



Flash report

30 August 2017

Issue 18

This flash report is issued to highlight the amendments to the Income Tax (Hotel Investment Incentives) Regulations 2017, following the 2017/2018 National Budget announcement. The amendments were gazetted on 31 July 2017 and came into effect from 1 August 2017.

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Standard Allowance

Short Life Investment Package

Part 2—Standard Allowance

Regulation 5—Power to approve application

- The Chief Executive Officer of Fiji Revenue and Customs Service (CEO) now also has the power to approve Standard Allowance application, where previously applications were only approved by the Minister of Economy (Minister)
- As a result:
 - ◆ Subregulation 3 has been deleted, it previously read “*The Minister must, in writing, notify the CEO of the decision made under subregulation (1)*”. Subregulation 1 relates to the rejection or approval of Standard Allowance applications; and
 - ◆ the subregulations have been amended to add “*or CEO, as applicable,*” after “*Minister*”, wherever it appears in the Regulation 5

Regulation 6—Application for provisional approval

- An application for Standard Allowance can now be made to the CEO, where previously it was made with the Minister
- The Regulation has accordingly been updated by deleting the “*Minister*” and replacing with the “*CEO*”

Regulation 8—Final approval if completed

- The final approval will continue to be subject to the Minister’s satisfaction that the hotel has been completed according to the requirements of the project and that the project has been fully completed. This provision has been renumbered as subregulation 1
- A new subregulation 2 has been inserted which provides that “*The Minister must notify the CEO in writing of the decision made under subregulation (1)*”

Regulation 9—Investment Allowance

- To align to the amendments under Regulation 5 (*Power to approve application*), Regulation 9(1)(a) is updated by deleting the “*Minister*” and inserting “*CEO as per the provisional approval*”

- Accordingly, a hotel owner is entitled to an investment allowance, which is the *"amount of taxable income equal to 25% of the total capital expenditure incurred in the project including the provision of amenities approved by the CEO as per the provisional approval, but less the cost of any land acquired for the project..."* [*Minister* is deleted]

Part 3 – Short Life Investment

Regulation 13 – Power to grant short life investment package

Regulation 14 – Provisional approval

Regulation 16 – Effect of provisional approval

- The CEO now also has the power to approve or refuse the provisional approval for short life investment package to a company, where previously applications were only approved by the Minister
- As a result:
 - ◆ the Regulation 13 and 27 have been amended to add *"or CEO, as applicable,"* after *"Minister"*, wherever it appears
 - ◆ the Regulation 14, subregulation 1 has been amended by deleting the *"Minister may, after consulting the Minister responsible for Tourism"* and substituting *"CEO may"*
 - ◆ the Regulation 14 has also been amended by deleting the *"Minister"* and substituting *"CEO"* wherever it is mentioned in subregulation 2 to subregulation 5
 - ◆ the Regulation 16(2) has been amended by deleting the *"Minister"* and substituting *"CEO"*. The subregulation now reads *"Before capital goods are allowed to be imported by a company, it is a condition of importation that the company must first provide proof that such goods cannot be produced locally to the satisfaction of the CEO, who shall decide whether such goods are to be imported"* [*Minister* is deleted]

Regulation 24 – Electricity generation

- The Regulation has been deleted, which provided that a company was entitled to be issued a license to operate a generating station to provide electricity to the hotel

Regulation 27 – Revocation of package

- The Regulations has been amended to add *"or CEO, as applicable,"* after *"Minister"*
- The amendment provides that the CEO, as well the Minister can revoke the Standard Allowance and Short Life Investment Package

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