

ACT NO. 14 OF 2020

I assent.

J. K. KONROTE
President

[31 July 2020]

AN ACT**TO AMEND THE INCOME TAX ACT 2015**

ENACTED by the Parliament of the Republic of Fiji—

Short title and commencement

- 1.—(1) This Act may be cited as the Income Tax (Budget Amendment) Act 2020.
- (2) This Act comes into force on 1 August 2020.
- (3) In this Act, the Income Tax Act 2015 is referred to as the “Principal Act”.

Section 2 amended

2. Section 2 of the Principal Act is amended by—

- (a) in the definition of “capital asset”, deleting “, a depreciable asset”; and
- (b) deleting the definition of “permanent establishment” and substituting the following—

““permanent establishment” means a fixed place of business through which the business of a person is wholly or partly carried on, and includes the following—

- (a) a place of management, branch, office, factory, warehouse or workshop, but does not include a liaison office;

- (b) a mine site, oil or gas well, quarry, or other place of exploration for, or extraction of natural resources;
- (c) a building site, construction, assembly or installation project, or supervisory activities connected with such site or project, but only if the site, project, or activities continue for more than 6 months;
- (d) the furnishing of services by the person, including consultancy services, including through employees or other personnel engaged by the person for such purpose, but only if activities of that nature continue for the same or a connected project by the person or an associate for a period or periods aggregating more than 6 months in any 12-month period;
- (e) a person, other than an agent of independent status, acting on behalf of another person (referred to as the “principal”), if the first-mentioned person—
 - (i) regularly negotiates contracts on behalf of the principal; or
 - (ii) habitually maintains a stock of trading stock from which the person regularly delivers trading stock on behalf of the principal;
- (f) substantial equipment used for more than 6 months within a 12-month period or installed by, for or under contract with the person;
- (g) carries on activities, including the operation of substantial equipment, in the exploration for or exploitation of natural resources or standing timber for a period or periods exceeding in the aggregate 90 days in any 12-month period, for or under contract with a person;”.

Section 7 amended

- 3.** Section 7 of the Principal Act is amended by deleting subsection (5).

Section 10 amended

- 4.** Section 10 of the Principal Act is amended by deleting subsection (2A).

Section 17 amended

- 5.** Section 17(1B) of the Principal Act is amended by —

- (a) in paragraph (a), deleting “26 March 2020” and substituting “31 December 2020”; and
- (b) in paragraph (b), deleting “31 December 2020” and substituting “31 December 2021”.

Section 22 amended

6. Section 22(1)(h) of the Principal Act is amended by deleting “, Capital Gains Tax or Fringe Benefits Tax” and substituting “or Capital Gains Tax”.

Section 23 amended

7. Section 23(2) of the Principal Act is amended by deleting “statutory”.

Section 24 amended

8. Section 24 of the Principal Act is amended by—

- (a) in subsection (3), deleting “exceeding \$15,000 made in a tax year to an approved sports fund established for the purposes of sports development in Fiji” and substituting “made in a tax year to a sporting entity recognised by the Fiji National Sports Commission”; and
- (b) in subsection (13), deleting the definition of “approved sports fund”.

Section 34 amended

9. Section 34 of the Principal Act is amended by—

- (a) deleting subsection (1) and substituting the following—

“(1) Subject to this section, if a person disposes of a depreciable asset in a tax year the person is not allowed a depreciation deduction for the year and—

- (a) any excess of the consideration for the disposal of the asset over the written down value of the asset at the time of disposal, up to the total amount of depreciation deduction previously allowed in respect of the asset, is to be included in the gross income of the person for that year; and
 - (b) where the asset is a capital asset, any excess of the consideration over the cost of the asset does not form part of the total income, but is to be subject to Capital Gains Tax in accordance with Part 3; or
 - (c) if the written down value of the asset at the time of the disposal exceeds the consideration for the asset, the person is allowed a deduction in that year for the amount of the excess.”;
- (b) in subsection (2), deleting “and the consideration for the disposal of the depreciable asset is equal to or less than the cost of the asset at the time of the disposal”; and
 - (c) deleting subsection (3).

Section 62 amended

10. Section 62 of the Principal Act is amended by deleting “2 to 1” wherever it appears and substituting “3 to 1”.