STANDING COMMITTEE ON ECONOMIC AFFAIRS

Review Report of the Fiji Revenue and Customs Service Annual Report 2024-2025

PARLIAMENT OF THE REPUBLIC OF FIJI
Parliamentary Paper No. 95 of 2026

August 2026
Published and Printed by the Department of Legislature, Parliament House, SUVA

Table of Contents

Table of Acronyms

AML/CFT	Anti-Money Laundering and Combating the Financing of Terrorism
APG	Asia Pacific Group on Money Laundering
AUSTRAC	Australian Transaction Reports and Analysis Centre
FFIU	Fiji Financial Intelligence Unit
FICAC	Fiji Independent Commission Against Corruption
FRCS	Fiji Revenue and Customs Service
FPF	Fiji Police Force
FTR Act	Financial Transactions Reporting Act 2004
NRA	National Risk Assessment
ODDS	Online Data Delivery System
PFIC	Pacific Financial Intelligence Community
RBF	Reserve Bank of Fiji
STR	Suspicious Transaction Report
TNOC	Transnational Organised Crime
TRAQ	Transaction Query System

Chairperson's Foreword

On behalf of the Standing Committee on Economic Affairs, I am pleased to present the Committee's Review of the Annual Report of the Fiji Revenue and Customs Service (FRCS) for the financial year 2024–2025.

This Review reflects the Committee's assessment of FRCS's performance, governance and service delivery, based on its examination of the Annual Report, written submissions, oral evidence and consultations undertaken during the inquiry.

The Committee recognises the important role of FRCS as the Government's principal revenue collection and border management agency. Through the administration of Fiji's tax and customs systems, FRCS plays a critical role in financing public services, 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.

The Committee noted the strong revenue performance recorded during the 2024–2025 financial year. VAT was the largest contributor to FRCS revenue, generating approximately $1.54 billion, or 44.25% of total collections. This was followed by income tax at $1 billion (28.74%), customs tax at $592 million (17.01%), PAYE at $239.4 million (6.88%), and departure tax at $123.03 million (3.54%).

The Committee also notes the improvement in FRCS's financial position. FRCS reported a **net surplus of approximately $6.38 million**, compared with a deficit of approximately $598,000 in the previous financial year. While this is a positive development, the Committee considered it important to examine the factors contributing to this improvement, including Government grants, other revenue sources and expenditure patterns, to ensure that the financial position remains sustainable and transparent.

The Committee welcomes FRCS's efforts to modernise its operations and improve service delivery. Digital payment platforms, taxpayer outreach, stakeholder engagement, strengthened customs cooperation and investment in border detection technology demonstrate progress towards a more efficient and accessible revenue administration system.

The Committee also examined customer service, including contact centre operations, abandoned calls, taxpayer accessibility and outreach programmes. While improvements have been made, there remains a need to ensure that taxpayers receive timely, efficient and accessible services.

The Committee also identified several matters requiring further attention. In particular, the level of outstanding Government tax arrears, which stood at approximately **$495.4 million**, and Government refund liabilities of approximately **$639.9 million**. These figures raise important questions about debt recovery, the timely payment of legitimate refunds and the overall management of outstanding liabilities. Effective management of these matters is important not only for Government's cash flow but also for maintaining public confidence in the tax system.

The Committee was particularly concerned about the $184.6 million in penalty waivers and write-offs reported for the financial year. While FRCS has legislative authority to waive or write off penalties in appropriate circumstances, the Committee considers that such decisions must be underpinned by clear policies to guide tax waiver and write-off in an objective manner with proper oversight and adequate transparency. Taxpayers must have confidence that these powers are exercised fairly and consistently.

The Committee also considered issues relating to tax crime, anti-money laundering, transfer pricing, repatriation of export earnings and inter-agency cooperation. Members noted areas where revenue and enforcement data require further clarification and reconciliation with broader financial crime indicators. Given the increasing international focus on illicit financial flows, tax evasion and organised financial crime, Fiji must continue strengthening its capacity to detect, investigate and address these risks.

Border protection and enforcement were also important areas of the Committee's review. The Committee acknowledges the positive results achieved through cooperation between FRCS, domestic agencies and international partners. However, continued vigilance is required to address illicit trade, customs fraud, drug trafficking and other forms of revenue leakage. Strong coordination between FRCS and the Fiji Financial Intelligence Unit remains essential to protecting Fiji's economic and national security interests.

The Committee also encourages FRCS to strengthen the quality and transparency of its Annual Reports. Future reports should include clear performance indicators, measurable outcomes and detailed analysis of the effectiveness of key programmes and enforcement activities.

The Committee further expects FRCS to use the revenue targets approved through the Budget Estimates presented to Parliament as its performance benchmarks. The Committee noted discrepancies between the revenue figures reported by FRCS and the corresponding Budget Estimates, which should be clearly explained and reconciled.

Improved reporting will enable Parliament and the public to more effectively assess FRCS's performance and efficiency in the collection and management of public revenue.

I acknowledge the valuable contribution of my fellow Committee Members—Hon. Premila Kumar, Hon. Semi Koroilavesau, Hon. Alipate Tuicolo, Hon. Kalaveti Ravu. Additionally, I extend my appreciation to the alternate members of the Committee -Hon. Jovesa Vocea, Hon. Naisa Tuinaceva, Hon. Rinesh Sharma, and the Committee Secretariat for their commitment and support throughout the inquiry and in the preparation of this Review Report.

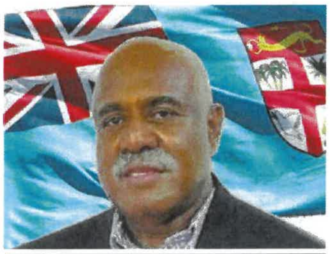
On behalf of the Standing Committee on Economic Affairs, I commend this Review Report to Parliament and respectfully urge all Honourable Members of this august House to take note of its findings and recommendations.

....

Hon. Sakiusa Tubuna
Chairperson

1.0 Committee Membership

Pursuant to Standing Order 109(2)(a) the Standing Committee on Economic Affairs is mandated to look into matters related to economic development, finance, banking and taxation. The members of the Standing Committee on Economic Affairs and are as follows:



Hon. Sakiusa Tubuna
Chairperson

Hon. Premila Kumar
Deputy Chairperson

Hon. Semi Koroilavesau
Member

Hon. Alipate Tuicolo
Member

Hon. Kalaveti Ravu
Member

During the standinh Committee meetings, the following alternate members arose pursuant to Standing Order 115(5)

Hon. Jovesa Vocea
Alternate Member

Hon. Naisa Tuinaceva

Alternate Member

Hon. Rinesh Sharma

Alternate Member

1.1 Committee Secretariat

The Committee is supported by a team of Parliament Officers serving as the Committee Secretariat. These officers are appointed and delegated by the Secretary-General to Parliament under Standing Order 15(3)(i). The Secretariat team consists of the following Parliament officers:

- Ms. Awantika Raj – Acting Senior Committee Clerk
- Mrs. Katie Batikawai – Acting Deputy Committee Clerk

Committee contact details.

Address: Standing Committee on Economic Affairs Committee.
Parliament of the Republic of Fiji
Government Buildings
SUVA, FIJI

Phone: +679 322 5600/ +679 8925 223

Web: http://www.parliament.gov.fj/committees/standing-committee-on-economic-affairs/

2.0 Introduction

The Standing Committee on Economic Affairs ('the Committee'), was referred the Fiji Revenue and Customs Service Annual Report 2024-2025 on Friday, 17 July 2026, pursuant to Standing Order 38(2) of the Standing Orders of the Parliament of Fiji. The Committee was mandated to review these Annual Reports and table its findings to Parliament.

In line with its mandate, the Committee undertook a detailed examination of the report and now presents its findings and observations to Parliament.

2.1 Procedure and Programme

2.1.1 The Committee began its review of the Annual Report from 29th July 2026. The review process was agreed upon by consensus among the Committee Members and involved a comprehensive and systematic examination of the reports.

2.1.2 Before the formal meetings, the Members of the Committee read and reviewed the 2024-2025 Annual Report. During the Committee deliberations, Members analysed the content of the report, identified key issues, and engaged in in-depth discussions to evaluate the findings. These discussions led to the formulation of the key questions and identification of issues requiring further clarification.

2.2 Oral Evidence Received

2.2.1 The Committee received a briefing and public submission from the Fiji Revenue and Customs Service on 07 August 2026.

2.3 Written Evidence Received

2.3.1 A written submission was received from FRCS in response to the questions issued by the Committee.

3.0 Committee Deliberations and Analysis

3.1 Background

The **Fiji Revenue and Customs Service (FRCS)** is Fiji's principal revenue collection and border management authority, established under the **FRCS Act 1998** to administer the nation's tax and customs laws and act as the Government's agent in collecting revenue. FRCS is responsible for the administration of income tax, Value Added Tax (VAT), customs duties, excise duties, and other government revenues, while also facilitating legitimate trade and travel, protecting Fiji's borders, and combating illicit trade and transnational crime. During the 2024–2025 financial year, FRCS collected a record **$3.48 billion** in government revenue, exceeding its revenue target, and continued to strengthen its operations through enhanced compliance programmes, digital transformation initiatives, border security partnerships, and taxpayer engagement activities. Guided by its vision of being a world-class revenue service, FRCS plays a vital role in supporting Fiji's economic growth, fiscal sustainability, good governance, and national development.

3.2 Summary of FRCS Annual Report 2024-2025 Targets against its Achievements

Metric	Actual for 2023-2024	Estimate for 2024-2025 $	Revised Estimate for 2024-2025 $	Actual 2024-2025 $
Annual Revenue	3.096 billion	3.298billion	3,421 billion	3.484 billion
VAT	1.364 billion	1.463 billion	1.533 billion	1,542.8billion
PAYE	202.36m	211.4m	234.7m	$239.41m
Income Taxes	929.54m	969.57m	1.026 billion	1.068.75billion
Social Responsibility Tax	5.195 m	0.00m	0.00m	0.00m
Fringe Benefit Tax	18.75m	20.068m	22.59m	25.28m

Metric	Actual for 2023-2024	Estimate for 2024-2025 $	Revised Estimate for 2024-2025 $	Actual 2024-2025 $
Capital Gains Tax	55.64 m	40.02m	43.06m	43.72m
Customs Taxes	551.92m	569.61m	590.62m	592.60m
Service Turnover Tax	0.192m	00m	0.174m	0.36m
Water Resources Tax	71.97m	81.24m	75.47m	77.89m
Departure Tax	89.19m	144.21m	120.71m	123.02m
Stamp Duty	0.96m	0.00m	0.00m	0.00m
Telecommunication Levy	0.813m	0.823m	0.643m	0.594m
Environment & Climate Adaptation Levy	9.41m	10.15m	9.46m	9.64m

Table compiled by the Standing Committee on Economic Affairs using the Budget Estimates

During the 2024–2025 financial year, VAT was the largest contributor to FRCS revenue, generating approximately $1.54 billion, or 44.25% of total collections. This was followed by income tax at $1 billion (28.74%), customs tax at $592 million (17.01%), PAYE at $239.4 million (6.88%), and departure tax at $123.03 million (3.54%).

The Committee commends FRCS for the:

- Establishment of the Tax Compliance Taskforce and continued Australian Border Force, WCO/JICA and UNDP/Japan partnerships, which delivered concrete enforcement outcomes (e.g., the 238-bottle undeclared alcohol seizure) and regional recognition (Best Transnational Crime Unit in the Pacific, 2024).

- Real-time digital tax payment integration with BRED Bank, and continued Gold Card/AEO expansion (58 companies renewed, contributing 57% of national revenue).
- Sustained outreach to remote and underserved communities in particular Nadarivatu, Yasawa, Northern Division and MSME/tertiary-student tax literacy programmes.

4.0 Committee Findings

The Committee conducted a thorough review of the FRCS 2024-2025 Annual Report and public submissions from FRCS. The following findings are presented for the attention of Parliament:

4.1 Strong Revenue Collection Performance but Reliance on a Narrow Revenue Base

The Committee notes that FRCS collected a record **$3.48 billion** in revenue during FY2024-2025, exceeding its annual target by **$185.6 million**. VAT was the largest contributor to FRCS revenue, generating approximately $1.54 billion, or 44.25% of total collections. This was followed by income tax at $1 billion (28.74%), customs tax at $592 million (17.01%), PAYE at $239.4 million (6.88%), and departure tax at $123.03 million (3.54%).

However, the Committee observed a significant concentration of revenue sources, with 58 Gold Card and AEO members contributing approximately 57% of the total national revenue of $ 1.67 billion in 2024, exposing Government finances to high risks should major taxpayers reduce operations or relocate. This risk must be managed.

4.2 Tax refund backlog has grown sharply

Government's outstanding tax refund liabilities increased from $594.8 million to $639.9 million, with VAT refunds rising sharply by 58.7%, from $168.5 million to $267.4 million, despite gross VAT collections increasing by only 12.7%. Income tax refunds, however, declined from $426.3 million to $372.5 million.

The Committee is concerned that the report does not explain the sharp increase in VAT refund backlog or provide a clear timeframe for clearing VAT refunds held by FRCS. Delayed refunds place a working-capital burden on compliant businesses and may undermine confidence and voluntary compliance.

4.3 Penalty waivers have grown faster than collections

The report discloses that $184,556,648 in penalties was waived or written off in 2024–25, compared to $109,513,509 in the prior year, an increase of 68.5%. A separate table on page 19 shows only $24.8 million in cash collected against $92.1 million in penalty waivers over a three-month window, a ratio of roughly 3.7:1 in favour of waivers over cash recovered.

The Committee is concerned that a settlement-heavy approach is being used as a substitute for a genuine amnesty-style, time-bound compliance measure. Yearly amnesty discriminates against those who are tax compliant. Also, insufficient disclosure exists regarding the beneficiaries, rationale, and governance controls associated with these decisions.

4.4 Tax Compliance and Financial Crime Reporting Require Strengthening

The Committee notes the establishment of the Tax Compliance Taskforce, and the positive outcomes achieved through compliance interventions. However, Members observed an apparent disparity between FRCS-reported tax crime figures and broader suspicious transactions reported by the Fiji Financial Intelligence Unit (FFIU). The Committee further noted the absence of any reference to FFIU intelligence reports within the Annual Report.

4.5 Contact centre service levels lag the customer-centricity narrative

The Committee notes that while the Fiji Revenue and Customs Service (FRCS) reported contact centre service levels of 89% for taxation enquiries, 86% for customs enquiries, and 89% for operator queue management, average call abandonment rates remained high at 25%, increasing to 33% for customs-related enquiries. This indicates that approximately one in three customs callers, and one in four taxpayers overall, were unable to access assistance through the contact centre. The Committee considers these outcomes inconsistent with FRCS's stated commitment to customer-centric service delivery and its broader transformation objectives, particularly investments in enhanced service infrastructure.

4.6 Border Security and Enforcement Reporting Lacks Sufficient Outcome-Based Information

The Committee acknowledges FRCS's investments in border security, international cooperation, advanced detection technology, and enforcement operations. However, the Committee observed that the Annual Report provides limited quantitative information on outcomes such as tax crime prosecutions, drug interdictions, customs fraud investigations, revenue leakage prevention, and enforcement effectiveness.

4.7 Annual Report Quality and Performance Disclosure Requires Improvement

The Committee notes that while the Annual Report provides comprehensive information on FRCS's activities, initiatives, and achievements, reporting would benefit from stronger disclosure of performance outcomes against the budget estimates.

5.0 Committee Recommendations

The Committee makes the following recommendations to enhance FRCS's performance, transparency, and accountability to Parliament and to the people of Fiji:

5.1 Broadening the Revenue Base and Managing Revenue Concentration Risks

FRCS should strengthen strategies to broaden the national tax base and reduce dependence on a small number of major taxpayers. FRCS should also report on initiatives aimed at increasing taxpayer participation and expanding compliance among emerging sectors of the economy.

5.2 Strengthening Tax Arrears Recovery and Refund Management

FRCS should develop a comprehensive debt recovery strategy, including annual recovery targets, sector-specific intervention plans, and timelines for reducing tax arrears and processing outstanding refund liabilities. Consideration should also be given to strengthening monitoring arrangements for large outstanding debts and long-standing refund claims.

5.3 Enhancing Transparency and Accountability for Penalty Waivers and Write-Offs

FRCS should include in future Annual Reports a detailed breakdown of all significant penalty waivers and write-offs, including categories, values, justification, approval processes, repeated beneficiaries and applicable legislative provisions. This information should be reported in a manner that strengthens public confidence and Parliamentary oversight.

5.4 Strengthening Tax Crime Enforcement and Inter-Agency Collaboration

FRCS should strengthen its reporting on tax crime investigations, enforcement actions, prosecutions, and collaboration with agencies such as the Fiji Financial Intelligence Unit, Fiji Police Force, FICAC, and International agencies. Future Annual Reports should include measurable enforcement outcomes on FFIU intelligence reports relating to tax evasion, money laundering, and illicit financial flows.

5.5 Improving Customer Service Delivery and Accessibility

FRCS should implement measures to reduce call abandonment rates, improve taxpayer accessibility, and strengthen customer service performance.

5.6 Strengthening Border Security and Enforcement Reporting

FRCS should enhance future reporting on border security and customs enforcement activities by providing measurable indicators on investigations, seizures, prosecutions, compliance operations, revenue recovery, and integrity-related matters. This will enable Parliament to better assess the effectiveness of investments in border protection and enforcement capabilities.

5.7 Improving Annual Report Quality and Performance Reporting

FRCS should improve the quality of future Annual Reports by focusing on set targets. FRCS should also include dedicated reporting on key performance indicators, implementation of Parliamentary Committee recommendations and organisational performance outcomes.

5.8 Inclusion of a Dedicated FFIU Reporting Section in Future Annual Reports

The Committee recommends that FRCS include a dedicated section on the outcome of all intelligence reports submitted by the Fiji Financial Intelligence Unit in all future Annual Reports.

6.0 Sustainable Development Goals

The Committee noted that, unlike the previous review period where no Sustainable Development Goals (SDGs) were captured, the FRCS Annual Report 2024-2025 demonstrates alignment with several SDGs through its programs and activities.

SDG 4: Quality Education

FRCS contributed to quality education through taxpayer awareness programmes, tax and customs education sessions for tertiary students, financial literacy initiatives, MSME training programmes, and outreach activities targeting remote and rural communities.

SDG 5: Gender Equality

The Service supported gender equality through participation in the Pacific Women's Professional Development Programme and initiatives aimed at promoting an inclusive workplace, including activities commemorating International Women's Day.

SDG 8: Decent Work and Economic Growth

FRCS contributed to economic growth through the collection of approximately $3.48 billion in government revenue, facilitation of trade and business activities, stakeholder engagement, and support for MSMEs and taxpayer compliance programmes.

SDG 9: Industry, Innovation and Infrastructure

The Service supported innovation and infrastructure development through digital transformation initiatives, implementation of real-time tax payment systems, customs modernisation projects, and investment in advanced border detection technology.

SDG 10: Reduced Inequalities

FRCS contributed towards reducing inequalities by extending tax and customs services to remote and underserved communities, including outreach activities in Nadarivatu, Yasawa and other rural areas, thereby improving accessibility to public services.

SDG 11: Sustainable Cities and Communities

Through effective revenue collection, FRCS indirectly supported the delivery of public infrastructure and government services. The Service also promoted public awareness of taxation through initiatives such as National Tax Day.

SDG 12: Responsible Consumption and Production

FRCS supported responsible consumption through the administration of excise duties on tobacco, alcohol and sugar-sweetened products, contributing to public health objectives and responsible consumer behaviour.

SDG 16: Peace, Justice and Strong Institutions

The Service made significant contributions to SDG 16 through the establishment of the Tax Compliance Taskforce, strengthening tax transparency initiatives, enhancing governance and integrity mechanisms, supporting border security operations, and promoting compliance with tax and customs laws.

SDG 17: Partnerships for the Goals

FRCS reported extensive collaboration with local and international partners, including the Australian Border Force, Australian Tax Office, International Monetary Fund (IMF), World Customs Organization (WCO), Japan International Cooperation Agency (JICA), United Nations Development Programme (UNDP), Fiji Police Force, and the Department of Immigration. These partnerships supported compliance, border security, trade facilitation, capacity building, and institutional strengthening.

7.0 Conclusion

The Standing Committee on Economic Affairs acknowledges the Fiji Revenue and Customs Service (FRCS) for its strong performance during the 2024-2025 financial year, particularly in achieving record government revenue collections of approximately $3.48 billion, exceeding annual targets and contributing significantly to Fiji's fiscal position and economic development. The Committee also recognises FRCS's efforts in strengthening tax compliance, enhancing border security, advancing digital transformation initiatives, promoting taxpayer education, and fostering local and international partnerships. These achievements demonstrate FRCS's important role in supporting Government priorities, facilitating trade, protecting national borders, and strengthening public administration.

Notwithstanding these achievements, the Committee considers that several areas require continued attention and improvement. These include the management of substantial tax arrears and refund liabilities, increased transparency regarding penalty waivers and write-offs, strengthening tax crime investigations and inter-agency cooperation, improving customer service outcomes, and enhancing the quality and comprehensiveness of annual reporting. The Committee trusts that the findings and recommendations contained in this Report will assist FRCS in further strengthening its governance, accountability, operational effectiveness, and service delivery. The Committee looks forward to continued engagement with FRCS and remains committed to supporting measures that promote transparency, compliance, revenue sustainability, and the long-term economic prosperity of Fiji.

8.0 Committee Members' Signatures

We, the undersigned Members of the Standing Committee on Economic Affairs, agree with the contents of this report.

.... Hon. Sakiusa Tubuna **Chairperson**	
.... Hon. Premila Kumar **Deputy Chairperson**	.... Hon. Semi Koroilavesau **Member**
.... Hon. Alipate Tuicolo **Member**	.... Hon. Kalaveti Ravu **Member**
18.08.2026	

9.0 Annexure

Published evidence

Written evidence, transcripts and supporting documents can be viewed on the Parliament website at the following link:
https://www.parliament.gov.fj/committees/standing-committee-on-economic-affairs/