

# BILL NO. 6 OF 2021

## A BILL

FOR AN ACT TO AMEND THE CUSTOMS TARIFF ACT 1986

ENACTED by the Parliament of the Republic of Fiji—

*Short title and commencement*

1.—(1) This Act may be cited as the Customs Tariff (Amendment) Act 2021.

(2) This Act comes into force on a date appointed by the Minister by notice in the Gazette.

*Schedule 2 amended*

2. Schedule 2 to the Customs Tariff Act 1986 is amended in Part 3 in concession code 228 in column 7 by —

(a) deleting paragraph (a) and substituting the following—

“(a) That the vessel or aircraft is imported solely for pleasure cruising in Fiji for a period not exceeding—

- (i) for a vessel, 54 months; or
- (ii) for aircraft, 18 months;”;

- (b) in paragraph (c), deleting “.” and substituting “,”; and
- (c) after paragraph (c), inserting the following new paragraph—
  - “(d) Notwithstanding paragraphs (a) and (aa), the Comptroller may extend the time limit for a vessel imported prior to the commencement of the Customs Tariff (Amendment) Act 2021 and still in Fiji, for a maximum period of 36 months.”.

June 2021

## **CUSTOMS TARIFF (AMENDMENT) BILL 2021**

### **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 Customs Tariff (Amendment) Bill 2021 (**'Bill'**) seeks to amend the Customs Tariff Act 1986 (**'Act'**) to increase the duty concession period for vessels used solely for pleasure cruising under concession code 228 (**'Code 228'**) from 24 months to 60 months.
- 1.2 Code 228 in Part 3 of Schedule 2 to the Act provides duty concessions at rates of free fiscal, free import excise and free Value Added Tax (**'VAT'**) to *bona fide* tourists arriving into Fiji with their vessel or aircraft provided the vessel or aircraft is imported solely for pleasure cruising in Fiji for a period not exceeding 18 months. Code 228 allows a 6-month extension following the expiration of the 18-month initial duty concession period subject to the approval of the Comptroller of the Fiji Revenue and Customs Service (**'FRCS'**).
- 1.3 Following the maximum 24-month period under the provisions of Code 228 (18 months initial period + 6 months extension period), the normal duty rates for tourist vessels and aircraft are free fiscal, free import excise and 9% VAT.
- 1.4 As a result of the COVID-19 pandemic and the closure of international borders, a number of tourist yachts have not been able to sail outside of Fiji. In one instance, the master of a yacht flew back to his country for medical treatment and has not been able to return due to the current travel restrictions in place.
- 1.5 To date, FRCS has received 3 applications for duty concession under Code 228 for yachts that have exceeded the maximum 24-month period (18 months initial period + 6 months extension period). However, currently there is no provision under the Act that enables FRCS to extend the duty concession period beyond 24 months (18 months initial period + 6 months extension period).

- 1.6 Given the current travel restrictions and the uncertainty in the re-opening of international borders, it is important that the duty concession period under Code 228 be amended to extend the duty concession period for these tourist yachts to a maximum period of 60 months (54 months initial period + 6 months extension period).
- 1.7 The arrival of tourist yachts into Fiji has substantial economic benefits particularly towards the tourism industry and therefore it is important to assist these yacht owners during these unprecedented times. The COVID-19 pandemic has created an environment that is beyond the control of yacht owners. Extending the duty concession period to a maximum period of 60 months will also provide some additional time for yacht owners stranded in Fiji due to the impact of the COVID-19 pandemic to make appropriate arrangements to return their yachts to their choice of destination. In addition, the proposed increase in the duty concession period for tourist yachts will also complement the Blue Lane Initiative of the Fijian Government.
- 1.8 The proposed amendment provides a transitional provision for all yacht owners currently stranded due to the impact of the COVID-19 pandemic. This transitional provision provides that an owner of a yacht currently stranded due to the impact of the COVID-19 pandemic may apply for an extension for duty concession under Code 228 for a maximum period of 36 months. This 36-month extension period is the calculated difference between the proposed maximum period of 60 months and the current maximum period of 24 months.
- 1.9 Furthermore, the proposed change in the duty concession period does not mean that the owner or crew of the yacht are able to stay in Fiji for 60 months without a valid permit from the Department of Immigration. When a yacht enters Fiji, persons aboard the yacht are eligible for Visitor Permits on arrival for a period of 4 months. If the yacht is to remain in Fiji for longer than 4 months, such persons are entitled to a 2-month extension of their Visitor Permits. If the yacht must remain for longer than the initial 6 months, such persons may transition to Special Purpose Permits which allow them to stay in Fiji for a single term of up to 3 years. These permits may be reviewed and renewed based on the person's circumstances.
- 1.10 Therefore, the owner or crew of the yacht must still obtain the necessary permits and approvals from the Department of Immigration in order to remain in Fiji.

## **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 a date appointed by the Minister by notice in the Gazette.

- 2.2 Clause 2 of the Bill amends Code 228 in Part 3 of Schedule 2 to the Act by increasing the duty concession period for tourist yachts from 24 months (18 months initial period + 6 months extension period) to 60 months (54 months initial period + 6 months extension period). It also includes a transitional provision for yachts that have exceeded the current maximum 24-month period. The transitional provision provides that an owner of a yacht currently stranded due to the impact of the COVID-19 pandemic may apply for an extension for duty concession under Code 228 for a maximum period of 36 months.

### **3.0 MINISTERIAL RESPONSIBILITY**

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

A. SAYED-KHAIYUM  
Attorney-General