



Turks and Caicos Islands National Investment Policy

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Introduction

Over the past two decades, the Turks and Caicos Islands (TCI) Government has welcomed foreign direct investment to the country. As a result of its “open arms” policy to investment, the country has attracted billions of dollars in new development projects, increased its population fourfold, dramatically increased gross domestic product along with employment and substantially increased average annual incomes. The TCI went from a low-income nation to a middle-income nation during this period and was amongst the fastest growing global economies from 1995 to 2008, with growth rates averaging over 6%/annum.

Commencing in 2008, the financial crisis and multiple other factors resulted in an economy that was far less robust and accompanied with limited foreign direct investment. Since 2008, only a few development projects proceeded and domestic investment has not kept pace due to multi factors.

As a result, the TCI economy has grown more slowly since 2008 and continues to harbour domestic unemployment and under employment amongst Islanders. There is therefore a need for sustainable, controlled growth that will benefit both the investor and the Islanders.

The TCI Government has reviewed the Islands’ investment attractiveness, and following consultations, the TCI Government has decided to implement a new investment policy that will promote a business-friendly environment, welcome investors (foreign and domestic); and establish processes that support and encourage sustainable development.

The Government is committed to ensuring a balanced, diversified and competitive economy that enhances the quality of life for persons in all of the country’s Islands while ensuring a healthy environment. The Government is determined to create a business environment that welcomes foreign investors, but establishes processes that also supports and encourages domestic investment and employment.

This new Investment Policy outlines the Vision that will guide the policy, the specific goals to be achieved and how the Government will encourage sustainable development that works for the people of the Turks and Caicos Islands and the tools to be used to facilitate that development. The Investment Policy will lay out the Operating Principles that will guide officials in assessing projects and programs, define the key investment targets to focus upon in the short to medium term, outline how the business regulatory system will be framed and discuss the incentives that will be offered investors.

This Investment Policy will focus its attention primarily on ensuring that there is a business environment in the country that enables investors to develop projects that benefit themselves AND the country and bring new employment, personal income and tax revenue. The Government will seek to deal with all investors in an open and transparent manner and will expect nothing less than honesty and integrity from investors, along with good corporate responsibility.

The new Investment Policy makes provision for selected incentives to assist firms in their initial startup activities and to assist these firms to maintain their products and services at a five-star level, keeping with the country’s desire to remain one of the world’s top high-end business destinations.

TCI Investment Attractiveness

The TCI Government is determined to ensure that its policies to attract investors, both domestic and foreign, are consistent with global best practices. The World Bank, Organization for Cooperation and Economic Development (OCED) and the United Nations Trade and Development Office (UNTAD) have all done extensive research on attracting foreign direct investment (FDI). These Agencies have concluded that policies to attract investment must provide investors with the amenities to conduct their business successfully and profitably without incurring unnecessary risk. These Agencies have outlined five key factors that investors consider when deciding on an investment location, namely:

1. **Open Economy with Conducive Market conditions.**
2. **Political and Economic Stability** with an impartial system of courts and strong law enforcement.
3. **Positive enabling business environment** with predictable and non-discriminatory rules and an absence of undue impediments to business.
4. **Sufficient and accessible resources to support their projects**, including the presence of appropriate infrastructure and human capital.
5. **Incentives**, as necessary, to allow firms to reduce costs in the high-risk construction and/or start-up phase of a project.¹

To determine where Turks and Caicos Islands (TCI) stands against its global competition, the Caribbean Overseas Territories SME Program (COSME), conducted a study in late 2016 using the methodology set out in the World Bank's Doing Business Survey.² The World Bank's report compares almost all of the world's nations on 14 different business indicators for investment. The COSME report concluded that the TCI ranks around 100 out of 189 countries in the World Bank's Ease of Doing Business report and puts the country amongst the best Caribbean countries for investment. As well, the TCI was tracked against the key benchmarks set by UNCTAD for investment potential³ and for the most part, the TCI fares well against the benchmarks, with the main challenges coming in select areas of enabling environment, and to a lesser extent taxation.

Open Economy with Conducive Market Conditions

The TCI is a small open economy that utilizes the United States dollar as its currency and has no constraints on the movement of capital or trade. The country has the ideal sun, sand and sea conditions along with a strategic location in the Caribbean that attracts high income visitors from North/South America and Europe. TCI is a small domestic market, but has good brand recognition as a high-end premium tourism destination.

¹ Christiansen, Hans "Checklist for Foreign Direct Investment Incentive Policies", OECD, 2007, pg. 7

² Addy, Gilbert N. and La Cruz, Tamira, "Regulatory and Business Enabling Environment for doing business in the Caribbean OCTs", British Virgin Islands, December, 2016 pg 23

³ List comes from the 1st International Conference on Development Alternatives, March 15, 2014 in Myanmar presented by Khaing Sape Saw (Mrs.)

The country has no personal or corporate income taxes and no property taxes and gathers its revenue through import duties, administrative fees, selective services taxes and payroll taxes used for health and pension benefits.

The legal system is based on the English Common Law and private land is available to investors on a freehold basis. Crown land can be provided under long term lease to qualified investors. Many of the original investors to the TCI have remained and reinvested their profits into new projects on the Islands, which demonstrates their perception of the strength of the country as a five-star destination.

Political and Economic Stability

The TCI has a very stable and strong political and economic system. TCI's economic growth is amongst the fastest in the Caribbean over the past 20 years averaging around 6%/annum. Current growth rates in the 4% range. Inflation has been consistent at around 2.3%/annum. The country has demonstrated sound financial management with surplus budgets and low debt/GDP ratios that have earned the country BBB+ ratings. The recent elections saw the peaceful transfer of power from the previous governing party PNP to the new governing party PDM and there is a strong legal system.

Positive Enabling Business Environment

A positive business environment is a key element for investment success and to be successful, governments must ensure that the investors have policies and programs that enable them to succeed. TCI Government is committed to enhancing efficiency in services especially in the area of business licensing and immigration services. New online systems will enhance service delivery.

TCI has a highly reliable and efficient infrastructure for roads, water, power, and telecommunications, but costs for those elements are higher than competitive destinations. Firms are required to import most goods as domestic production is small, which also increases operating costs. The cost of living is higher than North America and competing Caribbean destinations.

While the TCI Government ranks well for Ease of Doing Business in the Caribbean, it is committed to significantly improving the system and has been involved in a major Business Transformation Strategy over the past two years.

Sufficient and Accessible Resources

The TCI has a good infrastructure base across the main inhabited Islands. There are very reliable utilities and telecommunications networks across the country and the "main" road networks are paved. Air and sea access is good and reliable. The country has primary and tertiary educational facilities, with a Community College. Finally, the country has a solid basic universal health care system and a good pension fund.

The TCI Government has just completed a national skills inventory project and labour force survey and these studies will provide valuable information to Government to address skills shortages, and assist in managing the work permitting processes.

Incentives

Fiscal incentives are a key component of many governments' investment promotion strategies and play an important role in attracting investment, nurturing domestic production and encouraging firms to expand their markets. Incentives can also help diversify the economy through support to emerging sectors and can move the economy away from the heavy reliance on a single sector.

More directly, in fast-changing high-tech fields such as Information and Communication Technologies (ICTs), incentives can attract new footloose investment, build local capabilities and promote technological transfer. Investment in the ICT sector (domestic or foreign), particularly in enhanced telecommunications, internet speed and bandwidth, can boost growth and adoption of ICTs and promote local production of ICT.⁴

In the Turks and Caicos Islands the TCI Government has historically provided duty exemptions on construction materials, fittings, fixtures and furniture associated with development projects as allowed under the Encouragement of Development Ordinance. The Government will continue to utilize duty exemptions as a major tool for providing incentives, but plans to revise the Encouragement of Development Ordinance to allow for the passing of regulations that will make it easier to target a range of incentives to various sectors rather than being limited to Stamp and Import duties.

Appendix 1 outlines the concessions of most Caribbean countries including the Turks and Caicos Islands.

Vision

The TCI Vision envisages ***a balanced, diversified and competitive economy that brings a quality standard of life for all within an integrated society that existed within a safe and secure environment in strict adherence to environmental conservation and protection.***

The Vision is designed to ensure Islanders are in control and participate fully in all aspects of the Development Process and that there is empowerment and equity amongst all Island Communities. The current Vision builds upon the desire to create a technology enhanced, knowledge driven economy with an expanded Islander entrepreneurial base, improved labour productivity and a more equitable distribution of the physical, economic and social development across the Islands.

⁴ Professor Philippa BIGGS, Tax Incentives to Attract FDI UN Conference on Trade and Development UNCTAD, Palais des Nations, Geneva 8-9 March 2007 pg 3 & 7

The Vision is to ensure that the country remains the preferred destination for high end premier investments in every target sector and maintain the country as the “country of choice” for investment and travel.

The Vision is to have administrative systems that are efficient and effective and utilize the best of new technology and have processes in place that represent best practices in the world. The current Vision seeks to have SMART regulations that streamline approvals rather than fewer regulations and wants to ensure that the environment and local community are protected and supported, while expanding the economic foundation of the country.

Goals

The TCI Government is determined to create a new investment model that will maintain a dynamic, growing economy which continues to be better placed to tackle economic and social challenges and is more resilient to external shocks. The new Investment Policy goals are to:

- **Ensure that the country provides efficient and effective services using best practices across the spectrum of investment attraction, facilitation and integration and be ranked as the “best” Caribbean country in the Doing Business Survey by 2020.**
- **Operate a system of investment incentives that is clear, transparent and relatively easy to operate, including monitoring for compliance.**

Development Priorities

To be effective in attracting new investment the TCI Government is identifying and targeting companies in priority sectors and using relationship management strategies and other techniques to attract these firms to the country.⁵ The TCI Government is committed to proactively seek out good quality business leads of investors who otherwise would not have considered the location, and through relationship-building and effective facilitation secure a greater quantity and quality of inward investment projects.

TCI has a competitive advantage in both long stay visitation and short stay (cruise) passengers. The Turks and Caicos Islands has a strong competitive advantage in the high-end tourism hotel/resort sector related to its location, physical attributes and past investments. TCI is a globally recognized destination that attracts wealthy travellers⁶ and has the distinction of being named the best Island and the best beach (Grace Bay) in the world in three of the past five years. The TCI is committed to maintain its high-end brand.

The TCI Government recognizes the significant potential to diversify and strengthen the TCI tourism sector by creating new tourism attractions and historical tourism venues that provide alternative opportunities for visitors to explore the country, thereby increasing stays and raising revenues. According to the 2016

⁵ Lead generation is defined as “the action or process of identifying and cultivating potential customers for a business's products or services”

⁶ KPMG, National Tourism Strategy and Strategic Implementation Plan for the Turks and Caicos Islands, January 30, 2016, page 15.

KPMG tourism study, travelers to the Islands are craving additional “experiences” beyond sun, sand and sea. The country has many examples of historical events and cultural activities which could be utilized to expand the travel experience.⁷ The Government is committed to work diligently to identify and confirm leads and to bring investors to the Islands AND to actively work with domestic investors to identify projects and facilitate access to financing.⁸

The TCI Government is committed to the expansion and critical care of the Cruise Sector.⁹

The TCI Government is committed to the growth of the critical Financial Services Sector into a strong pillar of the country’s economy.¹⁰

The TCI Government is committed to the supporting the development of Renewable Energy Technologies.

The TCI Government is committed to the development of Infrastructure Development through the country and will welcome opportunities for Build/Operate/Transfer (BOT), Private-Public Partnerships (PPPs). Each proposal will be assessed on its own merit and considered on a case by case basis. The TCIG is committed to ensuring that the legal and administrative frameworks that will: 1) facilitate implementation of infrastructure projects development through PPP and 2) the expediting of that implementation is in place. It is committed to consider Government incentives and other forms of support to encourage the private sector in PPP projects.

TCI Government is committed to the growth of the manufacturing, fisheries and agriculture sectors and will make direct investments them. Seen as tiny sectors with limited growth potential, they require support through a focused program based on import substitution through domestic investment.

The TCI Government’s development priorities for the next five years will be to:

- Diversify the tourism sector (cruise industry attractions, historic/cultural tourism and retiree development).
- Strengthen the tourism sector’s backward and forward linkages (e.g. attractions, agri-food, construction, horticulture, Mari culture, etc.).
- Rejuvenate the Financial Services sector (Trusts, Captive Insurance, Mid markets).
- Take maximum advantage of the knowledge based economy, to create new innovative opportunities in Information Technology (IT) services (video games, apps, search engines, coding, etc.) and attract creative, footloose, high knowledge based businesses to the Islands.
- Revitalise the manufacturing, fishing and agriculture sectors.

⁷ Ibid, pg 17

⁸ Invest Turks and Caicos Agency is mandated to facilitate both Foreign Direct Investment and Domestic Investments.

⁹ Investment Service Executives, inclusive of an Aftercare role will ensure that existing developments, including those in the cruise sector is engaged. This policy pays highlights aftercare because a vast majority of new jobs and investments emerge from exiting companies already located in country; it is aimed at investors’ satisfaction and encouraging repeat organic investment activities. The MSME Programme, is being widen to ensure that tourism related projects on islands outside of Providenciales will benefit from the full basket of start-up concessions. These interventions will expect to see more investment by existing investors across sectors and is intended to increase the stock of domestic entrepreneurs venturing into new and innovative products and service offerings.

¹⁰ Improved legislation and regulatory reforms in the Financial Services industry and Energy Sectors are geared towards facilitating and encouraging the introduction of new products.

- Encourage investment in renewable energy technologies.
- Encourage PPPs in the infrastructure development; specifically, in the transport sector (inclusive of land and waterborne transport; ports and supporting infrastructure), the housing sector and water and sewage undertakings.

Encouraging Domestic Investment

In addition to the top sector priorities aforementioned, the TCI Government is committed to proactively supporting local investment in all sectors and encouraging a balanced approach to investment distribution (size, location, sectors).

The TCI Government will pursue this domestic investment in three ways, namely:

- Actively market “stalled” projects.
- Collaborate with communities to identify and market domestic investment opportunities.
- Establish a strong Aftercare Program to continue to encourage re-investment by developers.

Actively Market Stalled Projects

Currently there are several projects across the country that are either in receivership or on hold since the 2008 financial crisis. Many of these projects have the potential to provide significant economic benefits for the country. Rather than leaving the process of resurrecting those projects solely to financial institutions, receivers or private sector parties, the TCI Government, through Invest TCI will actively work with these parties to structure the projects in a fashion that can attract new investors and to then work jointly with the investor to market and/or develop the projects through a variety of marketing outlets.

Identify and Market Domestic Investment Opportunities

Over the years local communities and TCI Islanders have proposed a range of local projects that they believed had the potential to provide real economic benefit to their communities and the country. A few examples of these projects are: High End Dive Resort in Grand Turk, Deep Sea Port in South Caicos, Eco-Wellness Retreat in Middle Caicos, Historical Restoration of Salt Cay and a major hydroponic farm in Providenciales.

Invest TCI will be empowered by the TCI Government to actively develop prospecti¹¹ for any identified projects and to market those projects globally to identify qualified investors. These project prospecti will contain a full business plan that includes a concept plan and a draft development agreement. As well, Invest TCI will work with local investors and communities to market viable opportunities that are identified.

¹¹ Prospectus is defined by Merriam-Webster as a printed statement that describes an enterprise (such as a business or publication) and that is distributed to prospective buyers, investors, or participants.

The TCI Government is committed to a strong After Care Unit in Invest TCI that can work closely with all these existing investors to see what opportunities exist to expand their investments further.

Business Environment Enhancement Priorities

The TCI Government is committed to enhancing the investors' experience in doing business in the TCI by:¹²

1. Maintaining a clear and competitive tax system;
2. Streamlined application processes for immigration and business licensing services; and
3. Transparent Service Level Agreements (SLAs)

Project Approval Process

Attracting foreign direct investment has become a central component of industrial policy in developed and developing countries across the world. Based on case-study evidence, the most successful investment promotion agencies have developed an integrated investment promotion strategy that combines marketing and company targeting with after-care and product development.¹³

The TCI Government will build on the work of IFC (1997), P. Christodoulou (1996), S. Young et al. (1994) and P. Dicken (1990) in its improved investment promotion¹⁴:

- **Strategy and organization** (setting the national policy context; setting objectives; competitive positioning, structure of investment promotion)
- **Lead generation** (marketing; sector and company targeting).
- **Facilitation** (project processing)
- **Investment services** (after-care and product improvement; monitoring and evaluation).

The Focus

The TCI Government is committed to pursuing its development priorities and to delivering an approval process to accommodate those projects that is open, transparent, efficient, effective and timely. The Government believes that it needs to “qualify” investors, but once that is done the intention is to provide developers with a clear understanding through a Development Agreement of the support and concessions that the Government is prepared to provide those qualified investors should they proceed with their project. The Development Agreement then becomes one component of the work the proponent does to bring their project to reality. Proponents are still required to follow all the legal and administrative requirements set out in the country's ordinances and regulations and prior to commencement, every proponent is required to obtain the necessary financing to ensure that the project is completed.

¹² The progression of works associated with the Business Transformation Programme and other e-governance projects will see marked improvements in processes associated with work permits, business licensing registrations, tax remittances and land registration administration.

¹³ Loewendahl, Henry, “A framework for FDI promotion” Senior Consultant, PricewaterhouseCoopers-Plant Location International, Brussels, Belgium, article, page 1.

¹⁴ Ibid. pg 3.

The TCI Government believes that the best approach to attracting new investment is to focus attention on identifying and qualifying investors and entering into a standardized Development Agreement with an investor. The TCI Government believes it is best to use the existing regulatory systems to govern the design, construction and operation of the various projects and have Invest TCI focus its attention on facilitating the project in the first instance and monitoring and enforcing Development Agreements once it is signed.

Invest TCI will evaluate projects based on six (6) basic tests, namely:

- a. Confirm the proponents have the skills, expertise and experience to effectively build and operate the project.
- b. Verify the honesty and integrity of the proponents.
- c. Confirm the proponents have the history and ability to adequately finance the proposed project.
- d. Ensure that there is no “fatal flaw” in the project from a planning, financial, human resource, environmental, etc., perspective that would prevent it from proceeding.
- e. Confirm that the project it is expedient to the public interest and will provide a positive net increase to the economy, including increased employment, incomes and tax revenue.
- f. Confirm that the project is consistent with the Government’s investment priorities.

The TCI Government has moved away from negotiating “custom” Development Agreements and instead has designed a set of “standard” Development Agreement documents that outline the Government’s incentives package. Eligible proponents will only need to sign off on the standard agreement and proceed to the planning for their project.

The Government believes that this approach will significantly reduce the timeline for concluding Development Agreements while still ensuring that all Governmental Ordinances and Regulations are met.

Approval Process

The TCI Government will implement the following approval process, namely:

- Applicant submits proposal for a development project.
- Invest TCI acknowledges receipt of application within 48 hours.
- Applicant’s proposal is reviewed to determine if it meets the six tests for a development project and a due diligence report is prepared on the project owners.
- Application is circulated to key Ministries who must review the project for possible “fatal” flaws related to areas such as planning, environment, human resources or international agreements. Ministries will have 14 days from receipt of the application to provide their responses to Invest TCI. Performance will be managed through Service Level Agreements between the Ministry of Finance, Invest TCI and the Ministries.
- If the Application is deemed to be “eligible” it is referred to the Cabinet for approval in principle.
- If the Application is deemed to be “ineligible” Invest TCI notifies the clients of a No decision or outlines areas where deficiencies may need to be addressed.

- Once an application is deemed “eligible” Invest TCI will submit to the developer a “standard Development Agreement” to the proponent. The standard Development Agreement format will be derived from the dozens of Development Agreements already signed and will provide a common set of obligations and concessions. The proponent will have the opportunity to accept or reject the standard agreement.
- If the proponent accepts the Development Agreement, it is presented to Cabinet for final approval and signing.
- If the proponent rejects the Development Agreement, the proponent will be free to continue their project without concessions.

Role of Invest TCI

Investment promotion agencies generally have four main roles, namely: image building to promote the country as an investment destination; lead generation to proactively identify investors based on national priorities, investor servicing or facilitation to help solve problems faced by existing or potential investors; and advocacy within government to seek necessary approvals or urge the removal of obstacles to investment.¹⁵

Invest TCI has been mandated to carry out the four roles and is also responsible for supporting and encouraging broader based domestic investment through the Micro, Small and Medium Enterprise Ordinance. Invest TCI is expected to operate as a “one stop shop” for investors in their efforts to confirm incentives and to help facilitate their efforts to move through the regulatory system.

With respect to identifying eligible investors and encouraging new developments, Invest TCI has a mandate to oversee the determination of “eligibility” for investment incentives and in monitoring performance once a Development Agreement has been signed.

Invest TCI staff will fundamentally assess projects based on the Public Investment Assessment framework (See example in Appendix 2 which may be redeveloped from time to time) and will undertake the following activities with respect to determining the eligibility of projects for investment incentives, namely:

1. Accept applications from proponents.
2. Work with the proponents to ensure that all the required information is provided to conduct a review to determine eligibility.
3. Undertake intensive “due diligence” to ensure that the proponents meet the tests of honesty, integrity, experience, skills and financing capability.
4. Lead the internal review to determine if there are any “fatal” flaws associated with the project and determine if the benefit/costs of the project are sufficient to support the proposal.
5. Determine if the project is eligible and if so, seek Cabinet approval to proceed to a Development Agreement.

¹⁵ International Financial Corporation, Policy Framework for Investment, Chapter 2, page 6.

6. Invest TCI will provide instructions to the AG's Chambers to prepare a Development Agreement (DA) to proponents and confirm information needed to finalize the DA¹⁶. A draft Development Agreement can be provided within 14 days of completed instructions following the approval of Cabinet to designate the development as an approved development under the Encouragement of Development Ordinance.
7. In concert with the AG's Chambers negotiate the final DA, under the direction of the Government with proponents.
8. Prepare Cabinet submission for approval of the s DA once it is agreed by the proponent.
9. Once Cabinet's approval is received, to work with the AG Chambers and the proponent to arrange for the signing of the Development Agreement.
10. Signatories to the DA will be the Governor, executed on behalf of the Crown and the proponents.
11. Monitoring the Development Agreement to ensure both parties implement the DA as agreed.
12. Continuous monitoring and evaluation by the After Care Investment Service Executive(s).

Investment Incentives

During the recent private/public consultation on the Investment Promotion Policy, there was a consensus that the general approach of the TCI Government towards financial incentives has been reasonable and that there did not need to be a significant change in the way that incentives are provided. While TCI has amongst the lowest incentives (see Appendix 1) in the Caribbean, its competitive position, especially with respect to tourism projects, means the need for greater incentives is unnecessary.

The TCI Government will provide the following concessions:

- Projects in Providenciales to be eligible for a 50% import duty concession.¹⁷
- Projects in the Family Islands (ALL islands and cays except Providenciales) are eligible for a 75% duty concession.
- Stamp duties for projects in the Family Islands will be assessed at 50% of the prevailing rate.
- Stamp duties waiver of up to 100% of the prevailing rate on the transfer of property from a receiver to a development company forming part of a development which will be included in a development agreement and in respect of which a development order requires the property to form part of a development from which the Government will derive economic benefit under the Hotel, Restaurant and Tourism (Taxation) Ordinance and provided that such a transfer occurs within a period of no more than six months from the date of the grant.¹⁸

¹⁶ Development Agreements will be standardized. As such, a developer seeking more than the concessions offered in a standardized list will not be entertained.

¹⁷ There is a list of items that will not attract a discounted rate. The "excluded items" means the items deemed by the Collector of Customs to be subject to full duty and shall include (but shall not be limited to) amusement equipment, games of any kind, vehicles (other than distribution and delivery trucks and vans, forklift, pallet cars, sales and customer services vehicles which may be imported during the period of this Order solely for the use of the Development), sailing boats, water sport equipment, diving equipment, guest amenities, paintings, audio and audio visual equipment, linens, chinaware, flatware, kitchen utensils, costumes, decorations, chemical products, gifts, area rugs and general maintenance parts.

¹⁸ This revision to the Policy was approved by Cabinet on 2nd December, 2020.

- Crown lands will be provided in exceptional circumstances where private land is not available to support the development and the TCI Government considers the project to be in the national interest.
- In accordance with the Immigration Ordinance, Investors will have the opportunity to qualify for an Investor PRC through investments in new projects.
- Eligible firms, as determined by the Ministry of Border Control and Labour will have the opportunity to obtain work permits for personnel under the authority of an Immigration Protocol Document (IPD) concluded as part of the Development Agreement. The IPD will outline the Government’s approach to granting work permits for personnel and for dealing with training programs designed to encourage and support Turks and Caicos Islanders. The Human Resource Assessment (HRA) will be initially designed in a “standard format”, with the training programs tailored to each project.
- The Capital of Cockburn Town Revitalization Incentive.¹⁹ The TCI Government will provide development incentives to eligible projects built inside the boundaries of Cockburn Town in Grand Turk. Eligible projects within Cockburn Town will be expanded to include any home, business, attraction or commercial facility with a project value greater than \$250,000 that will support and encourage tourism and help to rebuild the historic community of Cockburn Town. Eligible projects will have to conform to the approved historical guidelines for new developments in Cockburn Town.
- In addition to the standard development concessions granted in the past, the TCI Government is prepared to consider providing “training subsidies”²⁰ to eligible projects where the required training involves “specialised” skills²¹ that are not readily available within the islands and for which the Government wants to encourage Turks and Caicos Islanders to pursue and the company has demonstrated good “Corporate Responsibility” in its use of domestic firms and personnel for the construction and operation of its facilities. Good Corporate and Social Responsibility can come in many forms, including support to TCI Islanders to seek post-secondary education, supporting community projects, volunteering, encouraging SME development and so on.

The Micro, Small, and Medium Enterprise Ordinance is in place to provide better access for small business to the domestic incentives including access to capital.²²

¹⁹ Cockburn Town is the Capital of the Turks and Caicos Islands. On Grand Turk it extends from Frederick Street in the North to James Street in the South and from Pond Street (East) to the sea (West).

²⁰ One way that this can be achieved is that targeted upskilled participants can undertake training in certain courses that can heavily subsidized through a TVET Programme or TCI Community College Course that does not charge the full economic cost of administering the Programme.

²¹ Specialised skills refer to abilities that are unusual and different from those that are generally found in a specific industry. Abilities that cannot be transferred easily to another individual in a short span of time. Knowledge or expertise that must be highly unusual within the country, industry, and the host firm. Proprietary knowledge of such a nature that possession of it is critical to the operational business of the TCI, and would significantly disrupt the business of the host firm. Proprietary knowledge of a specific business process or methods of operation that are: unusual or uncommon, not common knowledge across the proposing organisation and, not likely to be available in the Turks and Caicos labour market. A determination to be made by the Department of Labour in conjunction with the Ministry of Education.

²² The Micro, Small and Medium Enterprise Ordinance provides eligible local projects with access to limited duty concessions on construction materials, equipment, fittings and fixtures, furniture and raw materials for certain eligible activities. As well, it provides technical assistance and cash grants.

The incentives provided in the Investment Policy 2018 are linked to those provided in Refurbishment Policy 2017. Whereas, the Investment Policy 2018 is geared towards attracting and retaining investments, the Refurbishment Policy seeks to maintain and enhance the quality of existing product offerings.²³

Engagement of Local Investors in New Development Projects

The TCI Government believes in encouraging the engagement of locals in new development projects and is exploring potential opportunities to allow this to happen. The TCI Government will be approaching developers with a view to determining if structures can be set up which allow the sale of equity to local investors so they too can take advantage of the success of development projects.

Investment Policy Adoption

The Investment Policy 2018 and any amendments thereto shall be approved by the Turks and Caicos Islands Cabinet on the recommendation of the Minister of Finance, Trade and Investment. The policy shall be reviewed on a periodic basis and revised by the Minister of Finance, Trade and Investment as necessary. The policy should be read in conformity with the existing laws and any subsequent changes/amendments to applicable laws.

²³ The Refurbishment Policy 2017 provided incentives for existing developments that include duty concessions on concessions on construction materials, equipment, fittings and fixtures, furniture and raw materials. Like the Investment Policy 2018, the Refurbishment Policy also seeks to fostering linkages /spillovers in the areas of technology transfer, R&D and innovation and encourage Corporate Social Responsibility in general.

Appendix 1 Caribbean Investment Incentives

Country	Duty	VAT	Duty	VAT	Tax	Environmental	Training	Marketing	Other
	Remission	Remission	Remission	Remission	Holiday	Levy	Grants	Assistance	
	Construction	Construction	Refurbishment	Refurbishment	(years)	Waived			
Anguilla	10-30%	n/a	10-30%	n/a	15	n/a	No	No	
Barbados	100%	100%	100%	100%	15	Yes	Yes	Yes	
Cayman	50%	n/a	50%	n/a		No	No	No	Cayman places emphasis on enhancing the business environment. Duty concessions waived for Cayman Brac and Little Cayman.
DR	100%	0	100%	0	10	No	Yes	No	Construction Charges Waived
Jamaica	100%	100%	Varies	n/a	10 to 15	No	Yes	No	Refurbishment incentives include employment tax credits, lower corporate income tax, customs duty remission and favourable capital allowances
St Lucia	100%	100% (Sales tax exemption)	n/a	n/a	5 to 15	No	No	No	Expedites licenses and permits and grants various other tax exemptions and no fees on work permits for senior managers
Antigua	100%	100%	n/a	n/a	5 to 15	No	No	No	100% foreign ownership allowed
Bahamas	flat 10% rate	flat 10% rate	n/a	n/a	10 to 15	No	No	No	10-year property tax exemption and exempted from stamp duty for 20 years and there are slightly better incentives for manufacturers
Belize	50-100%	50-100%	50-100%	50-100%	2 to 5	No	No	No	
Dominica	100%	100%	100%	100%	20	No	Yes	No	100% foreign ownership allowed
Grenada	100%	100%	100%	100%	10	No	No	No	
St. Kitts	100%	100%	n/a	n/a	15	No	No	No	
Trinidad	n/a	n/a	n/a	n/a	5 to 10	No	Yes	No	Various tax exemptions granted rather than duty concessions
TCI	50 to 75%	0%	50-75%	0%	10	No	No	No	

Appendix 2

“A, B, C” PUBLIC INVESTMENT IMPACT ASSESSMENT

Issue and Assessment	
<p>1. Describe how the investment is likely to be profitable over the longer term Direct net benefits and, or cost savings are: A. Projected to earn over 6% IRR B. Projected to produce a positive IRR. C. Projected to earn negative IRR.</p>	
<p>2. Will the investment stimulate additional commerce and trade in the TCI? A. Likely to start a new industry. B. Will add some new business. C. Neutral impact on commerce and trade.</p>	
<p>3. Will the investment take away business from other existing enterprises in TCI? A. No impact on existing businesses projected. B. Increased competition expected to lead to net gain in business activity. C. Will directly compete with and take away business from other private entities.</p>	
<p>4. How will the investment contribute to public revenues in future years? A. Provides a significant projected impact of an increase of more than 10% of existing combined domestic taxation, stamp duties, work permit and business license revenues. B. Provides some projected impact on public revenues but less than 10% C. Provides no net impact on public revenues.</p>	
<p>5. Will the investment assist the lesser-developed regions of the TCI? Investment will be situated in and, or will directly benefit lesser-developed regions in the form of providing employment and, or sourcing other resources from the region and, or providing other revenues to such regions. B. Investment is expected to provide for minimal benefit to lesser-developed regions. C. Investment is not expected to impact the lesser-developed regions.</p>	

<p>6. Will the investment help the poorest?</p> <p>A. Investment is expected to directly employ or otherwise benefit areas where poorest communities are situated.</p> <p>B. Expected to provide marginal benefit to the poor.</p> <p>C. Not expected to benefit the poor.</p>	
<p>7. Will the investment provide employment for TCI islanders? If so how many and of what professions or skills?</p> <p>A. Likely to lead to a significant increase in the creation of jobs for local islanders estimated at more than 5% of the current number employed.</p> <p>B. Likely to lead to some projected creation of jobs for local islanders but less than 5% of the current islander labour force.</p> <p>C. Not expected to lead to jobs for TCI islanders.</p>	
<p>8. How will the investment affect the natural environment?</p> <p>A. No impact on the natural environment anticipated.</p> <p>B. Likely negligible impact on the natural environment.</p> <p>C. Likely to negatively impact on the natural environment.</p>	

