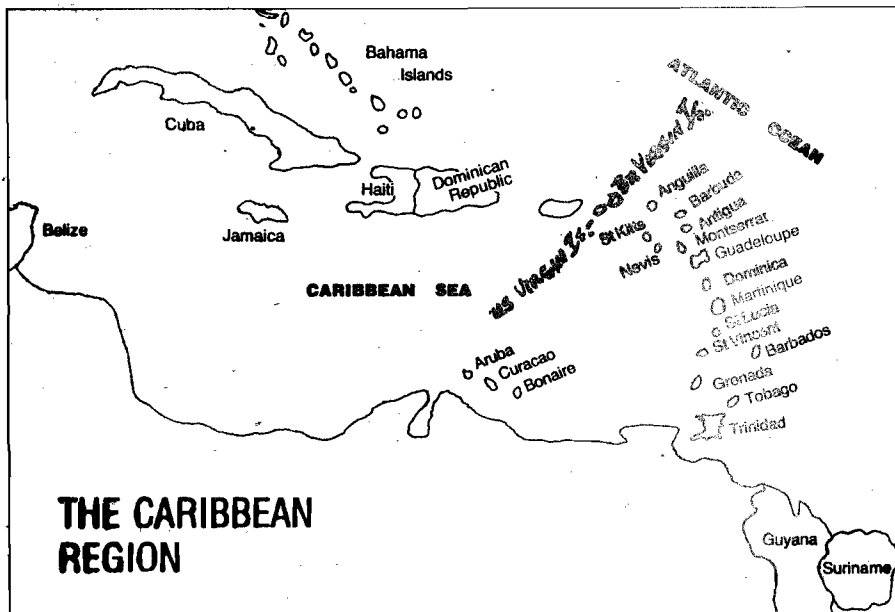


**C**ARIBBEAN  
**D**EVELOPMENT  
AND  
**C**O-OPERATION  
**C**OMMITTEE



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ECONOMIC COMMISSION FOR LATIN AMERICA AND THE CARIBBEAN  
Subregional Headquarters for the Caribbean  
CARIBBEAN DEVELOPMENT AND CO-OPERATION COMMITTEE

TRADE PROCEDURE GUIDE (PART IX)

DOMINICA



**UNITED NATIONS**

ECONOMIC COMMISSION FOR LATIN AMERICA AND THE CARIBBEAN  
Subregional Headquarters for the Caribbean

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## DOMINICA

### 1. IMPORT REGIME

#### 1.1. Customs duty policy

Dominica is a signatory to the Caribbean Common Market (CARICOM) and the Eastern Caribbean Common Market (ECCM) Treaties (see Parts I and III of this document). Independent since 1 November 1978, Dominica is also a signatory to the second Lomé Convention (see Part II of this document).

During 1976, a single-tier tariff, based on the Customs Co-operation Council Nomenclature (CCCN), was introduced and implemented, eliminating preferences and at the same time using a single tariff rate vis-à-vis third countries. As signatory to the ECCM and the CARICOM Common Market Treaties, Dominica also has a separate tariff schedule for duties applicable to imports from these common markets, subject to Schedule IV of the CARICOM Treaty.

#### 1.1.1. Import duties

Most duty rates are ad valorem on the cif port of entry price, and range from 2 percent to 90 percent. A few items, primarily foodstuffs, take specific duty rates, these being based on quantity, weight or volume basis. Net weight should be plainly indicated on articles in order to avoid assessment of duties on the gross weight as determined by the customs authorities at the consignee's expense.

Dominica has a package tax levied on most packages, as follows: goods imported in packages pay EC\$0.50 per cubic foot or part thereof; goods imported in bags or drums pay EC\$1.00 per unit; and loose or unpacked goods pay EC\$0.50 per cubic foot or per cwt., whichever is greater.

Dominica does not levy a stamp tax on the value of imported goods. However, there is a surcharge of 20 percent on the consumption value of all commodities.

The Consumption Tax regime is as follows: goods whose import duties are based on ad valorem rates bear consumption tax varying from 1 percent to 25 percent; special consumption taxes are levied on goods attracting specific duties; and under Act 23 of 1976, a surcharge of 20 percent of the consumption

tax was imposed on all taxable imports, except baby food, bloaters, codfish, milk, sugar, rice, gasoline, kerosene and diesel fuel.

1.2. Trade requirements

Perishable biological materials are not permitted into Dominica through regular mail service.

Act No. 15 of 6/13/74 "The Pesticides Control Act" provides inter alia for the control of the importation, sale, storage and use of pesticides.

Generally speaking, imports of live animals, plants, parts of plants and foodstuffs are to be accompanied by health certificates. Imports of drugs and pharmaceuticals require prior approval.

1.2.1. Foreign exchange regulations

Exchange control is administered by the Ministry of Finance and applies to all countries outside the East Caribbean Currency Authority (ECCA) now the East Caribbean Central Bank (ECCB). Trade within the ECCM is made in EC dollars; with other CARICOM countries it may be affected in the currency of the exporting member, usually through external accounts.

Payments for authorized imports are permitted upon application and submission of documentary evidence. Advance payments for imports require prior approval by the Ministry of Finance. Most payments for invisibles exceeding EC\$50 require approval by the Ministry of Finance,

A 1-1/2 percent tax is levied on all sales of foreign exchange.

1.2.2. Import permit or license

Other than as provided for CARICOM or ECCM origin goods. All imports from South Africa are prohibited. Most goods may be freely imported under open general license. Certain other commodities require individual licenses, unless imported from CARICOM countries. Licenses must be obtained from the Pesticides Control Board for imports of pesticides.

In cases where specific licenses are required, they are usually valid for 3 months.

1.2.3. Invoices

(i) Commercial invoice

The CARICOM invoice is required (see Part I, Section 4 of this document). Alternatively the ECE invoice format may be used. Invoices should be made in duplicate and sent separately from the goods. Exporters should be cautious when completing questions regarding charges and expenses. Shippers should state whether each item is included in or excluded from the selling price. All discounts should be described.

(ii) Consular invoice

Chamber of Commerce certification and consular legalization are not required.

(iii) Pro forma invoice

May be requested by the importer to substantiate license or advance payment application or as the first step in negotiating an import contract.

(iv) Packing list

Provision of packing lists will facilitate customs clearance and classification.

1.2.4. Bill of Lading (or Air Waybills)

There are no special regulations. "To Order" bills are acceptable. The air waybill replaces the bill of lading on air cargo shipments.

A bill of lading customarily shows the name of shipper, the name and address of consignee, port of destination, description of goods, the listing of freight and other charges, number of bills of lading in full set, and the date and signature of the carrier's official acknowledging receipt on board of the goods for shipment. Information should correspond to what appears on the invoices and packages.

The number of copies issued should be based on requirements of the importer and the shipper (either maritime or air) used. IATA, ICAO and IMO rules and regulations may also require from the shipper special documents concerning dangerous and restricted goods.

Mail and parcel post shipments require postal documentation (Customs Declaration, Form 2966-A) inside the package in place of bill of lading or

air waybill for shipments exceeding US\$120. In other cases a green customs label CI, Form 2976, "Authority for Customs to Open International Mail" must be completed and placed by the sender on the address side of each letter or package containing dutiable merchandise, each package of dutiable prints, and each small packet.

Dutiable merchandise is permitted in letter mail, subject to the maximum weight and size permitted.<sup>1/</sup> Insured parcels must, and ordinary parcels may be sealed.

#### 1.2.5. Certificates

##### Certificates of Origin

Shipments of CARICOM origin should be covered by a certificate of origin (see Part I, Section 1 of this document) to be given special Common Market treatment. Intra-OECS trade is governed by the Eastern Caribbean Common Market (ECCM) Agreement which has special provisions as to rules of origin (see Part III of this document).

In the case of other countries, this certificate is usually not required. If required by the importer or the letter of credit clause, then the general form (as sold by commercial stationers) is usually acceptable. It should be issued in duplicate, at a minimum, although the actual number of copies required shall be as instructed by the importer. It should contain information that conforms to data in other documents, signed by a responsible member of the exporting firm and certified by a Chamber of Commerce (which will require an additional notarized file copy).

##### Certificates of Insurance

Normal practices prevail. Importer's and/or insurance company's instructions should be followed.

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<sup>1/</sup> Maximum weight is 22 lbs; dimensions: greater length is 3ft. 6ins.; length and girth combined is 6ft.



### Special Certificates

Special certificates may be required due to the nature of the goods being shipped or requested by the importer/bank/letter of credit clause (e.g. sanitary, veterinary, free sale, etc.).

Live animals, plants parts of plants and foodstuffs require health certificates. Drugs and pharmaceuticals require prior approval.

#### 1.2.6. Technical specifications

For most goods, compliance with the United States or British technical standards is acceptable.

Electric current is A.C. 50-cycle, 220/230 volts.

For weights and measures, all CARICOM members are switching to the Metric System (Système International); these nations, therefore have a mixture of the Metric System and the Imperial System.

#### 1.2.7. Advertising material

Advertising material for gratuitous distribution is generally free of duty, whether sent as printed matter, parcel post or by express or freight.

Electrotypes, stereotypes, matrices, clichés, etc., are dutiable.

#### 1.2.8. Labelling

In the case of labels with English wording which might be misleading as to the true origin of the goods, these should have a mark of origin, e.g. "Made in (name of country)".

Exporters to Dominica should ascertain whether or not this country is currently adhering to the United Nations recommendations for the labelling and packing of hazardous and/or restricted materials in a standardized manner and style.<sup>2/</sup>

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<sup>2/</sup> In 1965 the Intergovernmental Maritime Consultative Organization (IMCO, now IMO), adopted the International Dangerous Goods Code, which includes the United Nations Labelling System. It is now adhered to partially by more than 30 countries. With respect to packing, labelling and documentation, if goods are going by air, IATA and/or ICAO regulations must be met. For goods going by boat, the latest IMO requirements are usually met by the shipper.

1.2.9. Brands or trademarks

There are no special regulations concerning the use of brands or trademarks.

1.2.10. Packing

Except in the case of hazardous and/or restricted materials, where it should be ascertained whether Dominica is currently adhering to the United Nations recommendations on packing and marking (see Foot-note 2), there are no specific regulations.

According to sound shipping practices, the packages should bear the consignee's mark, including Port mark, and they should be numbered unless the shipment is such that the contents can be readily identified without numbers. Net weight of contents should be specified for customs purposes, where relevant.

1.3. Fines and penalties - Port and warehousing procedures

Goods should be entered and cleared within six days in Dominica after their arrival in port or charges will accrue. If the documents are not available, the Treasurer may, at his discretion, permit entry and clearance upon exacting a deposit for presentation of documents within three months. Generally, if the goods are not cleared within six days, they may be transferred to a Queen's warehouse where most articles may remain for two years, awaiting entry, before they are subject to sale at public auction.

1.4. Specimens, samples

Samples of no commercial value are admitted duty free. Samples of commercial value are dutiable at the same rates as commercial shipments, or they may be admitted temporarily free of duty upon deposit or bond in accordance with local regulations. The deposit (or bond) is usually returned upon re-exportation of the samples and/or specimens.

1.5. Shipment restrictions

Dominica prohibits all imports from South Africa.

1.6. Distribution channels

In addition to the normal chain of distributors there are some "duty free" shops catering to the tourist trade.

1.7. Agents or representatives

Dominica levies a tax of EC\$150 per year on commercial travellers. In addition they may be required to make a cash deposit equal to the cost of their return passage.

2. EXPORT REGIME

2.1. Export procedures

Any company or legal person in the country which makes export sales payable in foreign currency, is subject to the currency exchange controls which require the compulsory surrender of foreign currency to the Central Bank.

For exports to CARICOM member countries, see Part I, Section 2 of this document. For exports to the EEC, subject to the second Lomé Convention, see Part II, Section 3.

2.2. Exports subject to special requirements

For exports of selected agricultural commodities, oils and fats, and cane sugar, to other members of CARICOM, see Part I of this document. See also restrictions under the second Lomé Convention (Part II, Section 4) for trade with the EEC.

Exports of hazardous, dangerous or restricted goods may be subject to the International Dangerous Goods Code.

2.3. Export incentives

The schemes of incentives under both the CARICOM Treaty and the Lomé Convention are applicable in Dominica. (See Parts I and II of this document).

Under the Caribbean Common Market Treaty the main benefits which can be given to an exporter are exemption from income tax and relief from customs duties, over a stated number of years. This Treaty sets out the maximum benefits which can be given under the scheme by any signatory government in respect of an approved product, whether destined for the export market or not.

2.3.1. Direct incentives

In general, the maximum number of years for which benefits may be granted under the CARICOM Treaty varies with the percentage of local value added (Section 3 of Part I of this document shows the method for measuring local value added contribution). For the award of benefits, enterprises are classified into three groups:

Group I. Enterprises whose local value added in respect of the approved products amounts to 50 percent or more of the value of the sales, ex-factory, of the product;

Group II. Enterprises whose local value added in respect of the approved products amounts to 25 percent or more but less than 50 percent of the receipts from sales ex-factory; and

Group III. Enterprises whose local value added in respect of the approved product amounts to at least 10 percent or more but less than 25 percent of the receipts from sales ex-factory.

The following table shows the maximum number of years for which Dominica and other CARICOM LDC's may grant relief from income tax and customs duties.

Table 1

<u>Maximum period of tax concession eligibility</u>	
<u>Enterprise Group</u>	<u>Maximum number of years</u>
I	15
II	12
III	10

The scheme permits highly capital-intensive projects irrespective of their local value added to be granted tax holidays and customs relief up to the maximum permissible. The qualifications for such treatment are that the project must involve a capital investment of no less than EC\$25 million.

Enterprises whose entire production of an approved product is sold to countries outside the CARICOM region, referred to as enclave industries, have been made eligible for tax holidays and customs relief, without reference to the quantity of their local value added. This concession is granted on the basis of the estimated large employment contribution.

The Caribbean Common Market Agreement does not prohibit the granting of duty free treatment of imports of raw materials to enclave enterprises after the tax holiday period has expired. It has been the general policy of all member countries of CARICOM to allow such enterprises this concession without limitation.

#### Dividends tax exemption

Under the CARICOM Treaty approved enterprises are granted exemption from income tax on profits earned from the production of the approved products. There is also the provision that dividends paid to shareholders of such enterprises may also be exempted from tax as long as the shareholders are residents of a CARICOM country. A collective agreement exists between the MDC's and LDC's to allow dividends earned in one MDC to be transferred to an LDC exempt from taxation in the recipient's country of residence.

Where, however, the shareholder is not resident in a CARICOM country, dividends will not be totally exempt from tax, but only from such tax in excess of what the recipient would normally pay in his country of residence.

Interest income is not exempt from tax in the hands of the recipient.

#### Compensatory taxes

##### (i) Carry forward of losses

If an approved enterprise makes a net loss on the production of the approved product, taking the total holiday period into account, the enterprise can carry forward such losses up to five years after the expiry of the tax holiday, setting them off against profits made later on the approved products.

The net loss on the approved product over the tax holiday period is calculated by summing up all losses made and subtracting all profits made in the period.

Export Allowances

Partial relief is granted to enterprises from the income tax chargeable on the profits earned from exports. This provision becomes operative after an enterprise's tax holiday period has expired.

The greater the share of an enterprises's profit which is derived from exports outside the ECCM (except to Barbados) of the product for which export allowance is being sought, the greater the relief afforded.

The following table gives the extent of maximum relief in terms of credit on tax chargeable on the share of profits made from export sales outside the ECCM area.

Table 2

Maximum Export Allowances Granted	
Share of profits from exports to third countries in total profits of approved product 1/	Maximum income tax relief of tax chargeable on the approved product (%)
10 to less than 21%	25
21 to less than 41%	35
41 to less than 61%	45
61% or more	50

1/ As a general rule, the share of exports on total sales is taken as the share of profits made.

This relief is not granted to an enterprise in respect of a traditional export product of Dominica. The provision was designed to encourage local enterprises to increase the share of export sales in their total sales and is intended in particular to promote the export of manufactures.

The export allowance will be granted to authorized enterprises, provided that:

(i) The enterprise has been enjoying such benefits only for the first five years after the expiry of the tax holiday or customs rebate period;

(ii) The enterprise has not been granted any tax holiday or customs duty rebate only for the first five years of the life of the harmonization agreement (effective since 1 February 1974).

#### 2.3.1.2. Direct credit incentives

No specific credit incentives on export financing facilities exist.

#### 2.3.1.3. Certificates

Customs tariff preferential treatment of exports to CARICOM members requires certification of origin (see Part I, Section 1(a) of this document where a specimen is provided).

The Lomé Convention also requires certification of origin for exports from ACP states into the EEC (see Part II, Section 5 of this document). Such certification is also required by the United States under the Generalized System of Preferences (GSP).

No tax refund certificate or tax compensation certificate is given.

#### 2.3.2. Indirect incentives

In addition to the depreciation allowance to which enterprises are normally entitled, there are other allowances given to approved enterprises on the expiry of the tax holiday.

##### (i) Initial allowance

An initial allowance not exceeding 20 percent of any capital expenditure for plant, equipment and machinery, incurred after the tax holiday has expired, can be deducted.

##### (ii) Special bonus for using local labour

In order to encourage the greater use of local labour and to contribute to the relief of unemployment a weighting device related to the use of local labour is used to increase the length of the tax holiday to which an enterprise may become eligible. The device inflates local value added by wages paid to local labour.

2.3.3. Free zones

Although there are no free ports or free trade zones, existing legislation for enclave industries provides such tax holidays comparable to conditions existing in a free zone.

3. MULTILATERAL AGREEMENTS AND INTEGRATION SCHEMES

3.1. Bilateral

Information is not available as to bilateral agreements signed by Dominica.

3.2. Multilateral

Dominica is a member of the Commonwealth of Nations and signatory to the second Lomé Convention (see Part II of this document). Dominica has a de facto application to the GATT.

3.3. Integration schemes

Dominica is part of the ECCM and a signatory to the OECS Treaty, as well as member of the CARICOM since April 1974.

4. AGENCIES AND INSTITUTIONS INVOLVED IN FOREIGN TRADE

Comptroller of Customs and Excise  
Bay Front  
Roseau

Industrial Development Corporation  
64 Hillsborough Street  
Roseau

5. NATIONAL AND INTERNATIONAL FAIRS

None are organized by the Government of Dominica.

6. CHAMBERS AND ASSOCIATIONS OF COMMERCE

Dominica Association of Industry and Commerce  
24 Kennedy Avenue  
Box 85  
Roseau

Dominica Chamber of Commerce  
Roseau