

MINISTRY OF FINANCE CIRCULAR

MINISTRY OF FINANCE, STRATEGIC PLANNING, NATIONAL DEVELOPMENT AND STATISTICS

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CIRCULAR NO. 2/2025 - 2026

From: Permanent Secretary for Finance, Strategic Planning, National Development and Statistics **Phone:** 330 7011

To: All Permanent Secretaries & Heads of Departments **Date:** 04/08/2025

Subject: Adjustment of Value Added Tax (VAT) in Tender Awards Approved Prior to August 1, 2025

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- 1.0 This memorandum formally advises all Ministries of the automatic adjustment of VAT rates for awards that received approval from the Government Tender Board (GTB) before August 1, 2025. This adjustment is a direct consequence of the Value Added Tax (Revised Budget Amendment) Act 10 of 2025 with the revision of the national Value Add Tax (VAT) rate from 15% to 12.5%.
 - 2.0 As mandated by Regulation 11(2) of the Procurement Regulations 2010, any changes to the value of an initial contract must be approved by the GTB. We advise that the GTB has provided a general approval for the amendment of VAT on all tender awards that were previously approved prior to August 1, 2025.
 - 3.0 The Government Tender Board has formally approved the following adjustments to the award decisions:
 - For GTB awards that were previously approved with a 15% VAT rate, the applicable VAT rate applied to the award price(s) shall be automatically adjusted to 12.5% for all goods, works, or services supplied under these contracts on or after August 1, 2025.
 - For all tenders that closed before August 1, 2025, and are currently awaiting GTB approval, the VAT component of bid prices, where initially calculated at 15%, shall be automatically adjusted to reflect the new 12.5% rate when presented for approval.
 - For all tenders that have received approval, but whose contracts are yet to be formally signed, and where the award price is inclusive of 15% VAT, the award shall be automatically amended to reflect a 12.5% VAT rate.
 - 4.0 Ministries are kindly requested to engage with the Solicitor-General's Office and seek their guidance in determining the most appropriate methods for incorporating this VAT adjustment into your respective contracts.

Thank you



Mr. Shiri Gounder

Permanent Secretary
Ministry for Finance, Strategic Planning,
National Development and Statistics



GOVERNMENT TENDER BOARD

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To: Permanent Secretary for Finance, Strategic Planning, National Development and Statistics

From: Mr. Waisea Uluivanuavatu, Secretary – Government Tender Board (GTB)

Date: August 1, 2025

Subject: **Application of VAT Amendment to Tenders**

The Government Tender Board on August 1, 2025, has approved that the Value Added Tax (Revised Budget Amendment) Act No. 10 of 2025 applied as follows:

- 1) For GTB awards previously approved with 15% VAT, the applicable VAT rate to the award price(s) shall be automatically adjusted to 12.5% for all goods, works, or services supplied on or after August 1, 2025.
- 2) For all tenders closed before August 1, 2025, that are yet to receive GTB approval, the VAT component of bid prices, where previously calculated at 15%, shall be automatically adjusted to reflect the new 12.5% rate when seeking approval.
- 3) For all tenders that have been approved, but whose contracts are yet to be signed, where the award price is inclusive of 15% VAT, the award shall be automatically amended to reflect 12.5% VAT.

Mr. Waisea Uluivanuavatu
Secretary – GTB