

BILL NO. 22 OF 2014

A BILL

FOR AN ACT TO AMEND THE VALUE ADDED TAX DECREE 1991

ENACTED by the Parliament of the Republic of Fiji—

Short title and commencement

1.—(1) This Act may be cited as the Value Added Tax (Budget Amendment) Act 2014 and shall come into force on 1st January, 2015.

(2) The Value Added Tax Decree 1991 shall be referred to as the “Decree”.

Section 70 amended

2. Section 70(9) of the Decree is amended in the definition of “dwelling house” by deleting the word “residence” and substituting “first residential property”.

Second Schedule amended

3. The Second Schedule to the Decree is amended in paragraph 17 by deleting “on the prescription of a medical practitioner or a registered dentist” and substituting “by a pharmacist on the prescription of a medical practitioner or registered dentist and repeats of the same prescription.”

Fourth Schedule amended

4. The Fourth Schedule to the Decree is amended in paragraph 7(g) by inserting “Nausori International Airport, Lautoka Wharf” after “Nadi International Airport”.

VALUE ADDED TAX (BUDGET AMENDMENT) BILL 2014

EXPLANATORY NOTE

(This note is not part of the Bill and is intended only to indicate its general effect)

1.0 BACKGROUND

1.1 This Bill seeks to amend the Value Added Tax Decree 1991 (“Decree”).

2.0 CLAUSES

2.1 Clause 1 Provides for the short title and the commencement provision.

2.2 Clause 2 The purpose of amending section 70(9) of the Principal Decree is to clearly specify that only first residential property owners are entitled to the VAT refund as opposed to any residential property acquired by a person.

The proposed amendment is to ensure that the anomaly in the Principal Decree is rectified to deter a claimant from claiming VAT refunds even though it may not be the first residential property of the claimant.

2.3 Clause 3 The purpose of amending the Second Schedule in paragraph 17 is to ensure that prescriptions and repeats of the same prescription are zero rated for VAT purposes.

This amendment is to resolve a loophole in the Decree which creates ambiguity as to whether VAT should be charged for the supply of medicines and drugs dispensed on repeats of the same prescription. This proposed amendment will clarify once and for all that repeats of the same prescription will now be zero rated for VAT purposes and not subject to the usual 15% VAT.

Therefore a person who suffers from a chronic illness such as Diabetes will not be charged 15 % VAT if he or she returns to the pharmacy to replenish the supply of certain medicines or drugs for which a prescription has already been issued by a doctor or dentist and dispensed by a pharmacist.

- 2.4 Clause 4 The purpose of amending the Fourth Schedule in paragraph 7(g) of the Principal Decree is to extend the application of the Tourist VAT Refund Scheme to the Nausori International Airport and the Lautoka Wharf.

3.0 MINISTERIAL RESPONSIBILITY

- 3.1 The Act comes under the responsibility of the Minister responsible for Finance.

A. SAYED-KHAIYUM
Attorney-General and Minister for Finance