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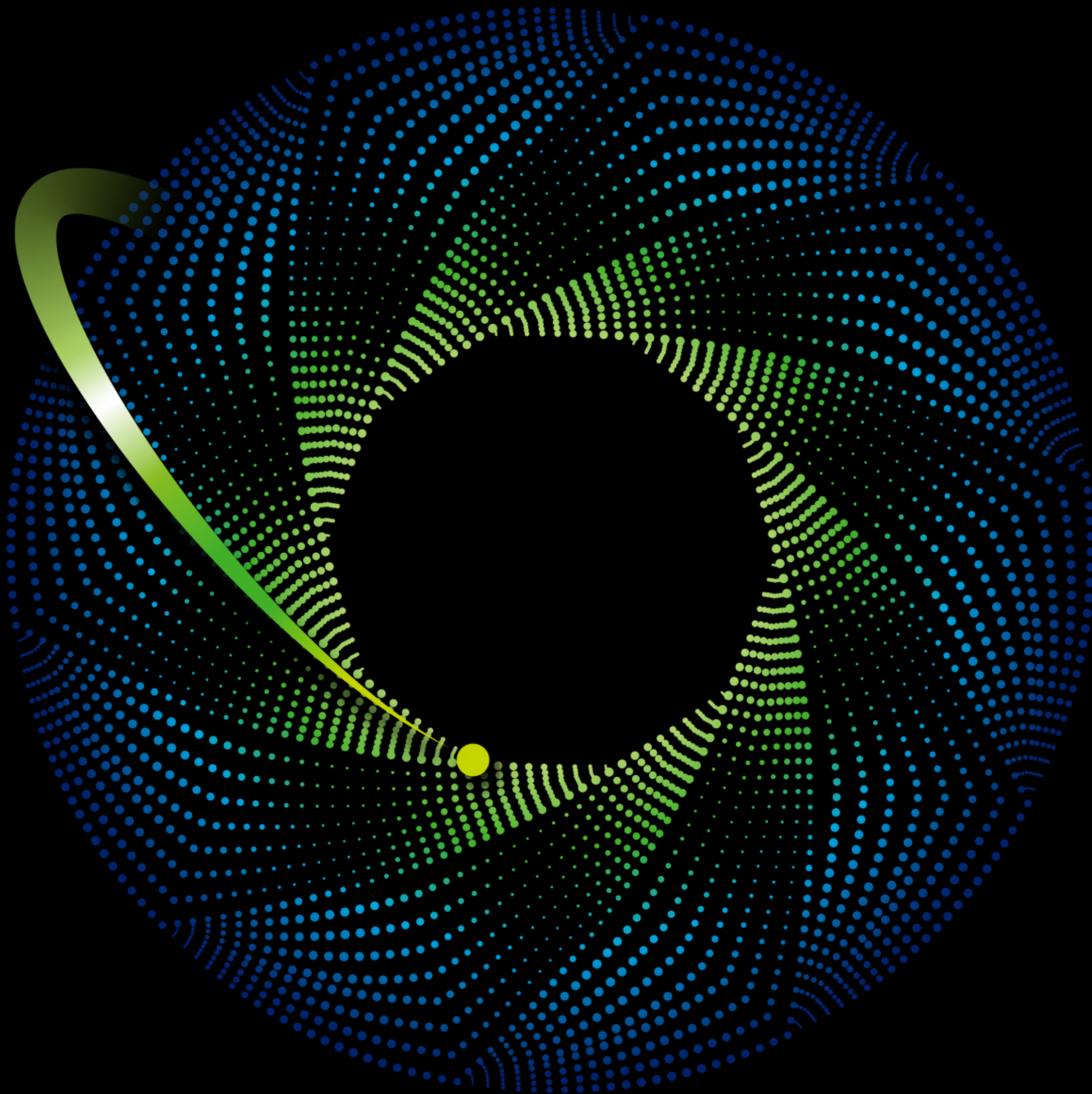
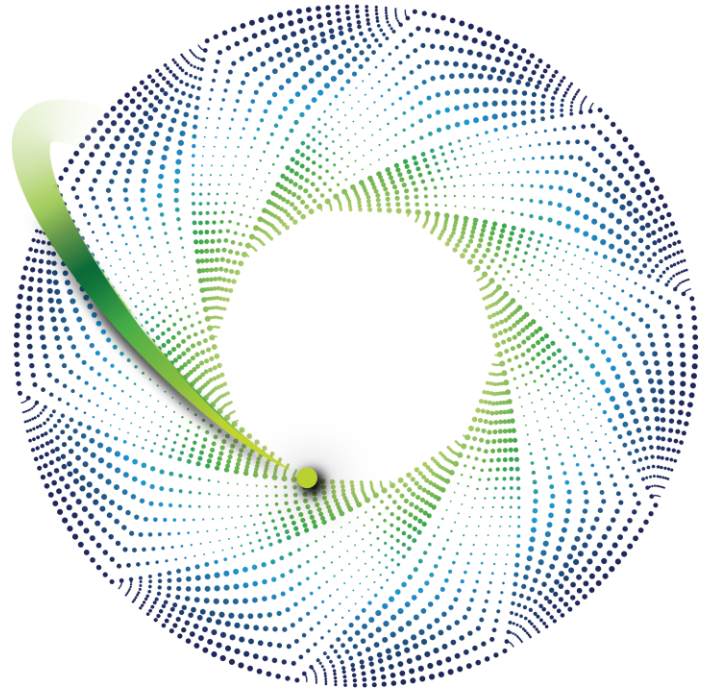


# Deloitte Africa Tax Pulse

## Your go-to newsletter for the latest tax developments across the continent

January 2025

# Introduction



Welcome to the Deloitte Africa Tax Pulse, your go-to newsletter for the latest tax developments across the continent.

As African economies evolve, governments are implementing new tax policies to enhance revenue collection, promote transparency, and streamline compliance. These changes significantly impact businesses, individuals, and key industries.

In this edition, we highlight recent key legislative changes reshaping tax laws and policies in various African countries, as well as new compliance requirements, and their potential impact. These reforms are transforming the tax landscape for businesses and individuals.

Stay informed and prepared as we navigate Africa's evolving tax environment together.

# Cameroon

## Cameroon enacts new local taxation law

On 23 December 2024, Cameroon introduced the Law on Local Taxation (Law n˚2024/020), bringing significant reforms to the tax system. The law expands levies, introducing Additional Municipal Cents on personal income tax, corporate income tax (CIT), value-added tax, and excise duties, with rates of 10% or 5%. It also establishes a local development tax and communal excise duty.

Key changes include adjusted tax rates: patent contributions now range from 0.159% to 0.494% based on company size, real estate transfer taxes vary from 1% to 10%, and stamp duty on advertising is set at 3% (15% for tobacco/alcohol adverts). New fees include a 5% levy on work visa fees for foreign experts and business approval fees ranging from FCFA 500,000 for individuals to FCFA 1.5 million for large companies.

Sector-specific measures have also been introduced. The maritime sector now faces licensing, registration, and safety inspection fees, with fines for non-compliance. For the gaming sector, annual fees are set at 2% of sales, and online gaming concession fees can reach up to FCFA 300 million.

The law is already in effect, and businesses must comply to avoid penalties.

## Cameroon implements 2025 Finance Law

Cameroon's Finance Law 2025, enacted in December 2024, introduces significant changes to corporate taxation and tax procedures, aiming to adjust tax burdens and strengthen compliance.

Key reforms include the disallowance for CIT purposes, of remuneration for services provided outside the Communauté Économique et Monétaire de l'Afrique Centrale (CEMAC) region, the tax deductibility threshold for foreign commissions on purchases has been reduced from 5% to 1%, and invoices failing to meet formal legal requirements will no longer be deductible for CIT.

Additionally, the tax rate on dividend distributions has been lowered from 15% to 10%. To combat tax fraud, new provisions establish joint liability for tax payments in cases of fraudulent use of National Identification Numbers (NINs).

Operators are encouraged to familiarise themselves with the new regulations and ensure the tax compliance in the treatment of various transaction and procedures with the tax administration.

## Cameroon's Ministry of Finance clarifies transfer pricing rules

On 2 January 2025, Cameroon's Ministry of Finance issued clarifications on country-by-country (CbC) reporting requirements under the OECD's Base Erosion and Profit Shifting (initiative, specifying the report's content, format, and filing procedures (electronically), emphasising consistency and ease of review.

Multinational enterprises operating in Cameroon are advised to review these clarifications carefully to meet the updated requirements and avoid penalties.

# Central Africa

## Republic of Congo

### The Congolese government enacts new Finance Act for 2025

The new Finance Act 2025 (No. 47-2024), enacted on 30 December 2024, introduces significant amendments to the Congolese General Tax Code. Key changes include an increase in the corporation tax rate from 28% to 30% and the mandatory use of the Certified Electronic Invoicing System (CEIS) for issuing local invoices. Equipment purchased through CEIS can now be fully written off in the year of acquisition.

Additionally, the new Finance Act introduces a 5% surcharge on business tax, a 1% tax on non-recoverable packaging, and new conditions for reopening tax audits. It also legalises hierarchical appeals in tax audit matters and mandates that costs for handling contentious tax claims or relief requests be paid in cash and deducted from taxable profits.

Furthermore, the new Finance Act prohibits the renewal or amendment of establishment agreements, except in specific cases. These reforms aim to modernise tax administration, enhance compliance, and boost revenue collection. Stakeholders are encouraged to familiarise themselves with the changes to ensure adherence.

# East Africa

## Kenya

### Kenya introduces tax reforms with TLAA 2024

On 11 December 2024, the President of Kenya assented to the Tax Laws (Amendment) Act, 2024 (TLAA), bringing changes to the Income Tax Act, Value Added Tax Act, Excise Duty Act, and the Miscellaneous Fees and Levies Act. Key amendments include the introduction of Domestic Minimum Top-Up Tax Rules (Pillar Two Rules) and the limitation of tax exemptions for non-residents earning income from grant-funded projects. The definition of royalties has been expanded to include all software-related payments, and withholding tax will now apply to payments for goods supplied to public entities and transactions facilitated through digital marketplaces.

The TLAA also repealed the Digital Service Tax (DST), replacing it with a Significant Economic Presence Tax (SEPT). Additionally, a reduced 5% capital gains tax rate will apply for firms certified by the Nairobi International Finance Centre Authority. Other changes include increased deductions for pension contributions, mandatory PIN registration for remote employees, and excise duty on excisable services provided by non-resident persons through a digital platform. The Railway Development Levy rate has also been raised from 1.5% to 2%.

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## Kenya enacts key tax procedure reforms with TPAA 2024

On 11 December 2024, the President of Kenya assented to the Tax Procedures (Amendment) Act, 2024 (TPAA), introducing amendments to the Tax Procedures Act (Cap 469B).

Key changes include the introduction of reverse invoicing for small traders and farmers whose annual turnover is below KES 5 million, extension of the tax amnesty programme to 30 June 2025, and amendment of the Tax Procedures Act to allow the Commissioner, by written notice, to require taxpayers to integrate with the Kenya Revenue Authority's authorized electronic systems for purposes of transmitting electronic documents, including transactional data. The TPAA also amended the TPA to exclude weekends when calculating timelines for filing objections and appeals, impose penalties on Export Processing Zone entities for failing to file returns, and reintroduce a waiver provision for unpaid taxes due to recovery challenges.

These reforms, effective from 27 December 2024, aim to streamline tax administration and enhance compliance. Taxpayers are urged to stay informed about these changes to ensure adherence to the updated regulations

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# Tanzania

## Tanzania Revenue Authority launched the new Tanzania Customs Integrated System

On 20 January 2025, the updated Tanzania Customs Integrated System (TANCIS) was officially launched by Tanzania Revenue Authority (TRA) to enhance service delivery and reduce costs for importers, exporters and stakeholders.
The updated system allows all tax assessment activities to be fairly conducted online and has been integrated with 36 other institutional systems. Implementation of this system will therefore minimize physical contact, reduce time for cargo tracking, increase tax base to TRA from customs and promote equity and transparency in tax payments.

TRA indicated that they will lawfully waive customs warehouse rent charges confirmed to have arisen due to system-related delays and commit to working with inland container depots and terminal operators to seek waivers for any storage charges confirmed to have been incurred due to these disruptions.

# North Africa

## Morocco

### Morocco implements new Finance Law

On 19 December 2024, Morocco published the 2025 Finance Law (25FL), introducing significant reforms to payroll income tax (PIT) , corporate income tax, value added tax (VAT), and registration duties (RD). Key changes include raising the income tax exemption threshold from MAD 30,000 to MAD 40,000 and reducing the marginal tax rate from 38% to 37% for PIT. Family allowance deductions have also increased from MAD 360 to MAD 500 per dependent, with a maximum cap of MAD 3,000.

Joint ventures and economic interest groups are now subject to CIT. A 30% withholding tax now apply to earnings from online gambling platforms based abroad. The deductible value for passenger vehicles has risen from MAD 300,000 to MAD 400,000, and WHT rates on dividends have been harmonized. VAT no longer apply to occasional resident clients. VAT exemptions now apply to rentals of private education properties and construction materials for schools.

Other updates include clarifying tax treatment for leases exceeding 10 years, exempting FIFA (The Fédération Internationale de Football Association) and its representatives from various taxes, clarification of electronic notification, and framing of the mutual agreement procedure.

This law aims to stimulate investment, support strategic sectors, and modernise tax administration

# Southern Africa

## South Africa

### Tax overview: Increasing tax revenue collection without crippling the economy or taxpayers

Setting out the government's tax and spending plans for the year ahead, Finance Minister, Enoch Godongwana, said his plans were focused on policies that accelerate economic growth, spur job creation and promote a broad improvement in livelihoods of others.

The Minister of Finance also indicated during the 2024 Medium-Term Budget Policy Statement that gross tax revenue for the year is projected to fall R22.3 billion short of February's estimates, primarily driven by declines in import duties and fuel levies.

However, corporate profits are expected to rebound over the medium term, strengthening corporate tax collection alongside ongoing enhancements in tax compliance and administration.

With economic growth being strained and the taxpayers' purse stretched, the South African Revenue Service together with National Treasury have to balance increasing tax revenue collection without crippling the economy or taxpayers.

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# South Africa

## Is VAT-free food easier to contend with?

The government faces an ongoing challenge to implement measures to provide access to affordable and sufficient food in South Africa. With the most significant impact felt by those vulnerable to food insecurity, there is a dire need for intervention, as food becomes expensive and unattainable to those who need it most.

An expansion of government's value-added tax (VAT)-free food plan may be on the horizon again as a temporary dispensation tool to lower food prices. However, given that VAT is usually one of the tax types with the biggest opportunities to increase revenue collection, it brings into question whether an expansion of a VAT-free food plan is an inventive enough solution to rise to the challenge and at what cost to the tax base.

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## South Africa's rising gambling phenomenon: Are sin taxes on gambling justifiable?

As South Africans eagerly await National Treasury's 2025/2026 National Budget Speech, the potential expansion of sin taxes to include gambling activities has been a prominent topic of discussion. These conversations are fuelled by the sector's remarkable growth in recent years.

The primary motivation to tax individuals' winnings is to curb excessive gambling which has extensive social costs for addiction treatment. It has been a matter of frequent discussion that the revenue generated from implementing sin taxes would not adequately fund addiction treatment programmes and responsible gaming initiatives.

The legislation proposed a winnings-only tax which may meet some resistance from gamblers as professional and frequent gamblers are allowed to offset losses incurred on gambling activities. Is the taxation of individuals justifiable?

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## The impact of enacting Pillar Two Legislation in South Africa

Global minimum tax has been introduced in South Africa as part of a global initiative by approximately 140 countries comprising the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting.

In the 2024 Budget Speech, National Treasury of South Africa estimated that the introduction of a global minimum tax in South Africa will result in additional tax revenue of R8 billion in 2026/27. This is a fraction of the R2.13 trillion estimated tax revenue collections for 2026/27. On that basis alone, the introduction of a global minimum tax will not significantly impact development goals in South Africa.

The reason global minimum tax is not expected to generate significant additional tax revenue, is partly because MNEs in South Africa are already expected to have relatively high effective tax rates (in excess of 15%), given our current statutory corporate tax rate of 27%.

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# South Africa

## Exchange control: New rules for royalties and fees paid to non-residents

In the Exchange Control Circular No. 13/2024 issued on 26 November 2024, the South African Reserve Bank (SARB) announced that South African residents would no longer be required to obtain prior approval from the Financial Surveillance Department of the SARB to remit royalties and fees payable to related non-resident parties.

Previously, South African prior exchange control rules required prior approval for these transactions. Such approval was obtained via Authorised Dealers at local commercial banks.

The new rules apply in addition to the following types of payment:

- Payments for services rendered by non-resident individuals (including associated costs such as airfares and accommodation)
- Advance payments and down payments relating to future royalties or fees payable.
- Percentage-based fees which are allowed if they are normal in the trade concerned.

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## Is interest in the current VDP regime prescribing?

A recent decision by the Constitutional Court dealt with a taxpayer's right to request interest remission post conclusion of a Voluntary Disclosure Agreement (VDA).

The Constitutional Court ruled that taxpayers should not be permitted to conclude a VDA and subsequently be allowed to deal with interest separately. Independent to this issue, is the view that the Voluntary Disclosure Programme (VDP) falls outside the ambit of prescription and thus any default has to be declared without taking into account the rules of prescription. The notion is espoused that these two aspects call for an amendment of the current VDP rules.

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# Côte d’Ivoire

## Côte d’Ivoire’s Directorate General of Taxes has published Tax Annex 2025

The Directorate General of Taxes has released the Tax Annex 2025, outlining key tax changes effective in 2025. VAT on prepaid and postpaid telecommunications transactions will now be charged at the time of invoicing, and all VAT-liable businesses must issue standardised electronic invoices, regardless of their nature, to ensure digital compliance.

Capital gains from direct transfers of shares or corporate units are now subject to income tax on securities. The seller must declare this income, or if they fail to do so, the buyer must withhold the tax at source. The 20% allowance on employee contributions has been abolished, and employer contribution tax rates have been harmonized. Additionally, the tax on games of chance has increased from 5% to 7%.

The law extends the obligation to issue standardized electronic invoices to all taxable persons liable for value added tax, regardless of the electronic nature of their activities.

Taxpayers are encouraged to review these changes carefully and ensure compliance with the new tax regulations.

# Nigeria

## Federal Government of Nigeria implements new withholding tax regulation

New withholding tax (WHT) regulations issued by the Federal Government of Nigeria came into effect on 1 January 2025.

The regulations introduce significant changes to the Nigerian WHT regime, including altering WHT rates with higher rates now imposed on transactions with non-resident enterprises, providing clarity on transactions exempted from WHT, and outlining new and more efficient modalities for claiming WHT deducted at source.

Businesses who are yet to comply with the regulations are encouraged to take urgent steps to update accounting systems to comply with the new rates, revise processes to confirm compliance with extant obligations, and regularise transactions executed from 1 January 2025 till date.

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# Nigeria

## FIRS implements new APA guidelines

New guidelines on advance pricing agreements (APAs) issued by the Federal Inland Revenue Service (FIRS) came into effect on 1 January 2025.

The guidelines give effect to the APA provisions in the Income Tax (Transfer Pricing) Regulation 2018 and specifies the procedures, conditions, and administration of APAs in Nigeria. These guidelines are applicable to taxpayers that are resident in Nigeria or non-resident entities that have a permanent establishment, significant economic presence, or other taxable presence in Nigeria.

Taxpayers are required to have transactions up to U$10 million; for a single transaction or group of transactions of up to U$50 million to qualify for an APA. The validity period of an APA is three years which can be applied retrospectively for up to 3 years under a rollback provision.

Companies are advised to familiarise themselves with the guidelines and evaluate the impact and viability on their businesses.

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# Senegal

## Senegal enacts new Finance Act

Senegal's new Finance Act, effective 6 January 2025, introduces significant tax changes. Businesses must now issue electronic invoices through a government portal, ensuring compliance with digital tax administration. The conditions and terms of application will be specified by a decree from the Minister in charge of finance. Payments to foreign entities with permanent operations in Senegal require a tax clearance certificate issued within the last 30 days, which must be retained for audit purposes.

Tax credit refunds will now be processed within 15 days using a tax-free certificate, and businesses can submit refund claims electronically. The tobacco tax rate has increased from 65% to 70%, while export processing companies retain their tax benefits until 31 December 2025.

Businesses should adopt electronic invoicing systems promptly, maintain proper documentation for foreign payments, and leverage digital platforms for faster refund processing to stay compliant and optimize tax efficiency.

# Key contacts

Chijioke Odo
Partner
codo@deloitte.com.ng

Jacqui Wierzbowski
Director
jwierzbowski@deloitte.co.za

Jean Bernardini
Partner
jbernardini@avocats.deloitte.fr

Lilian Kubebea
Partner
lkubebea@deloitte.co.ke

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