

INDUSTRIES ENCOURAGEMENT (AMENDMENT) BILL, 2024

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INDUSTRIES ENCOURAGEMENT (AMENDMENT) BILL, 2024

A BILL FOR AN ACT TO AMEND THE INDUSTRIES ENCOURAGEMENT ACT

Enacted by the Parliament of The Bahamas

1. Short title and commencement.

- (1) This Act which amends the Industries Encouragement Act (*Ch. 326*) shall be cited as the Industries Encouragement (Amendment) Act, 2024.
- (2) This Act shall come into operation on the 1st day of July, 2024.

2. Amendment of section 2 of the principal Act.

Section 2 of the principal Act is amended by the insertion of the following new definition in appropriate alphabetical order —

“machinery” includes replacement parts for the machine which is used solely and principally with the same machine previously imported under section 9”.

3. Amendment of section 9 of the principal Act.

The principal Act is amended by the deletion of section 9 and the substitution of the following —

“9. Relief from customs duty.

- (1) Subject to subsection (2), every approved manufacturer manufacturing an approved product shall, for so long as he remains an approved manufacturer, be entitled to import in The Bahamas without payment of customs duty —

- (a) any machinery or raw material not being a protected raw material necessary for the manufacture of such product, if such machinery or raw material is imported for the purpose of manufacture by the approved manufacturer of such product;
 - (b) any scheduled article, if such article is imported for the purpose of constructing, altering, reconstructing or extending the relevant factory premises:
- (2) No article shall be imported free of customs duty under this section if such article is intended for the purpose of effecting repairs to the factory premises.
- (3) On any question whether any machinery or raw material is imported for the purpose mentioned in paragraph (a) of subsection (1) or whether any scheduled article is imported or intended for any purpose mentioned in paragraph (b) thereof, the decision of the Minister shall be conclusive.
- (4) In paragraph (a) of subsection (1) of this section the expression “protected raw material” means raw material declared by the Minister by order to be a protected raw material.
- (5) The Minister may by order declare that a particular item is a raw material in relation to the manufacture of any particular product for purposes of the Act.
- (6) Any decision made by the Minister for purposes of subsection (5) shall be final.
- (7) For the purposes of this section, customs duties exemptions shall be available only —
 - (a) in respect of materials used for plant construction and equipment on a one time basis at commencement of registration and subsequently only upon the expansion or replacement of the plant but not including spare or replacement parts for plant construction and equipment;
 - (b) on approved raw materials as may be prescribed by the Minister.

4. Amendment of section 11 of the principal Act.

Section 11 of the principal Act is deleted.

OBJECTS AND REASONS

Clause 1 of the Bill sets out the short title and commencement.

Clause 2 of the Bill inserts a definition of machinery which includes machine parts to ensure replacement machine parts under the Act are also exempt from the payment of customs duties.

Clause 3 of the Bill repeals and replaces section 9 to remove the exclusion of replacement parts for machinery from benefiting from the exemption from customs duties.

Clause 4 removes the requirement for a bond and surety for the import of machinery and raw materials due to the high expense to obtain the bond and surety documents from a financial institution.