

# Fiji Budget 2025/26

27 June 2025

## Highlights of the budget

The Honourable Deputy Prime Minister and Minister for Finance, Strategic Planning, National Development & Statistics, Professor Biman C Prasad presented the 2025/26 Budget on Friday, 27 June 2025

This budget newsletter sets out highlights of the budget measures

**Budget deficit of \$886.0 million**  
(or –6.0% of GDP) for 2025/26

**Total exports** up by 7.0% in 2024, forecast growth of **3.3% in 2025** and **5.0% in 2026**

**Debt to GDP** forecasts of **77.5% for 2025** and to grow to **79.8% in 2026**

**VAT** rate reduced to **12.5%** from **1 August 2025**

Strengthen **measures** to **counter** escalating **social issues**

**Remittances** increased by 6.0% in 2024, and forecast growth of **7.0% in 2025**

Revised **growth** forecasts of **3.1% in 2026** and 3.2% in 2025 following growth of 4.0% in 2024 and 7.5% in 2023. Forecast for 2027 is 2.9%

**Inflation** of 1.3% in 2024, and forecasts of **2.0% in 2025** and **3.4% in 2026**

**Export income** deduction incentive **not extended** beyond **2025** tax year

Further **3% pay rise** for **civil servants**

**Increase** in **compliance** on **e-wallets** and **sole traders**

**Foreign reserves** of **\$3.7 billion**, equivalent to **5.8 months** of imports

# Economic Outlook Statistical Analysis

|   | 2025/26<br>Budget<br>\$M | 2024/25<br>Revised<br>\$M | 2023/24<br>Actual<br>\$M | 2022/23<br>Actual<br>\$M | 2021/22<br>Actual<br>\$M |
|---|--------------------------|---------------------------|--------------------------|--------------------------|--------------------------|
| Direct taxes                            | 1,169.5                  | 1,092.5                   | 1,009.1                  | 659.4                    | 464.6                    |
| Indirect taxes - VAT                    | 1,353.0                  | 1,531.4                   | 1,364.1                  | 968.8                    | 630.6                    |
| Indirect taxes - Customs                | 621.4                    | 590.6                     | 551.9                    | 471.7                    | 442.0                    |
| Indirect taxes - Service Turnover Tax   | -                        | 0.2                       | 0.2                      | 0.1                      | 0.1                      |
| Indirect taxes - Water Resource Tax     | 75.5                     | 75.5                      | 72.0                     | 74.7                     | 83.6                     |
| Indirect taxes - Departure Tax          | 144.6                    | 120.7                     | 89.2                     | 61.7                     | 16.4                     |
| Stamp duties                            | -                        | -                         | 0.1                      | 0.2                      | 0.5                      |
| Environment and Climate Adaptation levy | 9.6                      | 9.5                       | 9.4                      | 8.3                      | 23.9                     |
| Other levies                            | 0.6                      | 0.6                       | 0.8                      | 0.8                      | 0.8                      |
| Fees, fines, charges & penalties        | 183.3                    | 161.4                     | 154.2                    | 161.7                    | 148.7                    |
| Other income                            | 377.3                    | 349.2                     | 385.2                    | 300.2                    | 342.8                    |
| Total operating receipts                | 3,934.9                  | 3,931.5                   | 3,636.1                  | 2,707.6                  | 2,153.9                  |
| Total operating payments                | (3,906.9)                | (3,333.6)                 | (3,059.8)                | (2,566.4)                | (2,261.5)                |
| Net operating surplus                   | 28.0                     | 597.8                     | 576.4                    | 141.2                    | (107.6)                  |
| Investment receipts                     | 12.6                     | 5.1                       | 10.0                     | 3.0                      | 7.4                      |
| Investment payments                     | (926.6)                  | (1,108.3)                 | (1,034.0)                | (983.7)                  | (1,123.0)                |
| Net (deficit)                           | (886.0)                  | (505.3)                   | (447.6)                  | (839.4)                  | (1,223.3)                |
| Percent of GDP                          | -6.0%                    | -3.6%                     | -3.4%                    | -7.1%                    | -11.9%                   |

## Other Key Economic Outlook Indicators

|                                       | 2026<br>Forecast | 2025<br>Forecast  | 2024<br>Provisional | 2023<br>Revised   | 2022<br>Actual       |
|---------------------------------------|------------------|-------------------|---------------------|-------------------|----------------------|
| Economic growth in percent            | 3.1              | 3.2               | 4.0 <sup>e</sup>    | 7.5 <sup>p</sup>  | 19.8 <sup>r</sup>    |
| Debt to GDP in percent                | 79.8             | 77.5 <sup>f</sup> | 79.0                | 83.4 <sup>a</sup> | 90.7                 |
| Inflation rate in percent             | 3.4              | 2.0               | 1.3 <sup>a</sup>    | 5.1 <sup>a</sup>  | 3.1                  |
| Visitor arrivals in pax               | 1,012,426        | 982,938           | 982,938             | 929,740           | 636,312 <sup>r</sup> |
| Sugar export in tonnes                | 112,500          | 103,400           | 103,500             | 145,200           | 128,400 <sup>r</sup> |
| Gold exports in FJD millions          | 281.7            | 227.0             | 168.1               | 97.8              | 101.2 <sup>r</sup>   |
| Fish exports in FJD millions          | 63.9             | 60.5              | 58.2                | 60.6              | 78.5 <sup>r</sup>    |
| Mineral water exports in FJD millions | 344.9            | 340.1             | 351.2               | 356.4             | 361.8 <sup>r</sup>   |

## General commentary

- With the theme **“Building Security, Stability and Prosperity”**, the 2025-2026 National Budget aims to build further on an economy that has recovered in the last financial year from the pandemic induced downturn. Government intends to do this by addressing socio-economic challenges and focusing on macroeconomic stability, with spending to be directed towards protecting the vulnerable, strengthening public health systems and safeguarding economic resilience.
- Budget measures to ease the burden of high cost of living include a reduction in VAT from 15 percent to 12.5 percent and duty reduction on tariff protected products, with strong enforcement measures to ensure the benefits are fully passed on to consumers. Targeted expenditure measures to support and subsidise social welfare recipients, pensioners and lower income earners will also be implemented. Government will also strengthen measures to counter escalating social issues such as Drug usage and the HIV epidemic, and increased funding for key areas including Education, Health & Medical Services and Infrastructure have been announced.
- The 2025 growth rate has been revised downward slightly to 3.2 percent. This is largely attributed to the expected slowdown in the global economy and weaker growth prospects in Fiji's major trading and tourism partners, driven by ongoing trade and geopolitical tensions. Looking ahead, the domestic economy is expected to return to its long-term trend growth of approximately 3.0 percent in 2026 and 2027, supported by a broad-based expansion across all major sectors.

# Budget principles



*... Mr Speaker Sir, in framing our 2025-2026 budget, we reiterate that this is a budget for an extraordinary moment in history. In this context, our 2025-2026 budget speaks of our determination to securing and protecting all Fijians at all times...*

- Hon. Professor Biman Prasad

Deputy Prime Minister and Minister for Finance

## 2025/26 Fiscal policy principles

The overarching objective of the Government's 2025/26 Medium-Term Fiscal Strategy is to strike a fine balance between fiscal prudence and maintaining macroeconomic stability. At the core of the strategy is a commitment to fostering sustainable and resilient growth, addressing socio-economic challenges, promoting inclusive development and building robust economic and fiscal buffers to effectively respond to future shocks

### Revenue policy

Government intends to shift its revenue strategy towards improving compliance through tax education and fostering a culture of self-regulation. Initiatives are also underway to enhance international tax cooperation, combat tax evasion, and ensure compliance with global transparency standards

Government intends to be guided by the following revenue policy principles:

- widen the tax base by gradually removing exemptions and other distortions and bringing provisions in place to collect revenues from e-commerce transactions
- improve tax compliance and collection of tax arrears by implementing digital tools and streamlined tax reporting methods, such as e-filing and simplified tax systems, to simplify compliance and broaden the tax net
- continue efforts to make the tax regime and tax administration simpler to encourage voluntary compliance
- review the VAT regime to move towards a single rate when the time is appropriate, including expenditure strategies to support the vulnerable
- introduce targeted tax policies in potential inelastic markets to generate sufficient revenue required for developmental goals

- regularly report and budget tax expenditure on exemptions and concessions to promote transparency and build support for rationalising such incentives
- introduce environmentally focused taxes and incentives, such as carbon taxes or incentives for sustainable businesses aligning with the NDP
- strengthen the property tax system by assessing properties regularly
- review non-tax revenues on a cost recovery basis, while also ensuring that the vulnerable and disadvantaged are protected

### Expenditure policy

Given the significant rise in operating expenditure, Government intends to focus on capping operating costs and improving efficiency by better targeting social protection programs and transfers, implementing measures to right-size the civil service, and ensuring effective public service delivery. With regard to capital expenditure, priority is to be given to high-impact projects that address infrastructure gaps identified in the NDP

Government intends to be guided by the following strategies with regard to its expenditure policy:

- increase the efficiency of public expenditure to control the growth of expenses at sustainable levels
- undertake a holistic review to right-size the civil service and contain the public sector wage bill
- tighten control on operational expenditure, including travel, communications, trainings, workshops, fuel & maintenance and purchase of supplies with KPIs of agency heads and Permanent Secretaries linked to these targets
- restructure the social protection framework to prioritise the most vulnerable segments of society, and reforming existing subsidy mechanisms
- conduct proper investment appraisal and project selection for all new capital projects and strictly adhering to the Public Sector Investment Programme guidelines
- resources must be allocated based on a multi-year perspective and the implementation capacity of agencies, considering the need to meet competing expenditure demands
- major existing programmes to be reviewed and Government should ensure that all financial resources allocated are used prudently to derive real value for money

- all new initiatives to be rolled out in phases to manage costs and pilot testing should be done for the rollout of major initiatives
- encourage more private sector participation in public infrastructure projects and delivery of other public services through PPP and other innovative arrangements
- allocating expenditure ceilings to all Ministries to ensure conservative and disciplined budgeting
- focus on effective and timely implementation of capital expenditure projects
- proper and effective monitoring of projects and budget utilisation through the Ministry of Finance
- funding for on-going programmes to be based on assessment of current and past performance and progressive achievement of planned outputs

### Debt policy

The broad objectives of Government debt strategy in the medium-term will remain as follows:

- minimise the medium to long-term cost of Government debt within prudent levels of risk
- support the development of a well-functioning domestic market for debt securities

To achieve the above objectives, Government intends to focus on the following debt management policies:

- lower the cost of debt through concessional financing from multilateral and development partners
- diversify the maturity profile through issuances of short and medium-term bonds (2-year to 5-year tenure)
- continue issuances of long-term bonds (10-year to 20-year tenure) and introduce new maturity terms (above 20 year tenure) to finance deficits
- Diversify debt instruments with the issuance of thematic bonds to finance targeted projects
- develop the domestic bond market with the focus on transparency, secondary market trading, and investor diversification
- undertake liability management operations such as call-backs, bond buybacks, switch operations and early redemptions
- consider the embedded options available for external loans
- detailed analysis and assessment of Government agencies with lending and on lending arrangement and guarantees to minimise risk

# Income Tax

## Measures introduced:

- introduction of a 150 percent tax deduction for donations made by a business towards Accredited Start-Up Support Programs such as accredited start-up incubators, accelerators, and entrepreneurship development programs
- introduction of a 100 percent tax deduction for donations made by a business to health centers, nursing stations, aged care facilities, orphanages and drug rehabilitation centers
- introduction of a tax exemption for the income of businesses engaged in carbon trading
- introduction of a 25 percent investment allowance for new investments made by businesses involved in providing a tour activity in Fiji. Tour activity means any approved non-accommodation activity provided by a registered business and includes beach clubs, diving, snorkeling, trekking, surfing, zip lining, river safaris, kayaking, tubing, water parks, and nature tours. The minimum threshold to qualify for the investment allowance is \$100,000
- amendment to the Income Tax Act to establish the legal foundation for Fiji's participation in the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (MAAC)

## Amendments to existing provisions:

- amendment to the Fringe Benefits Tax (FBT) value for electric vehicles, effective from 1 January 2026. The reduced rates, per annum, are summarised below:
  - \$4,000 where vehicle cost is less than \$50,000
  - \$6,000 where vehicle cost is from \$50,000 to less than \$75,000
  - \$8,000 where vehicle cost is from \$75,000 to less than \$100,000
  - \$10,000 plus 8 percent of the excess of the vehicle cost above \$100,000 where the cost of the vehicle exceeds \$100,000
- amendment to the definition of 'dividend' to ensure that Capital Gains Tax (CGT) is applied to any gain realised from share buyback or similar transactions
- amendment to the CGT exemption to include the disposal of a first residential property that is co-owned with non-family members

- extension to the Sub-Division of Land Incentive until 31 July 2027
- amendment to include unexplained and unidentified deposits during the year in taxpayers e-wallets account in the computation of gross income if it can be traced to the taxpayer
- increase in the rate of non-resident withholding tax (NRWT) on insurance premiums from 3 percent to 3.75 percent to reflect the increase in the corporate income tax rate that was announced in the 2023 -2024 National Budget
- amendment to the tax deduction for employment of local artists to include all businesses that hire artists on a full-time basis. The tax deduction rate will be reduced from 300 percent to 150 percent
- increase in the tax holiday available to Renewable Energy and Power Cogeneration projects from 5 years to 10 years
- extension of the tax free region (TFR) to include the Wainadoli region for businesses who invest in activities such as waste management, recycling and renewable energy
- extension to the 300 percent tax deduction available for wages or salaries paid for work placements, apprenticeship and part-time workers until 31 December 2026
- extension to the 400 percent tax deduction currently available for wages or salaries paid to persons with disabilities until 31 December 2026

# Tax Administration

## Measures introduced:

- introduction of e-wallet provisions:
  - requirement to maintain a separate e-wallet account for business transactions. A penalty provision of a fine not exceeding \$25,000 or to an imprisonment term not exceeding 10 years or to both for non-compliance
  - providing a Tax Identification Number (TIN) will be a mandatory requirement when registering for a Mobile Wallet account. The deadline to incorporate the TIN requirement is 31 December 2025
- introduction of a minimum of 10 hours of Continuing Professional Development (CPD) as a pre-requisite for Tax Agents applying for renewal of their registration, effective from 1 January 2026

- introduction of a Mandatory Asset Declaration requirement for sole proprietors to enhance financial transparency and support tax compliance, effective from 1 January 2026 as part of the tax return for tax year 2025
- introduction of new provisions to assist FRCS in obtaining the required information from taxpayers or third parties for the purpose of MAAC

## Amendments to existing provisions:

- reduction of the VMS turnover threshold for businesses required to register for VMS from \$100,000 to \$50,000, effective from 1 January 2026
- removal of the \$1.25m turnover threshold that limits amendment of tax assessments within 3 years to align with the general audit rules
- removal of the \$1.5m turnover threshold that limits FRCS from instituting penalties

# Value Added Tax (VAT)

## Measures introduced:

- introduction of VAT refund incentives on capital investments
  - for residential solar projects by individuals. Capital investment excludes the installation of solar heaters or a standalone solar lighting system
  - for reconstruction of houses damaged by termite infestation

## Amendments to existing provisions:

- reduction of the VAT rate from 15 percent to 12.5 percent, effective from 1 August 2025
- amendment to the definition of "produce" to exclude middleman selling produce supplies
- amendment to the VAT exempt list to include e-wallets and associated services (as financial services)
- amendment to the zero-rated VAT list to include the supply of mechanical harvester services by Cooperatives

# Fiji Revenue and Customs Service

## Measures introduced:

- introduction of a new provision to allow the disclosure of information under Section 52(4A) and 52C of the Act to comply with the MAAC articles



# Water Resource Tax

## Measures introduced:

- introduction of a penalty provision of a fine not exceeding \$25,000 or to an imprisonment term not exceeding 10 years or to both for water extraction and bottling businesses that operate without prior approval from relevant authorities

# Customs

## Measures introduced:

- introduction of new provisions to enable the collection of Passenger Name Record (PNR) data from aircraft and ship operators
- introduction of Customs Demerit Point System (DPS) for licensed customs operators to promote accountability, compliance and efficiency
- introduction of a new provision whereby provisional customs entry is required for goods not liable for export duty
- introduction of a new provision to collect additional duties if the modification results in a change in tariff classification for both new and used goods vehicles
- introduction of a 30-day timeframe for re-lodgment of declined duty drawback claims
- introduction of the requirement for maritime vessels to keep the Automatic Identification System (AIS) activated when in Fiji waters
- 3 percent export duty on the export of gold/silver ores and concentrates

## Amendments to existing provisions:

- amendment to the bonded warehouse licensing provision to provide additional discretionary powers to the Comptroller
- amendment to customs officers powers to align to international best practices during the detainment and search processes
- amendment to the customs entry related records:
  - increase in storage period for ASYCUDA records from 5 years to 7 years
  - increase in storage period for customs entry related records for traders from 5 years to 7 years in line with the audit period

# Customs Regulations

## Measures introduced:

- introduction of a late payment penalty of \$15 per day to be applied to customs operators who delay the payment of overtime fees to FRCS

## Amendments to existing provisions:

- increase in the rent charge for goods deposited in the Customs Warehouse from \$2 per ton or cubic meter to \$5 per ton or cubic meter
- amendment to implement a standardized license fee of \$15,000 for a three-year term regardless of the warehouse size
- amendment to the VEP operational fee structure for freight stations and other customs areas approved by the comptroller as below:
  - consol freight station from \$13,500 to \$14,500
  - air freight station from \$9,500 to \$10,500
  - duty free shop - Nadi from \$9,500 to \$10,500
  - duty free shop - Nausori from \$1,350 to \$2,350
- amendment to the sufferance fee structure from \$9,000 for a three-year term to \$3,000 per year
- amendment to the VEP outdoor fee structure for aircraft as below:
  - commercial aircraft from \$460 to \$1,200
  - private aircraft from \$1,650 to \$2,500

# Customs Tariff

## Fiscal duty decreases:

- from 32 percent to 15 percent on chicken portions such as drumsticks, wings and thighs
- from 32 percent to 15 percent on edible chicken offals such as liver and giblet
- removal of 15 percent fiscal duty on all frozen fish
- removal of 15 percent fiscal duty on salmon whether live, fresh, chilled, salted or dried
- from 32 percent to 15 percent on tomato sauce
- removal of 5 percent fiscal duty on cruise ships, excursion boats and similar vessels
- from 32 percent to 5 percent on golf cars and similar utility vehicles
- removal of 5 percent fiscal duty on electric golf cars

- removal of 5 percent fiscal duty on solar powered utility vehicles
- from 32 percent to 5 percent on castor sugar

## Changes to concession codes:

- VAT zero-rating on the importation of termiticide chemicals currently cleared under concession code 301 to assist the government's termite infestation rehabilitation efforts
- extension of concession code 218 (passenger allowance) to include Authorised Economic Operator (AEO) members
- removal of concession code 124 (vii) which allows for duty free importation of disposable gas lighter blanks
- expansion of concession code 236B to provide duty concessions on machines, equipment and other accessories
- expansion of concession code 122 to include goods traded under international trade agreements such as the Interim Economic Partnership Agreement (IEPA) ensuring alignment with Fiji's trade obligations and facilitating preferential market access
- "Used Vehicle" will be defined as any vehicle that has been registered at any time, for any purpose, including one that has been used for the purpose of demonstration in connection with the sale of a similar vehicle at any time before being offered or displayed for sale

## Changes to existing provisions:

- amendment to concession code 212 on personal imports as follows:
  - Online Purchases of up to \$1,000 per consignment will be subject to free fiscal duty, free import excise, and 12.5 percent VAT
  - Personal Import (gifts, donations, etc) of up to \$500 will be subject to free fiscal duty, free import excise and free VAT. Consignments exceeding \$500 will be subject to the standard duty and VAT rates

# Excise

## Import excise increases:

- 5 percent on tomato sauce (new)
- 15 percent on snacks obtained through swelling and roasting (new)

## Import excise decreases:

- removal of 15 percent import excise duty on juice not containing any added sugar

#### Other import excise changes:

- importation of alcoholic flavours and concentrates of heading 3302 will now attract a tiered duty rate based on the strength of alcohol

#### Other provisions:

- amendment to the definition of 'manufacture' to include the use of non-excisable goods in the process of manufacturing an excisable product
- introduction of a new definition of 'raw materials' for administration purposes
- amendment to capture other raw materials used in the production of RTD alcoholic beverages in addition to apples and pears
- introduction of a \$15 post modification fee. This will align the Excise Act with the Customs Act which stipulates similar provisions of post entry modification
- introduction of Customs Demerit Point System for licensed excise operators to promote accountability, compliance and efficiency

## Excise regulations

#### Other provisions:

- alignment of VIP extra attendance fees to the Customs Regulation as below:
  - overtime attendance from \$25 to \$50
  - special overtime attendance from \$35 to \$60

## Customs (Prohibited Imports and Exports) Regulations

#### Measures introduced:

- introduction of a provision to require prior approval from the Comptroller before the modification of goods vehicles within a period of five years after importation

#### Changes to existing provisions:

- amendment to provisions to ease the Euro IV requirements to facilitate the importation of antique, vintage, high-end and luxury vehicles. The value of the vehicle must exceed \$500,000 which will attract the normal duty rates

## Expenditure

Major expenditure measures and budgetary allocations include:

#### General administration

- Independent bodies - \$103.2 million
- Fiji Corrections Service - \$62.5 million
- Ministry of Civil Service - \$72.8 million (decrease of \$3.2 million)
- Ministry of Rural and Maritime Development - \$39.4 million
- Fiji Military Forces - \$167.8 million
- Fiji Police Force - \$240.3 million (increase of \$13.5 million)

#### Social services

- Ministry of Education - \$675.4 million (increase of \$24.9 million)

- Ministry of Health and Medical services - \$465.6 million (increase of \$13.8 million); includes \$10.8 million for CWM Hospital and \$8.0 million for health centres in Kadavu and Taveuni
- Ministry of Women, Children and Social Protection - \$207.9 million (increase of \$8.4 million)
- Ministry of Housing - \$31.8 million
- Ministry of Youth and Sport - \$23.4 million

#### Economic services

- Ministry of Agriculture and Waterways - \$115.3 million
- Ministry of Lands and Mineral Resources - \$40.6 million
- Ministry of Trade and Commerce - \$84.8 million (decrease of \$21.8 million)
- Ministry of Multi-Ethnic Affairs and Sugar Industry - \$79.0 million
- Ministry of Tourism - \$92.7 million (including Fiji marketing grant - \$35.0 million)

#### Infrastructure

- Ministry of Public Works Department - \$800.1 million (increase of \$82.9 million); includes WAF - \$284.4 million (\$151.7 million capital grant) and FRA - \$387.7 million (\$371.5 million capital grant)

## Other measures

- \$300.0 million 5-year waste water enhancement project in partnership with Asian Development Bank (ADB)
- construction of 100-bed Super Specialty Hospital in Nasinu, with grant support from Government of India

## Connect

### Suva & Nadi

#### Partners

Lisa Apted  
Sharvek Naidu  
Anare Manulevu  
Steve Nutley  
Meliki Tuinamuana  
Mohammed Khan  
Marissa Apted

#### Business & Tax Advisory

Annie Yuen  
Jonathan Fong  
Natasa Dutt  
Radika Raj  
Zoë Yuen  
Nandini Naidu  
Nikita Kumar

#### Contact

T +679 2298 000  
E FJ-FMsuvaoffice@kpmg.com.au  
FJ-FMnadioffice@kpmg.com.au  
W kpmg.com/fj/suva  
kpmg.com/fj/nadi

#### IMPORTANT

The 2025/26 Budget Newsletter is issued in summary form exclusively for the information of clients and employees of KPMG and should not be used or relied upon as a substitute for detailed advice or as a basis for formulating business decisions.

© 2025 KPMG, a Fiji partnership, is part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.