

TOURISM INVESTMENT INCENTIVES PACKAGE 2017



Ministry of Culture & Tourism
Solomon Islands Government

Foreword

Much has been said about the potential the Solomon Islands have for the development of tourism. It is important to note that Solomon Islands has so much potential for tourism given that we have a much bigger product base in terms of nature, culture, and historical features.

However, quite notably, very little has been done in order to ensure the country realizes this potential.



The DCCG government was stern on supporting the growth of the tourism sector in its policy. This was reflected in Policy objective 4.2.2.2

(a) (ii) Support tourism product development that enhances the Solomon Islands' competitive positioning, and (v) Support and promote sustainable tourism investment that responds to market demand and increases visitor arrivals and yield.

Commented [1]: Change to GNUT?

Commented [2]: Confirm policy reference?

In this regard, both foreign and domestic tourism Investment is essential if tourism is to grow in the medium term. The updated National Tourism Policy direction for tourism product development and investment clearly called for the provision of duty exemptions and tax incentives to support and drive investment in tourism in the country. Coupled with profiling studies and assessments on potential sites within the country for tourism development, the approach was aimed at facilitating investment through partnerships between resource owners, perhaps with the government's involvement as well.

It is very important to demonstrate the government's support and commitment to support tourism through an investment incentive package that will trigger growth of the sector. Tourism investment incentives would secure investor interest, confidence, and long-term business growth.

While the Cabinet had endorsed and approved this Tourism Investment Incentives Package, its formation and endorsement were made by key tourism stakeholders and investors during the SI National Sustainable Tourism Investment Forum held in July 2017 in Honiara.

I look forward to the tourism industry fully utilizing the tourism investment incentives as they continue to collaborate with the government for the growth of the tourism sector through both foreign and domestic investments.

Thank you, and I acknowledge all other government ministries and agencies that have contributed to formulating the investment incentives package for the tourism sector.



Hon. Bartholomew Parapolo (MP),
Minister
Ministry of Culture and Tourism

List of Abbreviations

CAASI – Civil Aviation Authority of Solomon Islands

C&E – Customs & Excise

GST – Goods & Service Tax

GT – Goods Tax

IRD - Inland Revenue Division

MCT - Ministry of Culture and Tourism

MMERE - Ministry of Mines Energy and Rural Electrification

SIEA – Solomon Islands Electricity Authority



NEW TOURISM INVESTMENTS

Investment Category –

MAJOR

SI \$20 million

minimum investment requirement (excluding land cost).



DESCRIPTION



APPROVAL
PROCESS



INSTITUTION



GT & Tax Incentives

Up to ten-year tax holiday for capital investment of not less than

Request to Commissioner of IRD and supported

IRD

Tax Free Period

SI \$20 million (*subject to First Schedule (section 11, Part 1-Tax Holidays of the Income Tax CAP123)*)

by MCT

Trading Loss Tax Offset

Carry forward losses for up to 5 years in succession (*subject to continuity of the same shareholders / owners*)

IRD



Duty Exemptions

Import Duty Exemption

100% Import duty exemption on all capital goods which are not available locally.

For first time (new) investors, 100 percent import duty on room amenities, kitchen and dining room equipment and utensils (consumables) which are not manufactured in the Solomon Islands

Request to Exemption Committee through C&E Division

Exemption Committee

Exemption Committee

Commented [HD3]: Request for exemption to be directed to the Exemption Committee

Commented [4]: May exclude alcohol

Renewable Energy Generation Equipment

100 percent import duty exemption on renewable energy equipment.

Request to MMRE

MMRE & SIEA

Commented [HD5]: For duty exemptions, apply to the Exemption Committee

Other Incentives

Electricity generation

Hotel electricity plant will be allowed to generate its own electricity and sell the excess to the electricity grid.

Request to MMRE

MMRE & SIEA

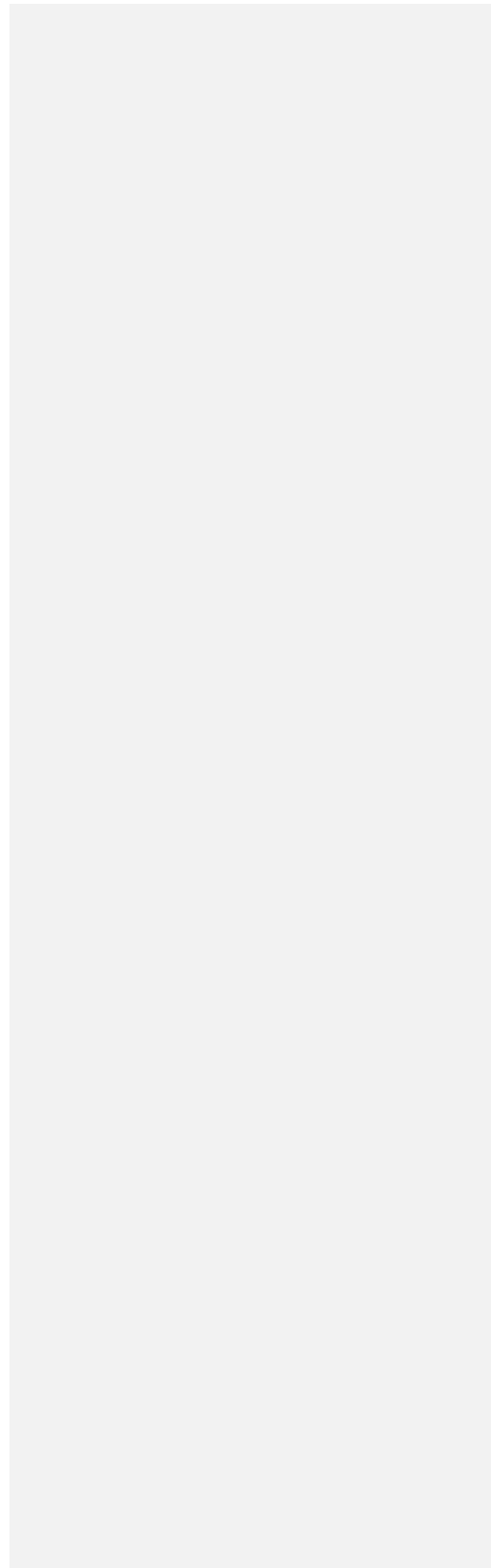
Accelerated Depreciation Allowance

20 percent depreciation (not including land) can be written off within any 5 of 7 years.

Application

IRD

Commented [HD6]: Direct the application to Commissioner Inland Revenue



Investment Category –

**SMALL –
MEDIUM**

SI \$1 million

minimum investment requirement (excluding land cost).



DESCRIPTION



APPROVAL
PROCESS



INSTITUTION



GT & Tax Incentives

An investment allowance of 55 percent of total capital expenditure

Request to Commissioner of IRD and supported

IRD

Investment Tax Allowance

can be offset against income from the tourism business, provided that there is no shift of tax revenue offshore.
Allowance is applicable to renovations, refurbishments or extensions of existing accommodation businesses.
Allowance can only be written off against the income from the tourism business.

by MCT

Trading Loss Tax Offset

Carry forward losses for up to 5 years in succession (*subject to continuity of same shareholders*).

IRD



Duty Exemptions

after completion of the project.

Import Duty Exemption

100 percent duty exemption + GST (15.0 percent) on building materials, furnishing and fitting, equipment including front office equipment which are not manufactured in the Solomon Islands.
For first time (new) investors 100% duty exemption on room amenities, kitchen and dining room equipment and utensils which are not manufactured in the Solomon Islands.
5 percent concessionary fiscal duty + GST (15.0 percent) on specialized water sports equipment (e.g. water jet-ski, water bike) and other similar goods which are not manufactured in the Solomon Islands.
5 percent concessionary fiscal duty + GST (15.0 percent) on heavy plant and machinery for resort project development work provided such plant and machinery is re-exported

Request to Exemption Committee through C&E Division

Exemption Committee

Exemption Committee

Exemption
Committee

Exemption
Committee

 % Other Incentives
Accelerated Depreciation
Allowance

Accelerated Depreciation
Allowance.

Request to Commissioner

IRD

IRD

Electricity generation	The business will be allowed to generate its own electricity and sell the excess to the electricity grid.	Request to MMRE	MMRE & SIEA
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MARINE & DIVE TOURISM INVESTMENTS

SI \$2 million

minimum cost of Marine Vessel



DESCRIPTION



APPROVAL PROCESS



INSTITUTION



Tax Incentives

Investment Tax Allowance

An investment allowance of 55 percent of total capital expenditure can be offset against income from the tourism business.

Application to Commissioner IRD

IRD



Duty Exemptions

Tourism Cruise Vessel

Tourist vessel investment allowance of 100 percent of capital expenditure in relation to vessel purchase cost can be offset against future income from the business. If the allowance is not utilized after 3 years, it may be set off against the income of other marine vessels or income from other tourist activities carried on by the vessel owner.

Request to the Customs and Excise Comptroller.

C&E Division

Request to C&E and IRD

C&E and IRD



Other Incentives

Dive Equipment

100 percent duty and GT exemption on all imported specialized dive equipment.

Application with MCT endorsement.

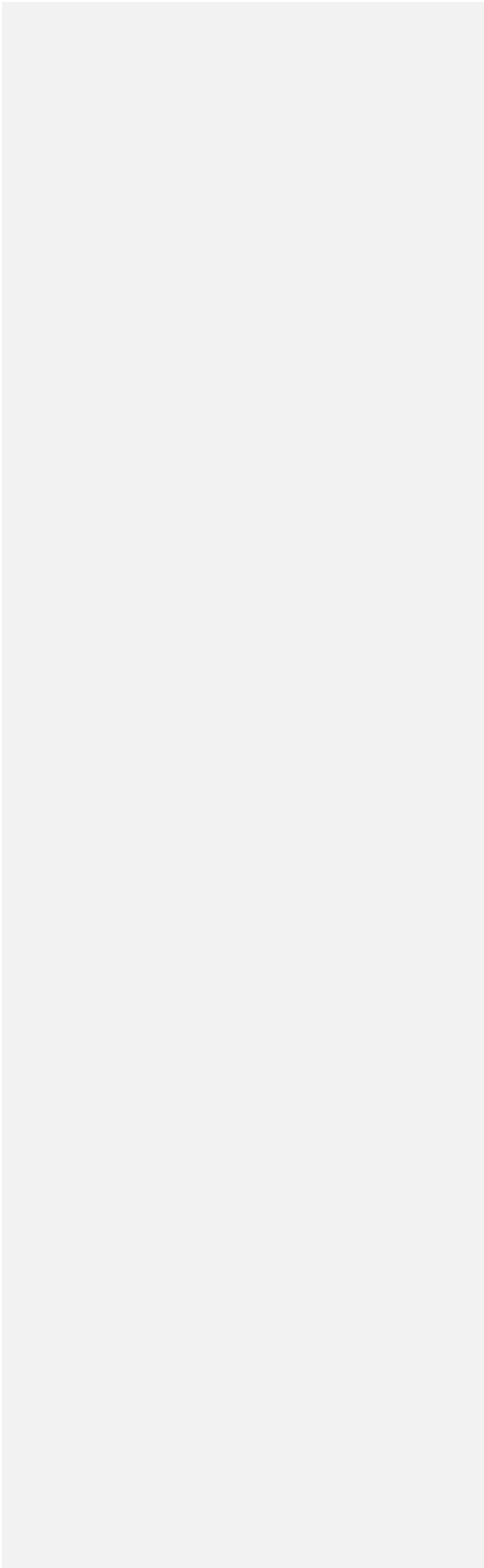
C&E Division



AVIATION INCENTIVES

SI \$5 million

minimum investment requirement



	DESCRIPTION	APPROVAL PROCESS	INSTITUTION
 Import Duty & GST Exemption	100 percent duty exemption on aviation fuel An aircraft investment allowance of 55 percent of capital expenditure in relation to purchase cost can be offset against future income from the business.	Application with MCT & CAASI endorsement.	Exemption Committee
Import Duty and GST Exemption			

Commented [7]: Application to be sent to the exemption committee for duty on fuel.

Commented [8]: Application to the Commissioner of Inland Revenue



TOURISM JOINT VENTURE INCENTIVES

Investment Category –

TOURISM JOINT VENTURE

SI \$15 million

minimum investment requirement (excluding land cost)

	DESCRIPTION	APPROVAL PROCESS	INSTITUTION
 Any Tourism related Business	Further 5 years of income tax exemption for hotel developers who have a local Solomon Islander equity partnership of 25 percent minimum.	Request to IRD Commissioner.	IRD
Any Tourism-related Business			



EXISTING TOURISM OPERATORS

SI \$20 million

minimum investment requirement (excluding land cost).

	DESCRIPTION	APPROVAL PROCESS	INSTITUTION
 GT & Tax Incentives	Up to five years Income Tax exemption for purpose Facility Upgrade, Renovations, Expansion or additional construction (i.e. to	Apply to IRD Commissioner	IRD
Income Tax Exemption			

	meeting the Tourism Minimum Standards).		
Duty Exemptions			
Import Duty Exemption	Up to 100% duty exemption on imported building materials and furniture for necessary upgrades (i.e. to meet the Tourism Minimum Standards).	Request for MCT recommendation & endorsement.	Exemption Committee
Renewable Energy Equipment for existing accommodation providers	100% exemption on duty for all renewable energy equipment for tourism facility purposes under the Upgrade program under the Classification and Minimum Standards.	Request with MCT endorsement.	Exemption Committee
Other Incentives			
Marketing & Promotions Expenses	150% Tax deduction for expenses incurred in overseas promotions programme conducted.	Request to IRD Commissioner for prior approval.	IRD