



International tax

South Sudan Highlights 2015

Investment basics:

Currency – South Sudanese Pound (SSP)

Foreign exchange control – There are no exchange controls, but banks must report significant foreign exchange transactions to the central bank.

Accounting principles/financial statements – Financial statements must be presented in accordance with applicable relevant laws and IFRS, unless otherwise allowed by the relevant authorities.

Principal business entities – These are the public or private limited liability company, joint venture, partnership and branch of a local or foreign company. A registered entity in South Sudan is classified as a small, medium or large private enterprise. Small enterprises are restricted to South Sudanese nationals. Medium and large private enterprises must have at least a 31% South Sudanese interest (except for local branches of foreign companies).

Corporate taxation:

Residence – A company, partnership or other entity that is established in South Sudan or has its place of effective management in South Sudan is a resident.

Basis – Resident companies are liable to tax on their worldwide income; nonresident companies pay tax only on South Sudan-source profits.

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.

Taxation of dividends – 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 – Capital gains are included in taxable income subject to corporate tax.

Losses – Losses may be carried forward and set off against taxable income for up to five years. The carryback of losses is not permitted.

Rate – 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. For this purpose, the classification of the business entity depends on its revenue for the year, as follows: it is a small business if revenue is up to SSP 1 million; a medium business if revenue is over SSP 1 million and up to SSP 75 million; and a large business if revenue is more than SSP 75 million.

Surtax – No

Alternative minimum tax – No

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.

Participation exemption – No

Holding company regime – No

Incentives – Various investment incentives are available to foreign investors on a case-by-case basis, including concessions for machinery and equipment in qualified investment priority areas, capital and deductible annual allowances, certain depreciation and access to land for investment.

Withholding tax:

Dividends – A final withholding tax of 10% is levied on the gross payment of dividends, regardless of whether the recipient is a resident or a nonresident.

Interest – A final withholding tax of 10% is levied on the gross payment of interest, regardless of whether the recipient is a resident or a nonresident.

Royalties – A final withholding tax of 10% is levied on the gross payment of royalties, regardless of whether the recipient is a resident or a nonresident.

Technical service fees – No

Branch remittance tax – No

Other – A final withholding tax of 10% is levied on the gross payment of rent, regardless of whether the recipient is a resident or nonresident.

Other taxes on corporations:

Capital duty – No

Payroll tax – An employer must withhold tax from an employee's wages (including bonuses and allowances) for the appropriate payroll period. The first monthly average of SSP 300 is exempt; the rate is 10% for SSP 301 to SSP 5,000; and 15% for SSP 5,001 and over.

Real property tax – There is no legislation, although, in practice, rates vary by locality.

Social security – There is no legislation, although, in practice, the employer must contribute an amount equal to 17% of the monthly salary of its Sudanese and expatriate employees for social security, and the employee contributes 8%.

Stamp duty – No

Transfer tax – No

Other – All goods brought in 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.

Anti-avoidance rules:

Transfer pricing – The arm's length principle applies to all transactions. The difference between the arm's length price and the transfer price must be included in the taxable profit. The price used in conjunction with asset transactions or contract obligations between related persons is the transfer price. However, the arm's length price will be determined under the comparable uncontrolled price method and, when this is not possible, the resale price method or the cost-plus method.

Thin capitalization – No

Controlled foreign companies – No

Other – No

Disclosure requirements – No

Compliance for corporations:

Tax year – Calendar year, unless the tax authorities approve a different tax year

Consolidated returns – Consolidated returns are not permitted; each company must file a separate return.

Filing requirements – 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.

Penalties – A penalty of 5% each month accrues on any amount of tax unpaid by the due date. Interest on unpaid tax accrues at a rate of 120% of the commercial rate, as from the last due date to the date of payment. An additional charge of 5% of the reported tax liability, up to a maximum of 25%, is levied for failure to submit a return.

Rulings – A binding ruling will be available if the taxpayer has made a full and true disclosure of the nature of all aspects of the transaction relevant to the ruling.

Personal taxation:

Basis – Resident individuals are subject to tax on worldwide income derived from employment, entrepreneurial activities, leasing income and personal income.

Nonresident individuals are taxed only on South Sudan-source income.

Residence – An individual who is domiciled or physically present in South Sudan for 183 days or more in any tax period is resident for tax purposes.

Filing status – Each individual must file a return; joint filing is not permitted.

Taxable income – Employment income is taxable unless otherwise exempt. Income from entrepreneurial activities, leasing income, dividends, interest, capital gains and other investment income also are taxable.

Capital gains – Capital gains are included as part of gross income subject to personal tax.

Deductions and allowances – Personal relief of SSP 3,600 per year is available on employment income. A deduction is granted from gross income in an amount up to 8% of gross wages paid by an employee to a funded pension scheme approved by the government.

Rates – Progressive rates from 0% to 15% apply to personal income.

Other taxes on individuals:

Capital duty – No

Stamp duty – No

Capital acquisitions tax – No

Real property tax – No

Inheritance/estate tax – No

Net wealth/net worth tax – No

Social security – There is no legislation, although, in practice, Sudanese and expatriate private sector employees must contribute 8% of their monthly salary for social security purposes, and the employer contributes 17%.

Compliance for individuals:

Tax year – Calendar year

Filing and payment – The tax return must be filed, and any tax due must be paid, on or before 1 April of the year following the tax period. Generally, employers are responsible for withholding and paying the salary tax due to the tax authorities on a monthly basis. A resident individual engaged in any entrepreneurial activities or receiving leasing income must make an advance payment of

income tax on a quarterly basis.

Penalties – A penalty of 5% each month accrues on any amount of tax unpaid by the due date. Interest on unpaid tax accrues at a rate of 120% of the commercial rate, as from the last due date to the date of payment.

An additional charge of 5% of the reported tax liability, up to a maximum of 25%, is levied for failure to submit a return.

Value added tax:

Taxable transactions – As from May 2013, sales tax applies to the production of goods in South Sudan, the importation of goods into South Sudan and the provision of specified services.

Rates – The rate on importers and producers of goods is 0% for small enterprises and 5% for medium and large enterprises. The taxable basis is the value of the goods or services, depending on whether the entity is a small, medium or large business. A fixed 5% rate applies to hotel, restaurant and bar services.

Registration – There is no separate registration required for sales tax purposes.

Filing and payment – The tax return is due no later than the 15th day of the month following the action that gave rise to the tax liability. Payment of sales tax on imported goods is due prior to importation, or no later than the time of import at the border.

Source of tax law: Taxation Act of 2009, Taxation Amendment Act of 2012, Companies Act of 2012 and Investment Promotion Act of 2009

Tax treaties: South Sudan has not concluded any tax treaties.

Tax authorities: Directorate of Taxation

International organizations: African Union (AU) and United Nations (UN)

Deloitte contact

Alfred Strolla

E-mail: astrolla@deloitte.com

Bradley Holliday

E-mail: brholliday@deloitte.com

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

Deloitte provides audit, consulting, financial advisory, risk management, tax and related services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte’s more than 210,000 professionals are committed to becoming the standard of excellence.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the “Deloitte network”) is, by means of this communication, rendering professional advice or services. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

© 2015. For information, contact Deloitte Touche Tohmatsu Limited.