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PRESS RELEASE

Calls for banks to adjust system for tax changes

The Consumer Council of Fiji is calling on commercial banks to ensure specific changes in Resident Interest Withholding Tax (RIWT), announced in the 2018-2019 budget, are passed down to consumers.

The Minister for Economy had announced that with effect from 01 August, 2018, the interest income earned by an individual earning \$30,000 or less annually will be exempted from RIWT.

In the 2016-2017 financial year, the RIWT was reduced from 20 percent to 10 percent but the Council found that banks in Fiji had failed to pass this on to consumers. This mistake caused immense frustration when consumers realised that their interest was still taxed at 20 per cent.

And the blunder was made despite the sophisticated technology and highly trained human resources available in banks. The Council therefore advises banks to ensure the savings brought by the new threshold are passed on to consumers. Banks must update their system and ensure they do not fail consumers this time around.

The Council also calls on consumers to exercise their rights and be vigilant with monitoring their statements to ensure they are not unfairly taxed.

The council also wishes to advise consumers that other funds exempted from the RIWT include the first \$200 of any bank interest earned in a year, the interest credited to the account of a member of the Fiji National Provident Fund and the bank interest up to \$16,000, of a person aged 55 years or more, provided he/she does not have any other source of income.

It also includes the bank interest up to \$16,000, of a pensioner, provided he/she does not have any other source of income apart from pension income received from an approved pension.

ENDS