



**FIJI REVENUE AND
CUSTOMS SERVICE**

ANNUAL REPORT

2020 - 2021



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Who We Are



OUR MISSION

Helping Fiji grow as a leading contributor and funder of sustainable economic, security and social initiatives



OUR VISION

A World Class Revenue Service Delivering Excellence in Revenue Collection, Border Security, Trade and Travel Facilitation



OUR VALUES

Customer Focused

We provide services to our customers that are efficient, well informed and support business and voluntary compliance.

Results Focused

Our performance measurements focus on key results. Results are guided and balanced by the interests of all stakeholders.

Partnership

We build internal and external partnerships to better accomplish our goals. We support building national resilience, particularly in relation to climate change



Leadership

Our senior leaders set direction and create clear and visible values and expectations. The leaders ensure the creation of strategies, systems, and methods of achieving excellence and building knowledge and capabilities

Valuing Employees

We invest in the development of our workforce through education, training, welfare and giving opportunities for continual growth.

Integrity

Organisational integrity is reflected in our people and our processes

SLOGAN

Helping Fiji Grow

CORE BUSINESS

A conducive environment for our customers through voluntary compliance, ensuring optimal revenue and border security



Chairperson's Message

Bula All,

The work carried out by the Fiji Revenue and Customs Service (FRCS) is important to the nation, as it plays a vital role in the economic and social development of the country. It is our responsibility to ensure that we act for the government, in implementing effective and efficient processes and systems to collect revenue, facilitate trade and protect our borders.

Fiji experienced a few events that rocked our island nation. During the year 2020-2021, we experienced two deadly cyclones, Cyclone Yasa and Ana, which left devastating effects on Fiji. On the 19th of March, Fiji also recorded its first COVID-19 case. Our work aims to enable the Government to provide and facilitate services that assist all Fijians affected by such events.

As part of our service to the nation, the Organisation facilitated a few events that highlight the resilience of our staff in such an unprecedented time. Despite the challenges, we continued to carry out our core responsibilities and implemented some of the events mentioned below.

- i. Facilitated the Government initiative of the COVID-19 Concessional Finance Support Packages to aid Micro, Small and Medium Enterprises (MSME) in Fiji. The package in the form of a loan was tailor-made to support existing Fijian-owned MSMEs impacted by the pandemic. The Fijian government through the Ministry of Economy assigned FRCS to disburse the loans on their behalf.
- ii. Facilitated the National Budget Consultations for 2020/2021 around the country in consultation with external stakeholders and businesses. The sessions included the underlying revenue policy framework for 2020/2021 which focused on raising domestic

demand by lowering prices of goods and services, promoted competition, improved ease of doing business and safeguarded employment and household incomes.

- iii. Launch of the Container Control Programme (CCP) in August 2020 that saw FRCS take another step towards strengthening security at our borders and the ability to process containers that pass through the Nation's Ports. CCP focuses on improving risk management, supply chain security and trade facilitation by sea, land and airports to prevent the cross-border movement of illicit goods. We acknowledge the support from our partners in making this project materialize.
- iv. Launch of seven new processes on the Taxpayer Online System (TPOS). These included:
 - Resident Interest Withholding Tax (RIWT) filing.
 - Rental Annual Report (RAR) filing.
 - Taxpayer Request (TPR) for Lodging Personal Income Tax (Salary & Wage Earners) Return.
 - Taxpayer Request (TPR) for concessionary Tax rate.
 - Taxpayer Request (TPR) for extension of Time to Pay.
 - Change of Circumstances (COC) for depreciation method; and
 - Transitional Tax return filing

These were some of the areas the Organisation facilitated to ensure our customers had information available to them and also to assist in Government initiatives.

I take this opportunity to thank the FRCS Board, Management and especially our staff, who pushed on to carry out their responsibilities to the

Organisation and to the nation. We must continue to strive towards excellence despite the internal and external challenges and deliver on what is expected of our role.

I am humbled to present to you the 2020-2021 FRCS Annual Report and we look forward to another challenging year ahead.

**Thank you.
Ms Fay Yee
(Board Chairperson)**



Acting Chief Executive Officer's Message

Bula,

I was honoured to be given the opportunity to take on the position of the Acting Chief Executive Officer of the Fiji Revenue and Customs Service (FRCS). The Organisation was experiencing several challenges during this time, with one of them being changes to our senior executive leadership team and the more pressing issue of the global pandemic reaching our borders. It was a difficult time for the Organisation in terms of ensuring the continuous provision of our services to our customers and stakeholders around the country.

The Organisation had to think and identify feasible and rapid solutions to enable business continuity for our customers and ourselves as an Organisation. The management and teams strategized to see how we could streamline our processes to ensure there was minimal staff intervention at all levels of our service touch points.

The priority for us as a team was to ensure we provided a safe environment for our customers and to ensure we continue to carry out our role to the nation. The work we do aims to enable the Government to provide and facilitate services that will assist all Fijians affected by natural disasters and a global pandemic. In this case the pandemic had an immense impact on businesses, individuals, families and NGO's including all statutory bodies like ours where we needed to re-strategize the way we did business for our customers and the way we operated in such an environment.

We anticipated revenue collection to drop, and grants to decrease which brought about the possibility of cost-cutting throughout the

Organisation. As the COVID-19 pandemic took its toll on our nation, we made critical decisions to re-organize internally and to ensure the sustainability of the Organisation. This was not an easy exercise for us as an Organisation as we were fully aware of the impact of these exercises.

Technological improvements and enhancements were launched a few months before the pandemic which in a way, assisted us greatly when the pandemic hit. Despite the pandemic, the New Taxpayer Information System (NTIS) project continued to launch more online processes, making our services easier and accessible to our customers.

I acknowledge the resilience, passion and commitment of our staff and encourage them to continue carrying out their role as officers of FRCS.

**Thank you.
Jonetani Vuto**

Board of Directors



Ms Fay Yee
Board Chairperson



Mr Mahmood Khan
Board Member



Mr Shiri Goundar
Board Member



Ms Lala Sowane
Board Member



Mr Ariff Ali
Board Member



Ms Naomi Vuibureta
Board Member

Governance

Corporate Governance

The Ministry of Economy is responsible for the policy and legislative formulation for the FRCS. The FRCS board is appointed by the Minister of Economy and the Board accountable to Government under the FRCS Act 1998. The Board provides strategic guidance and delegates appropriate authority to the Chief Executive Office for the proper administration and management of the functions and affairs of FRCS.

Board

Ms Fay Yee	- Appointed on 1st January, 2020 to 31st December, 2022 (Chairperson)
Mr Mahmood Khan	- Appointed on 1st January, 2020 to 31st December, 2022
Ms Lala Sowane	- Appointed on 1st January, 2020 to 31st December, 2022
Mr Shiri Goundar	- Appointed on 16th March, 2021 to 15th March, 2024
Ms Umesh Prasad	- Appointed on 27th September, 2021 to 26th September, 2023
Mr Parvez Akbar	- Appointed on 27th September, 2021 to 26th September, 2023
Mrs Makareta Konrote	- Appointed on 22nd December, 2017 to 15th March, 2021
Mr Ariff Ali	- 1st January, 2020 to 24th May, 2021
Ms Naomi Vuibureta	- Appointed 3rd June, 2020 to 21st September, 2021

Board Appointment and Composition

The FRCS Board is appointed by the Minister for Economy and shall consist of:

- the Permanent Secretary for Economy
- other members, not being less than three (3) or more than five (5)

Board Responsibilities

- Shall have all such powers as maybe reasonably necessary or convenient for the purpose of carrying out its function under the FRCS Act and regulating its own procedure.
- Appoint a Chief Executive Officer after consultation with the Minister.
- Issue Departure Prohibition Order under Section 31 of Tax Administration Act
- Where appropriate, the Board may seek independent professional advice, relevant to the Board's considerations, paid by FRCS. The person so attending shall have no right to vote in Board meetings.
- Appoint an audit committee.
- May from time to time appoint Board Committees with such membership and terms of reference as the Board deems appropriate.
- Endorse policies and procedures upon recommendation of the CEO.

Board Committee and Roles

As part of Section 25 of the FRCS Act 1998, it is required that FRCS appoint an Audit Committee which shall perform the following functions:

- To recommend to the Minister the name of an auditor of the Service's accounts.
- To develop a program for the internal auditing of the Service's accounts and practices.
- To investigate allegations of corruption against members or employees of the Service and to report its findings to the Service, where upon the Service shall submit a copy of the report to the Minister.

Border

- Border Enforcement Unit
- Air Cargo Control Unit
- Maritime Control Unit
- Fiji Detector Dog Unit

Revenue Management

- Revenue Collection
- Debt Management
- Customer Service

Intelligence, Compliance & Investigation

- Audit
- Compliance
- Investigation

Functional Areas

People, Capability & Culture

- Business Services
- Technical Capability
- Training and Productivity

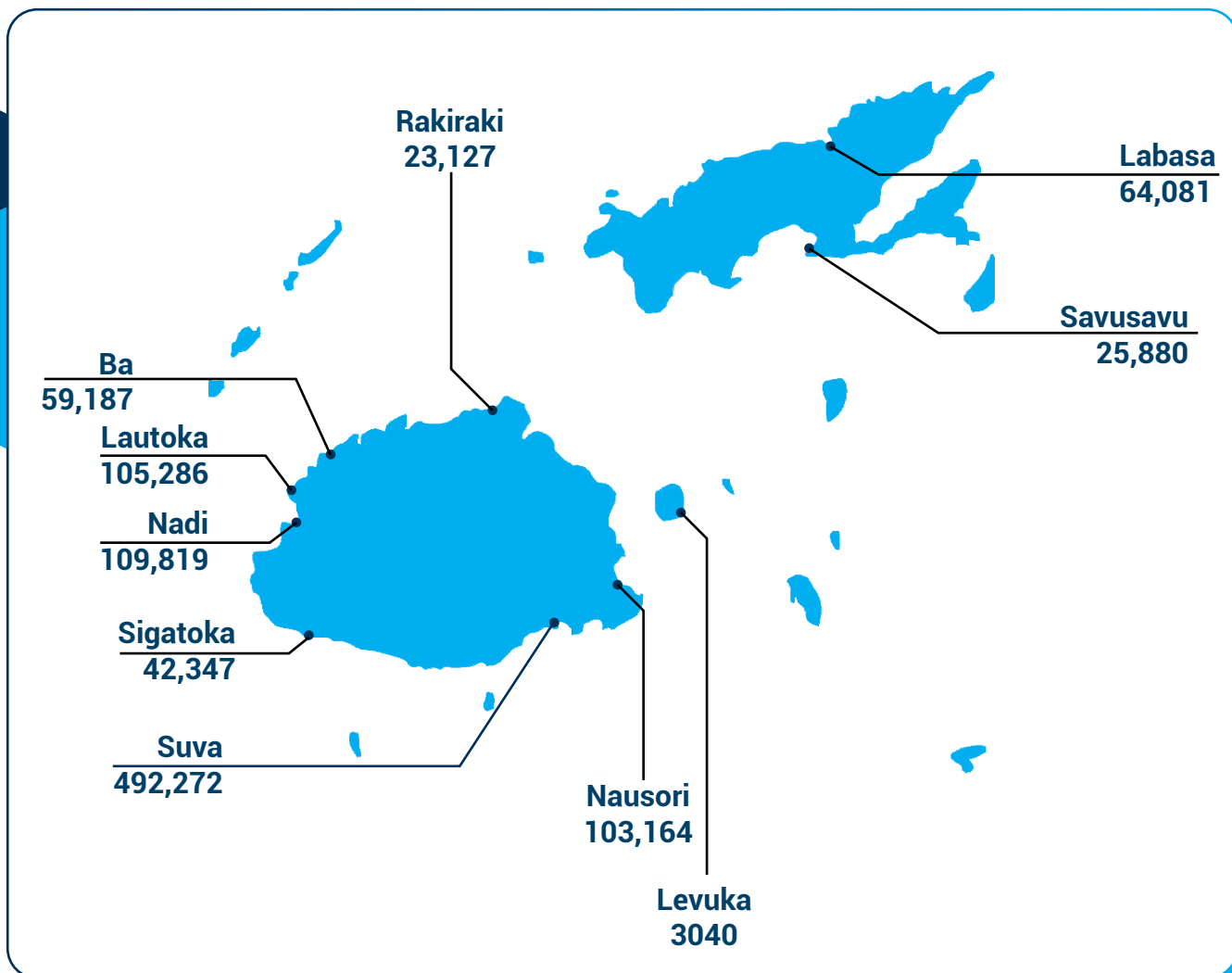
Corporate Services

- International Relations
- Policy and Research
- Risk Assessment Financial Intelligence Team (RAFIT)
- Legal Services
- Corporate Communications
- Technical Interpretation
- Objections Review Team
- Finance
- Internal Assurance

Information Technology

- Information Technology
- Records Management
- Project Management

Our Office Locations and Taxpayer Population



Office Mailing Address

Suva Office

Revenue and Customs Service Complex,
Lot 1 Corner of Queen Elizabeth Drive & Ratu Sukuna Road,
Nasese, Suva
Phone: (+679) 3243000
Fax: (+679) 3307693

Nausori Office

FDB Building,
Main Street, Nausori.
Phone: (+679) 3243441/ 3243440

Nausori Airport

Ground Floor,
Nausori Airport, Nausori.
Phone: (+679) 347 8299

Nadi Office

Nadi/ Nadi Airport
Lot 1 Challenge Plaza
Votualevu, Nadi
Phone: (+679) 6734300

Lautoka Office

19 Tavewa Avenue,
Lautoka.
Phone: (+679) 6626600

Labasa Office

1st Floor Ratu Raobe Building,
Corner of Nanuku & Jaduram Street,
Labasa.
Phone: (+679) 8819700

Savusavu Office

Main Street,
Savusavu.
Phone: (+679) 8850727

Levuka Office

Beach Street,
Levuka.
Phone: (+679) 3440888

Rakiraki Office

Ground Floor,
FDB Building,
Main St,
Rakiraki Town.
Phone: (+679) 662 6715

Sigatoka Office

FDB Building, Ground Floor,
Vunasalu Rd,
Sigatoka.
Phone: (+679) 6626603

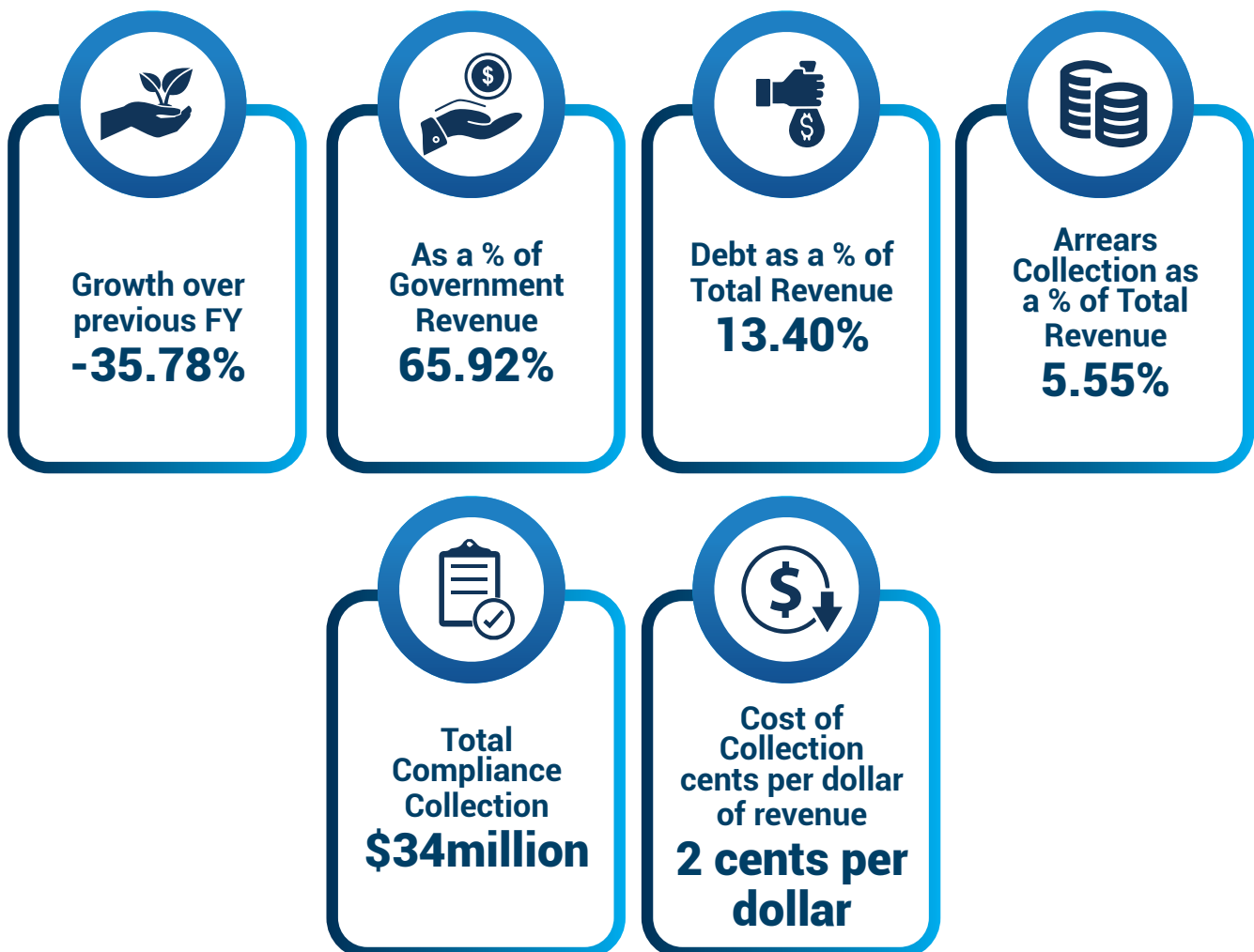
Ba Office

Second Floor,
Koronubu House,
Ba Town
Phone: (+679) 662 6726

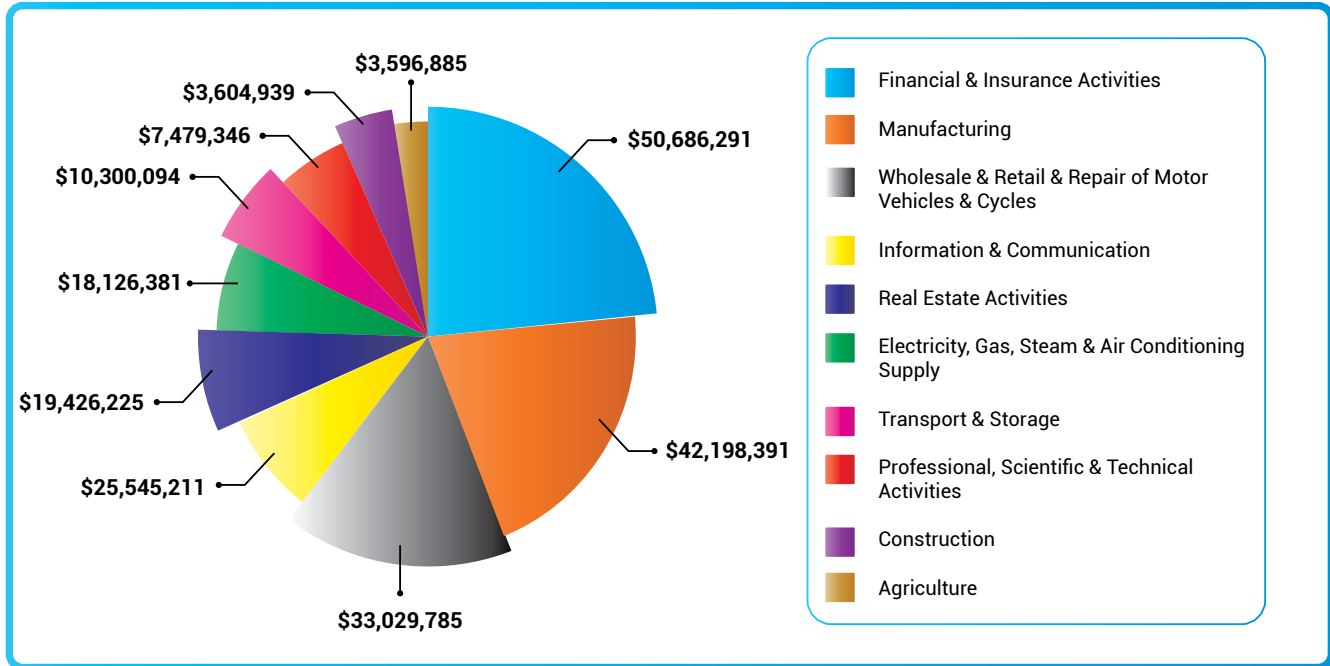
Our Highlights



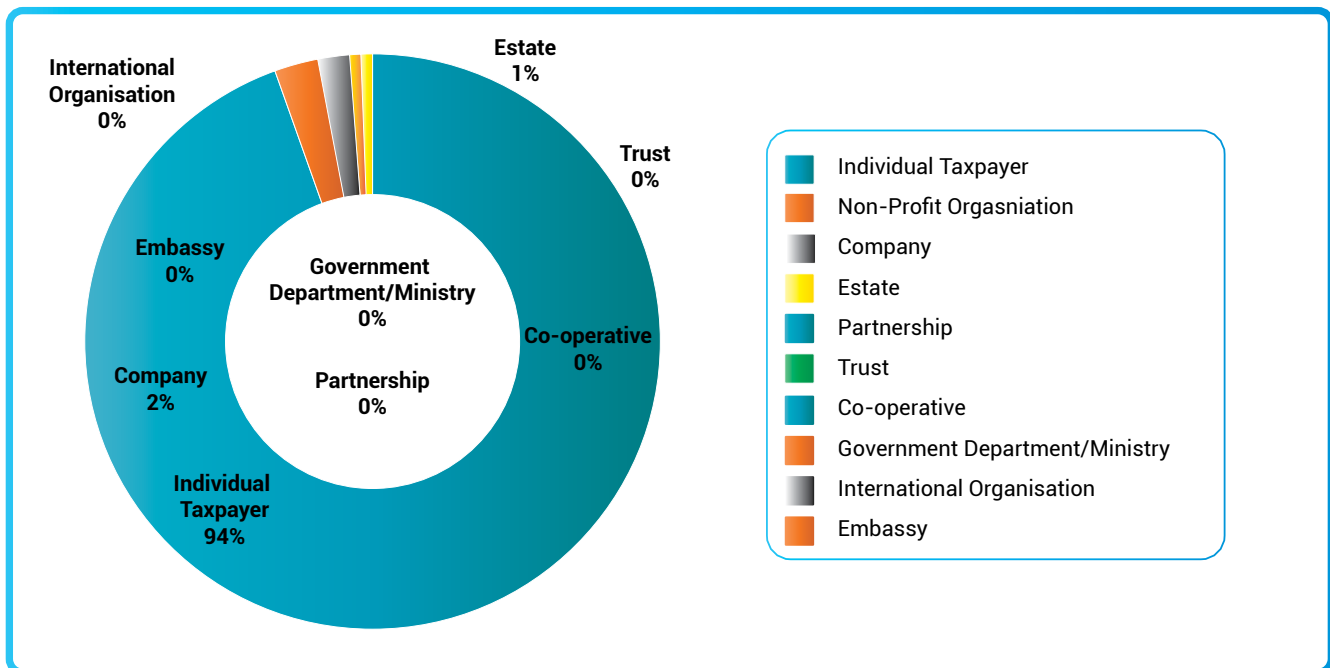
Our Revenue Collection



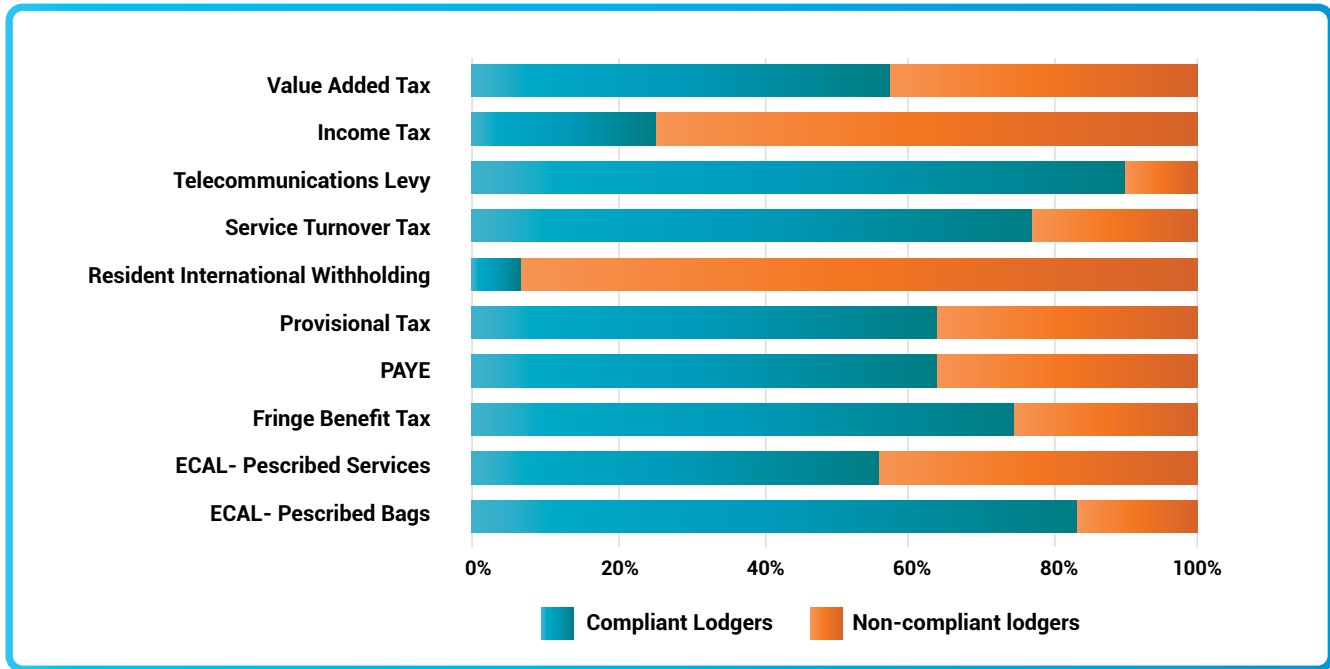
Tax Collection by Sector as at 31st July, 2021



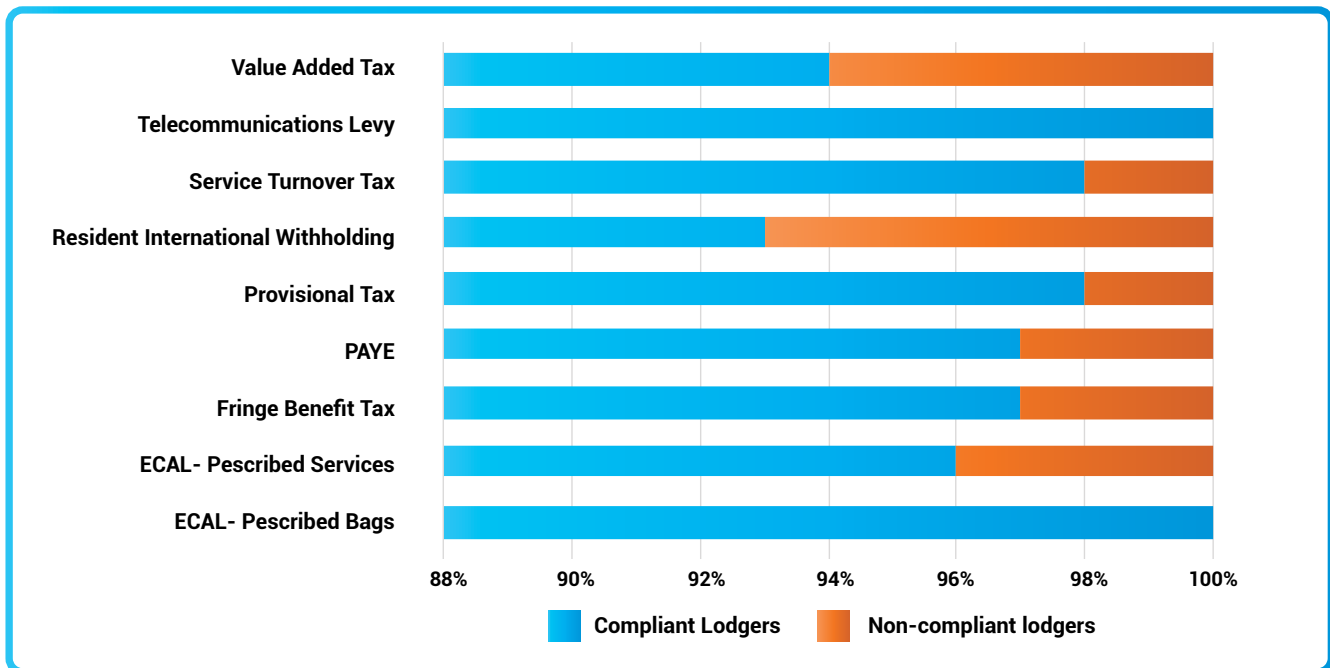
Tax Type Registration as at 31st July, 2021



Lodgement Compliance as at 31st July, 2021



Payment Compliance as at 31st July, 2021

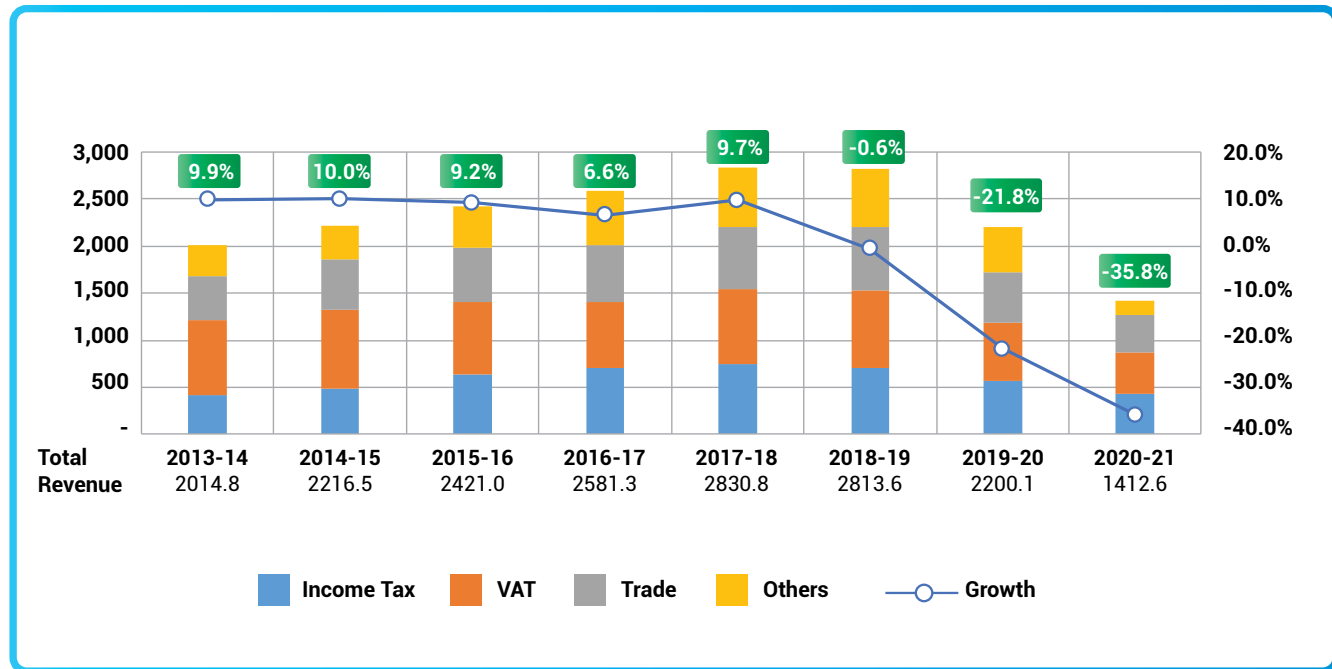


OUR REVENUE PERFORMANCE

Key Collection Summary

At the end of the 2020-2021 fiscal year, cumulative revenue stood at \$1,412.7m which was 96.4% of the annual forecast collected. The cumulative variance stood at \$53.1m or 3.6% on the completion of the fiscal year.

Cumulative Revenue Collection as at July 2021



Tax Mix Analysis

VAT collections was leading the tax mix composition comprising around 31.3% of the total revenue followed by Income Taxes at 30.1%. Trade Taxes made up 28.3% of the cumulative revenue and the remaining 10.2% was collected from Other Taxes & Levies. The largest shift in the tax mix composition was recorded from 'Other Taxes & Levies'. The decline in collections under Other Taxes & Levies was attributed to the following:

- The standstill in tourist arrivals resulting in a loss in revenue from Airport Departure Tax and ECAL-prescribed services.
- Removal of Stamp Duty and Service Turnover Tax

Tax Mix Analysis

	Tax Mix 20/21	Tax Mix 19/20
Income Tax	30.1%	25.6%
VAT	31.3%	28.5%
Trade	28.3%	24.3%
Others	10.2%	21.5%
TOTAL	100.0%	100.0%

ANALYSIS OF KEY TAX TYPES

Income Taxes

Cumulative to July 2021, Net Income Taxes collection stood at \$425.4m which was below the forecast by \$37.0m or 8.0%. Comparative 12 months' collection of the 2019-2020 fiscal year, net income tax was below by \$137.9m or 24.5%.

Corporate Tax

For the 2020-2021FY, the Corporate Tax collection of \$201.2m was below the cumulative forecast by \$28.0m or 12.2%. Compared to July 2020 cumulative collection, it was below by \$107.3m or 34.8%.

The large taxpayers of Corporate Income Tax continue to pay their taxes in 3 monthly installments, leaving the rest of the months with weak Corporate Income Tax collections.

PAYE

Cumulative to July 2021, PAYE collections amounted to \$126.8m which was above the forecast by \$15.0m or 13.5%. Compared to the 2019-2020 fiscal year, PAYE collections was below by \$21.0m or 14.2%.

Value Added Tax

Cumulative to July, net VAT was below the forecast by \$130.1m or 22.7%. Compared to the same period last year, it is below by \$184.9m or 29.5%.

VAT collections was one of the taxes that had been directly affected due to the COVID 19 containment measures such as the lockdown and closure of non-essential businesses in the cities of Suva and Lautoka and the towns of Nausori and Nadi. As a large proportion of VAT paying businesses operate from these locations, their revenue collections had drastically dropped.

Domestic VAT

Cumulative to July, Domestic VAT collection stands at \$317.8m which is \$100.1m or 24.0% below the forecast. Compared to the same period last year, it was also below by \$150.2m or 32.1%.

TOURISM RELATED TAXES (ECAL, STT AND DEPARTURE TAX)

Airport Departure Tax

Cumulative to July 2021, Airport Departure Tax recorded a collection of \$1.02m which was below the forecast by \$20.3m. The higher forecast allocation for Departure Tax was based on the assumption that international travel would recommence from the second quarter of the 2020-2021 fiscal year. Compared to revenue as of July 2020, Departure Tax collection was below by \$113.8m or 99.1%.

Environment and Climate Adaption Levy (ECAL)

Cumulative to July, total ECAL collections stood at \$20.7m which was below the forecast by \$3.9m or 16.0%. Compared to the 2019-2020FY collections, it was lower by \$106.2m or 83.7%. Before the pandemic, the key contributor to ECAL revenue was the 'Prescribed Services' which accounted for 81% of the total ECAL collections. However, for the current fiscal year, it dropped to around 43%. In nominal terms, the monthly collection which averaged around \$11m has now dropped to around \$1.7m per month.

Additionally, the ECAL rate was reduced in the 2020-2021 budget from 10% to 5% together with the increase in the turnover threshold for registration from \$1.25m to \$3m.

Type	2019-20 (\$)	2020-21 (\$)
ECAL - Prescribed Services	102,334,263	8,834,511
ECAL - Individual	4,302,343	1,728,712
ECAL - Plastic Bag	3,550,663	185,473
ECAL - Customs	16,703,614	9,962,906
ECAL - Super Yacht	49,483	-

Service Turnover Tax

Service Turnover Tax was significantly affected along with Departure Tax and ECAL due to the pandemic.

In preparation for travel readiness and making our tourism market a low-cost destination, the 5% Service Turnover Tax was removed in the 2020-2021 National Budget.

Cumulative to July 2021, STT recorded a collection of \$1.1m which is \$0.59m or 115.0% above the forecast. There was no forecast allocation from the months of September 2020 onwards as the total allocation of \$0.52m was tagged to August only reflecting payments for the transactions in the month of July 2020. For the month of July, \$4,334 was collected in STT.

Customs

Net Customs recorded a collection of \$33.4m, which was an increase of around \$0.4m or 1.02% when compared to a strong collection made in June 2021. In addition, it is above the forecast by \$12.3m or 58.5%. The \$12.6m positive variance is largely driven by Fiscal Duty and Domestic Excise collection both recording a positive variance of \$6.3m respectively. The second wave caused major disruptions to trade and economic activity thus the overall decline in customs duty collections for the month of May and the strong recovery in June and July was contingent on the factors mentioned above.

Net Customs Collections

Cumulative to July 2021, Net Customs collections amounted to \$400.1m which was above the forecast by \$104.3m or 35.2%. The \$104.5m variance was fueled by positive collections of \$107.2m for Fiscal duty and \$2.1m for Export Duty. Cumulatively, FRCS has also refunded a total of \$5.0m in customs rebates which were above the forecast by \$1.4m or 37.6%.

Import VAT

After a significant drop in the value of imports for March, April and May, import value increased momentarily by \$35.4m or 18.3% when compared to June where a strong rebound was noted. A major reason behind the rebound is the re-emergence of importers or excise companies' behavior where they tried to gain by clearing goods before the 2021/2022 National Budget announcement in anticipation of tariff increases.

Fiscal Duty

Fiscal Duty recorded a collection of \$22.3m which is \$6.3m or 39.2% above the forecast. Fiscal duty collections against the forecast have been very strong for this fiscal year as depicted in the table below. From the \$22.3m collected, 73.2% or \$16.3m was from the importation of Mineral Fuels, Motor Vehicles, Electrical Equipment and Beverages and Spirits in the month of July. Cumulative to July 2021, Fiscal duty collection was above the forecast by \$107.3m or 60.1%.

Domestic Excise Duty

Domestic excise duty has been a consistent performing revenue type, yielding positive variances during months without restrictions and lockdowns. After taking a hit in collections in the month of May, Domestic Excise rebounded in collections as recorded in June and July. July recorded a collection of \$10.4m which is \$6.0m or 138.1% above the forecast. Cumulative to July 2021, Domestic Excise Duty collection was below the forecast by \$2.0m or 1.8%.

The policy intention of maximizing production was visible when comparing production figures for the 2020/2021 FY and 2019/2020 FY. 8 out of the 12 months recorded positive variance and April & May 2021 recorded the lowest production of beers for this financial year demonstrating the second wave impacts.

Water Resource Tax

Water Resource Tax (WRT) recorded a collection of \$6.7m which was above the forecast by \$1.8 or 37.5%. Collection from WRT has also been consistent, outperforming the forecast majority of the months and has been recording positive variances against 2019/2020 fiscal year collections. The strong collection in the prior months reflected the recovering export market fueled by an increase in international demand. As a result, we look at cumulative figures as at July 2021, Water Resource Tax collection was above the forecast by \$20.4m or 39.6% and above cumulative July 2020 collection by \$15.7m or 28.0%.

FRCS at a Glance

Whistleblower Complaints

	2018-2019	2019-2020	2020-2021
No of WB cases in total	277	248	58
How many cases were closed	266	170	6
How many cases remain open	11	78	52
How much was paid out for that financial period	\$499,887	\$63,284	\$2,822

No of Intelligence Cases Referred to Audit

The Risk Analysis and Financial Intelligence team through their data analysis, collaboration with other Organisations through data sharing and consultation with internal units, identify areas of interest, new and emerging trends and taxpayer behavior.

FY	Total Cases forwarded ICI	Assessment
2020-2021	43	\$3,904,29

Number of Audits conducted with value.

2020-2021	Total
Audit Assessment	49,176,347
Audit Penalties	6,739,459
Total Assessments & Penalties	55,915,806
Cash Collected	34,488,213
Non Cash Collected	10,511,406
Total(Cash & Non Cash)	44,999,620
Cases Finalised	1,907

FRCS's Expenditure
Government Grant - \$27,000,000



FRCS's Expenditure

Cost Category	2020-2021
Employee Costs	64%
Administrative Expenses	5%
Other Operating Expenses	8%
Property Expenses	2%
Depreciation & Amortisation	17%
Finance Cost	4%

Total Staff - 705



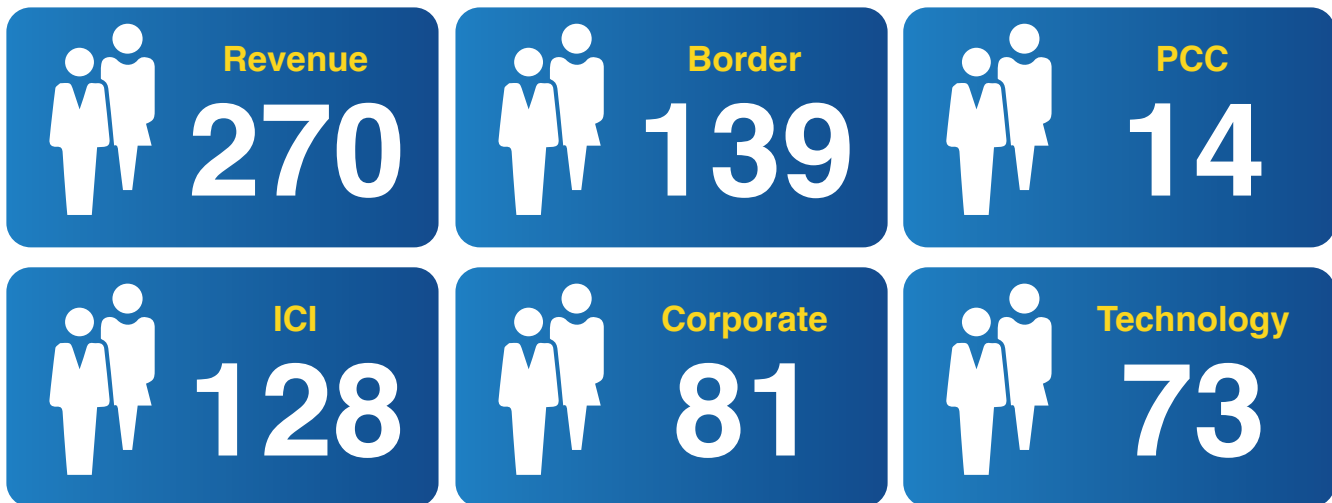
Staff Exits - 175



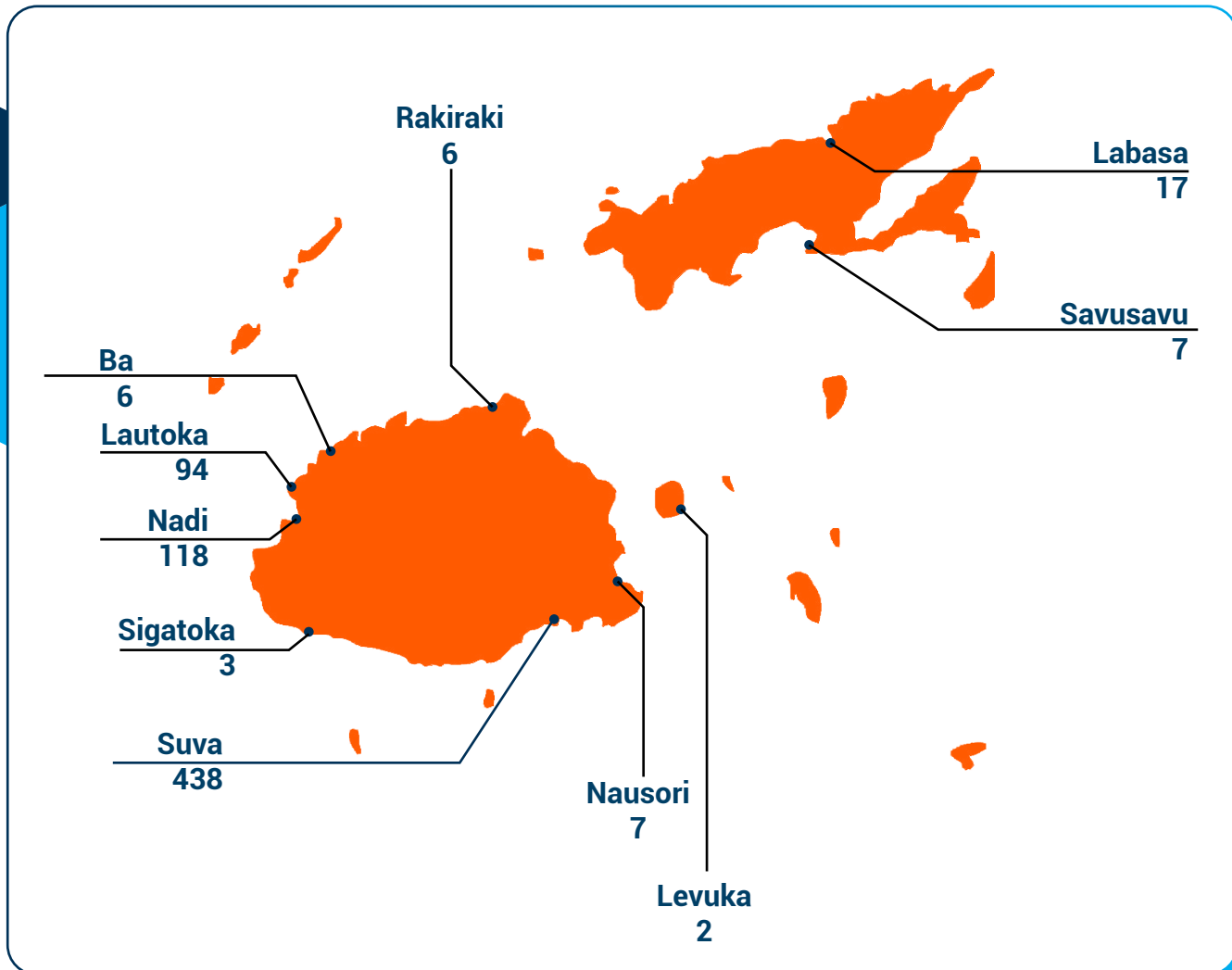
Staff turnover 22.36%



Staff Breakdown by Division



Staff Breakdown by Location



Border

Areas of Interest	Total FRCS Data
Customs Investigation conducted	39
Vessels Boarded	67
Import declaration (number & value)	Number of Declaration: 138,834 Total CIF Value: \$1,860,884,622
Customs Agent License	86
Bonded Warehouses	132
Airline Agent License	2
Shipping Agent License	21
Consol Freight Station License	31
Manifest Agent License	42
Excise Factory License	17
Fiji Detector Dog Unit	Methamphetamine – 4610 grams Cocaine – 112g Ephedrine – 56g

	Currency – Nil
	Arms & Ammunition – 1 x PT 80cal 4.5mm
Short Payment Advice (SPA's)	1605

Partnership

Taking Service to the People

cross FRCS, our teams worked relentlessly to take our services to our customers who could not make it to our offices or did not have access to our online platforms. Our teams carried out awarenesses and education sessions on various tax and customs topics and also assisted with Joint Card Registration and sign ups for TPOS.



FRCS officer, Iosefo Biligi at Wainibuka, Tailevu

Micro, Small and Medium Enterprises (MSME)

The Fijian Government announced the COVID-19 Concessional Finance Support Packages to aid the Micro, Small and Medium Enterprises. These packages were tailor made to support existing, Fijian owned MSME businesses that were severely impacted by the global pandemic. As part of our role as the revenue arm of government, FRCS through the Ministry of Economy, disbursed the loan to successful applicants. The disbursements were done from all FRCS offices around the country.



FRCS conducts awareness the for Co-operative Board of Directors in Suva, Beqa and Navua

A team from FRCS participated in a two-day training conducted by the Ministry of Commerce, Trade, Tourism and Transport for the Department of Co-operative members. FRCS was invited to speak on Micro Small and Medium Enterprises (MSME) incentives and other tax obligations and requirements directly related to co-operative businesses. Training and up-skilling of co-operative society members and officials is a key role of the department.



Navua and Beqa co-operative business owners

FRCS launches “Operation Waitui”

Fiji Revenue and Customs Services (FRCS) embarked on a joint task force with Biosecurity Authority of Fiji, Fiji Police Force, Maritime Safety Authority of Fiji, Ministry of Itaukei Affairs and Ministry of Fisheries on “Operation Waitui” from July to 14th October, 2020. “Operation Waitui”, under the Coastal Watch Framework involved visiting villagers along coastal areas in the province of Serua, Namosi, Rewa and Tailevu.

The Coastal Watch Framework is about information sharing on the responsibilities and role of each Agency towards the safety of our people and economy at large. The importance of each community member in reporting suspicious activity that include matters of interest to each agency as the saying goes “Border Security is Everyone’s Business”.



FRCS Customer Service Charter

The Organisation was rebranded to “Fiji Revenue and Customs Service” from Fiji Revenue & Customs Authority on 1st August, 2018. Since this change the Organisation has been transforming from being an authoritative Organisation to a more service-oriented Organisation. It is based on this transformation that we developed a Customer Service Charter that outlines our pledge to work with our customers along with providing insights into how the Organisation operates.

FRCS Complaints Policy

As part of our commitment to providing exemplary service to our customers, our Customer Service team developed a complaints policy. The policy ensures that all complaints made against any officer are dealt with promptly with courtesy and fairness. The policy is designed to effectively and efficiently investigate all complaints. All officers are empowered to resolve any complaint across the Organisation.

2020-2021 National Budget Awareness

FRCS held awareness sessions with the Fiji Hotel and Tourism Association (FHTA), The Fiji Institute of Accountants (FIA) Business Process Outsourcing, Tax and Customs Agents and the Fiji Law Society on the 2020-2021 National Budget. The area of interest discussed during these sessions varied from the underlying revenue policy framework for 2020/2021 which focused on raising domestic demand by lowering prices of goods and services, promoting competition, improving the ease of doing business, safeguarding employment and household incomes and reviving overall economic activity.

Technical Assistance with our Partners

FRCS took another step towards strengthening security at our borders with the launch of the Container Control Program (CCP) in Fiji in August. The United Nations Office on Drug and Crime (UNODC) and World Customs Organisation (WCO) and the Container Control Program (CCP) will strengthen Fiji's ability to process containers that pass through the nation's two main ports. CCP focuses on improving risk management, supply chain security and trade facilitation in sea, land and airports to prevent the cross-border movement of illicit good. CCP in Fiji was funded by the Australian Border Force (ABF) as part of its commitment to work together with Pacific nations to strengthen regional borders.

Vuvale Partnership

Funding was made available through the Border Security Assistance Package as part of the Fiji-Australia Vuvale Partnership. This was the donation of \$100,000 worth of IT equipment to support the FRCS with sea and air cargo targeting capabilities. This will significantly enhance the connectivity between risks systems as well as support Fiji's ability to analyze trade data sets to identify high-risk consignments. The modern technology and equipment will provide FRCS the ability to profile and target sea and air cargo shipments for the risk of illicit trade and revenue frauds. Australia recognizes that as a central hub for the movement of people and cargo through the Pacific, Fiji plays a fundamental role in the movement of the sea and air cargo across the Pacific. FRCS acknowledges the valuable support from the Australian Government through the ABF.

FRCS Partners with REACH Project

FRCS partnered with the REACH project to enhance awareness and service delivery in the informal settlements in the central division. Keeping in line with the government's policy on "leaving no one behind" the REACH project enables Fijians to access certain services instantaneously by taking these services to their doorsteps. The team presented on Taxpayer Online Services (TPOS), the services for MSMEs and the processes for the TIN Registrations.

FRCS Partners with BSP and the Ministry of Social Welfare

To assist our senior citizens with the new requirements for the Ministry of Social Welfare and BSP Bank, the three Organisations teamed up to facilitate our elderly population with these requirements. This enabled the teams to facilitate TIN registration and change bank details for social welfare recipients. This initiative was ideally to officer convenience and efficiency within the vicinity.

FRCS Partners with United Nations Development Program (UNDP)

To assist rural women, the "Markets for Change" through the United Nations Development Program (UNDP) facilitated training on Financial Literacy to the women of Kadavu. The week-long exercise

was initiated to guide both women and men with desired business plans, thrive and develop skills and knowledge to enhance business growth and maintain economic sustainability. Several Organisations were part of this exercise enabling the community to have access to all requirements. The Organisations that were involved representatives from HFC Bank, Vodafone Fiji, Digicel Pte Ltd, Unit Trust of Fiji, Westpac Bank, Fijian Holdings and FRCS.

FRCS signs MOA with Fiji Police Force

Fiji's border management system has been further strengthened with the signing of an agreement between FRCS and the Fiji Police Force for both agencies to share information through the INTERPOL database and the FRCS National Customs Enforcement Network (NCEN). The agreement allows FRCS direct access to the INTERPOL information system that will allow instant access to a wide range of information that may prove useful to our compliance activities.



People

Flexi Hours

The flexi hours policy was designed to provide reasonable assistance to staff members to allow them to effectively manage their work life, family time and personal time. This policy allows employees to request flexible working arrangements and type of arrangement.

The primary objective of implementing flexible starting and finishing times was to ensure staff productivity is maintained at the same time ensuring that minimal disruption is reflected in our services. The hours of work as required under our contract of service remain unchanged, as does the responsibility of staff to deliver the requirements of their role.

Staff Awareness on 2020/2021 National Budget

The Technical Interpretation and Procedures Unit (TIPU) together with the Objections Review team (ORT) conducted a 3-day training workshop on the changes in the National Budget. The training was aimed at increasing the knowledge and competency of staff, empower our business units to handle technical issues and provide clarifications on practical and complex matters. A competency test was conducted to assess the level of understanding attained from the training. This also encouraged the staff to learn and apply their learnings in their everyday work.

Ministry of Justice Training

A training session was provided to the Ministry of Justice staff to up-skill their knowledge on general and specific concepts relating to companies, secretarial compliances, corporate governance issues, international case studies and the recently introduced re-registration requirements of Companies Act 2015. A number of technical issues and legislative provisions were discussed at length resulting in a positive interactive training session.

State of the Art Nadi Office

Our Nadi offices were situated in two locations which made it inconvenient for our customers to travel to and from these locations. To address this, the Organisation relocated the offices to one location on the 30th of November, 2020 and upgraded the office for our customers and staff. The office is now a flagship location and is the pride of our customers in Nadi and the surrounding areas. A soft launch of the office was done due to the COVID-19 restrictions. The Nadi office provides service to 110459 registered taxpayers



Hon. Aiyaz Sayed-Khaiyum is Fiji's Attorney-General and Minister for Economy, Civil Service, Communications, Housing and Community Development

FRCS Right Sizing and Restructure Process

We proactively reorganized ourselves for the current ongoing impact and the forecasted economic impacts of the global pandemic and prepared for a full self-assessment work environment. With the introduction of the new Taxpayer Online Services, we anticipated that there will be streamlining of operations and roles to create a leaner Organisation in the near future. Therefore, in our first step to proactively create a leaner organization, the Organisation offered a voluntary redundancy option to all employees. This was managed through an Expression of Interest (EOI) process. There were consultations held via face to face and virtually. The closing of Fiji's Borders impacted many jobs across the tourism industry including our Primary Line Officers.

Staff Guideline on COVID-19

The COVID-19 staff guideline was developed especially to provide staff and management the knowledge on how to treat their team members if they were identified as COVID positive, primary contacts or secondary contacts. The guideline was developed to ensure management was aware of all health protocols that were implemented by the Ministry of Health. As the Ministry's protocols changed our staff guidelines were amended to reflect any new requirements or changes.

careFIJI App

In light of the COVID-19 pandemic and the Government's initiative to monitor and protect all Fijians, it was mandatory for all FRCS customers and personnel entering any FRCS premise to download and use the careFIJI App.

Distribution of Personal Protective Gear

All personnel of FRCS around the country were provided with a pair of masks for the protection of others and themselves. Vaccination of staff was done at the office prior to lockdown in April. All offices of FRCS were provided with hand sanitizers for all the floors which staff and visitors were encouraged to use before entering and exiting the floors and buildings. Fogging and sanitization of all office space were done frequently to minimize the risk.

Screening of Staff

Visitors and critical staff were screened, and temperature checks were taken to ensure all it was below the high-risk temperature. Daily briefs were conducted with staff to highlight risk areas from previous days, this also allowed officers to raise concerns from the public. Contact tracing of COVID-19 staff was also done when required.

Work from Home

In light of the fast-evolving state of COVID-19 in Fiji, the Organisation implemented remote working arrangements for non-essential customer service areas that were monitored through the respective leaders. The main focus during this period was to ensure that customer services and service delivery was not compromised in any way, therefore all Customer Enquiry Centers remained open with minimal staff to assist our customers and stakeholders. All staff were encouraged to adhere to all guidelines put out by the Ministry of Health (MOH). Non-essential staff were encouraged to work from home during the lock down while providing updates on deliverables on a weekly basis.

COVID-19 Measures

The COVID-19 pandemic created major disruptions impacting the economy, businesses, and the public at large. Faced with an unprecedented crisis, the government implemented several corrective measures as mitigation strategies.

Along with quick strategies to contain the health risks, immediate responsive measures were introduced to buffer the impact on the economy. Fiscal policy tools were adopted, and FRCS was at the forefront in the formulation and implementation of these policies. Several taxes and customs policies were introduced or amended to provide quick relief and introduce economic stimulus effects.

The underlying revenue policy framework focused on rebuilding the competitiveness of the tourism industry, raising domestic demand by lowering prices of goods and services, promoting competition, improving ease of doing business, safeguarding employment and household incomes and reviving the overall economic activity.

Taxes such as the Service Turnover Tax (STT), Fish Levy and Stamp Duties were completely removed and Departure Taxes, Environmental and Climate Adaptation Levy (ECAL), and Excise Duty on alcohol were substantially reduced. Import duties on more than 2000 items were also reduced or completely removed. Tax payment deferment and penalty waiver provisions were also introduced to assist taxpayers with cash flow issues.

Additionally, concessions were also introduced to boost investment and employment, particularly for tourism, Information & Communications Technology (ICT) and Business Process Outsourcing (BPO), medical and land subdivision activities.

FRCS also assisted the government in the administration of a number of subsidy and loan programs such as the Stronger Together Job Support Scheme and the Micro, Small and Medium Enterprise (MSME) Concessional Loan Scheme.

COVID-19 Economic Stimulus Package

The preparation of the National Budget was the pinnacle of the Organisation. We collated data from the different areas within the Organisation, communicated internally and externally and held budget discussions with our customers and stakeholders on areas of interests that affect the different industries. Despite being the revenue arm of government, the budget changes carried out by FRCS do not always focus on increasing the revenue for government but rather focuses on areas such as the streamlining of processes, aligning to International Tax and Customs best practices and being able to provide a rationale behind the budget submissions. This is always a rigorous process that is done face to face over weeks of planning, consultation and collaboration with the Ministry of Economy and the FRCS team. However due to COVID-19 both Organisations had to relook at this process to ensure we were adhering to the principles of physical distancing. The teams adapted to the new way of working which saw the National Budget process being virtually held and delivered to the nation. In total all tax measures directly saved businesses, exporters and individuals \$120 million dollars.

Some of the highlights that came from this budget were the following:

- For students repaying Tertiary Education Loans, all repayments were suspended until 31 December 2020, providing the working Fijians with around \$10 million dollars in immediate relief.
- Through the end of 2022, the current, already-generous new hotel investment incentive package was made even more attractive to current industry operators and potential investors, affording an income tax holiday of 5, 7, or 13 years, depending on the level of capital investment. An investment allowance of 25 per cent was also allowed to cover the construction, renovation, refurbishment and extension of new and existing hotels.
- The Export Income Deduction was increased from 50 per cent to 60 per cent for three tax years: 2020, 2021, and 2022.
- Business losses of up to \$20,000 dollars were allowed to be deducted against employment income. So, a person earning \$50,000 dollars, who also ran or started a business on the side, could offset the losses of that business against their personal income.
- The certificate of exemption would be reintroduced for the 5 per cent Provisional Tax -- further boosting businesses' cash flow.
- The rule for advance payment of tax for companies and other taxpayers was relaxed from the current three payments at a rate of 33.3 per cent to nine payments at a rate of 11.1 per cent. This more flexible and affordable payment schedule was based on their post-COVID adjusted profits, offering serious financial relief to businesses, sole traders, and partnerships. Penalties on estimated tax were also removed, with this policy lasting through 31 December 2020.
- Debt forgiveness by associated companies was not subject to income tax. This applied to the forgiving of any and all outstanding debt, effective from 1 April 2020 through 31 December 2020.
- A 300 per cent tax deduction was awarded to employers for wages and salary paid to employees who self-quarantined, with approval from the Ministry of Health. If Family Care Leave was available, this deduction would kick-in once those days expire.
- A 300 per cent tax deduction was also offered for any donations that businesses made to the government's COVID-19 donor fund, and a trust would be utilised for any coronavirus assistance, from medical supplies to economic relief.
- The Employment Taxation Scheme would be further incentivized from its current levels. The tax deduction that businesses can claim on their first full-time employee would increase from 200 to 300 per cent. The tax deduction on wages paid for applicable student apprenticeships will also

be increased to 300 per cent. And to continue to build an inclusive economy through these tough times, deductions for businesses employing Fijians living with disabilities for three consecutive years increased from 300 to 400 per cent.

- A 100 per cent write-off of up to \$10,000 dollars would be made available on the purchase of fixed assets for business purposes.
- A 100 per cent write-off will also be granted for the construction of new commercial and industrial buildings, provided the appropriate approvals were obtained before the end of the calendar year
- To incentivize commercial landlords to reduce the rent to fit our current economic landscape and prevent the disruption of broken leases by easing the burden of these reductions, a tax deduction will also be given to cover any deductions made to existing rental contracts. This reduction will apply to rent payable between 1 April and 31 December 2020
- And to offer serious mortgage relief for our homeowners, we also reduced the stamp duty rates for Fiji resident taxpayers for mortgages from 1.7 per cent to zero per cent. Foreign nationals would see their mortgages' stamp duty reduced from five per cent to zero per cent.

Advance Clearance of Personal Consignment

In light of the COVID-19 precautionary measures and security, FRCS has implemented new policies and strengthened enforcement with the use of technology and intelligence to conduct advanced clearance of all personal consignments. For the safety of the public and our personnel, movement and interactions around the Customs Bonded Area was restricted. The Customs team also reassured importers that due diligence would be taken in the presence of an authorized cargo agent.

The COVID-19 staff guideline was developed especially to provide staff and management the knowledge on how to handle or treat their team members should they were identified as COVID positive, primary contacts or secondary contacts.

The guideline was developed to ensure management was aware of all health protocols that were implemented by the Ministry of Health. As the Ministry's protocols changed, our staff guidelines were amended to reflect all new requirements and changes.

First COVID-19 Lockdown

The Ministry of Health and Medical Services announced a 24-hour curfew and a total lockdown for the greater Nadi and Lautoka area which came into effect from Monday the 19th of April 2021. The lockdown was to aid rapid contact tracing and to reduce the likelihood of further transmission of COVID-19 following the registration of a positive case. Due to this, the FRCS offices in Nadi and Lautoka remained closed however all essential services and vessel clearance were still processed by the officers.

Process and Legislation

Governance and Risk

Internal Audit

Planned and special advisory audits were conducted during the year to assess compliance and control gaps in the Organisation's operations. Special advisory audits were requested by the Office of the CEO to give assurance on compliance and control of certain processes.

Due to FRCS's strategic move towards digital transformation, most of the audits were system-based audits. Ongoing monitoring and audits of Information Technology (IT) systems were undertaken to mitigate risks associated with digital transformation.

Enterprise Risk Management (ERM)

FRCS has developed and implemented an ERM to govern all Risk management activities within the organization. The framework ensures that risk management is integrated at all levels and the work contexts of FRCS. It describes the key principles, elements and processes to guide all staff in effectively measuring and managing risk, making it part of our day-to-day decision-making and business practices.

The FRCS Enterprise Risk Management Framework is guided by the set Risk Appetite by the FRCS Board of Directors. The ERM framework is bench marked to the revised ISO 31000.

The risk reviews are conducted at least once a year for every section in FRCS and the risks are compiled in the FRCS risk register. The risk register is presented to the Audit and Risk Committee every quarter. All risks are assigned to their risk owners and mitigating owners to ensure that timely mitigating actions are taken.

Risk culture

The ERM Framework promotes a risk management culture across FRCS and requires all staff to apply risk management principles to fulfill their responsibilities, to ensure cost-efficient and effective service delivery. The service continues to work on embedding risk culture by organizing Risk Workshops and pocket awareness exercises during the risk review sessions. This helps in improving staff response, ownership and participation in Risk Initiatives.

FRCS Policy & Standard Operating Procedure Development & Review

The FRCS centralized Policy and SOP depository are maintained by the Risk Team. The team ensures that these Policies and SOPs are reviewed in a timely manner in liaison with respective process owners. Policy & SOP awareness are carried out by the respective process owners to ensure a rationalized understanding of the Service's internal mandates.

Ethical Standard Unit (ESU)

The Ethical Standard Unit (ESU) plays a critical role in terms of providing assurance to the office of the CEO and Board through independent investigation on the allegations laid against FRCS staff. The investigation team also closely works with the Internal Audit and Enterprise Risk Management team on the identification of ethical breaches.

Apart from the investigation, other functions include attending to and managing of Whistle blower (WB) complaints and referrals to respective Division within FRCS for due process, due diligence on WB payouts. In addition, ESU conducts Integrity awareness, administers a Declaration of Interest (DOI), and liaising point for Law Enforcement Agencies (LEA) in facilitating search warrants.

In total, 175 WB complaints were registered, and 22 staff cases were registered.

FRCS holds Virtual Consultation to Educate Stakeholders on Standard Interpretation Guideline (SIG's)

The Tax Interpretation and Procedures Unit (TIPU) engaged in several virtual consultations with our external stakeholders for the first time. These consultations were based on improving the development, quality, relevance and the accuracy of SIG's. The target audience for this consultation was the 33 tax agents who logged on virtually to provide feedback, suggestions and recommendations.



FRCS SIG Consultation Team

Technology

Taxpayer Online Service (TPOS)

The New Tax Information System (NTIS) team has been working tirelessly with internal and external stakeholders to deliver certain processes digitally. In November 2020 the team delivered the following processes.

- Tax Compliance Certificate
- Individual Taxpayer Requests for Remission of Penalties, Time to Pay Arrangements, Clarification
- Risk Profiling (Filing and Registration)
- Solution enhancement- Manage Clerk-Tax Agents
- Prior to these processing going live, the NTIS education team and the corporate communication teams carried out readiness activities in order to prepare for the processes going live. These activities included.
- Internal End User Training commencing with Taxpayer Request for to Pay Arrangements.
- Developing external education materials.
- Data migration tests.
- Regular updates on the processes for internal and external stakeholders.
- Updating of SOPs and forms

In addition, the team also delivered the Train the Trainers program, Key User Training on the Corporate Income Tax (CIT), New/Advance Payment Reduction, External Testers Program Briefing for PAYE, Individual Taxpayer Requests on Time to Pay Arrangements, Remission of Penalties and Clarification.

Awareness sessions on Self-Assessment in Suva and Western ports, Radio talk back shows, and trainings for all outer port Phase 2 key users.





**FIJI REVENUE AND
CUSTOMS SERVICE**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 JULY 2021



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FIJI REVENUE AND CUSTOMS SERVICE MEMBERS' REPORT AS AT 31 JULY 2021

In accordance with a resolution of the Service, the members herewith submit the Statement of Financial Position and Statement of changes in Equity of the Service as at 31 July 2021, and the related Financial Performance and Cash Flows Statements for the year ended 31 July 2021 and report as follows:

THE NAMES OF THE MEMBERS OF THE SERVICE IN OFFICE AT THE DATE OF THIS REPORT

Ms. Fay Yee	Appointed on 1st January 2020 to 31st December 2022 (Chairperson)
Mr. Mahmood Khan	Appointed on 1st January, 2020 to 31st December, 2022
Mr. Shri Gounder	Appointed on 1st January 2020 to 31st December 2022
Ms. Lala Sowane	Appointed on 1st January 2020 to 31st December 2022
Mr. Shri Gounder	Appointed on 16th March 2021 to 15th March 2024
Ms. Umesh Prasad	Appointed on 27th September 2021 to 26th September 2023
Mr. Parvez Akbar	Appointed on 27th September 2021 to 26th September 2023
Mrs. Makereta Konrote	Appointed on 22nd December 2017 to 15th March 2021
Mr. Ariff Ali	Appointed on 1st January 2020 to 24th May 2021
Ms Naomi Vuibureta	Appointed on 3rd June 2020 to 21st September 2021

PRINCIPAL ACTIVITIES

The principal activities of the Service during the year were to act as the Agent of the State in the provision of taxation and customs services, particularly revenue collection and border management.

OPERATING RESULTS

The net deficit of the Service for the year ended 31 July 2021 was \$8,922,139 compared to net surplus of \$4,832,493 for the period ended 31 July 2020.

BAD AND DOUBTFUL DEBTS

Prior to the completion of the Service's financial statements, the members took reasonable steps to ascertain that action had been taken in relation to writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate provisions made for doubtful debts.

For the year ended 31 July 2021, the Service had written off capital expenditure of \$1,036,206. This was preliminary costs related to the construction of office space at Nadi Airport. Board approval was sought for the write off.

For the year ended 31 July 2021, the Service had made a provision of \$11,956 as doubtful debts. The debt was money owed to the Service by a supplier and a previous staff who had left employment without clearing outstanding dues. Legal advise is being sought for the recovery of the dues hence adequate provisions has been made for the doubtful debts.

CURRENT ASSETS

Prior to the completion of the financial statements of the Service, the members took reasonable steps to ascertain whether any current assets were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Service. Where necessary these assets have been written down or adequate provision has been made to bring the values of such assets to an amount that they might be expected to realise.

As at the date of this report, the members are not aware of any circumstances which would render the values attributed to current assets in the Service's Financial statements misleading.

UNUSUAL TRANSACTION

The results of the Service's operations during the financial year have not, in the opinion of the members, been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements.

EVENTS SUBSEQUENT TO BALANCE DATE

There were no events subsequent to balance date that materially affect the financial statements, except for those already noted in the accounts.

OTHER CIRCUMSTANCES

As at the date of this report:

- a. no charge on the assets of the Service has been given since the end of the financial year to secure the liabilities of any person;
- b. contingent liabilities could not be reliably estimated at the end of the financial year; and
- c. can become or are likely to be enforceable within the period of twelve months after the end of the financial year, which in the opinion of the members, will or may substantially affect the ability of the Service to meet its obligations as and when they fall due.

As at the date of this report, the members are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the Service's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the Service misleading or inappropriate.

MEMBERS' BENEFIT

Since the end of the previous financial year no member has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by members) by reason of a contract made by the Service with the member or with a company/firm which he or she is a partner, or in which he or she has a substantial financial interest.

For and on behalf of the Service :


.....
Chairman

21/10/2022
.....
Date

STATEMENT BY THE MEMBERS

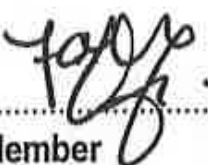
In accordance with a resolution of the members of the Fiji Revenue and Customs Service, we state that:


In the opinion of the members:

- i. the accompanying Statement of Financial Position and Statement of Changes in Equity of the Service are drawn up so as to give a true and fair view of the state of affairs of the Service as at 31 July 2021;
- ii. the accompanying Statement of Financial Performance of the Service is drawn up so as to give a true and fair view of the results of the Service for the year ended 31 July 2021;
- iii. the accompanying Statement of Cash Flows is drawn up so as to give a true and fair view of the cash flows of the Service for the year ended 31 July 2021;
- iv. at the date of this statement, there are reasonable grounds to believe that the Service will be able to pay its debts as and when they fall due; and
- v. all related party transactions have been adequately recorded in the books of the Service.

Dated at Suva this 21 day of October, 2022.

For and on behalf of the Service and in accordance with a resolution of the members.


.....
Member


.....
Member

OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability through our Audits



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Suva, Fiji



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INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statement of Fiji Revenue & Customs Service

Opinion

I have audited the financial statements of Fiji Revenue & Customs Service ("the Service"), which comprise the Statement of Financial Position as at 31 July 2021, and the Statement of Financial Performance, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Service as at 31 July 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

I have conducted my audit in accordance with International Standards on Auditing (ISA). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Service in accordance with the International Ethics Standards Board for Accountant's *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to my audit of the financial statements in Fiji and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements and the auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based upon the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management and Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and for such internal control as the Management and Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Directors are responsible for assessing the Service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management and Directors either intend to liquidate the Service or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Service's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with ISA, I exercise professional judgment and maintain professional scepticism throughout the audit. I also;

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Service's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Management's and Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Services' ability to continue as a going concern. If I conclude that material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Service's to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Other Legal and Regulatory Requirements

In my opinion, the financial statements have been prepared in accordance with the requirements of the Fiji Revenue and Customs Act 1998 in all material respects, and;

- a) I have been given all information, explanations and assistance necessary for the conduct of the audit; and
- b) the Service has kept financial records sufficient to enable the financial statements to be prepared and audited.



Sairusi Dukuno
ACTING AUDITOR-GENERAL



Suva, Fiji
29 November 2022

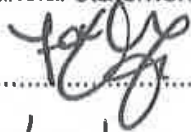
**FIJI REVENUE AND CUSTOMS SERVICE
STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2021**

STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2021			
		31 July 2021	31 July 2020
	Notes	\$	\$
Total Equity		82,471,530	89,967,879
CURRENT ASSETS			
Cash & Cash Equivalent	5	21,740,773	27,704,903
Receivables	6	7,991,871	3,936,954
Inventory		222,450	246,991
Prepayments		907,479	1,151,424
Investments	7	20,051,707	31,299,517
TOTAL CURRENT ASSETS		50,914,280	64,339,789
NON- CURRENT ASSETS			
Property, Plant and Equipment	8	30,248,453	38,975,597
Intangible Assets	9	31,300,645	24,476,809
Right-Of-Use Assets	14(a)	24,344,317	27,713,612
Investment Property	10	10,606,033	6,443,750
TOTAL NON-CURRENT ASSETS		96,499,448	97,609,768
TOTAL ASSETS		147,413,728	161,949,557
CURRENT LIABILITIES			
Trade and Other Payables	11	5,781,935	2,930,003
Provision	12	572,747	641,793
Lease Liabilities	14(b)	2,916,026	2,216,087
Revenue Received In Advance		512,252	1,235,566
TOTAL CURRENT LIABILITIES		9,782,960	7,023,449
NON-CURRENT LIABILITIES			
Revenue Received In Advance		-	512,253
Lease Liabilities	14(b)	23,978,996	26,895,022
Deferred Grant Liability	13	31,180,242	37,550,954
TOTAL NON-CURRENT LIABILITIES		55,159,238	64,958,229
TOTAL LIABILITIES		64,942,198	71,981,678
NET ASSETS		82,471,530	89,967,879

The above Statement of Financial Position has been prepared in accordance with International Financial Reporting Standards (IFRS) and should be read in conjunction with the accompanying notes.

FIJI REVENUE AND CUSTOMS SERVICE
STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2021

These financial statements are approved in accordance with a resolution of the members of the Service.

Member.....

Date: 21/10/ 2022

Member.....

Date: 21/10/ 2022

FIJI REVENUE AND CUSTOMS SERVICE
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 JULY 2021

FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 JULY 2021			
		31 July 2021	31 July 2020
	Notes	\$	\$
REVENUE			
Grants from Government	15(a)	27,000,000	4,832,493
Grants in Kind	15(b)	10,504	-
Fees and Charges	16	4,962,328	8,543,248
Recoupment of Depreciation through grants	13	7,249,714	5,747,259
Sundry Income	17	416,343	856,170
Interest Income		1,477,730	3,106,179
Revaluation Gain - Investment Property		4,345,061	-
Rent Concession		55,449	34,239
Gain on Disposal of Asset		77,940	134,503
TOTAL REVENUE		45,595,069	62,806,676
EXPENSES			
Employee Costs	18	32,173,510	37,298,672
Administrative Expenses	19	2,241,432	2,770,918
Other Operating Expenses	20	5,934,974	4,488,835
Property Expenses	21	1,229,914	1,132,673
Depreciation - PPE	8(a) and 10	6,289,763	6,001,319
Depreciation - Right-of-use Assets	14(a)	3,369,295	3,376,840
Amortisation of Intangible Asset	9	1,222,046	690,362
Finance Cost	14(b)	2,056,274	2,214,564
TOTAL EXPENSES		54,517,208	57,974,183
NET SURPLUS/(DEFICIT) FOR THE PERIOD		(8,922,139)	4,832,493
OTHER COMPREHENSIVE INCOME			
Revaluation Gain		1,425,790	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(7,496,349)	4,832,493

The above Statement of Financial Performance has been prepared in accordance with International Financial Reporting Standards (IFRS) and should be read in conjunction with the accompanying notes.

FIJI REVENUE AND CUSTOMS SERVICE
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2021			
	Asset Revaluation Reserve	Retained	Total
	\$	\$	\$
Balance as at 01 August 2019	10,534,061	74,687,760	85,221,821
Surplus for the year	-	4,832,493	4,832,495
IFRS 16 - Transition Adjustment	-	(86,435)	(86,435)
Balance as at 31 July 2020	10,534,061	79,433,818	89,967,879
Other Comprehensive income	1,425,790	-	1,425,790
Surplus/(Deficit) for the period	-	(8,922,139)	(8,922,139)
Balance as at 31 July 2021	11,959,851	70,511,679	82,471,530

The above Statement of Changes In Equity has been prepared in accordance with International Financial Reporting Standards (IFRS) and should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2021			
		31 July 2021	31 July 2020
	Notes	\$	\$
Cash flows from operating activities			
Amount received from government for operating activities		27,000,000	44,385,077
Amount received for services provided		3,728,830	13,020,293
Payments to suppliers & employees		(37,375,501)	(46,042,994)
Net cash provided by operating activities		(6,646,671)	11,362,376
Cash flows from investing activities			
Payment for Property, Plant & Equipment		(8,663,123)	(14,628,736)
Net redemption /(payment)for investment		11,247,810	12,981,143
Proceed from sale of fixed assets		74,492	150,344
Interest from investment and other income		1,986,490	3,612,491
Income from investment property		309,233	311,297
Net cash provided/(used) in investing activities		4,954,902	2,426,539
Cash flows from financing activities			
Lease payments	14(b)	(4,272,361)	(3,961,269)
Net cash provided/(used) from financing activities		(4,272,361)	(3,961,269)
Net increase/(decrease) in cash held		(5,964,130)	9,827,646
Cash as at beginning of the year		27,704,903	17,877,257
Net cash at the end of the year	22	21,740,773	27,704,903

The above Statement of Cash Flows has been prepared in accordance with International Financial Reporting Standards (IFRS) and should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

1. PRINCIPAL ACTIVITIES

The principal activities of the Service during the year were to act as the agent of the State in the provision of taxation and customs services, particularly revenue collection and border management.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been drawn up in accordance with International Financial Reporting Standards (full "IFRS"). The principal accounting policies adopted by the Service are stated to assist in the general understanding of these financial statements. The accounting policies adopted are consistent with those of the previous year except when stated otherwise.

a. Issue of Financial Statements

The financial statements were approved for issue by the Service's Board of Directors at its meeting held on 21st October, 2022.

b. Basis of Accounting

The financial statements have been prepared in accordance with the historical cost conventions, except for investment properties, and the land and buildings that are classified as property, plant and equipment, have been measured at fair value.

The financial statements are presented in the Fijian currency and are rounded off to the nearest dollar, except otherwise indicated.

The Service's financial statement has been prepared on a going concern basis. However, the Service is dependent on Government policy and the continued funding by Parliament for the administration of the Service.

c. The Service as the Agent of the State

All funds utilised by the Service through various branches to carry out its functions as the agent of the state have been included in the financial statements.

As the Service acts as the Agent of the State, it administers, but does not control, funds collected on behalf of the Fiji Government. The Service is accountable for transactions involving those resources, but does not have the discretion to deploy the resources for the achievement of its objectives. Government revenue include taxes and customs duties. Government revenue is recognised on receipt (cash basis) whereas the Service's transactions are recorded on accrual basis.

d. Changes in Accounting Policies

There were no major changes in the accounting policies for the year ended 31 July 2021.

e. Cash and cash equivalents

For the purposes of the statement of cash flow, cash equivalents comprise cash on hand and cash at bank.

f. Comparative figures

Where necessary, comparative figures have been reclassified to facilitate comparison and achieve consistency in disclosure with current year amounts.

g. Property, Plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and impairment loss except for one class of PPE, which is buildings. Buildings are measured at revalued amount less accumulated depreciation and impairment loss.

Additions

While expenditure on assets with a value of less than \$1,000 is generally not capitalised, physical control is maintained over all items regardless of cost.

Depreciation rates

Property, plant and equipment (except land) and intangible assets are depreciated at the rates based upon their expected useful lives using the straight line method:

	Period	Rate
Buildings	20 - 25 years	4 - 5%
Motor Vehicles	5 - 10 years	10 - 20%
Office Equipment	3 - 10 years	10 - 33%
Detectors and Scanners	5 - 10 years	10 - 20%
Furniture & Fittings	5 - 10 years	10 - 20 %
Computer Hardware	3 - 5 years	20 - 33%
Computer Software	3 - 20 years	5 - 33%

Disposals

Gain and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the statement of financial performance.

Intangible assets

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives. The costs of infinite life are tested for impairment annually and if there is any indication of impairment, necessary amortisation is carried out.

Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Service, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

h. Provision for Employee Entitlements

Liabilities for salaries and annual leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

i. Income tax

The Service is exempt from Income Tax under section 53 of the Fiji Revenue and Customs Act 1998. Hence, Income Tax is not separately accounted for in the Service's financial statements.

j. Revenue Recognition

Government Operating & Capital Grant

Government grants are recognised in the Statement of Financial Performance on an accrual basis over the periods necessary to match them with the related costs which the grants are intended to compensate. The cost of assets funded by grants are capitalized to fixed assets and the corresponding credit is taken as a deferred grant income.

The fixed assets are depreciated over their estimated useful lives. The benefits arising from the grants being the recoupment through depreciation, is credited to revenue over the period of the useful lives of those assets.

Accounting for COVID-19 related rent concessions

The Service has applied the practical expedient to rent concessions received due to COVID-19 and which meets the following conditions:

- i. The changes in lease payments results in revised consideration for the lease that is substantially the same as or less than the consideration for the lease immediately preceding the change.
- ii. Any reduction in lease payments affects only payments originally due on or before 31 July 2021.
- iii. There is no substantive change to other terms and conditions of the lease.

All changes in lease payment arising from rent concession and those that has met the above criteria, the Service has applied the practical expedient approach and recognised rent concessions in its Statement of Financial Performance.

k. Other income

Fees and charges earned is recorded in the Statement of Financial Performance on an accrual basis. Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial assets. Rental income earned from leasing or sub-leasing properties is recorded in the Statement of Financial Performance on an accrual basis.

l. Rounding off amounts

Amounts in the financial statements have been rounded off to nearest dollars unless specifically stated to be otherwise.

m. Value Added Tax

All items in the financial statements are exclusive of Value Added Tax (VAT), with the exception of Trade Creditors which are stated as VAT inclusive.

n. Trade and other payables

Trade and other payables are stated at cost. Trade payables are recognised in the statement of financial position when the Service has legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

o. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average cost principle and includes expenditure incurred in acquiring the stock and bringing

(Continued to next page)

it to its existing condition and location. Consumables are valued at cost plus the associated delivery charges.

p. Revenue Received in Advance

Revenue received in advance relates to income received in advance for which service is yet to be provided. Revenue will be realised as and when the service is rendered. This relates to customs agent fees paid in advance.

q. Leased Assets

Policy applicable

At inception of a contract, the Service assesses whether a contract is, or contains, a lease. A contract is or contains, a lease if the contract conveys the right to control the use of an identified asset, the Service assesses whether:

- a. the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset.
- b. the Service has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- c. the Service has the right to direct the use of assets. The Service has this right when it has the decision - making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Service has the right to direct the use if the asset if either:
 - i. the Service has the right to operate the asset ; or
 - ii. the Service designed the assets in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Service allocates the consideration in the contract to each lease component on the basis of their relative stand - alone prices. However, for the leases of land and buildings in which it is a lessee, the Service has elected not to separate non - lease components and account for the lease and non lease components as a single lease component.

As a Lessee

Under IFRS 16 - from 1 August 2019

The Service recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of right-of-use assets are determined on the term of the lease. In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain re-measurements of the lease liability.

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The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the Service's weighted average cost of capital.

Lease payments included in the measurement of the lease liability comprise the following :

- a. fixed payments, including in substance fixed payments;
- b. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- c. the exercise price under a purchase option that the Service is reasonably certain to exercise, lease payments in an optional renewal period if the Service is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Service's estimate of the amount expected to be payable under a residual value guarantee, or if the Service changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Service presents right-of-use assets and lease liabilities as separate line items in the statement of financial position.

Short term leases and leases of low-value assets.

The Service has elected not to recognise right-of-use assets and lease liability for short-term leases i.e. leases with lease term 12 months or less and leases of low value assets. The Service recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Under IAS 17- before 1 August 2019

In the comparative period, the Service as a lessees classified assets held under leases as operating leases and were not recognised in the Service's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight line basis over the term of lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

As a Lessor

When the Service acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Service makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is finance lease; if not, then it is an operating lease. As part of this assessment, the Service considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

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"When the Service is a lessor, it assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the lease, not with reference to the underlying asset. If a lease is a short-term lease to which the Service applies the exemption described above, then it classifies the sub-lease as an operating lease."
"

If an arrangement contains lease and non-lease components, the Service applies IFRS 15 to allocate the consideration in the contract.

The Service recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other operating revenue'.

The accounting policies applicable to the Service as a lessor in the comparative period were not different from IFRS 16. However, when the Service was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

r. Financial Instruments

Initial Recognition and Measurement

The Service recognises a financial asset and financial liability in the statement of financial position when, and only when, the Service becomes party to the contractual provisions of the instrument.

The Service measures the financial asset and financial liability (except for trade receivables) at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

The financial assets shall be classified as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss depending on the financial asset's contractual cash flow characteristics and the Service's business model for managing them.

The Service measures financial assets at amortised cost if both of the following conditions are met:

- a. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- b. the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets and liabilities are subsequently measured at amortised cost using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

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The Service Financial assets (Cash & Cash Equivalents, Receivables, Prepayments and Investments) meet these condition and hence are subsequently measured at amortised cost.

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e.; removed from the Services Statement of Financial Position) when :

- a. The rights to receive cash flows from assets have expired;
- b. The Service has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass - through' arrangement and either :
 - i. the Service has transferred substantially all the risks and rewards of the assets , or
 - ii. the Service has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the asset.

Derecognition of Financial Liabilities

The Service derecognises a financial liability from its statement of financial position when its obligation specified in the contract is discharged or cancelled or expires. The Service also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit and loss.

Impairment of Financial assets

The Service recognises an allowance for Expected Credit Losses (ECL) for all financial assets recognized and measured under amortised cost. The Service on initial recognition of a financial asset recognises a loss allowance based on the 12-months ECL and is assessed as Nil. At each reporting date, the Service assesses the credit quality of the financial assets and if the credit quality of the financial assets deteriorates significantly since initial recognition the impairment loss is based on lifetime ECL. If the credit quality of the financial assets shows no evidence of deterioration, the loss allowance continues to be based on the 12 months ECL.

The Service applies a simplified approach in calculating ECLs for rent and other trade receivables in that no credit loss allowance is recognised on initial recognition. Any loss allowance will be the present value of the expected cash flow shortfalls over the remaining life of the receivables at each reporting date. The Service uses a provision matrix to determine the lifetime expected credit losses. It is based on the Service's historically observed default rates and adjusted for forward - looking estimates that includes the probability of a worsening economic environment within the next year. At each reporting date, the Service updates the observed default history and forward- looking estimates.

Loss allowance for financial assets measured at amortised cost are deducted from the gross carrying amount of assets. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of Financial Instruments

(Continued to next page)

Financial assets and financial liabilities are off set and the net amount is reported in the statement of financial position when and only when, the Service has a legally enforceable right to offset the recognised amounts and it intends either to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3. FINANCIAL RISK MANAGEMENT

The Service's activities may expose to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Service's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Service's financial performance.

a. Market Risk

Interest rate risk

The Service has significant interest-bearing assets in the form of short-term/long term cash deposits. These are at fixed interest rates and hence there are no interest rate risks during the period of investment. For re-investment of short and long term cash deposits, the Service negotiates an appropriate interest rate with the banks and invests with the bank which offers the highest interest return. Given the fixed nature of interest rates described above, the Service has a high level of certainty over the impact on cash flows arising from interest income. Accordingly, the Service does not require simulations to be performed over impact on net profits arising from changes in interest rates.

b. Credit Risk

Credit risk arises from deposits with banks, as well as credit exposure to customers, including outstanding receivables. For deposits with banks, only reputable parties with known sound financial standing are accepted. Receivable consist of a small number customers. The Service does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, represents the Service's maximum exposure to credit risk.

c. Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash to ensure availability of funding. The Service monitors liquidity through rolling forecasts of the Service's cash flow position. Overall, the Service does not see liquidity risk as high given that the Service holds a healthy cash balance.

The table below analyses the Service's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed in the table are based on the contractual undiscounted cash flows.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The carrying values of financial liabilities and financial assets and provisions are estimated to approximate their fair values.

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**FIJI REVENUE AND CUSTOMS SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

Financial Assets	<1 year	2 to 5 years	>5 years	Total
Investment	20,051,707	-	-	20,051,707
Receivables	616,232	7,147,270	228,370	7,991,872
Total	20,667,939	7,147,270	228,370	28,043,579
Financial Liabilities				
Trade and other payables	5,628,263	153,672	-	5,781,935
Provisions	572,747	-	-	572,747
Total	6,201,010	153,672	-	6,354,682

4. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Service makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a. Impairment of Non-Financial Assets

At each reporting date, the Service reviews the carrying amounts of its tangible assets to determine whether those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss.

b. Impairment of Receivables

Impairment of receivable balances is assessed at an individual level and impairment tests are performed on a more specific basis. If any such indication exists, the recoverable amount of the receivable are estimated in order to determine the extent of the impairment loss and are accordingly provided for.

5. Cash and Cash Equivalents

	31 July 2021	31 July 2020
Operating Account - ANZ	7,523,393	15,242,381
Fees & Charges - HFC	417,092	4,377,198
Operating Account - BSP	953,476	1,496,904
Epay- Bred Bank	-	5,842
Interest Bearing- Bred Bank	12,113,098	4,820,302
Interest Bearing- BOB	10,186	10,001
Petty Cash	2,770	2,890
Debit Card - WBC	17,865	5,842
FRCS E Account -WBC	637,903	454,989
FRCS E Account -HFC	49,160	40,326
FRCS Stamp Duty Account - HFC	-	2,664
Operating Account - HFC	15,830	1,245,564
Cash and Cash Equivalent	21,740,773	27,704,903

The cash and cash equivalents held by the Service that is not available for use include, "Taxpayer funds" for taxpayers that are not contactable of \$143,278 which is held in trust in the Operating Account with ANZ. Above accounts except for ANZ Operating Account, BOB, Petty Cash & WBC Debit Card earn interest

FIJI REVENUE AND CUSTOMS SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

6. RECEIVABLES

	31 July 2021	31 July 2020
Debtors	357,590	364,800
WHT Refund	4,419,727	-
Deposits	146,632	132,905
Rental Deposits	81,738	81,738
Interest Receivable	270,598	755,659
Vat Refund	2,727,542	2,607,830
	8,003,827	3,942,932
Less: Doubtful Debts	(11,956)	(5,978)
Total Receivables	7,991,871	3,936,954

Terms and conditions of the above financial assets

-Debtors are non-interest bearing and are normally received with 30-60 day terms.

-Interest receivable, business and staff salary advance are non-interest bearing with an average term of 60-180 days.

	31 July 2021	31 July 2020
Contingent Assets	50,000	-

This relates to general litigation claims made by the Service against a taxpayer. These matters are resolved through various means not wholly within the control of the Service and may or may not give rise to a receivable.

7. INVESTMENT

Investments as at balance date comprised of short and long term money placements ranging from three months to one year with interest rates between 1.50% - 3.35%

	31 July 2021	31 July 2020
	\$	\$
Current	20,051,707	31,299,517
Total Investments	20,051,707	31,299,517

8. PROPERTY, PLANT AND EQUIPMENT

	31 July 2021	31 July 2020
Carrying amount of :	\$	\$
Building	7,476,994	4,992,452
Computer Hardware	3,929,124	5,351,737
Office Equipment	395,662	170,209
Furniture & Fixtures	2,009,777	823,269
Land	3,525,000	4,875,000
Motor Vehicles	7,215,392	8,836,644
Detectors & Scanners	5,678,919	7,811,730
Capital Works in Progress	17,585	6,114,556
Total	30,248,453	38,975,597

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**FII REVENUE AND CUSTOMS AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Reconciliation of Property, Plant and Equipment - 2020/2021

	Land at revalued amount	Building at revalued amount	Computer Hardware at cost	Office Equipment at cost	Furniture and Fixtures at cost	Motor Vehicles at cost	Detectors and Scanners at cost	Capital Works in Progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost or valuation									
Balance at 1 August 2020	4,875,000	6,887,763	10,961,953	6,558,108	9,128,269	11,721,418	11,051,799	6,114,556	67,298,866
Additions	-	-	150,987	430,156	1,514,557	-	-	9,239,956	11,335,656
Disposals	-	-	(62,394)	(913)	-	(277,758)	-	-	(341,065)
Revaluation gain/(loss)	(1,350,000)	1,573,944	-	-	-	-	-	-	223,944
Transfers	-	-	-	-	-	-	-	(15,336,927)	(15,336,927)
Total	3,525,000	8,461,707	11,050,546	6,987,351	10,642,826	11,443,660	11,051,799	17,585	63,180,474
Accumulated depreciation									
Balance at 1 August 2020	-	1,895,311	5,610,216	6,387,899	8,305,000	2,884,774	3,240,069	-	28,323,269
Depreciation expense	-	291,248	1,571,178	204,704	328,049	1,578,995	2,132,811	-	6,106,985
Eliminated on revaluation	-	(1,201,846)	-	-	-	-	-	-	(1,201,846)
Eliminated on disposal of assets	-	-	(59,972)	(914)	-	(235,501)	-	-	(296,387)
Total	-	984,713	7,121,422	6,591,689	8,633,049	4,228,268	5,372,880	-	32,932,021
Carrying amount as at 31 July 2021	3,525,000	7,476,994	3,929,124	395,662	2,009,777	7,215,392	5,678,919	17,585	30,248,453

FIJI REVENUE AND CUSTOMS SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

Work in Progress		
Opening Balance	6,114,556	16,767,232
Addition during the year	9,239,956	14,878,176
Transfer : IT and others	(385,701)	(4,923,573)
Transfer : WHT Refund	(3,659,847)	-
Transfer : Expenses	(1,345,288)	(246,007)
Transfer: NTIS	(8,053,054)	(20,361,272)
Transfer: New Nadi Office	(1,893,037)	-
Closing Balance	17,585	6,114,556

(b) The Principal Land Valuer, Professional Valuations Limited during June 2021 valued the following properties:

	June/2021	July/2016
	\$	\$
1. Queens Warehouse with Land	2,740,000	3,360,000
2. Nadi Airport Customs Office	490,000	515,000
3. Nadi Dog Kennel	411,800	-
4. Suva Dog Kennel	380,000	-
5. Security Booth - Nasese	5,200	-
6. Lautoka Customs Office with Land	7,000,000	6,000,000
Total Value	11,027,000	9,875,000

Land and buildings are stated at their revalued amounts as determined by an independent valuer in 2021. Legal title for land which is valued at \$9.96 million are yet to be acquired. These Lands were transferred to the Service under section 16 of the Fiji Revenue and Customs Service Act 1998.

The Service is currently in the negotiation process with the Airports Fiji Limited for an offer on the disposal of the Nadi Airport Customs Office, in light of the expansion of the Nadi International Airport. As at 31 July 2021, no agreement has been reached between the two parties. The Nadi Airport Customs office building was revalued at \$490,000 as at 31 July 2021. Date of valuation was 9th June 2021. The valuer used replacement cost approach to value the property.

9. INTANGIBLE ASSETS

	31 July 2021	31 July 2020
	\$	\$
Cost-Software		
Balance as at 1st August 2020	29,542,349	9,181,077
Additions	8,053,055	20,361,272
Disposals	(2,186,993)	-
Balance as at 31 July 2021	35,408,411	29,542,349
Accumulated amortisation:		
Balance as at 1st August 2020	5,065,540	4,375,178
Amortisation for the year	1,222,046	690,362
Eliminated on disposal of assets	(2,179,820)	-
Balance as at 31 July 2021	4,107,766	5,065,540
Net Carrying amount	31,300,645	24,476,809

**FIJI REVENUE AND CUSTOMS SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

10. INVESTMENT PROPERTY

	31 July 2021	31 July 2020
	\$	\$
Investment Property		
Balance as at 1 August 2020	6,995,000	6,995,000
Add: Revaluation gain	3,625,000	-
Balance as at 31 July 2021	10,620,000	6,995,000
Accumulated Depreciation		
Balance as at 1 August 2020	551,250	416,250
Eliminated on revaluation	(720,061)	-
Add: Depreciation	182,778	135,000
Balance as at 31 July 2021	13,967	551,250
Written Down Value as at 31 July 2021	10,606,033	6,443,750

The Investment Property (Main Customs Building) was revalued by an independent valuer (Professional Valuations Limited) in June 2021. The valuer used replacement cost approach to value the property. Date of valuation was on 9th June 2021. There is no restriction on the realisability of investment property. The property is leased under operating lease. The legal title for the investment property is yet to be acquired by the Service. Revaluation is done every 5 years.

11. Trade and Other Payables

	31 July 2021	31 July 2020
	\$	\$
Trade payable	4,258,342	1,229,145
Others	1,523,593	1,700,858
Total Trade and other Payables	5,781,935	2,930,003

Terms and conditions of the above financial liabilities:

- Trade payables and VAT payable are non-interest bearing and are settled on 30 day terms.
- Other payables are non-interest bearing and are settled as and when required.

12. PROVISION

Employee entitlement represents annual leave accrued as at 31 July 2021	31 July 2021	31 July 2020
Annual Leave	\$	\$
Opening Balance	641,793	660,904
Accrued during the year	1,502,686	1,853,497
Utilised during the year	(1,571,732)	(1,872,608)
Closing Balance	572,747	641,793

FIJI REVENUE AND CUSTOMS SERVICE
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 JULY 2021

13. RECOUPMENT OF DEPRECIATION THROUGH GRANTS

	31 July 2021	31 July 2020
	\$	\$
Building		
Written down Value	803,059	839,906
Depreciation recoupment	(36,847)	(36,847)
Deferred Grant Liability	766,212	803,059
Computer Hardware & Software		
Written down Value	17,087,193	4,212,768
Addition during the year	119,120	14,538,319
Disposal	(2,422)	(3,103)
Depreciation recoupment	(1,942,926)	(1,660,791)
Deferred Grant Liability	15,260,965	17,087,193
Motor Vehicles		
Written down Value	8,836,643	10,480,729
Addition during the year	-	63,362
Disposal	(42,256)	(11,186)
Depreciation recoupment	(1,578,995)	(1,696,262)
Deferred Grant Liability	7,215,392	8,836,643
Furniture & Fittings		
Written down Value	611,753	745,365
Addition during the year	1,514,557	-
Depreciation recoupment	(246,931)	(133,612)
Deferred Grant Liability	1,879,379	611,753
Office Equipment		
Written down Value	87,133	198,142
Addition during the year	378,480	-
Depreciation recoupment	(140,840)	(111,009)
Deferred Grant Liability	324,773	87,133
Detectors and Scanners		
Written down Value	7,784,588	9,893,326
Depreciation recoupment	(2,121,196)	(2,108,738)
Deferred Grant Liability	5,663,392	7,784,588
Deferred Grant - Expenses		
Depreciation Recoupment- Old Nadi Office	(1,036,205)	-
Depreciation Recoupment- New Nadi Office	(145,774)	-
	(1,181,979)	-
Total Depreciation Recoupment	7,249,714	5,747,259
Committed Capital Grant which are in progress:		
	\$	\$
Capital Grant	70,130	2,340,586
Total Deferred Grant Liability	31,180,242	37,550,954

**FIJI REVENUE AND CUSTOMS SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

14. LEASES

(a) Right-Of-Use Assets	31 July 2021	31 July 2020
Balance as at 01 August 2020	27,713,612	1,173,139
Additions during the year	-	29,917,313
Depreciation charge for the year	(3,369,295)	(3,376,840)
Balance as at 31 July 2021	24,344,317	27,713,612
(b) Lease Liabilities		
Current	2,916,026	2,216,087
Non-Current	23,978,996	26,895,022
Total Lease Liabilities	26,895,022	29,111,109
Reconciliation of movement of liabilities to cash flows from financing activities		
Balance as at 01 August 2020	29,111,109	1,259,573
Additions during the year	-	29,598,241
Total Lease Liability for the year	29,111,109	30,857,814
Less Repayment of Lease Liability		
Lease payment	(4,272,361)	(3,961,269)
Interest Expense	2,056,274	2,214,564
Net Repayment of Lease Liability	(2,216,087)	(1,746,705)
Closing Balance as at 31 July 2021	26,895,022	29,111,109

15. GRANTS

(a) GOVERNMENT GRANTS	31 July 2021	31 July 2020
	\$	\$
Operating Grants from Government	27,000,000	44,835,078
Net Grant received from Government	27,000,000	44,835,078

Operating Grant for the financial year 2020/2021 was received less of \$13M (VIP) from the initial grant of \$40M (VIP)

(b) GRANTS IN KIND	31 July 2021	31 July 2020
	\$	\$
Grants in Kind	10,504	-

The Service received equipments from the United Nations Office on Drugs and Crime (UNODC) as part of the Container Control Program and mobile phones from Australian Border Force for monitoring small crafts in the Pacific. These equipments has been recorded as minor assets. Additionally, under the Container Control Program, the Service received Laptops, Wifi and LAN switches from Australian Border Force and paid through Australian High Commission in Fiji for a total value of \$119,120 VEP. All these items has been capitalized to fixed assets and necessary adjustments for depreciation and deferred grant is recorded on a monthly basis.

**FIJI REVENUE AND CUSTOMS SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

16. FEES AND CHARGES

	31 July 2021	31 July 2020
	\$	\$
Fees and Charges	4,962,328	8,543,248

These are revenue earned from services provided by the Service, which are collected with other revenues and lodged into the Government consolidated fund account. The Ministry of Economy reimburses these funds to the Service.

17. SUNDRY INCOME

	31 July 2021	31 July 2020
	\$	\$
Income from Investment Property	303,040	303,040
Rental Income	7,225	8,257
Other Revenue	106,078	544,873
Total Sundry Income	416,343	856,170

18. EMPLOYEE COSTS

	31 July 2021	31 July 2020
	\$	\$
Salaries and Wages	27,935,034	29,790,427
FNPF, Overtime and Allowances	1,644,570	4,333,435
Annual Leave	1,502,685	1,853,497
Training, Professional Development	173,202	301,234
Recruitment, Transfer and Others	918,019	1,020,079
Total Employee Costs	32,173,510	37,298,672

19. ADMINISTRATIVE EXPENSES

	31 July 2021	31 July 2020
	\$	\$
Communications	857,804	945,707
Electricity, Water & Power Supply	900,090	961,672
Travel and Accommodation	20,585	214,893
Contributions to ASMP, WCO & CATA	462,953	648,646
Total Administrative Expenses	2,241,432	2,770,918

20. OTHER OPERATING EXPENSES

	31 July 2021	31 July 2020
	\$	\$
Insurance	112,174	169,753
Computer Maintenance/Software Licenses	3,495,558	2,628,606
Stationery & Supplies	227,376	361,725
Vehicle Service & Maintenance	142,219	230,216

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**FIJI REVENUE AND CUSTOMS SERVICE
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FOR THE YEAR ENDED 31 JULY 2021**

Training Levy	295,124	327,273
FCEF Levy	10,000	10,833
Consultancy / Special Projects	180,131	147,549
Professional fees	36,977	15,032
Legal Fees	26,697	93,457
Audit Fees	41,112	58,349
Advertising /Public Education	18,870	162,149
Books, Periodicals, Publication	16,286	18,158
Uniforms & Entertainment	9,425	6,584
Directors Fees	77,299	57,471
Minor Assets	158,307	57,584
Staff Team Building Day	-	14,700
Taxi / Freight	335	3,212
Bank Fees and Charges	21,389	38,872
Write Off & Doubtful Debts	1,042,184	5,978
Dog Kennel Expenses	13,516	18,049
Asset Writedown	7,173	-
Rewards	2,822	63,285
Total Other Operating Expenses	5,934,974	4,488,835

21. PROPERTY EXPENSES

	31 July 2021	31 July 2020
This includes rents for office space and office maintenance(building maintenance, cleaning, security, local rates, OHS, leased equipment and X-Ray equipment maintenance)	\$	\$
Office Rent	56,096	170,358
Office Maintenance	1,173,818	962,315
Total Property Expenses	1,229,914	1,132,673

22. NOTES TO STATEMENT OF CASH FLOW

Reconciliation of Cash	31 July 2021	31 July 2020
For the purposes of the statement of cash flows, cash includes cash on hand and in banks and excludes short term deposits	\$	\$
Operating Account - ANZ	7,523,393	15,242,381
Fees and Charges - HFC	417,092	4,377,198
Operating account - BSP	953,476	1,496,904
Epay- Bred Bank	-	5,842
Interest Bearing- Bred Bank	12,113,098	4,820,302
Interest Bearing- BOB	10,186	10,001
Petty Cash	2,770	2,890
Debit Card - WBC	17,865	5,842
FRCS E Account - WBC	637,903	454,989
FRCS E Account -HFC	49,160	40,326

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**FIJI REVENUE AND CUSTOMS SERVICE
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FOR THE YEAR ENDED 31 JULY 2021**

FRCS Stamp Duty Account - HFC	-	2,664
Operating Account - HFC	15,830	1,245,564
Cash on hand and in Bank	21,740,773	27,704,903

23. COMMITMENTS

	31 July 2021	31 July 2020
	\$	\$
NTIS	11,645,048	16,567,424
New Nadi Office	178,140	1,216,768
Total Commitment	11,823,188	17,784,192
Contingent Liabilities	579,177	406,412

The Service as a statutory body has a number of general litigation claims made against it and vice versa for employment or contractual matters. These matters are resolved through various means not wholly within the control of the Service and may or may not give rise to an obligation.

Operating lease commitments	31 July 2021	31 July 2020
Total commitments for future base lease rentals are as follows:	\$	\$
Operating lease revenue		
Non Cancellable operating lease rentals are receivables as follows:		
Not later than 1 year	6,537	6,193
Later than 1 year but not later than 5 years	-	-
Greater than 5 years	-	-

24. RELATED PARTIES

(a) Transaction with related parties

All transaction that occurred between the Service and companies or Organisations in which a member may have an interest, either as a member or employee, were at 'arms length' and in normal course of business.

	31 July 2021	31 July 2020
	\$	\$
Directors' remuneration-fees	77,299	57,471
Key Management Personnel remuneration for salary and other benefits	520,575	1,041,617

Directors remuneration include amounts paid to the directors of the Service. Remuneration for Ms. Makereta Konrote and Mr. Shri Gounder was paid directly to the Ministry of Economy. Remuneration for Ms. Fay Yee, Ms. Lala Sowane, Mr. Mahmood Khan and Ms. Naomi Vuibureta was paid to them. Mr. Ariff Ali opted not to receive any board allowance.

Key Management Personnel

Key Management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly (whether executive or otherwise) of that entity.

During the reporting period, the following persons were the executives identified as key management personnel, with the greatest authority and responsibility for the planning, directing and controlling of activities.

**FIJI REVENUE AND CUSTOMS SERVICE
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Mr. Jonetani Vuto - Acting Chief Executive Officer	16/01/2021 - 31/07/2021
Mrs. Fane Vave - Acting Chief Executive Officer	02/03/2020 - 15/01/2021
Mr. Fazrul Rahman - Director Revenue Management	01/09/2020 - 31/07/2021
Mrs. Emily Yalimaiwai - Chief Information Officer	28/08/2020 - 31/07/2021
Mrs. Fane Vave - Director Corporate Services	17/06/2019 - 15/01/2021
Mr. Jonetani Vuto - Director Border Control	07/01/2019 - 31/07/2021

25. REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

The registered office and principal place of business of the entity is located at:

Fiji Revenue and Customs Services Complex
Lot 1 Corner of Queen Elizabeth Drive and Ratu Sukuna Road
Nasese
Suva, Fiji

26. EVENTS SUBSEQUENT TO BALANCE DATE

There were no major events recorded subsequent to the balance date which had an impact on the financial statement for the year end 31st July 2021.

27. AGENCY TRANSACTIONS ADMINISTERED FOR THE GOVERNMENT OF FIJI

(a) GOVERNMENT REVENUE		
The Service is responsible for the collection of the following revenues which are deposited directly by the Service into the Government's Consolidated Fund account of Government.		
Government revenue is recognised on cash basis.	31 July 2021	31 July 2020
	\$	\$
Customs Collection	478,429,365	724,003,545
Less: Rebates/misc. fees & charges	(5,460,785)	(18,884,830)
	472,968,580	705,118,715
Inland Revenue Collection	526,874,071	959,250,833
Less: Refunds	(30,040,513)	(91,994,940)
	496,833,558	867,255,893
Value Added Tax	664,739,804	869,467,777
Less: Refunds	(221,597,330)	(241,717,126)
	443,142,474	627,750,651
Total Government Revenue	1,412,944,612	2,200,125,259
(b) GOVERNMENT ASSETS - DEBTORS		
The balance outstanding as at 31 July 2021 of \$759,030,476 consisted of revenue arrears as follows:		
	31 July 2021	31 July 2020
	\$	\$
Income Tax & Other Taxes	130,754,850	105,634,511
Value Added Tax	71,908,221	71,326,716
Customs	8,250,356	9,463,895

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FIJI REVENUE AND CUSTOMS SERVICE
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FOR THE YEAR ENDED 31 JULY 2021

Tertiary Education Loan Scheme (TELS)	539,292,968	474,330,629
PSC Loan	8,824,081	8,872,033
Total Arrears	759,030,476	669,627,784
<i>The above amounts include penalties that may be waived and balances that may be disputed by taxpayers. For the year ended 31 July 2021, the total amount of \$38,226,441 in penalties was waived/written-off by the Service. The withdrawals were made in accordance with Section 48(7) of the Tax Administration Act and Section 34 of the Financial Management Act 2004.</i>		
(c) GOVERNMENT LIABILITIES	31 July 2021	31 July 2020
	\$	\$
VAT Refunds Outstanding	109,687,969	201,051,734
Income Tax Refunds	23,909,409	32,633,769
Film Rebate	42,842,251	34,915,090
Total Liabilities	176,439,629	268,600,593
(d) GOVERNMENT CONTINGENT LIABILITIES AND CONTINGENT ASSETS	31 July 2021	31 July 2020
The Service as an agent of government currently has a number of litigation claims made against it and also claims against the taxpayers in relation to tax and customs matters. These matters are resolved through various means not wholly within the control of the Service and may not give rise to an obligation.	\$	\$
Contingent Liability	58,474,353	90,768,399



**FIJI REVENUE AND
CUSTOMS SERVICE**

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