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## FEATURE ARTICLE

### **What Consumers Need to Know and Monitor After the 2025/2026 National Budget**

The 2025/2026 National Budget, recently tabled in Parliament, has put a strong emphasis on easing the cost of living, supporting consumer welfare, and stimulating market competitiveness. This budget includes several key measures that will have a direct impact on everyday consumers. From changes in VAT to the introduction of food import reforms and a public transport subsidy, there is plenty to unpack.

This feature breaks down the key announcements that are relevant for consumers, and what you need to actively monitor to ensure the benefits are not lost along the way.

#### **VAT Reduction- Savings at the Till, If Done Right**

One of the most significant announcements in the budget is the reduction in Value Added Tax (VAT) from 15% to 12.5%, effective 1 August 2025. VAT is charged on most goods and services, meaning this change should translate to immediate price reductions across a wide range of products, provided it is correctly implemented.

**What Consumers Should Do:** Starting in August, check your receipts to ensure you're being charged 12.5% VAT, not the previous 15%. If you're still seeing 15%, that's a red flag and should be reported to the relevant authorities such as the Consumer Council of Fiji.

**What Businesses Need to Do:** Businesses must update their pricing systems and re-calculate VAT based on the original VAT Exclusive Price (VEP). The correct method is:

- $\text{VAT amount} = \text{VEP} \times 0.125$
- $\text{VAT Inclusive Price (VIP)} = \text{VEP} + \text{VAT}$

For convenience, a shortcut is:

- $\text{VIP} = \text{VEP} \times 1.125$

Importantly, businesses must not calculate the new VAT amount by subtracting from the old VIP, which included 15% VAT. Doing so results in incorrect pricing and deprives consumers of the full benefit of the VAT reduction.

#### **Head Office**

Level 5 Vanua House  
Victoria Parade GPO, Suva  
Phone: 3300792/3310183  
CEO: 3305864  
Fax: 3300115  
Email: [complaints@consumersfiji.org](mailto:complaints@consumersfiji.org)

#### **Lautoka/West**

Suite 4 Popular Building  
Vidilo Street  
P.O. Box 5396, Lautoka  
Phone: 6664987  
Email: [consumerlwk@connect.com.fj](mailto:consumerlwk@connect.com.fj)

#### **Labasa/North**

Shop 2, Mudaliar Investment  
Sangam Avenue Street  
P.O. Box 64, Labasa  
Phone: 8812559  
Email: [colbs@connect.com.fj](mailto:colbs@connect.com.fj)

Failure to apply the correct calculations not only shortchanges consumers but could also be seen as non-compliance with tax and consumer protection laws.

### **Duties on Imported Food Products**

The budget introduces fiscal duty reductions on several essential food items, making room for more affordable protein sources on store shelves. These changes are particularly relevant for families seeking to stretch their grocery budgets without sacrificing nutrition.

#### **Key Changes:**

- Imported chicken portions and offals: Fiscal duty has been slashed from 32% to 15%.
- Frozen fish (including salmon): Fiscal duty has been eliminated entirely, down from 15% to 0%.

These reductions are expected to lower retail prices for imported meats and fish, allowing more households to access a variety of protein sources.

However, the government is maintaining protection for locally produced whole chickens, with the 32% duty and 10% excise tax remaining in place. This is intended to safeguard the local poultry industry, which provides jobs and food security, but consumers are urged to compare prices and shop smartly as new options enter the market.

### **Additional Reductions on Food Products**

- The fiscal duty on the importation of tomato sauce will be reduced from 32% to 15%, however a 5% import excise duty will be introduced.
- The import excise duty on the importation of snacks obtained through swelling and roasting will be increased from 0% to 15%.
- The fiscal duty on the importation of castor sugar will be reduced from 32% to 5%.
- The import excise duty on juice, not containing any added sugar will be reduced from 15% to 0%.

### **Monitoring Prices- A Joint Taskforce for Accountability**

To ensure that these reductions in VAT and duties actually benefit consumers, the government has formed a Price Monitoring and Enforcement Taskforce. The taskforce is a collaborative initiative between the:

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Victoria Parade GPO, Suva  
Phone: 3300792/3310183  
CEO: 3305864  
Fax: 3300115  
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#### **Lautoka/West**

Suite 4 Popular Building  
Vidilo Street  
P.O. Box 5396, Lautoka  
Phone: 6664987  
Email: [consumerlwk@connect.com.fj](mailto:consumerlwk@connect.com.fj)

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Email: [colbs@connect.com.fj](mailto:colbs@connect.com.fj)



- Consumer Council of Fiji
- Fiji Competition and Consumer Commission (FCCC)
- Fiji Revenue and Customs Service (FRCS)
- Ministry of Finance

### The Role of the Taskforce

This taskforce will monitor market prices, audit compliance among retailers and service providers, and take enforcement action where necessary. Its responsibilities include:

- Investigating complaints of overpricing or unjustified markups
- Recommending policy interventions, such as:
  - Price controls on essential goods
  - Revoking tariff protections for non-compliant producers
  - Introducing or increasing penalties for unethical pricing

This is an important development because, historically, some businesses have delayed or resisted passing on cost savings to consumers. With stronger enforcement mechanisms in place — and consumer cooperation — that could finally change.

### Import Reforms

The budget also directs the Biosecurity Authority of Fiji (BAF) to conduct a comprehensive review of import protocols for key food items, particularly frozen chicken.

Currently, imports of frozen chicken are restricted to certain suppliers, primarily from New Zealand. This limitation has contributed to reduced competition and potentially higher prices.

By reviewing and possibly easing these restrictions, the government aims to:

- Introduce greater competition in supply chains
- Reduce dependence on a narrow pool of importers
- Increase consumer access to affordable, quality food

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This move is seen as a long-term strategy to stabilize food prices, promote market fairness, and give consumers more options — while balancing the need to protect local producers.

### **10% Bus Fare Subsidy**

Public transport users will also benefit from a government-subsidized 10% reduction in bus fares, running from 1 August 2025 to 31 July 2026.

Under this initiative, passengers will pay 90% of the fare, with the remaining 10% paid directly to bus operators by the government. For instance:

- If a Stage 1 fare is \$1.10, you should only pay \$0.99, and the government covers the \$0.11 difference.

### **Why This Matters**

Consumers are advised to check bus receipts carefully on their phones, or while paying on the e-ticketing machine, to ensure the correct subsidized fare is being charged. Any operator charging full fares during the subsidy period may be reported to the authorities for investigation.

### **Conclusion: Consumer Awareness is the First Line of Defence**

The 2025/2026 National Budget delivers several consumer-friendly reforms, from VAT and tariff reductions to fare subsidies and stronger regulatory oversight. But for these measures to truly make a difference, consumers must stay informed, stay alert, and demand transparency.

- Check prices.
- Read your receipts.
- Report suspicious pricing.

In past years, sluggish price adjustments and non-compliant business practices have eroded the potential benefits of such reforms. This time, with both a monitoring taskforce and consumer vigilance, there is real potential for meaningful change.

The power lies in our hands, as informed consumers, to hold businesses accountable and ensure the policies set in Parliament bring relief to the marketplace.

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