for administration of tax and customs laws in Fiji creating a voluntary compliance environment.

## Publication of Motor Vehicle Landing Costs

As per the announcement in the 2016/2017 National Budget on publishing of landing cost for Motor Vehicles, FRCS has published the landing cost of all used vehicles imported into the country on quarterly basis. These landing costs were published in the dailies and are also accessible on the FRCS Website. The policy intent is very clear which is to ensure that car dealers do not impose high mark-ups and effectively pass on duty concessions to ordinary Fijians. The FRCS continues to remind motor car dealers of the severe penalties for non-compliance to our customs laws and abuse of duty concessions that are granted. Offenders will have to face the full brunt of the law. The service is also continually encouraging consumers to immediately report on any such case of abuse.

## Implementation of The Harmonised System 2017

FRCS has notified importers, exporters and general public that the new tariff classifications which is known as Harmonised System 2017 version is effective from 01st January 2017. This is an updated version with amendments to the Harmonised System nomenclature approved by the World Customs Organisation.

The National Customs Tariff is aligned to the Harmonised System Nomenclature and Fiji as a member of the World Customs Organisation is under obligation to accede to these changes. The amendments to Harmonised Systems and new versions are normally released by the World Customs Organisation at the interval of 4 to 5 years.

The amendments are done due to technological progress, changes in trading patterns, trade practice, clarification of text, environmental and social issues of international trade, similarly the Harmonised System has to be continually updated to cater the needs of users.

This revised version (2017) comprises of 233 sets of accepted amendments which now have been incorporated in schedule 2 to the Customs Tariff. The amendment includes deletion, substitution and addition on text resulting in introduction of new chapter notes, sub-headings, new tariff codes and regrouping of commodities.

In addition to the Harmonised System changes, the new 2017 Customs tariff schedule is now updated with the 2016-2017 Budgetary changes and uploaded in the FRCS website for reference.

## Smuggling Interception

Officers from the FRCS searched a Taiwanese fishing vessel in Suva and confiscated USD \$100,000 cash along with other items which were smuggled into the country.

The vessel was targeted for activity by Customs after it had been risk assessed as 'high' following the profiling and Intel. All vessels arriving into Fiji are risk assessed by FRCS to determine if any action needs to be taken with them.

A rummage team consisting of five Customs Officers from the Suva Border Wharf team boarded the Taiwanese registered vessel and confiscated cash, liquor and cigarettes which were all hidden in the vessel. All currency in excess of \$10,000 is required to be reported to Customs on arrival or departure from Fiji under the FTR (Financial Transaction Reporting) Act. The case was further referred to Police for further investigations.

## FRCS Outreach Programs

The FRCS is now actively engaging and visiting business houses to educate them on their tax obligation and at the same time assisting them to file their tax returns correctly and on time. The Taxpayer Education team has so far visited Banks, Hardware companies, Educational Institutions, Employers Federation, TLTB and others to provide technical assistance and advise them on Tax and Customs laws.

As the agency responsible for tax administration in Fiji, our aim is to increase public awareness on taxation. This initiative is an excellent way to start engaging with taxpayers as well as to ignite an interest in areas of voluntary compliance. By explaining how tax is used and making the link to the provision of vital public services, people can have a greater appreciation for the importance of paying taxes.

Our aim as an institution is to enhance voluntary tax compliance in Fiji. The Tax Education Outreach Programme targets all spheres. It is in our interest to ensure that current and future taxpayers are educated about their rights and responsibilities and how to be tax

compliant. We will be actively engaging with and providing information to individuals, businesses and sectoral agencies as we focus our efforts on encouraging and supporting voluntary compliance

Business owners and entrepreneurs are the drivers of Fiji's economy. They employ workers, invest in innovations, and enhancing the quality of life that we enjoy through higher incomes and product choices. The more their profits, the more taxes they pay. We have received positive feedback from businesses that have been visited so far. The team will continue their visitation to business and corporate houses to explore how FRCS can add value to their business through our Service.

## Transitional Tax

FRCS together with the Fijian Government continues to bring reforms in the taxation system that we envisage will incentivize, promote growth and stimulate economic prosperity to all. These tax policy changes are to ensure that we continue to create conducive environment for investments.

The changes to the Dividend Regime as announced by the Minister of Economy in 2017/2018 Budget is to close the chapter on Dividend taxation, so that effectively there is only one layer of taxation, giving a very competitive 20% Corporate Tax.

As part of the taxation reforms, the Dividend Taxation Regime is repealed giving tax exemption to any Dividend payable after 29th of June 2017, for tax years 2016 and thereafter. The Deemed Dividend Provisions are also repealed, effective 29 June, 2017.

However, the 2014 and 2015 Transitional Tax of 1% will still be payable, if this has not yet been paid, on the balance of the Profits after tax, for the respective years.

Furthermore, to simplify the taxation of dividend from pre-2014 profits after tax, the following changes also take effect from 29 June 2017:

1. All undistributed profits including capital profits in the balance of retained earnings for Tax year pre- 2014 (or equivalent substituted tax year for years prior to tax year 2014) will be subject to 1% tax.
2. The above 1% tax is equally applicable to companies registered in Fiji as branches.
3. The only exemption from the 1% tax is applicable to companies that are listed on the SPSE.
4. The 1% tax is a final tax, and no further tax will be applicable on the distribution of dividends from the same period, thereafter.
5. The payment of the 1% transitional tax is due on or before 30th September.

## PEOPLE



## New Organisation Structure

The establishment of the new organisation structure has been initiated with the appointment of a Chief Executive Officer, Chief Information Officer, Director Corporate Services, Director Intelligence, Compliance & Investigations, Director People Capability & Culture, Director International & Stakeholder Relations, Director Border Forces and Director Revenue Management. To build people and operational capability, under our partnership with New Zealand Customs Service an experienced senior customs leader has been seconded as our Director Border for 12 months.

As the senior leadership positions are appointed, the roll-out of the new operations structure is progressed with the focus of One Organisation-One Team which focus on integrating and simplifying processes and procedures where possible to achieve improved risk mitigation and management and smarter more timely service delivery for customers.

## HR Analytics and Reporting

HR analytics and reporting has been introduced. Although in early stages, the quarterly workforce profiles are providing useful information for PCC and managers to identifying areas for improvement. The initial focus has been on excessive habitual sick leave usage by a proportion of staff and this has, and continues to improve each quarter. Over the past six months there has been a 9% improvement.

## Recruitment

Recruitment processes and timeliness have been improved with the introduction of position descriptions which is focused on outcomes and competencies for level of role, smarter advertisements focused on position outcomes, as well as utilizing credible internet recruitment sites in addition to traditional media advertising, faster shortlisting

and processing procedures. Whilst there are still exceptions, generally recruitment timelines have reduced from 4+ months to 4-6 weeks end-to-end.

All external appointments are now subject to drug, medical, and police clearance and for customs officer recruits, fitness clearance is an additional mandatory pre-employment requirement. Internal appointments to customs officer positions require the same clearances and for other positions the requirement is drug and medical clearance.

Comprehensive recruitment and assessment was undertaken in November and December, 2016. Over 300 applications were received. Robust multi-assessment procedures resulted in the selection of 17 Trainee customs officers who commenced the newly designed comprehensive 12-week induction programme to become assistant customs officers, eligible to become customs officers on successful completion of the full 12 month programme. New psychometric online assessment tools are being explored to strengthen recruitment and leadership development initiatives.

### Code of Conduct

A new Code of Conduct, which sets out the expected behaviors of all FRCS people (employees and contractors) has been developed and rollout commenced. An updated suite of PCC policies and procedures; in line with best practice is also ready for rollout.

### Uniforms

A new designed FRCS uniform for all staff has been issued. This has included for the first time, a fit-for-purpose Customs Inspection uniform for officers involved with marine and cargo duties.



### Remuneration and Performance Management

A new remuneration and performance management framework has been designed for consideration of implementation. The design and development work will also begin on the capability framework, the leadership and career progression framework, and the establishment

of the Rotation and Career Board processes. This work provides the foundation stones for talent management, identifying the leadership bench strength and development focus, and for succession mapping across FRCS.

## TECHNOLOGY

### New Tax Information System

FRCS has completed a scoping study for a New Tax Information System (NTIS) which will replace the current Fiji Integrated Tax System (FITS) for the automation of taxation processes. The study took place over five months from July to December 2016.

### Revamped FRCS Intranet

A new staff intranet portal was launched in 2016. The intention of the upgrade is to facilitate staff interaction, educate staff with in depth information and news regarding FRCS developments and involvements in the technical and corporate fields and raise full awareness to staff with an increased user friendliness. The new facelift includes new, exciting features such as a personalized My Page and the FRCS discussion forum.

### Automation of Tourist VAT Refund Scheme

From December 2016, Fiji Revenue and Customs Service (FRCS) has started implementing the online submission of all Tourist VAT Refund Scheme (TVRS) forms via a module in the Automated System for Customs Data (ASYCUDA) World system. During the rollout, the ASYCUDA team has been training staff of licensed retailers in the use of the new module and also assisting them in meeting the system requirements necessary to use the module. In total, twenty-six retailer staff and 11 FRCS staff who have attended the awareness and training.

### X-ray technology

Fiji Revenue and Customs Service (FRCS) is in the process of installing X-ray machines at the points of entry for incoming cargo into the country. This will boost our capability to target and intercept illicit imports. Preliminary site preparation works started in December for the Lautoka wharf to determine the best location for installation. Mobile container x-ray machines will also be procured and deployed later in coming year.

### Updating Taxpayer Information

FRCS is currently undertaking a Data Cleansing Project to update all Taxpayer Registration Information.

This initiative is undertaken in line with FRCS's strategy to modernize its processes and systems and to provide efficient taxpayer services that will enable online lodgments, payments, real-time updates and



access to your tax information. This will be made possible in future with the introduction of a robust Online Taxpayer Portal.

Before we upgrade our systems, it is important that we verify the customer information details that is currently captured in our system. If we have correctly captured customer information, this will make it much easier for customers to access our services, comply with tax laws and for FRCS to provide the necessary advice and support.

## VAT Monitoring System

FRCS will roll out its VAT Monitoring System (VMS) project soon with supermarkets being the first sector to have these gadgets implemented with. The objective of the VAT monitoring system is to have efficient and reliable software to encourage voluntary tax compliance and at the same time collect the much needed revenue for the Government which is currently being evaded. The VMS software which will be linked to the company's cash register, will provide a real time data to FRCS on total company sales and the amount of VAT collected. We have already selected the vendor who will provide software for this project and after fine tuning some issues, we are now ready to implement VMS which will enhance administration of VAT in Fiji. Fiji loses more than \$250m annually due to fraudulent practices by some businesses in the country. Thorough investigations by FRCS reveals that a number of supermarkets are involved into unethical practices by having additional cash registers over claiming of expenses and allegedly falsifying sales data, which are not in the company's books of records.



FRCS will treat any falsified VAT return with all seriousness and offenders will have to face the full brunt of the law including imprisonment. This system will definitely improve monitoring of VAT collection in Fiji. There is a significant leakage in Fiji's tax system and we all need to play our part to collect this money that will be ultimately invested back into our economy. Millions of dollars in income go unreported through the informal economy or through simple tax

evasion because of the lack of a credible system to monitor these businesses and individuals. The VMS project will not only benefit the tax office but will be of great assistance to the businesses communities as well. The businesses will benefit in terms of more straightforward administrative procedures, increased certainty and reduced administrative costs since FRCS will have all the sales data.

The background of the entire page is a solid blue color. In the upper half, there is a faint, stylized graphic. It features a line graph with a red line and a bar chart with blue bars. Overlaid on this is a grid of binary code (0s and 1s) in a lighter blue color. The overall aesthetic is modern and financial.

Fiji Revenue and Customs Authority

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# FINANCIAL STATEMENTS

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For the Year Ended 31st July 2017

# Table Of Contents

## The Financial Statements

• Members Report	25
• Statement by the Members	27
• Independant Audit Report	28 - 29
• Statement of Financial Position	30
• Statement of Financial Performance	31
• Statement of Changes in Equity	32
• Statement of Cash Flows	33
• Notes to and Forming Part of the Financial Statements	34-55

## Fiji Revenue and Customs Authority Members' Report as at 31st July 2017

In accordance with a resolution of the Authority, the members herewith submit the Statement of Financial Position and Statement of Changes in Equity of the Authority as at 31 July 2017, and the related Financial Performance and Cash Flows Statements for the year ended 31 July 2017 and report as follows:

### THE NAMES OF THE MEMBERS OF THE AUTHORITY IN OFFICE AT THE DATE OF THIS REPORT

Mr. Ajith Kodagoda	Appointed on 28 July 2011 to date (Chairman)
Mr. Jone Vatukela	Appointed on 29 October 2009 to date
Mr. Faiz Khan	Appointed on 23 September 2010 to date
Mrs. Makereta Alifereti Konrote	Appointed on 21 December 2015 to date

### PRINCIPAL ACTIVITIES

The principal activities of the Authority during the year were to act as the agent of the state in the provision of taxation and customs services, particularly revenue collection and border management.

### OPERATING RESULTS

The net surplus of the Authority for the year ended 31 July 2017 was \$9,233,180 compared to \$7,148,910 for the period ended 31 July 2016.

### BAD AND DOUBTFUL DEBTS

Prior to the completion of the Authority's financial statements, the members took reasonable steps to ascertain that action had been taken in relation to writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate provisions made for doubtful debts.

As at the date of this report, the members are not aware of any circumstances which would render the amount written off as bad debts, or the provision for doubtful debts inadequate to any substantial extent.

### CURRENT ASSETS

Prior to the completion of the financial statements of the Authority, the members took reasonable steps to ascertain whether any current assets were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Authority. Where necessary these assets have been written down or adequate provision has been made to bring the values of such assets to an amount that they might be expected to realise.

As at the date of this report, the members are not aware of any circumstances which would render the values attributed to current assets in the Authority's financial statements misleading.

### UNUSUAL TRANSACTION

Apart from matters specifically referred to in the financial statements, in the opinion of the members, the results of the operations of the Authority during the financial year were not substantially affected by any item, transaction or event of a material unusual nature, nor has there arisen between the end of the financial year and the date of this report any item, transaction or event of a material unusual nature likely, in the opinion of the members, to affect substantially the results of the operations of the Authority in the current financial year, other than those reflected in the financial statements.



## Fiji Revenue and Customs Authority Members' Report as at 31st July 2017 (Continued)

### EVENTS SUBSEQUENT TO BALANCE DATE

There were no events subsequent to balance date that materially affect the financial statements, except for those already noted in the accounts.

### OTHER CIRCUMSTANCES

As at the date of this report:

- a) no charge on the assets of the Authority has been given since the end of the financial year to secure the liabilities of any other person;
- b) contingent liabilities could not be reliably estimated at the end of the financial year which could become liable; and
- c) can become or are likely to be enforceable within the period of twelve months after the end of the financial year, which in the opinion of the members, will or may substantially affect the ability of the Authority to meet its obligations as and when they fall due.

As at the date of this report, the members are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the Authority's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the Authority misleading or inappropriate.

### MEMBERS' BENEFIT

Since the end of the previous financial year no member has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by members) by reason of a contract made by the Authority with the member or with a company/firm which he or she is a partner, or in which he or she has a substantial financial interest.

For and on behalf of the Authority :



Chairman

Date: 5<sup>th</sup> February 2018

## Fiji Revenue and Customs Authority

### Statement by the Members as at 31st July 2017

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#### STATEMENT BY THE MEMBERS

In accordance with a resolution of the members of the Fiji Revenue and Customs Authority, we state that:

In the opinion of the members:

- (i) the accompanying Statement of Financial Position and Statement of Changes in Equity of the Authority are drawn up so as to give a true and fair view of the state of affairs of the Authority as at 31 July 2017.
- (ii) the accompanying Statement of Financial Performance of the Authority is drawn up so as to give a true and fair view of the results of the Authority for the year ended 31 July 2017;
- (iii) the accompanying Statement of Cash Flows is drawn up so as to give a true and fair view of the cash flows of the Authority for the year ended 31 July 2017;
- (iv) at the date of this statement, there are reasonable grounds to believe that the Authority will be able to pay its debts as and when they fall due; and
- (v) all related party transactions have been adequately recorded in the books of the Authority.

Dated at Suva this 05<sup>th</sup> day of February 2018.

For and on behalf of the Authority and in accordance with a resolution of the members.



Member



Member

## Fiji Revenue and Customs Authority Independent Audit Report as at 31st July 2017 (Continued)

### OFFICE OF THE AUDITOR GENERAL

Excellence in Public Sector Auditing



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#### INDEPENDENT AUDITOR'S REPORT

#### FIJI REVENUE AND CUSTOMS SERVICE

##### Opinion

I have audited the financial statements of Fiji Revenue and Customs Authority ("the Authority"), which comprise the statement of financial position as at 31 July 2017, statement of financial performance, statement of changes in equity and statement of cash flows for the year then ended, and notes to and forming part of the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Authority as at 31 July 2017 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

I conducted my audit in accordance with International Standards on Auditing (ISA). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Authority in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to my audit of the financial statements in Fiji and I have fulfilled other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### Responsibilities of the Management and Directors for the Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs) and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management intend to cease operations, or have no realistic alternative but to do so. The Directors are responsible for overseeing the Authority's financial reporting process.

##### Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with ISA, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

## Fiji Revenue and Customs Authority

### Independent Audit Report as at 31st July 2017 (Continued)

#### INDEPENDENT AUDITOR'S REPORT (Cont'd)

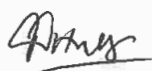
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's and directors' use of going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the management and directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

#### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Fiji Revenue and Customs Act 1998, in my opinion:

- a) Proper books of account have been kept by the Authority, so far as it appears from my examination of those books,
- b) the accompanying financial statements which have been prepared in accordance with international Financial Reporting Standards:
  - are in agreement with the books of account; and
  - to the best of my information and according to the explanations given to me, give the information required by the Fiji Revenue and Customs Act 1998 in the manner so required.



Ajay Nand  
AUDITOR-GENERAL



Suva, Fiji  
8 February 2018




## Fiji Revenue and Customs Authority

### Statement of Financial Position as at 31st July 2017


	Notes	31 July 2017 \$	31 July 2016 (Restated) \$
<b>Total Equity</b>	[refer to page 32]	<b>81,052,028</b>	<b>71,818,848</b>
<b>Current Assets</b>			
Cash and cash equivalents	5	44,132,251	35,363,223
Receivables	6	3,515,129	2,091,753
Prepayments		1,309,841	368,780
Investments	7	37,862,469	19,425,276
<b>Total Current Assets</b>		<b>86,819,690</b>	<b>57,249,032</b>
<b>Non- Current Assets</b>			
Property, plant and equipment	8	20,376,342	17,106,372
Intangible assets	9	2,571,335	2,635,146
Investments	7	-	14,035,817
Investment property	10	6,860,000	6,995,000
<b>Total Non- Current Assets</b>		<b>29,807,677</b>	<b>40,772,335</b>
<b>Total Assets</b>		<b>116,627,367</b>	<b>98,021,367</b>
<b>Current Liabilities</b>			
Trade and other payables	11	4,272,338	4,417,021
Provision	12	470,144	245,876
<b>Total Current Liabilities</b>		<b>4,742,482</b>	<b>4,662,897</b>
<b>Non - Current Liabilities</b>			
Deferred grant income	13	<b>30,832,857</b>	<b>21,539,622</b>
<b>Total Non - Current Liabilities</b>		<b>30,832,857</b>	<b>21,539,622</b>
<b>Total Liabilities</b>		<b>35,575,339</b>	<b>26,202,519</b>
<b>Net Assets</b>		<b>81,052,028</b>	<b>71,818,848</b>

The balances for the period ended 31st July 2016 do not correspond to balances reported in the Financial Statements due to the restatements disclosed in note 24. The accompanying notes form an integral part of these financial statements.

These financial statements are approved in accordance with a resolution of the members of the Authority.

Member 

Date: 5<sup>th</sup> February 2018

Member 

Date: 5<sup>th</sup> February 2018

## Fiji Revenue and Customs Authority

### Statement of Financial Performance for the Year Ended 31st July 2017

	Notes	31 July 2017 \$	31 July 2016 (Restated) \$
<b>Revenue</b>			
Grants from Government	14	42,099,362	23,261,526
Fees and charges	15	11,164,464	4,666,257
Recoupment of depreciation through grants	13	1,803,601	1,055,208
Sundry income	16	2,268,332	771,975
Revaluation gain - Investment property	10	-	3,028,000
Gain on disposal of asset		19,448	-
<b>Total Revenue</b>		<b>57,355,207</b>	<b>32,782,966</b>
<b>Expenses</b>			
Employee costs	17	35,042,722	19,203,944
Administrative expenses	18	2,703,291	1,386,438
Other operating expenses	19	4,505,777	1,978,027
Property expenses	20	3,648,396	2,170,856
Depreciation	8 (a) and 10	2,140,936	791,395
Amortisation of intangible assets	9	70,984	41,679
Non operating expenses	21	9,921	61,717
<b>Total Expenses</b>		<b>48,122,027</b>	<b>25,634,056</b>
<b>Net Surplus For The Period</b>		<b>9,233,180</b>	<b>7,148,910</b>
<b>Other Comprehensive Income</b>			
Revaluation Gain - Land and Building	8 (a)	-	5,425,707
<b>Total Comprehensive Income For The Period</b>		<b>9,233,180</b>	<b>12,574,617</b>

The balances for the period ended 31st July 2016 do not correspond to balances reported in the Financial Statements due to the restatements disclosed in note 24. The accompanying notes form an integral part of these financial statements.

## Fiji Revenue and Customs Authority

### Statement of Changes In Equity for the Year Ended 31st July 2017

	Asset Revaluation Reserve \$	Retained Earnings (Restated) \$	Total (Restated) \$
Balance as at 01 January 2016 (Restated)	5,108,354	54,135,877	59,244,231
Other comprehensive income	5,425,707		5,425,707
Surplus for the year	-	7,148,910	7,148,910
Balance as at 31 July 2016	10,534,061	61,284,787	71,818,848
Other comprehensive income	-	-	-
Surplus for the period	-	9,233,180	9,233,180
Balance as at 31 July 2017	10,534,061	70,517,967	81,052,028

The balances for the period ended 31st July 2016 do not correspond to balances reported in the Financial Statements due to the restatements disclosed in note 24.

The accompanying notes form an integral part of these financial statements.

# Fiji Revenue and Customs Authority Statement of Cash Flows for the Year Ended 31st July 2017

	Notes	31 July 2017 \$	31 July 2016 \$
<b>Cash Flows from Operating Activities</b>			
Amount received from Government for operating activities		42,099,362	23,261,526
Amount received for services provided		10,546,467	8,894,767
Payments to suppliers and employees		(46,444,814)	(24,860,877)
<b>Net cash provided by operating activities</b>		<b>6,201,015</b>	<b>7,295,416</b>
<b>Cash Flows from Investing Activities</b>			
Payment for property, plant and equipment		(5,286,631)	(2,627,296)
Capital Grant received from Government		10,901,817	4,770,642
Net redemption / (payment) for investment		(4,401,375)	(476,241)
Proceed from sale of fixed assets		23,000	-
Interest from investment and other income		1,053,415	700,942
Income from investment property		277,787	202,026
<b>Net cash provided/(used) in investing activities</b>		<b>2,568,013</b>	<b>2,570,073</b>
Net increase in cash held		8,769,028	9,865,489
Cash as at beginning of the year		35,363,223	25,497,734
<b>Net cash at the end of the year</b>	<b>22</b>	<b>44,132,251</b>	<b>35,363,223</b>

The accompanying notes form an integral part of these financial statements.



# Fiji Revenue and Customs Authority

## Notes to and Forming Part of The Financial Statements

### For the Year Ended 31st July 2017

#### 1. Principal Activities

The principal activities of the Authority during the year were to act as the agent of the state in the provision of taxation and customs services, particularly revenue collection and border management.

#### 2. Statement of Significant Accounting Policies

The financial statements have been drawn up in accordance with International Financial Reporting Standards (full "IFRS"). The principal accounting policies adopted by the Authority are stated to assist in the general understanding of these financial statements. The accounting policies adopted are consistent with those of the previous year except when stated otherwise.

##### (a) Issue of Financial Statements

The financial statements were approved for issue by the Board of Directors of the Authority at its meeting held on .....

##### (b) Basis of Accounting

The financial statements have been prepared in accordance with the historical cost conventions, except for investment properties, and the land and buildings that are classified as property, plant and equipment, have been measured at fair value.

The financial statements are presented in the Fijian currency and are rounded off to the nearest dollar, except otherwise indicated.

The Authority's financial statement has been prepared on a going concern basis. However, the Authority is dependent on Government policy and the continued funding by Parliament for the administration of the Authority.

##### (c) The Authority as The Agent of the State

All funds utilised by the Authority through various branches to carry out its functions as the agent of the state have been included in the financial statements.

As the Authority acts as the Agent of the State, it administers, but does not control, funds collected on behalf of the Fiji Government. The Authority is accountable for transactions involving those resources, but does not have the discretion to deploy the resources for the achievement of its objectives. Government transactions include taxes and customs duties. Government revenue is recognised on receipt (cash basis).

##### (d) Standards, Amendments and Interpretations Issued but not yet Effective

A number of new standards, amendments and interpretations to existing standards have been published and are mandatory, but the Authority has not early adopted them. No significant impact is expected to arise out of these standards, amendments and interpretations.

1.0 IFRS 9 (amendment), 'Financial Instruments - classification and measurement'. (1 January 2015)

2.0 IAS 32 (amendment), 'Offsetting Financial Assets and Financial Liabilities'. (1 January 2014)

3.0 IAS 36 (amendment), 'Impairment of Assets'. (1 January 2014)

# Fiji Revenue and Customs Authority Notes to and Forming Part of The Financial Statements For the Year Ended 31st July 2017 (Continued)

4.0 IFRS 8 Non - Current Assets held for Sales & Discontinued Operations

5.0 IFRS 7 Financial Instrument - Disclosures

6.0 IAS 19 Employee Benefits

7.0 IAS 34 Interim Financial Reporting

8.0 IFRS 10 Amendments to IFRS 10 Consolidated financial statements, IFRS 12 Disclosure of Interests in Other Entities, IAS 28. Investments in associates and joint ventures (Amended in 2011); Investment Entities : Applying the Consolidation Exception.

9.0 IFRS 11 Amendments to IFRS 11 Joint Arrangement: Accounting for Acquisitions of Interest in Joint Operations.

10.0 IFRS 14 Regulatory Deferral Accounts (New in 2014)

11.0 IAS 1 Amendments to IAS 1 Presentation of Financial Statements: Disclosures Initiatives

12.0 IAS 16 & 41 Amendments - Property, Plant & Equipment and Agriculture, Agriculture: Bearer Plants

13.0 IAS 16 & 38 Amendments - Property, Plant & Equipment, Intangible Assets, Clarification of acceptable method of depreciation & amortisation.

14.0 IAS 27 Amendments - Separate Financial Statements (Amended in 2011): Equity Method in Separate Financial Statements.

## (e) **Cash and cash equivalents**

For the purposes of the statement of cash flow, cash and cash equivalents comprise cash on hand and cash at bank.

## (f) **Comparatives figures**

The accounting period of the Authority has been changed from "January to December" to "August to July" in 2016.

1.0 In 2016, the Government announced to change the Government's fiscal year end from December to July. Hence, this change has been made in line with the changes done by the Government.

2.0 The comparative amounts in the Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Equity, Statement of Cash Flow and related notes are not entirely comparable.

## (g) **Property, plant and equipment**

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and impairment loss except for one class of PPE, which is buildings. Buildings are measured at a revalued amount less accumulated depreciation and impairment loss.

### **Additions**

While expenditure on assets with a value of less than \$1,000 is generally not capitalised, physical control is maintained over all items regardless of cost.

# Fiji Revenue and Customs Authority Notes to and Forming Part of The Financial Statements For the Year Ended 31st July 2017 (Continued)

## 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (g) Property, plant and equipment (continued)

#### Depreciation rates

Property, plant and equipment (except land) and intangible assets are depreciated at the rates based upon their expected useful lives using the straight line method:

	Period	Rate
Buildings	20 - 25 years	4 - 5%
Motor Vehicles	3 - 5 years	20 - 30%
Office Equipment	3 - 5 years	20 - 33%
Detectors and Scanners	5 - 10 years	10 - 20%
Furniture and Fittings	5 - 10 years	10 - 20%
Computer Hardware	3 - 5 years	20 - 33%
Computer Software	3 - 15 years	5 - 33%

#### Disposals

Gains and losses on disposal are determined by comparing proceeds with carrying amounts and are included in the statement of financial performance.

#### Intangible assets

Acquired computer softwares licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives. The costs of infinite life are tested for impairment annually and if there is any indication of impairment, necessary amortisation is carried out.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Authority, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

### (h) Provision for Employee Entitlements

Liabilities for salaries and annual leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

### (i) Income tax

The Authority is exempt from income tax under section 53 of the Fiji Revenue and Customs Act 1998. Hence, income tax is not separately accounted for in the Authority's financial statements.

# Fiji Revenue and Customs Authority

## Notes to and Forming Part of The Financial Statements

### For the Year Ended 31st July 2017 (Continued)

#### (j) Revenue Recognition

##### Government Operating & Capital Grant

Government grants are recognised in the Statement of Financial Performance on an accrual basis over the periods necessary to match them with the related costs which the grants are intended to compensate. The cost of assets funded by grants are capitalised to fixed assets and the corresponding credit is taken as a deferred grant income.

The fixed assets are depreciated over their estimated useful lives. The benefit arising from the grants being the recoupment through depreciation, is credited to revenue over the period of the useful lives of those assets.

##### Other Income

Fees and charges earned is recorded in the Statement of Financial Performance on an accrual basis.

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

Rental income earned from leasing or sub-leasing properties is recorded in the Statement of Financial Performance on an accrual basis.

#### (k) Rounding off amounts

Amounts in the financial statements have been rounded off to nearest dollars unless specifically stated to be otherwise.

#### (l) Value Added Tax

All items in the financial statements are exclusive of Value Added Tax (VAT), with the exception of Trade Creditors which are stated as VAT inclusive.

#### (m) Trades and other payables

Trade and other payables are stated at cost. Trade payables are recognised in the statement of financial position when the Authority has legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

#### (n) Held to maturity financial assets

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Authority has the positive intention and ability to hold to maturity.

### 3. FINANCIAL RISK MANAGEMENT

The Authority's activities may expose to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Authority's financial performance.



# Fiji Revenue and Customs Authority Notes to and Forming Part of The Financial Statements For the Year Ended 31st July 2017 (Continued)

## 3 FINANCIAL RISK MANAGEMENT (continued)

### (a) Market risk

#### Interest rate risk

The Authority has significant interest-bearing assets in the form of short-term/ long-term cash deposits. These are at fixed interest rates and hence there are no interest rate risks during the period of investment. For re-investment of short and long term cash deposits, the Authority negotiates an appropriate interest rate with the banks and invests with the bank which offers the highest interest return. Given the fixed nature of interest rates described above, the Authority has a high level of certainty over the impact on cash flows arising from interest income. Accordingly, the Authority does not require simulations to be performed over impact on net profits arising from changes in interest rates.

### (b) Credit risk

Credit risk arises from deposits with banks, as well as credit exposures to customers, including outstanding receivables. For deposits with banks, only reputable parties with known sound financial standing are accepted. Receivable consist of a small number customers. The Authority does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, represents the Authority's maximum exposure to credit risk.

### (c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to ensure availability of funding. The Authority monitors liquidity through rolling forecasts of the Authority's cash flow position. Overall, the Authority does not see liquidity risk as high given that the Authority holds a healthy cash balance.

The table below analyses the Authority's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed in the table are based on the contractual undiscounted cash flows.

## Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The carrying values of financial liabilities and financial assets and provisions are estimated to approximate their fair values.

Financial Assets	< 1 year	2 to 5 years	Total
Investment	37,862,469	-	37,862,469
Receivables	3,515,129	-	3,515,129
<b>Total</b>	<b>41,377,598</b>	<b>-</b>	<b>41,377,598</b>
Financial Liabilities			
Trade and other payables	4,272,338	-	4,272,338
Provisions	470,144	-	470,144
<b>Total</b>	<b>4,742,482</b>	<b>-</b>	<b>4,742,482</b>

# Fiji Revenue and Customs Authority Notes to and Forming Part of The Financial Statements For the Year Ended 31st July 2017 (Continued)

## 4. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Authority makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### (a) Impairment of Assets

At each reporting date, the Authority reviews the carrying amounts of its tangible assets to determine whether those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

### (b) Impairment of Receivables

Impairment of receivable balances is assessed at an individual level and impairment tests are performed on a more specific basis. If any such indication exists, the recoverable amount of the receivable are estimated in order to determine the extent of the impairment loss and are accordingly provided for.

## 5. CASH AND CASH EQUIVALENTS

	31 July 2017 \$	31 July 2016 \$
Operating Account - ANZ	20,126,397	10,520,137
Fees and Charges - HFC	21,160,042	22,025,118
Operating account - BSP	2,772,130	2,744,693
Epay - Bred Bank	(179)	-
Petty Cash	2,390	2,787
Debit Card - WBC	46,274	42,385
FRCA E Account -WBC	20,543	26,354
FRCA E Account - HFC	4,654	1,749
<b>Cash and Cash Equivalent</b>	<b>44,132,251</b>	<b>35,363,223</b>

The cash and the cash equivalents held by the Authority that is not available for use include, "Taxpayer funds " for taxpayers that are not contactable of \$143,278 which is held in trust in the Operating Account with ANZ.

## Fiji Revenue and Customs Authority

### Notes to and Forming Part of The Financial Statements

### For the Year Ended 31st July 2017 (Continued)

6.

RECEIVABLES	31 July 2017 \$	31 July 2016 \$
Debtors	2,133,304	1,528,111
Deposits	117,027	114,433
Rental Deposits	26,000	91,171
Interest Receivable	1,212,954	355,239
Business Advance	-	398
Staff Salary Advance	29,184	12,285
	3,518,469	2,101,637
Less: Provision for Doubtful Debts	(3,340)	(9,884)
<b>Total Receivables</b>	<b>3,515,129</b>	<b>2,091,753</b>

Terms and conditions of the above financial assets

- Debtors are non-interest bearing and are normally received with 30 - 60 day terms.
- Interest receivable, business and staff salary advance are non-interest bearing with an average term of 60 - 180 days.

7.

#### INVESTMENT

Investments as at balance date comprised of short and long term money placements ranging from three months to two years with interest rates between 3.20% - 5%.

Current	37,862,469	19,425,276
Non-current	-	14,035,817
<b>Total Investments</b>	<b>37,862,469</b>	<b>33,461,093</b>

# Fiji Revenue and Customs Authority Notes to and Forming Part of The Financial Statements For the Year Ended 31st July 2017 (Continued)

8.

<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>31 July 2017 \$</b>	<b>31 July 2016 \$</b>
<b>Carrying amount of:</b>		
Land	4,875,000	4,875,000
Building	5,345,962	5,073,242
Computer Hardware	941,384	825,439
Office Equipment	500,263	611,469
Furniture and Fixtures	2,115,607	2,450,576
Motor Vehicles	914,661	1,105,869
Detectors and Scanners	518,397	559,347
Capital Works in Progress	5,165,068	1,605,430
<b>Total</b>	<b>20,376,342</b>	<b>17,106,372</b>

<b>(a) Reconciliation of Property, Plant and Equipment - 2017</b>									
	Land at revalued amount	Building at revalued amount	Computer Hardware at cost	Office Equipment at cost	Furniture & Fixtures at cost	Motor Vehicles at cost	Detectors & Scanners at cost	Capital Works in Progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost or valuation</b>									
Balance at 1 August 2016	4,875,000	6,054,008	4,044,757	5,929,935	7,496,853	2,708,149	765,443	1,605,430	33,479,575
Additions	-	491,229	386,005	109,519	470,221	199,743	63,102	4,606,758	6,326,577
Disposals	-	-	-	(25,760)	(35,496)	(222,027)	-	-	(283,283)
Revaluation gain	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	(1,047,120)	(1,047,120)
<b>Total</b>	<b>4,875,000</b>	<b>6,545,237</b>	<b>4,430,762</b>	<b>6,013,694</b>	<b>7,931,578</b>	<b>2,685,865</b>	<b>828,545</b>	<b>5,165,068</b>	<b>38,475,749</b>



## Fiji Revenue and Customs Authority

### Notes to and Forming Part of The Financial Statements

### For the Year Ended 31st July 2017 (Continued)

#### 8. PROPERTY, PLANT AND EQUIPMENT (Continued)

##### Accumulated depreciation

Balance at 1 August 2016	-	980,766	3,219,318	5,318,466	5,046,277	1,602,280	206,096	-	16,373,203
Depreciation expense	-	218,509	270,060	220,725	801,639	390,951	104,052	-	2,005,936
Eliminated on disposal of assets	-	-	-	(25,760)	(31,944)	(222,027)	-	-	(279,732)
Total	-	1,199,275	3,489,378	5,513,431	5,815,972	1,771,204	310,148	-	18,099,407
<b>Carrying amount as at 31 July 2017</b>	<b>4,875,000</b>	<b>5,345,962</b>	<b>941,384</b>	<b>500,263</b>	<b>2,115,607</b>	<b>914,661</b>	<b>518,397</b>	<b>5,165,068</b>	<b>20,376,342</b>

##### (b) The Principal Land Valuer, Professional Valuations Limited during July 2016 valued the following properties:

	July / 2016	November / 2010
1. Queens Warehouse with Land	3,360,000	593,000
2. Nadi Airport Customs Office	515,000	450,000
3. Lautoka Customs Office with Land	6,000,000	4,366,000
<b>Total Value</b>	<b>9,875,000</b>	<b>5,409,000</b>

Land and buildings are stated at their revalued amounts as determined by an independent valuer in 2016. Legal title for land which is valued at \$8.5 million are yet to be acquired. These Lands were transferred to the Authority under section 16 of the Fiji Revenue and Customs Authority Act 1998.

The Authority is currently in the negotiation process with the Airports Fiji Limited for an offer on the disposal of the Nadi Airport Customs Office, in light of the expansion of the Nadi International Airport. As at 31 July 2017, no agreement has been reached between the two parties. The Nadi Airport Customs office building was revalued at \$515,000 as at 31 July 2016. Date of valuation was on 22 July 2016. The valuer used replacement cost approach to value the property.

**Fiji Revenue and Customs Authority**  
**Notes to and Forming Part of The Financial Statements**  
**For the Year Ended 31st July 2017 (Continued)**

9.	<b>INTANGIBLE ASSETS</b>	<b>31 July 2017</b> \$	<b>31 July 2016</b> \$
	<b>Cost - Software</b>		
	Balance as at 1 August	6,795,375	4,379,004
	Additions	7,173	2,416,371
	<b>Balance as at 31 July 2017</b>	<b>6,802,548</b>	<b>6,795,375</b>
	<b>Accumulated amortisation:</b>		
	Balance as at 1 August	4,160,229	4,118,550
	Amortisation for the year	70,984	41,679
	<b>Balance as at 31 July 2017</b>	<b>4,231,213</b>	<b>4,160,229</b>
	<b>Net Carrying amount</b>	<b>2,571,335</b>	<b>2,635,146</b>
10.	<b>INVESTMENT PROPERTY</b>	<b>31 July 2017</b> \$	<b>31 July 2016</b> <b>(Restated)</b> \$
	<b>Investment Property</b>		
	Balance at 1 August	6,995,000	3,967,000
	Add: Revaluation gain	-	3,028,000
	<b>Balance at 31 July 2017</b>	<b>6,995,000</b>	<b>6,995,000</b>
	<b>Accumulated Depreciation</b>		
	Balance at 1 August	-	298,290
	Add: Depreciation	135,000	-
	Less : Revaluation Adjustment		(298,290)
	Balance at 31 July	<b>135,000</b>	-
	<b>Balance at 31 July</b>	<b>6,860,000</b>	<b>6,995,000</b>

The Investment Property (Main Customs Building) was revalued by an independent valuer (Professional Valuations Limited) in July 2016. The valuer used replacement cost approach to value the property. Date of valuation was on 22nd July 2016. There is no restriction on the realisability of investment property. The property is leased under operating lease. The legal title for the investment property is yet to be acquired by the Authority.

# Fiji Revenue and Customs Authority Notes to and Forming Part of The Financial Statements For the Year Ended 31st July 2017 (Continued)

## 11. TRADE AND OTHER PAYABLES

	31 July 2017	31 July 2016 (Restated)
Trade payable	3,346,641	1,966,028
VAT payable	360,071	1,043,029
Others	565,626	1,407,964
<b>Total Trade and Other Payables</b>	<b>4,272,338</b>	<b>4,417,021</b>

Terms and conditions of the above financial liabilities:

- Trade payables and VAT payable are non-interest bearing and are settled on 30 day terms.
- Other payables are non-interest bearing and have an average term of 60 - 90 days.

## 12. PROVISIONS

Employee entitlement represents annual leave accrued as at 31 July 2017.

Annual Leave		
Opening balance	245,876	106,927
Accrued during the year	470,144	458,956
Utilised during the year	(245,876)	(320,007)
<b>Closing Balance</b>	<b>470,144</b>	<b>245,876</b>

## 13. RECOUPMENT OF DEPRECIATION and DISPOSALS THROUGH GRANTS

	31 July 2017	31 July 2016
Building		
Written down Value	58,846	60,710
Addition during the year	491,228	-
Depreciation recoupment	(17,932)	(1,864)
Deferred Grant	532,142	58,846

# Fiji Revenue and Customs Authority Notes to and Forming Part of The Financial Statements For the Year Ended 31st July 2017 (Continued)

## 13. RECOUPMENT OF DEPRECIATION and DISPOSALS THROUGH GRANTS (Continued)

<b>TISP/FITS</b>		
Written down Value	878,074	774,799
Addition during the year	317,993	281,892
Depreciation recoupment	(318,231)	(178,617)
Deferred Grant	877,836	878,074
<b>Motor Vehicles</b>		
Written down Value	877,628	1,180,705
Addition during the year	199,743	-
Disposal	-	-
Depreciation recoupment	(555,053)	(303,077)
Deferred Grant	522,318	877,628
<b>Furniture and Fittings</b>		
Written down Value	2,034,027	2,402,958
Addition during the year	406,407	14,350
Depreciation recoupment	(700,597)	(383,281)
Deferred Grant	1,739,837	2,034,027
<b>Office Equipment</b>		
Written down Value	326,548	406,310
Addition during the year	-	53,171
Depreciation recoupment	(108,849)	(132,933)
Deferred Grant	217,699	326,548

## Fiji Revenue and Customs Authority

### Notes to and Forming Part of The Financial Statements

### For the Year Ended 31st July 2017 (Continued)

#### 13. RECOUPMENT OF DEPRECIATION and DISPOSALS THROUGH GRANTS (Continued)

<b>Detectors and Scanners</b>		
Written down Value	559,560	351,045
Addition during the year	-	263,951
Depreciation recoupment	(102,939)	(55,436)
Deferred Grant	456,621	559,560
<b>Work in Progress</b>		
Cost	1,605,430	2,119,505
Addition during the year	4,606,758	1,969,551
Transfers : Ba Office	(391,492)	-
Transfers : IT and others	(124,853)	-
Transfers : Nadi Dog Kennel	(491,229)	-
Transfers : Exepnses	(39,546)	-
Transfers : Asycuda World	-	(2,483,626)
	5,165,068	1,605,430
Unutilised Capital Grant	21,321,336	15,199,509
<b>Total Depreciation and Disposal Recoupment</b>	<b>1,803,601</b>	<b>1,055,208</b>
<b>Total Deferred Grant Income</b>	<b>30,832,857</b>	<b>21,539,622</b>
<b>Details of unutilised Capital Grant which are in progress:</b>		
Capital Grant for Nadi office Project	2,816,513	-
Capital Grant for VMS Project	3,227,982	4,200,000
Capital Grant for Border Security	7,273,436	8,000,000
Capital Grant for IT Projects	956,745	999,509
Capital Grant for Property Projects	780,605	2,000,000
Capital Grant for NTIS Projects	6,266,055	-
	<b>21,321,336</b>	<b>15,199,509</b>



# Fiji Revenue and Customs Authority Notes to and Forming Part of The Financial Statements For the Year Ended 31st July 2017 (Continued)

14.	<b>GOVERNMENT GRANTS</b>		
	Cash Grants from Government	42,099,362	23,261,526
	<b>Net Grant received from Government</b>	<b>42,099,362</b>	<b>23,261,526</b>
	Government grants received for the purchase of fixed assets are presented as deferred income. Capital grant of \$10.8million was received from Government for 2017.		
15.	<b>FEES AND CHARGES</b>	<b>11,164,464</b>	<b>4,666,257</b>
	These are revenue earned from services provided by the Authority, which are collected with other revenues and lodged into the Government consolidated fund account. The Ministry of Economy reimburses these funds to the Authority during the year.		
16.	<b>SUNDRY INCOME</b>		
	Interest on Investment	1,692,486	555,512
	Income from investment property	303,040	176,773
	Rental Income	5,505	3,211
	Other Revenue	267,301	36,479
	<b>Total Sundry Income</b>	<b>2,268,332</b>	<b>771,975</b>
17.	<b>EMPLOYEE COSTS</b>		
	Salaries and Wages	25,957,239	12,655,523
	FNPF, Overtime, Allowances and Bonuses	6,414,837	5,048,088
	Annual Leave	1,159,670	565,883
	Training, Professional Development	373,075	257,628
	Recruitment, Transfer and Others	1,137,901	676,822
	<b>Total Employee Costs</b>	<b>35,042,722</b>	<b>19,203,944</b>

# Fiji Revenue and Customs Authority Notes to and Forming Part of The Financial Statements For the Year Ended 31st July 2017 (Continued)

## 18. ADMINISTRATIVE EXPENSES

	31 July 2017 \$	31 July 2016 \$
Communications	869,773	429,219
Electricity, Water and Power Supply	817,383	499,611
Travel and Accommodation	546,127	277,415
Contributions to ASMP and WCO	470,008	180,193
<b>Total Administrative Expenses</b>	<b>2,703,291</b>	<b>1,386,438</b>

## 19. OTHER OPERATING EXPENSES

Insurance	322,777	86,790
Computer Maintenance/Software Licenses	948,860	792,502
Stationery and Supplies	434,496	233,196
Vehicle Service and Maintenance	193,837	111,269
Training Levy	258,501	127,273
FCEF Levy	10,224	-
Consultancy / Special Projects	918,758	65,287
Professional fees	(8,199)	63,774
Legal Fees	87,784	43,198
Audit Fees	32,765	22,936
Advertising /Public Education	257,564	171,637
Books, Periodicals, Publication	62,485	14,539
Uniforms	253,436	25,698
Directors Fees	34,500	19,243
Entertainments	45,105	20,334
Minor Assets	129,663	161,252

## Fiji Revenue and Customs Authority

### Notes to and Forming Part of The Financial Statements

### For the Year Ended 31st July 2017 (Continued)

#### OTHER OPERATING EXPENSES (Continued)

Staff Team Building Day	10,000	-
Taxi / Freight	12,083	3,869
Bank Fees and Charges	65,355	11,518
Tax Agent Board Expenses	-	3,712
Doubtful Debts	24,395	-
Dog Kennel Expenses	4,981	-
Rewards	406,407	-
<b>Total Other Operating Expenses</b>	<b>4,505,777</b>	<b>1,980,043</b>

#### 20. PROPERTY EXPENSES

This includes rents for staff quarters, office space and building maintenance.

Office Rent	2,912,886	1,691,104
Staff Quarters	137,108	7,000
Office Maintenance	598,402	472,752
<b>Total Property Expenses</b>	<b>3,648,396</b>	<b>2,170,856</b>

Rodwell Rd property expenses for the period was \$110,480.77.

# Fiji Revenue and Customs Authority Notes to and Forming Part of The Financial Statements For the Year Ended 31st July 2017 (Continued)

## 21. NON -OPERATING EXPENSES

The non operating expenses for the current year comprised mainly of funeral expenses and penalty.

## 22. NOTES TO STATEMENT OF CASH FLOW

### Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and excludes short term deposits.

Operating Account - ANZ	20,126,397	10,520,137
Fees and Charges - HFC	21,160,042	22,025,118
Operating account - BSP	2,772,130	2,744,693
Bred Bank	(179)	-
Petty Cash	2,390	2,787
Debit Card - WBC	46,274	42,385
FRCA E Account - HFC	4,654	1,749
FRCA E Account - WBC	20,543	26,354
<b>Cash on hand and in bank</b>	<b>44,132,251</b>	<b>35,363,223</b>

## 23. COMMITMENTS

### Commitments

Nadi Detector Dog Unit	-	153,225
VAT Monitoring System	697,423	3,300,000
Supply Chain	2,840,361	-
Nadi Office	128,315	-
Nausori Office	169,375	-
<b>Contingent Liabilities</b>	<b>3,020,000</b>	<b>3,372,750</b>

# Fiji Revenue and Customs Authority Notes to and Forming Part of The Financial Statements For the Year Ended 31st July 2017 (Continued)

## COMMITMENTS (Continued)

The Authority as a statutory body has a number of general litigation claims made against it and vice versa for employment or contractual matters. These matters are resolved through various means not wholly within the control of the Authority and may or may not give rise to an obligation. Furthermore, \$3 million has been recorded as a contingent liability for the Nasese Project.

### Operating lease commitments

Total commitments for future base lease rentals are as follows:

Not later than 1 Year	2,726,538	2,661,174
Later than 1 Year but not later than 5 years	1,874,396	3,935,482
Greater than 5 Years	-	-

### Operating lease revenue

Non cancellable operating lease rentals are receivables as follows:

Not later than 1 Year	2,500	6,000
Later than 1 Year but not later than 5 Years	-	2,500
Greater than 5 Years	-	-



## Fiji Revenue and Customs Authority

### Notes to and Forming Part of The Financial Statements

### For the Year Ended 31st July 2017 (Continued)

#### 24. PRIOR YEAR ERRORS ADJUSTMENTS

- (a). Reversal of prior year accrual of \$407,927.68 relating to Salaries. The effect of the restatement on the prior years financial statements is summarised below:

	Reported 2016 \$	Adjustment \$	Restated 2016 \$
Revaluation Gain - Investment Property	3,360,520	332,520	3,028,000
Depreciation	1,123,915	332,520	791,395

- (b). Adjustment of revaluation gain and depreciation by \$332,520 on Investment Property. The effect of the restatement on the prior years financial statements is summarised below:

Effect on Financial Performance	Effect on 2017	Effect on 2016 & earlier
Decrease in Revenue	-	332,520
Decrease in Expense		332,520
Effect on profit	-	-

#### 25. RELATED PARTIES

- (a). Transactions with related parties

All transaction that occurred between the Authority and companies or organisations in which a member may have an interest, either as a member or employee, were at 'arms length' and in normal course of business.

	31 July 2017 \$	31 July 2016 \$
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- (b). Directors and Key Management Personnel Remuneration

Directors' remuneration - fees	34,500	17,250
Key Management Personnel remuneration for salary and other benefits.	1,002,754	726,763

Directors remuneration include amounts paid to the directors of the Authority. No remuneration is paid to Mr. Ajith Kodagoda. Remuneration for Ms. Makereta Konorote and Mr. Faiz Khan are paid directly to the Ministry of Economy and Tropic Woods Industries Ltd, respectively. Remuneration for Mr Jone Vatukela is paid to him.

Remuneration for Mr Shane Panettiere, Director Border Force is paid by NZ Customs, and is not part of FRCA's Management remuneration. Mr Shane Panettiere is on secondment to FRCA under a partnership arrangement with NZ Customs as part of capacity building in the Customs Border space for the organisation.

# Fiji Revenue and Customs Authority Notes to and Forming Part of The Financial Statements For the Year Ended 31st July 2017 (Continued)

## Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly (whether executive or otherwise) of that entity.

During the reporting period, the following persons were the executives identified as key management personnel, with the greatest authority and responsibility for the planning, directing and controlling of activities:

Mr. Visvanath Das - Chief Executive Officer	17/08/2016 - 31/07/2019
Mr. Kumar Sami Goundar - Director Revenue Management	03/10/2016 - 31/07/2019
Mr. Fazrul Rahman - Director Corporate Services	03/10/2016 - 31/07/2019
Mrs. Emily Yalimaiwai - Chief Information Officer	01/07/2016 - 31/07/2019
Mr. Shameem Khan - Director Intelligence, Compliance and Investigations	06/03/2017 - 31/07/2019
Mrs Fane Vave - Director International Relations & Stakeholder Engagement	17/08/2017 - 31/07/2019
Mrs Ruth Williams - Director People Capability and Culture	06/05/2016 - 09/10/2019
Mr Shane Panettiere - Director Border Force	01/01/2017 - 31/12/2020
Mr Krishna Chandra - Deputy Director Intelligence, Compliance and Investigations	23/06/2017 - 31/07/2020
Mr Muni Ratna - Deputy Director Revenue Management	01/04/2017 - 31/07/2019
Mr Jonetani Vuto - Acting National Manager Revenue	23/06/2017 - 31/07/2019

## 26. REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

The registered office and principal place of business of the entity is located at:  
Fiji Revenue and Customs Service Complex  
Lot 1 Corner of Queen Elizabeth Drive and Ratu Sukuna Road  
Nasese  
Suva, Fiji

## 27. AGENCY TRANSACTIONS ADMINISTERED FOR THE GOVERNMENT OF FIJI

### (a). Government Revenue

The Authority is responsible for the collection of the following revenues which are deposited directly by the Authority into the Government's Consolidated Fund account of Government.

The Authority does not receive these funds in its bank account. Government revenue is recognised on receipt.

# Fiji Revenue and Customs Authority Notes to and Forming Part of The Financial Statements For the Year Ended 31st July 2017 (Continued)

	31 July 2017 \$	31 July 2016 \$
<b>Customs Collection</b>	820,441,212	422,488,565
Less: Rebates	(5,036,688)	(2,419,084)
	815,404,524	420,069,481
<b>Inland Revenue Collection</b>	1,119,759,558	550,441,149
Less: Refunds	(59,681,274)	(11,524,194)
	1,060,078,284	538,916,955
<b>Value Added Tax</b>	942,908,015	541,505,841
Less: Refunds	(240,398,150)	(186,169,896)
	702,509,865	355,335,945
<b>Total Government Revenue</b>	<b>2,577,992,673</b>	<b>1,314,322,381</b>

## (b). Government Assets - Debtors

The balance outstanding as at 31 July 2017 of \$111,036,031 consisted of revenue arrears as follows:		
Income Tax	64,296,411	39,301,445
Value Added Tax	43,871,687	31,314,685
Customs	2,867,933	10,406,860
<b>Total Arrears</b>	<b>111,036,031</b>	<b>81,022,990</b>

The above amounts include penalties that may be waived and balances that may be disputed by taxpayers.

The Authority is actively analysing all arrears with a view to recommending write-off in accordance with Section 34 of the Financial Management Act 2004.

For the year ended 31 July 2017, the total amount of \$48,277,990 in fees and penalties was waived by the Authority. The withdrawals were made in accordance with Section 48(7) of TAA

# Fiji Revenue and Customs Authority Notes to and Forming Part of The Financial Statements For the Year Ended 31st July 2017 (Continued)

## 27). AGENCY TRANSACTIONS ADMINISTERED FOR THE GOVERNMENT OF FIJI (Continued)

	31 July 2017 \$	31 July 2016 \$
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### (c). Government Liabilities

VAT Refunds Outstanding	75,772,512	65,830,040
Income Tax Refunds	106,865,387	34,439,336
<b>Total Liabilities</b>	<b>182,637,899</b>	<b>100,269,376</b>

### (d). Government Contingent Liabilities And Contingent Assets

The Authority as an agent of Government currently has a number of litigation claims made against it and also claims against the taxpayers in relation to tax and customs matters. These matters are resolved through various means not wholly within the control of the Authority and may or may not give rise to an obligation.

Contingent Liability	47,796,909	6,482,930
Contingent Asset	5,917,956	41,602,242



