

STANDING COMMITTEE ON ECONOMIC AFFAIRS

Report on the Fiji Revenue and Customs Service 2016/17 Annual Report



PARLIAMENT OF THE REPUBLIC OF FIJI
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Chair's Foreword

The Committee was pleased to note that the Fiji Revenue and Customs Service (FRCS) recorded an increase in revenue collection of 6.6% in 2016/2017 over the same period for 2015/2016 collecting a total of \$2.58 billion. FRCS and the Fijian Government continued to reform the taxation system and we are confident that this will incentivise voluntary compliance, promote growth, and stimulate economic prosperity for all.

In addition, the organisation's strategic plan underwent an extensive review in 2016 focusing on four strategic focus areas, which were:


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

The Committee was also very impressed with FRCS's outreach programme which not only provides valuable information, but also educates the general public on their tax obligations. It encourages self-assessment and correctly filed tax returns in a timely manner, creating a friendly taxation environment, which enhances voluntary tax compliance. The Committee recommends that this programme continues with a focus on specific groups in sectors which are still non-compliant.

Overall, the Committee was confident that FRCS continues to develop a robust, friendly taxation system that will maximize collection of Government revenue for the benefit of all Fijians.

I thank the Committee Members, Hon. Vijay Nath, Hon. Alvick Maharaj, Hon. Viliame Gavoka and Hon. Prem Singh who were present in the production of this Report and also the Parliamentary Staff who assisted.

On behalf of the Standing Committee on Economic Affairs, I commend this Report to Parliament.



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HON. LORNA EDEN
CHAIRPERSON

Introduction

The Fiji Revenue and Customs Authority (FRCA), now known as the Fiji Revenue and Customs Service (FRCS), is a statutory authority established under what is now known as the Fiji Revenue and Customs Service Act 1998. It is governed by a Board which is appointed by the Minister for Economy and administered by a Chief Executive Officer.

The core roles of FRCS are to collect taxes and duties on behalf of the Fijian Government, provide quality advice on tax and customs related matters to all its stakeholders, facilitate trade and travel and to protect the border. The organisation's strategic plan underwent an extensive review in the year 2016 and it is currently working with four strategic focus areas, which are partnership, legislation and process, people and technology.

FRCS showed a 6.6% improvement in the 2016/2017 period compared to the 2015/2016 period by collecting total revenue of \$2.58 billion. FRCS together with the Fijian Government continue to bring reforms in the taxation system that we envisage will incentivise voluntary compliance, promote growth and stimulate economic prosperity to all. These tax policy changes are to ensure that we continue to create a conducive environment for investments.

FRCS also focused on technological advancements as a means of becoming more efficient and effective. This was done through the introduction of the VAT Monitoring System and New Tax Information System. New initiatives have also been brought on board such as a Dog Unit and x-ray machines to ensure effective safeguarding of Fiji's borders.

Findings and Recommendations

1. The Committee is encouraged by the policies i.e. self-assessment and lower tax threshold (corporate tax and VAT), that are gradually being introduced that will improve the attitude and behaviour towards taxation. However, the Committee is concerned with the World Bank Black Economy Report, which states one third of Fiji's economy is still black or undeclared money. The Committee recommends that the effort to inculcate a culture of responsibility towards taxation, which is generally becoming accepted in Fiji, be strengthened for the benefit of our economy.
2. The Committee notes that the prevailing philosophy of 'low rate and broad based' is working in terms of the overall performance of FRCS i.e. the revenue collection of \$2.58 billion contributed to 90.6% of total Government revenue. This recorded an increase of 6.5% gross income over revenue collected during the previous year. This has come about with improved economic activity, revenue buoyancy is 1 : 2.5 which means that 1% growth in the economy translates to 2.5% growth in revenue. Globally, the accepted benchmark is 1 : 1.5. Also contributing to this record revenue is the compliance and debt management, through a very robust tax collection system. The Committee recommends that FRCS, as a tax payer friendly agency, fine tune its compliance and collection methodology, to sustain this initiative.
3. The Committee notes that reviews to legislation are ongoing, especially in relation to the Stamp Duties Act 1920 and Customs Act 1986. The Committee recommends that this work is continued and completed as soon as practicable.
4. The Committee commends FRCS for their outreach programme which not only provides information but also educates the public on their tax obligations. This encourages self-assessment and tax returns filed correctly and in a timely manner, creating a friendly taxation environment which enhances voluntary tax compliance. The Committee recommends that this programme continues especially targeting specific groups in the sectors which are still non-compliant.
5. The Committee welcomes FRCS's initiative of ultimately having a centralised invoicing system that links up importers, wholesalers, retailers and consumers to the tax office. This will achieve best practice with real time, accurate, revenue data.

Gender Analysis

Gender is a critical dimension to parliamentary scrutiny. Under Standing Order 110 (2) the Committee is required to ensure full consideration to the principle of gender equality so as to ensure all matters are considered with regard to the impact and benefit on both men and women equally.

Taking into consideration the principle of gender equality, the Committee noted that there was satisfactory gender balance prevalent amongst the Executive Leadership Team of the FRCS in the year ending 2016/17. The Executive Management Team comprised of 62.5% males and 37.5% females.

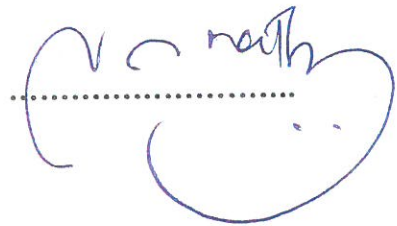
Conclusion

The Committee is confident that FRCS will continue on its path to developing a robust, yet friendly taxation system that will maximise collection of Government revenue for the benefit of all Fijians.

Hon. Lorna Eden (Chair)

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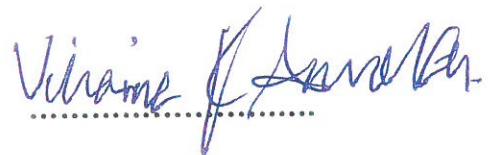
Hon. Vijay Nath (Deputy Chair)

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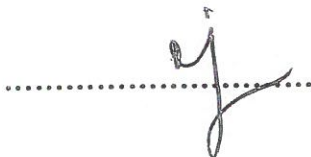
Hon. Alvick Maharaj (Member)

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Hon. Viliame Gavoka (Member)

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Hon. Prem Singh (Member)

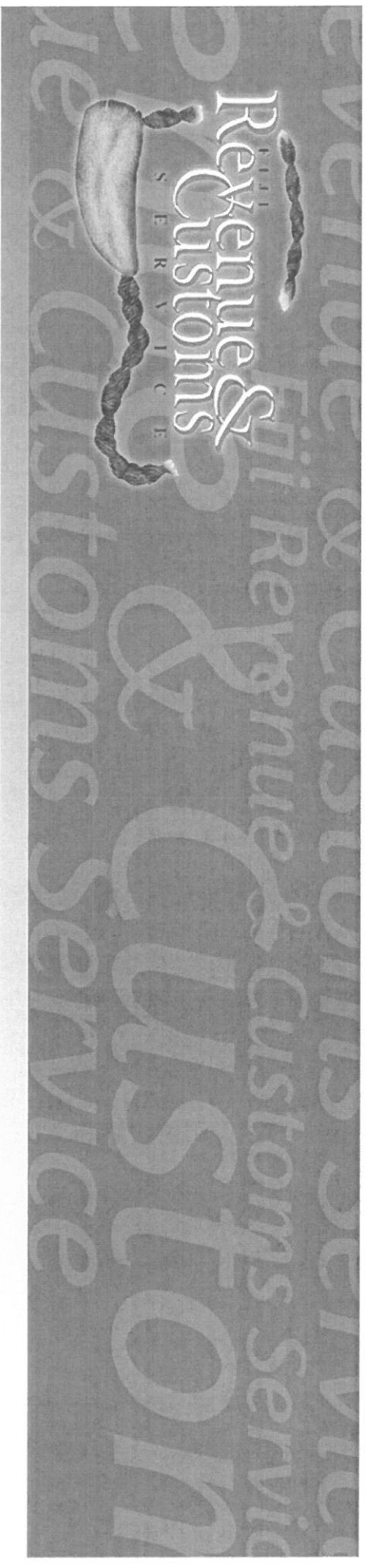
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APPENDIX 1

POWERPOINT

PRESENTATION

(FRCS)



Presentation to Parliament Standing Committee on Economic Affairs

FRCs 2016/2017 ANNUAL REPORT

Fiji Revenue and Customs Service

1 May 2018

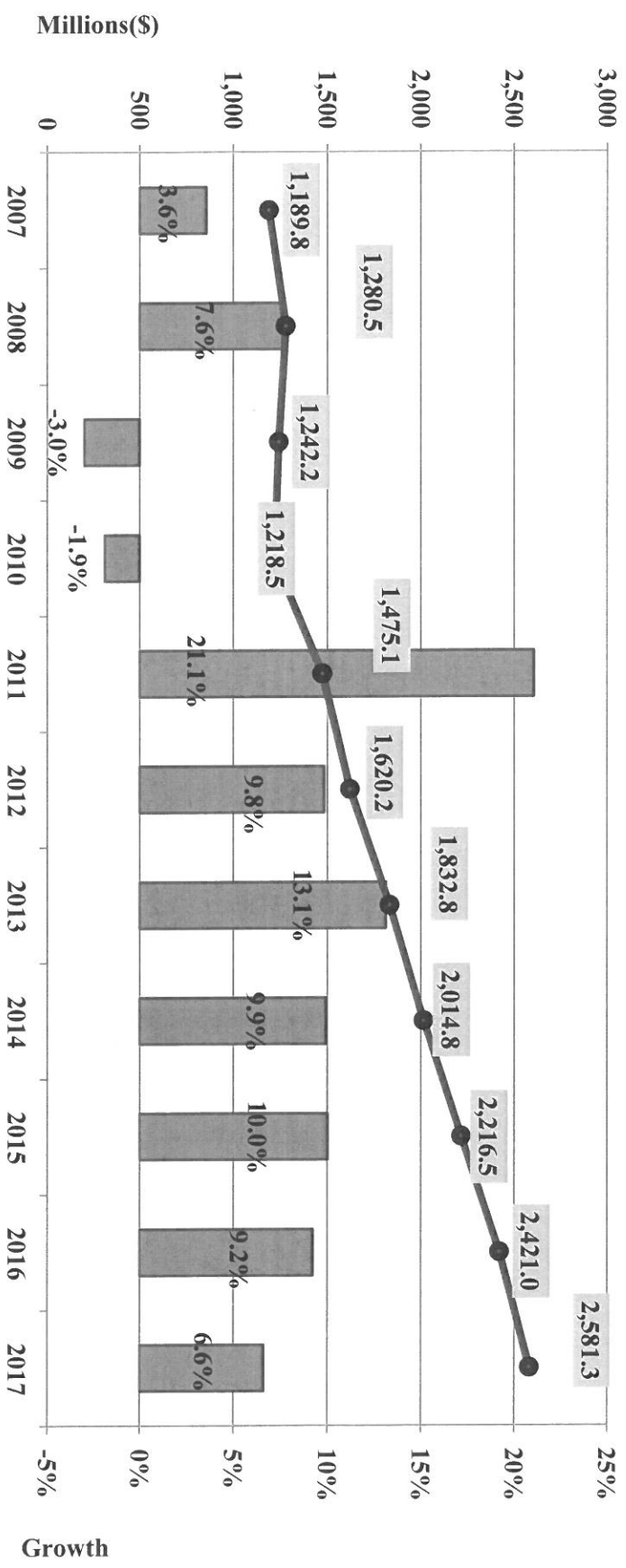
PRESENTATION OUTLINE

- **Background**
- **Revenue Performance**
- **Key Highlights**
- **Ongoing Reforms**
- **Conclusion**

BACKGROUND

- Section 44 of FRCS Act
- 2016/2017 Annual Report:
 - Reflects FRCS Transformation Journey
 - Prepared based on new financial year
- Prepared based on FRCS Strategic Plan pillars:
 - Partnership
 - Legislation and Process
 - People
 - Technology
- Contains activities and audited financial accounts

REVENUE PERFORMANCE 2016/2017



- **Tax to GDP = 25.3%**
- **Revenue Growth = 6.6%**
- **Revenue buoyancy 2.5:1**
- **Increased economic activity, compliance, debt management and operational efficiencies assisted revenue collections**

KEY HIGHLIGHTS 2016/2017

STRATEGIC FOCUS AREA : PARTNERSHIP

- Inauguration of the Asia Pacific Vice Chair role
- Review of Double Tax Agreement between Fiji and NZ
- Fiji signs OECD Multilateral Instrument
- Launch of Compliance Improvement Strategy

KEY HIGHLIGHTS 2016/2017

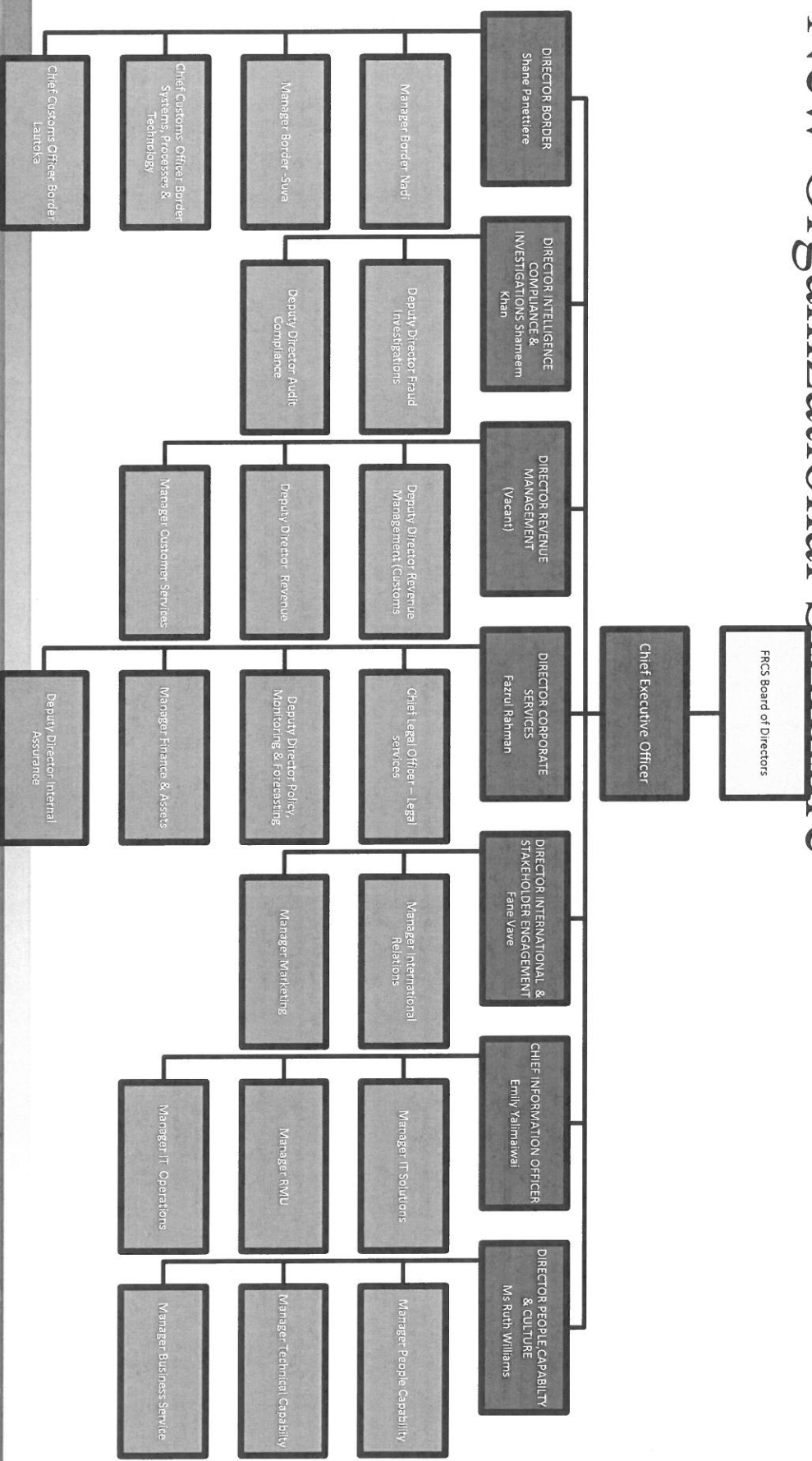
STRATEGIC FOCUS AREA: LEGISLATION AND PROCESS

- New Income Tax Act
- Law changes to effect Budget policies
- Practise Statements
- Launch of Fiji Detector Dog Unit
- Implementation of Harmonized System 2017

KEY HIGHLIGHTS 2016/2017

KEY RESULT AREA: PEOPLE

- New Organizational Structure



ONGOING REFORMS

- **New Tax Information System**
- **VAT Monitoring System**
- **Increased Compliance activities**
- **Law Reforms**
 - **Customs Act**
 - **Stamp Duties Act**

CONCLUSION

- **FRCs has implemented numerous policy and administrative reforms that has improved performance.**
- **Since 2016/2017 financial year, FRCs has implemented numerous changes as announced in the 2017/2018 national budget.**

APPENDIX 2

VERBATIM

**Verbatim Notes
of the Standing Committee on
Economic Affairs**

Submittee: FRCS

Tuesday, 1st May, 2018

VERBATIM NOTES OF MEETING OF THE STANDING COMMITTEE ON ECONOMIC AFFAIRS, HELD IN THE SMALL COMMITTEE ROOM (EAST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS, ON MONDAY, 1ST MAY, 2018 AT 9.32 A.M.

Interviewee/Submittee: Fiji Revenue & Customs Service

In Attendance:

- | | | |
|----------------------|---|-----------------------------|
| 1. Mr. Visvanath Das | - | Chief Executive Officer |
| 2. Mr. Fazrul Rahman | - | Director Corporate Services |
| 3. Mr. Kapil Raj | - | Manager Finance |
| 4. Ms. Sanjana Lal | - | Strategic Planning Officer |
-

MADAM CHAIRPERSON.- Good morning everyone. I would like to welcome the team from the Fiji Revenue and Customs Service. We have with us this morning the CEO, Mr. Visvanath Das; Mr. Fazrul Rahman, Director Corporate Services; Mr Kapil Raj; and Ms Sanjana Lal from Finance, thank you very much for joining us this morning.

We are here to discuss your 2016/2017 Annual Report which went from 1st August, 2016 to 31st July 2017. I think you know everyone here but I will just introduce anyway, on my left we have Honourable Vijay Nath and Honourable Prem Singh. On my right, we have Honourable Viliame Gavoka and Honourable Alvick Maharaj and I am Lorna.

Thank you for putting the presentation together for us, what we will do is we will give you the floor and we will go through your presentation and then we will have some supplementary questions following that. Thank you.

MR. V. DAS.- Thank you, Madam Chairperson and Honourable Members of the Committee. Madam Chairperson and Honourable Members of the Standing Committee on Economic Affairs, it is our great pleasure to be invited to introduce and update your good selves in the matter of Fiji Revenue and Customs Authority (now Service) 2016/2017 Annual Report.

I am very pleased to present the Fiji Revenue and Custom Service Annual Report for the year 2016 to 2017, commencing on 1st of August, 2016 and ending on 31st of July, 2017.

Honourable Members, under the guidance of a dedicated board and equipped with modern laws and resources, FRCS continuous to deliver its outputs in line with its core vision, a world class revenue service, delivering excellence in revenue collection, border protection and trade and facilitation.

Honourable Members, our realisations are made up of the commitment of our people, working together with the 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, continues to bring reforms and taxation system that we envisaged will incentivise voluntary compliance from old growth and stimulate economic prosperity to all. These tax policies changes are to ensure that we continue to create conducive environment for investments.

Honourable Members, please allow us to begin by providing you an overview of FRCS. The FRCS is a statutory body constituted under the Fiji Revenue and Customs Service Act of 1998 that is governed by a Board and administered by a Chief Executive Officer, with a team of more than 850 officers, including senior and middle leadership teams.

FRCS's role is to collect taxes and duties on behalf the Government, provide quality advice on tax and customs matters to its stakeholders, facilitate legitimate trade and travel and protect the Fijian border from illicit or prohibited elements.

Honourable Members, we are pleased to inform the Honourable Members that FRCS has embarked on a journey or a transformation to become a world class organisation. The transition phases allowed us to welcome many challenges; changes from the restructure of the organisation to changes in processes, systems, policies and evidently internal Acts, aligning to our constantly changing business environment, which is no way divorced from the globalisation, trade liberalisations, rapidly involving technology and increasing security risks with regards to illicit trade and terrorism globally.

The dynamic FRCS leadership team, together with their people has continuously levelled up or even gone beyond ensuring that expected outcomes are delivered according to the changing needs. Our organisation structure now operates in seven core business areas namely:

- i) Border operation;
- ii) Intelligence, Compliance and Investigations;
- iii) Revenue Management;
- iv) People Capability & Culture;
- v) Corporate Services;
- vi) Information System; and
- vii) International Relations and stakeholder engagement.

Honourable Members, just to provide an overview, the Director Border Operations oversees border security and controls the airports, sea ports, post office and international mail centre, cargo clearance, inspections and primary line passenger processing. Whilst we focus on security and risk, we also ensure excellent travel experience to entice returning tourists for our tourism industry which supports the livelihood of many Fijians along the tourism belts.

The Director Intelligence, Compliance and Investigation oversees intelligence and risk profiling, audit compliance and fraud investigations. Our best bet is that we seek voluntary compliance from our population, tax paying and those that need to be in the tax net. However, globally there are people who deliberately choose to not comply and does the need to be dealt with investigations. There are a group who would like to comply but make in-evident errors, thus they need to be corrected and audit compliance comes into play.

And of course, as every institution, FRCS is also faced with limited resources, so we take a risk profiling approach that is identifying the high risk taxpayers or areas and focus our resources for a higher return.

The Director Revenue Management is responsible for tax revenue, customs revenue, lodgement enforcement, debt management and FRCS customer service. The Director deals with day-to-day support services, facilitating our businesses who are the key players in the taxation equation. We certainly need to create the facilitative environment to enable business

create an environment for ease of doing business by providing necessary information and support for voluntary compliance.

Honourable Members, the Director People, Capability and Culture oversees FRCS's most valuable asset, namely our people; people capability, development and technical capability development, human resource services, wellness, health and safety. We call this as people focus. We look after our people and they look after our customers.

The Director Corporate Services superintends policy and strategy, objection reviews, finance and assess management and legal services, including development of our new public rulings regime.

The Chief Information Officer administrates strategic and operational technology enablement and knowledge management systems, given the global trends, first, IT plays a very critical role in design of modern businesses and is a key enabler and working tool for successful businesses. The FRCS is no different when it aspires to be a world class organisation, helping Fiji grow.

Last, but not the least, the direct relations and stakeholder engagement takes care of our relationship management, with our stakeholders including international partners which enriches our effectiveness as FRCS in Fiji.

Our new organisation structure is focused on one service, one team, supporting our new vision of being a world class organisation, taking into consideration the broad goals of the Government. The FRCS, together with our intel operations, are spread across the country through 11 locations throughout Fiji, namely, Rakiraki, Ba, Lautoka, Nadi, Sigatoka, Rotuma, Levuka, Labasa, Savusavu, Nausori and Suva.

Honourable Members, the focus of today's submission is updating the Honourable Standing Committee on 2016/2017 activities of FRCS Reports as the 2016/2017 Annual Report.

Honourable Members we intend to provide you with the briefing as to the background. Revenue Performance, key highlights, ongoing reforms and finally conclude the presentation and take any questions that you may have for clarifications.

Honourable Members, pursuant to Section 44 (6), reporting an accountability of the FRCS Act, the service amongst other corporate documents is required before you are required to provide its Annual Report for each financial year. Thus, we present before you FRCS Annual Report.

The Annual Report has to contain among other things, an audited statement of accounts prepared in accordance with generally accepted accounting practice as determined by the Fiji Institute of Accountants; a statement of financial performance, including a statement of financial position of the service; a statement of cash flows, such other information as required to give a true and fair view of service financial affairs and a copy of the Auditor's Report, which is all enclosed in the printed report.

Honourable Members, you will note from the Annual Report presentation itself that the 2016/2017 Annual Reports are reflective of the FRCS transformation journey. Not only that, we have the right appetite for transformation but the same is shown in the results and outcomes

of the FRCS initiatives at play. The Annual Report is also to align the new financial year adopted by the Government namely, 1st August to 31st July, to effectively get bulk of the revenues into the financial year for effective channelling of funds for Government expenditures.

The highlight of the Report is that it has been aligned to our new corporate plan or rather strategic direction that we have taken and strongly believe that to make FRCS a world class organisation and be effectively contributing to help Fiji grow. Strategic change has occurred in the service with the implementation of strategic plan for 2016-2020 which has been approved by the Minister with four strategic focus areas being people, technology, legislation and partnership. Our people and technology strategies are priority corner stones for accelerating FRCS transformation journey.

Honourable Members allow me to elaborate on the four main drivers or strategic focus areas for clarity:

Partnership -We need to understand our customers, we need to consult and educate them to achieve better outcomes, or as you see, the results are presented in the Annual Reports.

Legislation and Process - No doubt simplified laws, international best practices and efficient and effective processes and systems are critical for effective revenue collection.

People - We certainly need highly skilled people with technical know-how and the right competency. Customer service orientations need to exist, be able to see the big picture and not forgetting the effective leadership support and visionary leadership for the organisation, modernisation, sustainability and development.

Technology - That is the way to go. The enabler for business and customers both being able to access FRCS services from the comfort of being anywhere in the world. Doing business with us without even visiting our physical offices or if I may say, doing business in a virtual environment. This is what we enormously believe is required to put us in to the future, the rightful space for FRCS in order to help Fiji grow.

Honourable Members, in the 2016-2017, the Fijian economy was forecasted to record an unprecedented eighth year of consecutive growth post-independence. This positive outlooks for the domestic economy entail that FRCS has to achieve higher tax revenue, given the expansion in various sectors of the local economy, particularly in the manufacturing, financial and insurance activities, construction wholesale and retail trade, and the transport and storage sectors.

As a result, there is a stringent call for setting higher standards for business, thus we are also mindful of the expectations entrusted to us, in particular the collection of revenue on behalf of Government. Overall, FRCS has collected \$2.58 billion for the year. This is contributing to 90.6 percent to total Government revenue. There is a 6.5 percent gross in revenue noted over previous years' collections. 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.

Honourable Members, I invite my Director Corporate to give us the history of the revenue performance over past years in the 2016-2017 Financial Status.

MR. F. RAHMAN.- Thank you very much, CEO, Madam Chairperson and Honourable Members. Basically the 2016-2017 Financial year in terms of revenue has revealed some

dramatic results and I must also add that the report that will be coming out from this financial year is going to show some interesting facts as well because at the current time, there is a significant move towards tax audit and investigation that has revealed some interesting numbers that we have not seen in the past.

But if you look back at the revenue performance for the last financial year and we compare that over the last 10 year period, definitely there has been a series of tax policy reform that has contributed to this performance. One major reform that we have seen is the restructuring of the tax rates. What we have now is what we call a tax system that is low rate and broad based. The VAT rate has come down, income tax rates have come down and in the area of VAT, a number of exemption and concession that were creating distortion in the tax system that was enabling an environment where the tax evasion. So those mechanisms have gone and the tax policy reforms have significantly aided the revenue performance that we are seeing today. So it is low rate broad based.

Basically everything that needs to be taxed is taxed and of course there are certain exceptions, especially to those who are vulnerable in society. So in this particular financial year from 1st January, 2016, we have noted the VAT rate came down from 15 percent to 9 percent; then we had the Environment Levy that was introduced from 0 to 6 percent; then STD rate went up from 5 percent to 10 percent. So basically there has been significant restructuring to the VAT as well as the introduction of a new tax. But overall impact was just a 5 percent as per increase.

If you look at the structure and the design of Fiji's tax system and you compare with the rest of the world, the best tax system is the one that promotes the low rate broad based tax regime like countries are reducing their corporate tax rate for example, but Fiji has reduced in a dramatic fashion. It was not only to have the businesses, but also to ensure that the tax rate brings fairness in the overall tax system. So the tax rate now is at the rate of 20 percent; whether it is an individual; whether it is a company; whether it is a sole trader; whether it is a foreign, whether it is a local, the tax rate is the same. So that element of discrimination has gone.

What we have also seen there have been some supplementing or some complementing changes to the overall income tax regime as I had already mentioned and the element of simplicity has also been very prevalent. We had introduced a new Income Tax Act in 2016, that has simplified the overall tax administered in Fiji.

In summary if you look at this slide and we try and understand the revenue performance, revenue performance has manifested itself through, firstly, an improved economic activity as CEO has already mentioned; the economy has grown. Revenue has grown at a faster rate than the growth in the economy. In technical term, we call it revenue buoyancy, so revenue buoyancy is 2.5:1, so 1 percent growth in the economy has led to about 2.5 percent growth in revenue. Economy has grown but so do tax and as a rule of thumb, if the ratio is 1.5:1, then that means it is an acceptable ratio.

But in Fiji we have a 2.5:1, which shows that there has been dramatic strides in revenue collection. In terms of the overall tax system now and when we compare with other countries, one of the indicators that is being referred to is the tax for GDP ratio. Some economists in some debates, it has been mentioned that if the tax for GDP ratio is more than 30 percent, then it would signify that the economy is heavily taxed, but in Fiji we have a 25.3 which means that the economy is not heavily taxed.

On the same token, I must also add that there is large element of the non-compliant that also exists. There are a lot of taxes out there to be collected like the 'black economy report' from the World Bank has indicated that one third of the Fijian economy is in black, for example. That is why I made an earlier comment that in this financial year when the statistics are all compiled and brought to Parliament, we will see some interesting numbers in terms of the actual results in order to ensure that the tax that is out there has been collected.

Apart from the compliance, the economic activity and the other prominent reason was the simplification of the tax policies. Apart from that, there has been several operational efficiency that has been realised within tax office. As CEO has already mentioned, there has been significant restructuring that has happened. How it has transferred into revenue was basically - now we do not have a separate division of tax and customs for example - it is all one.

The Director Revenue as CEO has mentioned the whole focus is on the entire, we look at the taxpayer and we look at the entire tax affairs, rather than focusing on tax and customs; whether it is an audit; whether it is an investigation and that has also enabled significant data sharing.

We do have taxpayers information on export and import and on the same token, we do have information on VAT, we do have information on income tax and all in all, all these internal restructuring has contributed to the revenue collection.

Just one last comment, if you look at this trajectory and revenue collection and we look at this financial year, I must say that revenue collection in this financial year, has increased at a very phenomenal rate and of course the numbers should be all compiled and be part of the next annual report. Revenue growth that we are currently seeing at the present time is much higher than what we have seen in the last financial year.

We are seeing revenue growth of as high as 15 to 16 percent, for example, in some months of this year. All in all, it is showing that FRCS is in good hands like our governance structure, the Board, management, the team, the reforms are producing results.

Sir, if I can just continue very briefly with some more few slides with regards to the highlights of the Annual Report in terms of what has been the major achievements in the 2016-2017 financial year in the area of partnership as CEO has mentioned that our Corporate Plan is being designed on four pillars. We value partnership as a critical element to achieve our overall objective. Some number of achievements have been noted, firstly has been the inauguration of Asia-Pacific Vice-Chair's role, so what does it mean? It means that Fiji has taken a significant lead role in the customs area. It is not only the South Pacific region but it is Asia Pacific, including India, China and all other countries and Fiji is currently the Vice-Chair, meaning that Fiji is at the forefront in depth of custom reform at the global level. And by being engaged in this leadership it has helped Fiji to bring its own changes as well. So within FRCS, we have seen some investments in the customs area in terms of new policies, new IT system and what not.

The other aspect in the partnership has been the double tax agreement between Fiji and New Zealand and I think as we all know that Fijian economy is growing, we are engaging more with the rest of the world and there is a need to have the Double Tax Agreement (DTA). And Fiji has ensured that especially with our major trading partners being Australia and New Zealand, we are to ensure that our DTAs are up to date.

What is Double Tax Agreement? As you all know it is an agreement that ensures that if an investor is coming from the other country, is assured that if he or she is being taxed here then that taxpayer will not be taxed again in the home country. So it is something that is good for investment and we are moving in that fashion. What we have also done, and I think it came to the Parliamentary process as well, to ensure that Fiji signs a multilateral instrument.

We all know that DTA is to ensure that there is no double taxation but which agreement is out there to say that there is no double non-taxation, because there is always tax planning happening. There is lot of evasion happening when we look at the international trade, there are lot of tax planning so Fiji has itself ensured that we are protecting our tax base. For example, in the area of transfer pricing, area of thin capitalisation, some of these are very technical matters but the point being that Fiji ensures that we are complying with the best standards in terms of tax administration and compliance.

On the topic of compliance, FRCS is engaging very well with its tax paying community. We have improved relationships, we have lots of meetings with our key stakeholders. One particular document that we have introduced and we have made known to general public is our approach towards compliance, because we are not positioning to be seen as someone who carries sledge hammer all the time and we are going after every single person. No, I think the compliance improvement strategy document that was launched by FRCS has clearly stated like the steps, like the approach the FRCS will take. We have categorised the taxpayers into four streams, those that we need to help them with education, awareness and what not. There is always a small group of taxpayers out there, based on our evidences as well, who will be determined to evade and avoid at any cost.

So the Compliance Improvement Strategy is a public document. It lays down the approach the tax office will take in handling compliance. And of course, as we will learn shortly, the new Income Tax Act was also introduced, it went through the Parliament, it also gives taxpayer rights to object. It also ensures that taxpayers are not in any way are being dealt with heavy handedness.

So the point being, in the last financial year, we have done lot of strives towards ensuring that we built our relationship with tax paying community. At the same time, we are ensuring the everyone is there to comply.

The second pillar is on legislation and process, and I have already talked about some of the achievements in the last financial year. The significant one being the new Income Tax Act as I have already alluded to. It has introduced some provisions to ensure that taxpayers' rights are protected. We have this new legislation and after this legislation came into being, we now have a Tax Tribunal where taxpayers can object, we have a Tax Court, and we have set up an Independent Objections Review Team within the tax office.

So when taxpayers are audited or any decision coming out of FRCS is being objected, then it goes to a stream that is not in the core business, basically it is dealt by the corporate service which is not in the area of audit investigation. And taxpayers are given that redress and I must say that the actual processing rate of cases has increased, we have an internal statistic showing that as soon as cases are registered, about 96 percent rate to ensure that cases are finalised.

One of the other area of improving process, it is not only about improving process in the area of revenue, it is also security as another aspect of FRCS as already mentioned. We have got a Director Border role in FRCS. One of the initiatives that was introduced is the Fiji

Detector Dog Unit. We had partnered very well with the New Zealand and Australian Customs Service and within Fiji with the Fiji Police Force, to ensure that we have a coordinated approach. A Fiji Detector Dog Unit was established and that is helping us in terms of illicit drugs and also in the areas of currency as well. So, like the dogs can also sniff currencies like illegitimate currency.

One of the other areas has been the improvement of the customs legislation. I think as we know that customs legislation include Customs Act, Customs Tariff and few other subsidiary legislation. So when it comes to Customs Tariff Act when something is imported into the country, it needs to attract some rate of customs duty. Of course the rate of duty like the actual description of the good it should comply with what has been done in the rest of the world. So what we call in our technical term "harmonised system". If we call this a bottle then it should be also called a bottle in another country. Those descriptions are done through the world customs organisation which is a global body on customs that carries out review and mention of the description. So what we have done in Fiji, we have updated ourselves with the most recent or the most up-to-date harmonised system.

Again, as CEO was saying that FRCS is there to support investment and economic activity and we need to upgrade ourselves with the best standards so that investment activities are not tampered.

Again, one of the result areas has been of people and I think I have already talked at length about it. A new structure was rolled out, we had received support from the New Zealand Customs for some independence in our HR area. Of course, the result has been that functions are now more integrated, they are integrated or it is happening, there are a lot of synergies that were there.

If you look at the history of FRCS or FRCA, as it was called in the past, we can truly say that now we are really seeing the results. The transformation is showing results of true integration tax and customs. On the ground we are seeing exchange of information, the tax information, the custom information even when we deal with taxpayers, we approach them in an integrated manner and by having a structure as this, whereby for example we have a Director Intelligence Audit and Compliance. It is not only for tax, it is not only for customs, it is for both. The same thing for Director Revenue Management, it is not only for tax for customs, it is looking at the overall function.

Finally, on ongoing reforms that we need to bring to your attention, as I was saying in the next annual report, this will be reflected with more data. FRCS is currently venturing at a new tax system, a new IT system. Basically the idea is to ensure that we use technology to do our business, when we talk about technology and we talk about tax, we are talking about e-filing, e-lodgement, e-payment basically is to ensure that we give taxpayers that opportunity to deal with us from anywhere in the world or from the comfort of their bedroom if they want to pay tax. So online, lodge, pay and what needs to be done.

Also some of the reforms that we are currently doing on the ground is a Customs Actuary Rights. I think this is a legislation that talks about the trade facilitation import, export of goods and services, the procedures. The global blueprint has been what we call the Revised Kyoto Convention. New Zealand has recently introduced a new Customs Act and they have ensured that it has been updated with the best standards which is the Revised Kyoto Convention for Customs. Fiji is ensuring that we are updating ourselves with that particular standard and it is going to be done. It is not difficult, it is just the matter of ensuring that what we introduced

is in the context of the Fijian economy and we do engage with the taxpayers, the customs agents and the customs brokers.

Similarly the Stamp Duties Act is also under review some of these legislations that have been there for ages, stamp duties have been there since 1920s and we do need some technical assistance from time to time, so we are in touch with IMF and other agencies.

In conclusion, yes, a lot of policy and administrative reforms have had happened in FRCS. The results that we have seen in 2016-2017 financial year, it just one example of some of the pay offs we are seeing from those reforms because by making the tax system linear, simpler it is going to yield more revenue, low rate broad based it takes away element of discretion as well. Finally, in this particular financial year, we have also implemented new changes and again that will be seen in the next Annual Report. Thank you very much.

MR V. DAS.- All in all Honourable Members, just a closing remark, to say that we are very pleased to report the FRCS Annual Report 2016 and 2017. The highlight is basically if you look at the Annual Report, I think everyone is interested in looking at the revenue growth which is 6.6 percent over the previous financial year, as well as the reduction in the cost collection to 1.6 cents per each dollar of revenue.

With that Honourable Members, it brings our presentation to an end and we would like to take this opportunity to thank you all on behalf of my team for the invite and hope we have been able to provide some clarity and insight into our activities. This is very important, we felt it is very important to highlight to you the issues we highlighted in the presentation because that has all helped us achieved the results that we present before you and you can be rest assured that all these efficiencies have contributed to the prudential financial management that leadership team has done under the guidance of the Board and the Ministry in achieving the outcomes and managing our course as well.

Honourable Members, once again, thank you so much for this opportunity and my team and I will be very happy to assist you with any point of clarification that you require.

MADAM CHAIRPERSON.- Thank you very much CEO and Director. I will open the floor now to questions from Committee Members.

HON. P. SINGH.- Yes, thank you Chair, through you, let me just make a remark that at the outset, I think from the Government side or the Opposition side, one thing we agree is that our revenue collections through tax administration is always welcomed. This is one point that we agree, irrespective of our allegiance. I do not have many questions but it is always a pleasure to have FRCS on board to update the Committee on various aspects of revenue collection.

There are few clarifications that I would like to seek because this helps me do other reports like PAFCO, FDB, most of the economic institutions that operate within our ambit.

The first one is, you mentioned, Sir, low tax broad based. Broad based means you move towards indirect taxation like environmental levy, Stamp Duty. Am I right? Would that be? Because when I looked at your tax mix for 2016 and 2017, I note, that in 2006 and 2007 your others were 1.2 percent, whereas now it is around 22.1 percent. What would these others be?

MR. V. DAS.- Thank you very much Honourable Member. These others include what we call the Capital Gains tax, we have Stamp Duties, we have a series of levies as well. You

all know there is a telecommunication levy, we used to have something called credit card levy. The significant change of course has been the Capital Gains tax That we have seen and the Stamp Duty, so basically we are putting it together into the others category.

HON. P. SINGH.- The other one Chair, is, would you be able to give us a conservative estimate in terms of figures on the collection of revenue, in terms of zero rated items that were exempted from VAT when the VAT came from 15 to 9 percent? there were six or seven items which were zero-rated, now they are imposed with VAT. What would be the conservative figure?

MR V. DAS.- That is something we can certainly get back to but in principle when VAT reductions were done, I think we were looking at some revenue collection in terms of zero rates items becoming vat able to the tune of less than \$100 million. So that effectively because the VAT rate went down, the ability to buy more increased and therefore, the turnover increased, thus, you will see, if you look at the increase in the VAT, then it is coming from volume consumption. So if you were to say that, is it the zero rated item now being vat able has really boosted the revenue? I would not say that. Because really by lowering the tax rate, whatever was zero rated have some tax implied on it, 9 percent, but then there was a savings which supplemented.

So all in all the consumption increased and that is why globally the trend has moved away from income taxes into consumption taxes. So it then becomes proportionate. So a person with higher resources consumes higher and expensive things so they pay more taxes. A person with low income who probably survives on basic necessities, they only pay little taxes as a contribution.

HON. V.R. GAVOKA.- May, I Madam Chairperson? Thank you CEO and the team. It is always a delight being briefed by your team. If I just pick up on the statement you made here Mr. CEO, where you said that you are driving the transformation of tax council in Fiji and World Bank has said that one third of economy is still black. I go back to the situation with Greece, like the Germans, I understand was saying, 'Do you not pay your taxes?' I would like Fiji to be like the Germans, where everyone pays tax, they are involved with reasons. So where do we stand today in terms of the culture that you are trying to introduce?

MR. V. DAS.- Thank you Honourable Member. I think that is a very interesting question and I become very passionate when I want to speak about it. I think one of the initiatives that we highlighted is that when it comes to changing the taxpayer culture, I think we are talking about behaviour. And when we talk about behaviour it relates to what goes through an individual's mind, so that is how you behave.

To support that effectively, I would say in the recent years we have sort of really liberalised the FRCS operations and approach. One of the initiatives that was highlighted today is the Compliance Improvement Strategy. This is the first time in the history of FRCS and Fiji that the tax office has come out very openly to say for this financial year that our focus areas will be construction, real estate, customs valuation and we are saying these are the population in these respective industries. And these are the risk issues we are looking at. So what we are doing is we are trying to impact the culture, so you know what the tax office is after. So if you get on board before you saved the penalties and the prosecution and everything because that is how voluntary compliance works. So to have voluntary compliance, you need to have deterrent sort of penalties and prosecution provisions.

So, that is how we are. Just for example, I am sure you are fully aware of the case that we did, whereby a supermarket owed about \$63 million in taxes. To be very honest, immediately after that case, we saw a difference in the lodgement of returns by other supermarkets because they knew exactly where we are going. So I think this is how we are impacting. I am not saying we are 100 percent there, but certainly the improvement is coming and I think that again, we the tax office believe that is the smarter way to operate because we do not have the resources to investigate every sort of tax evader, but these are the achievements that we do.

So we found that this has been very effective, and the other one that we have done is the VAT Self-Assessment. So what we have done is, basically accept the VAT returns on the face value, but then we have sort of set up an immediate gatekeepers in terms of debts audit and what we find is as soon as VAT returns come in, we immediately do document audit.

That has revealed some of the schemes that taxpayers use. Some are not really schemes I would probably say it is just one of the stupid things they do, maybe it is a \$1,000 invoice they would add 1 before the \$1,000 and make it \$11,000, so things like that. So we are also learning the behaviours as well as doing solutions or mitigating those risks.

HON. A.A. MAHARAJ.- Madam Chairperson through you. CEO, while you are actually talking about these trends and behaviours; would there be anything in future whereby you people are actually looking at coming up with the software provided by freeze for all the business operators? For example, coming up, it is something like regulating the software providers or you people need to have this because going forward, technology is the way forward for businesses and everyone has a software system. And it is something that actually comes by freeze itself, it will be cheaper for the consumers or the business operators then people will also get what actual information they need, rather than actually auditing every now and then.

MR. V. DAS.- Thank you, Honourable Member. I would rather say you are hitting the nail on the head. What we envision and truly at FRCS, the current leadership team probably we envision an ideal kind of situation which is not something out of the blue, it is happening in this world. The example to take would be Korea. Korea has a central invoicing system so as soon as any business registers for tax or you do a business registration, so companies registration, business registration does link to the tax office then at the tax office registration, the tax office actually hosts a central invoicing system.

So everyone gets to hook up to that, so every transaction or what we can say is currently we are trying to achieve through the VAT Monitoring System which is you say is a short to medium term solution. But ideally, a central invoicing system for Fiji, I would say would be a long term solution. Certainly I would say that is a sight that would be ideal, but again I would say because it is a long term solution and probably we need a bit more technological sort of know-how and competency in our local businesses, then that would be an ideal situation. So Korea operates it that way. Thank you.

MADAM CHAIRPERSON.- Thank you, CEO. You mentioned just briefly the VAT Monitoring System; could you give us an update on how that is going?

MR. V. DAS.- Thank you, Madam Chairperson. Yes, the VAT Monitoring System, currently we are rolling out the project. What has actually happened is of course once again I would say ideally the aim is, that all businesses in Fiji are sort of hooked up with the VAT Monitoring System, thereby reporting of their daily transactions real time to the tax office. In that space also, we are looking at coming to a stage of prepopulating VAT returns for the

taxpayers. So we would feel the VAT returns and give it to the taxpayers to say, "you just need to tick across if you agree or disagree." So that is the situation we want to achieve but of course we need to roll it out in phases.

Initially, we had done the supermarkets as the first lot and pharmacies. At this stage, I understand, of the 170 taxpayers in pharmacies and supermarkets, about 55 percent are compliant in terms of testing the system. We have got two solutions of course - the physical devices and the software solution. We are expecting by end of this month the first phase taxpayers would be coming to 100 percent compliance level and then that kicks in the second phase which are the doctors, the hardware, et cetera.

MADAM CHAIRPERSON.- Thank you. My next question for you Director. I think it was the fourth slide which was to do with the revenue performance, the chart. Could you explain why is that spike is in 2011?

MR. F. RAHMAN.- In 2011, you will see there was an increase in the VAT rate.

MADAM CHAIRPERSON.- All right.

MR. F. RAHMAN.- Those are the factors and of course

MADAM CHAIRPERSON.- I have a question on your double tax agreements. It says in the Annual Report that you started your first round of review in November with New Zealand and the second round was due for the first quarter of this year and that we have 11 DTAs currently in place. Could you provide us with that list of the 11 countries that we have the DTAs with or if you would like to email it to us later, that is fine?

Another question is about our ports. In the report you mentioned about the x-ray technology for containers at our ports and that work started in December looking for a suitable location for Lautoka. Obviously, you are going to continue that through all the ports in Fiji. My question is; "what happens with cruise ship passengers? We know what happens to passengers that come in on airliners, aeroplanes at the airports; what procedures do the cruise ship passengers go through when they disembark and embark?

MR. R. RAHMAN.- Thank you, Chair. That is not a major difference between how you process passengers if they are coming inflight or on cruise ships. Currently what the situation is that, because lesser number of cruise ships are coming in, so we have put up the same processes and are replicated at the ports.

So when the cruise ships come, the modern way of operating both sea ports and airports is that in the customs space now, the passenger manifest comes in advance, so that is the responsibility of the cruise liner or the aircraft or airline operator. Then we receive this 48 hours in advance so then that is one and as soon as the flight is fully checked in, then we receive another manifest of passengers. Through the global network, then we have passenger profiling, so we do not need to check 100 percent of passengers, so we know which are high risk passengers and then it is fed into the Immigration System, Customs Systems for our follow up.

MADAM CHAIRPERSON.- My last question, your gold card members. Could you explain the process of how you choose your gold card members?

MR F. RAHMAN.- Thank you Chair. The gold card membership process, it is simply based on compliance. It is not based on revenue contribution or prominence in society. We

very technically look at the lodgement compliance and the payment compliance. Apart from that, during the year of the two year membership programme, what we do is our team consistently sort of liaises with them and tries to guide them for compliance if there are issues coming up or there are cases of non-compliance, then we actually de-register from the gold card membership.

Ever since this implementation in 2012, the first renewal in 2014 we had deregistered one member who was sort of non-compliant. This is the second tenure and at this stage, we are reviewing some of them and we might expect some deregistration this time too. I would say, as we mature, we are sort of bringing in higher standards for it, so tax compliance, customs compliance and we record the infringements like if the taxpayer is an importer, maybe if three infringements and then probably the claim that it was an inadvertent error, I think after three, it is not tolerable. There is zero tolerance for that.

I think we need to sort of maintain the credibility of the programme so we give you very personalised service to support your business but with all trust and confidence that you are very transparent and open books with us.

MADAM CHAIRPERSON.- All right, thank you.

HON. P. SINGH.- Madam Chairperson, through you. I just give an example of one of the queries that came to the Committee. A person who had bought a land for \$250,000, this is in respect of Capital Gains Tax (CGT), now he is selling it after 10 years at \$1.8 million. What are the taxes that trigger on this sale? Our understanding was only CGT.

MR. V. DAS.- Thank you, Honourable Member. I would say, given the way you have presented the fact, I would agree that it would be CGT, but if in the event the assessment from the tax office has been different then I would presume whether that asset was recorded in business or was it truly a vacant land, or did it have any improvement because if it did have any improvement and it was recorded as business, and any depreciation claims made on the improvements, then what happens is, it triggers income tax. So what happens, on the land, it is CGT and on the improvement, it will be income tax.

HON. P. SINGH.- On the improvement alone?

MR. V. DAS.- Yes. So there is a separation. For depreciable assets, we need to separate what increases in value and what actually depreciates. So that is within the law and within practices.

HON. V.R. GAVOKA.- You are going through some reforms in your laws like, customs and stamp duty too, where are they today, in the Solicitor General's Office or still having consultations or?

MR. V. DAS.- Actually the progress in that is, we are getting IMF assistance for the stamp duty review, so I would say we have had two meetings with the legal consultant that has been assigned by IMF to assist us to give us technical assistance on that. In terms of customs re-write, of course, we are getting assistance from New Zealand Customs on that, so they have just got on their Customs Act in order now.

What our team has started on the ground is, we intend for the Customs Act also to be like the Tax Act, whereby we take our administrative provisions from the principal Act. So

currently on the ground our teams are in-house teams, separating those for the legal consultant to take it further on.

HON. V.R. GAVOKA.- Work in progress?

MR. V. DAS.- Yes, it is a work in progress.

HON. V.R. GAVOKA.- Any idea when it is going to come to Parliament?

MR. V. DAS.- I think we are targeting to do it within 18 to 24 months, so that will see the progress of the number of consultations that needs to happen before it comes to the market.

HON. P. SINGH.- Madam Chairperson, the other one is, you have mentioned the Tax Tribunal, are they policy matters, part of the policy or your statutory obligations under the Income Tax Act?

MR. V. DAS.- It is provided in the Administration Act so it is by law and the Tribunal comes under the judiciary arrangement, so it is not an in-house tribunal. In-house, we only have the objection and review process, the Objection Review Committee.

HON. A.A. MAHARAJ.- Madam Chairperson, through you. Revenue collections for long schemes for TELS actually, we have seen that mostly at Immigration Department, there are some names that pop out like, for example, typing error or something, the person on scholarship goes, Immigration stops them, they have to come back, get them cleared, pay another fare, or the difference. Is FRCS actually looking at a system whereby if there is an issue like that, it can be actually resolved at the Immigration itself, at the border?

MR. V. DAS.- Thank you, Honourable Member. I would say we do have a system in place so if a passenger is leaving and has sort of not been cleared, not have sort prior clearance from us, we do facilitate at the departure. So we have our officers who are well versed with it and of course at Headquarters, I must say our manager operates 24/7. So even if it is in the middle of the night flight we do facilitate. But in the long term solution for that I am sure you are aware of the \$48 million IT project that we are doing, so, that is all going to be a part of the customer portal. Before you travel, you could do it online and system is going to be programmed that way.

HON. P. SINGH.- Through you, Madam Chairperson. On Page 47 of the Report on employee cost, you see the annual leave provision is almost doubled.

MR. V. DAS.- Thank you, Honourable Member. Yes, I will agree that you know the annual leave cost had the contingency sort of provided for that had increased and that has now been managed. I guess we had a number of programmes running parallel and that was basically I would say majority were managers and above the leadership team that had to be on job. But then after this 2016-2017 financial year, we actually introduced a leave planning mechanism in the organisation as well as part of succession planning so the leadership team needs to go on leave in order for proper succession plan or given the opportunity for the lower staff.

HON. P. SINGH.- Again on Page 54, the Government Asset Debtors. Please elaborate on this?

MR. V. DAS.- Thank you. In terms of taxpayers and importers, sort of customs duty, VAT and Income Tax being owed to the Government. I note that there is an increase but you will also appreciate the rationale as the effectiveness of the Tax Office in terms of policing raising assessments, investigations are increasing, so you expect that tax bills sort of unpaid tax bills increases, but of course then we have the Debt Management Team who sort of follow up the time collection.

HON. P. SINGH.- Do they lead to doubtful debts and bad debts later on in some cases?

MR. V. DAS.- It could, it could because say for example, I may say there is a genuine objection which may be the Tax Office had erred in an assessment then that will certainly go off. As we speak these records, the book value of the ..

HON. A.A. MAHARAJ.- CEO, just on page 55. Can you explain the Government liabilities? We can see the Income Tax refund - increasing from \$34 million to \$106 million.

MR. V. DAS.- Yes, the Government liabilities, meaning to say the Tax Office owes taxpayers basically in refunds. Yes, in terms of Income Tax, again these are refunds which are under review. So as per book value, they sit at \$106 million but it requires to go through a compliance process because similarly as I give you an example of VAT, similar example also exists in Income Tax where purchases may be inflated or depreciation claims are inflated so that will increase the refund.

HON. V.R. GAVOKA.- CEO, we believe you are a preferred employer where people want to join your organisation and then there is a challenge of retaining them highly, highly marketable. Do you have any concern in that area that you will have problem retaining your staff?

MR. V. DAS.- Thank you Honourable Member. It feels so good to hear the opinion that we are a preferred employer as we aspire to be that. Yes, I think in the recent times we have had remuneration increments, ranging from 24 percent to 51 percent. I think in that context the financial benefit for certainly FRCS pays a very good wages and salaries. But other than that, we have sort of focussed through our people strategy and people capability HR space. We are focused on career development being part of the WCO and the OECD and IMF, I think in the past years, we have really not capitalised opportunities that exist there. In the recent years, more so in the last two years and of course once we went into the Vice-Chairmanship role of the WCO, we have opened up a whole lot of opportunities with Korea, Japan, New Zealand, China, India, so much of sort of technical training opportunities. We feel that that has also given us a very good space for our people. As we speak, I would say probably in the 2016-2017 financial year, at the maximum, we may have received in terms of resignation, maybe less than 5. Having a workforce of about 850-900 people, I would say that is very good. Thank you.

MR V. DAS.- Just to add on, under our review, we have all sort of added benefits to our staff in terms of our organisation also have paternal leave now; so fathers can take leave to take care of their new-born babies.

HON. V. NATH.- Thank you CEO. Chair, for your payment mode I understand, yesterday was the last day for payment at the counter. Are you looking forward to online payment?

MR. V. DAS.- Thank you Honourable Member. That is a very good question. Yes, at the moment we do have online payment facility in terms of through internet banking or the banks you can pay directly into our accounts. That option is available but with our new IT system that is underway, we are actually looking at sort of real time online whereby maybe this will interest you, what we look at our new system is with the introduction of the new IT system, on day one, we want to go absolutely paper less. Everyone logs into their own portal, you enter your tax information yourself, you checkbox the declaration and submit the return. Once you submit the return, the system should auto calculate your taxes based on your submission. After that, you immediately go to pay. That is the space we are looking at and currently we have had number of rounds of meetings with the banks also. That is where one-on-one is required with the banks and we very much look forward if the national switch comes into play that makes life so much easy for us.

HON. V. NATH.- Thank you CEO. Why I asked this question because yesterday it was interesting to see the queue, I know people have last minute payment and it was interesting to see the queue yesterday and I thought of asking if there was any FRCA software coming up to make online payment sort of thing.

MR V. DAS.- The new IT system, we are looking at that to set certain levels of thresholds for automatic refunds. As the Honourable Member raised the issue on question of the culture, yes, the big corporates are in customs terms, the big corporates are operating in the pre-payments mode so we have importers who deposit up to million dollars into their customs account. They keep importing and it gets deducted off their pre-payment. Also, we have other corporate clients who do internet banking, overseas taxpayers they do internet banking, if I may say just on an average, I think currently our internet banking receipts amounts up to slightly over \$10 million every month. That means on that money, people are sort of paying through the internet. The culture is improving but I will agree knowing that we still have certain long queues because I guess again is about behaviour, people still like to and stand in the queue and get the receipts in the last minute. We try to operate whereby if the month end was sort of falling on a Saturday, we tried to give that support and open on a Saturday, then we only saw the behaviour where they would not pay on Friday they come on Saturday.

MADAM CHAIRPERSON.- All right. So Members, are you all right?

HON. V.R. GAVOKA.- You expect to exceed \$3 billion within four years, but hearing on some of the statements that you made, there is quite some significant increases lately. So is this \$3 billion happening soon? He said it is going to be within four years, I get the impression that it will be happening soon.

MR. V. DAS.- I think very honestly by my assessment I would say maybe four years is a bit too long. This years' experience, as we speak, as of last month, I would say that despite all the climatic challenges that Fiji has had, we are experiencing a revenue growth of about 14 percent, compared to the 2.6 percent in the previous year.

HON. P. SINGH.- So more roads, for more hospitals?

MR. V. DAS.- Yes, and one of the things that I thought that probably you might want to question is when my Director mentioned about the revenue buoyance in terms of 2.5:1, so 1 percent of economic growth is giving 2.5 percent of revenue. You might want to question to say that are we not overtaxing? Taxes too high. But no, that yield is also coming from the fact that there is increase in compliance and he rightly mentioned that economic activity is

certainly there, but compliance and debt management improvement is also happening. So we are seeing the cultural change.

HON. P. SINGH.- If all the regulations are in place you are armed to the teeth .basically and you go for compliant. So when you are armed to the teeth, then the phrase, “taxpayer friendly”, how friendly that becomes.

MR. V. DAS.- The friendliness is and certainly there are laws and I would say that one would only feel very tied down if there is no appetite for voluntary compliance. I think if you look at the voluntary compliance payers, I always have a message that we are absolutely fine to support you grow if you are growing out of tax paid dollars. So tax rates are low anyway, it is just 20 percent. If I were to say we are almost like a tax haven, and of course the VAT is low, so

HON. P. SINGH.- Madam Chairperson, just the last one. At the border I think it is been said many times that our borders are at the poorest; what are your challenges at the borders?

MR. V. DAS.- I think globally the challenges are same. I guess in our region we cannot say that we do not have the threat of terrorism. I think what we can say is that our region is quite well coordinated and prepared, so there is a very good coordination between the border agencies, Australia, New Zealand, US, Canada and whichever country is linking in to us so we are linking in too.

There is a very good and strong coordination amongst these countries. And in terms of illicit flow of goods and people and financial flows, again I think Fiji has a very, even locally we have a very strong coordination within the inter-agencies, but then I think the most important thing is international coordination. So with that, we are in good space. We are getting very good intel coordination with Australia and New Zealand as being our support and again I would like to attribute the successes FRCS have had is, I think the Vice Chair’s role, leadership role that we took of the Asia Pacific Region has greatly assisted us.

HON. A.A. MAHARAJ.- Madam Chairperson, just out of curiosity. CEO, do you people actually compute the total dollar value or the cash flow of the country in a year, like throughout all the businesses?

MR. V. DAS.- That would probably come under Reserve Bank of Fiji because all the funds are remitted through the banks. And hopefully the detected roles help us with the currency that has been taken in the suitcase.

MADAM CHAIRPERSON.- All right. I think we are done. On behalf of the Standing Committee, I would like to thank you CEO, Director, and team for coming to see us today and sharing with us all these information.

We plan to submit our report in the May sitting and we will ensure that you get a copy, it will posted on the website as well. We are going to break now. Our next presenter comes at 11.30 a.m., so we have 45 minutes, so if you have time please joins us for some morning tea. Thank you once again.

HON. P. SINGH.- Do you get copies of our Reports for Parliament? And then you make comments on that?

MR. V. DAS.- Yes.

HON. P. SINGH.- All right.

The Committee Meeting adjourned at 10.46 a.m.