

# BILL NO. 13 OF 2018

## A BILL

FOR AN ACT TO AMEND THE VALUE ADDED TAX ACT 1991

ENACTED by the Parliament of the Republic of Fiji—

*Short title and commencement*

- 1.—(1) This Act may be cited as the Value Added Tax (Budget Amendment) Act 2018.
- (2) This Act comes into force on 1 August 2018.
- (3) In this Act, the Value Added Tax Act 1991 is referred to as the “Principal Act”.

*Section 18 amended*

2. Section 18(2)(e) of the Principal Act is amended by—

- (a) deleting “or engineering work” and substituting “, engineering work or land development”; and
- (b) after “or extension,”, inserting “engineering work or land development,”.

*Section 24 deleted*

3. The Principal Act is amended by deleting section 24.

*Schedule 1 amended*

4. Schedule 1 to the Principal Act is amended in paragraph 2A(1) by deleting “registered”.

June 2018

## VALUE ADDED TAX (BUDGET AMENDMENT) BILL 2018

### EXPLANATORY NOTE

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

#### 1.0 BACKGROUND

1.1 Under the Value Added Tax Act 1991 (**'Act'**), a supply of goods and services is deemed to have taken place at the time—

- (a) a tax invoice is issued by the supplier or recipient;
  - (b) any payment is received by the supplier; or
  - (c) the delivery of the goods and services takes place,
- whichever is the earliest.

1.2 Under section 18(2)(e) of the Act, where goods and services are supplied directly in the construction, major reconstruction, manufacture or extension of a building or engineering work pursuant to an agreement or enactment which requires consideration for that supply to become due and payable in instalments or periodically in relation to the progressive nature of such works, the supply of goods and services in these instances is deemed to be successively supplied where each successive supply is deemed to take place whenever any payment in respect of that supply becomes due, is received or any tax invoice relating to that payment is issued, whichever is the earliest.

1.3 The Value Added Tax (Budget Amendment) Bill 2018 (**'Bill'**) seeks to *inter alia* amend the Act to include land development as an activity in which the rules for time of supply of goods and services apply for periodic and successive payments made.

#### 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 2018.

- 2.2 Clause 2 of the Bill amends section 18(2)(e) of the Act by including land development as an activity where payments are made in instalments and where the time of supply for the provision of goods and services is deemed to occur when payment for that supply becomes payable, is received or when any tax invoice relating to the payment is issued, whichever is the earliest.
- 2.3 Clause 3 of the Bill amends the Act by deleting section 24 to align to amendments made to the Tax Administration Act 2009 which would be applicable under the Act.
- 2.4 Clause 4 of the Bill amends Schedule 1 to the Act by removing “registered” to provide clarity as to when the exemption from tax payable for supply of residential accommodation does not apply, that is, where the annual gross turnover by any person providing that supply exceeds the threshold under section 22 of the Act.

### **3.0 MINISTERIAL RESPONSIBILITY**

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

A. SAYED-KHAIYUM  
Attorney-General