

2010 REVISED BUDGET REVENUE POLICIES – TAX AND CUSTOMS

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2010 REVISED BUDGET SUMMARY OF REVENUE POLICIES

INCOME TAX ACT (ITA)

◆ Dividend

- To enhance listing of companies in the South Pacific Stock Exchange (SPSE) the distribution of dividend to shareholders will be treated as deemed tax paid.

VALUE ADDED TAX DECREE

◆ Value Added Tax (VAT) on General Insurance

- In widening the Value Added Tax (VAT) net, all general insurance except for Medical, Term Life and Workers Compensation will be subject to VAT at the current tax rate of twelve and a half percent (12.5%).

CUSTOMS (PROHIBITED IMPORTS AND EXPORTS) REGULATIONS

◆ Imports of used and reconditioned motor vehicles

- Reduce age limit for import of used and reconditioned motor vehicle from eight years to five years.

CUSTOMS TARIFF ACT (CTA)

Table 1: 2010 Fiscal and Import Excise Changes

POLICY	DESCRIPTION
1. Fresh Vegetables	♣ Increase fiscal duty from 5% to 15%
2. Shelled Peas	♣ Decrease fiscal duty from 5% to 0%

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POLICY	DESCRIPTION
3. New Motor vehicles not exceeding 1500cc	♣ Decrease fiscal duty from 32% to 15%
4. New Buses with seating capacity of 23 or more	♣ Decrease fiscal duty from 32% to 5% ♣ Decrease Import excise from 15% to 5%
5. New Trucks of gross weight of 3 tonnes or less	♣ Decrease fiscal duty from 32% to 15%
6. Jet Ski	♣ Decrease fiscal duty from 32% to 5%

OTHER COMPLIANCE MEASURES

◆ Electronic Payment

- In order to be consistent with Government's initiative to introduce e-services program, FIRCA will launch its e-payment program on July 2, 2010. This facility will allow payment of tax dues from the comfort of homes and offices here and abroad. Further, FIRCA will introduce its e-lodgment program by end of this year. This means that taxpayers who have bank accounts with ANZ and Westpac can use BillPay and/or Phone Banking to make tax payments to FIRCA.

◆ Door to Door Campaign

- FIRCA commenced the door to door tax registration exercise two weeks ago. The exercise is carried out to ensure that taxpayers who did not voluntarily register with the tax department are brought into the tax net. It is also a way to ensure that tax defaulters settle their tax debt and also get their tax affairs up to date.

◆ Tax Identification Numbers

- To improve compliance, it will be mandatory to have all new business licenses, bank accounts and other business registrations linked and identified with a tax number. It will also be mandatory that all employees provide tax identification numbers to their employers.

◆ Rewriting of Income Tax Act

- To bring about clarity and simplicity in the tax legislation, the re-write of this legislation will commence in September 2010.

ENDS