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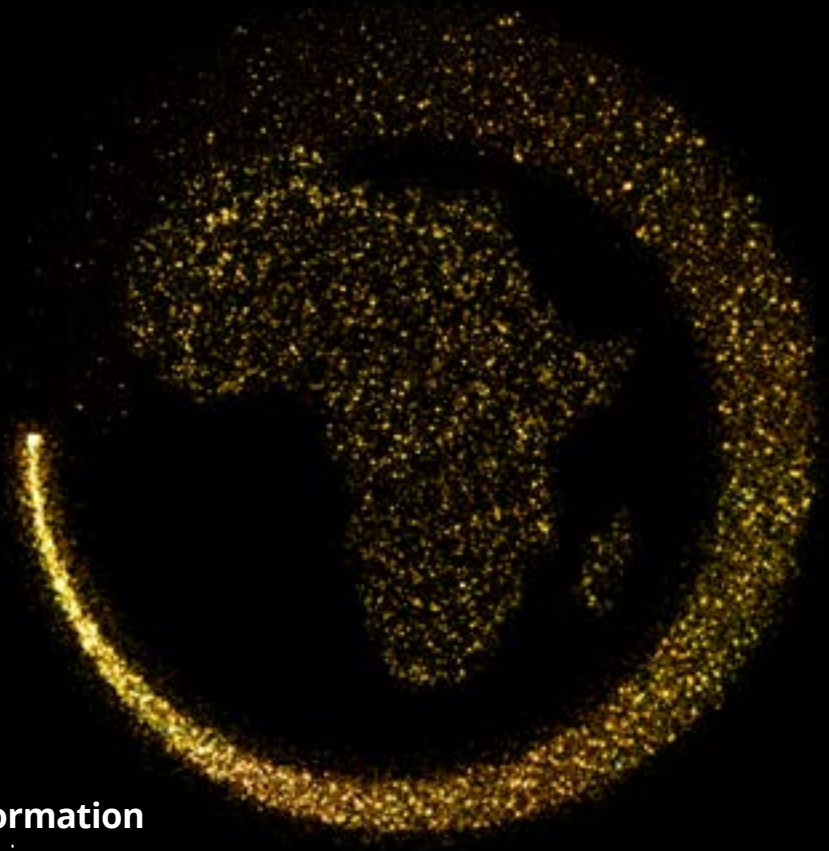

Guide to fiscal information

Key economies in Africa

2017

Foreword

We are passionate about Africa and helping clients work towards a vision for their businesses in Africa that is bold and built for success.

We believe our ability to serve you, our clients in Africa is unparalleled among our competitors thanks to the benefit of our fully integrated network across the continent. This ensures a consistent and co-ordinated delivery of quality service to all clients across Africa.

Our African story promises to enlighten existing and prospective clients on how we aim to continue driving the seamless delivery of a quality 'Deloitte service' on the continent.

We have made great strides in developing our operations, network and structures across Africa. A key consideration in this process has been learning about the local dynamics and challenges, as well as the 'business language' used in each of the African markets in which we operate.

Deloitte has organised its African practice into four fully integrated regional clusters, namely Anglophone Africa (English speaking), Francophone (French speaking), Lusophone Africa (Portuguese speaking) and Middle East Africa (Arabic speaking).

Clustering our operations in this manner has allowed us to maintain an appropriate balance between global size and local relevance with the ability to leverage the resources of our global firm to service our African clients, in a manner that still respects the unique local dynamics of each market.

Deloitte's goal is to provide you the client with consistent quality anywhere in Africa. Our focus on quality in every service we provide, wherever we operate, enforces the highest level of professionalism and integrity and continues to be the cornerstone of our firm's success on the continent. Never do we take for granted the trust placed in Deloitte by our clients and the wider business community. It is the responsibility of every individual at Deloitte to uphold the highest standards of performance, wherever they operate. This focus on quality extends to the values of the people employed at every level of our organisation.

We at Deloitte enjoy what we do and are focused on making an impact that matters to you, our clients, our people and the communities in which we operate. With one foundation, one platform we have the opportunity to build a legacy and distinguish our firm and become the undisputed leader in Africa.

Nazrien Kader
Deloitte Africa Tax Managing Partner

Contents

Preface	1
Africa Centre for Tax	2
Tax Leaders in Africa	3
Algeria	5
Angola	15
Benin	29
Botswana	39
Burkina Faso	51
Burundi	59
Cameroon	67
Chad	79
Congo (Brazzaville)	87
Democratic Republic of Congo (DRC)	103
Djibouti	115
Egypt	125
Equatorial Guinea	139
Ethiopia	149
Gabon	159
The Gambia	173
Ghana	183
Guinea Conakry	193
Ivory Coast	201
Kenya	211
Lesotho	223
Libya	233
Madagascar	241
Malawi	251
Mauritania	263
Mauritius	271
Morocco	283
Mozambique	291
Namibia	305
Nigeria	317
Rwanda	329
Senegal	341
Seychelles	353
Sierra Leone	365
South Africa	377
South Sudan	397
Swaziland	405
Tanzania	415
Togo	429
Tunisia	439
Uganda	453
Zambia	472
Zimbabwe	484

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 two countries, Djibouti and Togo, over and above the forty-one countries featured in last year's edition.

The 43 countries featured this year comprise: Algeria, Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Chad, Congo (Brazzaville), Democratic Republic of Congo (DRC), Djibouti, Egypt, Equatorial Guinea, Ethiopia, Gabon, The Gambia, Ghana, Guinea Conakry, Ivory Coast, Kenya, Lesotho, Libya, Madagascar, Malawi, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Nigeria, Rwanda, Senegal, Seychelles, Sierra Leone, South Africa, South Sudan, Swaziland, Tanzania, Togo, Tunisia, Uganda, Zambia, 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 chapter/section and are also summarised on page 3, Tax Leaders in Africa. An introduction to the Africa Centre for Tax (including relevant contact details) is provided on page 2.

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

- Moray Wilson, Susan Lyons, Liezel Klopper and Jenny Walters – 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 2017. The economic statistics have been obtained from the best information available during January/February 2017.

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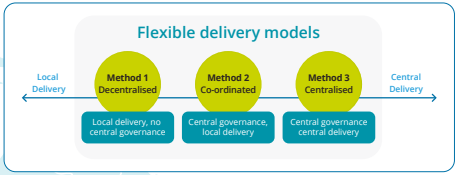
African Centre for Tax (ACT)

What is the ACT?

It is the leading, single point of contact for tax compliance and reporting services across the African continent. Through combining global and in-country compliance standards and web-based technologies, Deloitte's Africa Centre for Tax offers your business flexible solutions supported by well-established shared-service centres and data management expertise that provides you with heightened visibility, access and control of your compliance obligations in multiple jurisdictions across the African continent.

How does ACT work?



Our Overall Approach

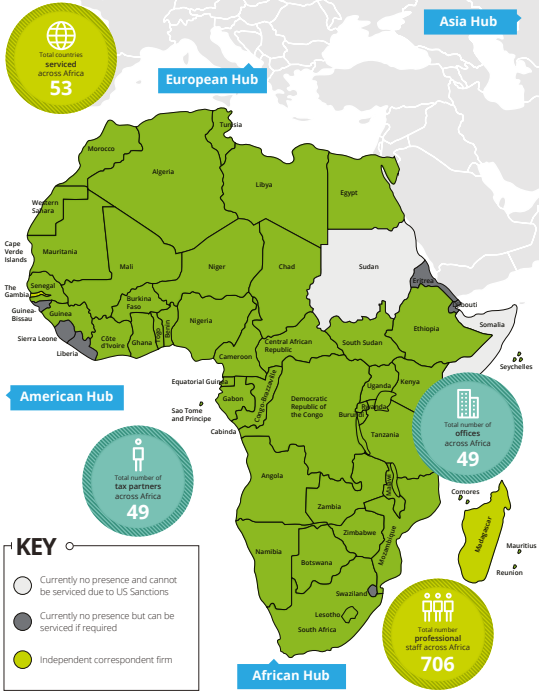
- **Head-office teams:** Main interaction with head office, regional and business leadership locations
- **Local-office engagement teams (on-shore):** Main interaction with the local teams
- **Global Tax Centre Network (on-shore and near-shore):** Main interaction with central service teams
- **Support team (far-shore):** Main interaction with Deloitte head office, Global Tax Centre Network and local offices

What are the key benefits of using ACT?

Increased Control and greater visibility
- With real-time status reporting across multiple jurisdictions
- Automated notifications and updated reports for assigned tasks in related roles

Increased Efficiency
- Co-ordination of tax compliance services delivered in-country
- Automating data compliance collection reduces effort spent on tax reporting
- Scalable framework for monitoring of compliance across different tax types

Risk Mitigation
- Aligning and implementing standard global tax processes, information requests, data collection templates and tax work papers
- Mitigating risk related to data transfer in relation to transposition and keying errors



Why **Deloitte?**

Deloitte uses leading tools and technologies to prepare tax returns swiftly and precisely. We simplify the collation and organisation of data, which allows you to manage your compliance issues and risks efficiently.

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.

Why **ACT?**

Not only does ACT effectively co-ordinate a network of offices for your compliance obligations, but ACT also prepares and delivers returns for all of your operations across multiple jurisdictions on the continent.

In special situations ACT also assists with: post-merger integration, creation of shared-service centres, pan-African processes, procedures and risk reviews which require substantial system, process and technology support in addition to the potential outsourcing of tax compliance.

The Africa Centre for Tax provides you with access to our dedicated resources through:

- One point of contact
- One source to work from
- A centralised Hub of knowledge and expertise for your reporting requirements

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Income Tax – Individuals

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

Notes

1. Basis – Nonresidents are subject to tax only on Algerian-source income. Resident individuals are subject to tax on worldwide income.
2. Residence – An individual is considered a 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 centre of economic interests in Algeria; or carries out a professional activity in Algeria (whether or not salaried).
3. Taxable income – The Algerian income taxes are calculated on the entirety of an individual's remuneration, including:
   - Base salary
   - Any variable remuneration
   - All benefits in kind (food, housing, car, etc.) and cash benefits (reimbursement of taxes, schooling, etc.)
4. Exempt income – Income up to DZD120 000 is exempt, as are capital gains derived from the sale of a principal residence.
5. Deductions and allowances: The employee part of social security is deductible. Expense reimbursement (including travel expenses/food) will not attract tax if they are effectively used pursuant to their objective and not excessive.
6. Benefits in kind: are not deductible from the taxable income.
7. Rates – Individual income tax is imposed at progressive rates up to 35%. A special 10% rate apply on bonuses. A 10% or 15% withholding tax (WHT) is levied on dividends received by resident and nonresident individuals, respectively. Capital gains derived by a resident individual from the sale of shares are taxed at a rate of 15% (20% for nonresident individuals).

Companies – Corporate Income Tax

Income Tax Rates for Companies (CIT)

Companies	Rate of Tax
Manufacturing	19%
Construction, public works, hydraulic activities, tourism and spa activities except travel agencies	23%
Other activities (including trade services)	26%

Notes

1. Basis – Resident and nonresident companies are subject to tax on their Algerian-source.
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 exempt from tax (or receive special tax treatment): (i) gains realised within a group of corporations in the context of a group transfers; (ii) unrealised gains from the reassessment of fixed assets if they are booked in a special reserve; and (iii) capital gains resulting from mergers, divisions or partial transfers of assets between group corporations in Algeria.
5. Deductions – The costs and expenses are generally deductible if:
   - They are not listed as nondeductible items in the local law
   - They are registered in the accounts and justified by invoice
   - They are incurred in the interest of the company
   - They are certain, liquid, and due during the financial year
6. Losses – Losses may be carried forward for four years. The carry back of losses is not permitted.
7. Foreign tax credit – Algerian tax law does not provide for unilateral tax relief. A tax treaty, however, may provide for bilateral relief.
8. Rate – The corporate tax rate ranges from 19% and 26%. A company that 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.

Withholding Tax (WHT)

The WHT on various types of payments are as follows:

Income	Residents	Nonresidents
Dividend[1]	0%-10%	15%
Interest	10%	10%
Royalties	0%	24%
Technical service fees and services fees	0%	24%
Branch remittance tax[2]	0%	15%

Notes

1. Dividends paid to an Algerian company are exempt; a 10% withholding rate applies where the dividends are paid to an individual.
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.

Tax treaties

Algeria has a 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	The domestic rate applies		
Austria	5%/15%	0/10%	10%
Bahrain	0%	0%	0%
Belgium	15%	0/15%	5%/15%
Bosnia	10%	10%	12%
Bulgaria	10%	10%	10%
Canada	15%	15%	0/15%

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 (Rep.)	5%/15%	10%	2%/10%
Libya	The domestic tax rate applies		
Lebanon	15%	10%	10%
Mauritania	10%	10%	10%/15%
Portugal	10%/15%	15%	10%
Qatar	0%	0%	5%
Romania	15%	15%	15%
Russia	5%/15%	15%	15%
Saudi Arabia	0%	0%	0%
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%
United Arab Emirates	0%	0%	10%
United Kingdom	15%	5%	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 pre-tax salary.

Anti-avoidance rules

Transfer pricing

An arm's length approach to transfer pricing applies. All entities registered with the tax department responsible for multinational companies (Direction des Grandes Enterprises) must submit documentation to support their transfer pricing practices, along with the annual tax return. A penalty of DZD2 million will be imposed for failure to comply with the documentation requirement.

Indirect Taxes

Value Added Tax (VAT)

Reduce rate	Standard rate
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, 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 – Businesses that have annual turnover exceeding DZD100 000 are required to register for VAT purposes. A business must register within 30 days of becoming liable to VAT.

Customs and Excise Duties

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.

Algerian imports are subject to payment of customs duties in the following increments: duty-free, 5%, 15% or 30%.

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 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 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 service is made; the rate is 0.3% for the import of goods.

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.

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. Nonresidents 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 (in French "Direction Générale des Impôts" (DGI) supervise notably the preparation of tax regulation, tax collection and audits and the relation with tax payers.

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 the election is made it is binding for at least four years. The 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 may also benefit from other tax advantages.
3. Filing and payment – Final tax payments are due by 30 April following the closure of the tax year, along with the statutory return and the appropriate financial statements. Companies must pay provisional tax by 20 March, 20 June and 20 December based on 30% of the previous year's tax liability.
4. Penalties – Penalties apply for late filling, failure to file or filing an incorrect tax return.
5. Ruling – Algeria has a tax ruling regime for taxpayers that report to the Direction des Grandes Entreprise. The position taken by the authorities in such a ruling, applies only to the particular situation of the taxpayer, 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. Tax returns are not required if the taxpayer's only source of income is employment income.
4. Penalties – Penalties apply for late filling, 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 paid by the 20th of the following month.
2. Penalties – Penalties apply for late filling, failure to file or filing an incorrect tax return.

General Investment Information

Foreign investment must partner with an Algerian-owned shareholding, limiting foreign ownership to a maximum of 49%. This rule tacitly forbids to set up a branch in Algeria.

Investment Incentives

- The Algerian tax legislation contains a number of incentives that encourage investment and the creation of projects in certain sectors in order to accelerate growth rate and create jobs. Major incentives are available for investments made by enterprises located in areas that need development
- To benefit from tax incentives, the investor shall undertake a prior registration of the investment at the national agency for the development of investment
- The investments that entitle for tax incentives are the following:
  - The acquisition of assets that enter directly in the framework of creating a new activity
  - Extension of the production facilities and capacity and or restoration
  - Participation in the share capital of an entity
- There are three kinds of tax incentives which are:
  - common incentives that apply to all investors
  - supplementary incentives in priorities activities or activities that create jobs
  - Exceptional incentives in case if particular interest for the national economy
- Incentives usually include exemption from customs duties, VAT, CIT and local business tax for a certain period of time (3 to 10 years)

Exchange Control

Exchange control approval is required for all international payments including dividends. A specific process must be followed (bank and tax authorities) Payments including international payments have to be made from an Algerian bank account.

Salaries including salaries of expatriates must be paid in an Algerian bank account. The expatriate could usually transfer 80% to 90% of his 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. The individual will request his/her work visa and then a work permit.

Trade Relations

- Memberships – United Nations (UN), Group 15 (G-15) Organisation of the Petroleum Exporting Countries (OPEC), International Monetary Fund (IMF)

Interest and Currency Exchange Rate

Monetary Policy Rate
Discount and lending rate 4% (Source: Bank of Algiers)
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 endeavours to manage fluctuations in the value of the Dinar. Algerian Dinar (AD) = 100 centimes or 20 douros
ZAR1 = DZD8.47 (March 2017) (Source: Oanda)
USD1 = DZD109.34 (March 2017) (Source: Oanda)
EUR1 = DZD116.89 (March 2017) (Source: Oanda)

Key Economic Statistics

GDP
(approximate)

USD168.318 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD173.9 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

DZD45.778 trillion DA
(December 2016)
Source Bourse d'Alger)[1]

Rate of Inflation
(average consumer prices)

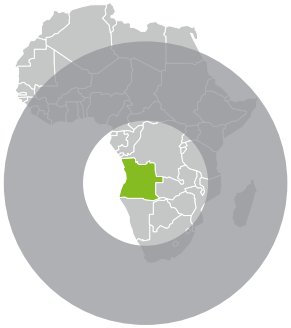
6.33%
(average 2016)
(Source: IMF)

5.9%
(forecast 2017)
(Source: IMF)

Notes

1. The Algerian stock exchange was officially opened in 1999. To this day, the exchange is still in its infancy and plays a very 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

Remuneration derived from employment or self-employment is divided into three groups (Group A, B and C). The progressive personal income tax rates on monthly income for taxpayers in "Group A" (employees and public servants) are as follows:

Monthly taxable income (AOA)	Tax payable
0 – 34 450	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 – The source basis of taxation is applied in Angola. All resident or nonresident individuals are liable to personal income tax on Angolan-source income from employment, i.e. income paid for or borne by an Angolan employer.
2. Residence – The Personal Income Tax Code does not establish any definition for a resident or a nonresident. The General Tax Code states a specific definition of tax residence criteria for individuals, but the Personal Income Tax Code does not use this concept for the taxation of income earned by individuals.
3. Taxable income – The concept of remuneration for personal income tax purposes is defined broadly and includes any 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:

   a. Group A – Remuneration earned by employees (paid by an employer entity under an employment contract entered into accordance with the labour law) or by public servants;

   b. Group B – Remuneration received by independent freelance workers that fall under the activities list included as an attachment to the Personal Income Tax Code, as well as remuneration earned by members of the board or of other statutory bodies (however, the assessment of the taxable basis of income earned by board members or other statutory bodies follows Group A rules); and

   c. Group C – Remuneration obtained from industrial or commercial activities, as provided in the table of minimum profits. It is a schedule where it is foreseen the minimum income to be considered by profession and in accordance to the location where the individual is located. A driver operating in Luanda will have a minimum income which will be liable to PIT.

   Specific rules apply for the computation of taxable income for each group. As a general rule, capital gains and losses from the disposal of fixed assets or shares are taxed under the Personal Income Tax Code. If certain conditions are fulfilled, capital gains deriving from the sale of shares are not liable to personal 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.

4. Deductions and allowances – Certain compensatory items are totally or partly exempt/ not subject to personal income tax, according to the conditions stipulated in the law, such as allowances for travel and accommodation (applicable only to public servants), holiday and Christmas allowances up to a limit of 100% of employees' basic salary, housing allowances (a 50% exemption can be granted), social allowances (e.g. family allowances up to the limit of 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). The sum of meal and transport allowances up to a total limit of AOA30 000 per month is not liable to personal income tax. There are no specific concessions for expatriates. Basic costs in connection with self-employment activities can, in accordance with the law and its limits, be regarded as deductible costs, up to 30% of the relevant gross income.
5. Rates – The following rates apply on taxable income:
   a. Group A – The progressive personal income tax rates provided in the table above apply, with a maximum rate of 17%.
   b. Group B – A single rate of 15% is levied on 70% of the income earned. It should be noted that when the income is paid by an entity with organised accounting, the taxable basis corresponds to 70% of the earned income. In other cases, basic costs in connection with self-employment activities can, in accordance with the law, be regarded as deductible costs, up to a limit of 30% of the gross income. The effective tax rate is 10.5% (15% x 70%).
   c. Group C – A rate of 30% applies in cases in which the taxable income corresponds to the amounts included in the table of minimum profits. Where the relevant amount exceeds four times the maximum amounts on the table of minimum profits and the taxpayer is not included in Group B, and for taxpayers that provide services liable to withholding tax, a 6.5% rate is applicable.

   Income derived from capital investments is subject to Investment Income Tax, which normally is paid through withholding.

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 liable 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 nonresident companies and nonresident legal entities with a permanent establishment (PE) in Angola are subject to tax on the profits of the PE; profits attributable to sales in Angola 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. Nonresident legal entities without a PE in Angola are liable to corporate income tax at a flat rate, under the occasional services tax regime.
2. Residence – Companies with their head office or place of effective management in Angola are considered residents.

3. Taxable income – Business income is broadly defined and includes all earnings and gains from principal and secondary activities. Exemptions from tax may be granted under the Angolan private investment regime. Corporate taxpayers are divided into two groups:

   a. Group A – These taxpayers include state-owned companies and similar entities; companies with share capital of AOA2 million or more; companies with an 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 nonresident 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.

   b. 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, as adjusted in accordance with the provisions of the Industrial Tax Code or, for taxpayers that do not have organised accounting, on the taxable profit determined by reference to turnover.

   As a general rule, capital gains and losses from the disposal of fixed assets or shares 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.

4. Deductions – Properly documented business expenses generally are deductible for corporate income tax purposes. As from 1 January 2017, a special levy applicable to certain expenses applies, with the result that the following costs are not deductible expenses and will be liable to an additional levy (in the form of an additional adjustment to the taxable income), as described below:

   a. Improperly documented expenses (for which the supporting documentation shows only the name of the payee and its taxpayer ID number) are subject to a 2% levy;

   b. Undocumented expenses (for which there is no valid documentary support, but the occurrence and nature of which are materially verifiable) are subject to a 4% levy; and

   c. Confidential expenses (for which there is no valid documentary support and where the occurrence and nature of the expenses are not materially verifiable) are subject to a 30% levy, or a 50% levy where the expense is 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 – Not available.
7. Group relief – There is a provision allowing transfer of tax losses between members of a group. These provisions are only applicable to the Large Taxpayers and upon request and pre-approval from the Tax Administration.
8. Rate – The general corporate income tax rate is 30%. A reduced 15% rate applies, among others, to income exclusively from agriculture, aquaculture, poultry, fishing and forestry. Special tax regimes apply to the petroleum and mining sectors. Occasional services provided by nonresident entities are taxed at a 6.5% rate. Payments for the rendering of services are liable to withholding tax at a 6.5% rate (some exemptions may be applicable to certain services). Income derived from capital investments is subject to investment income tax, which normally is paid through withholding.
9. Branch taxation – Branches of foreign companies are subject to the same corporate income tax rate as domestic companies. The remittance of profits abroad is liable 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 normally is not liable to corporate or personal income tax, 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 derived from 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 of any nature	6.5%

Notes

1. Dividends, interest and royalties – The same rates apply to resident and nonresident corporations and individuals.
2. Interest – Interest from loans and current account loans is liable to 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 titles with a maturity of at least three years.
3. Services hired to companies – Tax residents or entities operating in Angola through branches or PEs must withhold corporate income tax at a 6.5% rate on service payments made by other entities; however, certain services are not liable to WHT. If the service provider is 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 nonresident, the amount withheld in Angola is final and cannot be recovered in Angola.
4. Services hired to individuals – Tax residents or entities operating in Angola through branches or PEs must withhold personal income tax at 10.5% or 6.5% rate on service payments made by entities to individuals; however, certain services are not liable to WHT. If the service provider is 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 nonresident, the amount withheld in Angola is final 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 2017. The special contribution generally applies to payments related to contracts for foreign technical assistance and management services hired to nonresident entities. Not applicable when these services are hired to nonresident individuals. The assessment and the payment of the special contribution is the responsibility of the Angolan hiring entity and must be paid at the local tax office, before the transfer is made by the relevant financial institution. The special contribution rate is 10% and it is levied on the net value of the transfer to be made.

Tax treaties

Angola has not concluded or negotiated any tax treaties with other countries.

Anti-Avoidance Rules

Transfer pricing

The arm's length principle applies to related party transactions. The Angolan tax administration can make adjustments deemed necessary for determining the taxable amount when a "special relation" exists between entities, whether or not these entities are liable to corporate income tax, if conditions have been established for transactions between these entities that are different from those that normally would be agreed upon in relations between independent entities.

Taxpayers have to justify arm's length pricing when commercial transactions between the taxpayer and other related entities occur, whether or not these transactions are liable to corporate income tax.

The 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" individually and submitted to the tax administration six months after the year-end.

In order to conduct an economic analysis to test the arm's length principle, the new regime specifies the use of traditional transfer pricing methods such as:

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

Thin capitalisation rules

Angola does not have thin capitalisation rules, but interest costs derived from shareholder loans are not deductible for corporate income tax purposes.

Employment-Related Taxes

Payroll tax

Personal income tax must be withhold 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 are liable to 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 which assessment rules differs from the one applicable to personal income tax.

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

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. The transactions liable to consumption tax have been broadened to cover several types of services rendered.
2. Rates – The standard rate is 10%. A reduced rate of 2% applies to essential goods. Rates of 20% and 30% apply to certain luxury products. The consumption tax rate in Angola applicable to the provision of services will depend on the type of service – certain services are taxed at a 5% rate (e.g. the provision of water and energy, the 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 other 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 custom duties. Angolan Custom duties have an *ad valorem* nature and are applicable to imported products, regardless of their origin. The custom duty rates can vary depending on the classification of the goods (essential, necessary, useful, extra and luxury).

In Angola, cross-border transactions of goods are liable to Custom Duties, Stamp Tax, Consumption Tax and administrative fees. The Angolan Custom Rates are based on the Harmonised Commodity Description and Coding System used in the European Union.

Other Taxes

Inheritance/estate tax

A gift and inheritance tax system is in force in Angola. The tax 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 from gift and inheritance tax.

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

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

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

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 less than 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 Angolan territory. The tax rate is 2% and the tax is due from the acquirer of the property on the higher of the sales value or the value of the property.

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

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 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 into in the country, and that are presented in the country for any legal purpose
- Loans and guarantees granted abroad by any entity with a head office, subsidiary, branch or PE in Angola
- Interest, fees and any amounts charged by entities domiciled abroad to any entities with a head office, subsidiary, branch or PE in Angola
- Insurance carried out abroad in relation to risk located in Angola

The tax rates are set out in the table annexed to the Stamp Tax Code in force at the time the tax is due, with no duplication permitted regarding the same fact or transaction. If more than one rate applies to a transaction, the highest 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 – Consolidated corporate income tax returns are permitted to Large Taxpayers upon request from these taxpayers and pre-approval from the tax authorities; however, each company from 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 of each year (regarding the previous tax year for Group A taxpayers). Provisional tax payments are applicable on sales, at 2% of the total turnover of the taxpayer, computed in the first six months of the accounting period – to be paid until the end of August.
4. Penalties – Penalties are applicable for the late payment of corporate income tax.
5. Rulings – taxpayers can ask for binding ruling requests. The rulings issued by the tax authorities are valid for at least one year. After that period, tax authorities can review the ruling issued.

Individuals

1. Tax year – The tax year is the calendar year.
2. Tax filing – No tax returns are submitted by employees.
3. Filing and payment –The employer must withhold tax on monthly employment income based on the applicable personal income tax rates and pay it over to the government by the end of the month following the month in which the income was paid. Unlike employees, individuals engaged in business activities must file tax returns – 31 March in the year following that to which the income relates.
4. Penalties – Most personal income tax infringements, including the failure to file and errors and omissions in tax returns, are now subject to the penalties established in the General Tax Code.

Consumption tax

1. Filing and payment – Concerning certain types of services, the entity responsible to remit the tax generally is the service provider or the producer of the goods. The acquiring entity is the entity that supports the tax burden. Consumption tax applicable to the production of goods must be paid until the end of the month following the moment the relevant invoice or equivalent document is issued. While in the case of services, consumption tax is due the month after the payment, or, in cases of part-payment or instalments, at the time of the first such payment.
2. There is a special exemption applicable to oil operators operating in a research and development stage. The exemption also can be extended to an exploration stage, upon a special request submitted to the Angolan tax authorities. When consumption tax is due on operations held with oil operators, these entities are responsible to remit the consumption tax due to the authorities.
3. Penalties – Most consumption tax infringements, including the failure to file and errors and omissions in tax returns, are now subject to the penalties established 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 investment of USD1 million or more, or the equivalent in national currency, and domestic investments of USD500 000 or more, or the equivalent in national currency. The incentives are based on a matrix that combines geographic areas and priority sectors. The granting of tax incentives may last for a maximum period of 10 years.

Further to the legal framework concerning the private investment regime, it is necessary to consider specific legislation, such as that affecting the oil, mining and banking industries.

Exchange Controls

Exchange controls are administered by the central bank. Any importation or exportation of funds is subject to the rules established by the central bank. The regime on private investment provides various procedures for the approval of foreign investment, based on the value of the investment and whether the investment is of significance to Angola's economy.

Under the private investment regime, foreign investors can be guaranteed the repatriation of profits and dividends arising in Angola after certain conditions have been complied with.

Expatriates and Work Permits

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

Trade Relations

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

Interest and Currency Exchange Rates

Monetary Policy Rate
Basic rate: 14%
Lending rate: 20% (Source: Banco Nacional de Angola)
Currency: The Angolan Kwanza (AOA)
It was introduced in 1999, replacing the "Kwanza Reajustado" (AOK). It is subdivided into coin denominations of 100 centimos, denoted by the symbol Kz.
ZAR1 = AOA12.80 (March 2017) (Source: Oanda)
USD1 = AOA165.08 (March 2017) (Source: Oanda)
EUR1 = AOA176.49 (March 2016) (Source: Oanda)

Key Economic Statistics

GDP (approximate)

USD91.939 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD102.3 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

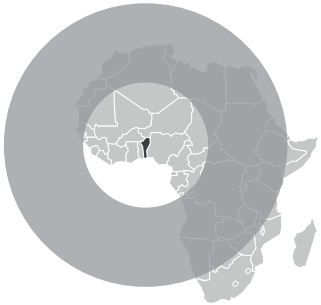
The Angola Debt and Securities Exchange registered securities trading in the amount of AOA365 billion in 2016, equivalent to USD2.19 billion.

Rate of Inflation (average consumer prices)

33.7%
(average 2016)
(Source: IMF)

38.3%
(forecast 2017)
(Source: IMF)

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 exempted if there is a 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; noncommercial profits; employment income (salary, wages, benefits in kind, bonuses, etc.); income from movable capital (investments); and property income.
4. Exempt income – The first XOF50 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 nonresidents. 10% is withheld on service provider fees.

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. Nonresident corporations are subject to tax only on Benin-source income (and on the rental value of their property).
2. Residence – Residence is not defined in the tax law, but includes companies registered in Benin and permanent establishments (PEs) and branches of nonresident corporations.
3. Taxable income – Income is taxed under four schedules: industrial and commercial profits; noncommercial 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 as a result of excess capital allowances may be carried forward indefinitely. Losses may be carried back for three years.
6. Foreign tax credit – There is no unilateral relief granted on taxable income from a foreign-source. Unilateral relief is available to individuals by way of an exemption from income on which tax has been paid.
7. Group relief – There is no provision allowing for any group relief or the transfer of losses between members of a group.
8. Rate – The corporate income tax rate for nonindustrial 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 head office.
9. Alternative minimum tax – Industrial companies are rated at a minimum of 0.5% and for other companies (nonindustrial), 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 nonresidents):

	Residents	Nonresident
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, 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).
2. Interest – Interest paid to a resident or a nonresident generally is subject to a 15% withholding tax rate. A 6% rate applies to income arising from bonds, which may be reduced by the government under some conditions. With regard to bonds issued by WAEMU countries or by local authorities, the rate is reduced to 3% if the duration of the bonds is 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 10% withholding tax and royalties paid to foreign companies are subject to a 12% withholding tax. Royalties paid to resident individuals are considered as noncommercial profits and are subject to personal income tax (PIT) at progressive rates. Royalties paid to resident companies are not addressed in General Tax Code, so they are subject to corporate income tax at the 30% rate.
4. Technical service fees – Technical service fees paid by resident companies to nonresident companies are subject to a 12% withholding tax. Technical service fees paid by resident companies to other resident companies are subject to a 1% or a 5% withholding tax.
5. Other – A 12% withholding tax is imposed on other payments made to nonresidents; the tax is levied on the gross amount in respect of all activities carried out with a resident of Benin.

Tax treaties

Benin has 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 company outside Benin 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 but loan interest due to shareholders will be disallowed to the extent it arises from interest rates for the part more than three percentage points above the base rate of the West African States Central Bank.

Employment-related taxes

Payroll Tax

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

Pay-As-You-Earn (PAYE)

Tax is withheld on salaries, wages and remuneration accessories by employer and paid to the tax administration on a monthly basis by the 10th day of the month following the payment.

Social Security

The employer's 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.

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, noncommercial, artisan or professional activities, and make products exceeding XOF50 million per year, are subject to VAT and must register with the tax authorities.

Customs and Excise Duties

Customs duties are levied on the customs value of most imported goods. As a member of the West African Economic and Monetary Union (WAEMU, comprised of Benin, Burkina Faso, Cote d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo.), 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 the registered companies. 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 lease or hire, 5% for long-term lease or sale of moveable property or 8% for sale 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.

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 are subject to a rate of 8%.

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 remains 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
See "Stamp Duty". The same rates of transfers from a deceased person's estate.

Miscellaneous taxes on corporations
A monthly tax on financial activities is charged on banks and other financial institutions at 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 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 no later than 30 April or four months after the end of the fiscal year, with any balance of tax due paid at the time. Quarterly advance payments are due on the 10 March, June, September and December based on the previous year's tax liability. Tax also is collected on account of the final liability 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 (whether or not registered) when they import goods.
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 or a return submitted only after an injunction.
5. Rulings – While there is no statutory requirement to issue binding rulings, the tax authorities may provide advance discussion on the interpretation of 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 or four months after the fiscal year for business income, with any balance of tax due paid at that time. The individual income tax is paid in quarterly advance instalments on the 10 March, June, September and December. A tax return is required when all income is from employment and tax has been deducted at source. Taxes on salary must be paid on a monthly basis.
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 or a return submitted only after an injunction.

Value added tax
1. Filing and payment – VAT returns must be submitted on a monthly basis, along with payment due, by the 10th of the following month.
2. Penalties – 20% is due for late payment and 10% for late filing.

General Investment Information

Investment 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 being 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 guarantees of a stable tax basis. One-half 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
- 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 should come in Benin with a long-term visa (i.e. valid for one year). The employment contract of the expatriate is submitted to the Ministry of Labour for approval, and the issue of the work permit valid for one year, renewable. A resident permit issued by the Immigration Ministry also is required for all expatriates.

Trade Relations
- Memberships – World Trade Organisation (WTO), West African Economic and Monetary Union (WAEMU), Economic Community of West African States (ECOWAS)

Interest and Currency Exchange Rate

Monetary Policy Rate
Rates of marginal lending window 4.5% (December 2016) (Source: Banque Centrale des Etats de l'Afrique de l'Quest)
Currency: CFAFranc (XOF)
It is used by eight independent states in West Africa: Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Sénégal and Togo.
ZAR1 = XOF47.46 (March 2017) (Source: Oanda)
USD1 = XOF612.32 (March 2017) (Source: Oanda)
EUR1 = XOF655,957 (Fixed Rate) (Source: Oanda)

Key Economic Statistics

GDP
(approximate)

USD8.930 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD9.800 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

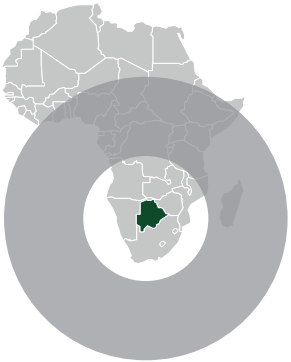
N/A
There is no stock market in Benin

Rate of Inflation
(average consumer prices)

0.6%
(average 2016)
(Source: IMF)

2.2%
(forecast 2017)
(Source: IMF)

Botswana



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Income Tax

Resident individuals

Taxable income (BWP)	Income tax payable
Up to 36 000	0
36 001 – 72 000	0 + 5%
72 001 – 108 000	1,800 + 12.5%
108 001 – 144 000	6,300 + 18.75%
Over 144 000	13,050 + 25%

Notes

1. Basis – Botswana operates a source-based system of taxation. Both resident and nonresident individuals are liable for income tax on Botswana-source income. Citizens 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 any 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, where 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. pensions, interest paid by 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, up to an amount equal to 100% of the required contributions, 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. Taxpayers with business income are allowed the same deductions as 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 are subject to tax at rates up to 25%, but they are taxed separately from the personal income tax rates. A resident individual that receives interest in excess of BWP1 950 per quarter will be subject to a 10% final WHT.

Nonresidents (Individuals, trusts and estates)

Taxable income (BWP)	Tax payable
Up to 72 000	5%
72 001 – 108 000	3 600 + 12.5%
108 001 – 144 000	8 100 + 18.75%
Over 144 000	14 850 + 25%

Notes

1. The above rates are applicable to nonresidents in respect of employment and business income earned in Botswana. In addition, certain payments made to nonresidents at an address outside Botswana are subject to WHT.

Companies

	Rate
Resident companies	22%
Nonresident companies	30%
Manufacturing companies and International Financial Services Centre (IFSC) companies	15%

Notes

1. 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 accrual basis, while foreign business profits are taxable only when remitted to Botswana.
2. Residence – A company is resident in Botswana if it is incorporated in Botswana or managed and controlled in Botswana. A company, for income tax purposes, includes an association or society (whether or not incorporated or registered), but excludes partnerships.
3. 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 withholding tax is levied). Where capital gains arise 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 date of disposal. Gains from the disposal of IFSC shares are exempt from tax.
4. Deductions – All expenditure incurred wholly, exclusively and necessarily in the production of assessable income will be allowed as a deduction from the assessable income. No deduction will be allowed in respect of domestic or private expenses, any capital withdrawn or any expenditure or loss of a capital nature, any tax imposed under the Income Tax Act etc.
5. Losses – Losses may be carried forward for five years. Mining enterprises may carry forward their losses indefinitely. The carryback of losses is not permitted.
6. 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.

7. 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.
8. Rates – The corporate tax rate for resident companies is 22%, and 15% for manufacturing and IFSC companies. A branch of a foreign companies 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. Anti-avoidance rules – There are no transfer pricing rules in Botswana, except for the general anti-avoidance rule. Thin capitalisation rules apply only in the context of IFSCs and mining companies. There are not controlled foreign company rules.
10. 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 investments, insurance and related activities, exploitation of intellectual property, and accounting and financial administration.
11. 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.
12. A There is no fixed training fee. The training levy is based on a certain percentage of the taxable supplies and is administered by the income tax authorities on behalf of the Botswana Qualifications Authority.

Withholding Tax (WHT)

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

	Residents	Nonresidents
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, and paid to a nonresident is a final tax. The rates may be reduced under an applicable tax treaty.
2. Management, technical and consulting fees include payments for any services of an administrative, technical, managerial or consulting nature. Virtually, all service fees are caught, irrespective of where the services are rendered.
3. The definition of an entertainment fee includes payments to associations and companies for the activities of nonresident entertainers. Therefore, all payments to nonresident entertainers, regardless of who actually receives the payments or how they are made, are subject to the 10% WHT applicable to entertainers.
4. No WHT is levied on remittances of branch profits to a head office or IFSC companies.
5. No WHT is levied on related to construction- services, 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 exempt from the WHT requirements applicable to commercial royalties. (The definition of commercial royalties include amount paid for use of industrial, commercial or scientific equipment. Though the payment to foreign telecommunication companies could be caught under this provision there is specific exclusion.
7. Botswana residents receiving interest in excess of BWP1 950 per quarter from a bank or financial institution on deposits, bonds and securities are subject to a final WHT of 10%.

Tax treaties

Botswana has 14 tax treaties.

Treaty partner	Dividends	Interest	Royalties	Management, Consultancy/ Technical Fees
Barbados	5%/7.5%	10%	10%	10%
France	5%/7.5%	10%	10%	7.5%
India	7.5%	10%	10%	10%
Lesotho	7.5%	10%	10%	10%
Mauritius	5%/7.5%	12%	12.5%	15%
Mozambique	7.5%	10%	10%	10%
Namibia	7.5%	10%	10%	15%
Russia	5%/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	5%/7.5%	10%	10%	7.5%
Zimbabwe	5%/7.5%	10%	10%	10%
Ireland	5%	7.5%	5%/7.5%	7.5%

Notes

1. The lower rate on dividends applies where the recipient is a company that holds at least 25% of the share capital of the payer company.
2. 5% applies if royalties are in respect of the use of or right to use industrial, commercial or scientific equipment.

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 15%. The following are exempt from VAT: educational institutions, financial services, housing rentals, passenger transportation, donations, grants, condoms, supply of tractors for farming purposes. Zero-rated supplies Zero-rated supplies include exports, supplies of certain foodstuffs, pesticides, fertilisers and farming tractors, and the international transport of passengers or goods, including the service of insurance and ancillary transport services, etc.
3. Registration – Taxpayers with annual turnover of BWP1 million or more must register for VAT purposes.

Other Transaction Taxes

Transaction Taxes

Transfer Duty	Rate
Citizens	
Nonagricultural property – value exceeding BWP200 000	5%
Agricultural property – value exceeding BWP200 000	5%
Foreigners	
Nonagricultural property	5%
Agricultural property	30%
No transfer duty is payable where the sale of property attracts VAT	
There is no marketable securities tax/stamp duty on share transfers	
Share Capital Duty	
Where nominal capital is BWP1 – BWP3 000	BWP200
Then for every BWP1 000 or part thereof	BWP8
Property Transfer Tax	
If VAT is not paid	5% of the total consideration

Capital Transfer Taxes

	Aggregate Taxable Value exceeds (BWP)	But does not exceed (BWP)	Tax payable
Resident and nonresident individuals	0	100 000	0 + 2%
	100 000	300 000	2 000 + 3%
	300 000	500 000	8 000 + 4%
	500 000 +		16 000 + 5%
Companies	0 +		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.

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 day 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 BWP50 000 or more is required to pay the tax in four quarterly payments commencing with the 1st quarter of its financial year-end. A final, or fifth instalment, is payable within four months after its year-end, at the time of submission of the tax return. A company with a liability of less than BWP50 000 must pay the full tax liability at the time the tax 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 corporate tax returns. Late payment interest on quarterly SAT payments and assessed tax is compounded at 1.5% per month. Late payment of Pay-As-You-Earn (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 nonbinding 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 the BURS and obtain a tax identification number (TIN). Self-assessment tax applies to noncorporate 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 bi-monthly depending on the level of turnover.
2. Penalties – Penalties and interest may be levied for late VAT returns and late payments.

General Investment Information

Investment Incentives

General Incentives

1. Development Approval Order (DAO).
   - Companies that carry out an approved manufacturing business qualify for a lower corporate tax rate of 15%; only certain types of manufacturing processes qualify
   - Any project that will benefit the economic development of Botswana may qualify, particularly projects in the mining industry, but any project that will be considered as general employment. The relief can take any form and is negotiable

2. The Citizen Entrepreneurial Development Agency (CEDA) provides low-interest loans to citizens.

3. Local Participation or Management Requirements.
   - There are no nationality or residence requirements for shareholders
   - Companies may be 100% foreign-owned. However, certain types of businesses are reserved for Botswana citizens, or for companies that are majority-owned by Botswana citizens.
   - There are no local management requirements, but there is an expectation that citizen employees will be trained to enable them to participate in management. At least one director must be resident in Botswana, but that person need not be a Botswana citizen

Special Tax Allowances

- Training allowance – 200% of expenditure which does not fall within the purview of 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
- Mining capital allowances – 100% of mining capital expenditure allowed as a deduction in the year of expenditure
- Plant and machinery – Heavy civil engineering plant used directly in construction and self-propelled portable plant or machinery used directly in manufacture or production – 25% per annum – other industrial plant or machinery used directly in manufacture or production – 15% per annum – other plant and machinery – 10% per annum
- Aircraft and motorised road vehicles – 25% per annum
- Computers – 25% 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 the purpose of 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 establishment of 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 are normally issued for a two or three-year period. Self-employed investors will not generally encounter problems obtaining permits, but permits for employees will only be issued if it can be demonstrated that a citizen cannot do the job. Generally, qualified persons do not experience problems obtaining permits, but it becomes 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

Prime Overdraft Rate
8% (July 2016) (Source: Bank of Botswana)
Monetary Policy Rate
Bank Rate 6% (Source: Bank of Botswana)
Currency: Botswana Pula (BWP). It is divided into 100
ZAR1 = BWP0.79 (March 2017) (Source: Oanda)
USD1 = BWP10.21 (March 2017) (Source: Oanda)
EUR1 = BWP10. 92 (March 2017) (Source: Oanda)

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)

USD10.848 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD13.843 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

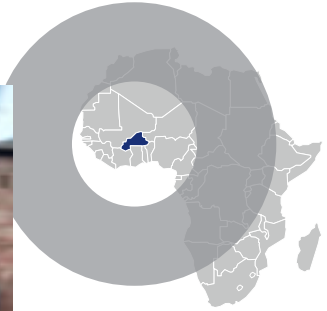
BWP46 541.13 million
(Estimate January 2017)
(Source: Botswana Stock Exchange)

Rate of Inflation (average consumer prices)

3.2%
(average 2016)
(Source: IMF)

4.5%
(forecast 2017)
(Source: IMF)

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 the income earned on a worldwide basis. Nonresidents are subject to tax on Burkina Faso-source employment income only under two conditions: that the activities are performed in Burkina Faso and that 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 treatments and salaries. The applicable rate is applied to the taxable income.
4. Deductions and allowances – Expenses deductible from general income include, subject to certain limits, housing allowances, duty allowances, transport allowances, family allowances, civil and military pensions and severance pay.
5. Rates – The unique tax on treatments and salaries is imposed at scheduler rates ranging from 0% to 25%.
6. For the revenue other than employment income, individuals are taxed at corporate income tax (CIT) at a rate which vary from 10% to 27.5%.

Income Tax – Companies

Standard corporate tax rate is 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. Nonresidents 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, noncommercial profits, and income from movable capital, land and agriculture. The noncommercial schedule mainly is used for professional income, royalties and know-how and for nonresident corporations. Capital gains arising 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.
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 are subject to tax on securities at a rate of 12.5%. The taxable basis is fixed at 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 CIT (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.

Withholding Tax (WHT)

The WHTs on various types of payments are as follows (the tax is a final tax for nonresidents).

Payment	Residents	Nonresidents
Dividends	12.5%	12.5%
Interest	12.5%/25%	12.5%/25%
Royalties	-	20%

Notes

1. Interest – 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 residents and nonresidents.
2. Royalties –Royalties paid to a resident are not subject to WHT. The revenue concerned is subject to CIT (for companies) or the unique tax on treatments and salaries (for individuals).
3. A fixed rate of 20% applies to foreign companies that have no professional premises in Burkina Faso. 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. As abovementioned WHT applies to dividends, royalties and payments to nonresident companies for services rendered in Burkina Faso, subject to these tax treaties.

Type of income	France	Tunisia	WAEMU*
Dividends	15%	8%	10%
Interest	Domestic	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 nonresident 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. However, interest paid to shareholders on sums that they lend to, or put at the disposal of, the company are tax deductible, provided the interest rate charged does not exceed the reference rate of the Central Bank of West African States.

Employment-Related Taxes

Payroll taxes

Companies employing people in Burkina Faso are subject to a tax on the employment and apprenticeship, based on the gross amount of the salary paid, including advantages in kind and allowances.

The rate of this patronal tax is 3%.

Social security

Social security contributions are paid on the base of paid salaries. Contributions payable by the employer on paid salaries are 16%: 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)	Rate
Standard rate	18%

Notes

1. Taxable transactions – VAT is imposed on production activities, the distribution of goods and the rendering 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 for rights and 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%)

Moreover, the import of some goods may be subject to an additional excise duty:

- Petroleum products (fixed duties which vary depending on scale given by general tax code)
- Alcoholic and nonalcoholic products (from 10% to 30%)
- Coffee and tea (10%)
- Tobacco (17% to 30%)
- Kola nuts (10%)

- Livestock in transit in Burkina Faso (from XOF150 to XOF2 500 per animal)
- Fragrance and cosmetic products (10%)

Other Taxes

Inheritance/estate tax

Estate tax is determined at a rate which varies between 0% to 40%.

Stamp duty

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

Transfer tax

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

Capital duty

Provisions related to capital duty have been repealed/abrogated.

Real property tax

Real property tax applies on built and unbuilt property in Burkina Faso. It is due from the owner 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 also 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 the 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 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. 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 only 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 – The lack of filing and payment of VAT is punished by a late penalty of 25% plus 5% by additional late month. This penalty can raise 50% plus 5% by additional late month, after a direct assessment procedure. Moreover, after a tax control, a second penalty of 50% of the unpaid amount is due and this penalty can raise 200% in case of fraudulent maneuvers.

General Investment Information

Investment Incentives

General incentives

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

- The Investment 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 foreign exchange regulations, to transfer dividends, any returns on the capital invested and the liquidating or conclusion proceeds of assets in the same currency used in the initial investment
- The Investment 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 workers' rights, including workers' safety and health

Tax incentives

The Investment Code provides four investment schemes, with different incentives available during the investment period and the operating period:

- During the investment period, for all schemes, reduced customs duties are granted 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 CIT, business license duties and patronal 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)

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 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 Organisation (WTO)

Interest and Currency Exchange Rates

Monetary Policy Rate
Bank rate 4.5% (2017) (Source: Central Bank of West African States)
Currency: CFA franc (XOF)*
* The CFA franc is the common currency of 14 African member countries of the franc zone.
ZAR1 = XOF47.46 (March 2017) (Source: Oanda)
USD1 = XOF612.32 (March 2017) (Source: Oanda)
EUR1 = XOF655,957 (Fixed Rate) (Source: Oanda)

Key Economic Statistics

GDP (approximate)

USD12.006 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD13.1006 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

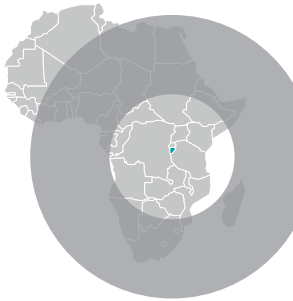
N/A

Rate of Inflation (average consumer prices)

0.6%
(average 2016)
(Source: IMF)

1.8%
(forecast 2017)
(Source: IMF)

Burundi



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Income Tax – Individuals

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

Notes

1. Basis – Residents are taxed on worldwide income; nonresidents are taxed only on Burundi-source income, including income generated through 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 aggregate 183 days in a 12-month period 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 those derived by a corporate entity established in Burundi (or 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 nonresident 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 transferer for at least three years, as well as the capital gains 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 are allowed to be deducted from the PAYE calculation, up to 20% of the gross income of the employee. 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 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%. Pay-As-You-Earn (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 nonresidents generally are subject to withholding tax or capital gains tax (as described below). LAW No 1/20 OF 31 December 2016 and ministerial orders made clarifying provisions therein.

Income Tax – Companies

	Rate
Standard corporate tax rate	30%

Notes

1. Basis – Corporation income tax is applicable on a company's revenue generated in Burundi, regardless of its residence. Resident companies are taxed on worldwide income; foreign companies normally are 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 (or by a resident individual as part of business income) are included in business/investment income and taxed at the rate applicable to corporations or individuals, respectively.
4. Deductions – Expenses incurred maybe deducted provided that such expenses:
   - Are committed to needs related to the activity of the case.
   - Corresponding to actual expenditure and 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. The carryback of losses is not permitted.
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 tax payable on the foreign income in Burundi.
7. Group relief – There is no provision allowing for any group relief or the transfer of losses between members of a group.
8. Rates – The standard tax rate is 30% of profits before tax. Certain payments to residents and nonresidents are subject to withholding tax (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.

Payment	Residents	Nonresidents
Dividends	Exempt*	15%
Interest	15%**	15%
Royalties	15%	15%
Technical and management service fees	15%	15%
Payments for a performance made to an artist, a musician or a 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 one Burundi resident company to another are exempt from tax.

Tax treaties

Burundi has not concluded any tax treaties with other countries.

Anti-avoidance rules

Transfer pricing

The tax authorities are allowed to 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 tax liability to a tax-exempt person.

Employment-Related Taxes

Payroll tax

The tax law requires that when an employer makes employment income available to an employee, the employer must withhold, declare and pay 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 is obliged to withhold tax at 30%. Where the employer engages a casual labourer, the employer must withhold 15% of the taxable employment income, with the first BIF150 000 of income earned being taxed at 0%.

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%
Imported foodstuff, processed agricultural products and agricultural inputs (fertilisers)	10%
Exports	0%

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.

Additionally, a "down-payment levy" is imposed on certain locally manufactured products.

Certain other taxes also are imposed, including the following:

- A fixed levy (withholding tax) 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 on raw hides and skins of 80% of the value
- A lump-sum payment of BIF10 000 per clearing agency is charged on customs clearing agencies.
- Effective from 1 January 2017, an anti-pollution tax applies for imported vehicles older than 10 years, at BIF2 million per vehicle
- Effective from 1 January 2017, an *ad valorem* tax of 50% of the customs value is applied on the importation of 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 currently

Real property tax

Tax 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 Administration and Compliance

The tax authorities in Burundi is 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 (31 March of each year for calendar-year taxpayers). Advance tax is payable in three instalments, based on the previous year's CIT, each being equivalent to 25% of the previous year's tax payable. The prepayments are payable by 30 June, 30 September and 31 December of the relevant year, and are deducted from the current year's tax payable and the balance is paid at the date of submission of the annual corporate income tax return. If the prepayments are higher than the tax payable, the taxpayer can request a refund. Such a request must be filed within two months from the submission of the return, and the effective refund must be granted within 60 calendar days from receipt of the application and the clearance of any outstanding tax liability.
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 – No provision for tax rulings. However, a taxpayer can still write to the OBR requesting clarification on a tax matter although this is not binding on the revenue authority.
6. Other – A legal person must possess a Tax Identification Number (TIN) assigned by the Investment Promotion Agency, effective from January 2017. Traders whose TIN number previously was issued by the revenue authorities have 12 months to obtain a new TIN, while those who do not have a TIN as of 1 January 2017 have six months within which to obtain one.

Individuals

1. Tax year – The tax year is the calendar year. A different specific tax year of 12 months is available on request.
2. Tax filing – No requirement if income has been subjected to tax under Pay-As-You-Earn (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 must be 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, effective from January 2017. Traders whose TIN number previously was issued by the revenue authorities have 12 months to obtain a new TIN, while those who do not have a TIN as of 1 January 2017 have six months within which to obtain one.

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 who 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 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.

General Investment Information

Investment Incentives

General incentives

Incentives to invest in Burundi include, among others: 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 a continually 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 fulfil the requirements stipulated in the Burundian Law on Investment Promotion are entitled to:

- An exemption from corporate income tax for their 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

Exchange Control

None, but some restrictions are imposed on the import and export of capital. Both residents and nonresidents can hold bank accounts in any currency.

Expatriates and Work Permits

There is no special expatriate tax regime. These are taxed under the same rules for taxation of individuals.

Any person who does not have Burundian nationality is required to obtain a resident permit and a work visa for purposes of living and working in Burundi. The work permit needs to be sponsored by a company in Burundi. The process should be started as soon as possible as it may take some time.

Trade Relations

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

Interest and Currency Exchange Rates

Lending Rate
Interest rate: 7.95%
Weighted lending rate: 15.81%
Average refinancing rate: 9.14% (Source: National Bank of Burundi)
Currency: Burundi Franc (BIF)
It is divided into 100 centimes. The symbol used for the Burundi Franc is Fbu.
ZAR1 = BIF129.74 (March 2017) (Source: Oanda)
USD1 = BIF1673,64 (March 2017) (Source: Oanda)
EUR1 = BIF1789.32 (March 2017) (Source: Oanda)

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)

USD2.742 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD3.25 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

N/A
There is no stock, corporate, or government bond market in Burundi. Capital is raised from commercial banks. In terms of government securities, 91-day Treasury bills are issued.

Rate of Inflation

6.3%
(average 2016)
(Source: IMF)

9.4%
(forecast 2017)
(Source: IMF)

Cameroon

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The Cameroonian concept of income taxation is the same as in industrialised countries. There are two main income taxation systems: namely, one for individuals and the other for entities. Turnover is also subject to taxation. The Turnover Tax (Taxe sur la valeur ajoutée) is borne by the final consumer.

Income Tax

Individuals

Residents

Individuals resident in Cameroon are taxable on their worldwide income.

Income Tax Rates for Individuals*

Taxable Income as exceeds	But does not exceed	Rate
XAF	XAF	%
0	2 000 000	10%
2 000 001	3 000 000	15%
3 000 001	5 000 000	25%
5 000 000 +		35%

* Progressive rates are imposed from 10% to 35%. A surcharge of 10% of the principal tax is also levied on the rates (for additional council tax).

Notes

1. Residence: An individual is considered as resident in Cameroon if he/she has his/her principal centre of interests or business, or place of abode, in Cameroon or if he/she is engaged in a salaried or nonsalaried professional activity in Cameroon, or stays in Cameroon for more than 183 days in a tax year.
2. Basis: Personal income tax (PIT) applies to total income derived from various categories of revenues. Income categories include: salaries, wages, pensions and life annuities (progressive rates above), income from stocks and shares, income from real estate, profits from handicraft, industrial and commercial activities, profits from agricultural activities and profits from noncommercial and related professions.
   - For the specific case of salaries, the tax will be based on graduated rates (see table) applicable to the net income determined after the application of allowable deductions which include: a lump sum of XAF500 000 for business expenses, 4.2% social security contributions and 30% professional expenses.
3. Taxable income: Industrial and commercial profits: some noncommercial profits: stock-exchange operations performed by individuals; royalties received by authors or composers or by their heirs or legatees; sums paid to inventors either for the right to use their patents or for the transfer of concession of trademarks or manufacturing formulae, agricultural profits and earnings from real estate are taxed at the rate of 30%. The amount of the tax cannot be less than 2.2% of the turnover for taxpayers assessed under the regime of actual earnings. For taxpayers assessed under the simplified regime, the tax could not be lesser than 5.5% of the turnover. (Simplified taxation regime is for sole proprietorships and entities that realise an annual turnover equal to or more than XAF10 million and below 50 million)
4. Other Income: Revenues on stocks and shares are taxed at the rate of 16.5%.

5. Noncommercial activities: The rate of 11% applies on some revenues from noncommercial activities especially remunerations paid to some officials in public companies and to athletes and artists.
6. Taxes on employers' charge do not apply to companies assessed under actual earnings and not benefiting from a derogatory or incentive tax regime, that hire by means of a permanent contract, fixed-term contract or pre-employment internship, new graduates under 35 years of age.
7. Capital gains realised in Cameroon, or abroad, and derived from the sale, including indirect sales of shares, are subject to tax at a final rate of 16.5% (with Finance Law 2012, this tax applies to companies also). Unrealised gains arising from company mergers are not subject to tax on income from securities if the company taking over or the new company has its registered office in Cameroon.
8. Special Tax Regime: There is no special tax regime for expatriates.

Nonresidents

A nonresident is taxable only on Cameroon-source income.

Companies

Income Tax Rates for Companies

	Rate of Tax
All companies	30%

Notes

1. Base: The corporate tax rate is 33% in total (30% of corporate tax plus a 10% surcharge tax). For companies benefiting from a special tax regime, or under an incentive tax regime, the rate remains the same as at the 1 January 2014.
2. The corporate Income Tax (CIT) is payable (latest on the 15th day of every month following the month of realisation of the taxable operation) by monthly instalments of 2% of the turnover of the company, when the latter is assessed on the basis of its actual earnings. A 10% local surcharge is applicable, bringing the effective rate to 2.2% of turnover. Besides, for such companies falling under the regulated profits margin sectors, advance CIT due is levied at the rate of 15.4% applied on the gross margin (14% plus a 10% local surcharge). However, as concerns taxpayers under the simplified system, the rate shall be increased to and 5.5% (5% plus 10% of local surcharge). This is the minimum charge under CIT.
3. Residence: An entity is taxable in Cameroon if it has a Permanent Establishment (PE) in Cameroon or if it benefits from Cameroon-source incomes.
4. Taxable income: The taxable income only takes into account the revenue made within enterprises carrying out a business in Cameroon and the income whose taxation is attributed to Cameroon by an international tax treaty (i.e. DTA). Taxable profits are determined after deduction of allowable expenses. Expenses equal to or exceeding XAF500 000 are not deductible if paid in cash.

5. Deductible expenses notably include: interest paid to partners in respect of the sums they leave with or place at the disposal of the company over and above their capital, irrespective of the type of company, within the limits of those calculated at the rate of the Central Bank Discount Rate, raised by two (2) points; foreign social security contributions within the limit of 15% of the base salary of the expatriate when they are relating to a compulsory retirement plan; payments made to research and development (R&D) bodies and to collective philanthropic, educational, sports, scientific, social and family institutions and bodies, on condition that the latter are situated in Cameroon, and as soon as there is proof of payment and as long as they do not exceed 0.5% of the turnover for the financial year; head-office costs and foreign technical assistance costs (these expenses are subject to a 5% limitation of deductibility).
6. Losses may be carried forward for up to four years but may not be carried back.
7. Foreign tax credits are not provided for.
8. Holding companies: There is no holding company regime in Cameroon.
9. Taxation of dividends – Dividends received by a resident company from a resident or nonresident company, are subject to CIT. The recipient may offset any Cameroon tax withheld from the dividends against its CIT liability but foreign tax paid on dividends derived from a nonresident company is not creditable against Cameroon CIT, unless specifically provided for under a tax treaty.

Tax on Income from Securities and Shares

WHT (at the appropriate rate) must be deducted from payments made to resident persons in respect of the following:

- Dividends and similar income amounts paid to board of directors in public limited companies
- Interest (other than interest paid to an approved financial institution)
- Annuities (excluding the capital element).

Capital Gains Tax (CGT)

Capital gains are subject to tax on income from securities at 16.5%. The following capital shall be taxable even in the case of indirect sales:

- Proceeds from transfer of stocks
- Proceeds from transfer of bonds
- Profits from the transfer of other kinds of shares

Where such amounts do not exceed XAF500 000, tax on income from securities does not apply.

Withholding Taxes (WHTs)

WHT Rates	Note	Residents	Non Residents
Dividends	1	16.5%	16.5%
Interest	1	16.5%	16.5%
Royalties			15% or 10%

Notes

1. A WHT of 15% (plus 1.5% surcharge) applies to dividends and interest payments to both residents and nonresidents. The rate may be reduced under an applicable tax treaty.
2. Royalties paid to a nonresident are subject to a 15% or 10% WHT (if paid to persons carrying out temporary assignments in Cameroon) with no local surcharge applicable. Where royalty amounts are paid to a firm located outside the Central African Economic and Monetary Community (CEMAC) that participates in the management of a Cameroon firm in which it holds shares, the royalties will be considered as sums accruing from the distribution of profits and subject to a 16.5% WHT.

WHT must be deducted from payments made to nonresident persons in respect of the following:

- Management or professional fees, or training fees
- Royalties
- Rents
- Leasing
- Dividends
- Interest (including deemed interest)
- Pensions
- Payments to sportsmen or entertainers
- Payments made by local oil companies including those in phase of development and research to foreign suppliers
- Any supply paid by the Cameroonian State, entities partially or totally owned by the State, to foreign entities within the framework of public procurements

Maximum WHT Rates once a DTA is applied

WHT on payments to countries with which Cameroon has a DTA are as follows:

	Dividends		Interest	Royalties
	Individuals/ Companies	Qualifying Companies		
Domestic Rates				
Companies	16.5%	16.5%	16.5%	15%
Individuals	16.5%	n/a	16.5%	15%
Treaty Rates (Treaties With)				
Canada	15%	15%	15%	15%
CEMAC countries*	16.5%[1]	16.5%[1]	16.5%[2]	exemption [3]
France	15%	15%	15%	15%[4]
Tunisia	12%	12%	15%	15%
Morocco 5	10%	10%	10%	10%

* Chad, Republic of Congo, Gabon, Equatorial Guinea, Central African Republic.

Notes

1. If there is no limitation under the treaty, the domestic WHT rate is applicable.
2. The payments are subject to WHT under Cameroonian domestic law, if from a Cameroonian source.
3. No WHT is imposed if the income is subject to tax in the state of the recipient. In limited situations, interest and royalties may only be taxed in the country of domicile of the recipient.
4. The rate of 7.5% is applicable to technical assistance fees following provisions of a DTA with France.
5. The double tax treaty between Morocco and Cameroon signed in 2012 was ratified in 2014 but we cannot ensure that this treaty is already enforceable.

Anti-avoidance Rules

Transfer Pricing

The regulations on transfer pricing are improved each year with the aim to ensure that related party transactions are conducted on arm's length terms. Since January 2012, the Cameroonian tax administration has introduced the filing of the transfer pricing documentation prior to the execution of tax audits and has extended the duration of tax audit involving transfer pricing issues.

Thin Capitalisation

Thin capitalisation rules apply in Cameroon, as follows: loans granted by shareholders, or affiliated companies, are deductible only under certain conditions; and interests are deductible where loans do not exceed 1.5 times the company's equity and if lower than 25% of the gross operating income.

Indirect Taxes

Value Added Tax (VAT)	Rate
Standard rate	19.25%

Notes

1. Rate: The effective standard VAT rate is 19.25% (a 17.5% VAT and 10% surcharge).
2. Exports: Exports are zero-rated and certain essential goods are exempted.
3. Registration: All corporate businesses with taxable turnover are required to register. Nonresident 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.
4. Filing and Payment: VAT returns (and any tax payable) are due by the 15th of each month. Late payment incurs interest penalties at a rate of 1.5% per month up to a maximum of 50% of the principal liability. Fines are levied for various omissions in discharging VAT obligations.
5. Taxable Transaction: For taxable transactions of at least XAF100 000, the deduction right may be authorised only where they have been carried out through bank transfers or checks.

Customs and Excise Duties

CEMAC Customs Union (Cameroon, the Central African Republic, Chad, Congo Rep., Gabon and Equatorial Guinea) provides for the free movement of goods between member states.

The importation of goods and merchandise from third states are subject to customs duties, except where exemptions or the suspense customs regimes are applicable. Customs duties are levied on the customs value of most imported goods at rates ranging from 5% to 30%. Some EU originating products may benefit from preferential rates.

Excise duty rates vary from 2% to 25% applicable to cigarettes, drinks (with minimum amounts per litre of beer and level of alcohol), cosmetics or luxury goods (jewels and precious stones).

Private passenger vehicles manufactured more than 10 years ago as well as utility vehicle manufactured more than 15 years ago are subject to excise duties at the rate of 12.5%.

Mobile phone calls and internet services are subject to excise duties at the rate of 2%.

Software may be subject to customs duties as well as other goods acquired by electronic means.

Employment Income

- Employment income generally includes: salary, allowances, emoluments, wages, benefits in kind and pension income
- Taxable income from employment is determined by taking into consideration the gross amount of wages, salaries, emoluments, allowances, pensions, as well as benefits in kind
- Any amount reimbursed by the employer is not subject to PIT if considered to be a professional fee
- In general, expenses considered as professional are listed by regulation in force e.g. mobility premium, basket premium and representation
- All cash payments 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

Social Security

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

Housing Fund Tax

Employees are subject to the Housing Fund Tax (contribution au crédit foncier) at the rate of 1% of their gross taxable salary

Miscellaneous Taxes

Tax on petroleum products

There is a special tax on petroleum products which is payable by companies distributing taxable products. Refineries and oil storage companies using petroleum products for their own operations, or for other needs, are also liable to the special tax on petroleum products.

The rates of the special tax on petroleum products are as follows:

- Super gasoline – XAF110 per litre
- Petroleum diesel – XAF65 per litre

Inheritances and Donations

Registration duties on the transfer of built-on estates in urban arrears are charged at 15%.

Under modifications from the Finance Law for fiscal year 2017, the rate of 10% applies for arrears where an official pricing is provided.

The fees on *inter vivos* donations are charged as follows: direct line of descent/ascent, or between spouses, 5%; between brothers and sisters, 10%; between relatives beyond the second degree, or between unrelated persons, 20%.

Wealth/net worth tax

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

Tax Administration

Tax Administered in Cameroon by the Ministry in Charge of Finances and General Directorate of Taxation.

Companies

1. The tax year is the calendar year.
2. Any final balance of tax due is payable upon the submission of the annual tax return, which is due by 15 March of the following year.
3. Consolidated returns – Consolidated returns are not permitted; each company must file a separate return.
4. Penalties – With respect to spontaneous payments of taxes, late declaration or payment is subject to a penalty of 10% per month, with a maximum of 30% of principal tax 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. However, employers do not deduct personal income tax when the employee earns less than XAF62 000 per month.
3. Filing and payment – Taxes are paid spontaneously at the time of filing of the declaration. The deadlines for payment are the same as those for declarations.

Value-Added Tax

1. Filing and payment – VAT returns (and any tax payable) are 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 the payment has been carried out through a bank transfer or check.
2. Penalties – Interest penalties at a rate of 1.5% per month, up to a maximum of 50% of the principal liability is incurred on late payment. Fines are levied for various omissions in discharging VAT obligations.

General Investment Information

Investment Incentives

Tax Incentives

In order to benefit from the tax incentives provided by the 2013 Investment Incentives Law, the companies must comply with the following conditions:

- Carry out an annual export activity for at least 10% to 25% of the turnover
- Using national resources of at least 10% of the value of inputs
- Contribute to the increase in the value added of at least 10% of turnover
- Compliance with the foreign exchange rules and the tax regulations
- The company should create, during the operational phase and according to the company's size and sector of activity, at least one job for every 5 to 25 million francs of planned investments

There are different investment incentives depending on the phase in which the company is operating:

During the installation phase

There is an exemption from:

- Registration duties on instruments for incorporation of the company, as well as for capital increases
- Exemption of essential instruments relating to investment program; exemption of concession contracts
- VAT on technical assistance relating to the project, and on import and export of materials linked to the project
- Business license fees
- Complete deduction of technical assistance fees proportionally to the amount of investment made

During the exploitation phase
There is an exemption or reduction of the following taxes:

- Registration duties of instruments relating to change in the capital; instruments relating to the transfer of activity
- CIT, tax on benefits, minimum tax
- Tax on income from securities on dividends
- Special income tax on technical assistance

Other Incentives
Cameroon is politically stable. There is an atmosphere of peace which reigns in the country. This peace which is an element for good investment encourages many investors to come into the country and invest.

Cameroon is a signatory to many international treaties and conventions, which are mutually beneficial. For example, the Extradition Treaty which deals with the extradition of citizens from Cameroon. Any investor investing in Cameroon is sure of not being extradited anyhow from Cameroon. His/her stay in the country is guaranteed. Cameroon is also a signatory to INTERPOL which is the international police force that seeks to curb international crime. This therefore means that any investor investing in Cameroon is sure of making use of INTERPOL in order to track down any criminal wherever in the world that is a threat to his/her success. With these measures fruitful in Cameroon, investment is guaranteed. However, certain measures relating to investment promotion have been cancelled. Indeed, the reinvestment system is no longer applicable.

Exchange Controls
All transfer of funds outside the CEMAC, including loans obtained by resident companies abroad and the solicitation of foreign securities in the CEMAC Zone, must be declared and are subject to special control measures for statistical purposes. Transfers of amounts in excess of XAF5 million must be lodged with an authorised intermediary (i.e. a bank authorised by the Central Bank). Documentation must be submitted to the authorities for currency transfers in settlement of imports in excess of XAF100 million.

Expatriate employees may apply for authorisation to repatriate their net earnings on a regular basis. Any savings accumulated by expatriates may be repatriated upon departure from Cameroon.

All foreign direct investment exceeding XAF100 million is subject to prior notification to the Ministry of Finance and a post notification after realisation.

Expatriates and Work Permits
Expatriates on special assignments in Cameroon for a period of less than six months, who are rendering services to a company in Cameroon and who are not employed by a Cameroonian company, shall not require work permits. Income paid to such expatriates for services rendered shall be considered as technical assistance and subject to a WHT of 15% or 10%. However, when a Cameroonian company employs expatriates, they would require work permits, which must be endorsed by the Labour Minister before commencement of work. Income paid to such expatriates shall be liable to PIT, payroll taxes and social 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 organisations

- International Monetary Fund (IMF)
- International Chamber of Commerce (ICC)
- World Trade Organisation, (WTO)
- African, Caribbean and Pacific Group of States (ACP)
- African Development Bank Group (AFDB)
- International Trade Union

Interest and Currency Exchange Rates

Benchmark Interest Rate
Bank rate 4.5% (2016 last reported) (Source: BEAC)
Currency: CFA Franc BEAC (XAF)
The currency is used by six independent states in central Africa: Cameroon, Central African Republic, Chad, Republic of the Congo, Equatorial Guinea and Gabon.
ZAR1 = XAF47.56 (March 2017) (Source: Oanda)
USD1 = XAF613.56 (March 2017) (Source: Oanda)
EUR1 = XAF655.957 (Fixed Rate) (Source: Oanda)

Notes

1. Cameroon's currency is the Central African Franc CFA (XAF).
2. The Benchmark Interest Rate in Cameroon was last recorded at 2.45%. Cameroon is a member of the CEMAC. In CEMAC, interest rates decisions are taken by the Bank of Central African States' Monetary Policy Committee.

Key Economic Statistics

GDP (approximate)

USD30.87 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD32.63 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

Douala Stock Exchange has closed its quotation session on 8 February 2013

Rate of Inflation (average consumer prices)

2.2%
(average 2016)
(Source: IMF)

2.2%
(forecast 2017)
(Source: IMF)

Chad

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Income Tax – Individuals

Taxable income (XAF)	Rate
0 – 300 000	20%
300 001 – 800 000	25%
800 001 – 1 000 000	30%
1 000 001 – 1 500 000	40%
1 500 000 – 2 000 000	45%
2 000 000 – 3 000 000	50%
3 000 000 – 6 000 000	55%
Over 6 000 000	60%

Notes

1. Basis – Residents are subject to tax on worldwide income. Nonresidents 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), capital gains, income from the exercise of a business or profession, certain investment income, etc. 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; and if the employee is not tax resident, the income is taxable if the activities are performed in Chad and the employer is established in Chad.
4. Exempt income – All personal income is subject to PIT.
5. Deductions and allowances – Various deductions are available, such as allowances for housing, food and transportation, etc.
6. Rates – Individual income tax is levied at progressive rates up to 60%, applies to residents only.

Income tax – Companies

	Rate
Standard corporate rate	35%
Public institutions and nonprofit organisations	25%
Companies in hydrocarbons sector (actual rate specified in individual petroleum contract)	40%-75%

Notes

1. Basis – Chad operates under 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 the expenses are basically deductible except those that are not directly related to the company's activity (such as personal expenses) and some specific categories of expenditure such as intercompany interest exceeding a ceiling (see also 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 any 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. This tax is paid monthly or quarterly depending on the company's size.

Withholding Tax (WHT)

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

Payment	Residents	Nonresidents
Dividends	20%	20%
Interest	20%	25%
Royalties	-	25%
Rents	15%-25%	20%-30%
Services provided by nonresidents	-	12.5%/25%
Other	-	20%

Notes

1. Rents – Rent charged by a taxpayer that is taxable on an actual basis are subject to a WHT of 15% to 25% or 20 to 30%, depending on the rent.
2. Technical service fees – Certain technical service fees are subject to a lower tax 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 is a provision to prevent the illicit transfer of profits abroad for the benefit of parent companies, or companies or groups not resident in Chad. In making transfer pricing adjustments, taxable profits are determined based on a comparison with the profits of local companies carrying on similar activities.

Thin capitalisation rules

Interest on cash advances made by shareholders is deductible provided the total amount of the advances do not exceed 50% of the share capital.

Employment-related taxes

Payroll tax

Payroll tax in Chad is similar to income tax but is paid over to the government by the employer on the basis of "Pay-As-You-Earn" (PAYE). Social security fees, public health insurance and other deductions are included in this payment.

Employers are required to pay a lump sum tax on employment income at a rate of 7.5% on gross income paid to employees, including the portion of benefits in kind. In addition, companies subject to corporate income tax also are subject to the apprenticeship tax.

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%

Notes

1. Taxable transactions – VAT is levied on the supply of goods or services in Chad, and on the import of goods or services.
2. Rates – The standard VAT rate is 18%. Exports and international transport are zero-rated.
3. Registration – VAT registration is required at the time a company is established in Chad.

Customs and Excise Duties

Chad is a member state of the Central African Economic and Monetary Community (CEMAC) Customs Union (which also includes Cameroon, Central African Republic, Congo (Rep.), Gabon and Equatorial Guinea), which provides for the free movement of goods within the Union. Like other member states of the Union, Chad applies the CEMAC Customs Code to the import, export and re-export of goods. The import of goods and merchandise from third states is subject to customs duties, except where exemptions or the bonded customs regimes are applicable. 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 wines), cosmetics and luxury products. The applicable rate depends on the type of goods, and ranges from 5% to 30%. The tax base is as follows: for goods manufactured in the CEMAC zone, the tax base 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 registration duty on the transfer of property for no consideration to resident individuals, and on the transfer of Chadian-situs property to nonresidents.

Stamp duty

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

Capital duty

Capital duties or registration duties are levied at various rates on documents issued in connection with capital contributions to a company. Registration duties may consist of fixed duties or *ad valorem* duties depending on the nature of the deed.

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; i.e. the same rate applies to any forms of transfer of real estate (10% or 8%); purchase, exchange, contribution in kind to a company.

Business license duty

Individuals carrying on a business are subject to the business license duty in the same manner as companies. The duty is computed based on the company's turnover as well as on the value of the professional premises (rent or fair value of the real estate property in case the individual of company owns it).

Apprenticeship tax

An individual who is subject to tax under the categories of industrial and commercial, noncommercial or agricultural activities is subject to apprenticeship tax in the same manner as a company; i.e. every company is subject to the apprenticeship tax. It represents 1.2% of the gross salaries.

Tax Administration and Compliance

Tax is administered in Chad by the General Tax Authorities.

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 – The tax return must be filed before 30 April of the following year, although a 15-day extension may be obtained from the General Tax Authorities. Companies must make advance payments of tax before 15 August and 15 November of each year. Advance tax paid may be credited against the final corporate tax liability for the year.
4. Penalties – Late payment penalties are imposed at the following rates: 1.5% per month, or fraction thereof, up to a maximum of 50% or 100% (if the late filing is deemed to be deliberate). If no return is filed despite several reminders from the tax administration, it is entitled to assess the company's taxable income based on the elements made available to it. The rate is 5% per month for penalties on VAT late payments.
5. Rulings – It is not possible to obtain an advance ruling in Chad, especially in the case of CIT or PIT. Real estate taxes are paid based on estimates made by the administration.

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 permitted.
3. Filing and payment – Individuals carrying out a trade must file returns 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 the following rates: 1.5% per month, or fraction thereof, if the tax authorities have to intervene.

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 an annual turnover higher than XAF500 million, and by the 15th day of the following month for other taxpayers.
2. Penalties – penalties are the same as mentioned above under companies.

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 (i.e. exemptions, reduced rates, financial support, investment bonuses, and full tax allowances etc.) are provided for by the Investment Incentives Code.

Exchange Controls

Foreign-owned companies and branches of foreign companies may freely repatriate profits provided 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 in any year, and who retain their interests in the country, will 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 his arrival in Chad) and the date of departure.

Employment Visas

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
- Resident card
- Long-term visa and a return visa
- Labour contract to be stamped by the National Office for the Employment Promotion. The employment contract cannot start before the contract is stamped.

Trade Relations

- Memberships – World Trade Organisation (WTO), Organisation for Economic Cooperation and Development (OECD)

Interest and Currency Exchange Rates

Monetary Policy Rate
Repo rate: 4.20%
Interest rate on tenders: 2.45%
Interest rate on investments: 0.0% (December 2016) (Source: Banque de Estats del'Afrique Centrale)
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 = XAF47.56 (March 2017) (Source: Oanda)
USD1 = XAF613.56 (March 2017) (Source: Oanda)
EUR1 = CFA 655.957 (Fixed rate) (Source: Oanda)

Key Economic Statistics

GDP (approximate)

USD10.441 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD11.280 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

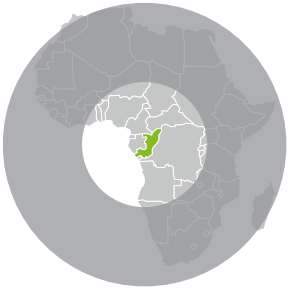
N/A
There is no stock market in Chad

Rate of Inflation (average consumer prices)

5%
(average 2016)
(Source: IMF)

5.2%
(forecast 2017)
(Source: IMF)

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. Nonresident individuals are subject to tax only on Republic of Congo (Congo)-source income.
2. Residence – Residence begins from the first day of work performed in Congo and applies to individuals staying in the country for more than 14 days in a calendar year, unless otherwise provided under an applicable tax treaty. The residence rule for individuals present in the Congo but not employed there, is the same, except where provisions of double tax treaty states that residence begins after staying in Congo 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 also are taxable. Low-income individuals earning professional income, agricultural profits or working as artisans may agree with the tax administration how to compute their net income. In other cases, the net income from industrial and commercial activities is computed as it is 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 can be deducted as expenses in computing the 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 lands in the scope of a private patrimonial management.
4. Deductions and allowances –Expenses incurred in the performance of an employment or office are deductible to the extent that they are properly applied and accounted for and are not excessive or expenses of a private nature. Allowances for professional expenses (i.e. transport, allowances for representation, etc.) are not considered part of wages and are not taxable if they do not exceed 15% of the taxable income and such allowances 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, set out in the table above, apply in the aggregate to all income. Persons of foreign nationality that are not domiciled in and do not have a tax residence in Congo are subject to a withholding tax at 20% 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 with application of the family ratio, but instead to a 20% withholding tax. This tax applies only after 14 days of presence in Congo, but its application is retroactive (i.e. after 15 days, tax applies from the first day of presence in Congo).

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 assessed on their worldwide income and nonresidents are assessed 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 render 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 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 any assets during or at the end of the financial year. The taxable profit is established after the deduction of all operating fees. Special rules apply to certain types of income, including the following:

   a. Dividends – Dividends received by a resident company from a resident or nonresident 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 company tax liability. Where the resident company owns at least 25% of the shares in the affiliate 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.

   b. Capital gains – Capital gains are treated as ordinary business income and are taxed at the standard income tax rate. However, capital gains realised on the disposal of a fixed asset in the course of trading are excluded from income for a period of 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. On the assignment, transfer or cessation of a company within five years following its incorporation or purchase, net capital gains will be assessed at only half their value; if such an event takes place more than five years after the company is formed or purchased, the net capital gains will be assessed at one-third of their value. Similar rules apply where a nonresident 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.

c. Foreign exchange gains/losses – Only realised foreign exchange gains are taxable and realised foreign exchange losses are deductible. The same treatment applies whether the exchange differences arise from trading or from foreign currency-denominated assets and liabilities.

4. Deductions – Deductions are allowed for reasonable expenditure incurred in performing activities that produce assessable income. Expenditure considered either 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. Special rules apply to certain types of deductions, including the following:

   a. Remuneration – Payroll and benefits in kind are deductible in full, provided that they are reasonable and related to actual employment. Payments made to the members of the board are deductible if such payments are reasonable and 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.

   b. 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 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), provided an actual service is supplied. If a company has a tax loss, the limit is 20% of the taxable income derived during the previous year, subject to a tax audit. Purchasing commissions are deductible up to a limit of 5% of the amount purchased if they are invoiced separately.

   c. Interest – See under "Thin capitalisation rules."

   d. Rents – Real estate rental payments are deductible in full, provided that 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. The total shares owned by the member's spouse, children and parents also are taken into account in calculating the 10% limit.

   e. 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 asset type.

   f. Bad and doubtful debts – Bad debts are deductible, but only specific provisions for doubtful debts are deductible. If the debt provided for is subsequently recovered, the recovery is taxed in the year in which the recovery was made.

   g. Provisions – Provisions made for clearly specified losses or costs that are likely to occur are deductible, provided certain conditions are satisfied.

h. Other expenses – All entertainment expenses related to fishing, yachting, tourist airplanes or recreational real estate are not deductible. Leave passages for a salaried partner, his/her spouse and his/her minor children are deductible for one trip per year (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 sport, 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 – No, unless a credit is provided for under an applicable double 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 currently is levied at a 30% standard rate for resident companies, including mining companies. The rate for nonresident companies operating under an ATE is 7.5%. 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% withholding tax on all income derived from Congo. Dividends payable to foreign shareholders also are subject to withholding tax, at a 15% rate. Capital gains realised by nonresident companies from the sale of all or part of the shares in the capital of Congolese companies are taxable at a rate of 20%; the tax is payable at the 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; in addition, a branch is subject to a remittance tax, regardless of whether there is an actual transfer of profits – 70% of 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). However, in practice, the tax administration taxes branches or subsidiaries working in the oil and gas sector as if they were entities operating under ATEs, and withholding tax applies as a final tax in Congo. Foreign companies temporarily providing services to locally incorporated oil companies in Congo, or in the Congolese territorial waters, are subject to a tax regime under which taxable income is gross income less mobilisation, demobilisation or reimbursable costs. Sums received or due in respect of 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 this taxable income, provided such sums 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), therefore, is 7.7%, applied through a withholding tax.
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 under XAF10 million and a minimum of XAF1 million otherwise.

Withholding Tax (WHT)

The WHT rates on various types of payments are set out below (the tax is a final tax for nonresidents and the rate may be reduced under an applicable tax treaty):

Payment	Residents	Nonresidents
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% withholding tax, 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.
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 a WHT of 20%.
4. Technical service fees – Individuals or companies that are not domiciled or tax resident in Congo are subject to a WHT of 20% on income arising from services supplied, carried out or used in Congo. The rate of the WHT is reduced to 5.75% for Congolese or foreign individuals or legal entities with income derived from contracts related to the "Zone of Unitisation."

Tax treaties

Republic of Congo has concluded tax treaties with the following countries/bodies;

Treaty	Dividends	Interest	Royalties	Technical service fees
CEMAC*	«Domestic»	«Domestic»	«Domestic»	«Domestic»
France	15%	«Domestic»	«Domestic»	«Domestic»
Italy	15%	0%-20%	0%-10%	«Domestic»
Mauritius	0%-5%	0%-5%	«Domestic»	«Domestic»

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

Anti-Avoidance Rules

Transfer pricing

The tax authorities may make adjustments to taxable income where related party transactions are not conducted at arm's length. The tax administration may request any 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 from the elements available. 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 equal to or greater than EUR 762 245.09 must document their transfer pricing policy. The resident legal entities must also 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.

Thin capitalisation rules

Interest on capital borrowed for business purposes is deductible with all necessary receipts and if it represents a real expense. Interest paid to the members of a company on funds provided to the company in excess of their share capital holding is deductible, subject to a limitation on the interest rate applied. For tax deductibility purposes, the rate may not exceed two percentage points above the lending rate of the Central Bank at the time the interest payments were due. Moreover, regarding amounts paid by shareholders, the deduction will be allowed only if such amounts do not exceed 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.

Congo applies a Pay-As-You-Earn (PAYE) system, under which PIT arising from employment is withheld at source each month by the employer and remitted to the government. Payments are due from the employer no later than the 20th day of the following month, together with the statutory return. The employer must file each year (in February) an annual declaration of salaries in order to achieve reconciliation, in respect of each year, between the salaries, taxes and contributions paid monthly with their annual amount.

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' entire remuneration in cash and in kind to the National Social Security Office (CNSS). The rate of social security contributions is 20.29%. This rate 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.

For employees, the rate of social security contributions is 0.04% of maximum gross salary, with a monthly cap of XAF1.2 million. This contribution is withheld by the employer.

Indirect Taxes

Value Added Tax (VAT)	Rate
Standard rate	18.9%

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 for exports and local sales of lumber. Other transactions generally are assessed at the standard VAT rate of 18%, plus an additional tax of 5% of the VAT, for 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 – Nonresident entities whose supplies are subject to VAT in Congo are required to appoint solvent resident representatives to be jointly responsible for the payment of VAT and the discharge of other VAT obligations. No special formalism is provided for the appointment of a tax representative. The company can freely choose its tax representative which will be subject to VAT and corporate income tax in the Congo. The appointment must be made in writing by an authorised person to hire the company (legal representative) and include the following information:
   - The name and address of the foreign company and the tax representative
   - The acceptance by the representative of his designation
   - The undertaking by the latter to carry out the Tax formalities and payment on behalf of the foreign company
   - The effective date of the representation (the appointment must be prior to the completion of operations in Congo)
   - The document thus drawn up must be forwarded by the tax representative to the tax department of the undertakings to which he is attached

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.

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

Other Taxes

Inheritance/estate tax

An inheritance statements must be filed within six months when the death occurred in Congo and 12 months in case of death abroad. Inheritance rights are paid by the heirs or the notary.
For the surviving spouse or heirs in direct line (descendants/ascendants), there is exemption from the right of succession.

For collateral, the rights are:

- 5% up to FCFA5 000 000 of net inheritance
- 18% over FCFA5 000 000

The penalties for insufficiency or failure are in the range of 50% to 200%.

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 nonquoted companies (5%); business disposals (10%); and property transfers (15%). Debt transfers are free of registration fees.

Business 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 0.750% for turnover over XAF1 million and up to XAF20 million, to 0.045% for turnover over XAF20 billion. Companies are exempt from this tax for their first year of activity.

Property tax

Property tax applies to stores, shops, factories, warehouses, building sites and other buildings used for the exercise of professions subject to the business license tax, including all installations liable to the land tax on built properties, regardless of whether the buildings or installations are rented. The tax is calculated on the rental value of the building and is payable at the beginning of each calendar year. The rate is fixed each year and cannot exceed 15% of the rental value of the taxable buildings. The current rate is 14%.

Land tax on built property

Land tax applies on built properties and buildings, as well as on materials installed on property to remain there permanently. New construction, reconstruction and additional construction may be tax-exempt for 10 years if the construction is used in the case of residential constructions, or five years in other cases. For professional 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 by the government at 1.5% of the gross value of funds transferred abroad, and on the sale of currency inside the country.

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 from 1 January to 31 December. A company's financial year must correspond to the tax year. The business tax year is also from 1 January to 31 December.
2. Consolidated returns – A company is treated as an independent entity for tax purposes. However, under the Congolese tax code, companies subject to corporate income tax under common law conditions, irrespective of their activity, may, as an option for a period of five years, constitute a group of companies in which the parent holding at least 95% of the share capital of the subsidiaries is solely liable to the corporate income tax on all the results of the companies included in the scope of integration.
3. Filing and payment – Minimum company tax is payable annually before 15 March and is deductible from the final tax. A company tax return for the fiscal year must be filed by the following 20 May. The balance of tax is payable in four instalments (before 20 February, 20 May, 20 August and 20 December. Annual corporate income tax return must be filed and paid no later than 20 May of the following year.
4. Penalties – For corporate income tax purposes, expenditure considered either 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. For corporate income tax purposes, in the case of a late payment, the taxpayer is liable for a penalty of 100% of the amount in excess of the principal amount. Foreign companies under temporary authorisation to exercise must pay business licence (in French *la patente*) on their deemed revenue within 15 days of the beginning of their activities in Congo; otherwise, a penalty of 100% is applied.
5. Rulings – In terms of ruling there are three categories of Tax ruling in the Congo.
   a. Tax ruling related to the former oil concession contracts that allowed oil operators to benefit from the specific schemes. They have not been implemented since the production sharing contracts have replaced the concession contracts

b. Ruling arising from the CEMAC charter of investments, enabling companies to benefit from tax and customs advantages in the framework of agreements with Congolese state called " in French Convention d'établissement"
c. Specific ruling on transfer pricing policy (prior agreement on transfer pricing policy) provided for in Article 120 H of Congolese tax code according to which taxpayers may enter into prior agreements on transfer pricing methods with the Tax Authority. These agreements may be bilateral or unilateral:
   - The bilateral agreements shall be concluded between the competent authorities of the respective States linked by a double tax treaties
   - The unilateral agreement takes the form of an agreement between the Congolese Tax administration and the concerned company

Prior pricing agreements are concluded for a maximum period of three years (3) renewable under conditions to be determined by the Tax Authority. The conclusion of prior pricing agreements is subject to the payment of an amount to be determined by the Tax Authority.

Individuals

1. Tax year – The tax year is the calendar year.
2. Tax filing – The head of a family is normally subject to PIT on his/her income and on the income of the dependent children or 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 PIT is withheld each month by the employer. The Personal Tax return for the calendar (tax) year is due by 20 June of the following year.
4. Penalties – up to 100% in the case of wilful default

Value added tax

1. Filing and payment – Registered VAT taxpayers 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 return.
2. Penalties – Late payment of VAT attracts interest at the rate of 5% monthly, up to a 50% penalty on 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 disqualifications on types of investments 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).

Exchange Controls

As a member of CEMAC, Congo has the same currency as other community members. Members are required by international agreement to apply exchange control regulations modelled on those of France. The CFA agreement guarantees the availability of foreign exchange and the unlimited convertibility of the CFA Franc with the euro at a fixed rate. Transfers within the CEMAC zone are not restricted.

Inward direct investment (the purchase or acquisition of at least 10% of the shares in a resident entity or the purchase of shares costing XAF100 million or more) requires prior declaration. Loans obtained by companies in Congo from foreign shareholders, or from foreign enterprises within the same group,

also require prior authorisation. The reinvestment of undistributed profits does not require prior declaration.

Transfers outside the CEMAC zone require prior authorisation, except those below XAF1 million, although this is primarily for statistical purposes. Transfers in excess of XAF5 million must be carried out with an authorised intermediary; namely, a bank authorised by the Central Bank.

Expatriate employees may repatriate their earnings on a regular basis. All transfers to cover family and dependants' expenses outside the CEMAC zone are authorised without limit.

Transfers in settlement of imports in excess of 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

VISA

The ways to come in Congo for foreign person is prior getting a visa at the Congolese embassy in their country of origin.

Documents required:

- A Letter of Invitation (LOI) delivered by immigration administration in Congo. The request of a LOI must include the following elements
- A copy of the passport of the foreign person
- Departure day
- The profession of the foreign person
- Detail of mission
- The certificate of accommodation obtained at a town hall which amounted at FCFA12 000
- A sum of FCFA20 000 in cash

The delay to obtain a LOI is approximately 3 open days. In practice, once in The Congo and when needed a visa of 3 months, 1 year or 3 years may be requested to the immigration office in Congo.

Work permit

According to the rules in force, there is a distinction between:

- Contracts of employment concluded abroad of which the execution time in the Republic of Congo is lower or equal to six months
- The contracts concerning expat employee of which the execution time in the Republic of Congo is higher than six months

Contracts of employment concluded abroad of which the execution time in the Republic of Congo is lower or equal to six months (case of the people in rotation who return to their country of origin periodically):

The Temporary Employment Authorisation (AET) of foreign workers is valid for a maximum duration of six months but ONEMO (National office for Labour and Employment) admits in practices it is renewable once for the same period.

Contracts of employment of which the execution time in the Republic of Congo is higher than six months (case of detachments or expatriations):
According to the case, it is required to apply for:

1. The authorisation of employment for foreign workers:
   - The employers having concluded employment contracts with expatriate employees which will be performed in the Republic of Congo for a period higher than six months, must request from the Minister for Labour an authorisation of employment of foreign workers on behalf of their employees. This authorisation is valid for two years as from the date of employment. It is renewable. The request or the renewal of the authorisation of employment results in the payment to ONEMO of a levy of FCFA100 000
   - A one year valid work card is also delivered to the expatriate employee. The delivery of the work card or its renewal, results in the payment to ONEMO of a levy of FCFA10 000
2. The Provisional Authorisation of Employment (APE):
   - In the event of urgency (for example when the authorisation of employment cannot be delivered in time), a provisional authorisation of employment (APE) of a foreign worker can be delivered by the General Manager of ONEMO, upon deposit of the application for an employment authorisation for a foreign worker at the competent agency

The APE is valid for three months and cannot be renewed. It results in practice an additional payment of FCFA110 000 (including FCFA10 000 for the work card: see below).

Within the framework of the APE, a provisional work card is delivered to the worker which is valid for 3 months and renewable only once. This renewal of the work card is free.

The fact of recruiting a foreign employee without having obtained any kind of Authorisation of Employment either from the Minister (for the case of the contracts higher than 6 months), or from the General Manager of the ONEMO (case of the AET) makes the employer liable to a FCFA100 000 to FCFA1 000 000 fine.

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
Repo interest rate: 4.20%
Interest rate on tenders: 2.45%
Interest rate on investments: 0.0%
Minimum credit rating: 2.45%. (Source: Banque de Etats de l'Afrique Centrale)
Currency: Congo's currency is the Central African Franc (CFA Franc) (XAF), known locally as the FCFA
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 = XAF47.56 (March 2017) (Source: Oanda)
USD1 = XAF613.56 (March 2017) (Source: Oanda)
EUR1 = CFA 655.957 (fixed rate) (Source: Oanda)

Key Economic Statistics

Nominal GDP
(approximate)

USD9.8 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD9.5 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

N/A
The Republic of Congo does not have a stock exchange

Rate of Inflation
(average consumer prices)

4.0%
(average 2016)
(Source: IMF)

3.7%
(forecast 2017)
(Source: IMF)

Democratic Republic of Congo (DRC)

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Income Tax – Individuals

Taxable Income (CDF)	Rate
0 to 524 160	0%
524 161 to 1 428 000	15%
1 428 001 to 2 700 000	20%
2 700 001 to 4 260 000	22.5%
4 620 001 to 7 260 000	25%
7 260 001 to 10 260 000	30%
10 260 001 to 13 908 000	32.5%
13 908 000 to 16 824 000	35%
16 824 000 to 22 956 000	37.5%
22 956 001 and above	40%

Notes

1. Basis – In the DRC, there is no personal taxation per se taxes due from individuals on employment income are withheld by the employer and remitted to the tax authorities, while taxes due on other types of income (e.g. investment income) generally are subject to withholding tax. Individuals engaged in a business are taxed under the rules governing companies, i.e. all income accruing in or derived from business activity in the DRC is subject to corporate income tax (CIT). As a result of the source-based tax system applied in the country, both residents and nonresidents are taxable on employment income realised in the DRC. Nonresidents are subject to tax only on DRC-source income.
2. Residence – An individual is a resident of the DRC for tax purposes if he/she spends more than six months in the country during the tax year.
3. Taxable income – Employment income includes salaries and other remuneration received as compensation for activities carried out in the country. For nonresidents, any fringe benefits or benefits in kind consisting of the provision of furniture, staff meals, telephone, water and electricity or power supply services are taxable income as per the DRC's tax requirements. In addition, any other benefits exceeding the legal limits, or deemed to be excessive as compared to normal standards, are added to taxable income for nonresidents. Capital gains are subject to the corporate income tax, provided they arise from a permanent and professional activity. Rental income is subject to the rental income tax, described below.
4. Deductions and allowances – All fringe benefits are taxable, except for housing allowances (if they do not exceed 30% of the basic salary) and nontaxable transport and family allowances (if they do not exceed the legal limits).
5. Rates – Individuals Income tax is levied at progressive rates ranging from 0% up to 40% only applicable to DRC-sourced income for both residents and nonresidents. However, the overall tax payable is limited to 30% of taxable income.

Income Tax – Companies

	Rate
General tax rate for DRC-incorporated companies, subsidiaries or branches of foreign companies	35%
Mining companies	30%

Notes

1. Basis – The DRC operates a source-based tax system, under which resident and nonresident 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 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 conducts professional activities under its own name in the country for more than six months.
3. Taxable income – Corporate income tax is levied on a company's gross income less deductions. Subject to the provisions pertaining to international agreements (i.e. tax treaties), income generated by professional activities carried out in the DRC is subject to tax, even if the beneficiary's registered office, main place of effective management or permanent residence is not located in the DRC. Dividends received are treated as taxable income, except in a case where the 20% tax on dividends has been withheld upon the payment (to avoid double taxation). Capital gains are treated as taxable income and are subject to the standard rate of CIT. Rental income is subject to the 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 a company may not offset more than 60% of the profit before tax in any year. The carryback of losses is not provided for.
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, subject to the provisions pertaining to tax treaties.
7. Group relief – There is no provision allowing for any group relief or the transfer of losses between members of a group.
8. Rate – The general rate of 35% applies to a DRC-incorporated company, as well as to a subsidiary or branch of a foreign company established in the country. Mining companies 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 (IRL)

IRL applies to income from the rental of buildings and land located in the DRC. Rental income is taxed at 22%: 20% is withheld and paid by the tenant, and the landlord pays the remaining 2%. This tax is payable within 10 days following the payment of the rent.

Withholding Tax (WHT)

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

Payment	Residents	Nonresidents
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 nonresident 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 resident or nonresident generally is subject to a 20% WHT. An exemption applies to interest paid to a mining company if certain conditions are fulfilled (see "Mining Taxes").
3. Royalties – Royalties paid to a resident or nonresident are subject to a 20% WHT on the net amount (royalty expenses may be deducted in an amount equal to 30% of the gross payment).
4. Payment for services rendered by nonresidents – Individuals or companies not domiciled or not having a tax residence in the DRC are subject to a 14% WHT on income arising from services supplied in the DRC.

Tax Treaties

Relief from double taxation is available through tax treaties to which the DRC is a signatory; however, it is important to note that the application of these treaties is still a controversial issue. The DRC has concluded two tax treaties:

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

Notes

1. Belgium: The WHT rate may not exceed 15% of the gross amount of the dividends if the beneficial owner is a company, beneficiary of an exemption under the Investment code, that holds at least 25% of the capital of the payer company; otherwise, the rate is 10%.
2. South Africa: The WHT rate may not exceed 5% of the gross amount of the dividends if the beneficial owner is a company that holds at least 25% of the capital of the payer company; otherwise, the rate is 15%.

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.

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

Thin capitalisation

There are thin capitalisation rules for mining companies. These companies have to observe a ratio of less than 75/25 between borrowed funds and equity.

Employment-Related Taxes

Payroll tax

Payroll taxes (IPR) are 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 IPR is an annual tax but is payable as a monthly WHT. It is due upon the payment of salaries to employees.

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

Social security

- Institut National de Sécurité Sociale (INSS) – An employee must contribute 3.5% of his/her gross salary to the INSS. The employer is required to contribute 9% of the gross salary
- Insittut National de Préparation Professionelle (INPP) – The employer is required to contribute to the INPP between 1% and 3% of the employees' gross salaries, depending on the size of the company
- Office National de l'Emploi (National Agency for Employment) (ONEM) – A 0.2% ONEM contribution is made by the employer

Exceptional tax on expatriates' salaries (IER)

The IER is an additional tax levied on expatriates' taxable salaries. It is a liability on the part of the employer. The IER is not a WHT.

Mining Taxes

Mining taxes in the DRC apply as follows; some of the rules described are for taxes applied only to mining companies, while others are special rules relating to taxes that are applicable to all companies:

Mining royalty

A mining royalty is owed as from the date of commencement of effective exploitation. The mining

royalty is calculated on the value of sales realised, less transport costs and less tests, insurance and marketing costs. The rate of the mining royalty is 0.5% for iron or ferrous metals, 2% for nonferrous metals and 2.5% for precious metals.

Profit-based tax/professional tax on benefits
A professional tax on benefits (at the preferential mining code rate of 30% (instead of the 35% CIT rate)) is levied on the net profits from exploitation, determined in accordance with the accounting and tax legislation in force.

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

The 20% standard rate of the WHT is not applied to interest paid on loans contracted abroad in foreign currency. However, to benefit from this exemption, loans from related companies must be granted with interest rates and other conditions that are as favourable as, or more favourable than, loans that would be obtained from third parties.

Interest paid outside the DRC to any person directly or indirectly related to the company may be deductible only if the principal amount is repaid in full within five years of making the funds available to the borrower, and the interest rate does not exceed the average interbank rate recognised internationally in the month of repayment of the principal amount.

Professional Tax on remuneration
The holder of a mining title must make the standard WHT on salaries payable to its employees through the PAYE system.

Exceptional tax on expatriate salaries
The holder of a mining title is liable to pay the exceptional tax on expatriate salaries at a preferential mining code rate of 10%, instead of the standard rate.

Annual traffic tax
The holder of a mining right is liable to pay the annual traffic tax pursuant to the general tax legislation, except for those vehicles used exclusively within the mining perimeter.

Indirect Taxes

Value Added Tax (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%. However, VAT on the export of goods and related transactions is levied at 0%.

3. Registration – Registration is compulsory for all persons (business or individual) that meet the legal requirement to be liable to VAT (i.e. a turnover of 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.

Customs and Excise Duties

Import duties are levied on the CIF (cost-insurance-freight) value of goods imported, at rates ranging from 0% to 20%. Export duties are levied on the FOB (free-on-board) value of goods exported, at rates ranging from 1% to 10%.

Other Taxes

Inheritance/state 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; its rate is fixed at the provincial level (i.e. the rate is fixed at 3% for shares of entities whose head offices are located in Kinshasa and Katanga).

Property tax
Property tax is an annual tax levied on developed and unbuilt properties, the amount of which varies according to the nature of the buildings and the rank of the property location. In the case of villas located in the first, second, third and fourth rank locations, the property tax is imposed per square meter.
The rate of the property tax is determined by the provincial tax department.

Tax Administration and Compliance
Tax is administered by the 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. The CIT is payable by way of two advance payments due by 1 August and 1 December, each representing 40% of the CIT liability paid in the previous year, and any balance is payable with the current year-end tax return.
4. Penalties – Failure to self-assess tax, an understatement of tax liability or a late tax payment is subject to a 20% penalty for a first offence and 40% for a second or subsequent offence, plus 4% monthly interest on the amount due.
5. Rulings – Tax administration's rulings are not final the taxpayers and their mandatories who have a general or special mandate under which they are acting must, before filing a complaint with the judge, make a written complaint against the amount of their tax. The claim must be lodged 6 months from the date of the filing of 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 through 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 is fully settled through the PAYE system.
4. Penalties – See penalties under "Companies," above.

Value added tax
1. Filing and payment – VAT returns and payments are due by the 15th day of the following month. Any transaction taking place between two persons subject to the VAT regime in an amount of at least CDF1 million should be paid only by way of a check or a bank deposit.
2. Penalties – they include penalties for assessment, recovery, and administrative fines of which the rate depends on the nature of the infringement.

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 Finances and Planning for consideration and approval. Incentives granted under the New Investment Code are not available to foreign companies (branches) or, inter alia, to the following sectors: mining, oil, banking, insurance, commercial activities and armament industries. Any other investor can apply for incentives provided for in the code if the following requirements are met:

- Be (or create) a qualifying Congolese company
- Submit a license application to the ANAPI
- Pay the application fees due
- Invest at least USD1 million for the company
- Commit to comply with the regulation in respect of environmental protection
- Commit to train national personnel for specialised technical skills, supervisory functions and responsibilities
- Guarantee a value added rate of at least than 35%

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 code grants the following specific tax incentives and exemptions:

- Full exemption from corporate 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 of an increase of the approved capital
- Exemption from the tax on land surfaces 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. 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

In the event of a short-term contract (i.e. less than six months), employees need to apply for only an ordinary three-month visa at the Congolese embassy of the 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 records certificate no older than three months. However, if the expatriate will provide services for a period exceeding six months, the employer is required to apply for a work permit and a resident visa. The work permit and resident visa will be valid for two years.

Note that when the expatriate employee has been hired abroad for a contract that will be executed in the DRC, such expatriate employee must comply with the provisions of the DRC Labour Code. Therefore, it is advisable that a local employment contract be entered into amongst other aspects.

Work permits

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

- 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)

There are additional requirements when the applicant is a director (as opposed to a mere employee). In that case, the following documents are required:

- Copy of the articles of association of the company
- Minutes of the general meeting of the shareholders
- Organisation chart of the company

Resident visas

The requirements are as follows when an employee is applying for an establishment (resident) visa:

- 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

- Organisations – 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) and Organisation for Harmonisation of Business Law in Africa (OHADA)

Interest and Currency Exchange Rates

Interest rates
Key rate 7.0%* (last recorded 2016) *Benchmark interest rate (Source: Central Bank of Congo)
Currency: Congolese Franc (CDF). The symbol for the franc is FC
The franc is subdivided into 100 centimes. There have been two versions of the franc; the current version is referred to as the new Congolese franc.
ZAR1 = CDF101.09 (March 2017) (Source: Oanda)
USD1 = CDF1303.87 (March 2017) (Source: Oanda)
EUR1 = CDF1394.11 (March 2017) (Source: Oanda)

Key Economic Statistics

GDP
(approximate)

USD39.82 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD43.65 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

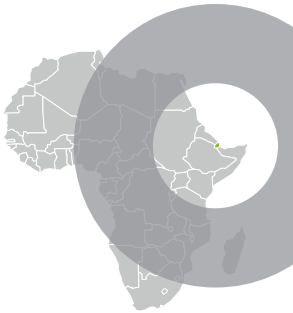
Not available
There is no stock market in the DRC

Rate of Inflation
(average consumer prices)

1.7%
(average 2016)
(Source: IMF)

2.7%
(forecast 2017)
(Source: IMF)

Djibouti



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Income Tax

Resident individuals

Taxable income (DJF)	Rate
Up to 30 000	0
30 001 – 50 000	15%
50 001 – 150 000	18%
150 001 – 600 000	20%
Over 600 000	30%

Notes

1. Basis – Tax is applicable for both Djiboutian nationals and non-Djiboutian nationals who have Djiboutian-source income. 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 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.
5. Deductions and allowances – Article 59 of the Tax Code lists deductions rates for expenses and allowances from 20% to 40% inherent in the function or employment for various professions.
6. Rates – Rates are progressive up to 30% (over DJF600 000) for employment income. Individuals who derive business and professional income other from employment are taxable at the standard corporate income tax rate of 25%.

Nonresidents

Non-Djiboutian nationals are applicable to Djiboutian-source income. Nonresidents are also subject to tax on salary paid outside of Djibouti for work performed in Djibouti.

Companies

Standard rate – 25%

Notes

1. Basis – Djibouti operates a territorial tax system. Entities (both resident and nonresident) generally 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 to purchase and sell securities and companies that are eligible for the tax incentives available under the Investment Code.
2. Residence – Djibouti tax law does not define the concept of residence. However, companies and legal persons operating 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 certain allowable deductions and excluding exempt income and income from immovable property, which has been subject to property taxes. 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 particular industry or activity that the taxpayer is undertaking. Reserves and provisions normally are deductible for tax purposes if they provide for clearly specified tax deductible expenses that are likely to occur and if they appear in the financial statements and in a specific statement in the tax return. Nondeductible expenses include dividends, penalties, fines and extra payments of all kinds charged to companies in respect of infringements of laws or regulations, and certain payments to shareholders, partners and directors.
6. Losses – Losses arising from normal business activities during a given 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 any 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.
11. Anti-avoidance rules – There are no specific transfer pricing rules in Djibouti, although the tax authorities can adjust the prices in related party transactions. There are no formal thin capitalisation rules, although under the tax law, 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, and 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. There are no controlled foreign company rules.

Withholding Tax (WHT)

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

Income	Residents	Nonresidents
Dividends	5%	5%
Royalties[1]	25%	10%
Interest	0%	0%
Fees (technical)	10%	10%
Fees (management)	25%	10%
Branch remittance tax	n/a	n/a

Notes

1. The following payments are exempt from WHT on royalties: remuneration for professional training; royalty payments by companies licensed under the Free Zone and the Investment Code; fees for financial and insurance operations paid by resident companies specialising in financial and insurance activities.

Tax treaties

Djibouti has not signed any double taxation agreements.

Anti-Avoidance Rules

Transfer Pricing

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

Thin Capitalisation

There are no formal specific or general thin capitalisation (GTC) regulations in Djibouti. However, under article 30-3 of the GTC, 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 1 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.

Indirect Taxes

Value Added Tax (VAT)	Rate
Standard rate	10%

Notes

1. Taxable transactions – VAT is levied on the provision of services, goods and import.
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.

In addition, a domestic consumption tax applies to goods imported for processing or consumption within Djibouti. The tax is levied at rates of 0%, 2%, 5%, 10% and 23%, depending on the type of goods involved.

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

Other Taxes

Social Security

An employer is required to remit social security contributions in respect of an employee's total salary at a rate of 15.7% (including family allowance 5.5%, health and professional injuries 6.2%, retirement pension 4%). The contributions for social security are calculated on the total salary including fringe benefits, capped at DJF300 000 per month. In addition, the employee must contribute 4%.

Inheritances/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.

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 tax, 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, and 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	Rate
Up 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 granted to: land belonging to the state or used for public services; land used for educational services; and land belonging to international entities, and foreign embassies or consulates, subject to reciprocity.

Stamp Duties

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

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 includes a fixed portion specified by the tax authorities and a variable portion levied based on

the rental value at varied rates depending on the individual/entity's business and location.

Special Business License Duty
The business license duty (BLD) applies at a fixed rate (from 0.3% to 0.5% of share capital) and, as from 1 January 2016, and for certain listed businesses (private call centres and importers of goods), at progressive amounts varying from DJF700 to DJF5 000.

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 rate is 33%. It relates to the VAT as mentioned, or the *Taxe sur les biens et services* TBS (translated is a Goods and Services Tax) which is a recent tax applicable since 2017 on goods and services. A tax on goods and services is created for the benefit of the State budget (TBS). The 2017 Finance Law provides the following definition:

- Are subject to the TBS, all transactions consisting in the supply of goods and 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 exempt from VAT are excluded from the TBS applicability scope
- All individuals and legal persons who undertake the above mentioned activity, with an annual turnover below DJF20 000 000 or 10 000 000 are subject to the TBS
- The rate of TBS is fixed at 7%, a reduced rate of 5% is applicable to the following transactions: sale of fruits and vegetables, catering and sale of meat and fish
- The taxpayers must file a monthly return with the tax authority, along with the payment. The return must be submitted no later than the 15th day of the following month

In addition, the taxpayers have the obligation to send an email to the tax authority within 48 hours of the return submission deadline, with a summary including: the invoice date, the client name, the Tax Identification Number, the amount excluding VAT as well as the TBS invoiced or received.

Tax Administration

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 (i.e. 1 March following the end of the calendar year).
4. Tax identification number – Taxpayers must apply for the renewal of the tax identification number no later than 31 March each year.
5. Penalties – Penalties for late filing are 0.5% of the tax amount due for each month late, and is increased to 10% where the return has been filed within 20 days of the formal notice, and 40% where the return has been filed more than 20 days of the formal notice or nor filed at all.
6. Rulings – Rulings are not granted in Djibouti.

Individuals

1. Tax year – The tax year is based on the calendar year.
2. Tax filing – Married couples are assessed separately i.e. every individual taxpayer is taxed individually regardless of the 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 PIT payable by employees must be withheld at source each month by the employer and remitted to the Treasury not later than 15 days following the salary payment. If the amount of the monthly withholding taxes is less than DJF50 000, the payment may be made within the following 3-month period. Where an individual derives income solely from employment, tax is paid on a monthly basis through a withholding tax mechanism. For an individual deriving income from business or professional independent activities, tax is payable 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 listed.

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 consumption tax 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 nonrenewable seven-year period: corporate income tax, property tax and domestic consumption tax. 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; construction, creation and exploitation of teaching and training institutions.

- **Regime for financial investments:** The regime for financial investment 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 all taxes, duties and applicable levies, with the exception of VAT for a renewable period of up to 50 years. Up to 70% of the company's staff may be foreign for the first five years; after that, the quota will be reversed, i.e. it will be 70% of Djiboutian staff and 30% foreign staff. If the company fails to comply, the Free Zone Authority will not grant a new license. Foreign staff are not required to pay social security contributions, and the firm does not have to pay social security contributions for such staff.

Exchange Controls

There are no foreign exchange control regulations applicable in Djibouti.

Expatriates and Work Permits

Typically, foreign individuals working in Djibouti should obtain a work permit and a residence permit (identity card) by providing proof of their offer of employment. Sponsorship from a local employer is needed to obtain a work permit.

Trade Relations

Memberships and International Organisations – World Trade Organisation (WTO), African Union (AU), Arab League, La Francophonie, Group of 77 and United Nations

Interest and Currency Exchange Rates

Monetary Policy Rate
Benchmark interest rate : 11 60% (Source: Banque Centrale de Djibouti)
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 = DJF13.78 (March 2017) (Source: Oanda)
USD1 = DJF177.78 (March 2017) (Source: Oanda)
EUR1 = DJF190.07 (March 2017) (Source: Oanda)

Key Economic Statistics

GDP
(approximate)

USD1.894 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD2.11 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

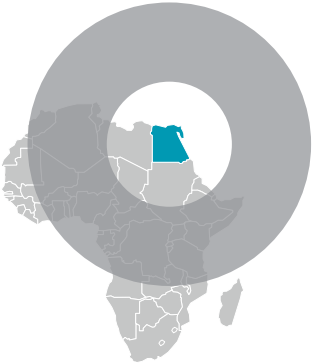
N/A
Djibouti does not have a stock market

Rate of Inflation
(average consumer prices)

3%
(average 2016)
(Source: IMF)

3.5%
(forecast 2017)
(Source: IMF)

Egypt



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Income Tax

Residents

Taxable Income (EGP	Rate
EGP	%
0 – 6 500	0%
6 501 – 30 000	10%
30 001 – 45 000	15%
45 001 – 200 000	20%
Over 200 000	22.5%

Notes

1. Basis – A resident individual is taxable on his/her worldwide income if Egypt is the "centre of his/her commercial interests." A non-resident individual is taxed only on his Egyptian-source income.
2. Residence - An individual is resident if 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 deriving income from Egyptian sources.
3. Taxable income –Taxable income includes income realised from employment, commercial or industrial activities and non-commercial activities (i.e. the exercise of a profession). Mandatory profit sharing, pensions and end-of-service bonuses are not subject to salary tax. Capital gains realised on the sale of unlisted shares by resident or nonresident individuals are included in taxable income and subject to the normal progressive tax rates. (see below)
4. Deductions and allowances - Available tax deductions depend on the type of income. Various tax allowances are available for items such as social security contributions and health insurance premiums.
5. Rates: Individual income tax is levied at progressive rates up to 22.5% for both residents and nonresidents received for work performed in Egypt.
6. Tax Exemption – Both residents and non-residents are entitled to an annual salary exemption of EGP7 000.

Companies

Income Tax Rates for Companies

	Rate of Tax
Income for all companies	22.5%
Oil & gas companies	40.55%

Notes

1. Basis - Resident companies are taxed on their worldwide income. Non-resident companies are subject to tax only on Egyptian-source profits if a Permanent Establishment (PE) exists. Non-resident companies pay tax only on Egyptian-source profits realised via a PE in Egypt. Non-residents become liable to tax from the day they begin to carry on a trade, business and profession in Egypt. Double Taxation Treaties (DTAs) have been concluded with a number of countries providing some relief which apply based on each type of income.

2. Residence - A company is resident if it is established according to Egyptian law, its main or actual headquarters is in Egypt or it is a company in which the State 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 for earning them (i.e. "tax pool"). Capital gains realised on the sale of unlisted shares by resident or non-resident individuals are subject to progressive tax rates up to 22.5%. (See under Capital Gains Tax)
4. Exemptions - A "Dividend Exemption" (DIVEX) mechanism exists under Egyptian tax law under which 90% of the dividends received by a resident parent company from another entity (whether or not resident in Egypt) are exempt from corporate tax. This mechanism applies where the Egyptian resident parent holds more than 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 in any case to hold the shares into the subsidiary that has distributed the dividends for two years, to complete the "holding period". In case the ownership is less than 25% then the dividends are excluded from the tax pool together with related costs based on a formula specified in the law.
5. Capital allowances – The Egyptian tax law does not have any specific capital allowances other than tax depreciation.
6. Interest – Interest expenses are considered tax deductible if the payer's average debt/equity ratio does not exceed 4:1. In addition, if the interest rate exceeds two times the credit and discount rates announced by the Central Bank of Egypt in the beginning of the calendar year, interest expense on the excess shall not be tax deductible.
7. Losses - Normal business losses can 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.
8. Deductions – Normal business expenses are deductible in calculating taxable income but must be supported with documentation, be business related and necessary for company's activities.
9. 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 in Egypt.
10. Alternative minimum tax - There is no Alternative Minimum Tax (AMT) in Egypt.
11. Consolidated returns - There are no provisions for consolidation of accounts for group taxation in Egypt.
12. Group relief – There is no provision allowing for any group relief or the transfer of losses between members of a group.
13. Branch taxation – Profits realised by a branch or permanent establishment of a foreign company are deemed to be distributed to the head office within 60 days from the year-end and are subject to the 5% dividend withholding tax, subject to the provisions of an applicable tax treaty.
14. Rate – The standard rate of corporate tax in Egypt is 22.5% for taxable and 40.55% for companies engaged in the exploration and production of oil & gas. The Suez Canal Authority, the Egyptian Petroleum Authority and the Central Bank are taxed at 40%. Profits of branches or Permanent Establishments (PEs) deemed distributed to head office within 60 days and subject to 5% dividend withholding tax. Branch rates vary from 22.5% to 5%.

Withholding Taxes (WHTs)

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

WHT Rates	Note	Corporate Bodies	Individuals
Dividends	1	10%/5%	10%/5%
Royalties	2	20%	20%
Interest	3	20%	20%
Technical services	4	20%	20%

Notes

1. Dividends paid to a resident or a non-resident entity are subject to a 10% withholding tax. The rate is reduced down to 5% where the corporate recipient holds at least 25% of the capital or voting rights in the paying company for at least two years. In cross-border situations, the rate could be further reduced under a relevant bilateral tax treaty.
2. Interest paid to a non-resident is subject to a 20% withholding tax, unless the rate is reduced under a relevant bilateral tax treaty. Interest paid on a long-term loan (i.e. a loan with a term of at least three years) is not subject to withholding tax.
3. Royalty payments made to a non-resident are subject to a 20% withholding tax, unless the rate is reduced under a relevant bilateral tax treaty.
4. Outbound payments against "Services" trigger, in principle, a 20% withholding tax on exit from the country. A relevant bilateral tax treaty can override domestic tax law directly and grant benefit to the beneficial owner of the service payments. It is common for the Egyptian Tax Authority to re-qualify service payments that are suspected to include a right to use "experience", and thus applying the same withholding tax treatment and limitations applicable to outbound payments against royalties.

Tax treaties

Egypt has concluded tax treaties with the following countries:

Country	Dividends	Interest	Royalties
Albania	10%	10%	10%
Algeria	10%	5%	10%
Austria	15%	15%	-
Bahrain	0	-	-
Belarus	15%	10%	15%
Belgium	15/20%	15%	15%
Bulgaria	10%	15%	15%
Canada	15/20%	15%	15%
China	8%	10%	8%
Cyprus	15%	15%	10%
Czech Republic	5/15%	15%	15%
Denmark	15/20%	15%	20%
Finland	20%	15%	20%
France	0	15%	15% franchise and other royalties
Georgia	10%	10%	10%
Germany	15/20%	15%	15%
Greece	10%	10%	10%
Hungary	15/20%	15%	15%
India	-	20%	20%
Indonesia	15%	15%	15%
Iraq		20%	16%
Ireland	5/10%	10%	10%

Italy	20%	20%	15%
Japan	20%	20%	15%
Jordan	15%	15%	20%
Kuwait	10%	10%	10%
Lebanon	10%	10%	10%
Libya	-	-	-
Macedonia (FYROM)	10%	20%	10%
Malaysia	0	15%	15%
Malta	10%	10%	12%
Mauritius	5/10%	10%	12%
Morocco	10/12.5%	20%	10%
Netherlands	0/15%	12%	12%
Norway	15%	20%	15%
Oman	12.5%	12.5%	15%
Pakistan	15/30%	15%	15%
Palestine	15%	15%	15%
Poland	12%	12%	12%
Romania	10%	15%	15%
Russia	10%	10%	15%
Serbia & Montenegro	5/15%	15%	15%
Singapore	15%	15%	15%
South Africa	15%	12%	15%
South Korea	10/15%	15%	15%
Spain	9/12%	10%	12%
Sudan	0/15%	20%	10%
Sweden	5/20%	15%	14%

Switzerland	5/15%	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%	15%	15%
United States	5%/15%	15%	15&
Yemen	N/A	10%	10%

Notes

1. The lower rate on dividends applies where the recipient is a company that holds at least 25% of the share capital of the taxpayer company for at least two years

Capital Gains Tax (CGT)

Individuals

Capital gains realised by a resident or non-resident individual on the sale of listed shares are subject to a 10% income tax in a separate income pool. However, this tax has been temporarily suspended for two years as from 17 May 2015 and until 17 May 2017.

Capital gains realised on the sale of unlisted shares by resident or non-resident individuals are subject to progressive tax rates up to 22.5%.

Income derived from the sale of assets in a sole proprietorship becomes part of an individual's taxable base (including the sale of sole proprietorship real estate). If not classified as sole proprietorship assets, real estate values are subject to a separate 2.5% taxation on the gross proceeds.

Companies

Only capital gains derived by a resident or non-resident company from the sale of shares listed on the Egyptian stock exchange are subject to a reduced 10% corporate income tax in a separate income tax pool. However, this tax has been "suspended" (i.e. an exemption is actually granted) for two years as from 17 May 2015 until 17 May 2017 subsequent to that date the 10% tax will apply on resident and non-resident sellers.

On the contrary, capital gains derived by a resident or a non-resident entity from the disposal of unlisted shares in Egyptian companies are included in taxable income and taxed at the standard corporate tax rate.

Anti-avoidance Rules

Transfer Pricing

Related party transactions must be conducted on arm's length terms. Transfer pricing rules apply to the exchange of goods, services and the licensing of intangibles (brand, technology etc.), as well as to loans (financing, guarantee fees, cash pooling agreements, etc.). Five transfer pricing methods are specified: comparable uncontrolled price, resale price, total cost plus profit margin, profit split and the transactional net margin methods, with priority given to the comparable uncontrolled price method. However, if the information needed to apply this method is unavailable, the other methods are used in a hierarchical order. The transfer pricing rules recommend that taxpayers follow a four-step approach to demonstrate that their controlled transactions are in accordance with the arm's length principle.

Egyptian taxpayers are expected to prepare transfer pricing documentation annually.

Advance pricing agreements (APAs) are allowed under Egyptian tax law, but there are no formalised procedures for applying for an APA.

Thin Capitalisation

A 4:1 debt-to-equity ratio applies. Any interest on debt exceeding this ratio is disallowed. In parallel, interest cannot exceed, in whatever case, two times the credit and discount rate issued by the Central Bank at the beginning of each calendar year. Finally, interest rate of loans between related parties should be on an arm's length basis and supported by transfer pricing documentation.

Controlled Foreign Companies (CFCs)

Income from investments in non-resident companies is recognised under the equity method of revenue recognition and is taxed in Egypt if: (1) the Egyptian entity owns more than 10% of the non-resident entity; (2) more than 70% of the non-resident company's income is derived from dividends, interest, royalties, management fees or rental fees (i.e. "passive income"); and (3) the profits of the non-resident entity are not subject to tax in its country of residence, are exempt or are subject to a tax rate of less than 75% of the corporate tax rate applicable in Egypt.

Employment-related taxes

Payroll tax

The employer contributes to social security otherwise there is no payroll tax.

Social Security

The social security regime applies only to local nationals, unless a social security agreement with another country applies.

Statutory payments

Statutory payments to employees under profit sharing regulations may not be deducted for corporate income tax purposes and are not subject to salary tax.

Indirect Taxes

Value Added Tax (VAT)	Rate
Standard rate	13%

Notes

1. General - A new VAT law has been introduced, replacing the existing Sales Tax law. The new VAT will be imposed at each stage of the production and distribution chain of goods and services. However, to date the executive regulations of the law have not yet been issued.
2. Taxable transactions - VAT generally applies to the supply of all goods and services. Services are widely defined as anything that is not classified as a "good", which means that intellectual property, consultations and management services, etc. is subject to VAT. Input VAT can be offset against output VAT on most items.
3. Rates - The standard rate is 13% from date of implementation to 30 June 2017, increasing to 14% from 1 July 2017 onwards. Certain goods and services are specified as "Tabled items". These have a special rate applicable and their providers are not allowed to offset input VAT against their output VAT. These include professional services, petroleum products, media productions etc. Constructions contracts are also included in this table but as an exception their input VAT paid to subcontractors could be offset against output VAT on same projects. Specified goods and services are subject to the general rate, as well as the table rate, potentially making the effective VAT rate on these items over 20%. These items include cars, home appliances, air conditioning equipment and mobile telecommunication services.
4. Exempt items - The VAT law contain a list of 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 exempt by virtue of an international agreement or special law.
5. Exported goods or services – Subject to a zero rate of output VAT.
6. Reverse charge mechanism – Applies on imported taxable goods and services from non-resident suppliers to a non-VAT registered resident consumer (B2C transactions) or to a VAT registered resident customer (B2B transactions).

7. Registration - All companies must prepare and file a monthly VAT return with the Egyptian Tax Authority. Resident providers of goods or services have to register for VAT purposes only if their revenues per year are equal or higher than EGP500 000. Voluntary registration is possible below this limit. No minimum registration threshold exists for providers of tabled items and double taxed items, where they 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.

Free imports include*:

- 200 cigarettes
- 25 cigars
- 200 grams tobacco
- 2 litres of alcohol
- Perfume for personal use

* This applies with the US$200 limit per individual entering.

Prohibited imports include

- Drugs, firearms and cotton.

Restricted imports include

- Cash, cheques, credit cards and gold over the value of USD10 000 must be declared on arrival.
- Vehicles:
  - Customs duty varies between 40% and 135%
  - Tax varies between 10% and 45%
  - Full customs duty and tax is payable for all vehicles
  - For used cars, the shipper must prove that he/she is the first owner of the car
  - For new cars, the car must be imported within the same year of manufacturing
  - Cars are duty-free and tax-free entry only for diplomats
  - Cars with trip tickets issued by automobile clubs are allowed to enter duty-free and tax-free only on a tourist basis for three months, renewable for another three months. Cars must be exported out of Egypt at the end of the six month period. Licensing fees are only applicable on these cars

Returning Egyptian diplomats

Particular duty-free and tax-free entry is granted for returning Egyptian diplomats provided the Egyptian Ministry of Foreign Affairs supplies the shipper with the necessary forms of the duty-free and tax-free entry.

Other Taxes

Inheritances and Donations

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

Real Property Tax

Most of the real estate properties in Egypt are subject to the 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 and a 30% deduction 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 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 Duties

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

Tax Administration

The tax authorities are Egyptian Tax Authority - Ministry of Finance

Corporations

1. 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. 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. 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 of Egypt.

Individuals

1. The tax year is the calendar year.
2. Individuals must submit a declaration of income before 1 April following the end of the tax year and pay tax based on the declaration.
3. 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 income and benefits for the entire year and pay it to the tax authorities with the annual income tax return before 31 January of the following year.
4. Employers generally are responsible for withholding and remitting the salary tax due to the relevant tax authorities on a monthly basis. However, if the employee is paid from an offshore source, the individual is required to declare it to the relevant authorities before the end of January following the tax year.
5. A penalty of not less than EGP5 000 and not more than EGP20 000 is imposed for failure to file a tax return.

VAT

1. Filing and payment: All companies must prepare and file a monthly VAT return with the tax authorities.
2. All companies must prepare and file a monthly VAT return with the relevant Egyptian Tax Authority. All companies must prepare and file a monthly VAT return with the Egyptian Tax Authority.
3. Penalties: Delay Fines (Additional Tax) 1.5% per month or any portion thereof of the tax unpaid.

General Investment Information

Investment Incentives

Tax Incentives

- Law No.8 of 1997 grants certain benefits. However, the majority of this law has been cancelled
- A customs tax at a unified rate of 5% of the value is levied on the value of all imports (machines, equipment and instruments) imported by such projects that are necessary for their establishment
- Taxes on profits resulting from the merger, division or the change of the legal entity of a project, may be postponed under certain circumstances; specifically, none of the entities involved in the transaction may be foreign entities, and there may be no trade in the shares of the resulting entity for a period of three years after the change in legal form. Such projects shall enjoy the exemptions prescribed before the merger, division or change of legal entity, until the relevant exempted period expires. The merger, division or change of the project's legal entity shall not result in any new fiscal exemptions
- In-kind contributions - The result of assessing the in-kind portions forming the foundation of joint stock companies (JSCs), shall be exempted from corporate tax, given that the assets are not sold within five years of the transaction

Free Trade Zones (FTZs)

- Projects set up in one of the active FTZs enjoy certain benefits that may be of interest to foreign investors. Such projects are not subject to any customs duties on imported goods or equipment. In addition, they are not liable to tax as long as their

activities are within the scope of their FTZ licence. These projects, however, are subject to a 1% levy on the value of goods entering their warehouse(s). Companies involved in assembly or manufacturing activities are subject to a 1% levy on the value of goods exiting their warehouse(s). Companies with no warehousing activities are subject to a 1% levy on their total revenue
- Licences to operate in FTZs may be granted for a range of activities based on the internal regulations of each specialised FTZ and the Agreement of the General Authority for FTZs and Investment

Other Incentives
- The country is in a geographically strategic location
- Moreover, it offers a cheap and relatively qualified labour force
- Its growing population constitutes a non-negligible market in the region
- Its energy resources are attractive
- In addition, the country has in recent years launched a public works policy (construction of the third metro-line, expansion of the port of Sokhna and improvement and renovation of the rail network), which offers many investment opportunities to foreign companies. Finally, the Egyptian Government policy for large-scale liberalisation and improving the appeal to foreign investors are encouraging signs for foreign investment

Exchange Controls

Following the floatation of the Egyptian Pound on 3 November 2016 the Central Bank of Egypt has relaxed some restrictions on the export of capital and the repatriation of funds. As more foreign currencies are flowing into the banking system more relaxation of the restrictions could be expected.

Expatriates and Work Permits

Employment in Egypt is not possible without a working visa, and a working visa can only be obtained with a formal job offer and contract from a company, sponsor, or certificate of experience from 3 to 5 years for certain nationalities. The required paperwork submitted for an entry visa changes often and is best handled by an agency or through the hiring company. The length and cost of obtaining an entry visa changes, is fixed for all the applicants with various nationalities and for any type of entry visa.

Trade Relations
- Memberships – African Union (AU)
- International organisations – Arab League, Group of 77, United Nations (UN)
- Tax treaties – Egypt has concluded over 56 tax treaties with various countries

Interest and Currency Exchange Rates

Prime Bank Overdraft Rate
12.5% (2014 estimate) (Source: Central Bank of Egypt)
Currency: Egypt's currency is the Egyptian Pound (EGP)
ZAR1 = EGP1.36 (March 2017) (Source: Oanda)
USD1 = EGP17.57 (March 2017) (Source: Oanda)
EUR1 = EGP18.78 (March 2017) (Source: Oanda)

Key Economic Statistics

GDP (approximate)

USD330.77 billion
(2015)
(Source: World Bank)

Market Capitalisation

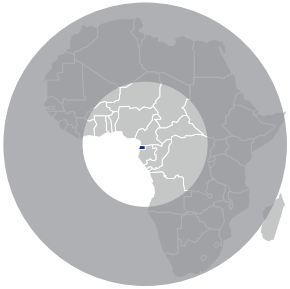
EGP612.8 billion
(January 2017)
(Source: Egyptian Exchange)

Rate of Inflation

30.859% specific inflation
(January 2017)
(Source: IMF)

28.138% general inflation
(January 2017)
(Source: IMF)

Equatorial Guinea



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Income Tax – Individuals

Taxable income (XAF)	Rate
0 – 1 000 000	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. Nonresident individuals are subject to tax on transactions and services carried out in Equatorial Guinea (EG).
2. Residence – A person operating in EG and staying more than three months in one calendar year, or more than six months in two years, is considered resident in EG. Individuals operating in the oil and gas sector in EG are considered resident only where the individual stays in EG more than three months in one 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, self-employment income, capital gains etc. and *per diems* for attending meetings of boards of directors are taxable, excluding special allowances to cover expenses relating to the position to the extent the expenses are effectively used for their objective and not excessive. Capital gains accruing to individuals as a result of 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.
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 first residence in EG, alimony and payments made to the welfare fund on behalf of domestic employees. For salaries, wages, pensions and annuities, allowable deductions for business expenses amount to 20% of income but cannot exceed 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%; food: 20% (imposed on gross salary up to a maximum XAF150 000 for food only). Nonresident individuals are subject to a final withholding tax on their gross income from EG sources generally at a 10% or 25% rate (see Withholding tax, below). Capital gains are subject to the general tax rate, except for gains realised by nonresidents, which are subject to a 25% withholding tax.

Income Tax – Companies

	Rate
Basic rate	35%

Notes

1. Basis – Resident entities are subject to tax on their worldwide income. Nonresident 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 one calendar year, or for more than six months within a two-year period, is considered resident. Companies operating in the oil and gas sector in EG for more than three months in one calendar year are considered resident.
3. Taxable income – Taxable income is a company's gross income, less allowable deductions and losses. Dividend income is subject to tax. 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 remain registered in the name of the shareholder for at least two consecutive years. Capital gains are treated as ordinary business income, but capital gains realised on the disposal of business fixed assets are excluded from income for a three-year period if the taxpayer reinvests the gain in new business fixed assets. Capital gains resulting from the gratuitous allocation of certain shares or debentures on the merger of limited liability companies or limited partnerships with share capital is excluded, provided the company arising from the merger has its registered office in EG. Capital gains arising on the assignment, transfer or cessation of a company within five years following its creation or purchase will be assessed at only half their value (one-third their value if such event takes place more than five years after the company is formed or purchased).
4. Deductions – Expenses incurred that are necessary for carrying out a company's taxable activity in Equatorial Guinea are deductible. However, to be deductible, depreciation must be recorded in the accounting books. A company can indefinitely defer depreciation claims if it is in a loss position.
5. Losses – Losses may be carried forward for up to three years (up to 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 in the case of a corporate merger or other reorganisation.
6. Foreign tax credit – None
7. Group relief – There is no provision allowing for any group relief or the transfer of losses between members of a group.
8. Rate – Corporate income tax is levied at a rate of 35%.
9. Branch taxation – Branches of foreign companies are subject to 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. However, the 1981 Hydrocarbon Law establishes a different rate of 10% which is applicable to Production Sharing Contracts (PSC) entered before 2016

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 CFA800 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. (Minimum income tax 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 licence interests. Companies engaged in upstream petroleum operations are subject to corporate income tax on taxable income in accordance with terms established by the 1994 Hydrocarbons Code. Royalties are deductible if they are not exaggerated 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 regarding act. 58 of Hydrocarbon Law 8/2006 (former PSC –before 2006- may apply another rate). Payments to resident and nonresident contractors may be subject to withholding tax. Certain customs duty and import duty exemptions apply.

Withholding Tax (WHT)

Payment	Resident	Nonresident
Dividends	-	25%
Interest	-	25%
Royalties	-	10%
Technical service fees	-	10%
Capital gains	-	25%
Oil and gas services	6.25%	10%
Mobilisation, demobilisation and transportation services related to oil and gas	5%	0%

Notes

1. A company operating in the oil and gas sector as a contractor or subcontractor must withhold tax of 10% from the wages and income paid to its nonresident contractors and subcontractors (6.25% of 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."

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. 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 Central African Economic and Monetary Union (CEMAC) member states to improve tax cooperation between CEMAC administrations and to limit double taxation. Members include: Cameroon, Central African Republic, Chad, Congo, EG and Gabon.

Anti-Avoidance Rules

Transfer pricing

EG law and CEMAC regulations only provide for a general rule on the prohibition of a direct or indirect transfer of income to an affiliated company by way of a diminution or increase in sale or purchase prices or interest on loans; there are no specific transfer pricing rules in EG. However, the tax authorities can assess such indirect transfers by comparing them with transactions of similar companies operating normally in EG.

Thin capitalisation

There are no thin capitalisation rules in EG.

Controlled foreign companies (CFCs)

CFC provisions apply where at least 35% of the share capital is held by nationals. The principle behind this rule is to allow EG citizens to invest in foreign companies established in EG and have economic benefits arising from such commercial activities

Employment-Related Taxes

Payroll tax

Income tax on employment income is generally collected by the employer via withholding tax 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

The employer contributes monthly to the National Social Security Fund (INSESO) and the Work Protection Fund. The employer contributions are 1% of the gross salary to the Work Protection Fund and 21.5% to INSESO.

Employee contributions are 0.5% of net salary to the Work Protection Fund and 4.5% of gross salary to INSESO.

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 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 a special duty tax at a rate of 30%.
3. Registration – Resident VAT payers must be registered. Nonresident VAT payers must 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

Customs duties are set by the CEMAC to which EG belongs. 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%

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 Community Tax of 0.5% also is collected on imports from outside the OHADA zone.

An oil and gas contractor may import into EG, free of import duties, all goods (e.g. materials, machinery, equipment, and consumer goods) directly necessary to properly perform the petroleum operations. 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 (for PSC before 2016 the applicable law was 1981 Hydrocarbon Law).

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 the creation of increase of capital, stock transfers of unquoted companies 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 nonresidents and between nonresidents); 5% on transfers of real estate for valuable consideration between residents and 25% between residents and nonresidents; and 5% on transfers for valuable consideration of goods and chattels and livestock, credits and 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 the property. An urban property tax is levied at 1% of 40% of the sum of the value of the land and the buildings constructed on it.

Other

Other potential taxes include the tax on vehicle and boat ownership and use, and the 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. Minimum tax is payable annually before 31 March. The final instalment is paid on 30 April.
4. Penalties – A fine of XAF200 000 per month is levied for late filings per month or fraction of a month, 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% (bad faith). A 50% penalty is imposed for failure to pay the minimum income tax.
5. Rulings – No rulings.

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 both on his/her own income and on the income of his/her dependent children and spouse, 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 are due to be paid by the employer by the 15th of the following month. Individuals are not liable to file their own returns, the employer bares the responsibility to do so.
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 25% plus 10% interest per month penalty, 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 payment bears interest at a 10% rate and a 50 % fine (100% in some cases) is applied. Delay in the submission of VAT monthly returns bears interest at a 10% rate. Re-assessment of VAT is fined at a 50 % rate (100% if the taxpayer is insincere). With regard to the unilateral procedure, the fine will be equal to 100% of the amounts due.

General Investment Information

Investment Incentives

General incentives

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

Exchange Controls

Transfers within the CEMAC zone are not restricted. An advance declaration is required for inward direct investments, which are capital investments 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. The reinvestment of undistributed profits is not subject to prior declaration, but transfers of at least XAF1 million outside the CEMAC zone do require authorisation. Transfers in excess of XAF5 million must be made via an authorised intermediary, namely 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 transfers to cover family and dependent expenses outside the CEMAC zone may be made without limit.

Expatriates and Work Permits

Expatriates must have a work permit. Foreign employees cannot exceed 10% of the staff (30% in the oil and gas sector). At least one-third of the members of the board of directors of an EG company must be EG nationals, and 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 Organisation (WTO) (observer status, not a full member)

Interest and Currency Exchange Rates

As a member of the CEMAC, EG has the same currency as other community members. The CFA Franc (XAF) is linked to the Euro (EUR) at a fixed exchange rate.

Benchmark Interest Rate
Repo interest rate: 4.2%
Interest rate on tenders: 2.45%
Interest rate on investments: 0.0%
Minimum credit rating: 2.45% (Source: Banque de Etats de l'Afrique Centrale)
Currency: Franc de la Communuté Financiére d'Afrique (CFA) (XAF) BEAC
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 = XAF47.56 (March 2017) (Source: Oanda)
USD1 = XAF613.56 (March 2017) (Source: Oanda)
EUR1 = CFA 655.957 (fixed rate) (Source: Oanda)

Key Economic Statistics

GDP
(approximate)

USD11.638 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD11.50 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

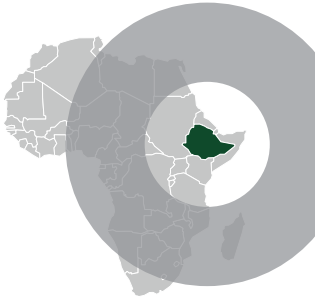
N/A
There is no stock market in EG.

Rate of Inflation
(average consumer prices)

1.5%
(average 2016)
(Source: IMF)

1.4%
(forecast 2017)
(Source: IMF)

Ethiopia



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Income Tax – Individuals

Taxable income (ETB)	Rate
0 – 600	0%
601 – 1 650	10%
1 651 – 3 200	15%
3 201 – 5 250	20%
5 251 – 7 800	25%
7 801 – 10 900	30%
Over 10 900	35%

Notes

1. Basis – Residents are subject to tax on worldwide income. Nonresidents are subject to tax only on all Ethiopian-source income.
2. Residence – Any individual who lives in Ethiopia for more than 183 days during a 12-month period, whether continuously or intermittently, will be regarded as resident for the entire tax period.
3. Taxable income – Any income generated is taxable unless specifically exempt. Employment income (including fringe benefits) is taxable, as is income earned from a business and investments.
4. Exempt income – Income up to ETB6 00 is exempt. Various categories of income are exempt from personal income tax, including pension contributions, all forms of retirement benefits contributed by employers in an amount that does not exceed 15% of the individual's monthly salary, amounts paid by employers to cover the actual costs of medical treatment, hardship and other allowances.
5. Deductions and allowances – A transport allowance up to ETB2 200 per month is granted, as is an allowance for pension contributions up to 15% of the basic salary.
6. Rates – Personal income tax rates are progressive up to 35%. These rates also apply to nonresidents. In addition, certain payments made to nonresidents are subject to a 15% withholding tax (WHT). Unincorporated or individual businesses are taxed in accordance with the table/schedule of rates for individuals.

Income tax – Companies

	Rate of Tax
Standard corporate tax rate (Nonmining companies)	30%
Mining companies tax rate	25%

Notes

1. Basis – The accounting basis used to determine is accrual accounting principles where income is recognised as earned and expenses are recognised when incurred.
2. Residence – A company is resident if it is registered according to Ethiopia's law on commercial registration.
3. Taxable income – Tax is imposed on the taxable business net profits from entrepreneurial activities. Taxable business income is determined per tax period on the basis of the profit and loss account or income statement, which must be drawn up in compliance with Generally Accepted Accounting Standards.

4. Deductible Expenditures: Subject to this Proclamation, in determining the taxable income of a taxpayer for a tax year, the deductions allowed to a taxpayer shall include the following:
   - Any expenditure to the extent necessarily incurred by the taxpayer during the year in deriving, securing, and maintaining amounts included in business income
   - The cost of trading stock disposed of by the taxpayer during the year as determined in accordance with the financial reporting standards
   - The 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 as determined under Article 25 of this Proclamation
   - A loss on disposal of a business asset (other than trading stock) disposed of by the taxpayer during the year
   - Any other amount allowed as a deduction to the taxpayer under this Proclamation for the year
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 the loss was incurred. There is no provision for loss carry-back.
6. Foreign tax credit – There is provision on the new income-tax law regarding foreign tax credit.
7. Group relief – There is no provision allowing for any group relief or the transfer of losses between members of a group.
8. Rate – The corporate income tax is 30% for nonmining companies and 25% for mining companies. For unincorporated or individual businesses, the business income tax rate ranges from 10% to 35%. The current CGT system in Ethiopia applies on sales of building at 15%, and transfer of shares at 30%.

Withholding Tax (WHT)

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

	Residents	Nonresidents
Dividends	10%	10%
Interest on deposits[1]	5%	5%
Royalties	5%	5%
Technical service fees	2%	15%

Notes

1. Interest deposits is subject to a 5% WHT. Both residents and nonresidents. Interest on payments to foreign banks for nonresidents is 10%.
2. Technical service fees mean "any kind of expert advice or technological service rendered".

Tax Treaties

Ethiopia has concluded Double Taxation Agreements (DTA's) with several countries:

Countries	Note	Dividend	Interest	Royalties
China, People's Republic		5%	7%	5%
France		10%	5%	7.5%
India		7.5%	10%	10%
Israel	1,2	5%/10%/15%	5%/10%	5%
Italy		10%	10%	20%
Kuwait	3,4	0%/5%	0%/5%	30%
Romania		10%	15%	15%
Russia		5%	5%	15%
Tunisia	5,6	5%	0%/11%	5%
Turkey	7	10%	0%/10%	10%
South Africa		10%	8%	20%
United Kingdom	8	10%/15%	5%	7.5%

Notes

1. If the recipient is the beneficial owner of the dividends the tax so charged shall not exceed: a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company (other than a partnership) which holds directly at least 10% per cent of the capital of the company paying the dividends; b) 10% of the gross amount of the dividends, notwithstanding the provisions of sub-paragraph a), if the beneficial owner is a company which holds directly at least 10 per cent of the capital of the company paying the dividends where that latter company is a resident of Israel and the dividends are paid out of profits which are subject to tax in Israel at a rate which is lower than the normal rate of Israeli company tax; c) 15% of the gross amount of the dividends in all other cases.

2. Interest may also be taxed in the Contracting State in which it arises and according to the laws of that State, but if the recipient is the beneficial owner of the interest the tax so charged shall not exceed: a) 5 per cent of the gross amount of the interest in the case of interest arising in a Contracting State and paid on any loan of whatever kind granted by a bank of the other Contracting State; and b) 10% of the gross amount of the interest in all other cases.
3. The rate is 0% for interest paid to the government of the other contracting state. Under the Ethiopia treaty, the rate is also 0% for the interest paid to entities in which the government owns a specified percentage of the equity and for interest paid on loans guaranteed by the government.
4. The rate is 10% for dividends paid to the government of Kuwait or any of the institutions or any intergovernmental entities. The rate is 15% for other dividends.
5. The rate of 0% for loans granted by financial institutions, the capital of which is held at least up to 50% by the Ethiopian state, its political subdivisions, or local authorities.
6. The rate of 9.5% of the gross amount of royalties for the use of, or the right to use, any copyright of literary, artistic, or scientific work, including cinematographic films and films, tapes, or discs for radio or television broadcasting, patents, trademarks, designs or models, plans, secret formulae, or processes; information in respect of industrial, commercial, or scientific experience; and the use of, or the right to use, industrial, commercial, or scientific equipment.
7. Interest is 0% when paid to the government or the central bank otherwise is 10%.
8. Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State may be taxed in that other State. However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed 10% of the gross amount of the dividends; b) where dividends are paid out of income or gains derived from immovable property of an investment vehicle: (i) which distributes most of this income annually; and (ii) whose income or gains from such immovable property are exempted from tax; such dividends may be taxed in the Contracting State of which the company is a resident but, if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged by the first-mentioned State shall not exceed 15% of the gross amount of the dividends.

Anti-avoidance

Transfer pricing

Transfer pricing legislation regulates cross-border transactions involving goods or services between related parties. The rules allow Revenue and Customs Authority to disallow certain expenditure or adjust income if the contract price is less or more than the price that would have been between parties dealing at arm's length.

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, a deduction shall be disallowed for the interest paid by the company during that year.

Employment-related taxes

Payroll tax

Ethiopia does not levy a payroll tax.

Social security

The employer must contribute to the social security scheme on behalf of the employee at a rate of 7% of the basic salary. The employer's contribution is 11%.

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 Ethiopia and on imports. NGOs are exempt from charging VAT on services, but are not exempt from paying VAT on services or goods purchased.
2. Rates – The standard VAT rate is 15%. Exports are zero-rated.
3. Registration – A person that carries on taxable activity and is not registered is required to file an application for VAT registration with the tax authorities if: at the end of any period of 12 calendar months the person made, during that period, taxable transactions the total value of which exceeded ETB500 000; 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 ETB500 000.

Turnover tax

Turnover tax is levied at a rate of 2% on goods sold locally and contractor services; and 10% in other cases.

Customs and import duties

Ethiopia is a member of the Customs Cooperation Council.

Customs duties are levied at rates ranging from 0% to 35%. Ethiopia has significantly reduced customs duties on a wide range of imports. Duty-free items are allowed to visitors up to a specified amount.

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 and so forth to protect local industries.

Other Taxes

Stamp duty

The following instruments are subject to stamp duty:

- Memorandum and articles of association of a business organisation, cooperative or any other form of association
- Awards, bonds and warehouse bonds
- Contract and agreements and memoranda
- Security deeds
- Collective agreement
- Contract of employment
- Lease, including sub-lease and transfer of similar rights
- Notarial acts
- Power of attorney
- Documents of title to property

Tax on gains from transfer of certain investment property

This is the tax payable on gains obtained from the transfer (i.e. sale or gift) of a building held for business, factory, office, and shares of companies. Such income is taxable at a rate of 15% for transfers of a building held for business, factory or office purposes; and 30% for transfers of shares of companies.

Gains obtained from the transfer of a building held for residence, shall be exempted from tax provided that such building is fully used for dwelling for two years prior to the date of transfer. Any person authorised by law to accept, register, or in any way approve the transfer of capital assets, shall not accept, register, or approve the transfer, before ascertaining that the payment of the tax has been duly effected.

Tax on income from rental of buildings
This is a tax imposed on the income from the rental of buildings. If the taxpayer leases furnished quarters, the amounts received attributable to the lease of furniture and equipment are included in the income and taxed. The tax payable on rented houses is charged at a rate of 30% of taxable income for legal entities and at the relevant rental income tax rates for individuals.

Land use tax
The regional states have their own land use rent systems, with rates differing 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 – tax return is filed within four months after the end of the accounting period
4. Penalties – Penalties are imposed for late filing, failure to file or under-stating income.
5. Rulings – It is not possible to obtain an advance ruling in Ethiopia. No provision is given on the tax laws that allows advance agreement with the tax authority.

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 – A pay-as-you-earn (PAYE) system is used for employment income, under which the employer withholds tax on the individual's wages. Returns are required for other income if secured as a result of employment.
4. Penalties – Penalties are imposed for late filing, failure to file or understating income.

Value added tax
1. Filing and payment – on a monthly basis.
2. Penalties – Failure to register for VAT, issuing tax invoice when not registered. Issuing incorrect tax invoices, failing to issue a VAT tax invoice.

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 entry of capital goods (except computers and vehicles), opens the real-estate sector to expatriate investors, extends the losses carryforward provision and gives priority to investors in obtaining land for lease
- Certain sectors are reserved to domestic investors. These areas include 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 nondiscriminatory manner; the screening process is not regarded as an impediment to investment, a limit to competition or a means of protecting domestic interests
- There is no discriminatory or excessively 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 both domestic and foreign investors engaged in qualifying areas:

- Customs import duty – the investor is eligible, he/she may use the incentive
- Income tax holiday
- Duty draw-back scheme
- Voucher scheme
- Bonded manufacturing warehouse scheme

Export incentives

A number of export incentives are available including facilitation of access to working capital finance.

Exchange Controls

All foreigners are required to open Birr accounts with one of the commercial banks in Ethiopia. Credits to these 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 allowed. Cheques from Ethiopian nationals, Birr cash and funds from a locally paid working spouse, may not be deposited without approval from National Bank. International personnel can pay by cheque, or in cash, for expenses such as rent, air tickets, school fees and purchases from Victory and duty-free shops.

Foreigners may remit limited funds abroad from their earnings deposited in local accounts. Such cases are considered individually and after the deduction of what is considered a reasonable amount for local living expenses. Foreign currency may be drawn on presentation of a confirmed air ticket for international travel. On final departure from Ethiopia, the balance in the account may be converted into foreign currency upon presentation of evidence to the National Bank as to how the remaining funds were acquired.

Currency import and export regulations

Foreign currency: Currency exceeding USD3 000 must be declared to Customs upon arrival in the country. The exchange of foreign currency is permitted only via authorised banks. Up to USD40 000 may be exported.

Expatriates and Work Permits

Visas may be secured upon application with an Ethiopian diplomatic or consular mission abroad.

The basic eligibility criteria for obtaining a work permit is 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 worker 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 the concerned governmental bodies and other pertinent government organs based on the type of work for which the work permit is requested, and educational and experience documents must be submitted.

A resident permit will be issued to a foreign investor upon submission of an investment permit issued by the Ethiopian Investment Commission and work permit issued by the Ministry of Labour and Social Affairs.

Trade Relations

Treaties – A number of collaborative treaties are signed with a number of countries to enhance economic cooperation and trade facilitation.

Interest and Currency Exchange Rates

Monetary Policy Rate
Each bank determines their own lending rates Saving and time deposit rates at 5.0%. (2016) (Source: National Bank of Ethiopia)
Currency: Ethiopian Birr (ETB). Basic monetary unit of Ethiopia, equal to 100 cents.
ZAR1 = ETB1.74 (March 2017) (Source: Oanda)
USD1 = ETB22.46 (March 2017) (Source: Oanda)
EUR1 = ETB24.04 (March 2017) (Source: Oanda)

Notes

1. In Ethiopia, interest rate decisions are made by the Monetary Committee of the National Bank of Ethiopia. The official rate is the Bank's Savings Rate.

Key Economic Statistics

GDP
(approximate)

USD69.218 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD74.08 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

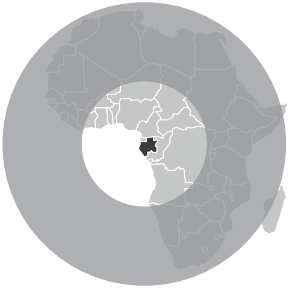
N/A
Ethiopia does not have a stock exchange. The government issues Treasury bills for its money market operations

Rate of Inflation
(average consumer prices)

7.7%
(average 2016)
(Source: IMF)

8.2%
(forecast 2017)
(Source: IMF)

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 global net income. Nonresidents 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. There is no limitative list of Gabonese-sourced income, but article 74 of the General Tax Code (GTC) mentions salaries, wages, indemnities, pensions and annuities.
4. Exempt income – Capital gains from the sale of real property are exempt in certain cases. Capital gains on share disposals can also be exempted subject to conditions (article 120 of the GTC).
5. Deductions and allowances – Deductions and allowances are available mainly based on family situations such as alimonies, payments (capped) to get rights to pension etc. (article 161 of the GTC).
6. Rates – The individual tax rates on ordinary income are progressive, ranging from 0% to 35% for both residents and nonresidents. Taxable capital gains derived from the sale of securities are taxed at 20%.

Income tax – Companies

	Rate
Standard corporate rate	30%
Companies operating in oil and mining sectors	35%
Public businesses, associations, nonprofit-making communities, certain real estate companies, authorised companies in the tourism sector, companies holding intellectual property titles and the Gabonese Bank of Development	25%

Notes

1. Basis – A territorial tax system applies, under which tax is imposed only on profits derived by a resident or nonresident entity from operations in Gabon.
2. Residence – A corporation is resident if it is registered as a Gabonese company and it is incorporated in Gabon.

3. Taxable income – Corporation tax is assessed on income earned by businesses being carried out in Gabon (even if not effectively managed in Gabon), or from operations carried out in Gabon, subject to the application of a relevant tax treaty. The taxable income of both resident and nonresident companies is defined as the "net income" determined by the overall results of operations during the taxable period, including, without limitation, transfers of any part of the assets (disposal of any asset i.e. capital gain).
   Taxable income also includes capital gains resulting from the transfer of shares directly or indirectly held in a company incorporated in Gabon. However, capital gains realised on the disposal of a fixed asset in the course of trading are excluded from income for a period of three years, if the taxpayer records the capital gain in a special account and reinvests the gain in new fixed assets within this period. Capital gains resulting from mergers or split or partial transfers of assets also are excluded, subject to certain conditions. Dividends are subject to tax under the rules for withholding tax (see Withholding tax, below).
4. Deductions – Any cost whose deduction for tax purposes is not explicitly forbidden by the GTC (due to lack of documentation, nature of the expense, exceeded threshold).
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 with which Gabon has concluded a tax treaty (except where the special group tax regime applies) and, in the case of foreign tax withheld from dividends received from a nonresident, only if the tax 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 nonresident companies. Ownership requirements are deemed met where the company (directly or indirectly) holds 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 rate
- Head-office expenses and technical assistance lump-sum fees paid between group companies are deductible, subject to an advance pricing agreement
- Interest on current accounts is fully deductible; however, the interest rate must not exceed the Central Bank rate, increased by two percentage points
- Rental payments for hiring movable assets between group members are deductible
- An exemption is granted from the 20% withholding tax on payments for fees, royalties or services provided or interest paid to nonresident group member companies
- A tax-sparing credit is granted on income from moveable capital received from foreign sources that has been subject to similar taxation in the source country, even in the absence of a tax treaty between Gabon and the source country. The tax credit may be carried forward for two years. Under the group tax regime, a 5% withholding tax applies on dividends paid by a Gabonese member company to another group member company, and a 10% withholding tax applies on dividend payments paid 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. A 25% rate applies to public businesses, associations, nonprofit-making communities, certain real estate companies, authorised companies in the tourism sector, companies holding intellectual property titles 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 repatriated earnings (10% where the foreign company is located in a country that has signed a tax treaty with Gabon), in addition to the corporate income tax, unless otherwise provided under an applicable tax treaty.

10. Alternative minimum tax – Companies are subject to a minimum flat-rate tax or to the minimum corporation tax, whichever is higher. The minimum flat-rate tax is equal to 1% of the adjusted global gross turnover. The minimum corporate income tax cannot be less than XAF1 million. Newly incorporated companies usually are exempt from the minimum flat-rate tax and the minimum corporate income tax during their two initial financial years, irrespective of their sector of activities.

Withholding Taxes (WHT)

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

	Residents	Nonresidents
Dividends	10%/20%	10%/20%
Interest	20%	20%
Royalties	-	20%
Technical service fees	9.5%	20%

Notes

1. Dividends – A 10% rate applies to dividends paid to corporate shareholders (Nonresident beneficiary) as long as CEMAC resident where:

(i) The shareholder owns at least 25% of the shares of the payer;

(ii) The head offices of the shareholder and the payer are located in Gabon or another Central African Economic and Monetary Community (CEMAC) state; and

(iii) The shares remain registered in the name of the shareholder for at least two consecutive years.

2. Interest – Interest paid by a Gabonese company to a nonresident entity is subject to a 20% WHT calculated on the gross amount paid (excluding tax on turnover).

3. Royalties – Royalties paid by a Gabonese company to a nonresident entity, as well as commissions, consultancy fees and fees for services performed in Gabon, are subject to a WHT of 20%.

4. Technical service fees – Technical service fees paid by Gabonese entities to resident entities that are subject to corporate income tax but not value-added tax are subject to a WHT of 9.5%. Technical service fees paid by Gabonese entities to nonresident entities are subject to a WHT of 20%. If the technical service performed by the resident or nonresident entity is provided in Gabon, technical service fees also are subject to 18% VAT.

Tax treaties

Gabon has concluded tax treaties with the following countries:

	Dividends	Interest	Royalties/ Technical service fees
Belgium	18%	15%	10%
Canada	15%	10%	10%
France	15%	10%	10%

* Morocco is, from a legislative standpoint, not fully in force (but applied by way of tolerance by the Gabonese tax authorities).

Anti-Avoidance Rules

Transfer pricing

Transactions with related parties resident outside the CEMAC, or with related or unrelated parties established in a low-tax or a noncooperative jurisdiction, that are not conducted at arm's length are considered abnormal acts of management and are subject to adjustment by the tax authorities under the transfer pricing rules. Adjustments of the irregular portion are to the arm's length price. Abnormal acts of management include payments of expenses and any other form of advantage granted to third and related parties without equivalent compensation.

Transfer pricing documentation requirements apply, which include the preparation of a "local file" and a "master file." The local file must be filed with the tax authorities on or before the due date of the income tax return for the reporting year (i.e. by 30 April of the year following the reporting year). The master file must be maintained by the taxpayer for inspection at the request of the tax authorities and must be prepared by the filing deadline for the income tax return of the group's ultimate parent company; however, the tax authorities recently have indicated that they may request the master file to be provided with the local file.

Penalties apply for failure to comply with the transfer pricing documentation requirements, in an amount equal to 5% of the company's total intra-group transactions, with a minimum fine of XF65 million per fiscal year.

Thin capitalisation rules

There are no specific rules. According to the *L'Organisation pour l'Harmonisation en Afrique du Droit des Affaires* (OHADA) Uniform Act where the company has losses, it requires shareholders' equity to be above half of the company's authorised share capital.

Employment-Related Taxes

Payroll tax

Payroll tax refers to personal tax and the "complementary tax on salaries".

Payroll tax on salaries and other employment income must be withheld at the applicable progressive rates by the employer and remitted to the tax authorities within the first 15 days of the month following the salary payment. An additional tax, *Taxe complémentaire sur les salaires*, on salaries must be withheld at a rate of 5% by the employer and remitted by the same deadline.

Social security

Social security contributions are levied at source by the employer from salary payments and remitted as follows:

- Social 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
- Social 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)

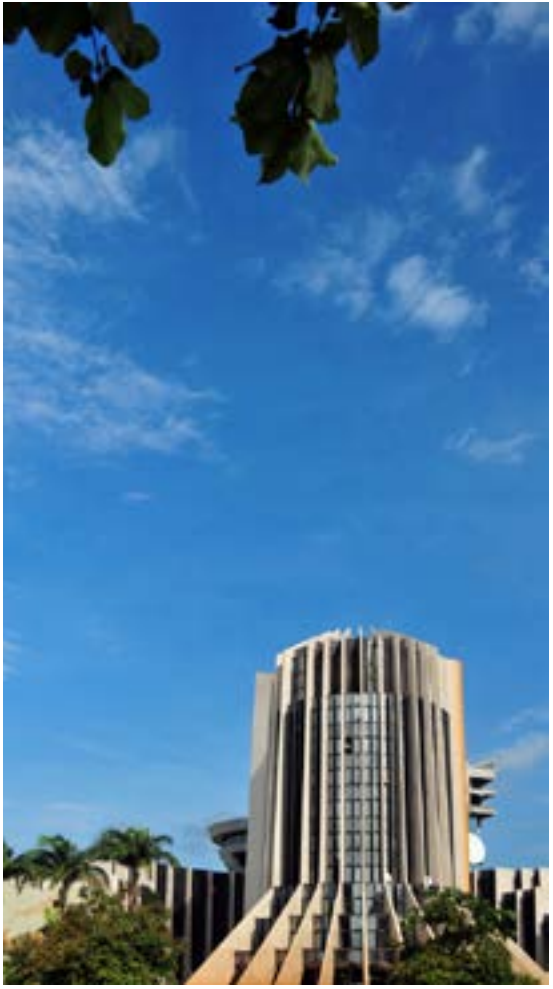
As from January 2017, PTT is imposed on the gross monthly remuneration of each employee, subject to certain limits, at a rate of 1%. The PTT is levied monthly by the employer and paid out to the Gabonese Budget by the 15th day of the month following the salary payment.

Indirect Taxes

Value Added Tax (VAT)	Rate
Standard rate	18%

Notes

1. Taxable transactions – VAT is imposed on the supply of goods or 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 rate of 5% applies to cement. A rate of 0% applies to qualifying exports that have been properly declared to customs and international carriages.
3. Registration – Taxpayers fall outside the scope of VAT and are not required to register where their annual revenue is below XAF60 million.



Solidarity Special Contribution (SSC)

	Rate
SSC	1%

Notes

1. Taxable transactions – SSC is levied on the supply of goods or services used in Gabon and upon the importation of goods, as from January 2017.
2. Rates – The rate is 1%.
3. Registration – Taxpayers fall outside the scope of the SSC if their annual turnover is below XAF30 million. A foreign service provider with no permanent establishment in Gabon is required to designate a solvent accredited representative resident in the Gabonese territory who is jointly and severally liable for the SSC payment.

Customs and Excise Duties

As a member of the CEMAC, which comprises countries from Central Africa, merchandise entering Gabon and any other the CEMAC territory is subject to importation 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 *L'Organisation pour l'Harmonisation en Afrique du Droit des Affaires* (OHADA) withholding duty at a rate of 0.05% of the customs value of the imported merchandise.

Excise duty mainly applies to luxury goods.

Other Taxes

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 is imposed on various instruments, such as corporation charters, corporation minutes and the transfer of shares and deeds. The rate depends on the size of papers, but usually a negligible cost.

Capital duty

A fixed or proportional duty applies to transactions that impact a company's share capital (e.g. the increase of share capital by a cash contribution is subject to a fixed duty of XAF50 000, and the 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. As from January 2017, 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 is payable to the tax administration by the 15th day of the month following the rental payment. Theoretically, the amount is withheld by the tenant, individual or company, except if it is an individual tenant and 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 transfer tax equal to 6%, with an additional 2% applicable to transfers of assets(transfer of going-concern) located in Libreville or Port-Gentil.

Tax Administration and Compliance

Tax is administered in Gabon by the Direction Générale des Impôts au Gabon.

Companies

1. Tax year – The tax year is the calendar year, but can be shorter or longer in certain cases.
2. Consolidated returns – There is no system of group taxation in Gabon. 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. Regarding the CIT balance payment, the first advance payment by 30 November of the previous year, second advance payment by 30 January.
4. Penalties – Taxpayers that file their returns late are subject to a 5% penalty before receiving a notice, and to a 10% penalty within seven days following a notice from the tax authorities. Those who 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 thereafter.
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 may file an individual or joint tax 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 issue a tax notice to be paid within 2 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 before receiving a notice, and to a 10% penalty within seven days following a notice from the tax authorities. Those who 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, brought to XAF200 000 by month of delay as from a notice has been issued by the tax authorities, capped at XAF2 000 000. Late payments are subject to a 10% penalty for the first month and a 3% penalty thereafter.

General Investment Information

Investment Incentives

General Incentives

- Gabon's legal system prohibits (i) discrimination against enterprises owned by foreigners in favour of those owned by nationals; and (ii) the expropriation or nationalisation of assets without just and equitable compensation
- There are specific incentives for some activities, such as the oil, timber and cement industries, hardware, airport infrastructure development, regulatory "agency of posts" and telecommunications, mines and tourism, as well as for new businesses
- Specific tax, social and customs regimes for economic zones (such as Mandji Island and Nkok) have been introduced 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
- Other 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 of exemption from corporate income tax; a reduction of the WHT rate from the standard 20% rate to 10% on the distribution of dividends and interest payments; a full deduction of interest incurred for business

purposes; a seven-year period of exemption from VAT 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 of exemption from corporate income tax and from the minimum lump-sum tax; a five-year period of exemption from WHT 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 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 (as defined under the Order No.02/2002 dated 12 February 2002) are exempt from income tax during their first five years of business activity following the end of the construction period of the project. A construction project would be elected for tax benefits. After the five-year exemption period, only half of the taxable profit is subject to income tax over the 5 following 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 are required to exclusively operate within the framework of petroleum operations. The option for the simplified tax regime is not revocable during a two-year period renewable once, without exceeding a total period of four years

Exchange Controls

Inward direct investment requires prior declaration when the investment exceeds XAF100 million. "Inward direct investment" means a participation of 10% or more in the share capital of a company. Loans obtained by Gabonese companies from a foreign company also require prior authorisation when the amount exceeds XAF100 million. The reinvestment of undistributed profits is not subject to prior declaration. Transfers outside the CEMAC zone require prior declaration, except those below XAF1 million.

The transfers must be made through banks authorised by the Central Bank to act as intermediaries. An import license permitting the importation of merchandise also constitutes an authorisation to pay the relevant invoice.

Expatriates and Work Permits

Both a visa and a work permit are required by anyone entering Gabon with the intention to work.

Business visa

If entering Gabon to work for a period of less than 90 days, it is possible to enter the country on a simple business visa, which is available from the nearest Gabonese Embassy in the applicant's country of residence. This process takes approximately five working 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 entering the country. This process takes approximately one month and costs XAF250 000
- Entry Authorisation Application – Once work authorisation is received, the applicant must apply to the *Direction Générale à la Documentation et l'Immigration* (DGDI) to obtain "entry authorisation." This process takes approximately 10 business days and costs XAF45 000
- Residence Permit Application – If the applicant is planning on staying in Gabon for a period in excess of 90 days, a residence permit also is required. Applications must be sent to the DGDI. This process takes two weeks. Costs depend on the nationality of the individual concerned.

Expatriate employees staying in Gabon for more than three months, and their Gabonese employer, have to 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
Repo interest rate: 4.20%
Interest rate on tenders: 2.45%
Interest rate on investments: 0.0%;
Minimum credit rating: 2.45% (Source: Banque de Etats de l'Afrique Centrale)
Currency: Gabon's currency is the CFAFranc (XAF)
It 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 = XAF47.56 (March 2017) (Source: Oanda)
USD1 = XAF613.56 (March 2017) (Source: Oanda)
EUR1 = CFA 655.957 (Fixed rate) (Source: Oanda)

Key Economic Statistics

GDP
(approximate)

USD14.563 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD15.900 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

N/A
(There is no stock market in Gabon)

Rate of Inflation
(average consumer prices)

2.5%
(average 2016)
(Source: IMF)

2.5%
(2017 forecast)
(Source: IMF)

The Gambia

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Income Tax - Individuals

Personal income tax is calculated according to a schedule provided by the General Tax Code. The Gambia (often referred to as Gambia) has a progressive rates system and, for each bracket, the rate is applied to the corresponding part of the taxable income, as shown in the table below:

Taxable income (GMB)	Rate
0 – 18 000	0%
18 001 – 28 000	5%
28 001 – 38 000	10%
38 001 – 48 000	15%
48 001 – 58 000	20%
Over 58 000	30%

Notes

1. Basis – Residents are subject to tax on worldwide income. Nonresidents 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 Gambia or is present in the Gambia for at least 183 days in the relevant calendar year.
3. Taxable income – Income is taxed under a schedular system. Employment income, including most employment benefits, is taxable. However, any lump-sum payment withdrawn from an approved fund at retirement, death or upon the beneficiary becoming permanently incapable of engaging in an occupation is exempt from tax. The principles for determining an individual's taxable business and professional income, including determining the deductible expenditure, are the same as those for corporate entities, i.e. the taxable income of an individual is calculated as gross income, less permitted general deductions. Different sources of income are taxed separately.
4. Deductions and allowances – Retirement contributions to approved pension funds may be deducted up to the lesser of 25% of employment income or GMD7 500 reduced by the employer's contributions. For tax purposes, only contributions made to an approved fund are deductible. There are no personal allowances.
5. Rates – Individual income tax, both residents and nonresidents is levied at progressive rates up to 30%. Income from immovable property generally is subject to tax at the standard tax rates. However, income from the rental of residential and properties is subject to tax at the rates of 10% respectively, which are final taxes. Capital gains are subject to capital gains tax (described below).
6. Other – Foreign tax relief is available to resident individuals for all foreign source income included in gross income. The amount allowed as relief is equal to the lesser of the foreign income tax paid or the Gambian income tax payable in respect of the net foreign source income for the year. If a resident has a foreign tax loss for a tax year, the amount of the loss can be carried forward to the following tax year and allowed as a deduction against the person's foreign-source income. The loss can be carried forward for a period of six years on a first-in, first-out (FIFO) basis.

Income Tax – Companies

Income Tax Rates for Resident Companies	Rate of Tax
Normal corporate tax rate	30%
Alternative Minimum Tax (AMT)	1.5% and 2.5% of gross revenues for audited and unaudited accounts respectively

Notes

1. Basis – Resident companies are taxed on their worldwide income; nonresident companies are taxed only on their Gambian-source income.
2. Residence – 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 the control and management of the company's business is exercised in the Gambia at any time in the tax year.
3. Taxable income – The calculation of taxable income is arrived at by adjusting the accounting profits for nontaxed income and disallowed expenses.
4. Deductions – Normal business expenses generally are deductible in computing taxable profits. A deduction is allowed for any 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. The interest not deducted can be carried forward for a period of six years on a FIFO basis.
5. Losses – If a company has a business loss for the year, that amount is carried forward to the following year and allowed as a deduction in computing the chargeable income for that year. Losses may be carried forward for only 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 any group relief or the transfer of losses between members of a group.
8. Rates – The standard corporate tax rate is 30%. For the year 2016 and 2017, the Corporate Income Tax Rate has been reduced from 31% to 30%. Capital gains are subject to capital gains tax (described below). Dividends and certain other types of payments are subject to withholding tax. Commercial rental income is earned from property used for commercial use. The tax imposed on the gross amount of rent is 10% paid quarterly.
9. Branch taxation – Branch profits are subject to the same rules of corporation tax as profits of resident companies in the Gambia. There is no branch remittance tax.
10. Alternative minimum tax – An alternative minimum tax equal to 1.5% or 2.5% of gross revenue for audited and unaudited accounts, respectively, applies.

Capital Gains Tax (CGT)

Capital gains are taxable in the Gambia.

Companies

CGT is payable by a resident company on capital gains arising from the realisation of a capital asset. No CGT is payable if the amount of the gain does not exceed GMD18 000 per annum. CGT for companies is payable at a rate of 25% of the gains or 10% of the consideration, whichever is greater. A capital asset includes any land, building or other structural

improvement to land; any plant, machinery, fixture or equipment; any share, security or other financial asset; any interest in a partnership; or any right, title or interest in any of the above assets. Rollover relief is available for capital gains arising from the realisation of private residences and agricultural land.

Individuals

Capital gains realised from the disposal of a capital asset are subject to CGT. CGT for individuals is payable at a rate of 15% of the gains, or 5% of the consideration, whichever is greater. Capital assets include shares held in a company. Generally, the CGT rules for companies also apply, as appropriate, to capital gains derived by a resident individual. Rollover relief is available on gains arising from the disposal of a private residence.

Withholding Tax (WHT)

The WHT rates on various types of payments are as follows (the tax is a final tax for nonresidents).

Payment	Residents	Nonresidents
Dividends	15%	15%
Interest	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 a period of five years from the date of first declaration. The WHT is a final tax for resident individuals.
2. Interest – Interest paid to financial institutions is exempt. The 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 nonresident 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 nonresident individual will be subject to WHT at a rate of 15%.
4. Certain other payments – Management, consultancy, technical services and public entertainment fees paid to resident and nonresident companies are subject to final WHT at the rate of 15% on their gross amount.

Tax treaties

The Gambia has concluded tax treaties with the following countries:

Country	Dividends	Interest	Royalties
Norway	5%/15%/25%	0%	0%
Qatar	0%	0%	5%
Republic of China	10%	10%	10%
Sweden	0%/5%/15%	0%	0%
Taiwan	0%	0%/10%	10%
United Kingdom	0%/15%	0%/15%	12.5%

Anti-Avoidance Rules

Transfer pricing

Non-arm's length transfers between associates is allowed to be adjusted by the Commissioner-General. These adjustments are made by determining the geographic source and nature of income, payment of loss of capital, revenue or any other.

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 who employ non-Gambian nationals. The annual payroll tax payable is GMD40 000 for each non-Economic Community of West African States (ECOWAS) employee and GMD10 000 for each ECOWAS employee. 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.

Director's fees and other Sitting Allowances are now taxed in accordance with the First Schedule of the Income and Value Added Tax Act 2012 as opposed to the previous Withholding Tax of 15%.

Social security

Companies are required to make social security contributions of 10% of an employee's basic salary to the National Provident Fund and 5% of the employee's salary is contributed to the Provident Fund.

Injuries Compensation Fund - 1% of the employee's total monthly earnings by the employer or a maximum contribution of DMD15 per employee. The fund is administered by the Social Security and Housing Finance Corporation.

Employer contributions to an approved retirement fund, in respect of a resident employee, are deductible for corporate income tax (CIT) purposes, up to a maximum of the lesser of 25% of an employee's annual employment income, or GMD18 000.

Fringe benefits tax

Fringe benefits are taxable at a rate of 35% to the employer and not to the employee. A "fringe benefit" is defined as a housing fringe benefit, motor vehicle fringe benefit, household personal fringe benefit, loan fringe benefit, debt waiver fringe benefit, property fringe benefit, medical fringe benefit, life insurance fringe benefit, entertainment fringe benefit or residual fringe benefit.

The following benefits are exempt benefits- (a) a fringe benefit provided to an employee in respect of employment, if the employment income arising from the employment is exempt from income tax; (b) a fringe benefit provided by the Government of The Gambia to an employee; or (c) a pension contribution that is exempt from income tax.

Indirect Taxes

Value Added Tax (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 include, among others, basic foods, financial services, educational services and certain imports, etc. 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 the annual turnover of the person, subject to certain exclusions, e.g. turnover from the sale of capital assets or from exempt supplies. Persons whose turnover exceeds GMD500 000 are allowed to register on a voluntary basis.

Customs and Excise Duties

Customs and excise duties apply on the importation or exportation 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 involved in 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 according to the type of transaction involved.

Net worth tax

There is no net worth tax in the Gambia.

Real estate tax

There is no real estate tax in the Gambia.

Residential Rent Tax:

Tax is imposed for each tax year on a person who has a taxable rental amount at a rate of 10% per annum.

Environmental tax

Environmental tax applies at a rate of GMD1 per employee per month.

National educational levy
If the total income of a company exceeds GMD5 million per annum, the levy applied is GMD50 000, and if below GMD5 million, a flat tax rate of GMD30 000 is applied.

Business registration payment
An annual payment of GMD500 must be made by all businesses at the start of the year.

Tax Administration and Compliance

Tax is administered by the Gambia Revenue Authority.

Companies

1. Tax year – The tax year is the calendar year, although a company can request another 12-month period.
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 following the tax year. The form is used to determine the annual tax liability. Income tax is payable in quarterly instalments, i.e. for the three-month periods ending on the last day of the 3rd, 6th, 9th and 12th months of the taxpayer's tax year. The instalments are based on 1.5% of total turnover for a company with audited accounts, or 2.5% for a company without audited accounts, and are due by the 15th day of the following month 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.
5. Rulings – i) In order to achieve consistency in the administration of the Act and to provide guidance to taxpayers and revenue officers, the Commissioner-General may issue public rulings setting out the Commissioner-General's interpretation of the application of this Act. (i) A public ruling is binding on the Commissioner-General until revoked. (ii) A public ruling is not binding on taxpayers.

Individuals

1. Tax year – The taxable period for individuals is the same as that for companies.
2. Filing status – Joint returns are not permitted; each taxpayer must file his/her own return separately.
3. 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 of the employees. The employer is accountable for this tax and remits it to the revenue authority through submission of monthly remittance returns, along with the tax deducted. At the end of the year, the employer submits another final return.

4. Penalties – A person who fails to furnish a tax return required under this Act is liable for an amount equal to 5% of the tax payable on the return per month (or part of a month). If the person continues to fail to pay, a maximum penalty of 25% of the unpaid tax. A taxpayer who fails to pay (other than penalty) by the due date is liable for penalty equal to 5% of the tax unpaid for the month (or part of a month) during which if they still fail to pay, then the maximum penalty up to 25% of the unpaid tax is payable.
5. Other – The rulings system that applies to corporate entities also applies to individuals.

Value added tax

1. 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.
2. Penalties – A fine of up to GMD20 000 and/or imprisonment for a term not exceeding one year for the failure to issue VAT invoices and/or to issue incorrect credit/debit notes that cover post sale adjustments.

General Investment Information

Investment Incentives

General incentives

The Gambia Investment and Export Promotion Agency Act, 2010, is the main law governing investment in the Gambia. This act provides guidance on investing in the Gambia and clearly indicates the priority sectors for the country, guarantees to investors, investment incentives eligibility criteria, procedures, the 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 (FTZs):
  - An exemption from all taxes and customs duties payable on imports, provided the imports are used, or to be used, exclusively within the zones, and subject to any other limitations specified (however, where import duty or VAT has been paid by a zone 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 any of the FTZs)

- An exemption from customs duty, excise duty and VAT on goods produced within, or imported into, any of the zones, unless the goods are entered for consumption into the national customs territory
- An exemption from import duty on capital equipment

Exchange Controls

There are currently no exchange controls in effect.

Expatriates and Work Permits

To reside in the Gambia for working purposes, expatriates require an employment/residential permit for themselves and an alien's identity card (ID) for themselves and each of their dependents who is 18 years of age or older. The residential/employment permit and alien's ID card need to be renewed annually.

Trade Relations

- Memberships – World Trade Organisation (WTO)
- Organisation for Economic Cooperation and Development (OECD)

Interest and Currency Exchange Rates

Monetary Policy Rate
Central Bank of Gambia Policy rate: 23% (2016) (Source: Central Bank of Gambia)
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 = GMD3.40 (March 2017) (Source: Oanda)
USD1 = GMD43.80 (March 2017) (Source: Oanda)
EUR1 = GMD46.83 (March 2017) (Source: Oanda)

Key Economic Statistics

GDP (approximate)

USD0.866 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD0.830 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

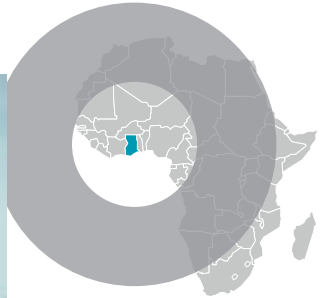
N/A
There is no stock market in Gambia

Rate of Inflation (average consumer prices)

8.3%
(average 2016)
(Source: IMF)

7.6%
(forecast 2017)
(Source: IMF)

Ghana



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Income Tax – Individuals

Taxable income of residents annual (GHS) (Cumulative Chargeable Income)	Rate
0 to 2 592	0%
2 593 to 3 888	5%
3 889 to 5 700	10%
5 701 to 38 880	17.5%
38 881 and above	25%

Notes

1. Basis – A worldwide basis of taxation applies for residents, i.e. residents are taxed on all income regardless of source and regardless of whether foreign income derived is brought into Ghana. Nonresidents are taxed only on Ghana-source income.
2. Residence – An individual is resident in Ghana for tax purposes if he or 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, where that citizen has a permanent home in Ghana. All other individuals are considered nonresidents.
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 the age of 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 above, with the top marginal rate at 25%. Nonresident individuals pay taxes on their Ghana-source income at a rate of 20%.

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. Nonresident 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 by 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 tax for capital gains; any 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. 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.
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 any 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 nontraditional products (see Tax incentives).
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 repatriated from the branch to the foreign head office.

Withholding Tax (WHT)

The WHT on various types of payments are as follows (the tax is a final tax for nonresidents and the rate may be reduced under an applicable tax treaty).

	Residents	Nonresidents
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.

Tax treaties

Ghana has concluded tax treaties with the following countries:

Treaty	Dividends	Interest	Royalties	Management or technical service fees
Belgium	5%/15%	10%	10%	10%
Denmark	5%/15%	8%	8%	8%
France	7.5%/15%	10%	10%	10%
Germany	5%/15%	10%	8%	8%
Italy	5%/15%	10%	10%	10%
Netherlands	5%/10%	8%	8%	8%
South Africa	5%/15%	10%	10%	10%
Switzerland	5%/8%	10%	8%	8%
United Kingdom	7.5%/15%	12.5%	12.5%	10%

Notes

1. Dividends – The lower rates listed 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 at arm's length by maintaining contemporaneous documentation of such transactions for each tax year. Ghana's regulations generally are consistent with the OECD guidelines on transfer pricing.

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 debt (to a nonresident parent) to equity exceeds 3:1. Interest deductions or exchange losses arising on debt in excess of the 3:1 ratio are disallowed.

Other

Income splitting, which involves the transfer of income and/or property to associates with a view to reducing the tax liability, is not allowed.

Employment-Related Taxes

Payroll tax

Pay-As-You-Earn (PAYE) contributions 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.

Indirect Taxes

Value Added Tax (VAT)

	Rate
Standard rate of VAT	15%
National Health Insurance Levy (NHIL)	2.5%
Total VAT/NHIL	17.5%

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 VAT.
2. Rates –A standard VAT rate of 15% and the NHIL of 2.5% apply, bringing the total rate to 17.5%. A zero rate is applied to all exports.
3. Registration – A business making taxable supplies in excess of GHS200 000 over a 12-month period is required to register for VAT purposes.

Customs and Excise Duties

Customs duty is levied on goods imported into Ghana, at varying rates up to 20%. 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	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

Inheritance/estate tax

Ghana does not impose inheritance or estate tax.

Stamp duty

Stamp duty is charged the on conveyance or sale of immovable property at an applicable rate ranging from 0.25% to 1%. Regarding stamp duty on leases, the rates range from 0.5% to 1% of the consideration, but also are dependent on the lease period.

Property tax

The municipal authorities levy "rates" on the occupation of real property.

Environmental tax

As part of government's measures to protect the environment, an environmental tax of 10% is charged on plastic and packaging materials and products, with the exemption of pharmaceutical and agricultural sectors.

Vehicle income tax

This tax is collected from commercial vehicle operators on a quarterly basis. A flat amount is charged quarterly based on the type of vehicle. The amount charged per quarter ranges from GHS10 to GHS200.

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 represents the merger of the operational units of the former Value Added Tax Service and the Internal Revenue Service).

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 – Offences 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 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 the taxpayer, for the period specified in the ruling if the transaction proceeds 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 other than employment income during a year of assessment also 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 – It is the responsibility of the employer to withhold and remit taxes from an employee's monthly wages and file a tax return on behalf of the 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 – Offences liable to penalties include failure to comply with the tax laws, failure to pay tax, making false or misleading statements, failure to file 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 – Offences 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 return and impeding tax administration. The penalties range from pecuniary penalties and interest to imprisonment, or both.

General Investment Information

Investment Incentives

Tax incentives

- A reduced corporate tax rate of 8% is available for companies engaged in "nontraditional export," and a 20% rate applies for financial institutions on income from loans granted to farming enterprises and leasing companies
- Free Trade Zone (FTZ) companies pay corporate tax at 15% on export sales, after a 10-year exemption period
- 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 beginning of operations, to companies in the following sectors:
  - Agricultural enterprises, agro-processing and waste processing companies, rural banks and venture capital financing companies will pay 1% corporate tax for periods ranging from five to 10 years
  - Real estate companies will pay 1% corporate tax for five years on income from certified low-cost housing, with some limitations
- Employers receive an additional tax deduction for employing new graduates as part of their workforce. This incentive ranges from 10% to 50% of the salaries or wages of such employees.

Other incentives

Imports into FTZs are exempt from customs duty.

Exchange Controls

Exchange controls exist for imports/exports and also apply to outward transfers of capital, profits, royalties, interest, fees and income of expatriate personnel. Investors under the Ghana Investment Promotion Centre Act, 2013, are guaranteed the free transfer of 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. Nonresident companies are, in principle, free to transfer abroad their net after-tax profits, provided the transfer is carried out through banks approved by the Bank of Ghana.

Expatriates and Work Permits

There is no special expatriate tax regime in Ghana. Expatriates are subject to the same taxation system as other individuals. Emigration generally has no tax consequences, except that a tax clearance certificate is required.

Trade Relations

- Memberships – World Trade Organisation (WTO), Economic Community of West African States (ECOWAS)

Interest and Currency Exchange Rates

Monetary Policy Rate
25.5% (Dec. 2016) (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 = GHS0.35 (March 2017) (Source: Oanda)
USD1 = GHS4.51 (March 2017) (Source: Oanda)
EUR1 = GHS4.82 (March 2017) (Source: Oanda)

Notes

1. The Ghana Stock Exchange (GSE) is the principal stock exchange of Ghana. It currently has around 38 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.

Key Economic Statistics

GDP
(approximate)

USD42.761 million
(2016 estimate)
(Source: IMF/Statisticstimes)

USD46.607 million
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

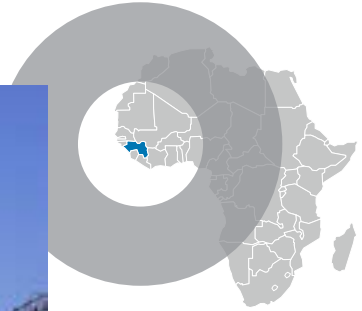
GHS54 048.70 million
(31 Jan 2017)
(Source: Chana Stock Exchange)

Rate of Inflation

17.0%
(average 2016)
(Source: IMF)

18.0%
(forecast 2017)
(Source: IMF)

Guinea Conakry



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Income Tax – Individuals

Taxable income (GNF)	Rate
0 – 100 000	0%
100 000 – 1 000 000	10%
1 000 001 – 1 500 000	15%
1 500 001 – 3 000 000	20%
3 000 001 – 6 000 000	25%
6 000 001 – 10 000 000	30%
10 000 001 – 20 000 000	35%
Over 20 000 000	40%

Notes

1. Basis – Habitual residents are taxable on worldwide income. Nonresidents 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 where the individual had a long-term significant shareholding and was employed in the business.
4. Exempt income – Capital gains from the disposal of assets are exempt from tax.
5. 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.
6. Rates – The general income tax is imposed at progressive rates ranging from 0% to 40%. Noncommercial profits (fees) are generally subject to an effective 30% withholding tax (WHT). The WHT applies to individuals that are active and have no professional establishment in Guinea, i.e. it means that the application of this rate is an option for the individual. An individual may opt to be taxed at a flat rate of 30% in lieu of being subject to the general income tax. Nonresidents are subject to the same withholding tax rate.

Income Tax – Companies

	Rate
Basic rate	35%

Notes

1. Basis – Resident companies are liable to corporate income tax on income earned on a worldwide basis. Nonresident 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, noncommercial profits, and income from movable capital, land and agriculture. A noncommercial schedule is mainly used for professional income, royalties and know-how and for nonresident corporations. Dividends received are taxable, but only on 50% of the total amount received if Guinea tax has been previously withheld on the dividends. Capital gains arising from the disposal of fixed assets and shares are normally included in taxable income. Rollover relief for gains is granted where the taxpayer invests a sum 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 gain 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 a parent company are deductible only if made at arm's length and under certain additional requirements. In addition, royalties paid to a related party pursuant to an agreement may not be excessive in nature and must be subject to withholding tax 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.
6. Foreign tax credit – No foreign tax credit is available, unless allowed under a tax treaty.
7. Holding company regime – Subject to certain conditions, dividends received by a parent company are taxed at a rate of 5% and reduced rates apply to capital gains derived from the disposal of shares and for WHT on interest.
8. Rate – The corporate tax rate is 35%.
9. Branch taxation – Branches of foreign companies are subject to a tax on capital gains at a rate of 10%.
10. Presumptive tax – In the case of losses, taxpayers must pay a minimum tax of 3% of the year's turnover instead of corporate income tax. The minimum tax must fall between GNF45 million and GNF60 million for large corporations and between and GNF15 million and GNF60 million for medium-sized companies.

Withholding Tax (WHT)

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

	Residents	Nonresidents
Dividends	10%	10%
Interest	10%	10%
Royalties	-	15%

Tax treaties

Guinea has concluded tax treaties with the following countries:

Country	Dividends	Interest	Royalties
Morocco	5%/10%	10%	10%
France	15%	10%	10%

Anti-avoidance rules

Transfer pricing

Profit transfers included in payments between resident corporations and nonresident 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, one and a half (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 nondeductible.

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 rate of 5% of gross salary.

Indirect Taxes

Value Added Tax (VAT)	Rate
Standard rate	18%

Notes

1. Taxable transactions – VAT is imposed on production activities, the distribution of goods and the rendering of services in the 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 rate is 18% and a zero rate is applicable for exports and international carriage.
3. Registration – Taxpayers must register with the local tax authorities.

Miscellaneous Taxes

Inheritances and donations

A duty of GNF50 000 apply 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, tradable 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 vary according to the following amounts:

- From GNF1 to GNF100 million: 1%
- From GNF100 000 001 to GNF500 million: 0.5%
- Over GNF500 million: 0.25%

Real Property Tax

Real property tax in Guinea is due by the owner of land on or before 30 June of each year. The rates are as follows:

- 5% of the annual rental value for residential buildings used by the owners
- 10% of the annual rental value for professional buildings used by the owners
- 15% of the annual rental value for rented buildings

Other

A company or individual carrying on a trade in Guinea also must pay a business license duty, subject to certain exemptions. Business license is based on a fixed duty which varies according to the annual turnover and a proportional duty levied on the rental value of the 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 charged at rate of 10% for late tax returns, failure to pay tax due and for 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 are generally 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 is normally withheld at source for other sources of income.
4. Penalties – Penalties are charged at rate of 10% of tax, with a minimum of GNF10 000 for late tax returns, failure to pay tax due and for 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 of the following month.
2. Penalties – A penalty of 2% is due per month late. An additional penalty of 10% is also due; this penalty raises 50% after the 10th day following a formal notice.

General Investment Information

Investment Incentives

General Incentives

- Laws for specific sectors (e.g. mining and oil) provide certain incentives and there is an Investment Code in Guinea
- Guinea applies a rule of reciprocity so that all foreigners from countries which 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 Enterprises) assists investors with formalities to incorporate companies
- 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 Organisation (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 the tax advantages under one or more privileged regimes, provided the business activity, or expansion, contributes to the achievement of one or more of the priority objectives of Economic Development. 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 proposed for approval, 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 Organisation (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
Key rate 4.6% (Sept. 2016) (Source: Central Bank of Republic of Guinea)
Currency: Guinean Franc (GNF)*
* GNFhas value only in Guinea. The GNFdenominations include 1, 5, 10 and 25 coins, with banknotes in denominations of 50, 100, 500, 1000, 5000 and 10 000 franc.
ZAR1 = GNF716.31 (March 2017) (Source: Oanda)
USD1 = GNF9240.54 (March 2017) (source: Oanda)
EUR1 = GNF9879.25 (March 2017) (Source: Oanda)

Key Economic Statistics

GDP (approximate)

USD6.754 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD6.91 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

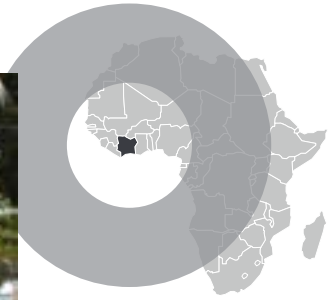
N/A
There is no stock market in Guinea Conarky

Rate of Inflation (average consumer prices)

8.2%
(average 2016)
(Source: IMF)

9.1%
(forecast 2017)
(Source: IMF)

Ivory Coast



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Income Tax – Individuals

The general income tax is imposed at scheduler rates ranging from 2% to 36%; however, a 1.5% rate applies to 80% of gross employment income. A national contribution (CN) of up to 10% also is charged, based on the monthly taxable income. Employment income is subject to a two tax regime formulae, namely; national contribution and tax on salaries.

Notes

1. Basis – Habitual residents are taxable on worldwide income. Nonresidents 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 the 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. However, until 31 December 2018, self-employed individuals are exempt from general income tax on their nonsalary income. Capital gains from the disposal of fixed assets are exempt from tax. Capital gains from the disposal of shares are taxable only where the individual had a long-term significant shareholding and was employed in the business.
4. Deductions and allowances – Expenses deductible from general income include life insurance premiums (subject to certain limits and conditions), loan interest and subsistence allowances paid to dependent parents or a spouse and the general income tax itself.
5. Rates – A 1.5% tax rate applies to 80% of employment income, including fringe benefits. A national contribution also is charged at effective rates ranging from 0% (for monthly taxable income up to XOF50 000) to 10% (for monthly taxable income over XOF200 000). The general income tax is imposed at scheduler rates ranging from 2% to 36%. An individual in business may opt to be taxed at a flat rate of 20% and become exempt from the general income tax. Noncommercial profits (fees) generally are subject to withholding tax at a fixed rate of 7.5% by the General Tax Code. Withholding tax is applied to Ivory Coast-source investment income at the rates described below (under Withholding Taxes). The rates apply to both residents and nonresidents.

Income Tax – Companies

	Rate
Standard corporate tax rate	25%

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. Nonresidents are taxed only on Ivory Coast-source income.
2. Residence – An entity incorporated in the Ivory Coast is considered resident for tax purposes.
3. Taxable income – Income is taxed under separate schedules for industrial and commercial profits; noncommercial profits; and income from movable capital, land and agriculture. The noncommercial schedule mainly is used for professional income, royalties and know-how, and for nonresident 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 a sum equal to the amount of the gains 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. Additionally, only 50% of these payments is deductible if they are paid to a parent company that is resident in a tax haven country.
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 any group relief or the transfer of losses between members of a group.
8. Rate – The standard corporate tax rate is 25%. The rate is 30% for telecom companies.
9. Branch taxation – Branches of foreign companies are subject to the same rate 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 a payment: 50% of the branch's profits are treated as though they have been remitted as a dividend (subject to an effective 7.5% rate).
10. Alternative minimum tax – In the case of losses, taxpayers must pay a minimum tax of 0.5% of the year's turnover (reduced for financial institutions, insurance and petroleum companies), instead of corporate income tax. The minimum tax must fall between XOF3 million and XOF35 million.

Withholding Tax (WHT)

The WHT rates on various types of payments are as follows (the tax is a final tax for nonresidents):

Payment	Residents	Nonresidents
Dividends	10%/15%	10%/15%
Interest	5%/10%/18%	5%/10%/18%
Royalties	-	20%
Management/ professional fees	-	20%
Leases of equipment from nonresidents	-20%	
Noncommercial profits (fees)	7.5%	20%

Notes

1. Dividends – Dividends paid to residents and nonresidents are taxed at a rate of 10% for distributions paid by listed companies and 15% on distributions that are exempt from the tax on industrial and commercial profits; otherwise, the rate is 15%.
2. Interest – Interest paid to residents and nonresidents is taxed at 5% on long-term government bonds and 10% on short-term government bonds. The rate applicable to other interest and similar payments normally is 18%.
3. Royalties – Royalties paid to a nonresident are subject to a 20% WHT (based on a 25% tax on 80% of the gross income). Royalties paid to a resident are not subject to a WHT; instead, the revenue concerned must be 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 nonresident are subject to a 20% WHT (based on a 25% tax on 80% of the gross income).
5. Leases of equipment from nonresidents – Payments to a nonresident under an equipment lease are subject to a 20% WHT (based on a 25% tax on 80% of the gross income), subject to the provisions of an applicable tax treaty.
6. Noncommercial profits (fees) – Such payments generally are subject to withholding tax at a fixed rate of 7.5%. It is a fixed rate determined by the General Tax Code.

Tax Treaties

Ivory Coast has concluded tax treaties with the following countries/bodies:

Type of Income	Dividends	Interest	Royalties	Management fees
Belgium	15%/18%	16%	10%	0%
Canada	15%	0%*	10%	0%
* When paid to the government 15%				
France	15%	0%	0%	10%*
* 0% for commercial, industrial, technical or geological studies and engineering services.				
Germany	15%	0%	10%	0%
Italy	15%	0%*	10%	0%
* When paid to the government 15%				
Norway	15%	0%	0%	0%
OCAM**	10%	18%	0%	0%
Switzerland	15%	0%*	0%	0%
* 0% when paid on sales on credit of equipment, goods or merchandise 15%				
United Kingdom	0%	0%*	10%	10%
* When paid to the government 15%				
WAEMU***	10%	15%	15%	0%

** Convention of the African and Mauritian Common Organisation
*** West African Economic and Monetary Union

Anti-Avoidance Rules

Transfer pricing

Profit transfers included in payments between resident corporations and nonresident affiliates may be adjusted so that arm's length conditions apply for tax purposes.

Companies resident in Ivory Coast that belong to a multinational group must provide the tax authorities with all relevant information related to transactions with their parent companies.

Thin capitalisation rules

There are no specific thin capitalisation rules. However, interest may be disallowed where it arises on shareholder loans having a duration of more than five years or granted at a rate in excess of the central bank interest rate plus three percentage points.

Employment-Related Taxes

Payroll tax

Employers must pay 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%–5%). Contributions payable by an employee are withheld by the employer at a rate of 6.3% of gross salary.

Indirect Taxes

Value Added Tax (VAT)	Rate
Standard rate	18%

Notes

1. Taxable transactions – VAT is imposed on production activities, the distribution of goods and the rendering of services in the 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 – Taxpayers must register with the local tax authorities. There is no registration threshold.

Customs and Excise Duties

The prices for rights and 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%)
- Communauté Economique des Etats de l'Afri (CEDEAO/ECOWAS) community tax (0.5%)

Moreover, the import of some goods may be subject to an additional excise duty:

- Petroleum products (fixed duties which vary depending on scale given by General Tax Code)
- Alcoholic and nonalcoholic products (from 12% to 45%)
- Tobacco products (35%)

Other Taxes

Inheritance/estate tax

Estate tax is determined at a rate which vary from 4% to 45%, based on the value of the heritage. A special rate of 2% may be applied for heritage transferred to public interest associations.

Stamp duty

Stamp duty is 2.5% of the secured amount (i.e. the value of the asset or the amount of the debt provided by the lender), without a cap. There also is a fixed XOF500 stamp duty per page of the security documents.

Capital duty

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

Transfer tax

A stamp duty of XOF18 000 is charged on the transfer of shares. A transfer tax of 6% is applicable to real property. Business transfers also 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 licence duty
A company or individual carrying on a trade in the 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 professional premises, depending on the location.

Insurance premiums 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, Ministere du Budget et du Portefeulle 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, based on the realised profits in 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 for 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 day of the following month.
2. Penalties – The taxpayer who does not file and pay his VAT return within the legal delay is subject to late penalties of 10%, plus 1% per additional late month. After a control, the tax authority could also claim for the payment of 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 the Ivory Coast:

- Enterprises may apply for a reduction in the tax on industrial and commercial profits. For the reduction to be granted, the amount invested in the Ivory Coast should be at least XOF10 million for an investment period not exceeding three years.
- 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 may be granted capital allowances at up to twice the normal rates
- 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 to companies involved in exploration or production of oil, gas or minerals and to their subcontractors providing petroleum-specific services. Specific rules also are provided concerning 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 with the fiscal year of the effective start of production
- Other incentives include a five to eight-year exemption from the tax on industrial or commercial profits, business duty, property tax and import tax, depending on the location of the investment

Exchange Controls
The XOF 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 the Ivory Coast and is valid for a maximum of three months. An extension is required to stay longer. To obtain a visa, a letter from the employing company (stating a specific mission for the employee), 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 (ECOWAS)

Interest and Currency Exchange Rates

Benchmark Interest Rate
Bank rate: 4.5% (2016) (Source: Banque Centrale des l'Afrique de l'Quest))
Currency: The Ivory Coast's currency is the Communautè Financierè Africaine Franc (XOF)
This is the currency currently used by eight independent states in West Africa: Benin, Burkina Faso, the Ivory Coast, Guinea-Bissau, Mali, Niger, Sénégal and Togo.
ZAR1 = XOF47.46 (March 2017) (Source: Oanda)
USD1 = XOF612.32 (March 2017) (Source: Oanda)
EUR1 = XOF655.957 (Fixed Rate) (Source: Oanda)

Key Economic Statistics

GDP
(approximate)

USD34.649 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD38.47 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

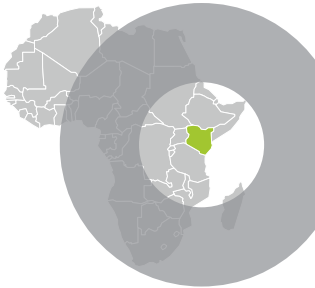
CFA7.403 trillion
(The most recent available market capitalisation of the equity market)
(Source: Bourse Regionale Des Valeurs Mobilieres (BRVM) official website, Jan 2017

Rate of Inflation
(average consumer prices)

1.0%
(average 2016)
(Source: IMF)

1.5%
(2017 forecast)
(Source: IMF)

Kenya



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Income Tax – Individuals

Taxable income (KES)	Rate
0 – 134 164	10%
134 165 – 260 567	15%
260 568 – 386 970	20%
386 971 – 513 373	25%
Over 513 373	30%

Notes

1. Basis – Kenya operates a source and residence-based system of taxation, under which income 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 nonresident 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 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), capital gains (with some exceptions), income from the exercise of a business or profession, certain investment income, etc. Income from employment is defined broadly and includes wages, salary, commission, 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 income are taxable where 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 will be 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 will be deemed to have accrued in or be derived from Kenya.
4. Exempt income – From 1 January 2017, the payment of bonuses, overtime and retirement benefits to employees whose taxable employment income falls in the lowest band is exempt from taxation. With effect from 1 January 2016, capital gains tax is not levied on gains arising from the transfer of shares traded on any 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 nontaxable benefit. The first KES2 000 per day received by an employee as reimbursement of subsistence, travel, entertainment or other allowances, whilst on official duties outside the usual place of work is not taxable as a benefit of employment.
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 KES15 360 is granted.
6. Rates – Individual income tax is levied at progressive rates up to 30% applies to both residents and nonresidents.

Companies

	Rate
All companies	30%

Notes

1. Basis – Resident and nonresident 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. The 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; employment income; wife's employment or professional 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. Real estate investment trusts (REITs) are exempt from corporate income tax (and investors that receive dividends from REITS are exempt from withholding tax (WHT)). With effect from 1 January 2016, 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 only if they are incurred wholly and exclusively in the production of income. A number of expenses may not be deducted, including the following: capital costs and losses; income tax or tax of a similar nature paid on income; expenses of nonresident persons relating to certain types of income (management fees, royalties, etc.); and certain interest payments by a nonresident controlled company. Capital allowances are deductible in determining the chargeable income on qualifying assets (buildings, software and plant & 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 application for an extension is approved by the Cabinet Secretary of Finance. The carryback of losses is not permitted.
7. Foreign tax credit – No foreign tax credit granted unless provided for under a double tax treaty.
8. Group relief – There is no provision allowing for any 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. 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 and for companies operating in the petroleum sector.

Withholding Tax (WHT)

WHT at the appropriate rate must be deducted from payments made to residents and nonresidents.

Payment	Residents	Nonresidents
Dividends	5%	5%/10%
Interest	10%/15%25%	15%/20%25%
Royalties	5%	20%
Rent	-	30%
Management/ professional fees	5%	20%

Notes

1. Interest: There are different categories for withholding tax on interest. Interest received from financial institutions is subject to a 15% tax, while withholding tax on interest on bearer certificates is 25%. Withholding tax on interest from nearer bonds is 10%. These rates apply for payments to both residents and nonresidents.
2. Royalties: – Royalties (and natural resource income) paid to a resident are subject to a 5% withholding tax; the rate of 20% if paid to a nonresident.

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 other contracting state. Underlying ownership 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	15%	15%	20%
Norway	15%/25%[3]	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	D7	D	D

Notes

1. Per the tax treaty, dividend is taxable in accordance with the law of the state the company paying the dividend is resident in (i.e. at the rate of 10% in Kenya), but will not exceed 15% or 25%. The 15% rate applies where dividends are paid to a company that owns at least 10% of the voting shares of the payer company during the six-month period immediately before the date of payment of the dividends; otherwise, the rate is 25%.
2. Per the tax treaty, dividend is taxable in accordance with the law of the state the company paying the dividend is resident in (i.e. at the rate of 10% in Kenya), but will 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 of payment of the dividend; otherwise, the rate is 30%.

3. Per the tax treaty, dividend is taxable in accordance with the law of the state the company paying the dividend is resident in (i.e. at the rate of 10% in Kenya), but will 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 of payment of the dividends; otherwise, the rate is 25%.
4. Per the tax treaty, dividend is taxable in accordance with the law of the state the company paying the dividend is resident in (i.e. at the rate of 10% in Kenya), but will 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 of payment of the dividend; otherwise, the rate is 25%.
5. Per the tax treaty, dividend is taxable in accordance with the law of the state the company paying the dividend is resident in (i.e. at the rate of 10% in Kenya), but will 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 that the dividends can have been paid only out of profits which the payer company earned or other income which 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 withholding tax rate, so the rate under domestic law will apply.

Anti-avoidance rules

Transfer pricing

Kenyan law requires arm's length pricing between related enterprises. Transfer pricing rules became effective from 2006. Any company having 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 provide that deduction of interest expense is restricted 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. "Control" for these purposes includes participations of at least 25%.

General anti-avoidance rule

A general anti-avoidance rule is provided to disregard the tax effect of schemes or transactions entered into with one of the main purposes being the avoidance or reduction of tax liability.

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. Currently, however, an injunction is in place pending outcome of a High Court case rejecting the changes to NSSF. Thus, the old rate continues to be applied (i.e. 5% of gross salary, up to a maximum of KES200 per month).

An exemption from such contributions is available for expatriates who continue to contribute to a social security scheme overseas and will not be in Kenya for more than three years.

In addition, contributions must be made to the National Hospital Insurance Fund (NHIF). Previously, NHIF was approximately 1% of gross monthly income up to a maximum of KES320 per month; higher rates have been enacted up to an annual maximum of KES3 840, but this is subject to the outcome of a High Court case.

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.
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 nonresident person who is required to register for VAT must appoint a tax representative, and if it fails to appoint a representative, one will be appointed. The tax representative must be resident in Kenya, be responsible for all the VAT obligations of the nonresident, and be jointly and severally liable with the nonresident for taxes, penalties and interest imposed under the VAT Act.

Customs and Excise Duties

East African Community (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). The import of goods and merchandise from third states is subject to customs duties at rates ranging from 0% to 25%. Rates greater than 25% can apply for sensitive goods considered to be of economic importance.

Excise duty is imposed mainly on luxury items under the Excise Duty Act.

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. A duty of 1% is payable upon the increase of share capital and on the transfer of shares, and 4% on immovable property (2% if levied 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 authorities and is calculated according to the location and utilisation of the property.

Turnover tax

A turnover tax of 3% of the gross receipts is imposed on businesses with annual turnover of less than KES5 million. The turnover 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.

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.
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 creation of tax avoidance or evasion schemes, 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 to imprisonment for a term not exceeding five years, or both.
5. Rulings – A private ruling can be obtained from the tax authority on how the tax legislation applies to a specific transaction.

Individuals

1. Tax year – The tax year is the calendar year.
2. Tax filing – The income of a wife is not aggregated with her husband's income in determining the appropriate rate of tax 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, Balance of tax is due 4 months after the year even though the tax return itself can be filed 6 months after the year. The extra 2 months was essentially to allow companies, especially multinationals, to get the accounts approved by the Board of Directors and signed by directors who may be overseas. 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 has the authority to register taxpayers who do not apply for a personal identification number (PIN).

Value added tax

1. Filing and payment – VAT returns and any related payments are due by the 20th day of the following month.
2. Penalties – Late payment of VAT results in a penalty of 1% monthly calculated on simple interest basis. 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.

General Investment Information

Investment Incentives

Tax incentives

- Farmworks allowance – For any year commencing on or after 1 January 2011, the allowance in respect of expenditure on farmworks is 100% of the expenditure incurred. Farm works are structures necessary for the proper operation of a farm and include fences, dips, drains, water and electricity works (other than machinery), windbreaks etc., as well as farm buildings
- Industrial building allowance – This is an annual allowance computed on the straight-line method at 10% per annum. The rate for hotels is 10% and the rate for commercial buildings is 25%, irrespective of the transfer price. A 50% industrial building allowance can be claimed on a hostel or educational building. This allowance also applies to buildings used for training. A 5% industrial building allowance can be claimed on residential buildings built 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 therein. Claims can be made by only manufacturing concerns and hotels on

expenditure of 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% is claimable in the year of first use on capital expenditure incurred on the purchase or on purchase and refitting of a power-driven ship of more than 125 tons. Not more than one investment deduction is claimable for the same ship and use of a ship must continue for no less than 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

Duty remissions

Materials imported for use in the manufacture of exports, for the production of raw materials for use in export manufacture, or for the production of duty-free items for domestic sale, are eligible for duty remission.

Export Processing Zones (EPZs)

For the first 10 years from the date of commencement of business by an EPZ:

- Payments by residents to the EPZ will be subject to WHT at nonresident rates
- Payments by the EPZ to nonresident persons will be exempt from tax
- The EPZ will be exempted from corporation tax provided it does not carry out any commercial activity. A corporate tax rate of 25% for ten years after the initial exempt ten years

Special Economic Zone (SEZ)

Special Economic Zone enterprises are subject to corporate tax at a reduced rate of 10% for the first 10 years and 15% for the next 10 years.

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 should be paid via quarterly instalments within the tax year. The quarterly instalment payments are due on the 20th of the 4th, 6th, 9th and 12th month of the tax year. The amount of each instalment tax to be paid for the year is the lower of 25% of 110% of 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 so paid by the company becomes a benefit chargeable to tax in the hands of the employee

Every noncitizen is required to 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 individual's PIN when importing any personal effects from home country or 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 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 European Union (EU) (ACP-EU Framework. In addition, Kenya is one of the initial beneficiaries of the African Growth and Opportunity Act (AGOA), which provides for preferential market access in textiles to the US
- Kenya's most international affiliations are with the EAC the Organisation of African Unity and the Commonwealth of Nations

Interest and Currency Exchange Rates

Bank Rate
Bank rate 10% (December 2016) (Source: Central Bank of Kenya)
Currency: The official currency of Kenya I s the Kenyan Shilling (KES)
ZAR1 = KES7.83 (March 2017) (Source: Oanda)
USD1 = KES100.97 (March 2017) (Source: Oanda)
EUR1 = KES107.95 (March 2017) (Source: Oanda)

Key Economic Statistics

GDP
(approximate)

USD69.17 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD74.70 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

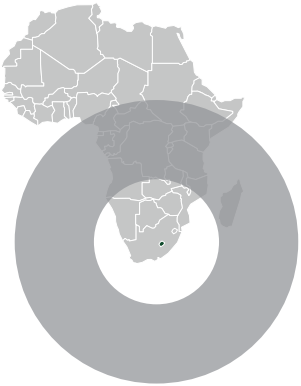
KES1 795.12 billion
(January 2017)
(Source: Nairobi Securities Exchange)

Rate of Inflation
(average consumer prices)

5.2%
(average 2016)
(Source: IMF)

5.5%
(forecast 2017)
(Source: IMF)

Lesotho



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Income Tax – Individuals

Taxable income (LS)	Rate
0 – 56 964	20%
Over 56 964	30%

Notes

1. Basis – The source basis of taxation is applied in Lesotho, although residents also are subject to tax on their income from foreign sources. Income tax is imposed on every resident individual, trustee and nonresident individual with Lesotho-source chargeable 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 any other income. Residents and nonresidents 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. Nonresident taxpayers are taxed only on Lesotho-source capital gains. Capital gains are treated as ordinary income and are subject to income tax at the flat rate of 25%. There are no general exemptions from CGT (in respect of the business or investment assets), but an inflation adjustment is allowed in respect of immovable property.
4. Exempt income – Exempt income for resident individuals includes, *inter alia*, 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 nonrefundable personal credit of LSL6 732 against the individual's liability for income tax. As a general rule, the personal credit is available only to residents of Lesotho. However, it also is available to nonresidents 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 the 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, nonexempt fringe benefits that are not taxed at the employer level and nonresidents that elect to be taxed by assessment on income that otherwise would be subject to withholding tax. A nonresident 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 in respect of 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. Nonresidents are subject to tax only on Lesotho-source income.
2. Residence – A company is resident in Lesotho if it is incorporate 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 nonresidents 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. Nonresident taxpayers are taxed only on Lesotho-source capital gains. Capital gains are treated as ordinary income and are subject to income tax at the flat rate of 25%. There are no general exemptions from CGT (in respect of the 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 a 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. No deductions are allowed in terms of the following:
   - Any expense or loss to the extent it is of a personal nature (for example cost of commuting between a taxpayer's residence and work)
   - Income tax
   - Expenses of acquiring, producing, or improving property or for other expenses chargeable to capital account, including indirect expenses such as depreciation, interest, or taxes incurred during the construction period
   - The cost of a gift made directly or indirectly to an individual if the gift is excludable from the individual's gross income
   - A fine or similar penalty paid to a government for breach of any law
   - An insurance premium paid to a nonresident insurer in respect of an asset or risk located in Lesotho
   - Only 50% of allowable entertainment or meals would be allowed as a deduction
6. 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 is allowed as a deduction for interest incurred on a borrowing used by the taxpayer in the production of income subject to tax. Refer thin capitalisation for limitation of deduction
   - Research and experimental expenditure is allowed as a deduction if incurred in the production of income subject to tax

- Depreciation is allowed for depreciation of a taxpayer's depreciable assets as per the Sixth Schedule

7. Losses – Losses may be carried forward indefinitely. The carryback of losses is not permitted.
8. Foreign tax credit – A resident taxpayer is entitled to a foreign tax credit against the liability for Lesotho income tax in respect of any foreign income tax borne directly or indirectly by the resident on foreign-source income subject to tax in Lesotho. The foreign tax credit may not exceed the Lesotho tax payable on the foreign source income.
9. Group relief – There is no provision allowing for any group relief or the transfer of losses between members of a group.
10. Rate – The standard corporate tax rate is 25%.
11. Branch taxation – The corporate tax rate applies to all income of a Lesotho branch of a nonresident company. A branch profits tax of 25% also is levied on branch profits remitted to a nonresident head office.

Withholding Tax (WHT)

The WHT rates on various types of payments are set forth below (the tax is a final tax for nonresidents, unless the nonresident files an income tax return, in which case the nonresident may elect to be assessed at the applicable income tax rate). The rates for nonresidents apply to payments to both corporations and individuals, and may be reduced under an applicable tax treaty.

	Residents	Nonresidents
Dividends	-	0%/25%
Interest	10%	15%/25%
Royalties	-	15%/25%
Management fees	-	15%/25%
Natural resource payments, trustee's fees	-	25%
Payments to resident contractors	5%	-
Other fees	-	10%

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 withholding tax rate for nonresidents 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 in relation to leasing vehicles, plant equipment, construction services, painting or decorating, installation services, plumbing and drainage, water supply, irrigation, roofing, tilling, earthmoving, excavation, landscaping, demolition, restoration work, etc. The withholding tax does not apply to payments of less than LSL3 000.
5. Other fees – The 10% rate applies to payments to nonresidents under a Lesotho-source services contract (other than an employment contract).

Tax treaties

Lesotho has concluded tax treaties with the following countries:

Treaty	Dividends	Interest	Royalties	Management fees
Mauritius	10%	10%	10%	Domestic
South Africa	15%	10%	10%	10%
United Kingdom	10%	10%	10%	10%

Notes

1. Management fees are not dealt with in the treaty with Mauritius.

Anti-Avoidance Rules

Transfer pricing

In any transaction between taxpayers who are associates, 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.

The Commissioner may adjust the income arising in respect of any 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 to 1 the Commissioner may disallow a deduction for the interest paid on that part of the debt in excess of the 3 to 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 Lesotho Revenue Authority.

Social security

Lesotho has no form of social security for employed persons.

Fringe benefits tax

Fringe benefits generally are taxable to the employer, and not to the employee. The fringe benefits tax is levied at 40%.

Indirect Taxes

Value Added Tax (VAT)	Rate
Basic rate	14%
Telecommunications and electricity supplies	5%

Notes

1. Taxable transactions – VAT is a form of indirect tax levied on goods and services supplied in and outside Lesotho by taxable persons in Lesotho, and on imports. It is applicable on all transactions where value is added. Limitations apply in respect of input tax deductions.
2. Rates – The standard VAT rate is 14%. Banking services, except for the leasing of bank safes 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.
3. 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 same customs and excise duties as applicable to South Africa would be applicable to Lesotho.

Other Taxes

Inheritance/estate tax

The value of a decendant's estate is subject to estate duty at progressive rates of up to 33.5%. There is a LSL600 abatement on the dutiable value of an estate.

Stamp duty

Share transfers are subject to marketable securities tax at a 2% rate. Stamp duties are also 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

None – see stamp duties above.

Tax Administration and Compliance

Tax is administered in Lesotho by the Lesotho Revenue Authority.

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 advance payments before the financial year-end, usually in four (quarterly) instalments. Any remaining balance of tax due is payable with the tax return filed for the year. 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 3rd 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 pay tax withheld.
5. Rulings – There is no formal system of providing ruling however the Lesotho Revenue Authorities do provide rulings on application by the taxpayer.

Individuals

1. Tax year – The assessment year in Lesotho is the 12-month period starting 1 April and ending on 31 March.
2. Tax filing – Where both spouses in a marriage earn income, each will be separately assessed and each will be 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 3rd 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 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 pay tax withheld.

Value added tax

1. Filing and payment – Registered businesses (vendors) are required to file a return every month and make payments when VAT is due. A vendor shall file a value added tax return for each tax period with the Commissioner within twenty days after the end of the period.
2. 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.

General Investment Information

Investment Incentives

General incentives

- The Lesotho National Development Corporation provides certain incentives for investors including, *inter alia*, training grants, loans, services to facilitate the acquisition of sites for industrial buildings and project services. In addition, tax concessions may be negotiated with the corporation. 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 unimpeded access to foreign exchange
- Financial incentives are available to manufacturing companies establishing in Lesotho, e.g. unimpeded access to foreign exchange, long-term loans and an import VAT credit facility providing an input tax credit upon importation
- A nonrepayable 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

Tax incentives

- Preferential tax treatment is available for manufacturing, including a maximum corporate income tax rate of 10% on profits from manufacturing, 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, as amended. 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: it may be 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 or professional fees). The second category is intended to cover expenditure that is not deductible under general tax principles because it is incurred before the derivation of income from the business
- 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) (other countries in the CMA are 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 nonresident enters Lesotho for any reason other than tourism, he or she must have obtained a work permit prior to 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
- The Generalised 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
- Bilateral trade agreements have been concluded with a number of countries

Interest and Currency Exchange Rates

Prime Lending Rate
Central Bank lending rate: 7% (2016) (Source: African Financial Markets Initiative/Bank of Lesotho)
Currency: The currency is the Lesotho Loti (LSL) (divided into 100 Lisente); the plural is Maloti
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 = LSL1.00 (March 2017) (Source: Oanda)
USD1 = LSL12.88 (March 2017) (Source: Oanda)
EUR1 = LSL13.77 (March 2017) (Source: Oanda)

Key Economic Statistics

GDP (approximate)

USD1.806 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD1.90 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

N/A
There is no stock exchange in Lesotho

Rate of Inflation (average consumer prices)

8.6%
(average 2016)
(Source: IMF)

6.0%
(forecast 2017)
(Source: IMF)

Libya

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Income Tax

Individuals

Taxable income (LYD)	Rate
0 – 12 000	5%
Over 12 000	10%

Notes

1. Basis – Individuals are taxed on Libya-source income. Both Libyan nationals and non-Libyan nationals should be subject to tax on wages, salaries and/or all benefits received (in cash or in kind) in respect to employment, whether permanent or temporary, based on their contract with the Libyan entity/employer/sponsor.
2. Residence – Liability to taxation typically is based on the source of income (particularly for non-Libyan nationals), so residence generally is not a key factor in determining tax liability in Libya.
3. Taxable income – Tax is levied on salary or wage income (including allowances) derived from employment, professional income and in certain circumstances, investment income. Capital gains generally are treated as ordinary income.
4. Exempt income – Income below LYD1 800 (for a single individual) or LYD2 400 (for a married person with no dependent children) generally is exempt.
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 is subject to a 10% rate.

Income Tax – Companies

	Rate
Standard	20%

Notes

1. Basis – Any income generated in Libya from assets held in Libya or work performed therein should be subject to income tax in Libya.
2. Residence – An entity established in Libya is considered 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 should be taxed on the basis of their submitted 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 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.). While, in theory, tax should be 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. Losses incurred by upstream oil and gas companies may be carried forward for 10 years. The carryback of losses is not permitted.
5. Foreign tax credit – A foreign tax credit generally is not available, unless so provided in an applicable tax treaty, i.e. the Libyan tax legislation does not provide any definition/details regarding foreign tax credit.
6. Group relief – There is no provision allowing for any 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 to which group it belongs.
7. Rate – The standard corporate tax rate is 20%. The rate for branches of foreign companies also is 20%, but there is no branch remittance tax. Capital gains are treated as income and subject to the standard corporate tax rate. Other taxes apply on top of the 20% rate such as Jihad tax, etc.
8. Surtax – A 4% defense contribution applies in addition to corporate income tax.

Withholding Tax (WHTs)

WHT at the appropriate rate must be deducted from payments made to nonresidents.

Payment	Rate
Dividends	0%
Interest	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 – 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 Lybia's tax treaties are as follows:

Treaty partner	Dividends	Interest	Royalties
Egypt[1]	D	D	D
France	5%/10%	0%	10%
India1	D	D	D
Malta	0%/5%/15%[2]	5%	5%
Pakistan	0%	0%	0%
Singapore	5%/10%[3]	5%	5%
Slovakia	0%	10%	5%
United Kingdom	0%/15%[4]	0%	0%

Notes

1. The income is taxable only in the source state, so the domestic rate applies
2. Libya applies a 5% rate where the beneficial owner is a company that holds directly at least 10% of the capital of the payer company; otherwise, the rate is 15%. i.e. a 5% and 10% depending on the shareholding capital of the company paying the dividends. For completeness, under the domestic tax law, there is no withholding tax applicable on dividends. The Malta WHT may not exceed the tax chargeable on the profits out of which the dividends are paid.
3. The treaty provides for a 5% rate where dividends are paid to a company that holds directly at least 10% of the capital of the payer company; otherwise, the rate is 10%.
4. The 15% rate applies to qualifying dividends paid by a property investment company; otherwise, the rate is 0%.

Anti-avoidance rules

Transfer pricing

Although Libya does not have formal transfer pricing rules, the tax department has 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, etc.

Libya does not levy excise duties.

Other Taxes

Solidarity fund

Solidarity fund contributions are payable by deduction from the employees' salary at the rate of 1% of gross salary.

Stamp duty

Stamp duty is levied at varying rates.

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. Consolidate 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, 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 of March, June, September and December.
4. Penalties – Penalties apply for failure to file, late filing or other forms of noncompliance.

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.

General Investment Information

Investment Incentives

Tax incentives

- Law No. 9 of 2010 (Promotion of Investment) is designed to encourage the investment of national and foreign capital in Libya. The law provides tax benefits to companies that can contribute to diversification of the local economy, the development of rural areas, the increase of employment, etc.
  - 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 they 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 be paid 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 – Economic Community of West African States (ECOWAS), African Union (AU), G20, Organisation of Petroleum Exporting Countries (OPEC) and New Partnership for Africa's Development (NEPAD)
- International organisations – African Union (AU), Arab League, Group of 77 and United Nations (UN)

Interest and Currency Exchange Rates

Monetary Policy Rate
Interest rate 3% (2016) (Source: Central Bank of Libya and Trading Economics)
Currency: The currency is the Libyan Dinar (LYD)
The Libyan Dinar is subdivided into 1000 dirham
ZAR1 = LYD0.109 (March 2017) (Source: Oanda)
USD1 = LYD1.40 (March 2017) (Source: Oanda)
EUR1 = LYD1.50 (March 2017) (Source: Oanda)

Key Economic Statistics

GDP (approximate)

USD39.389 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD47.79 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

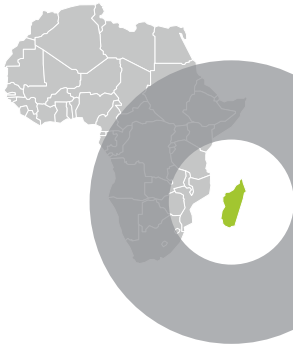
Market data for publicly listed companies is not available
(Source: Libya Stock Market)

Rate of Inflation (average consumer prices)

14.2%
(average 2016)
(Source: IMF)

12.52%
(forecast 2017)
(Source: IMF)

Madagascar



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Income Tax – Individuals

Resident individuals

Monthly income (MGA)	Rate
Salary up to 250 000	0% with a minimum tax rate of MGA2 000
Over 250 000	20%

Notes

1. Basis – Resident individuals and nonresident individuals are liable to tax on Madagascar–source income. Resident individual are to tax on their worldwide income.
2. Residence – An individual will be 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 – There is no exemption in Personal Income Tax (IRSA) but 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, and for government or private medical insurance and compulsory alimony payments. Certain types of income are exempt from income tax: family allowances, military and civil disability pensions and military retirement pensions.
6. Rates – The rate is 0% but the minimum tax amount is MGA2 000. The first MGA250 000 of monthly income is subject to a taxable amount of MGA2 000; monthly income exceeding MGA250 000 is subject to tax at a rate of 20%. Employers must withhold tax on the salary income of their employees. Nonresident individuals are taxed only on Malagasy-source income, including employment income. The rate applied to nonresidents is the same 20%.

Companies

Standard corporate rate is 20%

Notes

1. Basis – A resident corporation is subject to tax on its worldwide income, while a nonresident 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 centre 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 Géneral (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: (i) 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; (ii) certain charges and subsidies; taxes, penalties, etc. Land is not depreciable for tax purposes. 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.
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%.
9. 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 their activities and are subject to a 10% tax rate thereafter.
11. Mining activities – Large mining companies that make investments over USD25 million can benefit from legal and tax incentives if they are eligible under a special law, Loi sur les Grands Investissments Miniers (LGIM). Such companies are exempt from the minimum tax for five years from the beginning of exploitation. The corporate income tax rates are10% 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 nonresidents):

	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%
Mauritius	0	10%	5%

Anti-avoidance Rules

Transfer pricing

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 MGF1 152 024. The employer withholds the employee contributions from wages.

Employers and employees also must make monthly contributions to an Organisation Socio-sanitaire Inter Entreprise (OSIE) or an Association Médicale Inter-Entreprise (AMIE), entities that provide medical insurance. The contribution rates are 5% for the employer and 1% for the employee. The rates are applied to the gross monthly remuneration. The employer may purchase medical insurance from a private company instead of 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 OSIE and AMIE.

Indirect Taxes

Value Added Tax (VAT)

Standard rate is 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. The main exemptions relate to: healthcare, education, banking, insurance and reinsurance, farming and transportation. Banking transactions are subject to the tax on banking operations.
3. Registration – Entities that have annual turnover of less than MGA200 million (approximately USD100 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 Harmonized System with its general rules of interpretation, in force in more than 170 countries. Duties vary from 20% to 180%.

Other Taxes

Inheritance/Estate tax

A lump sum tax ranging from MGF10 000 to MGF40 000 is imposed on inheritances.

Intermittent income tax

Introduction of the Intermittent Income Tax at the rate of 5%, withheld at source, paid and declared per month, for the local suppliers (goods and services) nonregistered to Tax Authorities in Madagascar. Local suppliers (goods and services) nonregistered to Tax Authorities (Individuals) are subject to Intermittent Income Tax in Madagascar. It is under indirect tax.

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 occupying 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. However, companies may select a tax year running from 1 July to 30 June or another tax year.
2. Consolidated returns – Malagasy law does not provide for consolidated tax filings.
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-end other than the standard tax year-end, the filing must be made within four months after the year-end. Companies must make six instalments of corporate income tax for each tax year, with each payment equal to one-sixth of the preceding year's tax amount. The instalments are payable 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 being 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 upon the completion of registration. The TIC must be renewed annually at the time the tax return is submitted.

5. Penalties – Non filing is MGA100 000. The penalty rate varies from 40% to 100%.
6. Other – Taxpayers that compute taxable income under the actual or simplified actual regime must open a bank account in their name. Financial statements provided to private or public entities require the visa or certification of the tax authority.

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 – Employers must remit withholding tax on wages on a monthly basis between the 1st 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 – In the event it is Personal Income Tax (IRSA) Nonfiling penalty is MGA100 000. The penalty rate is 1% per month of the total Personal Income Tax (IRSA) amount.

Value added tax

1. Filing – The VAT return must be filed monthly, with tax due paid at that time.
2. Penalties – Non filing is MGA100 000 The penalty rate varies from 40% to 100%.

General Investment Information

Investment Incentives

General Incentives

- Abundant natural resources (i.e. gemstones, industrial and decorative stones, oil, and rare metals for mining activities; 5000 km of beaches and exceptionally unique fauna and flora for tourism business; big and fertile land with favourable climate for any agriculture and farming activities; various agricultural and arming products as raw materials for transformative industries and rivers, wind and sun for renewable energy production)
- Low cost of local inputs and labour – Labour intensive industries, such as textile manufacturing, have thrived in Madagascar with the Law on Export Processing Zone (EPZ) and the American African Growth and Opportunity Act (AGOA)* provisions. The labour force is young, skilled and fast-learning
- Access to markets and strategically located
- With trade agreements and preferential treatment granted to some developing countries Madagascar has advantageous access (quota-free; duty-free) to the American and European markets, as well as to other developed countries
- In addition, as a member of the following regional economic communities, Madagascar offers the advantage of being a good location for the ease of exporting goods and services to these markets: SADC **(Southern African Development Community), COMESA (Common Market for Eastern and Southern Africa), the Indian Ocean Rim, COI (Communauté de l'OcéanIndien). Finally, strategically located between Asia and Africa and on major maritime routes, Madagascar gives an advantage 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 transportation of goods
- Attractive business environment – The regulatory reforms and public investments in infrastructure since 2002, have led to improvement of the country's business environment. Significant public and private investments in infrastructure (such as road, ports, airports, telecommunication, and energy) reduce the costs of doing business. No restrictions on capital flow in and out of the country, either for debt service or dividend payment. There are no requirements for nationals who own shares of foreign companies. Rules of law are enforced without discrimination. Intellectual property protection is granted by laws. No government-imposed conditions on permission to invest, 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 technology transfer. Property rights are protected by laws (guarantee against nationalisation and expropriation)
- Quick and easy procedure for company creation.
- Peaceful and stable country – Malagasy people are peaceful by nature. Disputes and conflicts are resolved through amiable settlements and by rules of laws

* Madagascar eligibility to AGOA has been renewed after the election of the new President of the Republic of Madagascar.
** Madagascar has returned to SADC after the election of the new President of the Republic of Madagascar.

Tax Incentives

- There are a few company tax exemptions
- VAT collection for exporting and EPZ firms up to the amount of their VAT credit has been abolished
- A "common rights" regime applies to all activities operating on 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
- A preferential regime applies in FTZs for export activities. The regime includes a 5- to 10-year income tax exemption, followed by taxation at a lower rate of 10%; an exemption from the professional tax; and exemption from customs duties, import tax and VAT. The FTZs are exempted from Professional Tax

Exchange Controls

Exchange control regulations exist in Madagascar. For foreign exchange control purposes, operations are current and capital. Current operations include transfers abroad of profits after payments of taxes, dividends, earned income, expatriate allowances and savings; current 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 they intend 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 tax identification card of the employer
- A copy of his/her National Identity Card or Foreigner Identity Card (CIE) (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) and the Common Market for Eastern and Southern Africa (COMESA).

Interest and Currency Exchange Rates

Monetary Policy Rate
Interest rate 8.30% (2016) (Source: Banque de Madagascar)
Currency: The currency in Madagascar is the ariary (MGA). 1 Malagasy Franc = 0.2 Ariary
ZAR1 = MGA243.10 (March 2017) (Source: Oanda)
USD1 = MGA3135.07 (March 2017) (Source: Oanda)
EUR1 = MGA3352.34 (March 2017) (Source: Oanda)

Notes

1. The benchmark interest rate in Madagascar was last recorded at 9.50%. Interest rates in Madagascar are reported by the Central Bank.

Key Economic Statistics

GDP (approximate)

USD9.74 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD10.01 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

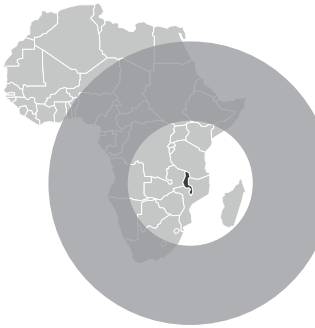
N/A Madagascar has no stock exchange

Rate of Inflation (average consumer prices)

6.7%
(average 2016)
(Source: IMF)

8.9%
(forecast 2017)
(Source: IMF)

Malawi



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Income Tax – Individuals

Taxable income (MWK)	Rate
0 – 240 000	0%
240 001 – 300 000	15%
Over 300 000	30%

Notes

1. Basis – Individuals are subject to tax on Malawi-source income.
2. Residence – Individuals will be considered resident for tax purposes if they are resident 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. Capital gains – are taxed as ordinary income. No capital gain is recognised on the disposal of personal-use domestic asset (including an individual taxpayer's principal residence), transfers between spouses, or transfers from a deceased spouse to a spouse or deceased parent to a child, 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.
4. Deductions and allowances – Donations made to approved charities are deductible subject to restrictions. Deduction or setting off of any amount, in the return of income in respect of any year of assessment, the deduction or setting off of which is not allowed under the Taxation Act.
5. Expenditure and losses (not being of a capital nature) wholly exclusively and necessarily incurred by the tax payer for the purpose of his trade or production of income
6. Allowances: Claiming any allowance in respect of any year of assessment which the taxpayer is not entitled to claim under the Taxation Act.
7. Rates – Resident individuals are taxed at progressive rates of 15% and 30% on income over MWK240 000 per annum (MWK20 000 per month). Certain income is subject to withholding taxes (see Withholding Taxes, below). Nonresidents 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 and royalty income and property gains. 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 are deductible subject to tax implications. Certain expenses with respect of deriving taxable income from farming and timber processes are deductible. Further deductions are allowed for research relating to a trade; allowable deductions for training allowances and transport allowances.
5. Losses – Losses may be carried forward for up to six years for all companies. Capital losses are deductible from other taxable income without restriction.
6. Foreign tax credit – Provided certain requirements are met, a foreign tax credit will be allowed against income taxed both in Malawi and 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 total taxable income.
7. Group relief – There is no provision allowing for any group relief or the transfer of losses between members of a group.
8. Rate – The standard rate of tax is 30%. Certain payments are subject to withholding taxes (see Withholding Taxes, below). The 2016/17 income tax measures increased the tax rate for life assurance companies from 21% to 30%. Investment income of pension funds is subject to a 15% rate. Designated priority industries are subject to reduced rates (see Tax incentives, below). Branch taxation – Branches of foreign companies are subject to a 35% rate. The branch profit before such distribution will be subject to tax.
9. Surtax – None
10. Presumptive tax – A 2% turnover tax applies on business income where annual turnover does not exceed MWK6 million. No turnover tax is due where the business turnover does not exceed MWK2 million. A taxpayer may elect to pay income tax in lieu of turnover tax.
11. 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, 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 which is subject to a final withholding tax (WHT).
12. 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 WHT rate of 10% on payments of interest, royalties and management fees to nonresidents.

Withholding Tax (WHT)

The WHT on various types of payments are as follows (the tax is a final tax for nonresidents and for residents in the case of dividends, and the rate may be reduced under an applicable tax treaty):

	Residents	Nonresidents
Dividends	10%	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%
Other payments	3%	15%
Imports	3%	n/a

Notes

1. Dividends paid from dividend income (and which are distributed by a subsidiary company to a holding company or related company) are exempt from the 10% WHT, provided that the dividend income was subject to WHT in the first instance. It is the dividend flow that is exempted to avoid double taxation, thus residency is not an issue.
2. Malawi's tax law does not provide a definition of a related company.
3. A 10% rate applies to payments of interest, royalties and management fees to nonresidents in relation to mining operations.
4. The WHT on contractors applies to contractors and subcontractors in the building and construction industries. 4% is for building industry.
5. WHT rates of 3% applies on the payment for any supplies, including foodstuff, tobacco and other products (15% on payments to nonresidents). Suppliers of foodstuffs and other goods can be granted exemption certificates.
6. Payments for supplies to traders and institutions generally are subject to WHT deduction. The only payments with exemptions from WHT are what are termed as cash and for over-the-counter purchases bought from open stock, utility and fuel bills, telephone bills, rates, and medical and insurance subscriptions or premiums.
7. Nonresidents are subject to 15% WHT on sales of shares of Malawian companies, unless a reduced treaty rate applies.
8. 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, and importations under customs procedure codes and other special transactions accorded duty-free status. This WHT is allowed as a credit against income tax charged upon final assessment.

Tax treaties

Malawi has concluded tax treaties with the following countries:

	Dividends	Interest	Royalties
France	D*	D*	0%
Norway	0/5/15%	10%	5%
South Africa	D*	D*	D*
Switzerland	D*	D*	D*
United Kingdom	0%/15%	0%/D	0%/D

* No rate is specified in the treaty; therefore, the domestic rate applies.

Notes

1. 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 the United Kingdom, the domestic rate applies to interest and royalty payments to a company that controls, directly or indirectly, more than 50% of the voting power in the payer company.

Anti-Avoidance Rules

Transfer pricing

Malawi has transfer pricing laws and regulations, which are modelled on the OECD Guidelines, and apply to particular transactions. Transfer pricing regulations apply to transactions with resident and nonresident parties, and local groups may be required to have a formal transfer pricing policy.

Thin capitalisation

The government introduced thin capitalisation provisions as from the 2015/2016 fiscal year to regulate the terms of investment and to prescribe a ratio of debt to equity to guard against overclaiming of interest for tax purposes. However,

the Minister is yet to gazette the order specifying a possible debt to equity ratio rate of 3:1.

Employment-Related Taxes

Payroll tax

The employer deducts tax monthly on a PAYE basis and is responsible for remitting it within 14 days of the end of each month.

Social security

An employer is allowed as deduction their contribution to an approved pension fund to the maximum of 5% of the salary.

Indirect Taxes

Value Added Tax (VAT)	Rate
Standard rate	16.5%

Notes

1. Taxable transactions – VAT is charged on the taxable supply of goods and services in Malawi, and on the import of goods. Certain supplies are exempt.
2. Rates – The standard rate of VAT is 16.5%. Certain supplies are exempt or zero-rated.
3. Registration – Taxpayers with annual taxable supplies of at least MWK10 million must register for VAT.

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.

Notes

1. The Customs and Excise measures introduced in the 2016/17 Budget include:
   - Amendment to give powers to the Commissioner General to enforce distrain action to noncomplying excise taxpayers
   - Introduction of Garnish order on Excise to enforce compliance on Excised licensed operators
   - Introduction of 30% penalty of the amount on returned cheque by the Bank for Customs and Excise payment
   - Reduction in excise tax rate from 20% to 10% applicable on production of Maheu Maize Drink

Excise duties

Common Market for Eastern and Southern Africa (COMESA) Simplified Trade Regime (STR) is a trade arrangement which 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. Therefore, traders enjoy duty free status on such goods originating from any of the three member states.

Malawi has bilateral trade agreements with South Africa, Mozambique, 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 transfer 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 nongovernmental employers.

Tourism Levy

A tourism levy of 1%, on all bills from registered tourism units, is charged.

Tax Administration and Compliance

Tax is administered by the Malawi Revenue Authority.

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 (except for July and August year ends that normally are dated back to the previous fiscal year).
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 makes a quarterly return of 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 furnish a return of income for any year 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%. Interest on any outstanding overdue tax is charged at the bank rate plus 5% per annum. The bank rate is defined as the rate which the Reserve Bank of Malawi 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. Showing that a person's tax affairs are in order at the date of issue of the certificate. It states that an individual or corporation has no tax due. Such transactions include but are not limited to transfer of land and buildings, renewal of certificate of fitness for commercial vehicles, renewal of Business Residence Permit, change of ownership

of a company, renewal of Temporary Employment Permits and renewal of telecommunications license 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 added to 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 has to be paid with the fourth quarter provisional tax payment.
4. Penalties – The basic penalty is MWK50 000 for failure to furnish a return of income for any year in a timely manner or for the omission of any amount from a return. Other penalties apply (see "Companies," above.)
5. Tax clearance certificate – A tax clearance certificate is required for many purposes.

Value added tax

1. Filing and payment – Value Added Tax (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 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 validity period for keeping records is six years in all tax legislation.

Notes

1. Other penalties on offences include those for nonpayment, late payment, underpayments, late submission of returns, nonsubmission of returns, and submission of incorrect returns, refer-to-drawer cheques, and refusal or resistance to register are also applicable under the Domestic Excise Tax, the Taxation Act and the VAT Act.
2. The MRA plans to leverage the use of ICT to enhance its operations by implementing the use of electronic fiscal devices in collection of VAT, automated self-assessment system for management of tax returns, web Automated Systems Customs Data (ASYCUDA) system and the Customs Data.

General Investment Information

Investment Incentives

Tax Incentives

- An "investment allowance" of 100% of the cost of new qualifying assets (40% for used assets) may be claimed by taxpayers in the manufacturing, agricultural and tourism sectors. The balance of the expenditure, if any, is deducted as an annual allowance at the rate of 5%-33% depending on the asset class
- Manufacturing companies are allowed to deduct all operating expenses incurred up to 18 months prior to the start of operations
- Incentives apply in respect of petroleum storage facilities
- Manufacturers may claim initial business expenditure (expenditure incurred not more than 18 months prior to commencement and in the process of establishing the business and that is ordinarily allowable as a deduction in the normal course of the manufacturing business) as an up-front deduction
- The agro-processing and commercial electricity generation and distribution industries are designated priority industries. Under the Taxation Act, companies operating in designated priority industries are currently subject to income tax rates of between 0%, for periods of up to 10 years, or 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 of equal to 100% of mining expenditure incurred,

a new resource rent tax on returns generated by high commodity prices at 10% of after-tax profits, and special exemptions from import customs duties and VAT
- Pension fund contributions of employers are tax deductible up to 15% of the employees' annual salary 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 may also be deducted from taxable income. (The above incentives do not apply to traditional exports, i.e. tea, coffee, unmanufactured tobacco and tobacco refuse or cane sugar)
- The importation 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 requirement 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), formed from the merger of the former Malawi Export Promotion Council (MEPC) and the Malawi Investment Promotion Agency (MIPA), 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, profit or dividend remittance approval 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 Reserve Bank of Malawi.

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. No exchange control approval is necessary for local currency borrowings.

Expatriates and Work Permits

Temporary employment permits (TEPs) normally are available where a specific 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." TEPs normally are granted for a specific person and employer for two years at a time, 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), the Common Market for Eastern and Southern Africa (COMESA)
- African Growth and Opportunity Act beneficiary country
- Bilateral trade agreement with South Africa, under which number of export products may enter the South African market at reduced rates of import duty
- Malawi signed a preferential trade agreement with Mozambique with the intention that Malawi export products to the neighbouring country are duty-free

Interest and Currency Exchange Rates

Monetary Policy Rate
Bank rate 27% (June 2016) (Source: Reserve Bank of Malawi)
Currency Kwacha (MWK) (divided into 100 Tambala) (Source: Oanda)
ZAR1 = MWK55.63 (March 2017) (Source: Oanda)
USD1 = MWK717.68 (March 2017) (Source: Oanda)
EUR1 = MWK767.29 (March 2017) (Source: Oanda)

Notes

1. The Reserve Bank of Malawi intervenes in the foreign exchange market – a *de facto* conventional peg to ensure Kwacha stability.

Key Economic Statistics

GDP
(approximate)

USD3.892 billion
(2016 estimate)
(Source: IMF)

USD4.601 billion
(2017 forecast)
(Source: IMF)

Market Capitalisation

MWK8.525 billion/
USD11.83 billion
(Sept 2016)
(Source: Reserve Bank of Malawi Financial and Economic Review)
Malawi Stock Exchange

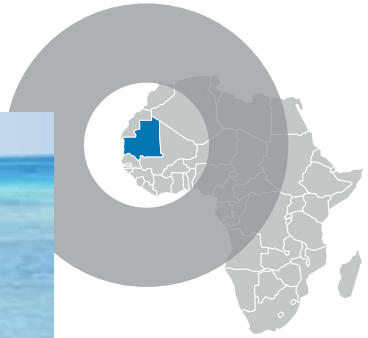
Rate of Inflation
(average consumer prices)

121.79%
(average 2016)
(Source: Reserve Bank of Malawi)

24.6%
(November 2016)
(Source: IMF)

13.9%
(2016 forecast)
(Source: IMF)

Mauritania



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Income Tax – Individuals

Taxable income (MRO)	Rate
0 – 90 000	15%
90 001 – 210 000	25%
Over 210 000	40%

Notes

1. Basis – Personal income tax is applicable for both Mauritanian nationals and non-Mauritanian nationals who have Mauritanian-source income. Non-Mauritanian nationals also are subject to tax on the salary paid outside of Mauritania in respect of work performed in Mauritania.
2. Residence – There is no specific definition of residence for PIT purposes.
3. Taxable income – Payroll tax is levied on salaries and related benefits and allowances paid by public and private entities, to the extent the 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 the salary. Individuals who perform industrial, commercial, agricultural activities or aircraft are subject to corporate income tax the same way as set out in companies section.
4. Deductions and allowances – Various deductions are allowed, including for mandatory social security, pensions and contributions.
5. Rates – Employment income: rates are progressive up to 40% for both residents and nonresidents
6. Individuals who derive business and professional income other from employment are taxable at the standard corporate income tax rate of 25%.

Income tax – Companies

	Rate
Standard rate	25%

Notes

1. Basis – Mauritania operates a territorial tax system. Entities (both resident and nonresident) generally are subject to corporate tax only on income generated from activities carried on in Mauritania.
2. Residence – There is no definition of residence in the Mauritanian tax law. Mauritanian entities are taxed based on the territoriality principle.
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. 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 capital gains within three years as from the end of the financial year in which they were incurred, 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, *inter alia*, penalties, fines and depreciation in excess of the rates provided in the Mauritanian tax law. Land is not depreciable for tax purposes, while other fixed assets may be depreciated using the straight-line method at maximum rates specified by the Mauritanian tax law. Certain industrial assets

may be depreciated using the declining-balance method, subject to specific conditions. Provisions are normally deductible for tax purposes if they provide for clearly specified losses or expenses that are likely to occur and 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 any group relief or the transfer of losses between members of a group.
8. Rates – The standard corporate tax rate is 25%. A nonresident 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 withholding tax rate is 15% of the contract value for the provision of services.
9. Branch taxation – Branches of foreign companies are subject to the same rate as domestic companies. In addition, remittances by a branch to a head office are subject to a 10% withholding tax.
10. Alternative minimum tax – A minimum flat rate tax (i.e. Impôt Minimum Forfaitaire "IMF") is payable by entities subject to the tax on industrial and commercial profits. The IMF is calculated based on sales turnover. This tax is payable at a rate of 2.5% of the sales turnover of the financial year. There is a minimum payment of MRO750 000.

Withholding Tax (WHT)

Certain payments to domestic companies and individuals and nonresident companies/investors are subject to WHT at the following rates (the tax is a final tax for nonresidents (corporates and individuals) and the rate may be reduced under an applicable tax treaty):

Payment	Residents	Nonresidents
Dividends	10%	10%
Interest	10%	10%
Royalties	0%	15%
Director fees	-	10%
Technical services fees	3%	15%

Notes

1. Interest – Interest on savings accounts held with the savings fund (la Caisse d'Epargne) is exempt from tax.
2. Royalties and technical services fees – A nonresident entity that does not have a PE in Mauritania but that provides services in Mauritania for a period of 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.

Tax treaties

Mauritania has concluded tax treaties with the following countries/bodies:

Treaty	Dividends	Interest	Royalties
Arab Maghreb Union[4]	1	2	3
France	10%	10%	3%
Senegal	1	2	3
Tunisia	1	2	3

Notes

1. Dividends paid by a company which is a resident of a Contracting State to a resident of one of the other Contracting States may be taxed in the State in which the profits distributed are derived and according to the laws of the receiving State where these benefits come from.
2. Interest arising in a Contracting State and paid to a resident of one of the other Contracting States may be taxed in the State in which the interest is paid.
3. Royalties arising in a Contracting State and paid to a resident of one of the other Contracting States shall be taxable only in the first-mentioned State. The term "royalties" as used in this Article means payments of any kind received as a consideration for the use of, or the right to use, any copyright in literary, artistic or scientific work, including films, cinematographic and commercial television programs, a patent, trade mark, design, model, plan, secret formula or process, and for the use of, or the right to use, industrial port or scientific agricultural industrial equipment or for information relating to industrial, commercial or scientific experience as well as for technical or economic studies or in exchange for technical assistance. Royalties shall be deemed to arise in a Contracting State when the payer is that State itself, a political subdivision, a local authority or a resident of one of the other States referred to above.
4. The Arab Maghreb Union – members are the nations of Algeria, Libya, Mauritania, Morocco and Tunisia.

Anti-Avoidance Rules

Transfer pricing

There are no formal transfer pricing regulations in Mauritania. However, transactions between related parties should be carried out at arm's length.

Thin capitalisation rules

A thin capitalisation ratio of 25:75 (debt to equity) was introduced by Finance Act 2016 limiting the capacity to deduct interest against taxable profits.

Employment-Related Taxes

Payroll tax

The employer is required to withhold payroll tax from employees' salaries and remit it to the tax authorities on the 15th of each month.

Social security

An employer is required to remit social security contributions in respect of an employee's gross salary, at a rate of 15% (capped at a monthly base of MRO70 000).

The employee's contribution is 1% of the monthly salary (with a limit of the actual salary base of MRO70 000).

Indirect Taxes

Value Added Tax (VAT)	Rate
Standard rate	16%

Notes

1. Taxable transactions – VAT is levied on the supply of goods and services and on import transactions.
2. Rates – The standard rate of VAT is 16%. A higher rate of 18% applies to petroleum products and telecommunications services.
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

The 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 goods' classification and origin.

Privileged rates may apply in line with bilateral or multilateral treaties or conventions, as agreed by the government of Mauritania. The Maghreb Union 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 taxes. These goods will enter under an "ATA Carnet" that can be obtained from the Council of the International Chamber of Commerce.

In addition to the customs duties, most imported products are subject to a statistical tax of 3%.

Other Taxes

Inheritance/gift tax

The Mauritanian tax law does not contain an inheritance tax. However, donations and *inter vivos* gifts are subject to registration fees at various rates that vary according to the type of assets transferred.

Stamp duty

Stamp duties are applicable to certain transactions at various rates.

Business activity tax (patente)

This tax (at various rates) is calculated based on the turnover of the business.

Registration duty

Registration duties apply on transfers of real property or businesses. The rates vary between 0.25% and 15%.

Tax Administration and Compliance

Tax is administered in Mauritania by the Direction Générale des Impôts Ministère des Finances Mauritanie.

Companies

1. Tax year – The calendar year typically is the fiscal year.
2. Consolidated returns – Consolidated returns are not permitted; each entity must file a separate tax return.
3. Filing and payment – During the course of the fiscal year, two advance payments of corporate income tax should be made by 31 March and 30 June. The tax return must be filed by 31 March of the year following the fiscal year, with any balance of tax paid by 30 April.
4. Penalties – Penalties are imposed on late filing and 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 more than two months.
5. Rulings – Rulings are not available.

Individuals

1. Tax year – The tax year is based on the calendar year.
2. Tax filing – Married couples file separate tax returns (no joint tax filing is applicable in Mauritania).
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 given month, and an annual tax deduction schedule must be filed for the year before 15 February of the following year. Generally, no separate personal/individual tax filing is required.
4. Penalties – Penalties are imposed on late filing and 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 more 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 on late filing and 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 more than two months.

General Investment Information

Investment Incentives

Tax Incentives

There are a number of tax incentives available under the Investment Code that apply to all economic sectors, except for banking, insurance (including reinsurance) activities and mining and hydrocarbon activities. These include the capital gains exemption and the export-oriented companies' regime:

- Capital gains exemption – Capital gains derived from the disposal of shares in the capital of enterprises operating under the Investment Code are exempt from tax in Mauritania if the transfer was made to a Mauritanian national
- Export-oriented companies' regime – A number of advantages are granted to companies whose business relates solely to exports, whether directly or indirectly. (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 and the like, as well as on the import of raw materials, semi-finished goods, and others required for the purposes of setting up or running the business; exemption from registration and stamp duties for the transfers and similar deeds required for the setting up and the organisation of the business; exemption from the business license duty and any 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.

Additionally, there is a special tax regime for public procurement contracts funded by foreign resources. Such procurements include the supply of works, products and services funded by means of grants, nonreimbursable subsidies and foreign loans contracted by the government, collective authorities and public establishments. The key exemptions cover VAT, statistics 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 a work permit and a residency card. Obtaining a work permit requires sponsorship from a local employer. The residency card is mandatory for all foreigners in Mauritania. There is no special tax regime for expatriates or any tax benefits applicable to expatriate taxpayers in Mauritania.

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
Discount rate 9.% (2016) (Source: Banque Centrale de Mauritania)
Currency: The Mauritanian currency is the Ouguiya (MRO). An Ouguiya is divided into five khoums.
ZAR1 = MRO27.42 (March 2017) (Source: Oanda)
USD1 = MRO353.69 (March 2017) (Source: Oanda)
EUR1 = MRO378.14 (March 2017) (Source: Oanda)

Key Economic Statistics

GDP (approximate)

USD4.718 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD4.8 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

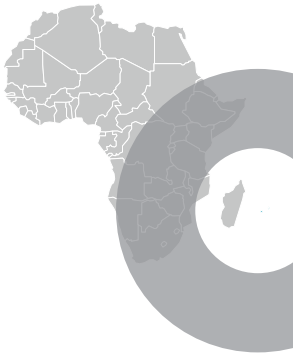
N/A
Mauritania does not have a stock exchange.

Rate of Inflation (average consumer prices)

1.3%
(average 2016)
(Source: IMF)

4.2%
(forecast 2017)
(Source: IMF)

Mauritius



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Income Tax – Individuals

The income tax rate on individuals is a flat rate of 15%.

Notes

1. Basis – Mauritius operates a worldwide system of taxation of income and capital gains. Residents are taxed on worldwide income; nonresidents are taxed only on Mauritius-source income.
2. Residence – An individual is considered a resident of Mauritius if: (i) he/she is domiciled in Mauritius (unless the individual's permanent abode is outside Mauritius; (ii) he/she is present in Mauritius for 183 days or more in the income year; or (iii) he/she 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 out of an employment, business income and 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; however, dividends received from nonresident companies are taxable in Mauritius.
4. Deductions and allowances – A taxpayer whose annual income is below MUR4 million is entitled to a deduction for a child who is attending university full-time; the deduction amounts to MUR135 000, is available for a period not exceeding six years and cannot be claimed for more than three children. 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. Certain first-time buyers of a residence or residential land are entitled to a deduction for interest on a mortgage, as well as an exemption from registration duty. Sugar cane planters – A planter exclusively engaged in a sugar cane plantation on less than 15 hectares of land is entitled to an exemption for the first 60 tons of sugar income. This planter is also entitled to a duty-free double cab vehicle.

   A single allowance (called 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 2017 is as follows:
   a. Category A – No dependent: MUR295 000
   b. Category B – One dependent: MUR405 000
   c. Category C – Two dependants: MUR465 000
   d. Category D – Three dependants: MUR505 000
   e. Category E – No dependent: MUR345 000 (retired persons)
   f. Category F – One dependent: MUR455 000 (retired persons)
5. Rates – The income tax rate for individuals is 15%. Nonresident individuals are subject to the same rate as resident individuals, although certain payments made to individuals with an address outside Mauritius are subject to withholding tax (WHT).

Nonresidents

Nonresidents are only subject to tax in Mauritius on income derived from a source in Mauritius. Nonresident individuals are subject to tax using the same tax rates applicable to residents. In addition, certain payments made to nonresidents, at an address outside Mauritius, are subject to the deduction of tax at source.

Income Tax – Companies

	Rate
Basic rate	15%

Notes

1. Basis – Residents are taxed on worldwide income; nonresidents 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.
3. Taxable income – Income tax is imposed on a company's profits, which consist of business/trading profits and passive income.
4. Deductions – Normal business expenses are deductible in computing taxable income. However, the following expenses are nondeductible:
   - Expenditure that is of a capital nature;
   - A reserve or provision 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 or foreign tax; and
   - Expenditure of a private nature.
5. Losses – Losses may be carried forward for five years, except for losses arising from annual allowances on capital expenditure incurred after 1 July 2006. The carryback of losses is not permitted.
6. Foreign tax credit – Foreign tax paid may be credited against Mauritius tax on the same income. A company holding a Category 1 Global Business License (BBL 1 company) is entitled to claim a credit for the greater of the actual foreign tax incurred or a deemed foreign tax credit equivalent to 80% of the Mauritius tax payable providing a maximum effective tax rate of 3%.
7. Group relief – There is no group relief provision, except that losses can be transferred on a takeover or merger involving manufacturing companies.
8. Rates – The standard tax rate on resident companies is 15%. Companies holding a category 1 global business license are entitled to foreign tax credit in the form of actual tax suffered or deem foreign tax credit of 80% on its tax liability arising on foreign source income. Companies holding a freeport license and not operating outside the Freeport zone in Mauritius are exempt.
9. 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.
10. Alternative minimum tax – The alternative minimum tax has been repealed on 1 July 2015.
11. Other – Profitable companies are required to allocate 2% of their chargeable income to government-backed activities under corporate social responsibility schemes, or as contributions to the Mauritius government in its fight against poverty. The special levy of 3.4% of book profit, and 1% of operating income payable by profitable banks apply through 30 June 2018. As from 1 July 2018, the rates will be reduced by 50% (i.e. to 1.7% and 0.50%, respectively).

Withholding Taxes (WHT)

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

Payment	Rate
Dividends	0%
Interest paid to a nonresident*	15%
Interest in all other cases	15%
Royalties paid to a resident/nonresident	10%/15%
Rent	5%
Payments to providers of specified services (includes accountant/ accounting firms and tax advisors and their representatives	3%
Payments to contractors and subcontractors in construction industry	0.75%
Payments made to a nonresident for any services rendered in Mauritius	10%

* Any amount of interest payable by any person other than an individual, a bank or a nonbank deposit taking institution, under the Banking Act, to any person other than a company resident in Mauritius is subject to TDS at the rate of 15%.

Notes

1. The payer is required to submit an annual Tax Deduction at Source (TDS) return to the Mauritius Tax Authority (MRA) and issue a Statement of Income and Tax deducted to the payee by 15 August annually showing the total payments made to the payee and the total amount of TDS. Where a payer fails to remit the annual return TDS return to the MRA by the due date, a penalty of MUR5 000 per month or part of a month up to a maximum of MUR20 000 is applicable.
2. In addition to the normal WHT, ministries, departments, local authorities, the Rodrigues Regional Assembly and parastatals are required to make a deduction at source on high-value contracts relating to the implementation of projects and the procurement of goods and services.

Tax treaties

Mauritius has concluded tax treaties with the following countries:

Treaty partner	Dividends[1]	Interest	Royalties
Australia (Partial)*		-	-
Bangladesh	10%	0%	0%
Barbados	5%	0%/5%[2]	5%
Belgium	10%	0%/10%	0%
Botswana	10%	12%	12.5%
China	5%	10%	10%
Congo (Rep)	5%	5%	0%
Croatia	0%	0%	0%
Cyprus	0%	0%	0%
Egypt	10%	10%	12%
France	15%	Domestic law rate	15%
Germany	15%	0%	10%
Guernsey	0%	0%	0%
India	5% and 15%	7,5%	15%
Italy	15%	Same rate as under Domestic law rate	15%
Kuwait	0%	0%	10%
Lesotho	10%	10%	10%
Luxembourg	10%	0%	0%
Madagascar	10%	10%	5%
Malaysia	15%	15%	15%
Malta	0%	0%	0%

Monaco	0%	0%	0%
Mozambique	15%	8%	5%
Namibia	10%	10%	5%
Nepal	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	10%	10%	5%
Sri Lanka	15%	10%	10%
Swaziland	7.5%	5%	7.5%
Sweden	15%	0%	0%
Thailand	10%	10%/15%	5%/15%
Tunisia	0%	2.5%	2.5%
Uganda	10%	10%	10%
United Arab Emirates	0%	0%	0%
United Kingdom	15%	0%	15%
Zambia	15%	10%	5%
Zimbabwe	20%	10%	15%

* The Governments of Australia and the Republic of Mauritius have signed an Agreement on the Exchange of Information with Respect to Taxes. The Agreement provides for exchange of information on request in both criminal and civil tax matters. In addition to the TIEA, Australia and Mauritius also signed an Additional Benefits Agreement (ABA). The ABA will establish an administrative mechanism to resolve transfer pricing disputes between taxpayers and the revenue authorities of Australia and Mauritius and eliminate double taxation of certain income derived by retirees, government employees and students.

Anti-avoidance Rules

Mauritius does not have transfer pricing, thin capitalisation or Controlled Foreign Companies (CFC) 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 the individual must make quarterly payments. An annual return of employees must be filed to the MRA by 15 August following the end of each tax year showing the details of employees and amount of tax remitted for the respective employees.

Social Security Contributions

The employer is required to make pay-related social security contributions equal to 6% of the monthly basic salary (in respect of the National Pension Fund), 2.5% (for the National Solidarity Fund) and 1.5% (for the HRDC Levy) of the monthly basic salary of each employee (the monthly salary is capped to a maximum of MUR16 655 for NPF and NSF contributions).

Indirect Taxes

Value Added Tax (VAT)

	Rate
Standard rate	15%

Notes

1. Taxable transactions – VAT is levied on the supply of goods and the provision of services in Mauritius, including import unless they fall under the definition of zero-rated or exempt supplies as provided under the VAT Act
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 nonresidents, the supply of aeronautical services, pharmaceutical products, foodstuffs, etc.). Exempt supplies include medical services, public transport, residential accommodation, banking services, cosmetic surgery and 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 per year. Certain businesses or professions are required to register, irrespective of turnover.

Customs and Excise Duties

Tariff policy

Customs and Excise duty is levied on importation of a range of products, as prescribed under the Customs and Tariffs Act. The applicable rates in respect of each item are listed in the Integrated Customs Tariffs Schedule.

Where significant local production exists, and to give greater certainty to businessmen and investors, changes in customs duty rates on products will be 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, between descendants of a deceased person and where the transfer is made by an ascendant to a descendant's spouse or surviving spouse.

Stamp duty

There is no stamp duty applicable 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. However, companies can opt for a financial year end other than 30 June. Companies are required to file its annual return not later than six months from the end of the month in which its accounting year ends.
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 annually are required to make quarterly tax payments under the advance payment system (APS). 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 the end of December. Where companies have their accounting year ending on 31 December, the due deadline for submission of the return and settlement of tax due is two days (excluding weekend days and public holidays) before the end of June. Other companies must submit their returns and pay tax, if any, within six months after the end of their accounting year. Societies 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 calendar year. Tax forms must be submitted and filed by 30 September.
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 preceding year`s annual turnover or income derived from the exercise of a profession, vocation or occupation exceeded MUR4 million, must file CPS returns and pay tax on a quarterly basis. Any additional tax must be paid at the time of filing their annual income tax return 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 a quarterly basis.
2. Penalties and Interest – Late payment of VAT is subject to penalty of 10% and interest of 1% per month or part of month on amount of VAT payable.

General Investment Information

Investment Incentives

Tax incentives

To boost manufacturing, the Schedule of Annual Allowances in the Income Tax Act, provides for accelerated depreciation in respect of capital expenditure made during the period 1 January 2013 to 30 June 2018, as follows:

Capital expenditure	Allowance
Industrial premises dedicated to manufacturing	30% of tax base value
Plant or machinery costing MUR50 000 or less	100% of costs
Electronic and high-precision machinery (including computer hardware and software)	50% of costs
Plant and machinery (excluding passenger cars) by a manufacturing company	50% of costs
Scientific research	50% of costs

Exchange Control

The Exchange Control Act was suspended in 1994, so 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 right to a three-year residence period

can be granted to:

- An investor setting up a business with an annual turnover exceeding MUR3 million
- A professional offered employment with a monthly salary exceeding MUR30 000
- A self-employed professional with an annual income exceeding MUR600 000

When an occupation permit expires, the investor, professional or self-employed professional, can apply for permanent residence subject to certain conditions.

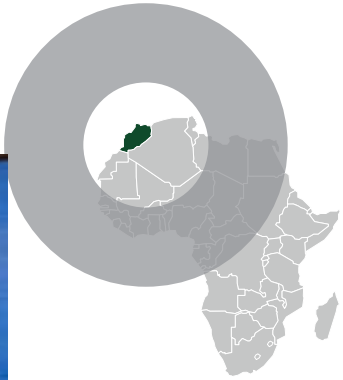
Trade Relations

- Organisations – 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

Bank Rate
Lending rate: 6.9 – 8.5% (2016) Average lending rate of banks 6.83% (Source: Bank of Mauritius)
Repo Rate
4% (Nov. 2016) (Source: Bank of Mauritius)
PLIBOR*
1.42% (Jan. 2017) (Source: Bank of Mauritius) * Port Louis Interbank Offered Rate.
Currency: Rupee named after the Indian rupee. It is divided into 100 cents. MUR – Currency code Rs – Currency symbol
ZAR1 = MUR2.64 (March 2017) (Source: Oanda)
USD1 = MUR34.06 (March 2017) (Source: Oanda)
EUR1 = MUR36.42 (March 2017) (Source: Oanda)

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; nonresidents are taxed only on Moroccan-source income.
2. Residence – The following individuals are resident in Morocco for tax purposes: (1) individuals who are habitually resident in Morocco; (2) individuals who are present in Morocco for a minimum of 183 days within a given year, whether or not continuously; and (3) 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 out of a business or profession. Capital gains are treated as ordinary income and taxed at the personal tax rate.
4. Deductions and allowances – Various deductions and personal allowances are available in computing taxable income.
5. Rates – Rates are progressive from 0% to 38% to both residents and nonresidents. Individuals deriving capital gains from the sale of property are subject to tax on property profits. Profits on the sale of property are taxable at 20% of any profit, but with a minimum tax of 3% of the sale price. The tax is 30% if the gain relates to plots of land that have been held for more than six years. Capital gains from the sale of a primary resident are exempt in certain cases.

Income Tax – Companies

Taxable income (MAD)	Rate
0 – 300 000	10%
300 001 – 1 million	20%
1 000 001 – 5 million	20%
Over 5 million	31%

Notes

1. Basis – Morocco operates a territorial tax system. Companies (both resident and nonresident) 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 taxable a 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. Capital gains are treated as ordinary income and taxed at the corporate tax rate.
4. Deductions – Expenses incurred in the operation of the business are generally deductible, unless specifically excluded. Expenses that are not permitted include: penalties, fines, interest on shareholder 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 a period of 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 if so provided in an applicable tax treaty.
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.
10. Alternative minimum tax – There is no AMT but the tax payable by a company must be at a rate of at least 0.5%, regardless of the amount of taxable profit, calculated on turnover, financial and noncurrent income.

Withholding Tax (WHT)

The WHT on various types of payments made to nonresidents 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%

Tax treaties

Morocco has concluded tax treaties with the following countries:

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	15%	10%	10%
France	15%	10%/15%	5%/10%
Germany	5%/15%	10%	10%
Hungary	12%	10%	10%
India	10%	10%	10%
Italy	10%/15%	10%	5%/10%
Jordan	10%	10%	10%
Korea (R.O.K.)	5%/10%	10%	5%/10%
Latvia	6%/10%	10%	10%
Luxembourg	10%/15%	10%	10%
Malaysia	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%
Romania	15%	10%	10%
Spain	10%/15%	10%	5%/10%
Switzerland	7%/15%	10%	10%
Turkey	7%/10%	10%	10%
Ukraine	10%	10%	10%
United Arab Emirates (UAE)	5%/10%	10%	10%
United Kingdom	10%/25%	10%	10%
United States	10%/15%	15%	10%

Anti-avoidance Rules

Transfer pricing

There is no formal transfer pricing legislation in Morocco but transactions between related parties should be at arm's length. Two methodologies are used by the tax authorities: the comparable uncontrolled price method and direct assessment based on available information.

Thin capitalisation

There is no formal thin capitalisation legislation but the deduction of interest on shareholder loans is subject to some conditions and limitations. Interest is deductible provided 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.

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 Tax on the basis of the employee's gross salary.

Indirect Taxes

Value Added Tax (VAT)	Rate
Standard rate	20%

Notes

1. Taxable transactions – VAT is levied on the supply of goods and the provision of services in Morocco, and on imports.
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, which are considered necessary to promote and develop investment, are subject to import duty at between 2.5% and 10% *ad valorem* if no other stipulation of a trade treaty with the country of origin. Morocco has signed several agreements aiming to reduce these rates.

Other Taxes

Inheritances and donations

There is no inheritance tax but a gift tax is levied at a flat rate of 20%.

Stamp duty

Legal documents are subject to stamp duty at a rate up to MAD1 000.

Transfer Tax

A 6% registration duty, and a 1% real estate tax, are levied at the time real property is acquired.

Property tax
Property occupied as a main or second residence is taxed at progressive rates from 0% to 35%. 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 the 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.

Business tax
A business tax is levied 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 exemption for the first five years of activity.

Tax Administration and Compliance

Tax is administered by the General Tax Administration (GTA). The GTA mainly manages four state taxes (corporate tax, income tax, value added tax, registration and stamp duties). It also is responsible for managing three local taxes on behalf of local authorities (business tax, tax on dwellings and tax on communal services).

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 – Penalties are imposed for the late submission of a tax return, and interest is charged for the late payment of tax.
5. Rulings – Tax rulings can be introduced to the tax administration. The procedure could take more than 6 months. The administration position in general is in line with the tax law and the 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 global income tax return, when applicable, must be filed before 1 March of each year in the place where the taxpayer has his/her habitual residence or main business.
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 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

- Exemption from Business Tax – New enterprises that set up operations in certain areas and new, small- and medium-sized industries set up anywhere in Morocco will be exempt from the business tax for the first five years of operation
- Companies exporting goods and services are entitled to an exemption from corporate tax for the first five years of operation. Thereafter, a reduced corporate tax rate of 17.5% applies to the export sales. For export services, this exemption is applied only for the 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, which are depreciable assets registered in a fixed asset account for 36 months following the start of activity
- An exemption from the minimum contribution in respect of corporate tax during the first 36 months of operation
- Neutralisation of Corporate Income Tax on the transfer of investment goods among member companies of a restructuring group. All taxpayers can benefit from such incentives

Exchange Controls

Foreign exchange is not restrictive in Morocco, but the rules should be observed in order to transfer funds abroad.

Expatriates and Work Permits

Foreign citizens can work in Morocco for resident employers if they obtain a visa to the employment agreement.

Trade Relations

Memberships – United Nations, World Trade Organisation

Interest and Currency Exchange Rates

Monetary Policy Rate
Key rate 2.25% (2016) (Source: Bank Al-Maghrib)
Currency: Moroccan Dirham (MAD)
The MAD is released by the Central Bank of Morocco, Bank Al-Maghrib and its export is prohibited by law.
ZAR1 = MAD0.77 (March 2017) (Source: Oanda)
USD1 = MAD9.89 (March 2017) (Source: Oanda)
EUR1 = MAD10.57 (March 2017) (Source: Oanda)

Key Economic Statistics

GDP (approximate)

USD104.908 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD111.34 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

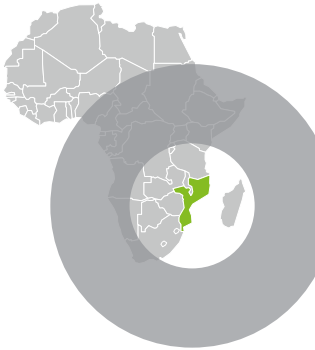
MAD583 380 317 927.00
(2016 estimate)
(Source: Casablanca Stock Exchange)

Rate of Inflation

1.3%
(average 2016)
(Source: IMF)

1.3%
(forecast 2017)
(Source: IMF)

Mozambique



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Income Tax – Individuals

Annual Income	Rates	Deductible amount
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
> 1512 000	32%	141 540

Notes

1. Basis – Resident individuals are subject to tax on worldwide income. Nonresident individuals are taxable only on Mozambique-source income.
2. Residence – An individual will be 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. Persons who form part of a household are deemed to be resident if the person in charge of managing the household is resident in Mozambique.
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 or advantages received from the employer.
4. Deductions and allowances – Personal and dependent allowances are available.
5. Rates – Employment income obtained by residents is taxed under the PAYE system. Monthly withholding tax is a final tax and the highest marginal rate is 32% which applies to monthly income higher than USD2 100. Nonresidents are taxed at a flat rate of 20%.
6. Simplified Tax for Small Taxpayers (ISPC) – An ISPC applies at the election of the taxpayer, and once elected, it replaces the individual income tax (or corporate income tax) and VAT. The ISPC applies to micro-enterprises and small individual taxpayers that carry on an agricultural, industrial or commercial activity, including services, and whose turnover does not exceed MZM2.5 million. The tax under the ISPC is either a fixed amount of MZM75 000 or 3% of annual turnover.

Income tax – Companies

Standard corporate rate is 32%

Notes

1. Basis – Resident companies are taxed on their worldwide income. Nonresident 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 a direct or an indirect transfer between nonresidents of capital shares or other interests and participatory rights involving assets located in Mozambique are deemed to be obtained in Mozambique (i.e. as Mozambique-source income), regardless of where the sale takes place and regardless of whether the transfer is gratuitous or for consideration.
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 granted by shareholders to the company are not deductible tax costs to the extent they exceed MAIBOR (12 months), plus 2%. 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.
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 in a particular mine or area of concession agreement may not be offset by gains derived in another mine or area.
6. Foreign tax credit – A tax credit is available for foreign taxes paid. Mozambique applies the ordinary foreign tax credit as a unilateral method for the avoidance of double taxation of income obtained abroad by resident companies and permanent establishments of nonresident companies. Unused credits may be carried forward for up to five years.
7. Group relief – There is no provision allowing for any group relief or the transfer of losses between members of a group.
8. Rate – The standard corporate tax rate is 32%, although a penalty rate of 35% may be charged on unsubstantiated payments.
9. Branch taxation – Branches of foreign companies are subject to the same rate as domestic companies; Mozambique does not levy a branch profits tax.
10. Simplified Tax for Small Taxpayers (ISPC) – See above under "Income tax – Individuals."
11. Alternative minimum tax – An AMT applies to very small entities (i.e. those with turnover less than MZM2.5 million).

Withholding Tax (WHT)

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

Payment	Residents	Nonresidents
Dividends	0%/10%/20%	10%/20%
Interest	0%/20%	20%
Royalties	20%	20%
Technical services fees	-	20%
Rent	20%	20%

Notes

1. Dividends – Dividends paid to residents and nonresidents are subject to a 20% withholding tax (10% for shares listed on the Mozambique stock exchange), unless (for nonresidents) the rate is reduced under a tax treaty. No withholding tax 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.
2. Interest – Interest paid to residents and nonresidents is subject to a 20% withholding tax, unless (for nonresidents) the rate is reduced under a tax treaty. A 0% rate applies to interest paid to a registered Mozambique financial institution. Interest on treasury bonds and debt securities listed on the stock exchange and interest for liquidity swaps between banks, with or without collateral, are taxed at a rate of 20%.
3. Royalties – Royalties paid to residents and nonresidents are subject to a 20% withholding tax, unless (for nonresidents) the rate is reduced under a tax treaty.
4. Technical services fees – Technical service fees paid to a nonresident are subject to a 20% withholding tax, unless the rate is reduced under a tax treaty.
5. Other – A 10% withholding tax applies to payments made to nonresidents for the following services:
   (i) telecommunications services, international transport services and the assembly and installation of telecommunications equipment;
   (ii) 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;
   (iii) services from charters of marine vessels to conduct fishing and cabotage activities; and
   (iv) 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%	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 rate is applicable where the beneficial owner is a company holding at least 25% of the capital of the paying company.
2. United Arab Emirates – The income is 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, and the tax authorities are allowed to 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. Regulation on this matter is under preparation and expected to be approved in 2017. 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 nonresident entity is twice the value of the shareholding in equity, and a special relationship exists between these two parties, any excessive interest paid is not deductible in calculating taxable income. A special relationship between a resident and a nonresident entity exists for these purposes if the following requirements are met:

- The nonresident entity holds, directly or indirectly, at least 25% of the share capital of the resident entity
- The nonresident entity holds less than 25% of the resident entity but exercises a significant *de facto* influence on the management of the resident entity
- The nonresident and the resident entity are controlled by the same entity by virtue of a direct or indirect holding by that entity

In addition, as noted above, interest and other forms of payments on loans granted by shareholders to a corporation are nondeductible if they exceed the value corresponding to the Maputo Inter Offered Bank Rate (MAIBOR 12 months), increased by two percentage points.

Employment-related taxes

PAYE tax

The employer withhold tax on the monthly remunerations paid to resident employees in accordance with the following rates:

Ranges for Limits on Gross Monthly Salary	Value of Personal Income Tax to Withhold for the Lower Limit of the Gross Salary, by Number of Dependents (Meticais)					Applicable Coefficient for Each Additional Unit of the Lower Limit of the Gross Salary Rate by %
	0	1	2	3	4+	%
0 – to 20 249.99	-	-	-	-	-	-
20 250 – 20 749.99	0.00	-	-	-	-	10%
20 750 – 20 999.99	50.00	0.00	-	-	-	10%
21 000.00 – 21 249.99	75.00	25.00	0.00	-	-	10%
21 250.00 – 21 749.99	100.00	50.00	25.00	0.00	-	10%
21 750.00 – 22 249.99	150.00	100.00	75.00	50.00	0.00	10%
22 250.00 – 32 749.99	200.00	150.00	125.00	100.00	50.00	15%
32 750.00 – 60 749.99	1 775.00	1 725.00	1 700.00	1 675.00	1 625.00	20%
60 750.00 – 144 749.99	7 375.00	7 325.00	7 300.00	7 275.00	7 225.00	25%
≥ 144 750	28 375.00	28 325.00	28 300.00	28 275.00	28 225.00	32%

The above withholding tax rates are final tax rates. Nonresidents are subject to a flat withholding rate of 20%.

Social security

Registration of employees and their employers with the National Social Security System is mandatory. The total contribution for social security is 7%, with 4% by the employer (with no upper limit) and 3% by the employee.

Indirect Taxes

Value Added Tax (VAT)	Rate
Standard rate	17%

Notes

1. General –Amendments to the VAT code that became effective on 1 January 2017 expand the scope of transactions subject to VAT by extending the definition of "territory," which now includes areas where Mozambique has sovereign rights with regard to the prospecting, exploration and production of natural resources. In addition, electronic supplies now are subject to VAT in Mozambique.
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 and the export of goods and services are no longer zero-rated; instead, they are subject to the standard rate of 17%. 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 licenced within a special free zone does not pay VAT on the import of construction materials, equipment and spare parts. VAT, however, is 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.

Customs and Excise Duties

At the end of 2016, the parliament approved amendments to the customs tariff, but the new tariff book has not yet published in the official gazette. The changes concern exemptions on imported goods related to agriculture, livestock, and the health and transport sectors and changes were made to bring Mozambique's rules in line with the Harmonised Commodity Description and Coding System Nomenclature, approved by the World Customs Organisation, of which Mozambique is a member.

Customs duties are levied on imported and exported goods at rates ranging from 2.5% to 20%.

Other Taxes

Inheritance/Estate tax

Estate duty and 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

The stamp duty on marketable securities is at a fixed rate of 0.4%. Stamp tax on share capital no longer applies. A 0.2% rate applies to transfers of buildings.

Property tax

Urban property is subject to an annual tax (0.4% of the property value where the building is for housing purposes and 0.7% in all other cases).

All land is owned by the state. The property transfer tax is based on the property value excluding the value of the land. In cases where the buyer resides in a country where the fiscal regime is more favourable than in Mozambique, the rate is 10%.

Specific Consumption Tax (ICE)
The ICE applies on the consumption of certain goods, produced or imported. ICE is levied on luxury items, such as alcohol, tobacco, perfumes, cosmetics, jewellery, gold and passenger vehicles.

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, regardless of the sale, export or other disposition of such mineral products. The value of the product is based on the last sales price or reference price of international market where there have been no sales.

The applicable rates are as follows:

Product	Rates
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%

All mining products used for the development of local industry enjoy a 50% reduction in the production tax rate. The licence holder of the mining product, in the case of commercialisation of the mining product in the domestic market without proof that production tax has been paid, will be required to pay corresponding tax.

The export of the mining product is permitted only after payment of the production tax due.

- Surface tax is an annual tax levied on the area of mining activity and in the case of mineral water is levied on the mining title. This tax is payable by both holders and nonholders of mining titles that develop mining activity in the national territory. Surface tax is calculated on the basis of the number of hectares of the area under licence or by mining title in the case of mineral water. Taxpayers subject to surface tax are exempt from the annual rate of use and exploitation of the land in regard to the area of the mining title
- Rent tax (IRRM) is a direct tax on the net cash flow of a mining project. The tax is due by mining titleholders and is applicable to mining projects that have accrued net revenue (cash gains) during a fiscal year. The IRRM rate is 20%, which is obtained by applying the 20% rate 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 autonomously, which means each mining title must have a specific/individual tax registration number
- The tax and accounting returns of the above companies must be completed separately for each mining title, not being allowed to compensate losses assessed in a particular mine or area of concession agreement by the gains assessed in 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. There is a 50% reduction of the rates when the production of oil and gas is designated for use by the local industry.

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 PE 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 organise its accounting records autonomously (which means each concession agreement must have a specific/individual tax registration number).

Tax Administration and Compliance

Tax is administered in Mozambique by Autoridade Tributária de Moçambique/Mozambique Tax Authority.

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 result 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 the result of the following formula is positive: 0.5% x turnover (with

a minimum limit of MT30 000 and a maximum limit of MT100 000), less the provisional payment made in the previous year.
4. The annual tax return and the balance of tax due must be submitted by 31 May, with supporting documents filed by the end of June.
5. Penalties – There are penalties for late filing, nonpayment of tax and failure to disclose records. Penalties range from approximately USD100 to USD33 000. Interest is charged on late payments. Prison terms for tax fraud may be up to eight years, and up to two years for negligence.
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 – Each taxpayer must file a return. Joint returns of spouses are not permitted.
3. Filing and payment – Taxpayers receiving income only from employment are still required to submit an annual income tax return, although income from employment will not be aggregated with other categories of personal income for annual taxation purposes.
4. The return is due by 31 March for taxpayers who received income only from employment, and by 30 April for other taxpayers. The final tax payment is due by 30 June for income from entrepreneurial activities and by 31 May for other income.
5. Penalties – There are penalties for late filing, nonpayment of tax and failure to disclose records. Penalties range from approximately USD100 to USD33 000. Interest is charged on late payments. Prison terms for tax fraud may be up to eight years, 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 vary from MZN6 000 to MZN130 000. Penalties for lack of tax payment vary from the amount of tax due to its double without prejudice of the tax payment. Interests shall be charged from the deadline for payment to the date of the effective payment at MAIBOR (12 months) plus two percentage points.

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 into a role of regulation and control. The law requires that foreign exchange assets be declared, mandatory use of the national banking system for any foreign exchange transactions, and mandatory remittance to the country of income received from exports of goods and services. Certain requirements must be met to open new bank accounts in foreign currency for residents and on the bank movements of accounts in foreign currency.

Expatriates and Work Permits

New legislation regarding the hiring of foreign nationals, which applies as from 29 November 2016, clarifies the rules related to the hiring of foreign nationals and introduce stricter requirements relating to the foreign worker quota, employment agencies hiring foreign workers and the process for transferring employees to a new location. The new rules include the following:

- Employment agencies are no longer able to assign foreign employees to a third-party employer and can only hire foreign employees to work at their own premises
- Employers may apply for a short-term work permit for a maximum of 90 days a year
- 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 will be levied on companies that attempt to circumvent the new rules.

Under the Labour Act, 2007, foreign employees automatically are approved to be hired by Mozambican companies as follows:

- The company has an Investment Authorisation that sets out the number of foreign employees the company will need
- If the company employs at least 100 Mozambican workers, up to 5% of the total workforce can be foreign employees
- If the company employs between 10 and 100 Mozambican workers, up to 8% of its total workforce can be foreign employees
- If the company employs up to 10 Mozambican workers, up to 10% of its total workforce can be foreign employees

However, 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 prior to 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 licence issued by the competent authority

In the case of an investment project, the above documentation must be submitted to the Ministry of Labour, as well as an authenticated copy of the Investment Authorisation.

Trade Relations

- Memberships – Cotonou Agreement, Southern African Development Community (SADC)
- African Growth and Opportunity Act beneficiary country

Interest and Currency Exchange Rates

Benchmark Interest Rate
9.75% (Jan. 2016) 23.25% (Dec, 2016)
Repo rate: 21.04% (Source: Banco de Moçambique)
Currency: Mozambique New Metical – MZN (Divided into 100 centavos)*
ZAR1 = MZN5.45 (March 2017) (Source: Oanda)
USD1 = MZN70.36 (March 2017) (Source: Oanda)
EUR1 = MZN75.23 (March 2017) (Source: Oanda)

Notes

1. Interest rates decisions are taken 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)

Real GDP Growth 5.5%
(2016 forecast)
(Source: Banco de Moçambique)

USD12.045 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD12.51 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

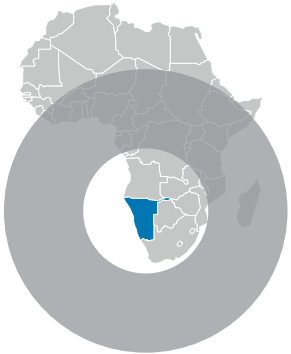
MZN62 140.46 million/ USD841.21 million
(December 2016)
(Source: Bolsa de Valores de Moçambique)

Rate of Inflation
(average consumer prices)

19.79%
(average 2016)
(Source: Central Bank of Mozambique)

15.5%
(forecast 2017)
(Source: IMF)

Namibia



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Income Tax – Individuals

Taxable income (NAD)	Rate
0 – 50 000	0
50 000 – 100 000	18%
100 001 – 300 000	9 000 + 25% of amount over 100 000
300 001 – 500 000	59 000 + 28% of amount over 300 000
500 001 – 800 000	115 000 + 30% of amount over 500 000
800 001 – 1 500 000	205 000 + 32% of amount over 800 000
Over 1 500 000	429 000 + 37% of amount over 1 500 000

Notes

1. Basis – Resident and nonresident individuals are taxable on all income received or accrued from a Namibian source, or deemed source.
2. Residence – Namibian Income Tax Act does not define "resident".
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 is in excess of NAD50 000, one-third will be 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 particular tax year are excluded from taxable income.
5. Deductions and allowances – The annual aggregate allowable deductions in respect of 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. 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 are applicable to nonresidents in respect of employment and business income earned in Namibia. In addition, certain payments made to nonresidents at an address outside Namibia are subject to withholding tax (see Withholding Taxes, below). The tax rates for individuals generally also apply to trusts; however, the interest portion of a unit trust's income is subject to withholding tax of 10%, except if 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.

7. Other – Where an individual's taxable income exceeds NAD200 000 in a particular tax year and the individual is carrying on a "suspect trade" (defined below), the individual may have to "ring-fence" any losses from such a trade from other taxable income. The application of this provision is limited, depending on the number of years the taxpayer incurred losses and whether there is a prospect of deriving taxable income within a reasonable period. Suspect trades include the following:
   - Any sport carried out by the taxpayer
   - Dealing in collectible items
   - Rental of residential accommodations, unless at least 80% of the accommodation is used by nonrelatives for at least half of the year
   - Rental of vehicles, aircraft or boats, unless at least 80% of the relevant item is used by nonrelatives 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.

Income Tax – Companies

	Rate
Standard corporate rate	32%
Manufacturing companies	18%/32%
Diamond mining companies	55%
Petroleum mining companies (oil and gas companies)	35%
Other mining companies	37.5%
Mining service companies	37.5%/55%
Insurance companies	32%
Retirement funds	Exempt

Notes

1. Basis – Resident and nonresident entities are subject to Namibian income tax only on taxable income arising in, or deemed to arise from, a source within Namibia.
2. Residence – A resident corporation is not defined in the Income Tax Act but is understood to be 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 is currently no capital gains tax system in Namibia, income from certain capital transactions is specifically 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/licences

4. Deductions – some deductions are *inter alia* available in respect of capital expenditure, certain donations, doubtful 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 may be obtained only for tax paid to jurisdictions with which Namibia has concluded a tax treaty.
7. Group relief – There is no provision allowing for any 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 will be 32%. Mining service companies (companies that subcontract with mining companies to carry out mining activities on their behalf) are taxed at 37.5% (nondiamond mining) or 55% (diamond mining). Insurance companies are taxed at the same standard rate as other companies, but there are special rules dealing with the computation of taxable income for long-term and short-term insurance companies.
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 nonresident shareholders' tax is payable when branch profits that have been repatriated to the nonresident head office are distributed to nonresident shareholders.

Withholding Tax (WHT)

The WHT rates on various types of payments are as follows (the same rates apply to payments to nonresident companies and nonresident individuals, and may be reduced under an applicable tax treaty):

Payment	Rate
Dividends	10%/25%
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%, while 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.
3. Royalties – The WHT on royalties payable to nonresidents may be credited against the final assessed income tax liability. The scope of royalty withholding has been extended to include all rentals of commercial, scientific and industrial equipment.
4. Directors' fees – A final WHT of 25% is applicable in respect of payments made to nonresident directors.
5. Service fees – A 10% withholding tax applies to payments made to nonresident entertainers and to payments to nonresidents for any administrative, managerial, technical or consulting services, or any similar services, regardless of whether such services are of a professional nature.

Tax treaties

Namibia has concluded tax treaties with the following countries:

Treaty	Dividends	Interest	Royalties	Directors' fees	Entertainers' fees	Service fees
Botswana	10%	10%	10%	25%	10%	0%/10%
France	5%/10%	10%	10%	25%	10%	0%
Germany	10%	0%	10%	25%	10%	0%
India	10%	10%	10%	25%	10%	0%/10%
Malaysia	5%/10%	10%	5%	25%	10%	0%/5%
Mauritius	5%/10%	10%	5%	25%	10%	0%
Romania	10%	10%	5%	25%	10%	0%
Russia	5%/10%	10%	5%	25%	10%	0%
South Africa	5%/10%	10%	10%	25%	10%	0%
Sweden	5%/10%	10%	10.2%/5%	25%	10%	0%/10%
United Kingdom	5%/10%	10%	5%/50% of domestic rate	0%/25%	10%	0%

Anti-Avoidance Rules

Transfer pricing

Transfer pricing legislation regulates international goods or services transactions between connected persons. The rules allow Inland Revenue to disallow 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.

Thin capitalisation rules

Thin capitalisation rules that regulate the financial assistance granted by nonresidents connected to Namibians enable Inland Revenue to determine whether a local 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 Inland Revenue. PAYE is deducted based on the individual tax rates set out above.

Social security

Every employer is obliged to register, with the Social Security Commissioner, as an employer and to register every employee (younger than 65 years) under his/her employ as an employee. Social security contributions are calculated at 1.8% of the employee's basic salary shared equally between the employer (0.9%) and 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 will be calculated at 0.9% of the monthly basic wage.

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 rate of 0%, including the direct export of goods, international transport services, the sale of a business as a going concern, certain services rendered to nonresident persons, the erection 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 of VAT. 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.

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 could vary between 0% and 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 were introduced during 2016, but have not yet been made effective. The applicable rates vary between 0% and 1.5%.

Other Taxes

Inheritances and donations

There is currently no estate duty or donations tax in Namibia. The introduction of estate duty and donations tax has been proposed, but it is unclear whether they will be introduced.

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 this 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 a juristic person or a trust 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 natural persons vary depending on the value and type of the property, and are progressive from 0% to 8%. The rate for acquisitions by other persons, including trusts, is 12% of the value of the property. The sale of shares/membership interests in property-owning companies/close corporations currently is not subject to transfer duties.

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 nonresident owner (applied to the unimproved site value). For each additional farm property, the rate increases by 0.25%.

Environmental tax

Environmental levies on the importation of vehicles, tyres and certain light bulbs were introduced during 2016.

Tax Administration and Compliance

Tax is administered in Namibia by the Inland Revenue.

Companies

1. Tax year – The tax year corresponds to a 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 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 may also be imposed for the late submission or failure to submit returns, and late payment or failure to pay taxes. The penalty amount 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 for nonsalaried individuals by 30 September.
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 may also 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.

VAT

1. Filing and payment – VAT returns are due bi-monthly on the 25th day of the month. VAT registered persons are registered in either Category A or Category B which indicated the calendar month on which the VAT period ends.
2. Penalties – See the rules for companies, above.

General Investment Information

Investment Incentives

Incentives apply equally to 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 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
- Export Processing Zones (EPZs) – EPZ enterprises qualify for total relief from income tax, VAT, customs and excise duties, stamp duty and transfer duty (but not employee related tax and WHT). Requirements for EPZ status include conducting a manufacturing activity and exporting

at least 70% of the manufactured goods outside the Southern African Customs Union (SACU).
- Capital allowances – For buildings used for the purposes of trade, 20% of the cost of erection 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 nonresident shareholders, except where local borrowing restrictions have been exceeded.

Expatriates and Work Permits

Work permits for skilled expatriates may be obtained, but there are often substantial administrative delays.

Trade Relations

- Memberships – Cotonou Agreement, Southern African Customs Union, Southern African Development Community, World Trade Organisation, Common Monetary Union
- African Growth Opportunity Act beneficiary country
- Namibian products qualify for preferential market access to 34 countries under the Generalised 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
Prime rate: 10.75% (2016)
Repo rate: 7.0% (2016) (Source: Bank of Namibia)
Currency: Namibia's currency is the Namibian Dollar (NAD), which is divided into 100 cents)
ZAR1 = NAD1.00000 (March 2017) (Source: Oanda)
USD1 = NAD12.88 (March 2017) (Source: Oanda)
EUR1 = NAD13.77 (March 2017) (Source: Oanda)

Key Economic Statistics

GDP
(approximate)

USD10.183 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD12.03 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

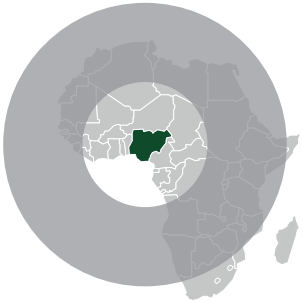
NAD1.6 trillion/
USD120 billion
(November 2016)
(Source: Namibian Stock Exchange)

Rate of Inflation
(average consumer prices)

6.6%
(average 2016)
(Source: IMF)

6%
(forecast 2017)
(Source: IMF)

Nigeria



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Income Tax – Individuals

Taxable Income (NGN)	Rate
0 – 300 000	7%
300 001 – 600 000	11%
600 001 – 1 100 000	15%
1 100 001 – 1 600 000	19%
1 600 001 – 3 200 000	21%
Over 3 200 000+	24%

Notes

1. Basis – Nigerian residents are taxed on worldwide income; nonresidents are taxed only on Nigerian-source income.
2. Residence – An individual is deemed to be resident in Nigeria if he/she performs duties wholly or partly in Nigeria, or spends more than an aggregate of 183 days (inclusive of annual leave or temporary period of absence) in any 12-month period in Nigeria.
3. Taxable income – Employment income generally is taxable unless otherwise exempt. This includes employment income to temporary and permanent employees. Business profits earned by an individual from a trade or profession and other investment income also are taxable.
4. Exempt income – Foreign-source income of residents, arising from dividends, interest, rents, royalties, fees or commissions earned from abroad is exempt if brought into Nigeria in convertible currency and paid into a domiciliary account in a bank approved by the government. Income brought into Nigeria through domiciliary accounts via an authorised bank by athletes, playwrights, authors, musicians and artists (who are professionals) also is exempt. Additionally, a certain proportion of earned income is tax-free based on certain allowances granted.
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
   - National Health Insurance Scheme
   - Life Assurance Premium
   - National Pension Scheme
   - Gratuities
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). Nonresidents are tax via deduction at source.
7. Employment Income: The Pay-As-You-Earn (PAYE) system of collection is in operation... 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 of Tax
All companies	30%
Small companies (i.e. those whose turnover does not exceed NGN1 million)	20%

Notes

1. Basis – Nigerian companies are taxed on worldwide income, while companies registered in a foreign jurisdiction with a fixed base or PE in Nigeria are taxed only on Nigerian-source income.
2. Residence – The Companies Income Tax Act uses the concept of a "fixed base" rather than residence. Any company doing business in Nigeria that has a fixed base as defined in the Act is subject to tax. A nonresident company operating through a fixed base or permanent establishment (PE) as defined in a tax treaty also will be subject to the Nigerian tax regime. A Nigerian company is one incorporated in Nigeria.
3. Taxable income – Taxable income is a company's income less allowable deductions and losses. Income of a capital nature is not included in taxable income. Dividends received by a Nigerian company from other domestic companies are excluded in the determination of taxable income to the extent the distribution had 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. 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. Investment allowances of 10% are available to companies in their first year of acquisition of plant and machinery. Certain business assets (such as factory buildings, furniture and fittings) enjoy capital allowances at lower rates of 25% or 15% (initial) and 20% or 10% (annual), but generally at 50% (initial) and 25% (annual) in other cases.
5. Losses – Losses may not be carried back but may be carried forward indefinitely (except insurance companies, which are limited to a four-year carry forward).
6. Foreign tax credit – A unilateral credit is not available to corporate taxpayers. However, income tax paid in nontreaty countries is deductible if Nigeria also taxes the income.
7. Group relief – There is no provision allowing for any group relief or the transfer of losses between members of a group.
8. Rate – The corporate tax rate is 30% for all companies, except oil and gas companies in the upstream sector. A lower rate of 20% is applicable to manufacturing or agricultural production companies and companies engaged wholly in exports within the first five years of operation and where the turnover does not exceed NGN1 million.

Capital gains generally are taxed at a rate of 10% (although gains from the disposal of shares are exempt). Nonresident 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 (CIT). The minimum tax 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 Profit Tax (PPT) – PPT (rather than corporate tax) is imposed on petroleum companies. Income for PPT purposes refers to the value of the oil and related substances extracted, except gas, plus any other income of the company. Various deductions are allowed. The nature of the contract entered into by persons in the oil and gas industry determines the person's tax regime. The income derived by companies engaged in petroleum operations is assessable to tax at the rate of 85% with some variations for companies within the first five years of operation and those involved in a production sharing contract. Profit from any activity that does not qualify as petroleum operation is subject to tax at a rate of 30%.

Withholding Taxes (WHTs)

Certain payments to residents and nonresidents are subject to WHT at the following rates:

Payments	Residents	Nonresidents
Dividends	10%	7.5%/10%
Interest	10%	7.5%/10%
Royalties	10%	7.5%/10%
Directors' fees	n/a	7.5%/10%
Rent (including the hire of equipment)	10%	7.5%/10%
Construction and related activities	5%	7.5%/10%
Agency arrangements, including contract for supply	5%	7.5%/10%
Management, consultancy, professional fees and technical service fees	5%/10%	7.5%/10%

Notes

1. WHT paid by resident persons and companies in Nigeria is payment on account of tax. WHT credit notes can be used to offset personal and companies' income tax liabilities, except in cases where tax withheld is a final tax. Where the recipient of funds is a nonresident, the relevant WHT is a final tax.
2. Certain interest payments are exempt from WHT.
3. The WHT rate on nonresidents is reduced to 7.5% when the recipient is resident in a country that has concluded a tax treaty with Nigeria.

Tax treaties

Nigeria has concluded tax treaties with the following countries:

Treaty partner	Dividends*	Interest*	Royalties*
Belgium	12.5%/15%	12.5%	12.5%
Canada	12.5%/15%	12.5%	12.5%
China	7.5%	7.5%	7.5%
Czech Republic	12.5%	15%	15%
France	12.5%	12.5%	12.5%
Netherlands	12.5%	12.5%	12.5%
Pakistan	12.5%	15%	15%
Philippines	12.5%/15%	10%	20%
Romania	12.5%	12.5%	12.5%
Slovakia	12.5%/15%	15%	15%
South Africa	7.5%/10%	7.5%	7.5%
United Kingdom	12.5%/15%	12.5%	12.5%

* 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

The Companies Income Tax Act contains general provisions on anti-avoidance rules. It requires transactions by related parties to comply with arm's length principle. Additional guidelines covering applicable transactions, acceptable transfer pricing methods, required documentation, advance pricing agreements and offences, penalties and dispute resolutions are contained within the Income Tax (Transfer Pricing) Regulations.

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 the employee's salary and wages by the employer, who must remit the relevant amount to the Nigerian tax authorities by the 10th day of the month following the month of withholding.

Employees Compensation Act (ECA) 2011

The ECA aims to provide safer working conditions for employees in the public and private sectors. The rate of contribution is 1% of total payroll costs, including any share awards or benefits.

Social security

Nigeria operates a contributory pension scheme. Under the scheme, the employer is required to make compulsory 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.

Indirect Tax

Value Added Tax (VAT)	Rate
Standard rate	5%

Notes

1. Taxable transactions – VAT is charged on the taxable supply of goods and services in Nigeria, and on the import of goods.
2. 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.
3. Registration – All taxable persons who make taxable supply of goods and services are required to register for VAT within the earlier of six months of commencement of business and date of the Value Added Tax Act.

Customs and Excise Duties

Customs duties are levied on goods coming into Nigeria at varying rates, with the lowest rate at 5% and a maximum rate of 70% of import value at each port of entry.

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 could, however, 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. Transactions that attract stamp duties include the incorporation of companies, an increase in companies authorised share capital, mortgage bonds, debentures and dealing in securities, settlement of estates and conveyance of property.

Tertiary Education Trust Fund Act

Tertiary Education Tax (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 authorities are required to issue assessments for the tax which is payable within 60 days of service of the assessment notice on the company. However, in practice, the tax is self-assessed and paid six months after the accounting year-end.

Information Technology (IT) Levy

IT tax (at a rate of 1% of pretax profit) is payable by telecommunications, cyber, insurance companies and banks with turnover of NGN100 million or more. The tax usually is self-assessed and paid six months after the accounting year-end. IT tax paid is treated as a deductible expense.

Industrial Training Fund (ITF)
All employers with five or more employees or fewer than five employees, but with minimum annual turnover of NGN50 million are expected to 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 fund amount is payable no later than 1 April of the following year. The employer may obtain a refund of up to 50% of ITF contributions made if suitable training courses are provided to the employees.

Oil and Gas Content Development Fund
The sum of 1% of every contract awarded to any 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 into the oil and gas content development fund.

Cabotage Fund Levy
A surcharge of 2% of the contract sum performed by any vessel engaged in coastal trade is to be paid into the Cabotage Vessel Financing Fund. The Cabotage Guidelines provide for the surcharge to be based on the gross earnings on contracts performed by the relevant vessel. The surcharge 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 (currently, 36 states) impose a variety of local taxes in their areas of jurisdiction. Local taxes include motor vehicles license/registration, consent fees for transfer of property in real estate, property tax, gaming/casino tax, water rates, etc. Local councils impose tenement rates and several other fees.

Tax Administration and Compliance

Taxation in Nigeria is administered by the three major tiers of government.

- The Federal Board of Inland Revenue administers Revenue laws that deal with taxes paid by the residents of the Federal Capital Territory and taxes that are paid by corporate bodies (Limited Liability Companies)
- State Board of Internal Revenue; the agency primarily administers the Personal Income Tax Act
- Local Government Revenue Committee; they are responsible for the assessment and collection of all taxes, fines and rates under its jurisdiction and account 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 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 failing 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 Federal Inland Revenue Service 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 pay-as-you earn system. The employer withholds personal income tax from the employee's salary or wages and pays it to the tax authorities. An individual whose only source of income is employment income from a single employer must 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 is one calendar month.
2. Filing and payment –VAT returns and the relevant payment are due not later than the 21st day after the month of the transaction.
3. Registration – All taxable persons who make taxable supply of goods and services are required to register for VAT within the earlier of six months of commencement of business and date of the Value Added Tax Act.
4. Penalties – Penalties and fines plus interests are levied for various misdemeanors such as furnishing false documents, under-declared VAT, evasion of tax liable, nonremittance of VAT within the specified time,

General Investment Information

Investment Incentives

Tax incentives

- Pioneer status – There is a 100% tax-free period for three to five years for pioneer industries that produce products declared as "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 who provide basic infrastructures: tarred roads (15%), water (30%), electricity (50%) and 100% for companies who provide all such basic facilities where they do not exist
- Research and Development (R&D) – Expenses for qualified R&D are tax deductible to a company but the amount deducted must not exceed 10% of the company's total profit for that year of assessment. In addition, companies and organisations engaged in R&D activities for commercialisation, shall be allowed a 20% investment tax credit on their qualifying expenditure
- Companies engaged in export trade are entitled to the following incentives, among others:
  - Profits of any Nigerian company in respect of 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

Other Incentives

- Incentives for investors in the agriculture sector – Numerous 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
- Incentives for the tourism sector – Incentives have been put in place to encourage domestic and foreign investor participation in the tourism industry
- FTZs offer numerous incentives to businesses – Locating in any FTZ in Nigeria automatically confers on the investor certain locational advantages, amongst other generous incentives
- Various incentives on offer to stimulate biofuel industry – The objective of Nigeria's Biofuel Production Program is to establish a thriving fuel ethanol industry by utilising agricultural products.
- Investment Promotion and Protection Agreement (IPPA) – As part of an additional effort to foster foreign investor confidence in Nigeria, the federal government continues to enter into IPPAs with countries that do business with Nigeria (e.g. China, South Africa, UK, etc.)
- Small and Medium-Sized Enterprises Equity Investment Scheme (SMEEIS) – The SMEEIS requires all banks in Nigeria to set aside 10% of their profit after-tax (PAT) for equity investment and promotion of small and medium-sized enterprises
- Tax incentives for the gas industry – The government has approved various fiscal incentives

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 consideration. 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, however, be obtained by any 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 nonresidents/citizens must obtain visas before entry into Nigeria, except citizens of ECOWAS (Economic Community of West African States), who only need ECOWAS cards on arrival. There are four categories of visas – tourist, business, temporary work permits (TWP) and the subject to regularisation (STR) visas.

Employers obtain expatriate quotas to enable them bring in foreign employees into Nigeria, 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, Organisation of Petroleum Exporting Countries and New Partnership for Africa's Development
- International organisations – International Chamber of Commerce, African Development Bank Group, World Federation of Trade Unions, World Trade Organisation, United Nations, Commonwealth, ECOWAS, the AU and Nonaligned Movement

Interest and Currency Exchange Rates

Monetary Policy Rate
In Nigeria, interest rate decisions are taken by the Central Bank of Nigeria. The official interest rate is the Monetary Policy Rate (MPR).
Monetary Policy Rate 14% (Jul. 2016) (Source: Central Bank of Nigeria)
Monetary Policy Rate
Bank Rate 6% (Source: Bank of Botswana)
Currency: Naira (NGN). It is subdivided into 100 kobo
Only the Central Bank of Nigeria has the authority to issue legal currency in the Federation.
ZAR1 = NGN24.13 (March 2017) (Source: Oanda)
USD1 = NGN311.26 (March 2017) (Source: Oanda)
EUR1 = NGN332.76 (March 2017) (Source: Oanda)

Notes
1. From June 2016, Nigeria operates a flexible exchange rate regime.

Key Economic Statistics

GDP (approximate)

USD415.368 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD420.70 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

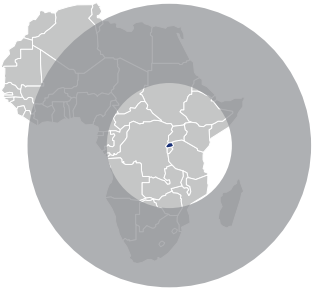
NGN15.2 trillion
(Estimate December 2016)
(Source: Nigerian Stock Exchange)

Rate of Inflation (average consumer prices)

15.4%
(average 2016)
(Source: IMF)

17.2%
(forecast 2017)
(Source: IMF)

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 nonresident is taxed only on Rwanda-source income. Foreign-source income derived by a resident is subject to personal income tax (PIT) 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 PIT rates. However, capital gains derived from the sale or cession of commercial immovable property are separately taxed at a rate of 30%, and capital gains on secondary market transactions on listed securities are exempt.
4. Exempt income – Employment income will be exempt from tax in Rwanda if:
   - Received by a noncitizen of Rwanda from a foreign Government or a nongovernment organisation (NGO) under an agreement signed by the Government of Rwanda (GoR) when the income is received for the performance of aid services in Rwanda
   - Received from a foreign employer by a nonresident individual for the performance of services in Rwanda, unless such 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 to a limit of the lower of RWF1 200 000 a 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; nonresidents are taxed on Rwandan-source income. Foreign-source income derived by residents is subject to corporate income tax (CIT) in the same way as Rwanda-source income. Small entities pay income tax under a lump-sum system, but can opt to pay under the regular regime based on taxable profit, while medium-to-large taxpayers pay tax based on profit as determined under International Financial Reporting Standards (IFRS) and as adjusted for deductions allowed.
2. Residence – A company is resident if it is established according to Rwandan law or if its headquarters are in Rwanda.

3. Taxable income – CIT is imposed on a company's total income after 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 cession of commercial immovable property are separately taxed at a rate of 30%, while capital gains on secondary market transactions on listed securities are exempt.
4. Deductions – deductions against income are allowed for:
   - Tax depreciation
   - All expenses corresponding to a real expense and used for activities related to the tax period
   - Write-off of bad debts if proof of efforts made to recover and bankruptcy or insolvency of the debtor
   - Bad debt provisions for financial institutions up to 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 change in ownership (direct or indirect). The carryback of losses is not permitted unless they arise on completion of a long-term contract. Limitations 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 from another resident company; or the splitting of a resident company into two or more resident companies.
8. Rate – The CIT rate is 30%, with some registered investment companies having 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 – No branch profits tax applies in Rwanda
10. Alternative minimum tax – There is no alternative minimum tax in Rwanda. However, a turnover tax may apply in certain cases (see Turnover tax, below).

Withholding Tax (WHT)

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

Payment	Residents	Nonresidents
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 nontaxpayer Identification Number (TIN) holders	15%	15%
Payments made by public institutions	3%	15%

Notes

1. Dividends – Dividends paid 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 withholding tax of 5%. 15% applies to dividend payments to individuals. Therefore the 15% is the default withholding tax rate for dividends.
2. Multiple payment types – Payments for interest, royalties and payments to artists, musicians and sportspersons, are subject to a 15% WHT and includes management fees. However the 15% WHT on a payment for services will only apply if made to a nonregistered resident.
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.

Tax treaties

Rwanda has concluded tax treaties with the following countries:

Treaty	Dividends	Interest	Royalties	Technical service fees
Belgium	15%	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 favourable rates up to 0% for dividends and interest. 0% applies in the event the receiving company owns 25% or more in the paying company for an uninterrupted 12-month period and the paying company has no special economic incentives.
2. The treaty with Mauritius was re-negotiated and was ratified by the Parliament of Rwanda in March 2014.
3. The multilateral treaty with the EAC is not yet effective, pending ratification by all parties to the treaty.

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. This provision does not apply to commercial banks or insurance companies.

Employment-Related Taxes

Payroll tax

A "Pay-As-You-Earn" (PAYE) system applies in Rwanda, and an employer must withhold, declare and pay the tax to the Rwanda Revenue Authority within 15 days following the end of the month for which the tax was due. An option for a quarterly declaration and payment is available for employers with an 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%. In the case of engaging a casual labourer for less than 30 days during a particular tax year, the employer must withhold 15% of the taxable employment income of the casual 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 on a monthly basis, no later than the 15th day of the month following the month to which the contribution relates.

Effective 1 November 2016, 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 contributed to the Social Security Fund toward 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.
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.

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 sums from RWF60 000 to RWF300 000 (depending on the turnover) are payable by taxpayers with a turnover less than RWF20 million.

Customs and Excise Duties
Consumption tax (excise duty) is levied on the 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 rates 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 provision for capital duty.

Property tax
Tax on real property is paid to the municipal authorities and calculated according to the location and utilisation 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 6th , 9th 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 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 within the Tax Law. However, a taxpayer may apply for clarification on a tax matter to the Revenue Authority 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 on request.
2. Tax filing – The tax return is due by 31 March of the year following the calendar year. There is no provision for joint filing.
3. Filing and payment – There is no requirement to file a return if all income has been subjected to tax under the PAYE mechanism or has been subjected to withholding at source which is a final tax 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 in excess of RWF5 000 are refunded. Where the individual earns rental income, this is accounted for separately also by filing a rental income tax return. The tax returns mentioned and payment of tax declared is due 31 March of the year following the calendar year.
4. Penalties – Penalties, including fines and simple interest at 1.5% per month, apply for noncompliance.

Value added tax

1. Filing and payment – VAT filing and payment must be made on a monthly basis, although quarterly filing/payment is available as an option for taxpayers with annual turnover not exceeding RWF200 million.
2. Penalties – Penalties, including fines and simple interest at 1.5% per month, apply for noncompliance.

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 nontariff barriers
- As a developing country, Rwanda has duty and quota-free access into the United States and European Union markets, in line with provisions of the African Growth and Opportunity Act (AGOA) and the Cotonou arrangement
- Rwanda's strategic location provides access to the EAC region and 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 Authority and which 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:
  - Pay CIT at a rate of 0%
  - Exemption from the 15% WHT on interest
  - Tax-free repatriation of profits

- Companies that carry out micro-finance activities, approved by competent authorities, pay CIT at a rate of 0% for a period of five years from the time of the approval of the activity. However, this period may be renewed by the order of the relevant minister
- A registered investor who invests an equivalent of 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 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 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 nonresidents can hold bank accounts in any currency.

Note, however, that, effective August 2015, the National Bank of Rwanda (BNR) issued a notice to the public indicating that it was illegal for domestic transactions to be in foreign currency.

Expatriates and Work Permits

Persons coming to work in Rwanda must apply for temporary permits, which fall into 19 alphabetical categories. Persons coming to work for a specific employer in Rwanda must apply for a "category H" work permit (i.e. from 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
- Business owners or directors of companies can apply for a business visa and pay USD100

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 is entitled to recruit up to three expatriates without having to prove that they have sufficient knowledge or skills, i.e. the labour market test is not required.

Employment Visas

See above: The employment visa is either a work permit or a special pass.

Trade Relations

- Memberships – The Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC) and the Commonwealth

Interest and Currency Exchange Rates

Monetary Policy Rate
Repo rate: 6.25%
Discount rate: 10.25%
Lending rate: 17.21% (2016) (Source: National Bank of Rwanda)
Currency: Rwanda's currency is the Rwandan Franc (RWF), which is subdivided into 100 centimes
ZAR1 = RWF63.41 (March 2017) (Source: Oanda)
USD1 = RWF818.04 (March 2017) (Source: Oanda)
EUR1 = RWF874.58 (March 2017) (Source: Oanda)

Key Economic Statistics

GDP
(approximate)

USD8.341 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD9.05 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

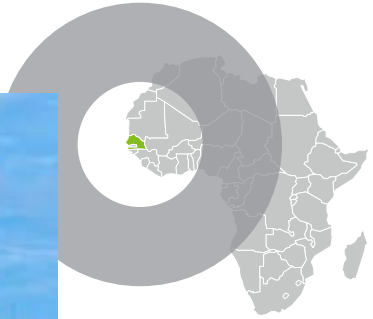
RWF2 748 030 186 876
(Jan. 2017 estimate)
(Source: Rwanda Stock Exchange)

Rate of Inflation
(average consumer prices)

5.3%
(average 2016)
(Source: IMF)

4.9%
(forecast 2017)
(Source: IMF)

Senegal



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Income Tax – Individuals

Taxable income (CFA)	Rate
Up to 630 000	0%
630 001 – 1 500 000	20%
1 500 001 – 4 000 000	30%
4 000 001 – 8 000 000	35%
8 000 001 – 13 500 000	37%
Over 13 500 000	40%

Notes

1. Basis – A resident is taxed on worldwide income, while a nonresident is taxed only on Senegal-source income. Nonresidents become liable to Senegal tax from the day they begin carrying on a trade, business, profession or vocation 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 located in Senegal, or if he/she stays 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 noncommercial activities; income from real property; etc.). Capital gains are taxable either at source by a notary in the case of a real estate transaction, or based on the taxpayer's declaration. Benefits in kind are taxable according to scales published by the Tax Administration or their fair market value.
4. Exempt income – Individual whose net taxable income does not exceed XOF630 000 for the calculation of personal income tax. Diplomatic and consular agents of foreign nationality, but only if the countries they represent have similar advantages for the diplomatic and consular Senegal staff and exclusively for their income they earn from the exercise of their diplomatic or consular functions.
5. Deductions and allowances – Different abatements and allowable deductions apply to each category of income. A 30% lump-sum deduction is available when determining the taxable base for employment income tax purposes, capped at CFA900 000. This applies to employment income earned by an individual, meaning, if the 30% exceed 900 000, then just 900 000 will be deducted.
6. Rates – Progressive income tax rates of 0%-40% apply to both resident and nonresident individuals.

Income Tax – Companies

	Rate
Basic rate	30%

Notes

1. Basis – A resident corporation is subject to tax on its worldwide income, while a nonresident 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 located in Senegal.

3. Taxable income – Corporate income tax is imposed on net profits, determined after 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 are treated as operating profits and included in the tax base.
4. Deductions – Expenses incurred for the purpose of the generation of taxable income generally are deductible, although certain items (e.g. taxes and fines, dividends paid) are nondeductible.
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. A tax treaty, however, may provide for bilateral relief.
7. Group relief – There is no provision allowing for any group relief or the transfer of losses between members of a group.
8. Rates – The standard corporate tax rate is 30%, with a 15% rate applying 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. Under certain circumstances, VAT (18%) can be applied on branch remittances.
10. Alternative Minimum Tax – An annual minimum tax is levied at a fixed rate of 0.5% on the annual turnover (excluding taxes) realised during the previous tax year. The minimum tax amount ranges between CFA500 000 and CFA5 million.

Withholding Taxes (WHT)

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

	Residents	Nonresidents
Dividends	10%	10%
Interest	16%	16%
Royalties	20%	20%
Technical service fees	20%	20%

Notes

1. An 8% rate applies on bank or stockbroker account interest, and a 20% rate applies on interest on cash vouchers.

Tax treaties

Senegal has concluded tax treaties with the following countries:

Treaty partner	Dividends	Interest	Royalties
Belgium	10%	15%	10%
Canada	10%	16%	15%
Egypt	10%	15%	15%
France	10%	15%	15%
Indonesia	10%	15%	15%
Italy	10%	15%	15%
Kuwait	0%	0%	20%
Lebanon	10%	10%	10%
Mauritania	10%	16%	0%
Mauritius	0%	0%	0%
Morocco	10%	10%	10%
Norway	10%	16%	16%
Portugal	5%/10%	10%	10%
Qatar	0%	0%	0%
South Africa	0%	0%	0%
Spain	10%	10%	10%
Taiwan	10%	15%	12.5%
Tunisia	10%	16%	0%
UEMOA	10%	15%	15%
United Kingdom	10%	10%	10%

Anti-avoidance Rules

Transfer pricing

The Senegal tax authorities have power to adjust the taxable profits of Senegal resident companies or branches of foreign companies for transactions with nonresident related companies. Two companies are considered related if:

- One company has a direct or 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 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 in noncooperative states or territories. Specific payments to nonresident persons will not be allowed as deductible expenses for income tax purposes where the recipient is subject to a privileged tax regime or is based in a noncooperative country.

Transfer pricing documentation requirements apply to Senegal resident companies that meet one of the following criteria:

- The company's annual turnover, excluding taxes, equals or exceeds CFA5 billion
- The company holds, directly or indirectly, more than 50% of the capital or voting rights of a company that meets the first criterion
- The capital of the company is more than 50% owned, directly or indirectly, by a legal entity that meets the first criterion

Thin capitalisation

While Senegal does not have specific thin capitalisation rules, limits are imposed on interest paid to foreign parties on funds provided to local companies. The maximum interest rate is the lending rate of West African States Bank (BCEAO), plus 3 points at the time the interest payment is due.

Employment-Related Taxes

Payroll tax

The payroll tax is 3% of taxable gross salary (employer only). Senegal uses a "Pay-As-You-Earn" system, whereby personal income tax (PIT) is withheld by the employer on the wages of their employees. It is the employer's liability to file monthly PIT returns and to pay the corresponding tax.

Social security

Social security contributions are paid by the employer, up to an annual ceiling of CFA756 000. The rate for family benefits is 7% and that for industrial accidents ranges from 1% to 5%, depending on the line of business.

National retirement fund contributions are paid by both the employer (60%) and the employee (40%). The rate of contributions for the general scheme is 14%, with an annual ceiling of CFA4.32 million. The

contribution rate for the executives' scheme is 6%, with an annual ceiling of CFA12.96 million. Executive personnel must contribute to both schemes.

Indirect Taxes

Value Added Tax (VAT)

	Rate
Standard rate	18%

Notes

1. Taxable transactions – All economic activities are within the scope of VAT, 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%.
3. Registration – All corporate businesses are required to register. Nonresident 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 are performed through a customs and excise bond. The customs and excise bond is handled by the Treasury.

Senegal imposes a tariff scheme that conforms to the common external tariff scheme agreed to by member nations of the West African Economic and Monetary Union (WAEMU). Under this tariff structure, Senegal has four simple tariff rate categories: 0% on cultural and scientific goods, agricultural inputs, and capital goods and computer equipment not available from local production; 5% on raw materials, crude oil, and cereals for industry; 10% on semi-finished products, intermediate goods, diesel and fuel oil; and 20% on consumer goods, capital goods and computer equipment available from local production, and vehicles. There also exists an array of other import tariffs, with 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 the fixed amount of CFA25 000.

Stamp duty

Stamp tax is levied on cash transactions based on the amount of the transaction.

Capital duty

The initial capital duty is 1% of capital if the amount of capital is higher than CFA100 million, and CFA25 000 in all other cases. The tax on a capital increase is 1% of the amount of the increase, with a 3% surtax in the case of contributions of real property.

Real property tax
Tax is charged at 5% of the value of real property other than factories and industrial premises, and 7.5% of the value of factories and industrial premises.

Transfer tax
Transfer tax applies at rates depending on the nature of the transfer.

Tax on financial transactions
Banking transactions are subject to the tax on financial transactions at a rate of 17%, rather than the VAT.

Business license tax
The business license tax is comprised of a fixed annual payment and a proportional duty, with the amounts and rates fixed according to the nature and size of the business activity.

Other taxes
Specific taxes are levied on the sale of petroleum products (at up to CFA21,665 per hectoliter 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) 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 – Consolidation is necessary when a company established in Senegal controls other companies or exerts a notable influence on such companies.
3. Filing and payment – A tax return must be filed by 30 April of the following year. The tax payment must be paid in two instalments by 15 February and 30 April. The outstanding balance payment amount of the tax due must be 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, with tax withheld and paid by the employer, is exempt from the obligation to file a tax return. Taxpayers with income other than salaries are required to declare the total amount of their income once a year. Returns must be filed

by 31 January or before 1 May 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 – VAT returns and payments are due on the 15th of the month following the date of the relevant transactions.
2. Penalties – For late filing, there is a simple delay interest of 5% on the amount to be paid. Each month or fraction of a month of additional delay entails the payment of an additional 0.5% interest. Inaccurate filing of tax returns results in the application of a penalty equal to twenty-five percent (25%) of the evaded taxes. Failure of filing tax returns results in the application of a penalty equal to fifty percent (50%) of the evaded taxes. In case of recurrence one hundred percent (100%) of the evaded taxes.

General Investment Information

Investment Incentives

Incentives are granted under several laws, including the General Tax Code, the 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 are automatically granted to investment projects meeting criteria defined by the law. The Investment Code also provides exemptions from income tax, other taxes, and duties, which are to be phased out progressively over the next few years.

Tax Incentives

- Tax deductions are granted to enterprises that invest more than CFA100 million in the creation or the extension of a business in specific sectors. The deduction rates are 40% of the investment's value for the creation of a new business; and 30% of the investment's value for the extension of an existing business. The deduction is capped at 50% of the taxable profits for enterprises created in Dakar and at 70% for enterprises created in other regions. Exemptions from import duties and payroll costs and a suspension of import VAT also may apply. Specific conditions of eligibility exist for small and medium-sized companies
- A 50% tax deduction from taxable income, is granted to enterprises that export more than 80% of their production or services. It results to a preferential corporate income tax of 15%. Mining and oil companies are excluded from this measure

- A Free Export Company (FEC) Regime is available for any company operating in the agriculture, industrial or on-line services field, provided it exports at least 80% of its turnover out of the UEMOA zone. The privileges granted under the FEC regime remain valid for a period of 25 years. FECs may benefit from exemption from withholding tax on dividend distributions, payroll taxes, registration taxes, business tax: i.e. annual business license tax payable by the companies operating in Senegal, land tax and license tax and a preferential 15% corporate income tax rate
- Other tax incentives include the right to remit income and capital, and the opportunity to participate in Government contracts
- Investments valued higher than CFA250 billion are entitled to particular advantages negotiated directly between the investor and the ministry in charge, subject to nonobjection from the Prime Minister

Other Incentives

- The "Bourse Regionale des Valeurs Mobilieres" (BRVM), was opened in September 1998 to serve as a regional financial market for the member states of the West African Economic and Monetary Union (UMOEA), which includes Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo. Listing requirements include a share capital of CFA200 million – CFA500 million; 15% – 20% public ownership; five annual reports; and a balance sheet. The BRVM has computerised trading with satellite links
- The government welcomes foreign investment and does not discriminate against businesses conducted or owned by foreign investors. In fact, there are no barriers regarding 100% ownership of businesses by foreign investors in most sectors. The Government does not participate in foreign investment projects
- The Senegalese legal system enforces private property rights. Senegal is a member of the African Organisation of Intellectual Property, a grouping of 13 Francophone African countries, which has established among its member states a common system for obtaining and maintaining protection for patents, trademarks and industrial designs. Senegal has been a member of the World Intellectual Property Organisation since its inception and is a member of the Bern Copyright Convention. Local statutes recognise 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 effort to attract private sector investment
- Relations between employees and employers are governed by the Labour Code, collective bargaining agreements, company regulations and individual employment contracts. There are two powerful industry associations that represent management's interests: the National Council of Employers, and the National Employers' Association. The principal labour unions are the National Confederation of Senegalese Workers, which is affiliated with the former ruling Socialist Party, and the National Association of Senegalese Union Workers, a federation of independent labour unions

Exchange Controls

There is no limit on the repatriation of profits derived by a company in Senegal. 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, can only do so via an approved intermediary (licensed bank).

Expatriates and Work Permits

An expatriate living in Senegal for more than three months must obtain a resident 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 (WAEMU), African Organisation of Intellectual Property (OAPI), World Intellectual Property Organisation (WIPO)
- Other treaties – Lomé Convention, Organisation pour l'Harmonisation en Afrique du Droit des Affaires (OHADA) treaty, Bern Copyright Convention

Interest and Currency Exchange Rates

Monetary Policy Rate
'R1' Bank rate 4.5% (2016) (Source: Banque Centrale des l'Afrizue de l'Quest)
Currency: Senegal belongs to the zone of the African financial community (CFA)
The CFA franc has a fixed exchange rate with the Euro (EUR 1 = CFA655.957) CFA Franc (XOF). It is used by eight independent states in West Africa: Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Sénégal and Togo.
ZAR1 = XAF47.56 (March 2017) (Source: Oanda)
USD1 = XAF613.56 (March 2017) (Source: Oanda)
EUR1 = CFA 655.957 (Fixed rate) (Source: Oanda)

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)

USD14.87 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD15.94 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

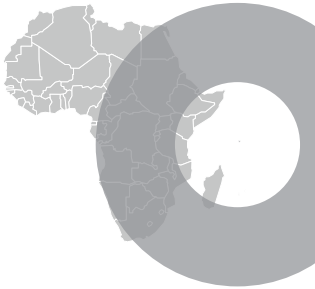
The 'Bourse Regionale des Valeurs Mobiliers' (BRVM)

Rate of Inflation (average consumer prices)

1%
(average 2016)
(Source: IMF)

1.8%
(forecast 2017)
(Source: IMF)

Seychelles



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Income Tax – Individuals

Taxable income (SCR)	Rate
Employees	
0 – 8 555.50	0%
8 555.51 to 10 065.29	0.15 – [[8 555.50 – (Gross Emoluments x 0.85)]/ (Gross Emoluments)]
Above SCR10 065.29	15%
Nonmonetary benefits	20%

Notes

1. Basis – All individuals whether resident or nonresident 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.
1. Taxable income – Taxable income includes income from employment (and fringe benefits), capital gains, 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 nonmonetary benefits tax on the value as prescribed in the law. The taxable amount depends on the kind of benefits. The 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.
3. Deductions and allowances – No deduction is allowed for losses or costs (including commuting costs) incurred by an employee in deriving emoluments. Deductions of expenses are allowed only if they are incurred by an individual in gaining assessable income.
4. Rates – Individual income tax is levied on employment income at progressive rates up to 15%. Nonresident individuals/employees are subject to income tax at a flat rate of 15%. Tax also is levied on nonmonetary benefits paid to the employee at a rate of 20% and is paid by the employer under monthly payroll tax filing.

Business tax – Companies	Rate
0 – SCR1 million	25%
Over SCR1 million	25%
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. The only exception to this rule is the Special License Company, which is taxed on its worldwide income.
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 employment of the capital of the business, including dividends, interest, royalties, rent and natural resource amounts; the amount of any bounty or 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. In addition, 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, the following expenses are not deductible: items of a capital, private or domestic nature.
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 any 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 applicable to the following businesses:
   - Telecommunications service providers, banks, insurance companies, alcohol and tobacco manufacturers are subject to a tax of 25% on the first SCR1 million and 33% on the remainder;
   - 1.5% on the global taxable income incurred by companies incorporated in Seychelles and granted a special license (i.e. Special License Companies); and
   - 3% on gross income of nonresidents operating aircraft or ships.
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 WHT on various types of payments are as follows (the tax is a final tax for nonresidents, but the rate may be reduced under an applicable tax treaty):

Payment	Residents	Nonresidents
Dividends	0%	15%
Interest	0%/15%/33%	15%
Royalties/Technical service fees	15%	15%
Management fees	-	15%
Directors' fees	10%	10%

Notes

1. Dividends – Dividends paid by a Seychelles company to a nonresident company are subject to a final WHT at a rate of 15% on their gross amount, except where the payment is made by a Special License Company or other companies that benefit from a tax exemption. Dividends paid between resident Seychelles companies are exempt.
2. Interest – Interest paid to a resident or nonresident company is subject to a final WHT at a rate of 15% on the gross amount, except where the payment is made by a Special License Company. However, if the nonresident 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 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 nonfinancial 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
   - 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 assist in the economic development of Seychelles
3. Royalties – Royalties paid to a nonresident company are subject to a final WHT at a rate of 15% on the gross amount, except where the payment is made by a Special License Company. Royalties paid by IBCs to a nonresident are not subject to WHT.
4. Technical service fees – Technical services fees paid to a nonresident 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 nonresident are subject to a rate of 15%.
6. Directors' fees – Royalties paid to a nonresident company are subject to a final WHT at a rate of 15% on the gross amount.

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%
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	0%	0%	5%
Luxembourg	0%/10%	5%	5%
Malaysia	10%	5%/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%%	10%
Thailand	10%	10%/15%	15%
United Arab Emirates	0%	0%	5%
Vietnam	10%	10%	10%
Zambia	5%/10%	5%	10%
Zimbabwe	10%	10%	10%

Notes

1. Dividends, interest and royalties paid by a company which is resident of a Contracting State to a resident of the other Contracting State shall be taxable in that other State at a rate of 0%.

Anti-avoidance Rules

Transfer pricing

Transfer pricing adjustments may be made by the SRC under the domestic law in respect of nonarm's length dealings. The Revenue Commissioner is empowered to adjust the liability of a taxpayer where he considers that a transaction has not been entered into or carried out by persons dealing at arm's length. No mechanisms exist for concluding advance pricing agreements.

Thin capitalisation rules

Interest expense 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. However, interest on the amount of debt that exceeds the permitted prescribed debt-to-equity ratio is nondeductible.

General anti-avoidance rule

A general anti-avoidance rule is available for the tax authorities to disregard the tax effect of schemes entered into with one of the main purposes being the avoidance or reduction of tax liability. There also are specific anti-avoidance rules relating to 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 withhold the 20% tax on nonmonetary benefits. The employer must submit a payroll withholding statement to the Seychelles Revenue Commissioner within 21 days after the end of the preceding calendar month.

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 an annual turnover exceeding SCR2 million; voluntary registration is available for companies with turnover under this amount.
4. Nonresident entrepreneurs – Nonresident 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

As noted above, a transfer tax is levied on the transfer of immovable property at a rate of 5% of the sales price for residents. For nonresidents that plan to develop property, the rate is set by the Cabinet of Ministers and depends on the type of development plan proposed by the applicant; the rates range from 10% to 30% of the stated transfer value, with the tax paid by the buyer. A notary fee of 1% to 2% of the transfer value also is applicable.

Capital duty

Seychelles does not levy capital duty.

Corporate social responsibility tax (CSRT)

A company must pay CSRT in a particular year if its annual turnover in the previous year was at least SCR1 million. CSRT is chargeable at the rate of 0.5% on the monthly turnover (excluding VAT) of the taxpayer.

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 moved to a self-assessment for the business tax return in 2010. This means that at the end of each business year, all businesses must complete a Self-Assessed Business Tax Return.
2. Tax year – The tax year in Seychelles is the calendar year. However, a taxpayer may, with prior permission of the Revenue Commissioner, adopt an alternate accounting period of 12 months, but that accounting 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, but if a substituted year end is used the provisional tax still must be paid from February to January. 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. Additionally, a late payment 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 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 nonmonetary benefits insofar as the collection of tax is made through withholding at source.
3. Filing and payment – An annual 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 Seychelles Revenue Commission 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 paid be to the Seychelles Revenue Commission by the employer on a monthly basis.

4. Penalties – A taxpayer will be liable to penalties or surcharges if he/she fails to meet tax obligations. A late payment surcharge of 10% of the debt due may be imposed and 20% per annum starting after the debt due date. The penalty for filing an incorrect tax return is double the difference between the contribution payable by the employer or an amount of SCR500. A late filing surcharge will be levied at the greater of the unpaid contribution or SCR250.

Value added tax

1. Filing and payment – Monthly: A compulsory VAT registered business must report and pay on a monthly basis. 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.
   Quarterly: 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 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
   - 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 you are in. Concessions may apply if you hold:

- 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 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) and the Common Market for Eastern and Southern Africa (COMESA)
- International Organisations – United Nations (UN), World Trade Organisation (WTO)

Interest and Currency Exchange Rates

Monetary Policy Rate:
Interest rate on the Standing Credit Facility – 1.75%
Standing Deposit Facility interest rate: 0.25%.
Lending Rate: 12.42% (Dec. 2016) (Source: Central Bank of Seychelles)
Currency: The currency in Seychelles is the Seychelles rupee (SCR)
ZAR1 = SCR0.97 (March 2017) (Source: Oanda)
USD1 = SCR12.54 (March 2017) (Source: Oanda)
EUR1 = SCR13.40 (March 2017) (Source: Oanda)

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)

USD1.419 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD1.51 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

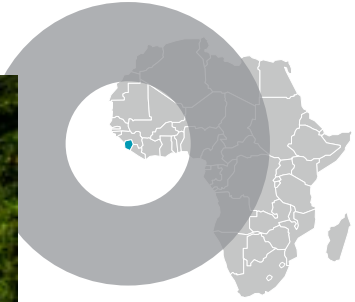
N/A
No market data available on Trop-X
(Source: African Securities Exchanges Association Annual Report 2015)

Rate of Inflation
(average consumer prices)

9.7%
(average 2016)
(Source: IMF)

9%
(forecast 2017)
(Source: Central bank of Seychelles)

Sierra Leone



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Income Tax

Individuals

Resident individuals are subject to tax on worldwide income.

Personal income tax is imposed under the Income Tax Act 2000, as amended, and is levied at progressive rates. As from 1 January 2016, the annual taxation thresholds are as follows:

Taxable income (SLL)	Rate
Up to 6 million	0%
6 000 001 – 12 million	15%
12 000 001 – 18 million	20%
18 000 001 – 24 million	30%
Over 24 million	35%

Notes

1. Basis – Sierra Leone operates a worldwide system of taxation of income and capital gains (with some exceptions).
2. Residence – An individual is resident in Sierra Leone for a year of assessment if he/she has a normal place of abode in Sierra Leone and is present in the country at any time during the year of assessment; is present in Sierra Leone for more than 182 days in a 12-month period that commences or ends during the year of assessment; or is an official of the government of Sierra Leone posted overseas during the year of assessment.
3. Rates – Progressive up to 35%. For individuals receiving employment income, there is a nontaxable allowance threshold of SLL6 million per year or SLL500 000 per month.
4. Chargeable income:
   - Permanent residents: The taxpayer's assessable income from all sources, less allowable deductions.
   - Temporary residents: The taxpayer's assessable income earned outside Sierra Leone and remitted to Sierra Leone, plus the taxpayer's assessable income within Sierra Leone, less allowable deductions.
   - Nonresidents: All payments from which tax is required to be withheld (this includes employment income for foreign employees), plus all assessable Sierra Leone-source income whether or not remitted to Sierra Leone, less allowable deductions.

Nonresidents

Nonresidents are subject to tax on all payments from which withholding tax (WHT) is deducted and all other assessable income from a source in Sierra Leone.

Rates of tax to be withheld from payments made to nonresidents

Employment Tax – 25%

Pay-As-You-Earn (PAYE)

PAYE is one of the oldest forms of WHT, where an employer "withholds" from the employee's salary, at each pay day, the amount of tax the employee owes the National Revenue Authority (NRA). The employer

must pay the tax to the NRA before the 15th day of the following month. A portion of an individual's salary is tax-free and thus, PAYE is not due on such income.

Fringe Benefits Tax

Noncash benefits granted to an employee by the employer are included in employment income. The taxable value of the benefit is the higher of the cost to the employer or the market value of the benefit to the employee. Infrequent fringe benefits of very small value are excluded from employment income.

Payroll Tax

An employer who employs individuals who are not citizens of Sierra Leone must pay a payroll tax no later than 31 January annually. The amount of the tax is SLL500 000 for nationals of the Economic Community of West African States (ECOWAS) and SLL3 million for non-ECOWAS nationals.

Tax on Redundancy and Retirement Payments
The tax rates on redundancy and retirement payments are as follows:

- First SLL50 million – Exempt
- Exceeding SLL50 million – 5%

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 businesses conducting business in Sierra Leone, and those employing PAYE staff, must pay corporation tax. The tax rates for resident and nonresident companies are as follows:

Resident companies

Corporation tax	Rate
Basic rate	30%
Mining companies	30%
Capital gains	0%
Rental income	10%
Dividends	0%
Interest	15%
Royalties	25%
Natural resource payments	25%
Payments to contractors	5%
Management and technical fees	15%

Nonresident companies

Corporation tax	Rate
Basic rate	30%
Mining companies	30%
Capital gains	0%
Dividends	10%
Interest	15%
Royalties	25%
Rental income	25%
Natural resource payments	25%
Payments to contractors	10%

Notes

1. Basis – Resident companies are taxed on worldwide income, subject to certain exemptions for foreign income. Nonresidents are taxable on payments subject to WHT, and all Sierra Leone-source income. Temporary residents are taxable on Sierra Leone-source income and foreign income remitted to Sierra Leone.
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 nonresident 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 a 10% tax in addition to the above.
5. Dividends received by a resident company from another resident company are exempt from tax.
6. Depreciation – Capital allowances are granted instead.
7. Losses – Losses made be deducted and carried forward indefinitely. Foreign exchange losses also may be deducted.
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. 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. Double taxation treaties (DTAs) – None of Sierra Leone's four DTAs reduce the rate of WHT on payments made to nonresidents.

Withholding Tax

A WHT is collected by a registered taxpayer at source. Examples of WHT include: PAYE, which is deducted and withheld by an employer from an employee's salary, rent tax, which is deducted and withheld by a landlord, and contractor's WHT.

Tax collected via withholding must be paid over to the NRA by the payer of the income by the end 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 is more than SLL500 000 in any month, tax must be deducted at a rate of 5% if the individual is a resident and 10% if the individual is a nonresident. If goods also are supplied, the WHT applies to the price of the goods.

Withholding Tax

	Resident Rate	Nonresidents
Dividends	10%	10%
Interest	15%	15%
Rents	10%	10%
Royalties	25%	25%
Pensions and Annuities	15%	25%
Natural Resources Payments	25%	25%
Real Property	10%	-
Winnings of SLL500 00 and above	10%	-
Payments for benefit of nonresident beneficiaries	-	25%

WHT for mining companies

Payment	Residents	Nonresidents
Dividends	10%	10%
Interest	10%	15%
Interest on affiliates *	15%	5% (nonaffiliates)
Rents	10%	10%
Royalties and natural resources	25%	25%
Payments to contractors	5%	5% (nonDTA)
Pensions and annuities	15%	10% (nonDTA)

*Refer to the Finance Act 2016

Capital Allowance for Mining Companies

The rate of the capital allowances for mining companies is as follows:

a) Expenditure (start-up costs on mineral and petroleum prospecting and exploration): 100%; and
b) Production rights and other expenditure incurred on mineral and petroleum development: an

initial allowance of 40% of costs in the year of expenditure and an annual allowance of 20% of costs for each of the three years following the year of expenditure.

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 not taxed. 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 in a business.

Anti-avoidance rules

The Income Tax Act, 2000 allows the NRA to:

a) Recharacterise a transaction or an element of a transaction that was entered into as part of a tax avoidance scheme or which would result or has resulted in less income tax being paid
b) Disregard a transaction that does not have susbstantial economic effect or
c) Recharacterise a transaction the form of which does not reflect the substance

Further the Income Tax Act 2000 states that a tax avoidance scheme includes any transaction one of the main purposes of which is the avoidance or reduction of liability of tax

Thin Capitalisation

Financial cost that qualifies to be deducted is limited up to a percentage, based on the chargeable income and other financial gains

Transfer Pricing

Arm's Length principles apply. 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 any transaction between taxpayers who are associates,.

Controlled Foreign Company rules

No regulations.

Social Security

The employer and the employee contribute 10% and 5%, respectively, of the employee's salary.

Indirect Taxes

Goods and Services Tax (GST)

There is no value added tax in Sierra Leone but GST applies. GST (introduced in 2009 to replace several outdated taxes) is a consumption tax applied at a rate of 15% on most goods and services supplied by registered businesses.

GST is imposed on taxable supplies and taxable imports. 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.

If a nonresident 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
- Person resident in Sierra Leone for the relevant year for purposes of the Income Tax Act, 2000
- 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 in question for the purposes of the Income Tax Act, 2000)
- 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 that day that he 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 following day of 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 cheque or by debit or credit card at the Commissioner General's offices provided an application is made with the Commissioner General specifying enter into a time to pay agreement specifying instalment payment 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
A National Insurance 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
The 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 facilitates tax payment for taxpayers because it provides a "one-stop shop" for all domestic taxes, allowing taxpayers to deal with a single office for all of their taxes affairs.

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.

Corporations
1. Tax year – The tax year runs from 1 January to 31 December.

Individuals
1. Tax year – The tax year for individuals is the same as that for companies.

General Investment Information

Investment Incentives

General Incentives

- Substantial natural resources, particularly iron ore
- Government infrastructure investment and assistance are boosting expansion in the noniron 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 nonresources sector
- All United Nations Agencies or International Organisations (consists of all the 22 UN agencies, funds and programmes in Sierra Leone) protected by the Vienna or Geneva Conventions 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 industry 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, 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 borrowing: 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 nonresident or payment in a foreign currency; and (ii) a guarantee to a resident in Sierra Leone on behalf of, or in the account of, a nonresident

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 to enter into Sierra Leone. Travellers must apply for a tourist or business visa before they travel to Sierra Leone Processing of a landing visa is two to three business days. •All fees must be made payable to the Embassy of the Republic of Sierra Leone either in money order or cashiers cheques. No personal

cheques are accepted. The visa must be presented at the Lungi International Airport upon entry into Sierra Leone, together with the issued NRA receipt that payment has been made. The landing visa is valid for entry within 3 months and for a stay of up to 1 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.

Residence Permit
A residence permit allows an individual to reside in Sierra Leone. The time frame for processing a residence permit normally is two to five business days, and the following documents must be submitted to the Immigration Department:
- Completed residence permit form
- Original passport
- Two passport pictures

Work Permit
A work permit allows an individual to work in Sierra Leone. The processing time for a work permit is 30 business days. Documents needed for this permit are:
- A completed work permit form, which must be purchased from the Ministry of Labour
- Three passport-size photos
- Appointment letter from the employing organisation
- Photocopy of first six pages of the individual's passport
- Curriculum vitae

Trade Relations
- Memberships – Economic Community Western African States
- Treaties – Sierra Leone has DTAs with Norway, South Africa and the United Kingdom

Interest and Currency Exchange Rates

Monetary Policy Rate
Monetary Policy Rate 10.5% (October 2016) (Source: Bank of Sierra Leone)
Benchmark Interest Rate
Standing Lending Facility 11.5% (October 2016)
Standing Deposit Facility 5% (October 2016) (Source: Bank of Sierra Leone)
Currency: The currency in Sierra Leone is the Leones (SLL)
The symbol is Le and the currency is partitioned into 100 cents
ZAR1 = SLL574.57 (March 2017) (Source: Oanda)
USD1 = SLL7412.82 (March 2017) (Source: Oanda)
EUR1 = SLL7924.95 (March 2017) (Source: Oanda)

Key Economic Statistics

GDP
(approximate)

USD4.289 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD4.40 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

Sierra Leone Stock Exchange has one listed company.

Rate of Inflation
(average consumer prices)

9.7%
(average 2016)
(Source: IMF)

9.0%
(forecast 2017)
(Source: IMF)

Notes

1. The Sierra Leone Stock Exchange (SLSE) 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 28 February 2018, the rates are as follows:

Taxable Income (ZAR)	Tax Payable
0 – 189 880	18% of taxable income
189 881 – 296 540	ZAR 34 178 + 26% of taxable income above ZAR189 880
296 541 – 410 460	ZAR 61 910 + 31% of taxable income above ZAR296 540
410 461 – 555 600	ZAR 97 225 + 36% of taxable income above ZAR410 460
555 601 – 708 310	ZAR 149 475 + 39% of taxable income above ZAR555 600
708 311 – 1 500 000	ZAR 209 032 + 41% of taxable income above ZAR708 310
1 500 001 and above	ZAR 533 625 + 45% of taxable income above ZAR1 500 000

Tax Rebates (individuals)	
Primary rebate – All individuals	ZAR 13 635
Additional age rebates:	
Secondary rebate (65 years and older)	ZAR 7 479
Third rebate (75 years and older)	ZAR 2 493

Notes

1. The tax rates and rebates reflected above were announced on 22 February 2017 and will apply (once officially enacted) in respect of any year of assessment ending during the period of 12 months ending on 28 February 2018.
2. Basis – Subject to exceptions, South African residents are taxed on worldwide income, including capital gains. Nonresidents 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 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 the aggregate in the preceding five tax years.

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 from foreign sources has been subject to tax in a foreign country and in South Africa.

5. Exempt income – Remuneration for services rendered by individuals outside South Africa is exempt, provided certain requirements are met. Subject to certain exceptions, local dividends are fully exempt from income tax. Foreign dividends are subject to income tax, but exemptions apply, for example, where the shareholder holds at least 10% of the total equity shares and voting rights in the foreign company declaring the dividend. Otherwise, foreign dividends received by individuals from foreign companies are taxable at a maximum effective rate, comprising 20% for years of assessment commencing on or after 1 March 2017 (once current proposals are officially enacted) and 15% prior to 1 March 2017. Local interest earned by individuals is exempt from income tax up to certain levels. Interest received by, or accrued to, a nonresident is not taxable, unless that person is in South Africa for a period exceeding 183 days during the 12-month period preceding the date on which the interest was received or accrued, or the interest 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 organisations (PBOs) are tax deductible, generally limited to 10% of taxable income and subject to carryforward 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 28 February 2018. Tax rebates (see table, above) are available only to individuals and comprise amounts which may be deducted from 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 is currently ZAR40 000, and the exclusion on death is ZAR300 000. Upon breaking tax residence, CGT will be payable on the deemed disposal of a tax resident's worldwide assets (excluding South African fixed 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 conducted 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

	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	28%/30%

Notes

1. Basis – Subject to exceptions, South African residents are taxed on worldwide income, including capital gains. Nonresidents 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 a foreign company are, in principle, subject to tax, although various exemptions exist (for example, where the recipient holds at least 10% of the shares and voting rights of the company declaring the dividend). Otherwise, foreign dividends are taxable at a maximum effective rate, comprising 20% for years of assessment commencing on or after 1 March 2017 (once current proposals are officially enacted) and 15% prior to 1 March 2017. CGT exclusions and roll-over 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 roll-over 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 – Generally, expenses incurred in the production of income and not of a capital nature may be deducted in computing taxable income. The law provides for additional deductions, subject to certain rules, including, for example, 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 set off against income from a South African source (i.e. ring-fencing applies).
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 no more than seven years. Alternatively, the foreign tax may be deducted from income in determining taxable income.
7. Group relief – There is no group taxation regime applicable 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 a 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. No branch remittance tax applies in South Africa.
10. Alternative minimum tax – There is no alternative minimum tax in South Africa.
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 of ZAR1 million or less. The rates are progressive up to 28% 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 (CFC) rules, an exemption from dividends tax, certain relief from transfer pricing provisions and an exemption from withholding tax for interest on certain back-to-back lending arrangements. An HQC will be treated as a foreign company for the purposes of the capital gains tax participation exemption for the benefit of qualifying shareholders disposing of their interest in such HQC. A resident company may elect to be an HQC for a year of assessment if certain criteria are met.

Withholding Tax (WHT)

The WHTs on various types of payments are as follows (with the exception of WHT on immovable property, the tax is a final tax for nonresidents and the rate may be reduced under an applicable tax treaty):

Payment	Residents	Nonresidents
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%
Management or consulting fees	0%	0%

Notes

1. Dividends – Dividends tax is levied on dividends declared by domestic companies and in respect of shares of nonresident companies that are listed on the Johannesburg Stock Exchange (JSE). The rate at which dividends tax applies is 20%, once proposals announced on 22 February 2017 (to be effective on that date) are officially enacted. The rate at which dividends tax applies prior to 22 February 2017 is 15%. 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.

2. 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. The WHT also will not apply to interest paid by an HQC, nor will it apply to interest paid to nonresident individuals spending in excess of 183 days in South Africa in the 12-month period preceding the date on which the interest is paid, or if the relevant debt is effectively connected with a PE in South Africa and the foreign person is registered as a taxpayer in South Africa.
3. Royalties –The WHT does not apply in respect of royalties paid to a foreign person if that foreign person is an individual who was physically present in South Africa for a period in excess of 183 days in the 12-month period preceding the date on which the royalty was paid, or if the property in respect of which the royalty 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.
4. Payments to entertainers and sportspersons – A final 15% WHT applies in respect of payments made to nonresident 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 personally liable for tax.
5. Proceeds from sale of immovable property – WHT is imposed on the proceeds of a sale of fixed property in South Africa by nonresidents where the proceeds exceed ZAR2 million. Once proposals announced on 22 February 2017 (applicable to any disposal on or after that date) are officially enacted, the WHT will apply at 7.5% in the case where the seller is an individual, 10% where the seller is a company and 15% where the seller is a trust (5%, 7.5% and 10% prior to 22 February 2017). The tax is an advance in respect of the seller's liability for income tax.

Tax Treaties

South Africa has concluded tax treaties with the following countries (the lower treaty rate applies in qualifying circumstances that are specifically defined in the relevant treaty):

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%/15%	10%	10%
Brazil	10%/15%	15%	10%/15%
Bulgaria	5%/15%	5%	5%/10%
Canada	5%/15%	0%/10%	6%/10%
Chile	5%/15%	5%/15%	5%/10%
China	5%	10%	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%	8%	20%
Finland	5%/15%	0%	0%
France	5%/15%	0%	0%
Germany	7.5%/15%	10%	0%
Ghana	5%/15%	5%/10%	10%
Greece	5%/15%	8%	5%/7%
Grenada	0%	Domestic*	Domestic*

Country	Dividends	Interest	Royalties
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	Domestic*	Domestic*	Domestic*
Malaysia	5%/10%	10%	5%
Malta	5%/10%	5%/10%	10%
Mauritius	5%/10%	0%/10%	5%
Mexico	5%/10%	10%	10%
Mozambique	5%/15%	0%/8%	5%
Namibia	5%/15%	10%	10%
Netherlands	5%/15%	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%

Country	Dividends	Interest	Royalties
Poland	5%/15%	10%	10%
Portugal	10%/15%	10%	10%
Qatar	5%/10%	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%	Domestic*	Domestic*
Singapore	5%/10%	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%	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	Domestic*	Domestic*	Domestic*
Zimbabwe	5%/10%	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 finalised but not signed) with the following countries: Austria, Belgium, Brazil, Cameroon, Cuba, Gabon, Germany, Ireland, Isle of Man, Kuwait, Luxembourg, Malawi, Morocco, Mozambique, Namibia, Netherlands, Norway, Senegal, Sudan, Swaziland, Switzerland, Syria, Thailand, Turkey, Vietnam and Zambia.

Anti-Avoidance Rules

Transfer pricing

South Africa follows the 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 (i) the comparable uncontrolled price method, (ii) the resale price method, (iii) the cost plus method, (iv) the profit split method and (v) the transactional net margin method. For years of assessment commencing on or after 1 October 2016, it is obligatory for taxpayers with qualifying transactions to prepare transfer pricing policies and documentation.

Where a transaction between a resident and nonresident (or a nonresident and a PE of another nonresident 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, the amount of the transaction may be adjusted. If the adjustment results in a tax benefit for the resident, it 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).

Thin capitalisation

Thin capitalisation provisions that are part of the general transfer pricing rules limit the deduction of interest payable by South African companies on debt provided by certain nonresident 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 that company. 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 such 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 a 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 acquisition and reorganisation indebtedness. 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.

Employment-Related Taxes

Payroll tax
A pay-as-you-earn (PAYE) system applies in South Africa, at the prescribed tax rates. A 25% rate applies for temporary employees in "nonstandard employment." Employers are liable to pay a monthly 1% "skills development levy" (SDL) on total remuneration paid, where the employer's annual payroll exceeds ZAR500 000. 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 obliged 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 made by the employer through a deduction from the employee's salary. Certain remuneration and certain employees are excluded from the UIF contribution requirements.

Indirect Taxes

Value-Added Tax (VAT)	Rate
Standard rate	14%

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. Any South African VAT charged to a vendor by suppliers, as well as VAT levied on the importation of goods, generally will be deductible as an input tax credit by the vendor. The government has proposed that the list of taxable electronic services subject to VAT be broadened to include cloud computing and services provided using online applications.
2. Rates – The standard VAT rate is 14%. 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, and usually are calculated as a percentage of the value of the goods (as set out in the schedules to the Customs and Excise Act). 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). The customs value is based on an FOB (free-on-board) value. Preferential or free rates of customs duties are applicable where trade agreements exist (listed under Trade Relations, below), subject to particular rules of origin.

Excise duties and levies are imposed mostly on high-volume daily consumable products (e.g. petroleum, alcohol and tobacco products), as well as certain nonessential or luxury items (e.g. electronic equipment and cosmetics). Excise duties are levied on both imported and locally manufactured goods. These duties and levies are self-assessed through periodic excise returns filed with and, depending on the product, paid to SARS on either a monthly or a quarterly basis.

Other Taxes

Estate duty

A 20% estate duty is payable on the dutiable amount of a deceased's estate. A ZAR3.5 million abatement (ZAR7 million for a couple) is deducted from all estates, regardless of personal circumstances. In general, the estate of a person who was ordinarily

resident in South Africa at the date of his/her death includes all assets, irrespective of where the assets are situated. Assets that are 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 where a donor donates property valued in excess of ZAR100 000 per annum (ZAR10 000 in the case of donors other than natural persons). The tax is levied at a rate of 20% on such excess and is payable by the donor. Donations tax is payable only where the donor is a resident of South Africa. "Deemed donations" (disposals for less than adequate consideration) also are subject to the tax. Public companies and certain donations are exempt from donations tax. A new anti-avoidance rule was introduced with effect from 1 March 2017 (section 7C of the Income Tax Act) for the purpose of addressing the avoidance of donations tax and estate duty through the transfer of assets to trusts on interest-free or low-interest loan accounts.

Transfer duty

Transfer duty is applicable to real estate transactions that are not subject to VAT, at duty rates ranging from 0% (on the value of property not exceeding ZAR900 000) to 13% (on the value of property exceeding ZAR10 million), effective 1 March 2017 once announcements made on 22 February 2017 are officially enacted. 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, for example, asset-for-share rollovers (e.g. upon formation of a company) obtain relief from transfer duty. Additionally, no transfer duty is applicable, for example, in respect of transfers on death or divorce.

Securities transfer tax (STT)

STT is levied at a rate of 0.25% on every transfer 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 the change in beneficial ownership, the issue of a security and cancellation or redemption where corporate existence is being terminated.

Mineral and petroleum resources royalty

The rates for the 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.

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 that applies to all tax types exists.

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. Tax returns for all tax types 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: a first payment is made during the first six months of the tax year, and a second before the end of the tax year, based on estimates of the final tax liability for the year. For taxpayers with taxable income of less than 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 of more than 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 should 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 by SARS for noncompliance with respect to tax obligations, including in respect of late/nonsubmission of 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 are submitted every two months, but businesses with an annual turnover in excess of 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 by SARS for noncompliance with respect to tax obligations, including in respect of late/nonsubmission of 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 housed within the Department of Trade and Industry, with a few others in other government departments.

These include incentives under the following categories:

- Investment and Enterprise Development Incentives
- Competitive Enhancement Incentives
- Export Incentives – Nonindustry Specific
- Export Incentives – Industry Specific
- Tax Incentives
- Industrial Development Corporation (IDC) Funding
- Industrial Participation Incentives
- Social Responsibility 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 what is stated below, South Africa does not impose exchange controls on nonresidents, but exercises exchange controls over residents (including on outward investment) and transactions entered into between residents and nonresidents. 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 registered in South Africa.

Certain exchange control restrictions exist for foreign investors:

- Limited local borrowing restrictions exist on entities in which 75% or more of the shares, voting or control, or rights to capital or income, are held by nonresidents. South African branches of foreign companies also fall 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 on securities, is limited to 100% of shareholder's funds
- Where unlisted shares, fixed property, a business or other major assets are transferred between a resident and a nonresident, the value of the assets transferred must be verified
- Restrictions exist on the remittance of certain income; for example, exchange control approval is required for royalties and payments for services that are calculated based on a percentage of turnover, income, sales or purchases

The rate of interest payable on foreign loans will be limited by the SARB, although, 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 authorised dealer, may conduct their affairs on a resident basis while resident in South Africa and may repatriate accumulated earnings or capital introduced.

Specific exchange control rules, annual limits or concessions apply to institutional foreign investment, 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 under ZAR1 billion per year are adjudicated by authorised dealers. There are no limits on amounts that may be remitted abroad for investment. 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 that are 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 promulgated in terms of this Act. The Act sets out the different categories of visas and permits available to foreign nationals. There are two basic components to the South African 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 visas 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 purpose and enable the sojourn of foreign nationals in South Africa. It is best practice that foreign nationals apply for the appropriate visa with the South African Embassy/High Commission or Consulate in their home country prior to them arriving in South Africa. Renewals and Change of Conditions or Status for specific categories can be applied for with the Department of Home Affairs via the VFS Visa and Permit Facilitation Centre in South Africa.

Trade Relations

The South African government, through the Department of Trade & 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:
  - WTO's Doha Development Agenda – South Africa is a negotiator
  - SACU-India Preferential Trade Agreement
  - SADC-EAC-COMESA Tripartite Free Trade Agreement
- Nonreciprocal agreements:
  - Africa Growth and Opportunity Act (AGOA)
  - South African products qualify for preferential market access (i.e. no or substantially reduced customs duty) under the Generalised System of Preferences (GSPs)

- Memberships:
  - New Partnership 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

Prime Overdraft Rate
Prime lending rate: 10.50% (February 2017) (Source: South African Reserve Bank)
Repo Rate
Repo rate: 7% (February 2017) (Source: South African Reserve Bank)
Currency: South Africa's currency is the Rand (ZAR), which is divided into 100 cents)
GBP1 = ZAR15.91 (March 2017) (Source: Oanda)
USD1 = ZAR12.90 (March 2017) (Source: Oanda)
EUR1 = ZAR13.79 (March 2017) (Source: Oanda)

Key Economic Statistics

GDP (approximate)

USD314.57 billion
(2016 estimate)
(Source: Tradingeconomics)

USD360 billion
(2017 forecast)
(Source: Tradingeconomics)

Market Capitalisation

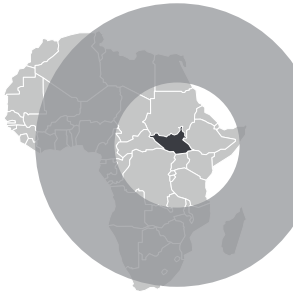
ZAR 13.5 trillion
(December 2016)
(Source: JSE)

Rate of Inflation (average consumer prices)

6.59%
(average 2016)
(Source: Tradingeconomics)

6.25%
(forecast 2017)
(Source: Tradingeconomics)

South Sudan



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The tax information on South Sudan was compiled from available sources from the tax authorities of South Sudan.

Income Tax – Individuals

Taxable income (SSP)	Rate
300	0%
301 – 5 000	10%
above 5 001	15%

Notes

1. Basis – South Sudanese nationals are subject to tax on worldwide income (including, e.g. income from entrepreneurial activities, estate lease income and personal income). Nonresidents are subject to tax only on South Sudan 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 to be resident for tax purposes.
3. Taxable income – Employment income generally is taxable unless otherwise 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 are 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 are deductible.
5. Rates – The personal income tax rates for both residents and nonresidents 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 SSP75 million)	15%
Large businesses (revenue exceeding SSP75 million)	20%

Notes

1. Basis – Resident companies are liable to tax on their worldwide income; nonresident companies pay tax 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 nonresident companies), less expenditure incurred wholly and exclusively in the production of the 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. Capital gains are considered South Sudan-source income and included in taxable income subject to corporate tax.
4. Deductions – In computing taxable income, any 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 South Sudan Taxation Act. Amortisation of intangible assets such as goodwill, patents and trademarks, copyrights, and any similar asset, 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 pays foreign tax on such income. The foreign tax credit is the foreign tax or the South Sudan tax applied to the part of the foreign-source income liable to tax in South Sudan, whichever is less.

7. Group relief – There is no provision allowing for any 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, 15% for medium-size enterprises and 20% for large enterprises.
9. Branch taxation – A branch of a foreign company is subject to the same tax rate as a domestic subsidiary.
10. Advance business profits tax – All goods brought into or that enter South Sudan are subject to an advance payment of business profit 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.

Withholding Tax (WHT)

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

	Taxation Act	Taxation Amendment Act 2016	Taxation Amendment Act 2016
	Resident/ Nonresident	Residents	Nonresidents
Dividends	10%	10%	10%
Interest	10%	10%	10%
Royalties	10%	10%	10%
Rent	10%	20%	20%
Technical fees paid to contractors	n/a	n/a	10%
Government contracts	n/a	20%	20%

Notes

1. The 2017 budget increased the WHT on rents from 10% to 20%.
2. The 2017 budget introduced an 8% WHT on payments made under government contracts and a 10% WHT on technical fees paid to contractors.

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.

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	18%
Domestically produced goods, imported goods, hotels, restaurants and bar services for small, medium-sized and large businesses	18%

Notes

1. 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.
3. Rates – The standard rate is expected to be 20% (increased from 15% under the 2017 budget). The different rates that previously applied to domestically produced goods, imported goods, hotels, restaurants and bar services depending on whether the supplier was a small, medium-sized or large business were eliminated under the 2017 budget. Now an 18% rate applies.
4. Invoicing – An invoice must be prepared for transactions subject to sales tax.

Customs and Excise Duties

Imported goods are subject to customs duties at rates that range from 5%, 10% and 20% and implementing the Harmonized System classification of goods will align their 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 currently no stamp duty legislation in South Sudan. However, in practice, stamp duties are imposed by the state authorities, which varies depending on the states.

Transfer tax

There is no transfer tax on immovable property or on the transfer of shares, bonds or other securities.

Departure tax

The 2017 budget introduced a departure tax of USD20 per person on international air travel.

Tax Administration and Compliance

Tax is administered by the South Sudan Department of Taxation.

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 an advance payment of income tax on a quarterly basis.
4. Penalties – A penalty of 5% each month 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. Rulings – Binding rulings are available in South Sudan provided the taxpayer has made a full and true 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 of spouses are not permitted.
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 an advance payment of income tax on a quarterly basis.
4. Penalties – A penalty of 5% each month 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.

General Investment Information

Investment Incentives

Various investment incentives are available to foreign investors on a case-by-case basis, including concessions in 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 can freely repatriate profits, net of all taxes and other statutory obligations, to its holding company or head office abroad, in accordance with the Investment Promotion Act 2009. However, it should be noted that 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 work permit is required for foreigners who intend to work in South Sudan.

Trade Relations

- International Organisations – United Nations (UN) and African Union (AU)

Interest and Currency Exchange Rates

Monetary Policy Rate
Average lending rate 14.02% (Source: Bank of South Sudan)
Currency: South Sudanese pound (SSP)
The South Sudanese pound (SSP) is the official currency of the Republic of South Sudan. It is divided into 100 piasters
USD1 = SSP72.41 (April 2017) (Source: Mataf)
ZAR1 = SSP5.25 (April 2017) (Source: Mataf)
EUR1 = SSP76.69 (April 2017) (Source: Mataf)

Key Economic Statistics

GDP
(approximate)

USD2.628 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD3.60 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

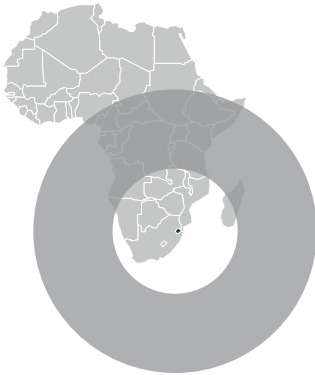
N/A
There is no stock market in South Sudan

Rate of Inflation
(average consumer prices)

47.6%
(average 2016)
(Source: IMF)

110.7%
(forecast 2017)
(Source: IMF)

Swaziland



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Income Tax – Individuals

Taxable Income (SZL)	Rate (SZL/%)
0 – 100 000	0 + 20% on amount exceeding 0
100 001 – 150 000	20 000 + 25% on amount exceeding 100 000
150 001 – 200 000	32 500 + 30% on amount exceeding 150 000
Over 200 000	47 500 + 33% on amount exceeding 200 000

Notes

1. Basis – The source basis of taxation is applied in Swaziland. Foreign-source income is exempt from Swaziland tax.
2. Residence – Swaziland does not have a definition of residence for tax purposes.
3. Taxable income – Taxable income includes income from employment (and fringe benefits), capital gains, income from the exercise of a business or profession, certain investment income, etc. that arises in, or is deemed to arise in, Swaziland.
4. Exempt income – these include war pensions and gratuities; a portion of pension, provident or benefit fund payable on termination of employment subject to certain limitations, several allowance or notice pay, certain redundancy payments, scholarships and bursaries, and certain interest received etc.
5. Deductions and allowances – Certain rebates, allowances and deductions are available.
6. Rates – Individual income tax is levied at progressive rates up to 33%. Dividends are taxed at a flat rate of 10% and a 10% withholding tax (WHT) is imposed on interest on investments paid to Swaziland residents. A 15% rate applies to dividend payments made to nonresidents; in addition, certain payments made to nonresidents are subject to WHT.

Income tax – Companies

	Rate
All companies	27.5%

Notes

1. Basis – The source basis of taxation is applied in Swaziland. Foreign-source income is exempt from Swaziland tax.
2. Residence – Swaziland does not have a definition of residence.
3. Taxable income – Taxable income is comprised of profits derived from the operation of a business in Swaziland including capital gains (with certain exceptions). Dividends distributed by Swaziland companies to another Swaziland company are not subject to tax.
4. Deductions – In computing taxable income, expenses (excluding those of a capital nature) actually incurred in Swaziland for the production of the taxable income are deductible by the taxpayer. These include interest payable, wear and tear of depreciable assets, expenditure for the repairs of machinery, proven bad debts and allowances for doubtful debts, and certain capital allowances also are available (see below under "incentives.")

5. Losses – Losses may be carried forward indefinitely for set off against taxable income in future years of assessment.
6. Foreign tax credit – Swaziland does not offer a unilateral foreign tax credit.
7. Group relief – There is no provision allowing for any group relief or the transfer of losses between members of a group.
8. Rate – The standard corporate tax rate is 27.5%. Companies whose principal business is mining are subject to a 27% on the first SZD20 000 of taxable income, and 30% on income exceeding that amount. 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 on various types of payments are as follows (the tax is a final tax for nonresidents):

Payment	Residents	Nonresidents[1]
Dividends[2]	10%	12.5%/15%
Interest	-	10%
Royalties	-	15%
Management and construction fees, entertainer and athlete fees, and services contracts (excluding employment contracts)	-	15%
Rental payments (individuals)	10%	10%

Notes

1. An exemption from the nonresident's tax on dividends and interest may be available if so granted by the government.
2. 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.

Tax treaties

Swaziland has concluded five tax treaties:

Country	Dividends	Interest	Royalties
Mauritius	7.5%	5%	7.5%
Seychelles	7.5%/10%1	7.5%	10%
South Africa	10%/12.5%2	10%	10%
Taiwan	10%	10%	10%
United Kingdom	15%	15%3	0%4

Notes

1. The 7.5% rate applies where the beneficial owner is a company that holds at least 25% of the capital of the company paying the dividends; otherwise, the rate is 10%.
2. The 10% rate applies if the beneficial owner is a company that holds at least 25% of the capital of the company paying the dividends; otherwise, the rate is 12.5%.
3. The treaty does not provide for a reduced WHT rate, so the domestic rate of 15% applies.
4. Royalties are only taxable in the country of the recipient.

Anti-avoidance Rules

Transfer pricing

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

Thin capitalisation rules

There is no thin capitalisation legislation in Swaziland.

Employment-related taxes

Payroll tax

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

Social security

All employees are obliged to make social security contributions to the Swaziland National Provident Fund, with their employer being liable for half of the contribution to the Fund. The amount of the contribution varies according to an employee's earnings.

Indirect Taxes

Value Added Tax (VAT)	Rate
Standard rate	14%

Notes

1. Taxable transactions – VAT is levied on the supply of goods or services in Swaziland, and on the import of goods or services.
2. Rates – The standard VAT rate is 14%. Certain goods and services are zero-rated, including some basic foodstuffs and direct exports. VAT is charged at 0% on these goods and services and input tax credits on purchases can be claimed. Certain supplies are exempt (i.e. fall outside the scope of VAT). A supplier of exempt supplies cannot charge VAT nor claim input tax. Exempt supplies include financial services, educational services and passenger transport.
3. Registration – 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

Tax is administered by the Swaziland Revenue Authority.

Companies

1. Tax year – The year of assessment in Swaziland is the 12-month period ending 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 make an annual Income tax return by no later than 31st October annually. Tax returns for Companies which have an approved variation from the year ending 30 June are due 120 days after the approved financial year end.
4. Penalties –The late filing or nonsubmission of a tax return will attract a penalty of an amount equal to twice the tax chargeable in respect of his taxable income for such year of assessment.
5. Rulings – The Commissioner may issue a ruling on application by a taxpayer to confirm a particular tax position taken.

Individuals

1. Tax year – The year of assessment in Swaziland is the 12-month period ending 30 June.
2. Tax filing – Each taxpayer must file a return. Joint returns of spouses are not permitted.
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 salary income under the PAYE system.
4. Penalties – The late filing or nonsubmission of a tax return will attract a penalty of an amount equal to twice the tax chargeable in respect of his taxable income for such year of assessment.

Value added tax

1. Filing and payment – The VAT return and payment must be made monthly within 20 days of the end of the VAT period 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 VAT and pay it to the Swaziland Revenue Authority.
2. Penalties – Any vendor who fails to render a return is liable on conviction to a fine not exceeding E10 000 or to imprisonment for a term not exceeding 3 years, or to 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

Capital allowances:

- 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: A 50% of the cost is deductible in the year in which it is incurred on the construction of a new hotel or beneficial improvements to an existing hotel. In addition, an annual allowance of 4% of such expenditure is allowed
- Buildings (and improvements) used to house manufacturing plant and machinery (industrial buildings): A 50% initial allowance in the first year of use and an additional 4% annual allowance
- Employee housing allowance: To construct dwellings for employees, an allowance of 20% may be claimed for the first year and 10% for each of the succeeding eight years

Export promotion expenditure:

- 133% deduction on approved export promotion expenditure incurred during the year preceding the year of assessment by an approved company in the handicraft and cottage industry sector

- 150% deduction on 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 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 by the farmer from farming operations. Any amount disallowed is carried forward and added to expenditure in the succeeding year
- Certain tax incentives are available to investors qualifying as a "development enterprise," including a 10% corporate income tax rate for 10 years and an exemption from WHT on dividends for the same period

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 inward investment by foreigners and profits may be fully repatriated. There are restrictions on outward investment by local residents.

The administration of the exchange control regulations is undertaken by the Central Bank of Swaziland in cooperation with Authorised Dealers. Generally, all loans and shareholdings abroad, are subject to prior approval.

Expatriates and Work Permits

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

Trade Relations

- Memberships include: South African Customs Union (SACU), South African Development Community (SADC), World Trade Organisation (WTO), World Customs Organisation (WCO), Common Market for Eastern and Southern Africa, European Free Trade Area, 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
Discount rate 7% (2016) (Source: Central Bank of Swaziland)
Currency: Lilangeni and is divided into 100 cents)
ZAR1 = SZL1.00000 (March 2017) (Source: Oanda)
USD1 = SZL12.88 (March 2017) (Source: Oanda)
EUR1 = SZL13.77 (March 2017) (Source: Oanda)

Notes

1. South African bank notes, but not coins, are a 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 (RMA) Agreement, which became the CMA in 1986.
2. Swaziland's currency is pegged to the South African Rand, subsuming Swaziland's monetary policy to South Africa.

Key Economic Statistics

GDP
(approximate)

USD3.430 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD3.50 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

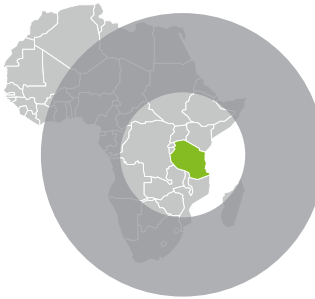
SZL3 279 608 654
(November 2016)
(Source: Swaziland Stock Exchange)

Rate of Inflation
(average consumer prices)

7%
(average 2016)
(Source: IMF)

6.1%
(forecast 2017)
(Source: IMF)

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	20%
540 001 – 720 000	25%
Over 720 000	30%

Notes

1. Basis – Residents are taxed on worldwide income. Nonresidents are subject to tax on Tanzania-source income.
2. Residence – An individual is considered resident in Tanzania for tax purposes if the individual: (i) has a permanent home in Tanzania and is present in Tanzania at any time during the tax year; (ii) is present in Tanzania for 183 days or more during the tax year; (iii) 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 (iv) 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 shall be the sum of the person's chargeable income for the year of income from each employment, business and investment.
4. Exempt income – Medical expenses, health insurance premiums and onsite meals provided by an employer to its employees on a nondiscriminatory basis do not form part of taxable employment income.
5. Deductions and allowances – No personal allowances are available however, a deduction is allowed on retirement contributions made to approved retirement funds.
6. Rates – The individual tax rates are progressive from 0% to 30%. Nonresident individuals are subject to a fixed tax rate of 20% on total income from a source in Tanzania. However, nonresidents are taxed on their Tanzania-source employment income at a rate of 15%, which is a final tax. In addition, certain payments made to nonresidents are subject to final withholding taxes (see Withholding Taxes, below).

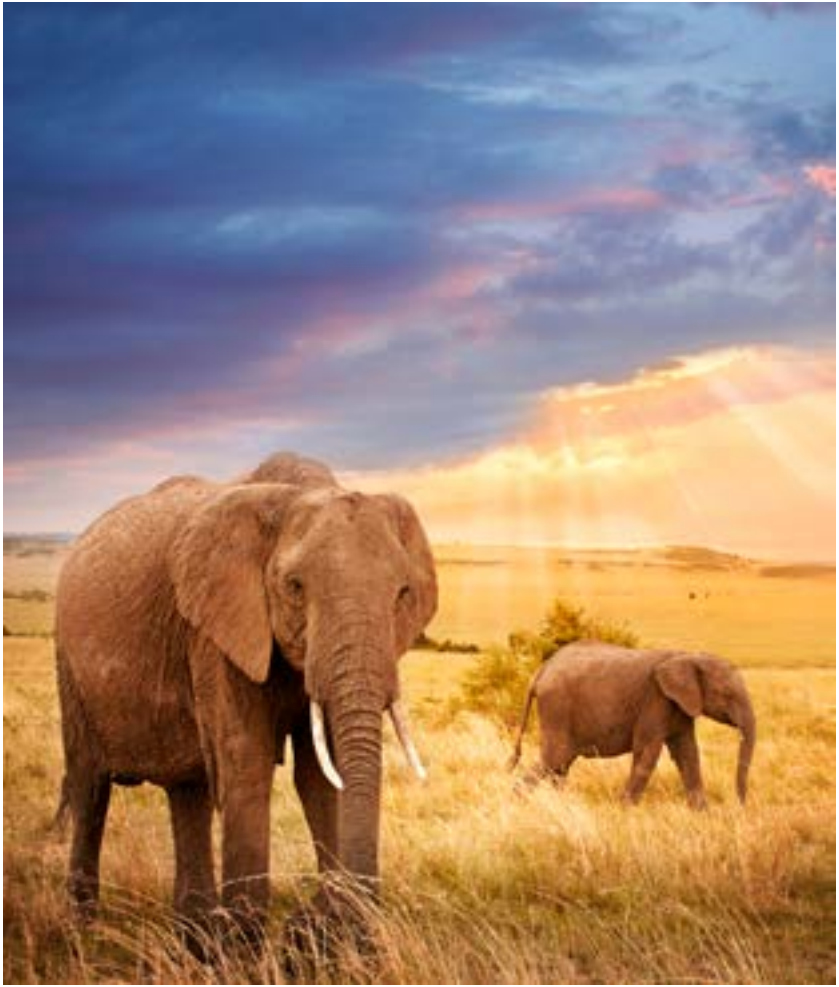
Income Tax – Companies

	Rate
Standard corporate rate	30%
Alternative minimum tax rate on turnover	0.3%

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 to be an extension of a foreign incorporated company and from a tax perspective, a branch is deemed to be permanent establishments of a nonresident person. A permanent establishment is treated as a separate but associated person to its head office for income tax purposes. Consequently, the permanent establishment 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 and dividends.
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 mining and petroleum operations. Companies having five consecutive years of tax losses will be taxed at 0.3% on their turnover on the fifth 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 corporate tax rate is 30%. Certain payments made to nonresidents are subject to final withholding taxes (see Withholding Taxes, below).There is final tax withholding on payments to residents. A reduced rate of 25% applies to newly listed companies for three years. 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 nonresidents).

9. Branch taxation – The repatriated income of a local permanent establishment of a nonresident 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 – An alternative minimum tax of 0.3% of turnover applies in the fifth year of losses to companies having five consecutive years of tax losses.
11. Extractive industry taxation – Special rules apply to the extractive industry (e.g. mining and oil and gas).
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 (WHT)

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

Payments	Residents	Nonresidents
Dividends		
- 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%
Mining		
- Management and technical services	5%	15%
Rents		
- If in excess of TZS500 000 per annum	10%	10%
- Aircraft	10%	10%
Service fees	5%	15%
Annual directors' fees	15%	15%
Government payments		
- Suppliers of goods to the government	2%	0%
- Money transfer commission*	10%	0%
Retirement funds' investment income	10%	10%

* The Act is not explicit however, should a nonresident agent receive a commission then the same rate would apply

Notes

1. 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 WHT on payments for technical services to mining companies, and the WHT on payments to residents for dividends, interest on deposits from a financial institution to an individual and rent to an individual are final taxes. Payments made to a nonresident without a Tanzanian permanent establishment are also considered final.
2. Dividends – The WHT is 5% on dividends paid to a resident company controlling 25% or more of the shares of the payer company; otherwise, the WHT is 10% on dividends paid by an unlisted company to a resident.
3. Rents – Finance Act 2014 removed the exemption for rental charges on an aircraft lease paid to a nonresident by a person engaged in an air transport business. A 10% WHT now applies.
4. Service fees – A 5% WHT applies on service fees paid by a resident (including a permanent establishment) to another resident. The tax is an advance tax that can be offset against the corporate tax liability for the year. A 15% WHT is applicable where service fees are paid to a nonresident person for Tanzania-source income. Income is sourced in Tanzania where services are rendered in Tanzania. (The tax authorities also take the position in some cases that tax applies where the service is consumed in Tanzania, regardless of the location of performance.)
5. Annual directors' fees – A 15% final WHT applies on fees paid to directors who are board members.
6. Government payments – All supplies of goods to a resident corporation, whose budget is wholly or substantially financed by the government, by a resident corporation are subject to WHT of 2%, irrespective of whether a tax identification number is held.
7. Retirement funds' investment income – A 10% WHT applies on dividends, interest and rent paid to approved retirement funds. This withholding tax is an advance tax that can be offset against the corporate income tax payable by the funds.

Tax Treaties

Tanzania has concluded tax treaties with the following countries:

Treaty	Dividends	Interest	Royalties
Canada	10%	10%	15%
Denmark	10%	10%	15%
Finland	10%	10%	15%
India	10%	10%	15%
Italy	10%	10%	15%
Norway	10%	10%	15%
South Africa	10%/20%	10%	10%
Sweden	10%	10%	15%
Zambia	0%	10%	15%

Notes

1. The dividends WHT rate may be reduced if certain levels of shareholdings are held.
2. A preferential 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.
3. The 0% rate under the Zambia treaty applies only if the dividend payment is taxed in the recipient's country of residence.
4. All of these tax treaties (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. 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 to have a transfer pricing policy in place when filing their corporate tax returns and to furnish the tax authorities with the policy when requested to do so. The regulations largely follow the United Nations and OECD guidelines. However, where inconsistencies exist, the Tanzania transfer pricing regulations prevail.

Thin capitalisation rules

According to the Income Tax Act, the total amount of interest that an exempt controlled resident entity may deduct for corporate tax purposes shall not exceed the sum of interest equivalent to debt to equity ratio of 7 to 3. An entity is an exempt controlled resident entity if it is resident, 25% or more of the underlying ownership of the entity is held by entities exempt under the Second Schedule, approved retirement funds, charitable organisation, or nonresident persons.

Controlled foreign corporations (CFCs) and trusts
Residents are taxed on the undistributed income of CFCs and controlled foreign trusts. A CFC or "controlled foreign trust" means a nonresident corporation or trust in which a resident person has an interest, whether directly or indirectly, through one or more interposed nonresident entities, and where the person is "associated" (i.e. connected) with the corporation or trust. Ownership threshold is 50% or more, however there are other 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 include a permanent establishment) 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 marginal rate of 30%. For nonresident 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, following the 0.5% reduction provided by the Finance Act 2016.

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 several approved retirement funds; however, the rules are similar. The contributions at 20% of wages are imposed under the governing legislation(s) with the duty to remit the contribution *prima facie* falling on the employer. However, the employer has the right to recover up to 10% from the employee (via deduction from wages).

Indirect Taxes

Value Added Tax (VAT)	Rate
Standard rate	18%
Zero rated	0%

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" and "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 the set conditions.
3. Registration – there are four triggers for registration; VAT registration based on taxable supplies turnover, VAT registration for designated services irrespective of turnover, VAT registration of intended traders and VAT registration for nonresidents who carry on business in Tanzania to register by appointing VAT representatives.

Customs and Excise Duties

Tanzania generally adopts 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 of TZS500 per acre applies to transfers of agricultural land. A maximum rate of 1.5% applies to transfers of immovable property. A 1% stamp duty applies to share transfers. There is an exemption from stamp duty on transfers of ownership of assets to Special Purpose Vehicles (SPVs) for the purpose of issuing asset-backed securities.

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.

For Dar es Salaam region, property tax is currently levied at 0.15% on residential properties and 0.20% on commercial properties.

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.

Railway development levy
A 1.5% levy applies to the cost, insurance and freight (CIF) value of all imports, except exempted goods under the EAC Customs Management Act.

City service levy
Municipal councils are empowered to administer and collect a city service levy (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 documents.
5. Rulings – A person may apply for private or class ruling to understand a 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 documents.

Value Added Tax (VAT)
1. Filing and payment – VAT is payable and monthly returns are due on the 20th day of the month following the supply.
2. Penalties – Penalties and interest apply for failure to comply with the various provisions of the tax laws, including failure to maintain proper documents.

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. In addition, the government will continue to enhance the capacity of employees and other stakeholders at different levels which will probably be achieved through training, including local government authorities and representatives from the private sector.

Tanzania Investment Centre

The Tanzania Investment Centre (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 under 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). The TIC is also tasked, among other things, to do the following:

- Initiate and support measures that enhance the investment climate in the country
- Collect, collate, analyse and disseminate information about investment opportunities and sources of investment capital, and advise investors upon request on the availability, choice or suitability of partners in joint-venture projects

- In consultation with government institutions and agencies, identify investment sites, estates or land together with associated facilities for the purposes of investors and investments in general
- Assist investors to obtain all necessary permits, licenses, approvals, consents, authorisations and registrations and with other matters required by law for a person to set up and operate an investment, and to enable certificates issued by the centre to have full effect
- Provide, develop, construct, alter, adapt, maintain and administer investment sites, estates or land together with associated facilities and, subject to relevant law, creation and management of an export processing zone
- Provide and disseminate up-to-date information on benefits or incentives available to investors

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 i.e. at least USD20 million for local investors and at least USD50 million for foreign investors.

To qualify, the investment should fulfil the following requirements:

- The investment's capital transactions should be undertaken through registered local financial institutions
- The investment should generate at least 1 500 jobs for locals, with a satisfactory number in senior positions
- The investment should 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

The scheme provides for the establishment of export oriented investments within the designated zones with the views of creating international competitiveness for export led economic growth. Operators in an "export processing zone" (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 rent, dividends and interest, 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 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

The special economic zone (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 will most likely be eligible for this 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 asset's 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 remedying damage caused by natural resource extraction
  - Research and development (R&D) expenditure
- Various concessions apply to EPZs, SEZs (see above) and nongovernment organizations on land
- 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. Transactions between residents of Tanzania and

nonresidents require the approval of the Bank of Tanzania. However, transfers of shares between residents and nonresidents do not require approval. Resident corporations may remit capital and income to nonresident corporations through commercial banks operating in Tanzania.

Expatriates and Work Permits

All foreign nationals taking up employment in Tanzania must obtain a work permit. The applicant must demonstrate that a Tanzanian national is not able to fill the position.

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
Bank rate: 16% (February 2017) (Source: Bank of Tanzania)
Current rate: 8.99% (Source: Bank of Tanzania monthly economic review- February 2017)
Currency: Tanzania's currency is the Tanzanian Shilling (TZS), which is divided into 100 cents
ZAR1 = TZS169.36 (March 2017) (Source: Oanda)
USD1 = TZS2184.71 (March 2017) (Source: Oanda)
EUR1 = TZS2335.70 (March 2017) (Source: Oanda)

Key Economic Statistics

GDP
(approximate)

USD6.695 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD49.520 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

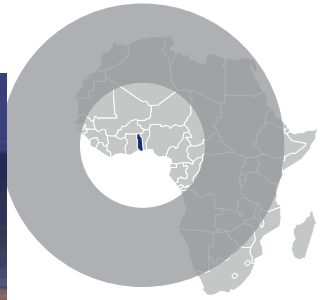
USD18 855 million
(December 2016)
(Source: Dar es Salaam Stock Exchange)

Rate of Inflation
(average consumer prices)

5.2%
(average 2016)
(Source: IMF)

5.0%
(forecast 2017)
(Source: IMF)

Togo



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Income Tax – Individuals

Taxable income (XOF)	Rate
0 – 900 000	0%
900 001 – 4 000 000	7%
4 000 001 – 6 000 000	15%
6 000 001 – 10 000 000	25%
10 000 001 – 15 000 000	30%
Over 15 000 000	35%

Notes

1. Basis – Residents are taxed on their worldwide income. Nonresidents are taxed as residents when they have spent at least six months in Togo and have a tax domicile in Togo; otherwise, nonresidents are taxed only on Togo-source income.
2. Residence – The concept of a nonresident is not defined in Togolese law. Domicile is based on the main place of residence or the fact that an individual has a dwelling at his/her disposal in the country.
3. Taxable income –Taxable income includes industrial and commercial profits, noncommercial profits, employment income (including benefits in kind), capital gains and income from land, securities and other assets.
4. Exempt income – Exempt income includes capital gains reinvested in fixed assets under certain conditions, statutory family allowances, family pension supplements, wages to apprentices, military invalidity pensions, war pensions and so forth.
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. 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. Gifts, donations and subsidies are deductible up to a maximum of 1% of taxable income. Deductions are allowable for dependent relatives, as well for certain expenses relating to real property.
6. Rates – The tax rates are progressive and range from 7% to 35% (with the first XOF900 000 being exempt). When annual earnings exceed XOF15 million, the following formula is used in the calculation of the income tax: Tax = (Taxable income – 15 000 000) * 0.35 + 3,017 000, i.e. progressive rates apply up to 35%. Nonresidents who have spent more than 6 months in Togo during the fiscal year are taxed at the same rate as residents.
7. Capital gains generally are taxed as usual earnings and included in base of taxation of individual annual Income tax with application of the progressive rate describe in point 6. But to deal with difficulties of tax collection, Togo general tax code set up an obligation for the assignee to withhold the tax before payment to the seller. The rate to apply to sale price is 3% if the transaction related to sale of immovable property or bounds and 2% if the transaction is related to sale of shares. The tax withheld can be used as credit to set off the final annual income tax for the individual.
8. Other – A supplementary tax on income is levied on individuals, calculated as 25% of the personal income tax payable, with a minimum of XOF6 000 (even where no personal income tax is payable) and a maximum of XOF200 000. The minimum is XOF1 500 for employees.

Income Tax – Companies

Standard corporate rate is 28%

Notes

1. Basis – All companies registered in Togo must pay tax on Togo-source income.
2. Residence – There is no definition of residence. Entities are subject to tax on Togo-source income.
3. Taxable income – Companies are taxed on industrial and commercial profits, noncommercial profits and income from land, securities and other assets. There is no specific tax on capital gains in Togo; capital gains realised by companies on the sale of assets/real estate are treated as taxable income, with some exemptions and relief available. Capital gains on the sale of immovable property located in Togo are treated as part of business income for nonresidents.
4. Deductions – Expenses and costs incurred for the purpose of operating the 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, costs of research, royalties, management fees and technical assistance fees paid by a Togolese company or permanent establishment. Depreciation and amortisation deductions are available, calculated on the basis of the normal wear and tear of the assets used in business activities.
5. Losses –Losses that are incurred during a given financial year are deductible up to a limit of 50% of the taxable profits of a subsequent year. The remaining losses that are not deductible may be carried forward with no time limitation. The carryback of losses is not allowed.
6. Foreign tax credit – Togo does not provide for unilateral tax relief. However, a tax treaty may provide bilateral relief.
7. Group relief – There is no provision allowing for any group relief or the transfer of losses between members of a group.
8. Rate – The standard corporate tax rate is 29%. The minimum tax (discussed below) is due from a loss-making company. Capital gains from the sale of shares or bonds in resident companies are subject to withholding tax at rates of 5% and 3%, respectively; the tax on gains from the sale of bonds is a final tax. Nonresident companies without a branch or permanent establishment in Togo are subject to final withholding tax on Togo-source income; the default rate is 15%, unless otherwise provided (see under Withholding taxes, below).
9. Branch taxation – Branches of foreign companies are subject to the same rate as domestic companies; in addition, a withholding tax rate of 13% applies on branch profits.
10. Alternative minimum tax – Companies and corporate bodies liable for corporation tax are subject to a minimum fixed tax contribution (IMF) based on 1% total turnover in the previous financial year, with a cap of XOF500 million. The IMF does not apply to nonresidents.

Withholding Tax (WHT)

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

Payment	Residents	Nonresidents
Dividends	7%/13%	13%
Deemed dividends	13%	13%
Interest	6%-13%	6%-13%
Royalties	5%/10%	20%
Rents	12,5%	12,5%
Capital gains	-/3%/2%/5%	-/3%/2%/5%
Management/ professional fees	5%/10%	20%
Fees of contractors or professionals	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 nondeductible shareholder expenses and any expenses 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 with no tax registration number.
5. Capital gains – Capital gains generally are subject to income tax in the same way as other taxable income, but certain gains are subject to withholding tax. Capital gains from the sale of shares or bonds in resident companies are subject to withholding tax at rates of 5% and 3%, respectively; the tax on gains from the sale of bonds is a final tax for residents as well as nonresidents. Management/professional fees and fees of contractors or professionals – The rate is 5% on payments to a resident registered with the tax administration, and 10% on payments to a resident with no tax registration number.

Tax Treaties

Togo has concluded tax treaties with the following countries/bodies:

Treaty	Dividends	Interest	Royalties	Management or technical service fees
France	15%	Domestic	Domestic	Domestic
WAEMU*	10%	15%	15%	-

* WAEMU members include Benin, Burkina Faso, Guinea-Bissau, Ivory Coast, Mali, Niger, Senegal and Togo.

Anti-Avoidance Rules

Transfer pricing

Togo has no specific transfer pricing rules, but there is some regulation through the provisions of the general tax code. Specifically, management fees and technical assistance fees for services provided by related or controlled companies are deductible only if the relevant expenses meet the following conditions:

- Were incurred in the direct interest of the company
- Fit with a legitimate business expense and are sufficiently justified
- Lead to a decrease in the company's assets
- Are included in the expenses of the tax year during which the services were engaged
- Contribute to the realisation of profits liable to corporate income tax
- Most importantly, the amount of the expenses cannot be excessive (i.e. they cannot exceed 20% of the company's overhead) and they cannot have the character of an indirect transfer of benefits

In addition, these fees must be accounted for in documents that are certified by the local tax authorities of the country of the person that benefits from the services.

Thin capitalisation rules

There are no specific thin capitalisation rules, but Togo's general tax code provides the rules under which interest paid to shareholders in respect of loans granted to the company will be deductible from the corporate income tax base. The deduction for interest paid is limited to an amount computed by reference to the annual average rate provided by the West African central bank, plus at least three percentage points. Additional restrictions may apply in certain cases.

Employment-Related Taxes

Payroll tax

Payroll tax in Togo is imposed at 3% on the gross salary and is paid by the employer on a monthly basis.

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 after the 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 situated outside Togo. Imports are subject to tax.
2. Rates – The VAT is 18%, but the rate is reduced to 10% for certain food products, agricultural material and certain fabrics. Companies that are engaged in some services, including financial, insurance, medical and transport services, are exempt from VAT.
3. Registration – The VAT registration threshold is XOF50 million per annum. Voluntary registration is available if the threshold is not met. Foreign companies require 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 a majority of 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	45%
Soft drinks, excluding mineral water	2%
Beer	15%
Other spirits	45%

Other Taxes

Inheritances and donations

There are a few specific rules, such as registration duties that apply on gratuitous transfers of real estate and movable assets.

Stamp duty

The amount of the stamp duty varies depending on the relevant act.

Capital duty

A registration duty of 2% applies per contribution of capital on the formation of a company or the increase of existing capital.

Transfer tax

A transfer of immovable property is subject to a registration duty of 9% (6% registration duty, 2% prefectural tax and 1% local council tax).

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, from 1 January to 31 December.
2. Consolidated returns – 30 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. Payments are done by instalments during the fiscal year: 31 January, 31 May, 31 July and 31 October. The balance if relevant is paid on 30 April of the subsequent 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 advance discussion on the interpretation of the tax legislation.

Individuals
1. Tax year – The tax year is the calendar year, from 1 January to 31 December.
2. Tax filing – Spouses are taxed separately. However, a single return for the total income of a household may be requested.
   Tax returns are filed by the employer for the employee in Togo if the individual only has employment income. The due date for this submission is 31 January of the subsequent year for the previous year.
   If an employee has other kind of earning like income capital gain, or rental gain, the individual (which is also employee) should submit a consolidate return. In such situation he is responsible for an income return filling.
3. Filing and payment – Individuals must file an annual return by 31 March of the financial year following the tax year. Employers withhold personal income tax on employment income under the PAYE system and remit it to the government. Advance payments of tax on other income must be made by individuals 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 applicable in the case of noncompliance with the relevant invoicing requirements is 50% of the amount of the invoice.

General Investment Information

Investment Incentives

Tax incentives

The Togo 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 activity, the use of technological invention, certain investment areas, etc.

Exchange Controls

The freedom to transfer funds is guaranteed in conformity with WAEMU regulations.

Expatriates and Work Permits

Fees for Work are at 45% of the monthly salary of the employee – the fees are what the employer pays to labour administration to obtain the work permit for the employee when he hires a foreigner to work in his company in Togo. The work contract for a foreigner should be submitted to the labour administration for authorisation and the contract period cannot exceed four years, including the renewal period.

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 Organisation (WTO)

Interest and Currency Exchange Rates

Monetary Policy Rate
Monetary policy is to ensure adequate liquidity to support the business interest rate is variable and determined by the TRB (base rate) decided by the Central Bank.
Rate of marginal lending window: 4.50% (Source: Banque Centrale des Etats de l'Afrique de l'Quest)
Currency: Togo's currency is the CFAFranc (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 = XAF47.56 (March 2017) (Source: Oanda)
USD1 = XAF613.56 (March 2017) (Source: Oanda)
EUR1 = CFA 655.957 (Fixed rate) (Source: Oanda)

Key Economic Statistics

GDP (approximate)

USD4.520 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD4.91
(2017 forecast)
(Source: IMF)

Market Capitalisation

N/A
There is no stock market in Togo
(Source: GSE)

Rate of Inflation (average consumer prices)

2.1%
(average 2016)
(Source: IMF)

2.5%
(forecast 2017)
(Source: IMF)

Tunisia

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Income Tax – Individuals

Income Tax Rates for Resident Individuals

Taxable Income as exceeds	But does not exceed	Rate
TND	TND	%
0	5 000	0%
5 000 001	20 000	26%
20 000 001	30 000	28%
30 000 001	50 000	32%
50 000 001	-	35%

Notes

1. Basis – Residents are subject to tax on worldwide income. Nonresidents are subject to tax on most Tunisian-source income only under reserve of double taxation treaties (DTAs). In other words, a nonresident is subject to the Tunisian income tax at the normal graduated rates on income received in consequence of employment by a local employer (whether a resident employer or a Tunisian Permanent Establishment (PE) of a nonresident 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 the total annual income derived from Tunisia or abroad if the foreign income was not subject to tax in the source country. Nonresidents are subject to income tax in Tunisia.
4. Deductions and allowances – Various deductions are available, such as interest incurred on certain loans, life insurance payments and grants to the National Employment Fund. Family allowances also are available.
5. Rates – Personal income tax rates are progressive from 0% to 35%. Nonresident individuals are subject to the same rates as Tunisian residents and also may be subject to certain withholding taxes (WHT).
6. Professional Fee – The 2017 Finance Law has capped the 10% deduction for professional fees at TND2 000 per year
7. Foreign Recruitment – Companies are allowed to recruit foreign management up to 30% of the total number of the management staff until the end of the 3rd year following the legal constitution of the company, or starting from the date of its entry into effective production according to the company's choice. This limit is reduced to 10% starting from the 4th year from that date. In all cases, the company is allowed to recruit up to 4 foreign management staff. (Applicable from 1 April 2017)

Income Tax – Companies

	Rate
Standard corporate rate	25%
Companies newly listed on Tunisian stock exchange (TSE)	15%
Banking and financial institutions; investment companies; insurance and reinsurance companies; factoring companies; and telecommunications companies	35%
Companies operating in hydrocarbons sector	50%-75%
Agricultural, health, handicraft companies and education activities	10%

Notes

1. Basis – Tunisia operates a territorial system, under which all income derived in the country is subject to tax. Furthermore, worldwide revenue could be subject to Tunisian tax, under the provision of double taxation 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 for the operation.
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 – None.
7. Group relief – There is no provision allowing for any 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 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.
9. Branch taxation – A branch of a foreign company is subject to the same accounting and tax obligation as a domestic company. However, a 5% branch profits tax applies to the after-tax profits of a branch of a foreign company in case of funds repatriation.
10. Holding company regime – None.
11. Corporate groups – When 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. To benefit from this regime, the following requirements must be met:(1) The parent company is listed on the Tunisia Stock Exchange; (2) The financial statements of the companies in the group are certified by an external legal auditor; (3) The group companies all have the same fiscal year and accounting period; and (4) All companies in the group are subject to corporate income tax (CIT).

Exceptional cyclical contribution

The financial law for the year 2017 provides the adoption of an exceptional cyclical contribution for the State budget to be calculated and paid only within the CIT or personal income tax (PIT) return of 2016 to be filed in 2017.

This contribution is calculated as follows:

Persons	Tax	Base
• Legal entities subject to the corporate income tax	• The profits used to calculate the CIT payable in 2017	• 7.5%, with a minimum of: – 5 000 dinars for legal entities subject to the CIT at the rate of 35%; – 1 000 dinars for legal entities subject to the CIT at the rate of 25% or 20%; – 500 dinars for legal entities subject to the CIT at the rate of 10%
• The oil companies	• The profits used for the calculation of the oil tax payable in 2017	• 7.5%, with a minimum of 10 000 dinars for each operating concession
• The oil companies in case of nonproduction	• Contribution of 5 000 dinars	
• Companies exempted from the corporate income tax • Companies benefiting from the total deduction of their operating benefits	• The profit exempted related to 2016 • The profit fully deducted related to 2016	• 7.5%, with a minimum of 1 000 dinars
• Legal entities subject to minimum tax	• Minimum tax payable in 2017	• 50% of the minimum tax
• Natural persons subject to the PIT under the commercial or industrial activity according to the actual System and under the noncommercial activity	• The income used for the calculation of the Personal income tax payable in 2017	• 7.5%, with a minimum of 500 dinars
• Natural persons subject to the, PIT under the agricultural and fishing activity or property revenues	• The Income used for the calculation of the Personal income tax payable in 2017	• 7.5%, with a minimum of 200 dinars
• Individual enterprises subject to PIT under the commercial * or industrial activity according to the fiat rate System	• The income tax payable in 2017	• 7.5%, with a minimum of: – 25 dinars, if the turnover < 10 000 dinars in 2016 – 50 dinars, if the turnover >= 10 000 dinars in 2016
• Enterprises exempted from the Personal income tax • Enterprises benefiting from the total deduction of their operating revenues	• Income exempted related to 2016. • The revenue fully deducted related to 2016	• 7.5%, with a minimum of 500 dinars
• Natural persons realising a commercial or industrial activity and noncommercial activity	• Minimum tax payable in 2017	• 50% of the minimum tax

* The natural persons subject to this contribution should be Tunisian citizens

Benefits being reinvested within the company, will be deductible from the basis of calculation of this contribution within the limit of 50% of this basis. This deduction will only be granted to companies subject to income tax at the rate of 25%.

This contribution should be filed by the due date of CIT, PIT or Petroleum Income tax.

Capital Gains Tax (CGT)

Companies

Capital gains are taxed as ordinary income and subject to the CIT rate applicable to the company.

Individuals

Capital gains are taxed as ordinary income. The rate is 15% if the seller holds property for less than 10 years, and 10% if the property is held for longer than 10 years.

Withholding Tax (WHT)

The WHTs are set out below. For nonresidents the WHT is a final tax.

WHT Rates	Note	Residents	Non Residents
Dividends	1	5%	5%
Interest	2	20%	20%
Professional fees	3	5%	15%
Payment more than TND1 000	4	1.5%	n/a
Other	5	15%	15%

Notes

1. Dividends paid to resident individuals and nonresidents are subject to a 5% WHT. The WHT is final for amounts that exceed TND10 000 and deductible in calculating personal income tax if the amount is under TND10 000.
2. Interest payments made to nonresidents are generally subject to a 20% WHT unless the rate is reduced under a tax treaty.
3. The higher rate of 25% applies where payments are made to a company resident in a tax haven.
4. Professional fee payments to nonresidents generally are subject to a 15% WHT unless the rate is reduced under a tax treaty. Moreover, this rate is reduced to 2.5% for wholly exporting companies
5. Payment exceeding TND1000 is not applicable to nonresidents not established in Tunisia. For the wholly exporting companies the rate is reduced to 0.5%.
6. WHT on these revenues, this rate is raised to 25% if the foreign companies are established in tax haven.
7. Premium and compensation granted to members of boards, assemblies and committees of limited companies are subject to WHT at the rate of 20% and could be totally deducted from taxable income

Tax treaties

Tunisia has concluded tax treaties with the following countries:
*WHT on payments to countries with which Tunisia has a DTA are as follows:

Country	Notes	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%	10%/0%	5%/10%
Czech Republic		10%/15%	12%	5%/15%
Denmark		15%	12%/0%	15%
Egypt		10%	10%	15%
Ethiopia		5%	10%/0%	5%
France	1	-	12%/0%	5%/15%/20%/0%
Germany		10%/15%/Up to 27%	10%/0%	10%/15%
Hungary		10%/12%	12%/0%	12%
Indonesia		12%	12%/0%	15%
Iran		10%	10%/0%	8%
Italy		15%	12%/0%	5%/12%/16%
Jordan	1	-	-	-
Kuwait		10%	2,5%/10%/0%	5%
Lebanon		5%	0%/5%	5%
Luxembourg		10%	7,5%/10%	12%
Mali		0%/5%	5%/10%	-
Malta		10%	0%/12%	12%
Mauritius Islands		0%	2.5%/0%	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	1	0%	-	5%
Romania	2	12%	10%/0%	12%/4%/[2]
Saudi Arabia		5%	2,5%/5%	5%
Senegal	2	-	-	-
South Africa		10%	5%/12%/0%	10%/12%
South Korea		15%	12%/0%	15%
Spain		5%/15%	5%/10%	10%
Sudan		0%/5%	10%/0%	5%
Sultanate of Oman		0%	10%/exemption	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%	2,5%/5%/10%/0%	7.5%
United Kingdom		12%/20%	10%/12%	15%
United Maghreb Arab	1			
United States of America		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%

* Note that the applicable rate is the minimum between the Tunisian Law and the DTA. Maximum rates were sited but in accordance with the DTA, many rates can be applied depending on the nature of the operations.

Notes

1. Taxation in the country of source and according to its legislation
2. Taxation in the country of residence and according to its legislation

Anti-avoidance Rules

Transfer pricing

If the price in a related party transaction does not correspond to a market price, the price may be adjusted by the tax authorities. There is no benchmarking basis to fix the market price or the market margin, so the transfer pricing should be supported by documentation.

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 industry, 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 rate, which depends on the sector and ranges from 0.4% to 4%.

Indirect Taxes

Value Added Tax (VAT)	Rate of VAT
Standard rate	18%
Products and operations listed in the article 7 of the VAT code (Table B-bis was cancelled)	12%
Products and operations listed in Table B	6%
Products and operations listed in Table A	0%

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 18%, with reduced rates of 6% and 12%. Exports are zero-rated and certain transactions are exempt.
3. Registration – VAT registration is required at the time a company is established in Tunisia.

Customs and Excise Duties

The import of goods into Tunisia is subject to import or customs duty at rates ranging from 0% to 18%.

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. Excise tax is levied on sale price or customs value for imported goods. According to the Tunisia Excise Tax Code, several rates apply to different goods.

Import Duties

VAT rates apply as follows:

- 18% which is the standard rate
- 12% on the importation of certain goods listed in the article 7 of the VAT code
- 6% on the importation of certain goods listed in the Table B
- 0% on the importation of certain goods listed in the Table A

Excise duty applies at rates and sums resumed in the table of "Consumption Duties". Customs at rates and pricing apply as detailed in the Customs Code.

Other Taxes

Inheritances and donations

Inheritance and gift tax is calculated a 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 registration duty of 5% and a duty on registered or unregistered real estate at a rate of 1%.

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 could be individually or cumulatively applied depending on the nature of the transfer and the identity of the parties.

In addition to the progressive registration fees, registration fees regarding the acts of onerous transfer or donation of real property or similar operations are subject to the registration at the rate of:

- 2% if the value of the property is between 500 000 and 1 000 000 dinars
- 4% if the value of the property exceed 1 000 000 dinars
- Are excluded from those additional registration fees sales of property to the benefit of companies subject to CIT or PIT according to the actual regime

Other

A tax on industrial, commercial or professional establishment is due at a rate of 0.1% of the export turnover or 0.2% of local turnover.
Contribution to the retirement fund is not compulsory and is fixed at 9% on the difference between the gross wages and six times the minimum guaranteed wage, of which two-thirds is paid by the employer and one-third by the employee.

Tax Administration and Compliance

Tax is administered in Tunisia by the La Direction Générale des Impôts (The General Directorate of Taxes).

Companies

1. Tax year – 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 3rd month following the end of the tax year. Advance payments of tax must be made before the 28th day of the 6th, 9th and 12th months following the end of the year, with each payment equivalent 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 i.e. Joint returns are not permitted.
3. Filing and payment – Individuals carrying out a trade must file by no later than 25 April, and service providers and those carrying on an industrial activity or a noncommercial profession, by no later than 25 May. Salaried employees and pensioners must file no later than 5 December. Individuals deriving income from movable capital, land and foreign sources, must file an annual return by no later than 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 – Filing and payment 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

The new investment law

The Assembly of People's Representatives (ARP) had adopted, on 17 September 2016, the draft act related to investments.

The new Investment Code is structured around 6 main areas:

- General provisions
- Access rules to the market
- Investor's warranties and obligations
- Investment's governance
- Bonuses and incentives
- Dispute resolution
- Institutional and procedural framework

It is noted that the Tunisian Code of investment incentives was abrogated by a new Investment law. This new investment law adopted by the Assembly of People's Representatives (ARP) will be applicable from 1 April 2017.

The actual investment code is abrogated by the investment law in order to:

- Offer more guarantees:
  - Guarantees respecting international standards
  - Dispute settlement : conciliation and arbitrage
  - Intellectual property protection
- Accelerate processes:
  - Single privileged interlocutor: Tunisian Investment Authority
  - Fast Track for all important projects
  - Deadlines set for every process
  - Traceability: tracking for every administrative file

- Open-up opportunities:
  - Reduction of the authorisations: gradual programme
  - Opening-up recruitment of foreign competencies
  - Access to real estate for investment.
- Set premiums and incentives:
  - Attractive tax system for exports and offshoring services

The principal keys figures of the new investment law are as following:

- Tax exemption up to 10 years for some investments
- 10% tax on exports
- Open recruitment of foreign competencies, up to 30% of executives for 3 years
- Financial incentives up to 1/3 of the project costs.
- Full coverage of social and employer costs for some investments up to 10 years

Exchange Controls

Foreign-owned companies and branches of foreign companies may freely repatriate profits provided applicable taxes have been paid. Certain transfers, however, 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 one time (except in the case of foreigners working in companies that operate in Tunisia within the framework of the Realisation 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 offices. This procedure is not required for UMA nationals.

Trade Relations

- Memberships – World Trade Organisation (WTO) and Organisation of Economic Co-operation and Development (OECD)

Interest and Currency Exchange Rates

Monetary Policy Rate
Key interest rate: 4.26% (Dec. 2016) (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 = TND0.18 (March 2017) (Source: Oanda)
USD1 = TND2.27 (March 2017) (Source: Oanda)
EUR1 = TND2.43 (March 2017) (Source: Oanda)

Key Economic Statistics

GDP
(approximate)

USD42.388 billion
(2016 estimate)
(Source: IMF)

USD44.36 billion
(2017 forecast)
(Source: IMF)

Market Capitalisation

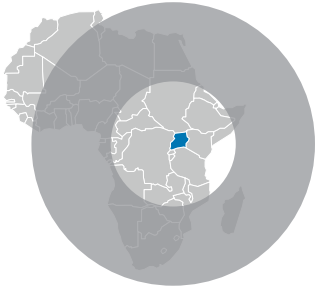
TND19,341
(November 2016) (Source: BVMT)
USD8 486 283 816
(31 Dec 2016) (Source: Zawya)
Tunindex*
5 521,14
(November 2016) (Source: BVMT)
* The Tunindex is a major stock market index that tracks the performance of all companies listed on the TSE.

Rate of Inflation
(average consumer prices)

3.8%
(average 2016)
(Source: Central Bank of Tunisia)

4.9%
(2015)
(Source: Central Bank of Tunisia)

Uganda



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Income Tax – Individuals

Chargeable income – Annual (UGX)	Resident Tax Rates (UGX)	Nonresident Tax Rates (UGX)
0 – 2 820 000	Nil	10%
2 820 000 – 4 020 000	10% of excess over UGX2,820 000	10%
4 020 000 – 4 920 000	120 000 + 20% of excess over UGX4 020 000	402 000 + 20% of excess over UGX4 020 000
4 920 000 – 120 000 000	300 000 + 30% of excess over UGX4 920 000	582 000 + 30% of excess over UGX4 920 000
120 000 000 and over	10% of excess above UGX120 000 000*	10% of excess above UGX120 000 000*

* Is additional tax on income above UGX120 000 000

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 nonresident 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 tax resident.
3. Taxable income – Income includes any profits, gains, dividends, interest, and nonmonetary 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 the actual cost to the company, subject to a market value test.

4. Exempt income – The foreign employment income of a resident is exempt from tax in Uganda if tax has been deducted and remitted on it to the revenue authorities in the country of employment. Life insurance premiums (Please note that Life insurance exemption only applies 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) are not taxable employee benefits. Nonbusiness 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 a transfer between spouses, transfers which form part of a divorce settlement, disposals where the proceeds are reinvested in a similar asset within one year of the disposal, and transfer of asset to a trustee or a beneficiary on death of the taxpayer, employment income of an individual in public service of the government of a foreign country subject to certain conditions, any allowance payable outside Uganda to a person working on a Ugandan foreign mission, employment income of persons employed in Uganda People's Defence Forces, The Uganda Police, Internal or External security organisation or People's Prisons, Cost of passage to Uganda in respect of appointment and from Uganda in respect to termination of employment for a non-Ugandan citizen employee recruited outside Uganda solely for the purpose of serving the employer, emoluments payable to employee of the East African Development Bank effective 1 July 1997, value of meals provided by the employer on premises operated by or on behalf of the employer solely for the benefit of employees which meals are available to all full time staff on equal terms, *Per diems* i.e. allowances which do not exceed or likely to exceed expenses for accommodation, travel or meals while undertaking travel in the course of performing employment duties. Any benefit where the total value of benefits in a month does not exceed UGX10 000
5. Deductions and allowances– Life insurance premiums, contributions to retirement funds and medical expenses paid for by an employer are not taxable employee benefits. Local service tax is an allowable deduction when computing an employee's PAYE. 20% of the rental income of an individual is an allowable deduction. Note that where the employer is exempt from tax, then these insurance premiums are taxable;
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.
7. Tax on self-employment income – Taxed as business income on taxable profit using the annual individual rates.
8. Local tax – Paid to local authority at specific rates based on your income with the maximum being UGX100 000

Income tax – Companies

	Rate
Basic rate	30%

Notes

1. Basis – The income of all companies accruing or derived from Uganda is taxable, i.e. income-sourced from Uganda. 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 partner level. The partners in the partnership are taxable for either companies or individuals.

2. Residence – A company is resident in Uganda for tax purposes if that company 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 constitutes both business and property income. Business income includes any income from carrying on a business, whether revenue or capital, such as gains on disposal of business assets, or the cancellation of business debts, amount derived as consideration, gross proceeds from the disposal of trading stock; value of gifts given in the course of business relationships; and, interest derived from trade receivables or in the business of lending money. Property income includes dividends, interest, annuity, natural resource payments, rents, royalties and any payment derived from the provision, use or exploitation of property, and income from sports betting and pool betting.
4. Interest paid to a resident person is subject to withholding tax at the rate of 15%. This is not however applicable in the case of:
   - Interest paid by a natural person
   - Interest paid to a financial institution
   - Interest paid by a company to an associated company
   - Interest paid which is exempt in the hands of the recipient
5. The withholding tax deducted from the interest due 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.
6. Dividends received from a resident company by a resident and nonresident person are subject to withholding tax at 15% on the gross payment.
7. Income subject to tax includes business profits and gains, dividends, interest and capital gains. Any income arising from a trade, profession, vocation or venture in the nature of trade, is taxable under special rules applicable to business entities. 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. Taxable capital gains arise on the disposal of qualifying assets held by a company. The gain is the excess of 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.

8. Deductions –
   - Specific bad debts written off, if they are trade debts and all reasonable steps had been taken to pursue payment
   - Capital allowances
   - Acquisition of a depreciable asset costing less than UGX1 000 000
   - Expenses on meals, refreshment or entertainment in the performance of duty and is the cost of the meal included in the employment gross income of the employee and have been provided at arm's length
   - Cost of training or tertiary education not exceeding five years of a Ugandan citizen or a permanent resident of Uganda
   - Charitable donations of not 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
   - 2% of income tax payable by private employer who prove to Uganda Revenue Authority that 5% of their employees on full time basis are person with disabilities

9. Disallowable expenses:
   - Domestic or private expenses, e.g. the cost of maintaining the person's family or residence
   - Expenses or losses of a capital nature
   - Expenses or losses recoverable under an insurance, contract or indemnity
   - Income transferred to a reserve fund or capitalised
   - Cost of gifts to an individual, not included in the individual's gross income
   - Any fine or penalty paid to government for breach of any law
   - Income tax payable in Uganda or in a foreign country
   - Contribution to a retirement fund by an employee for his/her benefit or for the benefit of any other person
   - Premium paid on the life of the person making the premium or any other person
   - Pension payments to any person
   - Alimony or allowance paid under a court order/or agreement of separation
   - Donations in excess of 5% of chargeable income and to nonexempt organisation
   - Expenditure above UGX5 million in one transaction on goods and services from a supplier with no Taxpayer Identification Number

10. Exempt income - Income of a listed institution, income of any local authority, income of an exempt organisation other than property income except rent form an exempt organisation and business income not related to the core existence of the organisation, income of Government of Uganda and Government of any other country, income of 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 of a person derived from the operation of aircraft, income derived from the exportation of finished consumer goods for a period of ten year and the person is issued with a certificate of exemption, income of a person carrying on agro-processing who has been issued with a certificate of exemption,

11. Losses – Trading losses, inclusive of 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 if within 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, designed to reduce the tax payable on the income of the new business or investment.

Losses may be disallowed where there is a change in corporate ownership exceeding 50% during a 12-month period, and for two years immediately after such ownership change, or the company engages in new business or investment designed to reduce its tax liability. Assessed farming losses cannot be deducted from any other income in the year the loss is incurred and may only be offset 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).

12. Rental income- rent is a separate income and all expenses incurred in deriving the income are allowed as a deduction and the chargeable income is taxed at a corporation tax rate of 30%.

13. 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 this credit. The amount of foreign tax credit should 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.

14. Group relief – There is no holding company regime. No participation exemption applies. A company is liable to pay tax separately from its shareholders.

15. Rate – The standard corporate income tax rate is 30%. Businesses with gross turnover not exceeding UGX150 million are subject to the small business taxpayer rates unless an election is made.

16. Branch taxation – Branch remittances are subject to a 15% tax in addition to the normal 30% rate.

17. Presumptive tax – Small businesses are subject to tax based on their turnover (see Indirect taxes, below).

18. Mining companies – Mining companies are taxed at rates 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.

19. Petroleum companies – 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.

Withholding Tax (WHT)

Certain payments made to residents and nonresidents, whether corporate or individual, are subject to WHT (the tax is a final tax for nonresidents and the rate may be reduced under an applicable tax treaty). These tax rates are set out below:

Payment	Resident	Nonresident
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	6%	n/a
Rents or premiums	n/a	15%
Natural resources	n/a	15%
Uganda-source service contract	n/a	15%
Shipping, air transport, cargo road transport	n/a	2%
Cable, radio, optical fibre or satellite communication	n/a	5%
Public entertainment, sports persons fees	n/a	15%
Nonresident mining or petroleum contractor services	n/a	10%
Re-insurance premiums	n/a	10%

Notes

1. Dividend payments are subject to a WHT of 15% both for residents and nonresidents. The rate of WHT for dividends paid to resident individuals from listed companies is 10%.
2. Interest paid to a resident is subject to 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. Payments under Uganda-source service contracts to Uganda residents are exempt from withholding tax. Only entities listed on the URA exemption list are exempted from WHT. The list is updated every six months.
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 kinds or any service, is subject to a 6% WHT.
5. The Commissioner 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).
6. A nonresident 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 nonresident 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 nonresident contractor or the time that the fee is actually paid.

Tax Treaties

Uganda has concluded tax treaties with the following countries:

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 DTA rate will apply if the entity:
- is the beneficial owner within the terms of the International Agreement
- possesses economic substance in the 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). The same also applies to companies having domestic transactions with associated parties in excess of UGX500 million per year in the aggregate.

Thin capitalisation

A foreign controlled resident company is considered to be thinly capitalised if the ratio of its interest-bearing debt to its equity contribution exceeds 1.5:1. Where a company is thinly capitalised, any interest charges arising on the debt in excess of the 1.5:1 ratio is not tax deductible. Equity includes unrealised revaluation reserves and noninterest bearing debt.

Employment-Related Taxes

Payroll tax

A "pay as you earn" (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 Uganda Revenue Authority (URA), and reported on the PAYE tax return lodged 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 the rate of 15% of monthly salary, wages or cash allowances. Both employers and employees contribute 10% and 5% respectively. The 10% contribution by the employer is an allowable deduction from the gross income of the employer.

Local Service Tax (LST)

Effective 1 July 2008 Local Service Tax (LST) was introduced. It 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 people in gainful employment.

It is levied on salaries/wages of employees left 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 UGX100 000/~ USD40 p.a,).

Note that 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 each of month following the particular LST month. However the employer can opt to deduct the LST in one lump sum and remit it by 15th of November.

Indirect Taxes

Value Added Tax (VAT)	Rate
Standard rate	18%

Notes

1. Taxable transactions – VAT is levied on the sale of goods and provision of services. VAT is also chargeable on the import of nonexempt goods and services.
2. Rates – The standard VAT rate is 18%. Zero-rated supplies include exported goods and services and specified imported goods, particularly those used in agriculture, health and education. Certain transactions are exempt.
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 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 and a person engaged in commercial farming can voluntarily register.
4. Reverse charge mechanism – Credit from self-assessed reverse-charge VAT on imported services is not permitted for offset but is available for licensees and contractors engaged in mining and petroleum operations and persons supplying business process outsourcing services.
5. Other – Non-VAT-registered entities ordinarily cannot recover VAT incurred on their business activities. There is an exception, however, applicable to diplomats, consular missions and public international organisations. These organisations and individuals may recover any VAT expenses in the conclusion of activities for official purposes.

Turnover tax

It is referred to as presumptive tax. Small businesses are subject to tax based on their turnover as follows:

Annual gross turnover*	Tax payable
50 000 000 – 75 000 000	Lower of 937 500 or 1.5% of turnover
75 000 000 – 100 000 000	Lower of 1 312 500 or 1.5% of turnover
100 000 000 – 125 000 000	Lower of 1 687 500 or 1.5% of turnover
125 000 000 – 150 000 000	Lower of 2 062 500 or 1.5% of turnover

* local taxes of UGX100 000 – UGX500 000 annually apply to small businesses with turnover not exceeding UGX50 million, and the rates vary for divisions, municipalities, towns and trading centres. The table attempts to cater for each type of business.

Kampala City and Division of Kampala

Business Trade	With turnover between UGX35m-50m	With turnover between UGX20m-35m	With turnover between UGX10m-20m
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
Clinics	550 000	450 000	300 000
Drug shops	500 000	350 000	100 000
Others	450 000	300 000	200 000

Municipalities

Business Trade	With turnover between UGX35m-50m	With turnover between UGX20m-35m	With turnover between UGX10m-20m
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
Clinics	450 000	350 000	200 000
Drug shops	400 000	300 000	150 000
Others	400 000	300 000	150 000

Towns and trading centres

Business Trade	With turnover between UGX35m-50m	With turnover between UGX20m-35m	With turnover between UGX10m-20m
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
Clinics	350 000	250 000	100 000
Drug shops	300 000	200 000	100 000
Others	300 000	250 000	100 000

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

Inheritances and estates

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.

Other Transaction Taxes

A transfer tax of 1.5% is levied on the transfer of immovable property and on the transfer of shares and other securities (except for shares listed on the USE). It relates to stamp duty.

Tax Administration and Compliance

Tax is administered by the Uganda Revenue Authority.

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 particular 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.
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 2% of the gross tax liability or UGX200 000 per month, whichever is greater, applies when a return is filed late. Other civil and criminal penalties may arise in specific circumstances.
5. 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. 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. 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 – Penalty for late returns individuals is the same as 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 simple interest.
4. Penalty for PAYE and WHT late returns is UGX300 000 on conviction and for late payment is 2% of tax payable per month outstanding simple interest.

Value added tax

1. Filing and payment – Monthly, VAT returns must be filed by the fifteenth day of the following month, together with any outstanding amount.
2. Penalties – Higher of UGX100 000 or compound interest of 2% for late returns and 2% of tax payable per month outstanding compound interest for late payment.

General Investment Information

Investment Incentives

Tax incentives

Special 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 building allowance is granted to factories, hotels and hospitals
- Amortisation is available for intangible assets over their ascertainable useful life
- Wear and tear allowances of 20% to 40% apply to most assets

Noncash 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 European Union 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
- Others – Other incentives are available for export-oriented investment projects

Exchange Controls

Although foreign exchange repatriations from Uganda are not restricted, any 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 repealed.

Expatriates and work permits

There are no expatriate concessions available in Uganda Relief. Expats/nonresidents are taxed only on income derived from sources in Uganda.

Work Permits

Individuals may apply for seven classes of work permits depending on their type of work they are employed to perform in Uganda. However, applicants who are East African nationals (Kenya, Rwanda and Burundi) are exempt from paying visa fees in all classes

- Class A is for individuals employed by the government of diplomatic services and the second is 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 prospecting for minerals or mining business in Uganda
- Class D work permit is designed to attract investors and business people who wish to invest in Uganda. It is not a requirement for the applicant of this work permit to have a Ugandan partner to invest with. 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 employers who are seconding employees to Uganda within an International group. This is otherwise known as an intra-company transfer
- Class G is designed for employees who intend to work in Uganda either on a paid or unpaid basis for example by employers who are seconding employees to Uganda within an International group. This is otherwise known as an intra-company transfer

Visa Fees

Visa fees range from 6 months – USD800; 12 months – USD2 500; 24 months – USD4 000; and 36 months – USD5 000 depending on the Class of work they will be employed to perform. Applicants that have applied to Government and diplomatic services pay less from USD150 to USD900 for the same periods.

Documents required

In most of the classes the copies of the following main documents are required:

- Passport (bio-data page)
- Recent passport size photo
- Security bond if applicable for their employment
- Clearance letter from Interpol or home country
- Nonrefundable pre-payment receipt of USD800, and USD1 500 if the permit is for more than 6 months
- Trading license
- Certified Bank statement (last three months)
- Income Tax clearance

Trade Relations

- Memberships – Cotonou Agreement, East African Community (EAC)
- African Growth and Opportunity Act beneficiary country

Interest and Currency Exchange Rates

Monetary Policy Rate
Central Bank rate 11.5% % (February 2017)
Lending Rate 22.72 (December 2016) (Source: Bank of Uganda)
Currency: Ugandan Shilling (UGX) (a cent = 1/100 shilling)
ZAR1 = UGX275.36 (March 2017) (Source: Oanda)
USD1 = UGX3552.17 (March 2017) (Source: Oanda)
EUR1 = UGX3797.69 (March 2017) (Source: Oanda)

Key Economic Statistics

GDP
(approximate)

USD25.613 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD27.56 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

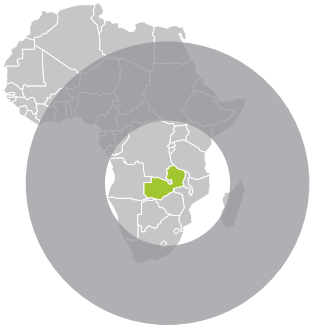
UGX57 172 154 534
(12 Jan 2017)
(Source: Lusaka Securities Exchange)

Rate of Inflation
(average consumer prices)

5.5%
(average 2016)
(Source: IMF)

5.1%
(forecast 2017)
(Source: IMF)

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 – The annual deductible limit for contributions to approved pension funds for an employee is the lower of 15% of income and ZMW3 060 which relates to the ZMW255 (by 12 months)relief for employees who contribute to approved pension funds. There are no rebates, although 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 PAYE basis and is responsible for remitting it by the 10th day of the month following the month of deduction. The same rates apply to nonresidents with respect to employment and business income earned in Zambia; in addition, certain payments made to nonresidents are subject to withholding tax (WHT).
7. Tax on self-employment income – This tax is levied on the business profits of individuals running business ventures as sole proprietors or partners in a partnership at graduated rates.
8. Local tax – The local authorities are permitted to add a 2% levy on the income of resident individuals, up to ZMW15 annually.

Income tax – Companies

	Rate
Basic rate	35%
Charitable organisations – income from commercial activities	15%
Farming	10%
Mining operations	30%

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 control and central management of its business is exercised within Zambia during the year.
3. Taxable income – Taxable income is comprised of 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.
5. Losses – Losses may be offset against future income from the same source for the following five years. The carryback of losses is not permitted. Losses incurred by mining companies and those operating in the energy sector is 10 years.
6. Foreign tax credit – A foreign tax credit is available for tax incurred on foreign income taxable at source and in Zambia. The credit is limited to the attributable tax according to a statutory formula where the denominator is the total of taxable and exempt income.
7. Group relief – There is no provision allowing for any group relief or the transfer of losses between members of a group.
8. Rate – The basic corporate rate is 35%. A 10% rate applies to companies engaging in agricultural activities. The tax rate that applies to profits made by banks is 35%. A 15% rate applies to charitable organisations carrying out business activities. A one-year discount of 2% is granted to a newly listed company on the Zambian (Lusaka) stock exchange (7% if 33% of the shares have been taken up by Zambians). Branches of foreign companies also are subject to the 35% rate, as well as a 15% tax on repatriated earnings.
9. Surtax – A 5% surtax is levied on profits exceeding ZMW250 million earned by operators in the mobile telecommunications sector.
10. Presumptive tax – Presumptive tax is levied at 3% on businesses with turnover of up to ZMW800 000 per annum and on operators of buses, mini buses and taxis, but excluding consultancy businesses.
11. 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 on the mining of base metals are subject to WHT at a rate of 0%. Capital expenditure 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 brought into use. Mining royalties are required.

Withholding Tax (WHT)

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

Payment	Residents	Nonresidents
Dividends	15%	15%
Interest	15%	15%
Royalties	20%	20%
Commissions	20%	20%
Rental of real property	10%	10%
Management or consultant fees	15%	20%
Public entertainment fees	-	20%
Interest	15%	15%
Nonresident contractors	-	20%

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. WHT already withheld will be treated as a credit against the income tax assessed.
2. Commission payments made to nonresidents 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.

Tax treaties

Zambia has concluded tax treaties with the following countries:

Treaty partner	Dividends	Interest	Royalties
Canada	15%	15%	15%
China	5%	10%	5%
Denmark	15%	10%	15%
Finland	5%/15%*	15%	15%
France	15%	15%	15%
Germany	5%/15%*	10%	10%
India	5%/15%*	10%	10%
Ireland	–	–	–
Italy	5%/15%*	10%	10%
Japan	–	10%	10%
Kenya	–	15%	15%
Mauritius	5%/15%*	10%	5%
Netherlands	5%/15%*	10%	10%
Norway	15%	10%	15%
Romania	10%	10%	15%
South Africa	15%	15%	15%
Sweden	5%/15%*	10%	5%
Switzerland	15%	–	–
Tanzania	–	15%	15%
Uganda	15%	15%	15%
United Kingdom	5%/15%*	10%	10%

* The lower rate applies where a specific holding requirement is met.

Anti-avoidance Rules

Transfer pricing

Zambian transfer pricing rules require that transactions between associated persons be on arm's length terms. The tax authorities can replace actual conditions with arm's length conditions for commercial or financial transactions between associated persons.

Thin capitalisation rules

Interest in excess of a debt-to-equity ratio of 3:1 is disallowed for mining companies.

General anti-avoidance rule

Where the tax authorities consider that the main purpose of a transaction or series of transactions is the avoidance or reduction of liability to income tax, they can direct that adjustments be made.

Employment-Related Taxes

Payroll tax

The employer deducts tax monthly on a PAYE basis and is responsible for remitting it within 14 days of the end of each month.

Social security

Employers must match employees' contributions to the National Pensions Scheme Authority (NAPSA). Employee contributions to NAPSA are capped at the lower of 5% of annual basic salary and ZMW10 735.32 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 a turnover exceeding ZMW800 000 per annum are required to register for VAT. Voluntary registration is possible if turnover is under ZMW800 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 client effectively bears the foreign company's VAT. The reverse charge applies only in cases where the nonresident supplier has not appointed a local tax agent to act on its behalf.

Turnover tax

1. Turnover tax is charged on gross annual sales/ turnover of ZMW800 00 or less of any person carrying on a business.
2. The turnover tax rate is 3%.

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 or finished goods, and are taxed at rates ranging from 0% to 25% on the cost, insurance and freight value (or value for duty purposes).

Goods may be temporarily imported 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 give security for the goods imported on temporary permits. This 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 by reference to value using pre-determined rates contained in the Harmonised Commodity Description and Coding System plus the customs duty payable on those goods.

Other Taxes

Inheritances and donations

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 of 0.5% on gross emoluments payable to the Zambia Revenue Authority on the 10th day of the month following the month of deduction

Property transfer tax

Property transfer tax is charged at 5% on the realised value of land and shares being transferred and 10% in respect of a mining right or an interest in the mining right. The tax is payable by the transferor. Property includes land (as well as buildings, shares issued by a company in Zambia that is not listed on the LUSE and mining rights). The realised value is the price at which the shares or land could, at the time of transfer, reasonably have been sold on the open market. There is a discretionary exemption for transfers of property within the same group of companies, provided both the holding company and the transferee are companies resident in Zambia, and the transfer is for the purposes of effecting an internal group reorganisation.

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 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 July, 10 October, 10 January and 10 April.
4. Penalties – A penalty equal to 25% of the tax liability underpaid is imposed if less than two-thirds 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. Penalties for late filing of returns are at ZMW300 per month for individuals and ZMW600 per month for companies. The penalties for negligence, wilful default and fraud for businesses under the Turnover Tax system, are 1.5%, 3% and 4.5%, respectively.
5. Rulings – It is not possible to obtain an advance ruling in Zambia unless for Customs Duty Valuation.

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 with nonemployment income in excess of the personal tax-exempt threshold must make quarterly provisional tax payments based on current year estimates. The tax return is due by 30 June.
4. Penalties – Various penalties apply for late filing or failure to file.

Value added tax

1. Filing and payment – Registered suppliers must submit monthly VAT returns to the tax authorities within 16 days of the end of the month and account for the excess of output over input VAT. Effective 1 January 2017, 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.
2. 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 a cash register (for retailers).

General Investment Information

Investment Incentives

Tax incentives

Capital allowances – Various allowances are granted, including the following:

- Capital expenditure deductions for mining equipment, plant, machinery and other capital expenditure will be claimed at the rate of 25% per annum. The deductions will only be available from the year that the asset is brought into use
- Farm works and improvements allowance (100%) – clearing, prevention of soil erosion, farm dwellings with an original cost of no more than ZMW10 million and other permanent works
- Improvement allowance – 100%
- Accelerated capital allowances – 50% per annum on machinery, plant and equipment used exclusively for, manufacturing, and tourism or leasing
- Accelerated capital allowances – 100% per annum on machinery, plant and equipment used exclusively and directly used in farming or agro-processing
- Plant, machinery and commercial vehicles – 25% per annum based on the original cost
- Leased plant, machinery and implements – 50%
- Investment allowance – 10% for capital expenditure on industrial buildings used for manufacture
- Industrial building allowance (10% initial for first year and 5% annual allowance). Applies to hotels and buildings used for manufacturing purposes

Agriculture
- Income is taxed at a reduced rate of 10% (except for cotton lint)
- Dividends paid out of farming activities are exempt from tax for the first five years from the commencement of business
- VAT deferral on the import of some agricultural equipment and machinery
- No import duty on irrigation equipment and reduced duty rates on imports of other farming equipment

Manufacturing
- Refund of Zambian VAT on the export of Zambian products by nonresident businesses under the Commercial Exporters Scheme
- Guaranteed input tax claim for two years before commencement of production
- Income from chemical manufacturing of fertilisers is taxed at a reduced rate of 15%
- Suspension of import duty on machinery, equipment and capital goods for assembling of motor vehicles, trailers, motorcycles and bicycles

Tourism
- Refund of VAT for nonresident tourists and visitors on selected goods
- No import VAT on all goods temporarily imported into the country by foreign tourists

General incentives
- Import VAT relief for VAT-registered businesses on imports of eligible capital goods (i.e. VAT deferral)
- Zero rate of VAT on export of taxable products
- Guarantee of VAT refund within 30 days of lodgment of adequately supported claims within 30 days of submission of the claim
- Relief of VAT on transfer of a business as a going concern
- Equal treatment of services for VAT irrespective of domicile of the supplier (i.e. reverse VAT)
- Cash accounting for VAT for members of the Association of Building and Civil Engineering Contractors and businesses registered in anticipation of commencing trading activities
- Voluntary VAT registration for businesses whose turnover is below K800 per annum subject to the conditions stated above
- Exemption of interest component of finance leases from VAT
- VAT relief on input tax paid for purchases made by registered suppliers
- Income from nontraditional exports is taxed at a reduced rate of 15%

Concessions for companies operating under the Development Agency Act
- Profits made in designated zones are 100% exempt from income tax for five years from the date the approved investment commences operations
- Exemption from tax on dividends for five years from the date the approved investment commences operations
- 0% import duty rate on raw materials, capital goods and machinery (including trucks and specialised motor vehicles) for the first five years
- Deferral of VAT on machinery and equipment (including trucks and specialised motor vehicles).

Further concessions for developers and investors in the multi-facility economic zone (MFEZ) and industrial parks include:

- No WHT on management fees, consultancy fees and interest repayments to foreign contractors
- Zero-rating of supplies to developers of MFEZ and Industrial Parks
- Foreign suppliers to MFEZ and Industrial Parks exempt from reverse charge VAT
- Exemption from customs duty of equipment and machinery imported for the development of MFEZ and industrial parks
- 0% import duty rate on raw materials, capital goods and machinery (including trucks and specialised motor vehicles) for the first five years
- Deferral of VAT on machinery and equipment (including trucks and specialised motor vehicles)

Exchange Controls

There are no foreign exchange controls in Zambia.

Expatriates and Work Permits

A holder of an investment license, who invests at least USD250 000 and employs at least 10 local individuals will be entitled to a self-employment or a 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

Overnight Lending Facility Rate
25.50% (January 2017) (Source: Bank of Zambia)
Bank of Zambia Policy Rate
15.5% (January 2017) (Source: Bank of Zambia)
Currency: Zambian Kwacha (ZMW)
The currency code for the Zambian Kwacha changed on 1 January 2013 from ZMK to ZMW and the currency value is divided by 1 000.
ZAR1 = ZMW0.74 (March 2017) (Source: Oanda)
USD1 = ZMW9.56 (March 2017) (Source: Oanda)
EUR1 = ZMW10.22 (March 2017) (Source: Oanda)

Key Economic Statistics

GDP
(approximate)

USD20.574 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD20.90 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

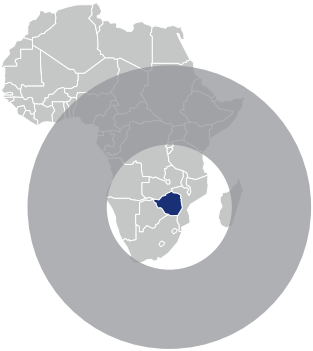
KMW57.172 million
(January 2017)
(Source: Lusaka Stock Exchange)

Rate of Inflation
(average consumer prices)

19.1%
(average 2016)
(Source: IMF)

9.1%
(forecast 2017)
(Source: IMF)

Zimbabwe



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Income Tax – Individuals

Taxable income (USD)	Rate*
0 – 3 600	0%
3 601 – 18 000	20%
18 001 – 36 000	25%
36 001 – 60 000	30%
60 001 – 120 000	35%
120 001 – 180 000	40%
180 001 – 240 000	45%
Over 240 000	50%

* The above rates do not include the AIDS levy of 3% on the tax payable

Notes

1. Basis – Individuals (both residents and nonresidents) are subject to tax only on Zimbabwe-source income.
2. Residence – An individual is a resident if he/she is ordinarily resident and resides in Zimbabwe for an aggregate period of at least 183 days in a year of assessment. The term "residence" or "ordinarily resident" is not defined in the tax legislation but is established by practice. Typically persons who habitually reside in Zimbabwe can be found to be 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 pursuant to share option schemes (see Other, below). Taxable income includes any Zimbabwe interest that is not liable to withholding tax, foreign interest and dividends where the Zimbabwe tax exceeds the foreign tax paid, rental income and trade income. Subject to certain exemptions, taxable income includes any capital gains from a source within Zimbabwe arising from the sale or deemed sale of specified assets, namely, immovable property and marketable securities and, with effect from 1 January 2017, certain rights over tangible or intangible property. Rollover relief applies to the disposal of a principal private residence and vacant residential land, and to transfers between spouses. Income from employment may not be set off against losses incurred in business activities, and vice versa.
4. Exempt income Individuals –
   - Bonus Exemption: USD1 000 per annum
   - Elderly Taxpayer Exemption (i.e. a taxpayer aged 55 years or more)
   - Up to USD3 000 rental income
   - Up to USD3 000 interest from financial institutions
   - Up to USD3 000 interest from discounted securities
   - Capital Gains tax on disposal of principal residence
   - The whole amount constituting pension received by elderly persons
   - Amounts received by, or accruing to, a person from the sale or disposal of his or her shares to an "indigenisation partner" (including employees), or community share ownership trust or scheme will be exempt from capital gains tax

5. Deductions and allowances – The following are deductible from the income of an employee: contributions made to an approved pension fund and a retirement annuity fund (subject to specific limitations and an aggregate limitation of USD5 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.
6. Rates – The individual income tax rates applicable to residents and nonresidents in respect of employment income from Zimbabwe sources are progressive from 0% to 50%. An AIDS levy (surtax) imposes an additional 3% tax on the tax payable. Taxable income accruing to an individual from any trade or investment is taxed at a flat rate of 25% (plus the additional 3% AIDS levy). With effect from 1 January 2017, 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 section 2 of the Taxes Act). Certain capital gains are taxed at a 5% or 20% rate. Withholding tax 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 on the disposal of the shares on the date of exercise.

Income Tax – Companies

Companies	Rate
Basic rate	25%
AIDS levy – based on tax payable	3%
Rate including AIDS levy	25.75%
Special income tax rates	
Foreign interest and dividends	20%
Pension funds	15%
Export manufacturing companies	15%-20%
Mining operations – companies and mining trusts (including 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%

* BOOT – build, own, operate, transfer
** BOT – build, operate, transfer

Notes

1. Basis – Companies are taxed on Zimbabwe-source income. With effect from 1 January 2017, a foreign company is liable to tax in Zimbabwe if it carries on business in Zimbabwe through a permanent establishment (PE), and will be subject to tax in Zimbabwe on income arising directly or indirectly through or from the PE and on investment income from property or rights used by, or held by or for, the PE.
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, as from 1 January 2017, certain tangible and intangible property rights). Taxable income includes any Zimbabwe-source interest that is not liable to withholding tax, foreign interest and dividends where the Zimbabwe tax exceeds the foreign tax paid, rental income and trade income. Foreign-source income such as rental income and business profits is not taxable. Residents are, however, taxed on foreign-source dividends and interest. Dividends paid by one resident company to another resident company are exempt.
4. Deductions – any expenditure or losses incurred in the production of income or for the purposes of trade to the extent that they are not of a capital nature are allowable as a deduction with the exception of specific prohibited deductions. Costs of software acquisition and development qualify for capital allowances at 25% per annum (over four years).
5. Losses – Assessed losses are deductible against taxable income and can be carried forward for a maximum of 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.
6. Foreign tax credit – Where foreign-source income is taxable in the source country, a credit for the foreign tax, up to the amount of the applicable Zimbabwean income tax, will be allowed.
7. Group relief – There is no group relief in Zimbabwe.
8. Rate – The basic rate of corporate tax is 25%, with an additional AIDS levy (surtax) of 3% of the tax payable. Certain capital gains taxes are taxed at a 5% or 20% rate. Withholding tax applies on capital gains (see Withholding taxes, below). 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.)
9. Branch taxation – Branches of foreign companies are subject to the same rates as domestic companies. No withholding tax 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 (for example, allocable foreign head office expenses), are subject to a 15% withholding tax.
10. Alternative minimum tax – No alternative minimum tax applies in Zimbabwe.
11. Mining regime – Special rules apply to mining companies and operations.

Withholding Tax (WHT)

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

Payments	Residents	Nonresidents
Dividends distributed by:		
• A company listed on the Zimbabwe Stock Exchange (ZSE)		10%
• Any other resident company		15%
Group allocable expenditure remittances	n/a	15%
Interest from:		
Deposits with financial institutions	15%	0%
Bankers' acceptances and other discountable items:		
• Instruments	15%	0%
• Treasury bills	15%	0%
• Fixed-term deposits	5%	0%
Fees and royalties		15%
Nonexecutive directors' fees	20%	20%
Contracts of sale/services	10%	
Freelance property and insurance agents' commissions	20%	20%
Artists or entertainers' fees (Foreign artists)		15%
Capital gains	1%,5%,20%	1%/5%/15%

Notes

1. General – Various dates apply for purposes of remitting tax withheld to the Zimbabwe Revenue Authority (ZIMRA), depending on the type of payment. Failure to pay, or late payment of the correct taxes, may result in the imposition of penalties of up to 100%. Interest on unpaid tax is levied on late remittances 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.
2. Dividends – No tax arises on dividends distributed by one Zimbabwe resident company to another. 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.
3. 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.
4. Fees and royalties – Exemptions may apply in respect of export market development fees. With effect from 1 January 2017, a licensed investor in a Special Economic Zone is required to withhold tax on royalties paid to nonresidents.
5. Group allocable expenditure remittances – Subject to certain exemptions, a nonresident 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 (for example, 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.
6. Capital gains – The rate of WHT on capital gains is as follows: on immovable property, 15% of the sales proceeds; on unlisted marketable securities, 5% of the sales proceeds; and on marketable securities that are listed securities, 1% of the sales proceeds (this is a final tax).

Tax treaties

Zimbabwe has concluded tax treaties with the following countries:

Treaty	Dividends	Interest	Royalties	Technical fees
Botswana	5%-10%	10%	10%	10%
Bulgaria	10%		10%	10%
Canada	10%		10%	10%
China (Recent)	2.5/7.5%	7.5%	7.5%	
Republic of Congo	10%/15%		15%	15%
France	10%		10%	10%
Germany	10%		7.5%	7.5%
Kuwait	0%-5%		10%	15%
Malaysia	10%		10%	10%
Mauritius	10%		15%	0%/15%
Netherlands	10%		10%	10%
Norway	15%		10%	10%
Poland	10%		10%	15%
South Africa	5%/10%	5%	10%	5%
Sweden	15%		10%	10%
United Kingdom	5%-15%	10%	10%	10%

Notes

1. For most treaties, the lower treaty rate applies only on dividends paid to companies that hold at least 25% of the shareholdings or voting power of the payer company; otherwise the domestic rates apply (10% if distributed by a listed company; 15% if distributed by an unlisted company). It applies the general rate for WHT is 15% as provided in the local legislation. It is only overridden by treaty provisions.
2. No WHT is levied in Zimbabwe on technical fees that are taxed in Mauritius; otherwise, a 15% rate applies.
3. Nonresidents' tax on remittances remains at 15% in all cases.
4. Agreements with the following countries are pending: Democratic Republic of Congo, Indonesia, Namibia, Seychelles, Singapore, Switzerland, Tanzania, Thailand, Tunisia, and Zambia.
5. Zimbabwe and South Africa have entered into a new agreement which came into force on 1 December 2016. For South Africa 5% of the gross amount of the dividends if the beneficial owner is a company which holds directly at least 25% of the capital of the company paying the dividends and 10% of the gross amount of the dividends in all other cases.
6. Nonresident tax on interest (NRTI) was repealed with effect from 30 September 2009.

Anti-Avoidance Rules

Transfer pricing

A transfer pricing framework has been introduced with effect from 1 January 2016, which broadly follows the OECD guidelines and core principles. Where a person engages in a controlled transaction (a transaction with a related party), the amount of taxable income derived by the person must be consistent with the arm's length principle, i.e. the conditions that would have applied between independent parties under comparable circumstances.

Documentation supporting the arm's length nature of intercompany transactions must be prepared and maintained to enable the Commissioner General of the Zimbabwe Revenue Authority to ascertain whether a transaction was conducted in accordance with the arm's length principle. In accordance with the OECD principles, the supporting documentation would have to contain a detailed functional analysis and economic analysis, including information on the selection process of 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.

Permissible transfer pricing methods include traditional transaction methods (comparable uncontrolled price, resale price and cost plus methods) and profit-based methods (transactional net margin method and profit split method).

Typically, transfer pricing rules apply with respect to foreign related parties; however, in line with Zimbabwe's anti-avoidance legislation, domestic transactions also may be subject to the transfer pricing rules. Transfer pricing principles also apply where a person that is 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.

Thin capitalisation rules

Zimbabwe's thin capitalisation rules limit the deduction of interest payments by a company to a debt-equity ratio of 3:1. The disallowed interest is deemed to be a dividend for WHT purposes.

The allocation of general administration and management charges between group companies is restricted to 1% of other deductible expenditure. With effect from 1 January 2017, this extends to the allocation of administration and management charges between associated companies, including between local companies. Any excess payment is automatically deemed to be a dividend subject to WHT.

With effect from 1 January 2017, the general exemption from tax afforded on dividends between resident companies does not extend to deemed dividends resulting from the application of the above thin capitalization 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. Any 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 such person. 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 gazetted tables and remit it 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)

Employer and Employee are required to make contributions to NSSA. Allowable deduction restricted to 3.5% of up to USD8 400 annual pensionable earnings of the employee.

Indirect Taxes

Value Added Tax (VAT)	Rate
Standard rate	15%

Notes

1. Taxable transactions – VAT is payable in respect of 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.
2. Rates – The standard rate of VAT is 15%. Certain goods and services are zero-rated, and some exemptions apply. A minimum clearance fee of USD50 is charged per bill of entry. VAT at 20% is payable by the supplier on exportation of beneficiated chrome (chrome-ore and fines). The VAT Act allows for the deferral of VAT payable on certain imported capital goods for a period of up to 180 days. Where the goods are converted or disposed of without having used them 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.
3. Registration – The VAT registration threshold is USD60 000 per annum. Nonregistered suppliers that make taxable supplies between USD60 000 and USD239 99 can register without incurring penalties for delayed registration (With effect from 1 January 2017 and for a period of six months ending 30 June, 2017) In cases of routine noncompliance, the commissioner is empowered to appoint registered customers as agents that will withhold and remit a portion of the value added withholding tax payable by noncompliant operators.

Customs and Excise Duties

Customs duty is levied on the importation of certain goods, on the value for duty purposes (VDP). The VDP is essentially the landed value of the goods plus VAT, where applicable.

The standard tariff can be varied by virtue of special rates applicable to an agreement or trade bloc membership. Presently, Zimbabwe is a member of the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA).

A wide range of rebates exist, mainly in respect of certain raw materials, strategic entities and/or sectors and certain types or classes of capital equipment.

Regular changes are made to customs tariffs and/or rebates, depending on emerging circumstances. A tariff search is available on the ZIMRA website.

A 5% excise duty applies on airtime, based on sale value from operators of cellular communication systems.

Other Taxes

Inheritance/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. If the deceased was not ordinarily resident, estate duty is levied only on property within Zimbabwe. The blanket exclusion from the dutiable amount for an estate is USD5 000.

Stamp duty
Stamp duty, 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.

Capital duty
None

Property tax
Not applicable except for capital gains tax.

Business license duty
None

Transfer duty
A transfer duty of 1% arises on the transfer of mining claims.

Demutualisation levy
Any issue of shares under a scheme whereby, for example, 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
With effect from 1 January 2017, a flat rate of carbon tax for visitors entering Zimbabwe with foreign-registered vehicles is set at USD10.

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 from 1 January to 31 December. An accounting year may be used instead, subject to approval by the tax authorities.
2. Consolidated returns – Consolidated returns are not provided for in Zimbabwe.
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 during the assessment year. The commissioner may assign different payment dates upon application by taxpayers with financial year-ends other than the calendar year.
4. 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 nonpayment of duty or taxes. The powers also cover areas such as failure to furnish any return or information in connection with a tax liability within the time allowed, and where the commissioner is not satisfied with the return or information supplied.
5. 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 PAYE system.
4. Penalties – 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 – Noncompliance with "fiscalisation" rules by registered operators attracts a maximum penalty of USD25 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. Presently, very limited incentives apply. 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" 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 enterprises may elect a capital allowance structure that includes a 50% special initial allowance, and 25% accelerated wear-and-tear allowances in the next two years of assessment
- With effect from 1 January 2017, a qualifying licensed investor in a "special economic zone" may elect a capital allowance structure that includes a 50% special initial allowance, and 25% accelerated

wear-and- tear allowances in the next two years of assessment
- Building societies and financial institutions providing mortgage finance are exempt from tax, but only to the extent that 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

Certain tax incentives apply to mining companies, including the following:
- 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, and used by a holder of a "Special Mining Lease," is restricted to USD10 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 also is restricted to USD10 000

Indigenisation incentives

- The government has introduced legislation and regulations aimed at seeking to ensure that indigenous Zimbabweans participate in all sectors of the economy
- A deduction of the following, in respect of activities pursuant to compliance with the Indigenisation and Economic Empowerment Act, is permitted:
  - The amount of any contribution or donation paid in the year of assessment to a community share ownership trust or scheme
  - The value of the shares of a corporate taxpayer that are lent in the year of assessment 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 favor of the taxpayer)
  - Interest payable by an indigenisation partner in the year of assessment 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 controls relate to monitoring and registration activities, which have largely been passed on to the banking sector, with minimal Central Bank intervention. However, in more recent times, Zimbabwe is facing severe currency shortages and, accordingly, currency allocations are being managed on a priority basis.

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 called for in setting up a new project. Where a business visa is issued, the following activities are permissible:

- The installation and back-up service for machinery purchased outside Zimbabwe by local companies
- Attending of board meetings
- Assessing investment opportunities

Investors who invest at least USD1 million in a project approved by the Zimbabwe Investment Authority (ZIA) qualify for permanent residence upon application. Investors who invest at least USD300 000 in a sole business venture approved by the ZIA, or who invest at least USD100 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) and Common Market for Eastern and Southern Africa (COMESA)
- Zimbabwe has a bilateral trade agreement with South Africa. As a result of this trade 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
Lending rate: 4% – 18% (Source: Reserve Bank of Zimbabwe)
Currency: Zimbabwe applies the United States dollar (USD) as its primary transacting and reserve currency.
Zimbabwe introduced bond notes in 2016 in an effort to supplement shortages of USDcash.
ZAR1 = ZWL28.05 (March 2017) (Source: Oanda)
USD1 = ZWD361.90 (March 2017) (Source: Oanda)
EUR1 = ZWL386.91 (March 2017) (Source: Oanda)

Notes

1. Due to liquidity constraints, lending rates on the USDremain high, except in the case of certain special facilities. These rates vary from approximately 7% to over 20% in certain instances.
2. With effect from 1 February 2009, the following currencies became legal tender in Zimbabwe: British Pound Sterling (GBP), Euro (EUR), United States Dollar (USD), South African Rand (ZAR) and Botswana Pula (BWP).

Key Economic Statistics

GDP (approximate)

USD14.193 billion
(2016 estimate)
(Source: IMF/Statisticstimes)

USD15.86 billion
(2017 forecast)
(Source: IMF/Knoema)

Market Capitalisation

USD4 billion
(31 December 2016)
(Source: Zimbabwe Stock Exchange)

Rate of Inflation

-1.6%
(2016 estimate)
(Source: IMF)

4.6%
(forecast 2017)
(Source: IMF)

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