



Setting Up a Business in Kiribati

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This section provides guidance about setting up a business in Kiribati.²⁸ At each step you will be directed to the websites of various organisations that can provide further advice. Note that rules and regulations can change, and you should check for the latest information with the Kiribati Chamber of Commerce and Industries (KCCI) and relevant authorities highlighted below.

Once you've decided to open a business you'll need to decide what type of business to set up. This process can seem confusing. Don't worry if you don't understand all of the options right away. KCCI and MCIC can provide advice and connect you with assistance that is available for new businesses.

MCIC has two business support services arms. The first is the Business Promotion Centre, which facilitates training, provides business advisory services, investment assistance, and quality assurance, and helps boost the development of local and international trade. The second is the Business Regulatory Centre, which supports business registration and compliance.



TIP: Seek advice from other business owners or a mentor to see what process they followed. Don't get disheartened! As a business owner, being resilient is a key skill that you'll learn from the outset. Remember, be resilient to small setbacks and celebrate milestones!

Business structures in Kiribati

The Business Regulatory Centre at MCIC administers certain types of legislation, including the Registration of Business Names Act (1988), Companies Ordinance (Cap10A, 1979), Moneylenders' Act (1988), and Foreign Investment Act (1985).

Businesses in Kiribati can operate as the following legal entities: Sole Trader, Partnership, Private Limited Liability Company, or Cooperative (see Box 6 for a definition of each).



Business Structures in Kiribati

- Sole Trader – A person trading as an individual who is legally responsible for all aspects of the business, and is personally liable for all liabilities and debts associated with the business.
- Partnership – A single business where two or more people share ownership. Each partner contributes to all aspects of the business, shares in the profits and losses of the business, and assumes unlimited liability for all debts and liabilities incurred by the partnership.
- Private Limited Liability Company – A corporate structure in which the members of the company cannot be held personally liable for the company's debts or liabilities. There are restrictions on the ability of shareholders to transfer their shares (as distinct to public companies where shares are publicly tradeable).
- Cooperative – The main purpose of a cooperative is not to maximise profit but to provide a service to its members.

²⁸ This section draws heavily from: the Ministry of Commerce, Industry and Cooperatives website at <https://mcic.gov.ki/Kiribati Chamber of Commerce and Industries>; "Starting a new business," <http://www.kcci.org.ki/index.php/services/start-business.html>; and World Bank, Doing Business 2018: Reforming to Create Jobs – Kiribati (Washington, D.C., 2018), <http://documents.worldbank.org/curated/en/602491509954496473/Doing-Business-2018-reforming-to-create-jobs-Kiribati>. Please note that this guide only covers the registration process for Kiribati citizens. There are additional requirements for non-Kiribati citizens.



The simplest type of business is a sole trader in which there is only one owner of the business. However, you may want to incorporate a company and restrict the liability that you will personally face in the event that your company has financial difficulty, goes bankrupt, or is sued by a client for damages. A private company is a separate legal entity from the owners of the company and any shareholders or members can therefore limit their liability and be protected from liability incurred by the company. If you are setting up a social enterprise you may want to look at non-profit options, including cooperatives.²⁹

Because all businesses differ, you may wish to contact a professional business advisor such as a lawyer, chartered accountant, or business consultant in Kiribati to seek advice on the specific nature of your business and associated requirements.

Once you've decided to start a business there are various steps you'll need to take.

- Step 1: Deposit the legally-required capital in a bank and obtain deposit evidence
- Step 2: Check the uniqueness of the proposed company or business name with MCIC
- Step 3: Register your business name with MCIC and obtain a certificate of business name registration
- Step 4: Register for taxes if revenue is \$5,000 or more (this is optional for cooperatives and small businesses if their revenue is not more than \$5,000)
- Step 5: Register as an employer with the Kiribati National Provident Fund
- Step 6: Apply for a business operational license from the relevant licensing authority (e.g., on South Tarawa either Betio Town Council or Teinainano Urban Council)
- Step 7: Make a company seal (optional)

Step 1: Deposit the legally-required capital in a bank and obtain deposit evidence

Agency: ANZ

New companies must deposit share capital (money invested in the company by shareholders) in a bank and obtain the receipt of deposit. The amount of share capital required depends on the size of your company. There is only one commercial bank operating in Kiribati – ANZ Bank (Kiribati) Ltd.

Step 2: Check the uniqueness of the proposed company name

Agency: Companies Office, Business Regulatory Centre, MCIC (<https://mcic.gov.ki/>)

Manual searches of business names are done by the Companies Office within MCIC. Application forms can be obtained from MCIC to apply for approval and reservation of a business name in accordance with the Registration of Business Names Act (1988).³⁰

²⁹ Find out more from the Cooperative and Credit Union Regulatory Division, Ministry of Commerce, Industry and Cooperatives, Government of Kiribati, <https://mcic.gov.ki/cooperative-and-credit-union-regulatory-division-ccurd/>.

³⁰ Republic of Kiribati Registration of Business Names Act 1988, http://www.paclii.org/ki/legis/num_act/robna1988330/.

Step 3: Register the company with the Registrar's office

Agency: Companies Office, Business Regulatory Centre, MCIC (<https://mcic.gov.ki/>)

The registration process, forms, and fees are listed in the Companies Ordinance. The registration forms can be obtained in person from the Registrar in Betio or downloaded from <https://mcic.gov.ki/business-and-companies-regulatory-division-bcrd/>.

The costs for company registration include lodgement costs (for lodging particulars of the company), costs for the certificate of incorporation, and a variable incorporation fee that is based on the value of the share capital. The incorporation fee is calculated according to Section 9 of the Companies Ordinance.

The following details are required as part of the business registration process:

Sole Trader/Partnership	Limited Liability Company
<ul style="list-style-type: none">• Applicant's full name	<ul style="list-style-type: none">• Applicant's full name
<ul style="list-style-type: none">• Proposed business name	<ul style="list-style-type: none">• Company name
<ul style="list-style-type: none">• Principal place of business	<ul style="list-style-type: none">• Company's registered office
<ul style="list-style-type: none">• General nature of business	<ul style="list-style-type: none">• Full details of shareholders
<ul style="list-style-type: none">• Date of commencement	<ul style="list-style-type: none">• Share capital for each member
<ul style="list-style-type: none">• Relevant supporting documents	<ul style="list-style-type: none">• Full details of each director
<ul style="list-style-type: none">• Birth certificate, passport, and government ID card to prove legal identity	<ul style="list-style-type: none">• Articles of association (setting out how the company is run, governed, and owned)
<ul style="list-style-type: none">• Marriage certificate	<ul style="list-style-type: none">• Supporting documents (proof of legal identities of shareholders and directors – birth certificates, passports, etc.)
<ul style="list-style-type: none">• Certificate of foreign investment where there is foreign involvement	<ul style="list-style-type: none">• Certificate of foreign investment where there is foreign involvement
<ul style="list-style-type: none">• Pay applicable fees: \$100	<ul style="list-style-type: none">• Pay applicable fees: reservation – \$50, approval – \$50, and incorporation – \$150 (Total: \$250)

Step 4: Register for taxes

Agency: Tax Office, Ministry of Finance and Economic Development (<http://www.mfed.gov.ki/our-work/taxation>)

Under the Income Tax Act (1990),³¹ companies must register for relevant company (corporate) taxes. The relevant forms are available at <http://www.mfed.gov.ki/our-work/taxation/employer>.

Value-added tax (VAT) was introduced in 2013³² and companies with turnover above \$100,000 must register for VAT. The relevant forms are available at <http://www.mfed.gov.ki/our-work/taxation/business>. Other relevant regulations are available at <http://www.mfed.gov.ki/our-work/taxation/acts-regulations>.

31 Republic of Kiribati Income Tax Act 1990, http://www.paclii.org/ki/legis/num_act/ita1990116/.

32 Republic of Kiribati Value Added Tax Act 2013, http://www.paclii.org/ki/legis/num_act/vata2013132/.



Step 5: Register with the Kiribati Provident Fund

Agency: Kiribati Provident Fund (KPF) (<http://www.kpf.com.ki/index.php/>)

All employers are encouraged to register with the Kiribati Provident Fund once they have been issued a license from the MCIC to operate. The employer should register all of their employees so that each employee has an account with the KPF. The documents required for the registration of employees include original birth certificates and certified passport photos.³³

Step 6: Apply for a business operational license

Agency: Relevant town council e.g., Betio Town Council

The company must apply for a business license from the relevant licensing authority in each jurisdiction in which business activities are carried out (e.g., a council). The license needs to be renewed annually.

Step 7: Make a company seal

Although doing so is not compulsory, companies customarily make a company seal by ordering it from a manufacturer in Australia or another Pacific country.

Business advisory services

There are many business advisory services around to help you through the startup phase and beyond. Below is a summary of the types of services you are likely to need as a new business – but because things change quickly you should do your own research to determine the service providers that are right for you.

Banking

All businesses will need a business bank account. ANZ is the only commercial bank in Kiribati. Even as a sole trader, it's advisable to have separate bank accounts for your business and your personal use.

When you open your account, talk to your account manager about online banking facilities, transaction limits for bill payments and transfers (this can save you a lot of time!), bank charges, whether they will provide a dedicated account manager to act as a liaison point, and mobile payment machines if you know that you'll need one.

If you need a loan to start your business, discuss this early with both banks to understand your options.

Legal advice

Law firms, chartered accountants, and business consultants can help register your business name, write your articles of association, and provide other support to set up your business. Using the services of a lawyer to set up your business can save a lot of time and effort, and help you understand the legal documents you are required to sign.

Accounting

You may decide that you are able to manage the day-to-day bookkeeping for the business, at least initially. Financial statements are likely to require the support of an accountant – unless you are one yourself! But don't confuse the day-to-day tracking of your income and expenditures with the preparation of financial statements.

³³ Kiribati Provident Fund, "Definition of Employers," <http://www.kpf.com.ki/index.php/en/definition-of-employers>.

The day-to-day bookkeeping will allow you to know whether you can pay your bills, yourself, and your staff. For this, you may want to use an accounting software. There are a number of free and paid accounting software programs available – ask other small businesses what they use and if they have any recommendations.

If you need the advice of an accountant for bookkeeping and in preparing annual financial statements, KCCI can suggest suitable accounting firms that are familiar with providing advice to small businesses. You may also want to participate in MCIC's training course on bookkeeping.

Website creation, design, and maintenance

There are many easy-to-use, do-it-yourself platforms for creating websites (such as WordPress), but since your website will be with you for a number of years, you want to get it right, and it can be worth spending a bit of money for a professional and effective website for your business. Make sure that website providers develop a solution that is low-maintenance and does not rely on their ongoing support for every update. Don't think of a website as a one-off task. You'll need to keep it updated with fresh content and ensure that it is secure.

Employer bodies/associations

When you are starting out as a business you may not know many people in the industry. Joining an industry association can be a good way to network with other business owners, receive ongoing advice, and promote your business. Annex 1 lists some options, but you can also ask around to learn about other associations.

Further training and advice

MCIC runs a variety of training courses,³⁴ including courses certified by the International Labour Organization (ILO) such as "Generate your Business Idea"³⁵ and "Start and Improve Your Business".³⁶

You may also consider contacting Pacific Trade and Invest,³⁷ an organisation that supports businesses in the Pacific in exporting products, digital marketing, and trade show attendance.

34 Ministry of Commerce, Industry and Cooperatives, Government of Kiribati, "Training Materials," 10 September 2018, <https://mcic.gov.ki/training-materials/>.

35 International Labour Organization, Generate Your Business Idea (Geneva, 2015), https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---ifp_seed/documents/instructionalmaterial/wcms_436192.pdf.

36 International Labour Organization, "Start and Improve Your Business Programme," <https://www.ilo.org/empent/areas/start-and-improve-your-business/lang--en/index.htm>.

37 Pacific Trade Invest, <https://pacifctradeinvest.com/>.