

# BILL NO. 6 OF 2023

## 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 2023.
- (2) This Act comes into force on 1 August 2023.
- (3) In this Act, the Value Added Tax Act 1991 is referred to as the “Principal Act”.

*Section 14 amended*

2. Section 14 of the Principal Act is amended by—
  - (a) in subsection (1), deleting “9%” and substituting “15%”; and
  - (b) deleting subsection (1B).

*Section 15 amended*

3. Section 15 of the Principal Act is amended by—
  - (a) in subsection (1), deleting “9%” and substituting “15%”; and
  - (b) deleting subsection (1A).

*Part 4A deleted*

4. The Principal Act is amended by deleting Part 4A.

*Schedule 2 amended*

5. Schedule 2 to the Principal Act is amended after paragraph 16 by inserting the following new paragraph—

“17. The supply of any prescription medicine or prescription drugs.”.

*Schedule 2A deleted*

6. The Principal Act is amended by deleting Schedule 2A.

June 2023

## **VALUE ADDED TAX (BUDGET AMENDMENT) BILL 2023**

### **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 Act 1991 (**'Act'**) provides for the imposition of value added tax (**'VAT'**) on taxable supplies.
- 1.2 To date, the rate of VAT charged has varied between 9% and 15% which has assisted with Government revenues significantly. To further assist the Fijian economy following the impacts of the COVID-19 pandemic, it is imperative that the existing VAT rate of 9% be amended to 15% for the financial year 2023-2024.
- 1.3 Therefore, the Value Added Tax (Budget Amendment) Bill 2023 (**'Bill'**) seeks to amend the Act to provide for the 2023-2024 budgetary policy changes.

#### **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 2023.
- 2.2 Clause 2 of the Bill amends section 14 of the Act by removing the VAT rate of 9% and substituting the new VAT rate of 15% which is to be levied, collected and paid in accordance with the Act for goods imported to Fiji.
- 2.3 Clause 3 of the Bill amends section 15 of the Act by removing the VAT rate of 9% and substituting the new VAT rate of 15% which is to be charged in accordance with the Act on the supply in Fiji of goods or services by a registered person in the course or furtherance of a taxable activity.
- 2.4 Clause 4 of the Bill amends the Act by deleting Part 4A which was inserted in 2022 to provide for the imposition of VAT at a rate of 15% on prescribed services.

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2.5 Clause 5 of the Bill amends Schedule 2 to the Act to provide for prescription medicine and prescription drugs as a zero-rated supply.

2.6 Clause 6 of the Bill amends the Act by deleting Schedule 2A to the Act which listed the prescribed services for which VAT at a rate of 15% was charged.

### **3.0 MINISTERIAL RESPONSIBILITY**

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

S. TURAGA  
Attorney-General