



Solomon Islands Exemptions Committee
P.O. Box G9
Honiara
Telephone: (677) 28249

NON-STATUTORY EXEMPTION APPLICATION FORM

This form must be used to apply for various discretionary exemptions from taxes and duties administered by the Solomon Islands Customs and Excise Division and the Solomon Islands Inland Revenue Division. This form is not required to access statutory exemptions (provided by law).

Applications for exemptions are considered by the Revenue and Customs Exemptions Committee, which provides recommendations to the Minister of Finance and Treasury. Exemptions can be granted by the Minister in full, part, or not granted, consistent with the recommendations of the Committee. The Committee hereby specifies that this form is the appropriate form to be used to apply for exemptions, consistent with [Regs name, 2.03(1)].

Conditions attached to exemptions that are granted must be complied with. Information concerning the details of exemptions that have been granted will be published quarterly, including the names of recipients, nature of business activity and the nature and period of the exemption.

An application will not be considered unless it has been lodged at least two months prior to the activity for which an exemption is sought, except applications under section 9 of the Income Tax Act, which must be lodged within 6 months of the commencement of business operations.

Exemption applications must be on this form and be fully completed. Additional documents may also be required to assess an application. Guidance is provided to assist applicants on each page and a summary of the exemptions process and requirements is provided at the end of this form.

If you have difficulty in completing this form or want any further information, please contact [Committee Secretary].

PART A: DETAILS OF PERSON APPLYING FOR EXEMPTION

Name:

Address:

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Telephone:

Fax:

E-Mail Address:

PART B: DETAILS OF ORGANIZATION OR BUSINESS TO BE CONSIDERED FOR EXEMPTION

Organization Name:

Business or Trade Name:

Date of Registration with Registrar of Companies:

Certificate of Registration Number:

Commencement Date of Business Activities:

Business Address:

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Nature of Business:

Sector/Industry:

Is the organization a not-for-profit agency?: Yes / No

Is the organization registered for goods tax?: Yes / No

Company Shareholder(s): Share:%

..... Share:%

..... Share:%

..... Share:%

Additional Information/Requirements:

1. Attach copy of Certificate of Incorporation.
2. If the organization is a not-for-profit agency, attach documents demonstrating it is of good national or international standing. This will include evidence:
 - a. that the organization has a constitution and a permanent office in Solomon Islands;
 - b. that the organization operates on a strictly not-for-profit basis; and;
 - c. of a good history of compliance with any taxes and duties payable by the organization (including PAYE obligations).
3. If the organization is a not-for-profit agency, attach documentary evidence of the source of funds (donor) and the details of the not-for-profit project.

PART C: COMPLIANCE HISTORY OF ORGANIZATION

Taxpayer Identification Number (TIN):

[CED equivalent Number?]:

Name and address of tax agent or accountant:

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Total number of current employees:

Total annual value of current employee wages:

State liability and tax/duties paid in the past four years:

<u>Year:</u>	
	<u>Liability</u>	<u>Paid</u>	<u>Liability</u>	<u>Paid</u>	<u>Liability</u>	<u>Paid</u>	<u>Liability</u>	<u>Paid</u>
Import duty								
Export duty								
Goods tax								
Sales tax								
Provisional tax								
Income tax								
Stamp duties								
PAYE								
Withholding tax								
Vehicle licences								

If full tax or duty liability has not been paid in one or more of the past four years, explain why:

.....

Additional Information/Requirements:

1. Attach copies of any other relevant documents.

PART D: EXEMPTION APPLICATION INFORMATION

Indicate taxes and duties for which an exemption is requested, the value of each exemption and the period over which it will apply:

<u>Tax/Duty</u>	<input checked="" type="checkbox"/>	<u>Value</u>	<u>Period (dates from – to)</u>
Import duty	<input type="checkbox"/>		
Export duty	<input type="checkbox"/>		
Stamp duty	<input type="checkbox"/>		
Goods tax	<input type="checkbox"/>		
Sales tax	<input type="checkbox"/>		
Income tax	<input type="checkbox"/>		
Total			

When is the project, investment or transaction expected to commence?

Describe the project, investment or transaction for which an exemption is requested:

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Explain why the project, investment or transaction would be unable to profitably proceed without an exemption (see additional information below):

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Does the application include exemptions for any excluded items (see list below)?

Yes / No

Additional Information/Requirements:

1. An application cannot be for a project, investment or transaction that would be able to profitably proceed without public support. An exemption for such a purpose would increase private profit at the cost of public revenue.
 - a. Attach the business case or other documents that demonstrate that public support is necessary.
2. Excluded items include the following:
 - a. goods purchased for resale;
 - b. consumable items to be used in the normal course of business, including, but not limited to, fuel, oil, lubricants and spare parts;
 - c. road vehicles which are to be used wholly or partly for private purposes; and
 - d. goods for private use.

PART E: EXEMPTION DETAILS**Import duty (E1)**

NOTE: Complete this Part if the application includes a request for an exemption from import duty.

List each item to be imported for which an exemption is sought and whether each is a capital good:

<u>Tariff item</u>	<u>Description</u>	<u>Capital good</u> <input checked="" type="checkbox"/>	<u>Qty</u>	<u>Proposed import date</u>	<u>Value</u>	<u>Duty rate</u>

For imports of capital goods, indicate how these may qualify for an exemption (see additional information below):

As inputs to a new business commencing operations in Solomon Islands: Yes / No

As inputs to modernize or expand existing business operations in Solomon Islands: Yes / No

Rural community development: Yes / No

Indicate whether the following apply for any items for which a duty exemption is sought (see additional information below):

Goods eligible for exemption under a statutory exemption: Yes / No

Goods excluded from receiving a duty exemption: Yes / No

Additional Information/Requirements:

1. If exemptions are sought for more items than can be listed in the table above, separately attach the details of the additional items.
2. An application for an exemption from import duty on capital goods must be limited to capital goods that will be used:
 - a. in a new business commencing operations in Solomon Islands;
 - b. to modernize or expand existing business operations in Solomon Islands; or
 - c. for rural community development.
3. An application for an exemption from import duty cannot include any of the following items:
 - a. goods eligible for exemption under a statutory exemption; or
 - b. goods excluded from receiving a duty exemption.

PART E: EXEMPTION DETAILS**Export duty (E2)**

NOTE: Complete this Part if the application includes a request for an exemption from export duty.

List each item to be exported for which an exemption is sought:

<u>Tariff item</u>	<u>Description</u>	<u>Qty</u>	<u>Proposed export date</u>	<u>Value</u>	<u>Duty rate</u>

Indicate whether the following apply for any items for which a duty exemption is sought (see additional information below):

Goods eligible for exemption under a statutory exemption: Yes / No

Goods excluded from receiving a duty exemption: Yes / No

Logs or timber liable for export duty: Yes / No

Additional Information/Requirements:

1. If exemptions are sought for more items than can be listed in the table above, separately attach the details of the additional items.
2. An application for an exemption from duty cannot include any of the following items:
 - a. goods eligible for exemption under a statutory exemption;
 - b. goods excluded from receiving a duty exemption; or
 - c. logs or timber liable for export duty.

PART E: EXEMPTION DETAILS**Stamp duty (E3)**

NOTE: Complete this Part if the application includes a request for an exemption from stamp duty.

List each item for which an exemption is sought:

<u>Description</u>	<u>Qty</u>	<u>Date of execution</u>	<u>Value</u>	<u>Tax rate</u>

Indicate whether the following apply for any items for which an exemption is sought (see additional information below):

Documents eligible for exemption under a statutory exemption:

Yes / No

Additional Information/Requirements:

1. If exemptions are sought for more items than can be listed in the table above, separately attach the details of the additional items.
2. An application for an exemption from stamp duty cannot include documents eligible for exemption under a statutory exemption.

PART E: EXEMPTION DETAILS**Goods tax (E4)**

NOTE: Complete this Part if the application includes a request for an exemption from goods tax.

List each item for which an exemption is sought:

<u>Description</u>	<u>Qty</u>	<u>Proposed purchase or import date</u>	<u>Value</u>	<u>Tax rate</u>

Indicate whether the following apply for any items for which an exemption is sought (see additional information below):

Goods eligible for exemption under a statutory exemption: Yes / No

Is the applicant registered for goods tax? Yes / No

Is the applicant required to be registered for goods tax? Yes / No

Additional Information/Requirements:

1. If exemptions are sought for more items than can be listed in the table above, separately attach the details of the additional items.
2. An application for an exemption from goods tax on capital goods must be limited to capital goods that will be used:
 - a. in a new business commencing operations in Solomon Islands;
 - b. to modernize or expand existing business operations in Solomon Islands;
 - c. for rural community development;
 - d. as replacement buildings or plant and equipment proven to be lost in certain natural disasters (as specified by regulation); or
 - e. in the development or enhancement of tourism operations in Solomon Islands.
3. An application for an exemption from goods tax cannot include goods eligible for exemption under a statutory exemption.
4. An application for an exemption from goods tax cannot be made by a person who has failed to register for goods tax, despite being required to do so.

PART E: EXEMPTION DETAILS**Sales tax (E5)**

NOTE: Complete this Part if the application includes a request for an exemption from sales tax.

List each item for which an exemption is sought:

<u>Description</u>	<u>Qty</u>	<u>Date of sale</u>	<u>Value</u>	<u>Tax rate</u>

Additional Information/Requirements:

1. If exemptions are sought for more items than can be listed in the table above, separately attach the details of the additional items.

PART E: EXEMPTION DETAILS**Income tax (E6)**

NOTE: Complete this Part if the application includes a request for an exemption from income tax.

Describe the project, investment or transaction for which an exemption is requested and the associated operations in detail:

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Describe the source and amount of capital employed in the operations:

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Indicate whether the following apply for any income for which an exemption is sought (see additional information below):

Income eligible for exemption under a statutory exemption:

Yes / No

Additional Information/Requirements:

1. An application cannot include a request for an exemption from income tax on income eligible for a statutory exemption.
2. Attach documentation that shows:
 - a. the extent of local value added in production; or
 - b. an estimation of time to recover the cost of capital.

PART F: NATIONAL INTEREST ASSESSMENT

Total value of exemption requested (revenue to be foregone):

Have exemptions previously been granted for the project, investment or transaction? Yes / No

If so, provide the following details:

Order number:

Date of order:

Revenue foregone:

Describe the nature and value of any other public assistance previously or currently received:

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State how the exemptions applied for would further the National Interest (see additional information below):

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State how the project, investment or transaction will be financed:

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If private financial commitments are to be made to counter any environmental impact of the project, investment or transaction, describe their nature:

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Additional Information/Requirements:

1. A list of factors that are regarded as relevant in assessing whether a project, investment or transaction furthers the National Interest is specified by Regulation. These are reproduced at the end of this form.

PART G: NATIONAL INTEREST ASSESSMENT: BENEFITS AND COSTS

Estimate the following:

Profit of the project:	.....
Profit of the project accruing to Solomon Island residents:	.....
If the project is not-for-profit, value of the project:	.....
Number of additional positions (employment) in Solomon Islands:	.....
Value of wages from these additional positions:	.....
Additional Government revenue arising directly from the project:	.....
Value of other forms of public assistance for the project:	.....
Effect of the exemption on profit of competitors:	.....
Restoring the environmental impact of the project:	.....
Private financial commitments to counter environmental impacts:	.....

Additional Information/Requirements:

- 1.** Attach documents that support the estimates provided in this Part.

PART H: DECLARATION

I (name)

of (address)

declare that:

- the information given in this application including any and all attachments is true and accurate; and
- I agree to the public release of information concerning this application (including information provided in the application) as required by Solomon Islands law.

(signature)

(date)

Exemption Application Form: Summary of process and requirements

This attachment summarizes the exemptions process and a number of the application requirements. The next section outlines the process, including the committee steps and processing timeframes. The list of factors specified by Regulation as relevant to the assessment of National Interest is also included along with a list of documents that are likely to be necessary to attach to an application. Finally, information concerning the information published about each exemption for transparency and accountability is provided.

Process

The Solomon Islands Government established the Exemption Committee to consider and make recommendations to the Minister of Finance on all exemption requests. The Committee follows guidelines prescribed in Regulation when considering requests for exemption. The Committee is also responsible for the following.

- Overseeing the proper administration of the scheme
- Designing and publishing Exemption forms, and the education of the public about the processes for applying, and the criteria against which applications are considered
- Providing summary information to the Minister of Finance on a quarterly basis
- Ensuring the Minister has the information necessary for publication of exemptions, including Gazette notices
- Providing advice to the Minister on amendment to the schedule of statutory exemptions

[Insert process of application, including address to send applications.]

The Committee must inform applicants within five working days of receiving an application if further information is required. The Committee may require other information from applicants, or that a person appears to provide further information or make representation on the application.

If an application is not recommended due to lack of information, an applicant may make a new application if further information, not available in the original application, is available. This would not necessarily apply if an applicant withheld relevant information in their original application.

National interest Assessment

The Exemption Committee will not recommend to the Minister that an exemption be granted unless the Exemption Committee assesses that:

- a) the project will further the National Interest; and
- b) the economic benefit of the proposed project to Solomon Islands exceeds the economic cost.

In assessing whether a project will further the National Interest, the Committee will consider the following positive and negative factors.

Positives

- a) the contribution to economic growth, particularly in rural areas;
- b) the contribution to the national development goals for Solomon Islands;
- c) consistency with Government development and growth strategies;
- d) the replacement of business assets in areas that have been the subject of a Ministerial Order that a state of disaster exists in all or part of Solomon Islands in accordance with Section 12 of the National Disaster Council Act (Cap.148);
- e) increased employment opportunities for Solomon Islanders, including:
 - i. the creation of a substantial number of new jobs;
 - ii. a contribution to diversity in the job market;
 - iii. the creation of jobs in rural areas;
- f) the contribution to the export of goods produced or manufactured in Solomon Islands;
- g) the contribution to infrastructure assets in Solomon Islands, particularly in rural areas;
- h) the potential contribution to increased tax, duty or excise revenue in the medium to long term (5-10 years);
- i) the contribution to income/profit distributed in rural communities;
- j) the contribution to the overall wellbeing of citizens of Solomon Islands, rather than just an individual association or family;
- k) the contribution to incoming tourism or tourism infrastructure in Solomon Islands; and
- l) the sustainability of the organizations and business activity associated with the project, investment or transaction.

Negatives

- a) whether the proposed project, investment or transaction requires public support through an exemption to be viable; (Note It is not in the National Interest to provide an exemption for a project, investment or transaction that does not require public support to proceed. In this case, an exemption simply increases private profit while reducing public revenue.)
- b) distortionary effects, including discouraging or disadvantaging businesses or sectors that have not been granted an exemption;
- c) the cost to revenue, particularly in the short term;
- d) other forms of government or donor assistance provided, including other concessionary tax, duty or excise arrangements;
- e) environmental costs (taking account of credible commitments to counter these and restore the environment); and
- f) social costs.

Documents to be attached to Exemption Applications

Copies of all relevant documents are to be attached an exemption application. Documents likely to be relevant include the following.

- Business plan
- Project plan
- Cost-benefit analysis
- Feasibility study
- Financial assessment of project
- Financing plan
- Cash flow forecasts
- Sensitivity analysis of key assumptions
- Details of resourcing commitments
- Other relevant applications
- Prior year tax, duty and excise payment history
- Certificate of registration under the Foreign Investment Act 2005
- Resource planning or other consents necessary for the project to proceed
- Evidence of the source of funds for SIG or donor-funded projects

Publication of information

The Minister is required to table in Parliament and publish in the Gazette information in respect of all exemptions granted, including the following.

- Name and address of the investor
- Nature of their business activity
- Nature and period of the exemption granted
- Reason for granting the exemption