

Guide to fiscal information

Key economies in Africa

2019



Introduction

Driving progress – Delivering simplicity from complexity



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Today's rapidly changing global tax environment is creating unprecedented change in the market. Tax professionals are expected to provide strategic insights while keeping up to date with a rapidly changing tax landscape where Tax Authorities are vigilant about ensuring that multinationals are disclosing income in the appropriate jurisdiction.

We recognise that each country in Africa is unique with its own nuances and complexities, and that remaining current with changes across the African continent can be challenging.

The purpose of this booklet is to make a difference that matters to tax professionals and the business community by providing meaningful information about tax and investment pertaining to key African economies.

Deloitte has on-the-ground tax specialists across Africa who can provide clients with insight and practical knowledge about navigating the local dynamics and challenges in their country. These tax specialists can assist with a broad range of fully integrated tax services, tailored signature solutions and insights that span across business taxes, indirect taxes, cross-border taxes and global employer services designed to work for your business needs. These tax specialists are business advisors who take a multidisciplinary approach to servicing clients by leveraging the depth and breadth of the industry specialists and subject matter experts from across the firm.

Strong coordination is crucial in order to ensure compliance and consistency when operating in Africa. The Deloitte Global Compliance and Reporting (GCR) team provides a scalable, centrally-managed service to help multinationals achieve cost-effective compliance and reporting across the African continent. This service is enabled by the Deloitte Global Compliance tracking tool (called myInsight).

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Preface

This booklet contains a summary of tax and investment information pertaining to key countries in Africa.

This year's edition of the booklet has been expanded to include an additional country, Sudan, over and above 44 countries featured in last year's edition.

The 45 countries featured this year comprise: Algeria, Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Chad, Congo (Brazzaville), Cote d'Ivoire, Democratic Republic of Congo (DRC), Djibouti, Egypt, Equatorial Guinea, Eswatini, Ethiopia, Gabon, The Gambia, Ghana, Guinea Conakry, Kenya, Lesotho, Libya, Madagascar, Malawi, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Nigeria, R union, Rwanda, Senegal, Seychelles, Sierra Leone, South Africa, South Sudan, Sudan, Tanzania, Togo, Tunisia, Uganda, Zambia and Zimbabwe.

Details of each country's income tax, VAT (or sales tax), and other significant taxes are set out in the publication. In addition, investment incentives available, exchange control regimes applicable (if any) and certain other basic economic statistics are detailed.

The contact details for each country are provided on the cover page of each country's chapter/section and are also summarised on page 6, Tax Leaders in Africa. An introduction to the Global Tax Centre Africa (including relevant contact details) is provided on page 4.

This booklet has been prepared by Deloitte Africa Tax & Legal. Its production was made possible by the efforts of:

- Moray Wilson, Jaime Maher, Susan Lyons and Liezel Klopper – editorial management, content and design
- Deloitte colleagues (and Independent Correspondent Firm staff where necessary) in various cities/offices in Africa and elsewhere.

Unless otherwise indicated, the fiscal information is current as at February 2019. The economic statistics have been obtained from the best information available during May/June 2019.

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Deloitte Global Tax Centre Africa

Global Tax Centre for Africa assists multinationals with innovative and practical ways to address their complex compliance and reporting obligations around the world.



One point of contact



One source to work from



A centralised Hub of knowledge and expertise for your reporting requirements

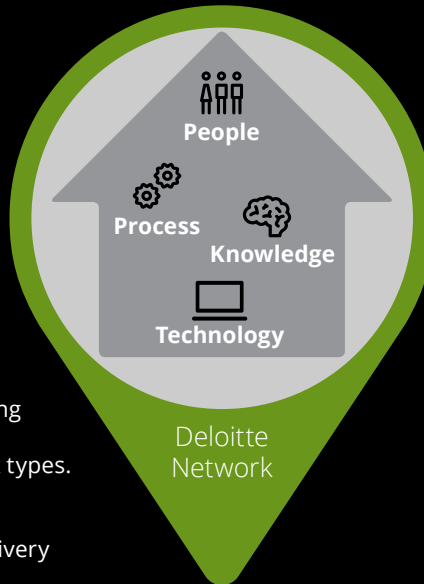
Standardised Tax Compliance Processes driving seamless compliance. Scalable framework for monitoring compliance across the different tax types.

Increasing Efficiency

- Co-ordination of tax compliance services delivery in country.
- Use of leading tools and technologies to prepare tax returns swiftly.

Risk Mitigation

Alignment and implementation of standard global tax processes, information requests, data collection templates and tax work papers.

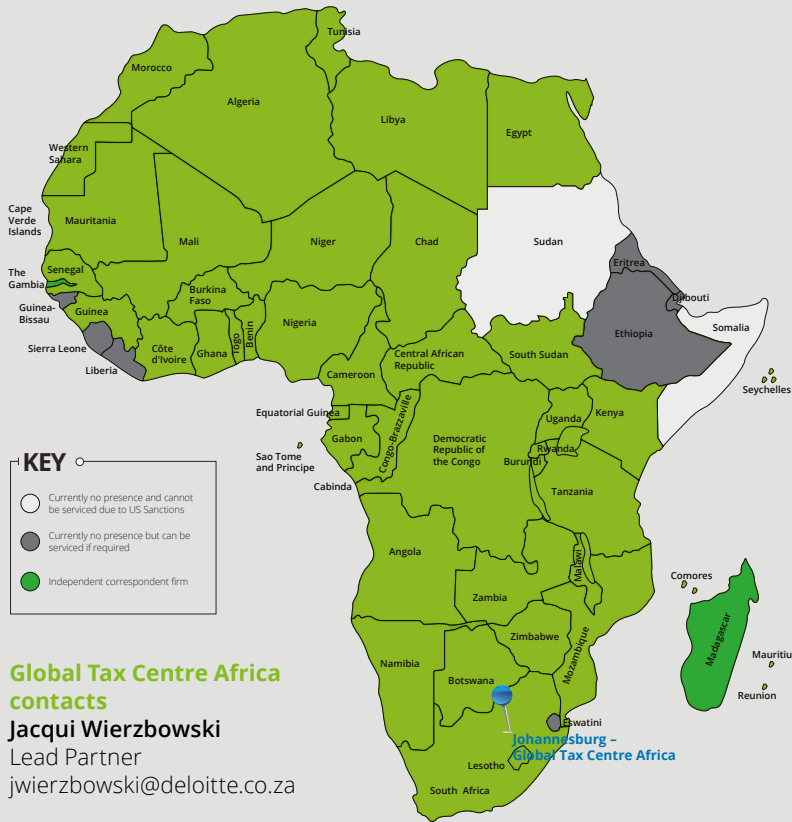


Deloitte uses leading tools and technologies to prepare tax returns swiftly and precisely.

myInsight - Web based Tax Filing and Compliance Tracking Tool that provides oversight and control of compliance processes.

Indirect Tax SMART - Web based Tool that automates and standardises the VAT return preparation process. The tool bridges the gap between organisations ERP systems and Global indirect tax reporting process.

Development of lead class technologies such as Robotic Process Automation solutions to streamline tax processes.



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With our central Tax Compliance Centre in Johannesburg and network of compliance centres across Africa, we offer you a broad-scope of integrated and centralised tax compliance and outsourcing services which include:

-  Corporate Income Tax returns (including CFC returns)
-  Indirect Tax returns (Customs & Global Trade & VAT)
-  Global Tax Provisions
-  Employment Tax
-  Transfer Pricing: Country-by-Country Reporting
-  Tax Accounting

We make sure that we effectively work with your teams including your Tax department, shared-service and local finance groups to provide a consistent standard of quality services locally and globally.

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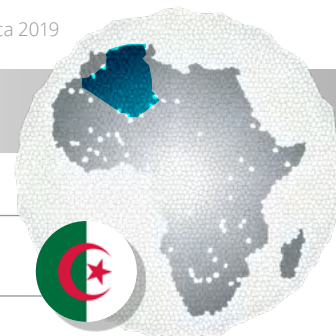
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Income Tax – Individuals

Taxable income (DZD) (Annual)	Rate
0 – 120 000	0%
120 001 – 360 000	20%
360 001 – 1 440 000	30%
Over 1 440 000	35%

Notes

- Global income tax (IRG) is intended for corporate personal and income tax respectively, the law provides for an annual taxation calculated on the basis of all net income categories of the taxable person to the following categories:
 - Professional benefits.
 - Income from agriculture.
 - Income from rental properties (built and unbuilt).
 - Income from movable capital and share.
 - Wages, salaries, pensions and life annuities.
 - Capital gains from transfer of buildings or undeveloped land.
- Basis – Resident individuals are subject to tax on worldwide income. Non-residents are subject to tax only on Algerian-source income. Residence – An individual is considered to be resident of Algeria if he/ she owns a home in Algeria or has a rental agreement for a dwelling for at least one year; has his/her principal place of residence or a centre of

economic interests in Algeria; or carries out a professional activity in Algeria (whether or not salaried).

- Taxable income – Algerian income tax is calculated on all remuneration derived by an individual, including:
 - Base salary
 - Any variable remuneration
 - All benefits in kind (food, housing, car, and so forth) and cash benefits (reimbursement of taxes, education, and the like).
- Exempt income – Income up to DZD120 000 is exempt, as are capital gains derived from the sale of a principal residence. Other exemption exists under tax incentives granted to youth and jobless individuals.
- Expenses and reimbursements (including travel expenses/food) will not attract tax if they effectively are used pursuant to their objective and are not excessive.
- Deductions – The employee portion of social security contributions is deductible by the individual.
- Rates – Individual income tax is imposed at progressive rates up to 35%. A special 10% rate applies on bonuses, premiums and allowances that are not paid on a monthly basis. A 15% withholding tax is levied on dividends received by both resident and non-resident individuals. Capital gains derived by a resident individual from the sale of shares are taxed at a rate of 15% (20% for a non-resident individual). The rental properties rates are 7% and 10 for habitation purposes and 15% for commercial purposes.
- Individuals and individual companies whom their annual revenue is less than DZD30 000 000 are subject to a specific taxation (5% for trade activities and 12% for other activities) conducts various activities and is subject to different tax rates must provide separate accounting records

to determine the taxable base for each activity; otherwise, a 26% rate will be applied on the overall taxable profits.

9. Alternative minimum tax – A minimum tax of DZD10 000 is imposed annually.
10. Companies whose annual revenue is less than DZD30 000 000 are subject to a specific taxation (5% for trade activities and 12% for other activities).

Income Tax – Companies

Companies	Rate of tax
Manufacturing	19%
Construction, public works, hydraulic activities and tourism and spa activities (except travel agencies)	23%

Notes

1. Basis – Resident and non-resident companies are subject to tax only on their Algerian-source income.
2. Residence – A corporation generally is considered resident if it is incorporated in Algeria. Branches of foreign corporations and permanent establishments (PEs) of foreign companies also are considered residents.
3. Taxable income – Corporate tax is computed on net profits derived from Algerian sources. Capital gains generally are taxed as ordinary income.
4. Exempt income – Dividends received from an Algerian company are exempt from tax in the hands of an Algerian recipient.

The following capital gains are tax exempt :

- Gains realised within a group of corporations in the context of a group transfer
 - Unrealised gains from the reassessment or re-valuation of fixed assets provided they are booked in a special reserve since the finance act of 2019
 - Capital gains derived from mergers, divisions or partial transfers of assets between group corporations in Algeria.
5. Deductions – Costs and expenses generally are deductible if they are:
 - Not listed as non-deductible items in domestic law
 - Registered in the accounts and supported by an invoice

- Incurred in the interest of the company
 - Certain, liquid and due during the financial year.
6. Losses – Losses may be carried forward for four years. The carryback of losses is not permitted.
 7. Foreign tax credit – Algerian tax law does not provide for unilateral tax relief, although bilateral relief may be available under an applicable tax treaty.
 8. Rate – The corporate tax rate ranges from 19% to 26%. A company that

Withholding Tax (WHT)

The WHT rates on various types of payments are as follows:

Other activities (including trade services)	26%
---	-----

Income	Residents	Non-residents
Dividends	15%	15%
Interest	10%	10%
Royalties	0%	24%
Technical service fees and service fees		
Branch remittance tax	0%	15%

Notes

1. Dividends paid to an Algerian company are exempt. Dividends paid to foreign company are subject to 15% (Unless reduce rate provided in a tax treaty)
2. It has not been possible to register a branch in Algeria since 2010, but, in certain cases, it may be possible for a foreign company to operate in Algeria by tax-registering its contract with the local tax authorities. In such cases, in principle, a 15% tax rate applies on the deemed distribution of profits (unless otherwise provided in a tax treaty).
3. Tax is a final tax for non-residents and the rate may be reduced under an applicable tax treaty.

Tax Treaties

Algeria has a relatively small tax treaty network. The WHT rates on dividends, interest and royalties under the treaties are as follows:

Treaty partner	Dividends	Interest	Royalties
Arab Maghreb Union (Algeria, Tunisia, Libya, Mauritania and Morocco)	The domestic rate applies		
Austria	5%/15%	0%/10%	10%
Bahrain	0%	0%	0%
Belgium	15%	0%/15%	5%/15%
Bosnia and Herzegovina	10%	10%	12%
Bulgaria	10%		
Canada	15%	0%/15%	15%
China	5%/10%	7%	10%
Egypt	10%	5%	10%
France	5%/15%	10%/12%	5%/10%/12%
Germany	5%/15%	10%	10%
Indonesia	15%	15%	15%
Iran	5%	5%	5%
Italy	15%	15%	5%/15%
Jordan	15%	0%/15%	15%
Korea (ROK)	5%/15%	10%	2%/10%
Kuwait	0%	0%	15%

Lebanon	15%	10%	10%
Oman	5%/10%	0%/5%	10%
Portugal	10%/15%	15%	10%
Qatar	0%	0%	5%
Romania	15%	15%	15%
Russia	5%/15%	15%	15%
Saudi Arabia	0%	0%	7%
South Africa	10%/15%	10%	10%
Spain	5%/15%	5%	7%/14%
Switzerland	5%/15%	10%	10%
Syria	15%	10%	18%
Turkey	12%	10%	10%
Ukraine	5%/15%	10%	10%
United Arab Emirates	0%	0%	10%
United Kingdom	5%/15%	7%	10%

Employment-Related Taxes

Payroll tax

In principle, all Algerian income taxes are withheld at source. The employer is responsible for the withholding and payment of the taxes withheld on behalf of its employees.

Social security

There are contributions for both pensions and the healthcare system. The employer must contribute 26% of the employee's gross salary. The employee must pay 9% of the pre-tax salary.

Anti-avoidance Rules

Transfer pricing An arm's length approach to transfer pricing applies. All entities must submit documentation to support their transfer pricing practices, along with the annual tax return. A penalty of DZD2 million is imposed for failure to comply with the documentation requirement.

Indirect Taxes

	Reduced rate	Standard rate
Value added tax (VAT)	9%	19%

Notes

1. Taxable transactions – VAT is imposed on the supply of goods or services in Algeria. The scope of VAT includes all economic activities conducted in Algeria, especially industrial and handicraft activities and liberal or commercial professions.
2. Rate – The standard VAT rate is 19%, with a reduced rate of 9% applying to various basic items. A zero rate is applied to all exports.
3. Registration – A business must be registered within 30 days of becoming liable to VAT.
4. Are not subject to the VAT if the turnover is less than DZD30 000 000 through a specific tax regime

Customs and Excise Duties

The customs authorities enforce strict regulations concerning the temporary import or export of items such as firearms, ammunition or other weapons; pornography or seditious literature; and habit-forming or hallucinatory drugs.

In addition, the temporary admission import regime, so that the regime now applies to resident operators located in Algeria.

Algerian imports are subject to customs duties at the following rates: 0% (duty-free), 5%, 15% or 30%. As per the complementary finance act of 2018, certain imports released for consumption

may be subject to an additional customs duty of 30% and 200% on the previously applied customs duty rate.

In addition to the customs duty, a special contribution at a rate of 1% applies to imports of goods into Algeria.

A tax of 2% applies on goods and services imported by non-resident companies and that are to be used for landline and mobile network telecommunications.

Other Taxes

Stamp duty

Stamp duty is imposed at varying rates on transactions, including the execution of various documents and deeds.

Capital duty

A 0.5% registration fee applies on the initial capital on the formation of a company and on capital increases, capped at DZD300 000.

Transfer tax

A transfer tax is applicable to land and buildings at a rate of 5% for registration fees, plus 1% as a tax for land publicity.

Real property tax

An annual property tax is imposed on real estate in Algeria, with the rate depending on the location of the property.

Inheritance/estate tax

Inheritance and gift tax is imposed on the recipient with respect to property located in Algeria that is acquired by inheritance or gift. Donations between spouses and parents are exempt; otherwise, the rate is 5%. The inheritance or gifting of a main residence is exempt.



Tax on bank registration

A 3% tax applies on every import of services at the time the payment for the services is made. The rate is 0.3% for the import of goods valued at not less than 20 000 DZD.

Vocational training tax

Corporations employing more than 20 employees are subject to a tax of 1% of annual payroll for vocational training, and an additional tax of 1% of annual payroll for learning (apprenticeship).

Net wealth/net worth tax

Wealth tax for residents is assessed on a worldwide basis and applies to property with a net taxable value higher than DZD100 million on 1 January of the corresponding tax year. Where an individual has paid a similar tax on non-Algerian assets, it may be deducted from the tax due in Algeria. Non-residents are subject to wealth tax with respect to property deemed to be located or actually located in Algeria.

Oil and gas sector

Specific taxation applies in the oil and gas sector.

Tax Administration and Compliance

The tax system is administered by the ministry of finance. The general tax department (Direction Générale des Impôts (DGI)) supervises, notably, the preparation of tax regulations, tax collection and audits and relations with taxpayers.

Corporations

1. Tax year – The tax year is the calendar year ending on 31 December.
2. Consolidated returns – Algerian companies may elect group treatment where a parent company owns at least 90% of a subsidiary. Although optional, once an election is made,

it is binding for at least four years. Group treatment allows the group to be taxed as a single entity; the subsidiaries are treated as branches of the parent company and corporate tax is payable only by the parent company. Under this system, the profits and losses of all controlled branches, subsidiaries and partnerships in Algeria are consolidated. The consolidated group also may benefit from other tax advantages.

3. Filing and payment – The annual tax declaration is due by 30 April in the year following the tax year. Companies must make three provisional tax payments by 20 March, 20 June and 20 December, each based on 30% of the previous year's tax liability. The balance of the corporate income tax is declared by the end of April through an annual tax return (G N°4). However, the payment must be done through the monthly tax return of April (G N°50) that must be submitted at the latest by 20 May.
4. Penalties – Penalties apply for late filing, failure to file or filing an incorrect tax return.
5. Ruling – Algeria has a tax ruling regime for taxpayers that report to the division for large enterprises (Direction des Grandes Entreprises (DGE)). The position taken by the authorities (DGE) in such a ruling applies only to the taxpayer's particular situation, i.e. it is not binding with respect to the circumstances of other taxpayers.

Individuals

1. Tax year – The tax year is the calendar year ending on 31 December.
2. Tax filing – Each taxpayer must file a return.
3. Filing and payment – Individual returns are due by 30 April following the end of the tax year. A tax return is not required if the taxpayer's only source of income is employment income.
4. Penalties – Penalties apply for late filing, failure to file or filing an incorrect tax return.

Value added tax

1. Filing and payment – The VAT return must be filed on a monthly basis, and tax must be paid by the 20th day of the following month.
2. Penalties – Penalties apply for late filing, failure to file or filing an incorrect tax return.

GENERAL INVESTMENT INFORMATION

Foreign investors must partner with an Algerian-owned shareholder, with foreign ownership limited to a maximum of 49%. This rule thus implicitly prohibits the establishment of a branch in Algeria.

Investment Incentives

Algerian tax legislation contains incentives that encourage investment and the creation of projects in certain sectors, to accelerate the growth rate and create jobs. Major incentives are available for investments made by enterprises located in areas in need of development.

- There are three basic kinds of tax incentives:
 - Common incentives that apply to all investors
 - Supplementary incentives for priority activities or activities that create jobs
 - Exceptional incentives, in cases of particular interest to the national economy.
- Incentives usually include an exemption from corporate income tax, local business tax, VAT and customs duties for a certain period of time (three to ten years).

- The types of investment that are entitled to tax incentives are the following:
 - The acquisition of assets directly used in creating a new business activity
 - The extension of production facilities and capacity and/or the restoration of facilities
 - Participation in the share capital of an entity.
- To benefit from tax incentives, the investor first must register the relevant investment at the national agency for the development of investment.

Exchange Control

Exchange control approval is required for all cross-border payments, including dividends. A specific process must be followed (with the bank and the tax authorities).

Payments, including cross-border payments, must be made from an Algerian bank account.

Salaries, including salaries of expatriates, must be paid into an Algerian bank account. The expatriate usually may transfer 80% to 90% of his/her salary abroad.

Expatriates and Work Permits

There is no special expatriate tax regime in Algeria. Expatriates are subject to the same taxation system as other individuals.

A work permit is required for expatriates to work in Algeria. For expatriates who want to work in Algeria, the employer must request a “Principal Agreement” from the labour authorities and the individual must request a work visa, and then a work permit.

Trade Relations




Memberships

- United Nations (UN)
- Organization of the Petroleum Exporting Countries (OPEC)
- Group 15 (G-15)
- International Monetary Fund (IMF)

Interest and Currency Exchange Rates

Monetary policy rate
Central Bank Rate - EOP: 3.75% (Source: Fitch Solutions, Trading Economics)
Currency
Algerian Dinar (DZD) – The dinar is loosely linked to the US dollar in a managed float. Algeria’s main export, crude oil, is priced in dollars, while most of Algeria’s imports are priced in euros. Therefore, the government endeavors to manage fluctuations in the value of the dinar. The DZD is divided into 100 centimes or 20 douros.
ZAR1 = DZD8.27124 (June 2019) (Source: XE Currency Converter)
USD1 = DZD119.811 (June 2019) (Source: XE Currency Converter)
EUR1 = DZD134.189 (June 2019) (Source: XE Currency Converter)

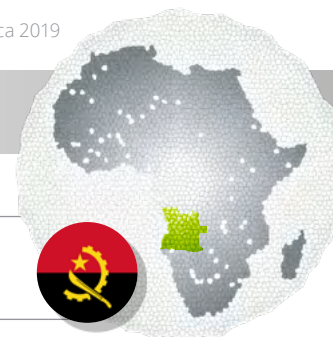
Key Economic Statistics

GDP (approximate)		USD183.69 billion (2019 forecast) (Source: IMF WEO DATABASE)
		USD193.06 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		USD380.00 million (Dec 2018) (Source: IMF WEO DATABASE)
Rate of Inflation		5.6% (2019 forecast) (Source: IMF WEO DATABASE)

Notes

1. The Algerian stock exchange officially opened in 1999, but the exchange is still considered in its infancy and plays a minor role in the financing of the country’s economy, with only two companies being listed. Conversely, the bond market has expanded in recent years.

Angola



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Income Tax – Individuals

Monthly taxable income (AOA)	Tax payable
0 – 3 450	0%
34 451 – 35 000	Amount exceeding 34 450
35 001 – 40 000	550 + 7% of amount exceeding 35 000
40 001 – 45 000	900 + 8% of amount exceeding 40 000
45 001 – 50 000	1 300 + 9% of amount exceeding 45 000
50 001 – 70 000	1 750 + 10% of amount exceeding 50 000
70 001 – 90 000	3 750 + 11% of amount exceeding 70 000
90 001 – 110 000	5 950 + 12% of amount exceeding 90 000
110 001 – 140 000	8 350 + 13% of amount exceeding 110 000

140 001 – 170 000	12 250 + 14% of amount exceeding 140 000
170 001 – 200 000	16 450 + 15% of amount exceeding 170 000
200 001 – 230 000	20 950 + 16% of amount exceeding 200 000
Over 230 000	25 750 + 17% of amount exceeding 230 000

Notes

1. Basis – Angola operates a source-based system of taxation. Resident and non-resident individuals are liable to personal income tax (PIT) on Angolan-source income from employment, i.e. income paid for or borne by an Angolan employer and all local sources of income are subject to tax in Angola.
2. Residence – Angola's tax law does not define a resident. The general tax code provides specific tax residence criteria for individuals, but the PIT code does not use this concept for the taxation of income earned by individuals.
3. Taxable income – The concept of remuneration for PIT purposes is defined broadly and includes remuneration paid or payable in cash or in kind to an individual in the form of regular or incidental, fixed or variable compensation. Remuneration derived from employment or self-employment is divided into three groups:

- Group A – Remuneration derived by employees (paid by an entity employer under an employment contract concluded in accordance with the labour law), public servants as well as remuneration earned by members of the board of directors or other statutory bodies.
 - Group B – Remuneration derived by independent freelance workers who carry out activities on the list included as an appendix to the PIT code.
 - Group C – Remuneration derived from industrial or commercial activities, as provided in the table of minimum profits (attached to the PIT code). This table sets out the minimum deemed taxable income by profession based on the location of the individual. Specific rules apply for the computation of taxable income for each group. Capital gains and losses from the disposal of fixed assets or shares generally are taxed under the PIT code. If certain conditions are fulfilled, capital gains derived from the sale of shares are not subject to PIT, but are subject to investment income tax, which is levied on income derived from capital investments (including dividends, interest and royalties) and is paid via withholding at source (see “Withholding Tax (WHT),” below).
4. Deductions and allowances – Certain compensation-related items are totally or partly exempt/not subject to PIT, such as allowances for travel and accommodation (applicable only to public servants); holiday and Christmas allowances up to 100% of employees' basic salary for the period; housing allowances (up to 50% of the rent value can be exempt); social allowances (e.g. family allowances, up to 5% of the employee's monthly basic salary; maternity, death and labour accident allowances); and old-age, disability and survivor's pension contributions, retirement bonuses, social security contributions and severance payments (up to maximum ceilings provided in the labour law). Meal and transportation allowances up to AOA30 000 per month (for each of the allowances) are not subject to PIT. There are no specific concessions for expatriates. Basic costs incurred in connection with self-employment activities may be considered deductible costs up to 30% of the relevant gross income. Unless the independent workers have organised accounting records. In these cases, taxable income is assessed according to the rules applicable to Group A corporate income tax payers.
5. Rates – As explained above, remuneration derived from employment or self-employment is divided into three groups. The following rates apply to taxable income:
- Group A – The progressive PIT rates provided in the above table apply, with a maximum rate of 17%
 - Group B – A single rate of 15% is levied on 70% of the income earned

(effective tax rate is 10.5% = 15% x 70%). When the income is paid by an entity with organised accounting records, the taxable basis is assessed in accordance to the rules applicable to Group A corporate income taxpayers.

- Group C – A 30% rate applies in cases in which the taxable income corresponds to the amounts included in the table of minimum profits or, when there is organised accounting records, to the taxable income assessed according to the rules foreseen to Group A corporate income taxpayers.

Income derived from capital investments is subject to investment income tax, which normally is paid via withholding at source.

Income tax – Companies

The general corporate income tax rate is 30%.

Notes

1. Basis – Resident entities, including entities without legal personality whose income is not directly subject to the industrial tax (i.e. the corporate income tax) in the hands of individuals or collective entities, are taxed on worldwide income. Branches of non-resident companies and non-resident legal entities with a permanent establishment (PE) in Angola are subject to tax on the profits of the PE; profits attributable to Angola sales of goods and merchandise of the same or a similar kind as those sold through the PE; and profits attributable to other business activities carried on in Angola of the same or a similar kind as those effected through the PE. Non-resident legal entities without a PE in Angola are liable to corporate income tax at a flat rate, under the occasional services tax regime (see “Rate,” below).
2. Residence – Companies with their head office or place of effective management in Angola are considered residents.
3. Taxable income – Business income is defined broadly and includes all earnings and gains from principal and secondary activities. Exemptions from tax may be granted under the private investment regime. Corporate taxpayers are divided into two groups:
 - Group A – These taxpayers include state-owned companies and similar entities; companies with share capital of AOA2 million or more; companies with annual turnover of AOA500 million or more; associations, foundations and cooperatives whose activity generates revenue in addition to the contributions and subsidies received from their associates, cooperative members or patrons; and non-resident legal entities without a PE in Angola. Group A taxpayers are taxed on the

taxable profit determined from the accounts, as adjusted in accordance with the provisions of the Industrial Tax Code.

Group B – These taxpayers include all taxpayers not included in Group A and taxpayers liable to tax only because of the exercise of an isolated act of a commercial or industrial nature (i.e. the conduct of an activity in Angola, continuously or with interruptions, for no more than 180 days in a tax year). Group B taxpayers are taxed on the taxable profit determined from the accounts, adjusted in accordance with the provisions of the Industrial Tax Code. When these taxpayers do not have organised accounting records, the taxable income is assessed from the revenues from sales of goods and/or services rendered. When it is not possible to obtain information about sales of goods and/or services rendered, taxable income is assessed through the volume of acquired goods or services hired. If it is not also possible to obtain information about volume of acquired goods or services hired, then taxable income is obtained through the table of minimum profits.

Capital gains and losses from the disposal of fixed assets or shares generally are taxed as business income under the Corporate Income Tax Code. If certain conditions are fulfilled, capital gains derived from the sale of shares are not liable to corporate income tax, but are subject to investment income tax, which is levied on income derived from capital investments (including dividends, interest and royalties) and, according to the law, is paid through withholding at source (see “Withholding Tax,” below).

4. Deductions – Properly documented business expenses generally are deductible for corporate income tax purposes, provided the expenses are considered relevant to the generation of profits. A special levy is applicable to confidential expenses (for which there is no valid supporting documentation and the occurrence and nature of the expenses are not materially verifiable), with the result that the these costs are non-deductible expenses and will be liable to a 30% levy, or a 50% levy where the expenses are incurred by a taxpayer exempt from, or not liable to, corporate income tax.
5. Losses – Losses may be carried forward for three years but cannot be carried back.
6. Foreign tax credit – There is no foreign tax credit in Angola.
7. Group relief – There is a provision allowing the transfer of tax losses between members of a group. This provision is applicable only to “large taxpayers,” upon request and provided approval is obtained from the tax authorities. Large taxpayers are subject to a special tax regime and dedicated supervision. (There is no specific criteria to consider a taxpayer as large and tax authorities considered these entities large due to the volume of their operations).

Rate – The general corporate income tax rate is 30%. A reduced 15% rate applies to income derived exclusively from agriculture, aquaculture, poultry, fishing and forestry, among other things. Special tax regimes apply to the petroleum and mining sectors. Occasional services provided by non-resident entities are taxed at a 6.5% rate. Payments for services rendered also are subject to a 6.5% WHT (exemptions may be applicable to certain services). Income derived from capital investments is subject to investment income tax, which normally is paid via withholding at source.

8. Branch taxation – Branches of foreign companies are subject to the same corporate income tax rate as domestic companies. The remittance of profits abroad is subject to investment income tax at a 10% rate.

Withholding Tax (WHT)

Investment income tax is levied on income derived from capital investments (including dividends, interest, royalties and certain capital gains). The tax normally is paid through withholding and income liable to investment income tax is not liable to corporate or PIT, subject to certain conditions. Additionally, certain services are subject to WHT.

The WHT rates on the most relevant types of payments are as follows:

Payment	Rate
Dividends or profit sharing	10%
Interest	5%/10%/15%
Royalties	10%
Capital gains on the disposal of shares or other securities that generate income subject to tax	10%
Other residual income arising from capital investment	15%
Payments for services	6.5%/10.5%

Notes

1. Dividends, interest and royalties – The same rates apply to resident and non-resident corporations and individuals.
2. Dividends – Investment income tax exemption for profits or dividends distributed by an entity with a head office or effective management in Angola to a company or equivalent entity that has held not less than 25% of its share capital for more than a year before the distribution of the profit.
3. Interest – Interest from loans, including current account loans, generally is liable to a 15% investment income tax. If the loans are granted by shareholders or interest is derived from current or term deposits placed with financial institutions, the rate is 10%. Interest on treasury notes and bonds and on central bank securities also is subject to a 10% rate, or to a 5% rate if derived from instruments with a maturity of at least three years.
Services rendered by companies – Tax resident entities or entities operating in Angola through branches or PEs must withhold corporate income tax at a 6.5% rate on service payments made to other entities; however, certain services are not liable to WHT. If the service provider is a resident, the taxes withheld on income earned can be set off against the corporate income tax payable, under certain conditions. If the service provider is a non-resident, the amount withheld in Angola is a final tax and cannot be recovered in Angola.
4. Services rendered by individuals – Tax resident entities or entities operating in Angola through branches or PEs must withhold PIT at a 10.5% or 6.5% rate on service payments made to individuals; however, certain services are not liable to WHT. If the service provider is a resident, the taxes withheld on income earned can be set off against the personal income tax payable, under certain conditions. If the service provider is a non-resident, the amount withheld in Angola is a final tax and cannot be recovered in Angola.
5. Services – In addition to the WHT, the special contribution regime for “invisible exchange transactions” has been renewed for 2019. The special contribution generally applies to payments related to contracts for foreign technical assistance and management services rendered by non-resident entities. (It is not applicable when such services are rendered by non-resident individuals.) The assessment and the payment of the special contribution are the responsibility of the Angolan hiring entity and must be paid at the local tax office before the transfer of payment for the services is made by the relevant financial institution. The special contribution rate is 10%, levied on the net value of the transfer to be made.

Tax Treaties

Angola is concluding its first ever tax treaty with Portugal. The treaty has been approved by both countries and is pending final approval.

Anti-Avoidance Rules**Transfer pricing**

The arm's length principle applies to related party transactions. The Angolan tax administration can make adjustments that are deemed necessary for determining the taxable amount when a “special relation” exists between entities, regardless of whether these entities are liable to corporate income tax if conditions have been established for transactions between the entities that are different from those that normally would be agreed upon in relations between independent entities.

The transfer pricing rules generally cover commercial transactions including any transaction for goods, rights or services, and they also include financial transactions.

The transfer pricing file must be prepared by Angolan “large taxpayers” and submitted to the tax administration by six months after the year-end.

The following transfer pricing methods may be used:

- Comparable controlled method
- Resale minus method
- Cost plus method

Thin capitalisation rules

Angola does not have thin capitalisation rules, but interest expense incurred on shareholder loans are not deductible for corporate income tax purposes.

Employment-Related Taxes

Payroll tax

PIT must be withheld by the employer and paid to the government by the end of the month following the month in which the income was paid.

Social security

Angolan citizens and foreigners with a residence permit must make Angolan social security contributions.

The total social security contribution is 11%, but the employer covers 8%. The employer is required to withhold the employee's contribution (3%) and pay both contributions by the 10th day of the month following the month in which the income was paid.

Social security is levied on a contribution basis, and the assessment rules differ from the rules applicable for PIT purposes.

Unless it is demonstrated that an expatriate is covered by a foreign social security regime, all expatriate employees must register with the National Social Security Institute and make social security contributions in Angola.

Indirect Taxes

Consumption tax

	Rate
Standard rate	10%

Notes

1. Taxable transactions – There is no VAT on commercial transactions in Angola, but there is a consumption tax, which is a combination of a single-stage sales tax and excise duty on the supply and import of certain goods and services in Angola.

2. Consumption tax will be abolished and replaced by a VAT regime as from July 1, 2019.
3. Rates – The standard consumption tax rate is 10%. Rates applicable to production of goods in Angola are the ones applicable to the importation of these same goods. The rate applicable to the provision of services depends on the type of service: certain services are taxed at a 5% rate (e.g. provision of water and energy, leasing of certain machinery and equipment, electronic communication and telecommunication services and consulting services), while others are taxed at 10% (e.g. hotel services and related or similar services, and access to shows or cultural, recreational or sporting events).

Customs and Excise Duties

Generally, the importation of products is liable to customs duties. Angolan customs duties are levied ad valorem and are applicable to imported products, regardless of their origin. The customs duty rates can vary depending on the classification of the goods (essential, necessary, useful, extra and luxury).

Cross-border transactions involving goods are liable to customs duties, stamp tax, consumption tax and administrative fees. The Angolan customs rates are based on the Harmonized Commodity Description and Coding System used in the EU.

Other Taxes

Inheritance/estate tax

A gift and inheritance tax system applies to gratuitous transfers of movable or immovable property located or existing in Angola or transferred from an Angolan resident. The transfer of assets with a value of AOA500 million or less to ascendants, descendants or spouses is exempt.

The inheritance and gift tax rates are progressive. For calculation purposes, when the taxable base exceeds AOA3 billion, the value is divided into two parts and the marginal rate is applied above the AOA3 billion ceiling:

- Between spouses or to descendants or ascendants: A 10% rate applies up to AOA3 billion, and a 15% rate applies over AOA3 billion
- Between any other persons: A 20% rate applies up to AOA3 billion, and a 30% rate applies over AOA3 billion.

Urban Property Tax (UPT)

UPT is levied on income from property (i.e. rental income for leased property) located in Angola at a 25% rate. The limit for deemed deductible expenses (i.e. charges for the maintenance and conservation of the immovable property) is 40% of the property's rent or lease value, so that the effective tax rate corresponds to 15% of the gross income. UPT payable may not be lower than 1% of the value of the property that generates the rent. Income derived from rent liable to UPT are not subject to corporate income tax.

Immovable property that is not rented also is liable to UPT. In this situation, UPT is levied on the rateable valuation and is paid by the owner, occupier or holder of the surface rights. When the rateable valuation is up to AOA5 million, no UPT is due; a 0.5% rate is applicable to property with a rateable valuation above AOA5 million.

Property Transfer Tax (SISA)

SISA is levied on the transfer of property located in the Angolan territory. The tax rate is 2% and is paid by the acquirer of the property on the higher of the sales price or the value of the property.

The acquisition of at least 50% of the shares in limited liability companies or corporations that own immovable property can trigger the SISA if the acquiring entity ends up holding more than 50% of the company and does not prove that the main

purpose of the transaction was not the acquisition of the immovable property.

SISA exemptions or reduced rates can be granted under the Private Investment Law.

Stamp tax

Stamp duty is levied on all acts, contracts, documents, transactions in securities and other acts listed in the table annexed to the Stamp Duty Code, or in special laws, that take place in the country. The following also are subject to stamp duty:

- Documents issued or acts or contracts concluded outside Angola on the same terms as would apply if they were issued or entered in Angola, and that are presented in the country for any legal purpose
- Loans and guarantees granted abroad by an entity with a head office, subsidiary, branch or PE in Angola
- Interest, fees and amounts charged by entities resident abroad to entities with a head office, subsidiary, branch or PE in Angola
- Insurance carried out abroad in relation to risks located in Angola.

The tax rates are set out in the table annexed to the Stamp Tax Code in effect at the time the tax is due, with no duplication permitted regarding the same facts or transaction. If more than one rate applies to a transaction, the highest rate will prevail. Exemptions apply to certain transactions.



Tax Administration and Compliance

Tax is administered in Angola by the Administração Geral Tributária (AGT).

Companies

1. Tax year – The tax year is the calendar year.
2. Consolidated returns – Large taxpayers may file consolidated corporate income tax returns if approved by the tax authorities; however, each company in the tax group must file a separate corporate income tax return.
3. Filing and payment – Corporate income tax must be paid annually by 31 May (with respect to the previous tax year for Group A taxpayers) or by 30 April (with respect to the previous tax year for Group B taxpayers).
Group A provisional tax payments are required on sales, at 2% of the taxpayer's sales turnover computed in the first six months of the accounting period. The provisional tax must be paid by 31 August.
4. Penalties – Penalties are imposed for the late payment of corporate income tax.
5. Rulings – Taxpayers request a binding ruling from the tax authorities. A ruling is valid for at least one year, after which, the tax authorities can review the ruling and potentially change their position for subsequent years.

Individuals

1. Tax year – The tax year is the calendar year.
2. Tax filing – Employees are not required to submit tax returns if their only income is from employment. For other taxpayers, joint filing is not permitted; spouses must file separate tax returns.
3. Filing and payment – The employer must withhold tax on monthly employment income based on the applicable PIT rates and pay it to the government by the end of the

month following the month in which the income was paid. Individuals engaged in business activities must file a tax return by 31 March of the year following the year to which the income relates.

4. Penalties – Most infringements of the PIT rules, including failure to file and errors and omissions in tax returns, are subject to the penalties set out in the General Tax Code.

Consumption tax

1. Filing and payment – The entity responsible for remitting the tax generally is the service provider or the producer of the goods. The entity acquiring the goods or services is the entity that bears the tax burden. For certain types of services, the acquiring entity is responsible for remitting the tax (i.e. a reverse-charge mechanism applies). Consumption tax applicable to the production of goods must be paid by the end of the month following the date the relevant invoice or an equivalent document is issued. In the case of services, consumption tax is due the month after the payment, or, in cases of partial payment or instalments, at the time of the first payment.
2. A special exemption applies to oil operators in the research and development stage. The exemption can be extended to the exploration stage provided the Angolan tax authorities agree. When consumption tax is due on transactions carried out with oil operators, these entities are responsible for remitting the tax due.
3. Penalties – Most infringements of the consumption tax rules, including the failure to file and errors and omissions in tax returns, are subject to the penalties set out in the General Tax Code.

GENERAL INVESTMENT INFORMATION

Investment Incentives

General incentives

Under the private investment regime, incentives and benefits may be granted to foreign investments of USD1 million or more (or the equivalent in the national currency) and domestic investments of USD500 000 or more (or the equivalent in the national currency). The incentives are based on a matrix that combines geographic areas and priority sectors and may be granted for up to 10 years.

In addition to the legal framework for the private investment regime, it is necessary to consider specific legislation, such as that affecting the oil, mining and banking industries, which also may offer incentives.

The new Private Investment Law applies to private investments of any amount made by national or foreign investors. This regime does not apply to investments made by state-controlled legal persons (total or major ownership of capital) or to sectors governed by special legislation. Investment projects are subject to a prior declaration regime or a special regime.

Private investors are free to choose the preferred investment regime. The prior declaration regime requires the submission of the investment proposal to the public entity responsible for registration of the investment and for granting benefits. According to this regime, companies already must be incorporated, so it is not necessary to present a private investment registration certificate evidencing the act of incorporation.

The special regime applies to investment projects carried out in priority activity sectors and in development areas specified in the law.

Tax benefits (notably corporate income tax, SISA, UPT, investment income tax) are available under both regimes.

Exchange controls

Exchange controls are administered by the central bank. The import or export of funds is subject to the rules established by the bank. The regime on private investment specifies procedures to obtain approval for foreign investment based on the amount of the investment and whether the investment is of significance to Angola's economy. Under the private investment regime, foreign investors can obtain a guarantee of the ability to repatriate profits and dividends arising in Angola if certain conditions are fulfilled.

Expatriates and work permits

All foreign employees performing duties in Angola must obtain visas after justification is made for their stay in the country.

Trade Relations




Memberships

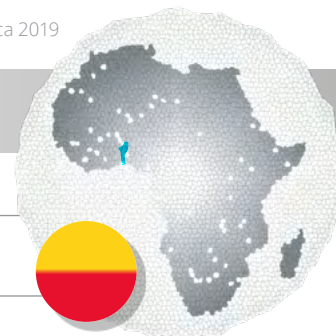
- Cotonou Agreement
- Southern African Development Community (SADC)
- Common Market for Eastern and Southern Africa (COMESA)
- Organization of the Petroleum Exporting Countries (OPEC)
- African Growth and Opportunity Act (AGOA) beneficiary

Interest and Currency Exchange Rates

Monetary policy rate
Central Bank Rate - EOP: 15.5% (Source: Bank of Angola)
Currency
The Angolan Kwanza (AOA). The AOA is subdivided into coin denominations of 100 centimos and is denoted by the symbol Kz.
ZAR1 = AOA22.8073 (June 2019) (Source: XE Currency Converter)
USD1 = AOA330.445 (June 2019) (Source: XE Currency Converter)
EUR1 = AOA370.182 (June 2019) (Source: XE Currency Converter)

Key Economic Statistics

GDP (approximate)		USD92.19 billion (2019 forecast) (Source: IMF WEO DATABASE)
		USD96.43 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		BODIVA (Angolan Securities and Debt Stock Exchange) plans to launch the Angola Stock Exchange.
Rate of Inflation		17.46% (2019 forecast) (Source: IMF WEO DATABASE)



Benin

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Income Tax – Individuals

Taxable income (XOF)	Rate
0 – 50 000	0%
15 001 – 130 000	10%
130 001 – 280 000	15%
280 001 – 5 300 000	20%
Over 5 300 000	30%

Notes

1. Basis – An individual, whether Beninese or a foreign national, whose tax domicile is in Benin generally is subject to personal income tax on worldwide income. Foreign-source income that already has been taxed may be exempt under an applicable tax treaty. Individuals not domiciled in Benin are subject to tax only on Benin-source income.
2. Residence – Domicile is based on habitual residence, as evidenced by a permanent home, principal place of residence or centre of economic interests.
3. Taxable income – Income is taxed under five schedules: industrial and commercial profits; non-commercial profits; employment income (salary, wages, benefits in kind, bonuses, etc.); income from movable capital (investments); and property income.
4. Exempt income – The first XOF5 000 per month of employment income is exempt from tax. Resident individuals are exempt from personal income tax on capital gains derived from the disposal of shares.

5. Deductions and allowances – Tax liability is reduced based on the number of dependent children.
6. Rates – Progressive rates range from 20% to 45%. The tax on salaries is deducted at source at progressive rates from 10% to 30%. There are no specific taxation rates for non-residents. A 10% tax is withheld on fees paid to a service provider.

Income tax – Companies

	Rate
Standard corporate tax rate	30%

Notes

1. Basis – Resident corporations are taxable on Benin-source profits and foreign-source dividends, interest, royalties and capital gains, but not on foreign-source industrial and commercial profits. Non-resident corporations are subject to tax only on Benin-source income and on the rental value of their Benin property.
2. Residence – Residence is not defined in the tax law, but includes companies registered in Benin and permanent establishments (PEs) and branches of non-resident corporations.
3. Taxable income – Income is taxed under four schedules: industrial and commercial profits; non-commercial profits; income from movable capital (investments); and rental income. Dividends received from domestic companies are not included in taxable income when determining corporate income tax liability. Capital gains derived from the disposal of business assets are included in ordinary income and taxed at the company rate (however, the taxation of certain capital gains may be

deferred if the taxpayer reinvests the gains, subject to certain conditions before the expiration of a three-year period).

4. Deductions – Deductions normally are allowed for expenses incurred in generating income. Management fees may be deducted if they are reasonable for the services rendered.
5. Losses – Losses may be carried forward for three years. Losses arising because of excess capital allowances may be carried forward indefinitely.
6. Foreign tax credit – There is no unilateral relief granted on taxable income from a foreign-source.
7. Group relief – There is no provision allowing for group relief or the transfer of losses between members of a group.
8. Rate – The corporate income tax rate for non-industrial companies and partners that opt for corporate income taxation is 30%. Industrial companies are subject to a 25% rate. The rate is between 35% and 45% for oil companies carrying out research and the exploitation, production and sale of natural hydrocarbons. Branches of foreign companies are subject to the same rate as domestic companies, but they also are subject to a 15% branch tax on profits remitted to the head office.
9. Alternative minimum tax – Industrial companies are subject to a tax at a rate of at least 0.5%, and for other companies (non-industrial), a tax of 0.75% is levied on cash income but the amount may not be lower than XOF200 000.

Withholding Tax (WHT)

The WHT on various types of payments are as follows (the tax is a final tax for non-residents):

	Residents	Non-residents
Dividends ¹	0%-15%	0%-15%
Interest ²	15%	15%
Royalties ³	See note	10%-12%
Technical services ⁴ fees	See note	10%-12%
Other ⁵	See note	See note

Notes

1. Dividends – The general WHT rate on dividends is 15%. However, the rate is reduced to 10% for dividends distributed by a joint stock company and 7% for dividends distributed by a company whose shares are listed on a stock exchange approved by the Regional Council for Public Savings and Financial Markets (CREPMF) in the West African Economic and Monetary Union (WAEMU, comprised of Benin, Burkina Faso, Cote d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo).
2. Interest – Interest paid to a resident or a non-resident generally is subject to a 15% WHT. A 6% rate applies to income arising from bonds, which may be reduced by the government in certain cases. The rate on bonds issued by WAEMU countries or by the local authorities is 3% if the term of the bonds five or 10 years and 0% if the term of the bonds is longer than 10 years.
3. Royalties paid to a foreign individual are subject to a 10% WHT and royalties paid to a foreign company are subject to a 12% WHT. Royalties paid to a resident individual are considered non-commercial profits and are subject to personal income tax at progressive rates. Royalties paid to a resident company are not addressed in the General Tax Code, so they are subject to corporate income tax at the 30% rate.
4. Technical service fees – Technical service fees paid by a resident company to a non-resident company are subject to a 12% WHT. Technical service fees paid by a resident company to another resident company are subject to a 1% or a 5% WHT.
5. Other – A 12% WHT is imposed on other payments made to non-residents; the tax is levied on the gross amount in respect of all activities carried out with a resident of Benin.

Tax treaties

Benin has concluded four tax treaties:

Treaty partner	Dividends	Interest	Royalties
France	0%	0%	0%
Kuwait	0%	0%	20%
Norway	18%	25%	0%
WAEMU	10%	15%	15%

Anti-avoidance rules

Transfer pricing

Pretax profits indirectly transferred abroad (by adjusting the sale or purchase price or by any other means) to a non-resident company that controls or is controlled by the Benin corporate taxpayer may be added back to taxable income.

Thin capitalisation rules

There are no specific thin capitalisation rules in Benin, but loan interest due to shareholders will be disallowed to the extent it arises from interest rates that are more than three percentage points above the base rate of the West African States Central Bank or where the corporate capital of the borrowing company is not fully paid up.

Employment-related taxes Payroll tax

A 4% rate applies, based on a widely defined concept of emoluments.

Pay-As-You-Earn (PAYE)

The employer must withhold tax on salaries, wages and other remuneration and pay the tax to the tax administration on a monthly basis by the 10th day of the month following the payment.

Social security

The employer's social security contribution is 15.4% of gross salary (6.4% pension and a 9% family allowance), plus 1% to 4% as industrial injury insurance, depending on the degree of risk in the employment. The employee's contribution is 3.6% of gross salary.

Employer wage payment/Versement patronal sur salaires (VPS)

VPS is a tax payable by the employer in place of the former payroll and apprenticeship taxes. Individuals and legal persons that pay salaries and wages are subject to the VPS at a rate of 4% (2% for educational institutions). The VPS is payable monthly at the same time as the IRPP/TS and is completed on a separate return.

Indirect Taxes

Value added tax (VAT)	Rate
Standard rate	18%

Notes

1. Taxable transactions – The supply of goods and services carried out (or used) in Benin and imports into Benin are subject to VAT.
2. Rates – The standard VAT rate is 18%. Exempt activities include imports of certain products, banking and general insurance. Externally financed government contracts are exempt in certain circumstances. Exports of goods and services are zero-rated.
3. Registration – All individuals or legal entities that purchase goods for resale or carry on industrial, commercial, non-commercial, artisan or professional activities and whose turnover exceeds XOF50 million per year are subject to VAT and must register with the tax authorities. Small companies with annual turnover exceeding XOF20 million may request VAT registration.
4. Invoicing: All companies subject to VAT must issue invoices from an electronic system that will be granted or authorised by the tax administration.

Customs and excise duties

Customs duties are levied on the customs value of most imported goods. As a member of the WAEMU, Benin does not levy customs duties on imports from other WAEMU member countries.

Import duties

For imports into Benin, a WHT is levied on corporate income at a rate of 1% for registered companies and another WHT of 3% is due by listed taxpayers. The tax is applied on the customs value, in addition to all duties and taxes, except VAT.

Other Taxes**Stamp duty**

There are fixed rate charges for the stamping of business contracts and other documents. Ad valorem charges are made as described in "Capital Duty" (below) and "Transfer Tax" (also below) at rates of 1% for short-term leases or hires, 5% for long-term leases or sales of moveable property or 8% for sales of a business and at a fixed fee of XOF6 000 for shares or mergers, capital increases and share transfers that do not involve the takeover of a company.

Registration of service contracts is no longer free. The rate is set at 1% of the price.

Capital duty

No duty is levied on the formation of a company, but an increase in capital is subject to a fixed duty of XOF6 000.

Transfer tax

A transfer tax of 8% is levied on the transfer of land and buildings. A transfer of shares that results in the takeover of a company also is subject to an 8% tax.

Real property tax

An annual real property tax is levied on the owner of property in "main" towns at a rate of 6% of the rental value for developed property and 5% for undeveloped property. The charge may be reduced where the property is vacant. The tax is payable in advance, in equal instalments in January and

March. An "additional tax" of 6% on leased property is payable by the tenant.

Inheritance/Estate tax

For "Stamp Duty." The same rates of transfers from a deceased person's estate. In Benin, there is no specific tax in Inheritance. There is Stamp Duty on transfers from deceased person's estate.

Miscellaneous taxes on corporations

A monthly tax on financial activities is charged on banks and other financial institutions at a rate of 10% of the gross value of interest, commissions and other financial income.

The business license tax includes fixed and variable elements, taking into account the rental value of premises used and the nature of the company's activities.

An annual radio tax of XOF1 000 is due from companies that are subject to corporate tax in Benin. An annual television tax of XOF3 000 is due from companies that are subject to corporate tax in Benin, except companies subject to a fixed tax regime.

Contracts for insurance of assets in Benin are subject to insurance tax at rates from 0.25% (export credit) to 20% (fire).

Tax on company vehicles is XOF150 000 or XOF200 000 per year, depending on the engine size.

Withholding tax on sales of hydrocarbons

A levy equal to XOF0.3 per litre sold is payable by companies that are not resident in Benin but that yield directly to local and foreign approved importers with respect to hydrocarbons in containers built in Benin. The debtor of the amount and the non-resident importer are jointly and severally liable for the payment of the tax. The penalties are the same as for VAT.



Tourist tax

Stays in hotels and similar establishments, as well as rentals in furnished residences regardless of the duration, are subject to a tourist tax, which is paid by the customer.

Electronic communications services

A contribution applies on the sale of electronic telecommunications services on networks open to the public. The rate is 5% of the price of duty-free sale of the service, with the tax collected and paid by the supplier.

Tax for the development of sport

A tax for the development of sports is levied on large companies, with the taxable base represented by turnover, excluding taxes, at a rate of 1%. The tax is deductible in computing income tax and is paid in the same manner as the income tax.

Tax Administration

Tax is administered in Benin by the General Tax Office.

Companies

1. Tax year – The tax year is the calendar year. A company cannot request a different 12-month period.
2. Consolidated returns – Consolidated returns are not permitted; each company must file a separate return.
3. Filing and payment – Tax returns for business income must be filed by 30 April after the end of the fiscal year, with any balance of tax due paid at that time. Quarterly advance payments are due on 10 March, June, September and December based on the previous year's tax liability. Tax also is collected when a company makes purchases or deals with service providers at rates of 1% (for registered enterprises) and 5% (for unregistered enterprises). The rate is 1% for all enterprises (registered) when they import goods. Large

companies may pay tax by bank transfer instead of certified checks or electronically.

4. Penalties – Penalties are assessed at rates ranging from 20% to 80% of the tax due, depending on whether the taxpayer's return was accidentally, mistakenly or fraudulently in error. The 80% rate also applies to estimated assessments in the absence of a return or a return submitted after an injunction.
5. Rulings – While there is no statutory requirement to issue binding rulings, the tax authorities may provide an advance discussion on the interpretation of the tax legislation.

Individuals

1. Tax year – The tax year is the calendar year.
2. Tax filing – Each taxpayer must file a return. Joint returns of spouses are not permitted.
3. Filing and payment – The individual tax return must be filed by 30 April for business income, with any balance of tax due paid at that time. Individual income tax is paid in quarterly advance in instalments on 10 March, June, September and December. A tax return is required even when all income is from employment and tax has been deducted at source. Taxes on salary must be paid monthly.
4. Penalties – Penalties are assessed at rates ranging from 20% to 80% of tax due, depending on whether the taxpayer's return was accidentally, mistakenly or fraudulently in error. The 80% rate also applies to estimated assessments in the absence of a return submitted only after an injunction.

Value added tax

1. Filing and payment – VAT returns must be submitted monthly, along with payment of VAT due by the 10th of the following month.
2. Penalties – A penalty equal to 20% of the tax liability is levied for late payment and 10% for late filing.
3. Billing must be chronological and on an ongoing basis.

GENERAL INVESTMENT INFORMATION

Incentives

General incentives

Incentives are granted under several laws, including the Investment Code, Mining Code, Petroleum Code, Environment Code and Free Zone Law, etc.

Tax incentives

- New or expanding enterprises that contribute to the government's economic and social objectives may be eligible for incentives during a "setting-up" period of up to 30 months, and five to nine years of business operations, depending on the location
- Enterprises investing at least XOF500 million and creating at least 20 new jobs for nationals of Benin will be able to import production plant, machinery and spare parts, duty-free; export production free from export duties; and will be exempt from tax on industrial and commercial profits for an approved period
- Enterprises investing at least XOF3 billion may obtain tax stability guarantees. Fifty percent of profits re-invested in approved projects may be deducted from taxable income
- New industrial enterprises or divisions of established corporations may be granted a five-year income tax exemption
- Enterprises licensed to operate in Industrial Free Zones (IFZs) may be granted a 10-year exemption from income tax on industrial and commercial profits, and a 50% reduction in the rate of VPS (employer payment) for five years, as well as other tax concessions
- Financial and banking institutions, holding companies in general and insurance companies may obtain a license to operate in IFZs.

Export incentives

Companies that benefit from the free zone regime are entitled to export incentives, and exported products or services are exempt from VAT.

Exchange controls

The CFA Franc is linked to the euro at a fixed exchange rate and unlimited convertibility to the euro is guaranteed. The CFA members (i.e. Benin, Burkina Faso, Cote d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo) have agreed to apply exchange control regulations modelled on those of France. Transfers within the CFA Zone are not restricted. Dividends paid out of revenue and capital on disinvestment may be remitted.

Expatriates and Work Permits

Work permits are required for expatriates who come to Benin with a long-term visa (i.e. valid for one year). The employment contract of the expatriate must be submitted to the Ministry of Labour for approval, and once a work permit is issued, it will be valid for one year, with the possibility for renewal. A resident permit issued by the Immigration Ministry also is required for all expatriates.

Trade Relations




Memberships

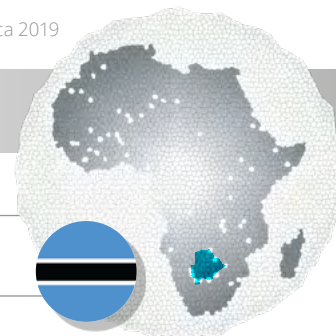
- World Trade Organization (WTO)
- West African Economic and Monetary Union (WAEMU)
- Economic Community of West African States (ECOWAS)

Interest and Currency Exchange Rate

Monetary policy rate	
Central Bank Rate - EOP: 4.5%	(Source: Trading Economics, Central Bank of West African States)
Currency	
CFA Franc (XOF) is used by eight independent states in West Africa: Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Sénégal and Togo.	
ZAR1 = XOF40.425	(June 2019) (Source: XE Currency Converter)
USD1 = XOF585.328	(June 2019) (Source: XE Currency Converter)
EUR1 = XOF655.957	(June 2019) (Source: XE Currency Converter)

Key Economic Statistics

GDP (approximate)		USD11.18 billion	(2019 forecast) (Source: IMF WEO DATABASE)
		USD12.13 billion	(2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		USD119.00 million	(Dec 2018) (Source: IMF WEO DATABASE)
Rate of Inflation		2.05%	(2019 forecast) (Source: IMF WEO DATABASE)



Botswana

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Income Tax Resident individuals

Taxable income (BWP)	Income tax payable
Up to 36 000	0%
36 001 – 72 000	5%
72 001 – 108 000	BWP1 800 + 12.5%
108 001 – 144 000	BWP6 300 + 18.75%
Over 144 000	BWP13 050 + 25%

Notes

1. Basis – Botswana operates a source-based system of taxation. Both resident and non-resident individuals are liable to income tax on Botswana-source income. Botswana citizens also are subject to tax on their income from foreign sources.
2. Residence – An individual is resident if his/her permanent place of abode is in Botswana; if he/she is physically present in Botswana for more than 183 days in a tax year; or he/she is physically present for any period of time and that period is continuous with a period of physical presence in the immediately preceding or immediately succeeding tax year, for which the individual has been treated as a resident.
3. Taxable income – Taxable income comprises income from employment, business income, passive income (such as dividends and interest) and capital gains. Individuals are taxed on the value of any benefit or advantage arising from employment, whether in cash or in kind. All

amounts accrued to a person are deemed to be from one source, with the exception of income from mining and farming and capital gains.

4. Exempt income – Certain types of income are exempt (e.g. pension fund contributions, medical expenses, passage and local interest accrued from a bank or building society up to BWP7 800 per year). An employer's contributions to a medical benefit fund on behalf of an employee are not taxable in the hands of the employee.
5. Deductions and allowances – Few deductions are allowed and no allowances are granted. Contributions to an approved pension or superannuation fund are deductible up to 15% of chargeable income, excluding investment income. Taxpayers with business income are entitled to the same deductions that are granted to companies. See also below, under "Investment Incentives."
6. Rates – Income below BWP36 000 per year is exempt. Otherwise, rates are progressive up to 25%. Capital gains derived by individuals are subject to tax at rates up to 25% but assessed separately from other income.

Corporate Tax Rates

Company type	Tax rate
Resident companies	22%

Non-residents (Individuals, trusts and estates)

Taxable income (BWP)	Tax rate payable
Up to 72 000	5%
72 001 – 108 000	BWP3 600 + 12.5%
108 001 – 144 000	BWP8 100 + 18.75%
Over 144 000	BWP14 850 + 25%

Notes

- The above rates also apply to non-residents in respect of employment and business income earned in Botswana. In addition, certain payments made to non-residents outside Botswana are subject to WHT.

Corporate Tax Rates

Company type	Tax rate
Resident companies	22%
Resident companies – Approved manufacturing taxable income	15%
International Financial Services Centre (IFSC) companies – Approved services income	15%
Botswana Innovation Hub accredited company	15%
Foreign dividends	15%
Unapproved pension and provident fund – investment income	75%
Approved business operations (in the SPEDU region) ³	
• First five years	5%
• Thereafter	10%
Botswana Development Corporation Limited Group of Companies	22%/15%

Notes

- Basis** – Corporate tax is levied on the Botswana-source taxable income of all companies, other than tax-exempt bodies and small companies that elect to be treated as partnerships or sole proprietorships. Foreign-source dividends and interest are deemed to be from a Botswana source and taxed on an accruals basis, while foreign business profits are taxable only when remitted to Botswana.
- Residence** – A company is resident in Botswana if it is incorporated in Botswana or managed and controlled in Botswana. For income tax purposes, a company includes an association or society (whether or not incorporated or registered), but excludes a partnership.
- Taxable income** – Taxable income is gross income, including capital gains, less exempt income and allowable deductions. Dividends received from a Botswana-resident company are excluded from the definition of gross income and, therefore, constitute exempt income for corporate income tax purposes (although a WHT is levied). Where capital gains are derived from the sale of shares, only 75% of the net aggregate gain is taxable. Gains from shares that are listed on the Botswana stock exchange (BSE) are tax-exempt if the seller holds at least 49% of the shares for at least one year before the disposal. Gains from the disposal of IFSC shares are exempt from tax.
- Deductions** – All expenditure incurred wholly, exclusively and necessarily in the production of assessable income will be allowed as a deduction from assessable income. No deduction will be allowed in respect of domestic or private expenses, capital withdrawn or expenditure or loss of a capital nature, tax imposed under the Income Tax Act, etc.
- Losses** – Losses may be carried forward for five years. Mining enterprises may carry forward their losses indefinitely. The carryback of losses is not permitted. Farming assessed losses may be carried forward for five years.
- Foreign tax credit** – Relief from double taxation is provided in the form of a credit against Botswana tax for foreign tax paid on the foreign income. The credit is granted under Botswana domestic law or may be available under an applicable tax treaty. In the former case, the credit is limited to the amount of Botswana tax applicable to the foreign income.
- Group relief** – Botswana tax law treats every company within a group as a separate and independent taxpayer. No provision is made for group companies to file a consolidated tax return, nor are there provisions for the transfer of losses between group companies, with the exception of the Botswana Development Corporation Limited Group of Companies.
- Rates** – The corporate tax rate for resident companies is 22%, and 15% for manufacturing and IFSC companies. A branch of a foreign company

is taxed at a rate of 30%, which makes this the least tax-efficient vehicle through which to operate in Botswana. Dividends received from sources outside Botswana are subject to a flat 15% tax.

9. IFSCs – Approved financial operations that qualify as an IFSC include companies carrying on banking and financing operations, broking and trading of securities, investment advice, management and custodial functions in relation to collective investment schemes, insurance and related activities, registrars and transfer agency services, and accounting and financial administration.
10. Mining operations – For mining projects, the company is taxed on the basis of the tax agreement entered into with the Ministry of Finance and Development Planning, as per the provisions of the Income Tax Act. In the absence of such an agreement, the mining profits will be taxed based on the following formula: Tax rate = $70 - 1500/x$, where x is the ratio expressed as a percentage of taxable income to gross income, subject to a minimum tax rate of 22%. Mining companies are eligible for a mining capital allowance calculated at 100% of the mining capital expenditure incurred in the tax year.
11. Training levy – A training levy is payable based on a certain percentage of the taxable supplies and is administered by the income tax authorities on behalf of the Botswana Qualifications Authority.
12. Selebi Phikwe Economic Development Unit (SPEDU) – Region Development Approval Order (DAO) aims at creating a favourable tax regime to encourage investment in the SPEDU region. Incentives include concessionary corporate tax rates for a new or an existing approved business in the agriculture, manufacturing and tourism sectors.

Withholding Tax (WHT)

Certain payments made to residents and non-residents, whether corporate or individual, are subject to WHT at the following rates:

	Residents	Non-residents
Dividends	7.5%	7.5%
Interest	10%	15%
Royalties	–	15%
Rent	5%	5%
Management, technical and consulting fees	–	15%

Commissions and brokerage fees	10%	10%
Entertainers/sportsmen	–	10%
Construction	3%	3%
Mine rehabilitation fund – surplus	10%	10%
Purchase of livestock for slaughter/or for feeding for slaughter	4%	–

Notes

1. The WHT on dividends, interest, royalties, management, technical and consulting fees, and fees paid to entertainers/sportsmen is a final tax for non-residents. The rates may be reduced under an applicable tax treaty.
2. Management, technical and consulting fees include payments for services of an administrative, technical, managerial or consulting nature. This includes virtually all service fees, irrespective of where the services are rendered.
3. The definition of an entertainment fee includes payments to associations and companies for the activities of non-resident entertainers. Therefore, all payments for non-resident entertainers and athletes are subject to the 10% WHT applicable to entertainers, regardless of who actually receives the payments or how they are made.
4. No WHT is levied on remittances of branch profits to a head office or IFSC companies.
5. No WHT is levied on services related to construction, e.g. design, engineering and surveying.
6. Payments made by local telecommunication companies to foreign telecommunication companies under international agreements for international telephone service fees are excluded from the definition of commercial royalties and, hence, are exempt from the royalty WHT requirements.

7. Botswana residents that receive interest exceeding BWP1 950 per quarter from a bank or financial institution on deposits, bonds and securities are subject to a 10% WHT. This is a final tax where the interest is paid by banks and building societies to individuals. In all other cases, the tax is credited against the final tax payable on assessment.

Tax Treaties

Botswana has concluded tax treaties with a number of countries. The maximum WHT rates (including lower alternative rates that apply in qualifying circumstances) are set out below:

Country	Dividends	Interest	Royalties	Mng consultancy/ technical fees
Barbados	75%/7.5%	10%	10%	10%
France	75%/7.5%	0%/10%	10%	7.5%
India	7.5%	10%	10%	10%
Ireland	5%	7.5%	5%/7.5%	7.5%
Mauritius	75%/7.5%	12%	12.5%	15%
Mozambique	7.5%	10%	10%	10%
Namibia	7.5%	10%	10%	15%
Russia	75%/7.5%	10%	10%	10%
Seychelles	5%/7.5%	7.5%	10%	10%
South Africa	7.5%	10%	10%	10%
Swaziland	7.5%	10%	10%	10%
Sweden	5%	7.5%	10%	15%

United Kingdom	75%/7.5%	10%	10%	7.5%
Zambia	75%/7%	10%	10%	10%
Zimbabwe	75%/7.5%	10%	10%	10%

Notes

1. Botswana has treaties/protocols in the process of negotiation (or signed, but not yet ratified) with the following countries: Belgium, China, Lesotho, Luxembourg, Malawi, Malta and the United Arab Emirates.
2. Where the domestic rate of WHT is lower than the treaty rate, the domestic rate is shown.
3. Where there are two withholding tax rates on dividends, the lower rate applies where the recipient is a company that holds at least 25% of the share capital of the payer company. Direct ownership is required under some treaties.
4. Several treaties provide for an exemption on interest (and occasionally dividends) paid to the government of one of the contracting states or to one of its political subdivisions, to the central bank or to other legal entities wholly owned by the government or one of its political subdivisions. Because of the frequency of these types of exemptions, they are not reflected in the rate column, so the relevant treaty should be consulted to determine the extent of an exemption.
5. The 5% rate on royalties under the treaty with Ireland applies to royalties payable in respect of the use of or right to use industrial, commercial or scientific equipment.
6. The 0% rate on interest under the treaty with France applies to interest paid in connection with the sale on credit of industrial, commercial or scientific equipment, or of merchandise, or the furnishing of services by one enterprise to another enterprise.
7. The 5% rate applies if the beneficial owner is a company and holds 25% or more of shares.



Indirect Taxes

Value Added Tax (VAT)

VAT	Rate
Standard rate	12%

Notes

1. Taxable transactions – VAT is levied on the supply of goods and the provision of services by a VAT taxable person in the course of doing business, and on the importation of goods or services.
2. Rates – The standard VAT rate is 12%. A number of goods and services are exempt from VAT, including education services, non-fee-based financial services, residential accommodation, passenger transportation (excluding the transportation of tourist), donations, grants, prescription drugs, public medical services and all farming equipment. Zero-rated supplies include exports, supplies of certain foodstuffs, fertilizers for farming purposes and some pesticides.
3. Registration – Taxpayers with annual turnover of at least BWP1 million must register for VAT purposes.

Anti-Avoidance Rules

The Income Tax (Amendment) Act 2018, published on 31 December 2018, introduced transfer pricing rules and thin capitalisation provisions that will apply as from 1 July 2019.

Transfer pricing

The transfer pricing legislation will apply to transactions between connected persons within and outside Botswana. If such a transaction is not consistent with the arm's length principle, the income that would have accrued in a comparable transaction that was consistent with the arm's length principle will be included in the taxable income of the recipient. There is no provision for a corresponding adjustment to the deduction available to the payer.

Where a Botswana resident taxpayer acquires a new or used asset from a non-resident connected person, and that person

purchased the asset from an independent third party, the tax authorities will deem the purchase price of the asset to be nil, unless the taxpayer provides a tax invoice issued by the independent third party to the connected non-resident.

Bilateral advance pricing agreements (APA) will be available provided Botswana has a tax treaty with the country in which the connected person is resident. APA regulations are awaited.

Details of transfer pricing documentation requirements have yet to be announced by the minister, but documentation must be provided to the Commissioner General upon request. Failure to submit the documentation when requested can result in the imposition of penalties of up to BWP500 000.

Failure to comply with the transfer pricing legislation can result in the imposition of penalties equal to the greater of 200% of the tax that would have been payable had the transaction been conducted at arm's length or a fine of BWP10 000.

Thin capitalisation provisions

The thin capitalisation rules restrict the amount of interest on debt that otherwise would reduce a company's profits and thereby reduce its tax payable.

Other than for banking and insurance companies, a deduction will not be allowed for net interest exceeding 30% of EBITDA. The calculation of net interest includes certain imputed interest, the finance element of finance lease payments, certain exchange gains and losses, the cost of obtaining guarantees and loan arrangement fees.

Disallowed interest may be carried forward for deduction for up to three years (10 years for mining and prospecting companies).

Other Transaction Taxes

Transaction taxes

Transfer duty	Rate
No transfer duty is payable where the sale of property attracts VAT	
There is no marketable securities tax/stamp duty on share transfers ¹	
Citizens	
Non-agricultural property – value exceeding BWP200 000	5%
Agricultural property – value exceeding BWP200 000	5%
Non-citizen	
Non-agricultural property	5%
Agricultural property	30%
Share capital duty	
Nominal capital BWP1 – BWP3 000	BWP200
For every BWP1 000 or part thereof exceeding BWP3 000	BWP8

Notes

- Transfer duty Amendment Bill 2018, (Published on 2nd November 2018 but the date of entry into force is still to be published) – introduction of transfer duty on transfer of shares in property-holding companies; increasing the duty rate from 5% to 30% for non-citizens; increase in the exemption applicable to citizens from BWP200 000 to BWP500 000; imposition of the duty on tribal land; exemption from the duty for 1st time home-owners, where the buyer is a citizen of Botswana.

Capital Gains

Capital gains tax rates

Resident and Non-resident Individuals		
Taxable income as exceeds	But does not exceed	Capital Gains Tax payable
BWP0	BWP18 000	0
BWP18 001	BWP72 000	0 + 5% of excess over BWP18 000
BWP72 001	BWP108 000	BWP2 700 + 12.50% of excess over BWP72 000
BWP108 001	BWP144 000	BWP7 200 + 18.75% of excess over BWP108 000
BWP144 001 and above		BWP13 950 + 25% of excess over BWP144 000
Resident company		22%
Non-resident company		30%

Capital transfer tax rates

	Aggregate taxable value (BWP)	Tax payable
Resident and non-resident individuals	0 – 100 000	2%
	Over 100 000 – 300 000	BWP2 000 + 3%
	Over 300 000 – 500 000	BWP8 000 + 4%
	Over 500 000	BWP16 000 + 5%
Resident and non-resident companies	All	12.5%

Inheritances and donations

Donations and other gratuitous disposals (such as inter vivos gifts and estates of deceased individuals) are subject to capital transfer tax, depending on their value.

Tax Administration and Compliance

The tax system is administered by the Botswana Unified Revenue Service (BURS).

Companies

1. Tax year – The tax year is the fiscal year, which runs from 1 July to 30 June, although a company may choose any date as its fiscal year end.
2. Consolidated returns – Each company within a group is treated as a separate and independent taxpayer. It is not possible for group companies to file a consolidated tax return.
3. Filing and payment – A self-assessment tax (SAT) system applies. Under self-assessment, a company whose corporate tax liability is at least BWP50 000 is required to pay the tax in four quarterly payments commencing with the first quarter of its financial year-end. A final, or fifth instalment, is payable within four months after its year-end, at the time the tax return is submitted. A company with a liability of less than BWP50 000 must pay the full tax liability at the time the return is filed, i.e. four months after its financial year end.
4. Penalties – Penalties may be imposed at BWP100 per day for the late filing of a corporate tax return. Late payment interest on quarterly SAT payments and assessed tax is compounded at 1.5% per month. Late payment of PAYE and WHT also is compounded at 1.5% per month.

5. Rulings – There is no formal advance tax ruling system in Botswana, although a company may seek a non-binding interpretation of particular provisions of the law from BURS.
6. All appeals must first be heard by a board of adjudicators.

Individuals

1. Tax year – The tax year is the 12-month period from 1 July to 30 June.
2. Filing status – Married couples are assessed separately.
3. Filing and payment – Individuals earning more than BWP36 000 per year must register with BURS and obtain a tax identification number (TIN). Self-assessment tax applies to non-corporate taxpayers on an optional basis. Any balance of tax due is payable within 30 days of receipt of an assessment.
4. Penalties – Penalties apply for failure to obtain a TIN, but no penalties are imposed for the late filing of a tax return.
5. All appeals must first be heard by a board of adjudicators.

Value added tax

1. Filing and payment – VAT is payable monthly or bimonthly depending on the level of turnover.
2. Penalties – Penalties and interest may be levied for the late filing of VAT returns and late payments.
3. Penalties may be imposed at BWP50 per day for late filing or 10% of VAT payable per month or part of a month, whichever is greater.
4. Late payment interest on unpaid VAT is compounded at 2% per month.

GENERAL INVESTMENT INFORMATION

Investment Incentives

General incentives

The following investment incentives are available:

1. Development Approval Order (DAO) – Companies that carry out an approved manufacturing business and undertake certain types of manufacturing processes qualify for a lower corporate tax rate of 15%. Any project that will benefit the economic development of Botswana may qualify, particularly projects in the mining industry, but any project that will generate employment will be considered. The relief can take any form and is negotiable.
2. Citizen Entrepreneurial Development Agency (CEDA) – Provides low-interest loans to citizens.

Special Economic Zone (Proposed)

SEZ enterprises are subject to corporate tax at a reduced rate of 15%. For investors who are looking for infrastructure and significant capital investments, income tax exemption up to 15 years.

Special tax allowances

Training allowance – 200% of expenditure which is not funded by the Botswana Qualification Authority

Construction of dwellings for employees of any business other than mining – BWP25 000 per house

- Industrial buildings – 25% initial allowance and 2.5% annual allowance on the cost of construction or purchase of new buildings or on any improvements

- Commercial buildings – 2.5% annual allowance on the cost of construction or purchase of new buildings or on any improvements
- Mining capital allowances – 100% of mining capital expenditure allowed as a deduction in the year of expenditure
- Plant and machinery – Heavy civil engineering plants used directly in construction and self-propelled portable plants or machinery used directly for manufacturing or production, 25% per annum; other industrial plant or machinery used directly for manufacturing or production, 15% per annum; other plant and machinery, 10% per annum
- Aircraft and motorised road vehicles (luxury vehicles limit BWP175 000) – 25% per annum
- Computer hardware – 25% per annum
- Computer software – Developed, 10% per annum; off the shelf computer applications, 100% per annum
- Farming – Companies engaged in farming operations are entitled to special deductions in relation to the following items of capital expenditure:
 - A farm development expenditure, deductible in the tax year in which it is incurred, for costs incurred in developing farming land for producing farming income
 - Expenditure incurred on various activities, including the prevention of soil erosion, sinking of boreholes and wells, the construction of irrigation channels, fencing and the building of roads, bridges or airstrips used in connection with the farming operations
 - The cost of the establishing trees, plantations, orchards and vineyards
 - Expenditure incurred on the construction of buildings (other than dwelling houses)
 - Farming assessed losses may be carried forward for five years.

Exchange Controls

There are no foreign exchange restrictions.

Expatriates and Work Permits

All foreign citizens working in the private sector are required to obtain work permits. Such permits normally are issued for a two or three-year period. Self-employed investors generally will not encounter problems obtaining permits, but permits for employees will be issued only if it can be demonstrated that a citizen cannot do the job. Generally, qualified persons do not experience problems obtaining permits, but it is more difficult for unqualified persons. Two-thirds of end-of-contract gratuities earned by expatriates will be taxable.

Trade Relations

Memberships

- Cotonou Agreement
- Southern African Customs Union (SACU)
- Southern African Development Community (SADC)
- African Growth and Opportunity Act (AGOA) – beneficiary country

Interest and Currency Exchange Rates

Monetary policy rate

Central Bank Rate - EOP: 5%
(Source: Bank of Botswana)

Currency

Botswana Pula (BWP). Each Pula is divided into 100 Thebe.

ZAR1 = BWP0.750692
(June 2019) (Source: XE Currency Converter)




USD1 = BWP10.8640
(June 2019) (Source: XE Currency Converter)

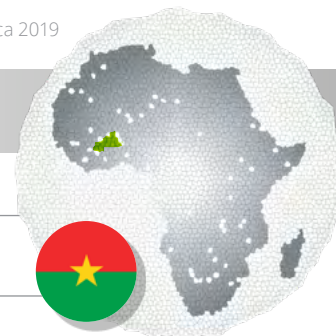
EUR1 = BWP12.1731
(June 2019) (Source: XE Currency Converter)

Notes

1. Botswana has a crawling band exchange rate system. The trading band was set at +/-0.5% around central parity, aimed at preventing large and unexpected adjustments in exchange rates.

Key Economic Statistics

GDP (approximate)		USD19.65 billion (2019 forecast) (Source: IMF WEO DATABASE)
		USD20.87 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		USD2 318.80 million (Dec 2018) (Source: IMF WEO DATABASE)
Rate of Inflation		3.62% (2019 forecast) (Source: IMF WEO DATABASE)



Burkina Faso

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Income Tax – Individuals

Taxable income (XOF) (monthly basis)	Rate
0 – 30 000	0%
30 001 – 50 000	12.1%
50 001 – 80 000	13.9%
80 001 – 120 000	15.7%
120 001 – 170 000	18.4%
170 001 – 250 000	21.7%
Over 250 000	25%

Notes

1. Basis – Habitual residents are taxable on income earned on a worldwide basis. Non-residents are subject to tax on Burkina Faso- source employment income provided the activities are carried out in Burkina Faso and the employer is located in the country.
2. Residence – Habitual residents are individuals with a permanent home available for their use in Burkina Faso or who are employed by a resident corporation.
3. Taxable income – Individuals are taxable on the same schedules of income as companies, and on employment income. All income is pooled and subject to a general income tax that is called the “unique tax on salaries.” The applicable rate is applied to the taxable income.

4. Deductions and allowances – Expenses deductible from general income include housing allowances, duty allowances, transport allowances, family allowances, civil and military pensions and severance pay, subject to certain limits.
5. Rates – The unique tax on treatments and salaries is imposed at schedular rates ranging from 0% to 25%. Income other than employment income earned by an individual is subject to income tax at rates that range from 10% to 27.5%.

Income Tax – Companies

	Rate
Standard corporate tax rate	27.5%

Notes

1. Basis – A resident corporation is subject to tax on income from movable capital on a worldwide basis. Other types of taxable income are taxed at source. Non-residents are taxed only on Burkina Faso-source income.
2. Residence – An entity incorporated in Burkina Faso is resident for tax purposes.
3. Taxable income – Income is taxed under separate schedules for industrial and commercial profits, non-commercial profits, and income from movable capital, land and agriculture. The non-commercial schedule is mainly used for professional income, royalties and know-how, and for non-resident corporations. Capital gains derived from the disposal of fixed assets and shares normally are included in taxable income, but only at 50% of the total amount. Capital gains resulting

from mergers for companies and asset contributions are exempt from corporate income tax.

4. Deductions – Business costs and expenses are deductible if they are strictly related to the business.
5. Losses – Losses may be carried forward until the fourth year following the year of the losses. Losses may not be carried back.
6. Foreign tax credit – Relief from double taxation is available through tax treaties to which Burkina Faso is a signatory.
7. Rate – The corporate tax rate is 27.5%.
8. Branch taxation – The Burkina Faso-source income of branches of foreign companies is subject to tax on securities and are subject to a branch withholding tax rate of 12.5%. The taxable base applies to 75% of the annual income of the branch.
9. Alternative minimum tax – In the case of losses, taxpayers must pay a minimum tax of 0.5% instead of corporate income tax (reduced for financial institutions and insurance and petroleum companies) on the year's turnover. The minimum tax must fall between XOF300 000 and XOF1 million. Companies are exempt from the alternative minimum tax for their first year of activity.
10. Group relief – There is no provision allowing for group relief or the transfer of losses between members of a group.

Withholding Tax (WHT)

The rates of WHT on various types of payments are as follows (the tax is a final tax for non-residents and may be reduced under an applicable tax treaty):

Payment	Residents	Non-residents
Dividends	12.5%	12.5%
Interest	12.5%/25%	12.5%/25%
Royalties	-	20%
Management and professional fees	0%/5%	20% (10% for mining companies)

* The 0% rate applies to companies covered by the Direction des grandes entreprises (DGE) and the 5% rate to other companies.

Notes

1. Interest paid to residents is taxed at 25%. This rate is reduced by half (12.5%) for income from deposit accounts and current accounts with a bank or financial broker. These rates are applicable for both residents and non-residents.
2. Royalties paid to a resident are not subject to WHT. Instead, the income is subject to corporate income tax (for companies) or the unique tax on treatments and salaries (for individuals).
3. A rate of 20% is applied on sums paid to non-resident entities for the provision of service.
4. Management and professional fees: A reduced rate of 10% applies to mining companies but exclusively for their mining operations.

Tax Treaties

Burkina Faso has concluded tax treaties with the following countries. The WHT rates under the treaties are as follows:

Type of income	France	Tunisia	WAEMU*
Dividends	15%	8%	10%
Interest	D	5%	15%
Royalties	15%	5%	15%
Management and professional fees	0%	0%	0%

* West African Economic and Monetary Union

Anti-Avoidance Rules

Transfer pricing

Transfers of profits included in payments between resident corporations and non-resident affiliates may be adjusted so that arm's length conditions apply for tax purposes.

Thin capitalisation rules

There are no specific thin capitalisation rules in Burkina Faso, but interest paid to shareholders on amounts loaned to, or put at

the disposal of, a company may be deducted only if the interest rate charged does not exceed the reference rate of the Central Bank of the West African Countries.

Employment-Related Taxes

Payroll taxes

Employers are subject to a 3% tax on the employment and apprenticeship, based on the gross amount of the salary paid to the employee, including benefits in kind and allowances.

Social security

Social security contributions are paid on the basis of the salary paid. The employer pays 16%, comprised of a 3.5% occupational accident contribution, a 7% family allowance and a 5.5% old age pension.

Employees pay social security contributions for old age pensions at a rate of 5.5%. This contribution is withheld by the employer.

Indirect Taxes

Value added tax (VAT)

VAT	Rate
Standard rate	18%

Notes

1. Taxable transactions – VAT is imposed on production activities, the distribution of goods and the provision of services in Burkina Faso. VAT also is applied to imported goods and services.
2. Rates – The standard VAT rate is 18%.
3. Registration – Taxpayers must register for VAT with the local tax authorities. There is no registration threshold.

Customs and Excise Duties

The prices taxes for the import of goods consists of the following duties and taxes:

- Customs duty (from 0% to 35%)
- Statistical royalty (1%)
- Value added tax (18%)
- Community solidarity tax (1%)
- CEDEAO community tax (0.5%)

The import of certain goods may be subject to an additional excise duty:

- Petroleum products (fixed duties that vary depending on the scale in the general tax code)
- Alcoholic and non-alcoholic products (10% to 35%)
- Coffee and tea (10%)
- Tobacco (45%)
- Kola nuts (10%)
- Livestock in transit in Burkina Faso (from XOF150 to XOF2 500 per animal)
- Fragrance and cosmetic products (10%)
- Passenger cars of 13 horsepower or more (5%).

Registration duty

A lease or lease extension is subject to registration duty of 5% for rentals of limited duration and 7% for rentals of unlimited duration. The duty must be paid during the month following the beginning of the new lease period.

The transfer of ownership of a residential building with a value below XOF10 million is subject to a fixed duty of XOF300 000 for undeveloped property and XOF500 000 for developed property.

Other Taxes

Inheritance/estate tax

The rate of estate tax ranges from 0% to 40%.

Stamp duty

Stamp duty applies for administrative acts. A fixed or variable rate is applicable, depending on the nature of the act. Several types of transactions are exempt.

Transfer tax

The transfer of shares is exempt from registration fees. A transfer tax of 8% applies to transfers of real property. Business transfers also are taxed at a rate of 10%.

Capital duty

The provisions relating to capital duty have been repealed.

Real property tax

Real property tax applies on built and unbuilt property in Burkina Faso. The tax is payable by the owner of the property, and the rate is fixed at 0.1% of the taxable amount.

Business license duty

A company or individual carrying on a trade in Burkina Faso must pay a business license duty, subject to certain exemptions. There is a fixed rate of duty, as well as a proportional rate of duty.

Tax Administration and Compliance

Tax is administered in Burkina Faso by the Direction Generale des Impots.

Corporations

1. Tax year – The tax year is the calendar year.
2. Consolidated returns – Consolidated returns are not permitted; each company must file a separate tax return.

3. Filing and payment – The tax return is due by 30 April following the tax year, together with the balance of tax for companies with annual turnover. Advance payments of tax are payable in three equal instalments by 20 January, 20 July and 20 October, based on realised profits.
4. Penalties – Penalties are charged at a rate of 10%, increased by default interest of 1% for late tax returns, failure to pay tax due and mistakes.
5. Rulings – A taxpayer may seek clarification from the tax authorities on the interpretation of provisions in the tax legislation.

Individuals

1. Tax year – The tax year is the calendar year.
2. Tax filing – Personal income tax returns are due by 30 April following the tax year. An individual whose only taxable income is employment income derived from one employer is not required to file a return unless he/she is eligible for a refund. There is no filing exemption for married couples. Payments of tax relating to a business are due as described above for companies. Tax normally is withheld at source for other sources of income.
3. Penalties – Penalties are charged at a rate of 10%, increased by default interest of 1%, for late tax returns, failure to pay tax due and errors and mistakes.

VAT

1. Filing and payment – VAT returns and payments are due monthly by the 20th day of the following month.
2. Penalties – Late returns and payments are subject to a late penalty of 25%, plus 5% per additional month. This penalty can increase to 50%, plus 5% per additional month after a direct assessment procedure. Moreover, after a tax audit, a second penalty of 50% of the unpaid amount is due and this penalty can increase to 200% in cases of fraud.

GENERAL INVESTMENT INFORMATION

Investment Incentives

General incentives

Various incentives are granted under several laws, including the Investment Code.

- The code provides the right to transfer capital and revenue secured by foreign persons and legal entities that invest in Burkina Faso in foreign currencies. Foreign investors have the right, subject to the foreign exchange regulations, to transfer dividends, any returns on the capital invested and the liquidation proceeds of assets in the same currency used in the initial investment
- The code prohibits discrimination against foreigners, e.g. foreign firms not registered in Burkina Faso can compete for contracts on projects in the country financed by international sources, such as the World Bank, United Nations or the African Development Bank
- Burkina Faso has undertaken reforms of its labour policy to make the labour market more flexible, while ensuring employee rights, including safety and health.

Tax incentives

The Investment Code provides five investment schemes, with different incentives available during the investment period and the operating period. The incentives are generally the same for each regime, the main difference being the duration period.

- During the investment period, reduced customs duties are granted for all schemes at a rate of 5% on exploration equipment and the first batch of spare equipment. An exemption from VAT applies for new companies on exploration equipment and the first batch of spare equipment

- During the operating period, an exemption from corporate income tax, business license duties and employment and apprenticeship tax is available for a period of between five and seven years, depending on the scheme (which depends on the amount of the investment).

Businesses that engage in the following activities fall outside the scope of the Investment Code:

- Exclusively commercial and trading activities
- Mining research or mining activities under the Mining Code
- Banking and financial services
- Telecommunications activities other than those of authorised telephone companies.

Exchange Controls

The CFA franc is linked to the euro at a fixed exchange rate and unlimited convertibility to the euro is guaranteed. The CFA members (i.e. Benin, Burkina Faso, Guinea-Bissau, the Ivory Coast, Mali, Niger, Senegal and Togo) have agreed to apply exchange control regulations modelled on those of France. Transfers within the CFA zone are not restricted. Dividends paid out of revenue, and capital on disinvestment, may be remitted.

Expatriates and Work Permits

A visa is required to work in Burkina Faso, except for nationals of an Economic Community of West African States (ECOWAS) member state. An extension is required to stay beyond the visa period. To obtain a visa, a letter from the employing company (stating a specific mission for the employee) and a confirmation of the itinerary from a travel agent must be provided.

Trade Relations




Memberships

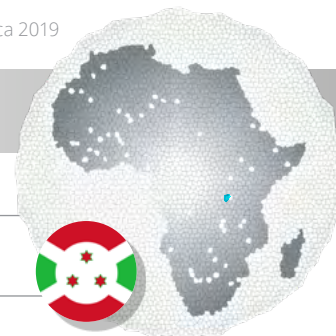
- West African Economic and Monetary Union (WAEMU)
- Economic Community of West African States (ECOWAS)
- World Trade Organization (WTO)

Interest and Currency Exchange Rates

Monetary policy rate
Central Bank Rate - EOP: 4.5% <small>(Source: Trading Economics, Central Bank of West African States)</small>
Currency
CFA Franc (XOF)* <small>* The CFA franc is the common currency of 14 African member countries in the franc zone.</small>
ZAR1 = XOF40.4483 <small>(June 2019) (Source: XE Currency Converter)</small>
USD1 = XOF585.475 <small>(June 2019) (Source: XE Currency Converter)</small>
EUR1 = XOF655.957 <small>(June 2019) (Source: XE Currency Converter)</small>

Key Economic Statistics

GDP (approximate)		USD14.88 billion <small>(2019 forecast) (Source: IMF WEO DATABASE)</small>
		USD16.27 billion <small>(2020 forecast) (Source: IMF WEO DATABASE)</small>
Market Capitalisation		USD1 291.80 million <small>(Dec 2018) (Source: IMF WEO DATABASE)</small>
Rate of Inflation		2% <small>(2019 forecast) (Source: IMF WEO DATABASE)</small>



Burundi

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Income Tax – Individuals

Taxable income (BIF)	Rate
0 – 1.8 million	0%
1 800 001 – 3.6 million	20%
3 600 001 and above	30%

Notes

1. Basis – Residents are taxed on worldwide income; non-residents are taxed only on Burundi-source income, including income generated from professional activities carried out in Burundi.
2. Residence – An individual is deemed to be resident in Burundi if he/she is a Burundian national, has a permanent abode in Burundi or has spent at least in the aggregate 183 days within the fiscal year in Burundi.
3. Taxable income – An individual is taxed on employment income, business/professional income and investment income. Capital gains other than gains derived by a resident individual as part of business income are classified under a schedule where income is taxed at 15%. However, the only capital gains that are taxable for a non-residents are those resulting from the sale of shares in a resident company or an interest in a building located in Burundi. Additionally, capital gains on a transfer of real property that is the main residence of the transferor for at least three years, as well as capital gain on a corporate restructuring, are exempt from capital gains tax.
4. Deductions and allowances – A deduction from taxable income is allowed for the employee's contribution to the state pension (INSS).

Contributions to a qualified pension fund or complementary social security contributions may be deducted from the Pay-As-You-Earn (PAYE) calculation, up to 20% of the employee's gross income. Fringe benefits relating to transportation expenses not exceeding 15% of the basic salary are exempt, unless the employee benefits from a company car. Rental or compensatory allowances paid to an employee or on the employee's behalf may be exempt, but if these benefits exceed 60% of the basic salary, the excess is treated as taxable income. Interest on treasury bills and bonds is exempt from income tax.

5. Rates – Employment and business income is taxed at progressive rates up to 30%. PAYE is levied on employment income based on a progressive salary scale; the rate is limited to 30% of taxable income. Investment income and certain other payments to residents and non-residents generally are subject to withholding tax (WHT) or capital gains tax. Law No. 1/20 of 31 December 2016 and ministerial orders contain clarifying provisions.

Income Tax – Companies

	Rate
Standard corporate tax rate	Higher of 1% of turnover or 30%

Notes

1. Basis – Corporation income tax applies on a company's income generated in Burundi, regardless of its residence. Resident companies are taxed on worldwide income; foreign companies are normally taxed only on Burundi-source income.

2. Residence – A company is resident in Burundi if it is registered under the laws of Burundi or has its effective management exercised Burundi at any time during the year.
3. Taxable income – Tax is levied on profits derived by a company from the operation of a business. Capital gains/losses derived from the sale of an asset by a resident company are included in business/investment income and taxed at the rate applicable to corporations.
4. Deductions – Expenses incurred may be deducted provided the expense:
 - Relates to and is necessary for the operation of the taxpayer's business
 - Corresponds to actual expenditure and is duly substantiated by supporting documents
 - Reduces net assets
 - Relates to the fiscal year in question.
5. Losses – Losses may be carried forward for five tax periods, but may not be carried back.
6. Foreign tax credit – Foreign tax paid may be credited against Burundi tax on the same income, but the credit is limited to the amount of Burundi tax payable on the foreign income.
7. Group relief – There is no provision allowing for group relief or the transfer of losses between members of a group.
8. Rates – The standard tax rate is 30%. Certain payments to residents and non-residents are subject to WHT (as described below).
9. Branch taxation – Branches of foreign companies are subject to the same rate as domestic companies; Burundi does not levy a branch profits tax.

Withholding Tax (WHT)

The WHT rates on various types of payments are set forth below:

WHT rates Payment	Residents	Non-residents
Dividends	Exempt	15%
Interest	15%	15%
Royalties	15%	15%
Technical and management service fees	15%	15%

Payments for a performance made to an artist, musician or sportsperson	15%	15%
Payments from public tender by public institutions	4%	15%
Proceeds from real property, a financial asset or collection of personal property	N/A	5%

Notes

1. Dividends paid by a Burundi resident company to another resident company are exempt from tax but taxed as normal earnings of a company (at 30%) in other cases.
2. Interest is 15% for individuals and non-resident entities but taxed as normal earnings of a resident company.

Tax treaties

Burundi has not concluded any tax treaties with other countries.

Anti-avoidance rules

Transfer pricing

The tax authorities may adjust taxable income to reflect the arm's length price if a related party transaction differs from what would have been agreed between unrelated parties, and thereby leads to a reduction in taxable income or the transfer of the income to a tax-exempt person.

Thin capitalisation rules

There are no thin capitalisation rules in Burundi.

Controlled foreign company rules

There are no CFC rules in Burundi.

Employment-Related Taxes

Payroll tax

When an employer makes employment income available to an employee, it must withhold, declare and remit the PAYE tax to the Burundi Revenue Authority within 15 days following the end of the month for which the tax was due. Where the employer is not the principal employer, it must withhold tax at 30%. Where the employer engages a casual labourer, the employer must withhold 15% of the taxable employment income over BIF150 000.

The employer is personally liable for the correct withholding, declaration and timely payment of PAYE to the authorities, and for keeping proper books of account to prove that the tax has been correctly withheld, paid and accounted for.

Social security

The contribution to the social security fund is 10% (6% by the employer and 4% by the employee), capped at BIF450 000 per month, and an additional 3% contribution by the employer, capped at BIF80 000 per month.

Indirect Taxes

Value Added Tax (VAT)

VAT	Rate
Standard rate	18%

Notes

1. Taxable transactions – VAT is imposed on the sale of goods and the provision of services, and on imports.

2. Rates – The standard VAT rate is 18%, with exemptions and zero-rating available in certain cases. Telephone calls are no longer subject to VAT or consumption tax. A reduced rate of 10% applies to certain imports.
3. Registration – The registration threshold for VAT purposes is BIF100 million of annual turnover. Voluntary registration is possible for taxpayers with turnover under the threshold.

Customs and excise duties

Consumption tax (excise duty) is levied on certain locally manufactured, as well as imported products. The tax rate/ amount varies depending on the type of product. The taxable value of locally manufactured products is calculated based on the sales price exclusive of taxes, while the taxable value for imported goods is based on the CIF (cost, insurance and freight charges), including customs duties.

A “down payment levy” is imposed on certain locally manufactured products.

Certain other taxes also are imposed, including the following:

- A fixed levy (WHT) of 3% of the CIF, as a down payment for income tax, on imports into Burundi
- A safety tax of 1.15% on the value of imported goods
- A 20% tax on imported fabrics that have certain commercial and technical specifications
- An export tax of 80% of the value or USD0.52 per kg, whichever is greater, on raw hides and skins
- A lump sum payment of BIF10 000 on customs clearing agencies products and agricultural inputs (e.g. fertilisers)
- An anti-pollution tax of BIF2 million per vehicle on imported vehicles older than 10 years
- An ad valorem tax of 50% on the customs value of imported plastic bags.

Other Taxes

Inheritances and donations

There is no inheritance/estate tax in Burundi.

Net wealth/net worth tax

There is no net wealth/net worth tax in Burundi.

Stamp duty

There is no stamp duty regime in Burundi.

Real property tax

Tax on real property is paid to the municipal authorities and calculated based on the location and utilisation of the property.

Transfer tax

Some administrative fees are applicable.

Tax on financial institutions

A special contribution of 5% of profit before tax applies to financial institutions. The contribution was instituted to finance development projects in the country.

Tax Administration and Compliance

Tax is administered by the Burundi Revenue Authority.

Corporations

1. Tax year – The tax year is the calendar year, although the taxpayer may request a different 12-month period.
2. Consolidated returns – Consolidated returns are not permitted; each company must file a separate return.
3. Filing and payment – A self-assessment regime applies. The tax return must be filed and the corporate income tax must be paid no later than three months after the end of the applicable year-end (i.e. by 31 March of each year for calendar- year taxpayers). Advance tax is payable in three instalments, each equal to 25% of the previous year's

corporate income tax liability. The advance payments are due by 30 June, 30 September and 31 December of the relevant year, with the balance of the corporate income tax for the year payable by the deadline for filing the annual corporate income tax return. If the advance payments exceed the tax liability, the taxpayer can request a refund within two months from the submission of the return. The refund, net of any other outstanding taxes due, must be granted within 60 calendar days from receipt of the application.

4. Penalties – Interest is imposed for late payment of tax, and fines and other penalties are imposed for late payment and tax understatements.
5. Rulings – There is no provision for tax rulings. However, a taxpayer can apply in writing to the tax authorities requesting clarification of a tax matter, although this is not binding on the authorities.
6. Other – A legal person must have a tax identification number (TIN) assigned by the Investment Promotion Agency.

Individuals

1. Tax year – The tax year is the calendar year. A different tax year of 12 months is available upon request.
2. Tax filing – There is no filing requirement if income has been subject to tax under the PAYE mechanism. Joint filing for spouses is not permitted.
3. Filing and payment – Tax on employment income is withheld by the employer under the PAYE system, and remitted to the tax authorities within 15 days following the end of the month for which the tax was due.
4. Penalties – Penalties, including fines and interest, apply for failure to comply. Before objecting to a notice of assessment, a taxpayer is required to pay 30% of the amount assessed or the undisputed amount of tax, whichever is higher.
5. Other – An individual must possess a tax identification number (TIN) assigned by the Investment Promotion Agency.

VAT

1. Filing and payment – VAT filing and payment must be made on a monthly basis by the 15th day of the following month.
2. Penalties – A taxpayer that has not filed a periodic return within the time allowed is liable to a penalty ranging from 10% to 30% for every 30 days that the payment is overdue. Failure to pay an amount due within 90 days incurs an increased penalty of 1% per month of delay. If the return contains errors or inaccuracies, the penalties range from 10% to 20% of the amount due on the return, and 100% for fraudulent statements on the return.
3. A merchant or service provider who supplies goods or services without issuing a proper tax invoice is liable for a fine of 20% of the value of the goods supplied.

- An exemption from corporate income tax for the first 10 years of business, and a 15% rate as from year 11
- A 10% corporate income tax if the investor employs more than 100 Burundians
- An exemption from the 15% WHT on dividends
- Tax-free repatriation of profits
- An exemption from transfer tax on the purchase or sale of buildings.

An individual or legal person applying for an exemption under the Investment Code must provide a pre-guarantee in the form of a bank guarantee of 30% of the total amount of the exemption.

GENERAL INVESTMENT INFORMATION

Investment Incentives**General incentives**

Incentives to invest in Burundi include access to markets, an exemption from transfer taxes on the acquisition of buildings and plots essential for the achievement of the investment, certain tax advantages, an Investment Promotion Agency (API) and an improving business environment.

Tax incentives

Although certain tax credits and indirect tax exemptions have been eliminated, other tax incentives remain available. Registered investment entities that operate in a Free Trade Zone (FTZ) and foreign companies that have their headquarters in Burundi and that meet the requirements stipulated in the Law on Investment Promotion are entitled to:

Exchange Control

Some restrictions are imposed on the import and export of capital. Both residents and non-residents can hold bank accounts in any currency.

The Central Bank requires that companies hold their foreign currency-denominated accounts with the Central Bank. When companies need to make payments in foreign currency, they must make this request through their local banks. The local banks then will generate a list of foreign currency payments that will be sent to the Central Bank. It is from this list that the Central Bank sends foreign currency to the banks to effect these payments on behalf of these companies.

All foreign currency derived from exports must be transferred to the local banks.

While it is possible for companies to operate foreign-currency accounts in commercial banks, they cannot withdraw funds from these accounts. Only individual owners of the companies are allowed to withdraw foreign currency, and only when they can

present legitimate documents indicating they will be travelling or leaving the country. Otherwise, these accounts are used to facilitate payments to suppliers by direct transfer by the banks from one account to another.

Expatriates and Work Permits

There is no special expatriate tax regime. Expatriates are taxed under the same rules as for individuals.

Any person who is not a Burundian national must obtain a residence permit and a work visa to live and work in Burundi. The work permit must be sponsored by a company in Burundi. The process can be lengthy and should be started as soon as possible.

Trade Relations

Memberships

- United Nations
- International Monetary Fund
- World Bank
- World Trade Organization
- Common Market for Eastern and Southern Africa (COMESA)
- East African Community (EAC)
- African Growth and Opportunity Act (AGOA) beneficiary country




Interest and Currency Exchange Rates

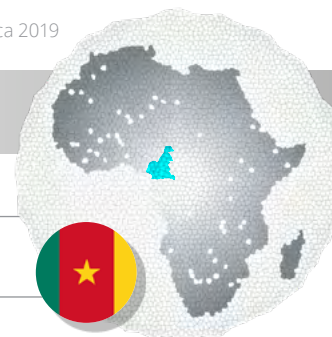
Monetary policy rate	
Central Bank Rate - EOP: 5.48%	(Source: Trading Economics)
Currency	
Burundi Franc (BIF). It is divided into 100 centimes. The symbol used for the Burundi Franc is Fbu.	
ZAR1 = BIF127,661	(June 2019) (Source: XE Currency Converter)
USD1 = BIF1847,98	(June 2019) (Source: XE Currency Converter)
EUR1 = BIF2070,36	(June 2019) (Source: XE Currency Converter)

Notes

1. The Burundi Franc is pegged to the value of a composite of currencies, consisting of Burundi's major trading partners. The Central Bank is committed to pursuing the liberalisation of the exchange system.
2. Burundi is a member of the EAC, which plans to form a monetary union that will introduce a single currency.

Key Economic Statistics

GDP (approximate)		USD3.57 billion (2019 forecast) (Source: IMF WEO DATABASE)
		USD3.71 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		Not applicable. There is no stock, corporate or government bond market in Burundi. Capital is raised from commercial banks.
Rate of Inflation		7.32% (2019 forecast) (Source: IMF WEO DATABASE)



Cameroon

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Income Tax – Individuals

Taxable income (XAF)	Rate
0 – 2 million	10%
2 000 001 – 3 million	5%
3 000 001 – 5 million	25%
Over 5 million	35%

Notes

1. Basis – Resident individuals are taxed on their worldwide income; non-resident individuals are taxed only on Cameroon-source income.
2. Residence – An individual is resident in Cameroon if he/she has his/her principal centre of interest, business or place of abode, in Cameroon, if he/she is engaged in a salaried or non-salaried professional activity in Cameroon or stays in Cameroon for more than 183 days in a tax year.
3. Taxable income – Personal income tax applies to total income derived from various sources, including salaries, wages, pensions and life annuities, income from real estate, profits from handicraft, industrial and commercial activities, profits from agricultural activities, and profits from non-commercial and related professions. All cash payments received in lieu of benefits in kind, and any expenses incurred by the

employer on behalf of the employee, are included in the taxable base, unless expressly exempted by law. However, amounts reimbursed by the employer are not subject to personal income tax if they are considered professional expenses (e.g. mobility premiums, basket premiums and representation costs).

4. Exempt income – Tax exemptions depend on the categories of income; wages less than CFA62 000, scholarships, interest on savings not exceeding CFA10 million and income on cash voucher issued by companies are exempt.
5. Deductions and allowances – A lump sum of XAF500 000 may be deducted from salary income, as may the 4.2% social security contribution and 30% of professional expenses.
6. Rates – Employment, pension and annuity income is taxed at progressive rates up to 35%. For salaries, the rates apply to net income after allowable deductions. Industrial and commercial profits, some non-commercial profits (e.g. from share trading by individuals), royalties received by authors or composers or by their heirs or legatees, amounts paid to inventors for the right to use patents or the acquisition of trademarks or manufacturing formulae, agricultural profits and earnings from real estate are taxed at a rate of 30%. The amount of the tax cannot be less than 2.2% of turnover.

A simplified taxation regime applies to sole proprietorships (and corporate entities) that have annual turnover of at least XAF10 million but less than XAF50 million, under which the tax payable cannot be less than 5.5% of turnover, i.e. 2.2% or 5.5% minimum tax based on turnover

and depending on the tax regime of the taxpayer. Income from stocks and shares is taxed at a rate of 16.5%.

An 11% rate applies to certain income from non-commercial activities, including remuneration paid to some officials of public companies and to athletes and artists.

Capital gains realised in Cameroon or abroad and derived from the direct or indirect disposal of shares of Cameroonian companies are subject to a final 16.5% tax. Gains arising from company mergers are not subject to tax on income from securities if the company taking over has its registered office in Cameroon or in a CEMAC country (i.e. the Central African Economic and Monetary Community, comprised of Cameroon, Central African Republic, Chad, Equatorial Guinea, Gabon and Congo (Brazzaville)). Tax is deducted at source for non-salaried workers and representatives (including those in the insurance sector) at a flat rate of 10% on the amount of the remuneration paid after the deduction of any business expenses.

Income Tax – Companies

Type of company	Rate
All companies	30%

Notes

1. Basis – Resident companies are taxed on their worldwide income; non-residents are taxed only on Cameroon-source
2. Residence – An entity is taxable in Cameroon if its place of effective management is in Cameroon or if it has a permanent establishment (PE) in Cameroon.
3. Taxable income – Taxable income comprises revenue generated by enterprises carrying out a business in Cameroon and income over which taxing rights are attributed to Cameroon by a tax treaty. Taxable profits are determined after deduction of allowable expenses. Dividends received by a resident company from a resident or non-resident company are subject to corporate income tax. A dividend recipient may offset any Cameroon tax withheld from the dividends against its corporate income tax liability, but foreign tax paid on dividends derived from a non-resident company is not creditable against Cameroon corporate income tax, unless specifically provided for under a tax treaty.
4. Capital gains – Capital gains on the sale of securities are subject to tax at a rate of 16.5%. Capital gains derived from transfer of stocks,

shares and bonds, and gains from the transfer of other types of shares are taxable even if derived from indirect transfers. No tax is levied on gains from the disposal of securities where the assessable gains do not exceed XAF500 000.

5. Exempt income – Are exempted revenue generated by Agricultural and pastoral unions, supply and purchase co-operatives operating pursuant to the provisions governing them, Regional and local authorities and their public-utility services, societies or bodies, responsible for rural development which are recognised as being of public utility services.
6. Deductions – Expenses of XAF500 000 or more are not deductible if paid in cash. Deductible expenses include interest paid on shareholder loans at a maximum rate of two percentage points above the central bank discount rate; foreign social security contributions to a compulsory retirement plan paid on behalf of expatriate employees, up to a maximum of 15% of the employee's base salary; payments made to research and development (R&D) organisations; payments made to collective philanthropic, educational, sports, scientific, social and family institutions and organisations, provided they are situated in Cameroon, there is proof of the payment and payments do not exceed 0.5% of turnover for the financial year; and head office costs and foreign technical assistance costs (subject to a 5% limitation of deductibility). Corporate income tax calculated at the end of the year must be reduced by taxes withheld at source on capital gains on the sale of property (at a rate of 5%).
7. Losses – Losses may be carried forward for up to four years but may not be carried back.
8. Foreign tax credit – No unilateral relief is available for foreign tax paid although relief may be available under an applicable tax treaty.
9. Group relief – Where a joint stock company or a limited liability company owns either registered stock in a joint stock company or shares in a limited liability company, the net proceeds of the shares in the second company paid to the first during the financial year shall be deducted from the total net profit of the latter, less a percentage for costs and charges. This percentage shall be fixed at 10% of the total amount of the said proceed.
This measure shall apply only when the stocks or shares owned by the parent establishment represents at least 25% of the capital of the subsidiary firm; when the parent and subsidiary firms have their registered Office in a CEMAC State; when the stocks or shares allotted at the time of issue are still registered in the name of the participating company which undertakes to retain them for two consecutive years at least in registered form.

10. Rate – The corporate income tax rate in Cameroon is 30% plus a local surcharge of 10% bringing the effective rate at 33%. For companies benefiting from a special tax regime an incentive tax regime, the rate is 35%, plus a local surcharge of 10%.
11. Surtax – A 10% local surcharge applies in addition to the corporate income tax rate, resulting in an effective rate of 2.2% of turnover.
12. Branch taxation – The profits made in Cameroon by branches of foreign companies are subject to Income from stocks and shares at the rate of 16.5%, with the exception of French branches whose rate is 15%.

Withholding Tax (WHT)

The WHT rates on various types of payments are as follows (the tax is a final tax for non-residents and the rate may be reduced under an applicable tax treaty):

Payment	Residents	Non-residents
Dividends	16.5%	16.5%
Interest	16.5%	16.5%
Royalties	-	15%

Notes

1. A 15% WHT (plus a 1.5% surcharge) applies to dividend and interest payments made to residents and non-residents and to income similar to dividends paid to directors of public limited companies. Interest paid to a resident financial institution is exempt from WHT. The WHT rate on payments to non-residents may be reduced under an applicable tax treaty.
2. Royalties paid to a non-resident are subject to a 15% WHT (10% if paid to persons carrying out temporary assignments in Cameroon). The rate may be reduced under an applicable tax treaty. Where royalty amounts are paid to a firm located outside the CEMAC that participates in the management of a Cameroon firm in which it holds shares, the royalties will be considered as amounts accruing from the distribution of profits and will be subject to a 16.5% WHT.
3. Subject to an applicable tax treaty, WHT at a rate ranging from 5% to 15% must be deducted from the following payments made to non-residents:
 - Management or professional fees or training fees
 - Lease rentals

- Payments made by local oil companies (including those in the development and research phase) to foreign suppliers
- A supply made by the Cameroonian state or entities partially or totally owned by the state, to foreign entities within the framework of public procurements.

Tax Treaties

Cameroon has concluded tax treaties with the following countries:

Country	Dividends	Interest	Royalties
Canada	15%	15%	15%
CEMAC countries	D1	D1	D1
France	15%	15%	7.5% ² /15%
Tunisia	12%	15%	15%
United Arab Emirates ⁷	10%	7%	10%
South Africa	15%	10%	10%

Notes

1. The treaty does not specify a maximum WHT rate, so the domestic rate applies.
2. The 7.5% rate applies to technical assistance fees.

Cameroon signed the OECD's Multilateral Agreement on the Implementation of Tax Related Measures to Prevent Base Erosion and Profit Shifting (MLI) on 11th July 2017. However, many other African's countries have signed the same Agreement as follows Ivory Coast on 24th January 2018, Gabon on 7th June 2017, Nigeria on 17th August 2017, Senegal on 7th June 2017 and South Africa on 7th June 2017.

Anti-Avoidance Rules

Transfer pricing

Cameroon requires that transactions between related parties be carried out on arm's length terms. The transfer pricing rules have been strengthened annually to ensure that related party transactions are conducted on arm's length terms. As from January 2018, the Cameroonian tax administration has introduced a requirement for companies dealt with by the Large Taxpayer Unit to file transfer pricing documentation by the deadline for filing the annual tax return, i.e. 15 March following the end of the tax year.

Thin capitalisation

Under the thin capitalisation rules, interest payable on loans granted by shareholders or affiliated companies is deductible only under certain conditions. All interest generally is deductible only where loans do not exceed 1.5 of the company's equity and interest payable is less than 25% of gross operating income.

Controlled foreign company rules

There is no Controlled foreign company rules in Cameroon.

Indirect Taxes

Value Added Tax (VAT)

VAT	Rate
Standard rate	17.5%

Notes

1. Rate – The standard rate of VAT is 17.5%, plus a 10% surcharge, resulting in an effective rate of 19.25%. Exports are zero rated and certain essential goods are exempt. The finance law for 2019 has made certain supplies that previously were exempt from VAT (e.g. contracts and commissions for life insurance and health insurance, revenue from the sale of mining products, interest on external loans, and interest on

deposits with credit and financial institutions by non-professionals in the financial sector) subject to VAT.

2. Taxable transactions – VAT is levied on transactions carried out for consideration in Cameroon relating to the supply of goods or the provision of services, and on imports. For taxable transactions of XAF100 000 or more, the right to deduct the associated input VAT will be allowed only where payment is made by check or bank transfer.
3. Registration – All corporate businesses with taxable turnover must register for VAT purposes. Non-resident VAT payers are required to appoint a solvent resident representative to be jointly responsible for the payment of VAT and the discharge of other VAT obligations.

Customs and Excise Duties

The CEMAC Customs Union provides for the free movement of goods between member states.

The importation of goods and merchandises from third states are subject to customs duties, unless an exemption or suspensive customs regime applies. Customs duties are levied on the customs value of most imported goods at rates ranging from 5% to 30%, although certain products may benefit from preferential rates.

Excise duty applies to cigarettes, alcoholic beverage, cosmetics or luxury goods (jewels and precious stones) at rates ranging from 2% to 25%. A 12.5% duty applies to certain vehicles. Mobile phone calls and internet services are subject to excise duties at a rate of 2%. A specific excise duty applies on gambling and entertainment, and for games not subject to the gambling and entertainment levy, a 5% excise duty applies.

The finance law for 2019 introduced a special excise duty at a rate of 0.5% of the taxable base of all imported goods, except for the duty-free imports provided for in the CEMAC customs code.

Employment-related Taxes

Social security

Employees, including civil servants and other government contract workers, trainees and apprentices, must make social security contributions at a rate of 4.2% of gross salary. The maximum monthly earnings for social security contribution and benefit purposes are capped at XAF750 000, leading to an annual ceiling of XAF9 million.

Housing fund tax

Employees are subject to the housing fund tax at a rate of 1% of their gross taxable salary.

Miscellaneous Taxes

Tax on petroleum products

There is a special tax on petroleum products that is payable by companies distributing taxable products. Refineries and oil storage companies using petroleum products for their own operations or for other needs also are subject to the special tax on petroleum products. The rate is XAF110 per litre on super gasoline and XAF65 per litre on petroleum diesel.

Inheritances, donations and transfers

Registration duty is charged at 10% on the transfer of developed land in urban areas.

Fees on inter vivos donations are charged as follows: to direct ancestors or descendants or between spouses, 5%; between siblings, 10%; between relatives beyond the second degree and between unrelated persons, 20%.

Wealth/net worth tax

There is no net wealth/net worth tax in Cameroon.

Tax Administration

Tax in Cameroon is administered by the Ministry in Charge of Finance and the General Directorate of Taxation.

Companies

1. Tax year – The tax year is the calendar year.
2. Consolidated returns – Consolidated returns are not permitted; each company must file a separate return.
3. Filing and payment – Advance payments of corporate income tax equal to 2.2% or 5.5% of turnover must be paid no later than the 15th of the following month. For companies operating in regulated profits margin sectors (those relating to the distribution of certain products, including petroleum products, domestic gases, milling products, pharmaceutical products and press products), corporate income tax instalments due are payable at a rate of 15.4% (14%, plus a 10% local surcharge) on the gross margin. Such companies may elect for the general corporate income tax instalment regime of 2.2% of turnover where this is more favourable. For taxpayers assessed under the simplified system, the corporate income tax instalment rate is 5.5% of turnover (5%, plus a 10% local surcharge). The balance of tax due is payable at the time the annual tax return is filed, which is due by 15 March of the following year.
4. Penalties – Late payment of tax is subject to a penalty of 10% per month, with a maximum of 30% of the principal amount due.

Individuals

1. Tax year – The tax year is the calendar year.
2. Tax filing – Deductions by the employer from employment income must be remitted to the tax authorities before the 15th of each month. Employers are not required to deduct personal income tax when an employee earns less than XAF6 000 per month.

3. Filing and payment – The deadline for payment of tax is the same as that for the submission of the relevant associated return or declaration.

VAT

1. Filing and payment – The VAT return (and any tax payable) is due by the 15th day of each month. For taxable transactions of at least XAF100 000, the right to deduct input VAT may be authorised only where payment has been made by check or bank transfer.
2. Penalties – Tax paid late is subject to interest penalties of 1.5% per month, up to a maximum of 50% of the principal amount due. Fines are levied for various omissions in discharging VAT obligations.

GENERAL INVESTMENT INFORMATION

Investment Incentives

Tax incentives

The Investment Incentives Law contains various incentives for companies that meet the following requirements:

- Revenue from exports accounts for at least 10% to 25% of annual turnover
- Cameroon-source resources account for at least 10% of the value of inputs
- Value added accounts for at least 10% of turnover
- The company complies with the foreign exchange and tax rules
- The company creates, during the operational phase and based on the company's size and sector of activity, at least one job for every XAF5 million to XAF25 million of planned investment.

The incentives vary depending on the phase in which the company is operating.

The incentives during the installation phase include:

- An exemption from registration duties on instruments for incorporation of the company, capital increases, essential instruments relating to investment program and concession contracts
- A VAT exemption on technical assistance relating to the project and on import of materials linked to the project
- An exemption from business license fees
- A deduction for technical assistance fees in proportion to the amount of the investment.

The incentives during the exploitation phase include an exemption from or a reduction in the following taxes:

- Registration duties on instruments relating to changes in the capital and transfer of activity
- Corporate income tax, tax on benefits and minimum tax
- Tax on income from securities and dividends
- Special income tax on technical assistance.

Exchange Control

A new CEMAC foreign exchange regulation became effective on 1 March 2019, although affected parties have a six-month transition period to become compliant with the rules, so that actual application of the rules will commence on 1 September 2019. The following is a summary of the main features of the new rules:

- A prior declaration must be made for inbound direct investment, regardless of the amount of the investment (previously, a declaration was required only when the investment exceeded XAF100 million). "Inbound direct investment" means a participation of 10% or more in the share capital of a company.
- Outbound direct investments generally must be approved by the Bank of Central African States (BEAC). However, approval is not required for outbound portfolio investments, the amount

of which is lower than the threshold to be defined by the BEAC and to outbound direct investment in the form of a capital increase resulting from the reinvestment of retained earnings.

- Loans granted to non-residents by legal CEMAC-resident entities must be authorised by the BEAC (previously authorisation was required only when the loan amount exceeded XAF100 million). However, credit institutions are free to make payments on loans granted to non-residents subject to the provision of supporting documents to the BEAC.
- Loans granted by a non-resident to a CEMAC resident entities is subject to declaration to the Ministry of Finance 30 days before the completion of the operation.
- Legal entities are prohibited from opening foreign currency accounts outside the CEMAC unless they receive authorisation from the BEAC. The opening of a foreign currency accounts for an individual is subject to the declaration to the Central Bank.
- Individual residents are prohibited from opening foreign currency account in CEMAC. For legal entities, the opening of a foreign currency account must be subject to the authorisation of the Central Bank.
- Transfers outside the CEMAC zone must be declared in advance, except within the limit of XAF1 million per month and per economic agent. The transfer must be made through banks authorised by the BEAC to act as intermediaries.
- The proceeds from the liquidation of foreign investments must be repatriated within 30 days of the liquidation through an authorised intermediary.
- Penalties apply for failure to comply with the foreign exchange rules.

Expatriates and Work Permits

Expatriates on special assignments in Cameroon for less than six months that are rendering services to a company in Cameroon but are not employed by a Cameroonian company do not need a work permit. Income paid to such expatriates for services rendered is considered technical assistance and is subject to a 15% WHT (unless otherwise provided under an applicable tax treaty).

An expatriate employed directly by a Cameroonian company must have a work permit, which must be approved by the Labour Minister before work commences. Income paid to such expatriates is subject to personal income tax, payroll taxes and social security contributions.

Trade Relations

Memberships

- Central African Economic and Monetary Community (CEMAC)
- Banque des Etats l'Afrique Centrale (BEAC)
- L'Harmonisation en Afrique du Droit des Affaires (OHADA)
- International Monetary Fund (IMF)
- International Chamber of Commerce (ICC)
- World Trade Organization (WTO)
- African, Caribbean and Pacific Group of States (ACP)
- African Development Bank Group (AFDB)
- International Trade Union
- Organization for Economic Co-operation and Development (OECD)




Interest and Currency Exchange Rates

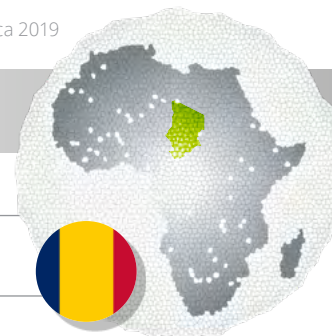
Monetary policy rate
Central Bank Rate - EOP: 3.5% (Source: Trading Economics, Bank of Central African States)
Currency
CFAFranc BEAC (XAF)
ZAR1 = XAF40,4550 (June 2019) (Source: XE Currency Converter)
USD1 = XAF585.522 (June 2019) (Source: XE Currency Converter)
USD1 = XAF585.522 (June 2019) (Source: XE Currency Converter)

Notes

1. The benchmark interest rate in Cameroon was last recorded at 2.95%. Cameroon is a member of CEMAC and interest rates decisions within CEMAC are made by the Bank of Central African States' Monetary Policy Committee.

Key Economic Statistics

GDP (approximate)		USD39.22 billion (2019 forecast) (Source: IMF WEO DATABASE)
		USD42.05 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		USD567.4 million (Dec 2018) (Source: IMF WEO DATABASE)
Rate of Inflation		1.19% (2019 forecast) (Source: IMF WEO DATABASE)



Chad

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Income Tax – Individuals

Taxable income (XAF)	Rate
0 – 800 000	0%
800 001 – 2 500 000	10%
2 500 001 – 7 500 000	20%
Over 7 500 000	30%

Notes

1. Basis – Residents are subject to tax on worldwide income. Non-residents are subject to tax only on Chad-source income.
2. Residence – An individual is resident in Chad if he/she has a main residence in Chad or is present in Chad for at least 183 days in the relevant calendar year.
3. Taxable income – Taxable income includes income from employment (and fringe benefits), income from the exercise of a business or profession, capital gains, certain investment income, and so forth. Employment income is taxable when the employee is tax resident in Chad even if the activities are performed outside Chad or the employer is not established in Chad. If the employee is not tax resident in Chad, the income is taxable if the activities are performed in Chad and the employer is established in Chad.
4. Exempt income – There are no exemptions from individual income tax.
5. Deductions and allowances – Various deductions are available, such as allowances for housing, food and transportation.

6. Rates – Individual income tax is levied at progressive rates up to 30% on resident individuals. Non-residents are subject to withholding tax (WHT) on Chad-source income, i.e. if the individual is not considered a tax resident in Chad, he/she is not subject to individual income tax. WHT applies only to service providers. The rates are 12.5% or 25%, depending on the economic sector to which the individual is providing services. The resident can be subjected to WHT on services provided but the rate is 20%.

Income tax – Companies

	Rate
Standard corporate rate	35%
Public institutions and non-profit organisations	25%
Companies in hydrocarbons sector (rate is specified in petroleum contract)	40%-75%

Notes

1. Basis – Chad operates a territorial system under which all income derived in Chad is subject to tax.
2. Residence – Chad does not have a definition of residence.
3. Taxable income – Taxable income is comprised of profits derived from the operation of a business in Chad, including capital gains (with certain exceptions). Dividends distributed by Chad companies are not subject to tax in Chad.

4. Deductions – All expenses generally are deductible except those not directly related to the company's activity (e.g. personal expenses) and specific categories of expenditure, such as intercompany interest exceeding a ceiling (see below under "Thin capitalisation").
5. Losses – Net operating losses may be carried forward up to three years. Losses from depreciation may be carried forward indefinitely. The carryback of losses is not permitted.
6. Foreign tax credit – Chad does not offer a unilateral foreign tax credit.
7. Group relief – There is no provision allowing for group relief or the transfer of losses between members of a group.
8. Rate – The standard corporate tax rate is 35%. Branches of foreign companies are subject to the same rate as domestic companies. Chad does not levy a branch profits tax.
9. Alternative minimum tax – An alternative minimum tax equal to 1.5% of gross turnover applies to most companies. The tax is paid monthly or quarterly depending on the size of the company.
10. Apprenticeship tax – Companies are subject to an apprenticeship tax.

Withholding Taxes (WHT)

The WHT on various types of payments are as follows (the tax is a final tax for non-residents):

Payment	Residents	Non-residents
Dividends	20%	20%
Interest	20%	25%
Royalties	-	25%
Rents	15%	20%
Services provided by non-residents	-	12.5%/25%
Other	-	20%

Notes

1. Rents – Rent charged by a taxpayer that is taxable on an actual basis is subject to a WHT of 15% to 20%, depending on the residence of the owner.
2. Technical service fees – Certain technical service fees are subject to a lower WHT rate of 12.5%.

Tax treaties

Chad has signed one tax treaty with the Central African Economic and Monetary Community (CEMAC).

Anti-Avoidance Rules

Transfer pricing

There are no specific transfer pricing rules in Chad, but there is a provision designed to prevent the illicit transfer of profits abroad for the benefit of parent companies, or companies or groups that are not tax resident in Chad. The tax authorities may adjust prices in these situations, by determining taxable profits based on a comparison with the profits of domestic companies carrying out similar activities. Documentation that justifies the pricing policy within a group is required.

Thin capitalisation rules

There are no specific thin capitalisation rules, but interest on cash advances made by shareholders is deductible only if the total amount of the advances do not exceed 50% of the share capital.

Controlled foreign company rules

There are no CFC rules in Chad, but foreign companies are not allowed to set up a branch in Chad for more than four years. After that time, a local company or subsidiary must be established.

Employment-related taxes

Payroll tax

Payroll tax in Chad is similar to income tax but is paid to the government by the employer under a Pay-As-You-Earn (PAYE) system. Social security contributions, public health insurance and other deductions are included in the payment.



Employers are required to pay a lump sum tax on employment income equal to 7.5% of the gross income paid to an employee, including benefits in kind.

Social security

The employer must make social security contributions on behalf of the employee in an amount equal to 3.5% of the gross salary.

Indirect Taxes

Value Added Tax (VAT)

	Rate
Standard rate	18%

Customs and Excise Duties

Chad is a member of the Central African Economic and Monetary Community (CEMAC) Customs Union (which includes Cameroon, Central African Republic, Congo (Republic), Gabon and Equatorial Guinea), which provides for the free movement of goods within the union. Like other member states, Chad applies the CEMAC Customs Code on the import, export and re-export of goods.

The import of goods and merchandise from third states is subject to customs duties, unless an exemption or a bonded customs regime applies. Customs duties are levied on the customs value of most imported goods at rates ranging from 5% to 30%. In addition to the common external tariff, VAT is levied on imported goods at the standard rate.

Excise duties are levied on certain goods, notably cigarettes, drinks (i.e. water, beer and wine), cosmetics and luxury products. The applicable rate depends on the type of goods, and ranges from 5% to 30%. The taxable basis is as follows: for goods manufactured in the CEMAC zone, the taxable basis is the price

of the goods delivered at the factory; and for other goods, it is the same valuation as is used for customs duty purposes.

Other Taxes

Inheritance/Estate tax

Inheritance tax is levied in the form of a registration duty on the transfer of property for no consideration to resident individuals, and on the transfer of Chadian-situs property to non-residents.

Stamp duty

Stamp duty is levied on all paper used for official documents and judicial instruments, as well as documents to be used as evidence in judicial proceedings. Receipts are exempt from stamp duty. Stamp duty rates range from XAF200 to XAF50 000, depending on the type of document. Certificates of origin for Chad products intended for export are exempt from stamp duty.

Capital duty

Capital duty or registration duties are levied at various rates on documents issued in connection with capital contributions to a company (incorporation, share capital increase). Registration duties may consist of fixed duties or ad valorem duties, depending on the document.

Property tax

An annual real estate tax is levied at a rate of 2.5% and is paid by the property owner, regardless of whether the owner resides in Chad. The transfer of real property located in Chad is subject to a flat tax of 10% in the capital (N'Djamena) and 8% in the other main cities. The same rate applies to any form of transfer of real estate (10% or 8%) or a purchase, exchange or in-kind contribution to a company.

Business license duty

Individuals carrying on a business and companies are subject to the business license duty. The duty is computed based on the company's turnover and on the value of the professional premises (rent or fair value of the real estate property if the individual of company is the owner).

Apprenticeship tax

Companies and individuals that are subject to tax under the categories of industrial and commercial, non-commercial or agricultural activities are subject to apprenticeship tax. The tax is 1.2% of the gross salaries.

Tax Administration and Compliance

Tax is administered in Chad by the General Tax Authorities (GTA).

Companies

1. Tax year – The tax year is the calendar year. A company cannot use a different 12-month period.
2. Consolidated returns – Consolidated returns are not permitted; each company must file a separate return.
3. Filing and payment – The tax return must be filed before 30 April of the following year, although the GTA may grant a 15-day extension. Companies must make advance payments of tax before 15 August and 15 November of each year, which may be credited against the final corporate tax liability for the year. Real estate taxes are paid based on estimates made by the tax administration.
4. Penalties – Late payment penalties are imposed at the following rates: 1.5% per month, or a fraction thereof, up to a maximum of 50% or 100% (if the late filing is deemed to be intentional). If no return is filed despite several reminders from the GTA, the authorities may assess the company's taxable income based on the elements that are made available.
5. Rulings – It is not possible to obtain an advance ruling in Chad.

Individuals

1. Tax year – The tax year is the calendar year.
2. Tax filing – Each taxpayer must file a return. Joint returns are permitted for spouses.
3. Filing and payment – Individuals carrying out a trade must file a return by 1 April, except for individuals carrying professional activities (i.e. industrial, commercial, agricultural activities), who have until 30 April.
4. Penalties – Late payment penalties are assessed at 1.5% per month, or fraction thereof, if the reassessment follows a tax investigation.

Value added tax

1. Filing and payment – The VAT return and payment are due monthly by the 10th day of the following month for companies with annual turnover exceeding XAF500 million, and by the 15th day of the following month for other taxpayers.
2. Penalties – Penalties are the same as for corporate entities.

GENERAL INVESTMENT INFORMATION**Investment Incentives****General incentives**

Chad has enacted several laws to encourage foreign investment in the industrial, services, finance and tourism sectors. Incentives, which include exemptions, reduced rates, financial support, investment bonuses and full tax allowances, are found in the Investment Incentives Code.

Exchange Controls

Foreign-owned companies and branches of foreign companies may freely repatriate profits, provided the applicable taxes have been paid. Certain transfers, however, must be approved by the Central Bank.

Expatriates and Work Permits

There is no special regime for expatriates in Chad.

Persons who leave Chad before 31 December of a year, and who retain interests in the country, remain liable to tax if they have

not given prior notice that they intend to leave permanently. An assignee leaving Chad must file a tax return reporting all income earned during the period between 1 January (or the date of arrival in Chad) and the date of departure.

To be in compliance with both the labour and immigration authorities, all expatriates working in Chad must hold the following legal documents:

- Employment authorisation that cannot exceed one year
- Work permit
- Residence card
- Long-term visa and return visa
- A labour contract stamped by the National Office for the Employment Promotion (the employment contract cannot start before the permit is granted).

Trade Relations

Memberships

- World Trade Organization (WTO)
- Organization for Economic Cooperation and Development (OECD)

Interest and Currency Exchange Rates

Monetary policy rate

Central Bank Rate - EOP: 3.5%
(Source: Trading Economics, Bank of Central African States)

Currency




Chad's currency is the Central African Franc (CFA Franc) (XAF). It is the currency for six independent states in Central Africa: Cameroon, Central African Republic, Chad, Republic of the Congo, Equatorial Guinea and Gabon.

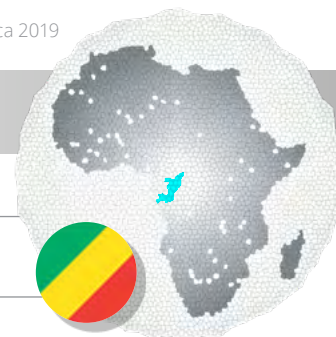
ZAR1 = XAF40.4592
(June 2019) (Source: XE Currency Converter)

USD1 = XAF585.483
(June 2019) (Source: XE Currency Converter)

EUR1 = XAF655.957
(June 2019) (Source: XE Currency Converter)

Key Economic Statistics

GDP (approximate)		USD11.37 billion (2019 forecast) (Source: IMF WEO DATABASE)
		USD12.55 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		Not available. There is no stock market in Chad
Rate of Inflation		2.89% (2019 forecast) (Source: IMF WEO DATABASE)



Congo (Brazzaville)

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Income tax – Individuals

Taxable income (XAF)	Rate
0 – 464 000	1%
464 001 – 1 million	10%
1 000 001 – 3 million	25%
Over 3 million	40%

Notes

1. Basis – Resident individuals are subject to tax on their worldwide income. Non-resident individuals are subject to tax only on Republic of Congo (Congo)-source income.
2. Residence – Individuals employed in Congo who are present in the country for more than 14 days in a calendar year are treated as resident from the first day of their employment, unless otherwise provided under an applicable tax treaty. The residence rule for individuals present in Congo other than for employment is the same, unless the provisions of the treaty provide otherwise (typically that residence only begins after an individual has been present in Congo for more than 183 days).
3. Taxable income – Taxable income includes employment income, professional income from industrial and commercial activities, real estate income and capital gains. Income from salaries, wages, pensions, annuities and per diems for attending meetings of boards of directors is taxable. Benefits-in-kind are also taxable. Low-income individuals earning professional income, agricultural profits or working as artisans may agree with the tax administration on how to determine their net

income. In other cases, the net income from industrial and commercial activities is calculated in the same manner as for companies. Real estate income includes income from leased land and developed property, including leased plant and equipment that is a permanent part of such property; interest and actual expenses incurred may be deducted as expenses in computing net taxable income. Capital gains of resident individuals are subject to personal income tax. Taxable gains are added to other income and taxed accordingly, except for gains from private buildings and land managed by family members.

4. Deductions and allowances – Expenses incurred in the performance of an employment or office are deductible to the extent they are properly applied and accounted for, not excessive and not of a private nature. Allowances for professional expenses (i.e. transport, allowances for entertainment expenses, etc.) are not considered part of wages and are not taxable if they do not exceed 15% of the taxable income and cannot be reimbursed. The family circumstances of the taxpayer are taken into account, using an income tax relief system based on the number of dependants.
5. Rates – The personal income tax rates for resident individuals apply to the aggregate income from all sources. Foreign nationals that are not domiciled in and do not have a tax residence in Congo are subject to a 20% withholding tax (WHT) on income earned in Congo (including capital gains) and/or resulting from work or services of any nature carried out, provided or used in Congo. Wages paid to staff not domiciled in Congo are not subject to the progressive personal income tax scale and reliefs based on family circumstances, but instead are subject to a 20% WHT. The tax applies only after the individual has been present in Congo for 14 days but with retroactive effect (i.e. after 15 days, tax applies from the first day of presence in the country).

Income tax – Companies

	Rate
Standard corporate rate	30%
Mining companies	30%
Companies with a temporary authorisation to operate (ATE) in Congo	7.7%

Notes

1. Basis – Resident entities are taxed on their worldwide income and non-residents are taxed only on profits earned or transactions carried out in Congo, subject to the application of a relevant tax treaty.
2. Residence – A commercial entity is resident in Congo if its registered office or centre of activity or management is in Congo, or if it has resident employees in Congo that provide services to its customers except in cases where a Temporary Authorisation to Operate (ATE) has been granted by the Ministry of Commerce for a foreign entity contracting with either a Congolese company or the government to carry out temporary commercial activities in Congo.
3. Taxable income – The taxable profit is the actual profit assessed in respect of the total financial income statement of operations carried out by the company, including transfers of assets during or at the end of the financial year. The taxable profit is established after the deduction of all operating expenses. Special rules apply to certain types of income, including the following:
 - Dividends – Dividends received by a resident company from a resident or non-resident company are subject to income tax. However, the recipient company has the right to set off any Congo tax withheld from the dividend against its corporate tax liability. Where a resident holding company owns at least 25% of the shares in an affiliated company that pays a dividend and the shares remain registered in the name of the shareholder for at least two consecutive years, only 10% of the dividend is subject to tax.
 - Capital gains – Capital gains are treated as ordinary business income and are taxed at the standard income tax rate. However, the taxation of capital gains realised on the disposal of a fixed asset in the course of trading is deferred for three years if the taxpayer reinvests the gain in new fixed assets for the business. Capital

gains resulting from the gratuitous allocation of shares, founders' shares or debentures on the merger of limited liability companies or limited partnerships with share capital also are excluded, provided the company resulting from the merger has its registered office in Congo. Capital gains arising on the assignment or transfer of a company's shares, including on the dissolution of a company, within five years from the date the company was formed or the shares acquired, will be assessed at only 50% of their value (one-third of their value if the event takes place more than five years after the company is formed or the shares are acquired). Similar rules apply where a non-resident owner directly or indirectly sells assets and/or shares of a Congolese company, leading to a change of control of the Congolese company. Special rules apply for the taxation of capital gains derived by a Congolese holding company.

- Foreign exchange gains/losses – Foreign exchange gains (losses) are taxable (deductible) only when realised. The same treatment applies to exchange differences from trading or on foreign currency-denominated assets and liabilities.
4. Deductions – Deductions are allowed for reasonable expenditure incurred in performing activities that produce assessable income. Expenditure considered excessive or unnecessary for the reasonable needs of the business will be disallowed and may be subject to a 50% or 100% tax penalty, depending on the authorities' perception of the taxpayer's motive. Special rules apply to certain types of deductions, including the following:
 - Remuneration – Payroll costs and benefits-in-kind are deductible in full, provided they are reasonable and related to actual employment. Payments made to board members are deductible if such payments are reasonable, related to actual service and have been properly authorised. Payments to a sole administrator of the board are not deductible. Lump-sum allowances paid to management and staff are not deductible where the actual expenditure incurred also is reimbursed
 - Management and other fees – Head office expenses of a Congo branch are fully deductible if an actual service is provided. Costs of studies and fees for technical, financial or accounting assistance are deductible if an actual service is supplied and the costs are within a limit of 20% of the taxable income before deduction of these costs (an exception to the limit may apply if the beneficiary is resident in a Central African Economic and Monetary Community (CEMAC) member state or a tax treaty country). If a company has a tax loss, the limit is 20% of the taxable income derived during the previous

year. Purchasing commissions are deductible up to a limit of 5% of the amount purchased if they are invoiced separately

- Interest – See under “Thin capitalisation rules.”
 - Rents – Real estate rental payments are deductible in full, provided they are reasonable. However, any rent paid to a member of a company that owns at least 10% of the company's shares will be disallowed. Shares owned by the member's spouse, children and parents also are taken into account in calculating the 10% limit
 - Depreciation – Tax depreciation is calculated using the straight-line method. Generally, all new or used tangible fixed assets owned by the company and used for business purposes are depreciable for tax purposes, provided the asset value diminishes with time or through use. To be deductible, depreciation must be recorded in the accounting books. The annual allowance rates range from 5% to 33.33%, depending on the type of asset
 - Bad and doubtful debts – Bad debts are deductible, but only specific provisions for doubtful debts are deductible. A debt that subsequently is recovered is taxed in the year in which the recovery was made
 - Provisions – Provisions made for clearly specified losses or costs that are likely to occur are deductible, provided certain conditions are satisfied
 - Other expenses – All entertainment expenses related to fishing, yachting, tourist airplanes or recreational real estate are non-deductible. Home leave costs for a salaried partner, his/her spouse and his/her minor children are deductible for one trip per year and only for expatriate employees who have signed an employment contract abroad. Insurance premiums are deductible if these premiums are ordinary expenses. Donations, gifts and subsidies are deductible if granted to support sporting, scientific, educational, family and social activities in Congo, limited to 0.05% of turnover.
5. Losses – Losses may be carried forward for up to three years but may not be carried back.
 6. Foreign tax credit – Relief for foreign taxes is available only if a credit is provided under an applicable tax treaty.
 7. Group relief – Losses of one entity may not be transferred to another entity, either in a consolidated group or in the case of a corporate merger or other reorganisation.
 8. Rate – Corporate tax is levied at a standard rate of 30% for resident companies, including mining companies. The effective rate for non-

resident companies operating under an ATE is 7.7% of turnover. In other cases, unless otherwise provided by an applicable tax treaty, companies that are not domiciled or tax resident in Congo are subject to a 20% WHT tax on all income derived from Congo. Capital gains realised by non-resident companies from the sale of all or part of the shares in the capital of Congolese companies are taxable at 20%. The tax is payable on registration of the transfer of shares and the assignor and the Congolese company whose shares were sold are jointly and severally responsible for the payment of the tax.

9. Branch taxation – In principle, branches of foreign companies are taxed in the same way as resident companies. However, the branch of non-resident company is subject to a remittance tax, regardless of whether there is an actual transfer of profits; 70% of the branch profits is treated as though it had been remitted as a dividend and is taxed at a rate of 15% (i.e. a 1.502% rate effectively applies to the branch's turnover). In practice, the tax administration taxes branches or subsidiaries in the oil and gas sector as if they were entities operating under ATEs, and WHT applies as a final tax in Congo. Foreign companies temporarily providing services to locally incorporated oil companies in Congo, or in Congolese territorial waters, are subject to a tax regime under which taxable income is gross income less mobilisation, demobilisation or reimbursable costs. Amounts received or due in respect of the reimbursement of costs and expenses, or in respect of the movement of plant, equipment and personnel to or from Congo (mobilisation and demobilisation), are not included in taxable income, provided such amounts are reasonable and correctly classified. The foreign company is subject to corporate tax at a rate of 35% on 22% of its taxable deemed profit margin. The effective rate of tax on taxable income is therefore 7.7%, applied through a WHT.
10. Alternative minimum tax – The minimum company tax amounts to 1% of the turnover of the previous year, with a minimum of XAF500 000 where the turnover was less than XAF10 million and a minimum of XAF1 million otherwise. The minimum tax due by companies exempt from corporate income tax is 2% of turnover with a minimum of XAF2 million.

Withholding Tax (WHT)

The WHT rates on various types of payment are set out below. The tax is a final tax for non-residents and the rate may be reduced under an applicable tax treaty.

Payment	Residents	Non-residents
Dividends	15%	15%
Interest	-	0%/20%
Royalties	-	20%
Technical service fees	-	5.75%/20%

Notes

1. Dividends – Dividends paid by a resident entity are subject to 15% WHT, which is deductible from the income tax payable by a resident recipient.
2. Interest – Interest on loans paid by a debtor company located in Congo to banks and credit institutions that have no domicile or tax residence in Congo is exempt. Otherwise, the rate is 20%.
3. Royalties – Amounts remitted to inventors or under a copyright, as well as all amounts derived from industrial or commercial property rights or assimilated products, are subject to WHT at 20%.
4. Technical service fees – Individuals or companies that are not domiciled or tax resident in Congo are subject to WHT at 20% on gross amount of technical service fees and ancillary's costs paid. The rate is reduced to 5.75% for Congolese or foreign individuals or legal entities with income derived from contracts related to the "Zone of Unitization."

Tax Treaties

The Republic of Congo has concluded tax treaties with the following countries/organisations:

Treaty	Dividends	Interest	Royalties
CEMAC*	20%	0%	0%
France	15%**	0%	15%
Italy	8%/15%	0%	10%
Mauritius	0%/5%	0%**/5%	0%

* The CEMAC consists of Cameroon, Central African Republic, Chad, Equatorial Guinea, Gabon and Republic of Congo.

** The domestic rate is shown where this is lower than the treaty rate.

Anti-Avoidance Rules

Transfer pricing

The tax authorities may adjust taxable income where related party transactions are not conducted on arm's length terms. The tax administration may request information concerning the amount, date and form of payments to determine the taxable base. If the company does not respond or does not produce complete documentation, the taxable base will be evaluated by the tax administration based on the available information. If this is not possible, the profits to be taxed will be determined by comparison with those of similar companies typically operating in Congo.

Resident legal entities whose annual turnover is EUR762 245.09 or more must document their transfer pricing policy. They also must submit simplified documentation on the transfer prices to the tax administration annually, within six months following the deadline for filing the financial statements for the financial year. Failure to produce the simplified documentation may result in fines.

In addition, one-third of the sums invoiced by the foreign company that are presumed not to reflect the arm's length conditions are reinstated in the taxable profits of the Congolese company for the relevant financial year.

Thin capitalisation rules

Interest on capital borrowed for business purposes is deductible provided all necessary documentation is available and it represents a genuine expense. Interest paid on shareholder loans is deductible, subject to a limitation on the interest rate applied, which may not exceed two percentage points above the lending rate of the Central Bank at the time the interest payments were due. In addition, a deduction will be allowed only if the amount of shareholder loans does not exceed one-half of the company's capital.

Employment-Related Taxes

Payroll tax

The single tax on salaries is levied on employers at a rate of 7.5%, calculated on the employees' uncapped salaries and benefits. Eighty percent of this tax goes back to the tax administration and 20% to the National Social Security Fund (CNSS).

Congo applies a Pay-As-You-Earn (PAYE) system, under which personal income tax due on employment income is withheld at source each month by the employer and remitted to the government. Payment must be made by the employer no later than the 20th day of the following month, with the submission of the statutory return. In February each year, the employer must file a declaration of salaries reconciling the salaries, taxes and contributions paid monthly, along with the annual amounts.

Social security

Employers generally are not required to make social security contributions for employees temporarily seconded to Congo that

stay in the country for less than three months. Otherwise, the employer must pay social security contributions on employees' total remuneration in cash and in kind to the National Social Security Office (CNSS). The rate of social security contributions is 20.29%, which includes a pension contribution of 8% of maximum gross salary, with a monthly limit of XAF1.2 million; a family allowance contribution of 10.04% of maximum gross salary, with a monthly limit of XAF600 000; and an industrial accident contribution of 2.25% of maximum gross salary, with a monthly limit of XAF600 000.

Employee social security contributions are payable at 0.04% of maximum gross salary, with a monthly cap of XAF1.2 million and are withheld by the employer.

Indirect Taxes

Value added tax (VAT)

VAT	Rate
Standard rate	18%

Notes

1. Taxable transactions – VAT is levied on the supply (or deemed supply) of goods or services in Congo, and on imports.
2. Rates – A reduced rate of 5% applies to some consumer goods listed in the VAT legislation, and a zero rate applies to exports and local sales of timber. Other transactions generally are assessed at the standard VAT rate of 18%, plus an additional surcharge of 5% of the VAT, resulting in an effective rate of 18.9%. Certain goods are exempt from VAT (e.g. some necessities, bank interest paid on foreign loans, mining, etc.).
3. Registration – Non-resident entities whose supplies are subject to VAT in Congo are required to appoint a solvent resident representative to be jointly responsible for the payment of VAT, the discharge of other VAT obligations. The appointment must be made in writing by an authorised person and include the following information:
 - Name and address of the foreign company and the tax representative
 - Representative's acceptance of the designation

- Undertaking by the representative to carry out the tax formalities and payment obligations on behalf of the foreign company
 - Effective date of the appointment (this must be prior to the cessation of operations in Congo).
The tax representative must forward the document to the tax department responsible for the non-resident entities whom he is representing.
4. Deduction – VAT paid by a Congolese entity on behalf of non-resident service providers is not deductible, since the related revenue is not subject to income tax in Congo.

Customs and Excise Duties

Customs duties are set by CEMAC regulations. Trade between CEMAC countries is, in principle, exempt from customs duties. An integration community tax of 1% is collected on imports from outside the CEMAC. An OHADA (Organisation pour l'Harmonisation en Afrique du Droit des Affaires) community tax of 0.5% also is collected on imports from outside the OHADA zone.

African integration tax

A new community tax, known as the "African integration tax," is applicable to eligible goods imported into the Congo from non-member states of the African Union, at a rate of 0.2%.

Exports are exempt from exit duties and taxes, except for timber and manganese. The import of large industrial equipment is subject to a special procedure permitting the declaration under a single tariff for all component elements.

Other Taxes

Inheritance/estate tax

An inheritance statement must be filed within six months when a death occurs in Congo and within 12 months in case of death abroad. Inheritance rights are paid by the heirs or the notary. A surviving spouse or direct descendent/ascendants are exempt

from tax on any inheritance. For other relatives, tax is payable at the following rates:

- 5% on the first XAF5 million of net inheritance
- 18% on the excess over XAF5 million.

Penalties of between 50% to 200% of the tax unpaid are imposed for underpayment of tax or failure to pay the tax due.

Stamp duty and registration fees

Stamp duty applies to legal documents, at rates ranging from XAF1 000 to XAF1 300 per page or half page.

Registration fees are payable at various rates on a variety of instruments or transactions, such as the creation or increase of capital (3% of the capital); stock transfers of unquoted companies (5%); business disposals (10%); and property transfers (15%). Debt transfers are free from registration fees.

Business license tax

All entities that are not expressly exempt and that are carrying out trade or industrial activities in Congo, temporarily or permanently, are subject to a business license tax (or professional tax) levied according to the turnover of the entity. A flat rate of XAF10 000 applies for entities with turnover up to XAF1 million; other rates vary from 0.75% for turnover between XAF1 million and XAF20 million, to 0.045% for turnover over XAF20 billion. Companies are exempt from business tax in their first year of activity.

In addition, business tax also is payable by dormant entities that have not incurred any operating expenses in the Congo. In this case, the tax is calculated as 25% of the amount of the last business tax payment made.

Land tax on built property

Land tax applies on constructed property and buildings, as well as on other permanent installations. Newly constructed, reconstructed and extended buildings may be tax-exempt for 10 years if the building is used for residential purposes, or five years in other cases. For commercial buildings, the tax basis is the lease value of the property, with a 25% rebate for refurbishments and repairs. For residential buildings, the basis is the land registration value of the property, with a 25% tax rebate for refurbishments and repairs. The tax rate is set on an annual basis.

Tax on funds transfers

Tax is charged at 1.5% of the gross value of funds transferred abroad outside CEMAC states, and on the sale of currency within the Congo. This tax applies also on the export earnings not repatriated to Congo within 30 days from the invoice payment date, including export earnings exempted under an investment agreement signed with Congolese government.

Tax Administration and Compliance

Tax is administered in Congo by the Directorate General of Taxes and Domains of the Ministry of Finance of the Budget and Public Portfolio.

Companies

1. Tax year – The corporate tax year is the calendar year and a company's financial year must correspond to the tax year. The business license tax year also is the calendar year.
2. Consolidated returns – A company is treated as an independent entity for tax purposes. However, a parent company and its 95% subsidiaries subject to corporate income tax may elect to be treated as a group of companies for five years, during which time the parent company is solely responsible for payment of the corporate income tax payable by all the companies in the group.

3. Filing and payment – Minimum company tax is payable annually before 15 March and is deductible from the final tax. Tax is otherwise payable in four instalments (before 20 February, 20 May, 20 August and 20 November). An annual corporate income tax return must be filed with the balance of corporate income tax payment no later than 20 May of the following year.
4. Penalties – For corporate income tax purposes, expenditure considered excessive or unnecessary for the reasonable needs of the business will be disallowed and may be subject to a 50% or 100% tax penalty, depending on the relevant authority's perception of the taxpayer's motive. A penalty of 100% of the tax due may be imposed for late payment of corporate income tax.
Foreign companies with an ATE must pay business license tax on their deemed revenue within 15 days of the commencement of activities in Congo; otherwise, a penalty of 100% applies.
5. Rulings – Three categories of tax ruling are available:
 - a. Tax rulings related to the former oil concession contracts that allowed oil operators to benefit from specific schemes. They have not been implemented since production sharing contracts replaced concession contracts.
 - b. Rulings arising from the CEMAC charter of investments, enabling companies to benefit from tax and customs advantages within the framework of agreements with the Congolese state, known as the "Convention d'établissement".
 - c. Specific rulings on transfer pricing policy in accordance with the Congolese tax code, which provides for advance pricing agreements (APAs) between taxpayers and the tax authorities.

All of these agreements may be bilateral or unilateral. The bilateral agreements are concluded between the competent authorities of the relevant states that are party

to a tax treaty. A unilateral agreement takes the form of an agreement between the Congolese tax administration and the relevant company.

APAs are concluded for a maximum period of three years and may be renewed under conditions determined by the tax authorities. A fee set by the tax authorities is payable.

Individuals

1. Tax year – The tax year is the calendar year.
2. Tax filing – The head of a family normally is subject to personal income tax on his/her income and the income of any dependent children or a spouse. However, an individual may elect to be assessed separately. A married woman can be assessed separately if she has employment income, if her husband is not subject to tax in Congo or if she is separated from her husband.
3. Filing and payment – Congo applies a PAYE system, under which personal income tax is withheld each month by the employer. A personal tax return must be submitted by 20 March following the end of the tax year.
4. Penalties – Penalties of up to 100% of the tax due may be imposed in cases of wilful default.

VAT

1. Filing and payment – Registered VAT taxpayers are required to file monthly VAT returns and pay any tax due within 20 days following the end of the month.
2. Penalties – Late payment of VAT attracts interest at a rate of 5% per business day, up to a maximum of 50% of the VAT liability (if the taxpayer acted in good faith), or up to 100% in the case of wilful default.

GENERAL INVESTMENT INFORMATION

Investment Incentives

General incentives

The Investment Charter offers a range of advantages to foreign investors, such as free enterprise, no discrimination or restrictions on types of investment and equal justice under Congolese law.

Tax incentives

The Investment Charter provides some tax reductions for companies exercising a new activity. Additionally, the Congolese tax code provides tax reductions for farm businesses and specific codes (i.e. the Mining Code, Hydrocarbons Code and Forestry Code) also provide various tax incentives and exemptions for the relevant sectors.

The government intends to review all investment agreements in force to ensure that all tax exemptions granted under investment agreements comply Congo's investment charter law.

Exchange Controls

As a member of CEMAC, Congo has the same currency as other community members, the Central African Franc (XAF). CEMAC members are required by international agreement to apply exchange control regulations modelled on those of France. The XAF agreement guarantees the availability of foreign exchange and the unlimited convertibility of XAF with the euro at a fixed rate. Transfers within the CEMAC zone are unrestricted.

Inward direct investment resulting in the purchase or acquisition of at least 10% of the shares in a resident entity or the purchase of shares costing at least XAF100 million, requires a prior declaration. Prior authorisation also is required for loans obtained by companies in Congo from foreign shareholders, or from foreign enterprises within the same group.

Transfers outside the CEMAC zone require prior authorisation, except those below XAF1 million, although this is primarily for statistical purposes. Transfers more than XAF5 million must be carried out via a bank authorised by the Central Bank to act as an intermediary.

Expatriate employees may repatriate their earnings on a regular basis. Unlimited transfers may be made to cover family and dependents' expenses outside the CEMAC zone.

Transfers in settlement of imports more than XAF100 million require the submission of certain documents to the department responsible for exchange controls, including an import license and the final invoices.

Expatriates and Work Permits

Visas

Foreign nationals must obtain a visa from the Congolese embassy in their home country before entering Congo. This requires a letter of invitation (LOI) from the immigration administration in Congo. A request for an LOI must include:

- A copy of the individual's passport
- Confirmation of the date of departure from Congo
- Details of the individual's occupation and the purpose of their visit

- A certificate of accommodation obtained from a town hall (at a cost of XAF20 000)
- A cash sum of XAF20 000 at immigration services (this amount may be changed during 2019).

An LOI can be obtained within approximately 14 calendar days, i.e. 10 business days.

The immigration law is strictly interpreted; the border police require a passport with a valid visa (business visa for job or business purposes) and work permit of persons coming to work in the country. In practice, the most commonly requested visa is that of three months. Based on our experience, a long stay visa (at least one year) is required for legal representatives of branches or subsidiaries registered in the Congo. The applications for such visas may be made to the immigration office in the Congo.

Work permit

A distinction is made for work permit purposes between expatriate employees employed in Congo for up to six months under a contract of employment concluded outside Congo and those employed for longer than six months.

The Temporary Employment Authorization (AET) for foreign workers is valid for a maximum of six months but ONEMO (the National Office for Labour and Employment) has stated that, in practice, the AET may be renewed once for the same period.

For contracts of employment in Congo that exceed six months, applications must be made for:

1. Authorisation of employment for foreign employees:
 - The employer must request from the Minister for Labour an authorisation of employment on behalf of the employee.

This authorisation is valid for two years from the date the employment commences and is renewable. The issuance or renewal of the authorisation of employment costs XAF100 000, which is payable to the ONEMO.

- A work card, valid for one year but renewable, is given to the expatriate employee. The fee to obtain or renew a work card is XAF10 000, payable to ONEMO.
2. Provisional Authorisation of Employment:
 In urgent situations (e.g. where the authorisation of employment cannot be obtained in time), a provisional authorisation of employment (APE) for a foreign employee can be granted by the General Manager of ONEMO, following the submission of an application with the competent agency. The APE is valid for three months and may be renewed once, and results in an additional cost of XAF110 000. Within the framework of the APE, a provisional work card is given to the employee that is valid for three months and can be renewed for XAF10 000.

An employer who recruits a foreign employee without having obtained the appropriate authorisation is liable to a fine of between XAF100 000 and XAF1 million.

Trade Relations

Memberships

- The Central African Economic and Monetary Community (CEMAC)
- Organisation pour l'Harmonisation en Afrique du Droit des Affaires (OHADA)
- Bank of Central African States (BEAC)
- Bank of West African States (BCDEAO)

Interest and Currency Exchange Rates

Monetary policy rates

Central Bank Rate - EOP: 3.5%
 (Source: Trading Economics, Bank of Central African States)




Currency: (XAF)

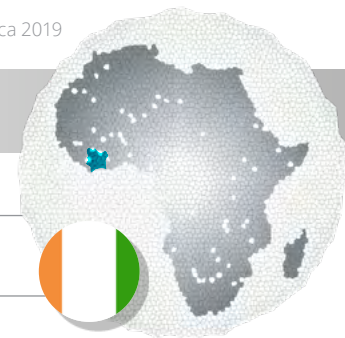
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 (June 2019) (Source: XE Currency Converter)

Key Economic Statistics

Nominal GDP (approximate) 	USD11.16 billion (2019 forecast) (Source: IMF WEO DATABASE)
	USD11.37 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation 	USD39.60 million (Dec 2018) (Source: IMF WEO DATABASE)
Rate of Inflation 	1.49% (2019 forecast) (Source: IMF WEO DATABASE)



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Income tax – Individuals

Income (XOF)	Rate
1 000 to 2 200 000	2%
2 200 001 to 3 600 000	10%
3 600 001 to 5 200 000	15%
5 200 001 to 7 200 000	20%
7 200 001 to 9 600 000	24%
9 600 001 to 12 600 000	26%
12 600 001 to 20 000 000	29%
20 000 001 to 30 000 000	32%
30 000 001 to 40 000 000	34%
40 000 001 to 50 000 000	35%
Au-delà de 50 000 000	36%

Notes

1. Basis – “Habitual” residents are taxable on worldwide income. Non-residents are subject to tax only on Ivory Coast-source income.

2. Residence – Habitual residents are individuals with a permanent home available for their use in Ivory Coast or who are employed by a resident corporation.
3. Taxable income – Individuals are taxable on the same schedules of income as companies, and on employment income. All income is pooled and subject to a general income tax. Capital gains from the disposal of shares normally are taxable but may be exempt in certain cases.
4. Deductions and allowances – Expenses that are deductible from general income include life insurance premiums (subject to certain limits and conditions), interest on loans, subsistence allowances paid to dependent parents or a spouse and general income tax paid.
5. Rates – The general income tax (IGR) is imposed at progressive rates ranging from 2% to 36% on different types (schedules) of income. Employment income is subject to a dual tax regime. Salaries are taxed at rates from 0% to 60% and an additional tax of 1.5% applies to 80% of gross employment income (including fringe benefits). A national contribution of up to 10% also is charged at effective rates ranging from 0% (for monthly taxable income up to XOF50 000) to 10% (for monthly taxable income exceeding XOF200 000). A self-employed individual may elect to be taxed at a flat rate of 20% instead of being subject to the general income tax. Non-commercial profits (fees) generally are subject to withholding tax at a fixed rate of 7.5% in accordance with the General Tax Code. Withholding tax applies to Ivory Coast-source investment income at the rates described below (see “Withholding Taxes”). The rates apply to both residents and non-residents.

Income tax – Companies

	Rate
Standard corporate tax rate	25%
Telecom companies tax rate	30%

Notes

1. Basis – A resident corporation is subject to tax on income from movable capital on a worldwide basis. Other types of taxable income are taxed at source. Non-residents are taxed only on Ivory Coast-source income.
2. Residence – An entity incorporated in Ivory Coast is considered resident for tax purposes.
3. Taxable income – Income is taxed under separate schedules for industrial and commercial profits; non-commercial profits; and income from movable capital, land and agriculture. The non-commercial schedule mainly is used for professional income, royalties and know-how, and for non-resident corporations. Dividends received are subject to the 25% corporate income tax rate, but on only 50% of the total amount received if tax previously has been withheld on the dividends. However, subject to certain conditions, dividends received by a parent company are 95% exempt. Capital gains arising from the disposal of fixed assets and shares normally are included in taxable income. Rollover relief for gains is granted where the taxpayer invests an amount equal to the amount of the gain in the acquisition of a similar asset within three years of the sale. For shares, the relief applies only to significant long-term holdings. Subject to certain conditions, capital gains arising from a merger or partial business transfer are exempt.
4. Deductions – Business costs and expenses are deductible if they are strictly related to the business. Management fees, royalties and similar payments to parent companies are deductible if they are reasonable and, in total, do not exceed 5% of turnover or 20% of general expenses. Only 50% of such payments to a parent company that is resident in a tax haven country is deductible.
5. Losses – Losses generally may be carried forward for five years. However, losses may be carried forward indefinitely to the extent they arise from capital allowances. The carryback of losses is not permitted.
6. Foreign tax credit – No foreign tax credit is available, unless an applicable tax treaty provides otherwise.
7. Group relief – There is no provision allowing for group relief or the transfer of losses between members of a group.

8. Rate – The standard corporate tax rate is 25%. A 30% rate applies to telecom companies.
9. Branch taxation – Branches of foreign companies are subject to the same rate of tax as domestic companies. Additionally, a branch of a foreign company is subject to a remittance tax, regardless of whether there is an actual transfer of funds. Fifty percent of the branch profits are treated as though they have been remitted as a dividend and taxed at 15%, resulting in an effective tax rate of 7.5%.
10. Alternative minimum tax – In the case of losses, taxpayers must pay a minimum tax of 1% of turnover, instead of corporate income tax. The minimum tax must be at least XOF5 million and cannot exceed XOF50 million.

Withholding tax (WHT)

The WHT rates on various types of payment are as follows (the tax is a final tax for non-residents):

Payment	Residents	Non-residents
Dividends	10%/15%	10%/15%
Interest	5%/10%/18%	5%/10%/18%
Royalties	-	20%
Management/ professional fees	-	20%
Leases of equipment from non-residents	-	20%
Non-commercial profits (fees)	7.5%	20%

Notes

1. Dividends – Dividends paid by listed companies to residents and non-residents are taxed at a rate of 10% (15% if the distribution is exempt from the tax on industrial and commercial profits). A 15% rate also applies to all other dividends.
2. Interest – Interest on long-term government bonds paid to residents and non-residents is taxed at 5%; the rate is 10% for short-term government bonds. An 18% rate generally applies to other interest and similar payments.

3. Royalties – Royalties paid to a non-resident entity are subject to a 25% WHT on 80% of the gross income, resulting in an effective tax rate of 20%. Royalties paid to a resident are not subject to WHT; instead, the revenue from royalties is subject to corporate income tax (for companies) or general income tax (for individuals).
4. Management and professional fees – Management and professional fees paid to a non-resident entity are subject to a 25% WHT on 80% of the gross income, resulting in an effective tax rate of 20%.
5. Leases of equipment from non-residents – Payments to a non-resident under an equipment lease are subject to a 25% WHT on 80% of the gross income, resulting in an effective tax rate of 20%.
6. Non-commercial profits (fees) – Such payments generally are subject to withholding tax at a fixed rate of 7.5%. The fixed rate is determined by the General Tax Code.
7. Lower WHT rates may apply on all types of payment in accordance with the provisions of an applicable tax treaty.

Tax treaties

Ivory Coast has concluded tax treaties with the following jurisdictions and organisations:

Treaty partner	Dividends	Interest	Royalties	Management fees
Belgium	15%/18% ⁽¹⁾	16%	10%	0%
Canada	15%/18% ⁽¹⁾	0% ⁽²⁾ /15%	10%	0%
France	15%/18% ⁽¹⁾	0% ⁽³⁾ /15%	10%/D ⁽⁴⁾	0%/10%
Germany	15%	0% ⁽⁵⁾ /15%	10%	0%
Italy	15%/18% ⁽¹⁾	0% ⁽²⁾ /15%	10%	0%
Morocco	10%	0% ⁽⁵⁾ /10%	10%	10%
Norway	15%	16%	10%/D ⁽⁴⁾	0%
Portugal	10%	0% ⁽⁶⁾ /10%	5%	10%
Switzerland	15%/18% ⁽¹⁾	0% ⁽⁷⁾ /15%	10%	0%

Tunisia	10%	0% ⁽⁵⁾ /10%	10%	0%
United Kingdom	15%/18% ⁽¹⁾	0% ⁽²⁾ /15%	10%	10%
West African Economic and Monetary Union (WAEMU)	10%	15%	15%	0%

D = domestic rate

Notes

1. The 18% rate applies to dividends paid by a company that is a resident of Ivory Coast and that is exempt from tax on profits or that does not pay that tax at the rate provided under general law.
2. The 0% rate applies to interest paid to the government of the other contracting state and various other local governmental entities and authorities.
3. The 0% rate applies to interest paid to or by a contracting state, a local authority or statutory body thereof or interest paid in connection with the sale on credit of industrial, commercial or scientific equipment, or in connection with the sale on credit of merchandise or the furnishing of services between enterprises.
4. The domestic rate (D) applies to royalties paid for the use of immovable property or for the working of mines, oil or gas wells, quarries or other natural resources situated in Ivory Coast.
5. The 0% rate applies to interest paid to the government and certain state-owned banks.
6. The 0% rate applies to interest paid to or by a contracting state, a local authority or statutory body thereof or interest paid to the central bank.
7. The 0% rate applies to interest paid in connection with the sale on credit of goods or industrial, commercial or scientific equipment.

Anti-avoidance rules

Transfer pricing

Profit transfers included in payments between resident corporations and non-resident affiliates may be adjusted so that arm's length conditions apply for tax purposes. Transfer pricing documentation is required from local companies that are part of

a multinational group. The information that must be reported in respect of transactions carried out between Ivorian companies with foreign related entities includes:

- Name and country of residence of the group entities with whom the transactions were carried out, with a breakdown of the nature of transactions and the amounts
- Description of the transfer pricing methods applied to intragroup transactions (income, expenses and acquisitions) carried out throughout the year.

A taxpayer that fails to submit the form or files an incomplete form may not deduct the amounts paid in respect of transactions with foreign related entities.

The deduction for amounts paid by an Ivorian company to related party entities established in non-cooperative countries or included on the OECD list of low tax jurisdictions is capped at 50% of the gross amount, and may not exceed both 5% of annual turnover and 20% of overhead expenses.

A Country-by-Country (CbC) report must be submitted by domestic companies that meet the following requirements:

- Aggregate turnover (excluding taxes) exceeding XOF491 967 750 000 (approximately EUR750 million)
- Required to submit consolidated financial statements in accordance with the provisions of Uniform Act article 74 and subject to the provisions of the Uniform Act governing the organisation and harmonisation of accounting systems
- Controls companies or entities located abroad
- Not controlled by an Ivorian company already subject to the CbC reporting obligation, or under the control of a foreign company established in a country that has concluded with Ivory Coast a tax information exchange agreement with a similar reporting obligation.

Thin capitalisation rules

Cumulative thin capitalisation rules apply to shareholder loans as follows:

- The total amount loaned may not exceed the share capital of the borrowing company. This rule does not apply to sums borrowed from shareholders of holding companies subject to the special tax regime for Ivorian holding companies
- The total amount paid may not exceed 30% of the year-end profit before deduction of corporate income tax, interest charges, amortisation and depreciation for the year (EBITDA)
- The interest rate applicable to the loan must not exceed the current central bank interest rate plus two percentage points
- The loan must be repaid within five years of the date on which the funds are made available, and the borrowing company must not be subject to any liquidation procedure throughout this period
- Related party interest paid is deductible for tax purposes if the share capital of the borrowing company is fully paid-up.

Employment-related taxes

Payroll tax

Employers must pay payroll tax equivalent to 12% of expatriate staff gross payroll and 2.8% of local staff payroll.

Social security

Employers are required to make social security contributions based on an employee's gross wages for pension benefits (7.7%), a family allowance (5.75%) and work injuries (2% to 5%) depending on the company's activity sector.

Employee contributions are payable at a rate of 6.3% of gross salary and are withheld by the employer.



Indirect taxes

Value added tax (VAT)

1. Taxable transactions – VAT is imposed on production activities, the distribution of goods and the rendering of services in Ivory Coast. VAT also is applied to imported goods and services.
2. Rate – The standard rate is 18%, and there is a 10% rate for fees and commissions charged by financial institutions (interest is exempt).
3. Registration – There is no special VAT registration procedure in Ivory Coast, but taxpayers must register with the local tax authorities before commencing activities.

Customs and excise duties

Imported goods are subject to the following duties and taxes:

- Customs duty (0% to 35%)
- Statistical royalty (1%)
- VAT (18%)
- Community solidarity tax (1%)
- Economic Community of West African States (ECOWAS/ CEDEAO) community tax (0.5%).

An additional excise duty applies to imports of:

- Petroleum products (fixed duties that vary depending on the scale prescribed in the general tax code)
- Alcoholic and non-alcoholic beverages (20% to 45%)
- Tobacco products (38%).

Other taxes

Inheritance/estate tax

Estate tax is payable at rates which vary from 4% to 45%, depending on the value of the inheritance. A special rate of 2% may apply to assets transferred to public interest associations.

Stamp duty

Stamp duty is charged at 2.5% of the secured amount (i.e. the value of the asset or the amount of the debt provided by the lender). There also is a fixed XOF500 stamp duty per page of security documents.

Capital duty

Capital contributions are subject to duty at 0.3% (0.1% on amounts exceeding XOF5 billion), or 6% where derived from the capitalisation of a reserve.

Transfer tax

Stamp duty of XOF18 000 is charged on the transfer of shares. A transfer tax of 6% applies to real property. Business transfers are charged at 10%. Registration fees may apply.

Real property tax

Property taxes are charged on the actual or potential rental income of landlords at 4% and on their ownership interests at 11%. Property owned and used by the same legal entity is subject to an ownership charge based on 15% of the market rental value. The charge is reduced for unoccupied or undeveloped property.

Business license duty

A company or individual carrying on a trade in Ivory Coast must pay a business license duty, subject to certain exemptions. The duty is based on 0.5% to 0.7% of turnover, plus 16% to 18.5% of the rental value of the business premises, depending on the location.

Insurance premium tax

Insurance premiums are subject to a levy at rates from 0.1% (export credit) to 25% (fire).

Tax administration and compliance

Tax is administered in the Ivory Coast by the Direction Générale des Impôts, Ministère du Budget et du Portefeuille de L'Etat.

Companies

1. Tax year – The tax year is the calendar year.
2. Consolidated returns – Consolidated returns are not permitted; each company must file a separate tax return.
3. Filing and payment – The tax return is due by 30 June following the tax year, together with the balance of tax for companies required to have a public accountant. The due date for other companies is 30 May following the tax year. Advance payments of tax are payable in three equal instalments in April, June and September during the tax year, based on profits of the prior tax year.
4. Penalties – Penalties are charged at varying rates for late tax returns, failure to pay tax due and for errors and mistakes.
5. Rulings – A taxpayer may seek clarification from the tax authorities on the interpretation of provisions in the tax legislation.

Individuals

1. Tax year – The tax year is the calendar year.
2. Filing status – Spouses generally are taxed separately. Children usually are taxed with one of their parents, but may be taxed separately if they have employment income.
3. Filing and payment – Personal income tax returns are due by 30 April following the tax year. An individual receiving employment income from only one employer is not required to file a return, unless he/she is eligible for a refund. Payments of tax relating to a business are due as described above for companies. Tax normally is withheld at source on other sources of income.
4. Penalties – Penalties are charged at varying rates for late tax returns, failure to pay tax due and for errors and mistakes.

Value added tax

1. Filing and payment – VAT returns and payments are due monthly, by the 10th, 15th or 20th day of the following month depending on the type of the company (commercial companies, service provider companies, and oil or industrial companies).
2. Penalties – A penalty of 10% of the tax payable, plus an additional 1% per further month's delay is imposed for the failure to file or late filing of a return and payment of the VAT due. After an audit, the tax authorities also may impose an additional penalty of 15% to 150% of the VAT due.

GENERAL INVESTMENT INFORMATION

Investment incentives

Tax incentives

Certain tax incentives are available to qualifying enterprises in Ivory Coast:

- Enterprises investing at least XOF10 million in Ivory Coast for a period not exceeding three years may apply for a reduction in the tax on industrial and commercial profits
- Capital allowances at up to twice the normal rates may be granted in respect of plant, machinery and equipment that are used exclusively in manufacturing, agriculture, transportation or storage and that have an expected life of more than five years
- Tax incentives are granted under the Mining Code and the Petroleum Code for enterprises involved in mining and petroleum activities. These codes provide exemptions from VAT and additional tax on imports and purchases for companies involved in exploration or production of oil, gas or minerals and to their subcontractors providing petroleum-

specific services. Specific rules also apply to the calculation of corporate income for tax purposes, and enterprises involved in mining may be granted a five-year exemption from corporate income tax, starting from the fiscal year of the effective start of production

- Other incentives include a five- to 15-year exemption from the tax on industrial or commercial profits, business duty, property tax and import tax, depending on the location of the investment. A new tax credit system was introduced in 2018.

Exchange controls

The XOF is linked to the euro at a fixed exchange rate and unlimited convertibility to the euro is guaranteed. The African Financial Community (CFA) members (i.e. Benin, Burkina Faso, Guinea-Bissau, Ivory Coast, Mali, Niger, Senegal and Togo) have agreed to apply exchange control regulations modelled on those of France. Transfers within the CFA zone are not restricted. Dividends paid out of revenue, and capital on disinvestment, may be remitted.

Expatriates and work permits

A visa is required to work in the Ivory Coast which is valid for a maximum of three months but may be extended. To obtain a visa, a letter from the employer stating the specific nature of the employee's work in Ivory Coast and a confirmation of itinerary from a travel agent must be provided. Natives of an Economic Community of West African States (ECOWAS) member state do not need a visa to work in the country.

Trade relations

Memberships

- West African Economic and Monetary Union
- Economic Community of West African States

Interest and currency exchange rates

Monetary policy rates

Central Bank Rate - EOP: 4.5%

(Source: Trading Economics, Central Bank of West African States)

Currency

The Ivory Coast's currency is the Communauté Financière Africaine Franc (XOF) used by all CFA members.

ZAR1 = XOF40.3458

(June 2019) (Source: XE Currency Converter)




USD1 = XOF582.790

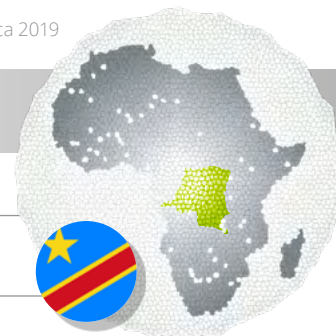
(June 2019) (Source: XE Currency Converter)

EUR1 = XOF655.957

(June 2019) (Source: XE Currency Converter)

Key economic statistics

GDP (approximate)		USD45.25 billion (2019 forecast) (Source: IMF WEO DATABASE)
		USD49.88 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		USD1 298.60 million (Dec 2018) (Source: IMF WEO DATABASE)
Rate of Inflation		2% (2019 forecast) (Source: IMF WEO DATABASE)



Democratic Republic of Congo

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Income Tax – Individuals

Taxable income (CDF)	Rate
0 – 1 944 000	0%
1 944 001 – 21 600 000	15%
21 600 001 – 43 200 000	30%
Over 43 200 000	40%

Notes

1. Basis – There is no personal taxation per se in the DRC; taxes due by individuals on employment income are withheld by the employer and remitted to the tax authorities; taxes due on other types of income (e.g. investment income) generally are subject to withholding tax (WHT). Individuals engaged in a business are taxed under the rules governing companies, i.e. all income accruing in or derived from a business activity in the DRC is subject to corporate income tax. As a result of the territorial tax system in the DRC, both residents and non-residents are taxable on employment income realized in the DRC. Non-residents are subject to tax only on DRC-source income.
2. Residence – An individual is considered resident in the DRC if (1) his/her real, effective and permanent home is in the DRC (regardless of citizenship); or (2) his/her domicile, family, centre of activities or occupation/business is in the DRC.
3. Taxable income – All income accruing or derived from the DRC is taxable. Employment income includes salaries and other remuneration received

as compensation for activities carried out in the DRC. Fringe benefits or benefits in kind (e.g. staff meals; telephone, water, electricity or power-supply services) constitute taxable income. Capital gains are subject to corporate income tax if they are derived from a permanent and professional activity. Rental income is subject to rental income tax, as described below.

4. Deductions and allowances – The following allowances and fringe benefits are not taxable: housing that does not exceed 30% of basic salary, certain transportation and legal family allowances.
5. Rates – Individual income tax is levied on the DRC income of residents and non-residents at progressive rates ranging from 0% to 40%. In all cases, tax payable is limited to 30% of taxable income.

Income Tax – Companies

Standard corporate income tax rate for DRC-incorporated companies, subsidiaries and branches of foreign companies	30%
Mining companies	30%

Notes

1. Basis – The DRC operates a source-based tax system, under which resident and non-resident corporate entities are subject to tax on income derived from activities carried out in the DRC.
2. Residence – A company is resident in the DRC if it is incorporated in the DRC or if it has its principal place of business there. A permanent establishment (PE) will be deemed to exist if an entity maintains a

physical installation in the DRC, regardless of the form (i.e. shop, warehouse, branch, factory, leased building, office, etc.) or if the entity conducts professional activities under its own name in the DRC for more than six months within the limits of any period of twelve months.

3. Taxable income – Corporate income tax is levied on a company's taxable profits. Subject to the provisions of a relevant tax treaty, income generated by professional activities carried out in the DRC is subject to tax, even if the beneficiary's registered office, place of effective management or permanent residence is not located in the DRC. Dividends received are treated as taxable income unless subject to the 20% WHT at source. Capital gains are treated as taxable income and are subject to the standard corporate income tax rate. Rental income is subject to rental income tax, described below.
4. Deductions – Expenses incurred by a company to generate taxable income generally are deductible.
5. Losses – Business losses may be carried forward for an unlimited period but may be offset only up to 60% of the profit before tax in any year. The carryback of losses is not permitted.
6. Foreign tax credit – The DRC does not provide for a unilateral foreign tax credit and foreign taxes paid may not be deducted in the computation of taxable income. However, relief may be available under an applicable tax treaty.
7. Group relief – There is no provision allowing for group relief or the transfer of losses between members of a group.
8. Rate – The general 30% rate applies to DRC-incorporated companies, as well as to subsidiaries or branches of a foreign company established in the DRC. Mining companies also are subject to a 30% tax rate.
9. Branch taxation – A branch of a foreign company is subject to the same tax rate as a domestic subsidiary. There is no branch remittance tax.

Rental Income Tax

Rental income tax applies to income from the rental of buildings and land located in the DRC. Rental income is taxed at a rate of 22%, with 20% withheld and paid by the tenant; the remaining 2% is paid by the landlord. The tenant's portion must be paid within 10 days following the payment of the rent. The landlord's portion must be paid by 1 February of the year following the year in which the income was realised.

Withholding Tax (WHT)

The WHT rates are set out below. For non-residents, the WHT is a final tax and the rate may be reduced under an applicable tax treaty.

Payment	Residents	Non-residents
Dividends	20%	20%
Interest	20%	20%
Royalties	20%	20%
Provision of services fees/ remuneration		14%

Notes

1. Dividends – Dividends or other distributions paid to a resident or non-resident generally are subject to a 20% WHT. The rate is 10% for mining companies (see below under "Mining Taxes").
2. Interest – Interest paid to a non-resident generally is subject to a 20% WHT. An exemption applies to interest paid to a mining company if certain conditions are fulfilled (see below under "Mining Taxes"). Interest paid outside the DRC to any person directly or indirectly related to the company is deductible only if the principal amount is repaid in full within five years of the date the loan is made and the interest rate does not exceed the annual average effective rates applied by the credit institutions of the country where the lending company is established. Interest paid to a resident is not subject to the 20% WHT.
3. Royalties – Royalties paid to a resident or non-resident are subject to a 20% WHT on the net amount (expenses equivalent to 30% of the gross payment may be deductible).
4. Services – Subject to the provisions of a relevant tax treaty, payments for services supplied in the DRC by non-resident individuals or companies not domiciled or not having a tax residence in the DRC are subject to a 14% WHT.

Tax Treaties

Relief from double taxation is available under the DRC's two tax treaties.

Country	Dividends	Interest	Royalties
Belgium	10%/15%	0%/10%	10%
South Africa	5%/15%	0%/10%	10%

Anti-Avoidance Rules

Transfer pricing

The arm's length principle applies to related party transactions. All resident entities that are part of a multinational enterprise group must maintain documentation to justify their transfer pricing practices and must make this information available to the tax administration for "spot verification" from the date of the relevant transaction. Companies also must submit, either in hard copy or electronically, simplified transfer pricing documentation in a format prescribed by the tax administration within six months following the deadline for filing the corporate income tax return.

Excessive payments, or any benefit resulting from an act considered as uncommercial, made by a local company to a related or group company will give rise to a taxable profit for the local company.

Thin capitalisation

Thin capitalisation rules apply to mining companies, which must observe a debt-to-equity ratio of less than 3:1.

Employment-Related Taxes

Payroll tax

Payroll tax is calculated based on employee remuneration (i.e. salaries, fees and allowances that do not represent reimbursement of actual professional expenditure, gratuities,

bonuses and pensions of any kind). The payroll tax is an annual tax but is payable as a monthly WHT, and is due at the time the salary is paid.

The employer is required to submit monthly Pay-As-You-Earn (PAYE) returns on behalf of its employees, except for assignees of diplomatic bodies, who must submit their own individual PAYE returns. The returns must be submitted before the 15th day of the month following the month in which the salaries are paid.

Social security

- Caisse Nationale de Sécurité Sociale (CNSS) – An employee must contribute 5% of his/her gross salary to the CNSS. The employer contributes 13% of the gross salary.
- Institut National de Préparation Professionnelle (INPP) – The employer is required to contribute between 1% and 3% of an employee's gross salary to the INPP, depending on the size of the company.
- Office National de l'Emploi (National Agency for Employment, ONEM) – The employer must contribute 0.2% of an employee's gross salary to the ONEM.

Exceptional tax on expatriates' salaries (IER)

The exceptional tax on expatriates' salaries is an additional tax levied on compensation of expatriates' taxable salaries. It is a liability on the part of the employer. Filing and payment of the IER is the same as for IPR. Employers must file a return for payroll taxes on the 15th day of the month following the payment of the salaries. The tax is not a WHT.

Mining Taxes

Mining companies in the DRC are subject to various taxes, some of which apply only to mining companies, while other taxes are applicable to all companies but apply to mining companies at preferential rates.

Mining royalty

A mining royalty, calculated on the gross commercial value of mining products, is payable as from the date of commencement of exploitation. A rate of 0% applies for commonly used building materials; 1% for industrial minerals, solid hydrocarbons and other substances; 1% for iron and ferrous metals; 3.5% for non-ferrous and/or base metals; 3.5% for precious metals; 6% for precious and coloured stones; and 10% for strategic substances.

Profit-based tax/professional tax on benefits.

A professional tax on benefits at the mining code rate of 30% is levied on the net profits from the exploitation of natural resources, determined in accordance with accounting and tax legislation. Interest payable by mining companies is deductible provided it complies with the provisions of the mining code.

WHT on dividends and interest

Dividends and other distributions are subject to WHT at the preferential mining code rate of 10%.

The 20% standard WHT rate on interest does not apply to interest paid on overseas foreign currency loans. However, to benefit from the exemption, the interest rate and other conditions applicable to loans from related companies must be at least as favourable as those that would apply to third-party loans.

Professional tax on remuneration

The holder of a mining title (ownership) must withhold PAYE at the standard rate on salaries payable to its employees. These provisions apply only to companies that are subject to the common law regime.

Exceptional tax on expatriate salaries

The holder of a mining title is required to pay the exceptional tax on expatriate salaries at a preferential mining code rate of 12,5%

for the first 10 years of the project, then increased to align with the standard tax system at a rate of 25%.

Super profit tax

The holder of a mining title is required to pay the super profit tax, at a rate of 50% on profits realised when the prices of materials or commodities are experiencing an average exceptional increase of 25% and above as compared to prices disclosed in the Bankable Feasibility Studies of the company.

Annual traffic tax

The holder of a mining right is liable to pay annual traffic tax in accordance with the general tax legislation, other than in respect of vehicles used exclusively within the area of the mining operations.

Indirect Taxes**Value added tax (VAT)**

VAT	Rate
Standard rate	16%

Notes

1. Taxable transactions – VAT is levied on the supply of goods and services, and on the import of goods and services into the DRC.
2. Rates – The standard rate is 16%. The export of goods and related transactions is zero-rated.
3. Registration – Registration is mandatory for all persons (business or individual) with annual turnover of at least CDF80 million. Registration must take place within 15 days following the commencement of a business. Individuals and legal entities whose annual turnover is less than CDF80 million may elect to be subject to VAT. An application for approval must be filed with the tax authorities.
4. A non-resident without a PE in the DRC must designate a VAT representative in DRC who will be jointly liable for payment of VAT. Where a foreign entity fails to appoint a VAT representative, the VAT due and any associated penalties are payable by the client in the DRC.

Customs and Excise Duties

Import duties are levied on the cost-insurance-freight value of goods imported, at rates ranging from 10% to 20%. Export duties are levied on the free-on-board value of goods exported, at rates ranging from 1% to 10%.

Other Taxes

Inheritance/estate tax

There is no estate or gift tax in the DRC.

Stamp duty

A 3% stamp duty applies to the transfer of land and buildings. Stamp duty also applies to the transfer of shares in mining companies.

Property tax

Property tax is an annual tax levied on developed and all undeveloped property, the amount of which varies according to the nature of the buildings and the “rank” of the property location. For property located in first, second, third and fourth rank locations, property tax is imposed per square meter. The rate of property tax is determined by the provincial tax department. There are exemptions on certain types of property.

Tax Administration and Compliance

Tax is administered by the General Directorate of Taxes of the Democratic Republic of Congo (Direction Générale des impôts de la République démocratique du Congo).

Companies

1. Tax year – The tax year is the calendar year.
2. Consolidated returns – Consolidated returns are not permitted; each company must file a separate tax return.
3. Filing and payment – A self-assessment and a related tax return must be filed before 30 April in the year following the end of the

company’s accounting period. Two advance corporate income tax payments are due before 1 August and 1 December, each equivalent to 40% of the previous year’s liability. Any balance is payable with the current year-end tax return.

4. Penalties – A penalty of 25% of the tax payable applies for the late filing of a return or the submission of an inaccurate, incomplete or false return. Where a tax adjustment is made following a tax audit, a failure to self-assess tax, an understatement of tax liability or a late tax payment, the penalty is 20% of the additional tax payable (40% for a second or subsequent offense), plus 2% monthly interest on the amount due. In all cases of arbitrary taxation, the penalty is 50% of the tax due, increased to 100% for a second and subsequent failure.
5. Interest – Interest is charged at 2% per month of delay on the late payment of all or part of any tax and other liability.
6. Rulings – The tax administration’s rulings are not final and may be challenged before a judge. Before going to court, a taxpayer and his/her agent must make a written complaint against the amount of their tax liability within six months from the date of filing the return or receipt of the notice of recovery.

Individuals

1. Tax year – The tax year is the calendar year.
2. Tax filing – Although the tax law contains provisions applicable to individuals, personal taxes are collected via business entities.
3. Filing and payment – Any balance of tax payable is due on or before 15 January of the following calendar year and is the liability of the employer. An individual’s personal tax liability is fully settled through the PAYE system.
4. Penalties – See penalties under “Companies,” above – A penalty of 25% of the tax payable applies for late filing of a return, or the submission of an inaccurate, incomplete or false return.

Value added tax

1. Filing and payment – VAT returns and payments are due by the 15th day of the following month. Any transaction of at least CDF1 million taking place between two VAT-registered parties must be settled by cheque or bank transfer.
2. Penalties – Penalties are imposed for assessment and recovery of tax, and there are administrative fines. The amounts depend on the nature of the infringement.

- Invest at least USD1 million in the company
- Commit to comply with the environmental protection regulations
- Commit to train DRC personnel so they have specialised technical skills and can assume supervisory functions and responsibilities
- Guarantee that the activities will create an added value of at least 35% each year.

GENERAL INVESTMENT INFORMATION**Investment Incentives****Tax incentives**

Various incentives are available to qualifying companies, including mining companies. Incentives generally are in the form of reduced tax rates or an exemption.

Investors wishing to take advantage of the customs and tax incentives under the New Investment Code must submit an application to the ANAPI (National Agency for Promotion of Investment in the DRC). The ANAPI will ensure that the application is sent to the Minister of Finance and Planning for consideration and approval. Incentives granted under the New Investment Code are not available to foreign companies (branches) or, inter alia, in the following sectors: mining, oil, banking, insurance, commercial activities and armament industries. Any other investor can apply for incentives provided in the code if they satisfy the following criteria:

- Be (or establish) a qualifying Congolese company
- Submit a license application to the ANAPI
- Pay the appropriate application fee

The New Investment Code grants an exemption from taxes and duties for three years when qualifying investments are made in Kinshasa; four years for investments in Bas-Congo, Lubumbashi, Likasi and Kolwezi; and five years in the other provinces. The following tax incentives and exemptions are available:

- Full exemption from corporate income tax
- Higher depreciation rates for investments in socio-economic infrastructure
- Exemption from the fixed and proportional duties for a joint-stock company at the time of constitution or on an increase in the approved capital
- Exemption from the tax on land and buildings related to the approved investment project.

Export incentives

Any approved investment that relates to the exportation of all or part of finished products that are processed or partially processed under conditions favourable for the balance of payments may benefit from an exemption from fees and taxes on exportation.

Exchange Controls

Banks are required to report significant foreign exchange transactions to the Central Bank. However, carrying (or holding) foreign currency is not prohibited in the DRC. Payments to or from a foreign country are subject to a 0.2% exchange control fee and in some cases the advance submission of a return to an approved bank in the DRC is required. Exporters are required to repatriate a portion of proceeds resulting from exports via commercial banks. Funds carried by travellers that exceed the equivalent of USD10 000 must be reported.

Expatriates and Work Permits

For short-term contracts (i.e. a contract of less than six months), employees only have to request an ordinary three-month visa at the Congolese embassy in their country of origin. They will be required to complete a form provided by the embassy and include a formal invitation of employment from a DRC resident (e.g. the client), together with a police record certificate that is not more than three months old. Where the contract is for six months or longer, the employer must apply for a work permit and a resident visa for the individual, which are valid for up to two years.

When an expatriate employee is hired abroad for a contract that will be executed in the DRC, the employee must comply with the provisions of the DRC Labour Code.

Work permits

The following documents must be submitted when applying for a work permit:

- Transmission letter accompanying the application form
- Copy of passport with a valid visa (with six months' validity)
- Four passport photos (less than six months old)
- Copy of the employee's resume

- Copy of the employee's degree or relevant diploma
- Notarised employment contract between the employer and employee
- Medical or health certificate
- Copies of evidence of affiliation with the social administration (social security and training institutions in the DRC).

Additional documents must be submitted when the individual is a director.

Resident visas

An employee applying for an establishment (resident) visa must provide the following:

- Copy of work permit
- Copy of passport with a valid visa (with six months' validity)
- Two passport photos (less than six months old).

Trade Relations




Memberships

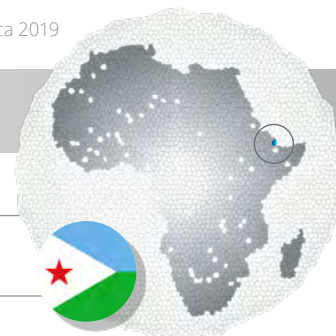
- South African Development Community (SADC)
- World Trade Organisation (WTO)
- Economic Community of the Great Lakes Countries (ECGLC)
- Economic Community of Central African States (ECCAS)
- Common Market for Eastern and Southern Africa (COMESA)
- Organisation for Harmonisation of Business Law in Africa (OHADA)

Interest and Currency Exchange Rates

Monetary policy rates	
Central Bank Rate - EOP: 9%	(Source: Trading Economics)
Currency	
Congolese Franc (CDF), subdivided into 100 centimes. There have been two versions of the franc; the current version is referred to as the new Congolese franc.	
ZAR1 = CDF113.804	(June 2019) (Source: XE Currency Converter)
USD1 = CDF1646.46	(June 2019) (Source: XE Currency Converter)
EUR1 = CDF1845.26	(June 2019) (Source: XE Currency Converter)

Key Economic Statistics

GDP (approximate)		USD48.46 billion (2019 forecast) (Source: IMF WEO DATABASE)
		USD52.48 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		Not available. There is no stock market in the DRC
Rate of Inflation		8.4% (2019 forecast) (Source: IMF WEO DATABASE)



Djibouti

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Income Tax – Individuals

Taxable income (DJF)	Rate
Up to 30 000	2%
30 001 – 50 000	15%
50 001 – 150 000	18%
150 001 – 600 000	20%
Over 600 000	30%

Notes

1. Basis – Djibouti operates a territorial tax system. Both Djiboutian nationals and non-Djiboutian nationals with Djiboutian-source income are subject to tax in Djibouti. Non-Djiboutian nationals also are subject to tax on salary paid outside of Djibouti for work performed in Djibouti.
2. Residence – There is no definition of residence for personal income tax purposes.
3. Taxable income – Individuals are subject to two main taxes on income: the tax on salaries, wages, pensions and ancillary income; and the tax on professional and business profits (the latter is the same tax applicable to companies).
4. Exempt income – Employment income under DJF50 000 is exempt from tax.

5. Deductions and allowances – The Tax Code lists deduction rates for expenses and allowances that range from 20% to 40% based on the function or employment in various professions.
6. Rates – Tax rates are progressive up to 30% for employment income. Individuals who derive business and professional income other than from employment are taxable at the standard corporate income tax rate of 25%.

Income Tax – Companies

	Rate
Standard corporate tax rate	25%

Notes

1. Basis – Djibouti operates a territorial tax system. Both resident and non-resident entities are subject to corporate tax only on income generated from activities carried on in Djibouti. However, entities involved in the following activities are exempt from corporate income tax: agricultural cooperatives and associations of agricultural cooperatives; investment companies whose sole purpose is the purchase and sale of securities; and companies that are eligible for tax incentives under the Investment Code.
2. Residence – Djibouti tax law does not define the concept of residence. However, companies and legal persons operating a business in Djibouti are subject to tax in Djibouti.

3. Taxable income – An entity generally is taxed on its net profits, which include total income less allowable deductions, but excluding exempt income and income from immovable property that has been subject to property tax. Capital gains are treated as taxable income.
4. Exempt income – Dividends and royalties are exempt from corporate income tax.
5. Deductions – Expenses incurred in the operation of a business generally are deductible, unless specifically excluded in the tax law. Depreciation expenses may be deductible in line with industry norms based on the taxpayer's industry or activity. Reserves and provisions normally are deductible for tax purposes provided they cover clearly specified tax deductible expenses that are likely to occur in the taxpayer's business and if they are included in the financial statements and in a specific statement in the tax return. Non-deductible expenses include dividends, penalties, fines and extra payments charged to companies for infringements of the law or regulations, and certain payments made to shareholders, partners and directors.
6. Losses – Losses arising from normal business activities during a particular fiscal year are deductible for corporate income tax purposes. Tax losses may be carried forward for three years from the end of the loss-making accounting period. The carryback of losses is not permitted.
7. Foreign tax credit – Djibouti tax law does not provide for a foreign tax credit.
8. Group relief – There is no provision allowing for group relief or the transfer of losses between members of a group.
9. Rate – The standard corporate tax rate is 25%.
10. Minimum tax – The minimum lump sum tax rate is 1% of turnover exclusive of VAT, with a minimum payment of DJF120 000.

Withholding Tax (WHT)

Certain payments to domestic companies and individuals and non-resident companies/investors are subject to WHT at the following rates:

Income	Residents	Non-residents
Dividends	0%	0%
Interest	0%	0%/1/15%
Royalties	25%	0%2, 3/15%

Fees (technical)	10%	0%/3/15%
Fees (management)	25%	0%/3/15%
Branch remittance tax	n/a	n/a

Notes

1. Interest payments generally are subject to a 15% WHT. However, an exemption applies to the following payments: interest paid with respect to financial or insurance operations to specialised financial institutions; interest paid by companies benefiting from the provisions of the Investment Code; and interest paid by a joint stock company (i.e. SA "Société Anonyme") established in the free zone area.
2. The following royalty payments are exempt from WHT: remuneration for professional training; royalty payments by companies licensed under the free zone and the Investment Code; and fees for financial and insurance operations paid by resident companies specialising in financial and insurance activities. Otherwise, the rate applicable for payments made to non-residents is 15%.
3. The rate of 0% applies where payments to non-residents are made by entities established in Djibouti free zones or that are eligible for an exemption under the Djibouti Investment Code.

Tax Treaties

Djibouti has not concluded any tax treaties.

Capital Gains Tax (CGT)

Capital gains are taxed as normal income. The gain is included in the amount of taxable profit and taxed at the standard rate of 25%.

Anti-Avoidance Rules

Transfer pricing

There are no specific transfer pricing rules in Djibouti, but the tax authorities can adjust the pricing of transactions between related parties.

Notes

1. Taxable transactions – VAT is levied on the provision of goods and services and on imports.
2. Rates – The standard VAT rate is 10%, which applies to all transactions, except for export and international transport transactions, which are zero-rated.
3. Registration – Entities with turnover that exceeds DJF50 million are required to register for VAT purposes.

Customs and excise duties

Djibouti is a member state of the Common Market for Eastern and Southern Africa (COMESA), which maintains a common external tariff for non-COMESA imports, ranging from 0% to 25%. Apart from the COMESA common external tariff, specific rates are provided for certain goods.

A domestic consumption tax also applies to goods imported for processing or consumption within Djibouti at rates of 0%, 2%, 5%, 10% and 23%, depending on the type of goods.

Excise duties are payable on certain types of goods, such as alcoholic and non-alcoholic beverages, tobaccos and fuel.

Other Taxes**Inheritance/Gift tax**

Inheritance tax is levied by way of a registration duty at a rate of 2% and is payable by the heirs and legatees of the deceased's estate, regardless of whether they are resident in Djibouti.

Thin capitalisation

There is no formal specific or general thin capitalisation rules in Djibouti. However, interest paid by a company to its shareholders is deductible up to an amount computed on the basis of the average annual central bank interest rate increased by one percentage point. Interest paid to a majority shareholder of a

joint stock company or a limited liability company is deductible only if the loan does not exceed the capital of the company.

Employment-Related Taxes**Social security**

The employer is required to pay social security contributions in respect of an employee's total salary at a rate of 15.7%, including contributions for the family allowance (5.5%), health and professional injuries (6.2%), retirement pension (4%) and mandatory health insurance (2%). The contributions for social security are calculated on the total salary, including fringe benefits, and is capped at DJF400 000 per month. The employee also must contribute 4%.

Indirect Taxes

Value added tax (VAT)	Rate
Standard rate	10%

Real property tax

A real property tax is levied on both developed and undeveloped land in Djibouti.

Property tax on developed land

All buildings, including houses, factories, shops and warehouses, are subject to the property tax on developed land, as is land used for industrial or commercial purposes, the storage of goods and all other types of commercial installations. Exemptions are provided for buildings belonging to the state, religious entities and, subject to reciprocity, international entities, foreign embassies or consulates. New buildings are subject to the tax as from 1 January of the sixth year after construction if there has been no change of ownership during this period. This period may be extended to

10 years for property covered by the Investment Code. The tax rates vary according to the taxable base and are as follows:

Taxable base (DJF)	Rate
0 to 1 120 000	10%
1 120 001 – 3 840 000	18%
Over 3 840 000	25%

Property tax on undeveloped land

A property tax applies to undeveloped plots of land, irrespective of the nature of the type of title held on the land. Land on which buildings are constructed and that is exempt from the property tax on developed land is subject to this tax during the exemption period. The tax is levied at a rate of 25%. Permanent exemptions are provided for land belonging to the state or used for public services; land used for educational services; and land belonging to international entities, foreign embassies or consulates, subject to reciprocity.

Stamp duties

Stamp duties are payable on documents subject to registration duty. Except for a few specific deeds, stamp duty generally is paid at a rate of DJF1 000 per page.

Registration duty

The transfer of immovable property is subject to a registration duty of 7% or 10% depending on the nature of the deed.

Business license tax

The business license tax is a local tax applicable to all individuals and companies that engage in a trade, business or professional activities in Djibouti. The tax applies depending on the classes in which the activities are categorised. Tax on activities under classes 1 to 6 includes a fixed portion specified

by the tax authorities and a variable portion levied at 20% based on the rental value. The tax on other classes includes only the fixed portion.

General solidarity tax (IGS)

The IGS applies on the import of goods by persons without an import patent at a rate of 10% on the value of the goods. The import of goods also is subject to excise and customs duties, and to any other taxes and levies that usually are paid on the import of goods.

Domestic consumption tax

The consumption tax (TBS) is imposed on goods and services as follows:

- All transactions involving the supply of goods or the provision of services in Djibouti by an entity not subject to VAT and not covered by the simplified corporate income tax regime (goods and services that are exempt from VAT are excluded from the scope of the TBS)
- All individuals and legal persons that engage in any of the above activities and have annual turnover below DJF20 million or DJF10 million, respectively
- The standard rate of TBS is 7%, with a 5% rate applying to the supply of fruits and vegetables, catering and the sale of meat and fish. Taxpayers must file a monthly return and include any tax due. The return must be submitted no later than the 15th day of the following month. In addition, taxpayers are required to send an email to the tax authorities within 48 hours of the tax return submission deadline that contains the invoice date, customer name, tax identification number, amount excluding VAT and the TBS invoiced or received.



Tax Administration

The Tax Management Office administers tax.

Companies

1. Tax year – The calendar year typically is the fiscal year, although a different period may be accepted by the tax authorities.
2. Consolidated returns – Consolidated returns are not permitted; each company must file a separate return.
3. Filing and payment – Companies must file a tax return no later than 1 March following the end of the calendar year. Three advance payments must be made during the course of the fiscal year (before 15 April, 15 August and 15 November), with each payment equal to 25% of the corporate income tax due for the previous year. The balance due must be paid before the due date for filing the return.
4. Tax identification number – Taxpayers must apply for the renewal of their tax identification number no later than 31 March of each year.
5. Penalties – The penalty for late filing is 0.5% of the tax amount due for each month the filing is late, and is increased to 10% where the return is filed within 20 days of a formal notice, and 40% where the return is filed more than 20 days from the formal notice or not filed at all.
6. Rulings – Rulings are not granted in Djibouti.

Individuals

1. Tax year – The tax year is the calendar year.
2. Tax filing – Married couples are assessed separately, i.e. every individual taxpayer is taxed individually regardless of marital status.
3. Tax return – Individuals who derive professional income must file a tax return no later than 1 March of the year following the fiscal year.

4. Filing and payment – The personal income tax payable by employees must be withheld at source each month by the employer and remitted to the Treasury no later than 15 days following the salary payment. If the amount of the monthly withholding tax is less than DJF50 000, the payment may be made within the following three-month period. An individual who derives income from business or professional independent activities must pay the tax due by March of the following fiscal year.
5. Penalties – See under “Companies.”

Value added tax

1. Filing and payment – Companies are required to file VAT returns and pay VAT on a monthly basis by the 20th day of the following month.
2. Penalties – No penalties are listed in the tax law.

GENERAL INVESTMENT INFORMATION

Investment Incentives

Tax Incentives

A number of tax incentives are available under the Investment Code and the Free Zone Code, which apply to all economic sectors.

1. The Investment Code contains three preferential regimes:
 - Regime A: Taxpayers benefiting from Regime A for investment and tax purposes are exempt from the domestic TBS on imports of materials and equipment that are necessary for investment operations. The following activities benefit from this regime: use and processing of vegetables, animal or sea products; mining; research,

exploitation and storage of energy; tourism and handicraft-making activities; creation and development of electricity, electronic, chemical and shipping industries; transport by land, sea or air; service activities provided in harbours or at airports; construction, repair and maintenance of ships; processing of goods for consumption; financial activities other than those specifically covered by the regime for financial investments; and communication services

- Regime B: Investors are exempt from the following taxes and levies for a non-renewable seven-year period: corporate income tax, property tax and TBS. In addition, an exemption from registration duty is granted on the deed of incorporation if the company's share capital exceeds DJF30 million. An increase in share capital is exempt from registration duty if the increase in value is over DJF10 million and the investment is made within five years of the incorporation date or of a previous capital increase. The following activities benefit from this regime: construction of buildings to be used for industrial, commercial or tourism purposes; construction of buildings to be used for social purposes; and construction, creation and exploitation of teaching and training institutions
 - Regime for financial investments: The regime for financial investments applies to profits reinvested in the acquisition of securities of a company already authorised under the Investment Code. Such reinvestments are exempt from corporate income tax, subject to certain additional conditions regarding the amount of investment and the level of participation in the share capital.
2. The Free Zone Code grants qualifying companies an exemption from taxes, duties and levies, with the exception of VAT, for a renewable period of up to 50 years. Up to 70% of the company's employees may be foreign for the first five

years; after that, the quota will be reversed, i.e. the staff must be at least 70% Djiboutian. If the company fails to comply, the Free Zone Authority will not issue a new license. Foreign staff are not required to pay social security contributions, and the company does not have to pay social security contributions for such employees.

Exchange Controls

There are no foreign exchange control regulations applicable in Djibouti.

Expatriates and Work Permits

Foreign individuals working in Djibouti must obtain a work permit and a residence permit (identity card) by providing proof of the offer of employment. Sponsorship from a local employer is required to obtain a work permit.

Trade Relations




Memberships and International Organizations

- World Trade Organization (WTO)
- African Union (AU)
- Arab League
- La Francophonie
- Group of 77
- United Nations

Interest and Currency Exchange Rates

Monetary policy rate	
Central Bank Rate - EOP: 11.2%	(Source: Trading Economics)
Currency	
The Djiboutian currency is the Djibouti Franc (DJF). The symbol used for the Franc is FDJ. It is subdivided into centimes,	
1 DJF = 100 centimes.	
ZAR1 = DJF12.2927	(June 2019) (Source: XE Currency Converter)
USD1 = DJF177.770	(June 2019) (Source: XE Currency Converter)
EUR1 = DJF199.224	(June 2019) (Source: XE Currency Converter)

Key Economic Statistics

GDP (approximate)		USD2.39 billion (2019 forecast) (Source: IMF WEO DATABASE)
		USD2.60 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		Not applicable. Djibouti does not have a stock market
Rate of Inflation		0.79% (2019 forecast) (Source: IMF WEO DATABASE)



Egypt

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Income Tax – Individuals

Annual taxable income (EGP)	Rate	Tax deduction
0 – 8 000	0% -	N/A
8 001 – 30 000	10%	85
30 001 – 45 000	15%	45
45 001 – 200 000	20%	7.5
Over 200 000	22.5%	N/A

Notes

1. Basis – A resident individual is taxable on his/her worldwide income if Egypt is the centre of the individual's commercial interests. A non-resident individual is taxed only on his/her Egyptian-source income.
2. Residence – An individual is regarded as a resident if he/she is present in Egypt for more than 183 days in a fiscal year; is deemed to have a permanent abode in Egypt; or is an Egyptian national residing abroad but derives income from Egyptian sources.
3. Taxable income – Taxable income – Taxable income includes income from employment, commercial, industrial and professional activities. The taxation of capital gains on the sale of shares depends on whether the shares are listed or unlisted. Capital gains realised on the sale of unlisted shares by resident or non-resident individuals are included in taxable income and subject to the normal progressive tax rates; gains realised

by resident or non-resident individuals on the sale of listed shares of Egyptian companies are subject to a 10% income tax rate in a separate income pool. However, this tax has been temporarily "suspended" (i.e. an exemption is granted) until 17 May 2020.

4. Exempt income – Certain types of income is exempt, depending on its source (i.e. employment income, business income, etc).
5. Deductions and allowances – A tax deduction is available at the rates listed in the table above. Only one tax deduction is allowed annually, based on the taxpayer's highest tax rate. Both residents and non-residents are entitled to a personal allowance of EGP7 000. Other tax allowances are available for items such as social security contributions and health insurance premiums.
6. Rates – Individual income tax is levied at progressive rates up to 22.5% for both residents and non-residents for work performed in Egypt. Resident employees who derive income from a second employer are subject to tax on that income at a flat rate of 10%.

Income Tax – Companies

	Rate
Standard rate	22.5%
Oil and gas companies	40.55%

Notes

1. Basis – Resident companies are taxed on their worldwide income. Non-resident companies are subject to tax on a "net basis" on Egyptian-

source profits of a permanent establishment (PE) in Egypt; non-resident companies also may be subject to withholding tax (WHT) on other types of Egyptian-source income (see under "Withholding Taxes," below).

- Non-residents become liable to tax from the day they begin to carry on a trade, business or profession in Egypt. Tax treaties have been concluded with a number of countries providing some relief from double taxation, depending on the specific type of income.
2. **Residence** – A company is resident if it is established according to Egyptian law, if its main or actual centre of management is in Egypt, or if it is a company in which the government or a public juridical person owns more than 50% of the capital.
 3. **Taxable income** – Corporate tax is imposed on the total profits of a company after deducting the necessary and relevant expenses incurred in deriving the profits (i.e. the "tax pool"). Capital gains derived by a company (resident or non-resident) from the disposal of unlisted shares in Egyptian companies are included taxable income and taxed at the standard corporate tax rate. Gains derived by a company from the sale of shares listed on the Egyptian stock exchange are subject to a 10% corporate income tax rate in a separate income tax pool. However, this tax has been "suspended" (i.e. an exemption is granted) until 17 May 2020. Capital gains derived by a resident from the disposal of foreign shares/securities are taxable in Egypt, subject to the provisions of an applicable tax treaty.
 4. **Exempt income** – A "dividend exemption" (DIVEX) mechanism exists under Egyptian tax law, under which 90% of the dividends received by a resident parent company from both resident and non-resident entities are exempt from corporate tax. The mechanism applies where the Egyptian resident parent holds at least 25% of the shares of the subsidiary for at least two years before the distribution or, if the holding period is not met at the time of the distribution, the parent commits to hold the shares of the subsidiary for two years to complete the minimum holding period. For resident parent companies receiving dividends from resident subsidiaries that qualify for the DIVEX mechanism, the effective tax on dividends is 22.5% on 10% of the dividend, in addition to the 5% withheld at source by the subsidiary (effective rate of 7.25%). If the parent company owns less than 25% of the subsidiary, the dividends are excluded from the tax pool together with related costs by using a special formula described in the legislation.
 5. **Deductions** – Normal business expenses are deductible in calculating taxable income but must be supported by documentation and be business related and necessary for the company's activities. Interest expenses are considered tax deductible if the payer's average debt-to-

equity ratio does not exceed 4:1. In addition, if the interest rate exceeds twice the credit and discount rates announced by the Central Bank at the beginning of the calendar year, the excess interest expense will not be tax deductible. Egyptian tax legislation does not provide for any specific capital allowances other than tax depreciation and the optional application of accelerated depreciation provisions.

6. **Losses** – Normal business losses may be carried forward for five years. The carryback of losses is not permitted, except for losses incurred by a construction company on long-term contracts.
7. **Foreign tax credit** – Foreign tax paid overseas may be deducted from Egyptian income tax payable, but the deduction may not exceed the total tax payable on the income in Egypt.
8. **Alternative minimum tax** – There is no alternative minimum tax in Egypt.
9. **Group relief** – There is no provision allowing for group relief or the transfer of losses between members of a group.
10. **Branch remittance tax** – Profits realised by a branch or PE of a foreign company are deemed to be distributed to the head office within 60 days after the year-end and are subject to the 5% dividend WHT unless the rate is reduced under the provisions of an applicable tax treaty.
11. **Rate** – The standard rate of corporate tax in Egypt is 22.5%, and 40.55% for companies engaged in the exploration and production of oil and gas. The Suez Canal Authority, the Egyptian Petroleum Authority and the Central Bank of Egypt are taxed at 40%.

Withholding Tax (WHT)

Certain payments to domestic companies and individuals and non-resident companies/investors are subject to WHT at the following rates:

Type of income	Residents	Non-residents
Dividends	5%/10%	10%
Interest	0%/20%	0%20%
Royalties	0%	20%
Technical service fees	20%	20%

Tax Treaties

Egypt has 58 tax treaties. The following table shows the WHT rates on dividends, interest and royalties under Egypt's treaties.

Egypt signed the OECD multilateral instrument on 7 June 2017.

Country	Dividends	Interest	Royalties
Albania	10%	10%	10%
Algeria	10%	5%	10%
Austria	15%	15%	D%
Bahrain	5%/10%	10%	10%
Belarus	15%	10%	15%
Belgium	15%/20%	15%	25%/15%
Bulgaria	10%	12.5%	12.5%
Canada	15%/20%	15%	15%
China	8%	10%	8%
Cyprus	15%	15%	10%
Czech Republic	15%/5%	15%	15%
Denmark	15%/20%	15%	20%
Finland	20%/D	15%	25
France	0%	15%/D	15%
Georgia	10%	10%	10%
Germany	15%/20%	15%	15%/25%
Greece	10%	15%	15%
Hungary	15%/20%	15%	15%
India	D	D	D

Indonesia	15%	15%	15%
Iraq	D	D	D
Ireland	5%/10%	10%	10%
Italy	20%/D	25%	15%
Japan	20%/D	D	15%
Jordan	15%	15%	20%
Korea (ROK)	10%/15%	10%/15%	15%
Kuwait	10%	10%	10%
Lebanon	10%	10%	5%
Libya	D	D	D
Malaysia	0%	15%	15%
Malta	10%	10%	12%
Mauritius	5/10%	10%	12%
Montenegro	5%/15%	15%	15%
Morocco	10/12.5%	20%	10%
Netherlands	0%/15%	12%	12%
Norway	0%/15%	0%/15%	15%
Pakistan	15%/30%	15%	15%
Palestinian Territories	15%	15%	15%
Poland	12%	12%	12%
Romania	10%/D	15%	15%
Russia	10%	15%	15%
Saudi Arabia	5%/10%	10%	0%/10%
Serbia	5%/15%	15%	15%

Singapore	15%	15%	15%
South Africa	15%	12%	15%
Spain	9%/12%	10%	12%
Sudan	15%/D	D	3%/10%
Sweden	5%/15%/D	15%	14%
Switzerland	0%	0%/15%	12.5%
Syria	15%	15%	20%
Tunisia	10%	10%	15%
Turkey	5%/15%	10%	10%
Ukraine	12%	12%	12%
United Arab Emirates	0%	10%	10%
United Kingdom	20%/D	15%	15%
United States	20%/D	15%	15%
Yemen	D	10%	10%

D = domestic rate

Notes

1. The lower rate on dividends applies where the recipient is a company that holds more than 25% of the share capital of the payer company for at least two years or as specified in the relevant treaty.
2. Tax on interest and royalties is withheld at the domestic rate and the recipient must apply for a refund to benefit from a reduced WHT rate under an applicable tax treaty, unless an advance ruling is obtained.
3. Under the treaty with Korea (ROK), the 10% interest rate applies to a loan for a period exceeding three years. However, if the term of the loan exceeds three years, it should be exempt from WHT according to domestic law.

Anti-Avoidance Rules

Transfer pricing

The Egyptian tax authorities (ETA) issued updated transfer pricing guidelines in October 2018 that are aligned with, and specifically refer to, the OECD guidelines. The key changes for multinational enterprises (MNEs) operating in Egypt are the introduction of a three-tiered approach to transfer pricing documentation and the launch of an advance pricing agreement (APA) programme.

A master file, local file and country-by-country (CbC) reporting requirement are introduced for the financial year (FY) ended 31 December 2018 (i.e. the tax return filed in 2019) and subsequent years. The obligation is unaffected by taxable years or financial reporting periods of subsidiary entities.

The local file must be prepared on an entity-by-entity basis, and not on a group basis (that is, for two or more related taxpayers' resident in Egypt for tax purposes). The master file must be submitted to the ETA by the taxpayer in line with the group's parent company's tax return filing date. The CbC reporting requirement applies only to Egyptian-parented groups with at least one foreign subsidiary and an annual consolidated group revenue of at least EGP3 billion (approximately USD167 million).

The updated guidelines also launch an APA programme in Egypt for controlled transactions with associated entities from FY 2020, with the latest date to file a formal request to the tax authorities being 30 June 2019.

Thin capitalisation

A 4:1 debt-to-equity ratio applies. The tax deduction for interest on debt exceeding this ratio is disallowed. In addition, the deduction is disallowed for interest paid that exceeds twice the credit and discount rate announced by the Central Bank at the



beginning of each calendar year). The interest rate on loans between related parties must be on an arm's length terms and supported by proper transfer pricing documentation.

Employee contributions are 14% on the first EGP1 510 and 11% on the next EGP4 040 of variable salary allowances. The employer's contribution is 26% for fixed base salaries and 24% on variable salaries greater than EGP5 550 that are not subject to social security.

Health insurance

A new comprehensive health insurance law has been introduced, under which economic authorities, sole partnerships and companies are required to pay a solidarity contribution of 0.25% of annual revenue when filing the corporate income tax return. The contribution is not considered a deductible cost when calculating taxable profits for corporate income tax purposes.

Indirect Taxes

Value added tax (VAT)

VAT	Rate
Standard rate	14%

Notes

1. Taxable transactions – VAT generally applies to the supply of goods and services. Services are broadly defined as anything that is not classified as a "good," which means that intellectual property rights, consultations and management services, etc. will be subject to VAT. Input VAT may be offset against output VAT on most items.
2. Rates – The standard rate is 14%. Certain goods and services are specified as "tabled items" that are subject to a special rate, and their providers are not allowed to offset input VAT against their output VAT. These items include professional services, petroleum products, media productions, etc. Construction contracts also are included in the table, but input VAT paid to subcontractors may be offset against

output VAT on the same projects. Certain goods and services are specified as "double taxed" items and are subject to the general rate as well as the table rate.

3. Exempt items – The VAT law lists 57 categories of goods and services that are exempt. These include: basic food products; provision of natural gas; production, transmittal and distribution of electricity; banking services and other regulated non-banking financial services and insurance services; rental of residential or non-residential properties; and health and education services. In addition, certain Egyptian state bodies and entities are exempt from VAT, as well as entities exempted under an international agreement or a special law.
4. Reverse-charge mechanism – A reverse-charge applies on imported taxable goods and services from non-resident suppliers (that have not appointed a local agent) to a non-VAT-registered resident consumer (B2C transactions) or to a VAT-registered resident customer (B2B transactions). The end users are required to calculate and pay VAT on the value of the imported goods or services.
5. Registration – Resident providers of goods or services must register for VAT purposes only if their annual revenue is at least EGP500 000. Voluntary registration is possible below this limit. No minimum registration threshold exists for providers of tabled items and double taxed items that are required to register irrespective of their revenues.

Customs and Excise Duties

Egypt has complex tariff and non-tariff barriers. Customs duties are levied on most goods. Customs duties are levied on most goods according to the Customs Tariff No. 419 of 2018. Trade and/or customs treaties may grant an exemption from duty where certain conditions are fulfilled.

Other Taxes

Inheritances and donations

There is no donations tax or inheritance/estate tax in Egypt.

Real property tax

Most real property in Egypt is subject to a real estate tax. A 10% rate applies on the annual rental value after allowing a 32% deduction to cover related costs for non-residential property

(30% for residential property). Exemptions are provided for non-residential property that is used for commercial, industrial and administrative purposes with an annual rental value of less than EGP1 200, and for residential units with an annual rental value of less than EGP24 000. The user of the property pays the tax, which is due in two instalments. The annual rental value of real estate is assessed every five years.

Stamp Tax

Stamp tax is charged at variable and fixed rates: 0.1% per quarter for banking transactions; 20% on commercial advertising; and rates ranging from 1.08% to 10.08% on insurance premiums.

A new stamp tax is imposed on both the buyer and the seller on the total value of trading in securities, other than public treasury bills and bonds (Egyptian or foreign securities, listed or unlisted), without any deduction allowed for expenses, as follows:

- 0.15% as from 1 June 2018 until 31 May 2019
- 0.175% as from 1 June 2019.

However, a single transaction (acquisition or disposal) may be subject to a 0.3% rate imposed on both the buyer and the seller, without any deduction allowed for expenses, if it meets the following conditions:

- It is a sale or acquisition of 33% or more of the shares or voting rights of a resident company, whether in terms of number or value
- It is a sale or acquisition of 33% or more of the assets or liabilities of a resident company by another resident company, in exchange for shares in the acquiring company.

If multiple transactions conducted by one legal person related to a company result in the 33% limit being exceeded in the two years following the first transaction, both the seller and the buyer are subject to a 0.3% rate on the total amount of the

transactions, with the right to offset any stamp duty already paid on such transactions. The tax is not deductible for corporate income tax purposes.

Tax Administration and Compliance

The tax authorities are the Egyptian Tax Authority (ETA) which is part of the Ministry of Finance.

Corporations

1. Tax year – The tax year for companies is the accounting year.
2. Consolidated returns – There are no provisions for consolidation of accounts for group taxation in Egypt.
3. Filing and payment – Companies must file a tax return within four months following the end of the financial year. Tax is assessed on the basis of the information provided in the tax return.
4. Penalties – Various penalties apply for failure to apply the system of withholding, collection and remittance of tax; failure to file a return; and other offenses. Interest is calculated at 2% above the annual credit and discount rate announced by the Central Bank. Penalties of between EGP5 000 and EGP20 000 may be imposed for failure to file a tax return. If the amounts included in the tax return are less than the final assessed tax amount, an additional penalty may be imposed based on the difference between the amounts included in the return and those in the assessment. The rate is 5% if the difference ranges from 10%-20%, 15% if the difference is more than 20% but less than 50% and 40% if the difference exceeds 50%.
5. Statute of limitations – The statute of limitations for the assessment of tax normally is five years but may be extended to six years in the case of tax evasion. There is no statute of limitations for the collection of tax.

Individuals

1. Tax year – The tax year is the calendar year.
2. Tax filing – Spouses are not permitted to file a joint return.
3. Filing and payment – Individuals must submit a personal income declaration by 31 March following the end of the tax year and pay tax based on the declaration. The employer is responsible for withholding and paying salary tax to the tax authorities on a monthly basis. However, if the employee is paid from an offshore source, the employee must declare his/her income and benefits for the entire year and pay the applicable tax to the tax authorities with the annual income tax return before 31 January of the following year.
4. Penalties – See “Tax Administration and Compliance, Corporations,” above.

VAT

1. Filing and payment – All companies must prepare and file a monthly VAT return with the tax authorities.
2. Penalties – Failure to pay the tax at the correct time triggers delay fines (“additional tax”) at a rate of 1.5% per month on any portion of the tax unpaid.

GENERAL INVESTMENT INFORMATION

Investment Incentives

Tax incentives

Investment Law No. 72 of 2017 provides several general incentives for newly formed companies, including:

- A five-year exemption from stamp duty tax and notarisation and registration fees for the deeds of association of companies and establishments, credit facilities and mortgage contracts connected with the company's activities. This

exemption applies from the date of recording the items in the commercial register

- An exemption from stamp duty tax and the notarisation and registration fee for the registration contracts of land necessary for the establishment of companies and establishments
- A reduced flat-rate 2% customs duty on all imported machinery, equipment and apparatuses required for the establishment of the project or company
- An exemption from customs duty on temporary imports (that will be reshipped out of Egypt) of molds and other similar equipment.

Investment projects established after 1 June 2017 are granted an investment incentive in the form of a deduction (equal to 30% or 50% of the “investment costs,” with certain limitations) from the net taxable profits, in accordance with the investment map, which is geographically split into Sector A and Sector B. The sector determines the percentage deduction that will be granted.

Free trade zones

A free zone is an area where projects may be established that benefit from the provisions of the investment law. There are two types of free zone: public and private:

- Public free zones are pieces of land allocated by the government in the following specified areas: Alexandria, Nasr City, Port Said, Damietta, Ismailia, Keft, Media City, Shebin El-Koom and Suez. The zones in these areas are equipped with all the necessary facilities and essential infrastructural services to set up and operate the investment projects
- Private free zones are areas outside of the public free zones and may be established owing to a lack of available space in the public free zones or for economic reasons. Private free zones must be approved by a Cabinet decree

- New projects can operate in free zones, provided they are licensed. However, licenses may not be issued to conduct projects in free zones in the areas of oil processing; fertiliser industries; iron and steel; natural gas processing, liquidation and transport; the “energy heavy” industries (as defined by a decision of the Supreme Council of Energy); alcoholic beverage industries; firearms and explosives industries; and other industries associated with national security
- Goods exported from free zones or imported to carry out activities in Egypt are not subject to import and export regulations, or to customs procedures for exports and imports. They also are not subject to customs duties or any other type of tax, such as VAT
- Equipment, machinery and transport vehicles (except cars) necessary for production activities within free zones are exempt from customs duties, VAT and other types of tax and fees. However, customs duties apply to goods transferred from the free zone to the local market, as if they were imported from abroad. Where products containing local and foreign components are imported from free zone projects, the customs tax basis will be the value of the foreign components at the prevailing prices at the time of their entry from the free zone into the local market, provided the customs tax payable on the foreign components would not exceed the tax due on the final product imported from abroad.
- Enterprises established in free zones are not subject to Egyptian tax and duty laws but are subject to the treatment described below, depending on whether they are located in a public or a private free zone. All projects established in a free zone pay an annual service charge of 0.001% of their capital (subject to a maximum of EGP100 000).

Projects in public free zones are subject to:

- A fee of 2% of the value of the commodities upon entry (cost, insurance and freight) for warehousing projects
- A fee of 1% of the value of the commodities upon exit (free on board) for manufacturing and assembly projects
- An exemption for trade of transit goods with a fixed destination
- A fee of 1% of total revenue realised for projects whose main activity does not require the entry or exit of commodities into or from the zone. This is assessed based on the financial statements approved by a chartered accountant.

Projects in private free zones will be subject to:

- A 1% fee on total revenue realised for manufacturing and assembly projects upon exporting the commodities abroad, and 2% of the total revenue of these projects upon the entry of commodities into the local market
- An exemption for trade of transit goods with a fixed destination
- A 2% fee on total revenue realised for projects not otherwise mentioned.

Exchange Controls

Limited restrictions apply to the export of capital and the repatriation of funds. The Central Bank relaxed some restrictions on the export of capital and the repatriation of funds. Following a decree issued by the Central Bank on 28 November 2017, the previous limits on foreign currency transactions have been abolished.

Expatriates and Work Permits

A working visa is required before an individual takes up employment in Egypt. To obtain a visa, the individual must have a formal job offer and a contract of employment, a sponsor or a certificate of experience providing evidence that the individual has at least three years' experience in the same position

that the individual will hold with the Egyptian employer. The necessary paperwork to apply for or amend an entry visa is handled by an agency or the employer. The time and cost of obtaining an entry visa depends on the nationality of the applicant and the type of visa.

Trade Relations

Memberships

- African Union (AU)
- Arab League
- Group of 77
- United Nations (UN)
- World Trade Organization




Agreements

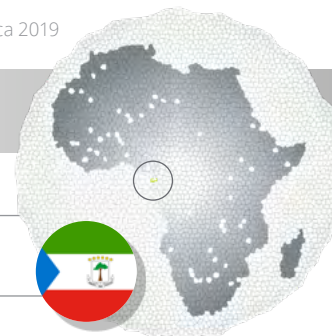
- General Agreement on Tariffs and Trade (GATT)
- General Agreement on Trade in Services (GATS)
- European Union-Egypt Free Trade Agreement (Association Agreement)
- Free Trade Agreement with EFTA States
- Turkey-Egypt Free Trade Agreement
- Greater Arab Free Trade Area Agreement
- Agadir Free Trade Agreement among Egypt, Morocco, Tunisia and Jordan
- Egyptian-European Mediterranean Partnership Agreement
- Common Market for Eastern and Southern Africa (COMESA)
- Pan Arab Free Trade Area (PAFTA)
- MERCOSUR free trade agreement

Interest and Currency Exchange Rates

Monetary policy rate
Central Bank Rate - EOP: 15.75% (Source: Central Bank of Egypt)
Currency
Egypt's currency is the Egyptian Pound (EGP).
ZAR1 = EGP1.15867 (June 2019) (Source: XE Currency Converter)
USD1 = EGP16.7591 (June 2019) (Source: XE Currency Converter)
EUR1 = EGP18.7784 (June 2019) (Source: XE Currency Converter)

Key Economic Statistics

GDP (approximate)		USD299.59 billion (2019 forecast) (Source: IMF WEO DATABASE)
		USD331.36 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		USD6 696.40 million (Dec 2018) (Source: IMF WEO DATABASE)
Rate of Inflation		14.53% (2019 forecast) (Source: IMF WEO DATABASE)



Equatorial Guinea

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Income Tax – Individuals

Taxable income (XAF)	Rate (%)
0 – 1 million	0%
1 000 001 – 3 million	10%
3 000 001 – 5 million	15%
5 000 001 – 10 million	20%
10 000 001 – 15 million	25%
15 000 001 – 20 million	30%
Over 20 million	35%

Notes

1. Basis – Resident individuals are subject to tax on their worldwide income and non-residents are only taxed on their EG-source income. However, Non-resident individuals also are subject to tax on transactions and services carried out in Equatorial Guinea (EG).
2. Residence – An individual working in EG who is present in the country for more than three months in one calendar year, or more than six months over two years, is considered resident in EG. Individuals working in the oil and gas sector in EG are considered resident only where the individual is present in EG for more than three months in a calendar year. Absences of less than 30 days are not taken into account when computing the period of residence.

3. Taxable income – Income from salaries and wages (including benefits-in-kind and cash allowances), pensions, annuities, dividends, interest, royalties, income from self-employment, capital gains, etc. and per diems for attending directors' board meetings are taxable. Specific allowances to cover expenses relating to the position are not taxable to the extent the expenses are effectively used for their objective and are not excessive. Capital gains accruing to individuals from company mergers are not subject to tax if the new company has its registered office in EG or another Communauté Economique et Monétaire d'Afrique Centrale (CEMAC) state (i.e. Cameroon, Central African Republic, Chad, Congo or Gabon).
4. Deductions and allowances – The extent to which a deduction from income will be allowed depends on the category of income. Allowable deductions include business expenses, contributions to pension funds (under specific conditions), interest on loans obtained to build or repair the taxpayer's main residence in EG, alimony and payments made to the welfare fund on behalf of domestic employees. For salaries, wages, pensions and annuities, a lump-sum deduction for business expenses of 20% of income is available, subject to a maximum deduction of XAF1 million.
5. Rates – Rates for resident individuals are progressive up to 35%. Additionally, benefits-in-kind and cash allowances are taxable at the following rates: housing – 15%; water, electricity, housekeeping and company car – 5%; and food – 20% (imposed on gross salary up to a maximum of XAF150 000 for food only). Non-resident individuals are subject to a final withholding tax on their gross income from EG sources generally at 20% (see "Withholding tax (WHT)," below). Capital gains are subject to the general tax rate.

Income Tax – Companies

	Rate
Basic rate	35%

Notes

1. Basis – Resident entities are subject to tax on their worldwide income. Non-resident entities are subject to tax on gross income derived from sources in EG.
2. Residence – A commercial entity operating in EG for more than three months in a calendar year, or for more than six months over a two-year period, is considered resident. Companies operating in the oil and gas sector are considered resident in EG only where they operate in EG for more than three months in a calendar year.
3. Taxable income – Taxable income is a company's gross income, less allowable deductions and losses. Dividend income is subject to tax, although a participation exemption applies so that only 10% of net dividends received by a corporate shareholder is subject to tax where the shareholder holds at least 25% of the shares in the payer and the shares are registered in the name of the shareholder for at least two consecutive years. Capital gains are treated as ordinary business income, but the taxation of capital gains realised on the disposal of business fixed assets may be deferred for three years if the taxpayer reinvests the gains in new business fixed assets. Capital gains arising from the gratuitous allocation of certain shares or debentures on the merger of limited liability companies or limited partnerships with share capital are not taxed, provided the company arising from the merger has its registered office in EG. Capital gains resulting from the assignment or transfer of a company's shares, including on the dissolution of a company, within five years of the date the company was formed or the shares acquired, will be assessed at only 50% of their value (one-third of their value if such an event takes place more than five years after the company is formed or the shares are acquired).
4. Deductions – Expenses incurred that are necessary for carrying out a company's taxable activity in EG are deductible. To be deductible, depreciation must be recorded in the accounting books. A company can defer depreciation claims indefinitely if it is in a loss position.
5. Losses – Losses may be carried forward for up to three years (five years for companies in the oil and gas industry) but may not be carried back. After three consecutive years of losses, companies (except new

companies) will be deregistered from the Tax Registry. Losses of one entity may not be transferred to another entity either in a consolidated group or on a corporate merger or other reorganisation.

6. Foreign tax credit – No
7. Group relief – There is no provision for group relief or the transfer of losses between members of a group.
8. Rate – The corporate income tax is a flat rate of 35%.
9. Branch taxation – Branches of foreign companies are subject to tax at the same rate as domestic companies; EG does not levy a branch profits tax.
10. Surtax – A 13% surcharge in the form of an excise tax applies to oil and gas operations. The rate is 10% for production sharing contracts (PSC) entered into before 2016 in accordance with the 1981 Hydrocarbon Law.
11. Presumptive tax – Companies are subject to a minimum income tax (MIT) of 3% of the previous year's turnover. The MIT cannot be less than XAF800 000 and is payable when the operations of the company result in a taxable loss or when the minimum tax is more than 35% of the taxable profits. (MIT and alternative minimum tax are applied under the same concept.)
12. Oil and gas companies – Special regimes apply to oil and gas operations and the assignment of petroleum license interests. Companies engaged in upstream petroleum operations are subject to corporate income tax on taxable income in accordance with the provisions of the 1994 Hydrocarbons Code. Royalties are deductible if they are not excessive and if the rights are actually used. Rents are deductible in full. The following are not deductible for corporate income tax purposes: signature, discovery and production bonuses; annual surface rentals; and interest on loans obtained by the contractor from affiliated companies. Research and exploitation activities are subject to annual surface rental duty at a 13% rate although different rates may apply to PSCs concluded before 2006. Payments to resident and non-resident contractors may be subject to WHT. Certain customs duty and import duty exemptions apply.

Withholding Tax (WHT)

The following table sets out the applicable WHT rates on dividends, interest and royalty payments made to residents and non-residents (the tax is a final tax for non-residents and the rate may be reduced under an applicable tax treaty):

Payment	Resident	Non-resident
Dividends	10%	25%
Interest	-	20/25%
Royalties	-	20%
Technical service fees	-	20%
Capital gains	35%	35%
Oil and gas services	6.25%	20%
Mobilisation, demobilisation and transportation services related to oil and gas	5%	

Notes

1. A company operating in the oil and gas sector as a contractor or subcontractor must withhold tax at 20% from the wages and income paid to non-resident contractors and subcontractors. The rate is 6.25% on such payments to residents. Other disbursements and payments for the purchase of equipment (goods) necessary to oil and gas operations generally are not subject to WHT based on "London Agreements." (An agreement in 1997 between the EG Government and oil and gas companies, where the types of transactions that would be subject or not subject to the WHT were determined.)
2. Payments related to mobilisation, demobilisation and transportation services related to oil and gas operations on the EG continental shelf are subject to a reduced 5% WHT for non-resident contractors and subcontractors. Payments related to mobilisation, demobilisation and transportation services outside the EG continental shelf are not subject to EG tax.

Tax Treaties

EG has a treaty with the CEMAC member states to improve tax cooperation between CEMAC administrations and to limit double taxation.

Anti-Avoidance Rules

Transfer pricing

There are no specific transfer pricing rules in EG. EG law and CEMAC regulations only provide for a general rule on the prohibition of a direct or an indirect transfer of income to an affiliated company by way of adjustments to the sale or purchase price or interest on loans. However, the tax authorities can assess such indirect transfers by comparing them with transactions of similar companies operating on arm's length terms in EG.

Thin capitalisation

There are no thin capitalisation rules in EG.

Controlled foreign companies (CFCs)

There are no CFC rules in EG.

Employment-Related Taxes

Payroll tax

Income tax on employment income is generally collected by the employer via WHT at source under the Pay-As-You-Earn (PAYE) system. The employer is responsible for filing a monthly personal income tax return on behalf of the employee and paying the relevant tax.

Social security

Employers and employees must contribute monthly to the National Social Security Fund (INSESO) and the Work Protection Fund. Employer contributions are 1% of the gross salary to the Work Protection Fund and 21.5% to INSESO. The rates for employees are 0.5% of net salary (net after the deduction of tax and INESO contributions) to the Work Protection Fund and 4.5% of gross salary to INSESO. The net salary is based on the administrative practice to calculate and pay both contributions based on the gross salaries.

Indirect Taxes

Value Added Tax (VAT)	Rate
Standard rate	15%

Notes

1. Taxable transactions – VAT is imposed on the supply of goods or services and on imports. Companies engaged in business in the oil and gas sector are not subject to VAT in EG.
2. Rates – The standard VAT rate is 15%. A zero rate applies to exports and similar transactions. Some products are subject to a reduced rate of 6%, others are exempt and others are assessed to a special duty tax at a rate of 30%. Where special duty taxes apply, the transaction will be assessed at 30% rather than the 15% VAT.
3. Registration – Resident VAT payers must be registered. Non-resident VAT payers must appoint a solvent resident representative to be jointly responsible for the payment of VAT and the discharge of other VAT obligations.

Special duty tax

A standard special duty tax of 30% applies to an exhaustive list of products (mainly luxury goods) in the Tax Code. However, both the Tax Code and CEMAC provisions list special rates for products such as:

- Sparkling wine and champagne – 20% (special duty) and 15% (CEMAC duty)
- Cigars, cigarettes and tobacco – 50% (special duty) and 25% (CEMAC duty)
- Photographic devices with automatic flashes – 25% (special duty).

Customs and Excise Duties

Customs duties are set by the CEMAC and apply across all CEMAC member states. The rates are as follows:

Product	Rate
Basic necessities	5%
Raw materials and capital goods	10%
Intermediate and other goods	20%
General consumer goods	30%

In principle, trade between CEMAC countries is exempt from customs duties. A 1% integration community tax is collected on imports from outside the CEMAC. An Organisation pour l'Harmonisation en Afrique du Droit des Affaires (OHADA) community tax of 0.5% also is collected on imports from outside the OHADA zone, which comprises 17 African states.

An oil and gas contractor may import all goods (e.g. materials, machinery, equipment, and consumer goods) directly necessary to properly carry out petroleum operations in EG free of import duties. The goods must be exclusively destined to be re-exported at the end of their use.

A 13% surcharge in the form of an excise tax applies to oil and gas operations. However, the 10% rate under the 1981 Hydrocarbon Law applies to PSCs concluded before 2016.

Other Taxes

Inheritance/estate tax

A tax on mortis causa applies for all kinds of hereditary successions (10%), donations (5%) and life insurance (10%).



Stamp duty

Stamp duty is payable on a variety of instruments and transactions, such as increases of capital, transfers of unquoted shares and property transfers, at rates ranging from 1% to 10%.

Transfer tax

Rates are 3% for the transfer of goods and chattels for valuable consideration (between residents and non-residents and between non-residents); 5% on transfers of real estate for valuable consideration between residents and 25% on such transfers between residents and non-residents; and 5% on all transfers for valuable consideration of goods and chattels and livestock, credits and other rights not expressly specified.

Real property tax

Rural property tax of XAF100 is levied for each hectare or fraction thereof of the surface area of property. An urban property tax is levied at 1% on 40% of the sum of the value of the land and the buildings constructed on the land.

Tourist accommodation tax

A tourist accommodation tax of CFA1 000 is levied on a hotel stay per day and per resort star (e.g. a five-star hotel = CFA5 000 per day/per tourist).

Registration of public contracts

A registration fee is levied on all public contracts (of the State and of the Autonomous Entities and Public Enterprises), which is assessed at 2% of the value of the contract.

Other

Tax is levied on the use and ownership of vehicles and boats, and there is a tax on the screening and distribution of image and audio recordings.

Tax Administration and Compliance

The responsibility for administering taxes in EG rests with the General Department of Taxation of the Ministry of Finance and Budget.

Companies

1. Tax year – The tax year is the calendar year. A company's financial year must correspond to the tax year.
2. Consolidated returns – Consolidated returns are not permitted; each company must file a separate return.
3. Filing and payment – A return showing the company's results for the fiscal year must be filed by 30 April following the end of the tax year. MIT is payable annually before 31 March, which is the first instalment. The final instalment is paid on 30 April as the final corporate income tax.
4. Penalties – A fine of XAF200 000 per month is levied for late filing, capped at 75% of the tax due. The penalty for an understatement of tax liability ranges from 50% (when the amount is 10% higher than the taxpayer's profits) to 100% (for deliberate understatement). If an understatement of profits is due to miscalculation, the administration will deem it a mistake that can be rectified; however, penalties will apply if the authorities can prove that the miscalculation was made in bad faith. A 50% penalty is imposed for failure to pay the minimum income tax.
5. Rulings – Rulings are not available in EG.

Individuals

1. Tax year – The tax year is the calendar year.
2. Tax filing – The head of a family is subject to personal income tax on his/her own income and on the income of his/her spouse and dependent children, subject to the individual's right to elect to be assessed separately. A married woman is assessed separately if she is separated from her husband or if her husband is not subject to tax in EG.

3. Filing and payment – Tax payments withheld from income from salaries and wages must be paid by the employer by the 15th of the following month. Individuals are not required to file their own returns; the employer is responsible.
4. Penalties – The same penalties apply as for companies. Additionally, failing to withhold is subject to a 25% penalty and a failure/delay in paying personal income tax withheld is subject to a monthly penalty of 25% of the amount withheld plus 10% interest, capped at 100% of the total tax withheld.

Value added tax

1. Filing and payment – Registered VAT vendors are required to file monthly VAT returns within 15 days of the end of the month. The tax due must be paid within 15 days following the filing of the VAT return.
2. Penalties – Late VAT payments are subject to interest at 10% and a fine of 50% of the tax liability (100% in some cases). Delays in the submission of the VAT monthly return is subject to interest of 10% on the tax due. The reassessment of VAT is fined at a 50% rate (100% if the taxpayer is dishonest).

GENERAL INVESTMENT INFORMATION

General

At least 35% of all companies established in EG must have EG nationals as shareholders. As a result, subsidiaries of foreign companies must include EG nationals as shareholders, but the rule does not apply to branches of foreign companies.

Investment Incentives

General incentives

- The Investment Code aims to encourage and stimulate productive investment in EG. It provides certain general guarantees, such as no expropriation or nationalisation without just and equitable advance compensation.
- Specific customs and tax incentives are available for certain sectors, such as the oil and gas industry.
- Special incentives are offered to companies located in non-coastal areas, including Annobón.

Exchange Controls

Transfers within the CEMAC zone are not restricted. An advance declaration is required for inbound direct investment, which is capital investment in an entity to acquire control (excluding the purchase of less than 10% (or XAF100 million) of the share capital of an unquoted company). Loans obtained by EG companies from foreign shareholders, or from a foreign enterprise within the same group, also require prior authorisation. No advance declaration is required when undistributed profits are reinvested, but transfers of at least XAF1 million outside the CEMAC zone require authorisation. Transfers exceeding XAF5 million must be made via a bank authorised by the Central Bank to act as an intermediary.

Expatriate employees may repatriate part of their earnings on a regular basis, and unlimited transfers may be made to cover family and dependent expenses outside the CEMAC zone.

Expatriates and Work Permits

Expatriates must have a work permit. Foreign employees cannot exceed 10% of an employer's total workforce (30% in the oil and gas sector). At least one-third of the board of directors of an EG company must be EG nationals, and EG nationals also must be involved in the management of the company.

Trade Relations




Memberships

- Organisation pour l'Harmonisation en Afrique du Droit des Affaires (OHADA)
- Communauté Economique et Monétaire d'Afrique Centrale (CEMAC)
- World Trade Organization (WTO) (Observer status)

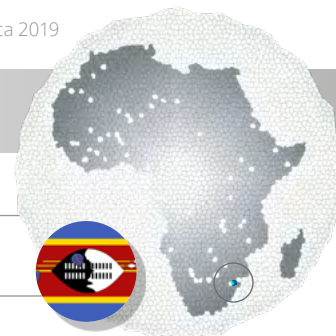
Interest and Currency Exchange Rates

Monetary policy rate	
Central Bank Rate - EOP: 3.5%	(Source: Trading Economics, Bank of Central African States)
Currency	
XAF – The CEMAC members share a common currency, the CFA Franc (XAF). The XAF is linked to the Euro (EUR) at a fixed exchange rate.	
ZAR1 = XAF40.4851	(June 2019) (Source: XE Currency Converter)
USD1 = XAF585.376	(June 2019) (Source: XE Currency Converter)
EUR1 = XAF655.957	(June 2019) (Source: XE Currency Converter)

Key Economic Statistics

GDP (approximate)		USD12.43 billion (2019 forecast) (Source: IMF WEO DATABASE)
		USD12.26 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		Not applicable. There is no stock market in Equatorial Guinea.
Rate of Inflation		2.6% (2019 forecast) (Source: IMF WEO DATABASE)

Eswatini (Swaziland)



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Income Tax – Individuals

Taxable income (SZL)	Tax payable
0 – 40 000	15%
40 001 – 100 000	SZL6 000 + 20% on amount exceeding SZL40 000
100 001 – 150 000	SZL18 000 + 25% on amount exceeding SLZ 100 00
150 001 – 200 000	SZL30 500 + 30% on amount exceeding SZL150 000
200 001 – 250 000	SZL45 500 + 33% on amount exceeding SZL200 000
Over 250 000	SZL62 000 + 36% on amount exceeding SZL250 000

Different rates and thresholds apply to lump sums received by redundant or retired individuals as follows:

Taxable income (SZL)	Tax payable
0 – 200 000	25%
200 001 – 300 000	SZL50 000 + 30% on amount exceeding SZL200 000
Over 300 000	SZL80 500 + 33% on amount exceeding SZL300 000

Notes

1. Basis – Income tax is imposed on all Swaziland-source income. Foreign-source income is exempt from income tax.
2. Residence – Swaziland has no residence requirement for income tax purposes.
3. Taxable income – Taxable income includes income from employment (and associated benefits), income derived from a business or profession, and certain investment income, that arises in, or is deemed to arise in, Swaziland.
4. Exempt income – This includes war pensions and gratuities; a part of any payment from a pension, provident or benefit fund payable on termination of employment (subject to certain limits); severance allowance or notice pay; certain redundancy payments; scholarships and bursaries; and certain interest received.
5. Deductions and allowances – Various rebates, allowances and deductions are available. All individuals are entitled to a tax-free allowance of SZL55 000, with any tax payable on that amount being reduced via a tax rebate amount not to exceed SZL8 200 per tax year (SZL10 900 for retired individuals over the age of 65 years). At the time of this publication, a new tax rebate had not been published however we would expect the tax rebate to increase in line with the tax-free allowance.
6. Rates – Individual income tax is levied at progressive rates up to 36%. Trust income is taxed at 33% (at the date of publication it is unclear whether the tax rate in respect of trusts would also be increased in line with the increase in the maximum marginal rate for individuals).

Income tax – Companies

	Rate
All companies	27.5%

Notes

1. Basis – Income tax is imposed on all Swaziland-source income. Foreign – source income is exempt from income tax.
2. Residence – Swaziland does not have a residence requirement for income tax purposes.
3. Taxable income – Taxable income is comprised of profits derived from the operation of a business in Swaziland (with certain exceptions). Dividends distributed by a Swaziland company to another Swaziland company are not subject to tax.
4. Deductions – In computing taxable income, expenses (excluding those of a capital nature) incurred in Swaziland for the production of income are deductible by the taxpayer. These include interest payable, depreciation, expenditure on the repair of machinery, proven bad debts and allowances for doubtful debts. Certain capital allowances also are available (see below under "Tax Incentives").
5. Losses – Losses may be carried forward indefinitely. The carryback of losses is not permitted.
6. Foreign tax credit – Swaziland does not offer a unilateral foreign tax credit.
7. Group relief – There are no provisions for group relief or the transfer of losses between members of a group.
Rate – The standard corporate tax rate is 27.5%. Special rates may be available under an incentive regime. Branches of foreign companies are subject to the same rate as domestic companies; however, a 15% branch profits tax also is levied (12.5% if the profits are repatriated to Botswana, Lesotho, Mozambique, Namibia or South Africa).

Withholding Tax (WHT)

The WHT rates on various types of payment are as follows (the tax is a final tax for non-residents):

Payment	Residents	Non-residents ¹
Dividends	10%	12.5%/15% ²
Interest	10%	10%
Royalties	0%	15%
Management and construction fees, entertainer and athlete fees, and Swaziland-source services contracts (excluding employment contracts)	0%	15%
Repatriated branch profits	0%	12.5%/15% ³
Rental payments (individuals)	10%	-

Notes

1. Dividends paid to companies that are incorporated in Botswana, Namibia, Lesotho or South Africa, and that are not subsidiaries or branches of companies registered elsewhere are subject to the 12.5% rate.
2. Branch profits repatriated to Botswana, Mozambique, Namibia, Lesotho or South Africa are subject to the 12.5% rate.

Tax Treaties

Swaziland has concluded five tax treaties that provide for maximum WHT rates as shown below. Where relevant, the domestic rate will apply where this is lower than the treaty rate.

Country	Dividends	Interest	Royalties
Mauritius	7.5%	5%	7.5%
Seychelles	7.5%/10% ¹	7.5%	10%
South Africa	10%/15% ²	10%	10%
Taiwan	10%	10%	10%
United Kingdom	15% ³	10% ⁴	0% ⁵

Notes

1. The 7.5% rate applies where the beneficial owner is a company that holds at least 25% of the capital of the payer company; otherwise, the rate is 10%.
2. The 10% rate applies where the beneficial owner is a company that holds at least 25% of the capital of the payer company; otherwise, the rate is 15%.
3. The treaty rate will not apply where the beneficial owner owns at least 10% of the class of shares in respect of which the dividend is paid to the extent the dividend could have been paid only out of profits the payer company earned or other income it received in a period ending 12 months or more before the 10% shareholding was acquired, subject to certain conditions.
4. The treaty does not provide for a reduced WHT rate, so the domestic rate of 10% applies.
5. Royalties are taxable only in the country of residence of the recipient.

Anti-Avoidance Rules

Transfer pricing

There is no specific transfer pricing legislation in Swaziland, but the general anti-avoidance rules will apply if the Commissioner considers a transaction to be carried out at prices that are not at arm's length.

Thin capitalisation rules

Swaziland does not have thin capitalisation rules.

Employment-related taxes

Payroll tax

Personal income tax under Pay-As-You-Earn (PAYE) is levied on taxable income received by or accrued to an individual, which is sourced or deemed to be from a source within Swaziland. The income is subject to tax at progressive rates as set out above.

Social security

All employees are required to contribute to the Swaziland National Provident Fund, with the employer being liable for 50% of the contribution. The amount of the contribution varies depending on an employee's earnings.

Indirect Taxes

Value Added Tax (VAT)

VAT	Rate
Standard rate	15%

Notes

1. VAT is levied on the supply of goods or services in Swaziland, and on the import of goods or services. Certain goods and services are zero-rated, including basic foodstuffs and direct exports. VAT is charged at 0% on these goods and services and input tax credits can be claimed on purchases used to make zero-rated supplies. Certain other supplies, including financial services, educational services and passenger transport, are exempt (i.e. outside the scope of VAT). A provider of exempt supplies can neither charge VAT nor reclaim input tax incurred.
2. Businesses with taxable supplies exceeding SZL500 000 are required to register for VAT. Registration below this threshold is voluntary and at the discretion of the Commissioner.

Customs and excise duties

South African Customs Union (SACU) member states (Botswana, Lesotho, Namibia, South Africa and Swaziland) are required to apply similar customs and excise duties. Various excise duties

are levied on imported and local goods, such as tobacco, vinegar, alcohol and petroleum products. The rates are specific and generally are assessed on a per litre or per kilogram basis.

Other Taxes

Capital duty

There are no taxes on capital in Swaziland.

Stamp duty

Stamp duty is payable on various documents. Purchasers of marketable securities are liable for a 1% stamp duty.

Transfer tax

The transfer of immovable property is subject to transfer tax ranging from 2% to 6%.

Tax Administration and Compliance

The Swaziland Revenue Authority (SRA) administers tax.

Companies

1. Tax year – The year of assessment is the 12-month period ending on 30 June, although permission may be obtained to have a different year-end.
2. Consolidated returns – Consolidated returns are not permitted; each company must file a separate return.
3. Filing and payment – Companies are required to file an income tax return no later than 31 October annually. Tax returns for companies that have an approved financial year-end other than 30 June are due 120 days after the relevant year-end.
4. Penalties – The late filing or failure to file a tax return will attract a penalty in an amount equal to twice the tax chargeable for the relevant year of assessment.
5. Rulings – The Commissioner may issue a ruling upon application by a taxpayer to confirm a tax position taken.

Individuals

1. Tax year – The year of assessment is the 12-month period ending on 30 June.
2. Tax filing – Each taxpayer must file a return. Spouses are not permitted to file joint returns.
3. Filing and payment – Individuals must submit their annual income tax returns by 31 October. An extension may be granted upon application to the SRA. The employer withholds tax on salaried income under the PAYE system.
4. Penalties – The late filing or failure to file a tax return will attract a penalty in an amount equal to twice the tax chargeable for the relevant year of assessment.

Value added tax (VAT)

1. Filing and payment – The VAT return and payment must be made monthly within 20 days of the end of the VAT period.
2. Reverse charge – The VAT system provides for a reverse charge mechanism for services imported from foreign suppliers. Under the reverse charge, the Swaziland purchaser must calculate the VAT and remit the tax to the SRA.
3. Penalties – Failure to submit a return may result in a fine not exceeding SZL10 000, imprisonment for a period of up to three years or both.

GENERAL INVESTMENT INFORMATION

Investment Incentives

Swaziland has established the Swaziland Investment Promotion Authority (SIPA) to attract foreign investment. Applications for business licenses, work permits and foreign exchange approvals are processed by the SIPA.

Tax incentives

The following capital allowances are available:

- Plant and machinery used in a manufacturing process: A 50% initial allowance in the first year of use and a 10% annual
- Allowance on the reducing balance method over the lifetime of the asset
- Hotel construction and improvement allowance: 50% of the cost of construction of a new hotel or enhancements to an existing hotel is deductible in the year the costs are incurred, and a 4% annual allowance thereafter
- Buildings (and improvements) used to house manufacturing plant and machinery (industrial buildings): A 50% initial allowance in the first year of use, and a 4% annual allowance thereafter
- Employee housing allowance: To construct dwellings for employees, an allowance of 20% may be claimed in the first year and 10% in each of the succeeding eight years.

Export promotion expenditure is deductible as follows:

- 133% deduction of approved export promotion expenditure incurred during the year preceding the year of assessment by an approved company in the handicraft and cottage industry sectors
- 150% deduction of approved export promotion expenditure incurred during the year preceding the year of assessment by an approved trading house (this allowance must be approved by the Commissioner of Taxes and the Ministry of Enterprise and Labour).

Farming – Certain capital expenditure is tax deductible, but the total deduction in any year of assessment is limited to 30% of the gross income derived from farming operations. Any remaining amount may be carried forward.

Certain tax incentives are available to investors qualifying as a “development enterprises” – essentially promoting business opportunities for social benefit – including a 10% corporate income tax rate for 10 years and an exemption from WHT on dividends for the same period.

Special Economic Zones (SEZ)

Under the Special Economic Zones Act, 2018, an investor is entitled to the following incentives:

- Exemption from corporate income tax for an initial period of 20 years, with a reduced rate of 5% thereafter
- Remission of customs duty and VAT payable on goods purchased for use as raw materials, equipment and machinery (including all goods and services related to manufacturing in the SEZ).

A company in an SEZ is allowed to sell up to 20% of its total production into the Southern African Customs Union. Where the goods are sold into the customs territory, all the applicable taxes (income tax, customs, VAT) will be due on that production.

Exchange Controls

Swaziland is a member of the Common Monetary Area (CMA) with Lesotho, Namibia and South Africa. In broad terms, it constitutes a single exchange control area. As a member of the CMA, monetary developments in Swaziland reflect the monetary policy pursued and implemented by the South African Reserve Bank. There are no restrictions on inbound investment by foreigners and profits may be fully repatriated. There are restrictions on outbound investment by residents.

The Central Bank of Swaziland administers the exchange control regulations in cooperation with authorised dealers. Generally, prior approval is required for all foreign loans and shareholdings.

Expatriates and Work Permits

Subject to meeting certain criteria, work permits may be granted to investors and skilled personnel.

Trade Relations

Memberships




- South African Customs Union (SACU)
- South African Development Community (SADC)
- World Trade Organization (WTO)
- World Customs Organization (WCO)
- Common Market for Eastern and Southern Africa
- African, Caribbean and Pacific Group of States (ACP)

Swaziland has bilateral investment protection agreements with Egypt, Germany, Taiwan, Mauritius and the UK.

Interest and Currency Exchange Rates

Monetary policy rate
Central Bank Rate - EOP: 6.75% (Source: Central Bank of Eswatini)
Currency
Lilangeni (SZL, divided into 100 cents)
ZAR1 = SZL1 (June 2019) (Source: XE Currency Converter)
USD1 = SZL14,4304 (June 2019) (Source: XE Currency Converter)
EUR1 = SZL16,2550 (June 2019) (Source: XE Currency Converter)

Key Economic Statistics

GDP (approximate)		USD4.66 billion (2019 forecast) (Source: IMF WEO DATABASE)
		USD4.81 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		Not Applicable. World Bank provides data only till 2007.
Rate of Inflation		5.63% (2019 forecast) (Source: IMF WEO DATABASE)

Notes

1. South African bank notes, but not coins, are legal tender in Swaziland. The monetary arrangement between South Africa and Swaziland, which dates back to when both countries used British Sterling as their currency, was formalised in December 1974 with the signing of the Rand Monetary Area Agreement, which became the CMA in 1986. Swaziland's currency is pegged to the South African Rand, subsuming Swaziland's monetary policy to South Africa.

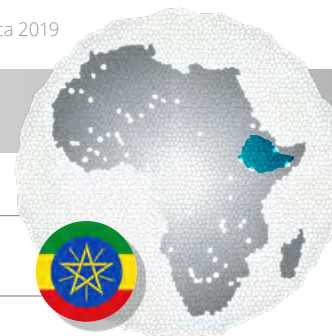
Ethiopia

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Income Tax – Individuals

Ethiopian income tax is classified into five schedules.

Schedule A – Employment income

Taxable income (ETB)	Rate	Deduction (ETB)
0 – 600	0%	0
601 – 1 650	10%	60
1 651 – 3 200	15%	142.50
3 201 – 5 250	20%	302.50
5 251 – 7 800	25%	565
7 801 – 10 900	30%	955
Over 10 900	35%	1 500

Notes

1. Basis – Income tax in Ethiopia is based on source and residence. Ethiopian residents are subject to tax on worldwide income. Non-residents are subject to tax only on Ethiopian-source income.
2. Residence – An individual who lives in Ethiopia for more than 183 days during a 12-month period, whether continuously or intermittently, is considered resident for the entire tax period.

3. Taxable income – Any income generated is taxable unless it is specifically exempt. Employment income (including fringe benefits) is taxable, as is income earned from a business and investments.
4. Exempt employment income (Schedule E see below) – The following income is exempt:
 - Employment income up to ETB600
 - Pension contributions to the extent exempt from tax under the Public Servants Pension Proclamation or the Private Organization Employees' Pension Proclamation
 - Employer contributions to retirement benefits up to a maximum of 15% of an individual's monthly salary
 - Amounts paid by employers to cover the actual costs of medical treatment, hardship and other allowances
 - Transport allowances of up to the lower of ETB2 200 or 25% of the basic salary per month
 - Local per diem (daily subsistence allowance) for field work up to ETB500 or 4% of the basic salary per day, whichever is higher.

Schedule B – Rental income

Rental income derived from the leasing of buildings by Ethiopian residents is taxed at rates up to 35%.

Amounts received attributable to furniture and equipment where premises are let furnished fall within the scope of the tax. For individuals, rates are progressive up to a maximum of 35%.

Schedule C – Business income

Unincorporated businesses and sole traders are taxed as follows:

Taxable business income (ETB)	Rate	Deduction (ETB)
0 – 7 200	0%	0
7 201 – 19 400	10%	720
19 401 – 38 400	15%	1 710
38 401 – 63 600	20%	3 630
63 601 – 93 600	25%	6 780
93 601 – 130 800	30%	11 460
Over 130 800	35%	18 000

Notes

1. Basis – Resident businesses and sole traders are taxed on worldwide income; non-residents are taxed on Ethiopia-source income.
2. Residence – A sole trader is considered resident in Ethiopia under the same rules that apply to individuals.
3. Taxable income – Tax under Schedule C is imposed on the net profits from entrepreneurial activities. Rental income is assessed under Schedule B.
3. Deductions – Various deductions may be taken in determining taxable income, including:
 - Expenditure necessarily incurred by the taxpayer during the year in deriving, securing and maintaining amounts included in business income
 - Cost of trading stock disposed of by the taxpayer during the year
 - Total amount by which the depreciable assets and business intangibles of the taxpayer have declined in value during the year from use in deriving business income using the method specified in the annual Income Tax Proclamation
 - Losses incurred on the disposal of business assets (other than trading stock) disposed of by the taxpayer during the year
 - Any other deductible amounts as specified in the annual Income Tax Proclamation.

4. Losses – Losses incurred during a tax year may be carried forward to the following year and deducted in computing taxable income for that year. If the taxpayer is unable to fully deduct a loss in the following year, the taxpayer must carry the amount not deducted forward to the next year and apply the amount as specified above until the loss is fully deducted. However, losses may not be carried forward for more than five tax years after the end of year in which the loss was incurred. If a loss has been incurred for two years and each loss has been carried forward to the following year and a deduction allowed, the taxpayer may not carry forward any further losses. Losses may be carried back only by taxpayers engaged in long-term contracts that incur a loss in the final year of a contract that they otherwise could carry forward but are unable to do so as they are ceasing to carry on business in Ethiopia at the end of the contract. In such circumstances, the taxpayer may carry the loss back to offset profits of the preceding tax year. If the loss cannot be fully offset in the prior year, the unrelieved amount may be carried back to the next preceding tax year. There is no provision for loss carryback for other businesses.
5. Foreign tax credit – If a resident taxpayer has foreign taxable income in respect of which the resident has paid foreign income tax, the taxpayer will be entitled to a tax credit equal to the lesser of the foreign income tax paid or the tax payable in Ethiopia on the foreign income.
6. Rate – The business income tax rate ranges from 10% to 35% for unincorporated businesses and sole traders. Capital gains on immovable property are subject to tax at 15%; the rate is 30% for gains from the sale of shares and bonds.

Schedule D – Other income – Income of non-residents

Notes

1. A non-resident that derives Ethiopian-source dividends, interest, royalties, management fees or insurance premiums is liable for non-resident tax at the following rates:
 - 5% of the gross amount of a royalty or an insurance premium
 - 10% of the gross amount of dividends or interest
 - 15% of the gross amount of management or technical fees.
2. However, if the above income is attributable to a business carried on by the non-resident through a permanent establishment in Ethiopia, the amount will be taxable under Schedule C or D, as applicable.

Schedule E – Exempt income

Exempt income refers to income earned or received that is exempt from income tax and includes the following:

- Subject to the limits set forth in a directive to be issued by the Minister of Finance with respect to the following benefits provided to an employee:
 - Amounts paid by an employer to cover the actual cost of medical treatment of an employee
 - Allowances in lieu of a means of transportation granted under an employment contract
 - Hardship allowance in areas qualifying for such payments
 - Transport expenses and per diem payments to an employee travelling on a tour of duty
 - Certain travel expenses paid to an employee
 - Food and beverages provided for free to an employee by an employer in the mining, manufacturing, or agricultural business
- Allowances paid by the government to employees engaged in public service in a foreign country
- Allowances paid to members and secretaries of boards of public enterprises, public bodies, or study groups established by the federal or state government or city administration
- Contributions by an employer to a pension, provident or other retirement fund for the benefit of an employee provided the monthly total of contributions does not exceed 15% of the employee's monthly employment income
- A pension to the extent exempt from tax under the public servants' pension proclamation or the Private Organization Employees' Pension Proclamation
- Amounts derived by the federal, state or local government, or the national bank of Ethiopia from activities that are incidental to official operations
- Amounts exempt from tax under an international agreement
- Amounts exempt from tax under a provision (referred to as

an "exemption provision") in an agreement entered into by the government when certain conditions are satisfied

- Compensation for personal injury or death of another person
- Certain scholarships
- Maintenance or child support payments
- Income of non-profit organisation other than business income that is not directly related to the core function of the organisation
- Payments made by contractors engaged in petroleum operations to their subcontractors.

Income Tax – Companies

Companies	Rate
Standard corporate tax rate (Non-mining companies)	30%
Large scale mining companies tax rate	25%

Notes

1. Basis – Resident companies are taxed on worldwide income; non-residents are taxed on Ethiopia-source income.
2. Residence – A company is resident if it is registered according to Ethiopia's law on commercial registration and its effective management is in Ethiopia.
3. Taxable income – Tax under Schedule C is imposed on the net profits from entrepreneurial activities. Taxable business income is determined per tax period based on the profit and loss account or income statement, which must be drawn up in compliance with International Financial Reporting Standards (IFRS) or IFRS for small- and medium-sized entities, as applicable. Rental income is assessed under Schedule B.
4. Deductions – Various deductions may be taken in determining taxable income, including:
 - Expenditure necessarily incurred by the taxpayer during the year in deriving, securing and maintaining amounts included in business income
 - Cost of trading stock disposed of by the taxpayer during the year

- Total amount by which depreciable assets and business intangibles of the taxpayer have declined in value during the year from use in deriving business income using the method specified in the annual Income Tax Proclamation
 - Losses incurred on the disposal of business assets (other than trading stock) disposed of by the taxpayer during the year
 - Any other allowable deductible expenditure.
5. Losses – Losses may be carried for two years but a loss may not be carried forward for more than five tax years after the end of the year in which ordinary business losses have incurred. Capital losses may be carried forward indefinitely and offset against capital gains of the same class. Losses may be carried back only by taxpayers engaged in long-term contracts who incur a loss in the final year of a contract that they otherwise could carry forward but are unable to do so as they are ceasing to carry on business in Ethiopia at the end of the contract. In such circumstances, the taxpayer may carry the loss back to offset profits of the preceding tax year. If the loss cannot be fully offset in the prior year, the unrelieved amount may be carried back to the next preceding tax year. There is no provision for loss carryback for other businesses.
 6. Foreign tax credit – If a resident taxpayer has foreign taxable income, in respect of which the resident has paid foreign income tax, the taxpayer will be entitled to a tax credit equal to the lesser of the foreign income tax paid or the tax payable in Ethiopia in respect of the foreign income.
 7. Group relief – There are no provisions allowing for group relief or the transfer of losses between members of a group.
 8. Rate – The corporate income tax rate is 30% for non-mining companies and 25% for mining companies. Capital gains on immovable property are subject to tax at 15%; the rate is 30% for gains from the sale of shares and bonds. A 30% rate applies to rental income assessed under Schedule B.

Withholding Tax (WHT)

The WHT rates on various types of payment are as follows:

Payment	Residents	Non-residents
Dividends	10%	10%
Interest on deposits	5%	10%
Royalties	5%	5%
Technical or management service fees	2%	15%/10% for Mining

Tax Treaties

Ethiopia has concluded tax treaties with the following countries:

Country	Dividends	Interest	Royalties
China (PRC)	5%	7%	5%
Cyprus	5%	5%	5%
Czech Republic	10%	10%	10%
France	10%	5%	7.5%
India	7.5%	10%	10%
Ireland	5%	5%	5%
Israel	5%/10%/15% ¹	5%/10% ²	5%
Italy	10%	10%	20%
Kuwait	0%/5% ³	0%/5% ⁴	30%
Netherlands	5%/10% ¹	5%	5%
Portugal	5%/10% ¹	10%	5%
Romania	10%	15%	15%
Saudi Arabia	5%	5%	7.5%
Singapore	5%	5%	5%

South Africa	10%	8%	20%
Tunisia	5%	11%	5%
Turkey	10%	10%	10%
United Kingdom	10%/15% ¹	5%	7.5%

Notes

1. Dividends – The WHT is a final tax for residents. For dividends paid to non-residents, the tax may be reduced or eliminated by a relevant tax treaty.
2. Interest – The 5% rate applies to interest paid on bank loans; otherwise, the rate is 10%.
3. Royalties – The WHT is a final tax for residents. For royalties paid to non-residents, the tax may be reduced or eliminated under a relevant tax treaty.
4. Technical service fees are fees for “any kind of expert advice or technological service rendered.” The tax withheld is treated as a payment of advance profit tax for residents. For non-residents, the tax may be reduced or eliminated by a relevant tax treaty.

Anti-avoidance

Transfer pricing

Transfer pricing legislation regulates cross-border transactions involving goods or services between related parties. The rules allow the Revenue and Customs Authority to disallow certain expenditure or adjust income if the contract price is less or more than the arm's length price.

Thin capitalisation

If a foreign-controlled resident company, other than a financial institution, has an average debt to average equity ratio in excess of 2:1 for a tax year, no deduction is allowed for interest paid by the company during that year on the portion of the loan that exceeds the threshold.

Controlled foreign resident company

A CFRC is a resident company in which more than 50% of the membership interests in the company are held by a non-resident either or together with a related person or persons. The effect of being a CFRC is on the applicability of tax treaty rates.

Social security

The employer must contribute to the social security scheme on behalf of the employee at a rate of 7% of basic salary. The employee's contribution is 11%.

Indirect Taxes

Value Added Tax (VAT)

VAT	Rate
Standard rate	15%

Notes

1. Taxable transactions – VAT is levied on the supply of goods and services in Ethiopia, and on imports. Non-business organisations are exempt from charging VAT on services but are not exempt from paying VAT on services or goods purchased unless exempted by a relevant bilateral agreement.
2. Rates – The standard VAT rate is 15%. Exports of goods and services are zero-rated.
3. Registration – A person that carries on taxable activity and is not registered for VAT is required to apply to the tax authorities for VAT registration if: at the end of any period of 12 calendar months the person made, during that period, taxable transactions with an aggregate value exceeding ETB1 million, or at the beginning of any period of 12 calendar months, there are reasonable grounds to expect that the total value of taxable transactions to be made by the person during that period will exceed ETB1 million.

Turnover tax

Turnover tax is levied at a rate of 2% on goods sold locally and contractor services, and 10% in all other cases.

Customs and import duties

Ethiopia is a member of the Customs Cooperation Council.

Ethiopia has reduced customs duties on a wide range of imports and duties are levied at rates ranging from 0% to 35%. Rates on “category one goods” (e.g. raw materials, semi-finished goods, producers’ goods, and items imported for public use such as minibuses, buses etc.) range from 0% to 10%. The rates are 20% to 35% for “category two” goods (consumer or finished goods imported for personal use or for a non-productive purpose). Visitors may import items up to a specified value duty-free. Excise tax applies on a variety of goods.

All importers and exporters must be registered with the Ministry of Trade and obtain a trading license. The ministry regulates imports. Foreign exchange permits are required for all importers. Highly protective tariffs are applied on certain items such as textile products, leather goods, etc., to protect local industries.

Other Taxes

Stamp duty

The following instruments are subject to stamp duty:

- Memoranda and articles of association of a business organisation, cooperative or any other form of association
- Awards, bonds and warehouse bonds
- Contracts, agreements and memoranda
- Security deeds
- Collective agreements
- Contracts of employment
- Leases, including sub-leases and transfers of similar rights
- Notarial acts
- Powers of attorney
- Documents of title to property.

Tax on gains from transfer of certain investment property

Gains derived from the transfer (i.e. sale or gift) of a building held for commercial purposes are taxable at a rate of 15%. Gains arising from the transfer of shares are taxed at 30%.

Gains arising from the transfer of residential property are exempt from tax provided the building is fully occupied for residential purposes for two years before the date of transfer. Any person authorised by law to accept, register or in any way approve the transfer of capital assets may not do so before ascertaining that the payment of the tax has been made.

Land use tax

The regional states have their own land use rent systems, with rates depending on the region.

Tax Administration

Tax is administered in Ethiopia by the Revenue and Customs Authority.

Corporations

1. Tax year – The taxable period is the accounting period.
2. Consolidated returns – Consolidated returns are not permitted; each company must file a separate return.
3. Filing and payment – The tax return must be filed within four months after the end of the accounting period.
4. Penalties – Penalties are imposed for late filing, failure to file or understating income. Penalties range from administration penalties, such as financial fines to criminal penalties, such as imprisonment of those who do not comply with the regulations. Administrative penalties include the sale or seizure of a taxpayer’s property. Criminal penalties include imprisonment and fines.
5. Rulings – There is no provision for advance rulings under Ethiopian tax legislation.



Individuals

1. Tax year – The tax year runs from 8 July to the following 7 July.
2. Tax filing – Each taxpayer must file a return. Spouses are not permitted to file joint returns.
3. Filing and payment – A Pay-As-You-Earn (PAYE) system is used for employment income, under which the employer withholds tax on the individual's wages. An individual is required to file within the month following the transaction, if he/she derives any other income from employment.
4. Penalties – Penalties are imposed for late filing, failure to file or understating income. Penalties for failure to pay tax may take the form of administrative penalties, including the sale or seizure of the taxpayer's property to pay the tax due or criminal penalties, including imprisonment and a fine.

Value added tax

1. Filing and payment – VAT returns must be filed and tax due paid monthly.
2. Penalties – Penalties are imposed for failure to register for VAT, issuance of tax invoices when not registered, issuance of incorrect tax invoices and failure to issue an invoice. Penalties range from administration penalties, such as financial fines to criminal penalties, such as imprisonment of those who do not comply with the regulations.

GENERAL INVESTMENT INFORMATION

Investment Incentives

General incentives

Ethiopia's Investment Code provides incentives for development-related investments, reduces capital entry requirements for joint ventures, permits the duty-free import of capital goods (except computers and vehicles), opens the real estate sector to foreign investors, extends the relief for losses carried forward and gives priority to investors for the lease of land.

Certain sectors are reserved to domestic investors (e.g. broadcasting, retail and wholesale trade (except in petroleum and locally produced goods), import trade, export trade of local agricultural products, small and medium-scale construction, bars and nightclubs, small hotels and restaurants, travel agencies, car and taxi services, bakery products, grinding mills, barber shops and beauty salons, goldsmith shops, tailoring services, building and vehicle maintenance services, saw-milling, customs clearance, museums and theatres, and printing).

The government reviews investment proposals in a non-discriminatory manner, and there are no discriminatory or onerous visa, residence or work permit requirements applicable to foreign investors.

Tax incentives

To encourage private investment and promote the inflow of foreign capital and technology into Ethiopia, the following incentives are granted to domestic and foreign investors engaged in qualifying areas:

- Exemption from customs duties for certain eligible investors
- Income tax holidays
- Duty draw-back schemes
- Voucher schemes and
- Bonded manufacturing warehouse schemes.

Export incentives

Export incentives are available, including facilitation of access to working capital finance.

Exchange Controls

Foreigners are required to open accounts denominated in Ethiopian Birr (ETB) with one of the commercial banks or authorised dealers or with special permission from the National Bank of Ethiopia. Credits to the accounts can be made only with foreign exchange receipts from abroad or checks from other similar accounts. Credits between two locally based accounts are not permitted. Checks from Ethiopian nationals, ETB cash and funds from a locally paid working spouse may not be deposited without approval from the National Bank. International personnel may make payments for rent, air tickets, school fees and purchases from duty-free shops using a check or cash.

Foreigners may remit limited funds abroad from their earnings deposited in local accounts after the deduction of what is considered a reasonable amount for local living expenses. Such situations are considered on a case-by-case basis. Foreign currency may be drawn upon presentation of a confirmed air ticket for international travel. Upon final departure from Ethiopia, the balance in the account may be converted into foreign currency if the individual can present evidence to the National Bank as to how the remaining funds were acquired.

Currency import and export regulations

Foreign currency exceeding the equivalent of USD3 000 must be declared to customs upon arrival in Ethiopia. The exchange of foreign currency is permitted only via authorised banks. Currency up to the equivalent of USD40 000 may be exported.

Expatriates and Work Permits

Visas may be secured via an application to an Ethiopian diplomatic or consular mission abroad.

The eligibility criteria for obtaining a work permit are set by the Ministry of Labour and Social Affairs. The requirements may differ depending on the type of organisation that intends to hire the expatriate employee or depending on the type of permit sought (i.e. a new work permit, renewal of an existing permit or clearance for a permit). The hiring organisation must comply with all requirements, a recommendation letter must be obtained from all relevant government departments based on the type of work for which the work permit is requested and documentary evidence of educational qualifications and work experience must be submitted.

The Ministry of Labour and Social Affairs may issue a work permit for expatriates working for a foreign investor upon submission of an investment permit.

Trade Relations

Memberships

- African Development Bank Group (AfDB)
- African Union
- Common Market for Eastern and Southern Africa (COMESA)
- Group of 24 (G24)
- Group of 77 (G77)
- African, Caribbean and Pacific Group of States (ACP)
- World Trade Organization (WTO) (observer)
- International Monetary Fund (IMF)
- United Nations (UN) various memberships
- World Federation of Trade Unions (WFTU)
- World Customs Organization (WCO)

Ethiopia has signed several bilateral and multilateral treaties to enhance economic cooperation and facilitate trade.




Interest and Currency Exchange Rates

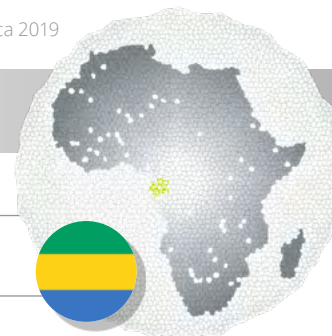
Monetary policy rate	
Central Bank Rate - EOP: 7%	(Source: Trading Economics)
Currency	
Ethiopian Birr (ETB), subdivided into 100 cents	
ZAR1 = ETB2.01192	(June 2019) (Source: XE Currency Converter)
USD1 = ETB29.0968	(June 2019) (Source: XE Currency Converter)
EUR1 = ETB32.6045	(June 2019) (Source: XE Currency Converter)

Notes

1. Interest rate decisions in Ethiopia are made by the Monetary Committee of the National Bank. The official rate is the Bank's Savings Rate.

Key Economic Statistics

GDP (approximate)		USD90.97 billion (2019 forecast) (Source: IMF WEO DATABASE)
		USD99.37 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		Not applicable. Ethiopia does not have a stock exchange. The government issues treasury bills for its money market operations.
Rate of Inflation		9.27% (2019 forecast) (Source: IMF WEO DATABASE)



Gabon

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Income Tax – Individuals

Taxable income (XAF)	Rate
0 – 1 500 000	0%
1 500 001 – 1 920 000	5%
1 920 001 – 2 700 000	10%
2 700 001 – 3 600 000	15%
3 600 001 – 5 160 000	20%
5 160 001 – 7 500 000	25%
7 500 001 – 11 000 000	30%
Over 11 000 001	35%

Notes

1. Basis – Residents are taxed on worldwide net income. Non-residents are taxed only on Gabon-source income.
2. Residence – Individuals having their usual abode or spending at least six months in Gabon are considered resident. An individual normally is considered to have his/her usual abode in Gabon if his/her principal residence, main business or professional activity or centre of financial interests is located in Gabon.
3. Taxable Income – Taxable income includes employment income, investment income, capital gains, income from real estate and business income.

4. Exempt income – Capital gains from the sale of real property are exempt in certain cases. Capital gains on share disposals also can be exempt, subject to conditions.
5. Deductions and allowances – Deductions and allowances are available mainly based on family situations and include alimony, pension contributions (subject to limits), etc.
6. Rates – The individual tax rates on ordinary income are progressive and range from 0% to 35% for both residents and non-residents. Taxable capital gains derived from the sale of securities are taxed at 20%.
7. Complementary tax on salaries (TCS) – see below under Payroll taxes.

Income tax – Companies

	Rate
Standard corporate rate	30%
Companies operating in oil and mining sectors	35%
Public businesses, associations, non-profit organisations, certain real estate companies, authorised companies in the tourism sector, companies holding intellectual property and the Gabonese Bank of Development	25%

Notes

1. **Basis** – Gabon operates a territorial tax system applies, under which tax is imposed only on profits derived by a resident or non-resident entity from operations in Gabon.
2. **Residence** – A corporation is resident if it is registered as a Gabonese company and is incorporated in Gabon or if its place of effective management is located in Gabon.
3. **Taxable income** – Corporation tax is assessed on income earned by businesses on operations or activities carried out in Gabon, subject to the application of a relevant tax treaty. The taxable income of both resident and non-resident companies is the net income earned during the taxable period, including capital gains from the disposal of assets. Taxable income also includes capital gains derived from the disposal of shares held directly or indirectly by a company incorporated in Gabon. However, capital gains on the disposal of a fixed asset in the course of trading are excluded from income for three years if the taxpayer records the gains in a special account and reinvests them in new fixed assets within this period. Capital gains resulting from mergers, splits or partial transfers of assets also are excluded, subject to certain conditions. Dividends are subject to tax under the rules for withholding tax (WHT), see below.)
4. **Deductions** – Expenses are deductible unless specifically prohibited under the General Tax Code (GTC), e.g. due to lack of documentation, the nature of the expense or where a specific threshold is exceeded.
5. **Losses** – Tax losses may be carried forward for up to five years but may not be carried back.
6. **Foreign tax credit** – A foreign tax credit may be obtained only for tax paid to jurisdictions that have concluded a tax treaty with Gabon (except where the special group tax regime applies) and, in the case of foreign tax withheld from dividends received from a non-resident, only if the relevant treaty provides for such a credit.
7. **Group relief** – A special group tax regime applies to Gabon resident holding companies that own directly or indirectly participations of at least 50% of the share capital of other resident or non-resident companies. The ownership requirement is deemed to be met where the company holds directly or indirectly the majority of the voting rights or appoints, during two consecutive years, the majority of the members of the board of another company. The group holding company must supply certain services to its subsidiaries, which include financial, technical, accounting, legal, management, information technology, human resources, marketing, research and development and other services. A holding company whose sole purpose is to hold shares in its subsidiaries

is not qualified to participate in the special group tax regime. The following benefits apply under the regime:

- Capital gains on the transfer of assets between group member companies are subject to a final 20% tax
 - Head office expenses and technical assistance fees paid between group companies are deductible, subject to a prior agreement with the Tax Authorities about the allocation key
 - Interest on current accounts is fully deductible, but the interest rate may not exceed the Central Bank (BEAC) rate increased by two percentage points
 - Rental payments between group members for movable assets are deductible
 - An exemption from the 20% WHT is granted on interest, royalties, fees and services paid to non-resident group member companies
 - A tax sparing credit is granted on income from movable capital (e.g. dividends) received from foreign sources that has been subject to similar taxation in the source country, even in the absence of a relevant tax treaty. The credit may be carried forward for two years
 - Under the group tax regime, a 5% WHT applies on dividends paid by a Gabonese member company to another group member company, and a 10% WHT applies on dividend payments made by the holding company to its shareholders.
8. **Rate** – The standard corporate tax rate is 30%. A 35% rate applies to oil and mining companies and a 25% rate applies to public businesses, associations, non-profit organisations, certain real estate companies, authorised companies in the tourism sector, companies holding intellectual property and the Gabonese Bank of Development. Capital gains are taxed as ordinary business income.
 9. **Branch taxation** – Branches of foreign companies are subject to a 20% tax on earnings (10% if the foreign company is located in a country that has concluded a tax treaty with Gabon), in addition to the corporate income tax, unless otherwise provided under a relevant tax treaty.
 10. **Alternative minimum tax** – Companies are subject to a minimum tax of 1% of adjusted global gross turnover or corporate income tax of not less than XAF1 million, whichever is higher. Newly incorporated companies usually are exempt from the minimum 1% tax and the minimum corporate income tax during their first two financial years, irrespective of their sector of activities.

Withholding Tax (WHT)

The rates of WHT on various types of payments are as follows

	Residents	Non-residents
Dividends	10%/20%	10%/20%
Interest	20%	20%
Royalties	-	20%
Technical service fees	9.5%	20%

Notes

- Dividends – A 20% rate applies to dividends paid to shareholders. However, under the “parent-subsidiary regime,” a 10% rate applies to dividends paid to corporate shareholders that are resident in Gabon or another Central African Economic and Monetary Community (CEMAC) state (i.e. the Central African Economic and Monetary Community, comprised of Cameroon, Central African Republic, Chad, Equatorial Guinea, Gabon and Congo (Brazzaville)) where:
 - The shareholder holds at least 25% of the shares of the payer
 - The head offices of the shareholder and the payer are in Gabon or another CEMAC state
 - The shares remain registered in the name of the shareholder for at least two consecutive years.
- Interest – Interest paid by a Gabonese company to a non-resident entity is subject to a 20% WHT on the gross amount paid (excluding tax on turnover).
- Royalties – Royalties paid by a Gabonese company to a non-resident entity, as well as commissions, consultancy fees and fees for services performed in Gabon, are subject to a 20% WHT.
- Technical service fees – Technical service fees paid by a Gabonese company to a resident entity that is subject to corporate income tax but not to value-added tax (VAT) are subject to a 9.5% WHT. Technical service fees paid by a Gabonese company to a non-resident entity are subject to a 20% WHT. If the technical services performed by a resident or non-resident entity are used in Gabon, the fees also are subject to an 18% VAT.

Tax treaties

Gabon has four tax treaties:

	Dividends	Interest	Royalties/ Technical service fees
Belgium	18%	15%	10%
Canada	15%	10%	10%
France	15%	10%	10%
Morocco	15%	10%	10%

Anti-Avoidance Rules

Transfer pricing

Transactions with non-resident related parties or with related or unrelated parties established in a low-tax or a non-cooperative jurisdiction that are not on arm’s length terms are considered “abnormal acts of management” and are subject to adjustment by the tax authorities. Abnormal acts of management include payments of expenses and any other form of advantage granted without equivalent compensation.

Transfer pricing documentation requirements apply that include the preparation of a “local file” and a “master file.” The local and master files must be submitted to the tax authorities on or before the deadline for filing the income tax return for the reporting year (i.e. by 30 April of the year following the reporting year).

Penalties apply for failure to comply with the documentation requirements and include an amount equal to 5% of the company’s total intragroup transactions, with a minimum fine of XAF65 million per fiscal year.

Thin capitalisation rules

Under the thin capitalisation rules introduced in 2018, interest expense paid to a related party that exceeds the highest of the following amounts will be non-deductible:

- The interest expense calculated on the average amount of related party debt for the period, limited to 1.5 times the company's equity (at the opening or closing of the fiscal year)
- The amount of interest income from related parties
- 25% of the company's adjusted recurring income before taxes.

Disallowed interest may be deducted in subsequent years, subject to conditions, but the disallowed amount is reduced by 10% each year. Interest relating to a debt guaranteed by a related party is considered related party interest.

Interest paid to a related party located in a low-tax or a non-cooperative jurisdiction is non-deductible.

Employment-Related Taxes

Payroll tax

Personal income tax due by the employee on salary and other employment income must be withheld by the employer at the applicable progressive rates and remitted to the tax authorities within the first 15 days of the month following the date the salary was paid. The employer also must withhold an additional tax, the complementary tax on salaries, at a rate of 5% (on monthly salary income exceeding XAF150,00) and remit this amount by the same deadline.

Social security

Social security contributions are payable by both the employer and the employee (with the employee's contribution withheld from salary payments by the employer). The contribution amounts are as follows:

- Contributions to the National Fund for Social Security (CNSS) are payable at a rate of 2.5% for the employee and 16% for the employer, with an annual upper limit of XAF18 million, including benefits in kind and excluding reimbursements of expenses and allowances
- Contributions to the National Fund for Health (CNAMGS) are payable at a rate of 2% for the employee and 4.1% for the employer, with a monthly upper limit of XAF2.5 million.

Professional training tax (PTT)

PTT is imposed on the gross monthly remuneration of each employee, subject to certain limits, at a rate of 0.5%. The PTT is levied monthly by the employer and paid to the Gabonese budget by the 15th day of the month following the salary payment.

Indirect Taxes

Value Added Tax (VAT)

	VAT
Standard rate	18%

Notes

1. Taxable transactions – VAT is imposed on the supply of goods and services in Gabon and on the import of goods or services.
2. Rates – The standard rate is 18%. A reduced rate of 10% applies to some goods, including mineral water produced in Gabon, imported meat and chickens, sugar, laptops and desktops, canned vegetables and fruits and replacement parts for cars, etc. A 5% rate applies to cement, and a 0% rate applies to qualifying exports that have been properly declared to customs and international carriages.
3. Registration – Taxpayers with annual revenue below XAF150 million fall outside the scope of VAT and cannot register.

Solidarity special contribution (SSC)

	SSC
Rate	1%

Notes

1. Taxable transactions – SSC is levied on the supply of goods and services used in Gabon and on the import of goods.
2. Rates – The rate is 1%.
3. Registration – Taxpayers with annual revenue under XAF30 million are not subject to the SSC. A foreign service provider without a permanent establishment in Gabon must designate a solvent accredited representative resident in Gabon who will be jointly and severally liable for the SSC payment.

Customs and Excise Duties

As a member of CEMAC, merchandise entering Gabon and any other CEMAC territory is subject to import duties under the customs tariff laws. A standard regime, as well as exemption, temporary admission and reduced tax regimes, apply.

Merchandise entering Gabon also is subject to the community tax of integration (CCI) regime at a rate of 0.4% and to the OHADA withholding duty at a rate of 0.05% of the customs value of the imported merchandise. In addition, a 0.2% African Union Tax is levied on goods imported into Gabon from outside the union, computed on the same basis.

Excise duty mainly applies to luxury goods and alcohol, as well as telecommunications.

Other Taxes**AGEOS royalty**

All beneficiaries of wood, mining, agricultural or hydrocarbon exploitation rights are required to provide the Geo-space Agency with details about their permits and pay an annual

royalty ranging from XAF50 to XAF300 per hectare, depending on the nature of the permit.

Inheritance/estate tax

Inheritance tax is imposed at rates that vary according to the heir's family relationship and the net amount of the inheritance (i.e. an exemption or rates from 1% to 35%).

Stamp duty

Stamp duty at various rates is imposed on certain instruments, such as corporation charters, minutes of corporate meetings and the transfer of shares and deeds. The amount of stamp duty usually is not significant.

Capital duty

A fixed or proportional duty applies to transactions that impact a company's share capital; for example, an increase of share capital by a cash contribution is subject to a fixed duty of XAF50 000, and an increase by capitalising reserves is subject to a proportional duty of 1%.

Rental tax

Owners of real estate are subject to a 15% tax on rental income. An advance 5% tax must be withheld from rent paid by a Gabonese resident to a Gabonese individual, which may be offset against the personal income tax due by the individual for the same period. The tax withheld must be paid to the tax authorities by the 15th day of the month following the rental payment. The amount generally is withheld by the tenant, individual or company, unless the tenant is an individual or if a real estate agency, real estate manager or an "SCI" (real estate company) is involved in the payment scheme.

Transfer tax

Transfers of shares are subject to a transfer tax equal to 3% of the sales price. A transfer of a business or customers is subject to a 6% transfer tax. An additional 2% is payable on transfers of assets (transfers of a going concern) located in Libreville, Akanda, Owendo or Port-Gentil.

Tax authorities and compliance

Tax is administered in Gabon by the Direction Générale des Impôts.

Companies

1. Tax year – The tax year is the calendar year but can be shorter or longer in limited cases.
2. Consolidated returns – There is no system of group taxation in Gabon leading to consolidation. Taxable companies are taxed separately.
3. Filing and payment – Corporate tax returns normally are due by 30 April of the year following the tax year. Advance payments of corporate income tax are due by 30 November of the tax year and the following 30 January.
4. Penalties – Taxpayers that file their returns late are subject to a 5% penalty and to a 10% penalty failing to file within seven days following the receipt of a notice to file from the tax authorities. Those that fail to file their tax returns within seven days following the notice are subject to automatic (estimated) taxation and a 100% penalty (150% for second and future offenses). Late payments are subject to a 10% penalty for the first month and a 3% penalty and 3% for subsequent months.
5. Rulings – Rulings are not a regular practice but may be obtained from the tax authorities in certain cases.

Individuals

1. Tax year – The tax year is the calendar year.
2. Tax filing – Married persons file a joint tax return. In specific cases, they may file a separate return.
3. Filing and payment – The income tax return generally must be filed before 1 March of the year following the tax year. Tax on employment income withheld by the employer from the employee's salary during a month is remitted to the tax administration by the 15th day of the following month. The tax authorities will issue a tax notice for any remaining tax to be paid within two months.
4. Penalties – Taxpayers who file their tax returns late are subject to a 5% penalty; those who fail to file their returns are subject to a 100% penalty. Special penalties may apply in the case of bad faith or abuse of law.

Value added tax/Solidarity special contribution

1. Filing and payment – VAT returns (including nil returns) and payments are due monthly by the 20th day of the following month. SSC returns must be filed monthly by the 20th day of the following month.
2. Penalties – Taxpayers that file their returns late are subject to a 5% penalty and to a 10% penalty for failure to file within seven days following receipt of a notice to file from the tax authorities. Those that fail to file their tax returns within seven days following the notice are subject to automatic (estimated) taxation and a 100% penalty (150% for second and future offenses). Late filing of a VAT return giving rise to estimated taxation results in the loss of the right to offset input VAT and carry forward VAT credits. If the declaration does not show any VAT due, the penalty is XAF100 000, and is increased to XAF200 000 per month of delay as from the issuance of a notice by the tax authorities, capped at XAF2 million. Late payments are subject to a 10% penalty for the first month and a 3% penalty every subsequent month.



GENERAL INVESTMENT INFORMATION

Investment Incentives

General Incentives

- Gabon's legal system prohibits discrimination against enterprises owned by foreigners in favour of those owned by nationals, and the expropriation or nationalisation of assets without just and equitable compensation
- Specific incentives are available for activities in some industries, such as oil, timber, cement, hardware, airport infrastructure development, regulatory “agency of posts” and telecommunications, mines and tourism, and for new businesses
- Specific tax, social and customs regimes for economic zones (e.g. Mandji Island and Nkok) are available to promote new investment in industry, commerce and services through the establishment of new enterprises. The most significant investment incentives are a corporate tax exemption for 10 years for new companies, and VAT, WHT, property tax and import duty exemptions for 25 years
- Social incentives are offered for the recruitment of employees in certain special economic zones.

Tax incentives

- Companies in the cement production sector are eligible for a seven-year period corporate income tax exemption; a reduction of the WHT rate from the standard 20% to 10% on the distribution of dividends and interest payments; a full deduction of interest incurred for business purposes; a seven-year period of VAT exemption on certain operating expenses; and possible refunds of input VAT on equipment used for business purposes

- Benefits for companies engaged in the wood industry include a five-year period corporate income tax and minimum tax exemption; a five-year WHT exemption on the distribution of dividends and interest payments; application of the declining balance depreciation method for certain equipment; and the creation of a special renewal reserve for certain equipment
- A reduced 5% customs duty rate applies on imports of personal computers, and a registration duty of 1% applies on contributions in kind upon a company's formation or an increase of share capital
- Oil subcontractors are allowed to maintain their local accounts based on the OHADA Simplified Accounting Standards
- Enterprises operating a hotel business in the tourism sector that make a new minimum investment of at least XAF300 million (taxes excluded) are exempt from corporate income tax during their first three years of business activity
- For businesses in the tourism sector in Gabon that make investments below XAF300 million (authorised by the ministries in charge of tourism and finance), corporate income tax is reduced by a tax credit equal to 50% of the amount of the investment (taxes excluded) during a five-year period
- Enterprises operating in the tourism sector are exempt from income tax during their first five years of business activity following the end of the construction period of the project. After the five-year exemption period, only 50% of the taxable profit is subject to income tax for the following five years
- Newly incorporated companies are exempt from the minimum corporate tax during their first two tax years, irrespective of their sector of activity
- Oil subcontractors are eligible for a simplified income tax regime. Companies benefiting from the simplified tax regime must operate exclusively within the framework of petroleum operations. The option for the simplified tax regime is not revocable during a two-year period, which is renewable once without exceeding a total period of four years.

Exchange Controls

A new CEMAC foreign exchange regulation became effective on 1 March 2019, although affected parties have a six-month transition period to become compliant with the rules, so that actual application of the rules will commence on 1 September 2019. The following is a summary of the main features of the new rules:

- A prior declaration must be made for inbound direct investment, regardless of the amount of the investment (previously, a declaration was required only when the investment exceeded XAF100 million). “Inbound direct investment” means a participation of 10% or more in the share capital of a company
- Outbound direct investments generally must be approved by the Bank of Central African States (BEAC). However, approval is not required for outbound portfolio investments, the amount of which is lower than the threshold to be defined by the BEAC and to outbound direct investment in the form of a capital increase resulting from the reinvestment of retained earnings
- Loans granted to non-residents by legal CEMAC-resident entities must be authorised by the BEAC (previously authorisation was required only when the loan amount exceeded XAF100 million). However, credit institutions are free to make payments on loans granted to non-residents subject to the provision of supporting documents to the BEAC. CEMAC residents are free to contract loans from non-residents. The loan must be declared to the Ministry in charge of money and credits and to the BEAC
- Resident legal entities are prohibited by principle from opening foreign currency accounts outside the CEMAC zone unless they receive authorisation from the BEAC. The conditions under which the authorisation is granted will be specified through additional regulation which has not been taken yet. As for resident individuals, accounts outside the CEMAC zone should be declared to the BEAC

- Resident legal entities and individuals are prohibited by principle from opening foreign currency accounts within the CEMAC zone, except in case of legal entities which have received authorisation from the BEAC to do so. The conditions under which the authorisation is granted will be specified through additional regulation which has not been taken yet.
- Transfers outside the CEMAC zone must be declared in advance, except within the limit of XAF1 million per month and per economic agent. The transfer must be made through banks authorised by the BEAC to act as intermediaries.
- The proceeds from the liquidation of foreign investments must be repatriated within 30 days of the liquidation through an authorised intermediary
- Penalties apply for failure to comply with the foreign exchange rules.

Expatriates and Work Permits

Both a visa and a work permit are required by all individuals entering Gabon with the intention to work.

Business visa

If entering Gabon to work for a period of less than 90 days, a simple business visa is sufficient. This visa is available from the nearest Gabonese Embassy in the applicant’s country of residence. The process takes about five business days, and costs vary depending on the country of residence.

Work/residence permit

There are three stages to the work/residence permit application:

- Work authorisation application – An application for “work authorisation” must be sent to the Gabonese Ministry of Labour and Employment before the individual enters the country. This process is at the discretion of the ministry
- Entry authorisation application – Once a work authorisation is received, the applicant must apply to the department of

immigration (Générale à la Documentation et l'Immigration (DGD)) to obtain an "entry authorisation." This process takes about one month

- Residence permit application – If the applicant intends to stay in Gabon for a period that exceeds 90 days, a residence permit also is required. Applications must be sent to the DGD. This process takes two weeks and the cost depends on the nationality of the individual.

Expatriate employees staying in Gabon for more than three months and their Gabonese employer must contribute to the CNSS and CNAMGS (see "Social security," above).

Trade Relations




Memberships

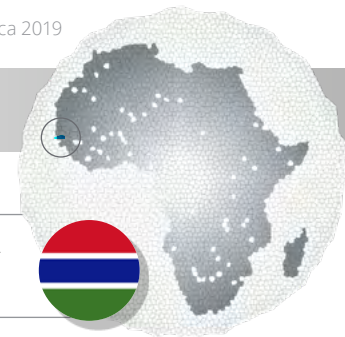
- Economic and Monetary Community of Central Africa (CEMAC)
- L'Union Africaine (UA)
- L'Organisation pour l'Harmonisation en Afrique du Droit des Affaires (OHADA)
- Union Douanière et Économique de l'Afrique Centrale (UDEAC)
- Union Monétaire de l'Afrique Centrale (UMAC)
- Organisation Commune Africaine et Malgache (OCAM)

Interest and Currency Exchange Rates

Monetary policy rate	
Central Bank Rate - EOP: 3.5%	(Source: Trading Economics, Bank of Central African States)
Currency	
Gabon's currency is the CFA Franc (XAF), which is linked to the euro at a fixed exchange rate and is the currency for six independent states in central Africa: Cameroon, Central African Republic, Chad, Republic of the Congo, Equatorial Guinea and Gabon.	
ZAR1 = XAF40,4767	(June 2019) (Source: XE Currency Converter)
USD1 = XAF585.428	(June 2019) (Source: XE Currency Converter)
EUR1 = XAF655.957	(June 2019) (Source: XE Currency Converter)

Key Economic Statistics

GDP (approximate)		USD16.71 billion (2019 forecast) (Source: IMF WEO DATABASE)
		USD17.89 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		USD710.1 million (Dec 2018) (Source: IMF WEO DATABASE)
Rate of Inflation		3% (2019 forecast) (Source: IMF WEO DATABASE)



The Gambia

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Income Tax – Individuals

Personal income tax is calculated according to a schedule provided in the General Tax Code. The Gambia has a progressive rates system and, for each bracket, the rate is applied to the corresponding part of the annual taxable income as follows:

Taxable Income (GDM)	Rate
0 – 24 000	0%
24 001 – 34 000	5%
34 001 – 44 000	10%
44 001 – 54 000	15%
54 001 – 64 000	20%
Over 64 000	25%

Notes

1. Basis – Residents are subject to tax on worldwide income. Non-residents are subject to tax on most Gambian-source income unless otherwise provided by an applicable tax treaty.
2. Residence – An individual is resident in The Gambia if he/she has a main residence in the country or is present in The Gambia for at least 183 days in the relevant calendar year.

3. Taxable income – Employment Income, including most employment benefits are taxed under the Pay-As-You-Earn (PAYE) system. Profits derived by an individual from carrying on a trade or profession generally are also taxed under the PAYE system.
4. Deductions and allowances – Retirement benefit contributions to approved pension funds may be deducted up to the lesser of 25% of employment income reduced by the employer's contributions or GMD24 000 in a tax year.
5. Rates – Individual income tax on both resident and non-residents is levied at progressive rates up to 25%. Income from immovable property generally is subject to tax at the standard tax rates. However, income from the rental of residential and commercial property is subject to tax at rates of 8% and 10%, respectively, which are final taxes. Capital gains are subject to capital gains tax (CGT, described below).
6. Foreign tax relief – Foreign-source employment income received by a resident individual is exempt from income tax if the individual has paid foreign tax on the income. However, where the foreign-source income is included in the resident individual's gross income for tax purposes, relief is given equal to the lesser of the foreign income tax paid and The Gambian income tax payable in respect of the net foreign-source income received. If a resident has a foreign business loss for a tax year, the amount of the loss may be carried forward to the following tax year and deducted from the individual's foreign-source income. The loss may be carried forward for six years on a first-in-first-out (FIFO) basis.

Income Tax – Companies

Corporate entities in The Gambia are subject to corporate income tax (CIT). CIT is levied in two ways: advance paid quarterly based on revenue/turnover for the period and annual CIT based on taxable profit or revenue/turnover for the tax year. Advance CIT is not a final tax and is credited against the total tax liability assessed for the year.

Tax rates for resident companies	Rate
Normal CIT rate	27%
Alternative Minimum Tax	1% and 2% of gross revenue for audited and unaudited accounts, respectively

Notes

1. Basis – Resident companies are taxed on their worldwide income; non-resident companies are taxed only on their Gambian-source income.
2. Residence status – A company is resident in The Gambia in a tax year if it was incorporated or formed under the laws of The Gambia, or if control and management of the company's business are exercised in the country at any time in the tax year.
3. Taxable income – Taxable income is arrived at by adjusting the accounting profits to a taxable profit, taking into account allowable and disallowed expenses for tax purposes.
4. Deductions – Normal business expenses generally are deductible in computing taxable profit. A deduction is allowed for interest incurred in a tax year if the company used the proceeds or benefit of the debt on which the interest is payable in deriving gross income. Interest not deducted can be carried forward for six years on a FIFO basis.
5. Losses – If a company incurs a business loss in a year, the amount of the loss may be carried forward to the following year and deducted in computing the chargeable income for that year. Losses may be carried forward for six years after the tax year in which the loss is incurred.
6. Foreign tax credit – Foreign tax paid may be set off against a Gambian tax liability on the same income, but the credit is limited to the amount of Gambian tax payable on the foreign income.

7. Group relief – There is no provision allowing for group relief or the transfer of losses between members of a group.
8. Rates – The standard CIT rate is 27%. Capital gains are subject to CGT (described below). Dividends and certain payments are subject to withholding tax (WHT). Commercial rental income is earned from property used for commercial use, with tax imposed on the gross amount of rent at a rate of 10%.
9. Branch taxation – Branch profits are subject to the same CIT rules as apply to profits of resident companies in The Gambia. There is no branch remittance tax.
10. Alternative Minimum Income Tax – An alternative minimum income tax equal to 1% or 2% of gross revenue for audited and unaudited accounts, respectively, is payable at the end of every quarter in the calendar year or in a relevant quarter for entities with a special tax year. Alternative minimum income tax is payable by completing a prescribe form and submitting to the Revenue Authority together with the payment on or before the 15th day following the end of a quarter (March, June, September and December)

Capital Gains Tax (CGT)

Capital gains are taxable in The Gambia. CGT is the tax levied on the disposal of capital assets by individuals or entities. However, disposal of private residences or agricultural land is exempt from CGT if certain conditions are fulfilled.

Companies

CGT is payable by a resident company on gains derived from the disposal of a capital asset at a rate of 25% of the gain or 10% of the consideration, whichever is greater. No CGT is payable if the gain is equal to or less GMD24 000. A capital asset includes land, building or other structural improvements to land; plant, machinery, fixtures or equipment; shares, securities or other financial assets; interests in a partnership; or a right, title or interest in any of the above assets.

Individuals

Capital gains derived from the disposal of a capital asset are subject to CGT at a rate of 15% of the gain or 5% of the consideration, whichever is greater. Capital assets include shares held in a company. The CGT rules for companies generally also apply to capital gains derived by a resident individual.

Withholding Tax (WHT)

An individual or entity making certain payments as listed below is required to withhold tax and remit the amount withheld to the Revenue Authority. WHT is final tax for non-residents.

Payments	Residents	Non-residents
Dividends	0%/15%	15%
Interest	0%/15%	15%
Royalties	0%/15%	15%
Payments to contractors and subcontractors	10%	15%
Certain other payments	15%	15%

Notes

1. Dividends – Dividends paid by a company in possession of a Special Investment Certificate are exempt from WHT. Additionally, dividends distributed by a company operating within a priority sector, as provided under The Gambia Investment and Export Promotion Agency (GIEPA) Act of 2010, are exempt for five years from the date of first declaration. This WHT is a final tax for resident individuals.
2. Interest – Interest paid to financial institutions is exempt. This WHT is a final tax for resident individuals; however, interest earned on savings at The Gambia Postal Services Corporation is exempt from tax.
3. Royalties – Royalties paid to resident and non-resident companies are subject to WHT at a rate of 15% of the gross amount. Royalties paid to resident individuals are taxable at the standard personal tax rates – no WHT applies and revenue expenses incurred in deriving royalties are

deductible. However, royalties paid to a non-resident individual are subject to a 15% WHT.

4. Certain other payments – Management, consultancy, technical services and public entertainment fees paid to resident and non-resident companies are subject to a final WHT at a rate of 15% on the gross amount.

Tax treaties

The Gambia has concluded tax treaties with the following countries:

Country
China
Norway
Qatar
Sweden
Taiwan
United Kingdom

Anti-Avoidance Rules

Transfer pricing

There is no transfer pricing legislation in The Gambia, but non-arm's length transfers between associates may be adjusted by the Commissioner-General. In making such an adjustment, the Commissioner-General may take into account the geographic source and nature of the income, losses, etc.

Thin capitalisation rules

There is no thin capitalisation legislation in The Gambia.

Employment-Related taxes

Payroll tax

Salaries are subject to a wages tax under a Pay-As-You-Earn (PAYE) system.

Payroll tax is imposed on employers that employ non-Gambian nationals. The annual payroll tax payable is GMD40 000 for each non-Economic Community of West African States (ECOWAS) national and GMD10 000 for ECOWAS nationals. The tax generally is due and payable in January (but may be payable at another time, depending on when the expatriate started work in The Gambia). The tax paid is not deductible and cannot be set off against any other taxes in The Gambia.

Directors Fees

Director's fees and other sitting allowances are taxed in accordance with the First Schedule of the Income and Value Added Tax Act 2012.

Social security

Employers that are members of the National Provident Fund scheme are required to make social security contributions equal to 10% of an employee's basic salary to the Social Security and Housing Finance Corporation (SSHFC). The employee must contribute 5% of his/her basic salary in addition to the contribution made by the employer.

Industrial Injuries Compensation Fund (IICF) – The employer is required to pay 1% of the employee's gross monthly earnings up to a maximum contribution of DMD 15 per employee per month to the SSHFC (the only approved national retirement fund administrator in The Gambia).

Employer contributions to an approved retirement fund in respect of a resident employee are deductible for CIT purposes up to a maximum of 25% of an employee's annual employment income paid by the employer.

Fringe benefits tax

Fringe benefits are taxable at a rate of 27% to the employer and not to the employee. A "fringe benefit" is defined as the provision of housing, a motor vehicle, household personal fringe benefit, loans, debt waiver, property, medical or life insurance benefits, entertainment, etc.

The following benefits are exempt: (a) a benefit provided to an employee in respect of employment if the employment income arising from the employment is exempt from income tax; (b) a benefit provided by the government to an employee; or (c) a pension contribution that is exempt from income tax.

Indirect Taxes

Value Added Tax (VAT) was introduced in The Gambia in 2013.

VAT	Rate
Standard Rate	15%

Notes

1. Taxable transactions – VAT is imposed on the supply of goods or services in The Gambia, and on the import of goods or services.
2. Rates – The standard rate of VAT is 15%. Exemptions are provided for basic foods, financial services, educational services and certain imports, etc., and a zero rate may apply to certain supplies.
3. Registration – Persons required to register for VAT purposes are those who at the end of a 12-month period (or a shorter period) have made taxable supplies of a total value that equals or exceeds GMD1 million, or at the beginning of a 12-month period, have reasonable grounds to expect that, in that period, they will make taxable supplies of a total value that will equal or exceed GMD1 million. The GMD1 million threshold is measured by reference to annual turnover, subject to certain exclusions, e.g. turnover from the sale of capital assets or from exempt supplies. Persons whose turnover exceeds GMD500 000 may register on a voluntary basis.



Customs and Excise Duties

Customs and excise duties apply on the import or export of certain goods.

Other Taxes

Inheritances/estate tax

There are no inheritance and gift taxes in The Gambia.

Stamp duty

Stamp duty is levied on juristic acts resulting in a flow of wealth between the parties to a legal transaction. Thus, stamp duty tax is applicable, inter alia, to acts through which transactions on real estate or financial obligations are documented. Rates vary depending on the type of transaction.

Net worth tax

There is no net worth tax in The Gambia.

Real estate tax

There is no specific tax regime on real estate businesses in The Gambia. Income from such a business is taxed in the same way as a corporate entity.

Residential Rent Tax

Tax is imposed on a person that has taxable rental income in a tax year, at a rate of 8% or 10%, depending on whether the income is derived from the renting of residential or commercial property.

Environmental tax

Environmental tax applies at a rate of GMD1 per employee per month.

National educational levy

A National Education Levy is charged at a rate of 0.75% of annual gross revenue up to a maximum of GMD100 000.

Business registration renewal payment

Annual business renewal payment of GMD500 for individual sole traders and GMD1 000 for partnership/Companies must be made by all businesses at the start of each calendar year.

Currency translation

Amounts taken into account under the Income and Value Added Tax Act 2012 must be expressed in Gambian Dalasis (GMD). If an amount is in another currency, that amount must be translated at the prevailing Central Bank of The Gambia mid-rate on the date the amount is taken into account for tax purposes.

Tax Administration and Compliance

Tax is administered by the Gambia Revenue Authority (GRA).

Companies

1. Tax year – The tax year is the calendar year, although a company can request a different 12-month period as a tax year.
2. Consolidated returns – Group consolidated return filing is not permitted for tax purposes.
3. Filing and payment – The CIT return is mandatory for all companies and must be submitted by 31 March or last day of the third month following the end of a relevant tax year. Income tax is payable in quarterly instalments, i.e. for the three-month periods ending on the last day of the third, sixth, ninth and 12th months of the taxpayer's tax year. The instalments are based on 1% of total turnover for a company with audited accounts, or 2% for a company without audited accounts, and both the payment and return are due by the 15th day following the end of a quarter or a fixed penalty of GMD5 000 can be applied. The advance payments during the fiscal year are creditable against the income tax assessed on the annual CIT return.
4. Penalties – Late payment penalties are imposed at a rate of 5% per month, or fraction thereof, up to a maximum of

- 25% of the unpaid tax. The penalty for failure to withhold or report tax is equal to 5% of the unpaid tax, up to a maximum of 25% of the unpaid tax.
- Rulings – The Commissioner-General of the GRA may issue public rulings setting out its interpretation of the application of the tax law. A public ruling is binding on the Commissioner-General until it is revoked, but the ruling is not binding on taxpayers.

Individuals

- Tax year – The taxable period for individuals is the same as that for companies.
- Filing status – Joint returns are not permitted; each taxpayer must file his/her own return.
- Filing and payment – Rules regarding tax returns and assessments are the same as those for corporate entities. However, an individual whose income consists entirely of employment income is not required to submit an income tax return. Similarly, the tax payment obligations of individuals carrying on a business activity are the same as those for companies. Employed individuals are subject to a PAYE system, under which the employer withholds the tax on the employment income and remits the tax to the GRA along with a monthly return.
- Penalties – A person who fails to submit a tax return may be subject to a penalty of GMD5 000. A taxpayer who fails to pay by the due date is liable for a penalty equal to 5% of the tax unpaid for the month (or part of a month); the penalty can increase up to 25% of the unpaid tax for continued failure to pay.
- Other – The public ruling system that applies to corporate entities also applies to individuals.

Value added tax

- Filing and payment – The VAT tax period is a calendar month. A taxable person must file a tax return with the

Commissioner-General within 15 days from the end of each tax period. The return must show, among other details, the amount of tax payable for the period and the amount of input tax credit claimed.

- Penalties – A fine of up to GMD20 000 and/or imprisonment for a term not exceeding one year may be imposed for failure to issue VAT invoices and/or for issuing incorrect credit/debit notes that cover post-sale adjustments.

GENERAL INVESTMENT INFORMATION

Investment Incentives

General incentives

The Investment and Export Promotion Agency Act, 2015 is the main law governing investment in The Gambia. The act provides guidance on investing in the country and clearly indicates priority sectors, guarantees to investors, eligibility criteria for investment incentives, relevant procedures, institutional framework and answers to questions that investors generally consider in making an investment decision.

The process of registering a business in The Gambia has been simplified.

Tax incentives

- Expenditure on certain pre-commencement expenditure qualifies for accelerated deductions. A deduction is allowed in the tax year in which the expenditure is incurred and in the following three years at a rate of 25% each year.
- Certain incentives are available in relation to Free Trade Zones (FTZ):
 - An exemption from all taxes and customs duties payable on imports, provided the imports are used, or are to be

used, exclusively within the FTZ, and subject to any other specified limitations (however, where import duty or VAT has been paid by an FTZ investor in respect of any goods upon importation into the customs territory, no refund will be allowed merely because the goods are to be transferred later into an FTZ)

- An exemption from customs duty, excise duty and VAT on goods produced within, or imported into, any of the FTZ, unless the goods are entered for consumption into the national customs territory
- An exemption from import duty on capital equipment.

Exchange Controls

There currently are no exchange controls in effect.

Expatriates and Work Permits

To reside in The Gambia for work purposes, expatriates require an employment/residential permit for themselves and an alien's identity card (ID) for themselves and each of their dependants who is 18 years of age or older. The residential/employment permit and alien's ID card have to be renewed annually.

Trade Relations




Memberships

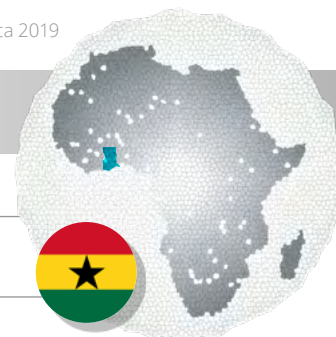
- World Trade Organization (WTO)
- Organization for Economic Cooperation and Development (OECD)

Interest and Currency Exchange Rates

Monetary Policy Rate	
Central Bank Rate - EOP: 12.5%	(Source: Trading Economics)
Currency	
The Gambia's currency is the Dalasi. It is subdivided into 100 bututs. The Dalasi was adopted in 1971 and replaced the Gambian Pound.	
ZAR1 = GMD55.7648	(June 2019) (Source: XE Currency Converter)
USD1 = GMD49.7632	(June 2019) (Source: XE Currency Converter)
EUR1 = GMD55.7587	(June 2019) (Source: XE Currency Converter)

Key Economic Statistics

GDP (approximate)		USD1.74 billion (2019 forecast) (Source: IMF WEO DATABASE)
		USD1.87 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		Not available. There is no stock market in The Gambia.
Rate of Inflation		6.3% (2019 forecast) (Source: IMF WEO DATABASE)



Ghana

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Income tax – Individuals

Taxable income of residents (GHS) (Annual chargeable income)	Rate
0 – 3 456	0%
3 457 – 4 656	5%
4 657 – 6 336	10%
6 337 – 42 336	17.5%
42 337 – 240 000	25%
240 001 and above	30%

Notes

1. Basis – Resident individuals are taxed on their worldwide income, i.e. all income regardless of source and regardless of whether foreign income derived is brought into Ghana. Non-residents are taxed only on Ghana-source income.
2. Residence – An individual is resident in Ghana for tax purposes if he/she (i) is a citizen of Ghana, other than a citizen who has a permanent home outside Ghana from 1 January to 31 December of the calendar year; (ii) is present in Ghana for 183 days in a 12-month period; or (iii) is a citizen who is temporarily absent from Ghana for a period not exceeding 365 continuous days and that has a permanent home in Ghana. All other individuals are considered non-residents.

3. Taxable income – The chargeable income from each source of income is determined separately. The total chargeable income of a person for a year of assessment is the total of the assessable income from employment, business and investment, less the total amount of deductions allowed. Taxable employment income includes salaries and wages, bonuses, overtime payments and other kinds of benefits and allowances (however, pension income is exempt). Remuneration earned by resident individuals for work performed abroad is taxable in Ghana when earned, rather than when brought into Ghana. Similarly, income attributable to employment in Ghana is taxable in Ghana, regardless of where or how it is paid.
4. Deductions and allowances – A resident individual may deduct various personal reliefs from gross income in arriving at his/her annual taxable income. These reliefs include a basic allowance of GHS200 for a married taxpayer supporting a spouse or an unmarried taxpayer supporting at least two children; an allowance of GHS200 for an employed or self-employed taxpayer over age 60; child relief of GHS200 for the education of a child (maximum of three children); and additional relief of GHS100 for taxpayers supporting an elderly relative (maximum of two relatives). Professional, vocational or technical skill-training relief is GHS400. Social security contributions and life insurance premiums also are deductible within certain limits.
5. Rates – Resident individuals are taxed at the progressive rates listed in the table above, with the top marginal rate at 30%. Non-resident individuals pay taxes on their Ghana-source income at a rate of 25%.

Income tax – Companies

	Rate
Standard corporate rate	25%
Hotels	22%
Mining/petroleum companies	35%

Notes

1. Basis – Resident companies are taxed on their worldwide income, irrespective of the source. Non-resident companies are taxed only on Ghana-source income.
2. Residence – A company is resident in Ghana if it is incorporated under the laws of Ghana or if its management and control are exercised in Ghana at any time during a year of assessment.
3. Taxable income – Chargeable income is based on the operating profit stated in the company's annual financial statements prepared in accordance with accounting standards, as adjusted for any differences between accounting requirements and the tax law. Such differences normally include disallowed expenses, exempt income and special reliefs allowed under the tax law. There is no separate capital gains tax; capital gains derived by a company from the realisation of assets are added to other business or investment income and taxed at the company's corporate tax rate.
4. Deductions – General deductibility principles apply, and there are specific deduction rules relating to certain expenses. For example, for repairs and improvements of depreciable assets used in the production of income, the deduction may not exceed 5% of the written-down value of the relevant pool at the end of the year.
5. Losses – Businesses in priority sectors may carry forward losses for five years. Other businesses may carry forward losses for three years. Priority sector areas include businesses undertaking mining, petroleum, power generation, manufacturing, farming, agro-processing, tourism and software development. Entities engaged in long-term contracts are allowed to carry back losses for up to three 3 years.
6. Foreign tax credit – Companies can claim a foreign tax credit for taxes imposed on their foreign-source income.
7. Group relief – There is no provision allowing for group relief or the transfer of losses between members of a group.

8. Rate – The standard corporate tax rate is 25%. Various concessionary rates/tax holidays are available to companies operating in specific sectors or engaged in activities such as agro-processing, waste processing and the export of non-traditional products (see "Tax incentives"). A 22% rate applies to hotels, and a 35% rate to mining/petroleum companies.
9. Branch taxation – Branches of foreign companies are subject to the same rate as domestic companies. In addition, an 8% tax is imposed on profits earned by the branch and treated as repatriated to the foreign head office.

Withholding tax (WHT)

The WHT rates on various types of payments are as follows (the tax is a final tax for non-residents and the rate may be reduced under an applicable tax treaty).

	Residents	Non-residents
Dividends	8%	8%
Interest	0%/8%	8%
Royalties	15%	15%
Management/ professional fees	7.5%	20%
Rental payments	8%/15%	15%

Notes

1. Interest – WHT is not levied on interest paid to resident financial institutions.
2. Rental payments – An 8% WHT applies if the rent is paid to a resident for residential accommodation, and a 15% WHT if it is for commercial purposes.

Tax treaties

Ghana has concluded tax treaties with the following countries:

Treaty	Dividends	Interest	Royalties
Belgium	5%/15%	0%/10%	10%
Denmark	5%/15%	0%/8%	8%
France	5%/15%	0%/12.5%	10%/12.5%
Germany	5%/15%	0%/10%	8%
Italy	5%/15%	10%	10%
Netherlands	5%/10%	8%	8%
South Africa	5%/15%	5%/10%	10%
Switzerland	5%/15%	0%/10%	8%
United Kingdom	7.5%/15%	12.5%	12.5%

Notes

1. Dividends – The lower rates for dividends apply where the recipient holds at least 10% of the shares of the payer company.
2. Dividends and interest – The rate under domestic law may apply where this is lower than the treaty rate.

Anti-avoidance rules

Transfer pricing

Ghana has transfer pricing regulations that require taxpayers to demonstrate that related party transactions are on arm's length terms by maintaining contemporaneous documentation of such transactions for each tax year. Ghana's regulations generally are consistent with the OECD transfer pricing guidelines.

Entities with related party transactions in a year of assessment are required to file transfer pricing returns along with their annual income tax returns.

Thin capitalisation rules

A resident person, other than a financial institution, is deemed to be thinly capitalised if the ratio of interest-bearing or foreign currency-denominated debt (to a non-resident parent) to equity exceeds 3:1. Interest deductions or exchange losses arising on debt in excess of the 3:1 ratio are disallowed.

Other

Ghana's Income Tax Act also has anti-avoidance provisions that prohibit the practice of income splitting practice. Income splitting is the transfer of income and/or property to associates with a view to reducing tax liability.

Employment-related taxes

Payroll tax

Pay-As-You-Earn (PAYE) taxes are withheld from the salaries of employees to satisfy their income tax responsibilities. The PAYE is computed at the personal income tax rates.

Social security

Employers must contribute 13% of an employee's basic salary as a pension contribution, with the employee contributing 5.5% of his/her basic salary. Expatriates working in Ghana also are required to contribute to pensions in Ghana, unless they expect to be present in the country for no more than 36 months and can show proof of membership in a pension scheme outside Ghana.

Indirect taxes

Value added tax (VAT)	Rate
Standard rate	12.5%
Ghana Education Trust Fund Levy (GetFund)	2.5%
National Health Insurance Levy (NHIL)	2.5%
VAT Flat Rate Scheme (VFRS)	3%

Notes

1. Taxable transactions – VAT is imposed on the supply of goods or services in Ghana and on the import of goods or services. The tax base generally is the amount paid for the goods or service. For imports, the tax base is the customs value, plus any import duties and taxes, except for VAT.
2. Rates – The standard VAT rate is 12.5%, which is applied on the total amount of taxable supplies, inclusive of the levies (NHIL and GetFund). A zero rate is applied to exports.
3. VFRS – There is a VFRS covering the wholesaling and retailing of goods. Under the VFRS, VAT-registered retailers and wholesalers of goods account for VAT/NHIL/GetFund levy at a flat rate of 3%. Such suppliers do not qualify for input VAT claims, so they must remit the VAT collected in full.
4. Withholding VAT on taxable supplies – A 7% withholding of VAT is applied by designated VAT-registered entities and selected government agencies on payments for taxable supplies.
5. Registration – A business making taxable supplies exceeding GHS200 000 over a 12-month period must register for VAT purposes.

Customs and excise duties

Customs duty is levied on goods imported into Ghana, at varying rates up to 35%. Special concessionary rates are available to members of the Economic Community of West African States (ECOWAS).

Excise duty based on the ex-factory price is levied on certain products. The rates are as follows:

Product	Rate
Beer, other than domestic beer and "cider beer"*	10%-47.5%
Tobacco products (cigarettes and cigars)	150%
Water, including mineral water and distilled water	17.5%
Malt drinks*	7.5%-17.5%
Spirits (other than for use solely in laboratories or in the compounding of drugs)	10%-25%
Plastic and plastic products	10%
Cider beer	17.5%

* Excise duty may be reduced with an increased use of local raw materials.

Other taxes**Special Import Levy (SIL)**

The SIL is imposed at a rate of 2% on goods – other than petroleum, fertiliser and certain equipment – imported into Ghana. The tax is computed on the cost, insurance and freight value of imported goods and currently is applicable until the end of 2019.

National Fiscal Stabilisation Levy (NFSL)

The NFSL is a 5% levy on the profit before tax of specified businesses. Businesses subject to the levy are banks and non-bank financial institutions, insurance companies, telecommunication companies, breweries, inspection and valuation companies, mining support service providers, shipping lines and maritime and airport terminals.

Inheritance/estate tax

Ghana does not impose inheritance or estate tax.

Stamp duty

Stamp duty is charged on the conveyance or sale of immovable property at rates ranging from 0.25% to 1%. The stamp duty rates on leases range from 0.5% to 1% of the consideration, but also depend on the lease period.

Property tax

Local government authorities levy "rates" on the occupation of real property. The property rate payable for the year is based on the applicable rateable value of the property and the rate per Ghana cedi determined by the relevant local authority.

Environmental tax

An environmental tax of 10% is charged on plastic and packaging materials and products, with an exemption for the pharmaceutical and agricultural sectors.



Vehicle income tax

This tax is collected from commercial vehicle operators on a quarterly basis. A flat amount is charged based on the type of vehicle. The amount charged per quarter ranges from GHS10 to GHS200.

Luxury vehicle levy

This is an annual levy paid by individuals who possess motor vehicles with engine capacity of 2 950 cubic centimetres (cc) and above. Commercial vehicles for the transport of goods or with the capacity to transport more than 10 persons, tractors and ambulances are exempted from the levy.

Vehicle engine capacity	Levy (GHS)
2 950 – 3 549 cc	1 000
3 550 – 4 049 cc	1 500
4 050 cc and above	2 000

Tax administration and compliance

Tax is administered by the Ghana Revenue Authority; specifically, domestic taxes are administered by the revenue authority's Domestic Tax Revenue Division (which is the result of the merger of the operational units of the former Value Added Tax Service and the Internal Revenue Service). Customs and import duties are administered by the Customs Division.

Companies

1. Tax year – The government's fiscal year is from 1 January to 31 December, although companies are allowed to choose their own accounting year.
2. Consolidated returns – Consolidated returns are not permitted; each company must file a separate return.
3. Filing and payment – Taxpayers must submit an annual

return and pay the tax due within four months after the end of the tax year.

4. Penalties/interest – Offenses liable to penalties/interest include underestimating of income tax payable, failure to comply with the tax laws, failure to pay tax, making false or misleading statements, failure to withhold tax, failure to file a return and impeding tax administration. The penalties range from pecuniary penalties and interest to imprisonment, or both.
5. Rulings – A taxpayer may apply to the tax authorities for a private ruling regarding a specific transaction or arrangement. The ruling is binding on the tax authorities, but not on the taxpayer, for the period specified in the ruling if the transaction is carried out in all material aspects as described in the application.

Individuals

1. Tax year – The tax year is the calendar year.
2. Tax filing – Individuals who earn income during a year of assessment are required to file an annual personal income tax return by 30 April following the end of the tax year. Couples are not allowed to file a joint personal income tax return.
3. Tax payment – The employer is required to withhold and remit taxes from an employee's monthly wages and file monthly tax returns in respect of the taxes withheld by the 15th day of the subsequent month. An employer also is required to file an Employer's Annual Tax Deduction Schedule in respect of each employee by 30 April following the end of the calendar year. Self-employed persons are required to make advance payments of personal income tax at progressive rates in four equal instalments.
4. Penalties – Offenses liable to penalties include failure to comply with the tax laws, failure to pay tax, making false or misleading statements, failure to file a return and impeding tax administration. The penalties range from pecuniary penalties and interest to imprisonment, or both.

Value added tax

1. Filing and payment – A VAT return must be submitted by the last working day of the month immediately following the accounting period (month) to which the return relates.
2. Penalties – Offenses liable to penalties include failure to comply with the tax laws, failure to pay tax, making false or misleading statements, failure to withhold tax, failure to file a return and impeding tax administration. The penalties range from pecuniary penalties and interest to imprisonment, or both.

- Real estate companies pay 1% corporate tax for five years on income from certified low-cost housing, with some limitations.
- Entrepreneurs aged 35 years and under are granted a five-year corporate tax holiday if they are engaged in specific businesses. Businesses that qualify for the exemption include manufacturing, information and communications technology, agro-processing, energy production, waste processing, tourism and creative arts, horticulture and medicinal plants. Such entrepreneurs also enjoy a rebate on corporate tax rates ranging from 5% to 15% for five years after the tax holiday
- Privately-owned universities are exempted from corporate tax if they reinvest 100% of their profits into the operation of the university
- Employers receive an additional tax deduction for employing new graduates as part of their workforce, which ranges from 10% to 50% of the salaries or wages of such employees.

GENERAL INVESTMENT INFORMATION

Investment incentives**Tax incentives**

- A reduced corporate tax rate of 8% is available for companies engaged in “non-traditional exports,” and a 20% rate applies for financial institutions on income from loans granted to farming enterprises and leasing companies
- Free Trade Zone (FTZ) companies have a 10-year exemption period, after which they pay corporate tax at 15% on export sales
- A rebate is granted to manufacturing companies located outside Accra and Tema. In regional capitals (other than Accra and Tema), the rebate is 75% of the standard corporate tax rate of 25%, and in all other places it is 50% of the standard tax rate
- Tax holidays are granted from the time operations commence for companies in the following sectors:
 - Agricultural enterprises, agro-processing and waste processing companies, rural banks and venture capital financing companies pay 1% corporate tax for a period ranging from five to 10 years

Other incentives

Imports into FTZs are exempt from customs duty.

Exchange controls

Exchange controls exist for imports/exports and also apply to outbound transfers of capital, profits, royalties, interest, fees and income of expatriate personnel. Investors under the Ghana Investment Promotion Centre Act, 2013 are guaranteed the right to transfer profits, interest, fees, charges, loan repayments and liquidation proceeds, while expatriate personnel are allowed to transfer their annual earnings abroad, provided the applicable taxes have been paid. In principle, non-resident companies are free to transfer abroad their net after-tax profits, provided the transfer is carried out through banks approved by the Bank of Ghana and supported with relevant documents evidencing the foreign payment obligation.

Expatriates and work permits

There is no special expatriate tax regime in Ghana. Expatriates are subject to the same tax system as other individuals. Emigration generally has no tax consequences, except that a tax clearance certificate is required.

Trade relations




Memberships

- World Trade Organization (WTO)
- Economic Community of West African States (ECOWAS)

Interest and currency exchange rates

Monetary policy rate
Central Bank Rate - EOP: 16% (Source: Bank of Ghana)
Currency
Ghanaian New Cedi (Currency code: GHS; Currency symbol: GHS)* * The former Ghanaian Cedi is obsolete and no longer legal tender. The Ghanaian Cedi has been replaced by the Ghanaian New Cedi.
ZAR1 = GHS6.01824 (June 2019) (Source: XE Currency Converter)
USD1 = GHS5.37188 (June 2019) (Source: XE Currency Converter)
EUR1 = GHS6.01858 (June 2019) (Source: XE Currency Converter)

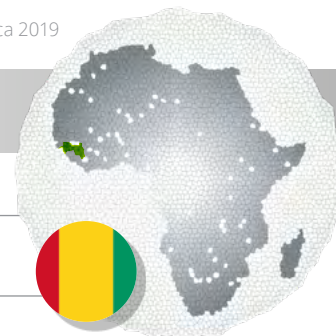
Key economic statistics

GDP (at purchaser's prices)		USD68.26 billion (2019 forecast) (Source: IMF WEO DATABASE)
		USD72.26 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		USD2 050.20 million (Dec 2018) (Source: IMF WEO DATABASE)
Rate of Inflation		9.07% (2019 forecast) (Source: IMF WEO DATABASE)

Notes

1. The Ghana Stock Exchange (GSE) is the principal stock exchange of Ghana. It currently has around 42 listed companies. All types of securities can be listed. Criteria for listing include: capital adequacy, profitability, spread of shares, years of existence and management efficiency. The GSE is located in Accra.

Guinea Conakry



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Income Tax – Individuals

Taxable income (GNF)	Rate
0 – 1 million	0%
1 000 001 – 5 million	5%
5 000 001 – 10 million	10%
Over 10 million	40%

Notes

1. Basis – Habitual residents are taxable on worldwide income. Non-residents are subject to tax only on Guinea-source income.
2. Residence – Habitual residents are individuals with a permanent home available for their use in the Guinea Coast, or who are employed by a resident corporation.
3. Taxable income – Individuals are taxable on the same types of income as companies, and on employment income. Capital gains from the disposal of shares are taxable only if the individual had a long-term significant shareholding and was employed in the business. Capital gains from the disposal of assets are exempt from tax.
4. Deductions and allowances – Deductible expenses include social security contributions (subject to limits and conditions), loan interest and subsistence allowances paid to dependent parents or a spouse.
5. Rates – The general income tax is imposed at progressive rates ranging from 0% to 40%. [Non-commercial profits (fees) generally are subject to an effective 25% withholding tax (WHT). The WHT applies to individuals that are active by providing services in Guinea and have

no professional establishment in Guinea. Non-residents are subject to the same WHT rate.

Income Tax – Companies – Tax on industrial and commercial profits

	Rate
Standard corporate tax rate	35%

Notes

1. Basis – Resident companies are subject to corporate income tax on income earned on a worldwide basis. Non-resident companies are subject to corporate income tax on profits derived from activities carried out in Guinea.
2. Residence – An entity incorporated in Guinea is resident for tax purposes.
3. Taxable income – Income is taxed under separate schedules for industrial and commercial profits; non-commercial profits; and income from movable capital, land and agriculture. A non-commercial schedule mainly is used for royalties and know-how and for non-resident corporations. Dividends received are taxable, but only on 50% of the total amount received if Guinea tax previously has been withheld on the dividends. Capital gains arising from the disposal of fixed assets and shares normally are included in taxable income. Rollover relief for gains is granted where the taxpayer invests an amount equal to the amount of the gain in the acquisition of a similar asset within three years of the sale. For gains on shares, the capital gains relief applies only to significant long-term holdings. Subject to certain conditions, capital gains arising from a merger or partial business transfer are exempt.

4. Deductions – Business costs and expenses are deductible if they are strictly related to the business. Management fees, royalties and similar payments made to a parent company are deductible only if made at arm's length and if certain other requirements are met. In addition, royalties paid to a related party pursuant to an agreement may not be excessive in nature and must be subject to WHT at a rate of 15%.
5. Losses – Losses generally may be carried forward three years. Losses arising from capital allowances may be carried forward indefinitely. The carryback of losses is not permitted.

Withholding tax (WHT)

The WHTs on various types of payments are as follows (the tax is a final tax for non-residents and the rate may be reduced under an applicable tax treaty):

	Residents	Non-residents
Dividends	10%	10%
Interest	10%	10%
Royalties	-	15%

Tax treaties

Guinea has concluded three tax treaties that provide for withholding tax rates on dividends, interest and royalties; the rate under domestic law may apply where this is lower than the treaty rate:

Country	Dividends	Interest	Royalties
France	15%	10%	10%
Morocco	5%/10%	10%	10%
UAE	10%	10%	15%

Anti-avoidance rules

Transfer pricing

Profit transfers included in payments between resident corporations and non-resident affiliates may be adjusted to reflect arm's length conditions for tax purposes. Transfer pricing documentation requirements apply.

Thin capitalisation

Thin capitalisation rules apply to under-capitalised companies (i.e. companies with advances from related companies that exceed, at any time during the year, 1.5 times the amount of their equity valued at the end of that year. Interest paid by an under-capitalised company that exceeds the sum of: (i) the amount of the interest received from related companies; and (ii) 25% of the company's taxable income (before deductions of interest paid to related companies) is non-deductible.

Employment-related taxes

Payroll tax

Payroll tax is equal to 6% of the global amount (i.e. salary plus benefits in kind) of the salaries paid to employees.

Social security

Employers are required to make social security contributions based on an employee's gross wages: family allowances (6%), work injuries (4%), medical expenses (4%) and benefits (4%). Contributions payable by an employee are withheld by the employer at a rate of 5% of gross salary.



Indirect taxes

Value added tax (VAT)

VAT	Rate
Standard rate	18%

Notes

1. Taxable transactions – VAT is imposed on production activities, the supply of goods and the provision of services in Guinea, and on imports. A deduction of 50% is levied at source on VAT invoiced by the suppliers of goods and services by mining public companies, mixed ownership companies, oil companies and telephone companies.
2. Rates – The standard VAT rate is 18%. Exports and the supply of international carriage are zero-rated.
3. Registration – All taxpayers must register for VAT purposes.

Miscellaneous taxes

Inheritances and donations

A duty of GNF50 000 applies on inheritances.

Stamp duty

Stamp duty applies to certain administrative acts. The amount of stamp duty depends on the nature of the act, and a fixed rate or a prorated fee may apply.

Transfer tax

Transfer tax does not apply in Guinea; instead, a 10% registration duty is due on the sale of shares, tradeable obligations and profit shares.

Capital duty

Capital contributions, capital increased by acquisitions, incorporation of profits or reserves and mergers are subject to registration fees that range as follows:

- GNF1 to GNF100 million: 1%
- GNF100 000 001 to GNF500 million: 0.5%
- Over GNF500 million: 0.25%.

Real property tax

Real property tax is due by the owner of land on or before 30 June of each year. The rates are as follows:

- 10% of the annual rental value for residential or professional buildings used by the owner
- 15% of the annual rental value for rented buildings.

Tax on financial activities

Banks and financial institutions are subject to a tax on financial activities. The tax is applied on financial activities carried out by these companies, at a rate of 5% for credit operations exceeding one year and 13% for other operations.

Other

A company or individual carrying on a trade in Guinea must pay a business license duty, subject to certain exemptions. The duty is set at a fixed amount depending on annual turnover; a proportional duty is levied on the rental value of professional premises.

Tax administration

Tax is administered in Guinea by the National Directorate of Taxes.

Companies

1. Tax year – The tax year is the calendar year.
2. Consolidated returns – Consolidated returns are not permitted. Each company must file a separate tax return.
3. Filing and payment – Corporate income taxes are payable in two equal parts by 15 June and 15 September of the tax year, based on the realised profits to date. The tax return is due by 30 April of the year following the tax year, together with the balance of tax for companies with an annual turnover.
4. Penalties – Penalties are imposed at a rate of 10% of the amount due for late tax returns, failure to pay tax

due and errors and mistakes, and 50% (with a minimum of GNF100 000) where the taxpayer does not reply to a request from the tax authorities.

5. Rulings – A taxpayer may seek clarification from the tax authorities on the interpretation of provisions in the tax legislation.

Individuals

1. Tax year – The tax year is the calendar year.
2. Tax filing – Spouses generally are taxed separately. Children usually are taxed with one of their parents, but may be taxed separately if they have employment income.
3. Filing and payment – Personal income tax returns are due by 30 April of the year following the tax year. An individual receiving employment income from only one employer is not required to file a return, unless he/she is eligible for a refund. Payments of tax relating to a business are due as described above for companies. Tax normally is withheld at source for other sources of income.
4. Penalties – Penalties are charged at rate of 10% of the amount due (with a minimum of GNF10 000) for late tax returns, failure to pay tax due and errors and mistakes, and 50% (with a minimum of GNF100 000) where the taxpayer does not reply to a request from the tax authorities.

Value added tax

1. Filing and payment – VAT returns and payments are due monthly by the 15th day of the following month.
2. Penalties – A penalty is due of 2% per month for filing a late VAT return. An additional penalty of 10% of the amount of the tax also is due, with this penalty increased by 50% after the 10th day following a formal notice.

GENERAL INVESTMENT INFORMATION

Investment incentives

General incentives

- Incentives are available in specific sectors (e.g. mining and oil), and there is an Investment Code.
- Guinea applies a reciprocity rule so that all foreigners from countries that allow Guineans to carry on business activities may undertake business activities in Guinea.
- The Guinea OPIP (Office de Promotion des Investissements Privés) promotes private investment and the CFE (Centre de Formation des Entreprises) assists investors with incorporation formalities.
- Guinea has signed the OHADA treaty with 17 West and Central African countries to harmonise business laws and is a member state of the African Intellectual Property Organization (OAPI), the central intellectual property registration system for 16 African countries.

Tax incentives

- A person starting a new business or expanding an existing business in Guinea can benefit from tax advantages under certain privileged regimes, provided the business activity or expansion contributes to the achievement of one or more of the priority economic development objectives. To benefit from one or more of the privileged regimes, at least 20% of the total cost for small and medium-sized enterprises, and 33% for other companies, must be financed by a capital investment.
- Tax incentives include a five-to-eight-year exemption from the tax on industrial or commercial profits, business license duty, property tax and import tax (depending on the location of the investment).

Expatriates and work permits

An employment contract with a foreign employee must be in writing and approved by the National Office of Employment and Labour. The employer must request a visa for a foreign employee. A foreign individual may not work in Guinea without a visa (except for individuals from an ECOWAS (Economic Community of West African States) member state.

Trade relations




Membership

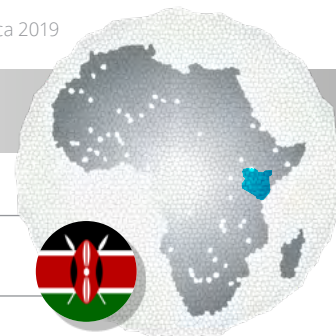
- United Nations (UN)
- World Trade Organization (WTO)
- Economic Community of West African States (ECOWAS)
- West African Economic and Monetary Union (WAEMU)
- International Monetary Fund (IMF)
- World Bank
- African Union and the Mano River Union (MRU) with Liberia and Sierra Leone

Interest and currency exchange rates

Monetary policy rate
Central Bank Rate - EOP: 12.5% (Source: Trading Economics)
Currency
Guinean Franc (GNF)*
* The GNF is used only in Guinea. The GNF denominations include 1, 5, 10 and 25 franc coins, with banknotes in denominations of 50, 100, 500, 1 000, 5 000 and 10 000 francs.
ZAR1 = GNF630.967 (June 2019) (Source: XE Currency Converter)
USD1 = GNF9,127.58 (June 2019) (Source: XE Currency Converter)
EUR1 = GNF10223.67 (June 2019) (Source: XE Currency Converter)

Key economic statistics

GDP (approximate)		USD12.62 billion (2019 forecast) (Source: IMF WEO DATABASE)
		USD13.60 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		Not applicable: There is no stock market in Guinea Conakry.
Rate of Inflation		8.9% (2019 forecast) (Source: IMF WEO DATABASE)



Kenya

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Income Tax – Individuals

Taxable income (KES)	Rate
0 – 147 580	10%
147 581 – 286 623	15%
286 624 – 425 666	20%
425 667 – 564 709	25%
Over 564 709	30%

Notes

1. Basis – Kenya operates a source and residence-based system of taxation, under which income that is accrued in, or derived from, Kenya is taxable in Kenya. Foreign-source employment income earned by a Kenyan national is subject to Kenya tax. A non-resident is taxable only on Kenyan-source employment income.
2. Residence – An individual is resident in Kenya if he/she has a permanent home in Kenya or is present in the country for a period or periods amounting in the aggregate to 183 days or more in the relevant year of income and in each of the two preceding years of income for periods averaging more than 122 days in each year of income.
3. Taxable income – Taxable income includes income from employment (and fringe benefits), income from the exercise of a business or profession, capital gains (with some exceptions), certain investment income, etc. Income from employment is defined broadly and includes wages, salary, commissions, bonuses and allowances. Travelling,

entertainment and similar allowances are taxable unless they are purely a reimbursement of expenses incurred in the production of income. Benefits in kind from employment are taxable if their aggregate value exceeds KES36 000 per year or KES3 000 per month. A pension received by a resident individual from a pension fund established outside Kenya is deemed to be derived from Kenya to the extent it relates to employment or services rendered in Kenya. Where a business is carried on by a resident person partly within and partly outside Kenya, the entire profit from the business is deemed to have accrued in or be derived from Kenya.

4. Exempt income – The payment of bonuses, overtime and retirement benefits to employees whose taxable employment income falls in the lowest band is exempt from taxation. Capital gains tax is not levied on gains arising from the transfer of shares traded on a securities exchange licensed by the Capital Markets Authority. Medical services or medical insurance paid by an employer on behalf of a full-time employee is a non-taxable benefit. A group life insurance premium paid by an employer is a non-taxable benefit, unless the insurance cover confers a benefit to the employee or any of the employee's dependents. The first KES2 000 per day received by an employee as reimbursement of subsistence, travel, entertainment or other allowances while on official duties outside the usual place of work is not taxable as an employment benefit.
5. Deductions and allowances – The following may be deducted in calculating taxable income: up to KES300 000 annually in mortgage interest for owner-occupied property, contributions to a registered pension or provident fund up to KES240 000 annually (the deduction may not exceed 30% of employment income) and 15% of health or life

insurance premium payments up to KES60 000 annually. Premiums paid for health or life insurance may be deducted up to 15% of the premiums (a maximum of KES36 000) annually. An annual personal allowance of KES16 896 is granted.

Companies

	Rate
All companies	30%

Notes

1. Basis – Resident and non-resident corporate entities are subject to tax on all income accruing in or derived from Kenya.
2. Residence – A company or similar corporate entity is tax resident if it is incorporated under Kenyan law, if management and control of its affairs are exercised in Kenya or if the Cabinet Secretary responsible for the National Treasury declares the entity to be tax resident in a notice published in the Kenyan gazette.
3. Taxable income – Taxable income includes income from the operation of a business, certain dividends and capital gains. Gains or profits from one of seven specified sources of income are computed separately from gains or profits derived from the other sources of income. The specified sources are rental income; income from agricultural or horticulture; surplus from registered pension or provident funds; interest income; and income received by petroleum contractors.
4. Exempt income – Dividends received by a resident company from another resident company in which it holds 12.5% or more of the voting power are not subject to tax. Dividends received from a non-resident company also are treated as exempt. Real estate investment trusts (REITs) are exempt from corporate income tax (and investors that receive dividends from REITs are exempt from withholding tax (WHT)). As noted above, capital gains tax is not levied on gains arising from the transfer of shares traded on a securities exchange licensed by the Capital Markets Authority.
5. Deductions and allowances – Expenses generally may be deducted if they are incurred wholly and exclusively in the production of income. Certain expenses may not be deducted, including: capital costs and losses; income tax or tax of a similar nature paid on income; expenses of non-resident persons relating to certain types of income (management fees, royalties, etc.); and certain interest payments by a non-resident controlled company. Capital allowances are deductible in determining

chargeable income on qualifying assets (buildings, software and plant and machinery).

6. Losses – Tax losses for a year may be carried forward for 10 years. If not utilised within this period, the losses will be forfeited unless an extension is approved by the Cabinet Secretary of Finance. The carryback of losses is not permitted.
7. Foreign tax credit – A foreign tax credit is granted only if so provided under a tax treaty.
8. Group relief – There is no provision allowing for group relief or the transfer of losses between members of a group.
9. Rate – The standard corporate tax rate is 30%. The rate for branches of foreign companies is 37.5%. Newly listed companies enjoy a reduced rate of 25% for five years following the year of listing. The tax rate for local assemblers of motor vehicles is 15%. With effect from 1 January 2019, the corporate tax rate for companies engaged in business under a special operating framework arrangement with the government will be the rate provided under the arrangement, rather than the normal tax rate. Capital gains are subject to a 5% tax on the net gains.
10. Extractive industry – A special regime applies to companies operating in the extractive industry the petroleum sector.

Withholding Tax (WHT)

WHT at the appropriate rate must be deducted from payments made to resident and non-resident persons.

Payment	Residents	Non-residents
Dividends	5%	5%/10%
Interest	10%/15%25%	15%/20%/25%
Royalties	5%	20%
Rent	0%/10%	30%
Management & professional fee	5%	20%
Insurance premium	0%	5%

Notes

1. Interest – There are different categories for WHT on interest paid to both resident and non-residents. Interest received from financial institutions is subject to a 15% rate, while WHT on interest on bearer certificates is 25%. WHT on interest from bearer bonds is 10%.
2. Royalties – Royalties (and natural resource income) paid to a resident are subject to a 5% WHT; the rate of 20% if paid to a non-resident.
3. Rent – Rent payments on immovable property by agents appointed by the government are subject to a 10% WHT.
4. Demurrage charges – Demurrage charges paid to non-resident shipping operators are subject to a 20% WHT.

Tax Treaties

Kenya has a small tax treaty network. Kenya tax law contains a provision under which the benefit of lower tax rates or exemptions granted under an applicable tax treaty will not apply where 50% or more of the underlying ownership of the resident of the other contracting state is held by individuals who are not resident in that contracting state. However, this provision does not apply if the company in a contracting state is listed on a stock exchange. Underlying ownership for these purposes includes both direct and indirect ownership.

The WHT rates on dividends, interest and royalties under Kenya's tax treaties are as follows:

Treaty partner	Dividends	Interest	Royalties
Canada ¹	10%/15%/25%	15%	15%
Denmark ²	10%/20%/30%	20%	20%
France	10%	12%	10%
Germany	15%	15%	15%
India ³	10%	10%	10%
Norway	15%/25%	20%	20%

South Africa	10%	10%	10%
Sweden	10%/15%/25% ⁴	15%	20%
United Kingdom	0%/10%/15% ⁵	0%/15% ⁶	15%
Zambia	D ⁷	D	D
United Arab Emirates	5%	10%	10%
Qatar	5%/10% ⁹	10%	10%
Iran	5%	10%	10%
South Korea	8%/10% ¹⁰	12%	10%

Notes

1. Dividends are taxable in accordance with the law where the payer company is resident (i.e. 10% in Kenya), but may not exceed 15% or 25%. The 15% rate applies where dividends are paid to a company that holds at least 10% of the voting shares of the payer company during the six-month period immediately before the date the dividends are paid; otherwise, the rate is 25%.
2. Dividends are taxable in accordance with the law where the payer company is resident (i.e. 10% in Kenya), but may not exceed 20% or 30%. The 20% rate applies where dividends are paid to a company that owns at least 25% of the voting shares of the payer company for a six-month period immediately preceding the date the dividends are paid; otherwise, the rate is 30%.
3. Dividends are taxable in accordance with the law where the payer company is resident (i.e. 10% in Kenya), but may not exceed 15% or 25%. The 15% rate applies where dividends are paid to a company that owns at least 25% of the voting shares of the payer company during the six-month period immediately before the date the dividends are paid; otherwise, the rate is 25%.
4. Dividends are taxable in accordance with the law where the payer company is resident (i.e. 10% in Kenya), but may not exceed 15% or 25%. The 15% rate applies where dividends are paid to a company that owns at least 25% of the voting shares of the payer company for a six-month period immediately preceding the date the dividends are paid; otherwise, the rate is 25%.

5. Dividends are taxable in accordance with the law where the payer company is resident (i.e. 10% in Kenya), but may not exceed 15%. The 0% rate applies where the recipient of the dividends owns at least 10% of the class of shares in respect of which the dividends are paid and to the extent the dividends are paid out of profits that the payer company earned or other income it received in a period ending 12 months or more before the date on which the recipient of the dividends became the owner of 10% or more of the class of shares in question; otherwise, the rate is 15%, provided the recipient of the dividends is subject to tax on the dividends in the UK.
6. The 0% rate may be applied at the discretion of the competent authority in Kenya.
7. The treaty does not specify a WHT rate, so the rate under domestic law will apply.
8. The revised treaty between Kenya and India applies as from 1 January 2018.
9. The 5% rate applies where dividends are paid to a company that owns at least 10% of the voting shares of the payer company; otherwise, the rate is 10%.
10. The 8% rate applies where dividends are paid to a company that owns at least 25% of the voting shares of the payer company; otherwise, the rate is 10%.
11. Kenya has negotiated treaties with several other countries, but these are not fully ratified and thus not in force. These countries include Kuwait, Netherlands and with the other East Africa Community countries

Anti-Avoidance Rules

Transfer pricing

Kenyan law requires arm's length pricing between related enterprises. A company engaging in cross-border transactions with associated parties must have a fully documented transfer pricing policy in place to demonstrate the arm's length pricing of such transactions.

Thin capitalisation rules

The thin capitalisation rules restrict the deduction of interest expense for foreign controlled companies (other than licensed financial institutions) when the ratio of all interest-bearing liabilities exceeds three times the payer's issued and paid-up

capital and revenue reserves/accumulated losses. In the extractive industry, the ratio of all interest-bearing liabilities is two times the payer's issued and paid up share capital. "Control" for these purposes includes a participation of at least 25%.

General anti-avoidance rule

A general anti-avoidance rule allows the tax authorities to disregard the tax effects of schemes or transactions where one of the main purposes is the avoidance of tax or the reduction of tax liability. A penalty of double the tax avoided is imposed on such anti-avoidance schemes.

Employment-Related Taxes

Social security

Employers must contribute to the National Social Security Fund (NSSF) on behalf of their employees. The contribution is 6% of the employee's monthly salary up to KES2 160 per month for employees earning more than KES18 000 per month. However, due to an injunction that is in place pending the outcome of a case before the High Court challenging changes to the NSSF, the old rate continues to apply (i.e. 5% of gross salary, up to a maximum of KES200 per month).

An exemption from NSSF contributions is available for expatriates who continue to contribute to a social security scheme overseas and will not be present in Kenya for more than three years.

Contributions also must be made to the National Hospital Insurance Fund (NHIF). An employee is required to contribute to the NHIF on a graduated scale at KES150 on KES5 999 salary per month up to a maximum of KES1 700 for salaries of KES100 000 and above. There currently are no NHIF employer contributions.



Indirect Taxes

Value Added Tax (VAT)

	Rate
Standard rate	16%

Notes

1. Taxable transactions – VAT is levied on the supply of goods or services in Kenya, and on the import of goods or services.
2. Rates – The standard VAT rate is 16%. Zero-rated supplies include the export of goods and taxable services, and the supply or import of specified goods. Exempt supplies include financial services provided by banks and most agricultural produce in its processed or preserved state. Petroleum products also are subject to VAT at a rate of 8%.
3. Registration – VAT registration is mandatory where the turnover of taxable supplies is, or is expected to be, KES5 million or more in a 12-month period. A non-resident person that is required to register for VAT must appoint a tax representative, and if it fails to do so, a representative will be appointed. The tax representative must be resident in Kenya, be responsible for all the VAT obligations of the non-resident and be jointly and severally liable with the non-resident for taxes, penalties and interest imposed under the VAT Act.

Customs and excise duties

EAC member states (i.e. Burundi, Kenya, Rwanda, South Sudan, Tanzania and Uganda) are required to apply similar customs duties (member states have their own excise duty rates). South Sudan became a full member of the EAC on 15 August 2016 but has not yet started to apply the EAC rates. The import of goods and merchandise from third states is subject to customs duties at rates ranging from 0% to 25%. Higher rates can apply for certain goods considered to be of importance to the economy.

Excise duty is imposed mainly on harmful and/or luxurious items as listed in the First Schedule of the Excise Duty Act. However, the government has started charging excise duty on other items such as financial services, mobile phone airtime and internet services.

Other Taxes

Stamp duty

Stamp duty is payable on a variety of instruments or transactions, including the increase of share capital; stock transfers of unlisted companies; leases; debentures; and property transfers. Stamp duty is not levied on the initial nominal capital of a newly incorporated company, but a 1% duty is payable on an increase of share capital and on the transfer of shares. A duty of 4% is payable on immovable property (2% outside municipalities). An exemption applies if the shares/securities are listed on the stock exchange.

Real property tax

Property rates are levied by the local county governments and are calculated based on the location and use of the property.

Presumptive income tax

With effect from 1 January 2019, turnover tax (of 3% of gross receipts) has been replaced by a presumptive income tax of 15% of the business permit or license fee on businesses with annual turnover of less than KES5 million. As was the case for turnover tax, the presumptive income tax does not apply to rental income and management or professional or training fees, the income of incorporated companies and any income that is subject to a final WHT.

Tax Administration and Compliance

Tax is administered by the Kenya Revenue Authority (KRA).

Companies

1. Tax year – The tax year is the calendar year, although a company (other than a financial institution) may adopt any year-end.
2. Consolidated returns – Consolidated returns are not permitted; each company must file a separate return.

3. Filing and payment – The self-assessment and compensating returns must be filed within six months of the end of the company's accounting period. Tax instalments are due within 20 days of the end of each quarter, based on the relevant proportion of the estimated current tax or 110% of the tax for the prior year, less previous instalments paid and WHT deducted at source, with the balance of tax, if any, due four months after the company's year-end. Agricultural companies make their first instalment payment 20 days after the third quarter. The additional two months essentially allows companies, especially multinationals, to have the accounts approved by the board of directors and signed by directors who may be overseas.
4. Penalties – Penalties apply for late filing, failure to submit a return or submitting an inaccurate return or for filing a fraudulent return. Offences committed by tax agents, such as participating in the creation of tax avoidance or evasion schemes or acting as a tax agent illegally, will be subject to a fine equal to 200% of the amount of tax evaded or a fine of KES5 million, whichever is higher or imprisonment for a term not exceeding five years, or both. Where a tax avoidance provision has been applied, a penalty is payable equal to double the amount of tax that would have been avoided but for the application of the tax avoidance provision.
5. Rulings – A private ruling can be obtained from the KRA on how the tax legislation applies to a specific transaction.

Individuals

1. Tax year – The tax year is the calendar year.
2. Tax filing – A wife's income is not aggregated with that of her husband in determining the appropriate tax rate where she opts to file a separate tax return.
3. Filing and payment – Personal tax returns are due by 30 June following the end of the tax year. Any balance of tax payable

is due by 30 April in the following calendar year, even though the tax return can be filed six months after the year. The employer withholds tax on employment income under the Pay-As-You-Earn (PAYE) system. A personal tax return is required even where an individual's personal tax had been fully settled through the PAYE system.

4. Penalties – See above under "Companies."
5. Other – The Commissioner of the KRA has authority to register taxpayers who do not apply for a personal identification number (PIN).

Value added tax

1. The VAT registration threshold is set at KES5 million for taxable supplies made in any period of 12 months.
2. Filing and payment – The VAT return and related payment are due by the 20th day of the following month.
3. Penalties – Late payment of VAT results in a penalty of 1% monthly calculated on simple interest basis and a penalty of 5% of the tax due. Failure to submit VAT returns results in a penalty of 5% of the tax due (subject to a minimum penalty of KES10 000), while failure to apply for VAT registration results in a fine of KES100 000.
4. Agents appointed by the KRA are required to deduct 6% of the 16% VAT and remit the withheld VAT by the 20th day of the following month.
5. Goods and services for use in projects under special operating framework arrangement with the government may be varied or exempted.

GENERAL INVESTMENT INFORMATION

Investment Incentives

Tax incentives

- Farm works allowance – The allowance for expenditure on farm works is 100% of the expenditure incurred. Farm works are structures necessary for the proper operation of a farm and include fences, daps, drains, water and electricity (other than machinery), windbreaks, etc., as well as farm buildings
- Industrial building allowance – This is an annual allowance computed under the straight-line method at 10% per annum. The rate for hotels is 10% and 25% for commercial buildings. A 50% industrial building allowance can be claimed on a hostel or educational building, as well as for buildings used for training. A 5% industrial building allowance can be claimed on residential buildings constructed for rental purposes to low-income earners in an approved planned development area
- Wear-and-tear allowances on plant and machinery – Plant and machinery includes furniture and fittings, office equipment, vehicles, aircraft and ships. Assets in this category are divided into four separate classes or pools, each with its own annual allowance rate
- Investment deduction allowance – This is intended as an incentive to investment in the manufacturing sector and consists of a one-time claim based on the cost of buildings and machinery installed. Claims can be made only by manufacturing concerns and hotels on expenditure for eligible assets. The claim is 100% of the cost of eligible assets in the year of first use. However, where capital expenditure is incurred on the construction of a building or purchase and installation of machinery outside Nairobi, or the municipalities

of Mombasa or Kisumu, where the value of the investment is not less than KES200 million, the investment deduction may be claimed at a rate of 150%.

- Shipping investment deduction – A shipping investment deduction equal to 100% may be claimed in the year of first use on capital expenditure incurred on the purchase and/or refitting of a power-driven ship weighing more than 125 tons. Only one investment deduction may be claimed for the same ship and the use of a ship must continue for at least five years for the deduction to be retained
- Buildings used for training film industry personnel – Buildings used for training of film producers, actors and crew are eligible for a 100% capital allowance
- Expenditure incurred in the construction of transportation and storage facilities for petroleum products by the Kenya Pipeline Company Limited are eligible for investment deductions
- Special economic zone (SEZ) enterprises are eligible for the 100% investment deduction on buildings, plant and machinery used in manufacturing or the 150% investment deduction where the investment is located outside the municipalities of Kisumu, Mombasa or Nairobi
- Capital expenditure incurred on the construction of liquefied petroleum gas storage facilities with a minimum capital investment of KES4 billion and a minimum storage capacity of a total value of 15 000 metric tonnes qualify for the investment deduction at a rate of 150% of the capital expenditure.

Duty remissions

Materials imported for use in the manufacture of exports, the production of raw materials for use in manufacturing for export or the production of duty-free items for domestic sale are eligible for duty remission.

Export Processing Zones (EPZs)

The following benefits apply for the first 10 years from the date of commencement of business by an EPZ:

- Payments by residents to the EPZ are subject to WHT at non-resident rates
- Payments by the EPZ to non-resident persons are exempt from tax
- The EPZ is exempt from corporation tax provided it does not carry out any commercial activities. A corporate tax rate of 25% will apply for 10 years after the initial 10-year exemption period.

Special Economic Zone

SEZ enterprises are subject to corporate tax at a reduced rate of 10% for the first 10 years and 15% for the next 10 years. The reduced tax rates apply regardless of whether the SEZ enterprise sells its products to markets within Kenya or internationally.

Exchange Controls

Foreign exchange controls do not apply in Kenya. In other words, commercial banks may process remittances with respect to bona fide business transactions without approval from the Central Bank. However, commercial banks must inform the Central Bank of any daily remittances from the country in excess of USD10 000.

Expatriates and Work Permits

An individual is liable to Kenyan income tax on his/her worldwide employment income if he/she is resident in Kenya as follows:

- Where the cost of remuneration paid to the expatriate is incurred by the home country and not remitted to the Kenya entity, the tax due must be paid via quarterly instalments during the tax year. The quarterly payments are due on the

20th of the fourth, sixth, ninth and 12th month of the tax year. The amount of each instalment is the lower of 25% of 110% of the prior year assessed tax or 25% of an estimate of tax due for the current year

- Where the local entity bears some (or all) of the costs of the remuneration paid, the local entity is required to withhold tax from the expatriate on a monthly basis via the PAYE regime
- Where the expatriate is provided with a net employment remuneration package, the employer must bear the burden of the employee's tax. The company must gross up the employee's tax-free remuneration and compute the PAYE liability on the grossed-up value. The tax paid by the company becomes a benefit chargeable to tax in the hands of the employee.

Every non-citizen must have a work permit from the Kenyan Immigration Department before he/she is allowed to work in Kenya. For employees, work permit applications are made by the employer. In addition, an individual must apply for a PIN, which serves as the individual's tax file reference. The Customs and Excise Department require the PIN when an individual imports personal effects from his/her home country or for any other importation.

Trade Relations

Kenya's membership in several regional bodies provides an expanded market. Membership of the EAC and Common Market for Eastern and Southern Africa (COMESA) guarantees a market of approximately 300 million people, and provides for the free movement of goods and services. Exports from Kenya also enjoy preferential access to the EU under the African, Caribbean and Pacific (ACP) and the EU (ACP-EU) Framework. In addition, Kenya is one of the initial




beneficiaries of the African Growth and Opportunity Act (AGOA), which provides preferential market access in textiles to the US.

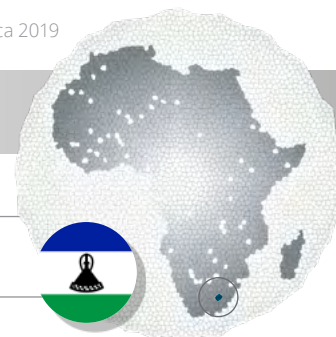
Kenya's most international affiliations are with the EAC the Organization of African Unity and the Commonwealth of Nations.

Interest and Currency Exchange Rates

Monetary policy rate	
Central Bank Rate - EOP: 9%	(Source: Bank of Kenya)
Currency	
The official currency of Kenya is the Kenyan Shilling (KES)	
ZAR1 = KES7.02314	(June 2019) (Source: XE Currency Converter)
USD1 = KES101.307	(June 2019) (Source: XE Currency Converter)
EUR1 = KES114.134	(June 2019) (Source: XE Currency Converter)

Key Economic Statistics

GDP (approximate)		USD99.25 billion (2019 forecast) (Source: IMF WEO DATABASE)
		USD109.12 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		USD2 307.10 million (Dec 2018) (Source: IMF WEO DATABASE)
Rate of Inflation		4.4% (2019 forecast) (Source: IMF WEO DATABASE)



Lesotho

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Income Tax – Individuals

Taxable income (LSL)	Rate (%)
0 – 61 080	20
Over 61 080	30

Notes

1. Basis – Residents are subject to tax on worldwide income. Non-residents are subject to tax only on Lesotho-source income.
2. Residence – Individuals will be considered resident for tax purposes if they are present in Lesotho for more than 182 days in any consecutive 12-month period, or have a normal place of abode in Lesotho and are present in Lesotho for any part of the year of assessment.
3. Taxable income – Taxable income is computed as gross income (excluding exempt income), less any allowable deductions. Employment income does not include benefits subject to the fringe benefits tax. Pension income is taxable in the same way as any other income. Residents and non-residents are liable for capital gains tax (CGT) on disposals of all business or investment assets. In the case of resident taxpayers, CGT is charged regardless of where the assets are located. Non-resident taxpayers are taxed only on Lesotho-source capital gains. Capital gains are treated as ordinary income and are subject to income tax at a flat rate of 25%. There are no general exemptions from CGT (for business or investment assets), but an inflation adjustment is allowed in respect of immovable property.

4. Exempt income – Exempt income for resident individuals includes income derived from subsistence farming, dividends received from a resident company and the first LSL500 of interest derived from one savings account.
5. Deductions and allowances – A resident individual (other than a resident minor) is allowed a non-refundable personal credit of LSL7 260 against the individual's liability for income tax. As a rule, the personal credit is available only to residents of Lesotho. However, it is also available to non-residents who live permanently outside Lesotho but who are employed full-time in Lesotho or engaged full-time in a business in Lesotho. An employee may deduct contributions to an approved resident superannuation fund, up to 20% of employment income. For the purpose of this deduction, the employee's contribution will be taken into account before calculating the employment income. Charitable donations generally are not tax-deductible expenses, except for sports-related donations of LSL1 000 or more, which may be deductible if certain conditions are fulfilled.
6. Rates – Individual income tax generally is levied at progressive rates of 20% or 30%. A flat rate of 40% is levied on trustees, non-exempt fringe benefits that are not taxed at the employer level and non-residents who elect to be taxed by assessment on income that otherwise would be subject to withholding tax. A non-resident individual taxpayer who lives permanently outside Lesotho, but who is employed full-time in Lesotho or who is engaged full-time in a business or trade in Lesotho, is subject to tax on his or her chargeable employment income and chargeable business income at the rate prescribed in the "Second Schedule."

Income tax – Companies

	Rate
Standard corporate rate	25%
Manufacturing income	10%
Income from farming operations (excluding subsistence farming, which is exempt)	10%

Notes

1. Basis – Residents are subject to tax on worldwide income. Non-residents are subject to tax only on Lesotho-source income.
2. Residence – A company is resident in Lesotho if it is incorporated under the laws of Lesotho, has its management and control in Lesotho or undertakes most of its operations in the country.
3. Taxable income – Taxable income is computed as gross income (excluding exempt income) less any allowable deductions. Residents and non-residents are liable for CGT on disposals of all business or investment assets. In the case of resident taxpayers, CGT is charged regardless of where the assets are located. Non-resident taxpayers are taxed only on Lesotho-source capital gains. Capital gains are treated as ordinary income and are subject to income tax at a flat rate of 25%. There are no general exemptions from CGT (for business or investment assets), but an inflation adjustment is allowed in respect of immovable property.
4. Deductions – A deduction is allowed for any expense or loss (including depreciation or amortisation expense, or other expense or loss specifically provided for in the Income Tax Act), but only to the extent incurred by the taxpayer during the year of assessment in the production of income subject to tax.
5. Special deductions:
 - Charitable donations generally are not tax-deductible expenses, except for sports-related donations of LSL1 000 or more, which may be deductible if certain conditions are fulfilled
 - Interest incurred by a taxpayer on borrowings used by the taxpayer in the production of income subject to tax is an allowable deduction, subject to thin capitalisation limitations
 - Research and experimental expenditure if incurred in the production of income subject to tax
 - Depreciation on depreciable assets as per the “Sixth Schedule.”

6. Losses – Losses may be carried forward indefinitely but may not be carried back.
7. Foreign tax credit – A resident taxpayer is entitled to a foreign tax credit for foreign income tax borne directly or indirectly by the resident on foreign-source income subject to tax in Lesotho. The tax credit may not exceed the Lesotho tax payable on the foreign-source income.
8. Group relief – There is no provision allowing for group relief or the transfer of losses between members of a group.
9. Rate – The standard corporate tax rate is 25%.
10. Branch taxation – The corporate tax rate applies to all income of a Lesotho branch of a non-resident company. A branch profits tax of 25% also is levied on branch profits remitted to a non-resident head office.
11. Lesotho plans to introduce a small business taxation regime to simplify and improve tax compliance for small businesses.
12. The Lesotho Revenue Authority (LRA) allows a 100% accelerated depreciation for mining. The minister in his 2019 budget speech announced that the regulation regarding the 100% accelerated depreciation for mining will be repealed. No timelines were provided in the budget in this respect.

Withholding Tax (WHT)

The WHT rates on various types of payment are set out below (the tax is a final tax for non-residents, unless the non-resident files an income tax return, in which case the non-resident may elect to be assessed at the applicable income tax rate). The rates for non-residents apply to payments to both corporations and individuals, and may be reduced under an applicable tax treaty.

	Residents	Non-residents
Dividends	-	0/25% ¹
Interest	10% ²	15/25% ³
Royalties	-	15/25%
Management fees	-	15/25% ³
Natural resource payments	-	25%

Lesotho Sourced Services	-	10%
Payments to resident contractors	-	5%

Notes

1. Dividends – No tax is withheld on dividends paid out of manufacturing income.
2. Interest – Interest paid to a resident is taxed only if paid by another Lesotho resident.
3. Interest, royalties and management fees – The WHT rate for non-residents is reduced to 15% for interest, royalties and management fees paid in respect of manufacturing income.
4. Payments to resident contractors – Examples of payments to resident contractors include those made for vehicle leases, plant equipment, construction services, painting or decorating, installation services, plumbing and drainage, water supply, irrigation, roofing, tiling, earthmoving, excavation, landscaping, demolition, restoration work, etc. The WHT does not apply to payments of less than LSL3 000 or where the contractor has an exemption certificate issued by the LRA.
5. Lesotho-sourced services contracts – The 10% rate applies to payments to non-residents under a Lesotho-source services contract (other than an employment contract).

Tax treaties

Lesotho has concluded three tax treaties:

Treaty	Dividends	Interest	Royalties
Mauritius	10%	10%	10%
South Africa	10/15%	10%	10%
United Kingdom	5/10/15%	10%	7.5%

Notes

1. Management fees are not addressed in the treaty with Mauritius.
2. The dividends tax rate with the UK is 5% to the extent that the dividend is paid to a company that holds directly at least 10% of the capital of the company; 15% on dividends paid out of income (including gains) derived

from immovable property by an investment vehicle that distributes most of the income annually and whose income from the immovable property is tax exempt and 10% in all other cases.

Anti-Avoidance Rules

Transfer pricing

In any transaction between associated taxpayers, the Commissioner may distribute, apportion, or allocate gross income, deductions or credits between the taxpayers as is necessary to prevent the evasion of taxes or to clearly reflect the income of such taxpayers. (An associate is any other person who acts or is likely to act in accordance with the directions, requests, suggestions or wishes of a person whether or not these are communicated to the other person.)

The Commissioner may adjust the income arising in respect of a transfer or license of intangible property between associates so that it is commensurate with the income attributable to the intangible.

Thin capitalisation rules

Where a resident company not principally engaged in a money-lending business has a debt-to-equity ratio in excess of 3:1, the Commissioner may disallow a deduction for the interest paid on the part of the debt that exceeds the 3:1 ratio.

Employment-Related Taxes

Payroll tax

Under the Pay-As-You-Earn (PAYE) system, the employer withholds individual income tax from an employee's earnings and remits the tax to the LRA.

Social security

Lesotho does not have a social security system for employed persons.

Fringe benefits tax

Fringe benefits generally are taxable on the employer, not the employee. Fringe benefits tax is levied at 40%.

Indirect Taxes

Value Added Tax (VAT)	Rate
Basic rate	15%
Telecommunications	12%
Electricity supplies	8%

Notes

1. Taxable transactions – VAT is levied on the supply of goods and services within and outside Lesotho by taxable persons in Lesotho, and on imports. VAT is applicable on all transactions where value is added. Limitations apply in respect of input tax deductions.
2. A reverse charge mechanism to tax imported services will be introduced in FY 2019/20.
3. Rates – The standard VAT rate is 15% (increased from 14% as from 1 April 2018). The VAT rate for electricity is 8% and telecommunications is 12% (increased from 9% with effect from 1 April 2019). Banking services, except for the leasing of bank deposit boxes and insurance services, are exempt from VAT. Zero-rated supplies include maize meal, maize grain, beans, peas, lentils, milk, bread, agricultural inputs (fertilisers, seeds and pesticides), paraffin, livestock and poultry feed. Exports also are zero-rated (although exports of natural resources will be exempt. Sanitary towels are zero-rated as from 1 April 2019).
4. Registration – A person making taxable supplies exceeding LSL850 000 is required to register for VAT.

Customs and Excise Duties

Lesotho forms part of the Southern African Customs Union and, as such, the customs and excise duties applicable to South Africa apply also to Lesotho.

Other Taxes

Inheritance/estate tax

The value of a deceased's estate is subject to estate duty at progressive rates of up to 33.5%. There is an LSL600 abatement on the dutiable value of an estate.

Stamp duty

See "Marketable securities tax," below.

Stamp duty also is payable on bills of exchange, contracts, bonds, leases and insurance contracts.

Transfer duty

There is no freehold property in Lesotho. Property rights are based on a leasehold system. Transfer duties on immovable property are assessed by the Registrar of Companies, with the average rates payable being 3% to 4%.

Marketable securities tax

Share transfers are subject to a 2% marketable securities tax.

Tax Administration and Compliance

The LRA administers tax in Lesotho.

During FY 2019/20, the government plans to enact the Tax Administration Bill. This will be the first Act on tax administration and has not yet been published at the date of printing on this guide. It is envisaged that the tax administration provisions of the current Income Tax Act.



Companies

1. Tax year – The year of assessment is the 12-month period ending on 31 March.
2. Consolidated returns – Consolidated returns are not permitted; each company must file a separate return.
3. Filing and payment – Corporate tax generally is paid through four quarterly advance payments, with any remaining balance of tax due payable at the time the annual tax return is filed. Every taxpayer and every nominated officer of a partnership or trust must file a return of income for each year of assessment not later than the last day of the third month following the end of that year.
4. Penalties – Additional tax at a rate of 22% per annum is payable in respect of the failure to file a return, failure to pay tax when due, underestimation of tax payable and failure to withhold tax or remit tax withheld.
5. Rulings – There is no formal rulings system but the LRA may provide rulings upon the application by a taxpayer.
6. Lesotho introduced a new voluntary disclosure programme in 2018.

Individuals

1. Tax year – The assessment year in Lesotho is the 12-month period from 1 April to 31 March.
2. Tax filing – Where both spouses of a married couple earn income, each is separately assessed and each is entitled to the single person's abatement.
3. Filing and payment – Taxpayers generally must submit an annual tax return no later than the last day of the third month following the end of the assessment year (except for tax on employment income that is withheld by the employer).
4. Penalties – Additional tax at a rate of 22% per annum is payable for the failure to file a return, failure to pay tax when due, underestimation of tax payable and failure to withhold tax or remit tax withheld.

VAT

1. Filing and payment – Registered businesses (vendors) are required to file a return monthly and make payments when VAT is due. A vendor must file a VAT return with the Commissioner for each tax period within 20 days after the end of the period.
2. Penalties – Additional tax at a rate of 22% per annum is payable for failure to file a return, failure to pay tax when due and underestimation of tax payable.

GENERAL INVESTMENT INFORMATION

Investment Incentives

General incentives

- The Lesotho National Development Corporation provides certain incentives for investors including training grants, loans, and services to facilitate the acquisition of sites for industrial buildings and project services. In addition, tax concessions may be negotiated. The investment incentive regime is to be reviewed and improved, with a view to enhancing Lesotho's attractiveness to investors. Measures will include accelerated depreciation, allowances on manufacturing plant and machinery and the possible reduction of municipal rates
- Lesotho offers a comprehensive export finance facility to support exporters with working capital on concessionary terms and free access to foreign exchange
- Financial incentives are available to manufacturing companies establishing in Lesotho, e.g. free access to foreign exchange, long-term loans and an import VAT credit facility providing an input tax credit upon importation
- A non-repayable skills training grant is available that covers up to 50% of the wage bill during the initial training period for a newly established manufacturing company

- A partial credit guarantee fund (a joint initiative with commercial banks) is available to assist young graduates, women and other self-employed entrepreneurs
- In his 2019 budget speech the Minister of Finance announced that Lesotho will launch the Lesotho Youth Enterprise Grant in the first quarter of FY 2019/20. This has not yet been launched at date on publication of this guide.

Tax incentives

- Preferential tax treatment is available for manufacturing, including a maximum corporate income tax rate of 10% manufacturing profits, no WHT on dividends distributed by manufacturing companies to local or foreign shareholders and free repatriation of profits derived from manufacturing companies
- Investment in pioneer industries is encouraged under the Pioneer Industries Encouragement Act 1969. Such industries include approved manufacturers, hotel businesses and construction companies. Tax incentives available include exemptions from tax and additional allowances for capital and other expenditure in respect of new buildings, machinery and plant, electric power, transportation and water. A four-year write-off period is provided for expenditure incurred in starting up a business to produce income subject to corporate income tax. Such expenditure may fall into two broad categories: (i) the first relates to expenditure incurred in acquiring intangible assets essential to the carrying on of a business (such as goodwill, intellectual or industrial property rights or contractual rights) or it may involve an intangible advantage that does not manifest itself in any particular asset (such as the cost of feasibility studies, large-scale advertising and initial transactional expenses, such as stamp duties and professional fees) and (ii) the second category is intended to cover expenditure that is not deductible under general tax

principles because it is incurred before the business starts to generate income

- Capital allowances are available, including new machinery and equipment allowances of 20% to 25% for manufacturers, and special allowances on certain expense items.

Exchange Controls

Lesotho is part of the Common Monetary Area (CMA) with Namibia, South Africa and Swaziland. In broad terms, there are no restrictions on inward investment by foreigners and profits may be fully repatriated. There are restrictions on outward investment by local residents. The Central Bank of Lesotho, in cooperation with authorised dealers, administers exchange control regulations for transactions outside the CMA.

Expatriates and Work Permits

If a non-resident enters Lesotho for any reason other than tourism, he/she must have obtained a work permit before entering the country. The Lesotho police and the labour department carry out random inspections in this regard.

Trade Relations

Memberships




- Cotonou Agreement, Southern African Customs Union (SACU)
- African Growth and Opportunity Act (AGOA) beneficiary country
- Generalized System of Preferences gives access to North American, Japanese, Nordic and other developed markets, with preferential access to 18 markets in the Preferential Trade Area for Eastern and Southern Africa

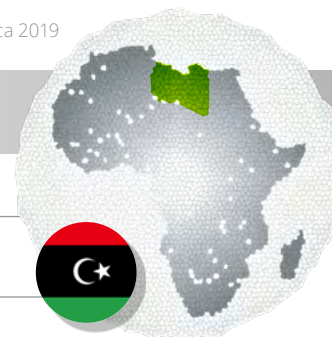
Other preferential trade agreements have been entered into with the Southern Africa Development Community (SADC) and countries of the Western African Preferential Trade Area and bilateral trade agreements have been concluded with a number of countries.

Interest and Currency Exchange Rates

Monetary policy rate	
Central Bank Rate - EOP: 6.61%	(Source: Trading Economics)
Currency	
The currency is the Lesotho Loti (LSL) (divided into 100 Lisente); the plural is Maloti (M). The Loti is pegged to the South African Rand on a 1:1 ratio by the CMA; both currencies are accepted as legal tender in Lesotho.	
(Source: Oanda)	
ZAR1 = LSL1	(June 2019) (Source: XE Currency Converter)
USD1 = LSL14.4194	(June 2019) (Source: XE Currency Converter)
EUR1 = LSL16.2527	(June 2019) (Source: XE Currency Converter)

Key Economic Statistics

GDP (approximate)		USD2.81 billion (2019 forecast) (Source: IMF WEO DATABASE)
		USD2.89 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		There is no stock exchange in Lesotho
Rate of Inflation		5.4% (2019 forecast) (Source: IMF WEO DATABASE)



Libya

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Income Tax – Individuals

Taxable income (LYD)	Rate
0 – 12 000	5%
Over 12 000	10%

Notes

1. Basis – Individuals (both resident and non-resident) are taxed on Libya-source income.
2. Residence – Liability to taxation typically is based on the source of income (particularly for non-Libyan nationals); therefore, residence generally is not a key factor in determining tax liability in Libya.
3. Taxable income – Both Libyan nationals and non-Libyan nationals are subject to tax on wages, salaries and all benefits received (in cash or in kind) in respect of employment, whether permanent or temporary, based on their contract with the Libyan entity/employer/sponsor. Tax also is levied on professional income and in certain circumstances, investment income. Capital gains generally are treated as ordinary income.
4. Exempt income – Annual income below LYD1 800 (for a single individual) or LYD2 400 (for a married person with no dependent children) generally is exempt. Married couples have an annual exemption of LYD300 for each minor child.
5. Deductions and allowances – Limited personal allowances and deductions are granted in calculating taxable income.
6. Rate – Annual taxable income of less than LYD12 000 is subject to a 5% tax rate, and income above that amount is subject to a 10% rate. The

employer is responsible for withholding and remitting payroll tax. Income earned from a commercial enterprise is subject to a 15% rate, and income earned from a partnership or handicrafts is subject to a 10% rate.

Income Tax – Companies

	Rate
Standard rate	20%

Notes

1. Basis – Any income generated in Libya from assets held in Libya or work performed therein is subject to income tax in Libya.
2. Residence – An entity established in Libya is considered a tax resident.
3. Taxable income – Tax is imposed annually on net income accrued during the tax year. Taxable income includes income from business operations, less allowable expenses. Libyan companies and branches of foreign companies are taxed on the basis of their tax declarations, duly supported by audited financial statements, including statements of depreciation and general and administrative expenses. However, “deemed” profit-based taxation may apply when a foreign entity is not registered at the time of contracting, the entity does not hold statutory books in Libya or the books are not maintained in accordance with the local regulations. The tax authorities also can assess tax on a deemed profit basis if they consider amounts, margins, etc. inaccurate or out of line with industry norms (e.g. cases involving potential concealment, many intercompany transactions, etc.). Although, in theory, tax is levied on accounting profit, in practice, the Libyan tax authorities tend to raise assessments based on deemed profit; therefore, tax may be payable even when losses are incurred.

4. Losses – Net operating losses may be carried forward for five years (10 years for losses incurred by upstream oil and gas companies). The carryback of losses is not permitted.
5. Foreign tax credit – A foreign tax credit generally is not available, unless it is provided for in an applicable tax treaty, i.e. Libyan tax legislation does not provide any definition/details regarding the foreign tax credit.
6. Group relief – There is no provision allowing for group relief or the transfer of losses between members of a group. Each entity is treated as a standalone entity from a tax perspective, irrespective of any group to which it belongs.
7. Rate – The standard corporate tax rate is 20%. The rate for branches of foreign companies also is 20%; there is no branch remittance tax. Capital gains are treated as income and are subject to the standard corporate tax rate. Other taxes apply on top of the 20% rate, such as the defence contribution (see under “Surtax,” below).
8. Surtax – A 4% defence contribution applies in addition to corporate income tax. A stamp duty of 0.5% also is levied on the total corporate income tax liability.

Withholding Tax (WHT)

WHT at the appropriate rate must be deducted from payments made to non-residents. The WHT rates are as follows (the tax is a final tax and the rate may be reduced under an applicable tax treaty):

Payment	Rate
Dividends	0%
Interest	0%/5%
Royalties	0%
Technical service fees	0%

Notes

1. Interest paid on bank deposits is subject to a 5% tax.
2. Royalties (except those derived from the oil and gas sector) generally are taxed as ordinary income on the basis that the asset is held/used in Libya.

3. Technical service fees – Income from work performed in Libya is considered Libyan-source income and is subject to tax accordingly.

Tax Treaties

Libya has a small tax treaty network. The WHT rates on dividends, interest and royalties under Libya's tax treaties are as follows (however, the rate under domestic law may apply where this is lower than the treaty rate):

Treaty partner	Dividends	Interest	Royalties
Algeria	D	D	D
Egypt	D	D	D
France	5%/10%	0%	0%/1
India	D	D	D
Malta	5%/15%	5%	5%
Mauritania	D	D	D
Morocco	D	D	D
Pakistan	D	D	D
Serbia	5%/10%	10%	10%
Singapore	5%/10%	5%	5%
Slovakia	D	10%	5%
Syria	5%/10%	10%	12%
Tunisia	D	D	D
United Kingdom	0%/15%/6%	0%	0%
Ukraine	5%/15%	10%	10%

Notes

1. The general royalties rate under the treaty with France is 10%. However, the rate is reduced to 0% by virtue of a most favoured nation clause.



Anti-Avoidance Rules

Transfer pricing

Although Libya does not have formal transfer pricing rules, the tax department has the authority to assess tax on a deemed profit basis under the general anti-avoidance provisions.

Employment-Related Taxes

Social security

Social security contributions must be made by the employer at a rate of 11.25% for foreign companies and at a rate of 10.5% for companies with a Libyan participation, calculated on the gross wages/salary. The employee contributes 3.75%.

Indirect Taxes

Value added tax (VAT)

Libya does not levy a VAT or sales tax.

Customs and excise duties

The general duty rate on imported goods is 5%, with higher rates up to 30% for certain goods. An exemption applies to certain goods, such as raw materials and production supplies, medicines, agricultural and livestock production supplies, and similar.

Libya does not levy excise duties.

Other Taxes

Solidarity fund contributions

Solidarity fund contributions are payable through deductions from the employees' salary at a rate of 1% of gross salary.

Stamp duty

Stamp duty is levied at varying rates (although there also are certain fixed duties), typically between 1% and 3%, on the execution of documents. Stamp duty of 0.5% is levied on payments made to the tax authorities.

Tax Administration and Compliance

Tax is administered by the Tax Department of the Secretariat (Ministry) of Finance.

Companies

1. Tax year – The tax year is the calendar year, although a different year may be used, subject to approval.
2. Consolidated returns – Consolidated returns generally are not permitted; each entity must file a separate return.
3. Filing and payment – The annual return must be supported by audited financial statements (a balance sheet, a profit and loss statement and a statement of operations). The financial statements must be audited by a Libyan licensed accounting firm. The tax return must be filed within four months of the end of the tax year. If the tax due is less than LYD100, the amount must be paid immediately to the tax authorities; if the tax due exceeds LYD100, tax is collected in four instalments, payable from the 10th to the 25th day in March, June, September and December.
4. Penalties – Penalties apply for failure to file, late filing or other forms of non-compliance.

Individuals

1. Tax year – The tax year is the calendar year.
2. Tax filing – Each taxpayer must submit a tax return; there is no joint filing.
3. Filing and payment – Tax on employment income is withheld and remitted by the employer at the employee's applicable rate.
4. Penalties – Penalties apply for failure to file, late filing or other forms of non-compliance.

GENERAL INVESTMENT INFORMATION

Investment Incentives

Tax incentives

- Law No. 9 of 2010 (Promotion of Investment), which is designed to encourage the investment of national and foreign capital in Libya, provides tax benefits to companies that can contribute to the diversification of the local economy, the development of rural areas, the increase of employment, The tax exemptions applicable to companies registered/governed by Law No. 9 include an exemption from customs duties on machinery and equipment; a five-year exemption from income tax; an exemption from tax on dividend distributions and profits generated as a result of merging, selling, dividing or changing the legal form of the enterprise; an exemption for profits generated from the activity of the enterprise, if the profits are reinvested; and an exemption from stamp duty
- A free zone has been established in Misurata (Qasr Hamad port area).

Exchange Controls

Libyan joint stock companies with a foreign shareholding may receive payments in foreign currency. However, the payments must be made into accounts held at Libyan banks.

Expatriates and Work Permits

Visas

A foreign employee initially will enter Libya under a business visa for a period of three months, which may be extended for one month (a six-month visa usually is granted to directors or applicants in similar positions), after which the individuals must obtain a work permit, which is granted for a period of one year.

Trade Relations




Memberships

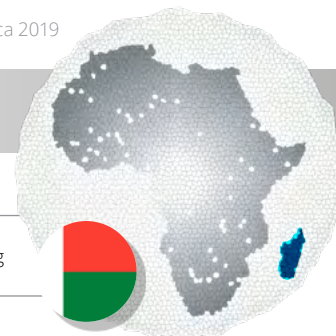
- Arab Maghreb Union (AMU)
- Economic Community of West African States (ECOWAS)
- Organization of Petroleum Exporting Countries (OPEC)
- New Partnership for Africa's Development (NEPAD)
- African Union (AU)
- Arab League
- Group of 77
- United Nations (UN)

Interest and Currency Exchange Rates

Monetary policy rate	
Central Bank Rate - EOP: 3%	(Source: Trading Economics)
Currency	
The Libyan Dinar (LYD) is subdivided into 1000 dirham	
ZAR1 = LYD0.0965492	(June 2019) (Source: XE Currency Converter)
USD1 = LYD1.39210	(June 2019) (Source: XE Currency Converter)
EUR1 = LYD1.56906	(June 2019) (Source: XE Currency Converter)

Key Economic Statistics

GDP (approximate)		USD44.96 billion (2019 forecast) (Source: IMF WEO DATABASE)
		USD50.42 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		No stock exchange value.
Rate of Inflation		15% (2019 forecast) (Source: IMF WEO DATABASE)



Madagascar

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Income Tax – Individuals Resident individuals

Monthly income (MGA)	Amount/Rate
Salary up to 250 000	0%, with a minimum tax payment of MGA2 000
Over 250 000	20%

Notes

1. Basis – Resident individuals are taxed on their worldwide income. Non-resident individuals are taxed only on Madagascar-source income.
2. Residence – An individual is considered a resident if he/she is present in Madagascar for at least 181 days in a tax year (calendar year), has a permanent visa and a long-stay card or if he/she owns or uses a residence in Madagascar.
3. Taxable income – Taxable income is comprised of employment income, income derived from the carrying on of a business and investment income.
4. Exempt income – The minimum tax is MGA2 000.
5. Deductions and allowances – Certain expenses are deductible, including payments to the Caisse Nationale de Prévoyance Sociale (CNAPS), the government fund for social security, payments for government or private medical insurance and compulsory alimony payments. Certain types of income are exempt from income tax, such as family allowances, military and civil disability pensions, and military retirement pensions.
6. Rates – The tax rate is 0%, subject to a minimum payment of MGA2 000. The first MGA250 000 of monthly income is subject to a taxable amount

of MGA2 000; monthly income exceeding that amount is subject to tax at a rate of 20%. Employers must withhold tax on the salary income of their employees. Non-residents are subject to the 20% rate on Malagasy – source employment income.

Companies

	Rate
Standard corporate rate	20%

Notes

1. Basis – A resident corporation is subject to tax on its worldwide income, while a non-resident is taxed only on Madagascar-source income.
2. Residence – An entity generally is deemed to be a resident of Madagascar if its registered office or center of activities is in Madagascar, or if it has a permanent establishment in Madagascar.
3. Taxable income – Taxable income is based on financial statements prepared according to the Chart of Account or the Plan Comptable Général (PCG 2005), which conforms to International Financial Reporting Standards (IFRS 2003 version) and International Accounting Standards (IAS). Taxable income is comprised of net profits from all activities of the company derived during the accounting year declared in the final accounts and reported on a tax return. Dividends received from another company and capital gains are included in taxable income.
4. Deductions – Expenses generally are deductible if they are necessary for the generation of business income. The following expenses are not deductible:

- Interest paid on shareholder loans in excess of the interest rate determined the Central Bank, plus two percentage points on an amount not exceeding two times the authorised capital
- Certain charges and subsidies, taxes, penalties, and the like.

Other fixed assets may be depreciated using the straight-line method at rates generally used in the industry. In certain circumstances, plant and machinery and other assets may be depreciated using the declining balance method or an accelerated method. Land is not depreciable for tax purposes.

5. Losses – Losses may be carried forward for five years. The carryback of losses is not permitted.
6. Foreign tax credit – Madagascar tax law does not provide for unilateral tax relief. A tax treaty, however, may provide for bilateral relief.
7. Group relief – There is no provision allowing for group relief or the transfer of losses between members of a group.
8. Rates – The standard corporate income tax rate is 20% for companies whose annual turnover exceeds MGA200 million.
Minimum tax – A minimum tax applies if the tax calculation exceeds the corporate income tax rate using the 20% rate or if the company incurs a loss. The minimum tax is MGA100 000, increased by 0.5% of annual turnover (excluding VAT) for companies carrying on industrial, agricultural, artisanal, tourism or transport activities. The minimum tax is 0.1% of total turnover (excluding VAT) for fuel retailers, and MGA320 000, increased by 0.5% of total turnover (excluding VAT) for other companies.
10. Free Trade Zone (FTZ) companies – FTZ companies are exempt from corporate income tax for the first five years of operations and are subject to a 10% tax rate thereafter. FTZ companies must export all of their products.
11. Mining activities – Large mining companies that make investments exceeding USD25 million can benefit from legal and tax incentives if they are eligible under a special law (Loi sur les Grands Investissements Miniers (LGIM)). Such companies are exempt from the minimum tax for five years from the beginning of exploitation. The corporate income tax rates are 10% for owners of mining permits and 25% for transformation entities.

Withholding Tax

The following table sets out the applicable withholding tax rates on dividends, interest and royalties (the tax is a final tax for non-residents):

	Residents	Non-residents
Income	Rate	Rate
Dividends ¹	0%	0%
Interest	20%	20%
Royalties	n/a	10%

Notes

1. Madagascar does not levy withholding tax on dividends.

Tax Treaties

Madagascar has concluded two tax treaties:

Country	Dividends	Interest	Royalties
France	0%	15%	10%/15%
Mauritius	0%	10%	5%

Anti-Avoidance Rules

Transfer pricing

Madagascar does not have specific transfer pricing rules, but broad anti-avoidance rules apply to prevent related parties from pricing transactions in a manner that could result in the manipulation of profits.

Employment-Related Taxes

Social security

Employers and employees must make contributions to the CNAPS, which uses the contributions to make payments for various items, including pensions and compensation for

industrial accidents and occupational diseases. The contribution rates are 13% for the employer and 1% for the employee. The rates are applied to the gross monthly remuneration of each employee up to MGA1 344 152. The employer withholds the employee contributions from wages.

Employers and employees must also make monthly contributions to entities that provide medical insurance (i.e. Organisation Socio-sanitaire Inter Entreprise (OSIE) or an Association Médicale Inter-Entreprise (AMIE). The contribution rates are 5% for the employer and 1% for the employee, applied to the gross monthly remuneration. The employer may purchase medical insurance from a private company in addition to the OSIE or AMIE, but these private companies must have special authorisation from the Malagasy administration. Employers also may purchase supplemental medical insurance from private companies in addition to insurance from the OSIE and AMIE.

Indirect Taxes

Value added tax (VAT)	Rate
Standard rate	20%

Notes

1. Taxable transactions – VAT applies on goods sold and services rendered in Madagascar. All economic activities are within the scope of VAT, including activities of independent professionals.
2. Rate – The standard rate is 20%. Materials and equipment used for the production of renewable energy are exempt from VAT. Other exemptions are healthcare, education, banking (except for banking transactions), insurance and reinsurance, farming and transportation.
3. Registration – Entities that have annual turnover of less than MGA100 million (approximately USD35 000) are not liable to VAT unless they voluntarily apply for the VAT regime. There are no VAT registration requirements in Madagascar.

Customs and excise duties

The Malagasy customs nomenclature is established according to the Harmonised System with its general rules of interpretation in force in more than 170 countries. Duties range from 20% to 180%.

Other Taxes

Inheritance/Estate tax

A lump sum tax ranging from MGA10 000 to MGA40 000 is imposed on inheritances.

Intermittent income tax

An intermittent income tax at a rate of 5%, withheld at source, is levied on local suppliers (goods and services) that are not registered with the tax authorities in Madagascar and a rate of 10% is withheld at source for foreign suppliers. The tax must be paid monthly.

Urban tax

Urban tax is an annual tax levied on the rental value of property that is part of business assets.

Registration duties

Registration duties apply on transfers of real property or businesses. (The occupation or use of movable or immovable property must be supported by a lease agreement. This implies that registration fees at a rate of 2% are imposed on the total amount of rent during the lease agreement period).

Tax Administration and Compliance

Tax is administered by the Madagascar Revenue Authority.

Corporations

1. Tax year – The tax year is the calendar year, although companies may select a tax year from 1 July to 30 June or another tax year.
2. Consolidated returns – Malagasy law does not provide for consolidated tax filing.
3. Filing requirements – Companies using the standard tax year must file financial statements and the corporate income tax return by 15 May of the year following the tax year. For companies choosing a tax year other than the calendar year, the filing must be made within four months after the year-end. Companies must make six instalments of corporate income tax each tax year, with each payment equal to one-sixth of the preceding year's tax amount. The instalments are due by 15 February, 15 April, 15 June, 15 August, 15 October and 15 December.
4. Registration – Before engaging in activities in Madagascar, an entity must apply for tax registration by completing a specified form at the time the company is set up. The tax registration for wholesalers requires a special authorisation from the head of the tax authorities. A tax identification card (TIC) is issued to a new taxpayer once registration is completed. The TIC must be renewed annually at the time the tax return is submitted.
5. Penalties – Failure to file a return is subject to a penalty of MGA100 000. The penalty rate varies from 40% to 80% of the tax otherwise due. This is in addition to the MGA100 000.
6. Other – Taxpayers that compute taxable income under the actual regime must open a bank account in their own name. Financial statements provided to private or public entities require the stamp or certification of the tax authorities.

Individuals

1. Tax year – The tax year generally is the calendar year.
2. Filing status – Joint filing is not permitted. Each spouse must file a return.
3. Filing and payment – The employer must remit withholding tax on wages on a monthly basis between the first and 15th days of the month following the month in which the wages were paid. An individual earning employment income must file before the 15th day of the month after the salary is paid.
4. Penalties – Failure to file a personal income tax return gives rise to a non-filing penalty of MGA100 000. The penalty rate is 1% per month of the total amount of tax due.

Value added tax

1. Filing – The VAT return must be filed monthly, with tax due paid at that time.
2. Penalties – Failure to file a VAT return gives rise to a penalty of MGA100 000. Failure to file a VAT gives rise to a non-filing penalty of MGA100 000. The penalty rate is 1% per month of the total amount of tax due.

GENERAL INVESTMENT INFORMATION

Investment Incentives

General background

- Madagascar has abundant natural resources (i.e. gemstones, industrial and decorative stones, oil, and rare metals) for mining activities; over 5 000 km of beaches and unique fauna and flora for the tourism business; large fertile land with a favourable climate for agriculture and farming activities; and raw materials for transformative industries and rivers, wind and sun for the production of renewable energy

- Labour-intensive industries, such as textile manufacturing, have thrived in Madagascar as a result of Free Zones and Enterprises (EPZ) and the American African Growth and Opportunity Act (AGOA). The labour force is young, skilled and fast-learning
- Madagascar offers access to foreign markets and has a strategic location
- With trade agreements and preferential treatment granted to some developing countries, Madagascar has advantageous access (quota-free, duty-free) to European and US, as well as to other developed countries
- As a member of the following regional economic communities, Madagascar can export goods and services to these markets: SADC (Southern African Development Community), COMESA (Common Market for Eastern and Southern Africa) and the Indian Ocean Rim, COI (Communauté de l'Océan Indien). Strategically located between Asia and Africa and on major maritime routes, Madagascar offers advantages to international businesses. With the current extension of the port of Toamasina in the East, and the construction of the Ehoala port in the South, Madagascar provides world-class facilities for the transportation of goods
- Regulatory reforms and public investments in infrastructure that have taken place since 2002 have led to improvements in the country's business environment. Significant public and private investments in infrastructure (e.g. roads, ports, airports, telecommunications and energy) have reduced the cost of doing business. There are no restrictions on the flow of capital in and out of Madagascar (for debt service or dividend payments), nor are there any requirements for nationals who own shares of foreign companies. The rule of law is enforced without discrimination. There are no government-imposed conditions relating to investment, including location in a specific geographical area, specific percentage of local content, substitution for imports, export requirements

or targets, employment of host country nationals or the transfer of technology. Property rights, including protection of intellectual property, are protected by law (guarantee against nationalisation and expropriation)

- The procedure for setting up a company in Madagascar is quick and easy.

Tax incentives

There are a few exemptions from corporate income tax (e.g. companies operating in FTZs).

- A "common rights" regime applies to all activities in the local market. For example, a tax cut of about 50% is granted for each investment carried out by a company; an exemption from income tax is available for the first operating year; and beneficial facilities are available for imports, such as temporary admission or duty drawback.

Companies operating in FTZs and carrying out export activities are entitled to a five to 10-year income tax exemption, followed by taxation at a lower rate of 10%; and an exemption from customs duties, import tax and VAT.

Exchange Controls

Madagascar has exchange control regulations. For foreign exchange control purposes, operations are either current or capital. Current operations include transfers abroad of profits after payments of taxes, dividends, earned income, expatriate allowances and savings; such operations require only a transfer declaration to a local bank. Capital operations include operations relating to stock transfers, shares of liquidation bonuses, sales of businesses or assets and compensation for expropriations; capital operations involving transfers abroad require an authorisation from the Ministry of Finance.

Expatriates and Work Permits

Entry visas

A foreigner who wishes to enter Madagascar must obtain a tourism or business visa for a stay of up to three months. This visa can be obtained at a Malagasy embassy or consulate in the foreigner's home country or at the airport upon arrival in Madagascar.

Work permits

To work in Madagascar, a foreign national must obtain a work permit and provide a certificate of incorporation and a board of directors' resolution for the Malagasy company for which the individual intends to work.

Residence permits

A foreigner that wishes to stay in Madagascar for more than three months must obtain a "Stay Card," also known as a residence permit, from the Ministry of the Interior. The following documents must be submitted to obtain a Stay Card:

- A work permit granted in Madagascar by the Department of Labour
- An employment certificate from the employer in Madagascar
- A copy of the employer's TIC
- A copy of the individual's national identity card or foreigner identity card (for the renewal of a Stay Card)
- A tax payment certificate of the employer (for the renewal of a Stay Card).

Trade Relations

Memberships

- Southern African Development Community (SADC)
- Common Market for Eastern and Southern Africa (COMESA)

Interest and Currency Exchange Rates

Monetary Policy Rate

Central Bank Rate - EOP: 9.5%
(Source: Trading Economics)

Currency

The currency in Madagascar is the Ariary (MGA). 1 Malagasy Franc = 0.2 Ariary

ZAR1 = MGA252.871
(June 2019) (Source: XE Currency Converter)




USD1 = MGA3646.67
(June 2019) (Source: XE Currency Converter)

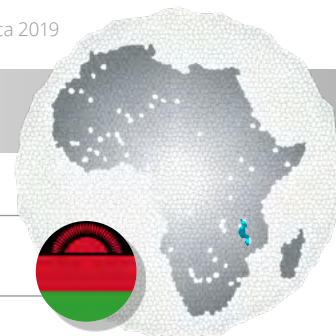
EUR1 = MGA4109.95
(June 2019) (Source: XE Currency Converter)

Notes

1. The benchmark interest rate in Madagascar was last recorded at 9.5%. Interest rates in Madagascar are reported by the Central Bank.

Key Economic Statistics

GDP (approximate)		USD12.73 billion (2019 forecast) (Source: IMF WEO DATABASE)
		USD13.54 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		No stock exchange value.
Rate of Inflation		6.65% (2019 forecast) (Source: IMF WEO DATABASE)



Malawi

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Income tax – Individuals

Income other than employment income	
Taxable income (MWK)	Rate
0 – 420 000	0%
420 001 – 480 000	15%
Over 480 000	30%
Employment income	
Taxable income (MWK)	Rate
0 – 420 000	0%
420 001 – 480 000	15%
480 001 – 36 000 000	30%
Over 36 000 000	35%

Notes

1. Basis – Individuals are subject to tax on Malawi-source income. Income from carrying on a trade in Malawi is deemed to be Malawi-source.
2. Residence – Individuals are considered resident for tax purposes if they are present in Malawi for an aggregate of 183 days or more in any 12-month period beginning or ending in the year of assessment.

3. Taxable income – Taxable income includes employment income (including benefits in kind and fringe benefits), business income, dividends, interest and property income.
4. Capital gains – Capital gains are taxed as ordinary income. No capital gain is recognised on the disposal of a personal-use domestic asset (including an individual taxpayer's principal residence), transfers between spouses, transfers from a deceased spouse to a spouse or deceased parent to a child, the disposal of shares held in a company listed on the Malawi Stock Exchange for more than one year or transfers from an individual to a trust.
5. Deductions – Donations made to approved charities and non-profit organisations, up to a maximum total of MWK5 million for charities and MWK5 million for non-profit organisations are deductible during the year of assessment, subject to certain conditions. There are no deductions allowed for non-business expenses and there are no personal allowances. Penalties and fines levied under the law of any country are not allowable deductions for tax purposes.
6. Losses – Losses and expenditure that are not of a capital nature and are wholly, exclusively and necessarily incurred by the taxpayer for the purpose of his/her trade or the production of income are deductible against income.
7. Rates – Resident individuals are taxed at progressive rates. A maximum rate of 35% applies to employment income over MWK36 million per annum (MWK3 million per month), and a maximum rate of 30% applies to income other than employment income over MWK480 000. Certain income is subject to withholding tax (see "Withholding tax," below). Non-residents are subject to a final 15% withholding tax on gross income.

Income tax – Companies

	Rate
Basic rate	30%
Branches of foreign companies	35%
Pension funds – investment income	15%
Designated priority industries	0%-15%

Notes

1. Basis – Companies (including Malawi branches of foreign companies) are subject to tax on Malawi-source income.
2. Residence – A company incorporated in Malawi and any trust, estate or partnership established or otherwise organised under any written law of Malawi is considered resident in Malawi.
3. Taxable income – Taxable income includes business income, dividends, interest income, royalty income and gains from the sale of property. Dividends received from a subsidiary and paid from the subsidiary's dividend income are not taxable, provided the dividend income was subject to tax in the first instance. Capital gains are taxed as ordinary income, and the tax basis of the disposed property is adjusted for inflation in certain cases. Tax on capital gains can be deferred in the case of involuntary conversions or qualifying reorganisations. No capital gain is recognised if a qualifying replacement asset is acquired within 18 months from the date of a voluntary disposal.
4. Deductions – Donations made to approved charities and non-profit organisations, up to a total of MWK5 million for charities and MWK5 million for non-profit organizations are deductible during the year of assessment, subject to certain conditions.
5. Certain expenses relating to taxable income from farming and timber processes are deductible. Further deductions are allowed for certain costs of research relating to a trade, training allowances and transport allowances.
6. Losses – Assessed losses may be carried forward for up to six years for all companies. Capital losses are deductible from other taxable income without restriction.
7. Foreign tax credit – Provided certain requirements are met, a foreign tax credit is allowed against income taxed both in Malawi and in a

foreign country, even in the absence of a tax treaty. The credit may not exceed the Malawi tax on the income determined at the average effective rate for the taxpayer's total taxable income.

8. Group relief – There is no provision allowing for group relief or the transfer of losses between members of a group.
9. Rate – The standard rate of tax is 30%. Pension funds are subject to a 15% rate. Designated priority industries are subject to reduced rates (see "Tax incentives," below). Certain payments are subject to withholding tax (see "Withholding Taxes," below).
10. Branch taxation – Branches of foreign companies are subject to a 35% rate.
11. Surtax – None
12. Turnover tax – A 2% turnover tax is payable on a monthly basis on business income of taxpayers with annual turnover not exceeding MWK6 million. No turnover tax is due where the aggregate business turnover does not exceed MWK2 million. A taxpayer may elect, by writing to the Commissioner General to be subject to income tax instead of turnover tax. Turnover tax does not apply to rental income, management fees, training fees, income of incorporated companies or any income that is subject to a final withholding tax under the Income Taxation Act.
13. Mining tax regime – A special regime applies for determining the taxable income and for the administration of royalties for mining companies. Such companies are subject to a minimum resource rent tax of 15% and a preferential withholding tax rate of 10% on payments of interest, royalties and management fees to non-residents.
14. The rate of tax on dividends is 10% and is required to be paid within 180 days of declaration of dividends.
15. The deemed interest rate on domestic loans is at the prevailing bank rate plus 5%, while in case of foreign loans it is the prevailing London Interbank-offered rate, plus 5% on the USDequivalent amount of the loan. This apply to loans which are subject to free interest between entities.

Withholding tax (WHT)

The WHT is a final tax for non-residents (and for residents, in the case of dividends), and the rate may be reduced under an applicable tax treaty. The rate of WHT on various types of payments is as follows:

	Residents	Non-residents
Dividends	0%/10%	0%/10%
Bank interest	20%	15%
Royalties	20%	15%
Services	20%	15%
Casual labour	20%	15%
Fees	10%	15%
Rents	15%	15%
Commissions	20%	15%
Carriage and haulage	10%	15%
Contractors	4%	15%

Notes

- Dividends paid from dividend income (and distributed by a subsidiary company to a holding company or related company) are exempt from the 10% WHT, provided the dividend income was subject to WHT in the first instance. This exemption applies to dividends paid to both residents and non-residents.
- A 10% rate applies to payments of interest, royalties and management fees to non-residents where the payment is related to mining operations.
- The WHT on contractors applies to contractors and subcontractors in the building and construction industries.
- A 3% WHT applies to payments for any supplies, including foodstuffs, tobacco and other products (the rate is 15% on payments to non-residents). Suppliers of foodstuffs and other goods can be granted exemption certificates.

- Payments for supplies to traders and institutions generally are subject to WHT as specified in the 14th Schedule of the Taxation Act. The only payments that are exempt from WHT are those that are made in cash, for over-the-counter purchases bought from open stock, utility and fuel bills, telephone bills, land/city rates], medical and insurance subscriptions or premiums.
- Non-residents are subject to 15% WHT on sales of shares of Malawian companies unless a reduced rate applies under an applicable tax treaty.
- A 3% WHT applies on all commercial imports. Exemptions apply to registered taxpayers with valid WHT exemption certificates, government ministries and departments, tax-exempt persons, importations under customs procedure codes and other special transactions accorded duty-free status. The WHT is allowed as a credit against income tax charged upon final assessment.
- The responsibility of withholding tax on payments to non-residents applies to persons involved in receiving, handling or processing the payment of such amounts.

Tax treaties

Malawi has concluded tax treaties with the following countries:

	Dividends	Interest	Royalties
France	0*	0*	0*
Sweden	0*	0*	0*
South Africa	D*	D*	D*
Switzerland	0*	0*	0*
United Kingdom	0*	0*	0*

* Where no rate is specified in the treaty; therefore, the domestic rate applies.

Notes

- The lower rates on dividends generally apply where a specific holding requirement is met. (Under the treaty with Norway, the 0% rate applies to dividends paid to the government of the other contracting state. Under the treaty with the UK, the 0% rate also applies where dividends are paid to a resident of Malawi who is not entitled to the same tax credit to which a UK resident individual would be entitled in respect of the dividends.)

2. Under the treaty with Switzerland, the 0% rate applies where the recipient is subject to tax on the income in its country of residence; otherwise, the domestic rate applies.
3. Under the treaty with the United Kingdom, the domestic rate applies to interest and royalty payments to a company that controls, directly or indirectly, more than one-half of the voting power in the payer company.

Anti-avoidance rules

Transfer pricing

Malawi has transfer pricing laws and regulations that are modelled on the OECD guidelines and apply to particular transactions. The transfer pricing rules apply to transactions with both resident and non-resident parties, and local groups are required to have a formal transfer pricing policy.

Thin capitalisation

A 3:1 debt-to-equity ratio applies for loans with associated enterprises. Interest arising from debt in excess of the prescribed ratio is taxable. Where an associated enterprise provides an explicit or implicit guarantee or deposits a corresponding and matching amount of funds with the lender, the debt will be treated as provided by an associated enterprise.

Employment-related taxes

Payroll tax

The employer deducts tax monthly on a Pay-As-You-Earn (PAYE) basis and is responsible for remitting the tax within 14 days of the end of each month.

Social security

An employer is allowed to deduct its contribution to an approved pension fund (the maximum contribution is 15% of the employee's salary).

Indirect taxes

Value Added Tax (VAT)

VAT	Rate
Standard rate	16.5%

Customs and excise duties

Customs and excise duties are prescribed in the Customs and Excise Tariff Order for goods imported into Malawi. The usual basis of calculating duty is cost, insurance and freight (CIF); therefore, customs duty rates vary from product to product.

Excise duties

The Common Market for Eastern and Southern Africa (COMESA) Simplified Trade Regime (STR) is a trade arrangement that allows cross-border traders in the COMESA region to enjoy duty-free status when they import goods originating from member states. The list of eligible products includes some agricultural products, live animals, food products, furniture, stationery and other assorted items. Traders enjoy duty-free status on such goods originating from any of the twenty one member states.

Malawi has bilateral trade agreements with Mozambique, South Africa and Zimbabwe, which allow duty-free entrance of Malawian products.

Other taxes

Inheritances and donations

The value of an estate is subject to estate duty at progressive rates of 5% to 11%. No tax is levied if the estate is valued at MWK30 000 or less.

Donations are not taxable in the hands of the recipient.

Stamp duty

Stamp duty is imposed at 1.5% on transfers of immovable property. Share transfers are not subject to stamp duty.

TEVET levy

The Technical, Entrepreneurial and Vocational Education and Training (TEVET) Act imposes a tax-deductible levy of 1% of the value of the basic payroll of non-governmental employers.

Tourism levy

A tourism levy of 1% is charged on all bills from registered tourism units.

Tax administration and compliance

The Malawi Revenue Authority administers tax.

Companies

1. Tax year – The fiscal year runs from 1 July to 30 June, but a Malawi company may adopt any date as its accounting year-end. All taxable income is taxed in the fiscal year in which the accounting year ends.
2. Consolidated returns – Consolidated returns are not permitted; each company within a group must file its own tax return.
3. Filing and payment – An annual return is required to be filed within 180 days of the end of the year of assessment. Companies must withhold and remit PAYE, WHT, excise duty and turnover tax monthly. The employer is required to file a quarterly return to report the taxable values of fringe benefits on which tax is paid at a rate of 30%.
4. Penalties – The basic penalty is MWK200 000 for failure to submit a tax return in a timely manner, or for the omission of any amount from a return. Payment of insufficient provisional tax attracts penalties of 25% or 30%, respectively, where the unpaid tax (as a percentage of total tax liability) exceeds 10% but does not exceed 50%, or exceeds 50%. A

penalty is charged at 20% of the amount outstanding for the first month or part thereof, and further interest on any outstanding overdue tax is charged at the bank lending rate plus 5% per annum. The bank lending rate is defined as the rate that the Reserve Bank of Malawi (RBM) charges on its lending to commercial banks.

5. Rulings – There is no provision in the Taxation Act for advance rulings on positions.
6. Tax clearance certificate – A tax clearance certificate is required for many purposes. The certificate shows that the taxpayer's tax affairs are in order at the date of issue of the certificate and that no tax is due. Transactions requiring a tax clearance certificate include transfers of land and buildings, renewals of certificates of fitness for commercial vehicles, renewals of business residence permits, changes of ownership of a company, renewals of temporary employment permits and renewals of telecommunications licenses, among others.

Individuals

1. Tax year – The fiscal year runs from 1 July to 30 June.
2. Tax filing – A married couple may elect to file a joint return. Where such an election is made, tax on the wife's earned income is computed as though it were the sole income of the couple and is added to the tax on the husband's income.
3. Filing and payment – Taxpayers are required to self-assess their tax liabilities. In this regard, a tax return, which is prepared and delivered to the Commissioner General, constitutes a self-assessment and may be accepted as such by the Commissioner General. The due date for payment of provisional tax is the 25th day after the end of each quarter. At least 90% of the actual tax liability for the year must be paid with the fourth quarter provisional tax payment.
4. Penalties – The basic penalty is MWK50 000 for failure to submit a return of income for any year in a timely manner,

- or for the omission of any amount from a return. Other penalties may apply (see “Companies,” above).
5. Tax clearance certificate – A tax clearance certificate is required for certain purposes (see “Companies,” above).

Value added tax

1. Filing and payment – VAT is payable monthly. The remittance of VAT payable and submission of the related return is due within 25 days of the end of the month to which the return relates.
2. Penalties – Interest on unpaid VAT is calculated at the bank lending rate plus 5% per annum. The Commissioner General has discretion to reduce or waive the amount of interest for good cause. The Commissioner General cannot raise a VAT assessment after a period of six years after the VAT became due and payable, unless fraud is a material element of the assessment. The Commissioner General is empowered to recover VAT via third parties without the need to obtain a court order.

Record keeping

The period for which taxpayers must keep records is six years in all tax legislation.

The law prescribes a period of 21 days within which a person is required to furnish the records to the Commissioner General from the date of a notice.

Notes

1. Other penalties on offenses (including for non-payment, late payment, underpayment, late submission of returns, non-submission of returns, submission of incorrect returns, “refer-to-drawer” cheques and refusal to register or resistance to registration) are applicable under the domestic excise tax law, the Taxation Act and the VAT Act.
2. Electronic Fiscal Devices (EFD) have been introduced for the collection of VAT, and input VAT claims are valid only if accompanied by the EDF receipt.

3. Taxpayers are permitted to pay tax of any type only through electronic transfers or bank-certified cheques.
4. An Automated Systems Customs Data (ASYCUDA) system is used in assessments of customs duties.

GENERAL INVESTMENT INFORMATION

Investment incentives

Tax incentives

- Taxpayers in the manufacturing, agricultural and tourism sectors may claim an investment allowance of 100% of the cost of new qualifying assets (40% for used assets). The balance of the expenditure, if any, is deducted as an annual allowance at rates ranging from 5%-33%, depending on the asset class and usage
- Manufacturing companies are allowed to deduct all operating expenses incurred up to 18 months before the start of operations
- Incentives apply in respect of petroleum storage facilities
- The agro-processing and commercial electricity generation and distribution industries are designated priority industries. Under the Taxation Act, companies operating in designated priority industries currently are subject to income tax rates of 0% (for periods of up to 10 years) and 15% (indefinitely)
- A modern mining tax regime includes a rate of mining income tax in line with the general rate of 30% (or 35% for branches of foreign companies), mining allowances in the first year of assessment equal to 100% of mining expenditure incurred
- Pension fund contributions of employers of up to 15% of the employees’ annual salary are tax deductible, while the contributions of employees are net of PAYE. Pension benefits that accrue to a pensioner are exempt from tax.

Export incentives

- 25% of the taxable income from export sales may be deducted from taxable income as an export allowance
- A special additional allowance of 25% of international transport costs related to exports also may be deducted from taxable income. (The above two incentives do not apply to traditional exports, i.e. tea, coffee, unmanufactured tobacco and tobacco refuse or cane sugar.)
- The import of equipment and raw materials for those exclusively engaged in horticultural production for export is 100% duty-free
- Exporters in export process zones (EPZs) benefit from an exemption from excise duties and customs duty on certain purchases. Further incentives for establishing operations in an EPZ include exemptions from WHT on dividends, exemptions from duty or capital requirements on capital equipment and raw materials and exemptions from VAT. Some of these benefits are available to other exporters
- The Malawi Investment and Trade Centre (MITC) exists as a designated “one-stop” agency to assist investors with establishing a business in Malawi and in obtaining an “investor’s license,” although this is not mandatory.

Exchange controls

There are no restrictions on equity ownership by foreigners. Foreign investment must be registered with the exchange control authorities if repatriation of profits, dividends or capital is contemplated. Once registered, approval to remit profits or dividends may be obtained from a commercial bank, subject to the production of the required documentation.

The commercial banks will refer capital transactions, and those relating to royalties and technical or management fee agreements, to the RBM.

Foreign-owned companies may borrow from abroad with exchange control approval. Loans must bear interest at the prevailing rate for the currency in which the loan is denominated. Exchange control approval is not necessary for local currency borrowings.

Expatriates and work permits

Temporary employment permits normally are available where a case can be made to the Minister of Home Affairs (through the Department of Immigration) for the employment of an expatriate. Investors or established international organisations may be granted a number of renewable permits for “key posts.” Temporary employment permits normally are granted to a specific person and employer for two-year periods, with an expectation that the individual should not remain in the same post beyond six years.

Expatriate individuals may, once authorisation is obtained, repatriate up to two-thirds of their after-tax remuneration and bonuses, as well as end-of-contract gratuities and leave pay.

Trade relations

Memberships

- Cotonou Agreement
- Southern African Development Community (SADC)
- Common Market for Eastern and Southern Africa (COMESA)
- African Growth and Opportunity Act beneficiary country

Malawi has signed a bilateral trade agreement with South Africa, under which a number of export products may enter the South African market at reduced rates of import duty.

Malawi has signed a preferential trade agreement with Mozambique, with the intention that Malawi export products to Mozambique are duty-free.

Malawi has also signed bilateral trade agreement with Zimbabwe, which allow duty-free entrance of Malawian products.




Interest and currency exchange rates

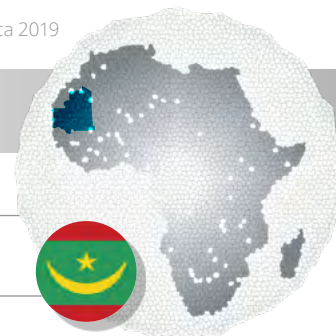
Monetary policy rate	
Central Bank Rate - EOP: 13.5%	(Source: Trading Economics)
Currency	
Kwacha (MWK) (divided into 100 Tambala) (Source: RBM)	
ZAR1 = MWK52.5218	(June 2019) (Source: XE Currency Converter)
USD1 = MWK756.898	(June 2019) (Source: XE Currency Converter)
EUR1 = MWK852.937	(June 2019) (Source: XE Currency Converter)

Notes

1. The RBM intervenes in the foreign exchange market as needed to ensure Kwacha stability.

Key economic statistics

GDP (approximate)		USD7.44billion (2019 forecast) (Source: IMF WEO DATABASE)
		USD7.86 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		USD981.7 million (Dec 2018) (Source: IMF WEO DATABASE)
Rate of Inflation		8.66% (2019 forecast) (Source: IMF WEO DATABASE)



Mauritania

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Income Tax – Individuals

Taxable income (MRO)	Rate
0 – 9 000	15%
9 001 – 21 000	25%
Over 21 000	40%

Notes

1. Basis – Mauritania operates a territorial tax system. Both Mauritanian nationals and non-Mauritanian individuals are subject to personal income tax on Mauritanian-source income. Non-Mauritanian individuals also are subject to tax on salary paid outside of Mauritania for work performed in Mauritania.
2. Residence – There is no definition of residence for personal income tax purposes.
3. Taxable income – Tax is levied on income earned from employment (salaries, wages, etc.), income derived from carrying out professional activities, income from industrial, commercial and agricultural products, capital gains and rental income. Payroll tax is levied on salaries and related benefits and allowances paid by public and private entities to the extent work is carried out in Mauritania, irrespective of whether the employer or beneficiary is resident in Mauritania. Benefits in kind are not taxable unless they exceed 20% of salary. Individuals who carry out industrial, commercial, agricultural or aircraft activities are subject to corporate income tax in the same way as companies. Capital gains generally are subject to tax but gains on the sale of shares of companies operating under the Investment Code are exempt.

4. Deductions and allowances – Various deductions are allowed, including deductions for mandatory social security and pension contributions.
5. Rates – The tax rates on employment income are progressive up to 40% for both residents and non-residents. Individuals who derive business and professional income other than from employment are taxable at the standard corporate income tax rate of 25%. Capital gains are taxed at 25% for business-related gains and 10% for gains on the disposal of mining concessions.
6. Alternative minimum tax – Alternative minimum tax applies to individuals in the same way as for companies (see below).

Income tax – Companies

	Rate
Standard rate	25%

Notes

1. Basis – Mauritania operates a territorial tax system. Resident and non-resident entities generally are subject to corporate tax only on income generated from activities carried out in Mauritania.
2. Residence – There is no definition of residence in Mauritanian tax law.
3. Taxable income – An entity is taxed on the difference between its trading income and expenditure. Dividends received by a Mauritanian corporate shareholder are excluded from the taxable base, provided the dividends are/were subject to withholding tax (WHT). Capital gains are taxable as ordinary income, i.e. capital gains are included in the taxable base and subject to the standard corporate tax rate. However, if the entity commits to reinvest the amount of the gains within three

years from the end of the financial year in which they arose, the capital gains may be tax exempt.

4. Deductions – Expenses incurred in the operation of a business generally are deductible, unless specifically excluded in the tax law. Expenses that cannot be deducted include penalties, fines and depreciation exceeding the rates provided in the tax law. Land is not depreciable for tax purposes, but other fixed assets may be depreciated using the straight-line method at specified rates. Certain industrial assets may be depreciated using the declining-balance method, subject to specific conditions. Provisions created for specified losses or expenses that are likely to arise normally are deductible for tax purposes if they appear in the financial statements and in a specific statement in the tax return.
5. Losses – Tax losses may be carried forward for five years from the end of the loss-making accounting period. The carryback of losses is not permitted.
6. Foreign tax credit – Foreign tax credits generally are not available.
7. Group relief – There is no provision allowing for group relief or the transfer of losses between members of a group.
8. Rates – The standard corporate tax rate is 25%. A non-resident entity that does not have a permanent establishment (PE) in Mauritania but that provides services in Mauritania can elect, upon approval from the tax authorities, to be subject to simplified taxation by way of withholding. The applicable WHT rate is 15% of the contract value for the provision of services. There is no separate tax rate for foreign companies, but a 4% rate applies for non-resident subcontractors of petroleum companies (i.e. 25% on 16% of the gross income).
9. Branch taxation – Branches of foreign companies are subject to the same rate as domestic companies (i.e. 25%), and remittances by a branch to a head office are subject to a 10% WHT.

Withholding Tax (WHT)

Certain payments to domestic companies and individuals and non-resident companies/investors are subject to WHT at the following rates (the tax is a final tax for non-residents (corporates and individuals) and the rate may be reduced under an applicable tax treaty):

Payment	Residents	Non-residents
Dividends	10%	10%
Interest	10%	10%
Royalties	0%	3%
Director fees	-	0%
Technical services fees	25%	15%

Notes

1. Dividends – Dividends normally are subject to a 10% WHT, although a participation exemption applies for dividends paid by a subsidiary to its parent company (whether inbound or outbound).
2. Interest – Interest on savings accounts held with the savings fund is exempt from tax.
3. Royalties – Royalties are not subject to tax in Mauritania.
4. Technical services fees – Technical service fees are subject to a 25% WHT on a net basis and 15% rate on a gross basis where the operator has been operating in Mauritania for less than six months.
5. A non-resident entity that does not have a PE in Mauritania but that provides services in Mauritania for less than six months can elect, upon approval from the tax authorities, to be subject to simplified taxation by way of WHT. The applicable WHT rate is 15% of the contract value for the provision of services, including technical service fees.

Tax treaties

Mauritania has concluded tax treaties with the following countries/bodies:

Treaty	Dividends	Interest	Royalties
Arab Maghreb Union ¹	D2	D3	D4
Algeria	10%	10%	15%
France	10%	10%	3%
Senegal	D2	D3	D4
Tunisia	D2	D3	D4

Notes

1. The Arab Maghreb Union comprises the nations of Algeria, Libya, Mauritania, Morocco and Tunisia.
2. Dividends paid by a company that is a resident of a contracting state to a resident of the other contracting state may be taxed in the state in which the profits distributed are derived and according to the laws of the receiving state.
3. Interest arising in a contracting state and paid to a resident of the other contracting state may be taxed in the state in which the interest is paid.
4. Royalties (as defined under the treaty) arising in a contracting state and paid to a resident of the other contracting state are taxable only in the first-mentioned state.

Anti-Avoidance Rules**Transfer pricing**

The Mauritanian transfer pricing rules require that transactions between related parties be carried out on arm's length terms.

Transfer pricing documentation is required for transactions (i.e. supplies of goods and services) between related parties. A foreign company is deemed to control a Mauritanian company if the former holds directly or indirectly the major part of the registered capital of the latter or has decision-making power, such as when one holds directly or indirectly more than 50% of the capital of the company.

The transfer pricing report and relevant documents must support the arm's length nature of the prices applied to intercompany transactions and must be made available and provided to the tax authorities upon request. Failure to provide such documentation will result in the profits directly or indirectly transferred to foreign companies controlling a Mauritanian corporation being added to the taxable profit of the Mauritanian company either by an increase or a decrease in the price of intragroup transactions, or by any other means. This obligation applies to any entity which has an annual turnover (out of VAT) or a gross asset of at least UM three hundred billions (300 000 000 000); 7.226.200 euros.

Thin capitalisation rules

Interest deductions are limited based on a thin capitalisation ratio of 25:75 (debt to equity).

Controlled foreign companies

There are no CFC rules in Mauritania.

Employment-Related Taxes**Payroll tax**

The employer is required to withhold payroll tax from employees' salaries and remit it to the tax authorities before the 15th of the following month.

Social security

An employer is required to remit 15% of an employee's monthly salary as a social security contribution. The employee's contribution is 1% of monthly salary for old age, disability and survival and 5% for sickness. The monthly salary for purposes of both the employer's and the employee's contributions is capped at MRO7 000.

Indirect Taxes**Value Added Tax (VAT)**

Standard rate	18%
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Notes

1. Taxable transactions – VAT is levied on the supply of goods and services and on imports.
2. Rates – The standard rate of VAT is 16%. A higher rate of 18% applies to telecommunications services and 20% to petroleum products.
3. Registration – Entities are required to register for VAT purposes within 10 days of the date of incorporation or the date activities commence.

Customs and Excise Duties

Import duties in Mauritania include a general rate and a minimum rate of 20% and 5%, respectively. Certain goods can be subject to an intermediary rate that fluctuates between the minimum rate and the general rate. The rates are fixed in accordance with the classification and origin of the goods.

Preferential rates may apply in line with bilateral or multilateral treaties or conventions, as agreed by the government of Mauritania. The Maghreb Arab Union rates are not yet operational.

Excise duties apply to limited products, including tobacco.

The import of samples for commercial purposes is exempt from tax. These goods enter under an “ATA Carnet” that can be obtained from the Council of the International Chamber of Commerce.

In addition to customs duties, most imported products are subject to a statistical tax of 3%.

Other Taxes

Inheritance/gift tax

Mauritanian tax law does not contain an inheritance tax. However, donations and inter vivos gifts are subject to registration fees at rates that vary depending on the type of assets transferred.

Stamp duty

Stamp duties are applicable to certain transactions at various rates.

Business activity tax (patente)

Business activity tax is levied at various rates based on the turnover of the business.

Registration duties

Registration duties apply to the transfer of real property or a business at rates that range between 0.25% and 15%.

Property tax

The property tax is levied on land, as well as buildings constructed on land. The tax rate is set by the municipality where the property is located and generally is around 10%. The taxable amount is the rental value after an abatement of 20% for land and buildings and 14% for equipment tools and installations.

Capital tax

Capital tax must be paid quarterly before 15 April, 15 July, 15 October and 15 January at a rate of 10% on the capital owned by a company.

Tax Administration and Compliance

Tax is administered in Mauritania by the Direction Générale des Impôts Ministère des Finances Mauritanie.

Companies

1. Tax year – The tax year is the calendar year. Companies may not elect a different fiscal year.
2. Consolidated returns – Consolidated returns are not permitted; each entity must file a separate tax return.
3. Filing and payment – Two advance payments of corporate income tax must be made by 31 March and 30 June. The annual tax return must be filed by 31 March of the following year, with the balance of tax due paid by 30 April.
4. Penalties – Penalties are imposed for late filing and late payment at a rate of 10% of the amount payable when the delay is less than two months, and 25% of the amount payable when the delay is longer than two months.
5. Rulings – Rulings are not available.

Individuals

1. Tax year – The tax year is the calendar year.
2. Tax filing – Married couples file separate tax returns; joint tax filing is not allowed.
3. Filing and payment – The employer is required to make monthly and annual tax filings in respect of its employees. One monthly wage WHT return is filed by the employer to report the total income, total tax withheld and total number of employees for the month, and an annual tax deduction schedule must be filed for the year before 15 February of the following year. Separate personal/individual tax filing generally is not required. Individuals carrying out a profession are required to declare all amounts received as fees, commissions, brokerage, rebates, vacations, gratuities and other remuneration in January of each year to the Direction General Taxes.
4. Penalties – Penalties are imposed for late filing and late payment at 10% of the amount payable when the delay is less than two months, and 25% of the amount payable when the delay is longer than two months.

Value added tax

1. Filing and payment – Companies are required to file VAT returns and pay VAT on a monthly basis, by the end of the following month.
2. Penalties – Penalties are imposed for late filing and late payment at 10% of the amount payable when the delay is less than two months, and 25% of the amount payable when the delay is longer than two months.

GENERAL INVESTMENT INFORMATION

Investment Incentives

Tax Incentives

Various tax incentives are available under the Investment Code that apply to all economic sectors, except for banking, insurance (including reinsurance), mining and hydrocarbon activities. These include a capital gains exemption and the export-oriented company regime:

- Capital gains exemption – Capital gains derived from the disposal of shares in enterprises operating under the Investment Code are exempt from tax in Mauritania if the transfer was made to a Mauritanian national
- Export-oriented company regime – Advantages are granted to companies whose business relates directly or indirectly to exports. (An enterprise whose business relates indirectly to exports is an enterprise that carries out transactions only with other export-oriented companies.) Export-oriented companies, which are subject to the control of the customs authorities, are eligible for the following incentives: exemption from all duties and taxes due on exports; exemption from customs duties and similar taxes on the import of equipment, machinery, material, engines, etc., as well as on the import of raw materials, semi-finished goods, etc., required for purposes of setting up or operating the business; exemption from registration and stamp duties on transfer and similar deeds required for setting up and organisation of the business; exemption from the business license duty and similar taxes, as well as any tax on real property; application of a reduced flat rate minimum tax of 2%; and the possibility to recruit up to four foreign employees in executive positions without prior agreement. This means that the administration could not

impose the “mauritanisation” of work “which means replacing the foreign staff with the mauritanian employee” for four foreign employees in executive, but beyond these four, it will be necessary to have a prior agreement, with a plan for the “mauritanisation” of work.

There also is a special tax regime for public procurement contracts funded by foreign resources. Such procurements include the supply of work, products and services funded by means of grants, non-reimbursable subsidies and foreign loans contracted by the government, collective authorities and public establishments. The key exemptions cover VAT, statistical tax and excise duties (except for duties and taxes levied on hydrocarbons and lubricants) and registration duties.

Exchange Controls

Exchange control regulations exist in Mauritania for foreign financial transactions.

Expatriates and Work Permits

Typically, foreign individuals working in Mauritania must obtain both a work permit and a residence card. Local employer sponsorship is required to obtain a work permit. The residence card is mandatory for all foreigners. There is no special tax regime for expatriates or tax benefits applicable to expatriate taxpayers in the country.




Trade Relations Memberships

- African Union (AU)
- New Partnership for Africa’s Development (NEPAD)
- Arab League
- Group of 77
- United Nations

Interest and Currency Exchange Rates

Monetary policy rate	
Central Bank Rate - EOP: 6.5%	(Source: Trading Economics)
Currency	
The Mauritanian currency is the Ouguiya (MRO). A new currency with the same name was introduced on January 1, 2018 at a rate of 10 to 1.	
ZAR1 = MRO25.4337	(June 2019) (Source: XE Currency Converter)
USD1 = MRO366.586	(June 2019) (Source: XE Currency Converter)
EUR1 = MRO413.097	(June 2019) (Source: XE Currency Converter)

Key Economic Statistics

GDP (approximate) 	USD5.57 billion (2019 forecast) (Source: IMF WEO DATABASE)
	USD5.70 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation 	Not available. Mauritania does not have a stock exchange.
Rate of Inflation 	3.9% (2019 forecast) (Source: IMF WEO DATABASE)



Mauritius

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Income tax – Individuals

Income	Rate
Up to MUR650 000	10%
Over MUR650 000	15%

Notes

1. Basis – Mauritius operates a worldwide system of taxation. Residents are taxed on worldwide income; non-residents are taxed only on Mauritius-source income.
2. Residence – An individual is considered a resident of Mauritius if he/she (i) is domiciled in Mauritius (unless the individual's permanent abode is outside Mauritius; (ii) is present in Mauritius for 183 days or more in the income year; or (iii) has been present in Mauritius for 270 days or more in the aggregate in the relevant income year and the prior two years.
3. Taxable income – An individual is taxed on employment income, fringe benefits arising from employment and business income. Investment income derived from outside Mauritius is taxable if it is received in Mauritius. Dividends received by a resident individual from a Mauritius resident company are exempt from tax in the hands of the recipient, but dividends received from a non-resident company are taxable in Mauritius.
4. Deductions and allowances – An allowance, i.e. the income exemption threshold, is deductible from a resident individual's income to arrive at taxable income. The allowance is divided into six categories and the

income exemption threshold for the income year ending 30 June 2019 is as follows:

- a. Category A – No dependant: MUR305 000
- b. Category B – One dependant: MUR415 000
- c. Category C – Two dependants: MUR480 000
- d. Category D – Three dependants: MUR525 000
- e. Category E – Four or more dependants: MUR555 000 (retired persons)
- f. Category F – No dependant: MUR355 000 (retired/disabled persons with no dependant)
- g. Category G – One dependant: MUR465 000 (retired/disabled persons with one dependant)

A taxpayer whose annual income is below MUR4 million is entitled to an additional deduction for a dependent child attending university on a full-time basis. The deduction amounts to MUR135 000 or the actual amount paid up to maximum of MUR175 000 where the child is studying at a recognised institution in Mauritius. Where the child is studying at a recognised institution outside Mauritius, the deduction amounts to MUR200 000. The additional deduction is available for a period not exceeding six years in respect of the same dependent. All individuals are permitted to deduct from taxable income premiums paid for medical or health insurance policies for the individual and his/her dependants, with the amount depending on the status of the individual and the number of dependants.

5. Rates – The income tax rates on individuals are 10% for annual net income not exceeding MUR650 000 and 15% on annual net income exceeding this amount.

Income tax – Companies

Standard rate	15%
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Notes

1. Basis – Residents are taxed on worldwide income; non-residents are taxed only on Mauritius-source income.
2. Residence – A company is resident if it is incorporated in Mauritius or its central management and control is in Mauritius, and its place of effective management is in Mauritius.
3. Taxable income – Income tax is imposed on a company's profits, which consist of business/trading profits and passive income.
4. Exempt income – A partial exemption of 80% applies to the following:
 - Foreign-source dividends derived by company provided these are not deductible in the source country
 - Overseas interest income derived by company other than a bank
 - Profits attributable to foreign permanent establishment
 - Income derived from overseas by a CIS, closed-end fund, CIS manager, CIS administrator, investment adviser or asset manager, licensed or approved by the FSC provided the company meets certain substance requirements
 - Overseas income of companies from ship and aircraft leasing.
5. Deductions – Normal business expenses generally are deductible in computing taxable income. However, the following expenses are non-deductible:
 - Expenditure of a capital nature
 - Reserves and provisions of any kind
 - Expenditure that is recoverable under an insurance contract or indemnity
 - Expenditure incurred for the provision of business entertainment or gifts
 - Tax payable under the Land (Duties and Taxes) Act, 1984
 - Income tax or foreign tax
 - Expenditure of a private nature.
6. Losses – Losses may be carried forward for five years, except for losses arising from annual allowances on capital expenditure incurred after 1 July 2006, which may be carried forward indefinitely. The carryback of losses is not permitted.

7. Foreign tax credit – Foreign tax paid on foreign-source income may be claimed as a credit against Mauritius tax arising on the same income. No foreign tax credit claim is allowed in respect of a foreign-source income where the partial exemption has been claimed on such income.
A company holding a Category 1 Global Business License (GBL 1 company) is entitled to claim a credit for the greater of the actual foreign tax incurred or a deemed foreign tax credit equal to 80% of the Mauritius tax payable on its foreign-source income, giving rise to a maximum effective tax rate of 3%. The deemed foreign tax credit will be applicable up to 30 June 2021 for companies holding GBL1 issued on or before 16 October 2017; companies with a GBL1 issued after that date are not permitted to claim the deemed credit after 1 January 2019.
8. Group relief – There are no group relief provisions, except that losses can be transferred on a takeover or merger involving manufacturing companies.
9. Rates – The standard tax rate on resident companies is 15%. However, companies engaged in the export of goods are subject to tax at a 3% rate on chargeable income attributable to exports. Companies holding a freeport license issued on or before 14 June 2018 and not operating outside the freeport zone in Mauritius are exempt from corporate income tax up to 30 June 2021.
10. Branch taxation – A branch of a foreign company is subject to the same tax rate as a domestic subsidiary. Mauritius does not levy a branch tax.
11. Alternative minimum tax – The alternative minimum tax was repealed in 2015.
12. Special levy – Up to year of assessment (YOA) 2018/19, a special levy was payable by profitable banks, as follows: (i) 3.4% of book profits and 1% of operating income payable on income derived from banking transactions with non-residents and corporations holding a GBL under the Financial Services Act; and (ii) 10% on chargeable income from all other sources. As from YOA 2019/20, the special levy is imposable under the VAT Act and will apply on net interest income and other income from banking transactions with residents as follows: (i) 5.5% on amount up to MUR1.2 billion; and (ii) 4.4% on amount exceeding MUR1.2 billion.
13. Other – Profitable companies are required to allocate 2% of their previous year chargeable income to be disbursed and paid as prescribed by the tax authorities.

Withholding tax

The WHT on various types of payments are as follows (the tax is a final tax for non-residents for certain types of income and the rate may be reduced under an applicable tax treaty):

Payment	Rate
Dividends	0%
Interest	15%
Royalties paid to a resident/non-resident	10%/15%
Rent	5%
Commissions	3%
Payments to providers of specific services (including accountants/accounting firms and tax advisors and their representatives)	3%
Payments to contractors/subcontractors in construction industry	0.75%
Payments made to non-resident for any services rendered in Mauritius	10%

Tax treaties

Mauritius has a broad tax treaty network. The following table shows the treaty WHT rates on dividends, interest and royalties:

Treaty	Dividends ¹	Interest	Royalties
Australia (partial)*		-	-
Bangladesh	10%	D	D
Barbados	5%	5%	5%
Belgium	5%/10%	10%	0%
Botswana	5%/10%	12%	12.5%

Cabo Verde	5%	10%	7.5%
China	5%	10%	10%
Congo (Rep)	0%/5%	5%	0%
Croatia	0%	0%	0%
Cyprus	0%	0%	0%
Egypt	5%/10%	10%	12%
France	5%/15%	D	15%
Germany	5%/15%	0%	10%
Guernsey	0%	0%	0%
Ghana	7%	7%	8%
India	5%/15%	7.5%	15%
Italy	5%/15%	D	15%
Jersey	0%	0%	0%
Kuwait	0%	0%	10%
Lesotho	10%	10%	10%
Luxembourg	5%/10%	0%	0%
Madagascar	5%/10%	10%	5%
Malaysia	5%/15%	15%	15%
Malta	0%	0%	0%
Monaco	0%	0%	0%
Mozambique	8%/10%/15%	8%	5%
Namibia	5%/10%	10%	5%
Nepal	5%/10%/15%	10%/15%	15%
Oman	0%	0%	0%
Pakistan	10%	10%	12.5%
Qatar	0%	0%	5%

Rwanda	10%	10%	10%
Senegal	0%	0%	0%
Seychelles	0%	0%	0%
Singapore	0%	0%	0%
South Africa	5%/10%	10%	5%
Sri Lanka	10%/15%	10%	10%
Swaziland	7.5%	5%	7.5%
Sweden	0%/15%	0%	0%
Thailand	10%	10%/15%	5%/15%
Tunisia	0%	2.5%	2.5%
Uganda	10%	10%	10%
UAE	0%	0%	0%
United Kingdom	10%/15%	D	15%
Zambia	5%/15%	10%	5%
Zimbabwe	10%/20%	10%	15%

Anti-avoidance rules

There are general as well as specific anti-avoidance rules in the domestic tax legislation that are aimed at transactions structured to confer tax benefits to taxpayers. However, Mauritius does not have transfer pricing, thin capitalisation or controlled foreign company rules.

Employment-related taxes

Pay-As-You-Earn (PAYE)

Tax on employment income is withheld monthly by the employer under the PAYE system and remitted directly to the tax authorities. Income not subject to PAYE is self-assessed, and individuals earning more than MUR4 million annually must make quarterly advance payments.

The employer must submit an annual return of employees with the Mauritius Revenue Authority by 15 August following the end of the tax year showing the details of the employees and the amount of tax remitted for each employee.

Social security contributions

The employer is required to make pay-related social security contributions equal to 6% of the monthly basic salary of each employee for the National Pension Fund (NPF), 2.5% for the National Solidarity Fund (NSF) and 1.5% for the Human Resource Development Council (HRDC) Levy. The monthly salary is capped at a maximum of MUR17 470 for NPF and NSF contributions.

Indirect taxes

Value added tax (VAT)

Standard rate	15%
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Notes

1. Taxable transactions – VAT is levied on the supply of goods and the provision of services in Mauritius, and on the import of goods or services.
2. Rates – The standard VAT rate is 15%. Certain supplies are zero-rated (e.g. goods exported under customs control, the supply of services to non-residents, the supply of aeronautical services, pharmaceutical products, foodstuffs, etc.). Exempt supplies include medical services, public transport, residential accommodation, banking services and the construction of social housing by housing development trusts. Input tax may not be claimed on exempt supplies.
3. Registration – The registration threshold for VAT purposes is MUR6 million turnover per year, although certain businesses or professions are required to register, irrespective of turnover.



Customs and excise duties

Customs and excise duty is levied on the importation of a range of products as prescribed under the Customs and Tariffs Act. The applicable rate is listed in the Integrated Customs Tariffs Schedule.

Where significant local production exists, and to provide greater certainty to businesses and investors, changes to the customs duty rates on products generally are announced at least six months in advance.

Other Taxes**Inheritances and donations**

There is no inheritance tax in Mauritius. The transfer of property during a donor's lifetime is subject to registration duty and transfer taxes in certain cases, although the transfer of property is exempt from tax where the transfer is made by an ascendant to a descendant (or his/her spouse or surviving spouse) and between descendants of a deceased person.

Stamp duty

There is no stamp duty in Mauritius.

Land transfer tax

The seller or transferor of immovable property must pay a 5% land transfer tax.

Registration duty

Registration duty of 5% is paid by the purchaser of immovable property.

Tax Administration and Compliance

Tax is administered by the Mauritius Revenue Authority.

Companies

1. Tax year – The tax year is the fiscal year, which runs from 1 July to 30 June, although companies can opt for a financial year end other than 30 June.
2. Consolidated returns – Consolidated returns are not permitted; each company must file a separate return.
3. Filing and payment – Companies with annual turnover exceeding MUR10 million and having a chargeable income are required to make quarterly tax payments under the advance payment system. Companies with an accounting year ending on 30 June are required to submit their returns and pay tax, if any, two days (excluding weekend days and public holidays) before 31 December. Where companies have their accounting year ending on 31 December, the deadline for submission of the return and settlement of tax due is two days (excluding weekend days and public holidays) before 30 June. Other companies must submit their returns and pay tax, if any, within six months after the end of their accounting year. Sociétés and Successions must submit their returns by 30 September.
4. Penalties – Penalties are imposed for the late submission of a tax return, and interest is charged for the late payment of tax.
5. Rulings – Taxpayers may request a ruling on the tax consequences of transactions.

Individuals

1. Tax year – The tax year is the fiscal year, which runs from 1 July to 30 June.
2. Tax filing – Married couples are assessed separately.

3. Filing and payment – Individuals are required to submit income tax returns and pay tax, if any, by 30 September following the end of the fiscal year. Self-employed individuals whose prior year's annual turnover or income derived from the exercise of a profession, vocation or occupation exceeded MUR4 million must file Current Payment System (CPS) returns and pay tax on a quarterly basis. Any additional tax must be paid at the time the annual income tax return is due in September.
4. Penalties – Penalties are imposed for the late submission of a tax return, and interest is charged for the late payment of tax.

Value added tax

1. Filing and payment – Filing and payment is made on a monthly or quarterly basis.
2. Penalties and interest – Late payment of VAT is subject to a penalty of 10% and interest of 1% per month or part of a month on the amount of VAT payable.

GENERAL INVESTMENT INFORMATION

Exchange controls

There are no restrictions on the repatriation of capital, profits or dividends in Mauritius.

Expatriates and work permits

Work permits are required for expatriates seeking employment in Mauritius. A work permit generally will be granted if a contract of employment is in place. Under the Business Facilitation Act, an occupation permit giving a foreign national the right to work and

reside in Mauritius for a specified period can be granted to the following individuals:

- An investor setting up a business with an initial transfer of USD100 000 and annual turnover exceeding MUR2 million for the first year and cumulative turnover of at least MUR10 million for the following two years
- A professional who is offered employment with a monthly salary exceeding MUR60 000 or MUR30 000 if the professional is in the ICT sector
- A self-employed professional making an initial transfer of USD35 000 and whose business activities generate annual income exceeding MUR600 000 in the first two years and MUR1.2 million as from the third year.

When an occupation permit expires, the investor, professional or self-employed professional can apply for permanent residence, subject to certain conditions.

Trade Relations




Memberships

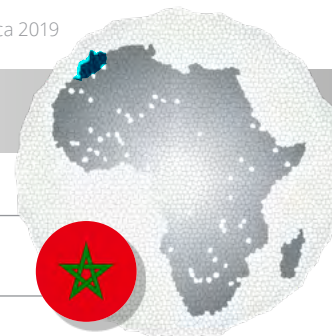
- Cotonou Agreement
- Southern African Development Community (SADC)
- Common Market Eastern and Southern Africa (COMESA)
- IOL and Indian Ocean Rim Association for Regional Cooperation (IOR-ARC)
- African Growth and Opportunity Act (AGOA) beneficiary country
- Interim Economic Partnership Agreement (EPA) with EU

Interest and Currency Exchange Rates

Monetary policy rate
Central Bank Rate - EOP: 3.5% (Source: Bank of Mauritius)
Currency
Rupee, named after the Mauritian rupee. It is divided into 100 cents. MUR – Currency code
Rs – Currency symbol
ZAR1 = MUR2.45934 (June 2019) (Source: XE Currency Converter)
USD1 = MUR35.4523 (June 2019) (Source: XE Currency Converter)
EUR1 = MUR39.9529 (June 2019) (Source: XE Currency Converter)

Key Economic Statistics

GDP (approximate)		USD14.81 billion (2019 forecast) (Source: IMF WEO DATABASE)
		USD15.76 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		USD4 213.20 million (Dec 2018) (Source: IMF WEO DATABASE)
Rate of Inflation		2.08% (2019 forecast) (Source: IMF WEO DATABASE)



Morocco

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Income Tax – Individuals

Taxable income (MAD)	Rate
0 – 30 000	0%
30 001 – 50 000	10%
50 001 – 60 000	20%
60 001 – 80 000	30%
80 001 – 180 000	34%
Over 180 000	38%

Notes

1. Basis – Resident individuals are taxed on their worldwide income; non-residents are taxed only on Moroccan-source income.
2. Residence – The following individuals are resident in Morocco for tax purposes:
 - Individuals who are habitually resident in Morocco
 - Individuals who are present in Morocco for a minimum of 183 days within a given year, whether or not continuously
 - Individuals whose professional activities or centre of economic interests are located in Morocco.
3. Taxable income – All compensation received by an individual is taxable, including: salaries and wages, allowances, pensions, annuities and all other employment benefits; investment income; property income; and

income derived from the carrying on of a business or profession. Capital gains are treated as ordinary income and taxed at personal tax rates.

4. Deductions and allowances – Various deductions and personal allowances are available in computing taxable income.
5. Rates – Rates are progressive from 0% to 38% for both residents and non-residents. Individuals deriving capital gains from the sale of property are subject to tax on the gain at a rate of 20%, but with a minimum tax of 3% of the sales price. The tax is 20% if the gain relates to a plot of land. In this case, the land should not be developed. Capital gains from the sale of a primary residence are exempt if the property has been held for more than six years.

Income Tax – Companies

Taxable income (MAD)	Rate
0 – 300 000	10%
300 001 – 1 million	17.5%
Over 1 million	31%

Notes

1. Basis – Morocco operates a territorial tax system. Companies (both resident and non-resident) generally are subject to corporate tax only on income earned from activities carried on in Morocco. Foreign corporations are subject to taxation on income arising in Morocco if they have, or are deemed to have, a permanent establishment in Morocco.

2. Residence – A company is resident in Morocco if it is incorporated in Morocco or if its place of effective management is in Morocco.
3. Taxable income – A company is taxed on the difference between its trading income and expenditure. Dividends received by corporate shareholders from a taxable Moroccan-resident entity must be included in business profits of the recipient company, but the dividends are 100% deductible in the computation of taxable income unless derived from real estate collective investment vehicles (OPCIs), in which case the deduction is reduced to 60%. Capital gains are treated as ordinary income and taxed at corporate tax rates.
4. Deductions – Expenses incurred in the operation of the business generally are deductible, unless specifically excluded. Expenses that are not permitted include: penalties, fines, interest on shareholder current account loans where the stock is not fully paid up and interest on shareholder loans in excess of the official annual interest rate.
5. Losses – Tax losses may be carried forward for four years from the end of the loss-making accounting period. However, the portion of a loss that relates to depreciation may be carried forward indefinitely. Losses may not be carried back.
6. Foreign tax credit – Foreign tax credits are available where provided in an applicable tax treaty and/or local legislation.
7. Group relief – There is no group relief provision.
8. Rates – Rates are progressive from 10% to 31%. A 37% rate applies to leasing companies and credit institutions. A foreign contractor carrying out engineering, construction or assembly projects, or projects relating to industrial or technical installations, may opt to be taxed at a rate of 8%, calculated on the total contract price, net of value added tax (VAT) and similar taxes.
9. Branch taxation – A branch of a foreign company is subject to the same tax rate as a domestic subsidiary, as well as a 15% branch profits tax, which may be reduced under a tax treaty.
10. Alternative minimum tax – There is no AMT, but the tax payable by a company must be at a rate of at least 0.75%, regardless of the amount of taxable profit, calculated on turnover, financial and non-current income.

Withholding Tax (WHT)

The WHT rates on various types of payments made to non-residents are as follows (the tax is a final tax and the rate may be reduced under an applicable tax treaty):

Payment	Rate
Dividends	15%
Interest	10%*
Royalties	10%
Management and professional fees	10%

* Interest paid to non-residents on loans exceeding 10 years is exempt from WHT.

Tax Treaties

Morocco has a broad tax treaty network. The following table shows the WHT rates on dividends, interest and royalties under Morocco's treaties:

Treaty partner	Dividends	Interest	Royalties
Austria	5%/10%	10%	10%
Bahrain	5%/10%	10%	10%
Belgium	6.5%/10%	10%	10%
Bulgaria	7%/10%	10%	10%
Canada	15%	15%	5%/10%
China	10%	10%	10%
Czech Republic	10%	10%	10%
Denmark	10%/25%	10%	10%
Egypt	10%/12.5%	20%	10%
Finland	7%/10%	10%	10%
France	0%/15%	10%/15%	5%/10%
Gabon	15%	10%	10%
Germany	5%/15%	10%	10%
Greece	5%/10%	10%	10%
Guinea	5%/10%	10%	10%

Hungary	12%	10%	10%
India	10%	10%	10%
Indonesia	10%	10%	10%
Ireland (R.O.I.)	6%/10%	10%	10%
Italy	10%/15%	10%	5%/10%
Ivory Coast (R.O.IC)	10%	10%	10%
Jordan	10%	10%	10%
Korea (ROK)	5%/10%	10%	5%/10%
Kuwait	5%/10%	10%	10%
Latvia	6%/10%	10%	10%
Lebanon	5%/10%	10%	5%/10%
Luxembourg	10%/15%	10%	10%
Macedonia	10%	10%	10%
Malaysia	5%/10%	10%	10%
Mali	5%/10%	10%	10%
Malta	6.5%/10%	10%	10%
Netherlands	10%/25%	10%/25%	10%
Norway	15%	10%	10%
Pakistan	10%	10%	10%
Poland	7%/15%	10%	10%
Portugal	10%/15%	12%	10%
Qatar	5%/10%	10%	10%
Romania	15%	10%	10%
Russia	5%/10%	0%/10%	10%
Senegal	10%	10%	10%
Singapore	8%/10%	10%	10%

Spain	10%/15%	10%	5%/10%
Switzerland	7%/15%	10%	10%
Syria	7%/15%	10%	10%/14%
Turkey	7%/10%	10%	10%
Ukraine	10%	10%	10%
United Arab Emirates (UAE)	5%/10%	10%	10%
United Kingdom	10%/25%	10%	10%
United Mughreb Arab	0%	10%	10%
United States	10%/15%	15%	10%
Vietnam	10%	15%	10%

Anti-Avoidance Rules

Transfer pricing

Transactions between related parties must be at arms length. Two methodologies are used by the tax authorities: the comparable uncontrolled price method and direct assessment based on available information.

An advance pricing agreement ruling procedure was introduced to request the tax administration's position on affiliated companies' current or proposed arrangements.

Thin capitalisation

There are no formal thin capitalisation rules, but the deduction of interest on shareholder current accounts loans is subject to some conditions and limitations. Interest is deductible, provided that the shareholder's stock is fully paid up, the interest rate does not exceed the official annual rate and the debt-to-equity ratio does not exceed 1:1.

General anti-avoidance rule (GAAR)

A GAAR has been introduced based on the “abuse of law” concept. The tax authorities may invoke this provision to reassess transactions whose main purpose is to avoid or evade tax.

Employment-Related Taxes**Payroll tax**

Payroll tax (called professional training tax) is imposed on the gross monthly remuneration of employees subject to social security contributions, at a rate of 1.6%.

Social security

An employer is required to register its employees with the Social Fund and pay social security contributions based on the employee’s gross salary. Both the employer and employee are required to contribute, and the employee’s contribution is withheld by the employer.

Indirect Taxes**Value added tax (VAT)**

	Rate
Standard rate	20%

Notes

1. Taxable transactions – VAT is levied on the supply of goods, the provision of services and the transfer of rights in Morocco, and on the import of goods and services.
2. Rates – The standard VAT rate is 20%. There are reduced rates of 7%, 10% and 14%. Certain supplies are zero-rated or exempt.
3. Registration – All persons subject to VAT must register within 30 days of commencing operations.

Customs and excise duties

Equipment, goods, materials, tools, spare parts and accessories that are considered necessary to promote and develop

investment are subject to an ad valorem import duty between 2.5% and 10%, unless an applicable trade treaty with the country of origin provides otherwise. Morocco has signed several agreements aiming to reduce the duty rates.

Other Taxes**Stamp duty**

Legal documents are subject to stamp duty at a rate of up to MAD1 000.

Transfer tax

A 4% to 6% registration duty and a 1.5% real estate tax are levied at the time real property is acquired.

Property tax

Property occupied as a main or secondary residence is taxed at progressive rates from 0% to 30%. If the property is used as a primary residence, only 25% of the assessed rental property value is subject to tax.

Municipal tax

Municipal tax is assessed on the rental value of property. The general property tax rate is 10.5% of the assessed rental value, as determined by the local tax authorities for the property tax, if the property is situated within urban districts. For property in peripheral zones of urban districts, the property tax rate is 6.5% of the assessed rental value.

Business tax

A business tax, which is levied by the local authorities, is imposed on individuals and enterprises that habitually carry out business in Morocco. The tax consists of a tax on the rental value of business premises (rented or owned) and a fixed amount depending on the size and nature of the business. The tax rates range from 10% to 30%, with an exemption for the first five years of activity.

Inheritances and donations

There is no inheritance tax but a gift tax is levied at a flat rate of 20%.

Tax Administration and Compliance

Tax is administered by the General Tax Administration (GTA). The GTA mainly manages four state taxes (corporate tax, income tax, VAT and registration and stamp duties). It also is responsible for managing three local taxes on behalf of the local authorities (business tax, property tax and municipal tax).

Companies

1. Tax year – The calendar year normally is the fiscal year, although a company may opt for a different fiscal year.
2. Consolidated returns – Consolidated returns are not permitted; each company must file a separate return.
3. Filing and payment – The tax return must be filed within three months of the close of the fiscal year. Corporate tax is payable in four equal instalments, based on the prior year's assessment. The actual amount payable is adjusted in the three months following the end of the accounting period.
4. Penalties – Interest and penalties are imposed for the late submission of a tax return and the late payment of tax, the failure to file a tax return and the filing of an incorrect tax return.
5. Rulings – Tax rulings may be requested from the tax administration. The procedure for issuing a ruling may take more than six months. The administration's positions in rulings, in general, are in line with the tax law and circular notes.

Individuals

1. Tax year – The tax year is the calendar year.
2. Tax filing – Married couples are assessed separately.
3. Filing and payment – The income tax return, when applicable, must be filed before 1 March of the following year on the tax administration website.

4. Penalties – Interest and penalties are imposed for the late submission of a tax return and the late payment of tax, the failure to file a tax return and the filing of an incorrect tax return.

Value added tax

1. Filing and payment – Filing and payment of VAT is made on a monthly basis.
2. Penalties – Penalties are imposed for the late submission of a tax return, and interest is charged for the late payment of tax.

GENERAL INVESTMENT INFORMATION

Investment incentives

Tax incentives

- New enterprises that set up operations in certain areas and new, small and medium-sized businesses set up anywhere in Morocco will be exempt from the business tax for the first five years of operations
- Companies exporting goods and services are entitled to an exemption from corporate tax for the first five years of operations. Thereafter, a reduced corporate tax rate of 17.5% applies to the export sales with respect to sales turnover generated in a foreign currency
- An exemption is granted from VAT on the cost of materials, tools and equipment imported or acquired locally that are depreciable assets registered in a fixed asset account for 36 months following the start of activity
- An exemption is granted from the minimum contribution in respect of corporate tax during the first 36 months of operations
- Neutralisation of corporate income tax is available on the transfer of investment goods among member companies of a restructuring group. All taxpayers may benefit from such incentives.

Mergers and divisions

Favourable tax treatment for mergers and divisions is provided, such as the following:

- A capital gains tax exemption for gains derived by the acquiring company on the disposal of shares in the target company
- Deferral of tax on gains derived by shareholders of the target company when exchanging their shares for shares of the acquiring company, until disposition of the shares
- Deferral of taxation on the assets of the target company at the level of the acquiring company:
 - In a case where the target company has no depreciable assets (only land, goodwill, etc.), deferral lasts until the assets are subsequently sold
 - In a case where the target company has depreciable assets, deferral lasts until the depreciation/amortisation period ends or the assets otherwise are disposed or withdrawn from use, as reflected in the company's accounting books.

Exchange Controls

Foreign exchange is not restrictive in Morocco but rules must be observed in transferring funds abroad.

Expatriates and Work Permits

Foreign citizens can work in Morocco for resident employers if they obtain a visa relating to the employment agreement.

Trade Relations

Memberships

- United Nations
- World Trade Organization

Interest and Currency Exchange Rates

Monetary policy rate

Central Bank Rate - EOP: 2.25%
(Source: Bank Al-Maghrib)

Currency

Moroccan Dirham (MAD)




The MAD is issued by the Central Bank of Morocco, Bank Al-Maghrib, and its export is prohibited by law.

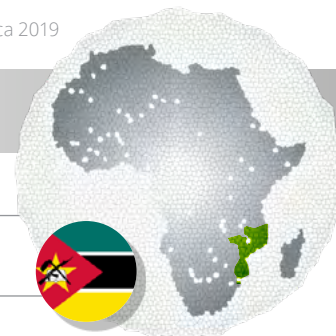
ZAR1 = MAD0.670006
(June 2019) (Source: XE Currency Converter)

USD1 = MAD9.65608
(June 2019) (Source: XE Currency Converter)

EUR1 = MAD10.8819
(June 2019) (Source: XE Currency Converter)

Key Economic Statistics

GDP (approximate)		USD121.35 billion (2019 forecast) (Source: IMF WEO DATABASE)
		USD129.06 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		USD13 139.40 million (Dec 2018) (Source: IMF WEO DATABASE)
Rate of Inflation		1.4% (2019 forecast) (Source: IMF WEO DATABASE)



Mozambique

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Income Tax – Individuals

Annual income (MZN)	Rate	Deductible amount (MZN)
0 – 42 000	10%	-
42 001 – 168 000	15%	2 100
168 001 – 504 000	20%	10 500
504 001 – 1 512 000	25%	35 700
Over 1 512 000	32%	14 540

Notes

1. Basis – Resident individuals are subject to tax on worldwide income. Non-resident individuals are taxable only on Mozambique-source income.
2. Residence – An individual is considered resident for tax purposes if he/she resides in Mozambique for more than 180 days in a tax year, or if resident for a shorter period and on 31 December, the individual occupies a residence under circumstances indicating an intention to continue occupancy on a permanent basis.
3. Taxable income – The income of an individual is taxed under separate schedules for employment, trade and business, capital gains, real estate and other income. Employment income is defined broadly and includes benefits-in-kind.

4. Deductions and allowances – Personal and dependant allowances are available. Dependent allowances are available for one responsible person per dependant.
5. Rates – Employment income obtained by residents is taxed under the Pay-As-You-Earn (PAYE) system. The monthly withholding tax is a final tax and the highest marginal rate is 32%, which applies to monthly income higher than MZN144.750. Non-residents are taxed at a flat rate of 20%.
6. Simplified tax for small taxpayers (ISPC) – Taxpayers can elect for the ISPC regime in place of individual income tax (or corporate income tax) and VAT. The ISPC regime applies to micro-enterprises and small individual taxpayers that carry on an agricultural, industrial or commercial activity, including services, and whose annual turnover does not exceed MZN2.5 million. The tax payable under the ISPC regime is either MZN75 000 or 3% of annual turnover (to be elected by the taxpayer).

Income tax – Companies

	Rate
Standard corporate rate	32%

Notes

1. Basis – Resident companies are taxed on their worldwide income. Non-resident companies are subject to tax only on their Mozambique-source income.

2. Residence – A company is resident if its head office or place of effective management or control is in Mozambique, or if the business is registered in Mozambique.
3. Taxable income – All income and gains are included in taxable income. Dividends are included in taxable income unless they qualify for the participation exemption. Capital gains also are considered taxable income. However, gains arising from the direct or indirect transfer between non-residents of shares or other interests and participatory rights involving assets located in Mozambique are deemed to be Mozambique-source income, regardless of where the sale takes place and regardless of whether the transfer is for consideration. Mining and oil and gas companies and holders of mineral and oil rights granted under the law of mines and oil must assess taxable income and maintain related accounting records separately, which means that each mining title and concession agreement must have a specific/individual tax registration number.
4. Deductions – Expenses that are necessary for the generation of income are deductible and various capital allowances are available. Interest payments and other forms of remuneration on loans (in MZN) granted by shareholders to the company are not deductible tax costs to the extent they exceed the 12-month Maputo Interbank Offered Rate (MAIBOR), plus 2%.
5. Losses – Tax losses may be carried forward for five years. The carryback of losses is not permitted. Losses incurred by a mining or oil company from a specific mine or area of concession agreement may not be offset by gains derived from another mine or area.
6. Foreign tax credit – A unilateral tax credit is available for foreign taxes paid to prevent the double taxation of income obtained abroad by resident companies and permanent establishments of non-resident companies. The tax credit is the lowest value between the tax paid abroad on corporate income and the part of the income tax computed before the deductions are given as attributed to the income that may be taxed in Mozambique. Unused credits may be carried forward for up to five years.
7. Group relief – There is no provision allowing for group relief or the transfer of losses between members of a group.
8. Participation exemption – No WHT is levied on dividends paid to a Mozambique company that has held 20% or more of the shares in an associated company in Mozambique for at least two years.
9. Rate – The standard corporate tax rate is 32%, although a penalty rate of 35% may be charged on unsubstantiated payments (i.e. non-deductible costs) or non-compliant invoices (i.e. not duly supported).

10. Branch taxation – Branches of foreign companies are subject to the same rate as domestic companies; Mozambique does not levy a branch profits tax.
11. The ISPC regime may apply to small taxpayers with an annual turnover of less than MZN2.5 million who elect to be taxed under the regime. See above under “Income tax – Individuals.”

Withholding Tax (WHT)

The WHT on various types of payments are as follows (the tax is a final tax for non-residents except for on rental income):

Payment	Residents	Non-residents
Dividends	0%/10%/20%	10%/20%
Interest	0%/20%	20%
Royalties	20%	20%
Technical services fees	0%	20%
Rent	20%	20%

Notes

1. Dividends – Dividends paid to residents and non-residents are subject to a 20% WHT (10% for shares listed on the Mozambique stock exchange), unless (for non-residents) the rate is reduced under a tax treaty. No WHT is levied on dividends paid to a Mozambique company that has held at least 20% of the shares in an associated company in Mozambique for at least two years.
2. Interest – Interest paid to residents and non-residents is subject to a 20% WHT, unless (for non-residents) the rate is reduced under a tax treaty. A 0% rate applies to interest paid to a registered Mozambique financial institution. The 20% rate also applies to interest on treasury bonds and debt securities listed on the stock exchange and interest on liquidity swaps between banks, with or without collateral.
3. Royalties – Royalties paid to residents and non-residents are subject to a 20% WHT, unless (for non-residents) the rate is reduced under a tax treaty.
4. Technical services fees – Technical service fees paid to a non-resident are subject to a 20% WHT, unless the rate is reduced under a tax treaty.

5. Other – A 10% WHT applies to payments made to non-residents for the following services:

- Telecommunications services, international transport services and the assembly and installation of telecommunications equipment
- Services related to construction and rehabilitation of productive infrastructure, transport and the distribution of electricity in rural areas, under the scope of public projects of rural electrification
- Services from charters of marine vessels to conduct fishing and cabotage activities
- Services relating to the maintenance of freight aircraft.

Tax treaties

Mozambique has tax treaties with the following countries:

Treaty partner	Dividends	Interest	Royalties
Botswana	0%/12%	10%	10%
India	7.5%	10%	10%
Italy	15%	10%	10%
Macau	10%	10%	10%
Mauritius	8%/10%/15%	8%	5%
Portugal	10%	10%	10%
South Africa	8%/15%	8%	5%
United Arab Emirates	0%	0%	5%
Vietnam	10%	10%	10%

Notes

1. Dividends – The lower (lowest) rate is applicable where the beneficial owner is a company holding at least 25% of the capital of the payer company.
2. United Arab Emirates – Dividends and interest are taxable only in the state of residence of the beneficial owner.

Anti-Avoidance Rules

Transfer pricing

The arm's length principle applies to dealings between related parties in Mozambique. For income derived in 2018 and thereafter, the tax authorities may adjust the taxable income declared where a special relationship exists between the taxpayer and other entities if any dealings between these parties are not on an arm's length basis. Transfer pricing documentation must be prepared to support transactions between related parties where the value of the transactions is at least MZN2.5 million.

For payments to companies in low tax jurisdictions, the authorities will need to be satisfied that the payment was genuine and reasonable.

Thin capitalisation rules

Companies are subject to thin capitalisation rules. Where the indebtedness of a Mozambique taxpayer to a non-resident entity is twice the value of the equity shareholding, and a special relationship exists between the two parties, interest paid on debt exceeding a 2:1 debt-to-equity ratio is not deductible in calculating taxable income. A special relationship between a resident and a non-resident entity exists for these purposes if the following requirements are met:

- The non-resident entity holds, directly or indirectly, at least 25% of the share capital of the resident entity
- The non-resident entity holds less than 25% of the resident entity but exercises a significant de facto influence on the management of the resident entity
- The non-resident and the resident entity are both controlled directly or indirectly by a third entity.

Employment-related Taxes

PAYE

Employers must withhold tax on the monthly remuneration paid to resident employees in accordance with the rates shown in the table below. The rates are final tax rates. Non-residents are subject to a flat WHT rate of 20%.

Social security

Employers and employees must register with the National Social Security System. The total contribution for social security is 7%, with 4% payable by the employer (with no upper limit) and 3% by the employee. Salaries are not capped for the purposes of employee contributions.

Indirect Taxes

Value added tax (VAT)

	Rate
Standard rate	17%

Notes

1. General – The definition of “territory” for VAT purposes includes areas where Mozambique has sovereign rights to the prospecting, exploration and production of natural resources.
2. Taxable transactions – VAT is levied on the supply of goods or services in Mozambique, and on the import of goods or services.
3. Rates – The standard VAT rate is 17%. Banking, financial and certain health, education and philanthropic services are exempt. Services related to drilling, research and construction of infrastructure in the context of mining and oil activities during the exploration phase, are subject to VAT from January 1, 2017. The export of goods and services are exempt from VAT (with few exceptions in the case of services). The supply by any local supplier of goods and services to a special free zone is classified as an export and is exempt from VAT. Any operator licensed within a special free zone does not pay VAT on the import of construction materials, equipment and spare parts. VAT is however payable on the import of goods or services for consumption.

4. Registration – A unique tax number must be obtained and a declaration filed 15 days before the time VAT taxable activities commence.
5. VAT refund – An application for a VAT refund may be submitted when:
 - Four months have elapsed and a full credit has not been received
 - The taxpayer has a VAT credit exceeding MZN500 000 in a specific month
 - An exporter has a VAT credit exceeding MZN20 000
 - A company has ceased its activities and notified the revenue authorities

The VAT refund process takes about six to 12 months.

Customs duties

Customs duties are levied on imported goods at rates ranging from 2.5% to 20%.

A usage levy is due on temporarily imported goods. The usage levy is based on the depreciated value of such imported goods.

No customs duties are imposed on exports of goods, but a surtax applies on certain goods, such as unprocessed timber and cashew nuts.

Specific consumption tax (ICE) excise duty

ICE applies on the consumption of certain goods, produced or imported. ICE is levied on luxury items, such as alcohol, tobacco, perfumes, cosmetics, and jewellery, gold and passenger vehicles. Ad valorem rates range from 3% to 75%.

A new tax code on excise duty applies as from 1 January 2018.



Other Taxes

Inheritance/Estate tax

Estate duty/donations tax is paid by the beneficiary or recipient.

The rate varies from 2% to 10% and is dependent upon the amount and the relationship between the donor and the recipient.

Stamp duty

Stamp duty applies on marketable securities at a fixed rate of 0.4%. A 0.2% rate applies to transfers of buildings.

Property tax

Urban property is subject to an annual tax of 0.4% of the property value (excluding land) where the building is used for residential purposes and 0.7% otherwise.

All land is owned by the state and a property transfer tax applies based on the property value excluding the value of the land. The transfer tax rate is 2%.

Mining taxation

Mining activities are subject to specific rules and taxes:

- Production tax is levied on the value of the quantity of mineral products extracted, concentrates and mineral water derived from a mining activity within Mozambique territory, irrespective of whether the products are sold, exported or otherwise disposed of. The value of the product is based on the last sales price or the reference price of an international market where there have been no sales.

The applicable rates are as follows:

Product	Rate
Diamonds	8%
Precious metals (gold, silver and platinum) and precious stones	6%
Semi-precious stones and heavy sands	6%
Base minerals, coal, ornamental rocks, and other mineral products	3%
Sand and stone	1.5%

Mining products may be exported only after payment of the production tax due.

- Surface tax (ISS) is an annual tax levied on the area of mining activity and in the case of mineral water, the mining title. This tax is payable by persons conducting mining activity in Mozambique. Surface tax is calculated on the number of hectares of the area under license or by mining title in the case of mineral water. Taxpayers subject to surface tax are exempt from the annual rate of tax for the use and exploitation of the land for areas pertaining to the mining title. The ISS rates are as follows:
 - Mining concessions: MZN85 000 per mining title
 - Mining certificates: MZN30 per hectare for the first to fifth years and MZN50 per hectare from the sixth year

The taxable base for gains derived by non-residents from the sale of shares in entities holding mining rights or other immovable property is 100%.

In addition, the gains are subject to tax separately, for both residents and non-residents, meaning that resident taxpayers may not include the gains in the annual tax return with other income and offset tax losses from other sources.

- Rent tax (IRRM) is a direct tax on the net cash flow of a mining project. The tax is payable by mining titleholders and applies to mining projects that have accrued net revenue (cash gains) during a fiscal year. The IRRM rate is 20%, applied to the closing balance of accumulated net cash gains when positive. The taxpayer must submit the annual IRRM statement on the same date as the annual corporate tax return
- The holders of mineral rights, granted under the law of mines, must assess taxable income and retain accounting records for each mining title separately. Each must have a specific individual tax registration number and tax and accounting returns must be completed separately for each mining title. Losses arising from a particular mine or area of concession agreement cannot be offset against gains derived from another.

Oil activities

Petroleum production tax is levied on the value of the quantity of oil products extracted within Mozambique. The value of oil produced is based on the balanced average prices as sold by the producer and its contractors in the month in which the tax settlement takes place. The rates are 10% for crude oil and 6% for natural gas.

As from 1 January 2018, taxable gains realised by non-residents on the sale of shares in entities holding oil rights or other immovable property are taxable in full. In addition, the gains are subject to separate taxation, for both residents and non-residents, meaning that resident taxpayers can not include the gains in the annual tax return with other income and offset tax losses. The normal corporate income tax rate of 32% will apply to the difference between the realisation value and the acquisition value of the shares, movable or immovable property, regardless of whether the transferrer is resident in Mozambique. Where the transaction is not at arm's length, the realisation value will be taken as market value.

Mozambique-source income of foreign legal entities that do not have a branch in the country is taxable via a withholding mechanism at a rate of 10% if the beneficiary of the services is a resident entity or has a permanent establishment in Mozambique and carries out petroleum activities.

Petroleum production tax is not a deductible cost in computing taxable income. The company and all holders of oil rights must calculate taxable income and prepare accounting records separately. Each concession agreement must have a specific individual tax registration number.

Tax Administration and Compliance

Tax is administered in Mozambique by the Mozambique Tax Authority (Autoridade Tributária de Moçambique).

Companies

1. Tax year – The tax year is the calendar year. A tax period other than the calendar year will be allowed only when an entity is more than 50% owned by an entity that has adopted a different tax period.
2. Consolidated returns – Consolidated returns are not permitted; each company must file a separate return. The tax and accounting returns of companies that are holders of mineral and oil rights granted under the law of mines and oil (namely, annual income returns, the tax and accounting information return, registration and amendment or cancellation of taxpayer registration) must be completed separately for each mining title or concession agreement.
3. Filing and payment – Companies must make three provisional payments of corporate tax in May, July and September. The total amount of the payment should be 80% of the tax assessed, less the amount of tax withheld by third parties in the previous year. Other special provisional corporate tax payments may be due in June, August and October if 0.5% of

turnover (subject to a minimum turnover limit of MZN30 000 and a maximum of MZN100 000) exceeds the provisional payment made in the previous year.

4. The annual tax return and the balance of tax due must be submitted by the end of the fifth month following the end of the tax year, with financial statements submitted by the end of the sixth month following the end of the tax year.
5. Penalties – Penalties are imposed for late filing, non- payment of tax and failure to disclose records. Penalties range from approximately MZN6 000 to MZN2 000 000. Interest is charged on late payments. Prison sentences, of up to eight years for tax fraud and up to two years for negligence, also may be imposed.
6. Rulings – General rulings on the interpretation of the tax law or advance rulings on the taxation of specific transactions may be obtained from the tax authorities. The rulings are binding on the authorities with respect to the disclosed facts of the transaction.

Individuals

1. Tax year – The tax year is the calendar year.
2. Tax filing – Starting in 2018, taxpayers whose only income is from employment and/or other income subject to withholding tax are no longer required to submit a return. Spouses are not permitted to file joint returns. The return is due by 30 April for taxpayers who received income other than employment income.
3. Tax payment – The final tax payment is due by 30 June for income from entrepreneurial activities and by 31 May for other income.
4. Penalties – Penalties are imposed for late filing, non-payment of tax and failure to disclose records. Penalties range from approximately MZN6 000 to MZN2 000 000 Interest is charged on late payments. Prison sentences may be imposed, of up to eight years for tax fraud and up to two years for negligence.

Value added tax

1. Filing and payment – The monthly VAT return must be filed and the VAT paid by the last day of the following month or by the 15th day of the following month when the company is in a credit position.
2. Penalties for late submission range from MZN6 000 to MZN130 000. Penalties for the underpayment of tax vary from the amount of tax due up to twice the amount payable. Interest on unpaid tax is charged from the due date for payment to the date of payment at the 12-month MAIBOR rate, plus 2%.

GENERAL INVESTMENT INFORMATION

Investment Incentives

General incentives

Tax incentives, including tax credits and the reduction or exemption of corporate tax, are available under the Fiscal Benefits Code. Companies that invest in Rapid Development Zones and Industrial Free Zones (in agriculture, mining, oil, tourism and industrial and services projects) also may benefit from incentives that vary by location, the number of employees and whether the products are exported.

Exchange Controls

The 2011 Foreign Exchange Law liberalised controls in the banking sector and moved the Reserve Bank to a role of regulation and control. The law requires the declaration of foreign exchange assets, the mandatory use of the national banking system for foreign exchange transactions and the mandatory remittance to the country of income received from exports of goods and services. Certain requirements

must be met for residents to open new bank accounts in foreign currency and for the movement of foreign currency between accounts.

Expatriates and Work Permits

Legislation regarding the hiring of foreign nationals specifies a quota for foreign workers, sets out regulations for employment agencies hiring foreign workers and specifies the process for transferring employees to a new location. Key measures include:

- Employment agencies may only hire foreign employees to work at their own premises and cannot assign foreign employees to a third-party employer
- Employers may apply for a short-term work permit for a maximum of 90 days a year (180 days for the mining and oil and gas sectors)
- Work permits under the quota regime require the foreign national's academic or professional qualifications diploma/certificate, accompanied by an equivalence certificate issued by the relevant Mozambican authority (Ministry of Education and Human Development) or proof of professional experience
- The definitive transfer of foreign employees to another work place is possible only where there is an available quota in the location of the employment

Penalties are imposed on companies that attempt to circumvent the rules.

Automatic approval will be given to Mozambican companies to employ foreign employees provided the company has an investment authorisation that sets out the number of foreign employees the company will need. Where a company employs more than 100 Mozambican workers, up to 5% of the total workforce can be foreign employees; where there are between 11 and 100 Mozambican workers, up to 8% of the total workforce

can be foreign employees; and if a company employs no more than 10 Mozambican workers, up to 10% of the total workforce can be foreign employees.

The company must provide the Ministry of Labour with the following documents:

- Three copies of the labour contract that will apply for a maximum period of two years, along with the remuneration to be paid and a description of the work to be performed
- A certificate of payment of social security and taxes for the month before the hiring
- Certificates of studies and or qualifications stamped by the relevant authority in the country of origin, as well as by the Foreign Affairs Ministry and the Mozambique consulate, and an equivalence certificate issued by the Mozambique Ministry of Education and Human Development
- A trading license issued by the competent authority.

In the case of an investment project, the documentation must be submitted to the Ministry of Labour, together with an authenticated copy of the investment authorisation.

Special rules apply to the oil and gas, and mining sectors, allowing the hire of a greater number of expatriates.

Although visas issued by Mozambique consulates abroad may be valid for more than one year, in practice, owing to the immigration department's internal procedures, visas issued by consulates are only valid for 30 to 60 days. In accordance with internal procedures, once expatriates enter Mozambique with a work visa, they will no longer be entitled to a residence document. However, the work visa can be renewed annually.

Trade Relations

Memberships

- Cotonou Agreement
- Southern African Development Community (SADC)
- African Growth and Opportunity Act beneficiary country




Interest and Currency Exchange Rates

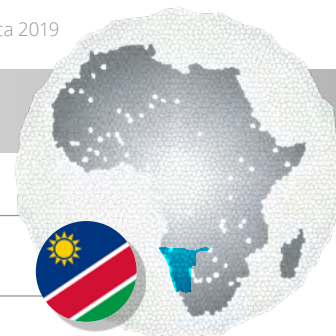
Monetary policy rate	
Central Bank Rate - EOP: 13.25%	(Source: Banco de Moçambique)
Currency	
Mozambique new metical – MZN (divided into 100 centavos)	
ZAR1 = MZN4.30855	(June 2019) (Source: XE Currency Converter)
USD1 = MZN62.0912	(June 2019) (Source: XE Currency Converter)
EUR1 = MZN69.9680	(June 2019) (Source: XE Currency Converter)

Notes

1. Interest rates decisions are made by the Monetary Policy Committee of the Central Bank of Mozambique. The official interest rate is the standing lending facility rate.

Key Economic Statistics

GDP (approximate)		USD15.37 billion (2019 forecast) (Source: IMF WEO DATABASE)
		USD16.29 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		USD1.5 million (Dec 2018) (Source: IMF WEO DATABASE)
Rate of Inflation		4.17% (2019 forecast) (Source: IMF WEO DATABASE)



Namibia

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Income Tax – Individuals

Taxable income (NAD)	Rate
0 – 50 000	0%
50 001 – 100 000	18%
100 001 – 300 000	9 000 + 25% of amount over 100 000
300 001 – 500 000	59 000 + 28%, of amount
500 001 – 800 000	115 000 + 30% of amount over 500 000
800 001 – 1.5 million	205 000 + 32% of amount over 1.5 million
	429 000 + 37% of amount over 1.5 million

Notes

1. Basis – Resident and non-resident individuals are taxable on all income received or accrued from a Namibian source or a deemed Namibian source. The Minister of Finance has proposed an expansion of the tax system, which could mean that Namibia's tax base will change to residence-based taxation. Details are under discussion and no effective date has been made available.

2. Residence – Namibian tax law does not define a “resident.” This could change – see 1 above.
3. Taxable income – Individuals are taxed on the value of any benefit or advantage arising from employment, as well as on business income and investment income. There currently is no separate capital gains tax system in Namibia, but income from certain capital transactions is included in gross income and subject to income tax.
4. Exempt income – An exemption (limited to NAD300 000) is allowed for gratuity payments made to an employee at retirement who is 55 years of age or older, or whose employment is terminated due to ill health or retrenchment due to his/her position becoming redundant. Lump-sum pension fund payouts are exempt up to a threshold of NAD50 000; if the payout exceeds NAD50 000, one-third is paid as a tax-free lump sum and the remaining portion as an annuity. Similar provisions apply for payouts in terms of “preservation” and retirement annuity funds. Contributions made to retirement annuity funds and donations to welfare and educational institutions that are recovered or recouped during a tax year are excluded from taxable income.
5. Deductions and allowances – The annual aggregate allowable deductions for contributions to Namibian-registered pension funds, provident funds and retirement annuity funds and premiums payable with respect to educational policies are limited to NAD40 000. A proposal in the 2019/2020 Budget speech would change this deduction to 27.5% of income capped at NAD150 000. No further details are available and the effective date is unknown. There are no tax abatements or rebates.
6. Rates – Individual income tax generally is levied at progressive rates up to 37%; however, part-time employees are taxed at a flat rate

of 18%. The same tax rates apply to non-residents in respect of employment and business income earned in Namibia. In addition, certain payments made to non-residents at an address outside Namibia are subject to withholding tax (see “Withholding Tax,” below). The tax rates for individuals generally also apply to trusts; however, the interest portion of a unit trust’s income is subject to a 10% withholding tax unless the income is payable to Namibian companies and entities normally exempt from tax (e.g. pension funds), in which case it is exempt. The dividend portion of a unit trust’s income is exempt from tax. Proposed changes to the taxation of trusts and dividend distributions to residents were announced in the 2018/2019 budget speech, and confirmed in the 2019/2020 speech but details are still under discussion. The expected effective date of the proposed changes is 1 January 2020.

7. Other – Where an individual’s taxable income exceeds NAD200 000 in a tax year and the individual is carrying on a “suspect trade” (defined below), the individual may have to “ring-fence” any losses from that trade from other taxable income. The application of this provision is limited, depending on the number of years the taxpayer has incurred losses and whether there is a prospect of deriving taxable income within a reasonable period. Suspect trades include the following:
 - A sport carried out by the taxpayer
 - Dealing in collectible items
 - Rental of residential accommodations, unless at least 80% of the accommodation is used by non-relatives for at least half of the year
 - Rental of vehicles, aircraft or boats, unless at least 80% of the relevant item is used by non-relatives for at least half of the year
 - Animal showing
 - Farming or animal breeding, unless carried out on a full-time basis (i.e. for most or all of the taxpayer’s normal working hours)
 - Any performing or creative arts carried out by the taxpayer
 - Any form of gambling or betting carried out by the taxpayer.
8. Domestic dividends – The Minister of Finance’s 2018/2019 budget speech announced (and the 2019/2020 speech confirmed) the introduction of a 10% domestic dividend tax. Details are being finalised.

Income Tax – Companies

	Rate
Standard corporate rate	32%
Manufacturing companies	18%/32%
Diamond mining companies	55%
Petroleum mining companies (oil and gas companies)	
Other mining companies	37.5%
Mining service companies	37.5%/55%
Insurance companies	32%
Retirement funds	Exempt

Notes

1. Basis – Resident and non-resident entities are subject to Namibian income tax only on taxable income arising from, or deemed to arise from, a source within Namibia. The Minister of Finance has proposed changes to the tax system, which could mean that Namibia’s tax base will change to residence-based taxation. Details are under discussion and no effective date has been made available.
2. Residence – Namibia’s tax laws do not define a resident corporation, but it is understood to be a corporation incorporated in Namibia.
3. Taxable income – Taxable income is calculated as gross income less exempt income and deductions. Gross income is the total amount, in cash or otherwise, received or accrued during the tax year from a source within (or deemed to be within) Namibia, excluding receipts or accruals of a capital nature. Although there currently is no capital gains tax system in Namibia, income from certain capital transactions is included in gross income and subject to income tax in Namibia, regardless of its capital nature, including the following:
 - Income received or accrued from the sale, donation, expropriation, cession, grant, transfer or other alienation of a license or a right to mine minerals in Namibia, irrespective of where the transaction is concluded, the place where payment for the transaction is made or the place where the funds from which payment is made are held

- The direct or indirect sale of shares in a company that holds a license or has a right to mine minerals in Namibia
 - The sale or other disposal of petroleum rights/licenses, or the direct or indirect sale of shares in a company that holds such rights/licenses.
4. Deductions – Some deductions are available, inter alia, in respect of capital expenditure, certain donations, bad debts and certain prepayments.
 5. Losses – Tax losses may be carried forward indefinitely for set off against future taxable income, provided the entity does not cease to trade. Losses may not be carried back.
 6. Foreign tax credit – A foreign tax credit is available only for tax paid to jurisdictions with which Namibia has concluded a tax treaty.
 7. Group relief – There is no provision allowing for group relief or the transfer of losses between members of a group.
 8. Rate – The standard corporate tax rate is 32%. Different rates apply to companies engaged in certain activities, as shown in the table above. The rate for registered manufacturing companies is 18% for the first 10 years after manufacturing company status is granted. For companies granted manufacturing status more than 10 years ago, the tax rate is 32%. The Minister of Finance's 2018/2019 budget speech announced his intention to phase out manufacturing allowances – this was confirmed in the 2019/2020 speech and relevant amendments are being finalised (see under "Investment incentives," below).
Mining service companies (i.e. companies that subcontract with mining companies to carry out mining activities on their behalf) are taxed at a rate of 37.5% (non-diamond mining) or 55% (diamond mining). Insurance companies are taxed at the same rate as other companies, but there are special rules dealing with the computation of taxable income for companies providing long- and short-term insurance.
 9. Branch taxation – A rate of 32% applies to branches of foreign companies unless the branch is a mining or manufacturing company or a mining service company, in which case the applicable manufacturing or mining tax rate will apply. There is no branch profits tax, but non-resident shareholders' tax is payable when branch profits that have been repatriated to the non-resident head office are distributed to non-resident shareholders.
 10. Domestic dividends – The Minister of Finance announced in the 2018/2019 budget speech and confirmed in the 2019/2020 speech) the introduction of a 10% domestic dividend tax. Details are being finalised.

Withholding Tax (WHT)

The WHT rates on various types of payments are as follows (the same rates apply to payments to non-resident companies and non-resident individuals, and may be reduced under an applicable tax treaty):

Payment	Rate
Dividends	10%/20%
Interest	10%
Royalties	10%
Directors' fees	25%
Service fees	10%

Notes

1. Dividends – The WHT on dividends is a final tax. The rate on dividends paid to non-Namibian shareholders with a shareholding of less than 25% in the payer company is 20%, and the rate for those with a shareholding in excess of 25% is 10%.
2. Interest – Namibian-registered banks and Namibian-registered unit trust management companies must withhold a final tax at a flat rate of 10% from interest accruing to an individual, a trust, the estate of a deceased person or a non-Namibian company. Interest payable by resident individuals and companies to non-residents also is subject to a 10% WHT, but interest paid by a Namibian bank to a non-resident bank is exempt from WHT.
3. Royalties – The WHT on royalties paid to non-residents may be credited against the final assessed income tax liability. The scope of royalty WHT has been extended to include all rentals of commercial, scientific and industrial equipment.
4. Directors' fees – A final WHT of 25% applies to payments made to non-resident directors.
5. Service fees – A 10% WHT applies to payments made to non-resident entertainers and to payments to non-residents for administrative, managerial, technical or consulting services, or any similar services, regardless of whether the services are of a professional nature.

Tax Treaties

Namibia has concluded tax treaties with a number of countries. The following table shows the WHT rates on various types of income under the treaties.

Treaty	Dividends	Interest	Royalties
Botswana	10%	10%	10%
France	5%/15%	0%/10%	0%/10%
Germany	10%/15%	0%	10%
India	10%	10%	10%
Malaysia	5%/10%	0%/10%	0%/5%
Mauritius	5%/10%	0%/10%	5%
Romania	5%/10%	0%/10%	5%
Russia	5%/10%	0%/10%	5%
South Africa	5%/15%	0%/10%	0%/10%
Sweden	5%/15%	0%/10%	0%/15%
United Kingdom	5%/15%	10%	5%/50% of domestic rate

Anti-Avoidance Rules

Transfer pricing

Transfer pricing legislation regulates cross-border transactions involving goods or services between connected persons. The rules allow the tax authorities to disallow the deduction for certain expenditure or adjust income if the contract price is higher or lower than what the price would have been between parties dealing at arm's length price.

Thin capitalisation rules

Thin capitalisation rules that regulate the financial assistance granted by non-residents connected to Namibians enable the tax authorities to determine whether a domestic company is thinly capitalised and to disallow interest charged on excessive debt.

Employment-Related

Taxes Payroll tax

Tax on employment income is withheld by the employer under the Pay-As-You-Earn (PAYE) system and remitted on a monthly basis to the Namibian tax authorities. PAYE is deducted based on the individual tax rates set out above.

Indirect Taxes

Value added tax (VAT)

	Rate
Standard rate	15%

Notes

1. Taxable transactions – VAT is imposed on the supply and import of most goods, and on the provision of services.
2. Rates – The standard rate is 15%. Certain supplies are subject to a 0% rate, including the direct export of goods, international transport services, the sale of a business as a going concern, certain services rendered to non-resident persons, the construction and extension of a building used for residential purposes and the sale of residential land and buildings. Improvements to buildings used for residential purposes are subject to the standard rate. Certain foodstuffs are zero-rated. Exempt supplies include medical, dental and hospital services; educational services; public transportation services; financial services; the rental of residential accommodations; and fringe benefits, etc.
3. Registration – The registration threshold for VAT purposes is NAD500 000 of annual turnover.

Social security

Every employer is required to register with the Social Security Commissioner and to register every employee (younger than 65 years of age). Social security contributions are calculated at 1.8% of the employee's basic salary, shared equally between the employer (0.9%) and the employee (0.9%). The current maximum contribution is NAD162 (NAD81 per employee and NAD81 per employer) for employees whose monthly earnings are above NAD9 000. For employees earning below NAD9 000 per month, the monthly employee and employer contributions is calculated at 0.9% of the monthly basic wage.

Customs and excise duties

Customs duties are payable on the importation of goods into Namibia from non-Southern African Customs Union (SACU) countries. Rates depend on the tariff heading of the goods and ranges from 0% to 30%. Excise duties are payable by manufacturers and exporters on certain items like alcoholic beverages.

Export levies

Levies on the export of certain wood types, certain fish types and minerals apply at rates ranging from 0% to 1.5%.

Other Taxes**Inheritances and donations**

There is no estate duty or donations tax in Namibia.

Stamp duty

Stamp duty is payable at 0.2% on the issue or transfer of shares. Shares listed on the Namibian stock exchange (NSX) are exempt from the duty.

Stamp duty also is imposed on the acquisition of immovable property, and a range of other instruments. The rate on the acquisition of immovable property by an individual is NAD10

for every NAD1 000 (or part thereof) of the value of the property, with the first NAD600 000 being exempt. The rate on acquisitions by legal entities, including trusts, is NAD12 for every NAD1 000 (or part thereof) of the value of the immovable property.

Transfer duty

Transfer duty is levied on the value of any property acquired (excluding the VAT and stamp duty charged, where applicable). The rates for acquisitions by individuals vary depending on the value and type of the property, and are progressive from 0% to 8%. The rate for acquisitions by legal entities, including trusts, is 12% of the value of the property. The sale of shares/membership interests in property-owning companies/close corporations is not subject to transfer duty.

Land tax

Land tax (on agricultural land only) is payable for every 12-month period ending 28 February, at a rate of 0.75% for a Namibian resident owner and a rate of 1.75% for a non-resident owner (applied to the unimproved site value). For each additional farm property, the rate increases by 0.25%.

Environmental tax

Environmental levies apply on the importation of vehicles, tires and certain light bulbs.

Tax Administration and Compliance

Tax currently is administered in Namibia by the Inland Revenue, but administration will move to the Namibian Revenue Agency (NAMRA) in October 2019.

Namibia implemented an e-filing system in January 2019 that can be used by all taxpayers for registration, change of information and all submissions.

Companies

1. Tax year – The tax year is the corporation's financial year.
2. Consolidated returns – Consolidated returns are not permitted; each company must file a separate return.
3. Filing and payment – Provisional tax payments, payable six months after the beginning of the taxpayer's financial year and at year end, must be based on estimates of taxable income for the year, as opposed to income from the last year assessed. Final tax returns, together with a computation of taxable income and the payment of any remaining corporation tax owed for the relevant tax year, are due within seven months after the taxpayer's year end. Reasonable extensions may be granted to submit tax returns.
4. Penalties – Interest at 20% per annum is imposed on the late payment or failure to pay income tax, PAYE, provisional tax, VAT and import VAT. The interest amount may not exceed the original tax amount. Various penalties also may be imposed for the late submission or failure to submit returns, and late payment or failure to pay taxes. The penalty may not exceed the original tax amount
5. Rulings – Rulings may be obtained from the tax authorities..

Individuals

1. Tax year – The tax year for individuals is from 1 March to 28 February.
2. Tax filing – Spouses are taxed separately on their income.
3. Filing and payment – Returns are due by 30 June for salaried individuals, and by 30 September for non-salaried individuals.
4. Penalties – Interest at 20% per annum is imposed on the late payment or failure to pay income tax. The interest amount may not exceed the original tax amount. Various penalties also may be imposed for the late submission or failure to submit provisional tax returns, and late payment or failure to pay taxes. The penalty amount may not exceed the original tax amount.

Value added tax

1. Filing and payment – VAT returns are due bimonthly on the 25th day of the month. VAT-registered persons are registered in either Category A or Category B, which indicates the calendar month in which the VAT period ends.
2. Penalties – See the rules for companies, above.

GENERAL INVESTMENT INCENTIVES

Investment Incentives

Incentives are available to both domestic and foreign investors, and include the following:

- Tax incentives for registered manufacturing enterprises – Companies that meet certain criteria may qualify for the following incentives (which may not increase or create an assessed loss):
 - An additional income tax deduction of 25% of employment costs and approved training costs in respect of employees directly involved in a manufacturing process
 - An additional income tax deduction of 25% for specified export marketing expenditure
 - An additional income tax deduction of 25% for certain land-based transportation costs for the first 10 years of registration
 - For exporters of goods manufactured in Namibia, an allowance equal to 80% of taxable income derived from the export of manufactured goods (excluding fish or meat products)
 - An 8% annual capital allowance on qualifying buildings
 - An exemption from import duties on the importation or acquisition of manufacturing machinery and equipment, subject to ministerial approval.

- The Minister of Finance confirmed in his 2019/2020 budget his intention to phase out manufacturing incentives. Amendments to effect the proposals are expected to apply as from 1 January 2020.
- Export Processing Zones (EPZs) – EPZ enterprises qualify for total relief from income tax, VAT, customs and exciseduties, stamp duty and transfer duty (but not employment-related taxes and WHT). Requirements for EPZ status include conducting a manufacturing activity and exporting at least 70% of the manufactured goods outside the SACU. The Minister of Finance announced in the 2018/2019 budget speech that he intends to repeal the EPZ Act, with a “sunset” clause for entities that have EPZ status. The EPZ Act would be replaced by a Special Economic Zone Act; no further details have been provided.
- Capital allowances – For buildings used for the purposes of trade, 20% of the cost of construction may be written off in the first year of use, and 4% may be written off annually over a 20-year period (the 4% allowance is increased to 8% for certain manufacturing buildings, and the write-off period is reduced to 10 years). A general three-year write-off period applies for fixed assets other than buildings (e.g. plant, machinery, equipment, aircraft and ships), with an accelerated write-off period for certain expenditure relating to mining operations and farming operations.

Exchange Controls

Namibia is part of the Common Monetary Area (CMA) (with Lesotho, South Africa and Swaziland), and Namibia continues to gradually relax its exchange controls in line with other CMA countries. In broad terms, there are few restrictions on inward investment by foreigners, and profits may be fully repatriated. There are restrictions on outward investment by local residents.

An EPZ entity may acquire and use foreign currency without restriction. The administration of exchange control regulations is undertaken by the Bank of Namibia, in cooperation with authorised dealers. Dividends can be freely transferred to non-resident shareholders, except where local borrowing restrictions have been exceeded.

Expatriates and Work Permits

Work permits for skilled expatriates may be obtained, but substantial administrative delays are possible.

Trade Relations




Memberships

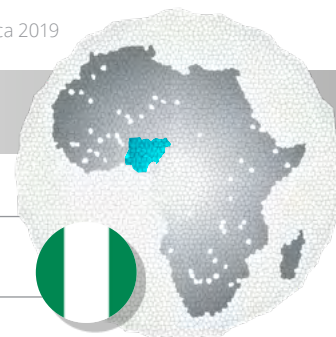
- Cotonou Agreement
- Southern African Customs Union
- Southern African Development Community
- World Trade Organisation
- African Growth Opportunity Act beneficiary country
- Preferential market access to 34 countries for Namibian products, under the Generalized System of Preferences
- Preferential trade agreement with Zimbabwe
- Economic partnership agreement signed with the EU in June 2016

Interest and Currency Exchange Rates

Monetary policy rate
Central Bank Rate - EOP: 6.75% (Source: Bank of Namibia)
Currency
Namibia's currency is the Namibian Dollar (NAD), which is divided into 100 cents.
ZAR1 = NAD1 (June 2019) (Source: XE Currency Converter)
USD1 = NAD14.4137 (June 2019) (Source: XE Currency Converter)
EUR1 = NAD16.2440 (June 2019) (Source: XE Currency Converter)

Key Economic Statistics

GDP (approximate)		USD13.96 billion (2019 forecast) (Source: IMF WEO DATABASE)
		USD14.63 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		USD2 600.20 million (Dec 2018) (Source: IMF WEO DATABASE)
Rate of Inflation		5.2% (2019 forecast) (Source: IMF WEO DATABASE)



Nigeria

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Income Tax – Individuals

Taxable Income (NGN)	Rate
0 – 300 000	7%
300 001 – 600 000	11%
600 001 – 1.1 million	15%
1 100 001 – 1.6 million	19%
1 600 001 – 3.2 million	21%
Over 3.2 million	24%

Notes

1. Basis – Nigerian residents are taxed on worldwide income (subject to some exceptions); non-residents are taxed only on Nigerian-source income.
2. Residence – Personal income tax applies to any person that has income liable to tax in Nigeria. The concept of residence (used to ascertain the relevant collection states within Nigeria) refers to a place available for an individual's domestic use in Nigeria.
3. Taxable income – Employment income (from temporary and permanent employees) in respect of services performed wholly or partly in Nigeria is

taxable, as are business profits earned by individual and unincorporated bodies from a trade or profession and other investment income.

4. Exempt income – Exempt income includes foreign-source income of residents arising from dividends, interest, rents, royalties, fees or commissions brought into Nigeria through an authorised bank and compensation for loss of employment.
5. Deductions and allowances – There is a consolidated relief allowance of 20% of gross income, plus the higher of NGN200 000 or 1% of gross income. The following deductions are tax-exempt when computing taxable income:
 - National Housing Fund contribution
 - Employee pension contribution
 - National Health Insurance Scheme contribution
 - Life Assurance Premium
 - National Pension Scheme contribution.
6. Rates – Individuals in Nigeria are taxed at progressive rates ranging from 7% to 24%. Capital gains generally are taxed at a rate of 10% (although gains from the disposal of shares are exempt). Non-residents are largely taxed via deduction at source.
7. Employment income: The Pay-As-You-Earn (PAYE) system of collection is used. A minimum tax of 1% of gross income is applicable where computed tax amount is less than 1% of gross income.

Income Tax – Companies

	Rate
All companies	30%
Small companies (i.e. those whose turnover does not exceed NGN1 million)	20%

Notes

1. Basis – Nigerian resident companies are taxed on worldwide income, while companies registered in a foreign jurisdiction are taxed only on income accruing in, derived from, brought into or received in Nigeria.
2. Residence – A company is resident in Nigeria if it is incorporated in Nigeria.
3. Taxable income – Taxable income is a company's gross income less allowable deductions, exempt income and losses. Incomes and expenses of a capital nature are not included in the computation of taxable income. Dividends received by a Nigerian company from another domestic company are excluded in the determination of taxable income to the extent the distribution suffered withholding tax (WHT) in the hands of the initial recipient (distributing company).
4. Deductions – Expenses that are incurred wholly and exclusively for the business generally may be deducted. Capital allowances are granted to companies against taxable income in lieu of the wear-and-tear of business assets. The rate and method of capital allowance (tax depreciation) depends on the class of asset. Rates of capital allowances are highest (95%) for expenditure on replacement plant and machinery for mining, agricultural production, industrial plant and machinery and motor vehicles used for public transportation. An investment allowance of 10% is available to companies in the first year plant and machinery are acquired.
5. Losses – Losses may not be carried back but may be carried forward indefinitely (except capital losses, which are not permissible, losses incurred by insurance companies, which are limited to a four-year carry forward and losses incurred by other (non-upstream oil and gas) companies during the early years of operation, which may not be carried forward beyond the fourth year).
6. Foreign tax credit – A unilateral credit is available to corporate taxpayers in commonwealth countries (subject to evidence of reciprocity to Nigerian businesses). A tax credit is granted for tax paid in countries with which Nigeria has concluded a tax treaty.

7. Group relief – There is no provision allowing for group relief or the transfer of losses between members of a group of companies.
8. Rate – The corporate tax rate for non-oil and gas companies is 30%. Small companies with turnover not exceeding NGN1 million are taxed at a rate of 20%. The tax rate for petroleum companies normally is 85%, although a reduced rate of 65.75% applies to companies operating for less than five years and a 50% rate applies for production sharing contracts. Capital gains generally are taxed at a rate of 10% (although gains from the disposal of shares are exempt). Non-resident companies are subject to the same rate as resident companies. Nigeria does not levy a branch profits tax.
9. Minimum tax – A minimum tax is levied to ensure that, unless exempt, every company pays a certain amount of corporate income tax. This is payable by a company where, in any year of assessment, the total assessable profits from all sources results in a loss or no tax being payable or tax payable that is less than the minimum tax. When turnover is NGN500 000 or less, the minimum tax is the highest of 0.5% of gross profits or 0.5% of net assets, or 0.25% of paid-up capital or 0.25% of turnover. When turnover exceeds NGN500 000, an additional tax is payable, calculated at the rate of 0.125% of the turnover exceeding NGN500 000.
10. Petroleum Profits Tax (PPT) – PPT is imposed on the profits of petroleum companies; income for PPT purposes refers to the value of oil and related substances extracted, except gas, plus any other income of the company. Various deductions are allowed.

Withholding Tax (WHT)

Certain payments to domestic companies/individuals and non-resident companies/investors are subject to WHT at the following rates:

Payments	Corporate bodies	Individuals
Dividends	10%	10%
Interest	10%	10%
Royalties	10%	10%
Directors' fees	n/a	10%

Rent (including the hire of equipment)	10%	10%
Construction and related activities 5%	5%	
Management, consultancy, professional fees and technical service fees	10%	5%

Notes

1. WHT deducted from the income of resident individuals and companies is a payment on account of tax. WHT credit notes may be used to offset personal and corporate income tax liabilities, except where the tax withheld is a final tax (e.g. WHT on dividends). Where the recipient of dividends, interest or royalties is a non-resident, the WHT is a final tax.
2. Certain interest payments are exempt from WHT.
3. The WHT rate on non-residents is reduced to 7.5% where the recipient is resident in a country that has concluded a tax treaty with Nigeria. The WHT rate for non-treaty countries is 10%.

Tax Treaties

Nigeria has concluded tax treaties with the following countries:

Treaty partner**	Dividends*	Interest*	Royalties*
Belgium	7.5%	7.5%	7.5%
Canada	7.5%	7.5%	7.5%
China	7.5%	7.5%	7.5%
Czech Republic	7.5%	7.5%	7.5%
France	7.5%	7.5%	7.5%
Netherlands	7.5%	7.5%	7.5%
Pakistan	7.5%	7.5%	7.5%
Philippines	7.5%	7.5%	7.5%

Romania	7.5%	7.5%	7.5%
Slovakia	7.5%	7.5%	7.5%
South Africa	7.5%	7.5%	7.5%
Spain	7.5%	7.5%	7.5%
United Kingdom	7.5%	7.5%	7.5%

** Nigeria also has a treaty with Italy. However, the treaty with Italy covers only air and shipping income.

*Based on a directive issued by the Nigerian government, the WHT rate on dividends, interest and royalties paid to a resident of a treaty partner country is 7.5%.

Anti-avoidance Rules

Transfer Pricing (TP)

Nigerian tax legislation contains general provisions on anti-avoidance rules that require transactions between related parties to comply with arm's length principle. Additional guidelines covering applicable transactions, transfer pricing methodologies, documentation, advance pricing agreements and offenses, penalties and dispute resolution are contained in Nigeria's TP legislation. Regulations that became effective in March 2018 introduced additional compliance obligations and stiffer penalties for non-compliance.

Thin capitalisation

There are no specific thin capitalisation rules, but transactions are required to be conducted at arm's length.

Other anti-avoidance rules

Various tax legislations contain general provisions on anti-avoidance rules. It requires transactions by related parties to comply with arm's length principle.

Employment-Related Taxes Payroll tax

Nigeria operates a Pay-As-You-Earn system under which personal income tax due on employment income is deducted from an employee's salary and wages by the employer, which must remit the amount deducted to the Nigerian tax authorities by the 10th day of the month following the month of deduction.

Indirect Tax

Value Added Tax (VAT)

VAT is charged on the supply of taxable goods and services in Nigeria, and on the import of goods.

Notes

1. Rates – The standard VAT rate is 5%. Exports and international transport are zero-rated and certain transactions are exempt. Input tax paid on purchases to produce exempt supplies is not recoverable.
2. Registration – All taxable persons that make supply of taxable goods and services are required to register for VAT purposes.

Industrial Training Fund (ITF)

All employers with five or more employees or fewer than five employees, but with a minimum annual turnover of NGN50 million must contribute an amount equal to 1% of annual payroll costs to the ITF. The ITF is used to provide and promote skills acquisition in the industry. The amount is payable no later than 1 April of the year following the tax year. The employer may obtain a refund of up to 50% of training costs incurred if its training programme is in accordance with ITF's reimbursement schemes.

Employee Compensation Act (ECA) 2011

The ECA aims to provide safer working conditions for employees in both the public and private sectors. The contribution is 1% of total payroll costs, including any share awards or benefits.

Social security

Nigeria operates a contributory pension scheme, under which the employer is required to make pension contributions at a minimum of 10% of the employee's monthly emoluments. An employee also contributes a minimum of 8% of his/her monthly emoluments. While there is no maximum limit to the amount that may be contributed by an employer, the minimum total contribution is 18% where the employer chooses to be responsible for the employee's portion of the contribution.

Customs and excise duties

Customs duties are levied on goods imported into Nigeria at rates ranging from 0% to 35% of the import value at the port of entry. Import adjustment taxes (also known as levies) are applicable as prescribed by annual fiscal policy measures. A list of excisable items (i.e. wines and spirits, tobacco and cigarettes, alcoholic beverages, etc.) and factories can be obtained from the Nigeria Customs Service.

Other Taxes

Inheritances and donations

There is no donations tax and no inheritance/estate tax in Nigeria. Donations, however, can give rise to capital gains tax in some instances.

Stamp duties

The Stamp Duties Act sets out the details of dutiable transactions and applicable duties. Stamp duties are charged on various commercial and legal documents, such as transfers of deeds, insurance policies and bills of exchange.

Tertiary education tax (TET)

TET (at a rate of 2%) is payable by all resident companies on the adjusted/assessable profits for corporate income tax (or PPT) purposes, before the deduction of capital allowances. The tax is administered in the same way as corporate income tax and PPT.

Information technology (IT) levy

IT levy (at a rate of 1% of pretax profit) is payable by telecommunications, cyber, insurance companies, banks and other financial institutions with turnover of NGN100 million or more. The tax is self-assessed and paid within six months after the accounting year-end. IT levy paid is a deductible expense.

Oil and gas content development fund

One percent of every contract awarded to an operator, contractor, subcontractor, alliance partner or other entity involved in a project, operation, activity or transaction in the upstream sector of the Nigerian oil and gas industry must be deducted at source and paid to the oil and gas content development fund.

Cabotage fund levy

A surcharge of 2% of the contract amount performed by a vessel engaged in coastal trade must be paid to the Cabotage Vessel Financing Fund. The surcharge is based on the gross earnings on contracts performed by the relevant vessel, and is deducted at source by the employer or charterer of the relevant vessel, based on the charter or freight invoice and remitted to the Nigerian Maritime Administration and Safety Agency.

Local taxes

States within the federation of Nigeria (currently 36 states and the Federal Capital Territory) impose a variety of local taxes in their areas of jurisdiction. Local taxes include motor vehicles license/registration, consent fees for the transfer of real estate, property tax, gaming/casino tax, water rates, etc. Local councils impose tenement rates and several other levies.

Tax Administration and Compliance

Taxation in Nigeria is administered by agencies of the three major tiers of government:

- The Federal Inland Revenue Service (FIRS) administers revenue laws that deal with taxes paid by corporate bodies (limited liability companies)
- The Federal Capital Territory Internal Revenue Service and State Internal Revenue Services primarily administer the Personal Income Tax Act.
- The Local Government Revenue Committee is responsible for the assessment and collection of all taxes, fines and rates under its jurisdiction and accounts for all revenue collected to the chairman of the local government.

Companies

1. Tax year – The tax year is 12 months on a preceding year basis, except for the commencement of a new business, a change of accounting date and the cessation of business, where special rules apply.
2. Consolidated returns – Consolidated returns are not permitted; each company must file a separate return.
3. Filing and payment – A corporate taxpayer must file an annual return based on its income for the accounting year. The return is due within six months after the end of the accounting year. The taxpayer's audited financial statements must accompany the return.
4. Penalties – A taxpayer that fails to file a return will be assessed by the tax authorities to the best of their judgment. Penalties may apply for late filing.
5. Rulings – A private ruling can be obtained from the FIRS on the tax consequences of a transaction.

Individuals

1. Tax year – The tax year is the calendar year.
2. Tax filing – Each taxpayer must file a return. Joint returns of spouses are not permitted.
3. Filing and payment – An individual engaged in full-time employment is taxed under the PAYE system. The employer withholds personal income tax from the employee's salary or wages and pays it to the tax authorities. A taxable person, resident in the year of assessment, is required to file a tax return unless his/her employment income does not exceed NGN30 000 per year. Other individuals pay tax by self-assessment or direct assessment.
4. Penalties – Penalties and interest are levied for late payments or failure to file returns.

Value Added Tax

1. Tax period – The tax period is a calendar month.
2. Filing and payment – VAT returns and the relevant payment are due no later than the 21st day after the month of the transaction.
3. Registration – All taxable persons that make taxable supply of goods and services are required to register for VAT within the earlier of six months of the commencement of business and the effective date of the VAT Act.
4. Penalties – Fines and penalties, plus interest, are levied for violations, such as furnishing false documents, failing to register for VAT, failing to collect VAT, collecting the VAT but failing to remit and failing to file a VAT return.

GENERAL INVESTMENT INFORMATION

Investment Incentives

Tax incentives

- Pioneer status – There is a 100% three to five-year tax-free period for pioneer industries that produce “pioneer products” under the Industrial Development (Income Tax Relief) Act
- Infrastructure – Investment tax relief is available for each year of expenditure at the following rates to companies that provide basic infrastructure: tarred roads (15%), water (30%), electricity (50%) and 100% for companies that provide all such basic facilities where they do not exist.
- Research and development (R&D) – Qualifying R&D expenses are tax deductible by a company but the amount deducted may not exceed 10% of the company's total profits for the relevant year of assessment. In addition, companies and organisations engaged in R&D activities for commercialisation are granted a 20% investment tax credit on qualifying expenditure
- Companies engaged in export trade are entitled to the following incentives, among others:
 - Profits of a Nigerian company relating to goods exported from Nigeria (provided the proceeds from the exports are repatriated to Nigeria and used exclusively for the purchase of raw materials, plant and equipment and spare parts) are exempt from tax
 - Profits of companies whose products are used exclusively as inputs for the manufacturing of products for exports are tax-exempt
 - An export expansion grant is available, which is settled by issuing an export credit certificate to the beneficiaries. The certificate can be used to settle federal government taxes among other benefits.

Other Incentives

- Road infrastructure tax credit (RITC) – This is available to private companies that construct or refurbish eligible roads with their funds. In return, such companies are able to recover the amounts incurred in the construction/ refurbishment as tax credits, to be claimed against income tax payable. The RITC scheme was launched in January 2019 and will be in effect for 10 years
- Investors in the agriculture sector – Various incentives are available to stimulate investment in agricultural activities. Import levies have been increased on certain agricultural products, such as wheat flour, wheat grain and brown rice, to encourage local production. Incentives include an enhanced capital allowance regime; an agricultural credit guarantee scheme fund with a loan guarantee of up to 75%; an exemption from the minimum corporate income tax; and a 0% import duty on agricultural equipment and machinery
- Incentives for the tourism sector – Incentives have been put in place to encourage domestic and foreign investor participation in the tourism industry, e.g. tax exemption for 25% of income in convertible currencies derived from tourists by a hotel, provided the income is put in a reserved fund to be utilised within five years for expansion/building of new hotels
- Investment in bonds and treasury bills – Interest income earned as a result of investment in treasury bills and bonds are exempt from income tax. However, the exemption will lapse at the end of 2021, except bonds issued by the Federal Government, which will continue to enjoy an exemption.
- Free Trade Zones (FTZs) – FTZs offer numerous incentives to businesses, such as locational advantages and an exemption from tax on business transactions concluded within the zones

- Investment Promotion and Protection Agreement (IPPA – As part of an effort to foster foreign investor confidence in Nigeria, the federal government has continued to conclude IPPAs with countries that do business with Nigeria (e.g. China, South Africa, UK, etc.)
- Small and Medium-sized Enterprise Equity Investment Scheme (SMEEIS) – The SMEEIS requires all banks in Nigeria to set aside 10% of their profits after-tax for equity investment and the promotion of small and medium-sized enterprises
- Gas industry – The government has approved various fiscal incentives, including an accelerated capital allowance, tax-free dividends and a deduction for interest expense incurred on loans for companies involved in the utilisation of gas.

Exchange Controls

Equity and/or loan capital must be brought into Nigeria through authorised dealers (i.e. banks).

The remittance of dividends and interest is permitted, provided the equity and/or loan was imported and is evidenced via an appropriate certificate of capital importation. There are no restrictions on the percentage of profits that may be distributed as dividends subject to the dividend tax rule. The remittance of royalty and service fees is permitted, provided the underlying license and service agreements have been approved by the National Office for Technology, Acquisition and Promotion.

A tax clearance certificate, or other evidence of payment of the appropriate tax must be obtained by a person wishing to remit dividends, interest, royalty or service fees outside the country.

Authorised dealers of foreign currencies must notify the Central Bank of Nigeria of any cash transfer to, or from a foreign country, of any sum in excess of USD10 000.

Expatriates and Work Permits

All non-residents/citizens must obtain visas before entering Nigeria, except citizens of ECOWAS (Economic Community of West African States), who only need ECOWAS cards upon arrival. There are four categories of visas: tourist, business, temporary work permits (TWP) and the subject to regularisation visas.

Employers obtain expatriate quotas to enable them bring in foreign employees, and these usually are valid for at least two years. Expatriate quotas are approved based on the need for the skill to be imported into Nigeria. Employers of expatriates are required to file monthly immigration returns stating the utilisation of expatriate quotas.

Trade Relations

Memberships

- Economic Community of West African States
- African Union
- Organization of Petroleum Exporting Countries
- New Partnership for Africa's Development

International organisations

- International Chamber of Commerce,
- African Development Bank Group
- World Federation of Trade Unions
- World Trade Organization
- World Customs Organization
- United Nations, Commonwealth
- ECOWAS
- Non-Aligned Movement

Interest and Currency Exchange Rates

Monetary Policy Rate*

* Interest rate decisions in Nigeria are made by the Central Bank. The official interest rate is the Monetary Policy Rate (MPR).

Central Bank Rate - EOP: 13.5%
(Source: Central Bank of Nigeria)

Currency

Naira (NGN), which is subdivided into 100 kobo. Only the Central Bank has authority to issue legal currency in the Federation.

ZAR1 = NGN24.9395
(June 2019) (Source: XE Currency Converter)




USD1 = NGN359.501
(June 2019) (Source: XE Currency Converter)

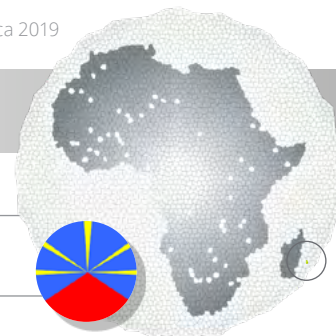
EUR1 = NGN405.060
(June 2019) (Source: XE Currency Converter)

Notes

1. Nigeria operates a flexible exchange rate regime.

Key Economic Statistics

GDP (approximate)		USD444.92 billion (2019 forecast) (Source: IMF WEO DATABASE)
		USD496.12 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		USD1 738.80 million (Dec 2018) (Source: IMF WEO DATABASE)
Rate of Inflation		11.7% (2019 forecast) (Source: IMF WEO DATABASE)



Réunion

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Income Tax – Individuals

For the 2019 assessment year (i.e. income earned in 2018), the progressive income tax rates are as follows:

Taxable income (EUR)	Rate
Up to 9 964	0%
9 965– 27 519	14%
27 520– 73 779	30%
73 780 – 156 244	41%
Over 156 244	45%

* The gross tax is subject to a reduction of 30%, capped at EUR2 450 for taxpayers domiciled in Réunion.

Notes

1. Basis – Réunion is a French overseas department in the Indian Ocean and has the same political status as the departments of metropolitan France located in Europe. Réunion is considered a part of France for tax purposes, and the French tax system generally applies, with some modifications and exceptions. Residents are taxed on worldwide income; Non-residents are subject to tax only on Réunion-source income.
2. Residence – An individual will be considered a resident if he/she is domiciled in Réunion. An individual normally is considered domiciled if the individual's principal residence is in Réunion, or if he/she has a main place of business or professional activity or centre of financial

interests located in Réunion. A resident of Réunion is considered a French tax resident.

3. Taxable income – There is no definition of taxable income. The most important categories of income are:
 - Employment income (including income from prior employment)
 - Business income
 - Agricultural income
 - Professional income (income from “non-commercial” activities, e.g. from the legal and medical professions, and income from activities not classified into any other category)
 - Income from activities performed by certain managers controlling family companies or limited partnerships
 - Income from immovable property
 - Investment income (income from movable property)
 - Capital gains.
4. Capital gains – Capital gains from the disposal of movable assets are subject to a flat tax of 30% (see “Rates” below) unless the taxpayer elects to apply the progressive tax rates. If the taxpayer makes an election, the gains are taxed as ordinary income at progressive rates ranging from 0% to 45%. In addition, special social security surcharges apply to capital gains derived by French residents, amounting to approximately 17.2% for 2019. Capital gains from the disposal of immovable property are taxed at a special flat rate of 19%, plus special social security surcharges. An annual reduction applies to the taxable basis of capital gains from the disposal of real estate: the gains are exempt from the flat-rate tax if the real estate has been owned for at least 22 years and are exempt from social surcharges after 30 years of ownership.

5. Exempt income – An “inward expatriate” regime applies, under which foreign individuals who become tax residents of France for work purposes are exempt from income tax until 31 December of the eighth year of residence on the following:
 - Additional remuneration components linked to their assignment in a French department (capped at 30% of the total remuneration), and a portion of the remuneration related to work carried out abroad; however, the benefits arising from both exemptions cannot lead to a tax basis reduction higher than 50% of the total compensation and the portion of the remuneration related to work carried out abroad cannot exceed 20% of the remuneration related to the work performed in a French department
 - 50% of certain foreign-source passive income, such as dividends and interest
 - 50% of capital gains on the disposal of foreign shares.
6. Deductions and allowances – Various deductions and allowances are available, based on family circumstances and related to certain types of investment or expense incurred during the year.
7. Rates – The rates on ordinary income for resident individuals are progressive from 0% to 45%. A flat withholding tax on investment income (dividends, interest, capital gains from the sale of securities, etc.) of resident individuals applies at an overall rate of 30% (12.8% income tax and 17.2% social security contribution). However, taxpayers have the option of electing out of the flat rate regime on a global basis and having all investment income they receive taxed at the progressive rates, which may be more favourable in certain cases. Non-residents are subject to withholding tax of 8% or 14.4% on wages, salaries, remuneration and emoluments received from an activity carried on in Réunion when the amount exceeds EUR14 605 (the 8% rate applies from EUR14 605 to EUR42 370 and the 14.4% rate applies over that amount). See under “Withholding tax,” below, for the rates on other Réunion-source income of non-residents.
8. “Income tax withdrawal” – As from 1 January 2019, income tax withdrawal is the standard system for the payment of income tax. It enables personal income tax to be paid on a monthly basis. The system does not affect the basis or the methods of calculating income tax. However, it is combined with a transitional measure for the 2018 income tax. A tax credit, “Crédit d’impôt modernization du recouvrement” has been introduced to avoid a double payment of tax in 2019, first on the income realised in 2018 and then on income obtained in fiscal year 2019. The tax credit neutralises the tax corresponding to non-recurring income received in 2018.

Income Tax – Companies

Fiscal year opening from	Turnover	Taxable profit (EUR)	Rate
1 January 2019	No limit	0 – 500 000	28%
		Over 500 000	31%
1 January 2020	No limit	Entire profit	28%
1 January 2021	No limit	Entire profit	26.5%
1 January 2022	No limit	Entire profit	25%

Notes

1. Basis – Réunion is a French overseas department that is considered a part of France for tax purposes, and the French tax system generally applies, with some modifications and exceptions. There is a territorial tax system: both residents and non-residents are taxable on profits allocable to a business carried out in Réunion and on Réunion-source income. Foreign-source income of residents generally is not subject to tax.
2. Residence – A company is resident for tax purposes if it is incorporated in Réunion or has its place of effective management in Réunion.
3. Taxable income – Taxable income is equal to book income, plus or minus certain tax adjustments. Corporation tax is payable annually on all profits generated by companies and other legal entities in Réunion. Dividends are included in taxable income, although distributions from qualifying subsidiaries benefit from the participation exemption. The participation exemption applies where the recipient owns at least 5% of the shares of the distributing entity for at least 24 months; under the participation exemption, a 95% tax exemption is granted for dividends.
4. Capital gains subject to corporate tax at the standard rate. A participation exemption applies to capital gains arising from the sale of shares that form part of a substantial investment if the shares have been held for at least 24 months. The gain is 88% exempt, resulting in a maximum effective rate of 4.13% (12% x 34.43%). In the case of a merger, the parent company must choose between having the distribution within the scope of the participation exemption and taking a deduction for the loss on the shares of the distributing entity.
5. Deductions and allowances – Expenses generally are deductible if they are necessary for the generation of business income. Allowable

expenses generally are those incurred for business purposes and that can be verified. Foreign-source losses are not deductible. Small and medium-sized enterprises (SMEs) that carry out specific activities in Réunion may benefit from a 50% allowance on taxable income, capped at EUR150 000 (or an 80% allowance capped at EUR300 000 in specific areas).

6. Losses – Losses may be carried forward indefinitely but may be offset against taxable profit of a given year only up to EUR1 million, plus 50% of the taxable profit exceeding this amount for the fiscal year. Losses may be carried back for one year. Additional limitations apply to the deduction of capital losses on the sale of shares between related parties.
7. Foreign tax credit – Domestic law generally does not provide for a credit for foreign taxes. A tax treaty, however, may provide for a tax credit mechanism, which generally corresponds to the withholding tax paid in the source country, but is capped at the French tax actually due on the net income.
8. Group relief – There is no provision allowing for group relief or the transfer of losses between members of a group.
9. Rates – The standard corporate income tax rate is 33.33%, which is progressively being reduced to 25% over the period 2018 to 2022. Small or new businesses may benefit from lower rates. A 3.3% social surcharge applies to the portion of a standard corporate income tax liability exceeding EUR763 000. SMEs benefit from specific exemptions, provided certain conditions are satisfied. Based on a draft that currently is under discussion, the reduction of the corporate income tax rate would be postponed for FY19 for a company whose turnover exceeds EUR250 million (threshold assessed at the level of the consolidated group, if applicable).
10. Competitiveness and employment tax credit (CICE) – Although the CICE was abolished on 1 January 2019, payment of the CICE still may be offset against the corporate income tax liability for three years. At the end of this period, the company may request a refund of the unused portion.

Withholding Tax (WHT)

The following table sets out the applicable WHT rates on dividends, interest and royalty payments made to non-residents (the tax is a final tax and the rate may be reduced under an applicable tax treaty):

Income	Rate
Dividends	0%/30%
Interest	0%
Royalties	33.33%

Notes

1. Dividends – Dividends paid by a resident corporation to a non-resident shareholder are subject to a 30% WHT, unless a tax treaty provides for a lower rate or the EU parent-subsidiary directive applies. Under the directive, dividends paid by a corporation in Réunion to a qualifying EU parent company are exempt from WHT.
2. Interest – Interest paid by a company in Réunion to a non-resident lender generally is not subject to WHT (unless the lender is located in a non-cooperative country or territory).
3. Royalties – Royalties paid to a non-resident entity are subject to a 33.33% WHT (reducing to 25% in 2022). The rate may be reduced or eliminated under a tax treaty or where the royalties qualify for the benefit of the EU interest and royalties directive.
4. Technical service fees – Fees paid for commissions, consultancy and services performed or used in French departments are subject to a 33.33% WHT. The rate may be reduced or eliminated under a tax treaty.
5. Branch remittance tax – The after-tax income of a Réunion branch of a foreign company (not located in France) is deemed to be distributed to the non-resident and is subject to a 30% branch tax. However, the tax may be eliminated or reduced under a tax treaty, and is not due if the foreign head office is in the EU/European Economic Area and is subject to income tax with no possibility of opting out or of being exempt, and the income is taxable in the foreign country.

Tax Treaties

Réunion is a French department, so the tax treaties concluded by France are applicable. The following table shows the WHT rates on dividends, interest and royalties under France's treaties.

Country	Dividends	Interest	Royalties
Albania	5%/15%	10%	5%
Algeria	5%/15%	0%/10%	5%/10%
Andorra	5%/15%	0%/5%	0%/5%
Argentina	15%	20%	18%
Armenia	5%/15%	0%/10%	5%/10%
Australia	0%/5%/15%	0%/10%	5%
Austria	0%/15%	0%	0%
Azerbaijan	10%	0%/10%	5%/10%
Bahrain	0%	0%	0%
Bangladesh	10%/15%	10%	10%
Belarus	15%	0%/10%	0%
Belgium	10%/15%	15%	0%
Benin	D	D	0%/D
Bolivia ¹	10%/15%	15%	15%
Bosnia and Herzegovina	5%/15%	0%	0%
Botswana	5%/12%	0%/10%	10%
Brazil	15%	10%/15%	10%/15%/25%
Bulgaria	5%/15%	0%	5%
Burkina Faso	D	D	0%/D
Cameroon	15%	0%/15%	0%/7.5%/15%
Canada	5%/15%	0%/10%	0%/10%

Central African Republic	D	D	0%/D
Chile ¹	15%	5%/10%	5%/10%
China	5%/10%/D	10%	10%
Congo (Republic of the)	15%/20%	0%	15%
Croatia	0%/15%	0%	0%
Cyprus	10%/15%	0%/10%	0%/5%
Czech Republic	0%/10%	0%	0%/5%/10%
Ecuador	15%	10%/15%	15%
Egypt ¹	0%	15%/D	15%
Estonia	5%/15%	0%/10%	0%/5%/10%
Ethiopia ¹	5%/10%	5%	5%/7.5%
Finland	0%	0%/10%/12%	0%
French Polynesia	D	D	D
Gabon	15%	0%/10%	0%/10%
Georgia	0%/5%/10%	0%	0%
Germany	0%/15%/D	0%	0%
Ghana	5%/15%	0%/10%	10%
Greece	D	0%/12%	5%
Guinea	15%	0%/10%	0%/10%
Hong Kong	10%	10%	10%
Hungary	5%/15%	0%	0%
Iceland	5%/15%	0%	0%
India ¹	10%/15%	10%/15%	10%/20%
Indonesia	10%/15%	10%/15%	10%

Iran	15%/20%	15%	0%/10%
Ireland	10%/15%	0%	0%
Israel	5%/15%	5%/10%	0%/10%
Italy	5%/15%	0%/10%	0%/5%
Ivory Coast	15%	0%/15%	10%/D
Jamaica	10%/15%	10%	10%
Japan	0%/5%/10%	0%/10%	0%
Jordan	5%/15%	0%/15%	5%/15%/25%
Kazakhstan ¹	5%/10%/15%	10%	10%
Kenya	10%	12%	10%
Korea (ROK)	10%/15%	0%/10%	10%
Kosovo	5%/15%	0%	0%
Kuwait	0%	0%	0%
Kyrgyzstan ²	15%	10%	0%
Latvia ¹	5%/15%	0%/5%/10%	0%/5%/10%
Lebanon	0%	0%	D
Libya ¹	5%/10%	0%	0%/10%
Lithuania ¹	5%/15%	0%/10%	5%/10%
Luxembourg	5%/15%	10%/12%	0%/D
Macedonia	0%/15%	0%	0%
Madagascar	15%/25%	15%	10%/15%
Malawi	D	D	0%
Malaysia	5%/15%	15%	10%/D
Mali	D	D	0%/D
Malta	0%/15%	0%/5%	0%/10%
Mauritania	D	D	0%/D
Mauritius	5%/15%	D	0%/15%

Mexico	0%/5%/15%	0%/5%/10%	0%/10%
Moldova ²	15%	0%/10%	0%
Monaco	D	D	D
Mongolia	5%/15%	0%/10%	0%/5%
Montenegro	5%/15%	0%	0%
Morocco	0%/15%	10%/15%	D/ 5%/10%
Namibia	5%/15%	0%/10%	0%/10%
Netherlands	5%/15%	0%/10%/12%	0%
New Caledonia	5%/15%	0%	0%/10%
New Zealand	15%	10%	10%
Niger	D	D	0%/D
Nigeria	12.5%/15%	12.5%	12.5%
Norway	0%/15%	0%	0%
Oman	0%	0%	7%
Pakistan	10%/15%	10%	10%
Panama	5%/15%	0%/5%	5%
Philippines	10%/15%	0%/15%	15%
Poland	5%/15%	0%	0%/10%
Portugal	15%	10%/12%	5%
Qatar	0%	0%	0%
Romania	10%	10%	10%
Russia	5%/10%/15%	0%	0%
Saint Martin (French Division)	0%/15%	0%/10%	0%
Saint Pierre and Miquelon	5%/15%	0%	0%/10%

Saudi Arabia	0%	0%	0%
Senegal	15%	0%/15%	0%/15%/D
Serbia	5%/15%	0%	0%
Singapore	5%/15%/D	0%/10%	0%/D
Slovakia	10%	0%	0%/5%
Slovenia	0%/15%	0%/5%	0%/5%
South Africa	5%/15%	0%	0%
Spain	0%/15%	0%/10%	0%/5%
Sri Lanka	D	0%/10%/D	0%/10%
Sweden	0%/15%	0%	0%
Switzerland	0%/15%	0%	5%
Syria	0%/15%	0%/10%	15%
Taiwan	10%	0%/10%	10%
Thailand	15%/20%/D	0%/3%/10%/D	0%/5%/15%
Togo	D	D	0%/D
Trinidad and Tobago	10%/15%	10%	0%/10%
Tunisia	D	12%	D/ 0%/5%/15%/20%
Turkey	15%/20%	15%	10%
Turkmenistan ²	15%	0%/10%	0%
Ukraine	0%/5%/15%	0%/2%/10%	0%/10%
United Arab Emirates	0%	0%	0%
United Kingdom	0%/15%	0%	0%

United States of America	0%/5%/15%	0%	0%
Uzbekistan ¹	5%/8%/10%	0%/5%	0%
Venezuela	0%/5%	5%	5%
Vietnam ¹	5%/15%	D	5%/10%
Zambia	D/ 10%	D	0%
Zimbabwe	10%/15%	10%	10%
Non-treaty countries	0%/15%/30%/75%	0%/75%	0%/31%/75%

D = domestic rate

Notes

1. Where more than one rate is listed for a type of income, the lower rate applies in qualifying circumstances as defined in the relevant treaty. In some circumstances that are defined in the treaty, or where no rate is specified, the applicable rate is the domestic rate in Réunion. The rate under domestic law also may apply where this is lower than the treaty rate. A WHT exemption may be available if the conditions for the application of the EU parent-subsidiary directive or interest and royalties directive are satisfied.

Anti-Avoidance Rules**Transfer pricing**

Réunion entities controlled by entities established outside France are taxable on profits transferred directly or indirectly to an entity located abroad through an increase or decrease in purchase or sales prices, or by any other means. Companies exceeding certain thresholds must maintain contemporaneous transfer pricing documentation.

Rates on interest paid by corporate taxpayers to related parties are deemed to be at arm's length if they do not exceed an index

corresponding to the average annual floating rate applied by banks to two-year loans granted to businesses. If the interest rate exceeds that index, the taxpayer will have to demonstrate that it would have paid a similar or higher rate to a bank in a comparable situation.

Country-by-country reporting is required for certain companies with annual consolidated group revenue equal to or exceeding EUR750 million.

Thin capitalisation

The 2019 Finance law bill revised France's thin capitalisation rules to implement the relevant provisions in the EU Anti-Tax Avoidance Directive.

Under the new rules, net financial charges are deductible only up to the greater of 30% of the taxpayer's taxable EBITDA or EUR3 million. However, if the company is thin capitalised, net financial charges will be deductible only up to the greater of 10% of the taxpayer's taxable EBITDA or EUR1 million.

A safeguard provision applies for companies that are members of a consolidated group for financial accounting purposes.

For tax-consolidated groups, the thin cap tests, the tax EBITDA test and the group safeguard clause are applied at the level of the group.

Controlled foreign companies (CFCs)

The CFC rules apply to more than 50%-owned or controlled foreign subsidiaries or permanent establishments of a company when the local taxation is less than 50% of the French rate, i.e. the actual tax paid compared to the tax that would be due on the income calculated under French GAAP.

General anti-abuse rule

New anti-abuse rules apply for financial years beginning on or after 1 January 2019. Under the new rules, an arrangement or series of arrangements will be disregarded if: (i) the arrangement is set up with the main objective or one of the main objectives of obtaining a tax advantage that defeats the purpose of the applicable tax law; and (ii) the transaction is not genuine (i.e. it was not set up for valid commercial reasons reflecting economic reality).

Employment-Related Taxes

Social security

Social security contributions and surcharges are deducted at source from salary payments, with contributions of approximately 20% for the employee. Special social security surcharges apply for residents, amounting to approximately 17.2% for 2019.

Indirect Taxes

Value added tax (VAT)

Réunion operates a VAT system that is similar to the EU system, but with certain adaptations. Metropolitan France, the other overseas departments and EU member states are deemed to be export territories with regard to Réunion, in the same way as third countries. The following rates are applicable:

VAT	Rate
Standard rate	8.5%
Reduced rate	2.1%

Notes

1. Taxable transactions – VAT applies on goods sold and services rendered in Réunion. All economic activities are within the scope of VAT, including activities of independent professionals.
2. Rate – The standard rate is 8.5%. The 2.1% reduced rate applies, notably, to most food products for human consumption and to certain supplies. The main exemptions relate to healthcare, education, banking, insurance and reinsurance and transportation.

Customs and excise duties

Réunion is part of the EU single trading area with a unified customs law where all goods (subject to narrow exceptions, such as certain limited health and safety exceptions and exceptions for military items) circulate freely, whether made in an EU member state or imported from outside the EU. With the exception of Réunion's dock dues (see "Consumption tax (dock dues)" below) internal customs duties, fees and barriers are removed within the EU, although member state customs authorities retain the right to check goods at the border. There is a common external customs tariff for products imported from outside the EU. The EU has adopted a Union Customs Code (UCC), which sets out the general rules and the customs procedures applicable to goods traded between the EU and non- EU countries, including rules in respect of import relief in the form of dumping and countervailing duties and quotas.

The UCC and the EU customs regulations are directly applicable in Réunion and are administered and enforced by the French customs authorities. The national customs authority in France (Réunion) is the General Directorate for Customs and Excise Duties (DGDDI). Relevant legislation is found in the French Customs Code, which is applicable in Réunion. In some cases, imports may require a national or EU license. These can include common agricultural policy licenses for certain foodstuffs, and licenses for the importation of livestock, plant life and other

items subject to health and safety controls. Exports may be subject to controls under French and/or EU rules.

Taxes on the import of goods in Réunion are based on the origin of the goods, the nature of the goods and the value of the goods. The event triggering these taxes is the import into Réunion; in other words, even transactions carried out gratuitously (gifts, donations) or without a transfer of ownership (rental, leasing) give rise to taxation.

Only goods imported from third countries are subject to customs duties, but all goods imported to Réunion (from Metropolitan France, the EU or a third country) are subject to VAT at the time of their entry, as well as to dock dues.

Consumption tax (dock dues)

An additional tax on consumption known as "dock dues," applies mainly to products from outside Réunion but also can be applied to locally manufactured products. Dock dues are an old form of tax originally levied on products arriving in Réunion by sea. The rate of the dock dues varies according to the nature of the products and the place of production of the goods (internal/ external) between 0% and 61.5%.

Other Taxes**Capital duty**

Transactions that impact a company's share capital are free from capital duties since 1 January 2019. Upon dissolution, a company pays droit de partage equal to 2.5% of its net worth if the net worth is distributed pro rata to the shareholders.

Payroll tax

Payroll tax is levied on entities that collect revenue not subject to VAT, mainly banks and financial institutions. The applicable payroll tax rate is 2.95%.

Real property tax

Several real property taxes apply to entities, including the “CET,” the tax foncière and the “3% tax.” See under “Local business tax” and “Transfer tax.”

Local business tax

Resident and non-resident companies operating a business in Réunion must pay a territorial economic tax (Contribution Economique Territoriale – CET). The CET has two components: the immovable property contribution (CFE) and the added value contribution (CVAE). SMEs that carry out specific activities in Réunion may benefit from an 80% allowance on the net taxable basis subject to the CFE and the added value subject to the CVAE (up to EUR150 000 for the CFE allowance and EUR2 million for the CVAE allowance) if they commit to contribute to professional training.

Social security

Contributions payable by the employer vary depending on the size and type of the business and its location, but in certain cases can exceed 50% of gross pay for the employer.

Stamp duty

Stamp duties apply, but they are nominal.

Transfer tax

The sale of real property is subject to a transfer tax at a maximum rate of 5.8%. The sale of shares of a limited liability company (SARL) or commercial partnership (SNC) is subject to a transfer tax equal to 3% of the sales price, minus a sum equal to the number of units sold x EUR23 000/total number of the company units. A flat rate of 0.1% applies for the sale of shares of a joint stock company (SA/SAS), or SCA. The rate is increased to 5% if the company whose shares are transferred is a real estate company.

Financial transaction tax

A financial transaction tax of 0.3% applies to transactions involving shares of publicly traded companies established in France, the capital of which exceeds EUR1 billion. The tax is calculated based on the value of the shares.

Inheritance/estate tax

Transfers between close relatives are subject to tax at rates ranging from 5% to 45%, after a rebate (e.g. up to EUR100 000 per child).

Wealth tax

Households are liable to wealth tax (on real estate assets) if the value of their immovable assets exceeds EUR1.3 million. The net wealth tax is due on the portion of the asset’s value exceeding EUR800 000. Residents are liable on their worldwide immovable assets, whereas non-residents are liable only on their immovable assets located in Réunion or France. Rates are progressive, ranging from 0.5% to 1.5%.

Tax Administration and Compliance

The French tax authorities administer tax in Réunion.

Corporations

1. Tax year – The tax year generally is the calendar year. However, companies may select a different tax year-end date. The tax year is 12 months but can be shorter or longer in certain cases.
2. Consolidated returns – Under the fiscal integration regime, a group of companies may opt to consolidate profits and losses so that tax is assessed at the level of the parent company but is based on the group profit or loss. To qualify for consolidation, the parent must, inter alia, be subject to French tax and cannot be 95% or more owned directly by French corporate taxpayers.

3. Filing requirements – A self-assessment regime applies. Corporate tax returns normally are due by 30 April of the year following the calendar year, or within three months of the year- end for a non-calendar financial year. Companies are required to make quarterly advance payments of their annual corporate taxes by 15 March, 15 June, 15 September and 15 December.
4. Penalties – Late payments and late filing are subject to a 10% penalty. If additional tax is payable as a result of a reassessment of tax, interest is charged at 0.2% per month (2.4% per year). Special penalties may apply in the event of bad faith or abuse of law.
5. Rulings – Rulings are becoming a regular practice. A special ruling procedure exists to confirm whether a foreign entity has a permanent establishment in a French department.

Individuals

1. Tax year – The tax year is the calendar year.
2. Filing status – Married persons file a joint tax return, with no option to file separately after the year of marriage or before the year of divorce.
3. Filing and payment – Income tax returns must be filed in May after the end of the tax year.
4. Penalties – Late payments and late filings are subject to a 10% penalty. Interest is charged at 0.2% per month (2.4%) if additional tax is payable as a result of a reassessment of tax. Special penalties may apply in the case of bad faith or abuse of law.

Value added tax

1. Filing and payment – The VAT return can be filed monthly, quarterly or annually, depending on the type of activities and other factors. Companies within the same group of companies may consolidate payment of VAT in certain cases (but not VAT returns). VAT grouping is not possible.

2. Entities subject to VAT must register with the tax authorities.
3. Penalties – Late payments and late filings are subject to a 10% penalty. Interest is charged at 0.2% per month (2.4%) if additional tax is payable due to a reassessment of tax. Special penalties may apply in the case of bad faith or abuse of law.

GENERAL INVESTMENT INFORMATION

Investment Incentives

General incentives

The key sectors for economic development are tourism, information and communication technology (ICT), agri-food, renewable energy and the environment. Tourism offers the most incentives for both the economy and job creation. This is due to the island's unique "Pitons, Cirques and Remparts" site that was granted the status of a world heritage site by UNESCO in 2010, thus becoming France's 35th site to obtain this classification. The tourism sector has a strong impact on the creation of wealth and jobs, and source of diversification for the island's economy.

Tax incentives

Corporations in Réunion that incur research and development (R&D) expenses during the year may benefit from a tax credit against income tax that corresponds to 50% of actual R&D expenditure for expenses up to EUR100 million, and 5% for expenses exceeding EUR100 million. The tax credit is deductible from the corporate income tax for the current year and the following three years.

Tax reductions are available for companies and individuals investing in Réunion, provided the beneficiaries are tax-resident in France:

- Individuals investing in the housing sector or in the share capital of specific companies may benefit from a tax reduction that may range from 18% to 38% of the costs of the investment. Individuals may deduct a portion of the tax reduction over five years for investments in rental properties, and over 10 years for investments in a principal residence. Individuals also may benefit from a specific tax reduction when investing in rented social housing.
- Companies subject to corporate tax or income tax (for a transparent company) may benefit from a tax reduction if they invest in new productive tangible assets in industry, business or the agricultural or artisanal sectors (however, some activities are excluded from the scope of the reduction). The tax reduction is 38.25% of the investment (45.9% if the investment is in the renewable energy production sector). This can include property. Companies also may benefit from a specific tax reduction when investing in rented social housing.

Exchange Controls

There are no foreign exchange controls in Réunion.

Expatriates and Work Permits

Entry visas and work permits

Réunion is a French department and has the same entry requirements as France (but it is not part of the Schengen treaty).

Individuals wishing to enter or reside in Réunion must have a visa unless special dispensation is granted. The category of visa primarily is determined by the duration and reason for residence. The main visa categories for international mobility are the short-stay visa (up to 90 days) and the long-stay visa (more than 90 days).

A work permit is required for a foreign person to work in Réunion. Work permits may be difficult to obtain because an offer of employment by a Réunion employer is a prerequisite, and few employers will hire a foreign national if they do not already have a work permit.

Foreign nationals who wish to remain in Réunion longer than 90 days for professional reasons (to set up a company or engage in paid employment, etc.) must apply to the French consular authorities in their country of residence for a long-stay visa.

In principle, a long-stay visa is valid for a three-month period, during which the visa holder must go to the Préfecture to complete the administrative formalities to obtain a residence permit corresponding to the reason for the stay: "Expatriate Employee," "Research Scientist," "Skills and Expertise," etc.

Some categories of foreign nationals are issued a long-stay visa equivalent to a residence permit, which is valid for four to 12 months and does not require the holder to apply at the Préfecture for a residence permit for the first year.

Residence permits and immigration

Immigration procedures depend on the type of activity being conducted by the foreign national. A distinction is made between salaried employees and company directors; each must follow a different procedure to obtain specific residence permits. The exception to the rule is that some residence permits allow any type of employment to be undertaken on French soil (salaried or commercial employment) without specific formalities (i.e. "Private and Family Life" temporary residence permit and the standard residence permit).

Trade Relations




Memberships

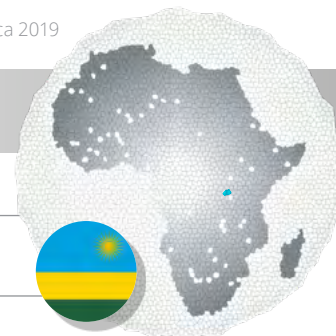
- Outermost region of the European Union
- Indian Ocean Commission (IOC)

Interest and Currency Exchange Rates

Currency
Euro (EUR)
ZAR1 = EUR0.0615470 (June 2019) (Source: XE Currency Converter)
USD1 = EUR0.887497 (June 2019) (Source: XE Currency Converter)
EUR1 = EUR1 (June 2019) (Source: XE Currency Converter)

Key Economic Statistics

GDP (approximate)		USD3.40 billion (2019 forecast) (Source: IMF WEO DATABASE)
		USD3.53 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		USD73.60 million (Dec 2018) (Source: IMF WEO DATABASE)
Rate of Inflation		N/A% (2019 forecast) (Source: IMF WEO DATABASE)



Rwanda

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Income Tax – Individuals

Taxable income (RWF)	Rate
0 – 360 000	0%
360 001 – 1 200 000	20%
Over 1 200 000	30%

Notes

1. Basis – A resident is taxed on worldwide income, while a non-resident is taxed only on Rwanda-source income. Foreign-source income derived by a resident is subject to personal income tax in the same way as Rwanda-source income.
2. Residence – An individual is resident in Rwanda if he/she has a permanent residence or habitual domicile in Rwanda; if he/she stays in Rwanda for more than 183 days in a 12-month period; or if he/she is a Rwandan representing Rwanda abroad.
3. Taxable income – Employment income, including most employment benefits, is taxable. Capital gains are taxable as ordinary income at the normal personal income tax rates. However, capital gains derived from the sale or transfer of commercial immovable property are separately taxed at a rate of 30%, and capital gains on secondary market transactions in listed securities are exempt.
4. Exempt income – Employment income is exempt from tax in Rwanda if it is:
 - Received by a non-citizen of Rwanda from a foreign government or a non-government organisation under an agreement signed by the

Rwanda government and the income is received for the performance of aid services in Rwanda or

- Received from a foreign employer by a non-resident individual for the performance of services in Rwanda, unless the services are related to a permanent establishment of the employer in Rwanda.
5. Deductions and allowances – Deductions are available for items such as retirement contributions made to a qualified pension fund, subject up to the lower of RWF1.2 million per year or 10% of employment income.
 6. Rates – Rates are progressive up to 30%.

Income Tax – Companies

	Rate
Standard corporate rate	30%

Notes

1. Basis – Residents are taxed on worldwide income; non-residents are taxed only on Rwandan-source income. Foreign-source income derived by residents is subject to corporate income tax in the same way as Rwanda-source income. Small entities pay income tax under a lump-sum system at a rate of 3% of annual turnover (see under “Turnover tax, below”), but can opt to pay under the regular regime based on taxable profits, while medium-to-large taxpayers pay tax based on profits as determined under International Financial Reporting Standards (IFRS) and as adjusted for deductions.
2. Residence – A company is resident if it is established according to Rwandan law or if its headquarters are in Rwanda.

3. **Taxable income** – Corporate income tax is imposed on a company's total income after the deduction of normal business expenses. Dividends received by a Rwandan resident company from another Rwandan company generally are exempt from income tax; other dividends are subject to withholding tax (see "Withholding taxes," below). Capital gains are taxable as ordinary income at the standard rate of corporation tax. However, capital gains derived from the sale or transfer of commercial immovable property are separately taxed at a rate of 30%, while capital gains on secondary market transactions in listed securities are exempt.
4. **Deductions** – Deductions against income are allowed for:
 - Tax depreciation
 - All expenses corresponding to an actual cost and used for activities related to the tax period
 - Write-offs of bad debts if there is proof of the efforts made to recover the debt and the bankruptcy or insolvency of the debtor
 - Bad debt provisions for financial institutions, up to a statutory limit provided by the National Bank of Rwanda (BNR).
5. **Losses** – Losses may be carried forward for five tax periods unless there is a 25% or more direct or indirect change in ownership. The carryback of losses is not permitted unless the losses arise upon the completion of a long-term contract. Limits apply to the use of foreign-source losses.
6. **Foreign tax credit** – Foreign tax paid may be credited against Rwandan tax on the same income, but the credit is limited to the amount of Rwandan tax payable on the foreign income.
7. **Group relief** – A company that transfers its assets to another company is exempt from tax in respect of capital gains and losses realised on the participation. A "participation" for these purposes means: a merger of two or more resident companies; the purchase or takeover of at least 50% of the shares in a resident company; the purchase of 50% or more of the assets and liabilities by a resident company from another resident company; or the splitting of a resident company into two or more resident companies.
8. **Rate** – The corporate income tax rate is 30%, with some registered investment companies being subject to a preferential rate of 15% or 0% or a tax holiday of five or seven years, subject to meeting certain criteria. Specific tax rates, with a minimum of 20%, are provided for newly listed companies on the capital market, depending on the percentage of their shares sold to the public.
9. **Branch taxation** – Rwanda does not levy a branch profits tax; branches are subject to the normal corporate income tax rate.
10. **Alternative minimum tax** – There is no alternative minimum tax in Rwanda, but a turnover tax may apply in certain cases (see "Turnover tax," below).

Withholding Tax (WHT)

The WHT rates on various types of payments are as follows (the tax is a final tax for non-residents and the rate may be reduced under an applicable tax treaty):

Payment	Residents	Non-residents
Dividends	0%/5%/15%	5%/15%
Interest	15%	15%
Royalties	15%	15%
Management/technical service fees	15%	15%
Payments made to an artist, a musician or a sportsperson	15%	15%
Lottery and other gambling proceeds	15%	15%
Payments to persons without a taxpayer identification	15%	15% number (TIN)
Payments made by public institutions	0%/3%*	15%
Tax on import of goods for commercial use	0%/5%*	5%

Notes

1. **Dividends** – Dividends paid by a Rwandan company to another Rwandan company generally are exempt. However, dividends paid by a listed Rwandan company to a Rwandan or East African Community (EAC) resident are subject to a 5% WHT. A 15% rate applies to dividend payments to individuals. The 15% rate is the default WHT rate for dividends and applies, for example, to dividends paid to non-EAC resident companies.
2. **Interest/royalties/other payments types** – Payments for interest and royalties and payments to artists, musicians and sportspersons are subject to a 15% WHT, as are management fees. However, the 15% WHT

on a payment made to a resident for services rendered will apply only if the resident is not registered for tax purposes in Rwanda. Where a resident company is registered for tax and, therefore, has a TIN, WHT on services does not apply.

3. Payments by public institutions – Payments made by public institutions for supplies are subject to a 3% WHT if made to a resident unless the resident is in possession of a tax clearance certificate issued by the Rwanda Revenue Authority, in which case the payments are exempt.
4. Import of goods – Payments made upon the import of goods are subject to a 5% WHT if made to a resident, unless the resident is in possession of a tax clearance certificate, in which case the payments are exempt.

Tax Treaties

Rwanda has concluded tax treaties with a few countries. The following table shows the WHT rates on dividends, interest, royalties and technical service fees under Rwanda's tax treaties.

Treaty	Dividends	Interest	Royalties	Technical service fees
Belgium	0%/15%	0%/10%	10%	10%
Mauritius	10%	10%	10%	12%
Singapore	10%	10%	10%	10%
South Africa	7.5%	10%	10%	10%

Notes

1. The treaty with Belgium provides for 0% WHT rate on dividends and interest in certain cases. The 0% rate applies to dividends where the recipient company holds 25% or more of the capital of the payer company for an uninterrupted 12-month period and the payer company does not benefit from special economic incentives.
2. The multilateral treaty with the EAC is not effective.

Anti-Avoidance Rules

Transfer pricing

Transfer pricing rules require controlled transactions between related parties to be on arm's length terms.

Thin capitalisation rules

Interest on related-party loans exceeding four times the amount of equity may not be deducted from taxable income unless the taxpayer is an individual. Commercial banks and insurance companies are not subject to the thin capitalisation rules.

Employment-Related Taxes

Payroll tax

A Pay-As-You-Earn (PAYE) system applies in Rwanda, and an employer must withhold, declare and pay tax on behalf of the employee to the Rwanda Revenue Authority within 15 days following the end of the month for which the tax was due. An option to make a quarterly declaration and payment is available for employers with annual turnover not exceeding RWF200 million. An employer that is not the first employer of an employee must withhold PAYE at the top marginal tax rate of 30%. Where a casual labourer is engaged for fewer than 30 days during a particular tax year, the employer must withhold 15% of the taxable employment income of the labourer.

Social security

The total contribution to the social security fund is 8% (5% by the employer and 3% by the employee). The 5% employer contribution includes workmen's compensation. The declaration and remittance of the contribution must be made monthly by the 15th day of the month following the month to which the contribution relates.

In addition to the 8% contribution to the social security fund, a contribution of 0.6% of gross income, excluding compensatory allowances such as transport (0.3% employer and 0.3% employee), is must be made to fund for maternity benefits for female employees. This contribution is payable for all employees, regardless of nationality or gender. The tax is due by the 15th day of the following month.

Indirect Taxes

Value added tax (VAT)

	Rate
Standard rate	18%

Notes

1. Taxable transactions – VAT is imposed on the sale of goods and the provision of services, and on imports.
2. Rates – The standard VAT rate is 18%, with exemptions and zero-rating available in certain cases.
3. Registration – The registration threshold for VAT purposes is RWF20 million of annual turnover, or RWF5 million for the previous quarter. Voluntary registration is possible for taxpayers with turnover under the threshold.
4. Reverse-charge mechanism – Reverse-charge VAT at 18% is payable on imported services and is not allowed as an input VAT credit unless it relates to services not available in Rwanda.
5. VAT refunds – An input VAT refund may be claimed in the month the invoice was issued.

Turnover tax

A presumptive tax of 3% of annual turnover is applicable to taxpayers with annual turnover less than RWF50 million that opt for the regime. Other lump sum amounts ranging from RWF60 000 to RWF300 000 (depending on turnover) are payable by taxpayers with turnover of less than RWF20 million.

Customs and excise duties

Consumption tax (excise duty) is levied on certain locally manufactured products. The taxable value is calculated according to the selling price (exclusive of taxes), and the tax is payable when the taxable products are cleared out of the factory for consumer use or when the taxable services are provided. The rate ranges from 5% to 70%.

Other Taxes

Inheritance/estate tax

There is no inheritance/estate tax in Rwanda.

Net wealth/net worth tax

There is no net wealth/net worth tax in Rwanda.

Stamp duty

There is no stamp duty in Rwanda.

Capital duty

There is no capital duty in Rwanda.

Property tax

Tax on real property is paid to the municipal authorities and calculated based on the location and use of the property.

Transfer tax

Administrative fees apply to certain transactions.

Tax Administration and Compliance

Tax is administered in Rwanda by the Rwanda Revenue Authority.

Companies

1. Tax year – The tax year is the calendar year, although the taxpayer may request a different 12-month period.
2. Consolidated returns – Consolidated returns are not permitted; each company must file a separate return.
3. Filing and payment – A self-assessment regime applies. Advance corporate tax is payable in three instalments by the end of the sixth, ninth and 12th months within the year, with each instalment calculated as 25% of the prior year's tax. The annual tax return must be filed within three months of the applicable year-end.



4. Penalties – Interest is imposed for the late payment of tax, and fines and other penalties are imposed for late payment and tax understatements.
5. Rulings – There is no provision for private rulings, although a taxpayer may request clarification on a tax matter from the tax authorities and rely on the written confirmation provided.

Individuals

1. Tax year – The tax year is the calendar year. A specific tax year of 12 months is available upon request.
2. Tax filing – There is no provision for joint filing.
3. Filing and payment – There is no requirement to file a return if all income has been subject to tax under the PAYE system has been subject to a final WHT at source (as is the case for dividends and interest). An individual who receives employment income from more than one employer, or who receives incidental employment income, such as an end-of-year bonus, may file an annual declaration if he/she wants to claim a tax refund. Only amounts exceeding RWF5 000 are refunded. Where the individual earns rental income, this is accounted for separately by filing a rental income tax return. The tax returns mentioned above must be filed and tax paid by 31 March of the year following the calendar year.
4. Penalties – Penalties, including fines and simple interest at 1.5% per month, apply for non-compliance.

Value added tax

1. Filing and payment – VAT filing and payment must be made on a monthly basis, although quarterly filing/payment is possible for taxpayers with annual turnover not exceeding RWF200 million.
2. Penalties – Penalties, including fines and simple interest at 1.5% per month, apply for non-compliance.

GENERAL INVESTMENT INFORMATION

Investment Incentives

General incentives

In keeping with its regional integration commitments, Rwanda has reduced its tariff rates and eliminated all export taxes and other non-tariff barriers.

As a developing country, Rwanda has duty and quota-free access into the EU and US markets, in line with the provisions of the African Growth and Opportunity Act (AGOA) and the Cotonou arrangement.

Rwanda's strategic location provides access to the EAC region and the Common Market for Eastern and Southern Africa (COMESA).

Tax incentives

- An investment allowance of 50% of the amount invested in new or used assets is available, provided the amount invested is at least USD50 000 and the business assets are held for at least three tax periods
- Certain training and research expenses incurred and declared, as agreed by the revenue authorities and that promote certain activities during a tax period, are deductible from taxable profits
- Registered investment entities that operate in a free trade zone (FTZ) and foreign companies that have their headquarters in Rwanda that fulfil the requirements stipulated in the Rwandan Law on Investment Promotion are entitled to:

- A 0% corporate income tax rate
- An exemption from the 15% WHT on interest
- Tax-free repatriation of profits
- Companies that carry out micro-finance activities, as approved by the competent authorities, are granted a 0% corporate income tax exemption for a period of five years from the time the activity is approved. The exemption period may be renewed by the order of the relevant minister
- A registered investor that invests an amount equal to at least USD50 million and contributes at least 30% of this investment in the form of equity in priority sectors, as stipulated by the investment code, will be entitled to a maximum of a seven-year corporate income tax holiday
- A registered investor investing in products used in export processing zones is exempt from customs taxes and duties, according to the provisions of the customs rules and the regulations of the EAC.

Exchange Controls

There are no exchange controls per se, but some restrictions are imposed on the import and export of capital. Both residents and non-residents can hold bank accounts in any currency. However, it is illegal for domestic transactions to be carried out in foreign currency.

Expatriates and Work Permits

Persons coming to work in Rwanda must apply for temporary permits, which fall into 19 categories. Persons coming to work for a specific employer in Rwanda must apply for a “category H” work permit (i.e. from category H1 (persons on the “On Demand List” of prescribed professions) to H5 for “other employees”). A special pass applies for persons with a contract

of three months or less, or those coming to set up companies as entrepreneurs or investors.

The following fees apply:

- RWF100 000 for most categories of temporary permits
- RWF50 000 for a special pass and a dependant’s pass
- USD100 for business owners or directors of companies to apply for a business visa.

The application is free of charge for EAC member state applicants.

A foreign investor and his/her dependants are entitled to temporary resident permits in accordance with the relevant laws. A registered investor of an investment enterprise may recruit up to three expatriates without having to prove that they have sufficient knowledge or skills.

Employment Visas

See above. An employment visa is either a work permit or a special pass.




Trade relations Memberships

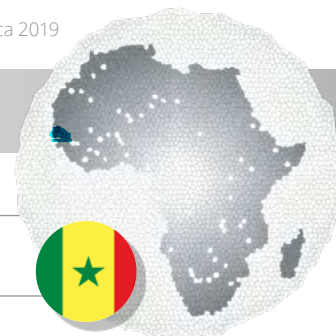
- Common Market for Eastern and Southern Africa (COMESA)
- East African Community (EAC)
- The Commonwealth

Interest and Currency Exchange Rates

Monetary policy rate
Central Bank Rate - EOP: 5% (Source: National Bank of Rwanda)
Currency
Rwanda's currency is the Rwandan Franc (RWF), which is subdivided into 100 centimes.
ZAR1 = RWF62.7097 (June 2019) (Source: XE Currency Converter)
USD1 = RWF903.985 (June 2019) (Source: XE Currency Converter)
EUR1 = RWF1018.46 (June 2019) (Source: XE Currency Converter)

Key Economic Statistics

GDP (approximate)		USD10.21 billion (2019 forecast) (Source: IMF WEO DATABASE)
		USD11.06 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		No stock exchange value.
Rate of Inflation		3.51% (2019 forecast) (Source: IMF WEO DATABASE)



Senegal

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Income Tax – Individuals

Taxable income (XOF)	Rate
Up to 630 000	0%
630 001 – 1.5 million	20%
1 500 001 – 4 million	30%
4 000 001 – 8 million	35%
8 000 001 – 13.5 million	37%
Over 13.5 million	40%

Notes

1. Basis – Residents are taxed on worldwide income; non-residents are taxed only on Senegal-source income. Non-residents become liable to Senegal tax from the day they begin carrying on a trade, business, profession or vocation or from the day they commence employment in Senegal.
2. Residence – An individual is considered resident in Senegal for tax purposes if his/her permanent place of dwelling, centre of interests or centre of business is in Senegal, or if he/she is present in Senegal for more than 183 days in any 365-day period.
3. Taxable income – Taxable income is defined as income from all sources (i.e. wages and salaries; proceeds from agricultural, commercial or non-commercial activities; income from real property; etc.). Capital gains are taxable either at source by a notary in the case of real estate or at

progressive rates based on the taxpayer's declaration. Benefits-in-kind are taxable based on scales published by the tax administration or on their fair market value.

4. Exempt income – The first XOF630 000 of net taxable income is exempt from personal income tax. Diplomats and foreign consular agents are exempt from tax in Senegal on income earned from the exercise of their diplomatic or consular functions, provided the countries they represent offer similar beneficial treatment for Senegalese diplomatic and consular staff.
5. Deductions and allowances – Different abatements and allowable deductions apply to each category of income. A lump sum deduction of 30% of earnings is available when determining the taxable base for employment income tax purposes, capped at XOF900 000.
6. Rates – Progressive income tax rates ranging from 0% to 40% apply to both resident and non-resident individuals.

Income Tax – Companies

	Rate
Standard rate	30%

Notes

1. Basis – A resident corporation is subject to tax on its worldwide income; a non-resident corporation is taxed only on Senegal-source income.
2. Residence – An entity generally is deemed to be a resident of Senegal if its registered office, permanent establishment (PE) or centre of activity is in Senegal.

3. Taxable income – Corporate income tax is imposed on net profits, determined after the deduction of allowable expenses and charges. Dividends received from a company, other than a subsidiary, are taxed as income after a 60% tax abatement on the gross amount of the dividends. Capital gains generally are treated as operating profits and included in the tax base. Rollover relief is available for capital gains on the transfer of fixed business assets where the taxpayer undertakes to reinvest the proceeds in other business assets in Senegal within three years from the end of the financial year in which the gain was realized.
4. Deductions – Expenses incurred for generating taxable income generally are deductible, although certain items (e.g. dividends paid, taxes and fines) are non-deductible.
5. Losses – Tax losses may be carried forward for three years. The carryback of losses is not permitted.
6. Foreign tax credit – Senegal tax law does not provide for unilateral tax relief, although bilateral relief may be available under an applicable tax treaty.
7. Group relief – There is no provision allowing for group relief or the transfer of losses between members of a group.
8. Rates – The standard corporate tax rate is 30%; a 15% rate applies to free export companies (see “Tax incentives,” below).
9. Branch taxation – A branch of a foreign company is subject to the same tax rate as a domestic subsidiary. In certain circumstances, an 18% VAT may be imposed on branch remittances.
10. Alternative minimum tax – An annual minimum tax is levied of 0.5% of prior year turnover (excluding taxes). The minimum tax amount ranges between XOF500 000 and XOF5 million.

Withholding Taxes (WHT)

The WHT rates on various types of payments are as follows (the tax is a final tax for non-residents and the rate may be reduced under an applicable tax treaty):

	Residents	Non-residents
Dividends	10%	10%
Interest	16%	16%
Royalties	20%	20%
Technical service fees	20%	20%

Notes

1. An 8% rate applies to bank or stockbroker account interest, and a 20% rate to interest on cash vouchers.

Tax treaties

Senegal has concluded tax treaties with the following countries:

Treaty partner	Dividends ¹	Interest	Royalties
Belgium	10%	15%	10%
Canada	10%	16%	15%
France	10%	0%/15%	0%/15%/D ³
Italy	10%	15%	15%
Lebanon	10%	10%	10%
Luxembourg	5%/10%	10%	6%/10%
Mauritania	10%	16%	0%/D
Mauritius	0%	0%	0%
Morocco	10%	10%	10%
Norway	10%	16%	16%
Portugal	5%/10%	10%	10%
Qatar	D	D	D
Spain	10%	10%	10%
Taiwan	10%	15%	12.5%
Tunisia	D	D	D
United Arab Emirates	5%	5%	5%
United Kingdom	5%/8%/10%	10%	10%

D = domestic rate

Notes

1. The domestic WHT rate on dividends is shown where this is lower than the treaty rate.
2. The domestic rate applies either because the treaty does not specify a rate or provides that the domestic rate should apply.

Anti-Avoidance Rules**Transfer pricing**

The Senegal tax authorities may adjust the taxable profits of Senegal resident companies or Senegal branches of foreign companies in respect of transactions with non-resident related companies. Two companies are considered related if:

- One company has a direct or an indirect minimum participation of at least 50% in the capital of the other company or exercises de facto control over the other company
- A third party has a direct or an indirect minimum participation of at least 50% in the capital of both companies or exercises de facto control over both companies.

The related company requirement does not apply where the transaction involves companies incorporated in a low tax jurisdiction or a non-cooperative state or territory (meaning basically countries and territories which do not meet standard requirements for tax transparency and exchange of information). Specific payments to non-residents may not be deducted as expenses for income tax purposes where the recipient is subject to a privileged tax regime or is based in a non-cooperative country.

Transfer pricing documentation requirements apply to Senegal resident companies:

1. With annual turnover or gross assets totalling at least XOF5 billion
2. That hold, directly or indirectly, more than 50% of the capital or voting rights of a company that meets the criterion in "1"

3. Whose capital is more than 50% owned, directly or indirectly, by a legal entity that meets the criterion in "1."

Companies that fall within the scope of the transfer pricing requirements must file a simplified transfer pricing declaration at the time the financial statement is filed. The declaration must include:

- General information about the group of related companies, such as a description of the business activities, including any changes that occurred during the fiscal year
- A list of the main intangible assets held by related companies and used by the reporting company, indicating the state(s) or jurisdiction(s) where the companies owning the assets are located
- A general description of the group's transfer pricing policy and any changes during the fiscal year.
- Specific information about the reporting company:
 - A description of the business activities, including any changes that occurred during the fiscal year
 - A summary of transactions with related companies
 - Information on loans and borrowings with affiliated companies
 - Information on transactions with related companies that are the subject of prior price agreements or tax rulings concluded with another state or jurisdiction.

A Senegal legal entity must make available to the tax administration during an audit documentation justifying the transfer pricing policy adopted for all transactions with foreign related companies. This obligation applies where the legal entity (i) has annual turnover excluding taxes or gross assets of at least XOF5 billion; (ii) at the end of the financial year, holds, directly or indirectly, more than 50% of the capital or voting rights of a Senegalese or foreign company with annual turnover, excluding

taxes or gross assets, of at least XOF5 billion; and (iii) at the end of the financial year, has more than 50% of its capital or voting rights held, directly or indirectly, by a company with annual turnover, excluding taxes or gross assets, of at least XOF5 billion.

- There is also a declaration containing a country-by-country breakdown of group profits and consolidated economic, accounting and tax information, together with details of the location and activities of the constituent entities. This must be submitted electronically within 12 months of the end of the fiscal year by legal entities established in Senegal that:
 - Prepare consolidated accounts
 - Hold or control, directly or indirectly, one or more legal entities established outside Senegal or have foreign branches
 - Have consolidated annual turnover, excluding taxes, in the previous fiscal year of at least XOF491 billion.

Thin capitalisation

Senegal does not have specific thin capitalisation rules but the following limitations are imposed on interest paid to foreign parties in respect of funds provided to local companies:

1. The rate of interest paid to shareholders, partners or other related or third parties on loans advanced directly or indirectly to the company in excess of share of capital may not exceed the advance rate of the Central Bank by more than three percentage points.
2. The interest referred to in (1) may be deducted only if the capital is fully paid up.
3. The deduction of interest paid to an individual is limited to the interest attributable to loans not exceeding the amount of the share capital.
4. Interest referred to in (1) when paid to companies is not deductible to the extent it is paid on loans that exceed one and a half times the share capital and the interest

exceeds 15% of profits from ordinary activities, plus interest, depreciation and provisions taken into account in determining those profits.

5. The total amount of deductible annual interest in respect of all debts incurred by members of a group cannot exceed 15% of the group's consolidated profits from ordinary activities, plus interest, depreciation and provisions taken into account for the determination of those profits.

Employment-Related Taxes

Payroll tax

Payroll tax of 3% of taxable gross salary is payable by the employer. Senegal operates a Pay-As-You-Earn (PAYE) system, under which personal income tax is withheld from the employee's wages by the employer. The employer is required to file monthly personal income tax returns and remit the corresponding tax.

Social security

Social security contributions are paid by the employer, up to an annual ceiling of XOF756 000, i.e. the annual salary on which contributions are payable. The rate for family benefits is 7% and that for industrial accidents ranges from 1% to 5%, depending on the type of business.

National retirement fund contributions are shared between the employer (60%) and the employee (40%). The contribution rate for the general scheme is 14%, with an annual ceiling of XOF4.320 million. The contribution rate for the executives' scheme is 6%, with an annual ceiling of XOF12.960 million.

Executives must contribute to both schemes.



Indirect Taxes

Value added tax (VAT)

	Rate
Standard rate	18%

Notes

1. Taxable transactions – All economic activities fall within the scope of VAT in Senegal, including activities of independent professionals. The main exemptions relate to health care, education, banking, insurance and reinsurance, farming and transportation.
2. Rates – The standard single rate in Senegal is 18%. Reduced rates are available (e.g. 10% for the tourism sector, etc.).
3. Registration – All corporate businesses are required to register. Non-resident VAT payers must appoint a solvent resident representative to be jointly responsible for the payment of VAT and the discharge of other VAT-related obligations.

Customs and excise duties

Senegal customs operates under the authority of the Ministry of Finance. Payment of taxes and duties is made through a customs and excise bond, handled by the Treasury.

Senegal imposes a tariff scheme that conforms to the common external tariff scheme agreed by UEMOA member states. Under this tariff structure, Senegal has four simple tariff rate categories:

1. 0% on cultural and scientific goods, agricultural inputs, capital goods and computer equipment not available from local production;
2. 5% on raw materials, crude oil, and cereals for industry;
3. 10% on semi-finished products, intermediate goods, diesel and fuel oil; and
4. 20% on consumer goods, capital goods and computer equipment available from local production, and vehicles.

Various other import tariffs also are levied, up to a maximum combined rate of 52%. VAT at 18% applies to all imports. Certain import restrictions apply to agricultural and industrial products that support the Senegalese economy.

Other Taxes

Inheritance/estate tax

Deeds of pure and simple acceptance of succession or legacy are taxed at a fixed amount of XOF25 000.

Stamp duty

Stamp tax is levied on cash transactions based on the amount of the transaction. The duty is of 0% up to XOF100 000 and 1% rate of the total amount paid if said amount is higher than XOF100 000.

Capital duty

Capital duty is payable on initial share capital at 1% if the amount of capital exceeds XOF100 million; otherwise, there is a fixed duty of XOF5 000. Increases in capital are subject to duty at 1%, with a 2% surtax on contributions of real property.

Real property tax

Tax is charged at 5% of the value of real property.

Transfer tax

Transfer tax applies at rates based on the type of transfer.

Tax on financial transactions

Banking transactions are subject to a 17% tax on financial transactions, rather than VAT. The rate is reduced to 7% for interest, commissions and fees collected on transactions for financing export sales.

Tax on telecommunications

A 5% tax is levied on the turnover of telecommunications operators.

Special tax on insurance companies

A 1% contribution is imposed on the turnover of insurance companies.

Local economic contribution

A local economic contribution, comprised of two separate taxes (property contribution and value added contribution), is payable by a person that carries on a business, industry or profession in Senegal and is subject to tax on the profits. The property contribution applies to the property of companies, such as premises, installations and fixtures, as well as land used for the purposes of a taxable activity, etc. The contribution is levied annually and is based on the rental value of premises and land used for the purposes of the professional activity concerned. This rental value is considered to be equivalent to 7% of the cost price for premises, land owned by the taxpayer. The tax rate applicable to leased premises or premises occupied without consideration is 15% and 20% for premises, land and facilities that are owned. The value-added contribution is imposed at a rate of 1% on the value added by the company in the year before the year the contribution is due. The contribution is capped at 70% of the company's turnover.

Other taxes

Specific taxes are levied on the sale of petroleum products (up to XOF21 665 per hector-litre depending on the type of fuel), alcohol and tobacco, tea and coffee, cosmetic products (including perfumes) and certain tourism vehicles.

Tax Administration and Compliance

Tax is administered by the Directorate General of Taxes and Domains (DGID), which is a department of the Ministry of the Economy, Finance and Planning.

Companies

1. Tax year – The tax year is the calendar year that ends on 31 December.
2. Consolidated returns – No consolidated tax returns available in Senegal.
3. Filing and payment – A tax return must be filed by 30 April of the following year. The tax must be paid in two instalments by 15 February and 30 April, with any outstanding balance of tax due paid by 15 June.
4. Penalties – Penalties apply for late filing, late payment, failure to file and filing an incorrect return. The amount of the penalty depends on the nature of the tax and/or violation.

Individuals

1. Tax year – The tax year is the calendar year that ends on 31 December.
2. Tax filing – Each individual must file his/her own return. Joint returns are not permitted.
3. Filing and payment – A taxpayer whose only source of income is salary on which tax is withheld and remitted by the employer, is exempt from the obligation to file a tax return. Taxpayers with income other than salary income are required to declare the total amount of their income once a year. Returns must be filed by 31 January or 30 April of the following year, depending on the type of income. Payment of tax must be made upon receipt of a tax notice.
4. Penalties – Penalties apply for late filing, late payment, failure to file and filing incorrect returns, with the amount depending on the nature of the tax and/or violation.

Value added tax

1. Filing and payment – The VAT return and payment are due on the 15th of the month following the date of the relevant transactions.
Penalties – For late filing, simple interest at 5% is charged on the amount of tax due. Each month or fraction of a month of further delay incurs an additional 0.5% interest.
2. Filing an inaccurate return is subject to a penalty of 25% of the tax underpaid; a penalty of 50% of the tax underpaid, increased to 100% for repeated failures is imposed for failure to file or filing an inaccurate return.

GENERAL INVESTMENT INFORMATION

Investment Incentives

Incentives are granted under several laws, including the General Tax Code, Investment Code, Mining Code, Petroleum Code, Environment Code, Free Zone Law, Free Exporting Companies Law, etc.

Senegal encourages investment from abroad, especially from developed countries. Tax incentives automatically are granted to investment projects meeting criteria defined by the law. The Investment Code also provides exemptions from income tax, other taxes and duties, but these are to be phased out gradually over the next few years.

Tax incentives

- Tax deductions are granted to enterprises that invest more than XOF100 million in the creation or expansion of a business in specific sectors. The deduction is 40% of the value of the

investment for new investments and 30% for investment in an existing business, and is capped at 50% of the taxable profits for enterprises established in Dakar and 70% for enterprises established in other regions. Exemptions from import duties and payroll costs and a suspension of import VAT also may apply. Eligibility requirements apply for small- and medium-sized companies

- A 50% deduction from taxable income is granted to enterprises that export more than 80% of their production or services (except for mining and oil companies), resulting in an effective corporate income tax rate of 15%
- The free export company (FEC) regime is available for a company operating in the agriculture, industrial or online services sector that exports at least 80% of its turnover outside the UEMOA zone. FECs may benefit from a preferential 15% corporate income tax rate and an exemption from WHT on dividend distributions, payroll taxes, registration taxes, the annual business license tax, land tax and license tax. The privileges granted under the FEC regime apply for 25 years
- Investments exceeding XOF250 billion are entitled to benefits negotiated directly between the investor and the relevant government ministry, provided there is no objection from the prime minister
- A tax reduction is granted for companies that promote renewable energy. Taxpayers that manufacture locally and exclusively goods for the production of renewable energies may deduct 30% of their taxable profit when computing corporate income tax provided they can demonstrate that their overall turnover comes from the production and sale of goods destined for the production of renewable energy or from production of such energy.

Other incentives

- The right to remit income and capital, and the opportunity to participate in government contracts
- The government welcomes foreign investment and does not discriminate against businesses conducted or owned by foreign investors. In most sectors, 100% foreign ownership is permitted. The government does not participate in foreign investment projects
- The Senegalese legal system enforces private property rights. Senegal is a member of The African Regional Intellectual Property Organization, a group of 13 Francophone African countries that has established a common system for obtaining and maintaining protection for patents, trademarks and industrial designs. Senegal has been a member of the World Intellectual Property Organization since its inception and is a member of the Bern Copyright Convention. Domestic law recognises reciprocal protection for authors or artists who are nationals of countries adhering to the 1991 Paris Convention on Intellectual Property Rights
- The government favours the principles of free competition. Senegal is reforming and developing its regulatory framework as a part of its efforts to attract private sector investment.

Special economic zone

Special economic zone (SEZ) status can be granted by decree to an investor that wishes to establish a SEZ following a written application to the Minister in charge of Investment Promotion.

Special tax status

Special tax status is granted to the tourism businesses located in the tourist centre of Casamance for a period of 10 years from the date the approval is granted.

Exchange Controls

There are no restrictions on the repatriation of profits derived by a company in Senegal, but supporting documentation must be provided for all outbound transfers of currency. Residents who must recover their foreign credits or transfer their income in foreign currencies must do so through an approved intermediary (licensed bank).

Expatriates and Work Permits

An expatriate living in Senegal for more than three months must obtain a residence card.

Trade Relations

Memberships

- Communauté Financière Africaine (African Financial Community Franc Zone)
- Economic Community of West African States (ECOWAS)
- West Africa Economic and Monetary Union (UEMOA)
- African Organization of Intellectual Property (OAPI)
- World Intellectual Property Organization (WIPO)
- Lome Convention
- Organisation pour l'Harmonisation en Afrique du Droit des Affaires
- (OHADA) treaty
- Bern Copyright Convention
- The Bourse Regionale des Valeurs Mobilières (BRVM) serves as a regional financial market for UMOEA member states. Listing requirements include a share capital of XOF200 million to XOF500 million, public ownership of between 15% and 20%, five annual reports and a balance sheet. The BRVM has computerized trading with satellite links.




Interest and Currency Exchange Rates

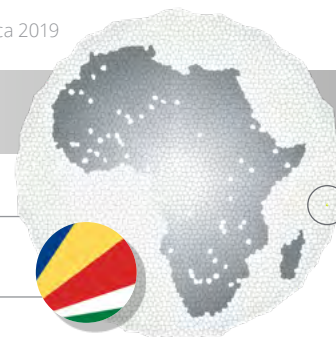
Monetary policy rate
Central Bank Rate - EOP: 4.5% (Source: Trading Economics, Central Bank of West African States)
Currency
Senegal's currency is the Communauté Financière Africaine (CFA) Franc (XOF) used by the eight CFA member states in West Africa: Benin, Burkina Faso, the Ivory Coast, Guinea-Bissau, Mali, Niger, Senegal and Togo.
The CFA franc has a fixed exchange rate with the Euro (EUR1 = XOF655.957)
ZAR1 = XOF40.3843 (June 2019) (Source: XE Currency Converter)
USD1 = XOF582.245 (June 2019) (Source: XE Currency Converter)
EUR1 = XOF655.957 (June 2019) (Source: XE Currency Converter)

Notes

1. "R1" is an interest rate variable determined by the TBB (base bank rate) decided by the Central Bank.

Key Economic Statistics

GDP (approximate)		USD25.32 billion (2019 forecast) (Source: IMF WEO DATABASE)
		USD28.06 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		USD236.60 million (Dec 2018) (Source: IMF WEO DATABASE)
Rate of Inflation		1.31% (2019 forecast) (Source: IMF WEO DATABASE)



Seychelles

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Income Tax – Individuals

Taxable income (SCR) – Citizens	Rate
0 – 8 555.50	0%
8 555.51 – 10 000	15%
10 000.01 to 83 000	20%
Above 83 000	30%
Non-monetary benefits	20%

Taxable income (SCR) – Non-citizens	Rate
0 – 10 000	15%
10 000.01 to 83 000	20%
Above 83 000	30%
Non-monetary benefits	20%

Notes

1. Basis – All individuals, whether resident or non-resident in Seychelles, are subject to personal income tax on their gross income derived from Seychelles. Residents are subject to tax on worldwide income.
2. Residence – An individual is resident in Seychelles if he/she has a main residence in Seychelles, is domiciled in Seychelles (unless he/she has a permanent place of abode outside Seychelles) or is present

in Seychelles for at least 183 days in any 12-month period that commences or ends during a tax year.

3. Taxable income – Taxable income includes income from employment (and fringe benefits), gains on the disposal of business assets, income from the exercise of a business or profession and investment income (dividends, interest, royalties, fees, rental income, etc.). Benefits in kind are subject to the non-monetary benefits tax on the value as prescribed in the law. The taxable amount depends on the kind of benefits.
4. Deductions and allowances – Expenses may be deducted only if they are incurred by an individual in gaining assessable business income. No deduction is allowed for losses or costs (including commuting costs) incurred by an employee in deriving emoluments.
5. Rates – Individual income tax is levied on employment income at progressive rates up to 30% as per the above table. Tax also is levied on non-monetary benefits paid to the employee at a rate of 20%, which is paid by the employer under the monthly payroll tax filing. The non-monetary benefits tax is payable by the employer, along with the monthly remittance of income tax withheld. Individuals carrying on business activities are subject to business tax under the Business Tax Act.

Business Tax – Companies

(SCR)	Rate
0 – 1 million	25%
Over 1 million	30%
Special License Company	1.5%

Notes

1. Basis – Taxation is source-based in Seychelles. Income earned or deemed to be earned in Seychelles is subject to business tax.
2. Residence – A company is considered resident in Seychelles if it is incorporated, formed, organised in or otherwise established in Seychelles, or its central management and control are exercised in Seychelles. International Business Companies (IBCs) are not regarded as tax resident in Seychelles and are not permitted to carry out business in Seychelles.
3. Taxable income – Under the Business Tax Act, all income derived or deemed to be derived from a source in Seychelles by a corporate entity, which is not exempt income, is subject to business tax. This includes gross receipts from the use of the capital of the business, including dividends, interest, royalties, rent and natural resource amounts; the amount of any subsidy received in relation to the business; and premiums received on the grant, surrender or assignment of a lease of property. Capital gains are not subject to tax in Seychelles, although the net gain on the disposal of business assets of a revenue nature used, available for use or held in carrying on a business are included in assessable income and subject to business tax.
4. Exemptions – Certain public corporations are exempt from tax, as are trade unions and cooperatives. Dividends received by a resident entity from another resident corporation are exempt from tax.
5. Deductions – Normal business expenses that are incurred in generating assessable income are deductible. However, expenses that are capital or private are not deductible.
6. Losses – Net operating losses may be carried forward up to five years. The carryback of losses is not permitted.
7. Foreign tax credit – Seychelles does not offer a unilateral foreign tax credit.
8. Group relief – There is no provision allowing for group relief or the transfer of losses between members of a group.
9. Rate – Companies, government bodies and trusts are subject to a 25% tax on the first SCR1 million and 30% on income exceeding that amount. Small businesses (i.e. those with turnover under SCR1 million) pay a presumptive rate of tax of 1.5% on turnover instead of a tax on annual income, unless they opt to be taxed under the normal regime. Special rates are also applicable to the following businesses:
 - Telecommunications service providers, banks, insurance companies, alcohol and tobacco manufacturers are subject to a 25% tax on the first SCR1 million and 33% on the remainder

- Companies incorporated in Seychelles and granted a special license (i.e. Special License Companies) are subject to a 1.5% tax on global taxable income
 - Non-residents operating aircraft or ships are subject to a tax of 3% on gross income.
10. Branch taxation – Branches of foreign companies are subject to the same rate as domestic companies; Seychelles does not levy a branch profits tax.

Withholding Tax (WHT)

The domestic WHT on various types of payments are as follows (the tax is a final tax for non-residents, but the rate may be reduced under an applicable tax treaty):

Payment	Residents	Non-residents
Dividends	0%	15%
Interest	0% to 33%	0% to 33%
Royalties/Technical service fees	15%	15%
Management fees	15%	15%/33%

Notes

1. Dividends – Dividends paid by a Seychelles company to a non-resident company are subject to a final WHT of 15% on the gross amount, except where the payment is made by a Special License Company or other company that benefits from a tax exemption. Dividends paid between resident Seychelles companies are exempt.
2. Interest – Interest paid to a non-resident company is subject to a final WHT of up to 33% on the gross amount, unless payment is made by a Special License Company. However, if the non-resident recipient company is in the business of lending money (i.e. it is an overseas bank, finance or insurance company or a person whose principal business is the lending of funds), interest payments are not subject to WHT. Interest paid to a resident company are subject to WHT on the gross amount, as follows:
 - 33% on bearer bonds and 15% on interest paid to a non-financial institution

- 0% on interest paid to holders of bonds issued by the Seychelles government in 2007
 - 0% on interest payments made to a bank, finance company, insurance company or an entity whose principal business consists of the lending of money; and interest paid on a loan if the minister is of the opinion that the business carried on by the class or category of persons, or loan funds, has assisted or will further the economic development of Seychelles.
3. Royalties – Royalties paid to a non-resident company are subject to a final WHT of 15% on the gross amount, unless payment is made by a Special License Company. Royalties paid by IBCs to a non-resident are not subject to WHT.
 4. Technical service fees – Technical services fees paid to a non-resident company for the supply of scientific, technical, industrial or commercial knowledge, information or services are subject to a final WHT at a rate of 15% on the gross amount.
 5. Management fees – Management fees paid to a resident or non-resident are subject to a 15% WHT on the gross amount. Fees paid by a banking institution to a non-resident are subject to a 33% WHT.

Tax Treaties

Seychelles has tax treaties with the following countries:

Treaty partner	Dividends	Interest	Royalties
Bahrain	0%	-	5%
Barbados	5%	5%	5%
Belgium	5%/10%/15%	5%/10%	5%
Bermuda	0%	0%/5%	5%
Botswana	5%/10%	7.5%	10%
China	5%	10%	10%
Cyprus	0%	0%	5%
Ethiopia	5%	5%	5%
Guernsey	0%	0%	5%
Indonesia	10%	10%	10%

Isle of Man	0%	0%	5%
Jersey	0%	0%	0%
Kenya	5%	10%	10%
Luxembourg	0%/10%	5%	5%
Malaysia	10%	10%	10%
Mauritius	0%	0%	0%
Monaco	7.5%	5%	10%
Oman	5%	5%	10%
Qatar	0%	0%	5%
San Marino	0%/5%	0%/5%	0%
Singapore	0%	12%	8%
South Africa	5%/10%	0%	0%
Sri Lanka	7.5%/10%	10%	10%
Thailand	10%	10%/15%	15%
United Arab Emirates	0%	0%	5%
Vietnam	10%	10%	10%
Zambia	5%/10%	5%	10%

Anti-Avoidance Rules

Transfer pricing

Transfer pricing adjustments may be made by the Seychelles Revenue Commission (SRC) where transactions are deemed not to be carried out on arm's length terms. The Commissioner is empowered to adjust the liability of a taxpayer where he considers that a transaction has not been entered or carried out by persons dealing at arm's length. There is no mechanism for concluding an advance pricing agreement.

Thin capitalisation rules

Interest expenses incurred on funds from debt instruments/agreements utilised by a taxpayer in deriving taxable business income is be treated as an allowable deduction for tax purposes.

General anti-avoidance rule

A general anti-avoidance rule is available for the tax authorities to disregard the tax effects of schemes entered into where one of the main purposes is the avoidance or reduction of tax liability.

Specific anti-avoidance rules target income splitting arrangements.

Employment-Related Taxes**Payroll tax**

A payroll tax withholding system applies under which the appropriate income tax is withheld from the employee's gross remuneration by the employer and remitted to the tax authorities. The employer also must pay a 20% tax on non-monetary benefits. The employer must submit a payroll withholding statement to the SRC within 21 days after the end of the preceding calendar month. Employers also are required to file an employee status report by 21 January annually.

Indirect Taxes**Value Added Tax (VAT)**

	Rate
Standard rate	15%

Notes

1. Taxable transactions – VAT is levied on the supply of goods or services in Seychelles, and on the import of goods or services.
2. Rates – The standard VAT rate is 15%. A 0% rate applies to certain supplies.

3. Registration – VAT registration is required for businesses with annual turnover exceeding SCR2 million; voluntary registration is available for companies with turnover under this amount.
4. Non-resident entrepreneurs – Non-resident entrepreneurs that make taxable transactions in Seychelles are subject to VAT and must appoint a VAT representative in Seychelles if they do not carry on an enterprise through a fixed place of business. The Revenue Commissioner may require a security to be lodged.

Customs and Excise Duties

Customs duty exists in the form of trade tax, a tax generally levied on goods imported into Seychelles at rates ranging from 0% to 200%. Concessions are available for imports meant for certain industries such as the tourism, construction and car hire business. Concessions on trade tax are approved by the Policy and Strategy Division of the Ministry of Finance.

Excise duty is levied on petroleum products, motor vehicles, and alcohol and tobacco products imported or produced in Seychelles. The applicable rate depends on the type of product.

Other Taxes**Inheritance/Estate tax**

There is no inheritance or estate tax in Seychelles.

Stamp duty

A stamp duty is chargeable on the registration and transfer of instruments at a rate prescribed in the Stamp Duty Act. Transfers of immovable property and transfers of shares are subject to stamp duty at a rate of 5% of the sales price.

Transfer tax

A transfer tax is levied on the transfer of immovable property at a rate of 5% of the sales price for residents. For non-residents that plan to acquire property in Seychelles, the transfer tax rates may not exceed 30% of the value of the property or stated



consideration for the purchase of the property, with the tax paid by the buyer. A notary fee of 1% to 2% of the transfer value is also applicable.

Capital duty

Seychelles does not levy capital duty.

Corporate Social Responsibility Tax (CSRT)

A company must pay CSRT in a year if its annual turnover in the previous year was at least SCR1 million. CSRT is chargeable at a rate of 0.5% on the taxpayer's monthly turnover (excluding VAT).

Tourism marketing tax

Businesses with an annual turnover exceeding SCR1 million and engaged in specific activities must pay the tourism marketing tax at a rate 0.5% of their monthly turnover.

Tax Administration and Compliance

Tax is administered by the Seychelles Revenue Commission.

Companies

1. General – Seychelles uses a self-assessment system, under which all businesses must complete a self-assessed business tax return.
2. Tax year – The tax year in Seychelles is the calendar year. However, with prior permission of the Revenue Commissioner, a taxpayer may adopt an alternate accounting period of 12 months, but that period must be applied consistently.
3. Consolidated returns – Consolidated returns are not permitted; each company must file a separate return.
4. Filing and payment – Tax returns must be filed on a monthly basis for most taxes using a Business Activity Statement (BAS). Business tax is levied by a provisional assessment under which an estimate is made by the tax office of the

business's final taxable income for the year, and 1/12th of this estimate is included on the BAS each month (to be lodged by the 21st of following month). The monthly payments for a year start on 21 February and end on 21 January of the following year. Most businesses have a 31 December year-end. A final return must be filed by 31 March with any remaining tax due paid at that time.

5. Penalties – Additional tax is imposed as a late payment penalty at a rate of 20% per annum. A late lodgement penalty is imposed at the higher of the tax assessable or SCR2 000. An omitted income penalty will be imposed if changes are made during an assessment; this penalty may not exceed double the amount of tax that would have been avoided had the return had been accepted as correct.
6. Rulings – An advance tax ruling system is available, which comprises public rulings, private rulings and written guidance to enable taxpayers to understand and meet their obligations and be aware of their rights and entitlements.

Individuals

1. Tax year – The tax year is the calendar year.
2. Tax filing – There is no joint taxation of spouses in Seychelles. Spouses are taxed separately on their individual emoluments and non-monetary benefits insofar as the collection of tax is made through withholding at source.
3. Filing and payment – An annual business tax return must be submitted by individuals engaged in business activities by 31 March following the end of the tax year. As far as employment income is concerned, income tax withheld on the emoluments of employees must be remitted to the SRC on a monthly basis, using the Business Activity Statement. Business tax may be remitted/paid in different ways as described in the above section. Income tax withheld on the emoluments of employees must be paid to the SRC by the employer on a monthly basis.

4. Penalties – Individuals engaged in business activities and required to file a business tax return would be subject to additional tax imposed as late payment penalty at the rate of 20% per annum. Additionally, a late lodgement penalty will be imposed at the higher of the tax assessable or SCR2 000. An omitted income penalty will be imposed if changes are made during an assessment; this penalty may not exceed double the amount of tax that would have been avoided had the return been accepted as correct.

Value added tax

1. Filing and payment – A compulsory VAT-registered business must report and pay monthly. The due date for lodging the VAT return and BAS form and paying any amount owed on that statement is 21 days after the end of each month. A voluntary VAT-registered business must report and pay on a quarterly basis. The due dates for lodging a VAT return and BAS form and paying any amount owed on that statement (including quarterly instalment amounts) are by 21 of April, July, October and January in any year.
2. Penalties – Late payment of VAT will incur interest that will be calculated as a percentage of the unpaid VAT, based on the quarterly average prime lending rate applicable on the payment due date increased by three percentage points also additional tax equal to 10% of the amount of unpaid tax. Late filing penalties have various penalties for:
 - Small business: SRC500 plus SRC50 for each week or part of a week that the return is not furnished
 - Medium business: SRC1 000 plus SRC100 for each week or part of a week that the return is not furnished
 - Large business: SRC5 000 plus SRC500 for each week or part of a week that the return is not furnished and
 - Other cases: SRC500 plus SRC50 for each week or part of a week the return is not furnished.

GENERAL INVESTMENT INFORMATION

Investment Incentives

There may be concessions on business tax, depending on the industry. Concessions may apply if the investor holds:

- A Tourism Incentive Act (TIA) Certificate
- An Investment Promotion Act (IPA) Certificate
- An Agricultural and Fisheries Act Certificate
- Agriculture and Fisheries Incentive Act, 2005
- A license as an importer/retailer operating an Exclusive Shop Outlet as authorised by the government
- A license as an importer/retailer operating as a duty-free shop as authorised by the government
- A registration under the International Corporate Service Providers Act 2003
- A license under the International Business Companies Act
- A special license under the Companies Special Licenses Act 2003.

Exchange Controls

There is a limited form of exchange control under the Seychelles exchange control legislation.

Expatriates and Work Permits

Irrespective of the nationality of the visitor and his/family members, there are no visa requirements to enter Seychelles.

Foreigners working in Seychelles must be in possession of a Gainful Occupation Permit issued by the Immigration Division, Department of Internal Affairs. The permit allows the holder to reside and work in Seychelles either as an employee or self-employed person.

Trade Relations

Memberships

- South African Development Community (SADC)
- Common Market for Eastern and Southern Africa (COMESA)
- United Nations (UN)
- World Trade Organization (WTO)




Interest and Currency Exchange Rates

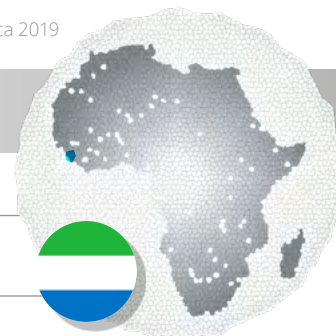
Monetary policy rate
Central Bank Rate - EOP: 5.5% <small>(Source: Central Bank of Seychelles)</small>
Currency
The currency in Seychelles is the Seychelles rupee (SCR)
ZAR1 = SCR0.945713 <small>(June 2019) (Source: XE Currency Converter)</small>
USD1 = SCR13.6309 <small>(June 2019) (Source: XE Currency Converter)</small>
EUR1 = SCR15.3567 <small>(June 2019) (Source: XE Currency Converter)</small>

Notes

1. The Seychelles Rupee is the official currency of the Seychelles. It is subdivided into 100 cents. The international currency code is SRC. Locally it is called roupi.

Key Economic Statistics

GDP (approximate)		USD1.65 billion <small>(2019 forecast) (Source: IMF WEO DATABASE)</small>
		USD1.74 billion <small>(2020 forecast) (Source: IMF WEO DATABASE)</small>
Market Capitalisation		No market data available on Trop-X Seychelles Securities Exhcnage.
Rate of Inflation		3.36% <small>(2019 forecast) (Source: IMF WEO DATABASE)</small>



Sierra Leone

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Income Tax Individuals

The annual and monthly taxation thresholds are as follows:

Taxable income (SLL) per annum	Taxable income (SLL) per month	Rate
Less or equal to 6 million	First 500 000	Nil
Next 6 million – 12 million	Next 500 000	15%
Next 12 million – 18 million	Next 500 000	20%
Next 18 million – 24 million	Next 500 000	25%
Above 24 million	Above 2 million	30%

Non-residents are subject to tax on all payments from which withholding tax (WHT) is deducted (this includes employment income for foreign employees) and all other assessable income from a source in Sierra Leone. The rate of withholding tax on payments of employment income to non-residents is 25%.

Notes

1. Basis – Sierra Leone operates a worldwide system of taxation of income and capital gains (with some exceptions), under which resident individuals are taxed on their worldwide income. Non-residents are taxed only on Sierra Leone-source income.
2. Residence – An individual is resident in Sierra Leone for a year of assessment (YOA) if he/she has a normal place of abode in Sierra Leone and is present in the country at any time during the YOA; is present in Sierra Leone for more than 182 days in a 12-month period that commences or ends during the YOA; or is an official of the government of Sierra Leone posted overseas during the YOA. An individual treated as resident will be treated as temporarily resident in Sierra Leone for the entire year of assessment if that individual: (i) he/she is not a citizen of or domiciled in Sierra Leone; (ii) does not intend, during the year of assessment, to reside in Sierra Leone for a total period of more than four years; and (iii) as of the end of the year, has not been resident in Sierra Leone for more than four years.
3. Taxable income – A permanent resident is assessed on income from all sources, less allowable deductions. A temporary resident is assessed on income earned outside Sierra Leone and remitted to Sierra Leone, plus the taxpayer's assessable income within Sierra Leone, less allowable deductions. Non-cash benefits granted to an employee by the employer are included in employment income.
4. Deductions/allowances – A non-taxable allowance threshold of SLL6 million per year or SLL500 000 per month is available.
5. Rates – Income tax rates are progressive up to 30%. For individuals receiving employment income, there is a non-taxable allowance threshold of SLL6 million per year or SLL500 000 per month. Non-residents pay tax at a flat rate of 25%.

Income Tax – Companies

Corporation tax is a tax paid on the chargeable income or profit of a company (after the deduction of legitimate expenses, such as employee wages, raw materials and allowable operating costs). All registered companies conducting business in Sierra Leone must pay corporation tax. The tax rates for resident and non-resident companies are as follows:

	Resident	Non-resident company
Corporation tax	Rate	Rate
Basic rate	30%	30%
Mining companies	30%	30%
Capital gains	0%	30%
Dividends	0%	10%
Interest	15%	15%
Royalties	25%	25%
Rental income	10%	25%
Natural resource payments	25%	25%
Payments to contractors	5%	15%
Management and technical fees	15%	

Notes

1. Basis – Resident companies pay tax on the basis of taxable income generated from their activities occurring in Sierra Leone. All costs/ expenses that are incurred in generating that income generally are treated as allowable expenses in arriving at the chargeable income. Non-resident companies are taxable on payments subject to WHT, and all Sierra Leone source income. Companies that are temporarily resident

are taxable on Sierra Leone source income and foreign income remitted to Sierra Leone. A temporarily resident taxpayer's chargeable income is calculated similarly to that for a resident taxpayer except assessable income includes only Sierra Leone source income and income from other sources that is remitted to Sierra Leone. (Definition of a temporary resident, see above.)

2. Residence – A company is resident in Sierra Leone if it is incorporated or formed under the laws of Sierra Leone, has its effective management and control in Sierra Leone, or undertakes the majority of its operations in Sierra Leone.
3. Rates – The standard corporate income tax rate is 30%.
4. Branch profits tax – A Sierra Leone branch of a non-resident company is considered a resident company and is subject to the 30% tax on its profits (chargeable income). Repatriated income of a branch is subject to an additional 10% tax.
5. Dividends – Dividends received by a resident company from another resident company are exempt from tax.
6. Depreciation – Capital allowances are granted instead.
7. Losses – Losses may be deducted and carried forward indefinitely. Foreign exchange losses also may be deducted. Losses incurred on the disposal of a business or investment asset also are taken into account in determining taxable income. A business asset is an asset held for the production of assessable income and used in a business or held for sale by a business.
8. Corporate groups – No special rules exist for the taxation of groups.
9. Foreign tax relief – A resident taxpayer may claim a tax credit for tax borne on assessable foreign-source income (including capital gains).
10. Tax credits – A business employing a female employee in a management position during the period 1 January 2016 to 31 December 2018 is eligible for a tax credit at a rate of 6.5% on the PAYE of that employee.
11. Capital gains tax (CGT) – Gains derived from the disposal of a business or investment asset are included in taxable income; gains from the disposal of any other asset are taxed at the rate of 30%.

Withholding Tax (WHT)

WHT is collected by a registered taxpayer at source. Tax collected via withholding must be paid over to the National Revenue Authority (NRA) by the payer of the income by the 15th day of the month following the month in which the tax was withheld.

If a person is employed to provide construction, transportation, management or any other services, and the payment for these services exceeds SLL500 000 in a month, tax must be deducted at a rate of 5.5% if the individual is a resident and 15% if the individual is a non-resident. If goods also are supplied, the WHT applies to the price of the goods.

Withholding Tax	Residents	Non-residents
Dividends	10%	10%
Payment to contractors	5%	10%,15%
Interest	15%	15%
Rental income	10%	25%
Royalties	25%	25%
Pensions and annuities	15%	25%
Natural resources payments	25%	25%
Real property	10%	-
Winnings of SLL500 000 and above	10%	-
Payments for benefit of non-resident beneficiaries	25%	

Notes

1. A person resident in Sierra Leone who distributes income from a trust to a non-resident beneficiary or applies income of a trust for the benefit of a non-resident beneficiary must withhold tax at the rate prescribed in Part II of the Second Schedule, which is 25%.

WHT for mining companies

Payment	Residents	Non-residents
Dividends	10%	10%
Interest	10%	15%
Interest on affiliates	10%	5% (non-affiliates)
Rents	10%	10%
Royalties and natural resources	25%	25%
Pensions and annuities	15%	10% (non-DTA)

Notes

1. The rate is 10% for most payments but a 15% rate applies to payments for managerial and technical fees.
2. An affiliate refers to mining companies that are related to another as a member or in a subordinate role within Sierra Leone usually has a small percentage of 10% or 25%.
3. The non-affiliated company that is a non-resident implies that they have no association with other companies within Sierra Leone.
4. Tax treaties do not reduce the rate of withholding tax on payments to non-residents.

Tax Treaties

Sierra Leone has tax treaties with the following countries:

Country	Dividends	Interest	Royalties
Norway ¹	0%/5%	0%	0%
South Africa ²	0%	0%	D
United Kingdom	0%	D	0%

Notes

1. The Sierra Leonean tax on dividends paid by a company that is resident in Sierra Leone to a resident of the UK that is subject to tax in the UK through a PE may not exceed 5%.
2. The treaty with South Africa does not contain a dividends article, so the domestic rate applies.

Anti-avoidance rules**General rules**

The Income Tax Act, 2017 (Consolidated) allows the NRA to:

- Recharacterise a transaction or part of a transaction that was entered into as part of a tax avoidance scheme or that would result or has resulted in less income tax being paid
- Disregard a transaction that does not have substantial economic effect
- Recharacterise a transaction whose form does not reflect the substance.

A tax avoidance scheme also includes a transaction where one of the main purposes is the avoidance or reduction of tax.

Limits to Financial Cost as Chargeable Cost

Financial cost that qualifies to be deducted from chargeable income is limited up to a percentage, based on the chargeable income and other financial gains.

Transfer pricing

There are no specific rules for determining the correct transfer price for a cross-border transaction with associated/related parties, whether it involves tangibles, intangibles, services, financing or cost allocation/sharing arrangements. However, the arm's length principle applies. The Commissioner may distribute, apportion or allocate assessable income, deductions or credits between the taxpayers as is necessary to reflect the chargeable income the taxpayers would have realised in an arm's length transaction in a transaction between related taxpayers.

Controlled foreign company rules

There are no controlled foreign company rules in Sierra Leone.

Employment Related Taxes**Pay-As-You-Earn (PAYE)**

Under the PAYE system, an employer withholds from the employee's salary, at each payday, the amount of tax the employee owes the NRA. The employer must pay the tax to the NRA before the 15th day of the following month. SLL500 000 of an individual's salary is tax-free and, thus, PAYE is not due on such income. The employee has no extra liability to pay at the end of the year unless he/she has income from other sources, including the provision of other benefits-in-kind or other employment.

Fringe benefits tax

As noted above, non-cash benefits granted to an employee by the employer are included in employment income and taxed with the provisions for employment income. The taxable value of non-cash benefits is the higher of the cost to the employer or the market value of the benefit to the employee.

Payroll tax

An employer that employs individuals who are not citizens of Sierra Leone must pay a payroll tax no later than 31 January annually or on the day the staff commences employment. The payroll tax is payable on 2 January every calendar year as long as the international staff remains employed. The amount of the tax is SLL3.0 million for nationals of the Economic Community of West African States (ECOWAS) and SLL5 million for non-ECOWAS nationals.



Tax on redundancy and retirement payments

The tax rate is 5% on the amount of redundancy and retirement payments exceeding SLL50 million. The first SLL50 million of such payments are exempt.

Social security

The employer and the employee contribute 10% and 5%, respectively, of the employee's salary to the social security fund.

Indirect Taxes

Goods and services tax (GST)

Standard rate	15%
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Sierra Leone levies a GST instead of VAT. GST is a consumption tax applied on most goods and services and taxable imports supplied by registered businesses.

The amount of GST chargeable is calculated by applying the rate to the GST-exclusive value of the taxable supply or import, as follows:

- If the supply or import is zero-rated: 0%
- If the supply or import is standard rated: 15%.

The GST chargeable on a taxable supply is the liability of the supplier and must be accounted for by the supplier to the tax authorities; GST on imports is paid by the importer.

Penalty: Non-filing of return about USD600> Failure to pay incurs a penalty of 25% of the liability plus interest calculated at Central Bank rate.

If a non-resident principal makes a taxable supply or import through a resident agent, the liability for GST lies with the agent. However, if the supply is made by a principal that is treated

as resident and registered for GST, the liability lies with the principal, which is defined as:

- A government entity or a local council
- A person resident in Sierra Leone for the relevant year
- A person, other than an individual, that is formed or created under an enactment or is managed and controlled in Sierra Leone (whether or not the person is resident in Sierra Leone for the year)
- Any other person to the extent the person carries on a taxable activity in Sierra Leone.

Registration

A person is required to register for GST if:

- The person's turnover in a period of 12 or fewer months exceeds SLL350 million
- The person's turnover exceeds one-third of the SLL350 million threshold for a four-month period ending on the day that he/she has exceeded the threshold
- There are reasonable grounds to expect that the person will exceed the threshold in the 12-month period commencing on the day following the 12-month period.

Customs duties

Customs duties are levied on imported goods under a single customs tariff with no preferential or differential rates. Duties are both ad valorem and specific. The rates of customs duties range from 3% on raw materials for mining, manufacturing, tourism and infrastructure projects, to 40% on luxury goods. Specific duties apply to goods such as foodstuffs, petroleum products and beverages. An exemption is provided for textbooks, medical equipment, agricultural inputs and personal effects.

All payments of duties, taxes and other levies exceeding SLL500 000 by importers, exporters, customs clearing agents and other persons must be made electronically by bank check

or by debit or credit card at the Commissioner General's offices, provided upon written application by a taxpayer is made, the Commissioner General may enter into a time to pay agreement specifying instalment payments in respect of any duties, taxes and levies. Failure to comply may result in the imposition of a fine of SLL50 million or imprisonment.

Excise duty

Excise duty must be paid on certain consumer items, whether imported or produced locally. The duty is levied at varying rates on imported goods and domestically produced goods.

Miscellaneous Taxes

Other

All land acquisitions are subject to stamp duty, registration fees and a land tax.

National insurance levy no pro

A national free healthcare levy is imposed at a rate of 0.5% on the value of all contracts relating to the supply of goods and services.

Foreign travel ticket tax

A foreign travel ticket tax is imposed at a rate of 10% of the normal price of a return ticket from Sierra Leone and is payable by every person departing the country by ship, aircraft or other means of transport, irrespective of whether the ticket is purchased, obtained, issued or received in Sierra Leone.

Business license

Businesses must obtain a license upon commencing operations. The fee for registration and the obtaining of a license is based on the capital of the company.

Tax Administration

The Domestic Tax Department (DTD) of the NRA administers Sierra Leone's domestic taxes. The DTD provides a "one-stop shop" for all domestic taxes, allowing taxpayers to deal with a single office for all of their tax affairs.

Corporations

1. Tax year – The tax year runs from 1 January to 31 December.
2. Consolidated returns – Consolidated returns are not permitted; each company must file a separate return.
3. Filing and payment – The corporate income tax return must be submitted within 120 days of the end of the tax year, i.e. by 30 April for a tax year from 1 January to 31 December.
4. Penalties – currently USD600 for failure to submit as well as 25% of any liability calculated plus interest on the liability.
5. Rulings – Applicable and binding where taxpayer has made full disclosure.

Individuals

1. Tax year – The tax year for individuals is the same as that for companies.
2. Filings and payments – The income tax return must be submitted within 120 days of the end of the tax year, i.e. by 30 April for a tax year from 1 January to 31 December. Employers pay monthly PAYE on the 15th day of the month following the tax period.
3. Penalties:
 - 10% if paid within 30 days from the due date
 - 15% if paid after 30 days but less than 90 days from the due date
 - 20% if paid after 90 days but less than 180 days after the due date
 - 25% if paid after 180 days from the due date.

GENERAL INVESTMENT INFORMATION

Investment Incentives

General incentives

- Sierra Leone has substantial natural resources, particularly iron ore
- Government infrastructure investment and assistance are boosting expansion in the non-iron ore economy
- There has been a return to political stability following the civil war, and this has opened up new opportunities to local and foreign investors
- The country has re-engaged with multilateral organisations to help rebuild the country following the civil war
- The government is scaling up public investment under the poverty reduction strategy, the Agenda for Prosperity (AfP), which should help boost sustainable growth in the non-resources sector
- All United Nations (UN) agencies and international organisations (i.e. all of the 22 UN agencies, funds and programmes in Sierra Leone) are protected by the Vienna or Geneva Conventions and have been added to the list of GST institutional reliefs.

Tax incentives

- A 10% deduction is granted to investors in the mining sector for amortisation of start-up costs
- An investment allowance of 5% is granted for expenditure incurred to purchase depreciable assets, such as plant and machinery
- A 5% allowance is granted to businesses in the tourism sector on expenditure to acquire depreciable assets (such as plant, machinery and buildings for commercial activities)

- A deduction may be granted for expenditure on R&D activities carried out for the purpose of producing assessable income
- There are exemptions for persons/organisations and associations that promote social or sport amenities
- New and existing businesses importing plant and machinery, excluding spare parts and general purpose vehicles exclusively for their business operations (and not for resale), are entitled to duty-free import for a period of three years from the date of their first registration. The benefit will not apply in the case of a new business if the investment is at least USD10 million and, in the case of an existing business, if the investment is at least USD5 million for expanding the business.

Exchange control is under the direct supervision of the Bank of Sierra Leone. The following are broad guidelines:

- Real estate transactions
 - Sierra Leoneans: Capital transfers for real estate transactions are not permitted
 - Non-Sierra Leoneans: Non-Sierra Leoneans can purchase real estate from funds brought in by documented remittances through an authorised dealer
- Holdings of assets abroad – Transactions under this category must be processed in accordance with the regulations governing foreign currency accounts
- Borrowing – Internal borrowing (in SLL): An authorised dealer may grant commercial and financial credit to a legal entity registered in Sierra Leone. External loans fully covered by external collateral acceptable to the lending institution may be granted
- Guarantees – Approval of the Bank of Sierra Leone must be obtained to provide or renew the following: (i) a guarantee or other undertaking, the implementation of which would involve payment to a non-resident or payment in a foreign currency; and (ii) a guarantee to a resident in Sierra Leone on behalf of, or on the account of, a non-resident.

Sierra Leone commercial banks may, without the prior approval of the Bank of Sierra Leone, give the following types of guarantees on behalf of their customers: (i) guarantees in respect of missing documents; (ii) the authenticity of signatures; and (iii) the release of trust receipts.

Expatriates and Work Permits

Various types of visas and permits are required to enter, stay and work in Sierra Leone.

Landing visa

A landing visa is required for non-ECOWAS citizens (with the exception of Niger) to enter Sierra Leone. It takes two to three business days to process this visa. Applications can be made to the Immigration Office in Sierra Leone directly or through a local agent. The visa must be presented at the Lungi International Airport upon entry into Sierra Leone, together with the issued NRA receipt. The landing visa is valid for entry within three months and for a stay of up to one month.

Multiple entry visa

If an individual wishes to make multiple entries into Sierra Leone within one year, he/she should request a multiple entry visa. To obtain the visa, the individual must present his/her original passport, since the visa must be stamped in the passport. This can be obtained only after entry in Sierra Leone or through consular offices, where established. Multiple entry visas can be renewed twice, after which time the individual must apply for a residence permit.

Residence permit

A residence permit allows an individual to reside in Sierra Leone. It normally takes two to five business days to process a residence permit request, and the following documents must be submitted to the Immigration Department:

- A completed residence permit form
- An original passport and
- Four passport pictures.

Work permit

A work permit allows an individual to work in Sierra Leone. It normally takes four to six weeks to process a work permit request. Documents needed for this permit are:

For the private sector

- Copy of bio data page of passport
- Four passport-size photos
- Applicant's curriculum vitae
- Applicant's appointment letter or contract of employment
- Proof of bank account in Sierra Leone
- Copy of valid residence permit
- Police clearance from applicant's home/country of residence
- Medical clearance from applicant's home/country of residence
- Completed application form
- Copy of employer's NASSIT certificate
- Copy of employer's income tax clearance certificate
- Copy of employer's certificate of incorporation.

For non-governmental organisations

- Completed application form
- Applicant's curriculum vitae
- Four passport pictures
- Certificate of NGO registration
- Photocopy of first six pages of passport

- Copy of valid residence permit
- Copy of employer's NASSIT certificate
- Copy of employer's income tax clearance certificate
- Evidence of bank account in Sierra Leone
- Police clearance from applicant's home/country of residence
- Medical clearance from applicant's home/country of residence
- Applicant appointment letter/contract of employment/ invitation letter.




Trade Relations Memberships

- Economic Community of Western African States (ECOWAS)

Interest and Currency Exchange Rates

Monetary policy rate
Central Bank Rate - EOP: 16.5% <small>(Source: Trading Economics)</small>
Currency
The currency in Sierra Leone is the Leones (SLL). The symbol is Le and the currency is partitioned into 100 cents.
ZAR1 = SLL626.107 <small>(June 2019) (Source: XE Currency Converter)</small>
USD1 = SLL9025.66 <small>(June 2019) (Source: XE Currency Converter)</small>
EUR1 = SLL10169.22 <small>(June 2019) (Source: XE Currency Converter)</small>

Key Economic Statistics

GDP (approximate)		USD4.00 billion <small>(2019 forecast) (Source: IMF WEO DATABASE)</small>
		USD4.22 billion <small>(2020 forecast) (Source: IMF WEO DATABASE)</small>
Market Capitalisation		Sierra Leone Stock Exchange has two listed companies.
Rate of Inflation		15.76% <small>(2019 forecast) (Source: IMF WEO DATABASE)</small>

Notes
<ol style="list-style-type: none"> 1. The Sierra Leone stock exchange was launched in July 2008, with proper trading commencing in 2011. 2. The Sierra Leone Local Content Policy Act was fully enacted from a policy into law in March 2016 to ensure effective linkage between the local economy and foreign enterprise.



South Africa

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Income Tax – Individuals

For the year of assessment ending 29 February 2020, the rates are as follows:

Taxable income (ZAR)	Tax payable
0 – 195 850	18% of taxable income
195 851 – 305 850	ZAR35 253 + 26% of taxable income above ZAR195 850
305 851 – 423 300	ZAR63 853 + 31% of taxable income above ZAR305 850
423 301 – 555 600	ZAR100 263 + 36% of taxable income above ZAR423 300
555 601 – 708 310	ZAR147 891 + 39% of taxable income above ZAR555 600
708 311 – 1 500 000	ZAR207 448 + 41% of taxable income above ZAR708 310
1 500 001 and above	ZAR532 041 + 45% of taxable income above ZAR1 500 000

Notes

1. The tax rates and rebates reflected above were announced on 20 February 2019 and will apply (once officially enacted) in respect of any year of assessment commencing on or after 1 March 2019.
2. Basis – Subject to exceptions, South African residents are taxed on worldwide income, including capital gains. Non-residents are taxed on their South African-source income, and on capital gains from the disposal of immovable property and assets effectively connected with a permanent establishment (PE) in South Africa.
3. Residence – An individual is a tax resident if he/she is “ordinarily resident” in South Africa (i.e. regards South Africa as his/her “true home.”) Alternatively, an individual is resident if he/she is physically present in South Africa for more than 91 days during the current and each of the preceding five tax years, and is physically present in South Africa for a period exceeding 915 days in aggregate in the preceding five tax years. These rules do not apply to a person who is deemed exclusively to be a resident of another country for purposes of the application of a tax treaty.
4. Taxable income – Taxable income comprises gross income, less exempt income and allowable deductions, plus taxable capital gains (see below under “Capital gains tax.”) Gross income from employment includes all remuneration in cash or in kind (based on prescribed conditions and valuation rules). Taxpayers may be entitled to a foreign tax credit (or deduction) for foreign tax paid where income has been subject to tax in a foreign country and is taxable in South Africa.

5. Exempt income – Remuneration for services rendered by individuals outside South Africa is exempt, provided certain requirements are met (it is proposed that this exemption would apply only up to the first ZAR1 million of remuneration earned in a year of assessment, with effect from 1 March 2020). Subject to certain exceptions, local dividends are fully exempt from income tax. Foreign dividends are subject to income tax at a maximum effective rate of 20%, but exemptions apply, e.g. where the shareholder holds at least 10% of the total equity shares and voting rights in the foreign company declaring the dividend. Local interest earned by individuals is exempt from income tax up to certain levels. Interest received by, or accrued to, a non-resident is not taxable, unless that person is in South Africa for a period exceeding 183 days in aggregate during the 12-month period preceding the date on which the interest was received or accrued or the debt from which the interest arises is effectively connected to a PE in South Africa. Further exemptions include (subject to certain conditions being met) disability pensions, compensation for occupational injuries and diseases, unemployment insurance fund (social security) income, alimony, government grants, income of certain investment funds, etc. Social security payments received by South African residents from another country, as well as lump sums, pensions or annuities received from a source outside South Africa from foreign retirement funds in respect of past employment outside South Africa, are exempt from tax in South Africa.
6. Deductions and allowances – General deductions are permitted under what is called the “general deduction formula,” subject to certain requirements. Donations to certain approved public benefit organizations (PBOs) are tax deductible, generally limited to 10% of taxable income and subject to carry forward provisions. Amounts contributed to pension, provident and retirement annuity funds during a year of assessment are deductible, subject to a limitation of 27.5% of the greater of remuneration or taxable income, with a maximum annual deduction threshold of ZAR350 000. Excess contributions may be carried forward to the subsequent year. Specific limitations apply in respect of expenses relating to employment. Tax credits apply for medical expenses, based on a taxpayer’s situation and age.
7. Rates – Tax rates (see table, above) are progressive, with a maximum rate of 45% for the tax year ending 29 February 2020. Tax rebates (see table, above) are available only to individuals and comprise amounts that may be deducted from the tax calculated according to the tax tables. The rebates must be apportioned where a taxpayer is assessed for a period of less than a year.
8. Capital gains tax (CGT) – CGT is not a separate tax, but forms part of income tax; 40% of an individual’s net capital gains for the year is included in his/her taxable income to be taxed at the applicable marginal tax rate. The general annual CGT exclusion for individuals and special trusts currently is ZAR40 000, and the annual exclusion on death is ZAR300 000. Where an individual ceases to be tax resident in South Africa, CGT will be payable on the deemed disposal of the individual’s worldwide assets (excluding South African immovable property). Various other exclusions and rollover reliefs from CGT apply. These include an exclusion in respect of the disposal of personal-use assets, an exclusion of up to ZAR2 million on the disposal of a primary residence and an exclusion of up to ZAR1.8 million on the disposal of a small business (when the owner is over 55 years of age and the market value of assets does not exceed ZAR10 million). Rollover relief applies to the transfer of assets between spouses.
9. Losses – Losses from certain trades that have generated losses for at least three out of the previous five tax years and that are carried out by individual taxpayers who are subject to the maximum marginal tax rate are “ring-fenced” in certain circumstances, and such losses may be offset only against income from that trade.

Income Tax – Companies

Companies	Rate (%)
Standard corporate tax rate	28%
Qualifying companies in a special economic zone (SEZ)	15%
Qualifying micro businesses (turnover tax)	0% – 3%
Qualifying small business corporations	0% – 28%
Gold mining companies	Varied
Long-term insurers	0%/28%/30%

Notes

1. Basis – Subject to exceptions, South African residents are taxed on worldwide income, including capital gains. Non-residents are taxed on their South African-source income, and on capital gains from the disposal of immovable property and assets effectively connected with a PE in South Africa.

2. Residence – A company will be a resident of South Africa for tax purposes if it is incorporated in or effectively managed from South Africa.
3. Taxable income – Taxable income consists of business/trading income, passive income and capital gains (80% of a company's net capital gains for the year are included in taxable income). Dividends received from local companies are exempt. Dividends received from foreign companies are, in principle, subject to tax at a maximum effective rate of 20%, although various exemptions exist (e.g. where the recipient holds at least 10% of the total equity shares and voting rights of the company declaring the dividend). CGT exclusions and rollover reliefs apply in certain circumstances, including a participation exemption applicable to the disposal of shares in a foreign company in which at least 10% of the equity shares and voting rights are held, and rollover relief applicable to involuntary disposals. Special rules apply to shipping companies, mining and insurance companies, oil and gas companies, farming activities and public-private partnerships.
4. Deductions – Expenses incurred in the production of income that are not of a capital nature generally may be deducted in computing taxable income. The law provides for additional deductions, subject to certain rules, including, e.g. capital allowances on plant and machinery and buildings and improvements; wear-and-tear allowances on, and full expensing of, certain movable capital assets; depreciation of certain environmental-related assets; deduction of “pre-trade costs” incurred before the commencement of trade, once trade commences (but only against income from that trade); and deduction of certain research and development (R&D) costs and intellectual property acquisition costs.
5. Losses – A tax loss incurred by a company in a business activity generally may be carried forward without restriction and set off against future profits until exhausted, provided the company continues to trade during the year of assessment. However, the losses incurred by a foreign branch of a South African resident company cannot be offset against South African source income (i.e. ring-fencing applies). The carryback of losses is not permitted.
6. Foreign tax credit – Foreign tax paid on foreign-source income may be credited against South African tax on the same profits, but the credit is limited to the amount of South African tax payable on the foreign income. Other limitations also apply. Any surplus foreign tax credit may be carried forward for up to seven years. Alternatively, the foreign tax may be deducted from income in determining taxable income.
7. Group relief – There is no group taxation regime in South Africa; companies are taxed separately. However, the Income Tax Act provides tax relief for transfers between 70%-related group companies (as

defined) and between 70% shareholders and the company in which they hold shares in certain circumstances. For purposes of these rules, the definition of a group company excludes any company that does not have its place of effective management in South Africa. Anti-avoidance provisions apply.

8. Rates – The standard corporate tax rate is 28%. Special rates apply to qualifying companies in an SEZ and small business corporations (annual turnover of ZAR20 million or less), gold mining companies and insurers. Turnover tax applies to certain micro businesses (see below).
9. Branch taxation – Branches of foreign companies are subject to the same tax rates as resident companies. There is no branch remittance tax.
10. Alternative minimum tax – There is no alternative minimum tax.
11. Turnover tax – The turnover tax system replaces income tax, VAT, provisional tax, capital gains tax and dividends tax for micro businesses with qualifying annual turnover not exceeding ZAR1 million. The rates are progressive up to 3% of taxable turnover. A micro business that is registered for turnover tax can, however, elect to remain in the VAT system.
12. Headquarter company (HQC) regime – South Africa's HQC regime provides for a relaxation of the controlled foreign company rules, an exemption from dividends tax, certain relief from transfer pricing provisions and an exemption from interest withholding tax on certain “back-to-back” lending arrangements. An HQC will be treated as a foreign company for the purposes of the CGT participation exemption, for the benefit of qualifying shareholders disposing of their interest in the HQC. A resident company may elect to be an HQC for a year of assessment if certain criteria are met.
13. Trusts – The tax rate applicable to trusts is 45% (other than for special trusts, where the tax rates applicable to individuals apply). For CGT purposes, 80% of a trust's net capital gains for the year are included in taxable income.

Withholding Tax (WHT)

The WHT rates on various types of payment are as set out below. With the exception of WHT on sales of immovable property, the tax is a final tax for non-residents and the rate may be reduced under an applicable tax treaty.

Payment	Residents (%)	Non-residents (%)
Dividends	20%	20%
Interest	0%	15%
Royalties	0%	15%
Amounts paid to entertainers and sportspersons	0%	15%
Proceeds from sale of immovable property	0%	7.5%/10%/15%

Notes

- Dividends – Dividends tax is levied on dividends declared by domestic companies and in respect of shares of non-resident companies that are listed on a South African exchange. Dividends tax does not apply to dividends paid by an HQC. Dividend payments to domestic companies, the government, provincial administrators or municipalities, domestic retirement funds, rehabilitation companies or trusts, PBOs and various exempt bodies are exempt from dividends tax. Exempt shareholders must certify their exemption status. In respect of in specie dividends (dividends in kind), the distributing company (not the shareholder) will bear the liability and the administrative burden. These dividends are subject to similar exemptions and treaty relief as cash dividends. Value transfers (deemed dividends) may be taxed under normal WHT rules.
- Interest – Certain exemptions from WHT apply for interest, including in respect of interest on government bonds, listed debt and debt owed by a local bank. Interest paid by an HQC also is exempt from WHT in certain circumstances. An exemption applies to interest paid to non-resident individuals spending in excess of 183 days in aggregate in South Africa in the 12-month period preceding the date on which the interest is paid and interest paid on a debt effectively connected with a PE in South Africa where the foreign person is registered as a taxpayer in South Africa.
- Royalties – WHT does not apply in respect of royalties paid to a foreign person if i) that foreign person is an individual who was physically present in South Africa for a period in excess of 183 days in aggregate in the 12-month period preceding the date on which the royalty was paid or ii) if the property in respect of which the royalty is paid is effectively

connected to a PE of that foreign person in South Africa and the foreign person is registered as a taxpayer in South Africa. It also does not apply to royalties paid by an HQC in certain circumstances.

- Payments to entertainers and sportspersons – A final 15% WHT applies in respect of payments made to non-resident entertainers and sportspersons performing in South Africa. Failure to deduct or withhold tax, or pay it to the South African Revenue Service (SARS), will render the resident taxpayer making the payment personally liable for the tax.
- Proceeds from sale of immovable property – WHT is imposed on the proceeds of a sale of immovable property in South Africa by non-residents where the proceeds exceed ZAR2 million. WHT applies at a rate of 7.5% where the seller is an individual, 10% where the seller is a company and 15% where the seller is a trust. The tax represents an advance payment on account of the seller's income tax liability.

Tax Treaties

South Africa has a broad tax treaty network, and signed the OECD multilateral instrument on 7 June 2017. The maximum WHT rates on dividends, interest and royalties under the relevant treaties (including lower alternative rates that apply in qualifying circumstances) are set out below:

Country	Dividends	Interest	Royalties
Algeria	10%/15%	10%	10%
Australia	5%/15%	0%/10%	5%
Austria	5%/15%	0%	0%
Belarus	5%/15%	5%/10%	5%/10%
Belgium	5%/15%	0%/10%	0%
Botswana	10%	10%	10%/15%
Bulgaria	5%/15%	5%	5%/10%
Cameroon	10%/15%	0%/10%	10%
Canada	5%/15%	0%/10%	6%/10%
Chile	5%/15%	5%/15%	5%/10%

China	5%	10%	7%/10%
Croatia	5%/10%	0%	5%
Cyprus	5%/10%	0%	0%
Czech Republic	5%/15%	0%	10%
Democratic Republic of Congo	5%/15%	10%	10%
Denmark	5%/15%	0%	0%
Egypt	15%	12%	15%
Ethiopia	10%	0%/8%	20%
Finland	5%/15%	0%	0%
France	5%/15%	0%	0%
Greece	5%/15%	8%	5%/7%
Ghana	5%/15%	5%/10%	10%
Germany	7.5%/15%	10%	0%
Grenada	0%	D*	D*
Hong Kong	5%/10%	10%	5%
Hungary	5%/15%	0%	0%
India	10%	10%	10%
Indonesia	10%/15%	10%	10%
Iran	10%	5%	10%
Ireland	5%/10%	0%	0%
Israel	25%	25%	0%/15%
Italy	5%/15%	10%	6%
Japan	5%/15%	10%	10%
Kenya	10%	10%	10%

Korea (ROK)	5%/15%	0%/10%	10%
Kuwait	0%	0%	10%
Lesotho	10%/15%	10%	10%
Luxembourg	5%/15%	0%	0%
Malawi	D*	D*	D*
Malaysia	5%/10%	10%	5%
Malta	5%/10%	0%/10%	10%
Mauritius	5%/10%	0%/10%	5%
Mexico	5%/10%	10%	10%
Mozambique	8%/15%	0%/8%	5%
Namibia	5%/15%	10%	10%
Netherlands	5%/10%	0%	0%
New Zealand	5%/15%	10%	10%
Nigeria	7.5%/10%	7.5%	7.5%
Norway	5%/15%	0%	0%
Oman	5%/10%	0%	8%
Pakistan	10%/15%	10%	10%
Poland	5%/15%	10%	10%
Portugal	10%/15%	10%	10%
Qatar	5%/10%	0%/10%	5%
Romania	15%	15%	15%
Russia	10%/15%	10%	0%
Rwanda	10%/20%	10%	10%
Saudi Arabia	5%/10%	5%	10%
Seychelles	5%/10%	0%	0%

Sierra Leone	0%	D*	D*
Singapore	0%/5%/10%	0%/7.5%	5%
Slovak Republic	5%/15%	0%	10%
Spain	5%/15%	0%/5%	5%
Swaziland	10%/15%	10%	10%
Sweden	5%/15%	0%	0%
Switzerland	5%/15%	5%	0%
Taiwan	5%/15%	10%	10%
Tanzania	10%/20%	10%	10%
Thailand	10%/15%	10%/15%	15%
Tunisia	10%	5%/12%	10%
Turkey	10%/15%	0%/10%	10%
Uganda	10%/15%	10%	10%
Ukraine	5%/15%	10%	10%
United Arab Emirates	5%/10%	10%	10%
United Kingdom	5%/10%/15%	0%	0%
United States	5%/15%	0%	0%
Zambia	D*	D*	D*
Zimbabwe	5%/10%	0%/5%	10%

* Domestic – No rate is specified in the treaty, so the domestic South African rate applies

Notes

1. South Africa has treaties/protocols in the process of negotiation (or agreed but not signed) with: Belgium, Botswana, Cuba, Germany, Ireland, Kuwait, Luxembourg, Malawi, Morocco, Mozambique, Namibia, Netherlands, Norway, Senegal, Seychelles, Swaziland, Switzerland, Syria, Vietnam and Zambia.

Anti-Avoidance Rules

Transfer pricing

South Africa follows OECD guidelines on transfer pricing and uses the arm's length standard/principle to test transactions between connected persons in an international (cross-border) transaction. Allowable methods include the following:

- Comparable uncontrolled price method
- Resale price method
- Cost plus method
- Profit split method
- Transactional net margin method.

Taxpayers with qualifying transactions must prepare transfer pricing policies and documentation.

Where a transaction between a resident and a non-resident (or a non-resident and a PE of another non-resident in South Africa, or a resident and a PE of a resident outside South Africa) is not carried out on an arm's length basis and results in a tax benefit, the taxable income of the person receiving the tax benefit must be calculated as if the transaction had been entered into on arm's length terms. If a resident received the tax benefit, an amount equal to the adjustment is deemed to be an in specie dividend paid by the resident (if a company), or a donation paid by the resident (if a person other than a company).

Compulsory transfer pricing documentation and reporting rules apply. Qualifying taxpayers must file country-by-country (CbC) reports, a master file and a local file with SARS.

Thin capitalisation

Thin capitalisation provisions within the general transfer pricing rules limit the deduction of interest payable by South African companies on debt provided by certain non-resident connected persons. South Africa's thin capitalisation rules also apply to local branches of foreign companies.



Controlled foreign companies (CFCs)

A proportional amount of the net income (including capital gains) earned by a CFC is included in the income of a South African resident shareholder. A CFC is any foreign company where South African residents directly or indirectly hold more than 50% of the total participation rights or more than 50% of the voting rights in the company, or any foreign company whose financial results are reflected in the consolidated financial statements (as contemplated in IFRS 10) of any company that is a resident. The proportionate income of the CFC will be included in the income of the resident, where the resident has participation or voting rights of 10% or more. The income of the CFC is to be determined as if the South African Income Tax Act applied to the entity.

Exclusions from the attribution of income under the CFC rules apply under certain specified conditions, including where the foreign taxes paid by the CFC amount to at least 75% of the South African tax that would be payable if the CFC were South African resident.

Hybrid equity instruments, hybrid debt instruments and third-party backed shares

The Income Tax Act contains sections dealing with hybrid debt instruments, hybrid equity instruments and third party backed shares. These sections are anti-avoidance sections and are aimed at ensuring instruments are correctly classified as debt or equity for tax purposes.

Interest deduction limitation provisions

Provisions in the Income Tax Act restrict the deductibility of interest on loans obtained in connection with acquisitions and reorganisations. In addition, there are provisions regulating the deductibility of interest in respect of a debt owed to a person that is not subject to tax in South Africa, where the funds

are obtained directly or indirectly from a person who is in a controlling relationship (holding at least 50% of equity shares or voting rights) in relation to the debtor.

General anti-avoidance rule (GAAR)

The Income Tax Act contains a general anti-avoidance rule that sets out the circumstances under which an arrangement constitutes an “impermissible avoidance arrangement” for tax purposes, and the consequences that flow from this.

Employment-Related Taxes

Payroll tax

A Pay-As-You-Earn (PAYE) system applies in South Africa, at the prescribed tax rates for individuals. A 25% rate applies for temporary employees in “non-standard employment”. Employers whose annual payroll exceeds ZAR500 000 are liable to pay a monthly 1% “skills development levy” (SDL) on the total remuneration paid. Payments to reimburse employees, pension payments and payments to independent contractors and learners under contract are not subject to the SDL.

Social security

Both employers and employees are required to pay a monthly 1% contribution to South Africa’s unemployment insurance fund (UIF). The contribution is based on a maximum (i.e. capped) monthly gross remuneration per employee (currently, ZAR14 872). The employee’s 1% contribution is withheld from the employee’s salary by the employer. Certain remuneration and certain employees are excluded from the UIF contribution requirements.

Indirect Taxes

Value added tax (VAT)

	Rate
Standard rate	15%

Notes

1. Taxable transactions – VAT is levied on the supply of goods and services in South Africa, on the importation of goods and on the supply of imported services in certain circumstances, with specific rules applicable to the supply of electronic services. Electronic services are defined as services that are supplied by means of an electronic agent, electronic communication or the internet for any consideration, other than educational services that are supplied from a place in an export country and regulated by an educational authority in terms of the laws of that export country, telecommunications services and certain supplies within a group of companies. Any South African VAT charged to a vendor by suppliers, as well as VAT levied on the importation of goods, generally will be deductible through an input tax credit by the vendor.
2. Rates – The standard VAT rate is 15%. Certain supplies qualify for a zero rating (for example, exports and certain foodstuffs and other supplies) or are exempt from VAT (mainly certain financial services, residential accommodation and public transport).
3. Registration – Any person that carries on an “enterprise” in South Africa for VAT purposes and that makes taxable supplies above a certain threshold (currently, ZAR1 million per annum), is obliged to register as a VAT vendor.

Customs and excise duties

Customs duties are levied on imported goods, with the aim of raising revenue and protecting the local market from goods imported from countries with lower overheads/an oversupply among other things. Customs duties generally are calculated as a percentage of the value of the goods (as set out in the schedules to the Customs and Excise Act), determined by the specific tariff classification of the product. However, meat, fish, tea, certain textiles and petroleum products attract rates of duty calculated either as a percentage of the value or as

cents per unit (for example, per kilogram or metre). In South Africa, the customs value is based on an FOB (free-on-board) value. Preferential or zero rates of customs duty apply where trade agreements exist (listed under “Trade Relations,” below), subject to particular rules of origin.

Excise duties and levies mostly are imposed on high-volume daily consumable products (e.g. petroleum, alcohol and tobacco products), certain non-essential or luxury items (e.g. electronic equipment and cosmetics), as well as on consumables regarded as environmentally – or health hazardous. Duties are levied both on imported and locally manufactured specified goods. These duties and levies are self-assessed and paid via excise returns filed with SARS on either a monthly or a quarterly basis, depending on the product. From 1 April 2019, the Health Promotion Levy (HPL) on sugary beverages is increased from a rate of 2.1 cents to 2.21 cents per gram of the sweetener content exceeding four grams per 100 millilitres contained in final/“ready to drink” beverages. A new carbon fuel levy of nine cents per litre on petrol and 10 cents per litre on diesel applies as from 5 June 2019.

Other Taxes

Estate duty

Estate duty is payable on the dutiable amount of a deceased’s estate at 20% on a dutiable amount of up to ZAR30 million, and 25% on the excess. A ZAR3.5 million abatement (ZAR7 million for a couple) is deducted from all estates, regardless of personal circumstances. Estate duty applies to all assets of a person who was ordinarily resident in South Africa at the date of his/her death, irrespective of where the assets are situated. Assets owned by a person who was not ordinarily resident in South Africa at the date of his/her death, but which are located in South Africa, also may be subject to estate duty.

Donations tax

Donations tax is payable on the value of any property that is disposed of by way of donation by a resident. The rate is 20% on the value up to ZAR30 million, and 25% on the excess. Public companies and certain donations are exempt from donations tax. In addition, no donations tax is payable on donations made by an individual of up to ZAR100 000 per annum (ZAR10 000 for donors other than individuals). "Deemed donations" (disposals for less than adequate consideration) also are subject to the tax. Anti-avoidance rules in the Income Tax Act aim to prevent the avoidance of donations tax and estate duty through the transfer of assets to trusts (or companies held by trusts) on interest-free or low-interest loan accounts.

Transfer duty

Transfer duty applies to real estate transactions at rates ranging from 0% (on the value of property not exceeding ZAR900 000) to 13% (on the value of property exceeding ZAR10 million). Where the sale of fixed property attracts VAT, no transfer duty is payable. The indirect acquisition of residential property by way of the acquisition of shares, or a contingent right in a discretionary trust, is subject to transfer duty. Taxpayers engaged in, e.g. asset-for-share rollovers (as on the formation of a company) may obtain relief from transfer duty. No transfer duty applies to transfers on death or divorce.

Securities transfer tax (STT)

STT is levied at a rate of 0.25% on transfers of securities issued by a company incorporated, established or formed in South Africa and by foreign incorporated companies listed on a licensed exchange. Transfers include the transfer, assignment or cession, or disposal in any other manner, of a security, but exclude any event that does not result in a change in beneficial ownership, the issue of a security, and the cancellation or redemption of a security where the company ceases to exist.

Mineral and petroleum resources royalties

The rates for mineral and petroleum resource royalties, payable in line with the corporate provisional tax cycle, are 0.5%-5% for refined mineral resources and 0.5%-7% for unrefined mineral resources.

Carbon tax

Carbon tax is scheduled to apply as from 1 June 2019. An emitter of combustion emissions will be subject to carbon tax if its installed capacity is above certain thresholds, generally 10MW (th). There generally are no thresholds for fugitive or process emissions, which will be subject to carbon tax irrespective of the size of the emissions. Although the overall rate of carbon tax is ZAR120 per tonne, the effective tax rate is between ZAR6 and ZAR48 per tonne as a result of allowances available to emitters.

Tax Administration and Compliance

Tax is administered by the South African Revenue Service (SARS). Every person that, at any time, becomes liable for income tax in South Africa or that becomes liable to submit an income tax return is required to register with SARS for income tax. A permanent legislative framework for voluntary disclosure exists and applies to all taxes.

Companies

1. Tax year – The tax year is the company's financial year.
2. Consolidated returns – South Africa does not allow for taxation on a group or consolidated basis. Each company in a group of companies is a taxpayer in its own right.
3. Filing and payment – The filing deadline for annual income tax returns is confirmed by official notice each year (for companies, the filing deadline generally is 12 months after the end of the company's tax year). Tax returns for all types of tax generally are submitted to SARS via e-filing, and payment

is made electronically. Advance payments of tax (provisional tax) must be made twice a year: the first during the first six months of the tax year and the second before the end of the tax year, based on estimates of the final tax liability for the year. For taxpayers with taxable income not exceeding ZAR1 million, the second provisional payment must not be less than the lower of the “basic amount” (calculated with reference to the previously assessed income for the latest tax year) or 90% of actual taxable income. For taxpayers with taxable income exceeding ZAR1 million, an estimate that is equal to at least 80% of the taxable income for the year is required for the second provisional tax payment. A third, final provisional tax payment must be made within six months after the end of the tax year, to avoid the imposition of interest.

4. Penalties – Penalties and interest are imposed for non-compliance with tax obligations, including late filing or failure to file returns, understatement of tax owed and underestimation of provisional tax.
5. Rulings – A taxpayer may apply for a tax ruling in accordance with the advance tax ruling system. The ruling generally will be binding on SARS.

Individuals

1. Tax year – The income tax year for individuals generally runs from 1 March to the end of February each year.
2. Tax filing – Married individuals generally are taxed as separate taxpayers, but may be taxed jointly on certain community property.
3. Filing and payment – See “Filing and payment” under “Companies,” above.
4. Penalties – See “Penalties” under “Companies,” above.

VAT

1. Filing and payment – VAT returns generally must be submitted every two months, but businesses with an annual turnover exceeding ZAR30 million must submit monthly returns. Returns must be submitted within 25 days after the end of the tax period (or, in the case of e-filing, by the last business day of the month in which the 25th day falls). Payment in full must accompany the return.
2. Penalties – Penalties and interest are imposed for noncompliance with tax obligations, including late filing or failure to file returns and understatement of tax owed.

GENERAL INVESTMENT INFORMATION

Investment Incentives

South African government departments offer an array of incentive schemes to stimulate and facilitate the development of sustainable, competitive enterprises. A variety of these incentive schemes seek to support the development or growth of commercially viable and sustainable enterprises through the provision of either funding or tax relief. Most of the incentives are offered through the Department of Trade and Industry, with a few others from other government departments.

These include incentives under the following categories:

- Investment and enterprise development incentives
- Competitive enhancement incentives
- Export incentives (both industry specific and non-industry specific)
- Tax incentives
- Industrial development corporation (IDC) funding
- Industrial participation incentives.

Exchange controls

Exchange control is administered by the South African Reserve Bank (SARB), which has delegated powers to authorised dealers (i.e. banks licensed to deal in foreign exchange).

Subject to the rules stated below, South Africa does not impose exchange controls on non-residents, but exercises exchange controls over residents (including on outward investment) and transactions entered into between residents and non-residents. For exchange control purposes, a resident is a person (natural person or legal entity), whether of South African or any other nationality, who has taken up residence, is domiciled or is registered in South Africa.

Certain exchange control restrictions exist for foreign investors:

- Limited local borrowing restrictions exist for entities in which 75% or more of the shares, voting or control, or rights to capital or income, are held by non-residents. South African branches of foreign companies also are subject to these restrictions
- Borrowing for investment in residential property and financial transactions, which can be defined as the purchase and sale of any securities (listed or unlisted), repurchase agreements and any derivative transactions in securities, is limited to 100% of the shareholder's funds
- Where unlisted shares, immovable property, a business or other major assets are transferred between a resident and a non-resident, the value of the assets transferred must be verified
- Restrictions exist on the remittance of certain income; e.g. exchange control approval is required for royalties and payments for services.

The rate of interest payable on foreign loans is limited by the SARB; however, after approval has been granted, interest is freely transferable from South Africa. Foreign nationals temporarily resident in South Africa, subject to completing formalities through an authorized dealer, may conduct their affairs on a resident basis while resident in South Africa and may repatriate accumulated earnings or capital brought into South Africa.

Specific exchange control rules, annual limits or concessions apply to institutional foreign investors, immigrants, South African resident individuals and South African resident corporations. Under the rules applicable to South African resident corporations, applications by corporate entities to invest abroad are considered on their merits and in the light of national interest. Applications for investments not exceeding ZAR1 billion per year may be adjudicated by authorized dealers. There are no limits on amounts that may be remitted abroad for investment provided the applicable exchange control requirements are met.

Dividends declared and paid may be utilised for any purpose at any stage, except for loans or investment into the Common Monetary Area (CMA). HQCs approved by the Financial Surveillance Department may invest offshore without restriction.

Work Permits and Visas

South Africa's immigration system is regulated by the Immigration Act of 2002 (as amended) and regulations thereunder. The act sets out the different categories of visa and permit available to foreign nationals. There are two basic components of the system, namely, visas and permanent residence permits. Foreign nationals that do not have permanent residence status in South Africa are required to obtain temporary residence visas before arriving in the country.

There are four other types of visa that allow a foreign national to work in South Africa:

- Intra-company transfer work visa
- Critical skills work visa
- General work visa
- Corporate worker visa.

Additional categories of visas, such as a business visa, visitor's visa, study visa, exchange visa, medical visa and retired persons' visa, have their own purposes and enable the stay of foreign nationals in South Africa. It is recommended that foreign nationals apply for the appropriate visa to the South African embassy/high commission or consulate in their home country prior to arriving in South Africa. Applications for renewals and changes of conditions or status for specific categories of visa may be made to the Department of Home Affairs, via the VFS Visa Facilitation Centre in South Africa.

Trade Relations

The South African government, through the Department of Trade and Industry, seeks to support the objectives of industrial development and upgrading, employment growth and increased value-added exports by negotiating trade agreements with other countries. Below is a summary of the various trade agreements to which South Africa is a party.

Preferential market access agreements

- Southern African Customs Union (SACU)
- Southern African Development Community (SADC) Free Trade Agreement (FTA)
- European Union/South Africa Trade, Development and Cooperation Agreement (EU/SA TDCA)
- SACU-European Free Trade Association (EFTA) FTA

- SACU-Southern Common Market (Mercosur) Preferential Trade Agreement (PTA)
- Bilateral agreements with Mozambique and Zimbabwe (limited scope)

Current trade negotiations

- World Trade Organization's Doha Development Agenda – South Africa is a negotiator
- SACU-India Preferential Trade Agreement
- SADC-EAC-COMESA Tripartite Free Trade Agreement
- Trade, Investment and Development Cooperation Agreement (TIDCA) SACU-US Cooperative framework agreement
- Trade and Investment Framework Agreement (TIFA) SACU-US Bilateral agreement.

Nonreciprocal agreements

- Africa Growth and Opportunity Act (AGOA)
- Generalised System of Preferences (GSPs) – South African products qualify for preferential market access (i.e. no or substantially reduced customs duty) under the GSPs




Memberships

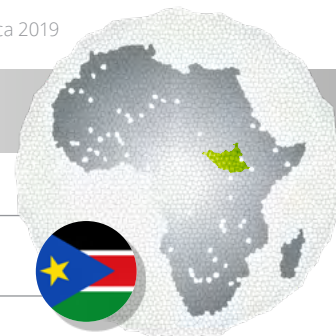
- New Partnership for Africa's Development (NEPAD)
- BRICS – Brazil, Russia, India, China and South Africa
- United Nations
- African Union (AU)
- African, Caribbean and Pacific Group of States (ACP)
- G20
- G22
- G77

Interest and Currency Exchange Rates

Monetary policy rate
Central Bank Rate - EOP: 6.75% (Source: SARB)
Currency
South Africa's currency is the Rand (ZAR), which is divided into 100 cents.
GBP1 = ZAR18.2639 (June 2019) (Source: XE Currency Converter)
USD1 = ZAR14.4163 (June 2019) (Source: XE Currency Converter)
EUR1 = ZAR16.2427 (June 2019) (Source: XE Currency Converter)

Key Economic Statistics

GDP (approximate)		USD371.30 billion (2019 forecast) (Source: IMF WEO DATABASE)
		USD386.73 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		USD55 259.60 million (Dec 2018) (Source: IMF WEO DATABASE)
Rate of Inflation		4.96% (2019 forecast) (Source: IMF WEO DATABASE)



South Sudan

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Income Tax – Individuals

Taxable income (SSP)	Rate
600	0%
601 – 5 000	10%
Over 5 000	15%

Notes

1. Basis – South Sudanese nationals are subject to tax on worldwide income (including, for example, income from entrepreneurial activities, estate lease income and personal income). Non-residents are subject to tax only on South Sudan-source income.
2. Residence – An individual who is domiciled in South Sudan or is physically present in the country for 183 days or more in any tax period is deemed a resident for tax purposes.
3. Taxable income – Employment income generally is taxable unless it is specifically exempt. Employment income includes salaries, bonuses, commissions, allowances and other forms of compensation in cash or in kind; income earned under contracts for temporary work; and pension income. Income from an entrepreneurial activity, leasing income, dividends, interest, capital gains and other investment income also is taxable.
4. Deductions and allowances – Personal relief of SSP3 600 per year is available on employment income. In addition, up to 8% of gross wages paid by employees to funded government-approved pension schemes is deductible from gross income.
5. Rates – The personal income tax rates for residents and non-residents are progressive from 0% to 15%.

Income Tax – Companies

	Rate
Small businesses (Revenue less than SSP1 million)	10%
Medium-sized businesses (Revenue between SSP1 million and SSP30 million)	20%
Large businesses (Revenue exceeding SSP30 million)	25%

Notes

1. Basis – Resident companies are liable to tax on their worldwide income; non-resident companies are taxed only on South Sudan-source profits.
2. Residence – A company, partnership or other entity established in South Sudan or that has its place of effective management in South Sudan is a resident.
3. Taxable income – Taxable income generally consists of worldwide income for resident companies (and business profits derived from South Sudan for non-resident companies), less expenditure incurred wholly and exclusively in the production of income for the year. Dividends received from a resident company are considered South Sudan-source income and are included in business profits. However, dividends are exempt from taxation as business profits if tax already has been withheld on the dividends. There is no separate capital gains tax; capital gains are treated as part of business income and capital losses are taken as business losses.

4. Deductions – In computing taxable income, expenditure incurred wholly and exclusively in the production of taxable income during the tax year generally is deductible. Depreciation of fixed assets is allowed according to the rates specified in the Taxation Act. Amortisation of intangible assets (such as goodwill, patents and trademarks, copyrights, etc.) is allowed. Expenditure of a capital nature is not deductible.
5. Losses – Losses may be carried forward and set off against taxable income for up to five years. The carryback of losses is not permitted.
6. Foreign tax credit – A foreign tax credit is granted to a resident taxpayer that earns profits from business activities outside South Sudan through a permanent establishment, and that pays foreign tax on such income. The foreign tax credit is equal to the lesser of the foreign tax paid or the South Sudan tax applied to the portion of the foreign-source income liable to tax in South Sudan.
7. Group relief – There is no provision allowing for group relief or the transfer of losses between members of a group.
8. Rates – The corporate tax rate depends on the classification of the company: the rate is 10% for small enterprises, 20% for medium-sized enterprises and 25% for large enterprises.
9. Branch taxation – A branch of a foreign company is subject to the same tax rate as a domestic subsidiary. There is no branch profits tax.
10. Advance business profits tax – Imported food items are subject to an advance payment of income tax (business profits tax) at a rate of 2%, while all other imported goods brought into or that enter South Sudan are subject to an advance payment of business profits tax at a flat rate of 4%. The tax is based on the customs value of the goods and is paid at the port of entry. A taxpayer that is required to file a tax return and that has made an advance payment on imported goods may obtain a credit against the amount of tax owed for the taxable year. An exemption from the advance payment requirement applies to the following:
 - Goods imported by a contractor, other than a local contractor, under a contract with the UN, UN specialised agencies or other international or government donors to the South Sudan government
 - Goods imported by the UN UN specialised agencies or other international or government donors to the South Sudan government
 - Humanitarian aid when imported by a bona fide organization as provided in the relevant regulations.

The Minister of Finance and Economic Planning may issue exemption letters.

Withholding Tax (WHT)

The WHT rates on various types of payments are as follows (the tax is a final tax for non-residents, although the rate may be reduced under an applicable tax treaty):

Payment	Taxation Act Resident/Non-resident	Residents
Dividends	10%	10%
Interest	10%	10%
Royalties	10%	10%
Rent	10%	20%
Technical fees paid to contractors	N/A	N/A
Government contracts	N/A	20%
Withholding tax rate	10%	10%

Notes

1. Withholding tax rate on technical fees paid to non-residents was increased from 10% to 15%. This became effective from 1 January 2017. The South Sudan government and persons who pay technical fees to non-residents are withholding agents.

Tax Treaties

South Sudan does not have any tax treaties.

Anti-Avoidance Rules

Transfer pricing

Transactions between related parties must be on arm's length terms, and the tax authorities can adjust the profits where the arm's length principle is not followed, i.e. the difference between the arm's length price and the transfer price will be included in taxable profit. The comparable uncontrolled price method is



preferred, but the resale price method or cost-plus method may be used if a price cannot be determined under the comparable uncontrolled price method.

Employment-Related Taxes

Payroll tax

An employer must withhold income tax from an employee's wages, including bonuses and allowances, for the appropriate payroll period.

Social security

The employer is required to make pay-related social security contributions equal to 6% of the monthly basic salary (capped).

Indirect Taxes

Sales tax

	Rate
Standard rate	20%

Notes

1. South Sudan levies a sales tax rather than a VAT.
2. Taxable transactions – The sales tax applies to manufacturers, importers and service providers in South Sudan.

Customs and excise duties

Imported goods are subject to customs duties at rates of 5%, 10% and 20%. South Sudan is implementing the harmonised system classification of goods that will align the rate schedule with that of the East African Community.

Excise duty applies to the production of excisable goods in South Sudan, the import of excisable goods into the country and the provision of excisable services in South Sudan. Rates range from 5% to 20%, depending on the goods and the transaction.

Other Taxes

Inheritance/estate tax

There is no inheritance or estate tax in South Sudan.

Stamp duty

There is no national stamp duty legislation in South Sudan, but in practice, stamp duties are imposed by the state authorities, at rates that vary depending on the state.

Transfer tax

There is no transfer tax on immovable property or on the transfer of shares, bonds or other securities.

Departure tax

There is a departure tax of USD20 per person on international air travel.

Tax Administration and Compliance

The South Sudan Department of Taxation administers tax in South Sudan.

Companies

1. Tax year – The tax year is the calendar year unless the tax authorities approve a different year-end.
2. Consolidated returns – Consolidated returns are not permitted; each company must file a separate return.
3. Filing and payment – A corporate taxpayer must file an annual return based on its income for the tax year. The return is due on or before 1 April of the year following the tax period. The taxpayer's audited financial statements, together with any final tax due, must accompany the tax return. In addition, the taxpayer must make advance payments of income tax on a quarterly basis.
4. Penalties – A penalty of 5% each month will be levied on any tax that is unpaid by the due date. Interest on such unpaid

tax will accrue at a rate of 120% of the commercial rate from the last due date to the date of payment. In cases of failure to file the return, an additional charge between 5% and 25% of the reported tax liability will be levied. A penalty of 5% each month is imposed on any amount of tax arrears.

5. A person that fails to withhold tax from payment will be liable to pay the tax not withheld, as well as penalties and interest. Further, no deduction will be allowed for the payment.
6. Rulings – Binding rulings are available in South Sudan, provided the taxpayer has made a full and accurate disclosure of the nature of all aspects of the transaction for which the ruling is requested.

Individuals

1. Tax year – The tax year is the calendar year.
2. Tax filing – Each taxpayer must file a return. Joint returns Spouses are not permitted to submit joint returns.
3. Filing and payment – The individual income tax return must be submitted before 1 April of the year following the tax period. A resident individual engaged in any entrepreneurial activity, or receiving estate lease income, must make advance payments of income tax on a quarterly basis.
4. Penalties – A penalty of 5% per month will be levied on tax that is unpaid by the due date. Interest on the unpaid tax will accrue at a rate of 120% of the commercial rate from the due date to the date of payment. In cases of failure to file the return, an additional charge between 5% and 25% of the reported tax liability will be levied. A penalty of 5% per month will be imposed on any tax arrears.

GENERAL INVESTMENT INFORMATION

Investment Incentives

Various investment incentives are available to foreign investors on a case-by-case basis, including concessions on machinery and equipment for qualified investment priority areas, capital allowances, deductible annual allowances, other annual depreciation allowances and access to land for investment under the Investment Promotion Act.

Exchange Controls

There are no foreign exchange controls, as such, in South Sudan. Foreign investors may freely repatriate profits, net of all taxes and other statutory obligations, to their holding company or head office abroad (in accordance with the Investment Promotion Act 2009). However, due to a shortage of foreign currency, it may be difficult to transfer foreign currency outside South Sudan.

Expatriates and Work Permits

A visa and a work permit are required for foreigners who intend to work in South Sudan.




Trade Relations Memberships

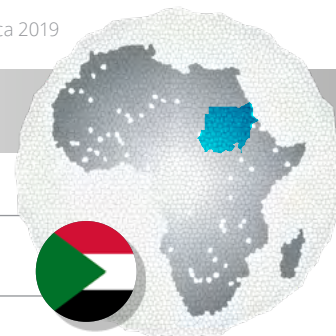
- United Nations (UN)
- African Union (AU)

Interest and Currency Exchange Rates

Monetary policy rate
Central Bank Rate - EOP: 13.25% <small>(Source: Trading Economics)</small>
Currency
The South Sudanese pound (SSP) is the official currency of South Sudan. It is divided into 100 piasters.
ZAR1 = SSP8.81 <small>(June 2019) (Source: XE Currency Converter)</small>
USD1 = SSP130.26 <small>(June 2019) (Source: XE Currency Converter)</small>
EUR1 = SSP147.33 <small>(June 2019) (Source: XE Currency Converter)</small>

Key Economic Statistics

GDP (approximate)		USD3.15 billion <small>(2019 forecast) (Source: IMF WEO DATABASE)</small>
		USD2.80 billion <small>(2020 forecast) (Source: IMF WEO DATABASE)</small>
Market Capitalisation		There is no stock market in South Sudan
Rate of Inflation		24.47% <small>(2019 forecast) (Source: IMF WEO DATABASE)</small>



Sudan (North)

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Income Tax – Individuals

Taxable income (SDG)	Rate
Up to 3 000	0%
3 000 to 6 000	5%
6 000 to 10 000	10%
Over 10 000	15%

Notes

1. Basis – Residents are subject to tax on employment income, all business profits, real estate leases income and personal income from worldwide sources. Non-residents are taxed only on Sudan-source income.
2. Residence – An individual is deemed to be resident in Sudan if he/she: (1) is present in Sudan for a period or periods exceeding a total of 183 days in the basis period; or (2) is present in Sudan in the relevant basis period and the two preceding basis periods for a period exceeding a total of 12 months.
3. Taxable income – Employment income generally is taxable unless otherwise exempt. Business profits earned by an individual from a trade or profession, leasing income and other investment income also are taxable.
4. Capital gains – The rates are 5% for gains derived from the sale of land and buildings, 2.5% for gains on the sale of vehicles and 2% on gains from the sale of securities, shares and bonds, subject to certain exceptions.

5. Exempt income – For business and professional profits and income from real estate leases, the first SDG3 000 is exempt from tax. However, exemption does not apply to employment income.
6. Deductions and allowances – Personal relief of SDG14 400 per year is available on personal income (for resident individuals only). The income tax rules provide additional deductions for personal income.
7. Rate – Progressive rates ranging from 5% to 15% apply to personal income (see table) and on business and professional profits. The rate on income from real estate leases and other non-regular income is 10%.

Income Tax – Companies

	Rate
Rate depends on activity	0% to 35%

Notes

1. Basis – Resident companies are subject to tax on their worldwide income. Non-resident companies pay tax only on profits derived from a Sudanese source.
2. Residence – A company is deemed to be resident in Sudan if it is incorporated in Sudan under the Companies Act 1925 or if the management and control of its affairs are exercised in Sudan in the tax year concerned. Local and foreign businesses are required to register with the tax authorities for corporate tax, value added tax (VAT) and payroll tax. An unregistered foreign entity will be deemed to be resident in Sudan if: (1) it is present in Sudan for a period or periods exceeding a total of 183 days in the basis period; or (2) it is present in Sudan in the

relevant basis period and the two preceding basis periods for a period exceeding a total of 12 months.

3. **Taxable income** – Taxable income generally consists of all worldwide income for resident companies and all Sudanese-source income for non-resident companies, less expenditure wholly and exclusively incurred in the production of the income for the year as permitted by the tax legislation.
4. **Losses** – Losses may be carried forward and set off against taxable income for five years following the end of the tax year in which the loss was incurred. The carryback of losses is not permitted.
5. **Foreign tax credit** – Foreign tax paid on income taxable in Sudan may be deducted from taxable income subject to the approval of the Ministry of Finance. As a domestic method of relief, the Minister of Finance may exempt from tax foreign income already taxed in the source country. Double taxation relief also is provided under tax treaties.
6. **Group relief** – There is no provision allowing for group relief or the transfer of losses between members of a group.
7. **Rate** – Corporate tax rates in Sudan are specified according to the business activity of the company. The rate is 0% for agricultural activities, 10% for industrial activities and 15% for commercial activities and all service activities (except for petroleum services companies (i.e. subcontractors for petroleum exploring, extracting and exporting companies)), real estate rental companies, banks, insurance activity, telecommunications and fund management companies. The rate is 30% for banks, cigarette and tobacco companies; 35% for companies engaged in the exploration, extraction and distribution of oil and gas, and their subcontractors. The telecommunications sector is subject to a 5% business profit tax on gross income. Additionally, a 5% social development tax applies for all companies exempt from tax under the Investment Encouragement Act or other law. A 3% advance tax is deducted from periodic payments made to foreign contractors working in Sudan, with the final settlement of tax made at the end of the contract.
8. **Surtax** – No
9. **Other** – Zakat at a rate of 2.5% applies on the working capital of a company owned by Muslim shareholders. The zakat paid by a company is a deductible expense, provided it is paid to the Sudanese Zakat Chamber.

Withholding Tax (WHT)

WHT at the appropriate rate must be deducted from payments made to non-residents. The WHT rates are as follows (the tax is a final tax and the rate may be reduced under an applicable tax treaty):

Payment	Rate
Dividends ¹	0%
Interest	15%
Royalties	15%
Other ^{2,3,4}	5%/7%/15%

Notes

1. A 1% stamp duty is applicable on dividends payments.
2. Payments from resident companies to entities registered in Sudan as a branch of a foreign company are subject to a 5% creditable WHT.
3. Payments by resident companies to non-resident contractors and subcontractors are subject to a 7% final WHT on the gross amount.
4. Management and professional fees paid to non-resident companies are subject to a final 15% WHT on their gross amount. Management fees are defined as payments to a person in accordance with a contract for performing managerial services. Professional fees are defined as payments to a person in return for performing technical consulting services.
5. Additionally, WHT applies to the gross amount of specific payments made to resident and non-resident companies as follows: (i) 1% on government payments to taxable persons; 2% on imports of goods by taxable persons; (iii) 5% on payments by domestic companies to resident contractors and subcontractors; and (iv) 10% on consultancy fees and payments to professionals.

Tax Treaties

Sudan has a small tax treaty network. The WHT rates on dividends, interest and royalties under Sudan's tax treaties are as follows (however, the rate under domestic law may apply where this is lower than the treaty rate):

Treaty partner	Dividends	Interest	Royalties
Bahrain	D	D	D
China	D	D	10%
Egypt	D	D	3/10% ¹
India	D	D	10%
Indonesia	D	D	10%
Iran	D	7%	5%
Iraq	D ²	D ²	D ²
Jordan	D	D	15%
Kuwait	D	5%	10%
Malaysia	D	D	10%
Qatar	D	0%	D ³
Romania	D	D	5%
Syria	D	D	10%
Tunisia	D	D	10%
Turkey	D	D	10%
United Arab Emirates	D	0%	5%
United Kingdom	D	D	10%
Yemen	D	D	10%

Notes

1. The lower rate applies to copyright royalties, including for films.
2. There is no limitation on WHT on dividends, interest and royalties under the treaty.
3. The domestic rate applies. The income is subject to tax only in the source country.

Anti-Avoidance rules

Transfer pricing

There are no specific transfer pricing rules in Sudan. However, the tax authorities are empowered to adjust or alter the tax consequences of any transaction that they have reasonable cause to believe was arranged to result in the resident and non-resident having either no profit or less than ordinary profits.

Employment-Related Taxes

Social security

Employers must contribute an amount equal to 17% of the monthly salaries of their Sudanese and expatriate employees for social security purposes. Employees (citizens and expatriates) must contribute 8% of their monthly salary.

Indirect Taxes

Value added tax (VAT)

Standard rate	17%
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Notes

1. Taxable transactions – VAT applies to the supply of most goods and the provision of services, including the importation of such goods and services into Sudan.
2. Rates – The standard VAT rate is 17% and a special rate of 30% is imposed on telecommunication services. Certain activities are exempt from VAT.
3. Registration – Registration is required for all companies operating in Sudan. A person who is not charged with registration may voluntarily apply for registration.

Customs and excise duties

The Sudanese tariff system provides for a single rate of duty for each item, which applies to all countries. The rates are usually grouped into a “single-column tariff”, which is a schedule of duties in which the rate applies to imports from all countries on the same basis.

There is no preferential tariff. The primary basis of customs valuation is the transaction value.

Sudan does not apply a system of specific duties (i.e. the method of calculation with a specific amount per unit of weight, volume, length or other unit of measurement). Instead, customs duties are calculated as a percentage of the value of the goods (ad valorem duty), in accordance with the standards of the 1983 International Convention on Harmonized Commodity Description and Coding System, to which Sudan is a signatory. However, the Customs authorities have the right to review the transfer price to make sure that it is a fair reflection of the market value.

Imported goods are subject to duty rates ranging from 0% to 100%. An exemption from customs duties on imported goods is granted to licensed persons or companies under the Investment Encouragement Act.

Other Taxes

Transfer tax

The transfer of shares in a company is subject to tax at a rate of 2%.

Capital duty

Stamp duty is payable on the issue or increase of share capital at the rate of 0.001% of the amount of the share capital.

Stamp duty

Stamp duty has a wide application in Sudan and the rates vary depending on the type of instrument – e.g. 1% of corporate dividends.

Vehicle tax

An annual tax is levied on automobiles at amounts ranging from SDP50 to SDP250, depending on the cylinder capacity of the vehicle.

Tax administration and compliance

Tax is administered by the Tax Department of the Secretariat (Ministry) of Finance.

Companies

1. Tax year – The tax year is the calendar year, although a company may adopt any year end. All taxable income is assessed in the fiscal year in which the company's accounting year ends. In general, the tax period is 12 months.
2. Consolidated returns – Consolidated returns generally are not permitted. Each entity must file a separate return.
3. Filing and payment – A corporate taxpayer must file an annual return based on its income for the accounting year. The return is due within three and one-half months following the end of the accounting year. The taxpayer's audited financial statements and the tax due must accompany the tax return.
4. Penalties – Failure to present a declaration of income to the Office of the Taxation Chamber will lead to an additional tax not more than three times the tax due. A delay in submitting an income tax return results in a penalty of SDG10 per day or, according to the discretion of the General Secretary, but not exceeding 5% of the total tax liability.

- Rulings – Rulings generally are not granted in Sudan, although a taxpayer may request a non-binding opinion from the Taxation Chamber on the interpretation of provisions in the tax law or administrative procedures.

Individuals

- Tax year – The tax year is the calendar year.
- Tax filing – The employer is responsible for the filing and payment of the personal income tax on behalf of the employee.
- Filing and payment – Filing and payment are due at the end of every month for resident employees and at the end of every fiscal year for Sudanese citizens working abroad.
- Penalties – Penalties apply for failure to file or late filing (see above under “Companies”).

Value Added Tax

- Filing and payment – Companies are required to file a VAT return and pay the tax due by the 15th day of the following month.
- Penalties – Failure to submit the declaration of income may result into an additional tax of SDG10 per day or up to 5% of taxable income.

GENERAL INVESTMENT INFORMATION

Investment Incentives

Tax incentives

- The Income Tax Act does not include any special incentives for investment, except for an initial depreciation allowance of 20% for the purchase of new machinery or equipment that is to be used in production. The initial allowance is allowed only one time during the life of the machinery/equipment, and the deduction is allowed on the date of its first use
- A 2013 decree-law on investment incentives includes specific incentives for strategic investments, including:
 - VAT exemptions for business assets
 - Customs duty exemptions for business assets and transport vehicles used for business purposes, and goods used as input for production purposes are entitled to preferential customs duty rates
 - Access to plots of land required to start the project at preferential rates.
- Various free zones have been set up by the government, including the following:
 - Khartoum free-trade zone, at El-Gaily
 - Port Sudan free-trade zone, near the port
 - Suakin free-trade zone
 However, the free zones do not offer specific tax incentives.

Exchange Controls

The Sudanese government may impose limitations in the exchange rates of foreign currency and money transfers.

Trade Relations




Memberships

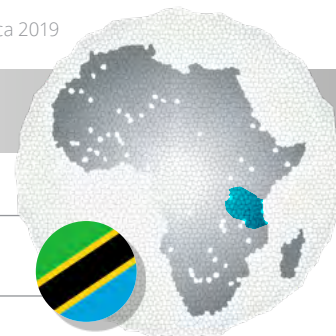
- African Development Bank Group (AfDB)
- Arab Fund for Economic and Social Development (AFESD)
- Islamic Development Bank (IDB)
- United Nations Conference on Trade and Development (UNCTAD)
- Common Market for Eastern and Southern Africa (COMESA)
- International Solar Alliance (ISA)
- African Union (AU)

Interest and Currency Exchange Rates

Monetary policy rate
Central Bank Rate - EOP: 14.1% (Source: Trading Economics)
Currency
ZAR1 = SDG3.11207 (June 2019) (Source: XE Currency Converter)
USD1 = SDG44.8634 (June 2019) (Source: XE Currency Converter)
EUR1 = SDG50.5498 (June 2019) (Source: XE Currency Converter)

Key Economic Statistics

GDP (approximate)		USD31.47 billion (2019 forecast) (Source: IMF WEO DATABASE)
		USD31.11 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		USD169.50 million (Dec 2018) (Source: IMF WEO DATABASE)
Rate of Inflation		49.56% (2019 forecast) (Source: IMF WEO DATABASE)



Tanzania

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Income tax – Individuals

Taxable income (TZS)	Rate
0 – 170 000	0%
170 001 – 360 000	9%
360 001 – 540 000	TZS17 100+20% of the excess over TZS360 000
540 001 – 720 000	TZS53 100+25% of the excess over TZS540 000
Over 720 000	TZS98.100+30% of the excess over TZS720 000

Notes

1. Basis – Residents are taxed on worldwide income. Non-residents are subject to tax only on Tanzania-source income.
2. Residence – An individual is considered resident in Tanzania for tax purposes of the individual
 - Has a permanent home in Tanzania and is present in Tanzania at any time during the tax year
 - Is present in Tanzania for 183 days or more during the tax year
 - Is present in Tanzania during the tax year, and in each of the two preceding tax years, for periods averaging more than 122 days per year or

- Is an employee or an official of the government of Tanzania posted abroad during the tax year.
3. Taxable income – Individuals are taxed on the value of any benefit or advantage arising from employment. Income derived by an individual conducting a business is taxed in the same way as income of a company. The total income of a person is the sum of the person's chargeable income for the year of income from each employment, business and investment.
 4. Exempt income – Medical expense coverage, health insurance premiums and onsite meals provided by an employer to its employees on a non-discriminatory basis do not form part of taxable employment income.
 5. Deductions and allowances – No personal allowances are available; however, a deduction is allowed for retirement contributions made to approved retirement funds.
 6. Rates – The individual tax rates are progressive from 0% to 30%. Non-resident individuals generally are subject to a fixed tax rate of 20% on their total income from a source in Tanzania. However, non-residents are taxed on their Tanzania-source employment income at a rate of 15%, which is a final tax. In addition, certain payments made to non-residents are subject to final withholding taxes (see “Withholding taxes,” below).

Income tax – Companies

	Rate
Standard corporate rate	30%
Newly listed companies on the Dar es Salaam Stock Exchange	25%
Newly established companies for manufacturing pharmaceuticals or leather products	20%
Companies with newly established plants for assembly of vehicles and boats	10%
Alternative minimum tax rate on turnover	0.5%

Notes

1. Basis – Residents are taxed on worldwide income. Branches of foreign corporations are taxed in the same way as resident companies, with an additional tax levied on branch profits. A branch is considered an extension of a foreign incorporated company and, from a tax perspective, a branch is deemed to be a permanent establishment (PE) of a non-resident person. A PE is treated as a separate but associated person to its head office for income tax purposes. Consequently, the PE is treated as a resident person in Tanzania.
2. Residence – A company is resident if it is incorporated under the Tanzanian Companies Act or if, at any time during the tax year, management and control of its affairs are exercised in Tanzania.
3. Taxable income – Taxable income includes profits derived from the operation of a business, capital gains, dividends, interest and royalty income, etc. Interest on bonds issued by the East African Development Bank (EADB) that are listed on the Dar es Salaam Stock Exchange is exempt.
4. Deductions – All expenditure incurred wholly and exclusively in the production of income from any business or investment generally is deductible. This is subject to specific exceptions for items such as capital expenditure, personal or domestic expenditure, income tax, bribes, fines, dividends and withholding tax paid by withholder.
5. Losses – Subject to continuity-of-ownership and same-business tests, losses may be carried forward indefinitely. The carryback of losses generally is not permitted. Special rules apply to long-term contracts and to mining and petroleum operations. Companies having three consecutive years of tax losses will be taxed at 0.5% on their turnover for the third year.
6. Foreign tax credit – Foreign tax paid may be credited against Tanzanian tax on foreign-source income, but the credit is limited to the amount of Tanzanian tax payable. Excess credits may be carried forward.
7. Group relief – There is no group relief in Tanzania.
8. Rate – The standard corporate tax rate is 30%. Certain payments made to non-residents are subject to final withholding taxes (see “Withholding Taxes,” below). Certain payments to residents also are subject to withholding taxes, which may be a final tax. Capital gains are taxed at the regular corporate tax rate, with an instalment payment due before title to the investment asset can be transferred (10% for residents and 20% for non-residents). Newly listed companies with at least 30% of their equity ownership issued to the public are taxed at a reduced corporate tax rate of 25% for three consecutive years from the date of listing. Companies with newly established plants for assembling motor vehicles, tractors, fishing boats and “out-boat engines” and that have concluded a performance agreement with the government are taxed at a reduced rate of 10% for five consecutive years from the commencement of production. Newly established companies dealing in manufacture of pharmaceuticals or leather products and have concluded a performance agreement with the Government of the United Republic of Tanzania are taxed at a reduced rate of 20% for five consecutive years from commencement of production.
9. Branch taxation – The repatriated income of a local PE of a non-resident person is subject to a withholding tax of 10%, in addition to the imposition of the 30% income tax on taxable branch profits.
10. Alternative minimum tax – For companies having three consecutive years of tax losses, an alternative minimum tax of 0.5% of turnover becomes applicable in the third year of losses.
11. Extractive industry taxation – Special rules apply to the extractive (e.g. mining and oil and gas) industry.
12. Other – Where the underlying ownership of a company changes by more than 50% as compared with the ownership at any time during the preceding three years, the company is treated as having realised its assets and liabilities held immediately before such change in control, at their market values.

Withholding taxes (WHTs)

The WHT rates on various types of payments are as follows (the tax is a final tax for non-residents (and for residents in certain cases, as noted below) and the rates may be reduced under an applicable tax treaty):

Payments	Residents	Non-residents
Mining²		
- Management and technical service fees	5%	15%
Dividends³		
- Paid by listed company	5%	5%
- Paid by unlisted company	5%/10%	10%
Interest	10%	10%
Royalties	15%	15%
Insurance premiums	0%	5%
Pensions		
- Lump sums commuted	10%	15%
- Annuities	15%	15%
Rents		
- If in excess of TZS500 000 per annum	10%	10%
- Aircraft	10%	10%
Service fees ⁵	5%	15%
Annual directors' fees	15%	15%
Government payments⁶		
Suppliers of goods to the government	2%	0%

Retirement funds' investment income⁷

Money transfer agent commissions	10%	10%
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Notes

- General – Tax withheld must be paid to the tax authorities within seven days after the end of the month in which the amount is withheld. The requirement to withhold tax does not apply to individuals, unless the payment is made in conducting a business.
- The WHTs on payments for technical services to mining companies are final and no additional corporate tax is imposed.
- Payments to residents for dividends, payments of interest on deposits from a financial institution to an individual and payments of rent to an individual are final taxes. Payments made to a non-resident without a Tanzanian PE also are considered final. Annual directors' fees are subject to a 15% final WHT. The WHT applies only on fees paid to directors who are board members.
- Dividends – The WHT is 5% on dividends paid to a resident company controlling 25% or more of the shares of an unlisted payer company; otherwise, the WHT is 10% on dividends paid by an unlisted company to a resident.
- Service fees – A 5% WHT applies to service fees paid by a resident (including a PE) to another resident. The tax is an advance tax that may be offset against the corporate tax liability for the year. A 15% WHT is applicable where service fees are paid to a non-resident person, irrespective of the place of performance of the service.
- Government payments – All supplies of goods by a resident corporation to a resident corporation whose budget is wholly or substantially financed by the government are subject to WHT of 2%, irrespective of whether a tax identification number is held by the supplier.
- Retirement funds' investment income – A 10% WHT applies to dividends, interest and rent paid to approved retirement funds. This WHT is not final and may be offset against the corporate income tax payable by the funds.
- The relevant law is not clear on the WHT treatment when the agent is a non-resident; however, if a non-resident agent receives a commission, the same rate likely would apply as for a resident agent.

Tax treaties

Tanzania has concluded tax treaties with nine countries. The following table shows the WHT rates on dividends, interest and royalties under Tanzania's tax treaties; however, the rate under domestic law may apply when they are lower than the treaty rate:

Treaty	Dividends	Interest	Royalties
Canada	20%/25%	0%/15%	20%
Denmark	15%	12.5%	20%
Finland	20%	15%	20%
India	5%/10%	10%	10%
Italy	10%	12.5%	15%
Norway	20%	15%	20%
South Africa	10%/20%	10%	10%
Sweden	15%/25%	15%	20%
Zambia	0%/D	D	D

D = domestic rate

Notes

- Under the treaties with Canada, India and Sweden, the dividends WHT rate may be reduced if certain levels of shareholdings are held.
- The 0% rate under the Canada treaty applies to certain interest paid to persons constituted and operated exclusively to administer or provide benefits under pension, retirement or other employee benefits plans.
- A rate of 10% applies under the South Africa treaty where the beneficial owner holds at least 15% of the capital of the company paying the dividends.
- The 0% rate under the Zambia treaty applies only if the dividend payment is taxed in the recipient's country of residence, otherwise the normal domestic rate applicable in the source country would apply. The treaty does not provide for a withholding tax rate on interest or royalties, so the domestic rate applies.
- All of the tax treaties above (except for the treaty with Italy) provide that no WHT can be levied on branch profits.

Anti-avoidance rules

Transfer pricing

The Income Tax Act provides that where transactions between associated persons are not at arm's length, the tax authorities have the discretion to make adjustments to taxable income and impose penalties resulting from underpayment. Similar rules apply where an arrangement exists between parties to allocate income in such a way as to reduce the overall tax payable, whether or not the arrangement is between associated companies.

Transfer pricing regulations require taxpayers with related party transactions to prepare transfer pricing documentation. Taxpayers with annual related party transactions amounting to TZS10 billion or more must file the documentation with the revenue authority, together with their annual corporate tax returns. Taxpayers with annual related party transactions of less than TZS10 billion are required to prepare and maintain transfer pricing documentation at the time when filing their annual corporate tax returns and, if requested by the revenue authority, must be able to provide the documentation within 30 days. The regulations largely follow the United Nations and OECD guidelines. However, where inconsistencies exist, the Tanzania transfer pricing regulations will prevail.

Thin capitalisation rules

The total amount of interest that an "exempt controlled resident entity" may deduct for corporate tax purposes may not exceed the amount of interest equivalent to a debt-to-equity ratio of 7 to 3. An entity is an exempt controlled resident entity if it is a resident and 25% or more of the underlying ownership of the entity is held by entities exempt under the second schedule to the Income Tax Act, approved retirement funds, charitable organisations, non-resident persons or associates of such entities or persons.



Controlled foreign corporations (CFCs) and controlled foreign trusts

Residents are taxed on the undistributed income of CFCs and controlled foreign trusts. A CFC or controlled foreign trust is a non-resident corporation or trust in which a resident person has a direct or indirect interest through one or more interposed non-resident entities, and where the person is “associated” (i.e. connected) with the corporation or trust. The ownership threshold for association is 50% or more; however, there are other relevant factors as well.

A CFC/controlled foreign trust is treated as having distributed its unallocated income at the end of each tax year, and the shareholders or beneficiaries are treated as having received such income. The unallocated income of the corporation or trust is determined as if it were a resident of Tanzania, less any distributions made.

Employment-related taxes

Payroll tax

Under the Pay-As-You-Earn (PAYE) system, income tax on an employee's employment income is required to be withheld at source by a resident employer (which includes a PE) at the time the income is paid to the employee (normally on a monthly basis). PAYE for resident employees is deducted at the statutory personal income tax rates, with a top marginal rate of 30%. For non-resident employees, a flat rate of 15% applies.

A Skills and Development Levy (SDL) is payable by the employer at a rate of 4.5% of cash emoluments paid to employees.

A Workers Compensation Fund has been established, with an additional levy payable by employers at 0.5% or 1% of the total wage bill for a given period for public and private employers, respectively.

Social security

There are two approved retirement funds following the merger of a number of funds: one for employees in the private sector, and the other for employees in the public sector. Contributions at 20% of wages are imposed under the governing legislation for the private sector, with the duty to remit the contribution prima facie falling on the employer. However, the employer has the right to recover up to 10% of the contribution from the employee (via deduction from wages). Also in public sector, the contribution at 20% of wages are imposed however, the employer (i.e. the government) has the right to recover from the employee up to 5% via deduction from wages.

Indirect taxes

Value added tax (VAT)

	Rate
Standard rate	18%

Notes

1. Taxable transactions – VAT is levied on the supply of most goods and services in Tanzania, with exceptions for certain goods and services eligible for “zero-rating” or a VAT exemption.
2. Rates – The standard rate of VAT is 18%. Exports of goods and services are subject to a zero rate of VAT, subject to set conditions.
3. Registration – There are four triggers for VAT registration: reaching a TZS100 million threshold of turnover from taxable supplies; providing designated services, irrespective of turnover; being an “intended trader”; and carrying on business in Tanzania as a non-resident, which requires registration by appointing a VAT representative.

Customs and excise duties

Tanzania has adopted the East African Community (EAC) Customs Management Act and Common External Tariff, although differences may exist for Tanzanian customs

purposes. Customs and excise duties are levied on a range of goods, at various rates. Duties and taxes on importation of goods are payable within 30 days from the date of assessment.

Other taxes

Inheritance/estate tax

There is no inheritance or estate tax in Tanzania.

Stamp duty

Stamp duty on most common instruments is 1% of the value of the instrument. There is an exemption from stamp duty on transfers between associates where the ownership of one associate in the other is 90% or more.

Property tax

Property tax is levied at flat rates on the property value, by the municipal or city councils. Applicable rates vary depending on the size, use and location of the property.

Property tax currently is levied as a percentage of the valued amount of the property, which is specific to each council. Property tax on unvalued property is levied at flat rates of TZS10 000 and TZS50 000 for normal houses and multiple-story houses, respectively. The levies are collected by the Tanzania Revenue Authority.

Business license fees

The business license fees per annum depend on several factors, including the size of the business, the nature of the business and the shareholding. The fees range from USD15 to USD10 000, depending on the area where the business is (or would be) situated.

Railway development levy

A 1.5% levy applies to the cost, insurance and freight (CIF) value of all imports, except exempt goods under the EAC Customs Management Act.

City service levy (CSL)

Municipal councils are empowered to administer and collect a CSL from companies operating in their municipalities. CSL is chargeable at 0.3% on turnover.

Tax administration and compliance

Tax is administered in Tanzania by the Tanzania Revenue Authority.

Companies

1. Tax year – The tax year is the calendar year. A different tax year may be approved by the tax authorities.
2. Consolidated returns – Consolidated returns are not permitted.
3. Filing and payment – For calendar-year taxpayers, an estimated income tax return and payment of the first instalment of self-assessed income tax are due by 31 March of each year. Additional instalment payments of income tax are due on 30 June, 30 September and 31 December. A final return of income and final payment of income tax are due on 30 June of the following year. Withholding taxes are payable within seven days after the end of a calendar month.
4. Penalties – Penalties and interest apply for failure to comply with the various provisions of the tax laws, including failure to maintain proper documentation.
5. Rulings – A person may apply for a private or class ruling to understand the tax authority's position on the application of a tax law to an arrangement.

Individuals

1. Tax year – The tax year is the calendar year.
2. Tax filing – Married couples are taxed separately.
3. Filing and payment – An estimated income tax return and payment of the first instalment of self-assessed income tax are due by 31 March of each year. Additional instalment payments of income tax are due on 30 June, 30 September and 31 December. A final return of income and final payment of income tax are due on 30 June of the following year.
4. Penalties – Penalties and interest apply for failure to comply with the various provisions of the tax laws, including failure to maintain proper documentation.

Value added tax

1. Filing and payment – VAT is payable and monthly returns are due on the 20th day of the month following the supply, or the following working day if the 20th day falls on a weekend or public holiday.
2. Penalties – Penalties and interest apply for failure to comply with the various provisions of the tax laws, including failure to maintain proper documentation.

GENERAL INVESTMENT INFORMATION

Investment incentives

General incentives

The Public Private Partnership Act provides room for the private sector to invest in public infrastructures and operate them with a view to providing public services at a reasonable cost, while, at the same time, addressing the public's economic and social needs.

Tanzania Investment Centre (TIC)

The TIC was established to act as a “go to” centre for investors and to coordinate, encourage, promote and facilitate foreign direct investments in Tanzania. One of the eligibility criteria for the centre is a minimum capital threshold of USD100 000 or USD500 000 for locals and foreigners, respectively. Upon successful application and acceptance, the TIC will issue a company a certificate of incentives, including tax incentives (see “Tax incentives,” below).

Strategic investor incentives

The Tanzania Investment Act provides that a relevant minister can identify a certain investment as a “strategic” or “major” investment. In doing so, the minister, in consultation with the Finance Minister, can issue a gazette notice setting out specific incentives to be granted to the “strategic investor” or the “special strategic investor.” A special strategic investor is one whose investment is at least USD300 million, while a strategic investor is one whose investment is at least USD20 million for local investors, and at least USD50 million for foreign investors. To qualify for special strategic investor status, the investment also must fulfil the following requirements:

- The investment's capital transactions must be undertaken through registered local financial institutions
- The investment must generate at least 1 500 jobs for locals, with a satisfactory number in senior positions
- The investment must have the capacity to generate significant foreign exchange earnings, produce significant import substitution goods or supply important facilities necessary for development in the social, economic or financial sector.

Export Processing Zones (EPZ)

The EPZ scheme provides for the establishment of export-oriented investments within designated zones, with a view to fostering international competitiveness for export-led

economic growth. Operators in an EPZ can sell up to 20% of their goods within the customs territory, provided the necessary customs permits and applicable import duties, levies and other charges are cleared. An EPZ investor's entitlements include the following:

- Access to the export credit guarantee scheme
- Exemption from payments of corporate tax, and from WHT on dividends, interest and rent, for a period of 10 years
- Reduction/remission of customs duty, VAT and any other tax payable on raw materials and goods of a capital nature
- Exemption from payment of all taxes and levies imposed by local government authorities for goods and services produced or purchased in the EPZ for a period of 10 years
- Exemption from pre-shipment or destination inspection requirements
- On-site customs inspection of goods
- Provision of business visas at the point of entry to key technical, management and training staff for a maximum period of two months (thereafter, the requirements to obtain a residence permit apply); entitlement to an automatic immigration quota of five persons
- Treatment of goods destined for the EPZ as transit cargo
- Exemption from VAT on utility and wharfage charges
- Guarantees on foreign exchange transferability.

Special Economic Zones (SEZs)

The SEZ regime in Tanzania applies to investments that produce goods and services for the local market. An investment falling short of qualifying for the EPZ scheme most likely will be eligible for the SEZ regime. Depending on whether investors are: (i) zone developers (category 1); (ii) suppliers producing and selling into an SEZ (category 2); or (iii) certain other investors (category 3), the investor may be eligible for some of the benefits granted to EPZ investors (category 1 and 2), exemptions from taxes and

duties on any capital goods and materials used for purposes of development in SEZs (category 1), exemptions from stamp duty (category 1), a 10-year property tax exemption (category 1), an exemption available from WHT on interest on foreign-source loans (category 2) or investor entitlements that mirror those of EPZ investors (category 3).

Tax incentives

- A 50% "wear and tear" allowance in respect of plant and machinery used for manufacturing or fish farming and hotel equipment is allowed in the first year of the assets' use
- A full deduction is granted in respect of the following:
 - Agricultural improvement expenditure in clearing land, excavating irrigation channels or planting perennial crops or trees bearing crops
 - Environmental expenditure for the prevention of soil erosion or remediation of damage caused by natural resource extraction
 - Research and development (R&D) expenditure.
- Various concessions on land apply to EPZs, SEZs (see above) and non-government organisations
- The TIC regime provides for certain tax reliefs and concessional tax rates that may be accessed by a TIC-qualifying investor under various laws (see above).

Exchange controls

Tanzania does not have exchange controls in respect of capital inflow and overseas remittances. A maximum travel allowance of USD10 000 for each trip out of Tanzania is granted to an individual. Payments to entities outside Tanzania require the approval of the Bank of Tanzania (BOT). However, transfers of shares between residents and non-residents ordinarily are considered as an internal matter of the company and the entire process is governed by the articles of the company, although

financial institutions require approval from the BOT before the transfer. Additionally, all transfers require a clearance certificate from the tax authority to confirm that tax has been paid or that there is no tax payable. Resident corporations may remit capital and income to non-resident corporations through commercial banks operating in Tanzania.

Residence and work permits

All foreign nationals taking up employment in Tanzania must obtain both residence and work permits. The applicant institution must submit, together with the application, a succession plan demonstrating how a Tanzanian national is being prepared to take on the role.

Trade relations




Memberships

- Southern African Development Community
- East African Customs Union
- African Growth and Opportunity Act beneficiary country

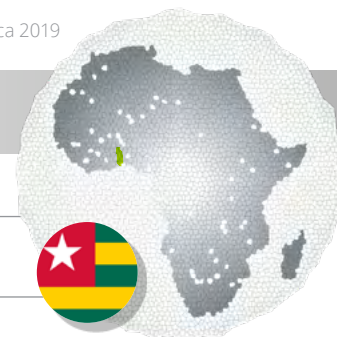
Interest and currency exchange rates

Monetary policy rate
Central Bank Rate - EOP: 7% (Source: Trading Economics)
Currency
Tanzania's currency is the Tanzanian Shilling (TZS), which is divided into 100 cents.
ZAR1 = TZS158.758 (June 2019) (Source: XE Currency Converter)
USD1 = TZS2294.96 (June 2019) (Source: XE Currency Converter)
EUR1 = TZS2580.83 (June 2019) (Source: XE Currency Converter)

Key economic statistics

GDP (approximate)		USD61.03 billion (2019 forecast) (Source: IMF WEO DATABASE)
		USD64.89 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		USD816.40 million (Dec 2018) (Source: IMF WEO DATABASE)
Rate of Inflation		3.47% (2019 forecast) (Source: IMF WEO DATABASE)

Togo



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Income Tax – Individuals

Taxable income (XOF)	Rate
0 – 900 000	0.5%
900 001 – 4 million	7%
4 000 001 – 6 million	15%
6 000 001 – 10 million	25%
10 000 001 – 15 million	30%
Over 15 million	35%

Notes

1. Basis – Residents are taxed on their worldwide income. Non-residents are taxed as residents when they have spent at least six months in Togo and have a tax domicile in Togo; otherwise, non-residents are taxed only on Togo-source income.
2. Residence – The concept of residence is not defined in Togolese law. An individual is domiciled in Togo if it is his/her main place of residence or if the individual has a dwelling in Togo at his/her disposal.
3. Taxable income – Taxable income includes industrial and commercial profits, non-commercial profits, agricultural profits, employment income (including benefits in kind), capital gains and income from property, securities and other assets. Industrial and commercial profits, non-commercial profits and agricultural profits are taxed at a rate of 30% after deduction of expenses.

4. Exempt income – Exempt income includes capital gains reinvested in fixed assets under certain conditions, statutory family allowances, salaries and bonuses attached to a national or international distinction, family pension supplements, wages of apprentices, military invalidity pensions, war pensions, etc. Bonuses awarded to employees to reward their loyalty or exceptional dedication are taxable.
5. Deductions and allowances – A deduction of a percentage of net wages is allowed that covers contributions for public health insurance, social security and certain other deductions. Deductions are allowed for certain expenses relating to real property, and interest on loans for the acquisition of a building or for building repairs in Togo is deductible for the first 10 years of the loan. Deductions are allowed for dependant relatives, and the amount of the deduction per dependant has increased from XOF6 000 to XOF10 000 per month in 2019.
6. Rates – The tax rates are progressive and range from 0.5% to 35%. When annual earnings exceed XOF15 million, the following formula is used in the calculation of income tax: Tax = (Taxable income – XOF15 million) x 0.35 + XOF3 021 500. Non-residents who spend more than six months in Togo during the fiscal year are taxed at the same rates as residents. Residents and non-residents are submitted to a capital gains tax applies on direct or indirect transfers of real property, gains from the transfer of share and mining permits or licenses issued by the government of Togo. The rate of this new tax are at 7% for the property or property right and share transfer and 15% for the mining permits or licenses transfer. The payer of this tax is the transferor or the vendor.
7. Other – The minimum amount of personal income tax due is XOF3 000.

Income Tax – Companies

	Rate
Standard corporate rate	27%

Notes

1. Basis – All companies registered in Togo must pay tax on Togo-source income.
2. Residence – There is no definition of residence but the tax code contains a definition of the term “permanent establishment” (PE). A PE is a fixed place of business through which the company exercises all or part of its business. PEs established in Togo are subject to corporate tax in Togo on all their income, Togo source or not.
3. Taxable income – Companies are taxed on industrial and commercial profits, non-commercial profits and income from land, securities and other assets. Capital gains realised by companies on the sale of assets/ real estate are regarded as taxable income and are subject to income tax, with some exemptions and reliefs available.
4. Deductions – Expenses and costs incurred for the purpose of operating a business generally are tax deductible, including the following: rents, personnel and labour costs, direct and indirect remuneration paid in respect of work, interest paid to shareholders, royalties, management fees, technical assistance fees and research costs paid by a Togolese company or a Togolese PE of a foreign company and fees and remuneration paid to intermediaries.
5. The deduction of technical assistance fees is limited to 10% of the taxable profit for the current fiscal year. In the absence of profit, the deduction limitation is required to be indexed based on the profits of the most recent non-prescribed exercise. If no profits were earned during this period, the right to deduct the technical assistance fees is forfeited. Depreciation and amortisation deductions are available, calculated on the basis of the normal wear and tear of assets used in business activities.
6. Losses – Losses incurred during a financial year are deductible up to 50% of the taxable profit of a subsequent year. The remaining losses that are not deductible may be carried forward without limit. The carryback of losses is not allowed.
7. Foreign tax credit – Togo does not provide for unilateral tax relief. However, a tax treaty may provide bilateral relief.
8. Group relief – There is no provision allowing for group relief or the transfer of losses between members of a group.

9. Rate – The standard corporate tax rate is 27%. A minimum tax (see below) is due from a loss-making company.
10. Companies must withhold a special tax on the capital gains from the direct or indirect sale of shares or bonds in resident companies, real property and property rights, mining or other exploration licenses that they have paid. The rate of this WHT tax due by the vendor are 7% of the capital gain from the sale of shares and bonds, real property or property rights and 15% for the sale of licenses.
11. Non-resident companies without a branch or PE in Togo are subject to a final withholding tax on Togo-source income. The default rate is 20%, unless otherwise provided (see under “Withholding taxes,” below).
12. Branch taxation – Branches of foreign companies are subject to the same rate as domestic companies.
13. Alternative minimum tax – Corporations and corporate bodies liable for corporation tax are subject to a minimum tax (IMF) of at least XOF600 000. The IMF is 1% of the entity's turnover excluding value added tax (VAT). The IMF does not apply to non-residents.

Withholding Tax (WHT)

The WHT rates on various types of payments are as follows (the tax is a final tax for non-residents and the rate may be reduced under an applicable tax treaty):

Payment	Residents	Non-residents
Dividends	13%	13%
Interest	6%-13%	6%-13%
Rents	12.5%	12.5%
Management/ professional fees	5%/10%	20%
Dividends (and deemed dividends)	13%	13%
Interest	6%/13%	6%/13%
Royalties	5%/10%	20%
Rents	12.5%	

Capital gains tax	7%/15%	7%/15%
Management/technical	5%/10%	20%
Fees of contractors or	5%/10%	20%

Notes

1. Dividends – Dividends generally are taxed at a 13% rate, but the rate is 7% if the payer company is a listed company within the West African Economic and Monetary Union (WAEMU).
2. Deemed dividends – Deemed dividends are non-deductible shareholder expenses including any expenses that are disallowed for corporate income tax purposes during a tax audit.
3. Interest – The standard rate is 6% for interest payments (including deemed interest payments) to legal entities and 13% for payments to individuals. However, long-term government bonds are taxed at 0%, medium-term government bonds are taxed at 3% and fixed-yield investments, corporate bonds and certain other interest are taxed at 6%.
4. Royalties – The rate is 5% on payments to a resident registered with the tax administration, and 10% on payments to a resident without a tax registration number.
5. Capital gains – the rate are 7% for shares and bonds – 15% for licenses

Tax Treaties

Togo has concluded tax treaties with the following countries/bodies:

Treaty	Dividends	Interest	Royalties	Mng/ technical service fees
France	15%	D*	D*	D*
WAEMU**	10%	15%	15%	-

* Domestic rates apply.

** WAEMU members include Benin, Burkina Faso, Guinea-Bissau, Ivory Coast, Mali, Niger, Senegal and Togo.

Anti-Avoidance Rules

Transfer pricing

Togo's transfer pricing rules require all commercial or financial transactions carried out between affiliated or controlled companies to be determined in accordance with the OECD arm's length principle. The companies also must produce all documents that justify the agreed price during a tax audit.

Thin capitalisation rules

An entity's total interest expense deduction is limited to 30% of its gross operating surplus. In addition, Togo's general tax code provides that deductions for interest paid to shareholders in respect of loans granted to the company are limited to an amount computed based on the annual average legal rate plus at least three percentage points. Additional restrictions may apply in certain cases to interest on loans from non-residents that are not banks.

Employment-Related Taxes Payroll tax

The 3% payroll tax on gross salary has been abolished.

Employers withhold personal income tax on employment income under the Pay-As-You-Earn (PAYE) system and remit it to the government no later than 15 days following the month of payment of the salary.

Social security

Employers must make monthly social security contributions of 17.5% of their employees' monthly gross salary. The employee contribution is 4% of gross remuneration.

Indirect Taxes

Value added tax (VAT)	Rate
Standard rate	18%

Notes

1. Taxable transactions – All legal entities or persons that carry out taxable transactions in Togo must pay VAT, even if the entity is located outside Togo. Imports are subject to VAT.
2. Rates – The standard VAT rate is 18%. Companies that supply certain services, including financial, insurance, medical and transport services, are exempt from VAT.
3. Registration – The VAT registration threshold is XOF60 million per year. Voluntary registration is possible if the threshold is not met. Foreign companies must appoint a fiscal representative in Togo if they wish to provide goods and services in the country.

Customs and excise duties Customs duties

Togo is a member state of the WAEMU, and the applicable customs rates are specified by the community regulations. The customs value of most imported goods is subject to customs duties ranging from 0% to 20%.

Excise duties

Excise duties are levied on certain goods at the following rates:

Product	Rate
Coffee	10%
Tobacco products	50%
Soft drinks, excluding mineral water	5%
Beer	18%
Other spirits	50%

Other Taxes

Inheritances and donations

Gratuitous transfers of real estate and movable assets are subject to registration duty.

Stamp duty

The amount of the stamp duty varies depending on the relevant act.

Capital duty

The registration fee for share capital on the incorporation of a company and on a capital increase has been abolished.

Transfer tax

A transfer of real property is subject to a registration duty of XOF35 000.

Property tax

A property tax on developed land is levied at 15% on the assessed rental value of buildings.

Fuel tax

A tax on fuel consumption is levied at rates ranging from XOF0 to XOF60 per litre, depending on the type of fuel.

Tax Administration and Compliance

Tax is administered in Togo by the Togo Revenue Authority.

Companies

1. Tax year – The tax year is the calendar year.
2. Consolidated returns – Group relief affiliated among affiliated companies. Returns must be submitted on the 30th April of the subsequent fiscal year for the previous year.

3. Filing and payment – Annual returns must be filed by 30 April following the end of the tax year. Instalment payments must be made during the fiscal year on 31 January, 31 May, 31 July and 31 October, with any balance due paid by 30 April of the following year.
4. Penalties – A maximum penalty of XOF150 000 applies for failure to comply with the tax rules.
5. Rulings – While there is no statutory requirement to issue binding rulings, the tax authorities may provide an advance ruling on the interpretation of the tax legislation.

Individuals

1. Tax year – The tax year is the calendar year.
2. Tax filing – Spouses are taxed separately. However, a single return for the total income of a household may be requested.
3. Filing and payment – If an individual only has employment income, the employer withholds tax under the PAYE system and remits the balance tax to the government by 31 January of the following tax year. If the individual derives other income, he/she must submit an annual return by 31 March of the following tax year. An individual must make advance payments of tax on other income by 31 January, 31 May, 31 July and 31 October of each year.
4. Penalties – Penalties for failure to comply with the tax rules vary, up to a maximum of XOF150 000.

Value added tax

1. Filing and payment – VAT returns and payments are due on the 15th day of the month following the date of the relevant transactions.
2. Penalties – The penalty in the case of non-compliance with the relevant invoicing requirements is 50% of the invoice amount.

GENERAL INVESTMENT INFORMATION

Investment Incentives Tax incentives

The Investment Code offers a variety of tax and customs incentives under two systems (the “declaration system” and the “agreement system”), including certain tax exemptions, reduced tax rates and customs duties and special deductions. To qualify for the incentives, the taxpayer must invest over USD100 000 (under the declaration system) or over USD1.2 million (under the agreement system), and Togo nationals must have priority for the majority of permanent jobs to be created. The duration of some exemptions varies depending on the system (24 months under the declaration system and 36 months under the agreement system), and available incentives vary depending on the phase of the investment/operations.

Certain incentives are available to companies authorised to establish in the export processing zone or that enjoy export processing zone status, including certain tax exemptions and reduced tax rates and customs duties. Other special incentives are offered in respect of certain types of activities, the use of technological inventions, certain investment areas, etc.

Exchange Controls

The freedom to transfer funds is guaranteed in conformity with WAEMU regulations.

Expatriates and Work Permits

The employer must pay fees to the labour administration to obtain a work permit for a foreign employee that is to be hired to work in Togo. The fee is 45% of the employee's monthly salary.

The employment contract must be submitted to the labour administration for authorization and the contract period cannot exceed four years, including any renewal period.

Before the issuance of the boarding permit, the emigration service of the national security is allowed to require, from any person who has fiscal domicile in Togo but is definitively or temporarily leaving the country, the presentation of a certificate of noncompliance claim or tax discharge.

Trade Relations




Memberships

- West African Economic and Monetary Union (WAEMU)
- Economic Community of West African States (ECOWAS)
- Organisation pour l'Harmonisation en Afrique du Droit des Affaires (OHADA)
- World Trade Organization (WTO)

Interest and Currency Exchange Rates

Monetary Policy Rate
Central Bank Rate - EOP: 4.5% (Source: Trading Economics, Central Bank of West African States)
Currency
Togo's currency is the CFA Franc (XOF), which is pegged to the euro at a fixed rate. It is the currency used by eight independent states in West Africa: Benin, Burkina Faso, Guinea-Bissau, Ivory Coast, Mali, Niger, Sénégal and Togo.
ZAR1 = XOF40.3469 (June 2019) (Source: XE Currency Converter)
USD1 = XOF583.288 (June 2019) (Source: XE Currency Converter)
EUR1 = XOF655.957 (June 2019) (Source: XE Currency Converter)

Key Economic Statistics

GDP (approximate) 	USD5.59 billion (2019 forecast) (Source: IMF WEO DATABASE)
	USD6.13 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation 	USD1 159.60 million (Dec 2018) (Source: IMF WEO DATABASE)
Rate of Inflation 	1.82% (2019 forecast) (Source: IMF WEO DATABASE)



Tunisia

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Income Tax – Physical person

Taxable income that exceeds TND	Does not exceed TND	Rate
0	5 000	1%
5 000 001	20 000	27%
20 000 001	30 000	29%
30 000 001	50 000	33%
50 000 001	-	36%

Notes

1. Basis – Residents are subject to tax on worldwide income. Non-residents are subject to tax on most Tunisian-source income but only under tax treaties. In other words, a non-resident is subject to Tunisian income tax at the normal graduated rates on income received from employment by a local employer (whether a resident employer or a Tunisian permanent establishment (PE) of a non-resident employer), as well as to the various flat rate withholding taxes (WHTs).
2. Residence – An individual is resident in Tunisia if he/she has a permanent residence in Tunisia or is present in Tunisia for at least 183 days in the relevant calendar year.

3. Taxable income – Income tax is assessed on total annual income derived from Tunisia or abroad if the foreign income was not subject to tax in the source country. Non-residents are subject to income tax in Tunisia. Capital gains derived by individuals are taxed as ordinary income.
4. Deductions and allowances – Life insurance payments and grants to the National Employment Fund may be deducted in calculating taxable income. Family allowances are available. For the salary income, of professional fees at the rate of 10% may be deducted up to TND2 000 per year.
5. Rates – Personal income tax rates are progressive from 0% to 35%, plus a 1% social solidarity contribution. Non-resident individuals are subject to the same rates as Tunisian residents and also may be subject to certain WHT. Capital gains are taxed at a rate of 15% if the seller holds property for less than five years, and 10% if the property is held for more than five years.

Income Tax – Companies

Companies	CIT rates	CIT rate (including social solidarity contribution)	Minimum contribution (TND)
Standard corporate rate	25%	26%	200
Banking and financial institutions, insurance and reinsurance, factoring, telecommunications and mutual insurance companies Large commercial areas; automotive dealerships; franchises of a foreign brand	35%	36%	300
Companies listed on Tunisian stock exchange (TSE) since 1 January 2017	15%	16%	200
Other	10%	11%	100
Companies operating in hydrocarbons sector	50%-75%	-	-
Minimum contribution: The minimum of the contribution to be paid by the companies			

Notes

1. Basis – Tunisia operates a territorial system of taxation, under which all income derived in the country is subject to tax. Worldwide revenue may be subject to Tunisian tax based on provisions in an applicable tax treaty.
2. Residence – Tunisia does not have a definition of residence for tax purposes.

3. Taxable income – Profits derived from the operation of a business in Tunisia or abroad are subject to tax, after the deduction of allowable expenses.
4. Deductions – Deductions are allowed for expenses for depreciation or amortisation, reserves, rents for premises and equipment, wages and all necessary costs incurred in operating the business. Capital gains are treated as ordinary income subject to the corporate income tax rate applicable to the company.
5. Losses – Net operating losses may be carried forward for up to five years. Losses resulting from depreciation may be carried forward indefinitely. The carryback of losses is not permitted.
6. Foreign tax credit – Tunisia does not provide for a unilateral foreign tax credit.
7. Group relief – There is no provision allowing for group relief or the transfer of losses between members of a group.
8. Rate – The normal corporate income tax rate is 25%. A 35% rate (increased from 25%) applies to certain banking and financial institutions, investment companies, insurance and reinsurance companies; factoring companies; and telecom companies. A 50%-75% rate applies to companies operating in the hydrocarbons sector. A lower rate of 10% applies to agricultural, health, handicraft and export companies, and education activities. A 1% social solidarity contribution is added to the corporate income tax rates.
9. Branch taxation – A branch of a foreign company is subject to the same accounting and tax obligations as a domestic company. However, a 10% branch profits tax applies to the after-tax profits of a branch of a foreign company where funds are repatriated.

Corporate groups – If a Tunisian company holds 75% or more of the shares of one or more Tunisian companies, the group may choose to be taxed as a single entity. Hence, the subsidiaries are treated as branches of the parent company and corporate tax is payable only by the parent company. The following requirements must be met to benefit from the group regime:

 - The parent company must be listed on the Tunisia stock exchange
 - The financial statements of the companies in the group must be certified by an external legal auditor
 - The group companies must have the same fiscal year and accounting period
 - All companies in the group must be subject to corporate income tax.

Withholding Tax (WHT)

The WHT rates on various types of income are set out below. The tax is a final tax for non-residents.

	Residents	Non-residents
Dividends	10%	10%/25%
Interest	20%	20%/25%
Royalties	-	-
Professional fees	5%	15%/25%
Payments exceeding TND1 000	1.5%	n/a
Other	15%	15%/25%

Notes

- Dividends paid to resident individuals and non-residents are subject to a 10% WHT. The tax is final for amounts that exceed TND10 000 and are deductible in calculating personal income tax if the amount is under TND10 000.
- Interest payments made to non-residents generally are subject to a 20% WHT unless the rate is reduced under a tax treaty.
- Royalties are not defined under domestic law, the definition is provided in a relevant tax treaty. Payments performed abroad are subject to WHT at the rate of 15% in case that there is no double taxation treaty.
- The higher rate of 25% applies where payments are made to a company resident in a country with privileged taxation.
- Professional fees paid to non-residents generally are subject to a 15% WHT unless the rate is reduced under a tax treaty. This rate is reduced to 2.5% for wholly exporting companies.
- The WHT on payments exceeding TND1 000 is not applicable to non-residents not established in Tunisia. The 1.5% rate is reduced to 0.5% for companies subject to the 10% and 13.5% corporate tax rates starting from FY21.
- Remuneration paid to members of boards, assemblies and committees of limited companies are subject to a 20% WHT, which may be deducted in computing taxable income.

Tax Treaties

Tunisia has concluded tax treaties with the following countries:

Country	Dividends	Interest	Royalties
Austria	10%/20%	10%	10%/15%
Belgium	5%/15%	5%/10%/0%	11%
Cameroon	12%	15%	15%
Canada	15%	15%	15%/20%
China	8%	0%/10%	5%/10%
Czech Republic	10%/15%	12%	5%/15%
Denmark	15%	0%/12%	15%
Egypt	10%	10%	15%
Ethiopia	5%	0%/10%	5%
France	D ¹	0%/12%	0%/5%/15%/20%
Germany	10%/15%/Up to 27%	0%/10%	10%/15%
Hungary	10%/12%	0%/12%	12%
Indonesia	12%	0%/12%	15%
Iran	10%	0%/10%	8%
Italy	15%	0%/12%	5%/12%/16%
Jordan	D ¹	D ¹	D ¹
Kuwait	10%	0%/2.5%/10%	5%
Lebanon	5%	0%/5%	5%
Luxembourg	10%	7.5%/10%	12%
Mali	0%/5%	5%/10%	
Malta	10%	0%/12%	12%
Mauritius	0%	0%/2.5%	2.5%
Netherlands	0%/20%	0%/7.5%/10%	7.5%/11%

Norway	20%	12%	5%/15%/20%
Pakistan	10%	13%	10%
Poland	5%/10%	12%	12%
Portugal	15%	15%	10%
Qatar	0%	D	5%
Romania	12%	0%/10%	12%/4%
Saudi Arabia	5%	2.5%/5%	5%
Senegal	D ¹	D ¹	D ¹
South Africa	10%	5%/12%/0%	10%/12%
South Korea	15%	0%/12%	15%
Spain	5%/15%	5%/10%	10%
Sudan	0%/5%	0%/10%	5%
Sultanate of Oman	0%	0%/10%	5%
Sweden	15%/20%	12%	0%/5%/15%
Switzerland	10%	10%	10%
Syria	0%	10%	18%
Turkey	12%/15%	10%/0%	10%
United Arab Emirates	0%	0%/2.5%/5%/10%	7.5%
United Kingdom	12%/20%	10%/12%	15%
United Maghreb Arab	D ¹	D ¹	D ¹
United States	14%/20%	15%	10%/15%
Yemen	0%	10%/0%	7.5%
Burkina Faso	8%	5%	5%

Hellenic Republic	10%	15%	12%
Serbia	10%	10%	10%
Vietnam	10%	10%	10%

D = domestic rate

Notes

1. Taxation in the country of source and according to its legislation.

Anti-Avoidance Rules

Transfer pricing

In line with its international commitments and following Tunisia's signing of the OECD Multilateral Instrument for the Implementation of Tax Treaty Measures to Prevent Base Erosion and Profit Shifting in 2018, Tunisia has adopted new transfer pricing rules based on the OECD Transfer Pricing Guidelines.

Three main measures will apply as from 1 January 2020:

- Companies with turnover exceeding TND20 million will be required to prepare an annual transfer pricing policy report
- Tunisian groups and subsidiaries of foreign companies that meet certain criteria will be required to prepare country-by-country reports
- Advance pricing agreements may be concluded with the tax authorities for a three to five-year period.

Thin capitalisation rules

Tunisia does not have thin capitalisation rules.

Controlled foreign company rules

Tunisia does not have CFC rules.



Employment-Related Taxes

Payroll tax

An employer is required to pay a professional training tax at a rate of 1% of gross salary in the manufacturing sector, and 2% for other activities. In addition, a contribution must be made to the social housing fund at a rate of 1% of gross salary. Both taxes are due monthly.

Social security

The employer must withhold and pay social security contributions on behalf of the employee at a rate of 9.18% of the total monthly gross remuneration. The employer's social security contribution is 16.07%, in addition to a work accident contribution, which depends on the sector and ranges from 0.4% to 4%.

Contribution to a retirement fund is not mandatory, but it is fixed at a rate of 9% on the difference between an employee's gross wages and six times the minimum guaranteed wage, of which two-thirds is paid by the employer and one-third by the employee.

Customs and excise duties

The import of goods into Tunisia is subject to import or customs duty at rates ranging from 0% to 30%.

Excise tax is a federal tax on specific goods and services either imported or manufactured in Tunisia. It is levied on a variety of items based on the sales price or customs value for imported goods. The advance tax on imports is 15%; the amount paid may be deducted when calculating corporate income tax.

VAT applies to goods subject to excise tax.

Indirect Taxes

Value added tax (VAT)

VAT	Rate
Standard rate	19%

Notes

1. Taxable transactions – VAT is charged on the taxable supply of goods and services in Tunisia, and on the import of goods.
2. Rates – The standard VAT rate is 19%, with reduced rates of 13% and 7%. Certain supplies are exempt or zero-rated.
3. Registration – VAT registration is required at the time a company is established in Tunisia.

Other Taxes

Inheritances and donations

Inheritance and gift tax is due at rates ranging from 2.5% to 35%, depending on the degree of succession.

Capital duty tax

A registration duty is levied on the contribution of capital or an increase in capital, at TND150 per formation or increase.

Stamp duty

Stamp duty is levied on most contracts, agreements and documents that are subject to registration, as well as on administrative private documents relating to a business. The rates for stamp duty vary depending on the nature of the transaction.

Land transfer tax

The transfer of immovable property located in Tunisia is subject to a 5% registration duty and a 1% duty on registered or unregistered real estate.

Real property tax

The transfer of real property located in Tunisia is subject to various registration fees, such as a 5% transfer tax and a 3% tax for unregistered property, etc. These rates may be applied individually or cumulatively depending on the nature of the transfer and the identity of the parties. In addition, a complementary duty may be imposed at a rate of 2% on immovable property that is valued between TND500 000 to TND1 million, and 4% if the value of the property exceeds TND1 million.

Other

A tax on industrial, commercial or professional establishment is due at a rate of 0.1% of export turnover or 0.2% of local turnover.

Tax Administration and Compliance

Tax is administered in Tunisia by the La Direction Générale des Impôts (General Directorate of Taxes).

Companies

1. Tax year – The tax year is the calendar year, although a company can request another 12-month period.
2. Consolidated returns – A group of companies may opt to file a consolidated tax return, provided approval is obtained from the Ministry of Finance and certain requirements are met.
3. Filing and payment – The tax return must be filed before the 25th day of the third month following the end of the tax year. Advance payments of tax must be made before the 28th day of the sixth, ninth and 12th months following the end of the year, with each payment equal to 30% of the corporate income tax liability of the previous year. Advance tax paid may be credited against the final corporate income tax liability for the year.
4. Penalties – Penalties are imposed for the late submission of a tax return, and interest is charged for the late payment of tax.

5. Rulings – Rulings are not granted on the tax consequences of transactions.

Individuals

1. Tax year – The tax year is the calendar year.
2. Tax filing – Married couples are assessed separately. Joint returns are not permitted.
3. Filing and payment – Individuals carrying out a trade must file a return by 25 April, and service providers and those carrying on an industrial activity or a non-commercial profession by 25 May. Salaried employees and pensioners must file by 5 December. Individuals deriving income from movable capital, land and foreign sources must file an annual return by 25 February.
4. Penalties – Penalties are imposed for the late submission of a tax return, and interest is charged for the late payment of tax.

Value added tax

1. Filing and payment – The VAT return must be filed and tax paid on a monthly basis.
2. Penalties – Penalties are imposed for the late submission of a tax return, and interest is charged for the late payment of tax.

GENERAL INVESTMENT INFORMATION**Investment law**

The Investment Code offers guarantees to foreign investors and protection to intellectual property, as well as a preferential system for exports and offshoring services, including the following:

- Tax exemption for up to 10 years for certain investments
- 10% tax on exports (however, as from 2021, exporting companies will be subject to a 13.5% or 25% corporate income tax rate)
- Up to 30% of a company's management may be comprised of foreigners for three years
- Financial incentives equal to up to one-third of the project costs
- Full coverage of social and employer costs for certain investments for up to 10 years.

Exchange Controls

Foreign-owned companies and branches of foreign companies may freely repatriate profits provided applicable taxes have been paid. However, certain transfers must be approved by the Central Bank.

Expatriates and Work Permits

Pre-arrival procedures

Any foreigner, except Union du Maghreb Arabe (UMA) nationals, who wishes to work in Tunisia must have an employment contract and a residence card that allows the individual to work in the country. The employment contract must be valid for at least one year and may be renewed once (except in the case of foreigners working in companies that operate in Tunisia within the framework of the Realization of Development Projects). Foreigners can be recruited only if there are no Tunisian citizens with the relevant skills.

Employment visas

Entry visas are not required for most European countries, except for individuals who come to Tunisia to work. The latter individuals must apply for a residence card from the relevant regional police office. This procedure is not required for UMA nationals.

Trade Relations




Memberships

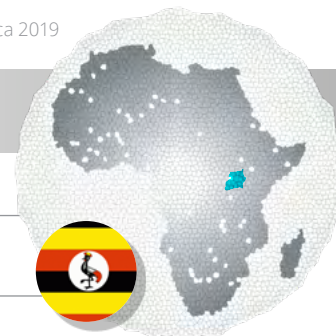
- World Trade Organization
- OECD

Interest and Currency Exchange Rates

Monetary policy rate	
Central Bank Rate - EOP: 7.75%	(Source: Central Bank of Tunisia)
Currency	
The Dinar is the official currency of several countries, including Algeria, Iraq, Jordan, Libya and Tunisia. The currency symbol for the Tunisian Dinar is TND.	
ZAR1 = TND0.206453	(June 2019) (Source: XE Currency Converter)
USD1 = TND2.98535	(June 2019) (Source: XE Currency Converter)
EUR1 = TND3.35701	(June 2019) (Source: XE Currency Converter)

Key Economic Statistics

GDP (approximate)		USD36.20 billion (2019 forecast) (Source: IMF WEO DATABASE)
		USD35.15 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		USD1 968.80 million (Dec 2018) (Source: IMF WEO DATABASE)
Rate of Inflation		7.47% (2019 forecast) (Source: IMF WEO DATABASE)



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Income tax – Individuals

Annual chargeable income (UGX)	Resident tax rates	Non-resident tax rates
0 – 2 820 000	Nil	10%
2 820 001 – 4 020 000	10% of excess over UGX2 820 000	10%
4 020 001 – 4 920 000	120 000 + 20% of excess over UGX4 020 000	402 000 + 20% of excess over UGX4 020 000
4 920 001 – 120 000 000	300 000 + 30% of excess over UGX4 920 000	582 000 + 30% of excess over UGX4 920 000
Over 120 000 000	300 000 + 30% of excess over UGX4 920 000 + additional tax of 10% of excess over UGX120 million	582 000 + 30% of excess over UGX4 920 000 + additional tax of 10% of excess over UGX120 million

Notes

1. Basis – A Uganda resident individual is subject to tax on worldwide income. However, foreign-source employment income is exempt from tax in Uganda where the individual has paid foreign tax on the income. A short-term non-resident individual (i.e. a person who is resident for less than two years) is liable to tax only on Uganda-source income or income from employment exercised or services rendered in Uganda. A sole proprietor is taxed in the same way as an individual.
2. Residence – An individual present in Uganda for at least 183 days in any 12-month period is resident for the tax years beginning and ending in that period. In addition, a person with a permanent home in Uganda, or who has been present for an average of at least 122 days during three consecutive tax years, is deemed to be a tax resident.
3. Taxable income – Income includes any profits; gains; dividends; interest; and non-monetary benefits, advantages or facilities obtained through gainful means. Benefits in kind provided to an employee by an employer (e.g. motor vehicles, housing, certain meals and entertainment, certain loans and other property or services) are taxable to the employee at scale rates or at the actual cost to the company, subject to a market value test.
4. Exempt income – Exemptions apply for certain employment income, employee benefits and capital gains:
 - Employment income – The foreign employment income of a resident is exempt from tax in Uganda if tax has been withheld on the income and remitted to the tax authorities in the country of employment. Employment income of an individual in the public service of the government of a foreign country is exempt, subject to certain conditions. An exemption is available for employment income of persons employed by the Uganda People's Defense Force, the

Uganda police, the internal or external security organisation or the Uganda prisons service. Emoluments payable to an employee of the East African Development Bank also are exempt

- Employee benefits – Exempt employee benefits include the following: life insurance premiums (only where the employer is a tax-paying entity); contributions to retirement funds and medical expenses paid for by an employer (other than a tax-exempt employer); any allowance payable outside Uganda to a person working on a Ugandan foreign mission; the cost of passage to Uganda in respect of an appointment, and from Uganda in respect of termination of employment, for a non-Ugandan citizen employee recruited outside Uganda solely for the purpose of serving the employer; the value of meals provided by the employer on premises operated by or on behalf of the employer solely for the benefit of employees, where meals are available to all full-time staff on equal terms; per diems, i.e. allowances that do not exceed or are unlikely to exceed expenses for accommodation, travel or meals while undertaking travel in the course of performing employment duties; and any benefit where the total value of benefits in a month does not exceed UGX10 000
 - Capital gains – Non-business assets are not subject to capital gains tax, except gains derived from the sale of shares in a private limited liability company. No gain or loss arises on transfers between spouses, transfers that form part of a divorce settlement, disposals where the proceeds are reinvested in a similar asset within one year of the disposal and transfers of assets to a trustee or a beneficiary upon the death of the taxpayer.
5. Deductions and allowances – See “Exempt income,” above, for certain non-taxable employee benefits. Local service tax is an allowable deduction when computing an employee’s income through the “pay as you earn” (PAYE) system. A deduction is allowed for 20% of the rental income of an individual.
 6. Rates – Personal income tax is imposed at progressive rates from 0% to 40%. Rental income for individuals and individual partners of a partnership is taxed separately at 20% on 80% of the gross income over UGX2.82 million. The taxable profit from self-employment income is taxed as business income, using the annual individual tax rates.
 7. Local tax – Local service tax is payable to the local authorities at specific rates based on the individual’s income, with the maximum tax being UGX100 000. See “Employment-Related Taxes,” below.

Income tax – Companies

Basic rate

30%

Notes

1. Basis – For all companies, income accruing or derived from Uganda (i.e. Uganda-source income) is taxable. Small businesses are subject to tax based on their turnover (see “Indirect taxes,” below). The profits of a partnership, including a firm carrying on a trade or profession, are taxable at either the partnership or the partner level. The partners in the partnership are taxable regardless of whether they are companies or individuals.
2. Residence – A company is resident in Uganda for tax purposes if it is incorporated or formed under the laws of Uganda, or exercises its management and control or undertakes the majority of its operations in Uganda at any time during the tax year.
3. Taxable income – Chargeable income is gross income earned during the year, less total allowable deductions. Gross income comprises both business income and property income. Business income includes any income (of a revenue or a capital nature) from carrying on a business, such as gains on the disposal of business assets or the cancellation of business debts, amounts derived as consideration for a restriction on the capacity to carry on business, gross proceeds from the disposal of trading stock, the value of gifts given in the course of business relationships and interest derived from trade receivables or from the business of lending money. Property income includes dividends; interest; annuities; natural resource payments; rent; royalties; any payment derived from the provision, use or exploitation of property; and income from sports betting and pool betting. The taxation of dividends is described below, and interest is subject to withholding tax, with some exceptions (see “Withholding tax,” below). The withholding tax deducted from the interest payable to a resident individual by a financial institution is a final tax. In all other cases, interest will be subject to further tax, with a credit being granted for the withholding tax deducted.
4. Exempt income – Exempt income includes the following: income of a listed institution; income of any local authority; income of an exempt organisation, other than property income and rent from an exempt organisation and business income not related to the core existence of the organisation; income of the government of Uganda and the government of any other country; income of the Bank of Uganda; income of a collective investment scheme; income of an investor compensation

fund (established as per section 81 of the Capital Markets Act); income derived from the operation of aircraft; income derived from the exportation of finished consumer goods for a period of 10 years by a person that has been issued a certificate of exemption; and income of a person carrying on agro-processing that has been issued a certificate of exemption. Income of the Bujagali Hydro Power Project is exempt from income tax for a five-year period effective from 1 July 2017.

5. Deductions – Deductions may be available for the following:
 - Specific bad debts written off, if they are trade debts and all reasonable steps have been taken to pursue payment
 - Capital allowances
 - The acquisition of a depreciable asset (other than a returnable container) costing less than UGX1 million
 - Certain expenses for meals, refreshment or entertainment in the course of the performance of an employee's duties
 - The cost of training or tertiary education not exceeding five years for a Ugandan citizen or a permanent resident of Uganda
 - Charitable donations of no more than 5% of chargeable income to exempt organisations
 - Repairs to property used in the production of income
 - Losses on the disposal of business assets
 - Interest on debt obligations incurred in the production of income; the deduction for interest payable to "group" entities is capped at 30% of tax earnings before interest, tax, depreciation and amortisation (EBITDA), with any excess interest allowed to be carried forward for up to three years
 - Interest paid on a mortgage from a financial institution to buy or construct rental property
 - 2% of income tax payable, for a private employer that proves to the Uganda Revenue Authority (URA) that 5% of its full-time employees are persons with disabilities
 - An initial allowance of 50% on eligible property outside a 50-kilometer radius from Kampala, and 20% on industrial buildings.
6. Certain expenses may not be deducted, including expenses of a capital nature, income tax payable in Uganda or in a foreign country, donations in excess of 5% of chargeable income and donations to non-exempt organisations; and expenditure above UGX5 million in a single transaction on goods and services from a supplier with no taxpayer identification number.
7. Losses – Trading losses, including capital losses, may be carried forward indefinitely and offset against future trading income. Where

there has been a change of 50% or more in the underlying ownership of a company, compared to its ownership in the previous year, losses cannot be deducted from the income of the new company, unless for a period of two years after the change or until the assessed loss has been exhausted, the company:

- Continues to carry on the same business as before
- Does not engage in any new business or investment after the change that is designed to reduce the tax payable on the income of the new business or investment.

Assessed farming losses cannot be deducted from any other income in the year the loss is incurred and may be offset only against future farming income. Losses incurred on the completion of a long-term contract may be carried back. Special rules apply to mining and petroleum companies (see below).

8. Dividends – Dividends received from a resident company by a resident or a non-resident person are subject to withholding tax at 15% on the gross payment. Dividend income is taxable at the corporate tax rate, but is exempt where a resident recipient company controls 25% or more of the voting power of the resident payer. Foreign-source dividends are taxable; any withholding tax deducted is allowed as a credit against the company's tax for the year. Taxable dividends also include dividends paid to a financial institution on its ownership of redeemable shares in the company paying the dividend, and dividends paid by a resident company as part of a dividend-stripping arrangement.
9. Capital gains – Taxable capital gains arise on the disposal of qualifying assets held by a company. The gain is the excess of the proceeds over the cost of the assets and related expenses. The taxpayer can elect to claim inflation relief for assets acquired prior to 31 March 1998. The gain is taxed at the company rate as part of business income.
10. Foreign tax credit – A foreign tax credit is available where the foreign income also is taxable in Uganda. The credit may be used in the year in which it arises to offset Ugandan tax payable on such income; otherwise, the taxpayer loses the credit. The amount of the foreign tax credit may not exceed the tax payable in Uganda on the foreign income, and is calculated by applying the average Ugandan tax rate to the taxpayer's net foreign income.
11. Group relief – There are no group relief provisions.
12. Rate – The standard corporate income tax rate is 30%. Rental income is taxed separately; all expenses incurred in deriving the income are allowed as a deduction and the chargeable income is taxed at the corporate tax rate of 30%. Businesses with gross turnover not exceeding UGX150 million are subject to the small business taxpayer rates on their

- turnover, unless an election is made (see “Indirect taxes,” below).
13. Branch taxation – Branch remittances are subject to a 15% tax, in addition to the normal 30% rate.
 14. Mining companies – Mining companies are taxed at a rate of 30% on their mining activities. Where a licensee has a loss carried forward for more than one year, the loss of the earliest year is allowed as the first deduction in a particular license area. Special depreciation rules apply.
 15. Petroleum companies – Petroleum companies are taxed at the standard 30% rate. Losses in a contract area may be carried forward to offset income in that contract area until the loss is fully utilised or the petroleum operations in the contract area cease. Special depreciation rules apply.
 16. An income tax holiday has been granted to industrial park or free zone developers, as follows:
 - A 5-year holiday if the capital invested is USD100 million or more
 - A 5-year holiday if capital invested is USD15 million, or USD5 million in the case of a Ugandan citizen investor respectively

Withholding tax (WHT)

Certain payments made to residents and non-residents, whether corporate or individual, are subject to WHT (the tax is a final tax for non-residents and the rate may be reduced under an applicable tax treaty). These tax rates are set out below:

Payment	Resident	Non-resident
Dividends	10%/15%	15%
Interest	0%/15%/20%	15%
Royalties	N/A	15%
Management fees	6%	15%
Professional fees	6%	15%
Imported goods	6%	N/A
Goods and services provided to government bodies and other designated persons. (1% is for agriculture)	6% 1%	N/A

Rents or premiums	N/A	15%
Natural resources	N/A	15%
Uganda-source service contracts	N/A	15%
Shipping, air transport, cargo road transport	N/A	2%
Cable, radio, optical fibre or satellite communication	N/A	5%
Public entertainment, sportspersons' fees	N/A	15%
Non-resident mining or petroleum contractor services	N/A	10%
Re-insurance premiums	N/A	10%
Commissions paid by telecom companies	10%	N/A

Notes

1. Dividend payments are subject to a WHT of 15% for both residents and non-residents. The rate of WHT for dividends paid to resident individuals from listed companies is 10%.
2. Interest paid to a resident is subject to a 15% WHT (20% on treasury bill interest). No WHT applies, however, on interest paid by an individual; interest paid to a financial institution; and interest paid by a company to an associated company.
3. A 10% final withholding tax applies on all commissions paid by telecom companies for airtime distribution or the provision of mobile money services
4. Any payment to a Uganda resident from the government, a government institution, a local authority, any company controlled by the government or any person designated in a notice issued by the Finance Minister of an amount exceeding or in aggregate of UGX1 million for the supply of goods or materials of any kind or any service is subject to a 6% WHT. The Commissioner of the URA can exempt resident taxpayers who are

regularly compliant from the payment of the 6% WHT on goods and services (upon application and confirmation of an acceptable compliance record for at least three years).

5. A WHT rate of 1% applies for agricultural supplies above UGX1 million made to designated agents (reduced from 6%).
6. Payments under Uganda-source service contracts to Uganda residents are exempt from WHT if paid to an entity or professional listed on the URA exemption list. The list is updated every six months.
7. WHT at 15% applies on winnings of sports or pool betting.
8. A non-resident contractor who derives a fee for the provision of services to a licensee in respect of mining or petroleum operations is liable to pay a non-resident contractor withholding tax at the rate of 10%. The licensee is required to withhold this tax from the contractor at the earlier of the time the licensee credits the service fee to the account of the non-resident contractor or the time that the fee is actually paid.

Tax treaties

Uganda has concluded tax treaties with a number of countries. The following table shows the WHT rates on dividends, interest and royalties under Uganda's treaties.

Treaty partner	Dividends	Interest	Royalties
Denmark	10%/15%*	10%	10%
India	10%	10%	10%
Italy	15%	15%	10%
Mauritius	10%	10%	10%
Netherlands	0%/5%/15%*	10%	10%
Norway	10%/15%*	10%	10%
South Africa	10%/15%*	10%	10%
United Kingdom	15%	15%	15%
Zambia	0%	0%	0%

* The lower rate applies where a specific holding requirement is met.

The treaty rate may apply if an entity seeking to obtain treaty benefits:

- Is the beneficial owner of the income under the terms of the treaty
- Has economic substance in its country of residence.

Anti-avoidance rules

Transfer pricing

The commissioner is granted powers to recharacterise income or transactions between related parties using the anti-avoidance provisions where the commissioner is of the opinion that the transactions do not reflect an arm's length relationship. Any company with cross-border transactions with associated parties must have a fully documented transfer pricing policy in place to demonstrate the arm's length pricing of the transactions (following OECD guidelines). This also applies to companies having domestic transactions with associated parties in excess of UGX500 million per year in the aggregate.

Related party transactions for transfer pricing purposes have been extended to include employment relationships.

Thin capitalisation

See under "Deductions" in the income tax section for companies, above.

Employment-related taxes

Payroll tax

A PAYE system applies, under which employers are required to register and deduct tax instalments from their employees' salary or other employment income. The PAYE deducted is remitted to the URA, and reported on the PAYE tax return filed by the employer. The employee credits the PAYE against its tax liability upon submission of the annual tax return at the end of the tax year. Penalties apply where the employer fails to deduct or remit PAYE, or deducts and remits incorrect amounts.

Social security

National Social Security Fund (NSSF) contributions are charged at a rate of 15% of monthly salary, wages or cash allowances. Employers and employees contribute 10% and 5%, respectively. The 10% contribution by the employer is an allowable deduction from the employer's gross income.

Local service tax (LST)

LST is an annual tax collected by the local authority (e.g. the district, municipality, division or city council) where the taxpayer resides (for at least six months) from persons with gainful employment.

LST is levied on the salaries/wages of employees remaining after deducting PAYE. Employers have a statutory duty to determine and deduct LST from the salaries and wages of their employees based on the rates specified (maximum of UGX100 000/USD40 per annum). LST is an allowable deduction for employees when computing PAYE.

LST is deducted in four equal instalments in the first quarter of the fiscal year (1 July to 30 June) and remitted by the 15th day of the month following the LST month. However, the employer can opt to deduct the LST in one lump sum and remit it by 15 November.

Indirect taxes

Value added tax (VAT)	Rate
Standard rate	18%

Notes

1. Taxable transactions – VAT is levied on the sale of goods and the provision of services. VAT also is chargeable on the import of non-exempt goods and services.

2. Rates – The standard VAT rate is 18%. Wheat grain is now standard rated. Zero-rated supplies include exported goods and services and specified imported goods, particularly those used in agriculture, health and education. Certain transactions are exempt, and exempt supplies have been expanded to include the following: animal feed and premixes, crop extension services, irrigation works, sprinklers and ready-to-use drip lines, deep-cycle batteries and composite lanterns, menstrual cups and agriculture insurance premiums or policies.
3. Registration – Compulsory registration applies to a person making, or expecting to make, taxable supplies of UGX37.5 million or more in a three-month period, or UGX150 million or more in a 12-month period. A business must have an office or registered office in Uganda before it can be registered for VAT, or must appoint an agent to assume its VAT responsibilities and obligations. Licensees engaging in mining and petroleum operations, persons undertaking the construction of a petroleum refinery or petroleum pipeline.
4. Interest due and payable on overpayments and late refunds from the URA is capped at the amount of the principal tax due.

Turnover tax (presumptive tax)

The turnover tax is referred to as “presumptive tax” for small businesses with annual gross turnover above UGX50 million but not exceeding UGX150 million, which are subject to tax based on turnover, as follows:

Annual gross turnover (UGX)	Tax payable (UGX)
50 000 001 – 75 000 000	Lower of 937 500 or 1.5% of turnover
75 000 001 – 100 000 000	Lower of 1 312 500 or 1.5% of turnover
100 000 001 – 125 000 000	Lower of 1 687 500 or 1.5% of turnover
125 000 001 – 150 000 000	Lower of 2 062 500 or 1.5% of turnover



Turnover tax (local taxes)

Local taxes of UGX100 000 to UGX500 000 annually apply to small businesses with annual gross turnover above UGX10 million but not exceeding UGX50 million, and the rates vary depending on the taxpayer's business and whether the relevant local authority in the taxpayer's location is a division, municipality, town or trading centre. Following are separate tables for each type of local authority.

Tax on turnover between			
Business trade	UGX35m - UGX50m	UGX20m - UGX35m	UGX10m - UGX20m
Kampala City and Division of Kampala			
General trade	500 000	400 000	250 000
Carpentry/metal	500 000	400 000	250 000
Garages (motor)	550 000	450 000	300 000
Hair and beauty	550 000	400 000	300 000
Restaurants or bars	550 000	450 000	300 000
Drug shops (encompassing the former category of "clinics")	500 000	350 000	250 000
Municipalities			
General trade	400 000	300 000	150 000
Carpentry/metal	400 000	300 000	150 000
Garages (motor)	450 000	350 000	200 000
Hair and beauty	450 000	350 000	200 000
Restaurants or bars	450 000	350 000	200 000

Drug shops (encompassing the former category of "clinics")	400 000	300 000	150 000
Others	400 000	300 000	150 000
Towns and trading centres			
General trade	300 000	200 000	100 000
Carpentry/metal	300 000	200 000	100 000
Garages (motor)	350 000	250 000	100 000
Hair and beauty	350 000	250 000	100 000
Restaurants or bars	350 000	250 000	100 000
Drug shops (encompassing the former category of "clinics")	300 000	200 000	100 000
Others	350 000	250 000	100 000

Variable rates apply for some excisable goods, based on the higher of the specific rate or the ad valorem rate for the goods, as follows:

- "Opaque" beer: Higher of 30% or UGX230 per litre
- Powder for making juice or flavouring drinks (except pulp): 15%
- Undenatured spirits made from local raw materials: Higher of 60% or UGX2 500 per litre
- Undenatured spirits made from imported raw materials: Higher of 100% or UGX2 500 per litre
- Ready-to-drink spirits: Higher of 80% or UGX1 300 per litre
- Wine made from local raw materials: Higher of 20% or UGX2 000 per litre
- Other wine: Higher of 80% or UGX8 000 per litre.

Some changes have occurred in specific duty rates from 1 July 2018:

- The charge on all bank transactions, except loan-related fees, increased from 10% to 15% of the fees charged
- Introduced duty on mobile money transactions (withdrawals) is 0.5% of the value of the transaction
- Introduced duty on cooking oil, which is UGX200 per litre
- Introduced duty on the use of internet of UGX200 per user, per day of access, to be collected by the telecommunication service operator providing data to the user
- Introduced duty on motorcycles (at first registration) of UGX200 000.

Customs and excise duties

Ordinarily, goods imported into Uganda are subject to customs duties (import duty, excise duty, WHT, VAT and environmental levy). Import duty rates generally are 0% for raw materials and capital equipment, 10% for intermediate/semi-finished goods and 25% for finished goods, with higher rates for certain products (including tobacco products). The East African Community contracting member states impose common tariffs on goods originating from outside the community. Customs is governed by the East-African Community Customs Management Act.

Other taxes

Inheritance and estate tax

There is no inheritance tax or estate tax in Uganda.

Real property tax

Property rates are levied by the local authorities.

Stamp duty

Stamp duty is an indirect tax levied on a number of legal documents and certain agreements (i.e. financial instruments

and transactions) and charged at nominal or ad valorem rates. In the case of corporations, it may be possible to obtain a waiver from this duty in some cases if the Minister of Finance consents.

Tax administration and compliance

Tax is administered by the Uganda Revenue Authority (URA).

Companies

1. Tax year – A company may adopt a year of income different from the normal fiscal year (July to June) with the consent of the commissioner.
2. Consolidated returns – Consolidated returns are not permitted. Each company in a group must file its own return.
3. Filing and payment – A provisional return must be filed within six months of the commencement of the company's accounting year and, if necessary, a company must file a revised estimate before the end of the 12th month of the year of income. The estimated tax for the year is payable in two instalments: before the end of the first six-month period and before the company's year-end. A final return and balance payment is due within six months after the company's year-end. The Minister of Finance has been empowered to issue estimates of rent for purposes of assessing rental tax in a specific area for persons failing to file a return or filing a misleading return.
4. Penalties – A 20% penalty on the shortfall will be levied where the provisional tax paid is less than 90% of the actual liability. The penalty on late payments is 2% per month on the shortfall, and a penalty of 2% of the greater of the gross tax liability or UGX200 000 per month applies when a return is filed late. Other civil and criminal penalties may arise in specific circumstances.
5. Penal tax – A "penal tax" of UGX50 million or UGX20 million has been introduced for failure to provide records in respect of transfer pricing within 30 days of a request from the tax

authorities or for failure to provide any other information requested, respectively.

6. Interest capping – Interest capping has been introduced, so that the total interest due from a taxpayer cannot exceed the aggregate of the principal tax and penal tax due.
7. Rulings – A private ruling may be obtained from the tax authorities on how the tax legislation applies to a specific transaction. Rulings are binding on the URA, provided the taxpayer makes a full disclosure and completes the transaction as described.

Individuals

1. Tax year – The normal tax year runs from 1 July to 30 June.
2. Filing and payment – For individuals receiving income not subject to PAYE or other WHT, quarterly provisional returns must be filed. Individual taxpayers are required to file a provisional return before the end of the first quarter (third month of the year) and make payments on a quarterly basis. Individuals (including partners in a partnership) with taxable income must file a tax return within six months after the end of the fiscal year (i.e. by 31 December), unless their income is from a single employer and subject to PAYE, or the individual is a small business taxpayer taxed on the basis of turnover.
3. Penalties – The penalty for late returns for individuals is the same as for corporations, i.e. the higher of 2% of tax payable or UGX200 000 per month. The penalty for late payment is 2% of tax payable per month outstanding, calculated as simple interest. The penalty on an employer or withholding agent for late filing of PAYE or WHT returns for an individual is UGX300 000 upon conviction, and the penalty for late payment is 2% of tax payable per month outstanding, calculated as simple interest.

Value added tax

1. Filing and payment – Monthly VAT returns must be filed by the 15th day of the following month, together with any outstanding payment amount.
2. Penalties – A penalty of the higher of UGX200 000 or compound interest of 2% applies for late returns. The penalty is 2% of tax payable per month outstanding, calculated as compound interest, for late payment.

GENERAL INVESTMENT INFORMATION

Investment incentives

Tax incentives

Special tax allowances

- Mining operations are allowed a 100% first-year deduction for capital expenditure incurred in searching for, discovering, testing or gaining access to mineral deposits
- An annual 5% industrial buildings allowance is granted to factories, hotels and hospitals
- Amortization is available for intangible assets over their ascertainable useful life
- Wear-and-tear allowances of 20% to 40% apply to most assets.

Non-cash incentives

Export incentives

- The foreign exchange regime is fully liberalised and exporters are entitled to retain 100% of foreign exchange earnings accruing from their export transactions
- Uganda's exports qualify for preferential tariff rates in the Common Market for Eastern and Southern Africa and the East African Community. In addition, Ugandan products enter the EU and US markets duty and quota-free under the Cotonou

Agreement and the African Growth and Opportunity Act initiatives, respectively

- All exports of goods and services are zero-rated. However, exporters are required to be VAT-registered and can reclaim VAT expended on all inputs used in the process of producing and processing exports. There are no duties charged on exports
- “Duty drawback” is available for manufacturers and other exporters, to compete in foreign markets without the handicap of including costs of imported inputs in the final export price (the duty paid on imported inputs). This allows exports to drawback up to 100% of duties paid on materials inputs imported to produce for export
- Manufacturers may seek a customs license to hold and use imported raw materials intended for manufacture for export in secured places without payment of taxes
- Other incentives are available for export-oriented investment projects.

Other investment incentives

The Financial Institutions Act has been amended to provide for new financial products, such as Islamic banking and agency/mobile banking.

Exchange controls

Although foreign exchange repatriations from Uganda are not restricted, a person seeking to repatriate funds in excess of UGX50 million must obtain a tax clearance certificate from the URA. As from 1 July 2016, the requirement that persons transferring more than UGX50 million from Uganda to a place outside Uganda obtain a tax clearance certificate from the URA was abolished.

Expatriates and work permits

There are no expatriate concessions available in Uganda. Expats/non-residents are taxed only on income derived from sources in Uganda.

Work permits

- Individuals may apply for seven classes of work permits, depending on the type of work they are employed to perform in Uganda. Applicants who are East African nationals (Burundi, Kenya and Rwanda) are exempt from paying visa fees for all classes
- Class A is for individuals employed by the government for diplomatic services and for government contractors, including government tertiary institutions
- Class B applies to individuals seeking to establish or become involved in the business of agriculture or husbandry in Uganda
- Class C is applicable to those seeking to establish a business prospecting for minerals or mining in Uganda
- Class D is designed to attract investors and business people who wish to invest in Uganda. An applicant for this work permit is not required to have a Ugandan investment partner. The applicant’s family may be included on the work permit application, subject to certain requirements
- Class E is applicable to individuals seeking to establish a manufacturing business in Uganda
- Class F is applicable to individuals intending to carry out a profession in Uganda
- Class G is designed for individuals who intend to work in Uganda on either a paid or an unpaid basis, including employees within an international group that are seconded to Uganda by their employers (otherwise known as an intracompany transfer).

Visa fees

Visa fees are as follows:

- A single entry visa is USD50
- A multiple-entry visa for six months to 12 months is USD100
- A multiple entry-visa for 24 months is USD150
- A multiple-entry visa for 36 months is USD200 depending on the class of work the individual will be employed to perform.

Applicants that have applied to government and diplomatic services pay lower fees from USD150 to USD900 for the same periods, as quoted by the Directorate of Citizenship and Immigration.

For most visa classes, copies of the following primary documents are required:

- Passport (bio-data page)
- Recent passport-size photo
- Security bond, if applicable for the employment
- Clearance letter from Interpol or relevant authority in the home country
- Non-refundable prepayment of USD800, or USD1 500 if the permit is for more than six months
- Trading license
- Certified bank statement (for the last three months)
- Income tax clearance certificate from the home country.

Trade relations




Memberships

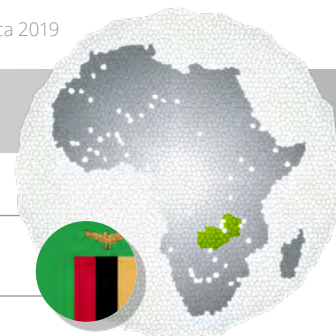
- Cotonou Agreement
- East African Community
- African Growth and Opportunity Act beneficiary country

Interest and currency exchange rates

Monetary policy rate	
Central Bank Rate - EOP: 10% <small>(Source: Bank of Uganda)</small>	
Currency	
Ugandan Shilling (UGX) (1/100 shilling = a cent)	
ZAR1 = UGX259.718 <small>(June 2019) (Source: XE Currency Converter)</small>	
USD1 = UGX3755.59 <small>(June 2019) (Source: XE Currency Converter)</small>	
EUR1 = UGX4223.34 <small>(June 2019) (Source: XE Currency Converter)</small>	

Key economic statistics

GDP (approximate)		USD30.37 billion <small>(2019 forecast) (Source: IMF WEO DATABASE)</small>
		USD33.62 billion <small>(2020 forecast) (Source: IMF WEO DATABASE)</small>
Market Capitalisation		USD646.20 million <small>(Dec 2018) (Source: IMF WEO DATABASE)</small>
Rate of Inflation		3.6% <small>(2019 forecast) (Source: IMF WEO DATABASE)</small>



Zambia

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Income Tax – Individuals

Taxable income (ZMW)	Rate
0 – 3 300	0%
3 301 – 4 100	25%
4 101 – 6 200	30%
Over 6 200	37.5%

Notes

1. Basis – Zambia operates a source-based system of taxation. Every person receiving income from a source within, or deemed to be within, Zambia is liable to income tax in Zambia on that income.
2. Residence – An individual is resident in Zambia for tax purposes if he/she is physically present in Zambia for at least 183 days in any tax year or has entered the country with a view to establishing residence.
3. Taxable income – Taxable income includes employment income (defined broadly), annuities, business income, interest, royalties and property income.
4. Exempt income – Taxable income under ZMW3 300 is exempt, as are dividends from companies listed on the Zambian stock exchange and unlisted companies.
5. Deductions and allowances – No rebates are available; however, an annual tax credit is available for persons with a disability (ZMW3 000 per year).

6. Rates – The individual income tax rates are progressive from 0% to 37.5%. The employer deducts tax monthly on a Pay-As-You-Earn (PAYE) basis and is responsible for remitting the tax by the 10th day of the month following the month of deduction. These rates also apply to non-residents with respect to employment and business income earned in Zambia. In addition, certain payments made to non-residents are subject to withholding tax (see “Withholding tax,” below).
7. Local tax – The local authorities are permitted to add a 2% levy on the income of resident individuals, up to ZMW15 annually.
8. A special regime applies to mining companies (see below). A 10% rate applies to companies engaging in agricultural activities, including agro processing and non-traditional exports (a 15% rate applies for non-traditional exports not in farming and agro processing). A 15% rate applies to public benefit organisations carrying out business activities. Businesses with gross annual sales/turnover of ZMW800 000 or less may be subject to turnover tax in lieu of corporate income tax (see under “Indirect Taxes,” below).
9. Surtax – A 5% surtax is levied on profits exceeding ZMW250 million earned by operators in the mobile telecommunications sector.
10. Branch taxation – Branches of foreign companies are subject to the 35% basic corporate tax rate, as well as a 20% tax on repatriated earnings.
11. Presumptive tax – Presumptive tax is levied on businesses operating buses, mini buses and taxis that have turnover of up to ZMW800 000 per annum. The rates are progressive from ZMW900 to ZMW10 800, based on the seating capacity of the vehicle.
12. Mining tax regime – A special regime applies to mining companies. Such companies are taxed at a rate of 30% on their mining activities (35% on income from mineral processing). Dividends paid by mining companies

carrying out the mining of base metals are subject to withholding tax at a rate of 0%. Deductions for mining equipment, plant, machinery and other capital expenditure may be claimed at a rate of 25% per annum from the year the asset is placed into service.

Income Tax – Companies

Taxable income (ZMW)	Rate
Basic rate	35%
Mining operations	30%
Income of public benefit organisations from commercial activities	15%
Farming and agro processing	10%
Non-traditional exports not in farming and agro processing	15%
Manufacturing of chemical and organic fertilisers	15%
Companies that add value to copper cathodes	15%
Electronic communication businesses	
• First ZMW250 million	35%
• Above ZMW250 million	40%

Notes

1. Basis – Resident companies are taxable on income received or accrued from an actual or deemed Zambian source.
2. Residence – A company or similar corporate entity is tax resident if it is incorporated in Zambia, or if the place of effective management of the entity's business is in Zambia during the tax year.
3. Taxable income – Taxable income comprises profits derived from the operation of a business in Zambia, including capital gains (with certain exceptions). Foreign-source dividends and interest are taxable in Zambia.

4. Deductions – Expenses that are incurred wholly and exclusively for the business generally may be deducted, however, interest is deductible only up to 30% of taxable income before deducting interest, depreciation and amortisation.
5. Losses – Losses may be carried forward for up to five years for offset against future income from the same source. The carryback of losses is not permitted. Losses incurred by mining companies and companies operating in the energy sector may be carried forward for up to 10 years for offset against future income.
6. Foreign tax credit – A foreign tax credit is available for tax incurred on foreign income taxable both at source country and in Zambia. The credit is limited to the attributable Zambian tax, calculated according to a statutory formula where the denominator is total taxable and exempt income.
7. Group relief – There is no provision allowing for group relief or the transfer of losses between members of a group.
8. Rate – The basic corporate income tax rate is 35%. A one-year discount of 2% is granted to a newly listed company on the Zambian (Lusaka) stock exchange (LUSE) (7% if 33% of the company's shares have been issued to Zambians). The 35% rate also applies to profits derived by banks.

Withholding Tax (WHT)

The WHT rates on various types of payments are as follows (the tax is a final tax for non-residents and the rate may be reduced under an applicable tax treaty):

Payment	Residents	Non-residents
Dividends	15%	20%
Interest	15%	20%
Royalties	15%	20%
Commissions	15%	20%
Rent	10%	10%

Repatriation of branch profits	20%	20%
Management and consultancy fees	15%	20%

Kenya	0%	0%	0%
United Kingdom	5%/15%	10%	5%
Italy	5%/15%	10%	10%

Notes

1. The WHT on interest paid to resident companies is not a final tax. Interest income (in the case of companies) is subject to further assessment, regardless of the source of the interest. Tax withheld will be treated as a credit against the income tax assessed.
2. Commission payments made to non-residents are deemed to arise from a source within Zambia and, therefore, are taxable in Zambia irrespective of where the services were physically rendered. As a result, commission payments for services that are physically rendered outside Zambia will suffer WHT on payments from Zambia.
3. Withhold tax is 0% for dividends paid for mining companies carrying out mining for base metals.

Tax Treaties

Zambia has concluded tax treaties with a number of countries. The following table shows the WHT rates on dividends, interest and royalties under Zambia's tax treaties:

Treaty partner	Dividends	Interest	Royalties
Canada	15%	15%	15%
China	5%	10%	5%
India	5%/15%	10%	10%
Romania	10%	10%	15%
Netherlands	5%/15%	10%	10%
Sweden	5%/15%	10%	5%
France	15%	15%	15%
Tanzania	0%	15%	15%

Anti-Avoidance Rules

Transfer pricing

Zambian transfer pricing rules require that transactions between associated persons be on arm's length terms. The tax authorities are authorised to adjust taxable income and deductions relating to commercial or financial transactions between associated persons to reflect arm's length conditions. Failure to comply with the transfer pricing rules carries a penalty of ZMW24 million.

Thin capitalisation rules

Interest exceeding a debt-to-equity ratio of 3:1 is disallowed for mining companies. Interest exceeding 30% of tax earnings before interest, depreciation and amortisation is disallowed for other companies, with the exception of companies registered under the Banking and Financial Services Act, the Pension Scheme Regulation Act or the Insurance Act.

General anti-avoidance rule

The tax authorities can deny tax benefits where they consider that the main purpose of a transaction or series of transactions is the avoidance or reduction of income tax.

Employment-Related Taxes

Payroll tax

The employer deducts tax monthly on a PAYE basis and is responsible for remitting it within 10 days of the end of each month.

Social security

Employers must match employees' contributions to the National Pension Scheme Authority (NAPSA). Employee contributions to the NAPSA are capped at the lower of 5% of annual basic salary or ZMW21 476 per annum.

Indirect Taxes

Value added tax (VAT)	Rate
Standard rate	16%

Notes

1. Taxable transactions – VAT is charged on the taxable supply of goods and services in Zambia, and on the import of goods.
2. Rates – The standard VAT rate is 16%. Exports and international transport are zero-rated, and certain transactions are exempt. Input tax paid on purchases to produce exempt supplies is not recoverable.
3. Registration – Companies and individuals dealing in taxable supplies and with turnover exceeding ZMW800 000 per annum are required to register for VAT. Voluntary registration is possible if turnover is under ZMW80 000.
4. Reverse-charge mechanism – VAT at the standard rate also is levied on services provided by foreign suppliers to customers in Zambia, by means of a reverse charge. The corresponding input VAT is not reclaimable, which means that the Zambian customer effectively bears the foreign company's VAT. The reverse charge applies only in cases where the non-resident supplier has not appointed a local tax agent to act on its behalf.
5. The Minister of Finance has proposed to repeal the VAT Act and introduce a goods and services Tax (GST) with an effective date of 1 July 2019.

Turnover tax

Turnover tax applies in lieu of corporate income tax for any business with annual gross sales/turnover of ZMW800 000 or less, except for businesses providing consultancy services and partnerships.

The turnover tax rate is 4% of the monthly turnover.

Customs and excise duties

The import of goods into Zambia is subject to import or customs duty. All goods are categorised based on whether they are raw materials, intermediate goods or finished goods, and are taxed at rates ranging from 0% to 25% on the cost, insurance and freight value (or the value for duty purposes).

Goods may be imported temporarily into Zambia tax-free under a temporary import permit. In practice, permits are granted up to a maximum period of 12 months. Upon importation, the importer must provide security for the goods imported under temporary permits, which is refundable upon exporting the goods within the period of the permit.

Excise duties are levied on specific classes of goods manufactured in or imported into the country (including mobile phone airtime), on values determined using rates contained in the Harmonized Commodity Description and Coding System, plus the customs duty payable on the goods.

Other Taxes

Inheritance and donations tax

There is no estate duty or donations tax in Zambia.

Stamp duty

Stamp duties are charged on various documents and transactions at nominal or ad valorem rates.

Skills development levy

Employers are required to withhold 0.5% of gross emoluments, payable to the Zambia Revenue Authority by the 10th day of the month following the month of withholding.

Property transfer tax

Property transfer tax is charged at 5% on transfers of land and buildings, shares issued by a company in Zambia that is not listed on the LUSE or intellectual property, and at 10% on transfers of mining rights or interests in mining rights. The tax is payable by the transferor on the “realised value” of the transferred property. The realised value is the price at which the property, at the time of transfer, reasonably could have been sold on the open market.

Property transfer tax will be charged on a transfer of shares issued by a company incorporated outside Zambia where that company directly or indirectly owns at least 10% of a company incorporated in Zambia (i.e. on indirect transfers of the stock of a Zambian company). In this case, the realised value is based on the proportion that the value of the Zambian entity bears to the value of the transferred shares. The tax must be charged and collected by the Zambian-incorporated company. An exemption applies if the shares being transferred are in a company listed on the LUSE.

Carbon tax

An annual carbon tax on motor vehicles is charged.

Tax Administration and Compliance

Tax is administered by the Zambia Revenue Authority.

Companies

1. Tax year – The tax year is the calendar year.
2. Consolidated returns – Consolidated returns are not permitted; each company must file a separate return.
3. Filing and payment – Final income tax returns are due by 21 June of the year following the tax year, with the balance of tax due paid at the time the return is filed. Quarterly provisional tax payments are due on a current-year basis

by 10 April, 10 July and 10 October, and by 10 January of the following year. Turnover tax is returned and payment is due on the 14th day of the following month.

4. Penalties – A penalty equal to 25% of the underpaid tax liability is imposed if less than two-thirds of the total liability was paid as provisional tax. Late payments of provisional tax attract interest at 2% above the Bank of Zambia discount rate. In addition, all late payments (provisional or final) are subject to a penalty of 5% of the tax due per month. The penalty for late filing of returns is ZMW600 per month for companies. The penalties for negligence, wilful default and fraud for businesses subject to company income tax are 17.5%, 35% and 52.5%, respectively. For businesses subject to the turnover tax system, the penalties for negligence, wilful default and fraud are 1.5%, 3% and 4.5%, respectively.
5. Rulings – It is not possible to obtain an advance ruling in Zambia, except for customs duty valuation purposes.

Individuals

1. Tax year – The tax year is the calendar year.
2. Tax filing – Each taxpayer must file a return. Joint returns with spouses are not permitted.
3. Filing and payment – An individual with no employment income whose other income exceeds the personal tax-exempt threshold must make quarterly provisional tax payments based on current-year income estimates. The tax return is due by 21 June following the end of the tax year.
4. Penalties – Various penalties apply for late filing or failure to file.

Value added tax

1. The minister has proposed to repeal the VAT Act and introduce Goods and Services Tax (GST) with an effective date of 1 July 2019.
2. Filing and payment – Registered suppliers must submit monthly VAT returns to the tax authorities within 18 days of the end

- of the month and account for the excess of output VAT over input VAT. The Commissioner General of the Zambia Revenue Authority may appoint a taxpayer as an agent to withhold VAT on payments made to taxable suppliers of goods and services. A tax agent that withholds VAT is required to submit the VAT schedule showing the withheld VAT to the Zambia Revenue Authority by the 16th day of the following month.
3. Penalties – Late payments of VAT attract additional tax of 0.5% of the amount due per day, as well as interest charged at the Bank of Zambia discounted rate plus 2%. Penalties also apply for late registration or failure to use Electronic Fiscal Devices. Electronic Fiscal Device means an electronic device approved by the Authority, which has fiscal memory capable of generating and storing information and has the capacity to generate or record tax invoices and other reports and transmitting invoice data in real time to the tax invoice management system of the Authority.
 3. Accelerated capital allowances – 50% per annum on machinery, plant and equipment used exclusively for manufacturing, tourism or leasing.
 4. Accelerated capital allowances – 100% per annum on machinery, plant and equipment used exclusively and directly in farming or agro-processing.
 5. Plant, machinery and commercial vehicles – 25% per annum, based on the original cost.
 6. Investment allowance – 10% for capital expenditure on industrial buildings used for manufacturing.
 7. Initial and annual allowance for Industrial building – 10% initial allowance for the first year and 5% annual allowances thereafter for hotels and buildings used for manufacturing purposes.

GENERAL INVESTMENT INFORMATION

Tax Incentives

Capital allowances

Various allowances are granted, including the following:

1. Capital expenditure deductions – 25% per annum for mining equipment, plant, machinery and other capital expenditure, available only as from the year that the asset is placed into service.
2. Farm works and improvements allowance – 100% for assets used in clearing or prevention of soil erosion, farm dwellings with an original cost of not more than ZMW10 million and other permanent works.

Agriculture

1. Income is taxed at a reduced rate of 10% (except for cotton lint)
2. Dividends paid out of farming activities are exempt from tax for the first five years from the commencement of business.
3. VAT deferral is granted on the import of some agricultural equipment and machinery; and
4. No import duty applies on irrigation equipment, and reduced rates apply on imports of other farming equipment.

Manufacturing

1. A refund of Zambian VAT is granted on the export of Zambian products by non-resident businesses under the Commercial Exporters Scheme.
2. Income from chemical manufacturing of fertilisers is taxed at a reduced 15% income tax rate.
3. Import duty is suspended indefinitely on machinery, equipment and capital goods for the assembly of motor vehicles, trailers, motorcycles and bicycles.

Tourism

1. A refund of VAT is granted for non-resident tourists and visitors on selected goods.
2. No import VAT applies on goods temporarily imported into the country by foreign tourists.

General incentives

1. Import VAT relief (i.e. VAT deferral) is granted for VAT-registered businesses on imports of eligible capital goods.
2. A zero rate of VAT applies on exports of taxable products.
3. VAT relief is granted for a transfer of a business as a going concern.
4. Voluntary VAT registration is available for businesses whose turnover is below ZMW800 000 per annum, subject to the conditions stated above.
5. The interest component of finance leases is exempt from VAT.
6. Income from non-traditional exports is taxed at a reduced income tax rate of 15% (10% for non-traditional exports from farming and agriculture).

Concessions for companies operating under the Zambia Development Agency Act

1. Profits derived in designated zones are exempt from income tax for five years from the date the approved investment commences operations.
2. An exemption from tax on dividends is granted for five years from the date the approved investment commences operations. WHT on dividends is paid out. The deferred VAT is not paid.
3. A 0% import duty rate applies on raw materials, capital goods and machinery (including trucks and specialised motor vehicles) for the first five years from the date the approved investment commences operations.
4. Deferral of VAT is granted on machinery and equipment (including trucks and specialised motor vehicles).

5. A 100% improvement allowance is granted for improvements to commercial and industrial buildings.

Developers and investors in the multi-facility economic zone (MFEZ) and industrial parks are eligible for additional concessions, which include:

- i. Payments of management and consultancy fees and interest payments to foreign contractors are exempt from WHT
- ii. Supplies to developers in the MFEZ and industrial parks are zero-rated
- iii. Foreign suppliers to the MFEZ and industrial parks are exempt from reverse-charge VAT
- iv. Equipment and machinery imported for the development of the MFEZ and industrial parks are exempt from customs duty.

Exchange Controls

There are no foreign exchange controls in Zambia.

Expatriates and Work Permits

A holder of an investment license that invests at least USD250 000 and employs at least 10 local individuals will be entitled to a self-employment or residence permit, and to assistance in obtaining work permits for up to five expatriate employees.





Trade Relations Memberships

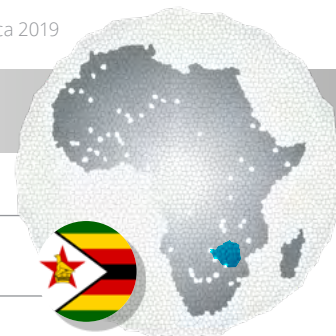
- Cotonou Agreement
- Southern African Development Community (SADC)
- Common Market for Eastern and Southern Africa (COMESA)
- African Growth and Opportunity Act beneficiary country
- China Special Preferential Agreement

Interest and Currency Exchange Rates

Monetary policy rate	
Central Bank Rate - EOP: 10.25%	(Source: Trading Economics, CBR website)
Currency	
Zambian Kwacha (ZMW) – The currency code for the Zambian Kwacha changed from ZMK to ZMW on 1 January 2013, and the currency value was divided by 1 000.	
ZAR1 = ZMW0.902494	(June 2019) (Source: XE Currency Converter)
USD1 = ZMW13.0530	(June 2019) (Source: XE Currency Converter)
EUR1 = ZMW14.6782	(June 2019) (Source: XE Currency Converter)

Key Economic Statistics

GDP (approximate)		USD24.62 billion
		(2019 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		USD25.27 billion
		(2020 forecast) (Source: IMF WEO DATABASE)
Rate of Inflation		USD893.30 million
		(Dec 2018) (Source: IMF WEO DATABASE)
Rate of Inflation		10.75%
		(2019 forecast) (Source: IMF WEO DATABASE)



Zimbabwe

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Income Tax – Individuals

Taxable income (RTGS)	Rate*
0 – 4 200	0%
4 201 – 18 000	20%
18 001 – 60 000	25%
60 001 – 120 000	30%
120 001 – 180 000	35%
180 001 – 240 000	40%
Over 240 000	45%

* The rates do not include the AIDS levy of 3% on the tax payable.

Notes

1. Basis – Zimbabwe operates a territorial tax system. Individuals (both residents and non-residents) are subject to tax only on Zimbabwe-source income and on certain income where source is deemed to be from within Zimbabwe.
2. Residence – An individual is a resident if he/she is ordinarily resident and resides in Zimbabwe for at least 183 days in a year of assessment. The definitions of the terms “residence” and “ordinarily resident” are not defined in the tax legislation but have been established by practice. Typically, persons who habitually reside in Zimbabwe are considered ordinarily resident.

3. Taxable income – Taxable income includes employment income and benefits arising from employment at deemed values. Taxable benefits also include loans to employees where the interest rate on the loan is less than the LIBOR rate plus 5%, and amounts received by employees under share option schemes (see “Other,” below). Taxable income includes any Zimbabwe-source interest that is not subject to withholding tax, rental income and trade income. Other income such as foreign dividends, foreign interest are brought into Tax under the deemed source provisions. There are various circumstances where income is deemed to be from a Zimbabwean source. Subject to certain exemptions, taxable income includes capital gains from a source within Zimbabwe arising from the sale or deemed sale of specified assets, namely, immovable property and marketable securities, as well as certain rights over tangible or intangible property. Rollover relief applies to the disposal of a principal private residence and vacant residential land, and on transfers between spouses. Income from employment may not be set off against losses incurred in business activities, and vice versa.
4. Exempt income – Individuals who receive a bonus or performance-related award in respect of employment are entitled to an exemption of RTGS1 000 per year; elderly taxpayers (i.e. taxpayers that are at least 55 years of age) receive exemptions of up to RTGS3 000 per year for each of the following categories of income: (i) rental income; (ii) interest from financial institutions; and (iii) interest from discounted securities. Pension income received by elderly taxpayers also is exempt. Gains arising from the disposal of a principal private residence accruing to a person who is 55 years or over at the time of the sale are exempt from capital gains tax, as are amounts by which the fair market price received by, or accruing to, a person from the sale or disposal of his/her shares to an “indigenisation partner” (including employees) or

- community share ownership trust or scheme exceeds the actual price at which they were sold.
5. Deductions and allowances – The following may be deducted from the income of an employee: contributions made to an approved pension fund or a retirement annuity fund (subject to specific limitations and an aggregate limitation of RTGS\$ 400 per year); professional subscriptions; and personal credits of specified amounts. Certain employment-related benefits attract special treatment. Special exemptions and credits apply to individuals over 55 years of age, particularly on pension income (see “Exempt income,” above).
 6. Rates – The individual income tax rates for residents and non-residents on Zimbabwe-source employment income are progressive from 0% to 45%. An AIDS levy (surtax) imposes an additional 3% tax on the income tax payable. Taxable income accruing to an individual from a trade or an investment is taxed at a flat rate of 25% (plus the additional 3% AIDS levy). A 15% rate applies on the taxable income of an individual holding a temporary employment permit for employment with a licensed investor having a qualifying degree of export-orientation (as defined in the Taxes Act). WHT applies on capital gains (see “Withholding tax,” below). Income earned by an individual from mining operations is subject to a rate of 25.75% (including the 3% AIDS levy).
 7. Other – Where share options were granted by an employer prior to, but exercised by the employee on or after, 1 February 2009, a final tax of 5% on the gross amount is levied. For shares granted after that date, tax is imposed on the gain from the disposal of the shares on the date of exercise.

Income Tax – Companies and Trusts

Companies	Rate
Basic rate	25%
AIDS levy – based on tax payable	3%
Rate including AIDS levy	25.75%
Special income tax rates	
Foreign dividends and interest	20%
Pension funds	15%
Export manufacturing companies	15%-20%

Mining operations – companies and mining trusts (includes AIDS levy)	25.75%
Special mining lease operations	15%
Income tax holiday rates	
BOOT*/BOT** arrangement operations:	
• First five years	0%
• Second five years	15%
Licensed investor in a Special Economic Zone (with effect from 1 January 2017)	
• First five years	0%
• After five years	15%
Electricity generation projects	
• First five years	0%
• After five years of operation	15%
Exporting manufacturing company (see “Investment incentives,” below)*	

* BOOT – build, own, operate and transfer

** BOT – build, operate, and transfer

Notes

1. Basis – Zimbabwe operates a territorial system. Companies are taxed on Zimbabwe-source income and on deemed Zimbabwe-source income. As from 1 January 2019, the following income is deemed to be from a Zimbabwe source and is subject to Income Tax at a rate of 5%.
 - Amounts received by or on behalf of satellite broadcasting services providers resident outside Zimbabwe, from persons resident in Zimbabwe in respect of the provision or delivery of television or radio programmes
 - Amounts received by or on behalf of electronic commerce platform providers' resident outside Zimbabwe from persons resident in Zimbabwe in respect of the provision or delivery of goods or services.

2. Residence – A company is resident in Zimbabwe if its central management and control is situated in Zimbabwe.
3. Taxable income – Taxable income includes all income received or accrued from sources within Zimbabwe, including capital gains from the sale of certain specified assets (immovable property, marketable securities and certain tangible and intangible property rights). Taxable income includes any Zimbabwe-source interest that is not subject to WHT, foreign dividends and interest, rental income and trade income. However, residents are taxed on foreign-source dividends and interest. Prepaid income received for goods and/or services is proportionately allocated for income tax purposes to the year of assessment in which the goods and/or services are used.
4. Exempt income – Foreign-source income, such as rental income and business profits, is not taxable. Dividends paid by a resident company to another resident company are exempt. Interest earned by financial institutions on treasury bills is exempt if the term sheet specifies that income from the bill is exempt from tax.
5. Deductions – Expenditure incurred in the production of income or for the purposes of a trade (to the extent not of a capital nature) may be deducted, with the exception of specific prohibited deductions. Costs of software acquisition and development qualify for capital allowances at 25% per year over four years. A double deduction is granted on expenditure incurred to develop export markets. Expenditure that relates to prepayments for goods, services or benefits is allowable in the year in which the related benefits are realised. As from 1 January 2019, the intermediated money transfer tax (IMTT) is not deductible. IMTT is transaction tax chargeable on transfer of money by a financial institution between persons.
6. Losses – Assessed losses are deductible against taxable income and may be carried forward for up to six years. Certain capital losses may offset capital gains and may be carried forward indefinitely. Tax losses of mining companies do not expire. The carryback of losses is not permitted.
7. Foreign tax credit – Where foreign-source income is taxable in both the source country and Zimbabwe, a credit is allowed for the foreign tax suffered. However, the credit is limited to the amount of Zimbabwean income tax imposed on the foreign-source income
8. Group relief – There is no provision allowing for group relief or the transfer of losses between members of a group.
9. Rate – The basic rate of corporate tax is 25%, with an additional AIDS levy (surtax) of 3% of the income tax payable. For satellite broadcasting and electronic platform service providers' corporate

- tax rate is 5% (see note 2). Presumptive taxes are levied on certain informal traders, small-scale miners, transport operators, hair salons and operators of water-borne vehicles, among others. (See the above table for additional rates.) WHT applies on capital gains (see "Withholding taxes," below).
10. Branch taxation – Branches of foreign companies are subject to the same rates as domestic companies. No WHT applies on branch profit remittances paid out of after-tax profits. However, payments made by a branch from Zimbabwe to another country for expenditure incurred outside Zimbabwe in connection with, or allocable to, its carrying on of any trade within Zimbabwe (e.g. allocable foreign head office expenses of a technical, administrative, managerial or consultative nature) are subject to a 15% WHT (see "Withholding taxes," below).
 11. Alternative minimum tax – There is no alternative minimum tax in Zimbabwe.
 12. Mining regime – Special rules apply to mining companies and operations.
 13. Export manufacturing company regime – Export manufacturing companies are granted a tax concession in the form of reduced income tax rates based on the level of exports (see "Investment incentives," below).

Withholding Tax (WHT)

The WHT on various types of payments are as follows (the tax is a final tax for non-residents, and the rate may be reduced under an applicable tax treaty):

Payments	Residents	Non-residents
Dividends distributed by:		
• A company listed on the Zimbabwe Stock Exchange (ZSE)	10%	
• Any other resident company	15%	
Group allocable expenditure remittances		
• Deposits with financial institutions	15%	0%
• Bank instruments	15%	0%

• Treasury bills	15%	0%
• Fixed-term deposits (at least 90 days)	5%	0%
Fees and royalties		15%
Non-executive director fees	20%	20%
Contracts for sales/services	10%	
Freelance property and insurance agent commissions	20%	20%
Artiste/entertainer fees	15%	
Capital gains	1%, 5%, 15%	1%/5%/15%

Notes

- General – Various dates apply for purposes of remitting tax withheld to the Zimbabwe Revenue Authority (ZIMRA), depending on the type of taxes. Failure to pay, or late payment of taxes, may result in the imposition of penalties of up to 100%. Interest on unpaid tax is levied on late payments at a rate of 10% per annum. In determining the period within which payment should be made, care must be taken regarding the date of entitlement.
- Dividends – Dividends paid between Zimbabwe companies are exempt. Shareholders who are individuals, and whose aggregate income (i.e. taxable income plus local dividends) does not exceed specified amounts, may be entitled to a refund of the tax.
- Fees and royalties – Exemptions may apply in respect of export market development fees.
- Group allocable expenditure remittances – Subject to certain exemptions, a non-resident individual, partnership or company that remits an amount from Zimbabwe to another country, for expenditure incurred outside Zimbabwe in connection with or allocable to its carrying on of any trade within Zimbabwe (e.g. foreign head office expenses), is required to withhold tax at a rate of 15% on such remittances and pay the tax within 10 days from the date of remittance.
- Capital gains – The rate of WHT on capital gains is as follows: immovable property, 15% of the sales proceeds; unlisted marketable securities, 5%

of the sales proceeds; and listed marketable securities, 1% of the sales proceeds (this is a final tax).

- Dividends and interest – Where a taxpayer is over 55 years of age, a percentage of the tax withheld from dividends and interest may be refunded, depending on the amount of tax withheld.

Amount withheld (USD) Refunded

Up to 600	100%
601 to 720	75%
721 to 840	50%
841 to 960	25%

- Effective 1 January 2019, withholding tax on local tenders no longer apply to non-resident persons liable to withholding tax on fees, allocable expenditure and on royalties.
- The WHT on artistes/athletes applies only to foreign artistes. Payments made to resident artistes are deemed to be income from a trade and investment and, therefore, subject to income tax.

Tax treaties

Zimbabwe has concluded tax treaties with the following countries:

Country	Dividends	Royalties	Remittances* ³	Fees
Botswana	5%/10%	10%	15%	10%
Bulgaria	10%* ¹	10%	15%	10%
Canada	10%	10%	15%	10%
France	10%* ¹	10%	15%	10%
Germany	10%* ¹	7.5%	15%	7.5%
Mauritius	10%* ¹	15%	15%	0/15%* ⁴
Malaysia	10%* ¹	10%	15%	10%

Netherlands	10%* ¹	10%	15%	10%
Norway	15%	10%	15%	10%
Poland	10%* ¹	10%	15%	15%* ²
South Africa	5%/10%	5%	10%	5%
Sweden	15%* ¹	10%	15%	10%
Kuwait	0%/5%* ¹	0	10%	10%
Zimbabwe ⁵ listed	10%	15%	15%	15%
Domestic Rates Unlisted	15%			

Notes

1. Lower rates apply on dividend paid to a company that holds a minimum shareholding percentage as provided by the applicable DTA.
2. In the absence of specific article these should default to treatment under business profits.
3. Remittances – Not applicable on DTAs hence Non-residents' tax on remittances remains at 15% in all cases.
4. Both rates are specified. Exemption in Zimbabwe appears to depend on there being liability in Mauritius.
5. These are local provisional taxes not included in DTAs. The withholding taxes are used as a credit against final tax payable except for the WHT on CGT on sale of listed shares and resident tax on interest which are final taxes.
6. Note that the domestic law in respect of foreign interest was repealed, therefore the DTA interest rates above do not apply.
7. Agreements with the following countries are pending: Democratic Republic of Congo, Indonesia, Namibia, Seychelles, Singapore, Switzerland, Tanzania, Thailand, Tunisia and Zambia.

Anti-avoidance Rules

Transfer pricing

Zimbabwe's transfer pricing rules broadly follow the OECD or UN guidelines as relevant sources of interpretation. Where a person engages directly or indirectly in a controlled transaction (i.e. a transaction with an associate), the amount of taxable income derived by the person must be consistent with the arm's length principle.

Documentation supporting the arm's length nature of intercompany transactions must be prepared and maintained to enable the Commissioner General of ZIMRA to ascertain whether a transaction was conducted in accordance with the arm's length principle. Typically, the documentation must contain detailed functional and economic analyses, including information on the process used for selecting the most appropriate transfer pricing method and the application of the method to demonstrate the arm's length nature of the transaction and the appropriate arm's length price.

As from 1 January 2019, an annual transfer pricing return must be filed together with the abovementioned documentation.

Permissible transfer pricing methods include the traditional transaction methods (comparable uncontrolled price, resale price and cost-plus methods) and profit-based methods (transactional net margin method and profit split method). Any other method may be applied subject to the Commissioner General's satisfaction that none of the approved methods can reasonably be applied and such other method yields a result that is consistent with what would have been achieved by independent parties.

Ordinarily, transfer pricing rules apply to transactions between foreign related parties; however, in line with Zimbabwe's anti-avoidance legislation, domestic transactions also are subject to transfer pricing rules. Additionally, the principles also apply where a person resident in Zimbabwe engages in a transaction with a person (whether related or a third party) resident outside Zimbabwe in a jurisdiction considered by the Commissioner General to provide a tax benefit in relation to the transaction.

As from 1 January 2019, the following penalties apply in respect of related party adjustments raised by the Commissioner General:

- A 100% penalty where there is evidence of fraud or evasion
- A 30% penalty in the absence of fraud or tax evasion, but where transfer pricing documentation either does not exist or does not comply with the transfer pricing guidelines
- A 10% penalty where documentation exists and complies with the guidelines.

Thin capitalisation rules

Zimbabwe's thin capitalisation rules limit the deduction of interest payments by a company based on a debt-equity ratio of 3:1. The disallowed interest is deemed to be a dividend for WHT purposes.

Interest on loans granted by a local financial institution or from any other local source is excluded from the thin capitalisation rules unless the parties are related.

The allocation of fees, administration and management charges between group companies and associated companies, including between local companies, is restricted to 1% of other deductible expenditure. For payments made to foreign companies, any excess payment automatically is deemed to be a dividend subject to WHT.

The tax exemption on dividends paid between resident companies does not extend to deemed dividends resulting from the application of the thin capitalisation rules to interest payments or group administration and management charges.

Employment-related Taxes

Payroll tax

The "final deduction system," which is a Pay-As-You-Earn (PAYE) system, applies in Zimbabwe. An employer of an employee whose annual remuneration exceeds the zero-rate band of taxable income from employment is required to register for PAYE purposes with ZIMRA within 14 days of employing the individual. A similar obligation extends to others (e.g. administrators of pension funds and foreign employers). Employers are required to withhold tax from remuneration in accordance with relevant tables and remit the tax to ZIMRA by the 10th day of the following month. The system allows for the refund of excess PAYE or the payment of additional PAYE from employees in appropriate circumstances.

National Social Security Authority (NSSA) contributions

Employers and employees are required to make NSSA contributions of 3.5% of up to RTGS5 400 of the employee's annual pensionable earnings.

Indirect Taxes

Value Added Tax (VAT)

	Rate
Standard rate	15%

Notes

1. Taxable transactions – VAT is levied on a broad range of goods and services supplied by a registered operator or that are imported. For imported goods, VAT is payable on the value for duty purposes plus any duty, excluding surtax.

Imported services are services supplied by a person that is not resident in Zimbabwe or that carries on business outside Zimbabwe to a Zimbabwe recipient, to the extent the services are used or consumed in Zimbabwe. All importers of services are required to account for VAT on the imported services.

2. Rates – The standard rate of VAT is 15%. Certain goods and services are zero-rated, and some exemptions apply. VAT at 20% is payable by the supplier on the export of beneficiated chrome (chrome-ore and fines). For zero-rated supplies, although the supplier of the designated goods and services charges no VAT and, therefore, has no output tax, the supplier can claim a deduction of input tax paid.
3. VAT withholding – To minimize risk of non-payment and ensure remittance to ZIMRA, VAT withholding applies. Designated agents are appointed to withhold part of the VAT charged (i.e. one-third) to their suppliers and remit the amount to ZIMRA by the 15th day of the following month. The agent must issue a withholding certificate to the supplier.
4. The VAT Act allows for the deferral of VAT payable on certain high-value imported capital goods for a period of up to 180 days. A capital good is defined as any asset or component thereof that is of a nature subject to a capital allowance deduction, e.g. machinery. Where the goods are converted or disposed of without having been used in the manner that qualified them for the deferral, or where the deferred VAT is not settled when it becomes due, additional tax equal to 100% of the tax due and interest is chargeable. The deferral periods are as follows:

Value of capital good (RTGS)	Deferral period (days)
100 000 – 1 million	90
1 000 001 – 10 million	120
Above 10 000 001	180
5. Registration – The VAT registration threshold is RTGS60 000 of taxable supplies per year. A registered operator is a person carrying on a trade continuously. The effect of registration is that a recipient trader is entitled to claim input VAT (with certain exceptions) equal to the VAT paid to its supplier if the supplies are for the purpose of a trade. This input VAT is set off against output VAT payable in respect of the tax period. Any excess input tax is refundable by ZIMRA.

Customs and Excise Duties

Duty (customs duty, VAT and surtax surcharge) is levied on the importation of goods on the value for duty purposes (VDP). The VDP generally is comprised of the cost, insurance, freight and any

incidental charges incurred in the transportation of the goods. The standard tariffs can vary based on special rates under a bilateral trade agreement or trade bloc membership.

A wide range of rebates exist, mainly in respect of certain raw materials, strategic entities and/or industry sectors and certain types or classes of capital equipment.

As from 23 November 2018, the payment of customs duty is required to be made in foreign currency on select goods.

The rate of excise duty on airtime (including internet) sold by operators of cellular communication systems is 10%. Five percent of the duty is allocated to the Health Fund levy to fund the purchase of drugs and equipment for government hospitals.

With effect from 1 December 2018, importers or agents who fail to pre-clear goods transported by road are subject to a fine equal to level 12 of the standard scale of fines.

Excise duty on motor vehicles imported by safari operators has been suspended until 2020.

Other Taxes Estate tax

Estate duty of 5% is levied on the value of the worldwide assets of a deceased individual who was ordinarily resident in Zimbabwe. For individual not ordinarily resident, estate duty is levied only on property within Zimbabwe. The blanket exclusion from the dutiable amount for an estate is RTGS50 000.

Stamp duty

Stamp duty, which is payable on the registration in a deeds registry of the acquisition of immovable property that was acquired in foreign currency, is payable in the same or another specified foreign currency based on the value of the property as follows:

Stamp Duty (RTGS) (per RTGS)	
Property Value (RTGS)	100 of value or part thereof
Up to 5 000	0.7
More than 5 000 but not more than 15 000	3
More 15 000 but not more than 100 000	5
Above 100 000	6

Transfer duty

A transfer duty of 1% applies on the transfer of mining claims.

Demutualisation levy

An issue of shares under a demutualisation scheme (e.g. where a mutual society is converted into an insurance company) is subject to a demutualisation levy of 2.5% of the value of the shares, payable by the company concerned.

Carbon tax

A flat rate carbon tax of RTGS10 applies for visitors entering Zimbabwe with foreign-registered vehicles.

Intermediated money transfer tax

An intermediated money transfer tax (IMTT) applies on money transfers at a rate of RTGS0.02 per transaction. As from 13 October 2018, the tax applies only on transactions exceeding RTGS10. A single transaction exceeding USD500 000

is subject to a flat IMTT of RTGS10 000. Certain transactions have been excluded from the IMTT. IMTT arises where a financial institution mediates the transfer of money, otherwise by a cheque, from one person or more to another either physically or automatically or by any other means. No liability arises on transfer of money from one financial institution to another financial institution, if the financial institution is acting on behalf of any of the persons as an intermediary.

Capital duty

There is no capital duty in Zimbabwe.

Property tax

None

Business license duty

None

Automated financial transactions tax

The automated financial transactions tax is imposed at a rate of RTGS0.05 per transaction, including transactions initiated on mobile platforms. The tax applies only on transactions exceeding RTGS10.

An automated financial transaction is a transaction where a customer of a financial institution withdraws cash or effects any debit on his account with the institution.

Bookmaker's tax

A bookmaker's tax applies to persons licensed or required to be licensed under the Betting and Totalisator Control Act. The tax is 3% of the gross monthly takings, and is paid not later than the last day of the following month.

Tax Administration and Compliance

Tax is administered in Zimbabwe by the Zimbabwe Revenue Authority (ZIMRA).

Companies

1. Tax year – The tax year is the calendar year. An accounting year other than the calendar year may be used instead, subject to approval by the tax authorities.
2. Consolidated returns – Consolidated returns are not permitted in Zimbabwe; each company must file a separate return.
3. Filing and payment – For calendar-year taxpayers, tax returns must be filed by 30 April after the close of the tax year. Income tax is paid quarterly, based on estimated annual taxable income, on 25 March, 25 July, 25 September and 20 December of the assessment year. The commissioner may assign different payment dates upon application by taxpayers with financial year ends other than the calendar year. Taxpayers are required to submit their returns via ZIMRA's e-filing platform.

Various dates apply for purposes of remitting tax withheld to ZIMRA, depending on the type of payment.

4. "Fiscalisation" rules require all registered taxpayers to interface with the ZIMRA server. This entails linking the registered operator's fiscal devices to the ZIMRA server to enable ZIMRA to access information in real time. In addition to meeting fiscalisation requirements, registered operators should register for e-filing and submit their returns electronically.
5. Penalties – Interest and penalties apply to unpaid taxes, late returns and failure to file returns. The commissioner has been given the power to attach and auction property in cases of non-payment of duty or taxes. The powers also cover areas such as failure to submit a return or information

in connection with a tax liability by the relevant deadline, and where the commissioner is not satisfied with the return or information supplied.

6. Duty to keep records – All persons whose gross income does not consist solely of wages or salaries, are required to keep proper books of accounts in the English language for a period of six years relating to any trade.
7. Rulings – The commissioner may issue an advance tax ruling on any provision in the Income Tax Act.

Individuals

1. Tax year – The tax year is the calendar year.
2. Tax filing – Spouses are taxed separately; joint filing is not permitted.
3. Filing and payment – Employees are not required to file a return if their tax has been paid under the final deduction system.
4. Penalties/duty to keep records – See under "Companies," above.

Value added tax

1. Filing and payment – VAT payments and returns are due by the 25th day after the tax period.
2. Penalties – Non-compliance with "fiscalisation" rules by registered taxpayers attracts a maximum penalty of RTGS25 per point of sale for each day the taxpayer remains in default. See also under "Companies," above.

GENERAL INVESTMENT INFORMATION

Investment Incentives

Incentives apply equally to domestic and foreign investors. The major goals of incentives include employment creation, small business development, industrial development, export promotion and the uplifting and development of the economically disadvantaged. Limited incentives currently are available. Tariffs protect local industry, but the move towards harmonisation of trade within the region has led to the reduction of tariffs for COMESA and SADC countries.

Tax incentives

- Rebate provisions apply to all manufacturing industries for the rebate or drawback of certain duties applicable to imported goods, raw materials and components used in manufacturing or processing or for export
- A “special initial allowance” (SIA) is provided on specified assets, such as plant and machinery and industrial buildings, at a rate of 25% of the cost of the asset in the year of assessment in which such asset is first used. During the subsequent three years, the asset is entitled to an accelerated wear-and-tear allowance of 25% each year
- Qualifying small- and medium-sized enterprises (SMEs) may elect a capital allowance structure that includes a 50% SIA, and 25% accelerated wear-and-tear allowances in the following two years of assessment
- A qualifying licensed investor in a special economic zone may elect a capital allowance structure that includes a 50% SIA, and 25% accelerated wear-and-tear allowances in the following two years of assessment
- Building societies and financial institutions providing mortgage finance are exempt from tax, but only to the extent

the receipts and accruals of such financial institutions are attributable to the provision of mortgage finance

- Interest on loans made to small-scale gold miners for mining operations, prospecting or exploratory works in Zimbabwe is exempt
- A double deduction is granted for expenditure incurred to develop export markets.

Export manufacturing companies

Export manufacturing companies are granted a tax concession in the form of reduced income tax rates, based on the percentage of manufactured products exported, as follows:

Export percentage	Corporate rate
30% – 40%	20%
41% – 50%	17.5%
Above 51%	15%

Mining incentives – Capital redemption allowance

Certain tax incentives apply to mining companies, including the following:

- A “capital redemption allowance” is granted on capital expenditure incurred by a miner. An allowance of 100% of the amount incurred on capital expenditure in the year of assessment is available
- The full capital cost of employee housing for a general miner qualifies for a capital redemption allowance
- The capital cost of a unit of employee housing acquired or constructed after 1 January 2018 and used by a holder of a “special mining lease” is restricted to RTGS25 000 per unit for purposes of claiming a capital redemption allowance
- The cost of a passenger motor vehicle for purposes of claiming a capital redemption allowance is restricted to RTGS10 000.

Indigenisation incentives and regulations

As from 1 January 2018, the indigenisation and empowerment regulations' requirement of 51% local ownership applies only to the extractive sector for platinum and diamonds and does not apply to other sectors.

Indigenised Companies: Specific Deductions

The following deductions apply to indigenisation transactions:

- The amount of any contribution or donation paid to a community share ownership trust or scheme
- The value of the shares of a corporate taxpayer that are loaned to an indigenisation partner of the taxpayer pursuant to a corporate vendor-financed loan (a corporate vendor-financed loan means a loan of shares in a corporate taxpayer to an "aspirant" shareholder of that taxpayer, which are purchased by the aspirant shareholder by means of dividends forgone on those shares in favour of the taxpayer)
- Interest payable by an indigenisation partner on any loan advanced to him/her to purchase shares in the company of which he/she is an indigenous partner.

Exchange Controls

Limited exchange controls are in place, most of which relate to monitoring and registration activities that have largely been passed on to the banking sector with minimal central bank intervention. However, Zimbabwe has been facing severe currency shortages and, accordingly, currency allocations now are being managed on a priority basis.

Individuals and companies are permitted to make payments for goods and services offshore, as well as for servicing external debts. External loans of up to RTGS5 million for both domestic and foreign investors can be processed at banks without prior approval from Treasury and the Reserve Bank External Loans Coordinating Committee.

Expatriates, Entrance Permits and Work Permits

Work permits for expatriates generally are available in cases where the relevant expertise is not available locally or where the employment of an expatriate is needed in setting up a new project. Where a business visa is issued, the following activities are permissible:

- Installation and back-up service for machinery purchased outside Zimbabwe by local companies
- Attendance at board meetings
- Assessment of investment opportunities.

Individuals who invest at least RTGS1 million in a project approved by the Zimbabwe Investment Authority (ZIA) can apply for permanent residence. Investors who invest at least RTGS300 000 in a sole business venture approved by the ZIA, or who invest at least RTGS100 000 in a joint venture approved by the ZIA with a bona fide Zimbabwean, will qualify for a residence permit for three years, at the end of which permanent residence may be granted subject to immigration approval.

Trade Relations

Memberships

- Southern Africa Development Community (SADC)
- Common Market for Eastern and Southern Africa (COMESA)

Zimbabwe has a bilateral trade agreement with South Africa. As a result of this agreement, a number of export products may enter the South African market at reduced rates of import duty, and vice versa.




Interest and Currency Exchange Rates

Monetary Policy Rate
Central Bank Rate - EOP: 50% (Source: Reserve Bank of Zimbabwe)
Currency
Zimbabwe has introduced the Real Time Gross Payment dollar (RTGS) as its primary transacting and reserve currency.
ZAR1 = ZWD25.0216 (June 2019) (Source: XE Currency Converter)
USD1 = ZWD361.900 (June 2019) (Source: XE Currency Converter)
EUR1 = ZWD406.942 (June 2019) (Source: XE Currency Converter)

Notes

1. Due to liquidity constraints, lending rates on the RTGS remain high, except in the case of certain special facilities.
2. As from 1 February 2009, the following currencies became legal tender in Zimbabwe: Australian dollar (AUD), Botswana Pula (BWP), British Pound Sterling (GBP), Chinese yuan (CNY), euro (EUR), Indian rupee (INR), Japanese yen (JPY), US dollar (USD), South African Rand (ZAR) and US dollar (USD).
3. The RTGS dollar, which was introduced on 22 February 2019, is primarily in use and international cross rates of exchange are applied when transacting with other currencies.

Key Economic Statistics

GDP (approximate)		USD22.29 billion (2019 forecast) (Source: IMF WEO DATABASE)
		USD25.81 billion (2020 forecast) (Source: IMF WEO DATABASE)
Market Capitalisation		USD6.50 million (Dec 2018) (Source: IMF WEO DATABASE)
Rate of Inflation		73.43% (2019 forecast) (Source: IMF WEO DATABASE)



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