

REPUBLIC OF VANUATU

BILL FOR THE RESIDENT ENTITY (ECONOMIC SUBSTANCE) (CONSEQUENTIAL AMENDMENTS) ACT NO. OF 2024

Explanatory Note

The Bill for the Resident Entity (Economic Substance) (Consequential Amendments) Act No. of 2024 (“the Bill”) makes consequential amendments to 5 Acts following the enactment of the Resident Entity (Economic Substance) Act No. of 2024 (“the Resident Entity (Economic Substance) Act”). The Bill is similar to a Statute Law Miscellaneous Provisions Bill, but it contains only consequential amendments resulting from the Resident Entity (Economic Substance) Act.

The consequential amendments have been made to the following Acts:

- (a) Companies Act No. 25 of 2012;
- (b) Company and Trust Services Providers Act No.8 of 2010;
- (c) Foundation Act No.38 of 2009;
- (d) Offshore Limited Partnership Act No. 39 of 2009;
- (e) Unit Trusts Act No. 36 of 2005.

The purpose of the Bill is to provide for certain actions if the Director of the Department of Customs and Inland Revenue has determined that an entity is in wilful non-compliance with the substance requirements under section 12 of the Resident Entity (Economic Substance) Act No. of 2024 for a financial year. Those actions are as follows:

- (a) for a company, the removal of the company from the Vanuatu Register;
- (b) for a company and trust service provider licensee, the cancellation of the licence of the licensee;
- (c) for a foundation, the dissolution of the foundation;
- (d) for an offshore limited partnership, the cancellation of the offshore limited partnership;
- (e) for a unit trust scheme, the cancellation of the registration of the unit trust scheme.

Minister of Finance and Economic Management



REPUBLIC OF VANUATU

**BILL FOR THE
RESIDENT ENTITY (ECONOMIC SUBSTANCE)
(CONSEQUENTIAL AMENDMENTS)
ACT NO. OF 2024**

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BILL FOR THE RESIDENT ENTITY (ECONOMIC SUBSTANCE) (CONSEQUENTIAL AMENDMENTS) ACT NO. OF 2024

An Act to provide for consequential amendments to certain Acts following the enactment of the Resident Entity (Economic Substance) Act No. of 2024.

Be it enacted by the President and Parliament as follows-

1 Consequential Amendments

The following Acts are amended as set out in the Schedule:

- (a) Companies Act No. 25 of 2012;
- (b) Company and Trust Services Providers Act No. 8 of 2010;
- (c) Foundation Act No. 38 of 2009;
- (d) Offshore Limited Partnerships Act No. 39 of 2009;
- (e) Unit Trusts Act No. 36 of 2005.

2 Repeal of the Act

- (1) This Act is repealed on the day following the day on which all provisions of this Act have commenced.
- (2) The repeal of this Act does not, because of the operation of section 11 of the Interpretation Act [CAP 132], affect any amendments made by this Act.

3 Commencement

This Act commences on the day on which it is published in the Gazette.

SCHEDULE

CONSEQUENTIAL AMENDMENTS

1 COMPANIES ACT NO. 25 OF 2012

1 At the end of section 140

Add

- “(3) The Registrar must remove a company that is a resident entity under the Resident Entity (Economic Substance) Act No. of 2024 from the Vanuatu Register if the Director of the Department of Customs and Inland Revenue has determined that the company is in wilful non-compliance with the substance requirements under section 12 of that Act for a financial year.
- (4) The removal of a company from the Vanuatu Register under subsection (3) takes effect from the date specified by the Registrar in the notice of removal served on the company.”

2 COMPANY AND TRUST SERVICES PROVIDERS ACT NO. 8 OF 2010

1 At the end of section 37

Add

- “(9) The Commission must cancel the licence of a licensee that is a resident entity under the Resident Entity (Economic Substance) Act No. of 2024 if the Director of the Department of Customs and Inland Revenue has determined that the licensee is in wilful non-compliance with the substance requirements under section 12 of that Act for a financial year.
- (10) The cancellation of the licence of a licensee under subsection (9) takes effect from the date specified by the Commission in the notice of cancellation served on the licensee.”

3 FOUNDATION ACT NO. 38 OF 2009

1 At the end of section 43

Add

- “(4) The Commissioner must dissolve a foundation that is a resident entity under the Resident Entity (Economic Substance) Act No. of 2024 if the Director of the Department of Customs and Inland Revenue has determined that the foundation is in wilful non-compliance with the substance requirements under section 12 of that Act for a financial year.
- (5) The dissolution of a foundation under subsection (4) takes effect from the date specified by the Commissioner in the notice of dissolution served on the foundation.”

4 OFFSHORE LIMITED PARTNERSHIPS ACT NO. 39 OF 2009

1 Subsection 31(1)

After “Act”, insert “or the Resident Entity (Economic Substance) Act No. of 2024”

2 After subsection 31(2)

Add

- “(2A) The Commission must cancel the registration of an offshore limited partnership that is a resident entity under the Resident Entity (Economic Substance) Act No. of 2024 if the Director of the Department of Customs and Inland Revenue has determined that the partnership is in wilful non-compliance with the substance requirements under section 12 of that Act for a financial year.
- (2B) The cancellation of the registration of an offshore limited partnership under subsection (2A) takes effect from the date specified by the Commission in the notice of cancellation served on the partnership.”

5 UNIT TRUSTS ACT NO. 36 OF 2005

1 At the end of section 21

Add

- “(6) The Commission must cancel the registration of a unit trust scheme that is a resident entity under the Resident Entity (Economic Substance) Act No. of 2024 if the Director of the Department of Customs and Inland Revenue has determined that the scheme is in wilful non-compliance with the substance requirements under section 12 of that Act for a financial year.
- (7) The cancellation of the registration of unit trust scheme under subsection (6) takes effect from the date specified by the Commission in the notice of cancellation served on the unit trust scheme.”