



Investment Incentives

The Guam Economic Development Authority (GEDA) is a public corporation and an agency of the government of Guam, created to assist in the implementation of an integrated program for the economic development of Guam.

GEDA promotes the investment of entrepreneurial capital by developing and maintaining facilities for lease or sale, providing incentives for the establishments and/or expansion of targeted industries and facilities through financial assistance (direct and guaranteed loans) and various incentive tools (see Qualifying Certificate Program).

GEDA Business Development and Marketing Division provides assistance to prospective investors with certain development requirements such as licensing, site identification and/or acquisition, and obtaining land use permits. The Public Finance Division markets and manages the island's bond issuances to increase the supply of money and provides financing for projects approved by the Guam Legislature.

For the keen investor, Guam offers the opportunity to operate aggressively in worldwide markets without local taxes, while enjoying the advantages of the stability under the U.S. flag, location in a modern island paradise community, state-of-the-art communications, and access to American courts, schools and health care.

QUALIFYING CERTIFICATE PROGRAM

The government of Guam, through GEDA, is authorized by law to allow a variety of tax incentives to encourage new investment by qualified investors to Guam. GEDA grants Qualifying Certificates to investors on the basis of investment commitment, potential for creating employment and expanding the base of the island's economy. These incentives are intended primarily for the businesses engaging in tourism, manufacturing, agriculture, commercial fishing, insurance, and facilities and services deemed vital to Guams economic growth.

Tax incentives for qualified firms may include:

- ← Up to 75% in corporate income tax rebates (up to 20 years)
- ← 100% abatement on real property tax (up to 10 years) (fee simple ownership only)
- ← A maximum of 75% rebate on corporate dividend tax (up to five years)
- ← 100% abatement on business privilege receipts tax on petroleum and alcoholic beverages (up to 10 years)

Special Qualifying Certificates for Financial Services Industries: Spurred by increasing inquiries from insurance underwriters throughout the world, Public Law 23-109 was enacted to provide for 100% abatement of business privilege taxes on insurance premiums and other revenues and 100% rebates on all income taxes of an insurance underwriting entity domiciled on Guam. Beneficiaries can enjoy rebates for a period of twenty (20) years, which may be extended for an additional twenty years if in good standing under the laws of Guam and GEDA rules and regulations.

Guam-based Trusts: Guam law also authorize similar tax incentives for Guam-based trusts through the Qualifying Certificate program. Benefits for choosing Guam as a domicile for Guam-based trusts include 100% rebate of income tax paid to the government of Guam by a Guam-based trust on all its earning from either inside or outside of Guam, provided administration of the trust is in Guam, and 100% rebate of income tax withheld from the non-resident beneficiaries of a Guam-based trust on the payments or distributions made

to such beneficiaries from such a Guam-based trust. Beneficiaries can enjoy rebates for a period of twenty years, which may be extended for an additional twenty years if in good standing under the laws of Guam and GEDA rules and regulations.

Telecommunications: Tax benefits are available for e-commerce and Internet systems to include rebate of a percentage of income tax and shareholders dividends tax and an abatement of real property tax under GEDA's primary QC program.

ADDITIONAL FINANCIAL SERVICES INCENTIVE

Offshore Banking: The absence of federal income taxes, and the fact that interest earned by banks through the operation of an offshore lending facility in Guam is not treated as a Guam-source income for tax purposes are also powerful incentives for investment.

MANUFACTURING AND TRADE INCENTIVES

General Headnote 3(a): The General Headnote 3(a) program of the Tariff Schedules of the United States allows duty-free entry into the United States on most exports for those items manufactured and assembled in Guam. Certain requirements enable Guam to be considered the "country of origin." Articles assembled or manufactured in Guam, when imported into the United States, must not contain foreign materials valued at more than seventy percent (70%) of the total value of the final appraised value of the manufactured article. Appraised value as determined under sections 402 and 402a of the Tariff Act of 1930, as amended. Items must undergo a "substantial transformation" in order to benefit from the duty-free provision of this program where at least 50% of the value of the finished product must be added on Guam.

Generalized System of Preferences: Another trade incentive program allows products manufactured in Guam to be imported by participating nations at a reduced tariff rate. Guam currently has arrangements with the following countries: Japan, Australia, and the European Common Market nations. Requirements of each participant vary and interested exporters should contact the appropriate trade office of the particular country of destination.

TOURISM, IMMIGRATION AND FOREIGN INVESTMENT

Guam Immigrant Investor Visa Program: The EB-5 Investor Visa was created under the Immigration Act of 1990. This visa category allows qualified applicants to obtain lawful Permanent Resident Status (Green Cards) through investment in a U.S. enterprise. Ten thousand (10,000) Immigrant Visas are available each year to foreign investors establishing a "new commercial enterprise" or is actively in the process of investing in the enterprise in Guam.

A "new commercial enterprise" is any lawful, for-profit business established after November 29, 1990. Both the creation of a new business, and the purchase and re-capitalization or reorganization of an existing business is allowed.

Minimum investment in the fifty US States is \$1,000,000. Guam's minimum investment requirement is also \$1,000,000.

Guam Visa Waiver Program: This program allows residents of 36 nations to travel to Guam, as tourists or to conduct business, for a maximum stay of 15 days without having to obtain a visa. Countries currently covered by this waiver include: Andorra, Australia, Austria, Belgium, Brunei, Denmark, Finland, France, Germany, Iceland, Ireland, Italy, Japan, Liechtenstein, Luxemburg, Monaco, the Netherlands, New Zealand, Norway, Portugal, San Marino, Singapore, Slovenia, Spain, Sweden, Switzerland, United Kingdom, Indonesia, Republic of South Korea, Malaysia, Nauru, Papua New Guinea, Solomon Islands, Taiwan, Vanuatu and Western Samoa. All other visitors must conform to U.S. passport and visa requirements.

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