



I assent.

[L.S.]

PENAIA K. GANILAU

Governor-General

19th December 1985

AN ACT

TO AMEND THE INCOME TAX ACT

[1st January 1986]

ENACTED by the Parliament of Fiji—

Short title, etc.

1.—(1) This Act may be cited as the Income Tax (Amendment) (No. 2) Act, 1985.

(2) In this Act the Income Tax Act is referred to as the principal Act.

Commencement

2. This Act shall come into force on 1 January 1986.

Basic Tax

3. Section 6 of the principal Act is amended—

- (a) by substituting the words "two thousand dollars" for the words "one thousand five hundred dollars" in sub-paragraph (i) of paragraph (a) of subsection (1); and
- (b) by substituting the words "two thousand dollars" for the words "one thousand five hundred dollars" wherever these words appear in paragraph (a) of subsection (2).

Normal tax

4. Section 7 of the principal Act is amended—

- (a) by substituting the words "two thousand dollars" for the words "one thousand five hundred dollars" in paragraph (a) of subsection (1); and

- (b) by deleting the semi-colon at the end of paragraph (a) of subsection (1) and substituting the following—

“, but a resident individual shall be exempt from normal tax to the extent that such normal tax, together with basic tax, would reduce the balance of his total income to two thousand dollars or less in any year;”.

Taxation of benefits, etc.

5. Section 11 of the principal Act is amended—

- (a) by deleting the word “and” at the end of paragraph (x) of the proviso;
(b) by deleting the full-stop at the end of paragraph (y) of the proviso and substituting a semi-colon; and
(c) by adding the following paragraphs immediately after paragraph (y)—

- “(z) the value of any benefit or allowance, as estimated by the Commissioner having regard to the cost incurred by the employer in providing such benefit and the market value of such benefit as ascertained by the Commissioner, granted in respect of or arising from employment, received either directly or indirectly in cash or otherwise and whether for the benefit of the person in employment, his wife, dependent children or other dependent relatives, including—
- (i) quarters, board, residence or other housing provided by the employer;
 - (ii) any private use of a vehicle owned, leased or otherwise hired at the cost of the employer;
 - (iii) private expenses such as electricity, water, telephone, gas, housemaid, medical expenses, education expenses and the like paid by the employer;
 - (iv) any subsidy or discount on interest on any loan provided by the employer representing the difference between the market lending rate of interest and the rate actually charged by the employer;
 - (v) the value of discount provided by an employer being the difference between the normal selling price of the item and the price at which the item is sold to the employee in respect of items forming stock-in-trade of the employer, or any discount provided under any reciprocal arrangement between two or more employers;

- (vi) the value of free or subsidised travel provided by the employer or received by virtue of employment which entitles such free or subsidised travel to be provided by the employer or some other person;
 - (vii) contributions to any retirement or superannuation fund made by an employer which is in excess of the statutory minimum required to be made by the employer or in excess of the amount required to be contributed by the employer under the trust deed and rules setting up such fund, and any amount which the employer is entitled to recover from the employee, which is not so recovered;
 - (viii) any entertainment allowance not expended for the purpose of the employer's business;
- (aa) the value of any benefit or allowance as estimated by the Commissioner, granted in respect of, or arising from any business dealings, received either directly or indirectly, in cash or otherwise, and whether for the benefit of the recipient, his wife, dependent children, or other dependent relatives or, where the recipient is a company, whether received directly or indirectly by the company, any director, shareholder, or relative of any director or shareholder, or any employee of the company; and
- (bb) any amount withdrawn from a cyclone reserve account in respect of which a deduction was allowed under section 21(1) (q) unless the amount withdrawn together with any interest thereon was applied towards the repair of property damaged by windstorm, tidal wave, landslide or a like catastrophe and, if required by the Commissioner, certified by the Commissioner of Insurance to have been so applied:

Provided that tax shall be assessed on the amount withdrawn and interest thereon in the year of withdrawal or in the year the deposit was made and interest credited as the taxpayer opts."

Exemption of certain agricultural income

6. Section 16 of the principal Act is amended—

- (a) by deleting, in paragraph (c) of subsection (1), the expressions "1st day of January 1981" in sub-paragraph (i) and "1st day of January 1982" in sub-paragraph (ii) and substituting the expression "1st day of January 1986" in each case; and
- (b) by deleting sub-paragraph (iii) of paragraph (c) of subsection (1) and substituting the following—
 - "(iii) the income derived by a taxpayer, whether an individual or not, from cane farming (in this sub-paragraph referred to as "cane farming income") shall be exempt from normal tax

for a period of five years commencing on the 1st day of January, 1986 subject to the conditions that where the Commissioner requires such return or where the taxpayer derives other income he shall deliver to the Commissioner a return of his income in accordance with the provisions of this Act, and that such other income shall be liable to tax, and the cane farming income shall be exempt from normal tax at the average rate of normal tax applicable to the taxpayer for the year of assessment; and for the purposes of this sub-paragraph the average rate of normal tax of an individual for the income year in question shall be the total normal tax payable by him for that income year divided by his total income (including all exempt cane farming income) for that income year."

Incomes not taxable

7. Section 17 of the principal Act is amended by substituting a semi-colon for the full stop at the end of paragraph (49) and adding the following paragraph immediately thereafter—

"(50) any pension received by a resident individual, to the extent of \$1,000."

Expenses deductible

8. Section 21 of the principal Act is amended—

- (a) by deleting in the proviso to paragraph (n) of subsection (1) the words "one hundred dollars" and substituting the words "two hundred dollars"; and
- (b) by substituting a semi-colon for the full-stop at the end of paragraph (p) of subsection (1) and adding the following paragraph immediately thereafter—

"(q) such amount as is deposited in an account approved by the Commissioner specifically operated by any bank for the purpose of providing a reserve for loss to property situated in Fiji caused by windstorm, tidal wave, landslide or a like catastrophe:

Provided that—

- (i) the deduction allowed shall not exceed in the case of business property 1.5 per cent of the replacement cost, or in the case of residential property the lesser of \$500 or 1.5 per cent of the replacement cost, of the property in respect of which such account is operated;
- (ii) any amount referred to in the preceding paragraph which is withdrawn and not applied towards the repair of property damaged by windstorm, tidal wave, landslide or

a like catastrophe, shall be assessed together with any interest thereon, in terms of paragraph (bb) of section 11.”.

Allowance for children

9. Section 25 of the principal Act is amended—

(a) by deleting paragraph (c) of subsection (2) and substituting the following—

“(c) for the third dependent child, two hundred dollars; and
(d) for the fourth and any subsequent dependent child, one hundred and thirty dollars;”;

(b) by deleting the words “seven hundred and ninety dollars” in paragraph (i) of the proviso to subsection (2) and substituting the words “eight hundred and sixty dollars”.

Maximum number of dependents

10. Section 28 of the principal Act is amended by deleting the words “maximum allowance of seven hundred and ninety dollars” in subsection (3) and substituting the words “maximum total allowance”.

Education allowance

11. Section 29 of the principal Act is amended—

(a) by deleting the word “school” in paragraph (ii) of subsection (2);

(b) by deleting the words “maximum allowance of six hundred and fifty dollars” in paragraph (c) of the proviso to subsection (2) and substituting the words “maximum total allowance”;

(c) by deleting the full stop at the end of paragraph (f) of the proviso to subsection (2) and substituting a semi-colon; and

(d) by adding the following paragraph immediately after paragraph (f) of that proviso—

“(g) no allowance shall be granted under this section in respect of any child, brother or sister or dependent blood relative attending primary school, secondary school or similar educational establishment outside Fiji up to and including sixth form level.”.

Re-insurance with non-residents

12. Section 36 of the principal Act is amended by adding immediately after subsection (2) the following subsection—

“(3) Subsection (1) shall not apply in respect of premiums paid or credited on or after 8 November 1985 but before 8 November 1986.”.

Income of a married woman

13. Section 43 of the principal Act is amended by deleting the proviso to subsection (10) and the colon immediately preceding that proviso, and substituting the following—

“, but where a wife is in receipt of—

- (a) earnings (or a pension pertaining thereto) or profits relating to personal exertion income in which her own skills are used; or
- (b) income which arises from inheritance or from her own savings, or assets acquired from her own savings,

and such earnings, profits or income arise or accrue from a source which is unconnected with any funds provided by her husband or any trade, business, profession or vocation carried on by her husband, either individually or in association with any other person, or by a company in which the husband has an interest and to which subsection (1) of section 12 applies, the tax payable shall not exceed the sum of the tax payable on—

- (i) the joint income, excluding the wife's earnings, profits and income described in this subsection, taxed as a single person; and
- (ii) the wife's earnings, profits and income, as so described, taxed as a single person with no general rebate but with a deduction of \$750 in respect of the allowance for the wife.”.

Rates of normal tax and company tax

14. The Fourth Schedule to the principal Act is repealed and replaced by the following schedule—

“FOURTH SCHEDULE
(Section 7)

RATES OF NORMAL TAX

A. INDIVIDUALS, ESTATES OF DECEASED PERSONS, TRUSTS
AND SETTLEMENTS

	\$	\$	
When the chargeable income—does			
not exceed	1,500		5% of each dollar of chargeable income
exceeds \$1,500 but does not exceed	3,000	75.00	plus 10% of each dollar of chargeable income in excess of \$1,500
exceeds \$3,000 but does not exceed	4,000	225.00	plus 18% of each dollar in excess of \$3,000
exceeds \$4,000 but does not exceed	5,500	405.00	plus 27.5% of each dollar in excess of \$4,000
exceeds \$5,500 but does not exceed	7,000	817.50	plus 32.5% of each dollar in excess of \$5,500
exceeds \$7,000 but does not exceed	9,000	1,305.00	plus 37.5% of each dollar in excess of \$7,000
exceeds \$9,000 but does not exceed	15,000	2,055.00	plus 42.5% of each dollar in excess of \$9,000
exceeds \$15,000 but does not exceed	25,000	4,605.00	plus 45% of each dollar in excess of \$15,000
exceeds \$25,000 but does not exceed	40,000	9,105.00	plus 47.5% of each dollar in excess of \$25,000
In excess of \$40,000		16,230.00	plus 50% in respect of any excess.

B. COMPANIES

- (i) Non-resident companies carrying on business in Fiji (other than non-Fiji shipping companies, in respect of all outgoing business from Fiji, whether freight or passengers, non-Fiji mutual insurance companies in respect of life insurance business and non-Fiji proprietary or non-mutual insurance companies to the extent that the income of life insurance business is deemed to be mutual under subsection (1) of section 37) 45%
- (ii) Non-resident mutual insurance companies in respect of life insurance business 30%
- (iii) Non-resident or non-mutual insurance companies to the extent that the income of their life insurance businesses is deemed to be mutual under subsection (1) of section 37 30%
- (iv) Non-resident shipping companies in respect of all outgoing business from Fiji, whether freight or passengers 2%
- (v) Every other company 35%

Passed by the House of Representatives this third day of December, in the year of our Lord one thousand, nine hundred and eighty-five.

Passed by the Senate this thirteenth day of December, in the year of our Lord one thousand, nine hundred and eighty-five.