



Investment **Fiji**

SECTOR PROFILE

TOURISM

TOURISM SECTOR

Fiji's renowned culture of hospitality and resourcefulness delivers exceptional value for investors. There are many examples of commercial success resulting from investment ventures by international partners.

The Tourism Industry in Fiji is largely regarded as an important driver for the Fijian economy. In 2018, approximately 870,309 visitors spent FJD\$2 billion in Fiji across an estimated 1,200 businesses. The tourism sector employs approximately 119,000 Fijians contributing above 30% of Fiji's Gross Domestic Product (GDP). Growth in the industry is becoming more broad-based with increased benefits trickling to the grassroots level, expanding eco-tourism and tourism related activities. The industry offers a wide range of services and facilities to suit the needs of its markets ranging from eco-tourism to high-end tourism products. Since 2014, investor confidence levels have increased positively, contributing tremendously to where it is today. Fiji is known to have a number of critical competitive advantage in relation to tourism options and sustainable development such as its warm tropical

climate and rich cultural diversity. The growth in international visitor arrivals anticipates conforming increase in capacity requirements and demand for new products, facilities and services, thus paving the way for local and foreign investment opportunities. Fiji offers lucrative Hotel Industry incentives via the Fiji Revenue and Customs Authority under the Income Tax (Hotel Incentives) Regulations 2016 with encouraging amendments and extension in the recent budget announcement.

Short Life Investment Package

- 4-year tax holiday for capital investments not less than \$7million.
- Import duty exemption on all capital goods (including capital equipment, plant & machinery, building materials, furnishings & fittings, equipment, room amenities, kitchen and dining room equipment & utensils, and specialized water sports equipment).

Conditions

- Short Life Investment Package (SLIP) Incentives is also available for retirement facilities and hospital resorts.
- SLIP Incentives is also available for NEW Apartments provided the length of stay is not more than 6 months.
- Recipients of the provisional approval for SLIP in 2016 shall complete the project within two years from the date the provisional approval was granted.
- There will be no SLIP from 2017 for existing hotels.
- Investors would only need to provide a sketch plan to obtain provisional approval for the investment allowance, and not necessarily a certified approval.





OPPORTUNITIES

- Tourism Areas – areas such as Vanua Levu, Suncoast and outer islands have been identified as higher yielding by visitation. In efforts to complement Governments initiative to spread benefits across the country, these areas have also been declared tax free regions whereby companies can operate without being subject to income tax.
- Accommodation – gaps in the accommodation sector note the need for higher end accommodation types such as upscale boutiques and eco-friendly resorts. Additionally, whilst Fiji has shown its capacity to attract international chains, there is still a need to encourage more accommodation properties with state of the art conference facilities to cater for the increase in MICE market.
- Attractions/Tours – in order to enhance visitor experience, there is a need for necessary investment in tourist attractions such as Culture and Heritage. For example, Museums and cultural centres to serve as anchor attractions in highly dense tourism areas such as Nadi.
- Activities – water and land based activities are common amongst tourists visiting Fiji. The provision of nature based activities particularly developing heritage sites have the potential of becoming popular tourist spots. Similar facilities can then be associated to trail networks and recreation segments such as hiking, trail walks and so forth.
- Retail – investment in high end retail shopping that looks at the development and enhancement of Fijian Made products to ensure an immersive visitor experience.
- Supporting Infrastructure - essential services and infrastructure is needed to be able to accommodate the increased demand and ensure all areas are accessible, especially outer islands. As such, opportunities exist in the development of interisland transfer boats, seaplanes, cruise/yacht terminals etc.



INCENTIVES

TAX HOLIDAY

- Tax Free for capital investment above FJD\$2,000,000 for a period of 13 consecutive fiscal years in a Tax Free Region (TFR).
- Investment allowance (in addition to ordinary depreciation) of 25% of total capital expenditure is allowed as a deduction provided there is no shift of tax revenue to other countries.
- Tax free region offer tax free status and exemption on the importation of raw materials, machinery and equipment.

STANDARD ALLOWANCE

Investment allowance of 25% of total capital expenditure is allowed as a deduction.

Conditions

- Applicable to building of new hotel including renovations or refurbishments or extensions of existing hotel and International Retiree Facilities.
- Recipients shall complete the project within two years from the date the provisional approval was granted.
- Investment Allowance can only be written-off against the income of the hotel business or income from the hotel premises.
- Losses carried forward to 8 years.
- Investors would only need to provide a sketch plan to obtain provisional approval for the investment allowance, and not necessarily a certified approved.
- There should not be any shift of tax revenue to other countries.
- There will be no Investment Allowance from 2017 for existing hotels.



WHY INVEST IN FIJI?

Fiji's renowned culture of hospitality and resourcefulness delivers exceptional value for investors. There are many examples of commercial success resulting from investment ventures by international partners. Fiji offers a compelling investment proposition and has a stable political environment that encourages economic growth and development. Continued investment in infrastructure, education and training have implications not only for the attractiveness of Fiji as a location to investors, but also for the quality of inward investment. Investment Fiji is witnessing a growing interest from large multinationals.

Economic stability is essential for attracting significant inward investment; with Fiji having both low levels of inflation and positive GDP growth

since 2010. There has been a sharp rise in confidence of the domestic private sector and foreign investors with new bank lending for investment purposes rising consistently. Fiji is also the regions foremost trading hub with excellent shipping routes across the Pacific Islands. Fiji has \$7 billion worth of road infrastructure and 1,200 bridges, 47 jetties, 5 commercial ports, 25 local and 2 international airports.

Fiji has a business friendly tax structure that supports innovation and investment with 20% corporate tax and a lower rate of 10% for companies listed on the South Pacific Stock Exchange. The Fijian Government has announced a number of incentives and pro-growth policies to attract investments and encourage economic growth that is stable and sustainable. Government plans to increase per capita income by fourfold over the next 20 years.

The continuous enhancement of infrastructure, growth of our tourism industry, advantages of a young population, a first class English-speaking workforce, natural flair of services, conducive business environment and low entry costs are key ingredients of Fiji's continued success.

INVESTMENT

FIJI

Investment Fiji was established as the Economic Development Board (EDB) in 1980 and is guided by the Foreign Investment Act. A statutory organization, Investment Fiji operates independently as the marketing arm of the Fiji Government, providing services and assistance to promote, and stimulate investments and exports. As such, Investment Fiji carries out three primary roles, Investment Promotion, Investment Facilitation and Export Promotion.

The Investment team provides in depth market intelligence, identifies potential investment projects and assists investors and delegations by arranging suitable meetings and introductions - in addition to promoting Trade and Investment opportunities overseas.

The purpose of the Investment Facilitation team is to provide post-establishment after-care facilitation services enabling and assisting both foreign and local Investors in establishing their business and providing information, support and assistance during the growth phases - and through to developmental support to retain investment, encourage follow-on investment and achieve greater economic impact.

The purpose of our Trade and Export team is to increase exports in general, but particularly of entities, whose products and services add value, allow for import substitution and contribute to employment.



POSITIVE
ECONOMIC GROWTH SINCE 2010



94%
LITERACY RATE



40 & UNDER
69% OF TOTAL POPULATION



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