

Commencement: 1 August 1998

CHAPTER 249

BUSINESS LICENCE

Act 19 of 1998
Act 9 of 1999
Act 6 of 2000
Act 50 of 2000
Act 29 of 2001
Act 5 of 2004
Act 45 of 2005
Act 1 of 2006

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BUSINESS LICENCE

To provide for the licensing of businesses and for matters connected therewith.

1. Interpretation

In this Act unless the context otherwise requires:

“approval certificate” means an approval certificate issued by the Vanuatu Investment Promotion Authority;

“business” means any lawful form of trade, commerce, profession, craftsmanship, calling or other activity carried on for the purpose of gain, provided that a person shall not be deemed to carry on a business in respect of which his sole gain is by way of salary or wages;

“Director” means the director of the department of Government responsible for the administration of business licences;

“employee” means an individual who works under a contract of employment whether written or oral and any related expression shall be construed accordingly;

“foreign investor” has the same meaning as in the Vanuatu Foreign Investment Promotion Act [Cap. 248];

“investment proposal” has the same meaning as in the Vanuatu Foreign Investment Promotion Act [Cap. 248];

“licensing authority” means a licensing authority referred to in section 3;

“Minister” means the Minister responsible for finance;

“negative list” means the list of activities in Schedule 1 of the Vanuatu Foreign Investment Promotion Act [Cap. 248];

“person” includes any company or association or body of persons corporate or unincorporated;

“premises” includes buildings, ships, vehicles or other places where a business is carried on, together with any place which constitutes a necessary annex to the principal place of business;

“proprietor” means the owner of a business or any natural person or corporation carrying on a business within Vanuatu or his or its own account, in association with others or on behalf of a person outside Vanuatu;

“reserved occupation” means an occupation declared under section 9 of the Labour (Work Permits) Act to be a reserved occupation.

“Vanuatu Investment Promotion Authority” means the Board established by the Vanuatu Foreign Investment Promotion Act [Cap. 248];

2. Business licence

(1) Subject to the exemptions contained in Schedule 2, no person shall carry on a business without a licence issued under this Act.

(2) Any person (other than a person exempted under Schedule 2) who carries on a business without a licence shall be guilty of an offence.

Penalty: fine not exceeding VT 500,000 or imprisonment not exceeding 1 year or both.

- (3) Where a person is charged under this section with carrying on any business without a licence, the burden of proving that a licence was issued to him in respect of the current year shall be on that person.

3. Licensing authority

- (1) There shall for the purposes of this Act be the following licensing authorities:
- (a) in respect of a municipality, the Minister;
 - (b) in respect of all other areas of Vanuatu, local government councils;
 - (c) in respect of business licences of the kind mentioned in sections 8, 9 and 10 – the Director.
- (2) The Director may in writing delegate his or her functions to his or her subordinate, except his power of delegation.
- (3) The instrument of delegation must state:
- (a) the functions delegated; and
 - (b) the period of the delegation.
- (4) The following provisions apply to a delegation by the Director:
- (a) the delegation may be made to a person by name or to the person holding, or performing the duties of, a specified office or position;
 - (b) the delegation may be made generally or limited as specified in the instrument of delegation;
 - (c) a function or power delegated, when performed by the delegate, is taken to have been performed by the Director;
 - (d) the delegation of a function does not prevent the Director from performing the function;
 - (e) if the function delegated requires the forming of an opinion by the Director, the function may be performed by the delegate on the delegate's opinion.

4. Application for licences

6. Foreign investors' entitlement to business licence

A foreign investor who has received an approval certificate from the Vanuatu Investment Promotion Authority for an investment proposal is entitled to be issued with the business licences specified in the certificate for the proposal.

7. Issue of business licence – business listed in section 13

(1) If a foreign investor:

- (a) produces to the Minister an approval certificate that specifies a business

- (c) the applicant is not a citizen and the business does not involve an activity that is a reserved occupation; and
 - (d) the business does not involve an activity that is on the negative list;
- the Director must issue the business licence to the person.
- (3) The Director must issue the business licence within five (5) working days after the

- (b) in the Director or council's opinion the monopoly would not be detrimental to the public interest.
- (6) The Director or local government council must issue the new business licence within

Abattoirs and meat packing;
Canneries;
Oil mills;
Distilleries;
Breweries;
Commercial banks;
Air transport operators;
Trust, finance and investment companies;
Local insurance companies;
Insurance brokers and agents;
Accounting practitioners;
Engineering and architectural services or practitioners, surveyors and draftsmen;
Business, financial and management services and consultants, advertising and marketing services.

14. Licence to be displayed

- (1) Every licence shall be displayed and kept displayed in a prominent place by the licence holder on the premises to which it relates and shall be made available at any hour at which such premises are normally open for business for inspection by any person authorized under this Act to demand its production.
- (2) Every licensing authority or person authorized in writing in that behalf by any licensing authority, and every police officer is authorized to demand the production of any licence issued under this Act.
- (3) A licence holder or other person having custody of a licence who, without reasonable excuse, fails to produce such licence upon lawful demand being made to him in that behalf shall be guilty of an offence.

Penalty: fine not exceeding VT 100,000.

15. Licences lost or destroyed

Where it is shown to the satisfaction of the licensing authority by which a licence was issued that such licence has been lost or destroyed, it shall, upon payment of the prescribed fee, issue a duplicate of such licence to the licence holder.

16. Power of search

A person authorized in writing in that behalf by any licensing authority and by the Public Prosecutor may without warrant enter and search premises during normal business hours for the purposes of ascertaining the category of the business or assessing the licence fee and the identity of the proprietor thereof. The proprietor shall make available for inspection on demand by any such person books, documents, electronic records however recorded or any other records relating to the business and copies thereof or extracts there from may be made. The provisions of this section shall not derogate from any privilege or immunity arising with respect to such premises, proprietor, books, documents or records under the provisions of any law applicable thereto within Vanuatu.

17. Confidentiality of information

Information relating to the business of any person obtained under section 16 shall be treated as strictly confidential and shall not be disclosed save for the purposes of any prosecution with respect to the business.

18. Fees

- (1) Subject to the provisions of this Act, there shall be payable in respect of a licence issued under this Act, a business licence fee as prescribed in Schedule 1.

- (2) The fee provided in subsection (1) shall be an annual fee and shall be due and paid on the first day of the month in which the business is first commenced and thereafter –
- (a) where the fee payable does not exceed VT 20,000 shall be paid in full on or before the 31st of January of each succeeding year;
 - (b) where the fee payable exceeds VT 20,000, shall be paid in two equal instalments on or before the 31st January and 31st July each year.
- (3) The fee provided in subsection (1) together with any increase provided for in subsection (4) shall be recoverable by the licensing authority as a civil debt.
- (4) If the business licence fee has not been paid in full or in part by instalments in accordance with subsection (2), that fee or part of the fee remaining unpaid shall be increased by 10% for each month or part thereof during which the fee remains unpaid.
- (5) The Director may, with the approval of the Minister, remit in whole or in part the increase imposed under subsection (4) where:
- (a) the business becomes insolvent;
 - (b) the business becomes subject to unforeseen adverse trading conditions affecting its financial capability;
 - (c) an inadvertent error or omission is made in good faith in the completion of a business licence application form or in the calculation of the fee; or
 - (d) undue financial hardship would be caused by the imposition of such an increase.

18A. Certain businesses to pay fees quarterly

- (1) The business licence fee payable for a business specified in category F1, F2, F3 or F4 of Schedule 1 is to be paid on a quarterly basis by the holder of the business licence.
- (2) The business licence fee:
- (a) is to be calculated on turnover in accordance with the provisions in Class F of Schedule 1; and
 - (b) is payable within 14 days, or such longer period as is prescribed by the rules, after the end of each quarter.
- (3) A declaration in the form prescribed by the rules is to accompany payment of the fee for each quarter.
- (4) To avoid doubt, this section applies despite any other provision of this Act.
- (5) In this section:

“quarter” means a period of 3 months beginning on 1 January, 1 April, 1 July or 1 October in the year beginning on 1 January 2000 or any later year.

18B. Pro-rata payment of business licence fee

If a business licence is issued to a person after 31st January of each year, the fee will be paid on a pro-rata basis for each month from the first day of the month on which the business first commenced.

18C. Distrain for unpaid fee

- (1) The Director may levy distress on goods (other than real property) and chattels and money of a person who is issued a licence under this Act to operate a business, if the

person refuses or fails to pay any fee payable in respect of a licence issued under this Act or any other amount recoverable from the person under this Act.

- (2) The Director may:
- (a) apply money referred to in subsection (1) against the fee payable by the person and any other amount recoverable from the person under this Act; or
 - (b) provide for the disposal of any such goods or chattels by supply or otherwise to recover the amount of fee payable by the person and any other amount recoverable from the person under this Act including the costs and expenses of the disposal.

19. General provisions

- (1) A licence shall be required in respect of each and every premises at which a business is carried on other than premises used for storage or other purposes which are incidental to the carrying on of the business:

Provided that one licence shall suffice for premises which are immediately adjacent and intercommunicating.

- (2) Where a person carries on more than one business or category of business, he shall take out a licence in respect of each business or category of business:

Provided that in any case where a person is liable to pay more than one licence fee as aforesaid and where any business is of such minor extent that it is only incidental to another business or a necessary adjunct thereto, such person shall be exempted from the obligation to take out a licence and pay any fee therefore.

- (3) Where two or more persons are carrying on a business independently of each other at the same premises a licence shall be taken out in respect of each business.

- (4) Where a licence is taken out for a newly formed business for part of a year only the fee payable shall be proportionate to the period covered by the licence and for the purpose of the assessment of that proportion any part of a month shall count as a whole month.

- (5) Where during the course of the year the nature or extent of a business changes for whatever reason thereby rendering the licence holder liable to the payment of a different licence fee he shall forthwith so inform the licensing authority and shall pay or receive such adjustment of fee as may be appropriate.

- (6) A licence may be surrendered to the licensing authority at any time and thereupon the licence holder shall be entitled to a proportionate refund of the licence fee commencing from the first day of the month next following.

20. Revenue from fees

- (1) All fees collected by a local government council under this Act shall become part of the recurrent revenue of such council.

- (2) All fees collected by the Director or the Minister under this Act shall be paid into the Public Fund.

21. Abatement of fees

- (1) The Director, with the approval of the Minister, having regard to the actual level of turnover or gross income of any business in order to avoid hardship may, at his discretion, abate the licence fee payable in respect of any person or business by such amount not exceeding 50 percent (50%) of the fee, as he may think fit.

- (2) A local government council, having regard to the probable level of turnover or gross income of any business within the area of its jurisdiction being a business of any of the categories specified in Schedule 1 and in order to avoid hardship may, at its

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SCHEDULE 1

(Section 18)

RATES OF BUSINESS LICENCE FEE

CLASSES AND CATEGORIES OF BUSINESS	ANNUAL FEE (VATU)	REMARKS
<u>CLASS A - MINING, QUARRYING AND LOGGING</u>		
Category A. Mining, Quarrying and Logging	<p>20,000 for gross turnover of less than 10 million; 50,000 for gross turnover of 10 million to less than 20 million; 100,000 for gross turnover of 20 million to less than 50 million; 250,000 for gross turnover of 50 million to less than 100 million; 500,000 for gross turnover of 100 million to less than 200 million; 1,000,000 for gross turnover of 200 million or more.</p> <p>Plus for each non-citizen principal or partner engaged in the business, 100,000</p>	<ol style="list-style-type: none"> 1. Class A licence includes the importing of materials required in mining, quarrying, logging and sawmill business operations. 2. Includes the extraction, dressing, smelting, crushing, etc. and the beneficiations in any way of any mineral or mineral ore other than stone, gravel, clay or sand. 3.(i) Includes the extraction, dressing, crushing or otherwise treating to render marketable stone, gravel, clay or sand. (ii) Excludes the manufacture of structural clay and cement products such as bricks, concrete blocks and tiles, which is licensed under Category B. 4.(i) Includes logging camps, logging contractors and lodgers engaged in cutting timber and in producing rough, round, hewn or riven forest or wood raw materials. (ii) Logging and woods operations conducted in combination with sawmills, pulp mills or otherwise converting establishments which are beneficially owned by the same persons, are classified under Category B.
<u>CLASS B - MANUFACTURING INDUSTRIES AND TRADE</u>		
Category B. Manufacturing Industries and Trades	<p>20,000 for gross turnover of less than 10 million; 50,000 for gross turnover of 10 million to less than 20 million; 100,000 for gross turnover of 20 million to less than 50 million; 250,000 for gross turnover of 50 million to less than 100 million; 500,000 for gross turnover of 100 million to less than 200 million; 1,000,000 for gross turnover of 200 million or more.</p> <p>Plus for each non-citizen principal or partner engaged in the business, 100,000</p>	<ol style="list-style-type: none"> 1. Manufacturing means any process which transforms inorganic or organic substances into new products.

**CLASSES AND
CATEGORIES OF
BUSINESS**

ANNUAL FEE (VATU)

REMARKS

CLASS C - CONSTRUCTION INDUSTRIES AND TRADE

**Category C.
Construction,
Industries and Trade**

20,000 for gross turnover of less than 10 million;
50,000 for gross turnover of 10 million to less than 20 million;
100,000 for gross turnover of 20 million to less than 50 million;
250,000 for gross turnover of 50 million to less than 100 million;
500,000 for gross turnover of 100 million to less than 200 million;
1,000,000 for gross turnover of 200 million or more.

Plus for each non-citizen principal or partner engaged in the business, 100,000

Generally class C:

1. Covers importing of materials and supplies required in the construction, repair and maintenance business.
2. Does not include imports for resales (either wholesale or retail) without transformation or adaptation, and not subjected to the construction, repairing or maintenance processes. (A Category D1 Import Licence is required for all such imports, plus a D2 licence is required for direct resale).
3. Holders of Class C Licences are not permitted to import and directly re-sell any materials, supplies etc., without D1 and D2 Licences.

CLASS D - WHOLESALE AND RETAIL MERCHANDISING TRADES

**Category D1.
Importers**

10,000

- D1.(i) Subject to paragraph (ii) a Category D1 licence is required as a supplementary licence by importing business of all classes.
- (ii) Importing means direct importing for resale (without transformation), wholesale or retail, of merchandise of any description, but excludes:
- (a) the direct importing of equipment, materials or supplies for use in the business and not purchased for resale;
 - (b) the direct importing of equipment, materials or supplies for use or for transformation by the business in mining, manufacturing, construction or repairing processes (Class A, B & C), or for use in transport operations (Class E), or for use in businesses of Classes F, G or I;
- (iii) Resale or wholesale under Category D1 includes acting as agents in buying or selling merchandise to other business.

**Category D2.
Retailer or Wholesaler**

20,000 for gross turnover of less than 10 million;
50,000 for gross turnover of 10 million to less than 20 million;
100,000 for gross turnover of 20 million to less than 50 million;
250,000 for gross turnover of 50 million to less than 100 million;
500,000 for gross turnover of 100 million to less

- D2.(i) A Category D2 licence is required for businesses which sell wholesale or retail merchandise of every description and includes butchers.
- (ii) Business in the merchandising trades who are holders of D1 must also hold

Category D2 description

CLASSES AND CATEGORIES OF BUSINESS	ANNUAL FEE (VATU)	REMARKS
Category D3. Hotels, Motels, Restaurants, Cafes, Bars, Take-Away Food Outlets	<p>than 200 million; 1,000,000 for gross turnover of 200 million or more.</p> <p>Plus for each non-citizen principal or partner engaged in the business, 100,000</p> <p>20,000 for gross turnover of less than 10 million; 50,000 for gross turnover of 10 million to less than 20 million; 100,000 for gross turnover of 20 million to less than 50 million; 250,000 for gross turnover of 50 million to less than 100 million; 500,000 for gross turnover of 100 million to less than 200 million; 1,000,000 for gross turnover of 200 million or more.</p> <p>Plus for each non-citizen principal or partner engaged in the business, 100,000</p>	<p>D3. Hotels operating recreational and personal services require in addition appropriate licences for those services.</p>
Category D4 (repealed)		
Category D5. Open-Air Vendors, Mobile Shops and Door-to-door Sales	<p>5,000 for gross turnover of less than 10 million; 50,000 for gross turnover of 10 million to less than 20 million; 100,000 for gross turnover of 20 million to less than 50 million; 250,000 for gross turnover of 50 million to less than 100 million; 500,000 for gross turnover of 100 million to less than 200 million; 1,000,000 for gross turnover of 200 million or more.</p> <p>Plus for each non-citizen principal or partner engaged in the business, 100,000</p>	<p>D5. (i) Applies to all vendors carrying out open-air or under movable shelters including vendors of cooked foodstuffs.</p>

**CLASSES AND
CATEGORIES OF
BUSINESS**

ANNUAL FEE (VATU)

REMARKS

**CLASS F - FINANCIAL AND MONETARY INSTITUTIONS INSURANCE AND REAL
ESTATE COMPANIES, PROFESSIONAL AND BUSINESS SERVICES**

**Category F1.
Commercial Banks**

7.00% of turnover for the

**CLASSES AND
CATEGORIES OF
BUSINESS**

ANNUAL FEE (VATU)

REMARKS

CLASSES AND CATEGORIES OF BUSINESS	ANNUAL FEE (VATU)	REMARKS
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CLASS G - PERSONAL, SOCIAL, RECREATIONAL AND REPAIR SERVICES

**Category G1.
Medical and Dental Practitioners, Optometrists, Chiropractors, Osteopaths, Nursing Services and Veterinary Services**

20,000 for gross turnover of less than 10 million;
50,000 for gross turnover of 10 million to less than 20 million;
100,000 for gross turnover of 20 million to less than 50 million;
250,000 for gross turnover of 50 million to less than 100 million;
500,000 for gross turnover of 100 million to less than 200 million;
1,000,000 for gross turnover of 200 million or more.

Plus for each non-citizen principal or partner engaged in the business, 100,000

**Category G2.
Personal, Social, Recreational and Repair Services**

20,000 for gross turnover of less than 10 million;
50,000 for gross turnover of 10 million to less than 20 million;
100,000 for gross turnover of 20 million to less than 50 million;
250,000 for gross turnover of 50 million to less than 100 million;
500,000 for gross turnover of 100 million to less than 200 million;
1,000,000 for gross turnover of 200 million or more.

Plus for each non-citizen principal or partner engaged in the business, 100,000

CLASS I – UTILITIES

**Category I1.
Electricity Generation and Distribution Companies**

20,000 for gross turnover of less than 10 million;
50,000 for gross turnover of 10 million to less than 20 million;
100,000 for gross turnover of 20 million to less than 50 million;
250,000 for gross turnover of 50 million to less than 100 million;
500,000 for gross turnover of 100 million to less than 200 million;
1,000,000 for gross turnover of 200 million or more.

Plus for each non-citizen principal or partner engaged in the business, 100,000

**CLASSES AND
CATEGORIES OF
BUSINESS**

SCHEDULE 2

(Section 2)

EXEMPTION FROM LICENCES

Teachers and professors in schools or institutions not conducted for profits

Masters, officers and crews of merchant or trading vessels unless they are engaged in business

Non-proprietary clubs, whose main purpose is social, cultural, sporting or educational and are not conducted for profit

Religious missions and ministers of religion

Exporters of any products from Vanuatu

A credit union registered under the Credit Unions Act [Cap. 256]

A person operating a micro finance or micro credit scheme that is registered with the Vanuatu Financial Services Commission as a charitable organisation.

Table of Amendments

1	<i>Amended by Act No. 9 of 1999</i>
4	<i>Amended by Act No. 9 of 1999</i>
13	<i>Amended by Act No. 6 of 2000</i>
18A	<i>Inserted by Act No. 6 of 2000</i>
18B, 18C	<i>Inserted by Act 45 of 2005</i>
Sched 1	<i>Amended by Acts 6 of 2000, 50 of 2000, 29 of 2001, 5 of 2004, 45 of 2005, 1 of 2006</i>
Sched 2	<i>Amended by Acts 6 of 2000, 5 of 2004</i>
Throughout	<i>"Foreign Investment Board" updated to "Vanuatu Investment Promotion Authority", and "Foreign Investment Act" updated to "Vanuatu Foreign Investment Promotion Act"</i>