Extract from Vanuatu Memorandum of Understanding

on Development Cooperation

3. Definitions

In this MOU:

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3.2

3.3 "Australian project personnel" means persons working in Vanuatu on an activity under this MOU who are not permanent residents of Vanuatu and whose salaries or other costs are funded from the contribution of the Government of Australia to the activity;

3.4 "Australian project supplies" means equipment, materials, and other goods supplied for the carrying out of development activities under this MOU, the cost of which is funded from the contribution of the Government of Australia to the activity;

3.5 "dependant" means the spouse, including the de facto spouse, and dependent minor children of a member of the Australian project personnel or any other person recognised by the two Governments as a dependant of a member of the project personnel;

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3.7 "personal and household effects" means any goods imported by project personnel for the personal use of Australian personnel or their dependants, excluding food and drink; and

10. Australian Project Personnel

10.1 In order to facilitate the engagement of Australian project personnel required to implement the Australian contribution the Government of Vanuatu will, in respect of such personnel,

(a) grant exemption from income or other taxes on salaries and allowances;

(b) grant exemption from (or arrange payment thereof) import and other duties on personal and household effects, with the exception of consumable items;

(c) grant exemption from (or arrangement payment thereof) import duties on one motor vehicle per employee on condition that it be re-exported or duty paid on its assessed value at time of sale within Vanuatu;

(d) grant to Australian Project personnel all rights and entitlements accorded to the non-accredited aid personnel of any other donor country;

(e) expedite the issue of all documentation required for the entry of, and performance of work by, Australian Project personnel;

10.2 Australian project personnel who are Permanent Residents of Vanuatu at the time of the commencement of the activity under which they are engaged are excluded from the definition of Australian Project Personnel for the purposes of Clause 10.1.

11. Motor Vehicles for Personal Use

11.1 Project personnel assigned to work in Vanuatu for more than twelve months on an activity under this MOU may import within the first six months of arrival in Vanuatu free from import duty, service tax and port tax, other duties, taxes, levies and other charges of a similar nature, a vehicle that conforms to Vanuatu motor vehicle regulations for personal use and use by dependants and may re-export that vehicle free from the above charges at the conclusion of the assignment.

11.2 If the vehicle is sold or otherwise disposed of to non-exempt entities or personnel, it will be subject to the normal duties and other charges at the rate in force on the date that the exemption was given and on its entered value at the time of disposal.

12. Australian Project Supplies

12.1 In respect of Australian project supplies the Government of Vanuatu will:

(a) be responsible for all formalities of clearance including payment of import duties, service tax and port tax, and other taxes or charges of a similar nature;

(b) facilitate movement of such supplies by providing appropriate customs and wharfage facilities including any necessary storage costs at the first port of embarkation of the Australian Project supplies in Vanuatu; and

(c) provide expeditious transport from the first port of call of the particular aircraft or vessel in Vanuatu to the Project site.

12.2 Australian project supplies will be available only for the purposes of the project and will not be withdrawn from that use without the consent of the Australian Co-ordinating Authority.

12.3 At the completion of project activities all Australian Project supplies will become the property of the Government of Vanuatu.

13. Value Added Tax (VAT)

13.1 Supplies of goods or services made in respect of the project that are made directly to the aid donor, aid organisation or Government of Vanuatu are "zero-rated" under the provisions of clause 7 of the Third Schedule of the Value Added Tax Act of 1998.