

**Minister of Finance**

**Policy guidelines**

**Customs Tariff Act 1970**

**Fifth Schedule**

**CPC 4245 - Goods for personal care service provider premises capital investment schemes**

**Introduction**

The Minister of Finance (“the Minister”) makes the following policy guidelines pursuant to Customs Procedure Code (CPC) 4245 of the Fifth Schedule to the Customs Tariff Act 1970.

Effective 1 April 2023, 100% duty relief became available under CPC 4245 in respect of qualifying goods for use in the execution of a capital investment scheme for a personal care service provider premises approved by the Minister (approved business).

These policy guidelines describe how the Minister will—

- (a) designate personal care service provider premises as an approved business; and
- (b) approve the description and quantity of qualifying goods for an approved business.

**Eligibility to be an approved business**

The Minister will normally consider applications to be an approved business in respect of commercial establishments which offer any of the following (non-medical) personal care services or any combinations of such services—

- (a) **barber shop** - meaning a business premises offering hair dressing, grooming, styling and shaving of hair or beards;
- (b) **beauty salon** - meaning a business premises offering hair dressing, pedicures, manicures, makeup, and similar cosmetic treatments;
- (c) **fitness centre or gym** - meaning a business premises offering the use of exercise machines, weights, or other fitness facilities or fitness classes;
- (d) **massage parlour** - meaning a business premises offering massage treatment; or
- (e) **spa** - meaning a business premises offering health and beauty treatment through such means as steam baths, exercise equipment, exercise classes, and massage.

**N.B.** The following premises are excluded from being designated as approved businesses:

- (a) **medical facilities** - meaning any premises offering the services of a person licensed, registered, or certified under Bermuda law to provide professional healthcare services; and
- (b) **residential premises** – meaning any premises used or intended to be used for residential purposes.

The Minister will designate personal care service provider premises as approved businesses by notice published in the Official Gazette. The Minister also designates the period during which a commercial establishment will remain an approved business.

### **Approval of qualifying goods**

The description and quantity of qualifying goods will be determined by the Minister on a case by case basis, and in accordance with the following policy criteria:

The goods must be capital goods, and not for inventory or operating supplies.

Construction equipment, marine equipment and vehicles are excluded.

The goods must be appropriate to the relevant approved business.

Approved goods may include—

- (a) raw materials.
- (b) mixtures or combinations of materials or substances.
- (c) finished goods (whether or not presented unassembled or disassembled).
- (d) incomplete or unfinished goods.
- (e) composite goods consisting of different materials or made up of different components or modular parts.

The quantity of approved goods may take account of normal wastage in processing, construction or installation; damage; natural deterioration; wear and tear; or obsolescence.

In deciding the grant or scope of relief, the Minister may take account of —

- (a) other available or granted drawbacks, exemptions, reliefs, remissions and concessions.
- (b) other assistance received from Government or other organizations, such as grants, duty deferments or Bermuda Economic Development Corporation (BEDC) loans.
- (c) the need for relief in any particular case, bearing in mind the existing level of capitalization of any particular business.
- (d) the uniqueness of the approved business, with a view to encouraging appropriate diversification of local business undertakings.
- (e) the suitability of the business, with a view to encouraging undertakings that are not deleterious or harmful to Bermuda's reputation, culture and ethos.

The Minister may tailor the scope of relief to address any potential mischief such as the unwanted or unintended effect of any special duty rate.

The Minister will only approve businesses and goods where he is satisfied the business undertaking in question is of sufficient benefit to the general economy of Bermuda.

The Minister will treat applications from similar businesses equitably, subject nevertheless to the foregoing criteria.

The Minister will approve and Gazette the description and quantity of qualifying goods for each approved business in the relevant approved business notice.

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