

# Operational Statement – Application Requirements for New Business Licenses

(Able to be published externally)

## INTRODUCTION

These guidelines have been developed to clarify the information that IRS requires applicants to provide when they make application for a new Business Licence and prescribes the form in which the application must be made. They are allowed to be published outside Inland Revenue Services (IRS).

## RELEVANT LEGISLATION

Section 6(3) of the Business Licence Act 1998 states that: *Every application shall also contain such other particulars as may be prescribed or as may be reasonably required by the Commissioner.*

Section 3(2) of the Business Licence Act 1998 states that: *In the event that any necessary procedure or form is not prescribed by this Act or any Regulation made under it, the Commissioner may determine, for the time being, an appropriate procedure or form, and such determination shall be a requirement under this act.*

Section 6 of the Business Licence Regulations 2012 states that:

- (1) *An application for a licence must be made in a form determined by the Commissioner.*
- (2) *An application for the renewal of a licence must be made in a form determined by the Commissioner.*

## INFORMATION TO BE PROVIDED

Currently IRS requires taxpayers who make application for a new Business Licence (either a full licence or a Special (Temporary) Licence to provide a variety of information at the time they submit their application. This information is deemed under Section 6(3) to be necessary to effectively administer the legislation for which IRS is responsible. By approving the guidelines the CIR is prescribing the format of not only the Business Licence application and renewal forms, but the supporting evidence that is required to be provided to IRS at the time of making the application, under section 6(3) of the Business Licence Act 1998.

The Business Licence will not be issued until **all the required information** has been provided to the satisfaction of the IRS.

### 1) Business Licence

#### 1a) Qualifications/Credentials for Specialised Professions

Evidence of Qualifications/Credentials is required from those applying to register a business that is a considered a Specialised Profession. This provides the CIR with assurance that only competent and qualified people set up businesses in these specialised professions.

Outlined in the table below are the Professional Bodies and Trades which are the professions that the CIR has determined as being specialised professions.

<b>Professional Bodies &amp; Trades</b>
<ul style="list-style-type: none"><li>• Accountants</li><li>• Lawyers</li><li>• Auditors</li><li>• Scientists</li><li>• Doctors</li><li>• Dentists</li><li>• Architects</li><li>• ICT (Information Communication Technology)</li><li>• Teaching</li><li>• Plumbing</li><li>• Electrical</li><li>• Building/Carpentry</li><li>• Automotive (e.g. Motor Mechanics)</li><li>• Engineering (e.g. Mechanical Trade (Refrigeration &amp; Air-Conditioning))</li><li>• Hairdressing</li></ul>

If a taxpayer wishes to establish a new business in Samoa using any of these specialised professions as the basis of earning income, they must provide evidence that they are suitably qualified in that profession. Acceptable evidence would include:

- Tertiary Qualification; e.g. Bachelor of Commerce, etc
- Certificate of Trade; e.g. Certificate in Engineering, Certificate in Plumbing, etc
- A letter from the applicant's previous employer stating that whilst the applicant doesn't hold any formal qualification they have the knowledge required to successfully operate a business of this nature.
- Copies of formal qualifications held by people that the applicant (who has sufficient funds, but no relevant experience or qualification) intends employing, when their Business Licence application is approved.

### **1b) Starting Capital & Source of Funding**

Evidence of sufficient starting capital is required to ensure that businesses have a good level of financial resources to support their day to day operations during start-up stages. Most successful businesses have funds in the bank to pay their expenses until they build a good customer base. Ensuring that all new businesses have sufficient funds decreases the risk of the business failing and being unable to pay their tax liabilities.

In addition, the Government of Samoa entrusts the Ministry for Revenue to ensure that no foreign investors are behind the business operations specifically reserved for Samoan citizens (e.g. Samoan

person applies for a Business Licence but a foreign national has provided the starting capital and is essentially running the business).

All taxpayers wishing to obtain a Business Licence must provide the following:

1. Copy of bank statement (Savings, Cheque/Current, etc) showing a **minimum**:
  - \$500 balance for micro/small businesses (<\$78,000 turnover and not VAGST registered)
  - \$1,000 balance for all other businesses (>\$78,000 turnover and VAGST registered)
2. A letter explaining the source of business funds, such as:
  - Start-up capital was received from an overseas relative (copies of international remittance receipts must be attached)
  - Stock and/or assets have been purchased by overseas relatives and are being shipped (copies of Customs Bill of Lading from NZ, Australia, America, etc must be attached)
  - Start-up capital is by way of bank loan (a letter from the bank/financial institution confirming that the loan will be approved subject to the issuing of Business Licence must be attached)
  - Start-up stock/assets were received by way of inheritance
3. List of business assets and their current book value

### **1c) Site Map**

Every taxpayer who applies for a Business License must provide a site map of their business location. This is so that we know exactly where the taxpayer is going to run their business from and can find them to deliver letters, etc. A site map should contain the following details:

- Physical Location of the business premises including:
  - Street Number (if known)
  - Street Name (if known)
  - Name of Building (e.g. Lotomau Centre, Chandra House)
  - Level of Building
  - Village Name
- If none of the above information is applicable, we require a hand-drawn map showing the premises the business is operated from and the nearest public landmark e.g. Church, Community Centre, etc
- Valid Postal Address

Examples:

PO Box 1877 Apia  
Ground Floor, NPF Plaza, Main Beach Rd, Savalalo, Apia  
Village Store, Vaialele, 3 houses down from the Methodist Church

### **1d) Health Compliance Certificate**

If the proposed business is involved in fast-food or food preparation activities, a copy of the Health Compliance Certificate (HCC) is required to be supplied with your application. This must be obtained from the Ministry of Health (MOH) before applying for a Business Licence.

The MOH has formally requested IRS to sight the HCC before we issue a Business Licence. This is one of the main ways that the MOH can be assured that those taxpayers who commence a business

involving food preparation are complying with the Food Safety standards. By requiring taxpayers to obtain the HCC before their Business Licence, IRS can be assured that they have suitable premises (already approved by Health Inspector) from which to operate their business.

### **1e) STA confirmation**

If the proposed business provides tourist accommodation or related activities the letter issued by the Samoa Tourism Authority addressed to the CIR is required to be supplied with your application. This must be obtained from Samoa Tourism Authority (STA) before applying for a Business Licence.

The STA has formally requested IRS to sight the STA Confirmation before we issue a Business Licence. This is one of the main ways that the STA can be assured that those taxpayers who start up tourism related businesses are well-organised and meet standards set by STA to deliver quality services to tourists, which benefits the wider Samoan economy.

### **1f) Legal Form of Identification**

To be sure that the taxpayer applying for the Business Licence is who they claim to be we require a copy of a legal form of identity documentation. This is especially important when registering a business. IRS has recently released an Operational Statement on Evidence of Identity (GEN001) which requires taxpayers to provide either a copy of their Samoan Driver's Licence or any **two (2)** of the following identity documents, one of which must have a photograph of the applicant.

1. Samoan Birth Certificate
2. Samoan Citizenship Certificate or Naturalisation Certificate
3. Samoan Passport (current)
4. Foreign Passport (current)
5. National Provident Fund Identification.

Shareholders and directors of Companies applying for Business Licence registration must provide one photo identification (e.g. passport) for each shareholder and director.

As part of protecting the integrity of the Business Licence Act 1998, before issuing a Business Licence we may ask to see the applicant's Samoan Passport to confirm their nationality or citizenship.

### **1g) Foreign Investment Certificate**

If the Business Licence application is being made by a person who is not a Samoan citizen, we require a copy of the Foreign Investment Certificate to ensure that the foreign national has permission to operate a business of that nature. We will check to ensure that the purpose for which the FIC was issued is the same as the nature of business of the Business Licence they are applying for. The Ministry for Revenue is charged with enforcing the issuing of Business Licences to foreigners under the Foreign Investment Amendment Act 2011.

### **1h) Company Certificate of Incorporation**

If the Business Licence application is for a company we require a copy of the Certificate of Incorporation so we can confirm that they are entitled to be registered as a company.

### **1i) Partnership Agreement**

If the Business Licence application is for a partnership, we require a copy of the Partnership Agreement so that we can confirm how the profits are to be allocated between the partners.

### **1j) Deed of Trust**

If the Business Licence application is for a trust, we require a copy of the Deed of Trust and the names of the Trustees.

## **2) Temporary (Special) Business Licence**

Temporary (also known as Special Business) Licences need to be obtained by taxpayers wishing to conduct business for a limited time. Section 2 of the Business Licence Regulations 2012 defines Special Business as:

*A temporary business or economic activity that:*

- a) Is carried out in a place where:*
  - i. A public entertainment or sport activity is conducted; or*
  - ii. A bazaar or sale of work for patriotic, charitable or religious purposes is held; or*
  - iii. A stall is specifically constructed for the purposes of catering for tourists or the general public during festivals; or*
- b) Is approved by the Commissioner*

Due to the limited trading period of the special business operator IRS makes the process of obtaining a Temporary Licence easier than for a full business licence. There is however still some specific information required to be supplied with the application form. Please refer to the relevant sections of the Full Business Licence:

1. Site Map (Reference 1c)
2. Foreign Investment Certificate (Reference 1g)
3. Health Compliance Certificate (Reference 1d)
4. Legal Form of Identification (Reference 1f)

## **BUSINESS LICENCE FEES PAYABLE**

The fees applicable for obtaining a new Business Licence are contained in Section 3 of the Miscellaneous Fees Amendment Act 2008. Schedule 2 sets the rate at which fees are payable under section 6(1)(c) of the Business Licence Act 1998.

**Schedule 2**  
**Table of fees**

<b>Item</b>	<b>Type of licence</b>	<b>Frequency</b>	<b>SAT</b>
1	A business or economic activity undertaken by a company or a trust	per year	500.00
2	Commercial traveller	per year	500.00
3	Special business	per day	20.00
4	Any other business or economic activity	per year	220.00

This means that until further notice, entities such as Non-Profit Organisations, Partnerships and Statutory Bodies will only be required to pay a fee of \$220 Tala per annum to register or renew their Business Licence.

From 1 January 2013, the CIR has approved that new businesses only pay a portion (Pro-Rata) of the annual Business Licence fee, based on the number of calendar months left to run in the year. Like existing businesses, their licence will expire at 31 December and they must renew for a full 12 months by the end of January or incur a \$200 tala late payment fee.

Appendix 1 sets out the Pro-Rata Business Licence Fee payable by new businesses registering from 1 January 2013.

**BUSINESS LICENCE FORMS**

Attached at the back of this Operational Statement are the various Business Licence forms which were approved by the CIR on 28 August 2012:

1. New Business Application – Excluding Sole Traders
2. New Business Application – Sole Trader
3. Application for a Temporary (Special Business) Licence
4. Business Licence Renewal
5. Application for Additional Activity or New Location

**Approved**



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**(Pitolau Lusua Sefo Leau)**  
**CHIEF EXECUTIVE OFFICER**

**Date**

19/10/2012

## Appendix 1

### Pro-Rata Business Licence Fee

Every new business that applies for a business licence (business activity) will pay a pro-rata licence fee in their first year of operation depending on the month in which they register. If they are a Sole Trader and register in the month of April, the fee payable for each business activity will be \$165 (being 9/12 of \$220).

Temporary (Special Business) Licences, remain at \$20 Tala per day

<b>Month</b>	<b>Sole Trader, Partnerships, Non-Profit Organisations</b> <b>\$220 pa</b>	<b>Company Trust</b> <b>Commercial Travellers</b> <b>\$500 pa</b>
<b>January</b>	\$220.00	\$500.00
<b>February</b>	\$201.50	\$458.50
<b>March</b>	\$183.50	\$417.00
<b>April</b>	\$165.00	\$375.00
<b>May</b>	\$146.50	\$333.50
<b>June</b>	\$128.50	\$292.00
<b>July</b>	\$110.00	\$250.00
<b>August</b>	\$91.50	\$208.50
<b>September</b>	\$73.50	\$167.00
<b>October</b>	\$55.00	\$125.00
<b>November</b>	\$36.50	\$83.50
<b>December</b>	\$18.50	\$42.00