

# BILL NO. 16 OF 2020

## 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 2020.
- (2) This Act comes into force on 1 August 2020.
- (3) In this Act, the Value Added Tax 1991 is referred to as the “Principal Act”.

*Section 21 amended*

2. ~~The Section 21 of the~~ Principal Act is amended by ~~deleting section 21.~~—
  - (a) in subsection (2)—
    - (i) deleting “Subject to subsection (3), where” and substituting “Where”; and
    - (ii) deleting “(and particularly so much as charges tax on supply and entitles a registered person to a deduction for input tax)”;
  - (b) deleting subsection (3);

(c) deleting subsection (4) and substituting the following—

“(4) For the purposes of this Act, where subsection (2) treats a supply of relevant services as being made by a person in the course or furtherance of that person’s taxable activity, the value of that supply must be for whatever consideration was paid or payable for the relevant services.”;

(d) in subsection (6), deleting “subsection (4)(a)” and substituting “subsection (4)”; and

(e) after subsection (6), inserting the following new subsection—

“(7) Notwithstanding subsections (1) to (6), this section does not apply to a registered person.”.

*Section 22 amended*

3. Section 22 of the Principal Act is amended by deleting subsections (4A) and (4B).

*Section 23 amended*

4. Section 23 of the Principal Act is amended by deleting subsections (9) to (12): and inserting the following new subsection—

“(9) Notwithstanding section 3(4), where a person ceases to be registered in relation to the supply of residential accommodation, any input tax credit or VAT refund claimed by the person from the date of the person’s registration to the date of cancellation of the person’s registration, is not recoverable by the Chief Executive Officer.”.

*Section 27A deleted*

5. The Principal Act is amended by deleting section 27A.

*Section 39 amended*

6. Section 39(10) of the Principal Act is amended by deleting—

(a) “section 22(4B) and (5)” and substituting “section 22(5)”; and

(b) “including the construction of the residential property for rental”.

*Schedule 1 amended*

7. Schedule 1 to the Principal Act is amended by—

(a) in paragraph 2, deleting “excluding residential dwelling as specified in paragraph 2A”; and

(b) deleting paragraph 2A.

*Consequential amendment*

8. The Value Added Tax Regulations 1991 is amended in regulation 10 by deleting “registered”.

July 2020

## VALUE ADDED TAX (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 Value Added Tax (Budget Amendment) Bill 2020 (**‘Bill’**) seeks to amend the Value Added Tax Act 1991 (**‘Act’**).

#### 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 21 of the Act ~~by deleting section 21 to remove value added tax (‘VAT’) reverse charges on supplies received from abroad so that the imposition of value added tax (‘VAT’) reverse charge on supplies from abroad will not apply to a registered person.~~

2.3 Clause 3 of the Bill amends section 22 of the Act to exempt VAT on the supply of residential accommodation.

2.4 Clause 4 of the Bill amends section 23 of the Act by removing provisions relating to the cancellation of registration of a person who supplies residential accommodation to align with the proposed amendment to section 22 of the Act. ~~Clause 4 of the Bill also amends section 23 of the Act to provide clarity that the Chief Executive Officer will not recover any input tax credit or VAT refund claimed by a registered person in relation to the supply of residential accommodation upon the cancellation of the person’s registration.~~

2.5 Clause 5 of the Bill amends the Act by deleting section 27A of the Act as this section becomes obsolete as a result of the proposed amendment to section 22 of the Act.

4

2.6 Clause 6 of the Bill amends section 39(10) of the Act to remove reference to the construction of residential property for rent as this becomes obsolete as a result of the proposed amendment to section 22 of the Act.

2.7 Clause 7 of the Bill amends Schedule 1 to the Act to exempt VAT on any supply of residential accommodation.

2.8 Clause 8 of the Bill consequentially amends regulation 10 of the Value Added Tax Regulations 1991 by removing the reference to a registered person to align with the proposed amendment to section 21 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