

REPUBLIC OF VANUATU

BILL FOR THE
BUSINESS LICENCE (AMENDMENT)
ACT NO. OF 2023

Explanatory Note

This Bill amends the Business Licence Act [CAP 249] (“the Act”).

The Government of the Republic of Vanuatu, as part of its stimulus package policy roll out to assist businesses during the Covid 19 pandemic, made an amendment to wave revenue collection from turnover tax for category class F businesses for the period 2020 to 2022.

However, now that the Covid 19 pandemic is over, the Government has agreed to reinstate this revenue item for collection in the financial year 2023.

The legislative amendment was made in the Business Licence (Amendment) Act No. 11 of 2023.

However, it was realized after the gazettal of the amendment that some provisions need to be reviewed to provide clarity and reflect the initial intention of the amendment.

The key amendments of the Bill are as follows:

1. The turnover tax at the rate of 5% (on all exempt suppliers and zero-rated supplies under Schedules 1 and 3 of the Value Added Tax) applies only to the following categories being F2, F3(a), F3(b), F3(c), F3(d) or F4 of Schedule 1; and
2. The commencement of the amendment is to take effect from 1 January 2023.

Minister of Finance and Economic Management



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BILL FOR THE BUSINESS LICENCE (AMENDMENT) ACT NO. OF 2023

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REPUBLIC OF VANUATU

BILL FOR THE BUSINESS LICENCE (AMENDMENT) ACT NO. OF 2023

An Act to amend the Business Licence Act [CAP 249].

Be it enacted by the President and Parliament as follows-

1 Amendment

The Business Licence Act [CAP 249] is amended as set out in the Schedule.

2 Commencement

This Act is taken to have commenced on 1 January 2023.

SCHEDULE

AMENDMENTS OF BUSINESS LICENCE ACT [CAP 249]

1 Section 18A

Repeal the section, substitute

“18A. Turnover tax

- (1) A person must pay a turnover tax if that person operates a business specified in class F2, F3(a), F3(b), F3(c), F3(d) or F4 of Schedule 1.
- (2) The turnover tax must be paid at a rate of 5% of the turnover of each quarter that arises from activities categorised as exempted supplies or zero-rated supplies under Schedule 1 or Schedule 3 of the Value Added Tax Act [CAP 247].
- (3) The turnover tax must be paid within 14 days after the end of each quarter.
- (4) For the purposes of subsections (2) and (3), “quarter” means a period of 3 months beginning on 1 January, 1 April, 1 July and 1 October of each year.
- (5) This section applies despite any other provisions of this Act.”

2 Schedule 1, Column 2, Class F, Category F1, Commercial Banks

Delete “7.00% of turnover for the licensing year subject to a minimum fee of 5,500,000”, substitute “7.00% of turnover for the licencing year subject to a minimum fee of 5,500,000”