

Vanuatu legal facts at a glance

Published in June 2019

Business in Vanuatu can operate as one of the following legal entities:

1. Sole Trader (one owner, who is solely responsible for company's debts and actions)
2. Partnership (two or more partners, who contribute their own resources and are responsible for company's debts and actions)
3. Private company limited by shares - a separate formal business structure, where owners' personal assets are protected from company's debts.

General requirements for private limited company setup:

Shareholders – minimum 1 shareholder, who can be a natural person or a business entity and may be non-resident.

Directors – at least one resident director is required, who can be a natural person or a business entity.

Secretary – required, must be a resident in Vanuatu.

Registered Address – required in Vanuatu.

General Meeting – mandatory, must be held on an annual basis in Vanuatu.

Steps to register a business in Vanuatu:

1. Check availability of business name with the Vanuatu Financial Services Commission (VFSC)
2. Obtain Foreign Investment Approval from the Vanuatu Investment Promotion Authority (VIPA) (for non-residents only) (registration fee is VT 25,000)
3. Companies should apply for a Permit to form an Incorporated Company with or without Limited Liability with the Vanuatu Financial Services Commission (VFSC) (incorporation fee varies from VT 30,000 to 250,000)
4. Register business name with the Vanuatu Financial Services Commission (VFSC) and obtain a Business Name Registration Certificate (registration fee is VT 10,000 for the first year and VT 5,000 for each renewal)
5. Apply for a business license with the Rates & Taxes Office, Department of Customs and Inland Revenue (if the turnover is expected to be over VT 4 million)
6. Register with the VAT Office, Department of Customs and Inland Revenue
7. Register as an employer with the Vanuatu National Provident Fund (VNPF)

Company law in Vanuatu is based on English Common Law.

NOTE: The above information is not exhaustive and is intended for general reference only. It is advisable for you to seek further detailed advice on your particular scenario from our team.

Vanuatu tax facts at a glance

Published in June 2019

Corporate tax

In Vanuatu there is no corporate income tax as such, however, each company is required to pay annual Business License fee, the amount of which depends on business activity and annual turnover and varies from VT 20,000 to VT 1,000,000.

Value Added Tax

15% on almost all goods and services.

The Value Added Tax Act No.12 of 1998 requires any entity in Vanuatu carrying on a “taxable activity” with a turnover of at least VT 4 million to register for Value Added Tax. A “taxable activity” is defined as any activity (personal, professional, corporate or otherwise) carried on continuously or regularly involving the supply of goods or services to any other person for a consideration.

Several exemptions include any activity carried on by a company registered under the International Companies Act No.32 of 1992. Such companies, instead, pay a business licence fee based on 5% of turnover. Also exempted are any engagement, occupation or employment under any contract of service or as a director of a company. There is also no VAT on the making or supply of goods or services that are exempt under the Act.

Other taxes/duties

Import Taxes vary widely depending on the type of merchandise. *Export Tax* is 5% on most goods.

Tax on rental income over VT 200,000 in a 6-month period of 12.5%.

Stamp Duty on some property transactions, share transfers and other transactions at rates of up to 1% (minimum VT 2,500).

Vehicle Tax – the amount varies from VT 25,000 to 60,000.

The Government also levies fees on the acquisition of land, charging 2% of the unimproved capital value as a registration fee and 5% of the unimproved capital value as stamp duty.

Vanuatu has no income tax, no capital gains tax, no estate tax, no wealth tax, no withholding tax, no gift tax and no other personal income taxes.

Tax Treaty Network

Vanuatu has no double tax treaties with other countries and territories.

Currently Vanuatu has entered into TIEA (Tax Information Exchange Agreements) with Australia, Denmark, the Faroe Islands, Finland, France, Greenland, Grenada, Iceland, Ireland, Republic of Korea, New Zealand, Norway, San Marino and Sweden.

NOTE: The above information is not exhaustive and is intended for general reference only. It is advisable for you to seek further detailed advice on your particular scenario from our team.