

# TOURISM INVESTMENT INCENTIVES PACKAGE 2017



Ministry of Culture & Tourism  
Solomon Islands Government

## Foreword

Much has been said about the potential 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 realize 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 respond to market demand and increase visitor arrivals and yield.

In this regards, 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 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 Cabinet had endorsed and approved this Tourism Investment Incentives Package, its formation and endorsement was 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 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.

A handwritten signature in black ink, appearing to read 'B. Parapolo'. The signature is stylized and written in a cursive-like font.

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

Tax Free Period	Up to ten year tax holiday for capital investment of not less than SI \$20 million ( <i>subject to First Schedule (section 11, Part 1-Tax Holidays of the Income Tax CAP123)</i> )	Request to Controller of IRD and supported by MCT	IRD
Trading Loss Tax Offset	Carry forward losses for up to 7 years in succession ( <i>subject to continuity of the same shareholders / owners</i> )		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
Renewable Energy Generation Equipment	100 percent import duty exemption on renewable energy equipment.	Request to MMRE	MMRE & SIEA



## 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

Investment Category –  
**SMALL –  
MEDIUM**

**SI \$1 million**

minimum investment requirement (excluding land cost).



**DESCRIPTION**



**APPROVAL  
PROCESS**



**INSTITUTION**



**GT & Tax Incentives**

Investment Tax Allowance

An investment allowance of 55 percent of total capital expenditure 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.

Request to Controller of IRD and supported by MCT

IRD

Trading Loss Tax Offset

Carry forward losses for up to 7 years in succession (*subject to continuity of same shareholders*).

IRD



**Duty Exemptions**

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 after completion of the project.

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 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 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 allowance not utilized after 3 years, it may be set off against income of other marine vessels or income from other tourist activities carried on by the vessel owner.

Request to 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
 <b>Import Duty &amp; GST Exemption</b>  Import Duty and GST Exemption	100 percent duty exemption on aviation fuel 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


## **TOURISM JOINT VENTURE INCENTIVES**

Investment Category -

### TOURISM JOINT VENTURE

**SI \$15 million**

minimum investment requirement (excluding land cost)

	DESCRIPTION	APPROVAL PROCESS	INSTITUTION
 <b>Any Tourism related Business</b>  Any Tourism-related Business	Further 7 years of income tax exemption for hotel developers who have local Solomon Islander equity partnership of 25 percent minimum.	Request to IRD Commissioner.	IRD

## **EXISTING TOURISM OPERATORS**

**SI \$20 million**

minimum investment requirement (excluding land cost).

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



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
<b>% Other Incentives</b>			
Marketing & Promotions Expenses	150% Tax deduction for expenses incurred in overseas promotions programme conducted.	Request to IRD Commissioner for prior approval.	IRD