

BILL NO. 19 OF 2020

A BILL

FOR AN ACT TO AMEND THE ENVIRONMENT AND CLIMATE ADAPTATION LEVY ACT 2015

ENACTED by the Parliament of the Republic of Fiji—

Short title and commencement

1.—(1) This Act may be cited as the Environment and Climate Adaptation Levy (Budget Amendment) Act 2020.

(2) This Act comes into force on 1 August 2020.

(3) In this Act, the Environment and Climate Adaptation Levy Act 2015 is referred to as the “Principal Act”.

Section 2 amended

2. Section 2 of the Principal Act is amended by—

- (a) in the definition of “Environment and Climate Adaptation Levy”, deleting “10%” and substituting “5%”; and
- (b) in the definition of “prescribed service”, deleting “\$1.25 million” and substituting “\$3 million”.

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Section 3 amended

3. Section 3(1) of the Principal Act is amended by deleting “10%” and substituting “5%”.

Section 5 amended

4. Section 5 of the Principal Act is amended by—

(a) deleting subsection (6) and substituting the following—

“(6) Any person who, in the course of carrying out the prescribed service, has reasonable grounds to believe that his or her annual gross turnover—

(a) on or after 1 January 2016 and before 1 August 2020, exceeded \$1.25 million; or

(b) on or after 1 August 2020, will exceed \$3 million,

must register with or be deemed registered by the CEO.”; and

(b) in subsection (7) after “million” wherever it appears, inserting “or \$3 million, as applicable”.

Section 8 amended

5. Section 8(1) of the Principal Act is amended by deleting “10%” and substituting “5%”.

Section 9B inserted

6. The Principal Act is amended after section 9A by inserting the following new section—

“Drawback allowed on re-export

9B.—(1) Where goods have been imported from a foreign port and are then exported to a foreign port or as ship’s stores without having been subjected to any process in Fiji, an amount not exceeding the **duty Environment and Climate Adaptation Levy** paid in respect of the importation of the goods may be repaid as drawback if the following conditions are complied with—

(a) the goods must be identified to the satisfaction of the CEO with the original import invoice and with the entry for the payment of **duty the Environment and Climate Adaptation Levy** in Fiji;

(b) the re-exportation must be made within one year from the time of importation or the date of clearance from a bonded warehouse or within such further period as the CEO may, in special circumstances, approve;

(c) the claim for drawback must not be less than \$50 in respect of any one commodity entered as a separate item on the original entry; and

(d) the claim for drawback must be established at the time of the re-export, and payment must be demanded within one month from the date of

the entry for shipment or within such further period as the CEO may, in special circumstances, approve, provided that no drawback may be payable on any damaged goods or on any goods that are not in all respects in as good and sound condition as when imported or removed from a bonded warehouse.

(2) No payment of drawback is to be made until the aircraft or ship carrying the goods has left Fiji.”.

Section 10 amended

7. Section 10 of the Principal Act is amended by deleting “10%” and substituting “5%”.

Schedule 2 amended

8. Schedule 2 to the Principal Act is amended in column 2 of the table by—

(a) in row 2 after “column 2(iii)”, inserting “, 232, 284, 285”;

(b) in row 3 after “column 2(iii)”, inserting “, 232, 284, 285”;

(c) in row 4 after “column 2(iii)”, inserting “, 232, 284, 285”;

(d) in row 5, deleting “Exemption” and substituting the following—

“Exemptions:

Goods procured by anyone under concession codes 201A, 203, 204, 205, 206, 220 column 2(iii), 232, 284 and 285 of Schedule 2, Part 3 to the Customs Tariff Act 1986.”; and

(e) in rows 6 to 17, inserting the following—

“Exemptions:

Goods procured by anyone under concession codes 201A, 203, 204, 205, 206, 220 column 2(iii), 232, 284 and 285 of Schedule 2, Part 3 to the Customs Tariff Act 1986.”.

July 2020

**ENVIRONMENT AND CLIMATE ADAPTATION LEVY
(BUDGET AMENDMENT) BILL 2020**

EXPLANATORY NOTE

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

1.0 BACKGROUND

- 1.1 The Environment and Climate Adaptation Levy Act 2015 (**‘Act’**) was enacted in 2015 to impose the then Environmental Levy on prescribed services. The Act was subsequently amended in 2017 to extend the then Environmental Levy to prescribed items and income and rename the Environmental Levy as the Environment and Climate Adaptation Levy (**‘Levy’**).
- 1.2 The Environment and Climate Adaptation Levy (Budget Amendment) Bill 2020 (**‘Bill’**) seeks to amend the Act to reduce, by 5 percentage points, the Levy payable on prescribed services under Schedule 1 to the Act, imported goods listed under Schedule 2 to the Act, prescribed income and the charter of superyachts.
- 1.3 The Bill also seeks to amend the Act to increase the threshold for prescribed services under Schedule 1 to the Act, from services with an annual gross turnover exceeding \$1.25 million to services with an annual gross turnover exceeding \$3 million.

2.0 CLAUSES

- 2.1 Clause 1 of the Bill provides for the short title and commencement. If passed by Parliament, the amending legislation will come into force on 1 August 2020.
- 2.2 Clause 2 of the Bill amends section 2 of the Act to reduce the Levy payable on superyachts from 10% of the gross charter fee paid and collected under the Superyacht Charter Act 2010 to 5% of such fee.
- 2.3 Clause 2 of the Bill also amends section 2 of the Act to increase the threshold for prescribed services under Schedule 1 to the Act, from services with an annual gross turnover exceeding \$1.25 million to services with an annual gross turnover exceeding \$3 million.

- 2.4 Clause 3 of the Bill amends section 3 of the Act to reduce the Levy payable on the turnover of persons conducting a business involving the provision of prescribed services listed in Schedule 1 to the Act, from 10% to 5% of such person's annual gross turnover.
- 2.5 Clause 4 of the Bill amends section 5 of the Act to facilitate the amendment made by clause 2 of the Bill.
- 2.6 Clause 5 of the Bill amends section 8 of the Act to reduce the Levy payable on imported goods listed in Schedule 2 to the Act, from 10% to 5% of the value of the goods.
- 2.7 Clause 6 of the Bill amends the Act to insert a new section 9B to allow for the payment of drawback for persons who import goods for the purposes of re-export. The payment of drawback is only applicable based on specific conditions.
- 2.8 Clause 7 of the Bill amends section 10 of the Act to reduce the Levy payable on prescribed income which forms part of the Social Responsibility Tax under the Income Tax Act 2015, from 10% to 5% as levied in accordance with regulations.
- 2.9 Clause 8 of the Bill amends Schedule 2 to the Act to provide for exemptions for goods imported under concession codes 201A, 203, 204, 205, 206, 220 column 2(iii), 232, 284 and 285 of Part 3 of Schedule 2 to the Customs Tariff Act 1986.

3.0 MINISTERIAL RESPONSIBILITY

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

A. SAYED-KHAIYUM
Attorney-General