

[LEGAL NOTICE NO. 68]

INCOME TAX ACT 2015

**Income Tax (Other Incentives) (Amendment)
(No. 2) Regulations 2020**

IN exercise of the powers conferred on me by section 25A of the Income Tax Act 2015, I hereby make these Regulations—

Short title and commencement

1.—(1) These Regulations may be cited as the Income Tax (Other Incentives) (Amendment) (No. 2) Regulations 2020.

(2) These Regulations come into force on 1 August 2020, except for regulation 3 in relation only to FNPF employer additional contributions which is deemed to have come into force on 1 April 2020.

(3) In these Regulations, the Income Tax (Other Incentives) Regulations 2018 is referred to as the “Principal Regulations”.

Regulation 5 amended

2. Regulation 5(3) of the Principal Regulations is amended in the definition of “deduction period” by deleting “31 December 2020” and substituting “31 December 2021”.

Regulations 7, 8, 9 and 10 inserted

3. The Principal Regulations are amended after regulation 6 by inserting the following new regulations—

“Corporate bonds

7.—(1) A company is allowed a deduction for 150% of the prescribed costs incurred in a tax year in preparation for listing a corporate bond on the South Pacific Stock Exchange.

(2) A company is allowed a deduction for 150% of the amount of interest paid on a corporate bond.

(3) In this regulation—

“corporate bond” means an instrument issued by a company which provides debt security to raise capital for the company; and

“prescribed costs” includes accounting fees, investment advisory fees, listing fees, legal fees, company administration and management costs, underwriting costs and special reports costs.

FNPF employer additional contributions

8. The total amount allowed as a deduction for a tax year for an employer additional contribution to the Fiji National Provident Fund in respect of an employee is 50% of the employer additional contribution paid in respect of the employee for the tax year, provided that the additional contribution does not exceed 10% of the total salary or wages paid to the employee by the employer for a month.

Loans taken for medical treatment

9.—(1) A person who takes a loan from a credit institution or financial institution for the purposes of medical treatment during a tax year is allowed a deduction of—

- (a) the principal amount of the loan and any interest accrued on the principal amount provided the full principal amount is spent for the purposes of the medical treatment; or
- (b) only the amount of the principal amount of the loan that is spent for the purposes of the medical treatment and any interest accrued respectively, where the full principal amount has not been spent for the purposes of the medical treatment.

(2) In subregulation (1), expenditure of the principal amount of the loan for the purposes of the medical treatment means the actual cost of medical treatment and any expenditure on accommodation and food, if part of a package with a hospital, and any international travel in relation to the medical treatment.

(3) Subject to subregulation (1), a person applying for a deduction must provide any applicable medical certificate, details of the loan taken from the credit institution or financial institution and receipts to confirm expenditure in relation to the medical treatment.

(4) In this regulation, “credit institution or financial institution” means a credit institution or financial institution licensed under the Banking Act 1995.

Local artists

10.—(1) A hotel or resort carrying on business in Fiji is allowed a deduction for 150% of the amount of any salary or wages paid for the employment of a local artist.

(2) In this regulation, “local artist” means a craftsperson, dancer or musician.”.

Made this 31st day of July 2020.

A. SAYED-KHAIYUM
Attorney-General and Minister for Economy