STANDING COMMITTEE ON ECONOMIC AFFAIRS

REVIEW REPORT OF THE FIJI REVENUE AND CUSTOMS SERVICES

Appendices

ANNEX 1

WRITTEN SUBMISSION

FIJI REVENUE AND CUSTOMS SERVICE

RESPONSES TO THE STANDING COMMITTEE ON ECONOMIC AFFAIRS

ANNUAL REPORT 2024–2025

1. REVENUE PERFORMANCE AND SUSTAINABILITY

Question 1

FRCS exceeded its revenue target and collected approximately $3.48 billion. To what extent was this driven by recurring revenue streams rather than one-off initiatives such as the Tax Amnesty Programme, and how will sustainable revenue growth be maintained?

Response

FRCS collected net Government revenue of $3.485 billion during the 2024–2025 financial year. This exceeded the annual forecast by approximately $185.6 million, or 5.6 per cent, and was approximately $380.4 million, or 12.3 per cent, higher than the previous financial year.

The result was predominantly driven by recurring tax streams and underlying economic activity rather than the Tax Amnesty Programme alone. The principal recurring contributors were:

- VAT, representing approximately 46.9 per cent of total revenue;
- Income taxes, representing approximately 29.1 per cent;
- Trade-related taxes, representing approximately 14.2 per cent; and
- Other taxes and levies, representing approximately 9.8 per cent.

Domestic VAT, Import VAT, Corporate Income Tax, PAYE, Withholding Tax and fiscal duties all recorded strong performances. The drivers included stronger company profitability, employment and wage growth, tourism activity, consumer spending, imports and improved taxpayer compliance.

The Tax Amnesty Programme supported the result by encouraging the lodgement of overdue returns and payment of outstanding principal tax. However, it was not the principal cause of the overall revenue surplus. The Amnesty generated approximately $24.8 million in direct cash collections during May to July 2025, while the wider figure of approximately $75 million reflected payments and liabilities associated with nearly 40,000 lodged returns over the programme period.

Sustainable revenue growth is being supported through:

- The Compliance Improvement Strategy 2025–2028;
- Greater use of data matching, risk profiling and analytics;
- Expansion of the tax base and formalisation of the informal economy;
- Targeted compliance activity in high-risk sectors;
- Improved debt recovery and early intervention;
- Better taxpayer education and digital self-service;
- Stronger international exchange of tax information;
- Improved beneficial ownership information; and
- Closer collaboration with the FIU, Police, FICAC, Immigration and international partners.

FRCS also recognises that revenue growth cannot rely indefinitely on compliance interventions alone. It must remain underpinned by economic growth, a broader taxpayer base, efficient policy settings and a fair and trusted tax system.

Question 2

Provide a comparison of projected versus actual collections across major revenue categories and explain significant variances.

Response

The following figures are taken from the Annual Report and should be supplemented by the Corporate Revenue Team with a complete forecast-versus-actual schedule.

Revenue Category	Actual FY2024 - FY2025	Variance against forecast	Explanation
Total net revenue	$3.485b	+$185.6m / +5.6%	Broad-based economic and compliance performance
Total income tax	Approximately $1.01b	+$99.2m / +10.2%	Higher company profits, employment income and compliance
Corporate Income Tax	$408.3m in narrative reporting*	+$25.6m / +6.7%	Strong performance in wholesale, manufacturing, finance, tourism and transport
PAYE	$239.4m	+$28.0m / +13.3%	Wage adjustments, formal employment and improved labour activity
Withholding Tax	$176.6m	+$12.2m / +7.4%	Cross-border services, licences, royalties and commercial activity
Net VAT	$1.543b	+$79.5m / +5.4%	Consumption, tourism, imports and improved compliance
Domestic VAT	Approximately $1.013b	+$83.4m / +9.0%	Tourism, services, electricity and consumer activity
Import VAT	$971.3m gross	+$19.5m	Fuel, vehicles, machinery and other imports
Customs duties and levies	$592.6m	+$23.0m / +4.0%	Resilient import activity
Fiscal Duty	$387.7m	+$14.2m / +3.8%	Fuel, vehicles, alcohol, machinery and plastics
Domestic Excise	$162.7m	-$1.5m / -0.9%	Slightly below forecast, despite year-on-year growth
Departure Tax	$123.0m	-$21.2m / -14.7%	Below forecast but materially above the prior year
Water Resource Tax	$77.9m	Slightly below forecast	Production and timing fluctuations

Fees and charges earned by FRCS as an organisation were **$13.06 million**, compared with **$10.48 million** in the previous year. These fees form part of FRCS's operating income and are separate from Government tax revenue.

2. TAX ARREARS, REFUNDS AND DEBT RECOVERY

Question 1

What are the principal contributors to the approximately $495.4 million in tax arrears, what proportion is recoverable, and what recovery targets have been established?

Response

The audited Government debtor balance at 31 July 2025 was approximately $495.4 million, comprising:

- Income Tax and other taxes: $280.29 million;
- VAT: $181.95 million;
- Customs: $2.35 million; and
- MSME loans administered or collected by FRCS: $30.79 million.

The total includes:

- Principal tax;
- Penalties and interest;
- Amounts under objection or dispute;
- Debt subject to payment arrangements;
- Debt associated with companies in liquidation or taxpayers with limited assets;
- Aged and potentially uneconomic debt; and
- Balances that may be adjusted after account reconciliation.

For this reason, the gross arrears figure should not be treated as the amount immediately collectible. Recent internal reporting has distinguished between the gross portfolio and the net collectible portfolio. As at the June 2026 Board reporting period, total tax debt was reported at approximately $514.57 million, with net collectible debt estimated at approximately $279.12 million. The net collectible figure excludes or discounts debt that is disputed, insolvent, untraceable, uneconomic to pursue or otherwise impaired.

FRCS's approach is to establish recovery targets against the collectible portfolio, rather than the entire gross balance.

Question 2

What debt recovery strategies are being implemented, and which sectors account for the highest outstanding debt?

Response

FRCS is moving from a largely reactive collection model to a segmented and risk-based debt management approach. Key measures include:

- Early contact immediately after a debt arises;
- Automated reminders and digital notifications;
- Structured payment arrangements;
- Differentiated treatment of viable businesses and deliberate non-payers;
- Garnishee and third-party recovery action;
- Departure prohibition orders where legally justified;
- Caveats, charging orders and seizure of assets;
- Liquidation or bankruptcy action where appropriate;
- Court applications for the sale of seized assets;
- Offsetting refunds against outstanding debt;
- Targeted high-value debtor campaigns;
- Closer engagement with directors and beneficial owners; and
- Coordinated action with Immigration, FIU, Companies Office, Police and other agencies.

The management philosophy is to assist viable taxpayers experiencing temporary difficulty while taking firmer enforcement action against taxpayers who have the capacity to pay but deliberately avoid their obligations.

The Annual Report records the operational debt portfolio by tax type as approximately:

- VAT: **$170.09 million**;
- Corporate Income Tax: **$59.88 million**;
- PAYE: **$54.73 million**;
- Personal Income Tax: **$12.91 million**; and
- Other taxes: **$21.53 million**

  The internal industry dataset confirms that the sectors tentatively identified—construction, short-term accommodation and food services, wholesale and retail trade, real estate, and professional consultancy services—represent the primary economic areas driving the highest concentration of outstanding tax debt.

  Additional notable areas contributing to the high-debt portfolio include private security services and civil engineering projects.

Question 3

What contributed to the approximately $639.9 million refund liability, and what is the average processing timeframe?

Response

As at 31 July 2025, the audited accounts reported:

- VAT refunds outstanding: **$267.41 million**; and
- Income Tax refunds outstanding: **$372.48 million**.

The aggregate balance of **$639.89 million** is an accounting liability and does not mean that the full amount was immediately payable without review. It includes refund credits or taxpayer account balances that may be:

- Subject to verification;
- Awaiting supporting documentation;
- Offset against other tax liabilities;
- Under audit or risk review;
- Carried forward at the taxpayer's election;
- Duplicated or affected by taxpayer account reconciliation;
- Connected to inactive taxpayers; or
- Awaiting final approval and payment processing.

FRCS has recognised the need to improve the integrity and ageing analysis of the refund ledger. Management has been strengthening:

- Risk-based refund verification;
- Automatic offsetting against confirmed liabilities;
- Ageing analysis;
- Case ownership and escalation;
- Separation of low-risk and high-risk refunds;
- Verification of bank and taxpayer details; and
- Reporting of approved, disputed, under-review and carried-forward balances.

Processing & Payout Timeframes:

- **Standard Processing Target:** For legitimate, low-risk refund claims (both Income Tax and VAT), the operational timeframe is within 30 days from the date the return is lodged, or the refund request is formally submitted.
- **Conditions for Payout:** Release within this timeframe is strictly subject to:
  - Completion and fulfillment of all tax filing obligations across all tax heads.
  - Successful verification of valid taxpayer bank details.
  - Availability of allocated refund funds and adherence to daily banking limits.

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3. TAX AMNESTY PROGRAMME

Question 1

How many participants were previously non-compliant, and what compliance outcomes have been observed?

Response

The Amnesty Programme was intended primarily for taxpayers with outstanding returns, unpaid principal tax or unresolved historical obligations. Nearly **40,000 returns** were lodged during the programme and approximately **$75 million** in payments and declared liabilities were associated with those lodgements.

The number of taxpayers, as distinct from returns, and the number who were previously non-compliant must be confirmed by the Taxation Division. One taxpayer may have lodged multiple outstanding returns.

The Amnesty has improved the accuracy of taxpayer accounts and returned a substantial number of taxpayers to the filing system.

How many taxpayers have benefited from more than one amnesty, and what safeguards prevent repeated reliance?

Response

At the time of review, FRCS had not performed a matching exercise across historical amnesty programmes to identify taxpayers who may have benefited from multiple amnesty arrangements.

The principal safeguard is that completion of an amnesty does not permanently extinguish a taxpayer's future obligations. After the relief period:

- Normal filing and payment requirements resume;
- Late filing and late payment penalties apply;
- Defaulting taxpayers may be subject to audit and recovery action;
- Relief is confined to the period and taxes authorised by law or policy;
- Principal tax remains payable unless specifically provided otherwise; and
- False declarations or fraud remain subject to investigation.

FRCS's policy position is that amnesties should be exceptional and time-limited, not a recurring substitute for compliance.

Question 3

How is fairness maintained between compliant taxpayers and taxpayers receiving amnesty?

Response

FRCS recognises that repeated amnesties may create a perception of unfairness for taxpayers who comply on time.

Fairness was supported by:

- Retaining the requirement to lodge all outstanding returns;
- Requiring payment of principal tax or entry into approved arrangements;
- Limiting relief mainly to penalties;
- Applying the programme for a defined period;
- Transitioning to firmer post-amnesty enforcement;
- Maintaining audit powers in cases involving fraud or false information; and
- Continuing service benefits for consistently compliant taxpayers through the Gold Card and AEO programmes.

The principle is that compliant taxpayers receive certainty, lower compliance costs and priority service, while non-compliant taxpayers receiving limited relief remain responsible for the underlying tax and future compliance.

Question 4

Has FRCS assessed the long-term effectiveness of amnesties?

Response

FRCS has assessed immediate outputs such as returns lodged, cash received and penalties remitted

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4. GOVERNMENT WAIVERS, WRITE-OFFS AND GOVERNANCE CONTROLS

Question 1

Provide a breakdown of the approximately $184.6 million in penalty waivers and write-offs.

Response

The audited accounts state that approximately **$184.56 million** in penalties was waived or written off during the year, compared with approximately **$109.51 million** in the previous year.

This figure largely relates to statutory penalty relief and accounting adjustments and should not be described as the waiver of principal tax.

The Annual Report records Amnesty-related penalty waivers during May to July 2025 of approximately:

- May: **$10.72 million**;
- June: **$23.44 million**;
- July: **$57.95 million**;

for a total of approximately **$92.11 million**

Question 2

What were the reasons and justification?

Response

Waivers or write-offs arise from:

- Relief authorised under the Tax Administration Act;
- The approved Tax Amnesty Programme;
- Penalties generated while a matter was genuinely disputed;
- System or administrative errors;
- Account corrections;
- Taxpayer hardship where lawful;
- Insolvency or death;
- Inability to recover after reasonable enforcement;
- Uneconomic recovery;
- Judicial or objection outcomes; or
- Government-approved policy measures.

Question 3

What policy, transparency and approval mechanisms apply?

Response

FRCS applies the Tax Administration Act and relevant financial management requirements. The audited accounts refer to **section 48(7) of the Tax Administration Act** and **section 34 of the Financial Management Act 2004**.

Controls include:

- Documented application or case basis;
- Verification of eligibility;
- Delegated authority limits;
- Segregation of duties;
- System recording and audit trail;
- Supervisory review;
- Reporting to senior management and the Board;
- Internal audit testing; and
- External audit scrutiny.

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5. COMPLIANCE IMPROVEMENT STRATEGY AND TAX ENFORCEMENT

Question 1

What methodologies identify high-risk taxpayers and compliance risks?

Response

The Compliance Improvement Strategy uses a risk-based methodology rather than treating all taxpayers alike. Relevant indicators include:

- Inconsistencies between tax returns and third-party data;
- Repeated non-filing or late filing;
- Unusual refund claims;
- Unexplained wealth or bank deposits;
- Sector-specific margins and benchmarks;
- Related-party and cross-border transactions;
- Customs import values compared with domestic turnover;
- Payroll, PAYE and FNPF inconsistencies;
- VAT sales and purchase anomalies;
- E-invoicing or VMS data;
- Property and asset ownership;
- Company and beneficial ownership information;
- Intelligence from FIU and enforcement agencies;
- lifestyle and income inconsistencies; and
- Historical compliance behaviour.

Cases are prioritised according to revenue risk, likelihood of non-compliance, taxpayer behaviour and available evidence.

Question 2

What are the Taskforce's achievements and performance indicators?

Response

During the reporting period, the Compliance Improvement Strategy identified approximately **$45 million in additional liabilities** and secured approximately **$30 million in collections**.

The Tax Compliance Taskforce strengthens inter-agency coordination against serious tax evasion, fraudulent refunds, unexplained wealth and complex financial crime.

Examples previously reported to the Board include:

- A VAT refund and export fraud matter involving approximately **$5.5 million in assessments**; and
- An unexplained wealth and significant bank deposit investigation.

Performance is assessed through:

- Additional liabilities raised;
- Cash collected;
- High-risk cases completed;
- Fraudulent refunds prevented;
- Assets restrained or recovered;
- Referrals for prosecution;
- Voluntary disclosures;
- Filing and payment compliance improvements;
- Time taken to complete investigations; and
- Effectiveness of information-sharing arrangements.

Question 3

Why are penalty collections increasing despite enhanced compliance?

Response

Higher penalty collections do not necessarily mean compliance is worsening. They reflect:

- Improved identification of historical non-compliance;
- Clearance of aged cases;
- Increased filing and audit activity;
- Enforcement following expiry of the Amnesty;
- Growth in the taxpayer population and transaction values;
- System-generated penalties applied more consistently; and
- Stronger debt recovery.

FRCS's objective is not to maximise penalties. The objective is to improve timely filing and payment so that reliance on penalties declines over time. The Committee should be shown trends in filing compliance, payment compliance and the number of defaulting taxpayers alongside the dollar value of penalties.

6. TAX CRIME, FINANCIAL CRIME AND ANTI-MONEY LAUNDERING

Questions on numbers of investigations, referrals, prosecutions and outcomes

Response

The Annual Report describes the establishment of the Tax Compliance Taskforce and the broader framework.

A suspicious transaction report does not automatically become a tax investigation. Reports may:

- Be unrelated to tax;
- Lack sufficient evidence;
- Duplicate existing intelligence;
- Relate to another agency's mandate;
- Require further analysis;
- Relate to transactions that are unusual but lawful; or
- Contribute intelligence to a larger case without becoming a separate investigation.

That distinction explains why FIU report volumes will be larger than FRCS tax crime case numbers.

Collaboration with FIU and enforcement agencies

FRCS collaborates through:

- Formal memoranda and information-sharing arrangements;
- The Tax Compliance Taskforce;
- Joint case conferences;
- Intelligence referrals;
- Financial analysis;
- Asset and company searches;
- Beneficial ownership checks;
- Coordinated search and enforcement operations;
- Mutual legal assistance and exchange of information;
- Referrals to Police, FICAC, Immigration and the Director of Public Prosecutions; and
- Engagement with international tax and customs partners.

FRCS has also joined the Global Forum on Transparency and Exchange of Information for Tax Purposes and has progressed international cooperation instruments to improve access to offshore tax information.

Systems and analytical tools

FRCS uses or is developing:

- TPOS and tax account data;
- ASYCUDA and customs declarations;
- Bank and FIU intelligence obtained under lawful processes;
- VMS and sales data;
- Third-party information matching;
- Company registration and shareholding data;
- Beneficial ownership analysis;
- Property, vehicle and asset information;
- Risk scoring and case management;
- International exchange of information;
- Data analytics and dashboarding; and
- Link analysis for connected entities and transactions.

7. BORDER SECURITY, CUSTOMS ENFORCEMENT AND INTEGRITY

Question 1

What measurable border enforcement outcomes were achieved beyond the alcohol seizure?

Response

The Annual Report demonstrates capability improvements through:

- Joint maritime operations;
- Seizure of undeclared alcohol;
- Deployment of First Defender and TruNarc chemical analysers;
- Narcotic Identification Kits and inspection equipment donated by ABF;
- Seaport vessel search training;
- Enhanced aviation, maritime, cargo and mail controls;
- The ABF–FRCS Joint Work Programme;
- Operation of the Transnational Crime Unit;
- Risk management and post-clearance audit training through WCO/JICA; and
- Participation in regional intelligence and enforcement networks.

A consolidated annual enforcement dashboard

Indicator	Position	Strategic Relevance
General investigations	95 year to date	Indicates sustained compliance and enforcement demand.
Undeclared currency	9 cases involving approximately $150,000 equivalent	Requires effective passenger profiling, escalation and evidence handling.
Narcotics	12 cases year to date	Confirms continuing narcotics exposure and need for partner intelligence.
CITES	102 cases year to date	Shows significant wildlife and permit-control workload.
IBC penalties	$128,050 year to date	Demonstrates compliance outcomes and revenue protection.
Cargo manifest data	1,792 bills Suva; 851 Lautoka; 12,454 Nadi	Supports risk-based targeting and resource allocation.
ACCU profiles	313 airfreight and 83 parcel-post profiles in June	Shows increasing use of pre-arrival targeting.
operational themes	Revenue/restricted-goods interceptions, passenger/document matters, seaports cargo , container targeting and regional maritime patrols	Operational detail is summarised to protect sensitive methods and informat

Question 2

What role does the K9 Unit play and what outcomes were achieved?

Response

The K9 Unit supports detection at:

- Airports;
- Seaports;
- Postal and courier facilities;
- Cargo examination areas;
- Vessels;
- Baggage areas; and
- Targeted law enforcement operations.

The Unit provides a rapid, non-intrusive screening capability and acts as both a detection and deterrence measure.

Question 3

How does FRCS coordinate with other agencies?

Response

Coordination occurs through:

- The Transnational Crime Unit;
- Maritime Border Cooperation arrangements;
- Joint maritime and airport operations;
- The forthcoming Maritime Essential Services Centre;
- Regular intelligence meetings;
- Joint risk assessments;
- Memoranda of understanding;
- Police, Navy, Immigration, Biosecurity and FIU collaboration;
- ABF and New Zealand Customs partnerships; and
- Participation in regional and international customs networks.

Question 4

Were officers investigated, disciplined, suspended or prosecuted?

Response

The Annual Report records **29 Ethical Standards Unit cases**:

- 3 referred to People, Capability and Culture;
- 1 referred to the Fiji Police Force;
- 6 disciplinary cases;
- 14 cases found to have no merit; and
- 5 cases resulting in process improvement.

This data is organisation-wide and does not identify how many cases related specifically to border operations.

Question 5

What measures strengthen integrity at border points?

Response

Measures include:

- Segregation and rotation of duties;
- Restricted system access;
- Electronic audit logs;
- Supervisory review;
- CCTV and physical security;
- Declarations of conflicts and gifts;
- Ethical standards training;
- Intelligence-led targeting;
- Joint agency operations;
- Disciplinary and referral processes;
- Whistleblower and complaint channels;
- Post-clearance audit;
- Review of access to sensitive cargo and passenger information; and
- Improved risk and governance oversight.

Further improvements include stronger automated controls, enhanced background screening for high-risk roles and more consistent monitoring of privileged system access.

8. ETHICS, GOVERNANCE AND WHISTLEBLOWER FRAMEWORK

Question 1

What common integrity issues were identified and what reforms followed?

Response

The most common integrity-related issues identified include:

- Inappropriate conduct or conduct that does not comply with the FRCS Code of Conduct standards;
- Failure to address a conflict of interest;
- Failure to follow standard operating procedures; and
- Acting beyond designated authority.

Institutional reforms that have been introduced are:

- Disciplinary action;
- Integrity awareness sessions;
- Process improvement;
- Policy and Process clarification; and
- Ongoing risk and internal audit oversight.
- SOP gaps are highlighted with recommended improvement.
- Leaders cautioned to act within their designated authority.

Questions 2 and 3

Does FRCS have a whistleblower policy and how many reports were received?

Response

There is a formal whistleblower policy in place which covers registration and preliminary assessments of complaints. Upon completion of preliminary assessments, complaints are referred to the respective business units for profiling or inspection.

How many whistleblower reports were received during FY2025, what outcomes resulted from those reports, and how does FRCS assess the effectiveness of its whistleblower framework?

83 Whistleblower reports were received for FY2025.

- Case referrals to other business
- Some complaints are closed during preliminary investigation due to no evidence. Complaints are too general and broad. A reward totaling $43,531.97 was paid out to 5 whistleblowers, and commendation letters were issued to 3 whistleblowers, for their disclosures that led to revenue collection.

9. EXPORT EARNINGS, OFFSHORE TRANSACTIONS AND TRANSFER PRICING

Questions 1 and 2

How are export proceeds monitored and what occurs where earnings remain offshore?

Response

Control of foreign exchange and export proceeds is a shared Government responsibility. FRCS's role is primarily to ensure that exporters accurately declare:

- Export values;
- Sales income;
- Related-party dealings;
- Taxable profits;
- VAT treatment; and
- Offshore income or assets where taxable in Fiji.

The Reserve Bank of Fiji and commercial banks have central roles in foreign exchange and repatriation monitoring.

FRCS uses customs export declarations, income tax returns, VAT information, financial statements, banking intelligence obtained lawfully and third-party data to identify inconsistencies.

Where export proceeds are not properly declared, FRCS may:

- Seek further information;
- Audit the taxpayer;
- Adjust taxable income;
- Raise assessments and penalties;
- Refer suspected exchange-control breaches to the appropriate regulator; and
- Refer suspected money laundering or fraud to FIU or law enforcement.

Questions 3 and 4

How are transfer pricing risks identified and what enforcement occurred?

Response

Transfer pricing risk indicators include:

- Transactions with related foreign parties;
- Persistent losses despite significant turnover;
- High management, royalty, interest or technical service payments;
- Transactions with low-tax jurisdictions;
- Unusual margins compared with the industry;
- Restructuring or migration of valuable assets;
- Significant related-party debt;
- Mismatches between customs values and tax reporting; and
- Arrangements lacking commercial substance.

FRCS may request:

- Related-party agreements;
- Transfer pricing documentation;
- Group structures;
- Beneficial ownership details;
- Financial accounts;
- Invoices and cost allocations;
- Evidence of services received; and
- Comparable pricing information.

Enforcement may include reassessment, denial of deductions, withholding tax adjustments, penalties, information exchange and referral for investigation.

Question 5

How does FRCS work with regulators and agencies?

Response

FRCS works with:

- The Reserve Bank of Fiji;
- FIU;
- Registrar of Companies;
- Ministry of Finance;
- Office of the Attorney-General;
- Police and FICAC;
- Foreign tax administrations;
- The Global Forum; and
- Treaty and information-exchange partners.

This cooperation is being strengthened through beneficial ownership reforms, international exchange-of-information standards and formal coordination mechanisms.

10. FINANCIAL PERFORMANCE AND ORGANISATIONAL EFFICIENCY

Question 1

Why did FRCS move from a $598,000 deficit to a $6.38 million surplus?

Response

FRCS's organisational revenue increased from approximately **$61.16 million** to **$72.15 million**, while expenses increased from approximately **$61.75 million** to **$65.77 million**.

The main contributors were:

- Government operating grants increasing from **$44.01 million to $53.08 million**;
- Fees and charges increasing from **$10.48 million to $13.06 million**;
- Interest income increasing;
- A revaluation gain on investment property;
- Lower computer maintenance and software licence costs; (Oracle Issue)
- Lower total other operating expenses; and
- Prudent expenditure management.

The improvement was not directly caused by the $3.485 billion in Government tax collections, because FRCS accounts for that revenue as an agent of the State rather than as its own operating income

Question 2

Was the improvement due to revenue, efficiencies, cost management or other factors?

Response

It was a combination of:

- Higher operating funding;
- Increased fees and charges;
- Cost containment;
- Reduction in software and computer maintenance expenditure;
- Timing of expenditure and projects;
- Higher interest and other income; and
- Accounting revaluations.

Other operating expenses decreased from approximately **$11.99 million to $7.44 million**, primarily because computer maintenance and software licence costs fell from approximately **$10.17 million to $5.27 million**.

Question 3

How have higher employee costs translated into better results?

Response

Employee costs increased from approximately **$33.70 million to $40.25 million**. Key reasons included:

- Increased staffing;
- Salary and wage costs;
- Overtime and allowances;
- Accrued leave;
- Recruitment and transfers;
- Training and professional development; and
- Greater operational demands.

The additional workforce supported:

- Record revenue collection;
- Expanded compliance work;
- The Compliance Improvement Strategy;
- Contact centre and taxpayer services;
- Border operations;
- Stakeholder outreach;
- Digital transformation;
- Debt management;
- Regional offices; and
- Governance and risk functions.

Measurable organisational results included:

- Net Government revenue of $3.485 billion;
- Additional compliance liabilities and collections;
- Almost 40,000 Amnesty returns;
- 157 MSME training sessions involving approximately 2,592 participants;
- Nearly 24,500 general information emails processed;
- Expanded remote community outreach;
- Border capability improvements; and
- New digital payment arrangements.

11. CUSTOMER SERVICE AND CONTACT CENTRE PERFORMANCE

Question 1

Why were only approximately 74 per cent of inbound calls answered, with higher abandonment in Customs?

Response

The contact centre received approximately **69,465 inbound calls**, of which approximately **51,435 were answered**, representing around 74 per cent.

Factors likely included:

- Peaks following Budget announcements and filing deadlines;
- Tax Amnesty and VMS enquiries;
- Complex calls requiring longer handling;
- Limited specialist Customs staff;
- Calls being routed across multiple queues;
- Staffing gaps and leave;
- System limitations;
- Repeated calls by the same customer;
- Customer preference for direct human assistance despite online channels; and
- Inadequate real-time workforce planning.

Question 2

What corrective measures are being implemented?

Response

Measures include:

- The establishment and active promotion of the Toll-Free Line 1326, providing taxpayers across Fiji with direct, cost-free phone access to customer service support
- Additional staffing and cross-training;
- Improved rostering around peak periods;
- Stronger call-back and case referral processes;
- Greater use of FAQs and digital guidance;
- Automated self-service;
- Clearer division between simple and technical enquiries;
- Improved queue monitoring;
- Service dashboards;
- Better integration of telephone, email and online cases;
- Specialist support for Customs questions; and
- Improved public communication before policy or filing changes.

FRCS has also retained face-to-face services and expanded outreach so that taxpayers are not dependent on a single channel

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Question 3

Is staffing, technical or resource constraints affecting performance?

Response

Yes. Staffing and technology constraints affect performance, particularly during peak demand periods and for specialist enquiries.

Question 4

What standards and benchmarks apply?

Response

The Annual Report shows service levels of:

- Taxation: **89 per cent**;
- Customs: **86 per cent**; and
- Operator queue: **89 per cent**.

In accordance with the FRCS Customer Service Charter, the primary operational benchmarks governing customer service delivery are:

- Inbound Call Service Benchmark (80/20 Rule): Target requires 80% of all inbound calls to be answered within 20 seconds.

- General Info Email Benchmark: Target mandates 100% of general information email inquiries to be answered within 24 hours.

Core Performance Tracking Standards:

To maintain high service availability and accountability across all customer channels, FRCS tracks performance against a comprehensive suite of standards:

- **Speed to Answer & Call Volume:** Measuring response speed against the 80/20 benchmark across all queues.
- **Abandonment Rates:** Actively monitoring and managing call drop rates (FY24/25 averages: Taxation 25%, Customs 33%, Operator 17%).
- **Email Turnaround:** Tracking strict adherence to the 24-hour response target for general written inquiries.
- **First-Contact & Transactional Turnarounds:** Evaluating first-contact resolution rates, complaint processing times, and execution speed for major online taxpayer transactions via TPOS.
- **System Availability & Satisfaction:** Monitoring digital portal uptime and capturing direct customer satisfaction metrics across physical kiosks and online channels.

12. MIGRATION AND REVENUE IMPLICATIONS

Question 1

Has FRCS assessed migration's effect on revenue and taxpayer retention?

Response

FRCS monitors PAYE, taxpayer registrations, employer payroll data and wider economic indicators. However, a comprehensive migration-specific revenue model would require data integration with Immigration, the Bureau of Statistics, FNPF and the Reserve Bank.

An inter-agency assessment would be more reliable than using tax data alone because migration may affect:

- PAYE;
- Labour shortages;
- Remittances;
- Household spending;
- VAT;
- Business formation;
- Skills and productivity; and
- demand for migrant labour.

Question 2

What has been the impact on PAYE and overall revenue?

Response

Despite outward migration concerns, PAYE collections in FY2024–2025 were strong:

- **$239.4 million collected**;
- **$28 million above forecast**; and
- **$37.1 million, or 18.3 per cent, above the previous year**.

This suggests that, during the reporting period, wage growth, salary adjustments, employment formalisation and economic recovery outweighed the immediate negative effect of migration on PAYE.

However, continued loss of skilled workers may constrain future business capacity, investment and tax growth. The effect is therefore a medium-term structural risk even where current PAYE remains strong.

Question 3

What trends and future implications have been observed?

Response

Relevant trends include:

- Outward movement of skilled workers;
- Employer reliance on imported labour;
- Wage pressure in scarce occupations;
- Continued growth in formal PAYE revenue;
- Movement of taxpayers between active and inactive status; and
- Potential effects on consumption and business productivity.

FRCS will continue to work with Government agencies to understand the net fiscal effect and maintain an up-to-date taxpayer register.

13. MAJOR TAXPAYERS AND REVENUE CONCENTRATION

Question 1

What percentage of total revenue is derived from the 58 Gold Card and AEO members?

Response

During the 2024–2025 financial year reporting period, FRCS recognized 58 key companies and their subsidiaries under the Gold Card and Authorised Economic Operator (AEO) programs, who historically contributed 57% of total national revenue with collections growing from $882 million in 2021 to $1.67 billion in 2024.

Following the formal membership renewal process completed in February 2025, the program expanded to 101 total premium members, comprising:

- 78 Gold Card Members
- 23 AEO Members

2025 Revenue Contribution:

In 2025, these 101 Gold Card and AEO members contributed 54% of total national revenue collections, representing $2,128,490,789.06 out of total net revenue collections of $3,931 million.

Question 2

Has FRCS assessed concentration risk?

Response

Yes. Major taxpayer concentration is a key strategic revenue risk because changes affecting a small number of large employers, financial institutions, tourism operators, importers, energy businesses or manufacturers can materially affect collections.

FRCS manages this through:

- Dedicated major taxpayer monitoring;
- Sector and taxpayer risk profiles;
- Forecast sensitivity analysis;
- Regular engagement;
- Early warning of restructuring or financial stress;
- Monitoring tax arrears and refund exposure;
- Risk-based audits; and
- Diversification of the taxpayer base.

Question 3

What contingency measures exist if major taxpayers reduce or cease operations?

Response

Measures include:

- Scenario forecasting;
- Monthly monitoring of major taxpayer performance;
- Industry diversification;
- Stronger compliance in medium-sized and emerging businesses;
- Broadening of the formal taxpayer base;
- Monitoring supply-chain and employment impacts;
- Engagement with the Ministry of Finance and Reserve Bank; and
- Targeted revenue protection where companies restructure or transfer assets.

No tax administration can fully eliminate macroeconomic concentration risk, but early identification enables more accurate forecasting and policy advice.

Question 4

How is the revenue base being diversified?

Response

Strategies include:

- Formalising the informal economy;
- Registering new businesses and workers;
- Improving MSME education and compliance;
- Digital sales and VMS information;
- Expanding e-payment and online services;
- Strengthening rental, professional services and platform-economy compliance;
- Improved customs valuation and post-clearance audit;
- Beneficial ownership transparency;
- International tax cooperation; and
- Risk-based engagement with medium-sized taxpayers

14. IMMIGRATION COORDINATION AND INTER-AGENCY COOPERATION

Question 1

What formal information-sharing arrangements exist?

Response

FRCS and Immigration cooperate in relation to:

- Passenger movements;
- Border alerts;
- Departure prohibition orders;
- Foreign taxpayer status;
- Work and residence information;
- Maritime and aviation operations;
- Intelligence referrals; and
- Joint border and enforcement matters.

Question 2

How are compliance and intelligence functions coordinated?

Response

Coordination occurs through:

- Designated agency liaison officers;
- Formal correspondence;
- Joint operations;
- Multi-agency meetings;
- The Transnational Crime Unit;
- Tax Compliance Taskforce activity;
- Passenger and border alerts;
- Case conferences; and
- Referral protocols.

FRCS is working to strengthen end-to-end communication, escalation and acknowledgement of high-risk notices.

Question 3

What lessons arose from recent foreign-national cases?

Response

Recent cases have shown that high-risk enforcement instructions require:

- One clearly identified point of receipt;
- Immediate written acknowledgement;
- Unique reference numbers;
- Confirmation that instructions have been entered into operational systems;
- Escalation where multiple or amended notices are issued;
- Clear distinction between revocation and replacement orders;
- Verification across Suva and Nadi operations;
- After-hours contact arrangements;
- Joint review of failures; and
- Full audit trails.

Following the recent departure prohibition matter, FRCS and Immigration management have engaged to review communication and process weaknesses. Immigration advised of an internal document-handling issue between offices and that relevant staff conduct was being investigated. FRCS and Immigration teams have agreed to strengthen future DPO communication and reconciliation processes.

15. DIGITAL TRANSFORMATION AND CYBERSECURITY

Question 1

What digital transformation initiatives were undertaken during FY2025?

Response

Initiatives included:

- Develop and implementation of the FRCS Digital Transformation Strategy for 2025 – 2030;
- Development of Mobile Applications for improving user experience for our Tax and Customs stakeholders;
- Desing and implementation of Trade and Maritim Single Windows;
- Design and Implementation of Data Warehouse to facilitate evidence based decision making;
- IT Infrastructure modernization for Business Continuity and Disaster Recovery;
- Modernized FRCS website with the GenAI Chat Bot;
- Continued operation and improvement of TPOS;
- Online taxpayer registration and return filing;
- Digital taxpayer account services;
- Online payments;
- BRED Bank real-time tax payment integration;
- Online Performance Management System;
- Power BI reporting and dashboards;
- Greater use of VMS data;
- Digital communication and taxpayer education;
- Customs processing through ASYCUDA;
- Automation of routine services; and
- Increased use of data analytics in compliance and risk management.

Question 2

What measurable efficiencies or compliance gains resulted?

Response

Demonstrated or emerging benefits include:

- Save customer visiting requirements for FRCS offices;
- Increase revenue by using data mining;
- Faster and more accurate payment allocation;
- Reduced manual processing;
- Improved access to taxpayer information;
- Greater online service availability;
- Better compliance risk identification;
- Improved reporting and dashboards;
- More transparent staff performance management;
- Reduced customer travel and paper handling;
- Better data for VMS and compliance activity; and
- Stronger capacity to identify anomalies and non-filing.

Quantified savings and transaction volumes should be supplied by ICT and Corporate Services. FRCS should avoid claiming exact cost savings unless supported by a benefits-realisation assessment.

Question 3

What future initiatives are planned?

Response

Key initiatives for 2025–2026 and 2026–2027 include:

- Implementation Service Oriented Architecture to facilitate better integration with internal and external systems and data sources;
- Modernisation and integration of tax and customs platforms;
- Improved taxpayer relationship and case management;
- Automation of routine applications and approvals;
- Expanded bank and digital payment integration;
- Advanced analytics and responsible use of artificial intelligence;
- Enhanced e-invoicing and VMS capability;
- National Single Window development;
- Better inter-agency data exchange;
- Digital debt management;
- HRIS implementation;
- Upgraded infrastructure and business continuity capability; and
- ISO 27001-aligned information security management.

The current management target is to work toward **ISO 27001 certification by June 2027**, subject to completion of the required controls, audits and remediation.

Questions 4 and 5

What cybersecurity protections and incident response mechanisms exist?

Response

FRCS applies multiple layers of protection, including:

- ISO 27001 road map to obtain the accreditation and establish a robust information security landscape
- Access controls and role-based permissions;
- Multi-factor authentication where implemented;
- Network security and monitoring;
- Patch and vulnerability management;
- Data backup and recovery;
- Audit logging;
- Endpoint protection;
- User awareness and phishing training;
- Incident response procedures;
- Vendor and third-party risk review;
- Business continuity and disaster recovery planning;
- Penetration testing and security assessments; and
- Governance oversight through enterprise risk management.

The ISO 27001 programme will formalise the Information Security Management System, including:

- IT and Information security risk assessment;
- IT assets and Data classification;
- Cyber Security threat intelligence and incident management;
- Security Operation Centre implementation to facilitate the threat analysis and mitigations actions;
- Access governance;
- Incident management;
- Supplier security;
- Continuity planning;
- Internal audit; and
- Management review.

ANNEX 2

RESERACH BRIEF

Information Brief – for Standing Committee

Standing Committee on Economic Affairs

Info Brief Fiji Revenue and Customs Service Annual Report 2024–2025

1.0. Overview

This brief is provided to the Standing Committee on Economic Affairs ("SC-EA" or "Committee") as requested through its Secretariat. This comparative analysis is a summary of some of the key issues in the Fiji Revenue and Customs Services (FRCS) Annual Report ("AR") for the year 2024-2025. The summary is designed to assist Honourable Members of Committee undertake their comparisons and related analysis of the EFL's performance as discussed in the Annual Report. The narrative provided here is only intended to assist the Committee with its appraisal of the reports and does not aim to provide in-depth oversight on the FRCS's performance.

2.0. Introduction

The FRCS is Fiji's principal revenue collection and border management agency, established to administer the nation's tax and customs laws and act as the Government's agent in collecting revenue. Established under the **FRCS Act 1998**, it is governed by a Board and managed by a Chief Executive Officer. FRCS plays a critical role in supporting Fiji's economic development by ensuring effective revenue mobilization, facilitating legitimate trade and travel, protecting the country's borders, and promoting voluntary compliance with tax and customs regulations. As a modern and customer-focused institution, FRCS is committed to delivering excellence in revenue collection, border protection, trade facilitation, and stakeholder engagement. Its operations encompass the administration of income tax, value added tax (VAT), customs duties, excise duties, and other government revenues, while also safeguarding Fiji against illicit trade, smuggling, and transnational crime. During the 2024-2025 financial year, FRCS recorded a strong performance, collecting a record $3.48 billion in net revenue for the Government of Fiji, exceeding annual forecasts and demonstrating the resilience of Fiji's economy and tax administration systems. The organization continued to advance its strategic priorities through enhanced compliance programs, digital transformation initiatives, strengthened border security partnerships, and improved service delivery to taxpayers and businesses. Guided by its vision of being a world-class revenue service, FRCS remains focused on innovation, transparency, integrity, and operational excellence. Through collaboration with domestic and international partners, investment in technology, and the development of its workforce, FRCS continues to strengthen public trust and contribute significantly to Fiji's sustainable economic growth and national prosperity.

3.0. Strategic Priorities for 2025-2028

Begin a new three-year strategic cycle, FRCS will deepen its focus in the following areas:

- **Revenue Collection:** Expanding the tax base and modernising systems to support economic stability and growth.
- **Trade Facilitation:** Promoting efficient, transparent, and predictable trade through improved systems and infrastructure
- **Border Protection:** Strengthening Fiji's security through smarter enforcement, upgraded facilities, and enhanced regional partnerships.
- **Voluntary Compliance and Enforcement:** Promoting fairness and transparency while safeguarding the integrity of Fiji's tax and customs systems.
- **Customer and Stakeholder Engagement:** Building trust through clear communication, improved services, and proactive outreach.
- **Organisational Development:** Enhancing institutional capability through staff development and capacity-building initiatives.

- **Digital Transformation:** Expanding integrated platforms, automation, and cybersecurity frameworks to modernise operations.
- **Governance and Risk Management:** Reinforcing accountability, integrity, and robust oversight.

4.0. Financial Performance

FRCS had a very successful 2024–2025 financial year, collecting **$3.48 billion** in revenue. This was **$185.6 million more than the target** and **$380 million higher than the previous year**.

The strong result was driven by:

- Growth in the tourism sector.
- Higher company profits, leading to more income tax revenue.
- Increased consumer spending, which boosted VAT collections.
- Better taxpayer compliance and effective revenue measures.

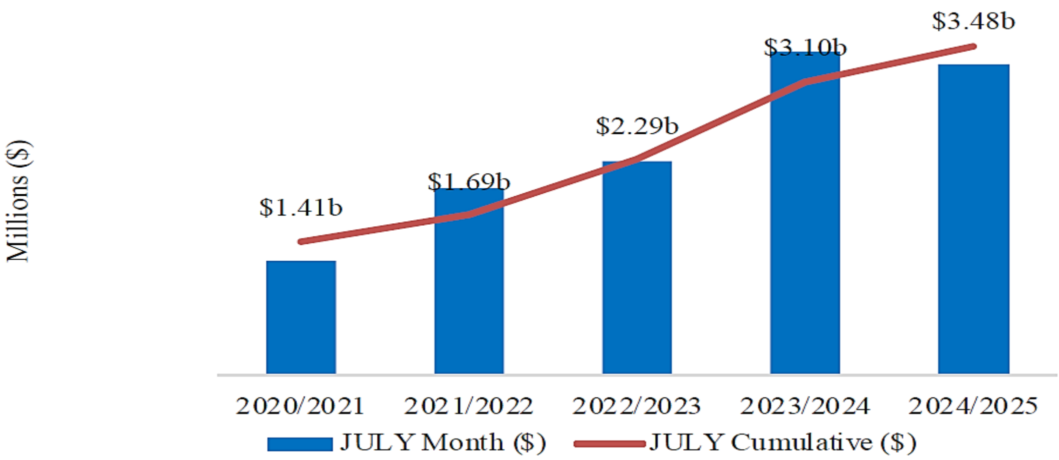
Major contributors to revenue included:

- PAYE (employee tax)
- Corporate Income Tax
- Import VAT
- Fiscal Duties

Looking ahead, FRCS has a revenue target of **$3.37 billion** for 2025–2026. Despite risks such as natural disasters and economic uncertainties, the strong performance in 2024–2025 provides confidence that this target can be achieved.

5.0. Revenue Collection

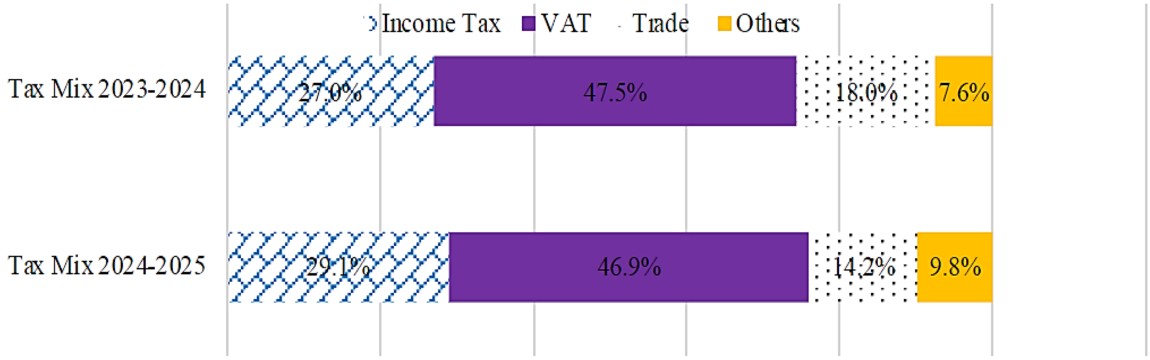
- **Total revenue collected: $3.48 billion**, exceeding the target by **$185.6 million (5.6%)**.
- Revenue increased by **$380.4 million (12.3%)** compared to the previous financial year.
- **VAT** was the largest revenue source, contributing **46.9%** of total collections.
- **Income taxes** contributed **29.1%** of total revenue.
- **Trade-related taxes** contributed **14.2%** of total revenue.
- **Other taxes and levies** contributed **9.8%** of total revenue.
- The strong performance shows a **stable and resilient revenue base**.
- FRCS has a **2025–2026 revenue target of $3.37 billion**, which is considered achievable if there are no major economic shocks or natural disasters.



Source: FRCS AR 2024-2025, p.9

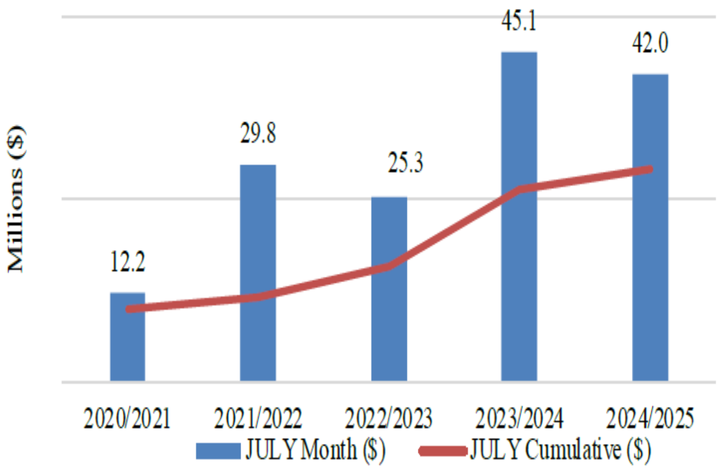
July Collections vs Cumulative Collections

Tax Mix Composition



Source: FRCS AR FY24-25, p.9

Corporate Income Tax (CIT) Collection

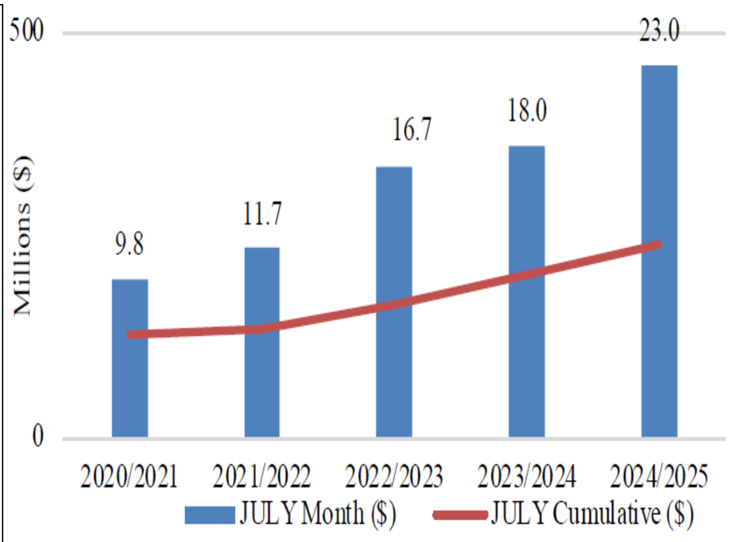


Source: FRCS AR FY24-25, p.10

Observation: The narrative and graph are not fully aligned. While the text reports total annual Corporate Income Tax (CIT) collections of **$408.3 million** and describes steady growth over five years, the graph displays only **July monthly collections**, which fluctuate between years and do not directly support the annual revenue figure. The graph also shows declines in some years (2021/22 to 2022/23 and 2023/24 to 2024/25), indicating an overall upward trend rather than consistent year-on-year growth. Therefore, the graph title and accompanying discussion should be revised to better reflect the data presented. **Page 10**

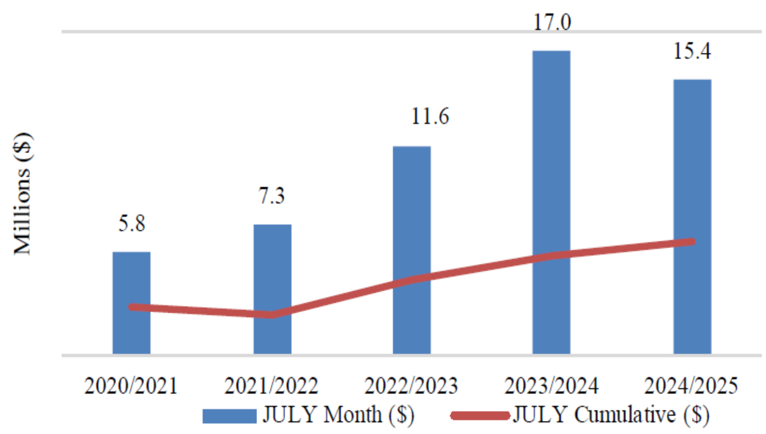
Pay as You Earn (PAYE) Collection

Observation: The narrative and graph are not fully aligned. The text discusses annual PAYE collections of $239.4 million, highlighting performance against forecast and year-on-year growth, whereas the graph presents only July monthly collections ranging from $9.8 million to $23.0 million over the five-year period. As a result, the graph does not directly support the annual collection figures or percentage increases described in the narrative. **P.11**



Source: FRCS AR FY24-25, p.11

Withholding Taxes (WHT) Collection



Source: FRCS AR FY24-25, p.12

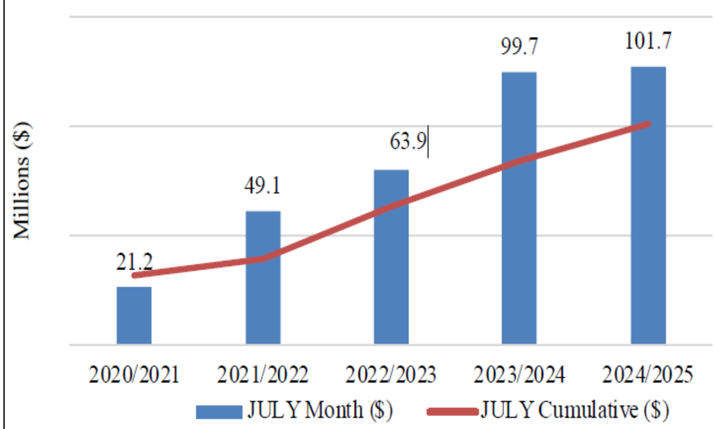
Observation: The narrative and graph are not fully aligned. The text discusses annual Withholding Tax (WHT) collections of $176.6 million, noting that collections exceeded forecast by $12.2 million (7.4%) and increased by $21.3 million (13.7%) compared to the previous financial year. However, the graph presents only July WHT collections, with values ranging from $5.8 million to $17.0 million over the five-year period before declining to $15.4 million in 2024/25.

Value Added Tax (VAT)

- **VAT revenue collected: $1.54 billion**, exceeding the forecast by **$79.5 million (5.4%)**.
- VAT collections increased by **$173.4 million (12.7%)** compared to the previous financial year.
- Strong consumer spending contributed to the growth in VAT collections.
- The results reflect continued economic growth and business activity.
- VAT remains one of the **largest and most reliable sources of government revenue**.

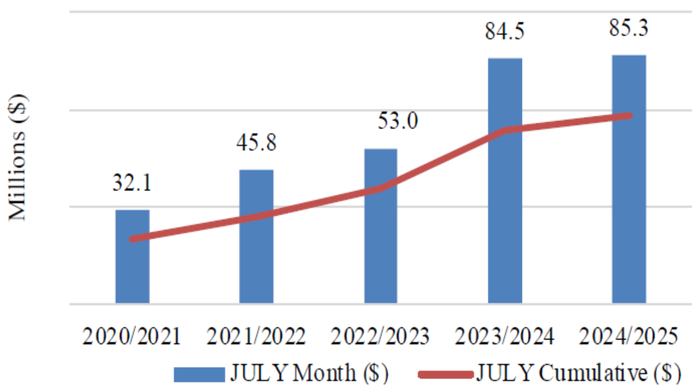
Domestic VAT collection

Observation: The text reports annual Domestic VAT collections of approximately $1.01 billion and an increase of 19.9% compared to the previous year, while the graph shows only July Domestic VAT collections ranging from $21.2 million to $101.7 million. Although the graph shows an upward trend, it does not directly support the annual Domestic VAT results discussed in the narrative. The graph and text should clearly distinguish between July collection data and annual collection performance.



Source: FRCS AR FY24-25, p.13

Import VAT Collection



Source: FRCS AR FY24-25, p.13

Observation: The text reports annual Import VAT collections of $971.3 million and highlights strong year-end performance, while the graph shows only July Import VAT collections ranging from $32.1 million to $85.3 million. Although the graph indicates an upward trend, it does not directly support the annual Import VAT results discussed in the narrative. The graph and text should clearly distinguish between July collection trends and annual collection performance.

Top 10 Import Chapters contributing 93% of Import VAT collections.

Please note that figures for Aircraft and Cereals are wrong. I believe that they have been mistakenly interchanged as per manual calculation.

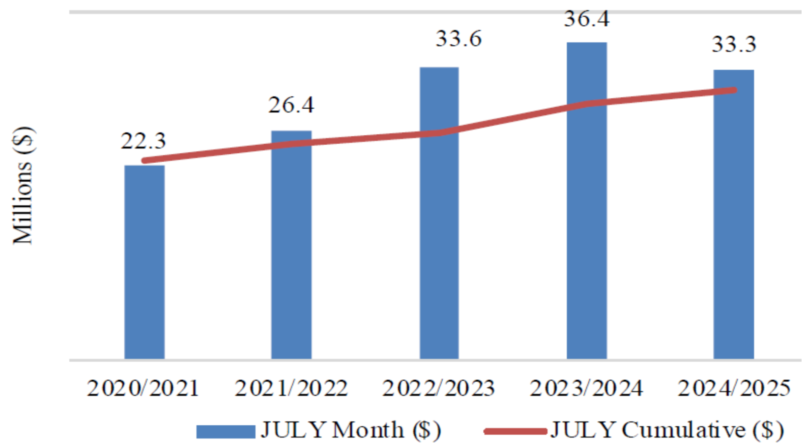
Chapter	Name	July (FY23/24)	July (FY24/25)	% (Inc/Dec)
27	Mineral Fuels	43,705,264	46,534,772	6%
87	Motor Vehicles	9,081,214	9,736,098	7%
84	Boilers and machinery	7,302,670	9,144,478	25%
85	Electrical Machinery	5,995,852	7,360,479	23%
39	Plastics and articles thereof	3,330,263	4,270,418	28%
88	Aircraft, spacecraft, and parts thereof.	1,833,914	3,060,471	5%
73	Articles of Iron or Steel	2,121,323	2,102,393	-1%
10	Cereals	3,020,642	3,167,117	67%
2	Meat and edible meat offal	1,546,553	2,507,730	62%
22	Beverages & Spirits	1,539,523	2,322,293	51%

Source: FRCS AR FY24-25, p.14

Custom Duties and Levies

- **Customs revenue collected: $592.6 million**, exceeding the forecast by **$23 million (4%)**.
- Revenue increased by **$40.9 million (7.4%)** compared to the previous financial year.
- Strong customs performance was supported by **steady trade activity**.
- Customs revenue continues to play an important role in supporting **government finances and economic growth**.

Fiscal Duty Collection

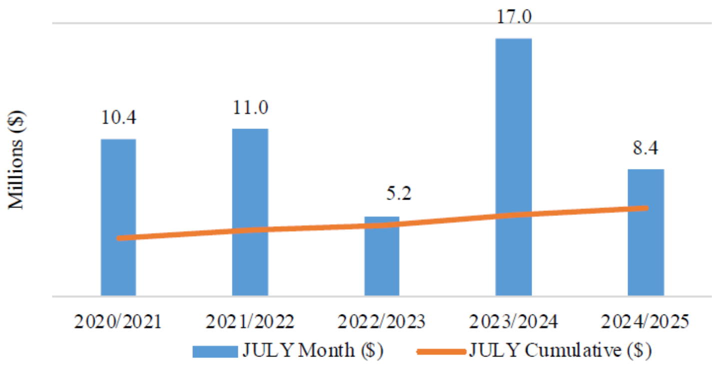


Source: FRCS AR FY24-25, p.14

Observation: The text reports annual Fiscal Duty collections of $387.7 million and highlights growth of 5.3% over the previous year, while the graph shows only July Fiscal Duty collections, which declined from $36.4 million in 2023/24 to $33.3 million in 2024/25. Therefore, the graph does not directly support the annual performance discussed in the narrative and may create a misleading impression without clarification.

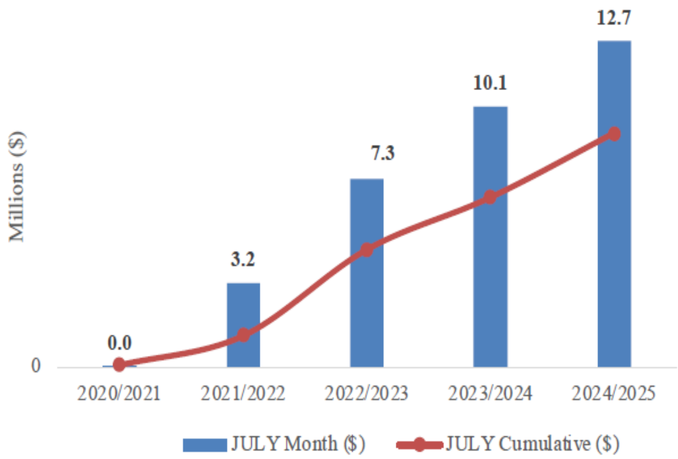
Domestic Excise Duty Collections

Observation: The text reports annual Domestic Excise Duty collections of $162.7 million and highlights growth of 9.3% compared to the previous year, while the graph shows only July collections, which fell from $17.0 million in 2023/24 to $8.4 million in 2024/25. Therefore, the graph does not directly support the annual performance discussed in the narrative and may be misleading without clarification.



Source: FRCS AR FY24-25, p.16

Departure Tax Collections



Source: FRCS AR FY24-25, p.14

Observation: The text reports annual Departure Tax collections of $123 million and highlights strong growth of 37.9% compared to the previous year. However, the graph shows only July collections, increasing from $10.1 million in 2023/24 to $12.7 million in 2024/25. While both indicate growth, the graph does not directly support the annual revenue figures and growth rates discussed in the narrative. The distinction between July collections and annual performance should be clearly stated.

Water Resource Tax (WRT)

- **Monthly WRT collections: $6.1 million**, slightly below forecast but similar to the previous year.
- **Total WRT collections: $77.9 million** by the end of July.
- Although slightly below forecast, cumulative collections were **higher than the previous financial year**, showing continued growth.
- WRT remains an **important and reliable source of government revenue**.
- Future collections are expected to increase due to:
  - Higher extraction rates for large-scale water users.
  - Expansion and upgrades of Fiji's water bottling facilities.
  - Increased production capacity and revenue potential.

6.0. Summary of Revenue Collection

FRCS Revenue Collections (FY 2024–2025)

Revenue Type	Collection Amount (FJD)	Page No.
Total Government Revenue	**$3.484 Billion**	6,8,9, 72
Value Added Tax (VAT)	**$1.54 Billion**	12, 72
Income Tax	**$1.01 Billion** (approx.)	10
Corporate Income Tax (CIT)	**$408.3 Million**	10
Pay As You Earn (PAYE)	**$239.4 Million**	11
Withholding Tax (WHT)	**$176.6 Million**	11
Customs Duties & Levies	**$592.6 Million**	14
Fiscal Duty	**$387.7 Million**	14
Domestic Excise Duty	**$162.7 Million**	15
Departure Tax	**$123.0 Million**	16
Water Resource Tax (WRT)	**$77.9 Million**	17

Revenue Mix (FY 2024–2025)

Revenue Category	Share of Total Revenue	Page No.
VAT	46.9%	9
Income Taxes	29.1%	9
Trade-Related Taxes	14.2%	9
Other Taxes & Levies	9.8%	9

Top 5 Revenue Sources

Revenue Source	Amount (FJD)	Page No.
Domestic VAT	$1,012.66 Million	21
Import VAT	$971.34 Million	21
Company Tax	$580.86 Million	21
Fiscal Duty	$387.7 Million	21
PAYE	$239.41 Million	21

Note: Some figures (e.g., VAT, CIT, PAYE) are components of larger revenue streams and should not be added together, as this would result in double counting. Total government revenue collected by FRCS for FY2024–2025 was **$3.484 billion**.

7.0. Local and International Collaboration

Local Collaboration

- **Fiji Police Force** through the Transnational Crime Unit (TCU) to combat transnational crime and strengthen border security.
- **Fiji Immigration Department** as a partner in the TCU and border management initiatives.
- **Ministry of Finance** on tax policy, revenue administration, and IMF technical assistance programmes.
- **Biosecurity Authority of Fiji (BAF)** and **Ministry of Health and Medical Services** through the National Time Release Study to improve cargo clearance processes.
- **Airports Fiji Limited** and **Fiji Airways** to enhance benefits under the Gold Card and Authorised Economic Operator (AEO) programmes.
- Engagement with local businesses, tax agents, customs brokers, MSMEs, chambers of commerce, and community groups to improve compliance and stakeholder relations.

Note: The is no mentioning of Fiji Financial Intelligence Unit (FFIU) anywhere in the report.

International Collaboration

- **Australian Border Force (ABF)** through joint operations, intelligence sharing, training, and border security initiatives.
- **New Zealand Customs** in strengthening border protection and trade integrity.
- **International Monetary Fund (IMF)** for technical assistance on tax expenditure evaluation and fiscal transparency.
- **Global Forum on Transparency and Exchange of Information for Tax Purposes** to strengthen international tax transparency and information exchange.
- **United Nations Development Programme (UNDP)** and the **Government of Japan** for border management training and advanced detection equipment.
- **World Customs Organization (WCO)** and **Japan International Cooperation Agency (JICA)** through customs capacity-building and the Master Trainer Programme.
- **Australian Tax Office (ATO)** through technical assistance focused on compliance, investigations, and tax crime prevention.

8.0. Tax Compliance and International Tax Transparency

FRCS Tax Compliance Taskforce

- FRCS established a **Tax Compliance Taskforce** to strengthen tax compliance and financial integrity in Fiji.
- The Taskforce focuses on preventing **tax evasion and avoidance**, improving compliance, and increasing revenue collection.
- It promotes collaboration with **domestic and international agencies** through information sharing

and coordinated enforcement.

- The initiative includes legislative reviews, stronger investigation frameworks, and improved data protection measures.

Global Forum on Transparency and Exchange of Information

- Fiji joined the **Global Forum on Transparency and Exchange of Information for Tax Purposes** in November 2023.
- Membership demonstrates Fiji's commitment to international standards on **tax transparency, accountability, and fairness**.
- A delegation led by the Head of the Global Forum Secretariat visited Fiji to begin the induction programme and engage with key stakeholders.
- Discussions involved FRCS, the Ministry of Finance, and the Office of the Attorney-General to strengthen tax governance and information exchange.

Tax Amnesty Collections

Month	Cash Collection ($)	Penalty Waiver ($)
May	4,126,144.50	10,720,623.33
June	3,361,075.29	23,436,737.17
July	17,325,810.76	57,948,844.40
Total	**24,813,030.55**	**92,106,204.90**

Observation

The section effectively highlights FRCS's efforts to strengthen tax compliance through both **local and international collaboration**. However, the inclusion of the **Tax Amnesty collection table** appears disconnected from the preceding discussion and lacks a heading or explanatory narrative linking it to the Tax Compliance Taskforce or Global Forum initiatives.

Contact Center Activity Summary (Page 22)

Activity	Total
Total inbound calls	69,465
Total calls answered	51,435
Inbound calls (Operator Queue)	46,787
Calls answered (Operator Queue)	38,627
Emails received	24,499
Emails answered	24,497

Service Levels

- Taxation: **89%**
- Customs: **86%**
- Operator: **89%**

Abandoned Calls

- Taxation: **25%**
- Customs: **33%**
- Operator: **17%**
- Average abandonment rate: **25%**

Call Categories (Answered)

- Taxation: **44,976**
- Customs: **6,459**
- Operator: **38,627**
- Total answered calls: **90,062**

Observation

The Contact Centre handled a high volume of enquiries, answering over **51,000 inbound calls** and almost **all emails received (24,497 out of 24,499)**. Service levels remained strong at **86%–89%** across all channels. However, the **customs abandoned call rate of 33%** was significantly higher than other service areas and may warrant further review to improve customer accessibility.**(Page 22)**

9.0. Border Security and Trade Facilitation (Pages 30–33)

Key Border Security Achievements

Initiative	Outcome	Page No.
Joint Maritime Search Operation	Seized **238 bottles of undeclared alcohol** with duties and penalties exceeding **$6,500**	30
Australia-Fiji Border Security Partnership	Signed 2024–2025 Joint Work Program with the Australian Border Force (ABF)	31
National Time Release Study (TRS)	Assessed cargo clearance processes at Suva and Lautoka ports to improve trade efficiency	31
Advanced Detection Equipment	Received **First Defender** and **TruNarc** handheld analyzers for detecting illicit drugs and hazardous substances	31–32
WCO/JICA Master Trainer Programme	30 customs officers from Pacific countries received specialized customs training	32
ABF Equipment Donation	Received Narcotic Identification Kits (NIK) and inspection equipment to strengthen border controls	33
Transnational Crime Unit (TCU) Award	Fiji awarded **Best TCU Office in the Pacific Region 2024**	33

Local and International Collaboration

Local Partners

- Fiji Police Force
- Fiji Immigration Department
- Ministry of Health and Medical Services
- Biosecurity Authority of Fiji (BAF)
- Fiji Ports Terminal Limited

International Partners

- Australian Border Force (ABF)
- United Nations Development Programme (UNDP)
- Government of Japan
- World Customs Organization (WCO)
- Japan International Cooperation Agency (JICA)

Observation

FRCS significantly strengthened border security through strong **local and international collaboration**, advanced detection technology, joint enforcement operations, and capacity-building programs. These initiatives enhanced Fiji's ability to combat illicit trade, facilitate legitimate trade and travel, and protect national borders while supporting regional security efforts.

10.0. Debt Management Approach (Page 37)

Debt Management Strategy

- FRCS adopts a **proactive approach** to debt management through early engagement and support for taxpayers.
- Uses **data-driven insights** and early intervention to identify risks and resolve issues before they escalate.
- Provides tailored solutions to encourage **voluntary compliance** and positive customer experiences.

- Works closely with government agencies to ensure a consistent and coordinated approach to debt recovery.
- Aims to reduce tax debt, ease financial pressure on taxpayers, and strengthen trust in the tax system.

Outstanding Tax Debt by Type

Tax Type	Amount ($)
VAT	170,088,155.86
CIT	59,876,079.22
PAYE	54,731,378.74
Others	21,533,842.40
PIT	12,913,485.81
Total Debt	**319,142,941.90**

Source: Page 37

Observation

FRCS reported **total outstanding tax debt of $319.1 million**, with **VAT debt accounting for more than half (53%) of total debt**, making it the largest area of exposure. This highlights the importance of FRCS's early intervention and compliance strategies in improving debt recovery and reducing outstanding taxpayer obligations.

Safeguarding Integrity in Tax and Customs Operations (Page 38)

Integrity and Ethical Standards

- FRCS is committed to maintaining **high ethical standards, integrity, and public trust** in tax and customs administration.
- The **Ethical Standards Unit (ESU)** provides integrity awareness training and guidance to staff across multiple office locations.
- Reported integrity matters are managed through established policies to ensure **transparency, fairness, and accountability**.
- FRCS continues to strengthen ethical behaviour and responsible conduct throughout the organisation.

Ethical Standards Unit (ESU) Case Breakdown

Type of Case	Number of Cases
Cases with No Merit	14
Disciplinary Cases	6
Cases for Process Improvement	5
Cases Referred to People, Capability and Culture	3
Cases Referred to Fiji Police Force	1
Total Cases	**29**

Source: Page 38

Observation

FRCS recorded **29 integrity-related cases** during the year, with nearly half (**14 cases**) found to have **no merit**. Only **one case** was referred to the Fiji Police Force, indicating that most matters were resolved internally through disciplinary action, process improvements, or personnel management channels. This reflects FRCS's commitment to maintaining accountability and strengthening organisational integrity.

11.0. Sustainable Development Goals (SDG) Analysis

SDG	Goal	Page No.
SDG 4	Quality Education	25-29
SDG 5	Gender Equality	34-35
SDG 8	Decent Work and Economic Growth	8-9, 24-28, 31
SDG 9	Industry, Innovation and Infrastructure	4, 31-36
SDG 10	Reduced Inequalities	25-26
SDG 11	Sustainable Cities and Communities	29
SDG 12	Responsible Consumption and Production	15
SDG 16	Peace, Justice and Strong Institutions	18, 38
SDG 17	Partnerships for the Goals	17-18, 20, 23, 30-33

SDG 4 – Quality Education

- Tax and customs awareness programs for tertiary students.
- Financial literacy and tax training for MSMEs and remote communities.
- School outreach and educational visits to FRCS Headquarters. (Pages 25-29)

SDG 5 – Gender Equality

- Participation in the Pacific Women's Professional Development Program.
- Recognition of International Women's Day and promotion of inclusive workplaces. (Pages 34-35)

SDG 8 – Decent Work and Economic Growth

- Revenue collection of **$3.48 billion** supported Fiji's economic growth.
- Trade facilitation and business engagement initiatives.
- MSME capacity building and compliance support. (Pages 8-9, 24-28, 31)

SDG 9 – Industry, Innovation and Infrastructure

- Digital transformation initiatives.
- Real-time tax payment platform with BRED Bank.
- Border detection technology and customs modernization. (Pages 4, 31-36)

SDG 10 – Reduced Inequalities

- Outreach services delivered to remote communities including Nadarivatu and Yasawa.
- Increased access to tax and customs services in rural areas. (Pages 25-26)

SDG 11 – Sustainable Cities and Communities

- Revenue collection contributes indirectly to national infrastructure and public service delivery.
- National Tax Day promotes citizen awareness of taxation and nation-building. (Page 29)

SDG 12 – Responsible Consumption and Production

- Excise duties on tobacco, alcohol, and sugar confectionery support public health objectives and responsible consumption practices. (Page 15)

SDG 16 – Peace, Justice and Strong Institutions

- Establishment of the Tax Compliance Taskforce.
- Global Forum membership for tax transparency.
- Ethical Standards Unit oversight and integrity management.
- Strong focus on compliance, accountability, and governance. (Pages 18, 38)

SDG 17 – Partnerships for the Goals

- Strong collaboration with:
    - Australian Border Force (ABF)
    - Australian Tax Office (ATO)
    - International Monetary Fund (IMF)
    - World Customs Organization (WCO)
    - JICA
    - UNDP

- Fiji Police Force
- Fiji Immigration Department

- Partnerships support compliance, border security, and capacity building. (Pages 17-18, 20, 23, 30-33)

Overall Observation

The FRCS Annual Report shows its strongest contribution to **SDG 16 (Peace, Justice and Strong Institutions)** and **SDG 17 (Partnerships for the Goals)** through tax compliance, transparency, governance initiatives, and extensive domestic and international collaboration. Contributions to **SDGs 8 and 9** are also significant through revenue mobilization, economic growth, technological innovation, and trade facilitation.

12.0. Suggested questions

- Total government revenue arrears stand at a significant 495.4million; what specific, time−bound recovery strategies are in place to address the 181.9 million specifically owed in Value Added Tax (VAT)? **p.72**
- The Service recorded a net surplus of $6,379,886 this year following a net deficit of $598,039 in the previous period; to what extent is this turnaround driven by one-off government grants versus sustainable operational efficiencies? **p.41,49 & 50**
- $184.5 million in penalties were waived or written off during this financial year; how does the Service justify such a large waiver while simultaneously trying to promote a culture of voluntary compliance? **p.72**
- The contact center reported an abandoned call rate of 25% for taxation queries and 33% for customs; what immediate steps are being taken to ensure that taxpayers can actually access the "Customer Centric" service the Board promises? **p.22**
- The report notes a $1.26 million revaluation gain on investment property but also a 2.14 million revaluation loss; can the Service explain the market factors or management decisions leading to such volatile valuations in its property portfolio? **p.49**
- A Capital Grant of $11 million was received from the Australian Government for a Container Examination Facility; how is the Service ensuring that the procurement and implementation of this project meet the highest standards of transparency and what is the expected impact on "revenue leakage"? **p.67**
- The Service reported $5.27 million in computer maintenance and software licenses, which is a significant portion of operating expenses; how does the Service justify this high recurring cost in light of the objective to "reduce the cost of doing business" through digital transformation? **p.69**
  Note: Almost 93% decreased from 2024 (10,171,980) but there is increase in employment cost by 16.3% which is $6,553,223 on page 68.

Observation: *compared to the past year reporting, FRCS has not maintained the same comprehensiveness and the detailed reporting, there are multiple errors, discrepancies, and non-explained information.*

30/07/2026

Information Brief – for Standing Committee

Standing Committee on Economic Affairs

Information Brief on Fiji Revenue and Customs Financials from 2026 till 2021

1.0. Overview

This brief is provided to the Standing Committee on Economic Affairs (“SC-EA” or “Committee”) as requested through its Secretariat. This comparative analysis is a summary of some of the key issues in the Fiji Revenue and Customs Services (FRCS) Financials record from 2021 till 2026. The summary is designed to assist Honourable Members of Committee undertake their comparisons and related analysis of the EFL’s performance as discussed in the Annual Report. The narrative provided here is only intended to assist the Committee with its appraisal of the reports and does not aim to provide in-depth oversight on the FRCS’s performance.

2.0. Budgetary Allocations

Years	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027
Budget Estimate	Fiji Revenue and Customs Service - Operating Grant **($40,000,000)** - R.	Fiji Revenue and Customs Service - Operating Grant **($45,549,590) - R.**	Fiji Revenue and Customs Service (FRCS) **($55,000,000) - R.**	Fiji Revenue and Customs Service (FRCS) **($53,804,350).**	Fiji Revenue and Customs Service (FRCS) **($51,000,000)**
Reference / Links	Budget Estimate. p.27 [Budget Resources - Ministry Of Finance]	Budget Estimate. p.34 [Budget Resources - Ministry Of Finance]	Budget Estimate. p.27 [Budget Resources - Ministry Of Finance]	Budget Estimate. p.25 [Budget Resources - Ministry Of Finance]	Budget Estimate. p.27 [Budget Resources - Ministry Of Finance]

3.0. Annual Reporting

Total Revenue

2024-2025

	Notes	31 July 2025 $	31 July 2024 $
REVENUE			
Grants from Government	15(a)	53,079,132	44,011,609
Grants in Kind	15(b)	3,481	-
Fees and Charges	16	13,060,793	10,481,354
Recoupment of Depreciation through grants	13	2,516,773	4,570,746
Sundry Income	17	1,576,089	1,662,079
Interest Income		651,485	347,344
Revaluation Gain - Investment Property		1,266,142	-
Rent Concession		-	2,928
Gain on Disposal of Asset		287	79,827
TOTAL REVENUE		**72,154,182**	**61,155,887**

Explanatory Note – Revenue (31 July 2025): Total revenue increased by 18.0% from $61.16 million in 2024 to $72.15 million in 2025. The increase was primarily driven by higher Government Grants of $53.08 million (2024: $44.01 million) and increased Fees and Charges of $13.06 million (2024: $10.48 million). Additional contributions came from Interest Income and a Revaluation Gain on Investment Property of $1.27 million, which was not recorded in the previous year. These increases were partially offset by lower Recoupment of Depreciation through Grants and slightly lower Sundry Income compared to 2024. ***Source: AR 2024-2025 P.49***

2023-2024

	Notes	31July 2024 $	31July 2023 $
REVENUE			
Grants from Government	15(a)	44,011,609	38,774,190
Fees and Charges	16	10,481,354	9,256,781
Recoupment of Depreciation through grants	13	4,570,746	5,537,438
Sundry Income	17	1,662,079	1,161,518
Interest Income		347,344	320,598
Rent Concession		2,928	4,254
Gain on Disposal of Asset		79,827	36,819
TOTAL REVENUE		61,155,887	55,091,598

Explanatory Note – Revenue (31 July 2024): Total revenue increased by 11.0% from $55.09 million in 2023 to $61.16 million in 2024. The increase was mainly driven by higher Government Grants of $44.01 million (2023: $38.77 million) and increased Fees and Charges of $10.48 million (2023: $9.26 million). Sundry Income, Interest Income, and Gain on Disposal of Assets also recorded increases during the year. These gains were partially offset by a decrease in Recoupment of Depreciation through Grants, which declined to $4.57 million from $5.54 million in the previous year. ***Source: AR 2023-2024 P.50***

2022-2023

	Notes	31July 2023 $	31July 2022 $
REVENUE			
Grants from Government	15(a)	38,774,190	31,646,205
Fees and Charges	16	9,256,781	6,050,068
Recoupment of Depreciation through grants	13	5,537,438	5,875,353
Sundry Income	17	1,161,518	415,103
Interest Income		320,598	747,312
Rent Concession		4,254	298,711
Gain on Disposal of Asset		36,819	27,962
TOTAL REVENUE		55,091,599	45,060,713

Explanatory Note – Revenue (31 July 2023): Total revenue increased by 22.3% from $45.06 million in 2022 to $55.09 million in 2023. The increase was primarily driven by higher Government Grants of $38.77 million (2022: $31.65 million), increased Fees and Charges of $9.26 million (2022: $6.05 million), and higher Sundry Income of $1.16 million (2022: $0.42 million). These increases were partially offset by lower Recoupment of Depreciation through Grants, Interest Income, and Rent Concession compared to the previous year. Overall, the growth in government funding and service-related revenue contributed significantly to the increase in total revenue for the year. ***Source: AR 2022-2023 P.31***

2022-2021

	Notes	31 July 2022 $	31 July 2021 $
REVENUE			
Grants from Government	15(a)	31,646,205	27,000,000
Grants in Kind	15(b)	-	10,504
Fees and Charges	16	6,050,068	4,962,328
Recoupment of Depreciation through grants	13	5,875,353	7,249,714
Sundry Income	17	415,103	416,343
Interest Income		747,312	1,477,730
Revaluation Gain - Investment Property		-	4,345,061
Rent Concession		298,711	55,449
Gain on Disposal of Asset		27,962	77,940
TOTAL REVENUE		45,060,713	45,595,069

Explanatory Note – Revenue (31 July 2022): Total revenue decreased marginally by 1.2% from $45.60 million in 2021 to $45.06 million in 2022. The decrease was primarily due to lower Recoupment of Depreciation through Grants of $5.88 million (2021: $7.25 million), reduced Interest Income of $0.75 million (2021: $1.48 million), and the absence of a Revaluation Gain on Investment Property, which contributed $4.35 million in the previous year. These declines were partially offset by higher Government Grants of $31.65 million (2021: $27.00 million) and increased Fees and Charges of $6.05 million (2021: $4.96 million). Overall, the reduction in non-operating income was largely balanced by growth in government funding and service-related revenue. ***Source: AR 2021-2022 P.29***

2020-2021

FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 JULY 2021			
		31 July 2021	31 July 2020
	Notes	$	$
REVENUE			
Grants from Government	15(a)	27,000,000	4,832,493
Grants in Kind	15(b)	10,504	-
Fees and Charges	16	4,962,328	8,543,248
Recoupment of Depreciation through grants	13	7,249,714	5,747,259
Sundry Income	17	416,343	856,170
Interest Income		1,477,730	3,106,179
Revaluation Gain - Investment Property		4,345,061	-
Rent Concession		55,449	34,239
Gain on Disposal of Asset		77,940	134,503
TOTAL REVENUE		45,595,069	62,806,676

Explanatory Note – Revenue (31 July 2021): Total revenue decreased by 27.4% from $62.81 million in 2020 to $45.60 million in 2021. The decrease was mainly due to lower Fees and Charges of $4.96 million (2020: $8.54 million), reduced Interest Income of $1.48 million (2020: $3.11 million), and lower Sundry Income of $0.42 million (2020: $0.86 million). These declines were partially offset by a significant increase in Government Grants to $27.00 million (2020: $4.83 million) and a Revaluation Gain on Investment Property of $4.35 million, which was not recognised in the previous year. Overall, despite increased government support, the reduction in internally generated and investment-related income contributed to the lower total revenue for the year. ***Source: AR 2020-2021 P.44***

Category	FY 2020-21 $ (m)	FY 2021-22 $ (m)	FY 2022-23 $ (m)	FY 2023-24 $ (m)	FY 2024-25 $ (m)
Budget Allocation ($M)	27.0	31.6	38.8 40 (VIP)	44.0 45.55M (VIP)	53.1 $55M (VIP)
Total Revenue Target ($M)	1,465.8	1,680.8	2,252.2	3,035.9	3,299.0
Total Revenue Actual ($M)	1,412.7 *96.4% of the annual forecast collected (AR, p.17)*	1,692.7 *above the forecast by $11.9 m or 0.7%. (AR, p.9)*	2,285.5 *1.5% or 33million above forecast. (AR, p.5)*	3,104.2 *2.3% or 68.3million above forecast (AR, p.10)*	3,484.6 *5.6% or 185.6million above the forecast (AR, p.8)*
VAT Revenue Target ($M)	573.2	660.6	994.0	1,334.2	1,460.5
VAT Revenue Actual ($M)	443.1 *below the forecast by $130.1m or 22.7% (AR, p.18)*	660.2 *below the forecast by $0.4m or 0.1% (AR, p.12)*	1,008.1 *$14.0 million or 1.4% above the budget forecast (AR, p.10)*	1,369.4 *above the forecast by $35.2m or 2.6% (AR, p.12)*	1,540.0 *$102.9 million or 7.1% above the budget forecast (AR, p.12)*
PAYE Revenue Target ($M)	111.8	135.7	193.6	195.8	211.4
PAYE Revenue Actual ($M)	126.8 *$15.0 million or 13.5% above the budget forecast (AR, p.18)*	134.9 *$0.8 million or 0.6% below the budget forecast (AR, p.12)*	164.3 *exceeding PAYE tax by $29.3 million or 21.7% (AR, p.10)*	202.4 *$6.6 million or 3.4% above the budget forecast (AR, p.12)*	239.4 *$28.0 million or 13.3% above the budget forecast (AR, p.11)*
Customs Target ($M)	295.8	444.3	467.3	553.3	569.6

Customs Actual ($M)	400.1 *$104.3 million or 35.2% above the budget forecast (AR, p.19)*	442.0 *$2.3 million or 0.5% below the budget forecast (AR, p.13)*	471.9 *$4.7 million or 1.0% above the budget forecast (AR, p.11)*	551.6 *$1.7 million or 0.3% below the budget forecast (AR, p.13)*	592.6 *$23.0 million or 4.0% above the budget forecast (AR, p.14)*
Net Variance (Total) ($M)	**-53.1**	**+11.9**	**+33.2**	**+68.3**	**+185.6**

GOVERNMENT ASSETS - DEBTORS	**FY 2020-21** $ (m)	**FY 2021-22** $ (m)	**FY 2022-23** $ (m)	**FY 2023-24** $ (m)	**FY 2024-25** $ (m)
Total Arrears	**759,030,476**	**823,573,104**	**875,651,831**	**998,593,983**	**495,391,784**
	*The above amounts include penalties that may be waived and balances that may be disputed by taxpayers. For the year ended 31 July 2021, the total amount of **$38,226,441** in penalties was waived/written-off by the Service. The withdrawals were made in accordance with Section 48(7) of the Tax Administration Act and Section 34 of the Financial Management Act 2004.* *(AR, p.65)*	*For the year ended 31 July 2022, the total amount of **$82,764,298** in penalties was waived/written-off by the Service. The withdrawals were made in accordance with Section 48(7) of the Tax Administration Act and Section 34 of the Financial Management Act 2004.* *(AR, p.53)*	*For the year ended 31 July 2023, the total amount of **$103,404,533** in penalties was waived/ written-off by the Service. The withdrawals were made in accordance with Section 48(7) of the Tax Administration Act and Section 34 of the Financial Management Act 2004.* *(AR, p.53)*	*For the year ended 31 July 2024, the total amount of **$109,513,509** in penalties was waived/written-off by the Service. The withdrawals were made in accordance with Section 48(7) of the Tax Administration Act and Section 34 of the Financial Management Act 2004.* *(AR, p.71)*	*For the year ended 31 July 2025, the total amount of **$184,556,648** in penalties was waived/written-off by the Service, compared to **$109,513,509** for the previous financial year. The withdrawals were made in accordance with Section 48(7) of the Tax Administration Act and Section 34 of the Financial Management Act 2004.* *(AR, p.72)*

Observation on FRCS's Insufficient Disclosure of Compliance Certification, Suspicious Transactions, and Enforcement Outcomes

The reporting framework provides limited disclosure in several key areas relating to tax administration, compliance, and enforcement activities. Specifically, no information has been reported regarding **tax crimes**, including the nature, frequency, or outcomes of investigations and enforcement actions undertaken during the reporting period.

Similarly, there is an absence of reporting on **suspicious transactions**, including statistics, trends, referrals, investigations, or related compliance measures. While the report references collaboration and engagement in relation to **transnational crime**, the disclosure remains largely narrative in nature and does not include supporting quantitative information, performance indicators, case statistics, or enforcement outcomes that would enable a meaningful assessment of effectiveness. The report also does not provide information concerning **Tax Compliance Certificates**, including the number of certificates issued, suspended, revoked, declined, or otherwise affected during the reporting period. Such information would assist stakeholders in evaluating tax compliance management and administrative oversight.

Furthermore, there is limited disclosure relating to **tax compliance and non-compliance activities**. No substantive information, statistics, trends, compliance rates, non-compliance findings, enforcement actions, risk areas, or other relevant compliance indicators have been presented.

Consequently, it is difficult to assess the effectiveness of compliance programs and taxpayer adherence to legislative requirements. Reporting on **border-related offences** appears limited and is primarily focused on the interception of prohibited, restricted, or undeclared goods. However, the information provided lacks sufficient detail regarding the scale, nature, and outcomes of these enforcement activities.

In addition, there is no comprehensive disclosure of the **total value of seized goods and items**, including aggregated seizure figures, estimated market values, or financial impacts arising from enforcement actions. The absence of such information limits transparency and constrains stakeholders' ability to evaluate the significance and effectiveness of customs and border enforcement operations. Overall, enhanced disclosure of quantitative data, enforcement outcomes, compliance metrics, and related performance information would strengthen transparency, accountability, and sstakeholders' understanding of the organisation's regulatory and enforcement functions.

Money Laundering and Transnational Crime Trends: Fiji is strategically positioned as a "travel hub" in the Pacific, which has made it a "key route" for transnational syndicates involved in **drug trafficking and money laundering**. To address these regional threats, Fiji participates in the **WCO TENTACLE** sub-regional workshops, which bring together 10 Customs administrations and 6 Financial Intelligence Units (FIUs) to augment capacity in fighting money laundering within the customs arena. Fiji's proactive stance is highlighted by its **Transnational Crime Unit (TCU)**—a joint task force between Police, FRCS, and Immigration—being awarded the "Best TCU Office in the Pacific Region for 2024".

Financial Crime and Digital Asset Exploitation: International trends show a significant rise in **cryptocurrency and digital asset investment scams**, often targeting victims through social media, dating apps, and professional networks. Furthermore, cybercriminals are increasingly exploiting the **dark web** to facilitate the trade of illicit products and launch targeted attacks. In response, FRCS officers undergo specialized training with the **U.S. Secret Service** and **Homeland Security Investigations (HSI)** to master "hands-on research and analysis techniques" for bank and phone records to counter these digital threats.

Tax Crime and Enforcement Trends: Fiji has aggressively aligned with global standards to combat **offshore tax evasion** and prevent multinational enterprises from shifting profits to low-tax jurisdictions. In November 2023, Fiji joined the **Global Forum on Transparency and Exchange of Information for Tax Purposes**, a critical step in meeting **European Union (EU)** requirements to be removed from international tax "blacklists". Additionally, by joining the **BEPS (Base Erosion and Profit Shifting)** Inclusive Framework in June 2024, Fiji committed to the "Two-Pillar Solution" to ensure global companies pay a fair share of tax in the jurisdictions where they operate. **(Reference: Raj, S. K. (2019) 'A Descriptive Analysis of Fiji's Tax System and Laws', *International Journal of Management, Accounting and Economics*, 6(3), pp. 274-285.)** https://www.ijmae.com/article_114450_404cc9a9a9ac9163065c3697f00d8883.pdf

Regional and International Performance Benchmarks: Fiji utilizes several World Customs Organization (WCO) tools as benchmarks, such as the **Authorized Economic Operator (AEO) Programme** for supply chain security and the **Time Release Study (TRS)** methodology to measure trade clearance efficiency. However, the **2026 IMF TADAT assessment** provides a sobering benchmark, indicating that while Fiji meets international standards in areas like electronic filing and taxpayer services, **25 out of 32 indicators** (78%) fall below international good practices. Specific areas of weakness include **VAT refund processing delays**, inaccurate taxpayer registration data due to legacy migration issues, and on-time filing rates that remain below global benchmarks. **(Reference: International Monetary Fund (2026) *Fiji: Tax Administration Diagnostic Assessment Tool Performance Assessment Report*. Washington, D.C.: IMF.)** https://www.imf.org/en/Publications/High-Level-Summary-Technical-Assistance-Reports/Issues/2026/01/07/Fiji-Tax-Administration-Diagnostic-Assessment-Tool-Performance-Assessment-Report-573037

ANNEX 3

VERBATIM REPORT

[VERBATIM REPORT]

STANDING COMMITTEE ON ECONOMIC AFFAIRS

ANNUAL REPORT

Fiji Revenue & Customs Service
Annual Report 2024-2025

SUBMITTEE:	**Fiji Revenue & Customs Service**
VENUE:	**Big Committee Room, Parliament**
DATE:	**Friday, 7th August, 2026**

VERBATIM NOTES OF THE MEETING OF THE STANDING COMMITTEE ON ECONOMIC AFFAIRS HELD AT THE COMMITTEE ROOM (EAST/WEST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS ON FRIDAY, 7TH AUGUST, 2026 AT 12.47 P.M.

Present:

Hon. S. Tubuna	Chairman
Hon. P.D. Kumar	Deputy Chairperson
Hon. S.T. Koroilavesau	Member
Hon. J.R. Vocea	Standing-in Member

Interviewee/Submittee: Fiji Revenue &Customs Service (FRCS)

In Attendance:

(1) Mr. Udit Singh – Chief Executive Officer
(2) Mr. Ilaisa Lakepa – Head of Governance and Risk
(3) Mr. Nalin Ranasinghe – Chief Information Officer
(4) Ms. Kelerayani Dawai – Director Compliance
(5) Mr. Shavindra Nath – Chief of Staff/Director Corporate Services
(6) Ms. Momina Beg – Director Taxation
(7) Ms. Ansu Singh – Chief Financial Officer
(8) Ms. Shelini Kumar – Director Customs and Border Services

MR. CHAIRMAN.- A very good afternoon to you all. It is a pleasure to welcome everyone to this public hearing session. At the outset for information purposes, pursuant to the Standing Order 111 of the Standing Orders of the Parliament, all Committee meetings are to be open to the public. Therefore, this submission meeting is open to the public and the media and will aired live on the Parliament's channel, through the *Walesi* platform and live streamed through the Parliament's *Facebook* page.

For any sensitive information concerning the submission that cannot be disclosed in public, this can be provided to the Committee either in private or in writing, but do note that this will only be allowed in are few specific circumstances which include:

(a) National security matters;
(b) Third party confidential information;
(c) Personnel or human resource matters; and
(d) Meetings whereby the Committee deliberates on all issues before it develops its recommendations and reports.

I wish to remind honourable Members and our invited submittees that all comments and questions to be asked are to be addressed through the Chairperson.

Also, be mindful that only the invited submittees will be allowed to ask any questions or give their comments to the Committee. This is a Parliamentary meeting and all the information gathered here is covered for under the Parliamentary Powers and Privileges Act in the Standing Orders of Parliament.

Please note that the Committee does not condone any libel or slander or any allegations against any individual who is not present here today to defend themselves. In terms of other protocols of this Committee, please be advised that whilst the meeting is in progress, movement within the meeting room will be restricted. There should be minimal usage of mobile phones, whereby answering of phones should be done outside this room and all mobile phones to be on silent mode.

(*Introduction of Committee Members*)

MR. CHAIRMAN.- With us this afternoon, our first submittee, representatives from the Fiji Revenue & Customs Service (FRCS). The Committee has invited them to provide a submission on the Fiji Revenue & Customs Service Annual Report 2024-2025.

Inviting the Fiji Revenue & Customs Service to present on the FRCS Annual Report is quite important as the Committee has recognised the important role of FRCS as the government's principal revenue collection and border management agency. Through the administration of Fiji's tax and customary services, FRCS plays a critical role in financing public service, supporting economic activity, facilitating trade and protecting Fiji's borders. Effective revenue collection and administration is therefore essential to Fiji's fiscal sustainability and economic resilience. With this brief introduction, I now take this time to invite our invited guests to introduce themselves before we proceed with their submission.

I request if you can make an overview of the progress that has been made under the Annual Report of 2024-2025 and then following that, we will have a question and answer session.

(*Introduction of representatives from the Fiji Revenue &Customs Service*)

MR. U. SINGH.- Mr. Chairman and honourable Members of the Standing Committee, ladies and gentlemen, good afternoon. Thank you for the opportunity to appear before the Committee to present the Fiji Revenue & Customs Service Annual Report for the year ended 31st July, 2025. I am accompanied by members of our executive leadership team who will assist responding to the Committee's questions.

The 2024-2025 financial year was a strong year for FRCS and an important period in our continued transformation into a modern, intelligence-led and customer focused revenue and administration service. Our most significant result was revenue collection. Sir, FRCS collected $3.485 billion in net government revenue, exceeding the annual forecast by $185.6 million or 5.6 percent and exceeding the previous financial year by approximately $380 million or 12.3 percent.

Importantly, this result was very broad based; VAT remained the largest contributor, followed by income taxes and trade related taxes. Strong performances were recorded across corporate income tax, PAYE, withholding tax, domestic VAT, import VAT, and fiscal duties. This result reflected a combination of economic activity, tourism, employment and wage growth, corporate profitability, consumer spending and imports, it was also supported by improved voluntary compliance and more targeted enforcement.

During the year, the tax amnesty programme also enabled nearly 40,000 outstanding returns to be lodged and brought a significant number of taxpayers back into the compliance system. With the amnesty now concluded, our focus has shifted clearly towards voluntary compliance supported by firmer risk based enforcement where taxpayers deliberately fail to meet their obligations.

Also, our compliance improvement strategy for the 25 to 28 years is central to this approach. Early interventions have identified approximately $45 million in additional liabilities with approximately $30 million secured in collections at the time of reporting. Sir, we are increasingly using data analytics, third party information, taxpayer segmentation and intelligence to better identify areas of revenue risk. We also recognise areas where further improvement is required.

Tax arrears remain significant and our debt management unit is strengthening, early intervention, payment arrangements and enforcement against taxpayers who have the capacity to pay or choose not to do so. We are also reviewing refund management to ensure legitimate refunds are processed efficiently while maintaining appropriate safeguards against fraudulent or high risk claims.

Also, border protection remains a major priority during the year, FRCS strengthened its co-operation with the Australian Border Force, New Zealand Customs, the World Customs Organization and other domestic and international partners. New narcotics detection equipment, chemical analysers, specialist training, enhanced joint operations have strengthened our ability to detect illicit drugs, customs fraud, and prohibited goods while continuing to facilitate legitimate trade and travel.

We also progressed the time release study which is helping us identify opportunities to improve cargo clearance times and border agents' coordination. Customer service and accessibility remain an equally important goal for FRCS. Sir, FRCS has expanded taxpayer education and outreach across Fiji, including support for MSMEs, agents, tertiary institutions, schools and remote communities. At the same time, we recognise that contact centre performance must improve, particularly call abandonment rates.

We are working on better staffing, queue management, digital self-service and more integrated customer management. Mr. Chairman, while this Report relates to the years 2024 to 2025, I also want to briefly highlight where FRCS is heading.

Our strategic plan for 2025 to 2028 focusses on stronger revenue collection, voluntary compliance, trade facilitation, border protection, customer service, organisational capability, digital transformation and governance. Over the 25, 26 and 27 years, our key priorities included expanding compliance improvement strategy, strengthening the tax compliance task force, improving international tax information exchange and using more advanced analytics to identify tax evasion, suspicious refund claims and unexplained wealth.

We are also accelerating digital transformation. This includes further automation of taxpayer services, improved digital payments, better case management, stronger use of the VAT monitoring system and its transaction data, and the responsible use of artificial intelligence and advanced analytics.

Cybersecurity will remain a major focus, with FRCS progressing its information security programme towards ISO 27001 alignment and certification work through to 2027. We are also progressing the national single window to create a more integrated border environment, reduce duplication and make legitimate trade easier. Border infrastructure will continue to be modernised, including improved container examination facilities, stronger non-intrusive inspection capability and enhanced maritime and aviation border operations. We will continue to improve FRCS facilities and stage major capital projects carefully in light of the current fiscal environment while working with the Ministry of Finance and development partners where appropriate.

Finally, we must continue investing in our people. Modern tax and customs administrations increasingly require specialist capability in data analytics, investigations, cybersecurity technology and international taxation. Developing and retaining the skills will be critical to FRCS's future success.

Mr. Chairman, the 2024-2025 Annual Report demonstrates a strong year for FRCS, but we are equally conscious of the work still ahead. Our objective is not simply to collect more tax. It is to administer

Fiji's tax and customs system fairly, efficiently and transparently, make compliance easier, protect government revenue, facilitate legitimate trade and travel, and protect Fiji's borders and maintain public confidence in the service.

I acknowledge the support of the FRCS Board, the Government, our partner agencies, our staff across Fiji and the taxpayers and businesses whose contributions support national development. *Vinaka vakalevu* Mr. Chairman and honourable Members, my executive team and I would now be pleased to answer the Committee questions.

MR. CHAIRMAN.- Thank you very much, Mr. Singh and I would like to thank you and your team for the performance that has been shown in the year that we are currently scrutinizing. I just have a comment. There has been quite a lot of things interconnected in terms of capturing people who are supposed to be paying their tax, there are quite a lot of activities relating to narcotic drugs and black money coming in. What has been your effort in trying to capture this, you might need to work with other agencies, there is a lot of money there, but not being adequately captured so that they also pay tax to government?

MR. U. SINGH.- Just trying to understand your question better, Mr. Chairman, is this in relation to inflows that are coming into the country?

MR. CHAIRMAN.- Yes.

MR. U. SINGH.- Okay.

We have worked very closely with the FFIU and other agencies that provide suspicious transaction reports, and that work then comes through to us. We basically go through quite a few analysis in terms of trying to identify who are the parties, working with their bank, their partners and their agents to determine whether it is money laundering or whether it is genuine transactions. But there is a large group of agencies that are consistently working with us and then you will be aware of the anti-money laundering committee that is coming out of the Ministry of Justice. We are very active in this space. The FFIU and the Reserve Bank are doing quite a bit of work in terms of identifying transactions over a certain threshold and we are actively involved in that space.

MR. CHAIRMAN.- Honourable Members, are there any questions?

HON. P.D. KUMAR.- I would like to continue on the tax crimes. This is after reviewing the FFIU report, what we noted was that about 86 percent of the cases are more related to tax crimes than scams. We also noted that there is an officer from FRCS who is based or is under FFIU. But the only problem we see is, there is a bit of a disconnect in the sense that when we want to gauge the effectiveness of FFIU with the intelligence gathering and the outcome of that intelligence that they have gathered and passed as cases to various organisations, there is no feedback. My question would be, how do you ensure that whatever they forwarded to you gets reported back to them so that we can effectively assess FFIU as a right fit in terms of intelligence gathering?

MR. U. SINGH.- We have the Tax Crimes Task Force, which is where a number of agencies come together to discuss cases and determine how we can actually be working together more effectively. But in terms of FFIU, they will send us suspicion transaction reports. Our Risk and Financial Intelligence teams will work through it and then give them some feedback in terms of whether we are taking this further into a compliance order or whether this is a genuine transaction. There is that level of interaction with FFIU. There is no reporting mechanism where we are aggregating data, but that is available if it is requested.

HON. P.D. KUMAR.- So in other works, if we do request, to what percentage of information you gather from FFIU, FFIU has translated into something?

MR. U. SINGH.- Absolutely, we are able to provide that information.

HON. P.D. KUMAR.- Can we make a request now, so that we receive that information because we also reviewing FFIU at this stage. We would have called you later to give your feedback on FFIU, since you are here, we can do both; save everyone's time.

MR. U. SINGH.- Thank you.

MR. CHAIRMAN.- Just on that question, I would just like to add that perhaps you are only looking at those funds that are coming in through the formal channel, in terms of banks or Reserve Bank. What effort is being undertaken through funding that is not coming through the formal channel?

MR. U. SINGH.- Mr. Chairman, to your question, we can only respond to what we are provided by FFIU. We are not connected into the wider banking network. That is the realm of the Reserve Bank and so FFIU will send suspicious transactions to us for further investigation. They might send it to the CID or to other agencies. So, we do not have visibility to the banking systems at all. We will request information throughout the banking systems, but we do not have direct feasibility.

HON. S.T. KOROILAVESAU.- CEO, I thank you for your contribution this morning and your team. There has been some discussions on the issue of the Chinese gentleman that went through. I just wanted to understand the relationship between FRCS and the Ministry of Immigration that controls the border and the outflow of passengers that leave our country.

I think it just needs a clarity from you - there seems to be a blame that FRCS did not conduct their due diligence or the responsibilities that is under them. Maybe this is an opportunity because there are two agencies - FRCS and there is the Ministry of Immigration. Can you just briefly outline what issues that had enabled this gentleman to pass through without being recognised as someone that owes a lot of money to FRCS?

MR. U. SINGH.- Thank you, honourable Koroilavesau. I think if it pleases the Committee, we did do a full press release and that is available in the public realm. But to answer your question, the border as in the immigration, which is what we call the primary line, which is where you see FRCS team at the border, that we are under mandate under the Immigration Act. The Immigration Act mandates our ability to be at the front line. So there are two agencies, and we effectively have to handshake each other when these things come up. We will raise a Departure Prohibition Order (DPO). We have to send that to Immigration. Immigration are the custodians of the immigration border system, only then they can load it. We do not have access to load or take or revoke. We will give it to them, under our orders, they will put it on.

And so, in this case, as we understand it, we sent the DPO to them to load. There has obviously been some complications at their side, as we understand it, that allowed the gentleman to depart on the day. We received and issued the departure order to Mr. Pang at about 2.00 o'clock. At 11.00 o'clock that morning, we had received confirmation from Immigration that the Departure Order was in place. After we got that, we then issued him the Departure Order. So, there has obviously been some complications at the Immigration end. We have had some meetings with them, we have looked to try and streamline our operations in terms of making sure that the handshake is controlled. However, investigations are continuing at their end in terms of where the breakdown was.

HON. J.V. VOCEA.- Mr. Chairman, I just want to ask whether FRCS has the capability or the capacity to handle these numerous cases that are coming out from FFIU or struggling with staffing capabilities?

MR. U. SINGH.- We certainly do have the capacity to deal with FFIU issues. We are increasingly digitizing and using a lot more digital technology in this area. Capacity has not been an issue for us Sir, in this area.

HON. P.D. KUMAR.- I make reference to page 19 of the Annual Report. You can see the cash collection against penalty waivers for the last 3 months and what we see is that cash collection is around $24.8 million and the penalty waiver is around $92 million. How does FRCS assess whether the use of penalty waivers is achieving better compliance outcomes than active debt recovery and enforcement?

MR. U. SINGH.- I think this was in the backdrop of the Tax Amnesty but I will ask our Director Taxation to make a comment on that. The tax waivers should be taken with a little bit of context. It really depends on what the tax waivers are about. Over the last few years, we have been transitioning from our old taxation system, the FIT system. In terms of the transition from one to the other, there have been instances where penalties that have been transitioned over that were not system-based penalties, not real penalties. And this is one of the years where we actually had to reverse a lot of these penalties. I will ask Ms Momina to talk about some of those.

MS. M. BEG.- Mr. Chairman, in respect to the penalties, FRCS evaluates the amnesties by balancing short term liquidity against the long-term voluntary compliance. Immediately, if you see our 2025 Amnesty Programme, we were confirmed that we did have filings and collections in respect to the figures that were given. To ensure our long time effectiveness of amnesties, what we have done is, we are automating the monitoring of those who have been given these amnesties and ensuring these amnesties remain on the active schedules.

If you see, the number of filings was quite a lot and most taxpayers who took advantage of the amnesties were those who were not really required to do payments, but were more required to file their up-to-date returns. Most of these taxpayers fell in the categories of micro and small. They were required to lodge their filing obligations. However, their payments was not necessary because they would fall under the category of less than $30,000. If you look at lodgement numbers, it is quite bigger than the collections that has been done.

Another thing to note in respect to the collections is, most taxpayers who took amnesty, had penalties which were related to administration of penalties. There was no audit penalty that was waived. It was only for their filing and payment obligations. Taxpayers made an effort to get cash for the payments. All real taxes were paid, none of the real taxes were waived off, only the penalties which was administration in nature was waived off during this process.

We have noted that the reasons for some of the amnesty request was in respect to the absence of taxpayer or tax agents. We have got about 177 tax agents at the moment. However, our taxpayer population is quite huge, and for taxpayers to access a good tax agent at any time becomes one of the difficulties which FRCS is working on. Other things, sometimes the taxpayers have passed away. There was unforeseen hardships and cash flow issues depending on the type of businesses they are doing or some natural disaster like fire or other things that have happened. We have gone through the tax amnesty and the trend that we have noted is, 80 percent to 90 percent were the genuine ones who took advantage of that amnesty.

HON. P.D. KUMAR.- I do have another question, it is to do with the way the targets are set, particularly revenue target. Sir, FRCS has set a 2025-2026 revenue target of $3.37 billion, that is approximately $110 million below the $3.484 billion actually collected for 2024-2025. My question is, what is the basis for setting a lower target despite the stated strengthening of compliance and enforcement activities which we often hear?

MR. U. SINGH.- Mr. Chairman, the targets are set by the Ministry of Finance, we do not set the targets. As you will recall, I think it is this year where the VAT rate reductions were coming into play. We were set to lose $300 million in VAT reductions, and you will see that even today, the effect of it has been cascading over a number of years. That is why, I understand that some of the targets appear to be lower but it was in the backdrop of a huge reduction in that rate.

HON. P.D. KUMAR.- Definitely that justifies the reasoning and clears the perception that we had. So, that is pretty good.

My other question is more to do with digitization. We know that FRCS is moving towards that direction and I am sure that you will be adopting various other AI tools et cetera to improve your work performance and so forth. But what we see in the report, there is a reduction of 48.2 percent in computer maintenance and software license expenditure and other things related to digital transformation.

If there is a reduction in the budget for digitization, but on the other hand, we see that FRCS says, even the Chairman's report says that digitization is a main priority for FRCS. So, if you can kindly explain this sharp cut in the budget, and can FRCS assure the Committee that funding for cybersecurity, software maintenance, system reliability and critical other digital infrastructure has not been compromised with this budget cut?

MR. U. SINGH.- Thank you, honourable Kumar and I think the point is well made. It is obvious in the report that there was a sharp reduction in some of the IT related costs, but that related to the one-off payment the year prior of $5 million - license-type fee arrangement that came to an end. That is why it actually shows, it was higher the year prior and it shows a lot lower in the year after because we had the one-off $5 million payment that did not recurr.

But in terms of digitization, it is high on our agenda, and we are looking very seriously in terms of building a data warehouse, consolidating all of our repositories into one, so we can actually then have an intelligence layer and effectively enhance our digitization and our capability to manage risk-based taxpayers.

MR. CHAIRMAN.- I will just go back to one of the questions that we had sent you with regards to transfer pricing. I think there is increasing evidence that this has intensified over the years, and particularly when you have companies here, then you have another company in overseas in terms of transfer pricing. What sort of effort has really been made to capture some of these companies that are operating illegally in terms of transfer pricing?

MR. U. SINGH.- Mr. Chairman, you would have seen over the last 12 month to 18 months the increasing activity around international taxation that FRCS has been engaged in, and this is joining the Base Erosion and Profit Shifting (BEPS) framework in the global forum of which there are about 170 members. We are now manually exchanging information and soon in 2027-2028 to move to automatic exchange of information. This means that companies that are operating in mutual jurisdictions, we will be sharing information. We will be able to access information of these companies that relate to us and how they actually are paying taxes and structured overseas, making sure that no one is disadvantaged. This is the reason we have joined the global forum and the automatic exchange of information. I will ask our Director Corporate to say a few words, you he has anything to add.

MR. S. NATH.- I think you have covered it pretty well. The exchange of information, right now is already happening through manual channels but by the end of next year, we plan to automate it. This is part of our obligation post removal of the EU blacklist. While we have signed the agreement of global forum, we have to implement the automatic exchange of information, or we call it CRS, and then there will be exchange of information between the 150 or 170 countries automatically. We have already started receiving some spontaneous or if we wish to request information from other countries; so it is already in place.

MR. CHAIRMAN.- Another question that I have is with regards to your legislation. Have you thought about introducing some changes that are going on internationally in terms of changing the legislation relating to FRCS?

MR. U. SINGH.- Mr. Chairman, I am just trying to understand your question better.

MR. CHAIRMAN.- In terms of the overall FRCS legislation. From the exchanges that you have made with your partners overseas, et cetera, have you thought of more innovative ways of getting funds, et cetera, and perhaps to change the legislation that we are currently operating on.

MR. U. SINGH.- We certainly have, Mr. Chairman, and it is a very good question. One of the big issues for Fiji is the electronic marketplace, and this is, payments that are coming, going out of the country on items like Netflix and Amazon purchases and booking.com and Airbnb. We do not collect on those and we are going through initiatives at the moment to strengthen our legislation and put together an electronic marketplace.

We are also working with the Australian Tax Office (ATO) in an initiative to actually look at a combination or an association of 38 global vendors that will be party to an electronic marketplace arrangement, in particular, what we are foregoing in these payments are around VAT. Because the service is consumed in this country, we are foregoing VAT and one of the IMF reports show that across the Pacific, there is about US$4 billion of foregone revenue because the electronic marketplace is not sufficiently in place. This is what we are looking at in terms of our transitions in the next 12 months.

MR. CHAIRMAN.- Thank you very much, Mr. Singh, I think that is very important. The quicker you can get that, the better also, so that we can capture people who are operating outside Airbnb, Netflix. Some of us also are part of that and we pay quite substantial funds. But these funds have to be captured in ensuring that the Government has necessary funds.

Honourable Members, are there any other questions?

HON. J.R. VOCEA.- It is good that you have explained that you are trying to capture those who are sending money through other means to Fiji and vice versa. I am questioning the use of Post Offices. People are still using Post Office from abroad, sending things to Fiji through Post Office. My question is, how do you work with Post Fiji? How do you link up with Post Fiji in capturing those issues?

MR. U. SINGH.- We work very closely with Post Fiji. There is an international mail facility in Nadi whereby a lot of the mail comes through. We primarily have a custodian role in terms of making sure that when the mail comes through, we look at other restrictive, prohibited items or certainly illicit type of activity and then from there, that mail is actually sent through to obviously the other post offices. But there is also the international cargo that comes through as well, some of it comes through mail. I will ask our Director

Border to just give an overview as to what the relationship with Post Fiji so that you can get an overview on things.

MS. S. KUMAR.- Mr. Chairman, we have an MOU with the Fiji Postal Services between FRCS and Post Fiji. When the international mail arrives, the first custodian is FRCS. There is a timeline that we need to safely transfer all those to the mail centre facility in Waimalika, Nadi. We have our officers there and with the sorting of the mail by Fiji Post. We have our due diligence in terms of checking on items such as restriction, prohibition, items requiring permits, and we have our dogs run over those articles to find any illicit goods that can be there.

From there, the goods are moved to the various post offices and all post office locations, the key ones have our Customs officers present. So, the first screening is already done at Waimalika, the second screening is done at the Post Office facility where people come to receive their postal articles. The Customs officer is required to inspect cargoes of any interest in terms of weight, description and country it has arrived from. The item is opened in front by the importer so that the officers can have it checked, and then the items are cleared, they are released.

There are some items which are not cleared in a timely manner, it is still in the custody of Fiji Revenue and Customs. It is kept by law as uncleared cargo. There is a time frame, if someone does not come to claim the cargo, the cargo is vetted for any illegal substance that may be there. If not, then we are required by law to do a sale of goods to recover the Customs duty that is owed to FRCS.

All our controls are in place, even in Savusavu and Labasa, we have our postal Customs officers stationed there. When someone is coming to receive the package, the ID and everything, the trail remains to whoever comes. That internal control mechanism has been kept in place for quite some time. The only challenge is that we are trying to have a proper suitable mail center that suits international standards and we are working together with Post Fiji to find some avenues around that.

Post Fiji is housing FRCS officers at the moment at their facility. It has been inspected by the Universal Postal Union (UPU), the international mail organisation and there are some upgrades or refurbishments that need to be done to that facility to meet the international standards. However, all due diligence and all controls are being maintained by Post Fiji and Customs.

MR. CHAIRMAN.- I just have another question. There is a lot of people who are coming back, the diaspora coming back to Fiji - British Army, even some from other countries. When they come back, they bring quite substantial equipment like cars, et cetera. But we have our own rules according to what we have. The information is very important. How does this information get disseminated so that they can be aware of, in terms of coming back to establish businesses? I think that is quite important, perhaps you can share that with us.

MR. U. SINGH.- That is a very important question. Over the last few years, we have had a number of instances where returning residents, whether they are from the UK or US or certainly other countries where they have decided to bring their car, tractor or other equipment to Fiji, but have not checked the guidelines.

We have certain guidelines in Fiji in terms of the year of manufacture because we want to make sure that they are either Euro 4 approved for safety and a whole lot of other reasons between FRA, ourselves and other agencies. They find themselves unstuck because they put it on a boat, it arrives here, and then we have to send it back or it has to be destroyed because it cannot be used under the rules. So, it is a very good point and probably this information needs to be disseminated through our embassies abroad. We probably need to do some more work on our website to make sure that if you are a returning resident that they have some access to this information. I will ask Director Border to talk about that because it is something that has been an issue for us of late.

MS. S. KUMAR.- Mr. Chairman, we have published information. However, there are some people who still do not access those information and end up in those scenarios. But what we have now started to do is, through the various agencies, we have found out scenarios on the ground where items were brought in at the airport and it could not be cleared because they were going to be used for a purpose, and not for personal use. Now we have started sending notifications, guidelines to the Fiji Procurement Office and to various agencies. We will also consider the returning resident concession guidelines that are in place, and we will be exchanging that with the various embassies so that the information can be flowed.

And the information regarding returning residents is also available on our website and our social media pages. A returning resident can bring in all their personal imports, their household effects free of any duty at all. However, the rule applies that wherever any permit is required, it has to be obtained prior to those goods being brought into the country or before being even loaded onto the vessel bound for Fiji.

In terms of the vehicle, the rule for a returning resident still applies. There is no discretionary authority because if there is a prohibition or restriction order set in place, if we create any discretionary measures, it does not make sense at all. That is why the motor vehicle principle still applies. However, if any citizen has gone out of Fiji with their vehicle, which is more than the age criteria, then that vehicle is deemed to be a returned good, so we do not apply our import license to that practice, but it must be roadworthy.

HON. P.D. KUMAR.- I am just curious since we are having this kind of discussion, it is quite interesting. Maybe the public would love to know more about the asset betterment tests that is generally carried out by FRCS. Would you like to speak about that as well?

MR. U. SINGH.- Are you talking about the Asset Declaration Forms?

HON. P.D. KUMAR.- What I mean is someone having more wealth.....

MR. U. SINGH.- Or the unexplained wealth?

HON. P.D. KUMAR.- Yes, the unexplained wealth.

MR. U. SINGH.- We are actively setting up a unit to actually look at that, and there will be an Asset Declaration Form that will come out for sole traders. That means that if you are a sole trader, you will need to fill those forms in for those assets and you will have to be able to advise us where and how those assets were derived from your income and if you have paid tax on your income. So, I will ask Director Corporate to talk about that.

MR. S. NATH.- Just in addition, whilst we are implementing the asset declaration framework, it should be effective from the next fiscal year. Our tax laws already give us powers, like for example, if there is an audit conducted on a taxpayer and we identify that the profits derived or the assets accumulated is not parallel to what the taxpayer is earning or his ability, the onus is on the taxpayer. The taxpayer is to tell us how that asset has been obtained. If not, then there will be certain assumptions, of course, after a lot of checks and balances. But if the taxpayer is not able to tell us that that particular asset was obtained legitimately, then there can be some tax implications on it. The law already allows us to do that.

MR. CHAIRMAN.- I just have another question. This relates to the national identification card. As you are aware that Reserve Bank is pushing for it and I think it will be introduced to Parliament, perhaps maybe in the next Parliament session; the legislation relating to national identification card What are your views on that? Will it help your task of getting more people to pay tax?

MR. U. SINGH.- Mr. Chairman, the national ID is a very good exercise in terms of making sure that there is a unique ID for every person. But the point remains that there is a Jedi card that has got the FNPF and FRCS TIN number on it already, not to put too fine a point on it, all we had to do was put a biometric chip on it to make it a national ID card. However, we have obviously gone and done something different, which is fine. And it is a national initiative that will go across a whole lot of multi agencies, but we wait for it to come out to understand the benefits of it.

MR. CHAIRMAN.- Perhaps after it has being introduced in Parliament, and to the Committee, then perhaps FRCS can share your views on how that can be improved.

HON. P.D. KUMAR.- Just one on migration, whether any study has been undertaken to understand any loss in revenue because these people are leaving the country or so. Anything in that regard?

MR. S. NATH.- Not specifically on the migration, but migration has always been a centre of consideration when we are doing revenue analysis, especially when the borders opened and we could see a drop in a number of consumption taxes when we had a series of mass migration going to Australia, New Zealand, et cetera. It has slowed down significantly but to the contrary, we are also seeing a lot of remittances and also a lot with these construction workers and various types of workers coming in from Bangladesh and India, it is countering the loss in terms of consumption taxes. However, our corporate tax, income tax trade tax and property tax has all remained steady over the years.

HON. P.D. KUMAR.- I agree with you because we have seen the figures given by FFIU, inward and outward remittances, and we can see that to a great extent, the amount of money coming from Australia. There has been a perception all this while that more money is coming from US, but in fact more money is coming from Australia, and the amount of money being remitted out of the country is also less. So, there is a sort of a net gain kind of situation for Fiji. But for other countries, I do not see much difference.

HON. J.R. VOCEA.- In terms of your strategic plan, 5 years to 10 years down the line, with all these global challenges, cybercrime and geopolitical issues coming out, how do you see the organisation trying to handle those issues?

MR. U. SINGH.- I think that again, digitization is a big objective for us going forward. We are now re-organising substantially our IT assets, how we will receive information not only from our agency but from other agencies, and how quickly we will be able to look at the risks, and this is particularly with the use of AI. That is high on our agenda. We are working very closely with the Australian Tax Office and a number of other partner tax jurisdictions - International Monetary Fund (IMF), and a number of other agencies to actually get best practice into the country to be able to position ourselves to actually counter some of those requirements going forward.

MR. CHAIRMAN.- Thank you honourable Members. If there is no other question, I would like to take this time to sincerely thank Mr. Singh and the team from FRCS. We thank you for your time and for the contributions made. If there are any questions that we will have, we will ask you for your assistance.

The Committee adjourned at 1.44 p.m.