

# MINISTRY OF FINANCE CIRCULAR

MINISTRY OF FINANCE

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**CIRCULAR NO: 05/2026-2027**

**From:** Permanent Secretary for Finance

**Phone:** 3307011

**To:** As per Distribution List

**Date:** 28 September 2026

**Subject: VAT and Customs Duty on Overseas Development Assistance**

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## **1.0 PURPOSE**

- 1.1 The purpose of this Circular is to inform Ministries, Departments and Agencies (MDAs) on the treatment of Value Added Tax (VAT) and customs duty on Overseas Development Assistance (ODA) involving approved Government projects and donated goods.
- 1.2 This Circular supersedes Finance Circular No. 07/2010 dated 20 July 2010 on VAT and Customs Duty on Aid-in-Kind Projects.
- 1.3 This Circular is issued to ensure that VAT and customs duty implications of ODA-funded projects, programmes and support are identified and assessed at the earliest stage of engagement with development partners, and that MDAs make adequate budgetary provision in their annual budgets to meet any associated costs that are to be borne by the recipient MDA.
- 1.4 This Circular shall take effect from the date of issue and shall apply to all new and ongoing ODA arrangements.

## **2.0 BACKGROUND**

- 2.1 The Ministry of Finance (MOF), through the International Cooperation Unit within the Budget Division, is responsible for the administration, coordination and monitoring of ODA received by the Fiji Government.
- 2.2 Assistance from Development partners is rendered in two (2) modalities; (i) cash grants and/or (ii) Aid-in-Kind (AIK).
- 2.3 Cash grants refer to financial assistance provided by development partners to support approved Government projects, programmes or activities, with funds channeled through the relevant Government Consolidated Fund Account (CFA) and recorded in the Financial Management Information System (FMIS).
- 2.4 AIK refers to non-cash assistance provided by development partners, including donated goods, equipment, materials, technical assistance, training, advisory services and other forms of support.

- 2.5 VAT and customs duty may arise where ODA-funded projects, programmes or support involve the importation of goods, equipment, materials, supplies or other project inputs into Fiji. This may occur under both cash grant-funded projects and AIK arrangements.
- 2.6 MDAs must not assume that VAT or customs duty will be waived, refunded, absorbed or met by MOF. Unless the approved ODA arrangement or another approved funding source clearly provides otherwise, any VAT or customs duty payable must be borne by the recipient MDA.
- 2.7 MDAs are responsible for identifying potential VAT and customs duty implications at the planning stage of all ODA-funded initiatives and for making adequate budgetary provision for such costs within their approved budgets.

### **3.0 CUSTOMS DUTY**

- 3.1 Under the provisions of the Customs Tariff Act 1986 and relevant Fiji Revenue and Customs Service (FRCS) requirements, customs concessions may be applied for ODA-related imports where the applicable conditions are met.
- 3.2 Eligible goods may be granted concessionary treatment at the rates of Free Fiscal Duty and Free Import Excise, while any applicable VAT shall be charged in accordance with the relevant provisions of the Customs Tariff Act 1986 and FRCS requirements.
- 3.3 Customs Concession Code 284
  - 3.3.1 Companies and entities engaged in approved Government projects.
  - 3.3.2 This concession applies to eligible goods imported for approved Government projects, including projects supported by a Memorandum of Understanding (MOU), Memorandum of Agreement (MOA), or other approved arrangement between the Fiji Government and development partners.
  - 3.3.3 The concession code outlines the types of goods eligible, the conditions for their use and disposal, and the procedures for claiming the concession, to ensure a uniform and transparent application process.
- 3.4 Customs Concession Code 285
  - 3.4.1 Customs Concession Code 285 applies to donated goods provided to Government Ministries.
  - 3.4.2 Government Ministries may be eligible for duty concession on donated goods, provided that the goods are donated for approved programmes, projects or purposes.
  - 3.4.3 The concession may be granted at the concessionary duty rate of Free Fiscal Duty and Free Import Excise, subject to applicable FRCS requirements.
  - 3.4.4 The concession is granted on the condition that the donated goods are used solely for the approved programme, project or purpose and are not for resale.
- 3.5 Where the conditions of the concession are breached, section 17 of the Customs Tariff Act 1986 may be invoked to recover the relevant duty liability.

#### **4.0 VAT**

- 4.1 The VAT component arising from ODA-related projects, programmes or support shall be borne by the recipient MDA, unless the approved ODA arrangement or another approved funding source expressly provides otherwise.
- 4.2 MDAs must identify and assess any potential VAT liability at the earliest stage of engagement with development partners. This assessment must be undertaken before any agreement or arrangement is finalised, before goods are shipped or services are procured, and before any commitment is made to a development partner, contractor, supplier, clearing agent or any other party.
- 4.3 Where VAT is to be borne by the recipient MDA, adequate budgetary provision must be made through the normal budget process or from another approved funding source prior to the commencement of the activity or importation of goods.
- 4.4 MOF is not responsible for the funding, payment or reimbursement of VAT liabilities incurred in relation to an MDA's ODA-funded project, programme or support, unless expressly approved under the relevant ODA arrangement or another approved funding source.
- 4.5 Any VAT refund, where applicable, must be pursued by the relevant registered person or eligible party in accordance with FRCS requirements and the relevant provisions of the VAT Act 1991 and the Diplomatic Privileges and Immunities Act 1971.

#### **5.0 CONCLUSION**

- 5.1 Where VAT or customs duty implications are unclear, the matter must be referred to MOF before the arrangement is finalised. MOF may seek advice from FRCS and/or the Ministry of Foreign Affairs and External Trade where required.
- 5.2 MOF must be consulted at least three weeks prior to the arrival of any donated or imported goods to allow sufficient time for the assessment of VAT, customs duty and other clearance requirements.
- 5.3 All requests submitted to MOF must be accompanied by the relevant supporting documentation required for customs clearance and the assessment of any applicable tax and duty obligations.
- 5.4 MDAs must retain proper records for audit and verification purposes, including the relevant ODA arrangement, development partner correspondence, invoices, import documents, customs declarations, FRCS advice, payment records and any concession-related approvals.
- 5.5 Failure to comply with this circular may result in delays in customs clearance, non-processing of requests, audit queries, recovery of duty liability, or referral to the relevant Permanent Secretary.

- 5.6 For further clarification, MDAs may contact the International Cooperation Unit, Budget Division, or the Economic Policy Unit, Fiscal Division, MOF.
- 5.7 We look forward to your usual support and cooperation.



**Shiri Gounder**  
**Permanent Secretary for Finance**

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