



DUTY CONCESSION SCHEME - APPLICATION FORMAT

1. Details of Applicant:

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

2. Details of Project:

- Nature of Main Business under the Project. i.e. Tourism Development, Manufacturing Development, Agriculture or Fisheries Development.
- Location of Project (if different from applicant's main location).
- Project Background: How the proposed development(s) will improve business products and services.
- Project Justification: What the project aims to achieve in relation to the company's objectives and impact/contribution to Samoa's economy.
- Projected volume of outputs (if applicable).
- Estimated Total Cost of Project.
- Financial projections for the next 3 to 5 years (eg: sales/income, expenses, profit/loss, salary costs etc).
- Funding Details: How the project will be funded.
- Details of Ownership: Name of Owners/Shareholders, Shares, etc.
- Employment opportunities created: Projected number of foreign/local employees; number of male/female employees.

3. Benefits to the Economy – How the project will contribute to Samoa's economy.

4. Timing – When the project will start and duration of its construction phase (if applicable).

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

6. Additional & Supporting Information:

- Current / Valid Business License
- Lease Agreement / Rental agreement
- Architectural Plan – Proper Drawings
- Environmental Impact Assessment (EIA) / Development Consent Approval from PUMA
- Disaster Mitigation / Management Plan
- Confirmation of the Financial Package
- Fishing vessel license (Fisheries Management Act 2016)
- Aquaculture authorization (Fisheries Management Act 2016)
- List of goods with invoices

Table 1: List of Goods

Item Description	Quantity	Cost per Unit (SAT\$)	Total Cost (SAT\$)	HS (Tariff) Code

DUTY CONCESSION SCHEME GUIDELINES

TOURISM, MANUFACTURING, AGRICULTURE & FISHERIES DEVELOPMENT PROJECTS

DUTY CONCESSION SCHEME UNDER THE PROVISIONS OF THE CUSTOMS AMENDMENT ACT 2022 (SECTION 127A) & THE CUSTOMS (DEVELOPMENT PROJECTS) REGULATIONS 2010

BACKGROUND:

This scheme is one of the Government of Samoa'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 approved imported goods from overseas suppliers for use by a business approved as a **"Qualifying Project"** in accordance with the provisions of the Customs (Tourism and Manufacturing Development) Regulations 2010.

Due to the ongoing demand from our local agricultural and fisheries businesses for Government assistance on their required imported inputs, and the critical contributions of these Projects to Samoa's economy, the decision was made in 2019 to expand the scope of the Duty Concession Scheme to include approved Agriculture and Fisheries Development Projects. As a result, the Customs (Tourism and Manufacturing Development) Amendment Regulations 2019 came into effect in late 2019, introducing various changes which include the changing of the name of the Principal Regulations to the Customs (Development Projects) Regulations 2010.

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 referral to the Investment Committee for its 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:** A full list of goods to be imported must be submitted together with the completed application for Cabinet's consideration. However, requests for additional goods from approved qualifying projects may also be submitted to MCIL for assessment before submission to the Ministry of Finance for approval. This process can be finalized within three (3) working days if all details are provided with the request for consideration of additional goods.

NOTES:

1. 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.
2. A business once approved for import duty exemption under the Duty Concession Scheme in accordance with the Customs (Development Projects) Regulations 2010, will not be considered for any further exemption under any other concessionary scheme (e.g. Code 121, etc.).

A. GUIDELINES FOR TOURISM DEVELOPMENT PROJECTS:

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;
 - New developments: consideration will be accorded to projects that intend to construct at least twelve (12) rooms or self-contained units;
 - Existing operators: consideration will only be given if the expansion consists of at least four (4) additional rooms or two (2) self-contained units;
 - The new development project has a capital investment value of at least \$1 million tala.
4. Has a principal objective to provide short term tourist 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 the 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:

<u>LIST OF APPROVED GOODS</u>	<u>BREAKDOWN OF GOODS</u>
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.

- Construction materials, equipment and tools used in the construction of building and plant
- Other approved goods where additional requirements and conditions applies (Refer to 7(g) below):
 - 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.
- Vessels of any kind to be used solely by guests at the hotel, motel and beach resort.

Conditions and restrictions for goods imported duty exempted under the Customs (Development Projects) Regulations 2010:

Regulation 7(c): all approved goods imported for a Qualifying Project must be kept in a secure manner and subject to conditions that may be imposed by an authorised officer to ensure the security of the stored approved goods.

Regulation 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.

Regulation 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 of Cabinet’s approval of the qualifying project unless extended in writing by the Chief Executive Officer.

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

Regulation 7(k): all customs duties are due and payable to the Ministry for Customs and 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 FOR MANUFACTURING DEVELOPMENT 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. That is, for the processing of commercial goods/products, construction of factories or processing plants and associated facilities.
3. Has a principal objective of manufacturing products for the domestic markets and markets outside of Samoa.
4. The manufacturing process must result in a “***substantial transformation***”, as determined by the Investment Committee, of the raw materials or component parts used in the manufacturing process.
5. A lease agreement is to be established if the proposed factory is to be built/established on customary land.
6. 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.
7. 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.
8. Confirmation of the financial package for the whole development.

Consideration of Approved Goods for Manufacturing Development Projects:

- 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. Goods used solely for converting or processing raw materials;
- iv. Duty relief may be considered for imported raw materials if such are not available locally.

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

Regulation 7(k): all customs duties are due and payable to the Ministry for Customs & 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. GUIDELINES FOR AGRICULTURAL DEVELOPMENT PROJECTS:

Definitions:

“Agriculture development project” means a project that would contribute favorably to commercialization of crop production, poultry farming, sheep farming, horticulture and beekeeping in Samoa.

“Agriculture produce” includes anything derived directly from crop production, poultry farming, sheep farming, horticulture and beekeeping.

Eligibility Criteria:

1. A registered business and holder of a current/valid business license.
2. Either a new Agriculture development project or an expansion of a current development project.
3. Has a principal objective to produce agricultural produce for domestic and international markets.
4. Is consistent with the Agriculture Sector Plan approved by the Ministry of Agriculture and Fisheries.
5. A lease agreement is to be established should the proposed development is built on customary land.
6. Application must include the outputs or projected outputs for the proposed project.
7. Confirmation of the Project’s total cost, sources of capital and financial projections for the next three to five years must be submitted.

Consideration of Approved Goods for Agricultural Development Projects:

Capital goods used solely for a qualifying Agriculture development project and limited to the following:

1. Agricultural machinery, construction materials, equipment, instruments and tools used for the construction of buildings, plants and facilities to be used for poultry, sheep farming and beekeeping;
2. Equipment to be used for irrigation and other watering systems;
3. Seedlings and hatchlings.

D. GUIDELINES FOR FISHERIES DEVELOPMENT PROJECTS:

Definitions:

“Fisheries development project” - a project that would contribute favourably to the commercialization of fish, fish harvesting, or aquaculture, processing and exporting of fish or fish products.

“Fish processing” - defined in the Fisheries Management Act 2016 to mean the producing of a substance, article or matter from fish by a method that includes the cutting, dismembering, cleaning, sorting, loining, freezing, canning, salting or preserving of fish.

Eligibility Criteria:

1. A registered business and holder of a current business license.
2. Either a new Fisheries development project or an expansion of a current development project.
3. Has a principal objective to produce fish or carry out fish processing for domestic and international markets.
4. Is not a development project for the exporting of sea cucumbers.
5. Must have a licensed fishing vessel under the Fisheries Management Act 2016.
6. Is consistent with the Agriculture Sector Plan approved by the Ministry of Agriculture and Fisheries.
7. Is in line with national, regional and international conservation and management measures for fisheries stocks and with all fisheries management measures.
8. A lease agreement is to be established should the proposed development is built/established on customary land.
9. For fish farming or aquaculture, applicant must provide the aquaculture authorization issued under section 39 or 41 of the Fisheries Management Act 2016.
10. Confirmation of the Project’s total cost, sources of capital and financial projections for the next three to five years must be submitted.

Consideration of Approved Goods for Fisheries Development Projects:

Capital goods used solely for a qualifying Fisheries development project and limited to the following:

1. Machinery, construction materials to be used for production of commercial fish, and fish farming or aquaculture equipment; or
2. Boat building materials including engines and spare parts.

E. GENERAL CONDITIONS OF THE DUTY CONCESSION SCHEME:

- For any new developments, a formal development consent from the Planning and Urban Management Agency (PUMA) must be obtained before such a project commences as per the requirements of the PUMA Act 2004.
- Applicants and their customs agents are required to provide sufficient information or description of goods to be imported such as the corresponding Harmonized Code. This will assist and facilitate inputting of approved goods under the ASYCUDA system administered by the Ministry for Customs and Revenue (MCR).
- All imported items must be used solely for the purpose it was requested for and used only for the qualifying project. Non-compliance will immediately result in the payment of full duty on items duly imported under this Duty Concession Scheme.
- For a motel, hotel or beach resort, construction work on the qualifying project must commence within three (3) months from the date the first shipment of approved goods is imported into Samoa.
- For a manufacturing development project, the finished products manufactured at the plant must be exported within 12 months from the date the approved goods were released by the MCR, unless decided otherwise by the Chief Executive Officer of the Ministry of Finance.
- 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
- All customs duties are due and payable to the MCR for all construction equipment and tools including heavy plant and machinery that are not re-exported by the approved person when the construction of the project is completed.
- To ensure compliance with the legal requirements of the Duty Concession Scheme, MCIL will conduct regular site visits to ensure approved goods are used in accordance with the approval conditions granted for each Qualifying project.

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

- Motor Vehicles unless it is an integral part of the development e.g. tour services for Hotels/Resorts.
- Personal effects, equipment and machines for maintenance purposes.