

BILL NO. 9 OF 2024

A BILL

FOR AN ACT TO AMEND THE INCOME TAX ACT 2015

ENACTED by the Parliament of the Republic of Fiji—

Short title and commencement

1.—(1) This Act may be cited as the Income Tax (Budget Amendment) Act 2024.

(2) This Act comes into force on 1 August 2024 except section 4 which comes into force on 1 January 2025.

(3) In this Act, the Income Tax Act 2015 is referred to as the “Principal Act”.

Section 25 amended

2. Section 25(8) of the Principal Act is amended in the table after the row on Tax Year 2024 by inserting the following new row—

<i>YEAR OF ASSESSMENT</i>	<i>PERCENTAGE OF EXPORT INCOME TO BE DEDUCTED</i>
“Tax Year 2025	(a) in the case of the agriculture, fisheries or forestry industry – 90% (b) in any other industry – 60%”

Section 28A deleted

3. The Principal Act is amended by deleting section 28A.

Section 78 amended

4. Section 78 of the Principal Act is amended by deleting subsection (2) and substituting the following—

“(2) Subject to subsections (3) and (4), the value of the benefit for a quarter is as follows—

<i>MOTOR VEHICLE ENGINE CAPACITY</i>	<i>VALUE PER QUARTER</i>
Under 1,800 cc	\$2,000
1,800 cc and < 2,000 cc	\$3,000
2,000 cc and above	\$4,000
Irrespective of engine capacity, if the cost of the vehicle exceeds \$100,000	\$5,000 plus 4% of the excess of the cost above \$100,000
<i>ELECTRIC VEHICLE ORIGINAL COST</i>	<i>VALUE PER QUARTER</i>
< \$20,000	\$2,000
\$20,000 - < \$40,000	\$3,000
\$40,000- < \$60,000	\$4,000
Above \$60,000	\$5,000 plus 4% of the excess of the cost above \$60,000”

Section 110 amended

5. Section 110 of the Principal Act is amended by—

(a) deleting subsections (1) to (6) and substituting the following—

“(1) A person liable for Income Tax for a tax year is liable to make advance payments of Income Tax—

- (a) in the case of a company, on the last day of the sixth, ninth and twelfth months of the tax year; or
- (b) in the case of any other person, on 30th April, 31st August and 30th November.

(2) If the total advance payments of Income Tax payable by a person, other than a company, for a tax year is less than \$120, the advance tax payable by the person for the year is payable in one instalment on 30th September.

(3) The amount of each advance payment of Income Tax payable by a person for a tax year is computed according to the following formula—

$$33 \frac{1}{3} \% \times (A - B)$$

where—

- A** is the person's assessed Income Tax liability for the preceding tax year, including under a self-assessment, after reduction of any foreign tax credit allowed to the person for that year; and
- B** is so much of A that was paid by amounts withheld under Subdivision 4 of Division 2.

(4) If—

- (a) the Income Tax payable by a person for the preceding tax year has not been assessed by the due date for payment of the first advance payment of Income Tax for a tax year; or
- (b) the person commenced to derive income included in gross income during the tax year,

the amount of each advance payment of Income Tax is one-third of the amount of Income Tax estimated by the person to be payable for the tax year, other than Income Tax to be collected by withholding under Subdivision 4 of Division 2.

(5) A statement of the Income Tax estimated to be payable by a person for a tax year in accordance with subsection (4) must be filed with the CEO by the due date for payment of the first advance payment of Income Tax for the year.

(6) A person who reasonably believes that their Income Tax liability for a tax year will be significantly lower than the Income Tax liability assessed for the previous tax year may file a statement of the Income Tax estimated to be payable by the person for the year, before the end of the sixth month of the person's tax year, and the amount of each advance payment of Income Tax payable for the year is one-third of the person's estimated Income Tax liability for the year, other than Income Tax to be collected by withholding under Subdivision 4 of Division 2.”; and

(b) after subsection (13), inserting the following new subsection—

“(14) In this section, “tax year” means tax year 2025 and any tax year thereafter.”.—

Section 125A deleted

6. The Principal Act is amended by deleting section 125A.

INCOME TAX (BUDGET AMENDMENT) BILL 2024

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 Income Tax (Budget Amendment) Bill 2024 (**‘Bill’**) seeks to amend the Income Tax Act 2015 (**‘Act’**) to provide for the 2024-2025 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 2024 except section 4 which will come into force on 1 January 2025.
- 2.2 Clause 2 of the Bill amends section 25 of the Act by inserting the rate of export income deduction for tax year 2025.
- 2.3 Clause 3 of the Bill amends the Act by deleting section 28A in relation to deduction for a pandemic reserve.
- 2.4 Clause 4 of the Bill amends section 78 of the Act to revise valuation amounts for Fringe Benefits Tax on motor vehicles. Clause 4 of the Bill also includes valuation amounts based on the cost of an electric vehicle.
- 2.5 Clause 5 of the Bill amends section 110 of the Act to revert the rules for the payment of advance taxes that existed prior to the COVID-19 pandemic measures. The advance tax will be paid in three instalments.
- 2.6 Clause 6 of the Bill amends the Act by deleting section 125A in relation to deduction for business losses of up to \$20,000.

3.0 MINISTERIAL RESPONSIBILITY

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

G. E. LEUNG
Attorney-General