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PRESS RELEASE

Concerns Over Premature Price Increases Following Budget Announcement

Businesses across industries are urged to conform to ethical and good businesses practices and refrain from prematurely raising taxes on goods in response to the tax increases announced in the 2023-2024 national budget. As selected tax rates are set to increase next month, businesses will be passing it on to customers in the form of higher prices. However, implementing abrupt and substantial price hikes may have adverse consequences, including reduced consumer spending, competitive disadvantages, and reputational damage. The Consumer Council of Fiji encourages businesses to consider alternative strategies to navigate this impending tax change.

This is in response to consumer complaints and findings that certain traders are already subjecting consumers to increased prices, even though the taxes in question comes into effect on the 1st of August 2023. One consumer reported a significant price increase at a prominent coffee shop, where the price of an item increased by 9.4% soon after the budget announcement. Upon enquiry, the customer was told that the VAT increase announcement was the reason behind the surge. However, the proposed VAT rate changes, which will increase the rate from 9% to 15%, do not affect coffee shops as they have already been subject to the 15% VAT rate from previous budgets.

“Eateries such as restaurants and coffee shops have already been charging 15% VAT pre-budget. Hence, using the excuse that there has been increase in VAT, in no way explains this sudden price hike. The Council is warning all traders and operators to refrain from increasing prices prematurely as it is normally seen previously, as it will ultimately lead to a double burden on consumers. Once the budget is passed and enacted, they will be then inclined to increase prices again,” said Seema Shandil, CEO of the Consumer Council of Fiji.

“Businesses should exercise prudence and refrain from imposing price increases that do not apply to them. They should uphold business ethics and do the right thing and not hoodwink the consumers by using the budget announcement as an excuse to increase prices across the board. Traders must wait for the approved date for the VAT increase implementation for price adjustments,” advises Shandil.

The Consumer Council of Fiji will closely monitor the market, ensuring that traders adhere to the correct tax regimes. Consumers are encouraged to report any instances of unjustified price

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increases or unfair practices to the Council's toll-free helpline 155, where their concerns will be addressed promptly.



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