



Fiji

Introduction

Residents are taxed on worldwide income, whereas nonresidents and temporary residents are generally taxed on Fiji-sourced income only.

A person's liability for Fiji tax is determined by residence status for taxation purposes and the source of income derived by the individual.

Contact

Lisa Apted

KPMG in Fiji

Tax Partner

T: +679 3301 155

E: lapted@kpmg.com.fj

Key messages

Business travelers are likely to be taxed on Fiji-sourced employment income subject to the relief provisions of the applicable double tax treaty.

Income tax

Liability for income tax

A person's liability for Fiji tax is determined by residence status. A person can be a resident or a nonresident for Fiji tax purposes. A resident of Fiji generally refers to an individual who enters Fiji with the intention of remaining for more than six months (or who actually spends more than six months in Fiji during an income year). A nonresident of Fiji is generally someone who spends less than six months in Fiji. The general rule is that a person who is a resident of Fiji is assessable on worldwide income. Nonresidents are generally assessable on income derived from sources in Fiji.

Definition of source

Employment income is generally treated as Fiji-sourced compensation where the individual performs the services while physically located in Fiji.

Tax trigger points

Technically, there is no threshold/minimum number of days that exempts the employee from the requirements to file and pay tax in Fiji. To the extent that the individual qualifies for relief in terms of the dependent personal services article of the applicable double tax treaty, there will be no tax liability. The treaty exemption will not apply if the Fiji entity is the individual's economic employer.

Types of taxable income

For business travelers, the types of income that are generally taxed are employment income, Fiji-sourced income, and gains from taxable Fiji assets (such as real estate).

Tax rates

Net taxable income is taxed at graduated rates ranging from 25 percent to 31 percent. Nonresidents are subject to tax at graduated rates ranging from 20 percent to 31 percent. The maximum tax rate is currently 31 percent on income earned over 15,600 Fiji dollars (FJD) in the case of residents and FJD20,000 for nonresidents.

Social security

Liability for social security

Superannuation is a mechanism requiring individuals to save money for retirement. It prescribes that employers make a contribution of 8 percent of earnings into the Fiji National Provident Fund (FNPF) with a similar contribution by the employee. Nonresidents are not obliged to contribute to the FNPF; however, if they wish to contribute, then they must apply to the FNPF to become a member within three months of commencing employment in Fiji.

Compliance obligations

Tax returns are due on March 31. If the tax return is lodged under the Tax Agents Lodgement Program, then an extension of time, up to a maximum of six months, is generally granted.

Employee compliance obligations

Tax returns are due by March 31 following the tax year-end, which is December 31. Where a tax agent is used, an extension of time is generally granted. Tax returns are required to be filed by nonresidents who derive any Fiji-sourced income (other than Fiji dividends, interest income, or royalties, which are subject to final withholding tax).

Employer compliance and withholding requirements

Withholdings from employment income are covered under the Pay-As-You-Earn (PAYE) system. If an individual is taxable on employment income, the employer has a PAYE withholding requirement.

Other

Work permit/visa requirements

Fourteen-day business visas are available. A visa must be applied for before the individual enters Fiji. The type of visa required will depend on the purpose of the individual's entry into Fiji. A 14-day business visa is generally granted upon entering Fiji to carry out very short-term consultancy type work. A short-term work permit (ranging from three to six months) and long-term work permit (ranging from one to three years) also are available subject to complying with certain requirements.

Double taxation treaties

In addition to Fiji's domestic arrangements that provide relief from international double taxation, Fiji has entered into double taxation treaties with eight countries, including Australia, Japan, Korea, the United Kingdom, and Singapore, to prevent double taxation and allow cooperation between Fiji and overseas tax authorities in enforcing their respective tax laws.

Permanent establishment implications

There is the potential that a permanent establishment could be created as a result of extended business travel, but this would be dependent on the type of services performed and the level of authority the employee has.

Indirect taxes

Value-added tax (VAT) is applicable at 15 percent on taxable supplies.

Transfer pricing

The Fiji tax authorities are developing a transfer pricing regime. A transfer pricing implication could arise to the extent that the employee is being paid by an entity in one jurisdiction but performing services for the benefit of the entity in another jurisdiction, in other words, a cross-border benefit is being provided. This would also be dependent on the nature and complexity of the services performed.

Local data privacy requirements

Fiji does not have data privacy laws.

Exchange control

Exchange control approval is required for the repatriation of funds out of Fiji. However, if the funds are deposited in the employee's external bank account, exchange control approval is not required.

Nondeductible costs for assignees

Nondeductible costs for assignees include contributions by an employer to nonapproved pension/superannuation funds.

Capital gains tax

Fiji is going to introduce a capital gains tax. Legislation has been drafted, and the government is currently holding discussions with the stakeholders.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

The material contained within draws on the experience of KPMG tax personnel and their knowledge of local tax law in each of the countries covered. While every effort has been made to provide information current at the date of publication, tax laws around the world change constantly. Accordingly, the material should be viewed only as a general guide and not be relied on without consulting your local KPMG tax adviser for the specific application of a country's tax rules to your own situation.

© 2011 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved. 23943NSS