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REAL ESTATE AND COMPANIES

Acquisition and cession costs in Vanuatu

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- Reminder
 - Taxes and revenues in Vanuatu
 - The different types of companies
 - The legislation
- Acquisition of a company through the sale of its shares
- Acquisition of a business
- Acquisition of a property between individuals
- Mortgages
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Reminder

Taxes and Revenues in Vanuatu



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No taxes on income, companies, successions, and capital

The VAT (whose rate was increased to 15% on 1 January 2018) constitutes the main source of income for the government

Other sources of income include:

- Stamp duties
- Import taxes
- Land taxes
- Business licences
- Other duties

Reminder

Types of companies



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Two types of companies in Vanuatu

- Local companies (Ltd)—Limited responsibility
- International companies

Reminder

Legislation



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The Stamp duties act of 20 January 1971, re-established by Law # 3 of 2009, constitutes the main source of regulation for stamp duties.

The Vanuatu Financial Services Commission (VFSC) has been granted authority to control and enforce the stamp duties Act

The law (art.4) lists all the legal acts which require registration and payment of a stamp duty. These include:

- Emission of shares
- Selling acts
- Trust declaration
- Transfer of goods
- Etc.

Acquisition of a Business

Transfer of shares



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Company	Fees	Amount	To be paid by
Local	Stamp duty	0.6 % of the transaction amount	buyer
International	Stamp duty	exempted	

Registration with VFSC is mandatory during the month which follows the sale

If no registration:

The Act becomes void

Fine (up to 300,000 vatu) and imprisonment (up to 2 years)

Acquisition of a Business

A company which owns a property title



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Zone	Fees	Amount	To be paid by
Urban	Stamp duty	4 % of the transfer value	Purchaser
Urban	Consent fees to the Ministry of Land	10% on increases on unimproved value of land	Seller
Rural	Stamp duty	4 % of the transfer value	Purchaser
Rural	Consent fees to the Customary Chief	10% on increases on unimproved value of land	Seller

Need to add fees for the solicitor and mortgage (if any). Note that in the case of a transfer of the title between individuals, transfer fees amount to 7% (as opposed to 4% when the title is owned by a company)

Acquisition of a Business

Leasehold



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Fees	Amount	To be paid by
Stamp duty	0.6% of the transaction value	Purchaser
Fee for transfer of Business name	10,000 vatu	Purchaser

Need to add fees for solicitor and mortgage (if any).

Transfer of titles

Between individuals



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Zone	Frais	Montant	To be Paid by
Urban	Stamp duty	2% of the value of the transfer	Purchaser
Urban	Fees for registration in the land registry	5% of the value of the transfer	Purchaser
Urban	Consent fees to the Ministry of Land	5% on increases on unimproved value of land	Seller
Rural	Stamp duty	2% of the value of the transfer	Purchaser
Rural	Fees for registration in the land registry	5% of the value of the transfer	Purchaser
Rural	Consent fees to the Customary Chief	10% on increases on unimproved value of land	Seller

Mortgages



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When you seek a loan to finance your business or property purchase, a mortgage will be issued.

Fees	Beneficiary	Amount	To be paid by
Consent to mortgage (rural)	Customary Chief	Between 50,000 and 200,000 Vatu	Purchaser
Consent to mortgage (urban)	Land Department	5,000 Vatus	Purchaser
Stamp duty (registration of mortgage)	Government	2.1 % of the amount of the loan	Purchaser
Stamp duty (discharge of mortgage)	Government	7,500 Vt	Purchaser

Conclusion

Selling a company in Vanuatu is relatively simple and not that costly

However, it is important to know the rules and regulations and to abide by them in order to avoid penalties

In that context, it is preferable to use the services of professionals who will guide you through the different steps and processes and to ensure that relevant timelines are duly respected.