

Duty Suspension Scheme (DSS).

The Duty Suspension Scheme of Fiji.

The Duty Suspension Scheme or DSS belongs to the category of customs arrangements referred to internationally as “Inward Processing Relief”.

It allows goods into a customs territory free from payment of import duties and taxes on condition that the imported goods are intended for manufacturing and processing then exported.

Firms should be engaged in an activity that involves the import of materials and transformation into export products. Agriculture and Mining are excluded from the scheme.

The DSS is a government initiative introduced as an Investment Package to enable Fiji Exporters use world-priced inputs in their products to improve competitiveness. In addition to this, the scheme is expected to release cash tied up with import duty and VAT thus enabling exporters to operate at their maximum potential. DSS became effective as of 1st July 2002.

In a unique arrangement the DSS is administered by the Exporters Club a private sector organisation set up primarily for the function.

How Will It Work?

Under the DSS, for every dollar of exports achieved a member is provided credits to import, duty and VAT free, an amount equal to the proportion of imported inputs required to produce the export product. This is called the **Entitlement Proportion (EP)**.

The EP varies according to the type of activity undertaken. Activities that require a large amount of imported inputs to produce exports will have higher EP's than others. The exporter provides an appropriate list of materials for inclusion in an approved list. Each member can apply to add materials to the approved list at a later date.

EP ratios are calculated using an organisations importing and exporting history in addition to a set of audited accounts. Organisations whose EP ratio exceeds 65% are required to provide detailed production cost information.

Exports are defined as the FOB value of exports as shown on the Customs clearance documents. The value of approved of approved inputs is defined as the value for duty in Fiji Dollars as shown on the Customs Import Single Administrative Document (SAD).

DSS recognises that the import of materials must precede the production and subsequent export of goods. Credits will be advanced based on trading history with 2 months credits for imports set as the norm. Advanced credits will be acquitted on a monthly basis over a 12-month period.

The DSS is computerized and requires minimum paperwork with an auditable record trail maintained.

Does My Business Qualify?

All firms engaged in an activity that involves the import of materials and conversion of the materials into export products is eligible to join DSS. Firms that have been , or would have been entitled to concessions under the Tax Free Factory/ Tax Free Zone or the fifth Schedule Exports Incentive Scheme (Duty Drawback Scheme), can participate in the DSS. Any new exporter may also apply to participate.

Firms that import materials and transform these materials into articles or goods for export production by another organisation may also be considered for DSS.

The activities that initially will not be considered for the scheme include Agriculture and Mining.

It is important to note that *membership to the DSS is voluntary* – exporters have the choice of continuing under existing concessionary arrangements, for example, the TFF Scheme or the Duty Drawback Scheme.

All firms under the umbrella of the DSS must transform imported inputs, that is, an activity must take place that involves substantial transformation – note that “substantial transformation” is defined s when an input classified in the Harmonised Tariff (HT) has its code changed at the four-digit level after it has undergone a production process.




How To Become A Member Of The DSS.

Interested organisations may apply to the exporters Club to participate in the Duty Suspension Scheme by submitting a formal application on a form which is available on the website www.exportersclub-fiji.com or on application to the address below.

Exporters Club.

The Exporters Club is a private sector organisation established primarily for the administration of the Duty Suspension Scheme (DSS) which was designed to improve the competitiveness of all exporting oriented industries in Fiji.

The shareholders of the Exporters Club include :

-  Fiji-Australia Business Council
-  Fiji Chamber of Commerce and Industry
-  Fiji Employers' Federation
-  Fiji Indigenous Business Council
-  Fiji-New Zealand Business Council
-  Fiji- PNG Business Council
-  Fiji –USA Business Council; and
-  Textile Clothing and Footwear Council.

Organisations waiting to participate in the DSS must apply for membership with the Exporters Club who assesses the DSS qualification of the applicant and recommend to Fiji Islands Customs Authority (FICA) to allow suspension of duty and VAT for an approved list of materials to be imported. Once this is done, the applicant will receive from the Exporters Club:

- ✚ A registration Number
- ✚ Opening Advanced Import Credit
- ✚ A list of approved materials that can be imported duty and VAT free; and
- ✚ An Entitlement Proportion (EP ratio).

Members should apply to the exporters to the Exporters Club for any additional advance of credits, changes to EP ratio, and additions to the approved list of materials.

The Exporters Club is responsible for monitoring the performance of each member. A software application records the import/export performance of each member and calculates the total amount of credits earned. The DSS computer system records the credits used and automatically reduces the advanced credits at a greed rate. The next stage of development of the software will enable members to dial into the computer system to check their performance.

Cost.

Members are liable for:

- ✚ An Application or Assessment Fee
- ✚ An Annual Subscription Fee and,
- ✚ An Activity Fee.

If you require any further information or would like someone to visit and discuss the Duty Suspension Scheme please contact:

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