

# APPENDICES

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# Verbatim Report

# **[VERBATIM REPORT]**

## **STANDING COMMITTEE ON** **FOREIGN AFFAIRS AND** **DEFENCE**

### **ANNUAL REPORT**

#### **2022-2023 Annual Report**

**ENTITY:** Fiji Revenue and Customs Service (FRCS)

**VENUE:** Big Committee Room (East Wing)

**DATE:** Thursday, 23<sup>rd</sup> October 2025

**VERBATIM REPORT OF THE MEETING OF THE STANDING COMMITTEE ON FOREIGN AFFAIRS AND DEFENCE HELD AT THE COMMITTEE ROOM (EAST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS, ON THURSDAY, 23<sup>RD</sup> OCTOBER, 2025, AT 9.00 A.M.**

**Present**

- |     |                         |   |                    |
|-----|-------------------------|---|--------------------|
| (1) | Hon. L.S. Qereqeretabua | - | Chairperson        |
| (2) | Hon. R.R. Sharma        | - | Deputy Chairperson |
| (3) | Hon. P.K. Ravunawa      | - | Member             |
| (4) | Hon. T.R. Matasawalevu  | - | Member             |
| (5) | Hon. V. Lal             | - | Member             |

**Apology**

- |     |                    |   |        |
|-----|--------------------|---|--------|
| (1) | Hon. P.K. Ravunawa | - | Member |
|-----|--------------------|---|--------|

**Interviewee/Submittee: Fiji Revenue and Customs Service (FRCS) In Attendance:**

- |    |                    |   |                                       |
|----|--------------------|---|---------------------------------------|
| 1. | Mr. Udit Singh     | - | Chief Executive Officer               |
| 2. | Mr. Shavindra Nath | - | Chief of Staff and Director Corporate |
| 3. | Ms. Ansu Singh     | - | Chief Financial Officer               |
| 4. | Ms. Momina Beg     | - | Director Taxation                     |
| 5. | Ms. Shalini Kumar  | - | Director Border and Customs           |
| 6. | Ms. K. Dawai       | - | Director Compliance                   |

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MADAM CHAIRPERSON.- Honourable Members, the Secretariat and viewers; a very good morning to you all. It is a pleasure to welcome everyone, especially the viewers who are watching this live and taking comments from our session today.

At the outset, for your information, pursuant to Standing Order 111(2) of Parliament, all Committee meetings are to be opened to the public. Therefore, this meeting is open to the public and also to the media. However, any sensitive information concerning this submission that cannot be disclosed in public can be provided to the Committee either in private or in writing. Please, do note that this will only be allowed in a few very specific circumstances which include national security matters, third party confidential information, personnel or human resource matters, and also during our closed deliberations of the Committee as we put together our report for Parliament.

Honourable Members and our invited submittees, all comments and questions are to be asked through the Chairperson, and for those viewers who are watching, if you would like to ask questions, please, ask your question via comments, but only relevant questions will be considered by the Committee from members of the public.

This is a Parliamentary meeting, and all information gathered is covered under the Parliamentary Powers and Privileges Act and the Standing Orders of Parliament. We will not condone any slander or libel of any sort, and any information brought before this Committee should be based on facts. In terms of protocols, I just want to ask everyone to, please, put your phones on silent or on vibrate mode, and we ask that we minimise any movement.

I would like to introduce the honourable Members of the Standing Committee on Foreign Affairs and Defence.

(Introduction of Committee Members and Secretariat)

It is great to welcome you today. Today, honourable Members and members of the public, the Committee will be hearing an oral submission from the Fiji Revenue and Customs Service (FRCS) in relation to its 2022-2023 Annual Report. You have between 20 to 30 minutes for your submission. If you need extra time, please, feel free, and then we will have questions for you. We also ask that you, please, turn on your microphones just before you speak. Please, remind each other in case someone has spoken and has left their microphone on to, please, turn them off.

Now, I take this time to invite our guests to introduce themselves before I ask you to proceed with your submission.

(Introduction of FRCS Officials)

MR. U. SINGH.- Madam Chairperson, we did provide a synopsis of some of the key highlights for the year. What I will do is give you an overview for the year 2022-2023, of the FRCS Annual Report.

Madam Chairperson and honourable Members, the 2022-2023 financial year marked a period of strong recovery and transformation for the FRCS. It was defined by economic resurgence, digital modernisation and renewed collaboration with our communities and border partners.

Madam Chairperson, FRCS collected \$2.285 billion in net revenue, exceeding our forecast by \$33 million and growing by 35 percent, compared to the previous year. This strong result reflects Fiji's post-COVID recovery and the resilience of our economy.

Collections were driven by the resurgence of tourism, increased business turnover, and higher consumer spending. Madam Chairperson, VAT remained the largest contributor, generating just over \$1 billion, while corporate income tax and trade taxes also performed strongly.

We also recorded an operating surplus of \$6.7 million, reversing the prior year's deficit and strengthening our overall financial position. This outcome, Madam Chairperson, reflects discipline, management, cost control and efficiency improvements

across the organisation. We remain focussed on transparency, accountability and ensuring that every dollar collected supports Fiji's development priorities.

From a service and modernisation perspective, we made major strides in digital transformation. Our taxpayer online services – TPOS, now provides over 100 online services to more than 63,000 registered users.

During the year, we launched online filing for corporate and income tax for the years 2015 to 2021, marking a major milestone in full digital tax administration. We also introduced a private binding rulings regime and launched the Compliance Improvement Strategy 2023 to 2025, reinforcing taxpayer certainty, trust and voluntary compliance.

At the border, FRCS has continued to play a vital role in safeguarding our nation. More than 1,300 goods were intercepted, detained or seized, including narcotics, contraband and undeclared imports.

Through joint operations with the Fiji Police, Navy, and our regional partners, we strengthened Fiji's border resilience and contributed to the fight against illicit trade and transnational crime.

The Regional Aerial Surveillance Programme provided new capabilities for maritime monitoring, while the Detective Dog Unit expanded its scope, including the recruitment of female officers, a major milestone for gender inclusion in enforcement.

We also invested heavily in our people. The Pacific Leadership Programme was relaunched after several years, helping to strengthen leadership capability across the service.

We opened a wellness centre at headquarters to promote staff wellbeing, introduced a new uniform reflecting a modern professional identity, and continued our outreach through ME support centres and student education programmes. These initiatives reflect our belief that our people are at the heart of FRCS's success.

Of course, Madam Chairperson and honourable Members, challenges remain. The administration of large refunds, the recovery of outstanding tax and loan arrears, and the growing sophistication of cross-border financial and narcotics crime all require continued focus and resources. We are addressing these through better data analytics, improved information sharing, and stronger partnerships with domestic and international enforcement agencies.

Overall, 2022 to 2023 was a year of renewed momentum for FRCS, a year where we exceeded revenue targets, modernized our systems, and strengthened our commitment to the Fijian people.

We entered the new financial year with a strong foundation, greater capability and a clearer vision of becoming a world-class revenue and customs administration that supports growth, security and prosperity for all.

Thank you, Madam Chairperson, and we look forward to the Committee's questions.

MADAM CHAIRPERSON.- Thank you very much, Mr. Singh. I am going to open the floor now to the honourable Members for questions. We do have some questions that we have talked about before, just things that have popped up following the letter that you sent us that you have very well covered.

I might start with a question on the FRCS portal. How user-friendly is it? It is not really user-friendly at all. I am a taxpayer, and I have tried and tried and tried. How much work is going into making it a lot more friendly for people to use?

MR. U. SINGH.- Thank you, Madam Chairperson. The point is well made. We have spent this year working with a governance group of industry members, from the larger and smaller stakeholders, to enhance customer experience. We acknowledge that the customer experience has been clunky in the past and we have been working very closely with our taxpayer stakeholders to make it more user-friendly.

I will get our head of Taxation Services, Ms. Beg, to make a comment on that as well.

MS. M. BEG.- Thank you, Madam Chairperson. Your concern is well noted, and we do agree with it. You will note that in the financial year 2022-2023, it was the year that we were able to get all the processes live. It is a big tech system which took us a bit of time from 2017 till 2022 to get the processes live and when we went live, there was a lot of issues in respect to the work process.

On initial days, we concentrated on doing the enhancements with respect to the process so that there is no walk arounds and the process flows. Our focus is more on the deep work, friendliness and how easy for people to comply. So, in this financial year, we are expected to do a lot of enhancements which will make the users more easy to use. We have also been planning to do a survey in respect to that in order to get how ordinary people will be able to use the system. So, hopefully, in this year's financial report, we will be able to give you the update in respect to that.

MADAM CHAIRPERSON.- Thank you, Ms. Beg. May I just say, Sir, and ladies, how friendly I have found your staff. I have been there a couple of times because I just could not work out the portal. So, I have gone thereto the inquiry desk and one thing about the inquiry desk though, I think we need a bit of a numbering system there because the line is pretty long. As soon as you walk in, turn right, the line is long, but compliments to the FRCS staff. They were extremely friendly and super helpful, so thank you very much.



I will leave the floor open now. I think honourable Sharma has a question.

HON. R.R. SHARMA.- Thank you and welcome again. How many of the Committee's recommendations were taken into account from the last Report we tabled?

MR. U. SINGH.- I am sorry, honourable Sharma, is this in relation to ...

HON. R.R. SHARMA.- ... FRCS Report that came before the Committee the last time. So, when the Committee has key findings and recommendations, it is for FRCS to take into account of what is visible, and it comes down to Government's will. How much of the Committee's recommendations was actually taken into account?

MR. U. SINGH.- Madam Chairperson, we are just finalising our new strategic plan and none of those things have been included in our focus for the next 12 months. Some of that is in relation to the structure of organisation but certainly, we have taken on board all of the concerns and, certainly, the recommendations that have come through. Some of those are beyond our capability within the short term - more long term requirements, particularly, drugs, but I can assure you that those are all on our agenda.

HON. R.R. SHARMA.- On Page 13 of this Report, it says 'Tertiary Student Loan Scheme Awareness'. My question is more for clarity, so is this Student Loan Scholarship Services provided under TELS which is online? What has happened to the FRCS Report? How is this related? Can you provide clarification on this - students can access the FRCS portal or is it the TSLS portal?

MR. U. SINGH.- Madam Chairperson, this has been a little bit of a misnomer in terms of where it is set. The TSLS for want of a better place was put into FRCS to manage the actual financial loans and we have been managing that up to date - not very well because we do not have the systems or the structure to do this well because we are not a bank or a loan provider. In this last financial year, TSLS has gone back to the TSLS organisation, but we manage that on behalf of TSLS in terms of the funding and the actual documentation of the loan.

HON. R.R. SHARMA.- Madam Chairperson, why I ask this is because with the change of government and the change of policies, I would say, it has left students confused and probably stuck at airports. For example, if someone is about to fly off, I believe they are not probably aware of where to go, whether it is the Department of Immigration, TSLS or FRCS, and they have to wait. I mean, they do miss their flight, wait for a day or two, catch the second flight and it is quite a hassle for them. I think this would be a good platform to just provide clarification so that when students are in that position where they need to travel, where do they go because I see that this is more like a joint venture.

MR. U. SINGH.- Thank you, honourable Member. This issue has effectively been solved because we have transferred this service back to the TSLS organisation. What they have done is, they have created kiosks at the border. So, the students if they go there and they have not had the wherewithal to actually apply for their travel, they can go to the kiosk and effectively look at their systems and immediately go back to get an approval.

The issue is not the documentation issue, the issue is that students have not applied for their travel and got approval because all of them, under their loans and bonds, they effectively cannot travel out of the country until they get approval. Some of them do not remember that clause in their contract, and they happily buy a ticket and go to the airport. There are conditions around their tenure with a bond service. We have been dealing with that, and I will get Ms. Beg to talk about that a little bit in terms of the practical issues on the ground.

MS. M. BEG.- Madam Chairperson, your question is quite valid. Those were some of the issues that we faced in the 2022-2023 financial year, where there were two custodians of the loan scholarship, where TSLS was one and FRCS was the collection arm for them. In order to get clearance, they had to come to FRCS and also get their balances from TSLS. That is one of the reasons why the whole collection and the loan scheme was converting to a bonding system, and then it went back to TSLS. Those were some of the issues that we tried to rectify. However, it was very difficult when there were two or three organisations which were administering the process.

At that time, we used to have our Customs Officers being present there. We had temporary forms that they were required to fill. If they had all the requirements, the issue that we found was that they were able to fill in the forms, but it was very difficult for them to get the guarantors. That really led to them not being able to travel at that time, so they had to come back, get their guarantors done, and obtain clearance. However, the good news is that the whole process has now gone to TSLS, and it is sort of a one-stop shop for any student. They can get their balances, they can get their clearances and get the calculations of their bond balances and everything.

Now, when they go to the border to get the clearance to travel, there is also a kiosk available for them, so they can go online and complete the whole process. The whole process is now online, and thanks to TSLS, they have been administering that process.

HON. R.R. SHARMA.- A follow-up to that; let us just say if someone has a guarantor and flies overseas and just disappears. Now, the guarantor has a medical issue and the guarantor cannot travel, what happens?

MS. M. BEG.- Well, I will not be able to comment in respect to the TSLS process, but when it was in respect to the FRCS process, the requirement was that they can change their guarantor. Someone else takes over that guarantor, and that person can travel.

HON. R.R SHARMA.- I accept that answer, but I think the major confusion is from government, because when you say “debt has been paid off”, and the youth of today, how they take on even political news or what is happening in Parliament, they would just read the title and say, “Oh, debt has been paid off”. However, it comes down to these bonds and these clauses, and I feel like there is not much awareness.

I have been saying this for the past years, that there is not much awareness created, when policies are passed, when Bills are passed, when policies and reforms happen, done to the students in the way they consume information, but that is well noted.

MADAM CHAIRPERSON.- If I may just hop on and just second what Mr. Singh said. He says, it is a contract. You sign a contract to rent a flat, you pay a bond, you have signed a legal agreement. I agree with what you said, Mr. Singh. Sometimes, some people can forget that they do have a contract and an obligation.

If I may ask, Madam, the x-ray truck sitting at the King's Wharf, how often does that get used?

MS. S. KUMAR.- Madam Chairperson, those machines had been procured and one has been donated by the Chinese Embassy in 2017. From that time onwards, we have been lobbying with the Fiji Ports to provide us with an official space, as required under our laws. We have been working around that, but the operations of the machine could only be functional after 5.00 p.m. due to issues such as movement of people and radiation. So, we have gone beyond that now.

What we are doing is we have managed to get funding from the Australian Border Force, after all our thorough negotiations and discussions with them, in having a container examination facility in Suva and in Lautoka, so that is well underway. The financials have been remitted to Ministry of Finance, of which FRCS has started work, so that is well under progress, and it should be there by 2027.

MR. U. SINGH.- Madam Chairperson, if I may, just on that point, the big issue for us around the use of those trucks was radiation emission. Effectively, they need to be in an enclosed environment, but because of the activities during the day, we could not do that because of the health and safety issues. I have been working literally last week with the Ports Authority to find a demarcated area where we need to have more active use of that during the day, both in Suva and Lautoka.

MADAM CHAIRPERSON.- Do we have something at the port in Labasa?

MR. U. SINGH.- No, we do not, Madam Chairperson.

MADAM CHAIRPERSON.- Thank you.

HON. V. LAL.- Madam Chairperson, through you, just in reference to the first question asked about the implementation of the recommendations, I think one of the important recommendations was the integration of the AIS tracking system for yachts. In the news recently, we have heard about guns found on yachts. I know you have said that you are working on it, but can you give us a timeframe because these are some of the important issues which are still popping up? What is the process and how long will it take for this to be implemented?

MS. S. KUMAR.- In terms of the AIS, if you have heard in the last National Budget announcement, AIS has been made mandatory. It is a part of the Maritime and Safety Authority of Fiji (MSAF) Act, which we will enforce at the border on behalf of MSAF. This monitoring is done through the Maritime Essential Services Centre that has been set up at the Naval Base in Lami, where they have a real-time tracking of all the AIS in the country.

We have been updated by MSAF yesterday where we had our inter-agency meeting in Nadi, so MSAF has advised us that their Acts are currently going for a cabinet decision, and then the effective date for the AIS should be made known to the public and to yachties before they arrive in Fiji.

HON. V. LAL.- Adding on to that, Madam, I do not see any reference to cybersecurity in this report, I mean, looking at the complexities of these crimes these days. What is your work on the cybersecurity part?

MR. U. SINGH.- Thank you, honourable Lal. Again, cybersecurity is a big issue for us. It is potentially not in this report, but a lot of work has been going on. We have been working with external partners to do penetration tests, both internal and external, in terms of testing our systems.

We are now looking at accreditation to ISO 27001 in terms of making sure that we meet a lot of those requirements around cybersecurity. It is a very important strategy for us in terms of protecting the sovereignty of our data, given the nature of our data, both customs and taxation. There is a lot of work being done now in our organisation. I am not sure in 2023-2024, was there an initiative on the table, but certainly there is now.

HON. V. LAL.- About airport security technologies, such as introducing body scanners and other detection systems, what has been done to secure adequate operational space for this?

MR. U. SINGH.- Thank you, through you, Madam Chairperson, we are working with the airports to try and work in terms of the modernization plan at the airport. There is a large modernization plan, as you know, that is happening at both, Nadi Airport and Nausori Airport, through to 2034 and 2048. That will mean that we have to move with the airport development in terms of trying to install some of our body cameras and a whole lot of other stuff.

However, it is something that we are looking at in terms of working with BAF, Fiji Airports and our development partner – the Australian Border Force, to look at how we can change our approach to risks at the airport and this includes both, body cameras and x-rays, at the hold of the airline. That is something that is very high on our initiative, in fact, some of us are heading off overseas to look at this equipment in the next few weeks.

HON. R.R. SHARMA.- Madam Chairperson, through you, it just reminded me of the FRCS Customs Officer who was charged with 4 kilogrammes of methamphetamine importation. I think that happened right after the Committee had met FRCS and did its visitations. What measures have been taken by FRCS to ensure their own members are not part of this drug trafficking? You mentioned about the equipment, but what more measures are there?

MR. U. SINGH.- Madam Chairperson, through you, again, this is an integrity issue. We work very closely with the Police in terms of integrity. That matter is before the courts, potentially *subjudice* at the moment, however, we will know, in due course, whether we will compromise. However, the person who was involved was a person of high standing and a very experienced member of our staff.

However, our message on the ground is that we are working very closely, we are rotating our staff, and we are continuously ensuring that single people do not work alone on cases and that we have a distribution of information to confidential sources to ensure that some of these people are not infiltrated. We are at the mercy of gangs at the moment. A lot of our organisations are being infiltrated, and we are working very closely with enforcement heads to try and counter this issue.

HON. R.R. SHARMA.- Another question is, how do you have oversight or rather a small monitoring of your own staff in terms of the devices they use, emails they use, any modes of communication, who they meet because in countries like Fiji and the Pacific region where we have drugs and drug trafficking, I would always say to other institutes that come before us, drugs trafficking, ammunition, guns, they all go together.

What also happens, Mr. Singh, is when a particular member leaves the office or organisation, when something comes up, probably an abuse of office or a matter of that sort, you cannot trace back to anything because they were using their personal emails. How does FRCS ensure that what is provided or how do you monitor their modes of communication to ensure that we can always trace back and see what was done, whether that person was in office or not in office?

MR. U. SINGH.- Madam Chairperson, again, this is something that is in its infancy. We are building our structure with development partners in terms of what they do, particularly the Australian border force, who are working very closely with us. We are working with our IT systems. We are also working with MSAF in terms of trying to get an integrated approach in this area. So, with these computers involved, we are working to the stage where we can actually turn someone's computer off at the drop of a hat and

basically retrieve all information out of their system. We are in terms of doing the same for phones as well. Some of this is confidential information in terms of how we operate, but certainly, we are working in terms of the framework with our development partners. Your point is well made, this is an issue at threat for us as well.

HON. R.R. SHARMA.- Madam Chairperson, through you, that is totally noted. As long as you ensure that it is a system that will ensure the safety of your members and the institution, we are all for it.

When I look at the report, Mr, Singh, for example, border security, I would like to see probably some tables in the future because it is well represented in questions that was asked by the Committee and what we have received from your organisation. However, I think for any member who would like to read the Annual Report, maybe after five to 10 years, a table would provide more clarity in terms of comparison on the detector dog, the trainings, border control, the item seized, et cetera. I will go to my next question.

I would like to talk about our MSME support centre. Again, this is on Page No. 14, perhaps, in the format of a table, the number of MSMEs. The question is, what percentage of MSMEs or businesses or sole traders do not have a TIN number? Do you have data on this? The Committee would like to know, Parliament would like to know and through Parliament, the whole of Fiji knows, because this is something we encourage people to take up. Do you have statistics on how many people are actually signed up, how many are not, how many do not even know that they should be?

MS. M. BEG.- Sir, in respect to your question on how the FRCS TIN system is designed, with the identification number, everyone in Fiji is required to be registered for a TIN. In respect to how it is designed, anything that any person does in Fiji, for example, they open a bank account, students go to school, or anything, that requires a TIN.

If you look at Page No. 7 of the Report, you will note that there is a pie chart - "Know Your Customer" and you will notice that we have got 1.1 million TINs that have been registered. Out of that 1.1 million TINs, 577,000 people are those who have got a TIN but are not required to file their returns. So that means they might be students, they might be people who are domestic workers, or anyone who is not earning income or required to file their returns.

From there, we have got 367,000 which is wages and salaries, which is our employees, and 159,000 is from our business taxpayers. Out of that 159,000, we have got 38,000 registered taxpayers who fall under the MSME population. Most of them, just because our government projects and everything is designed as such, anything that the Government assists in respect to grants or anything, they will require a TIN, and they will also require a tax compliance certificate. This strategy helps us to ensure that people are registered for a TIN, and it also ensures that they are compliant with any of the filing requirements. So, that is the process we have.

HON. T.R. MATASAWALEVU.- Madam Chairperson, through you, I have a question on yachts entering our shore. How do you monitor boats and yachts entering our shores, like in Denarau, Yasawa, Savusavu and RakiRaki?

MS. S. KUMAR.- Sir, thank you for that question. We have our officers based together at the MESC at the Naval Base. They are contributing to the 24/7 observation of the yachts coming in. It is mandatory by law for them to turn on the AIS before they enter into Fiji waters. So, all their movement is captured, and they have to provide an inward reporting 48 hours prior to their entry into Fiji. On that basis, our teams on the ground conduct an intelligence analysis around it, their last port of call, et cetera.

We have databases with the Australian border force, Canada and USA, so if there is any adverse reporting on that yacht that is coming into Fiji waters, it is observed on the screen - the movement as to where it is going. It should report first to the port of call. If there are any issues, we have a joint exercise with the Navy, Fiji Police and Customs to raid and rummage in the waters. Those are some of the processes that we already have in place.

HON. V. LAL.- Madam Chairperson, still on the Border Security Enforcement, I can see on Page No. 21 of the Report you are talking about the Regional Aerial Surveillance Programme. My question is what has been achieved through FRCS's participation in this Programme?

MS. S. KUMAR.- If you look at our maritime zone, it is quite vast. We still have challenges around doing our coastal watch programmes. There are legislative constraints as well, in terms of Customs, in terms of the border police, and in terms of Navy as well, so there are some amendments being done to all these respective legislations. We are trying to work on a Maritime Safety Act with the Navy as well.

In terms of these surveillance programmes, we have a ship rider, and we have an air rider programme that is part of this. Now, we are developing into those stages where we need to build on those capabilities and gain insights from how relevant these are to our maritime and surveillance requirements. So, these exercises actually help our officers. It is not only Customs that go on this, but there are also other ministerial agencies as well that go on these particular programmes, just to see how relevant it is.

Currently, we are building on those platforms to work in this maritime area and maybe build on those legislative requirements that make it mandatory for us to have these kinds of things in place. The ship rider programmes are usually funded by the US and the air rider is by the Australian Border Force through the Australian Air Commission. That is like allowing Fiji to build on its capacities and capabilities in understanding what is required in our maritime zones.

HON. R.R. SHARMA.- Madam Chairperson, through you, still on border control and maritime safety, when you go and inspect one of these yachts, there is a bit of confusion

and matters raised to me personally, which I have highlighted to the minister, but for clarity for the public, who goes to inspect - Immigration Officer or FRCS Officer?

MS. S. KUMAR.- Sir, I had previously mentioned, any raid or rummage in terms of taking into account the wellness and safety of our officers as well, it is a joint exercise. If we find that there is any adverse findings for that particular yacht or yachtie or yacht master, whatever it is, we get the Police and the Navy and, in some instances, it can be Immigration as well, to allow entry or refuse entry for those yachts into Fiji.

HON. R.R. SHARMA.- Thank you. Just a follow-up question on that, Madam Chairperson, through you, when someone enters our 220 nautical mile zone in our EEZ, do they still have a free entry if the Ministry of iTaukei Affairs gives the approval? What is that?

MS. S. KUMAR.- It is a requirement, 48 hours before you enter into Fiji's EEZ, you need to give in your inward reporting with every other detail of the crew list, if you have any passengers, any stock list, whatever is on board, you need to declare to Customs. That information is shared with Immigration. After that, once we give the entry and Immigration gives them a permit to come into Fiji Waters, then the cruising permit is obtained through the Ministry of iTaukei Affairs or the Foreign Affairs, to allow them to cruise in Fiji Waters.

HON. V. LAL.- In addition to that, I remember last time, Mr. Singh told us about the passengers on board So the list is given to them, at least, two to three hours before departure. Has that improved because you were saying that you were working on that?

MS. S. KUMAR.- Now, FRCS has set up an integrated targeting centre, which also houses a passenger intelligence and information unit, which is at Nadi, and it has been giving fruitful interceptions. To enhance that unit, we need to have advanced information about travelling passengers, so we are working on some systems.

Immigration is already working on an Advanced Passenger Information System (API), and we are also exploring avenues with a system called ATSG through the World Customs Organization. We have written to them to enhance their passenger information but, currently, with what is happening on the ground is we receive information through the airlines - once a flight departs from the country of origin. We are currently working on that, but the API and the passenger notification requirements is something that Immigration and Customs are both working on.

HON. V. LAL.- Thank you, Madam. I think some questions need to be asked to the finance guys as well. I can see on Page 12 your Customs rebate refund has drastically reduced from \$5.3 million down to \$2.5 million and slightly improved on that. So why is it so?

MS. S. KUMAR.- So, the Customs rebate usually focuses around, like we call it ,a drawback. There is a normal drawback and there is an industrial drawback. The



manufacturing sector is the one claiming the industrial drawback. Most of them, at some point in time, we had the duty rates reduced to pre-fiscal when it came to importation. At one point, the duty was around 3 percent on the raw material that was being imported, so if they manufacture and exported those items, they could claim that particular 3 percent. So, in these particular years, the concession raw materials duty rate was flagged down to free so they did not need to claim any rebate on that.

MADAM CHAIRPERSON.- I have got a follow-up question, I was just going to ask about your K9 Unit. How many dogs in total do you have? Do you have dogs in Savusavu as well?

MS. S. KUMAR.- Currently we have around seven dogs in total. We are working with a New Zealand Detector Dog Programme. They are funding all our programmes for this. There are plans now underway for our Savusavu expansion, so we are working together with the Fiji Police. We are happy to note that New Zealand is sponsoring the progress of the K9 Unit in Savusavu. Currently, one of our staff is attending the training in New Zealand. Once they return with their dog, they will be stationed in Savusavu. There will be two dogs stationed in Savusavu for Customs and two for the Police, so that is the progress that we have.

Also, we will receive an explosive dog which will be based at our Nadi Airport, and we may be rotating it around as well. It will be housed with the Fiji Police.

HON. R.R. SHARMA.- Madam Chair, one follow up question on that, is the Savusavu and Labasa branch equipped with vehicles?

MS. S. KUMAR.- Madam Chairperson, yes, Savusavu currently has one vehicle and Labasa has two official vehicles.

HON. V. LAL.- Again, on the financial statement, I can see that your investments has gone down, compared to the previous year, y more than \$5.5 million. That is on Page 30 of the Report. Is there any reason for that? You do not want to invest, or why is there a reduction in investment?

MS. A. SINGH.- Madam Chairperson, FRCS mainly depend on grant from Ministry of Finance to run our operations, so if you see over the years in 2023, our grant was reduced and to manage some of our operating grants, we had to use our investments that was there. That is why you can see that it has reduced. Obviously, we have used some of the investments to meet our operating grant and some of the capital expenditure as well, due to our investments that we hold, we do not request Ministry of Finance during that period for any capital expenditure.

HON. V. LAL.- What you are saying is because the grant from the Government has been reduced, the money you used to invest, you are using that money to push it to the capital projects. That is what you are saying, is it? Is it going to affect your future investments?

MR. U. SINGH.- A lot of these investments, honourable Lal, are effectively cash at bank, so it is effectively holding of cash. When we have an operating deficit or surplus, we vary our investments in the bank accordingly. Sometimes, we might have larger capital investments or capital expenditures. If we are not getting that from Government, we are dipping into these funds.

HON. V. LAL.- Madam Chairperson, on the same Report, I can see that your non-current assets have reduced by almost \$13 million. From \$31 million, it has gone down to \$18 million. Are you selling these plant and equipment properties to provide for the big reduction of \$13 million?

MS. A. SINGH.- I think it is basically due to the depreciation of the property, plant and equipment. We are not selling any of our fixed assets.

HON. V. LAL.- So, it is mainly due to depreciation? One year \$13 million depreciation, is it not more than a substantial amount?

MS. A. SINGH.- In Note 8, in the previous year, we had \$6 million work in progress, which was later capitalised. That was for a big project that we were having for the New Taxation Information System (NTIS) . That is why there is a big reduction in there.

HON. R.R. SHARMA.- Madam Chairperson, through you, Fiji makes strong strides towards removal from the EU blacklist. An update, please, on this? Where are we?

MR. S. NATH.- Madam Chairperson, indeed, as per this Report, we had made some progress at that time but between then and now, I think we have made significant progress as far as we aspire to get Fiji out of the blacklist. We were marked down, I would say, in nine or 10 different areas. All of these categorised into three major topics: tax transparency, harmful tax practices and, perhaps, base erosion and profit shifting measures.

Out of the 10, we have basically achieved everything – the last one being a few of the policies, such as the Export Income Reduction, which was not extended in the last budget, that was one, and we also need to sign one mutual agreement. It is called MAC, which is signed by 150 countries, so Fiji was not part of that because it required some legislative amendments as well. That was also taken through in the recent budget, and we have now written formally to the EU to sign MAC. Also, another overall letter has been written to the EU to remove Fiji's position and, hopefully, we will get some good news.

These reviews happen in October and then in March every year, if we are not able to get a review done in October, because we are still in the process to signing MAC, then the next one will be in March next year, so we are very hopeful.

Over the years, we have done a lot of other changes, such as amending our ICT policy, there was a headquarters relocation incentive that was seen as not fair or not in line with the EU standards, so we have removed that. That gave companies a lower corporate tax rate, if they relocated their headquarters into Fiji. Those have been removed.

We have signed up for the global forum, and we are now implementing some exchange of information platforms that will enable Fiji to exchange information with countries abroad and vice versa, if they have got taxpayers. These are some of the things, basically, making Fiji more visible in terms of tax affairs. All of these things have been done, and now we have officially written, and that has been signed off by our Minister for Finance. Now, that letter is now with the European Union so, hopefully, that is good news for Fiji.

HON. R.R. SHARMA.- Madam Chairperson, through you, thank you for the very good news. Hopefully, next year, in time to come, Fiji is removed from the blacklist. How are your efforts for your staff retention going and will the staff of FRCS can expect a salary increase in time to come?

MR. U. SINGH.- Madam Chairperson, FRCS went through a job evaluation programme in 2023 and we have been working through to optimize that over the last 12 months to 18 months. In that, we benchmarked our staff to effectively the financial services sector because of the absence of another tax administration in this country.

Our staff have effectively been positioned very well in terms of their salaries, and I am not going to tell you what the increases were, but they were substantial. So, I can hand on heart say that they are well positioned in terms of the market.

HON. R.R. SHARMA.- Thank you, Mr. Singh. I will take my question back to the taxpayer online services, if you can update the Committee that if now M-PAiSA for businesses who receive cash or payments via M-PAiSA would be part of the declaration process when filing our annual financials.

MR. U. SINGH.- A good point. I think the answer is 'yes'. I am trying to understand your question whether this is in relation to deposits or actually payments, but I will ask Ms. Beg to talk about this one.

MS. M. BEG.- Thank you for the question. In respect to the declaration of assets, as at a particular date, usually for business individuals will be 31st December, so all assets needs to be declared. We are designing a form which will have some criteria for the assets that need to be there. So, all the assets, especially in respect to cash at bank and M-PAiSA account is also deemed as cash at bank or money being held, so that also needs to be declared.

HON. R.R. SHARMA.- That is noted. Another clarity, I think government had announced that anyone with a gross or net of \$50,000, would need to have VMS. Has it rolled out or has it been put to a stop, or where are we?

MR. U. SINGH.- We have got a date whereby you need them on board. There is an implementation plan, and they need to be completed by January next year. The thought process around this was that we were seeing a lot of taxpayers that were below the \$100,000 threshold do everything in their means to stay below the threshold, and that means avoiding tax, not reporting.

We have put that there for two reasons, one, the reason I have just mentioned, and secondly, to try and digitize that low end of the economy so we can get some more transparency. It is regarded as a challenge by many, but we are working with our vendors, and we are working with our outreach programme team to ensure we give them the support to come on.

HON. R.R. SHARMA.- Who bears the cost of this VMS?

MR. U. SINGH.- The VMS cost will be borne effectively by the actual business. We are trying to put forward low-cost POS systems and some of them potentially, you know, up to \$50 to \$70 a month. We have also been advised that there will be a dollar on day one as well. Some of them will be in the cloud and some of them can be used on the phone or on an iPad, so we have got very simple systems coming online soon.

HON. R.R. SHARMA.- Is this compulsory for all natures of businesses? If you meet this threshold, is it compulsory to be part of the VMS system?

MR. U. SINGH.- Madam Chairperson, the answer is 'yes'.

HON. R.R. SHARMA.- So if someone has a wholesaling company and does three sales per month.

MR. U. SINGH.- If they meet the threshold, that is the criteria. However, if there is extenuating circumstances, our team might be happy to talk to them. I will get our Director Compliance to say a few words on that one.

MS. K. DAWAI.- *Bula vinaka*, honourable Sharma. Madam Chairperson, through you, in terms of the VMS implementation, going back to 2017 and 2018, there are seven industries that are already on board which are supermarkets and pharmacies, they came first, and then followed by five sectors - hardware, travel agents, accountants, lawyers and doctors. So, we have already published, as per the gazette, the implementation timeline.

Unlike the implementation strategies of the past where we only had one deadline, for example, you come on board on this date, so we actually gazetted their timelines. The first four industries are supposed to register and effectively implement VMS on 1st January, so their deadline is 31st December. These are real estates, architects, engineers.

We have chosen these early adopters because as you have mentioned earlier, someone who will issue only a few invoices a month can take advantage of our free VMS solution - free POS for any invoice for any company - four issues. Less than 20 invoices a month like landlords, real estates, architects and engineers, they can miss out in a month, one or two invoices, and they can take advantage of the free POS. They only have to spend \$51.75 for that.

Then we have the other rollouts coming in March - the accommodation sector. We have split them into two, knowing the challenges and issues within that. The accommodation sector has been segmented into two - one is those with below \$5 million turnover and by September, we expect the bigger ones, the hotels that are above \$5 million.

The last to come on board are the wholesalers, distributors and retailers. Because of the number, we have scheduled this sector right up to December. However, most of the retailers are involved in one or two. They are already in the wholesaling and distribution, and they already have VMS on board.

The food sector, which is the restaurants, are coming in June. We are providing three months timeline for registration and implementation. In this phase, as it is noted in the gazette, should any business including those above \$50,000 face difficulty, they should approach us, and we will be able to assist them.

HON. R.R. SHARMA.-Where is this published?

MS. K. DAWAI.- In the gazette, and we have brought it out too our social media page, as well as in the newspapers.

HON. R.R. SHARMA.- Thank you. My question is about taxi drivers because there is a bit of confusion out there. Is it compulsory to issue receipts? Some say, "We do not make \$30,000 because of the road conditions, the wear and tear, so can you provide clarity on that?"

MS. K. DAWAI.- If you note from the gazette, one industry that has been left out is transport. The reason is, we have got our government arm - the Ministry of Trade and Commerce, who are also rolling out the e-ticketing. We did not want to confuse the market, so let e-ticketing get its rollout.

If we are able to integrate VMS with e-ticketing, there should not be any duplication, and we should be able to get that information from e-ticketing. So, there are plans to roll this out as well to minibuses and taxis, so we are just waiting for Government to notify us whether they are proceeding with that.

HON. R.R. SHARMA.- Madam Chairperson, what is FRCS doing with the long waiting time at the offices when people come in? Is that still a challenge in the Lautoka

Office? I will come to the Ba Office soon. They also notify me of what is going on at the Ba Office. It is open, I have not visited there in a long time, but in terms of the long waiting lines, how digital is the process of ticketing, so I just need feedback on that.

MS. A. SINGH.- Madam Chairperson, in respect to the waiting time, you will note from our reports and stuff, FRCS is going into the digital platform so we are encouraging people to go online. What it means is that they really do not always need to visit FRCS office. In order to go into that transformation process, we encourage them to go online because if you look at the behaviour of our taxpayers here in Fiji, no one wants to go online. Everyone wants to come to the office.

What we have done is that, in respect to the office, we also encourage them to use (online services), because one of the challenges most taxpayers face is that they do not have computers, they do not have internet, or it is very slow, so in all our offices, we have got QR system. We encourage them to start using the QR system, get familiar with it. The staff are available there to assist them, and from there, the process is much quicker than you coming to the counter and being served. That is the process. We are trying to fast-track that process, however, our main goal for them is to get everyone online.

We have also strengthened, in respect to our contact centres, we have got a centralised contact centre where people can call. The reason being is, it is a roadmap for us - the customers, to move from face-to-face to contact centres to online systems. It is a journey itself, especially in a country like Fiji, where being IT-savvy, and then on top of that, the technical know-how of being tax and customs savvy, requires a bit of time, but we are working towards that. Thank you.

MADAM CHAIRPERSON.- I just wanted to say 'thank you', again, and credit to FRCS. Every time I have gone there as a normal non-Member of Parliament, I had really, really good customer service, so thank you to your Customer Service Team.

HON. R.R. SHARMA.- Madam Chairperson, one more of a comment. When I go over this Report, I would just request in the next report, to provide a more tabled information on our MSMEs. I would like the people of Fiji to know, Members of Parliament, the number of businesses we have, the thresholds we have, the number of businesses that have been deregistered and the number of businesses that are compliant or not compliant, because a precedent needs to be set. We need to call on people who are not compliant.

We also need to have a taxation system where we encourage businesses, to get into entrepreneurship, get into startups, and I think the same applies to border control. The same with staff, I would like to see how many youth staff are there below the age of 35, if that is the threshold.

Lastly, what Mr. Singh said is the strategy or what targets FRCS would want to reach, so that it makes it easy for us as well, just by reading the report. We do not get to

meet all of you - you are very busy people as well, but it also helps us to better highlight these in Parliament and, of course, ask for the allocated funding that is required.

My last question is, the budget you asked for from the Ministry of Finance, did you get the same amount or was it reduced? Were you happy with it, or do you need to be asking for more to meet the gaps and challenges?

MR. U. SINGH.- We did not get the amount we asked for. We were ambitious in some areas. However, we have effectively taken it upon ourselves to work with the funding that we have got.

We are working with the Ministry of Finance as well. In some areas where we have got CapEx requirements, we will reach out to them. They have given us, Madam Chairperson, that assurance that, if need be, they will support us in that area. However, our funding was cut, I suspect, by \$10 million.

Having said that, to balance that off, our fees and charges did increase, and we did get some revenue from fees and charges. Our fees and charges were not put up for about 10 years. These fees and charges are effectively from aircraft and charges around the airport, et cetera, so that increase, and we balanced it off in some other areas.

HON. R.R. SHARMA.- Madam Chairperson, very last question, you reminded me of something. When you have a 15 percent VAT, of course, you are going to have a high income. I think last we heard in Parliament, the collection was \$4.4 billion with a \$185 million in surplus.

When someone says - from a 15 percent, now you have a 12.5 percent reduction in VAT, of course, there is a reduced collection, so there is a shortfall, or there is a void space. Just for the clarity of the public and the Committee, how do you cover that, or what areas, or branches, or arms of the country does that affect, or does that have any effect?

MR. U. SINGH.- That is a good question. The shortfall for us is even about \$300 million. We have not noted that in our forecast, neither in the collection so far, which means there is a groundswell of activity or volume, perhaps, that is compensating for that. We are not sure it might come in the next few months but we are working in terms of increasing collection in other areas and also ensuring that our risk and financial analysis teams are going after those non-compliant taxpayers so we can make up the shortfall.

MADAM CHAIRPERSON.- Honourable Members, the CEO and your Management Team, I think that is it from us for now. Thank you very much for your time. *Vinaka vakalevu.*

The Committee adjourned at 10.08 a.m.

# Written Responses





22 October 2025

The Honorable Rinesh Sharma  
Deputy Chairperson  
Standing Committee on Foreign Affairs and Defence  
PO Bix 2352  
Government Buildings  
Suva

Dear Honorable Sharma,

I acknowledge receipt of your letter dated October 9, 2025, requesting a written submission on the Fiji Revenue and Customs Service 2022 – 2023 Annual Report. An overview of what is contained in the Annual report is outlined below. I've grouped them as **key highlights, successes, and issues/risks to watch**, with the most material numbers up front.

**Key highlights (FY2022–23):**

- **Record net collections: \$2.286b** (exceeding forecast by **\$33.3m / 1.5%**; up **\$592.7m / 35%** vs. FY2021–22).
  - VAT **\$1.008b**; Income Tax **\$615.8m**; Trade Taxes **\$471.9m**; Other Taxes/Levies **\$189.8m**.
  - Tourism rebound, and stronger company results lifted **PAYE** and **CIT**; pent-up demand supported **VAT**.
- **Collections composition & movements:**
  - **Departure Tax: \$61.7m** (slightly above forecast).
  - **Water Resource Tax: \$74.7m** (+1.9%).
  - **Refunds paid: \$287.1m** total, incl. **VAT refunds \$231.6m**.
- **Financial position of FRCS (the Service):**
  - Operating **surplus: \$6.7 m** (vs. **\$2.9m deficit** prior year).
  - Equity: **\$86.3m** (↑ from \$79.6m). **Cash & cash equivalents: \$26.7m** (↑ from \$16.3m).
  - Employee **costs: \$25.2m** (↓ year-on-year). Government operating grant **\$38.8m**; Fees & charges **\$9.26m**.
- **Customer base & digitisation:** Over **63,000** taxpayers registered on **TPOS**; **>100** services online.
  - CIT & PIT e-filing (2015–2021) launched; CIT affects >35,000 taxpayers; ~40 returns filed on day one.
  - Private Binding Rulings regime introduced for certainty on complex matters.
  - Compliance Improvement Strategy (2023–2025) launched to lift voluntary compliance.
- **Border & enforcement posture:**
  - **>1,330** items intercepted/detained/seized at the border.
  - **Detector Dog Unit** & joint Police ops: **33 arrests**, seizures of marijuana and meth.
  - New capabilities/training: **RadEye PRD-CD** radiation/contraband detection; narcotics investigation; investigative interviewing; WCO/JICA Master Trainer Programme (valuation & HS).
  - **Regional Aerial Surveillance Program (RASP): 64 flight hours / 8 missions, 26 contacts** sighted—force-multiplying maritime domain awareness.

*A world class revenue service delivering excellence in revenue collection, border protection, trade and travel facilitation*

### Successes we're proud of:

- **Revenue outperformance with strong momentum into FY2023–24**, underpinned by tourism and domestic demand.
- **CIT collections: \$314.5m** by July 2023 (exceeding forecast by **\$84.7m / 36.8%**). **PAYE up 21.7%** vs prior year.
- **Digital transformation at scale:** TPOS expansion (CIT/PIT historic years online), 24/7 access, self-service growth; targeted education/outreach through media and roadshows.
- **Service & inclusion:** MSME Support Centre and Community Day; TSLS student portal services available via TPOS; broadened taxpayer education.
- **People & leadership:** Pacific Leadership Program relaunched; **Wellness Centre** opened; new uniforms reinforcing service brand; recognition of excellence (e.g., **Fiji Women in Business** award; first Pacific Islander appointed as a **WCO Expert Trainer**).
- **Partnerships & governance:** Constructive engagement with the **Deputy Prime Minister/Minister for Finance**; collaboration with **UNODC/WCO** Container & Air Cargo Control programmes; continued work with regional partners (FFA RASP).

### Gender Analysis of staff:

Financial Year	Female	Male
2022-2023	49%	51%
2023-2024	52%	48%

### Issues, risks & improvement opportunities (for the Committee's awareness):

- **Refund integrity & cash-flow management:** Large **VAT refunds (\$231.6m)** and total refunds **\$287.1m** require continued risk-based vetting and timeliness improvements to sustain business confidence while protecting the revenue base.
- **Arrears administered on behalf of Government: \$875.7m** total arrears (incl. **TELS \$648.3m**). Continued cross-agency strategies are needed for recoveries (e.g., ARI implications, datamatching, repayment pathways).
- **Data & legacy systems:** Ongoing work to strengthen data migration/quality and identity integrity as we expand TPOS (historic filings) and analytics-driven compliance.
- **Border threat environment:** Evolving narcotics and financial crime typologies; need sustained investment in detection tech, K-9 capability (including female handlers), aerial surveillance, and inter-agency targeting/asset-tracing.
- **Leases & operating costs:** Significant lease liabilities (**\$22.6m**) and IT licensing/maintenance costs (**\$4.83m**) call for disciplined procurement, vendor management, and value-for-money controls.
- **Contingent exposures:** Service-level contingencies (**\$4.46m**) and broader Government contingent liabilities (**\$74.8m**) underline the importance of prudent litigation, policy clarity, and early dispute resolution.

**Summary:**

In summary, FRCS delivered a strong recovery year—exceeding revenue targets, modernising our services, and strengthening border protection—while staying focused on taxpayer service and voluntary compliance. We recognise there is more to do on refund timeliness, arrears, and data integrity, and we are progressing targeted initiatives with our partners to address these. We welcome the Committee’s questions.

Sincerely,



Mr Udit Singh

**CHIEF EXECUTIVE OFFICER**