Côte d'Ivoire

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What's new?

Summary of updates/Changes to R&D and government incentives from 1 January 2019 through 31 October 2020

Legislation effective as from the 2020 tax year introduced a variety of incentives for research, development, and technological innovation, including tax credits and several types of tax exemptions relating to income tax, real estate tax, and certain other taxes. Private companies engaged in research, development, and technological innovation activities and companies or individuals that invest in the capital of companies engaged in such activities may be eligible for incentives, provided certain conditions are fulfilled.

Featured government incentives

Incentive name	Description	Maximum percentage	Qualification standards	Key exclusions or issues
Free Trade Zones (FTZs)	Qualifying enterprises operating in an FTZ are entitled to incentives including the following: • 0% customs duty and VAT rates • 0% tax rate on commercial and industrial profits for the first five years of operations, and a 1% tax rate as from the sixth year with the possibility of a tax credit	100% exemption	Restricted to companies in the biotechnology and information and communication technology sectors	Approval from the Centre for the Promotion of Investments (CEPICI) is required
Investment declaration regime incentives for "Zone C"	Incentives include the following: • 15-year exemption from the tax on commercial and industrial profits or the tax on agricultural profits (full exemption for the first 13 years from the initial investment and partial exemption for years 14 and 15) • 15-year exemption from business license tax (full exemption for the first 13 years from the initial investment and partial exemption for years 14 and 15) • A reduction in the employer contribution on salary for "Category 1" economic sectors	100% exemption	Limited to areas with a population of less than 60,000 inhabitants	Prior approval of the CEPICI is required The investment must be implemented within 24 to 48 months Certain sectors are excluded from benefits
Mining Code incentives	Incentives include the following: • An exemption from the tax on commercial and industrial profits for the first five years of production • Customs duty and VAT exemptions for imported tools, parts, spare parts, materials, machinery, and equipment used in research activities and during the exploitation phase • A 50% reduction in registration fees following a capital increase	100% exemption	Limited to companies that hold a license under an approved mining regime: the mining license regime (research and exploration permits) or the mining authorization regime (focused on reconnaissance, semi-industrial, and traditional exploitation activities)	Tools, materials, and equipment that are available in Côte d'Ivoire are excluded from the customs duty and VAT exemptions

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Featured government incentives

Incentive name	Description	Maximum percentage	Qualification standards	Key exclusions or issues
Research, development, and technological innovation incentives	• Private companies are eligible for a variety of incentives (including certain tax exemptions and tax credits) if at least 15% of their annual expenses are exclusively allocated to research, development, and innovation activities • Investors (individuals or companies) are eligible for a tax exemption for certain income if their business activities consist of investing in the capital of companies engaged in research, development, and innovation activities and they resell their shares in such companies within five years following the acquisition of the equity interest • Individuals or businesses subject to income tax that grant donations and gifts to scientific research organizations; private companies engaged in research, development, and innovation; or domestic inventors or innovators are eligible for an income tax deduction	100% exemption for qualifying income	Qualifying private companies engaged in research, development, and innovation activities are eligible for an income tax credit equal to 50% of the amount invested in qualifying activities, including basic research, applied research, and experimental development	Approval from the tax authorities is required

Industries most often affected by government incentives in country

	Technology, Media & Telecom		**Financial Services**
●	Telecom, Media & Entertainment		Banking & Capital Markets
●	Technology		Insurance
	Consumer		Investment Management
	Consumer Products		Real Estate
	Retail, Wholesale & Distribution		**Life Sciences & Health Care**
●	Automotive	●	Health Care
●	Transportation, Hospitality & Services	●	Life Sciences
	Energy, Resources & Industrial		**Government & Public Services**
●	Power & Utilities	●	Health & Social Care
●	Mining & Metals		Defense, Security & Justice
●	Oil, Gas, & Chemicals		Civil Government
●	Industrial Products & Construction	●	International Donor Organizations
		●	Transport

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Type	National incentive?	State, provincial, regional or local incentives?[1]	Filing deadlines imposed?	Is the claim made in advance or arrears?[2]	Nature of incentive	Maximum benefit available to large enterprises	Maximum benefit available to small and medium-sized enterprises
Innovation							
Research, development, and technological innovation incentives: Tax credits	🟢	🔴	🔴 ⚪	National: Arrears Local: Not applicable	A corporate income tax credit is available to private companies engaged in research, development, and innovation activities, provided certain conditions are fulfilled	Tax credit equal to 50% of qualifying expenditure	Tax credit equal to 50% of qualifying expenditure
Research, development, and technological innovation incentives: Tax exemptions	🟢	🔴	🔴 ⚪	National: Arrears Local: Not applicable	Several types of tax exemptions are available to private companies engaged in research, development, and innovation activities and to companies or individuals that invest in the capital of companies engaged in such activities, provided certain conditions are fulfilled	100% exemption for qualifying income	100% exemption for qualifying income
Investment							
Investment Declaration Regime: Zone A	🟢	🔴	🔴 ⚪	National: Advance Local: Not applicable	Incentives including exemptions from the tax on commercial and industrial profits or the tax on agricultural profits for specified periods (depending on the location of the investment) are available for taxpayers under the investment declaration regime or the investment approval regime. Minimum investment thresholds apply for the approval regime: • For large companies: XOF 200 million (excluding VAT and working capital); and • For small and medium-sized companies: XOF 50 million (excluding VAT and working capital)	100% exemption	100% exemption

Key: 🟢 = PERMANENT INCENTIVE (🟢) = TEMPORARY INCENTIVE (🟡) = NEGOTIABLE 🔴 = NO 🟡 = LIMITED APPLICABILITY ⚪ = NOT APPLICABLE

Notes:

1. Green means that this incentive is currently in effect. Yellow means that the incentive has limited applicability, i.e., the requirements for this incentive limit its value to most companies. Red means that there is no incentive.
2. If the response is advance, this means that the government must approve the award of the incentive prior to the commencement/completion of the project/activity. If the response is arrears, this means that the award of the incentive is determined at the end of the tax period or after the completion of the qualifying project or activity. Most tax incentives are considered to be claimed in arrears because they are reported on tax returns.

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Type	National incentive?	State, provincial, regional or local incentives?[1]	Filing deadlines imposed?	Is the claim made in advance or arrears?[2]	Nature of incentive	Maximum benefit available to large enterprises	Maximum benefit available to small and medium-sized enterprises
Investment (continued)							
Employment incentives	🟢	🔴	🔴 ⚪	National: Arrears Local: Not applicable	Companies or individuals that have carried on business activities for at least one year through a business that is subject to the corporate income tax are eligible for a tax credit for recruiting new employees	Tax credit of XOF 1 million per year for each newly recruited employee with a permanent employment contract (increased to XOF 1.5 million per year for each new employee with a disability), provided at least five new employees are recruited for the year	Tax credit of XOF 250,000 per year for each newly recruited employee with a permanent employment contract (increased to XOF 500,000 per year for each new employee with a disability), provided at least two new employees are recruited for the year
Training incentives	🟢	🔴	🔴 ⚪	National: Arrears Local: Not applicable	Companies or individuals that have carried on business activities for at least one year through a business that is subject to the corporate income tax are eligible for a tax credit for granting new training contracts	Tax credit of XOF 500,000 per year for each individual granted a new training contract (increased for individuals with a disability), provided at least five new employees are recruited for the year	Tax credit of XOF 100,000 per year for each individual granted a new training contract (increased for individuals with a disability), provided at least two new employees are recruited for the year
Other							
Mining and Petroleum Code incentives	🟢	🔴	🔴 ⚪	National: Advance Local: Not applicable	Mining and oil companies that hold a research or exploitation license are eligible for incentives, including exemptions for certain goods from VAT, customs duties, and the additional tax on imports and purchases for qualifying taxpayers; special rules apply for the calculation of the tax on commercial and industrial profits and enterprises involved in mining may be granted a three-year exemption from the tax, starting from the fiscal year in which production commences	100% exemption	100% exemption

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Country background

Corporate income is taxed in Cote d'Ivoire under separate schedules for industrial and commercial 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.

The tax rate on industrial and commercial profits is 25%.

Innovation Incentives

Research, development, and technological innovation incentives

The fiscal legislation annexed to Finance Law No. 2019-1080 of 18 December 2019 relating to the state budget for 2020 and effective as from the 2020 tax year provides tax incentives for companies investing in research, development, and technological innovation activities.

These tax incentives mainly concern and apply to private companies, incorporated in individual or corporate form, which carry out research, development, and innovation activities, as well as domestic inventors and innovators. Incentives also may be available to the following:

- Individuals or companies that, as a business activity, invest in shares or in the capital of private entities engaged in research, development, and innovation activities and resell such shares; and
- Individuals or businesses subject to income tax that grant donations and gifts to scientific research organizations; private companies engaged in research, development, and innovation; or domestic inventors and innovators.

The term "research and development" used in the relevant provisions refers to all activities undertaken systematically to increase knowledge and to use this knowledge for new applications.

Research and development generally consists of three phases: basic research, applied research, and experimental development.

Basic research consists of experimental or theoretical work undertaken primarily to acquire new knowledge of the underlying foundations of phenomena and observable facts, without leading to any particular application or use. Basic research makes a theoretical or experimental contribution to the solution of technical problems. Its main objective is the understanding of natural phenomena and the development of explanatory theories or models; for example, relating to how atoms organize themselves to form molecules or how viruses find the "key" to invading cells.

Basic research generally is at the origin of truly innovative discoveries or qualitative leaps in technical performance.

Applied research also consists of original work undertaken with a view to acquiring new knowledge. However, it mainly is directed toward a specific practical goal or objective. It aims to develop new products (software, vaccines, medicines, etc.) or to improve existing techniques. Applied research may involve the application of the results of basic research or the invention of new solutions.

Experimental development consists of systematic work based on existing knowledge obtained through research and/or practical experience, with a view to starting the manufacture of new materials, products, or devices; establishing new processes, systems, or services; or improving existing products or processes. These may be prototypes or pilot installations.

"Technological innovation" means the development and marketing of a better-performing product with the aim of providing consumers with objectively new or improved services. Technological innovation, therefore, concerns the creation of new techniques and technologies. Technological innovation is an integral part of experimental development.

Eligibility conditions

Research, development, and technological innovation incentives are available to the following taxpayers:

- Private companies, if at least 15% of their annual expenses are exclusively allocated to research, development, and innovation activities; and
- Investors (individuals or companies) whose business activities consist of investing in the capital of companies engaged in research, development, and innovation activities and that resell their shares in such companies within five years following the acquisition of the equity interest.

Benefits available

For private companies that exclusively allocate at least 15% of their expenses to research, development and innovation activities, the following incentives are available:

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- A tax credit equal to 50% of the amount invested, available on an annual basis, which may offset the corporate income tax due from such entities;
- Tax exemptions from the business license tax and real estate tax for a period of five years from the date of the initial investment in research, development, and innovation for buildings, materials, and equipment exclusively dedicated to research and development;
- A deduction for the amount of donations made to scientific research entities; private companies engaged in research, development, and innovation; and domestic inventors and innovators (limited to 2.5% of the annual turnover excluding tax and an amount of no more than XOF 200 million per year);
- Tax exemptions from the tax on bank transactions and the withholding tax on interest on loans granted to such companies or to local innovators and inventors for their research, development, and investment activities for a period of three years following the year of the initial investment; and
- A tax exemption from the tax on bank transactions and the withholding tax on interest on loans granted to research organizations.

For investors (individuals or companies) whose business activities consist of investing in the capital of companies engaged in research, development, and innovation and that resell their shares in the relevant company within five years following the acquisition of the equity interest, the following incentives are available:

- A tax exemption from corporate income tax or the general income tax applicable to individuals for capital gains derived from the sale of the shares; and
- A tax exemption from dividend withholding tax for dividends paid on the shares.

The benefits granted by the tax regime for research, development, and technological innovation incentives do not preclude the application of more favorable provisions of the IC.

Investment Incentives

Investment Code incentives

The CEPICI is the investment promotion agency that functions as a one-stop shop in Cote d'Ivoire, i.e., the center is a single window for investment that helps centralize the completion of administrative formalities related to the setting up or dissolution of a company and making modifications, as well as formalities related to benefits granted under the Investment Code (IC).

A new IC was introduced in August 2018 that includes measures to make it easier for companies to qualify for incentives. The code applies to both domestic and foreign investment. The IC includes two specific tax incentive regimes: the "Investment Declaration Regime" and the "Investment Approval Regime," both of which apply to most commercial activities (financing, banking, and certain other activities are excluded).

The declaration regime does not have a minimum investment threshold, but there are requirements relating to the company's activities. Benefits granted under the scheme relate exclusively to the exploitation phase (i.e., the operational phase) and the investor is granted a certificate of investment declaration.

A variety of incentives are available under the regime, including full or partial exemptions from the tax on commercial and industrial profits or the tax on agricultural profits for specified periods (depending on the location of the investment).

The approval regime, which applies to investments relating to the creation or expansion of existing facilities, has the following minimum investment thresholds:

- For large companies: XOF 200 million (excluding VAT and working capital); and
- For small and medium-sized companies: XOF 50 million (excluding VAT and working capital).

Incentives under the IC are based on three geographical zones:

- Zone A is the Abidjan area;
- Zone B includes the regional country towns Bonoua and Bassam; and
- Zone C is any other area not covered by Zones A and B.

The incentives and the duration of the incentive period increase as the number of inhabitants in a zone decreases. Incentives in Zone A are granted for five years, those in Zone B for 10 years, and those in Zone C for 15 years. Companies also must implement the investment within a period of 24 months (within 48 months in exceptional cases); failure to comply will result in forfeiture of the incentives.

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The following incentives are granted during the investment period:

- An exemption from customs duties, except for the statistical fee and community and continental levies; and
- A temporary suspension of VAT on purchases of goods, services, and works.

A variety of incentives are available during the operational phase, including full or partial exemptions from the tax on commercial and industrial profits or the tax on agricultural profits for specified periods (depending on the location of the investment).

The IC provides for two categories of economic sectors that are eligible to benefit from the incentives described above:

- Category 1 includes agriculture, the agro-industry, health, and hospitality services. Investments in the hotel or hospitability sector are eligible for Category 1 status if the planned investments are equal to or greater than XOF 5 billion in Zone A and XOF 2 billion in Zones B and C.
- Category 2 includes sectors not falling within the scope of Category 1 except for activities relating to trade, banking, and finance; the building sector for non-industrial use; and the liberal professions sector, which are specifically excluded from benefits.

Employment incentives

Under the General Tax Code, companies or individuals that have carried on business activities for at least one year through a business that is subject to the corporate income tax are eligible for a tax credit for recruiting new employees.

For large enterprises, the tax credit is XOF 1 million per year for each new employee they recruit and grant a permanent employment contract (increased to XOF 1.5 million per year for each new employee with a disability), provided they recruit at least five new employees for the year.

For small and medium-sized companies, the tax credit is XOF 250,000 per year for each new employee they recruit and grant a permanent employment contract (increased to XOF 500,000 per year for each new employee with a disability), provided they recruit at least two new employees for the year.

Training incentives

Under the General Tax Code, companies or individuals that have carried on business activities for at least one year through a business that is subject to the corporate income tax are eligible for a tax credit for granting new training (apprenticeship) contracts.

For large enterprises, the tax credit is XOF 500,000 per year for each individual to whom they grant a new training contract, provided they recruit at least five new employees for the year.

For micro companies (under the synthetic tax regime), the tax credit is XOF 100,000 per year for each individual to whom they grant a new training contract, provided they recruit at least two new employees for the year.

The tax credits are increased for individuals with a disability granted a training contract.

Mining and Petroleum Code incentives

Tax incentives are granted under the Mining Code and Petroleum Code for enterprises engaged in mining and petroleum activities. Exemptions are provided for certain goods from VAT, customs duties, and the additional tax on imports and purchases for companies involved in the exploration or production of oil, gas, or minerals and to subcontractors that provide petroleum-specific services. Special rules apply to the calculation of the tax on commercial and industrial profits, and enterprises involved in mining may be granted a three-year exemption from the tax on income derived from mining, starting from the fiscal year in which production commences.

Other Incentives

Special Economic Zones

Free Trade Zones (FTZs)

There is one FTZ in Cote d'Ivoire, located in the city of Grand-Bassam. However, the zone is limited to companies engaged in biotechnology or information and communication technologies and approval must be obtained from the CEPICI. Benefits of operating in the zone include the following:

- A 0% customs duty and VAT rate; and
- A 0% tax rate on commercial and industrial profits for the first five years of operations, and a 1% rate thereafter with the possibility of a tax credit.