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GRENADA

ACT NO. 25 OF 2015

I assent,



CÉCILE E. F. LA GRENADE

*Governor-General.**20th August, 2015.*

AN ACT to provide for the establishment of free trade and processing zones in Grenada and to make provision for matters incidental thereto.

[By Notice].

BE IT ENACTED by the Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives of Grenada, and by the authority of the same as follows—

PART I**PRELIMINARY**

1. This Act may be cited as the

FREE TRADE AND PROCESSING ZONE ACT, 2015.

Short title and
commencement.

and shall come into force on such day as the Minister may appoint by notice published in the *Gazette*, and different

days may be appointed for the commencement of different provisions of this Act.

Interpretation.

2. In this Act, unless the context otherwise requires—

“approved activity” means any of the activities more particularly set out and described in the First Schedule hereto;

“approved enterprise” means any business licensed by the Company to carry on an approved activity;

“banking activities” means banking business carried on pursuant to the Banking Act;

“Company” means the subsidiary of the Concessionaire registered pursuant to the Companies Act Cap. 58A in pursuance of a Free Zone Agreement;

“Concessions” means the grant of any exemption pursuant to section 14 of this Act;

“Concessionaire” means Urbaniza Incorporações e Participações Ltda.

“customs controlled area” shall have the meaning assigned to it under the Customs Act but shall exclude any area designated a free zone pursuant to this Act;

“customs duty” includes any tax, duty, levy or surcharge relative to the exportation or importation of goods as imposed pursuant to section 7 of the Customs Act;

“excise tax” shall have the meaning assigned to it under the Excise Tax Act Cap. 94;

“free zone” means any part of Grenada so designated pursuant to section 3 of this Act;

“Free Zone Agreement” means the Agreement signed between Government and Urbaniza Incorporações Participações Ltda. Dated 17 November 2011 and includes any addendum thereto; and

“Minister” means the Minister with responsibility for trade.

PART II

ESTABLISHMENT OF FREE ZONES

3.—(1) The Minister may, by Order, upon application of the Company, designate an area as a free zone. Designation of free zones.

(2) An Order pursuant to section 3 (1) shall set out the parameters of the designated area and shall be published in the *Gazette*.

PART III

MANAGEMENT, CONTROL AND OPERATION OF FREE ZONES

4. The Company shall have the sole right to manage and control any free zone designated under section 3, and to grant and administer all licences for operation in any of the free zone in accordance with the terms set out in the Second Schedule. Management of free zones.

5.—(1) The only activities which may be carried on in a free zone are approved activities and any other activities that may be approved by the Minister from time to time. Activities in free zones.

(2) An approved enterprise shall not be permitted to produce, import, export or in any other way deal with any goods or services which is not an approved activity.

Inspection
of goods by
customs.

6. All goods imported by an approved enterprise for a free zone shall be taken from their port of entry in sealed containers to the free zone for which it was imported where they shall be inspected by a proper officer of customs to ensure that—

- (a) the goods are in accordance with the approved activity; and
- (b) the goods are accompanied by the documentation required for the purposes of the Customs Act.

Disposal of
goods by
company.

7.—(1) Subject to the provisions of this Act, goods in a free zone may be disposed of by the Company, through its servants, agents or howsoever otherwise, in such a manner as it deems fit.

(2) The goods referred to in sub-section (1) may be disposed off by recycling, sale or other disposal thereof, including but not limited to the creation, sale or use of energy derived from any recycling activities, subject only to compliance with international law regarding hazardous or toxic materials.

Allowances and
deductions.

8. The Minister may prescribe allowances or deductions which may, having regard to the extent to which Grenadian citizens or materials contribute to the ultimate value of any goods, be made in assessing the customs duty on goods which have entered the customs area from a free zone.

Goods deemed to
be imported.

9. Where any goods are brought from a free zone into the customs controlled area—

- (a) the goods shall be deemed to be imported for the purpose of this Act, the Value Added Tax Act, Cap. 333A and the Excise Tax Act Cap 94 at the time which the goods enters the free zone;
- (b) the goods shall be deemed to be imported for all other purposes, at the time it is brought from a free zone into the customs controlled area; and
- (c) the importation of the goods shall be deemed to have occurred at that point on the boundary of a free zone from which the goods were brought into the customs area.

10. Where goods are brought from the customs area into a free zone, the goods shall be deemed to have been exported for the purposes of this Act, the Value Added Tax Act, Cap. 333A and the Excise Tax Act Cap 94 and for the purposes of any duty drawback under the Act—

Goods deemed to be exported.

- (a) the time at which the export shall be deemed to have occurred, shall be the time at which the goods are brought from the customs area into a free zone; and
- (b) the place of export shall be deemed to be that point on the boundary of a free zone at which the goods are brought into a free zone.

11.—(1) No person other than authorised agents of the Government conducting official government business within a free zone shall enter or reside in a free zone except with the authority of the Company.

Access to free zones.

(2) A person who contravenes subsection (1) commits an offence and is liable on summary conviction to a fine

of one thousand dollars or to a term of imprisonment for six (6) months or to both.

PART IV

LICENSING

Import licensing regulations.

12.—(1) An approved enterprise shall not be subject to import licensing regulations, or, where goods are being shipped other than to the customs area, to export licensing regulations.

(2) Export of goods from a free zone to a customs area shall, save as otherwise prescribed, be subject to the same customs and licensing requirements that applies to goods imported from other countries.

PART V

OPERATION OF BANK BRANCHES

Operation of banks in free zones.

13.—(1) Subject to this section, all banking activities carried on in a free zone shall be subject to the banking and exchange control laws of Grenada.

(2) Any bank carrying on banking activities in Grenada pursuant to the Banking Act, may be permitted by the Company, and subject to subsection (1) hereof, to establish a branch within a free zone, and may at such branch conduct normal banking activities.

PART VI

SPECIAL TAX REGIME

Concessions to company.

14.—(1) In respect of the activities set out in the First Schedule, the Company licensed thereunder shall be granted

concessions in respect of customs duty, VAT, excise tax and any other similar taxes, duties or tariffs upon the terms set out in the Third Schedule.

(2) The company shall also be granted concessions in respect of taxes chargeable under the provisions of the Income Tax Act Cap. 149A or any other similar taxes.

15.—(1) The Company shall pay to the Government the sum of fifteen (15) per cent of the net revenue of the Company derived from the licence fees collected from approved enterprises in any free zone.

Sum payable to Government.

(2) The sum payable pursuant to sub-section (1) shall be the periodical revenue derived exclusively from the fees paid by the approved enterprises in relation to licences granted to them by the Company to operate in a free zone less all expenses incurred by the Company in respect of administration of licence fees.

(3) The sum payable under this section shall become due and payable at the beginning of the fourth year of operation of any concessions granted by the Government to the Company pursuant to this Act.

(4) The Minister shall take such action and implement such measures as may be necessary to give effect to the provisions under this part.

PART VII

GENERAL PROVISIONS

16. The Comptroller of Inland Revenue may certify, in the prescribed form, the concessions enjoyed by an approved enterprise under this Act in order that such certificate may be

Certification of concessions.

produced by the approved enterprise to the fiscal authorities of any other country.

Employment of
Commonwealth
and Foreign
Nationals in free
zones.

17.—(1) A person who is a foreign national or Commonwealth citizen employed by the Concessionaire, the Company or by an approved enterprise shall, subject only to the grounds of national security interests, be granted all necessary permits and visas to enable employment in a free zone.

(2) Where a person referred to in subsection (1) is employed by the Concessionaire, the Company or by an approved enterprise, he or she and the employer shall be exempted from the requirement(s) to pay any fees pursuant to the provisions of the Foreign Nationals and Commonwealth Citizens Employment Act Cap. 115.

Limitation of
Government's
liability.

18.—(1) The Government shall not be liable to make good any loss sustained in respect of any goods by fire, theft, or any other cause while such goods are in any customs warehouse or in the lawful custody or control of any proper officer of customs or any other employee of the Government unless such loss is by wilful neglect, or default of such officer of customs or of any other employee of the Government.

(2) No proper officer of customs or other employee of the Government acting under this Act shall be liable to make good any loss sustained in respect of any goods by fire, theft, damage or other cause while such goods are in any customs warehouse or in the lawful custody or control of such officer or any other officer of customs or other employee of the Government acting under this Act unless such loss is caused by his wilful neglect or default.

Regulations.

19. The Minister may make regulations for carrying into effect the provisions of this Act.

FIRST SCHEDULE
Approved activities

1. Establishment of commercial, financial, business and services centres, and services incidental thereto, pursuant to the Offshore Banking Act Cap 217A, the International Insurance Act Cap 152B and the International Companies Act Cap 152.
2. Establishment of a functional container port, and auxiliary facilities at location(s) to be determined by the Concessionaire.
3. Establishment and operation of sea and air transportation routes.
4. Importation, of goods and construction materials, machinery and equipment, including fixtures, furniture and technical equipment, incorporated into any and all buildings within a free zone or a processing zone.
5. Exportation, including export processing.
6. Warehousing and storing.
7. Trans-shipment.
8. Loading and un-loading operations.
9. Packaging and shipping.
10. Assembling.
11. Processing, refining, purifying, mixing and recycling of all materials.
12. Establishment of facilities and control of processes to generate and utilise energy and the sale of excess energy generated.
13. Merchandising, including international trading in products.
14. Constructing, altering, reconstructing, extending or repairing infrastructure or premises situated within a free zone and including the equipping of such premises.

15. Sale, lease, rental or management of land, infrastructure, premises, plant, equipment facilities and services located and or performed within a free zone.
16. Sale of goods and services produced.
17. Any enterprise which constitutes any combination of the approved activities contained in this Schedule.
18. Any other activities relating to the operation of free zones and processing zones except in relation to goods and services specifically prohibited pursuant to international law, and which prohibitions have not been waived by the Minister.

SECOND SCHEDULE
Terms of operation of free zone

1. The Company shall be the sole manager and controller of any free zone designated under this Act in Grenada for a period of sixty (60) years from the date upon which this schedule comes into effect with the sole option to renew the term for an additional sixty (60) year period upon the same terms and conditions as set out in the Free Zone Agreement upon notice provided to the Government of its intention to renew at least twelve (12) months prior to the expiration of the initial sixty (60) year period.
2. The Concessionaire shall not assign its rights or obligations pursuant to the Free Zone Agreement to an independent third party other than the Company without the prior written consent of Government, such consent not to be unreasonably withheld.

THIRD SCHEDULE
Term of Concessions

1. The Company shall enjoy the Concessions for a period of sixty (60) years from the date upon which this schedule comes into effect with the sole option to renew the term for an additional sixty (60) year period upon the same terms and conditions as set out in the Free Zone Agreement upon notice provided to the Government of its intention to renew at least twelve (12) months prior to the expiration of the initial sixty (60) year period.

Passed by the House of Representatives this 30th day of June, 2015.

WILLAN THOMPSON
Clerk to the House of Representatives.

Passed by the Senate this 9th day of July, 2015.

WILLAN THOMPSON
Clerk to the Senate.