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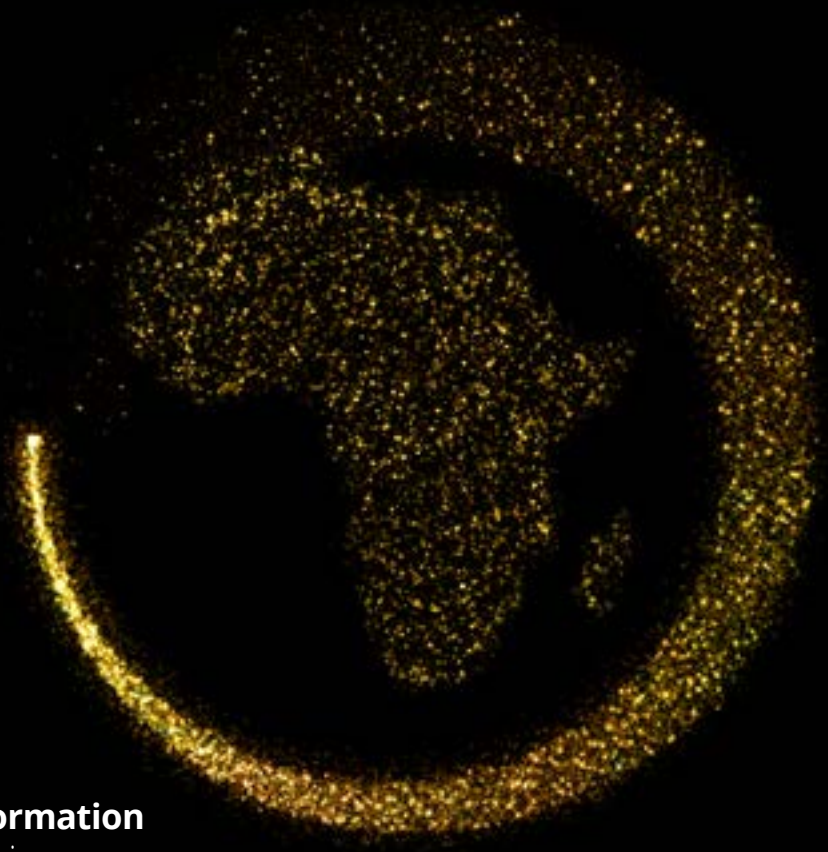

Guide to fiscal information

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

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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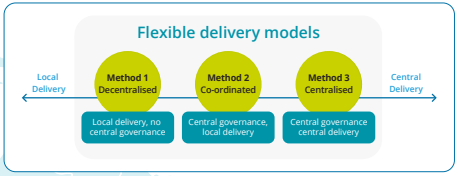
African Centre for Tax (ACT)

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?

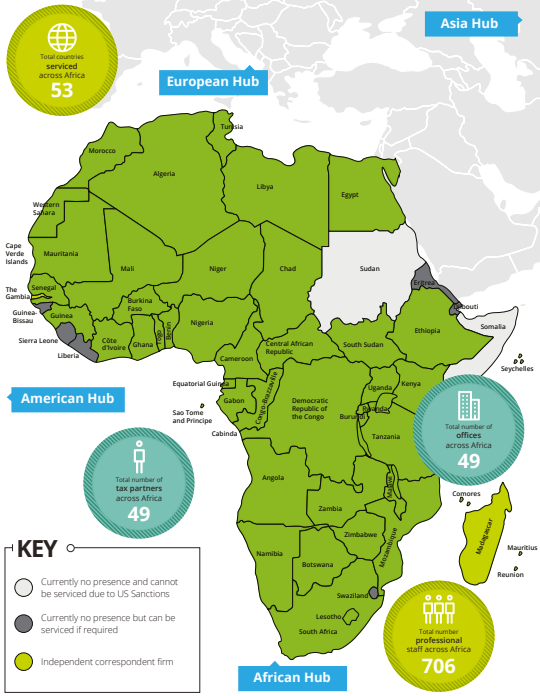


What are the key benefits of using ACT?

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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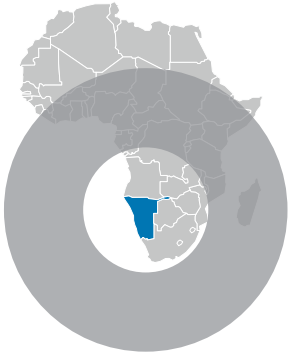
Namibia



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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)