



STANDARD OPERATING PROCEDURE

Duty Concessions/Exemptions

Owner : **Manager Customs Revenue Unit**
 Manager Border
 Manager North
 Manager PCA

Issue Date:	
Review Date (Annually)	
Approved by Director (Name)	
Signature	

1. Legislation

Import Duties (Consolidation) Act (CAP 91)	Schedule 1. Parts 2(A), 2(B), Part 3
Excise Act	Section 23.
Customs Act No.7 of 2103 Customs Regulations	Section 172. Regulation 32.

2. Introduction

- 2.1 Certain goods imported into Vanuatu are permitted concessional treatment, through exemption from customs duty which would normally apply. These concessions are the result of either international agreements, or government policies designed to promote economic activity in certain sectors, or to encourage investment.
- 2.2 Details of goods subject to concessional treatment in regards to duty liability or to duty exemption are contained in appendixes to the Harmonised System, or customs tariff. As with all goods within the HS, to be classified within a certain tariff item they must meet all the criteria of that item.
- 2.3 Goods subject to concessional rates of duty are categorised under three headings:
 - I. Goods Eligible for Concession (Part 2(A))
 - II. Commodities and Transactions not Classified According to Kind (Part 2(B))
 - III. Concessions Applicable to Particular Persons or Bodies (Part 3)
- 2.3 All declarations for concessional goods are directed to yellow lane and the Selectivity Officers are responsible for ensuring that the criteria set for the particular exemption are met.
- 2.4 Importers seeking exemptions should be directed to customs brokers. Exemption application letters and approvals are no longer current, as the eligibility is determined by the tariff item criteria.

3. Goods Eligible for Concession Part 2(A)

- 3.1 **9801 & 9802.** Goods for disabled persons, and those goods used to correct a deformity of the human body; substitute parts and corrective spectacles.. These are entered under their nominal tariff item (9801 or 9802) as well as their substantive item which accurately identifies them in terms of the HS. To meet the criteria of these concessional items the goods must fall within the tariff items identified or under headings approved by the Director, DCIR.
- 3.2 **9803.** Samples, the value of which do not exceed VUV10,000. If in excess of that amount, the goods are to be rendered unsaleable. Samples of significant value, may be released on lodgement of a security if imported temporarily.
- 3.3 **9804.** Aircraft parts with an airworthy certificate issued by ICAO (International Civil Aviation Organisation)

4. Commodities and transactions not Classified According to Kind Part 2(b).

- 4.1 **9901.** These are the goods which are permitted duty free entry because of their low value and usually high volume on goods being introduced, such as courier services. This allows the concessional entry of books, publications and documents, the definition of which is contained in the notes to Part 2(b). This item also allows the duty free entry of goods imported by airfreight and parcels post, which have a value of VT5000, excluding freight. This is consistent with the WCO Immediate Release Guidelines.
- 4.2 **9902.** There are a number of criteria for this exemption, which all must be met viz:
- The concession only relates to goods which have been owned and available for use for at least 12 months prior to exportation to Vanuatu. No new or unused goods are entitled to the exemption.
 - The goods imported must be owned by the importer
 - The concession can only be granted once per importer.
 - Ownership and availability for use for motor vehicles and boats must be supported by registration and/or insurance papers.
 - An unaccompanied personal effects declaration form must be lodged for each consignment. (Annex 1)
- 4.3 **9903.** Goods imported by Ni-Vans under the seasonal workers scheme. RSE workers registered with the Dept. of Labour are permitted to import VT50,000 worth of new goods purchased in their country of employment. They are also permitted to import used goods which they may have been given by their employers.
- 4.4 **9904.** Goods short-landed or short-shipped that have been entered but arrive on a subsequent flight or voyage. Documentary evidence is required in the form of shipping documents, invoices or declarations to support the contention that the goods have been over entered. When they finally arrive they can be released as they have already been declared and duty paid.
- 4.5 **9905.** Goods exported from Vanuatu and then re-imported in the same state. Goods must be reimported within 3 years, or their Vanuatu origin is lost. Export documentation is required to substantiate Vanuatu origin when reimported.
- 4.6 **9906.** Goods exported from Vanuatu for repair or some other valued added process, then reimported into Vanuatu. Export documentation is required to identify the goods as the same ones now being imported. The costs of repairs or enhancements, including parts and labour, and freight for the return to Vanuatu must be separately identified - these are dutiable at the same rate as the complete goods.
- 4.7 **9907.** Goods exported for repair or replacement under a guarantee or warranty agreement. Export documentation is required to identify the goods as the same ones being imported under guarantee or warranty. Documentary evidence of the

guarantee or warranty must be provided to support the claim that the goods have been repaired or replaced free of charge.

- 4.8 **9908.** Goods imported by parcels post or air freight that are bona-fide, unsolicited gifts consignee by individuals resident outside Vanuatu to individuals resident in Vanuatu. Unsolicited means unrequested. To be eligible, the goods must be valued at less than VT10,000 excluding freight and consigned by individuals to individuals not from or to commercial entities. Goods to be cleared using a “Parcotile”.

5. Concessions Applicable to Particular Persons or Bodies

- 5.1 These goods are classified and entered under their own tariff items, but afforded exemption due to the application of the exemption code number. It is essential to understand that exemptions can only be granted for the purpose identified and only those goods nominated are able to be entered without payment of duty. Even though an approval letter from the relevant may be received for an exemption, the exemption may still not be granted if the goods or purpose for which the approval was granted do not fit the criteria of the exemption code. The Director has the discretion to disallow exemptions if all the conditions are not met. The requirements for these concessions are contained in the “Additional Notes” at the head of Part 3 of Schedule 1 of the HS. Letters from approving authorities must contain the endorsement outlined in these notes. Goods only lose their exempt status after 5 years in the importer’s possession.

- 5.2 **Code 010.** These are raw materials for the manufacture of approved goods; packing and labelling material; equipment used to establish a new manufacturing enterprise. The definition of “raw materials” is contained within the tariff item as are specific exclusions from equipment used to establish a new manufacturing enterprise. Equipment cannot be imported under this exemption to improve or upgrade an existing enterprise. A letter of endorsement from the Director, Dept. of Industry is required. Recipients of exemptions under this Code must be published in the Government Gazette within two months of being approved

- 5.3 **Code 020.** Building materials, fixtures and fittings for the construction of a new hotel or island bungalow resort. Renovation and expansion of an existing facility by the addition of at least 10 rooms, or the addition of new facilities to include a gym, conference centre or casino. Strata title developments are excluded from this exemption. Moveable furniture, soft fittings such as curtains and cushioning are also excluded and the excluded tariff items are itemised in the exemption details. An endorsed approval letter from the Director of Tourism is required. Recipients of exemptions under this Code must be published in the Government Gazette within two months of being approved.

- 5.4 **Code 030.** Machinery, equipment and materials for mineral exploration and extraction projects. A letter from the Director of Geology and Mines Department is to be obtained, identifying the project for which the equipment is to be used. The letter

of approval must be suitably endorsed. . Recipients of exemptions under this Code must be published in the Government Gazette within two months of being approved.

- 5.5 **Code 040.** Diesel fuel used to generate electricity under agreement with the government. This diesel is free of duty but excise remains payable, as does VAT. As these are long standing agreements there is no requirement for an approval letter for each importation.
- 5.6 **Code 050.** Boats, boat building material, fishing equipment, marine motors and refrigeration equipment for approved fishing projects. The projects must be approved by the Director of Fisheries Department for commercial fishing projects, but excluding tourist, game fishing enterprises. All types of fuel are excluded from fishing equipment.
- 5.7 **Code 060 & 070.** These refer to personal effects accompanying passengers arriving in Vanuatu by sea or air. The actual items permitted duty free entry are detailed under the particular code, however the eligibility is determined by the facts that goods are accompanied; they are owned by the passenger at the time of importation; and are not for commercial purposes or in commercial quantities. Code 070 refers to professional instruments and tradesmen's tools imported by passengers for their use in Vanuatu. If in larger quantities these may be subject to security under the temporary importation item.
- 5.8 **Code 080.** Refers to goods temporarily imported. Goods imported temporarily can only fall within the categories identified in the item these are:
- Goods imported by visitors;
 - Goods for display or demonstration;
 - Goods imported for hire or loan for use in projects;
 - Tools of trade and professional equipment;
 - Scientific and educational equipment.
- The need for a security for temporarily imported goods may need to be considered, please refer to the Temporary Import/Securities SOP.
- 5.9 **Code 090.** Refers to property of a Vanuatu resident who passes away while temporarily absent from Vanuatu. The goods are normally imported by a close family member, responsible for the deceased's property.
- 5.10. **Code 100.** For goods the property of a Vanuatu resident who died whilst overseas, whose property and possibly are being returned to Vanuatu
- 5.11. **Code 110.** This relates to the importation of legal tender currency imported by the Reserve Bank
- 5.12. **Code 120** Medals and official decorations for presentation at Government sanctioned ceremonies

- 5.13. **Code 130.** Lifesaving equipment, crash helmets, marine safety equipment. These also require substantive classification within the range of tariff items identified or approved by the Director.
- 5.14. **Code 140.** . Fire engines and fire-fighting equipment. Nominal and substantive classifications required and goods must fall within those tariff items nominated or approved by the Director.
- 5.15. **Code 150.** Uniforms, emblems and insignia imported by youth groups, including Boy scouts and Girl Guides. Validation of the youth group is required by written approval from the Dept, of Youth and Sports or the Vanuatu Christian Council.
- 5.16. **Code 160.** Cups, medals, shields and trophies for bestowal upon an individual in Vanuatu, or similar trophies gained abroad by Vanuatu residents. These would be normally imported by the organisation awarding the trophy and they would be identified with the particular event at which they are to be awarded. The awardee may or may not be already identified on the award. Trophies imported for resale in Vanuatu are excluded from this concession.
- 5.17. **Code 170** Goods imported by the Red Cross for their own use or for free distribution. An endorsed letter from the Director, Red Cross is required to identify the purpose of the goods.
- 5.18. **Code 180** Refers to sporting equipment and uniforms to be used by sporting organisations registered with VASNOC(Vanuatu Association of Sporting and National Olympic Committee). To be eligible, the goods must be donated and not for re-sale. An endorsed letter of approval must be provided from either the Director responsible for Sport or the Director of Education if going to a school.
- 5.19. **Code 190** refers to goods imported by churches and religious organisations registered with Vanuatu Christian Council. Goods permitted under this exemption are restricted to building materials, furniture and furnishings; musical instruments; altar wine and bread. An endorsed letter of approval from an office bearer of the church is required.
- 5.20. **Code 200** Refers to building materials for the erection and maintenance of schools, as well as school furniture and educational supplies including books and stationery. The goods cannot be for resale, and are only for schools and educational institutions registered with the Department of Education. A letter of authority duly endorsed is required from the Director of Education or University Dean.
- 5.21. **Code 210** Goods imported by diplomats; missions and organisations entitled through international conventions or agreements and their employees. Approval for entitled persons is through the Chief Protocol Officer, Dept. of Foreign Affairs on the approved "blue form". Signed copies of agreements and a list of entitled people is to be lodged with the Minister of Finance. The Director, DCIR may place any conditions on this concession, he considers necessary.

- 5.22. **Code 220** Refers to goods imported by registered charitable organisations which must be registered with the Vanuatu Financial Services Commission or goods donated by individuals or organisations resident overseas who donate goods for the same purpose. The goods must be for free distribution for the purposes specified and the approval to import is received from the Director DCIR.
- 5.23. **Code 230** Goods for use in foreign going vessels or aircraft based in Vanuatu. Goods are imported for repair, maintenance or for consumption by passengers or for use by crew of vessels and aircraft based in Vanuatu but for use in international services. Goods must be consistent with the details of the exemption and approval is granted by the Director, DCIR.
- 5.24. **Code 240 & 260** Temporary importation of small pleasure craft and “super” yachts. Refer direct to details of the exemptions.
- 5.25. **Code 270** Goods imported subject to an international agreement or development loan agreement for a national development project. These goods are donated to the Government of Vanuatu by foreign states or international organisations; or they are imported by or on behalf of the Government for aid projects funded by development loans or cash grants. There are no restrictions or exclusions under this exemption. Approval must be provided by the Director Strategic Policy Planning and Aid Coordination, or the donor agency.
- 5.26. **Code 280** Goods imported for national development projects approved by the Council of Ministers. The goods must be used for the exclusive purpose of the project for which they are imported. The Director may impose certain conditions on the importations and if the goods fall within another category of exemption, then they are excluded from this exemption – meaning goods for a tourism project for example, cannot be imported under this code. Emphasis must be placed on the “national development project” aspect as this exemption cannot be used for the benefit of individuals or smaller projects which do not have a national perspective. Recipients of exemptions under this Code must be published in the Government Gazette within two months of being approved.
- 5.27 **Code 290** Goods imported by, or on behalf of the government or non-government groups and organisations for disaster relief. They must be approved by the National Disaster Management Office or a gazetted COM decision identifying a national disaster.

ANNEX 1

Unaccompanied Baggage Declaration

DECLARATION OF UNACCOMPANIED PERSONAL EFFECTS

This is a legally binding document and the penalties for a false declaration are severe
The statement must be completed in Block Letters in English or French

Please complete the following details

Given Names		Family name	
Address or Intended Address in Vanuatu			Date of Birth
Sex Male Female	Passport Number	Country of Issue	
Persons covered by this statement Myself Spouse		Name of spouse	

Details of Arrival

Name of Ship/Flight No.	Place of Arrival	Date/Estimated time of Arrival
Container No.	Bill of Lading/Air Waybill No.	Name of Broker/Freight Forwarder

Your Goods

Did you pack the goods yourself?

- YES
- NO

Are you fully aware of the contents of the packages

- YES
- NO

Do the packages contain goods belonging to any other person other than yourself and your family?

- YES
- NO

Do your unaccompanied effects contain restricted drugs, narcotics, steroids or performance enhancing drugs?

- YES
- NO

Do your unaccompanied effects contain any restricted weapons, firearms ,spring bladed knives, explosives?

- YES
- NO

Do your unaccompanied effects contain any products manufactured from endangered species?

- YES
- NO

Does your unaccompanied effects contain any obscene material likely to cause offence?

- YES
- NO

Does your unaccompanied effects contain Vanuatu or foreign currency in excess of VT100,000?

- YES
 - NO
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Does your unaccompanied effects contain any of the following goods? If you tick "YES" to any question, describe the goods in the table below

Cigarettes, cigars or tobacco

- YES
- NO

Alcoholic liquor, including spirits, wine and beer

- YES
- NO

Goods for commercial purposes, including goods for sale, lease, hire or exchange

- YES
- NO

Other goods owned by you for less than 12 months

- YES
- NO

If insufficient space, attach a separate sheet.

Description of Goods	Value	Date of
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		Purchase

I declare that the particulars above are to the best of my knowledge true and correct.

Signature of Owner	Date
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