



Independent legal & accounting firms

Doing Business in Fiji

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MSI's guide on Doing Business in Fiji provides current information about the financial, regulatory and legal considerations that could affect business dealings within Fiji. For further assistance please contact our MSI member firm in Fiji.

Country overview

Population

Fiji has an approximate population of 884,000 (2017 census).

Government

Fiji operates as a parliamentary system governed by a Constitution (2013) that serves as the supreme law of the country. The day to day operations of the Government are controlled by the Office of the Prime Minister and the Cabinet. The President has limited role in day to day affairs of the country.

The Parliament has 51 seats and general elections are held every 4 years. Currently the Fiji First Party is the governing party.

Languages

English is the official language and followed nationwide wide. The majority of the population are able to communicate in English although the levels of competency vary.

iTaukei and Hindi (local dialect) are used significantly and are part of the school curriculum.

Currency

The national currency is the Fijian Dollar (FJ\$).

Economic summary

GDP (nominal 2018): FJ\$ 5.223 billion
 GDP per capita (2018): FJ\$ 5,876
 GDP growth rate: 3.2%
 Inflation: 3.5%

Main sectors of the economy

Tourism is Fiji's largest economic sector and accounts for the largest portion of foreign reserves.

Agriculture including the sugar industry is a huge contributor to the economy both in terms of GDP as well as employment.

Fiji has a dynamic manufacturing industry with a diverse range of products being manufactured. These range from food and beverages to textiles.

Fisheries, timber and mineral resources/mining form smaller industries.

Foreign investment policy

Foreign investment is regulated by Investment Fiji. There are a number of business activities reserved for Fiji citizens whilst there are also a number of business activities which are restricted. The restricted activities are permitted with conditions which may include local partners, minimum investment/capital requirements, etc.

Having said this, the bulk of business activities are unrestricted and businesses are free to invest. The Government is pro-investment and the national economic policy is investment driven.

Investors are encouraged to obtain prior advice on any proposed investments to obtain maximum benefits of various investment incentives that are offered by the Government.

Foreign investment climate

The Government is pro investment and has a number of initiatives and programs to encourage investment by local as well as foreign investors.

There is a keen focus on improving Fiji's Ease of Starting and Ease of Doing Business rankings and this should make investment easier as time progresses.

The Government has been making significant investments into the country's infrastructure and this is again aimed towards encouraging investment.

Key areas of investment

The key areas of investment are as follows:

- Tourism related businesses;
- Power production;
- Agriculture;
- Food; processing/manufacturing;
- Outsourcing of IT and IT enabled services;
- Property.

Setting up a business

Foreign investment is regulated in Fiji and so an approval will be required from Investment Fiji to set up any business in Fiji or to acquire a business (or its shares).

Approval from the Reserve Bank of Fiji will also be required for issuance of securities under the Exchange Control Act which includes shares in companies. Upon obtaining the necessary approvals, the business can be registered with the Registrar of Companies.

Legal types of business entities

1. Sole proprietorship;
2. Partnerships;
3. Private Limited Liability Company; and
4. Public Limited Liability Company.

Limited liability entities are the recommended choice for investors.

Process of how to set up a business

The general process is to obtain approval from Investment Fiji, followed by the approval from the Reserve Bank of Fiji. Once these approvals are granted, the entity can be registered at the Registrar of Companies.

Subsequent to the registration at the Registrar of Companies, the investor can proceed to registering with Fiji Revenue & Customs Service (tax regulator) and any other permits, licences, etc. that the business will require.

Financial year of taxes and financial accounts

The financial years vary but the general preference is 31st December for each year. The entity is permitted to select its financial year end at the time of registration for tax.

Accounting and auditing

Sole proprietorships and partnerships may opt out of the audit regime but audits are generally recommended.

Companies with a turnover of FJD\$ 20 million are required to submit audited accounts although the common practice is for all companies to have audited accounts prepared.

Economic and fiscal incentives

Fiji offers extensive incentives for foreign companies some of which include:

- Tax holidays of up to 13 years under the tax-free regions incentives;
- Industry specific tax incentives;
- Environmental sector related tax incentives; and
- Enterprise oriented tax incentives particularly for the SME's.

Investors are encouraged to make inquiries on the fiscal incentives available prior to investing in order to ensure that requirements are met.

Taxation

Fiji imposes various forms of taxes, however the main forms of taxes are:

- Value Added Tax;
- Income Tax;
- Environment and Climate Adaptation Levy;
- Service Turnover Tax;
- Capital Gains Tax;
- Social Responsibility Tax;
- Fringe Benefit Tax.

The Income Tax for companies is fixed at a flat rate of 20% whilst individuals pay taxes based on income brackets.

Value Added Tax is currently fixed at 9%, STT is fixed at 6% and ECAL is fixed at 9%.

Other forms of taxes that investors should keep in mind are stamp duty and withholding tax. The rates for stamp duty varies.

Taxation advice is recommended prior to investment in order for investors to appropriately account for tax obligations.

HR/ Labour Law**Employment law**

The primary governing law for labour laws is the Employment Relations Act. Employment contracts may be for a fixed term or for an indefinite period. Where a contract is entered for a fixed term, the contract is deemed to be terminated at the end of the term and there can be no further renewals. A new contract must be entered into if parties wish to. An indefinite contract remains in force until terminated by the employer or the employee under the employment contract or the Employment Relations Act.

Any employer employing a person for a period in excess of 1 month must have a written employment contract.

The labour laws in Fiji lean towards the employee particularly in relation to termination where the onus of proof is

on an employer to demonstrate termination was lawful.

The general employee attitude in Fiji is poor with absenteeism, abuse of leave entitlements, general employee disinterest and employee dishonesty being key challenges for employers.

The general workforce is skilled in English. Fiji has a high literacy percentage with most of the younger workforce having some form of tertiary education.

Social security and pension

Fiji has various social security incentives available for the economically disadvantaged, rural communities and the elderly.

There is a compulsory superannuation program managed by the Fiji National Provident Fund. Employers are required to contribute the equivalent of 10% of the gross income of an employee to the employee's superannuation account whilst the employee is required to contribute 8%. The employer is legally obliged to deduct the contributions and submit it to the FNPF.

Payroll

The employer is legally obliged to submit employee returns to the tax authorities. Obtaining and using a tax authority approved payroll software is recommended to make submission of tax returns easier.

Immigration, visa and work permits

All non-citizens require a work permit before they are allowed to be employed in Fiji. For immigration purposes, a person is deemed to be in employment if the tasks carried out by a person would ordinarily be carried out by an employee. The determination is not linked to whether or not the person holds a paid position.

Investors can obtain a special "investor" permit from the immigration department to allow them to work and live in Fiji as investors. This permit is linked with an approval from Investment Fiji.

Contact us

The information provided in this guide cannot be exhaustive and we recommend anyone considering doing business in Fiji should seek professional advice from our member firms before making any business or investment decision.

Contact our member firm in Fiji to discuss your requirements:

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