

OPTIONS FOR REGISTERING A FARMER ORGANISATION IN SOLOMON ISLANDS

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This leaflet is supported by the Farmer Organisations for Africa, Caribbean and Pacific (FO4ACP) program, which aims to improve incomes and livelihoods of family farmers in the Africa, Caribbean and Pacific countries and enhance their food and nutrition security and safety. The program is a partnership between the European Union, the African, Caribbean and Pacific Group of States, the International Fund for Agricultural Development and the Pacific Island Farmers Organisation Network.



This leaflet summarises the options for registering different types of farmer groups. It aims to help farmers decide which option is the most appropriate for their organisation. Please note, it is a general guide only, and specific legal and tax advice should be taken before registering your organisation (see back of leaflet).

WHY REGISTER A FARMER GROUP?

Farmers can work together informally, without registering the group. However, many groups choose to register themselves so that they are legally recognised. Benefits of formalising a farmer organisation include:

- easier access to government and non-government assistance, such as grants or training
- able to open a bank account, and hold assets such as property, in the name of the group
- a registered organisation has more status, giving farmers a stronger voice on industry platforms
- protects the members from certain kinds of legal and financial liability.

HOW DO WE DECIDE THE BEST OPTION FOR REGISTERING OUR FARMER GROUP?

The best registration option for a group is usually driven by the purpose of the group, and its activities.

Purposes and activities might include:

- working together to increase trade and profits for the individual members
- working together to support development of the industry, following shared ideals and values
- working together to strengthen knowledge on good practices, through training and information sharing
- working together to advance the shared interests of the group members within the wider industry.

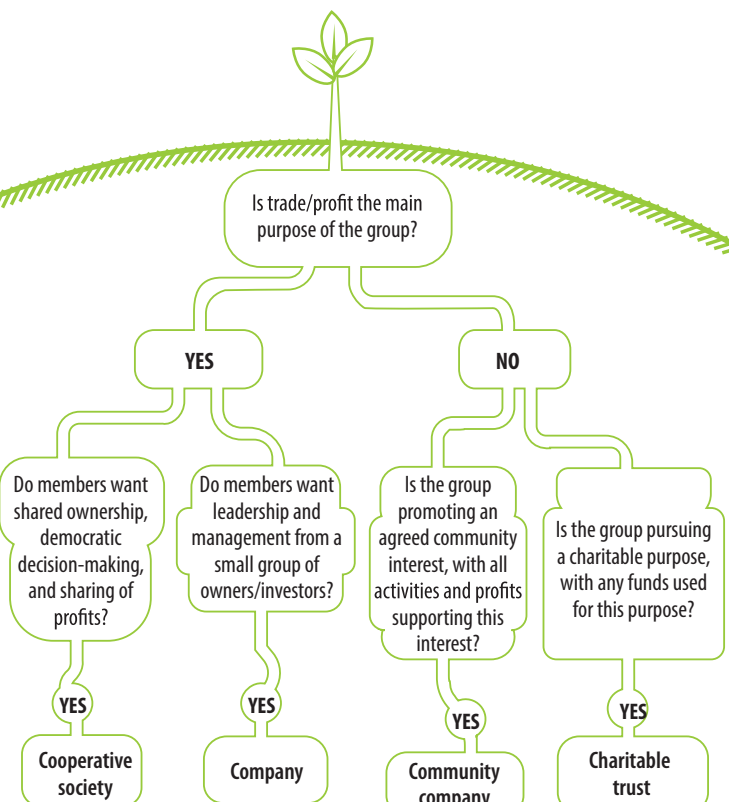
This table outlines some of the characteristics of the four main registration options, to help guide the decision on which might be the preferred option for a farmer group. The full requirements for each type of organisation are given in detail in the relevant legislation. The information below is an interpretation of the legislation, and its accuracy cannot be guaranteed. You should obtain legal advice before making a decision on which registration option to take.

	COMPANY	COMMUNITY COMPANY	COOPERATIVE SOCIETY	CHARITABLE TRUST
Profit or non-profit?	Profit	Profit (profits must benefit the community, not individuals)	Profit	Non-profit
Legal framework	Companies Act 2009	Companies Act 2009	Co-operative Societies Act 1996	Charitable Trusts Act 1996
Legislation is available at http://www.pacii.org/countries/sb.html				
Main features	A company is the most common form of registration where business and profit are the primary motivation. It has the most detailed regulatory laws, and therefore the clearest status. A private company is the most common type. It has less than 50 shareholders. A public company has more than 50 shareholders.	A community company is a type of private company designed to assist community groups in managing their shared assets. A community company is run as a business, but instead of individual owners benefiting from the success of the business, the community as a whole benefits. It is relatively simple and cheap to set up (no fee).	A cooperative society is a democratic organisation, owned and controlled by its members for a common benefit. Members pool their resources together to produce and market their goods and services, and share the profits. A cooperative society must have at least ten members. Cooperative societies can be complex and expensive to set up and maintain in accordance with the law.	A charitable trust must have a charitable purpose, as described in the Charitable Trusts Act. Any income (grants or donations) must be used for the charitable purpose. A charitable trust is relatively cheap and quick to set up.
Trade freedom/restrictions	As long as a company is in compliance with the Companies Act, it is free to trade without restrictions.	The principal objective of the community company must be that it promotes a community interest. A statement of the company's community interest is made at registration, and activities /profits should contribute to this interest.	A cooperative society is broadly free to trade as long as it is in compliance with the Co-operative Societies Act and its own constitution.	Activities should support the charitable purpose, within the definition given in the Act and as described in the registration documents.
Income tax (at 2021 – note rates can change, subject to the annual national budget)	30%	30%	30%	30%
Consult the Inland Revenue Division or a tax agent for advice on any benefits, incentives or exemptions that may apply.				
Record keeping and reporting requirements	Companies are required to keep complete records as set out in the Companies Act. Companies must file an annual return each financial year.	Community companies must comply with the Companies Act, but record keeping and reporting are simpler than for other types of company. Must keep financial accounts, and directors must prepare a report on the activities of a community company each financial year.	Requirements are complex and time consuming. Audits are required every year.	Requirements on reporting and auditing are minimal.
It is recommended that all farmer organisations keep at least basic records, including: details of members, details of staff, finances (accounts), and minutes of any meetings and decisions.				

The main options for registering a farmer organisation in Solomon Islands are:

- Company
- Community company
- Cooperative society
- Charitable trust

This decision plant helps identify the best registration option for a farmer organisation, based on its purpose and activities.



FURTHER INFORMATION

Tax advice



The Inland Revenue Division gives advice on tax on its website – go to <http://www.ird.gov.sb/>

The Inland Revenue Division also gives useful advice on business record keeping – go to <http://www.ird.gov.sb> then select **Tax Information**, then select **Business Records** from the left hand menu

Registration and company set-up



Invest Solomons holds the Solomon Islands Business Registry. Its website offers information about companies, community companies, and a comparison of charitable trusts vs cooperatives vs community companies – go to <https://www.solomonbusinessregistry.gov.sb> then select **GENERAL INFORMATION/COMPANIES/HOW TO REGISTER A COMPANY/How to Register a Company**

Government support



The Business and Cooperatives Development Division of the Ministry of Commerce, Industries, Labour and Immigration provides support and advisory services for micro, small and medium enterprises (MSMEs) and business associations, including training, mentoring and access to finance – go to <http://www.commerce.gov.sb/> then select from the menu top right **Departments & Units**, then select **Business and Cooperatives Development**

PIFON



Pacific Island Farmers Organisation Network (PIFON) provides services and networking for farmer groups in Solomon Islands and other Pacific Island countries – <https://pacificfarmers.com/>