



A Guide to Goods Tax

Goods tax is a tax charged by manufacturers and wholesalers when they sell goods by wholesale. Importers pay goods tax directly to Customs.

What is Goods Tax?

Goods tax is payable on

- Goods manufactured and used in Solomon Islands; and
- Goods, whether new or used, imported for use into Solomon Islands

Goods tax is not payable on

- Services, which do not result in the manufacture of goods
- Sales of real or intangible property (eg land, copy-right, patents etc)
- Second hand goods that have been used in Solomon Islands (unless they were previously exempt)
- Goods for export
- Goods specifically exempted by the Goods Tax Act

Do I need to Register?

If you are a manufacturer or wholesaler you will need to register with IRD unless you only deal in exempt goods. Importers pay goods tax directly to Customs at the port of entry and do not need to register with IRD.

You can register for goods tax when you register for income tax using the IR1 Registration Form.

If you are already registered with IRD and are just beginning an activity that requires you to register for goods tax you can write to us or complete a Goods tax Registration Form—GT1 noting your Tax Identifier Number (TIN) on the form.

When is Goods Tax charged?

Generally goods tax is charged when goods are sold by a manufacturer or a wholesaler to a retailer. However a liability for goods tax can also arise where goods are:

- Leased
- Imported by retailers for sale
- Imported by a consumer for private use
- Given away for promotional purposes
- Used as samples
- Used in the repair of other goods
- Transferred to stock for sale by retail by a manufacturer

How do I calculate the Goods Tax Payable?

Goods tax is charged on the final wholesale sale. This means the sale from a wholesaler to a retailer. For example if a wholesaler sells goods to a retailer for \$100 and the rate of goods tax was 15% then \$15 tax would have to be charged.

If there is no wholesale sale, for example a manufacturer sells directly to a consumer, then the tax is payable on an amount that is equal to the wholesale price of the goods.

Rates of Goods Tax

Exempt Exempt goods include: rice, drugs, medicines and surgical goods, goods used by Governments and charitable organisations, goods designed for use by disabled people.

10% Locally manufactured Goods

15% Imported Goods

When do I pay the Goods tax to IRD?

If you are charging goods tax then you must pay the goods tax to IRD by the 30th day following the month in which it was collected.

What forms do I use?

You must lodge a Monthly Return FormGT3 with your payment.

Summary of Obligations

- Register with Inland Revenue
- Charge goods tax on the wholesale value of the goods you sell
- File a GT3 each month
- Pay the Goods tax collected to Inland Revenue each month