



DUTY CONCESSION SCHEME

GUIDELINES FOR TOURISM & MANUFACTURING DEVELOPMENTS

DUTY CONCESSION SCHEME UNDER THE PROVISION OF THE CUSTOMS AMENDMENT ACT 2007 (SECTION 163A) & THE CUSTOMS (TOURISM & MANUFACTURING DEVELOPMENTS) AMENDMENT REGULATIONS 2014:

BACKGROUND:

This scheme is one of Government's support program aimed at further encouraging the development of the Tourism and Manufacturing industries. The program is mainly for the exemption of Customs Duty on imported goods from overseas suppliers for use by businesses approved as a **"Qualifying Project"** as per provisions of the Customs Amendment Act 2007.

TWO BASIC PROCESSES WHEN CONSIDERING APPLICATIONS UNDER THE DUTY CONCESSION SCHEME:

- I. **Qualifying Projects:** all applications must be submitted to MCIL for preliminary assessment for the Investment Committee's final evaluation before submission to Cabinet for consideration. This process may take less than a month if all required supporting information is provided together with the completed application form.
- II. **Approved Goods:** It is expected that an initial list of required goods will be submitted together with completed application for Cabinet consideration. However requests for additional goods from qualifying projects must also be submitted to MCIL for assessment before submission to MOF for approval. This process can be finalized within 48 hours if all details are provided with request for consideration of additional goods.

NOTE: All applicants are required to obtain written approval as a Qualifying Project prior to the importation of goods as the scheme is not operated on a retrospective basis. Other details relating to expected steps and procedures for this scheme are provided in section (E) of this guideline.

SECTIONS A & B OF THE GUIDELINE PROVIDES SPECIFIC DETAILS FOR THE TWO CATEGORIES [TOURISM & MANUFACTURING DEVELOPMENTS] WHILE THE OTHER SECTIONS PROVIDES GENERAL DETAILS PERTAINING TO THE DUTY CONCESSION SCHEME;

A. GUIDELINES WHEN CONSIDERING ASSISTANCE FOR THE DEVELOPMENT OF HOTELS, MOTELS and BEACH RESORTS:

1. A registered business and holder of a current business license and are VAGST registered.
2. This assistance does not include requests for the development of beach fale. The assistance will only include properly built units that are fully furnished as in hotels/motels;
3. Consideration of assistance for New and Existing developments;
 - Existing operators: consideration will only be given if the expansion consists of no less than four (4) rooms or two (2) self contained units;
 - New developments: consideration will be accorded to projects that intend to construct twelve (12) or more properly build rooms/units;
 - The new development project has a capital investment value of at least \$1million tala.
4. Has a principal objective to provide short term tourists accommodation and is not for the provision of long term accommodation leases such as apartments and flats;
5. A lease agreement is to be established should the proposed development be built on customary land;
6. An architectural plan (proper drawings) of the proposed project is to be submitted so as to ascertain total number of units/rooms to be constructed; and compliance with PUMA environmental safeguards, MWTI building code and Samoa Accommodation Standards.
7. The applicant has a disaster mitigation/management plan clearly demonstrating escape routes and safety procedures for operators and their families, employees and tourists in the event of fires and natural disasters such as cyclones, earthquakes and tsunamis.
8. The full financial package for the whole development is to be submitted;

Consideration of Approved goods for Tourism Development Projects [Refer page 1 (ii) above]:

LIST OF APPROVED GOODS	BREAKDOWN OF GOODS
FURNITURE	Tables, Chairs, Drawers, Lounge Suites, Cupboards, Beds & Other approved furniture for the qualifying project
COMMERCIAL COOKING EQUIPMENT	Items necessary for the development of a commercial cooking facility for the qualifying project.
BATHROOM EQUIPMENT	Baths, Shower Stalls, Hand Basins, Toilet Bowls & Cisterns, Bathroom & Plumbing Fittings, Ceramic Tiles & other approved bathroom goods for the qualifying project
CONSTRUCTION MATERIALS, EQUIPMENT AND TOOLS	All building material goods to be used solely for the construction of qualifying project and associated facilities

i. Construction materials, equipment and tools used in the construction of building and plant

ii. Other approved goods where additional requirements and conditions applies [7(g):

- ✓ Fixture, Fitting and Furniture;
- ✓ Office amenities and other office equipment;
- ✓ Sporting goods and equipment used solely for marine and water sports and gymnasium used by guests at the hotel, motel and beach resort;
- ✓ Plant equipment required for water and sewerage treatment plants.

iii. Vessels of any kind to be used solely by guests at the hotel, motel and beach resort.

Conditions and restrictions for goods imported under Section 163A (Custom Act 1977):

[7(d) : for above goods (i): all approved goods for the construction of that project must be imported into Samoa **within 24 months** from the date of the commencement of construction of the qualifying project]

[7(g) : for above goods (ii): such approved goods can only be granted duty assistance on one (1) occasion only during the establishment of the qualifying project, and must arrive in Samoa **within three (3) years** from the date approval was given for the qualifying project unless extended in writing by the Chief Executive Officer]

[7(j) : for construction equipment and tools including heavy plant and machinery, such goods may be re-exported by the approved person (i) after completion of the construction of the qualifying project]

[7(k) : all customs duties are due and payable to the Ministry for Revenue for all construction equipment and tools including heavy plant and machinery, that are not re-exported by the approved person when construction of the project is completed]

B. GUIDELINES WHEN CONSIDERING ASSISTANCE FOR MANUFACTURING DEVELOPMENTS PROJECTS:

1. A registered business and holder of a current business license and are VAGST registered.
2. All raw materials, plant, equipment, machinery and building materials to be imported shall be used solely for the purpose it was requested for. That is for the processing of commercial good/product, construction of factory or processing plant and associated facilities.
3. Has a principal objective of manufacturing processing for the domestic and markets outside of Samoa.
4. A lease agreement is to be established should the proposed factory be built/established on customary land.
5. An architectural plan (proper drawings) for construction of a factory for the proposed project is to be submitted; and compliance with PUMA environmental safeguards and MWTI building code.
6. The applicant has a disaster mitigation/management plan clearly demonstrating escape routes and safety procedures for operators and their employees in the event of fires and natural disasters such as cyclones, earthquakes and tsunamis.
7. Confirmation of the financial package for the whole development.

Consideration of Approved Goods for Manufacturing Development Projects [Refer page 1 (ii) above]:

- i. Equipment, tools and machinery required for the manufacturing purposes of the qualifying project;
- ii. Building Materials and related items to be used solely for the construction of the factory or processing plant and associated facilities for the qualifying project;
- iii. Plant equipment required for water and sewerage treatment plants;
- iv. Duty relief may be considered for imported raw materials if such are not available locally.

[7(j) : for construction equipment and tools including heavy plant and machinery, such goods may be re-exported by the approved person (i) after completion of the construction of the qualifying project]

[7(k) : all customs duties are due and payable to the Ministry for Revenue for all construction equipment and tools including heavy plant and machinery, that are not re-exported by the approved person when construction of the project is completed]

C. GENERAL CONDITIONS OF THE DUTY CONCESSION SCHEME:

- For any new developments, a formal consent from the Ministry of Natural Resources & Environment must be obtained before such a project commences as per requirement of the PUMA Act 2004
- Applicants and their customs agents are required to identify and provide along requested goods the corresponding Harmonized Code. This will assist and facilitate inputting of approved goods under the ASYCUDA system administered by the Ministry for Revenue.
- All imported goods required for tourism or manufacturing developments projects must be utilized within three (3) months from the date the first shipment of such goods is cleared from the wharf.
- All imported items must be used solely for the purpose it was requested for and for the qualifying project only. Non-compliance will immediately result in the payment of full duty on items duly imported under this assistance programme.
- Any amendments to the approved list of goods for qualifying projects or setbacks prior to the commencement of a project must be formally communicated to MCIL for assessment in consultation with the Ministry of Finance.
- The following monitoring & evaluation processes are in place;
 - Import entries\SAD forms from Qualifying Projects (QP) must first be submitted to the Ministry for Revenue (MfR) for evaluation & stamping. The QP or their agent is to provide two copies of each entry to MfR. The original will be returned after assessment with MfR's Stamp, while the copy will be kept at MfR.
 - Officers of the Ministry for Revenue will conduct site inspection and clearance of imported goods in accordance with custom clearance requirements and processes;
 - MCIL will conduct regular site visits to ensure approved goods are used in accordance with approval granted for each Qualifying project.

D. THE DUTY CONCESSION SCHEME DOES NOT COVER THE FOLLOWING:

- Motor Vehicle unless if it is an integral part of the development i.e.: tour services
- Personal effects, Spare parts, equipment and machines for maintenance purposes

E. DUTY CONCESSION SCHEME SIMPLIFIED ROADMAP & PROCESSES

	"QUALIFYING PROJECT and APPROVED GOODS"
STEP 1	All applications including required goods with a signed covering letter must be addressed and submitted to the CEO, Ministry of Commerce Industry & Labour.
STEP 2	MCIL through the Industry Development and Investment Promotion Division (IDIP) does a preliminary assessment on a case by case basis which is then submitted to the Investment Committee, administered and chaired by the Ministry of Finance (MoF) for consideration. Applicants are encouraged to provide all required details and supporting information with the original application in order to speed up the assessment process. Assessment normally takes 3 working days if all required information is submitted with the original application. The IDIP Division will liaise with the applicant on any information that may be required to complete the assessment.
STEP 3	The Investment Committee (IC) will independently review each application on a case by case basis and will liaise directly with the applicants if additional information is required. IC meetings are normally called by the Ministry of Finance within 7 working days after assessment of projects reaches the IC Secretariat. This will allow for circulation and for the committee members to have ample time to digest the content of a project. Once a final decision is reached the IC through MoF will prepare Cabinet submission through the Minister of Finance. This normally takes place within 10 seven working days after the IC meeting.
STEP 4	Cabinet meets on a weekly basis to discuss all national priority matters including Investment projects. This step takes 3 – 4 weeks, depending on Cabinet's set agenda for each meeting. MoF upon receipt of a Cabinet decision will in writing advice applicants accordingly; and copy MCIL and MfR for processing purposes.
STEP 5	Ministry for Revenue (MfR) & MCIL will carry out existing monitoring and evaluation processes for 'Qualifying Projects'. MfR (Customs division): Qualifying Project to submit import documentation (SAD forms) to MfR for clearance. Evaluation is based on the corresponding list of 'Approved goods' by Cabinet. This process normally takes less than five working hours if all documents are in place. The Ministry is also responsible for clearance of goods at the entry border.

	MCIL (IDIP division): Responsible for conducting regular site visits to ensure approved goods are used according to approval granted for each QP.
	“OTHERS”
	1. Preparations for Cabinet submission. Once consultations between the IC and the Project coordinators is concluded applicants are encouraged; ✓ to provide all additional information if required; ✓ Including a complete list of required goods for the establishment and implementation of the project (with harmonized code) together with the completed application form for assessment and submission to the Investment Commission. 2. Applicants are encouraged to seek ‘qualifying project’ status first before any shipment is made as the Duty Concession Scheme does not operate on a retrospective basis. 3. Request for ‘Additional Goods’ – in the event that additional goods may be required to complete the project, applicants (Qualifying projects) are to write to MCIL with a list of additional goods (with harmonized code). This step may not be required to go through Cabinet but to the Ministry of Finance for approval if the required goods are not substantial.

DUTY CONCESSION SCHEME - APPLICATION FORMAT:

1. Details of Applicant:

- Name of applicant company/organization
- Address: Location, Postal Address, Email Address, Telephone/Facsimile
- Name of the contact person/position
- Background: Nature of Main Business of applicant organization, when established, product(s), service, markets and number of employees.

2. Details of Project:

- Nature of Main Business under the Project. i.e.: Hotel Development or Manufacturing
- Location of Project (if different from above)
- Project Background: How will the proposed developments improve business products and services
- Project Justification: What the project will achieve in relation to the company's objectives
- Estimated Total Cost of Project
- Funding Details
- Details of Ownership i.e.: Shareholders

3. Benefits to the Economy – how the project will contribute to the economy?

4. Timing – When the project will start and how long will it take

5. Details of Assistance Applied for: Duty Concession (please list all raw materials to be imported under this assistance – refer table 1)

6. Additional & Supporting Information:

- Lease Agreement
- Architectural Plan – Proper Drawing
- Environmental Impact Assessment (EIA) / Development Consent Approval
- Disaster Mitigation / Management Plan
- Confirmation of the Financial Package

Please address all applications to the CEO, Ministry of Commerce, Industry and Labour

Table 1: List of Goods

Item Description	Quantity	Cost per Unit	Total Cost	H S (Tariff) Code