

BILL NO. 12 OF 2025

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 2025.

(2) This Act comes into force on 1 August 2025 except section 7 which comes into force on 1 January 2026.

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

Section 2 amended

2. Section 2 of the Principal Act is amended by—

- (a) under the definition of “dividend”, deleting paragraphs (c), (d) and (e); and
- (b) after the definition of “dividend”, inserting the following new definitions—

““e-money” means electronically, including magnetically, stored monetary value as represented by a claim on the issuer, which is issued on the receipt of funds for the purpose of making payment transactions and which is accepted as a means of payment by the person to whom the payment is being made to;

“e-money account” means the account with an e-money issuer in which the customer’s e-money balance is recorded and through which the customer transacts;

“e-money issuer” means a payment service provider that provides an e-money issuance service as licensed by the Reserve Bank;”.

Section 14 amended

3. Section 14(1) of the Principal Act is amended by deleting paragraph (c) and substituting the following—

“(c) unexplained and unidentified deposits during the year in any bank account or e-money account if the deposit can be sourced to the person;”.

Section 24 amended

4. Section 24 of the Principal Act is amended after subsection (12) by inserting the following new subsection—

“(12A) A business is allowed a deduction of 100% of the amount of a cash donation made in a tax year to a health centre, nursing station, aged care facility, orphanage or drug rehabilitation centre.”.

Section 25 amended

5. Section 25 of the Principal Act is amended after subsection (18) by inserting the following new subsections—

“(19) A person is allowed a deduction of 150% of the amount of a cash donation made in a tax year to accredited start-up support programmes such as accredited start-up incubators, accelerators and entrepreneurship programmes.

(20) A person is allowed a deduction for 25% of any new capital expenditure exceeding \$100,000 incurred by the business in a tax year for providing a tour activity in Fiji.

(21) For the purpose of subsection (20), “tour activity” means any approved non-accommodation activity provided by a registered business and includes beach clubs, diving, snorkelling, trekking, surfing, zip lining, river safaris, kayaking, tubing, water parks, and nature tours.”.

Section 67 amended

6. Section 67 of the Principal Act is amended by deleting subsection (4) and substituting the following—

“(4) For the purposes of—

(a) subsection (1)(b)—

(i) “first residential property” means the first residential property that a resident individual or Fiji citizen has acquired, and who has sole ownership or co-owns the same with any other individual;

(ii) “principal place of residence” means the place of residence where the individual lives; and

- (b) subsection (1)(f), “family home” means a residential property in which family members, whether immediate or extended, hold an interest as joint tenants or tenants in common.”.

Section 78 amended

7. 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—

MOTOR VEHICLE ENGINE CAPACITY	VALUE PER QUARTER
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
ELECTRIC VEHICLE ORIGINAL COST	VALUE PER QUARTER
< \$50,000	\$1,000
\$50,000 - \$75,000	\$1,500
\$75,000 - \$100,000	\$2,000
Above \$100,000	\$2,500 plus 2% of the excess of the cost above \$100,000”.

Section 140 amended

8. Section 140 of the Principal Act is amended by—

- (a) deleting the heading and substituting “*International Tax Agreements*”;
- (b) deleting subsection (1) and substituting the following—

“(1) The Minister may enter into—

- (a) an agreement with the Government of any other country or territory under which arrangements are made with that Government for the prevention, mitigation, or discontinuance of the levying of Income Tax under the laws of Fiji and the other country or territory, in respect of the same income, gain or benefit, or to the rendering of reciprocal assistance in tax matters under this Act and the other country or territory; or
- (b) an international bilateral or multilateral tax agreement providing for reciprocal assistance in tax matters entered into with the Government of any other country or territory.”;

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

“(4) As soon as may be after the conclusion of an agreement under this section, the agreement must be notified by the Minister in the Gazette whereby, until revoked, the agreement has effect as if enacted in this Act but only if and for so long as such agreement has effect in the other country or territory.”; and

(d) after subsection (4), inserting the following new subsection—

“(4A) The provisions of any international agreement providing for reciprocal assistance in tax matters in force in Fiji apply in the event of any inconsistency with any provisions of any laws in force in Fiji, to the extent of the inconsistency.”.

June 2025

INCOME TAX (BUDGET AMENDMENT) BILL 2025

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 2025 (**‘Bill’**) seeks to amend the Income Tax Act 2015 (**‘Act’**) to provide for the 2025-2026 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 2025 except clause 7 which comes into force on 1 January 2026.
- 2.2 Clause 2 of the Bill amends section 2 of the Act in the definition of “dividends” to address loss of revenue from share buy backs, and also to insert new definitions for “e-money”, “e-money account”, and “e-money issuer”.
- 2.3 Clause 3 of the Bill amends section 14(1) of the Act to include unexplained and unidentified deposits made to e-money accounts during the year in the total gross income of a person for a tax year.
- 2.4 Clause 4 of the Bill amends section 24 of the Act to provide for a tax deduction for donations made by a business to a health centre, nursing station, aged care facility, orphanage, or drug rehabilitation centre.
- 2.5 Clause 5 of the Bill amends section 25 of the Act to provide for tax deductions for donations made by a person towards accredited start-up support programmes, and for any new capital expenditure exceeding \$100,000 incurred by a business in a tax year for providing a tour activity in Fiji.
- 2.6 Clause 6 of the Bill amends section 67 of the Act to align with the intention to extend exemption from Capital Gains Tax to the disposal of a first residential property that is co-owned with non-family members.

2.7 Clause 7 of the Bill amends section 78 of the Act to provide revised Fringe Benefit Tax rates for electric vehicles.

2.8 Clause 8 of the Bill amends section 140 of the Act to incorporate provisions for International Tax Agreements.

3.0 MINISTERIAL RESPONSIBILITY

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

S. D. TURAGA
Acting Attorney-General